



CONFERENCE CALL FULL YEAR 2017 RESULTS

IMCD N.V. 2 March 2018

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Piet van der Slikke, CEO



- Led the formation of IMCD since 1995
- Designed and executed IMCD's strategy
- 22 years of industry experience

Hans Kooijmans, CFO



- Joined IMCD in 1996
- Co-led formation of IMCD
- 21 years of industry experience

- **Company profile**
- Highlights 2017
- Financials 2017
- Outlook
- Q&A



IMCD is a market-leader in the sales, marketing and distribution of speciality chemicals and food ingredients. Its result-driven professionals provide market focused solutions to suppliers and customers across EMEA, Asia-Pacific and Americas, offering a range of comprehensive product portfolios, including innovative formulations that embrace industry trends.

Listed at Euronext, Amsterdam (IMCD), IMCD realised revenues of € 1,907 million in 2017 with more than 2,200 employees in over 45 countries on 6 continents. IMCD's dedicated team of technical and commercial experts work in close partnership to tailor best in class solutions and provide value through expertise for around 37,000 customers and a diverse range of world class suppliers.



- Company profile
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- Financials 2017
- Outlook
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Highlights 2017

Gross profit

Gross profit growth of 12% to EUR 428.7 million (+13% on a constant currency basis)

Operating EBITA

Operating EBITA increase of 9% to EUR 161.7 million (+11% on a constant currency basis)

Net result

Net result before amortisation and non-recurring items of EUR 110.1 million (2016: EUR 102.6 million)

Cash EPS Dividend

Cash earnings per share increased by 3% to EUR 2.06 (2016: EUR 2.01)
Dividend proposal of EUR 0.62 in cash per share (2016: 0.55)

Highlights 2017 (continued)

Neuwendis

Acquisition of Neuwendis, completed on 23 June 2017, expanding the Italian operations in the speciality chemicals market

Bosco

Acquisition of the speciality distribution business of Bosco Industries (July 2017) will further strengthen IMCD US

L.V. Lomas

Acquisition of L.V. Lomas (August 2017) provides IMCD with a significant presence in Canada and a further enhanced position in the US

- Company profile
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- **Financials 2017**
- Outlook
- Q&A



Income statement

EUR million	2017	2016	change	change	fx adj. change
Revenue	1,907	1,715	193	11%	12%
Gross profit	429	382	47	12%	13%
<i>Gross profit in % of revenue</i>	<i>22.5%</i>	<i>22.3%</i>	<i>0.2%</i>		
Operating EBITDA	166	152			
<i>Operating EBITDA in % of revenue</i>	<i>8.7%</i>	<i>8.9%</i>			
Operating EBITA¹	162	148	14	9%	11%
<i>Operating EBITA in % of revenue</i>	<i>8.5%</i>	<i>8.6%</i>	<i>-0.1%</i>		
<i>Conversion ratio²</i>	<i>37.7%</i>	<i>38.7%</i>			

¹ Result from operating activities before amortization of intangibles and non-recurring items

² Operating EBITA in percentage of Gross profit

Income statement

EUR million		EMEA	Asia Pacific	Americas	Holding companies	Total
Revenue	2017	1,142	315	451		1,907
	2016	1,054	317	344		1,715
	Δ reported	8%	(1%)	31%		11%
	Δ constant currency	9%	0%	31%		12%
Gross profit	2017	274	65	89		429
	2016	249	64	69		382
	Δ constant currency	11%	4%	29%		13%
Gross profit in % of revenue	2017	24.0%	20.7%	19.8%		22.5%
	2016	23.6%	20.1%	20.0%		22.3%
	Δ margin %	0.4%	0.6%	(0.2%)		0.2%
Operating EBITA	2017	113	28	35	(15)	162
	2016	101	28	32	(13)	148
	Δ reported	12%	(1%)	12%	-	9%
	Δ constant currency	13%	1%	13%	-	11%
Operating EBITA in % of revenue	2017	9.9%	8.9%	7.9%		8.5%
	2016	9.6%	8.9%	9.2%		8.6%
	Δ margin %	0.3%	0.0%	(1.3%)		(0.1%)

Income statement (continued)

EUR million	2017	2016	change	change	fx adj. change
Operating EBITA	162	148	14	9%	11%
Amortisation of intangible assets	(34)	(32)	(2)	7%	
Impairment loss	-	(6)	6		
Non recurring items	(2)	(2)	(0)	9%	
Net finance costs	(15)	(13)	(2)	18%	
Income tax expenses	(33)	(22)	(11)	50%	
Result for the period	77	73	4	6%	
Earnings per share (weighted)	1.47	1.39			
Cash Earnings per share (weighted)	2.06	2.01	0.05	3%	

Net finance costs

EUR million	2017	2016	change
Interest costs financing structure	(11.3)	(10.4)	(0.9)
Value changes in interest hedge contracts	0.4	0.3	0.1
Amortisation of finance costs	(1.6)	(1.6)	(0.0)
Interest costs re employee benefits	(0.2)	(0.1)	(0.1)
Currency exchange results	(2.4)	(1.0)	(1.4)
Net finance costs	(15.1)	(12.8)	(2.3)

Income tax expenses

EUR million	2017	2016	change
Regular income tax expenses	(36.8)	(33.9)	(2.9)
Adjustments for prior years	(2.0)	0.0	(2.0)
Reduction in tax rates	1.9	0.0	1.9
(De-) recognition tax losses	0.6	6.2	(5.6)
Tax credits related to amortisation	3.6	5.9	(2.2)
Income tax expenses	(32.7)	(21.8)	(10.9)

Income tax %

EUR million	2017	2016	change
Operating EBITA minus non recurring and finance costs	144.3	132.9	
Regular income tax expenses	36.8	33.9	
Regular income tax %	25.5%	25.5%	0.0%

Cash EPS - proposed dividend

EUR million	2017	2016	change	change
Result for the year	77	73	4	6%
Amortisation of intangible assets	34	38		
Tax credits related to amortisation	(4)	(6)		
Cash earnings	108	105	3	3%
Weighted average number of share (x million)	52.4	52.5		
Cash earnings per share (weighted) in EUR	2.06	2.00	0.05	3%
Proposed cash dividend per share	0.62	0.55	0.07	13%
Proposed dividend payment (x EUR million)	32	29		
Proposed pay out ratio	30%	27%		

Balance Sheet

EUR million	31 December 2017	31 December 2016	change
Property, plant and equipment	19	21	(2)
Intangible assets	949	908	41
Other fin. assets/def tax assets	28	30	(2)
Working capital	314	248	66
Provisions/employee benefits	(21)	(11)	(10)
Deferred tax liabilities	(70)	(76)	6
Capital employed	1,219	1,120	100
Equity	729	722	7
<i>Equity in % of capital employed</i>	60%	64%	
Loans and borrowings minus cash	490	398	92
Total financing	1,219	1,120	100

Working capital

EUR million	31 December 2017	31 December 2016	change
Inventories	266	204	62
<i>in days of revenue *</i>	47	43	4
Trade and other receivables	332	265	67
<i>in days of revenue *</i>	58	56	2
Trade payables	(213)	(171)	(43)
<i>in days of revenue *</i>	(37)	(36)	(1)
Other payables	(70)	(50)	(20)
<i>in days of revenue *</i>	(12)	(10)	(2)
Total working capital	314	248	66
<i>in days of revenue *</i>	55	52	3

* revenue normalised for full year impact acquisitions

Net debt

EUR million	2017	2016	change
Loans and borrowings long term	367.5	382.7	(15.2)
Loans and borrowings short term	183.9	71.4	112.5
Cash and cash equivalents	(61.4)	(56.5)	(4.9)
Net Debt	490.0	397.6	92.4
Net Debt / Operating EBITDA ratio¹	2.8	2.6	0.2

Covenants

	December 2017	Bank condition	December 2016
Leverage	2.7	< 3.5	2.3
Interest cover	16.3	> 4.0	13.9

¹Including full year impact of acquisitions

Free cash flow

EUR million	2017	2016	change
Operating EBITA	161.7	147.8	13.9
Depreciation	4.3	4.3	0.0
Operating EBITDA	166.0	152.1	14.0
Share based payments	2.5	1.4	1.1
Capex	(3.1)	(5.2)	2.1
Δ Working capital ¹	(4.1)	(7.9)	3.8
Free cash flow	161.3	140.4	21.0
<i>Cash conversion ratio²</i>	97.2%	92.3%	4.9%

¹ Inventories, Trade and other receivables and Trade and other payables

² Free cash flow in percentage of Operating EBITDA

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- **Outlook**
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Outlook

IMCD operates in different, often fragmented market segments in multiple geographic regions, connecting many customers and suppliers across a very diverse product range. In general, results are impacted by macroeconomic conditions and developments in specific industries. Furthermore, results can be influenced from period to period by, amongst others, the ability to maintain and expand commercial relationships, the ability to introduce new products and start new customer and supplier relationships and the timing, scope and impact of acquisitions.

IMCD's consistent strategy and resilient business model has led to successful expansion over the years and IMCD remains focused on achieving earnings growth by optimising its services and further strengthening its market positions. IMCD sees interesting opportunities to increase its global footprint and expand the product portfolio organically and by acquisitions.

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