

# CONFERENCE CALL First half year 2019 results

IMCD N.V. 16 August 2019



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## Piet van der Slikke, CEO



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

## Hans Kooijmans, CFO

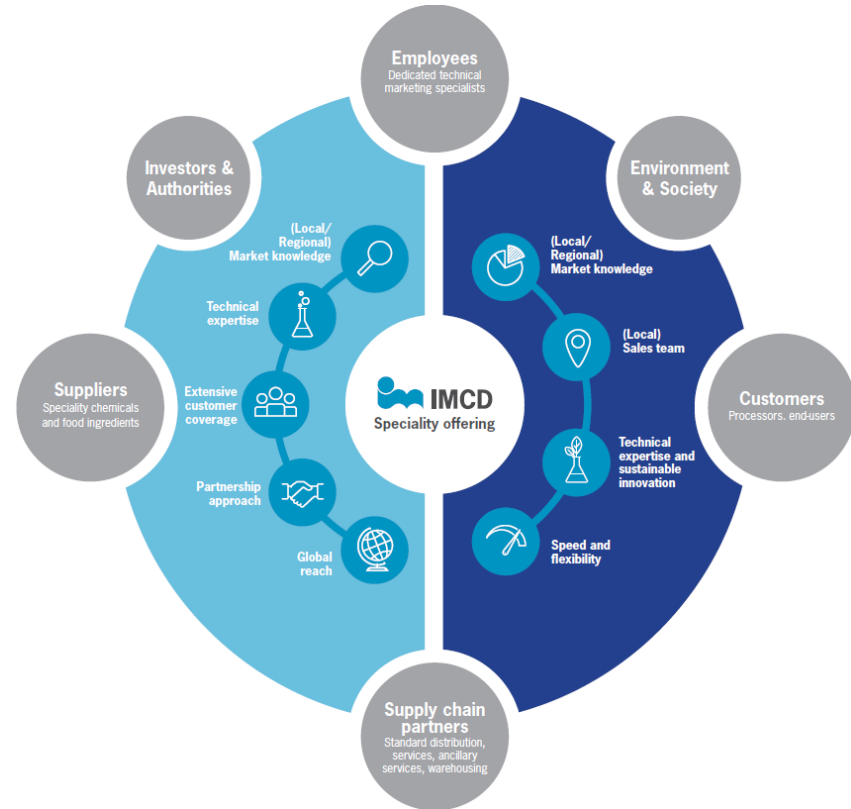


- Joined IMCD in 1996
- Co-led formation of IMCD
- 23 years of industry experience

- **Company profile**
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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 € 2,379 million in 2018 with nearly 2,800 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 43,000 customers and a diverse range of world class suppliers.



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**Gross profit**

Gross profit growth of 19% to EUR 312.0 million (+18% on a constant currency basis)

**Operating EBITA**

Operating EBITA increase of 17% to EUR 123.1 million (+17% on a constant currency basis)

**Net result**

Net result before amortisation and non-recurring items increase of 14% to EUR 84.8 million (+14% on a constant currency basis)

**Cash EPS**

Cash earnings per share increased by 22% to EUR 1.60 (first half of 2018: EUR 1.31)



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## Income statement

EUR million	Jan.1 - June 30 2019	Jan.1 - June 30 2018	change	change	fx adj. change
Revenue	1,398	1,152	246	21%	20%
<b>Gross profit</b>	<b>312</b>	<b>263</b>	<b>49</b>	<b>19%</b>	<b>18%</b>
<i>Gross profit in % of revenue</i>	22.3%	22.8%	(0.5%)		
Operating EBITDA	134	108	26	24%	24%
<i>Operating EBITDA in % of revenue</i>	9.6%	9.3%	0.3%		
<b>Operating EBITA<sup>1</sup></b>	<b>123</b>	<b>105</b>	<b>18</b>	<b>17%</b>	<b>17%</b>
<i>Operating EBITA in % of revenue</i>	8.8%	9.1%	(0.3%)		
<i>Conversion margin <sup>2</sup></i>	39.5%	40.0%	(0.5%)		

<sup>1</sup> Result from operating activities before amortization of intangibles and non-recurring items

<sup>2</sup> Operating EBITA in percentage of Gross profit

## Income statement

EUR million		EMEA	Americas	Asia Pacific	Holding companies	Total
<b>Gross profit</b>	<b>H1 2019</b>	<b>173</b>	<b>99</b>	<b>39</b>		<b>312</b>
	H1 2018	<b>158</b>	<b>71</b>	<b>35</b>		263
	Δ reported	10%	41%	14%		19%
	Δ constant currency	11%	36%	13%		18%
<b>Operating EBITA</b>	<b>H1 2019</b>	<b>71</b>	<b>42</b>	<b>17</b>	<b>(7)</b>	<b>123</b>
	H1 2018	<b>70</b>	<b>28</b>	<b>16</b>	<b>(9)</b>	105
	Δ reported	1%	49%	11%	18%	17%
	Δ constant currency	3%	42%	11%	19%	17%
<b>Operating EBITA in % of revenue</b>	<b>H1 2019</b>	<b>10.2%</b>	<b>8.2%</b>	<b>9.0%</b>		<b>8.8%</b>
	H1 2018	11.1%	8.0%	9.6%		9.1%
	Δ margin %	(0.9%)	0.2%	(0.6%)		(0.3%)
<b>Conversion margin</b>	<b>H1 2019</b>	<b>41.0%</b>	<b>42.2%</b>	<b>44.4%</b>		<b>39.5%</b>
operating EBITA in % of gross profit	H1 2018	44.5%	39.9%	45.6%		40.0%
	Δ margin %	(3.5%)	2.3%	(1.2%)		(0.5%)

## Income statement

EUR million	EMEA	Americas	Asia Pacific	Holding companies	Total
<b>Impact IFRS 16 operating EBITA</b>					
H1 2019 excluding IFRS 16 impact	71.4	41.9	17.3	(9.2)	121.4
Impact IFR 16	(0.4)	0.1	0.1	1.9	1.7
<b>H1 2019 including IFRS 16 impact</b>	<b>71.0</b>	<b>42.0</b>	<b>17.4</b>	<b>(7.3)</b>	<b>123.1</b>

## Income statement (continued)

EUR million	Jan.1 - June 30 2019	Jan.1 - June 30 2018	change	change	fx adj. change
<b>Operating EBITA</b>	<b>123</b>	<b>105</b>	<b>18</b>	<b>17%</b>	<b>17%</b>
Net finance costs	(13)	(9)			
Income tax expenses	(26)	(22)			
<b>Net result before amortisation/non recurring items</b>	<b>85</b>	<b>74</b>	<b>11</b>	<b>14%</b>	<b>14%</b>
Amortisation of intangible assets	(21)	(17)			
Tax credits related to amortisation	1	2			
Non recurring items	(1)	(5)			
<b>Result for the period</b>	<b>64</b>	<b>54</b>	<b>11</b>	<b>20%</b>	<b>20%</b>
Earnings per share (weighted)	1.23	1.02	0.21	21%	20%
<b>Cash Earnings per share (weighted)</b>	<b>1.60</b>	<b>1.31</b>	<b>0.29</b>	<b>22%</b>	<b>22%</b>

## Balance Sheet

EUR million	30 June 2019	31 December 2018 restated	impact IFRS 16	31 December 2018 reported	30 June 2018
Property, plant and equipment	79	77	52	25	18
Intangible assets	1,042	1,052	12	1,040	931
Other fin. assets/def tax assets	44	47		47	27
Working capital	446	400		400	356
Provisions/employee benefits	(30)	(31)		(31)	(19)
Deferred tax liabilities	(82)	(84)		(84)	(67)
<b>Capital employed</b>	<b>1,497</b>	<b>1,461</b>	<b>64</b>	<b>1,397</b>	<b>1,246</b>
Equity	814	786		786	739
<i>Equity in % of capital employed</i>	<i>54%</i>	<i>54%</i>		<i>56%</i>	<i>59%</i>
Loans and borrowings minus cash	684	675	64	611	506
<b>Total financing</b>	<b>1,497</b>	<b>1,461</b>	<b>64</b>	<b>1,397</b>	<b>1,246</b>
<b>Leverage ratio*</b>					
Reported	2.9	3.1	0.3	2.8	2.7
Based on loan documentation	2.7	2.8	-	2.8	2.7

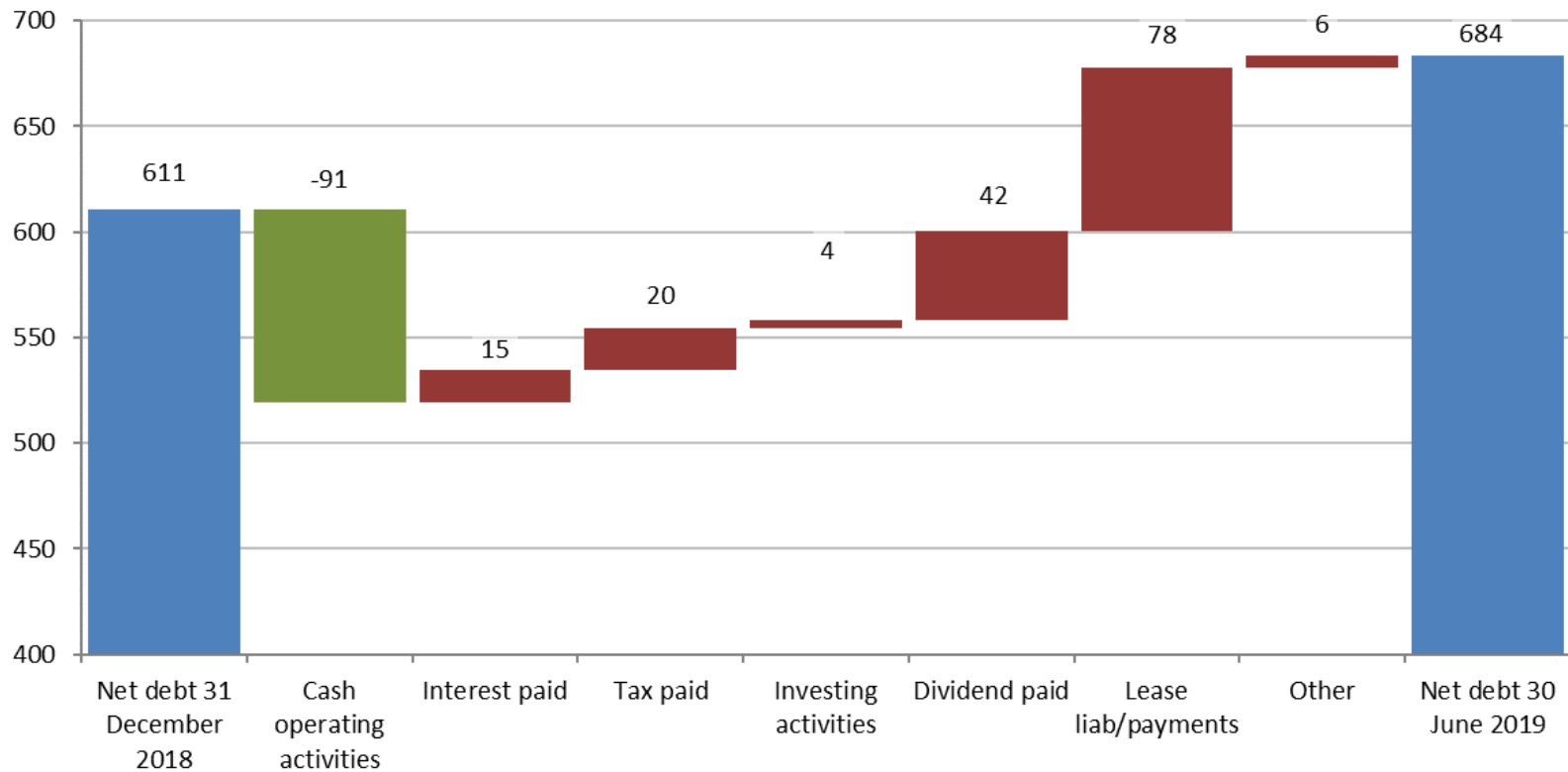
\*Net Debt/Operating EBITDA (incl. full year impact acquisitions)

## Working capital

EUR million	30 June 2019	31 December 2018	30 June 2018
Inventories	348	354	281
<i>in days of revenue*</i>	45	49	44
Trade and other receivables	467	398	406
<i>in days of revenue*</i>	60	55	64
Trade payables	(288)	(264)	(251)
<i>in days of revenue*</i>	(37)	(36)	(39)
Other payables	(81)	(89)	(81)
<i>in days of revenue*</i>	(10)	(12)	(13)
<b>Total working capital</b>	<b>446</b>	<b>400</b>	<b>356</b>
<i>in days of revenue</i>	58	55	56

\* normalised for impact acquisitions

## Net debt development



## Free cash flow

EUR million	Jan.1 - June 30 2019	Jan.1 - June 30 2018	change	change
<b>Operating EBITA</b>	<b>123.1</b>	<b>105.2</b>	<b>17.9</b>	<b>17%</b>
Depreciation	10.7	2.3	8.4	
<b>Operating EBITDA</b>	<b>133.8</b>	<b>107.5</b>	<b>26.3</b>	<b>25%</b>
Share based payments	1.2	1.1	0.1	
IAS 17 lease payments	(9.5)		(9.5)	
Capex	(2.2)	(1.8)	(0.4)	
$\Delta$ Working capital <sup>1</sup>	(42.5)	(52.7)	10.2	
<b>Free cash flow</b>	<b>80.9</b>	<b>54.0</b>	<b>26.9</b>	<b>50%</b>
<i>Cash conversion ratio</i> <sup>2</sup>	60.5%	50.2%	10.3%	

<sup>1</sup> Inventories, Trade and other receivables and Trade and other payables

<sup>2</sup> Free cash flow in percentage of Operating EBITDA



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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 relations 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.

Based on the performance in the first half of 2019 and the strong fundamentals of the business, IMCD expects operating EBITA growth in 2019.

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