

## Press release

# IMCD reports 28% EBITA growth in the first three months of 2021

Rotterdam, The Netherlands (29 April 2021) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of speciality chemicals and ingredients, today announces its first three months 2021 results

## HIGHLIGHTS

- Gross profit growth of 12% to EUR 197.6 million (+17% on a constant currency basis)
- Operating EBITA increase of 28% to EUR 90.6 million (+34% on a constant currency basis)
- Net result before amortisation and non-recurring items increase of 27% to EUR 63.8 million (+32% on a constant currency basis)
- Cash earnings per share increased by 18% to EUR 1.11 (first three months of 2020: EUR 0.94)
- Further strengthening of the pharma, food and personal care activities in EMEA by the completion of three acquisitions (Ejder Kimya, Siyeza Fine Chem Propriety Limited and the pharmaceutical business of Peak International Products B.V.)

Piet van der Slikke, CEO: "I am pleased to report that IMCD had a strong start of the year. Our team performed excellently despite challenges from Covid, product shortages and disturbances in supply chains. We experienced strong demand in particular in the industrial sector. Acquisitions completed last year performed in accordance with expectations. This resulted in an operating EBITA growth of 28% (+34% on a constant currency base) and in favourable development of other KPI's as well. Free cash flow grew to EUR 63.6 million (+91%) and cash earnings per share was up 18%. All regions contributed to these results. We continue to execute our strategy diligently by working hard on further digitalising our business, providing sustainable product solutions to our customers and strengthening our presence in various markets. With this promising start, I am optimistic that the quality of our staff and the strength of our business model enables IMCD to further grow its business this year."

## KEY FIGURES

EUR MILLION	JAN. 1 - MARCH 31 2021	JAN. 1 - MARCH 31 2020	CHANGE	CHANGE %	FX. ADJ. CHANGE
Revenue	809.9	748.8	61.1	8%	13%
Gross profit	197.6	176.4	21.2	12%	17%
Gross profit in % of revenue	24.4%	23.6%	0.8%		
Operating EBITA <sup>1</sup>	90.6	70.9	19.7	28%	34%
Operating EBITA in % of revenue	11.2%	9.5%	1.7%		
Conversion margin <sup>2</sup>	45.9%	40.2%	5.7%		
Net result before amortisation/non-recurring items	63.8	50.2	13.5	27%	32%
Free cash flow <sup>3</sup>	63.6	33.3	30.3	91%	
Cash conversion margin <sup>4</sup>	69.6%	46.2%	23.4%		
Earnings per share (EUR)	0.82	0.71	0.11	16%	23%
Cash earnings per share (EUR) <sup>5</sup>	1.11	0.94	0.17	18%	22%
Number of full time employees end of period	3,360	3,064	296	10%	

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

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

<sup>3</sup> Operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus/less changes in working capital, less capital expenditures

<sup>4</sup> Free cash flow in percentage of adjusted operating EBITDA (operating EBITDA plus non-cash share based payment costs, minus lease premiums)

<sup>5</sup> Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares



## Revenue

In the first three months of 2021, revenue increased by 8% to EUR 809.9 million, compared with EUR 748.8 million in the same period in 2020. On a constant currency basis, revenue growth was 13%, consisting of organic growth (6%) and the impact of the first time inclusion of companies acquired in 2020 and 2021 (7%). All regions contributed to the organic revenue growth.

## Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased by 12% from EUR 176.4 million in the first three months of 2020 to EUR 197.6 million in 2021. On a constant currency basis, the increase in gross profit is 17%, consisting of organic growth of 9% and growth as a result of the first time inclusion of acquisitions completed in 2020 and 2021 of 8%.

Gross profit in % of revenue increased by 0.8%-point from 23.6% in the first three months of 2020 to 24.4% in 2021. The gross profit margin increase is the result of changes in local market circumstances, gross margin improvement initiatives, the impact of newly acquired businesses, currency exchange rate developments and fluctuations in the product mix.

## Operating EBITA

Operating EBITA increased by 28% from EUR 70.9 million in the first three months of 2020 to EUR 90.6 million in the same period of 2021. On a constant currency basis, operating EBITA increased by 34%. The growth in operating EBITA, on a constant currency basis, is a combination of organic growth and the first time inclusion of companies acquired in 2020 and 2021. Operating EBITA in % of revenue increased by 1.7%-point from 9.5% in the first three months of 2020 to 11.2% in 2021.

The conversion margin, defined as operating EBITA in percentage of gross profit, increased from 40.2% in the first three months of 2020 to 45.9% in 2021. The increase in conversion margin is, amongst other things, the result of improved gross profit margins in combination with a lower level of operational expenses, which is primarily due to the COVID-19 restrictions, the impact of acquisitions and driven by cost optimisation efforts.

## Cash flow and capital expenditure

Free cash flow increased by EUR 30.3 million, from EUR 33.3 million in the first three months of 2020 to EUR 63.6 million in 2021.

The cash conversion margin, defined as free cash flow as a percentage of adjusted operating EBITDA (operating EBITDA adjusted for non-cash share-based payments and lease premiums), was 69.6% compared with 46.2% in the first three months of 2020. The increase of the free cash flow and cash conversion margin in 2021 is the result of higher operating EBITDA and less investments in net working capital.

The investment in net working capital (sum of inventories, trade and other receivables minus trade and other payables) in the first three months of 2021 was EUR 27.0 million compared with EUR 36.2 million in the first three months of 2020. Working capital investments were primarily driven by new and increased business activities in the first three months of 2021. As at the end of March 2021, net working capital in days of revenue was 54 days (March 2020: 54 days).

In the first three months of 2021, capital expenditure was EUR 0.7 million compared with EUR 2.6 million in the same period of 2020 and mainly relates to investments in the ICT infrastructure, office improvements and technical and office equipment.

## Net debt

As at 31 March 2021, net debt was EUR 752.0 million compared with EUR 739.3 million as of 31 December 2020.

The leverage ratio (net debt/operating EBITDA ratio including full year impact of acquisitions) as at the end of March 2021, was 2.3 times EBITDA (31 December 2020: 2.3). Calculated on the basis of the definitions used in the IMCD loan documentation, the leverage ratio as at the end of March 2021 was 1.6 times EBITDA (31 December 2020: 1.6) which is well below the maximum of 3.5 as allowed under the loan documentation.

## DEVELOPMENTS BY OPERATING SEGMENT

The reporting segments are defined as follows:

- EMEA: all operating companies in Europe, Turkey, Israel, United Arab Emirates and Africa
- Americas: all operating companies in the United States, Canada, Brazil, Puerto Rico, Chile, Argentina, Uruguay, Colombia and Mexico
- Asia-Pacific: all operating companies in Australia, New Zealand, India, Bangladesh, China, Malaysia, Indonesia, Philippines, Thailand, Singapore, Vietnam, Japan and South Korea
- Holding companies: all non-operating companies, including the head office in Rotterdam and the regional offices in Singapore and New Jersey, USA

The developments in the first three months of 2021 by operating segments are as follows.

### EMEA

EUR MILLION	JAN. 1 - MARCH 31 2021	JAN. 1 - MARCH 31 2020	CHANGE	CHANGE IN %	FX. ADJ. CHANGE
Revenue	390.6	367.1	23.5	6%	8%
Gross profit	99.5	94.3	5.2	6%	8%
Gross profit in % of revenue	25.5%	25.7%	(0.2)%		
Operating EBITA	44.2	38.4	5.8	15%	18%
Operating EBITA in % of revenue	11.3%	10.5%	0.8%		
Conversion margin	44.4%	40.7%	3.7%		

Revenue was EUR 390.6 million in the first three months of 2021, compared with EUR 367.1 million in the the same period of 2020 (+6%). On a constant currency basis revenue increased by 8%. Gross profit increased by 6% from EUR 94.3 million in the first three months of 2020 to EUR 99.5 million in 2021. On a constant currency basis, gross profit growth was 8%. Gross profit margin decreased by 0.2%-point to 25.5%.

Operating EBITA increased by 15%, from EUR 38.4 million in the first three months of 2020 to EUR 44.2 million in 2021 (+18% on a constant currency basis). Compared with the same period in 2020, operating EBITA in % of revenue increased by 0.8%-point to 11.3% in the first three months of 2021.

On 6 January 2021, IMCD acquired 100% of the shares in Ejder Kimya İlaç Danışmanlık Sanayi ve Ticaret A.Ş. ("Ejder Kimya"). Ejder Kimya is a Turkish chemicals distributor of raw materials for personal care and pharmaceuticals products and food additives. Ejder Kimya's generated a revenue of approximately EUR 6 million in 2020.

On 7 January 2021, IMCD acquired the pharmaceutical business of Peak International Products B.V. ("Peak International"). Peak International is a Dutch-based distributor in the active pharmaceutical ingredients business for Benelux, Vietnam, Germany and Israel. The Peak pharmaceutical business generated a revenue of approximately EUR 6 million in 2020.

On 8 January 2021, IMCD acquired 100% of the shares in Siyeza Fine Chem Propriety Limited ("Siyeza"). Siyeza, based in Johannesburg, is a distributor of pharmaceutical, veterinary, food and personal care speciality chemical ingredients in South Africa. The company has 27 employees and generated a revenue of approximately EUR 16 million in 2020.

The first three months of 2021 figures include the impact the acquisition of Oy Kokko-Fiber Ab, completed in September 2020.



## Americas

EUR MILLION	JAN. 1 - MARCH 31 2021	JAN. 1 - MARCH 31 2020	CHANGE	CHANGE IN %	FX. ADJ. CHANGE
Revenue	251.4	261.0	(9.6)	(4)%	6%
Gross profit	57.3	57.8	(0.6)	(1)%	10%
Gross profit in % of revenue	22.8%	22.1%	0.7%		
Operating EBITA	25.4	25.4	-	(0)%	11%
Operating EBITA in % of revenue	10.1%	9.7%	0.4%		
Conversion margin	44.3%	44.0%	0.3%		

In the first three months of 2021, revenue was EUR 251.4 million, compared with EUR 261.0 million in the same period of 2020 (-4%). On a constant currency basis, revenue growth was 6%. Gross profit increased by 10% on a constant currency basis to EUR 57.3 million in the first three months of 2021.

Gross profit in percentage of revenue increased by 0.7%-point from 22.1% in the first three months of 2020 to 22.8% in 2021 and is the result of margin improvement initiatives and changes in the product mix.

In absolute value, operating EBITA is in line with the first three months of 2020; on a constant currency basis operating EBITA increased by 11%.

The first three months of 2021 figures include the impact the acquisition of VitaQualy (Brazil) in August 2020 and Millikan S.A. de C.V. and Banner Química S.A. de C.V. (Mexico) in December 2020.

In March 2021, IMCD reached an agreement to sell its Nutri Granulations manufacturing assets and associated business. Located in La Mirada, CA, with 22 employees, Nutri Granulations manufactures food grade and USP grade calcium carbonate granulations for the nutraceuticals, food, over-the-counter and pharmaceuticals markets. It was acquired by IMCD as part of the ET-Horn acquisition in 2018. The agreement aligns with IMCD's strategy to focus on the sales, marketing and distribution of speciality chemicals and ingredients. As the transaction was closed in April 2021, the financial impact of the sale transaction will be included in the second quarter 2021 results.

## Asia-Pacific

EUR MILLION	JAN. 1 - MARCH 31 2021	JAN. 1 - MARCH 31 2020	CHANGE	CHANGE IN %	FX. ADJ. CHANGE
Revenue	167.9	120.6	47.3	39%	41%
Gross profit	40.8	24.3	16.5	68%	70%
Gross profit in % of revenue	24.3%	20.1%	4.2%		
Operating EBITA	25.3	11.1	14.2	127%	129%
Operating EBITA in % of revenue	15.1%	9.2%	5.9%		
Conversion margin	62.1%	45.9%	16.2%		

In the first three months of 2021 revenue increased by 39% to EUR 167.9 million (+41% on a constant currency basis). Gross profit increased by 68% from EUR 24.3 million in the first three months of 2020 to EUR 40.8 million in the same period of 2021 (+70% on a constant currency basis). Gross profit in % of revenue increased by 4.2%-point from 20.1% in the first three months of 2020 to 24.3% in 2021.

Operating EBITA increased by 127% to EUR 25.3 million in the first three months of 2021 (+129% on a constant currency basis). Operating EBITA in % of revenue increased by 5.9%-point to 15.1%.

The first three months of 2021 results include the impact of the acquisition of the pharmaceutical business in China of Develing International Trade (Shanghai) Co. Ltd. completed in July 2020 and the impact of the acquisition of Signet Excipients Private Limited, completed in November 2020.

## Holding companies

EUR MILLION	JAN. 1 - MARCH 31 2021	JAN. 1 - MARCH 31 2020	CHANGE	CHANGE IN %	FX. ADJ. CHANGE
Operating EBITA	(4.3)	(4.1)	(0.2)	6%	9%
Operating EBITA in % of total revenue	(0.5)%	(0.5)%	0.0%		

Operating EBITA of Holding companies represents the central head office in Rotterdam as well as the regional head offices in Singapore and New Jersey, US.

Operating costs increased by EUR 0.2 million from EUR 4.1 million in 2020 to EUR 4.3 million in 2021. The cost increase reflects the growth of IMCD and as a consequence the need to further strengthen the support functions in both Rotterdam and the regional head offices.

## 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 other things, 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 its product portfolio both organically and by acquisitions.

Based on the performance in the first three months of 2021 and the strong fundamentals of its business, IMCD expects operating EBITA growth in 2021.

## FINANCIAL CALENDAR

22 June 2021	Annual General Meeting
22 June 2021	Dividend announcement
24 June 2021	Ex-dividend date
25 June 2021	Dividend record date
28 June 2021	Dividend payment date
4 August 2021	First half year 2021 result
9 November 2021	First nine months 2021 results

For further information: Investor Relations  
T: +31 (0)10 290 86 84  
ir@imcdgroup.com



## FURTHER INFORMATION

Today's analysts call will start at 10:00 am CET. A recording of this call will be made available on the IMCD website ([www.imcdgroup.com](http://www.imcdgroup.com)).

## ABOUT IMCD

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

Listed at Euronext, Amsterdam (IMCD), IMCD realised revenues of EUR 2,775 million in 2020 with nearly 3,300 employees in over 50 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 50,000 customers and a diverse range of world class suppliers.

For further information, please visit [www.imcdgroup.com](http://www.imcdgroup.com)

## DISCLAIMER FORWARD LOOKING STATEMENTS

This press release may contain forward looking statements. These statements are based on current expectations, estimates and projections of IMCD's management and information currently available to the Company. IMCD cautions that such statements contain elements of risk and uncertainties that are difficult to predict and that could cause actual performance and position to differ materially from these statements. IMCD disclaims any obligation to update or revise any statements made in this press release to reflect subsequent events or circumstances, except as required by law.

In the annual report of IMCD N.V. the relevant risk categories and risk factors that could adversely affect the Company's business and financial performance have been described. They are deemed to be incorporated in this release.

This press release contains inside information as meant in clause 7 of the Market Abuse Regulation and was issued on 29 April 2021, 7:00 am CET.

