

## Press release

# IMCD reports 51% EBITA growth in the first nine months of 2021

Rotterdam, The Netherlands (9 November 2021) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of speciality chemicals and ingredients, today announces its first nine months 2021 results.

## HIGHLIGHTS

- Gross profit growth of 28% to EUR 620.8 million (+30% on a constant currency basis)
- Operating EBITA increase of 51% to EUR 286.4 million (+54% on a constant currency basis)
- Net result before amortisation and non-recurring items increase of 54% to EUR 202.0 million (+58% on a constant currency basis)
- Cash earnings per share increased by 44% to EUR 3.54 (first nine months of 2020: EUR 2.46)
- In the third quarter of 2021, IMCD completed the acquisition of Maquimex in Mexico and signed an agreement to acquire Aquatech in China.

Piet van der Slikke, CEO: *"We have delivered strong results in the first nine months of this year. Despite constraints in the supply chains, our committed team was able to benefit from strong demand and further expanded and leveraged our commercial relationships. Operating EBITA was up with 51% (fx. adjusted +54%) or EUR 96.5 million and we realised a healthy cash flow of 204.5 EUR million (+21%) in the first nine months of this year. All regions delivered double digit operating EBITA growth numbers. We further successfully executed our growth strategy by two acquisitions in China and Mexico in the third quarter of this year. Although we foresee continuing supply chain challenges in the remainder of the year, we are confident that our well-established commercial, digital and logistic infrastructure, enables us to realise our sustainable growth ambitions."*

## KEY FIGURES

EUR MILLION	JAN. 1 - SEPT. 30, 2021	JAN. 1 - SEPT. 30, 2020	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	2,537.1	2,082.3	454.8	22%	24%
Gross profit	620.8	485.7	135.1	28%	30%
Gross profit in % of revenue	24.5%	23.3%	1.2%		
Operating EBITA <sup>1</sup>	286.4	189.9	96.5	51%	54%
Operating EBITA in % of revenue	11.3%	9.1%	2.2%		
Conversion margin <sup>2</sup>	46.1%	39.1%	7.0%		
Net result before amortisation/non-recurring items	202.0	130.8	71.2	54%	58%
Free cash flow <sup>3</sup>	204.5	168.3	36.2	21%	
Cash conversion margin <sup>4</sup>	70.8%	87.5%	(16.7%)		
Earnings per share (weighted)	2.66	1.74	0.92	53%	56%
Cash earnings per share (weighted) <sup>5</sup>	3.54	2.46	1.08	44%	47%
Number of full time employees end of period	3,579	3,095	484	16%	

<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 payments)

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

## Revenue

Compared with the first nine months of 2020, revenue increased by 22% from EUR 2,082.3 million to EUR 2,537.1 million (+24% on a constant currency basis). This 24% increase in revenue is the result of organic growth (+14%) and the impact of the first time inclusion of companies acquired in 2020 and 2021 (+10%).

## Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased by 28% from EUR 485.7 million in the first nine months of 2020 to EUR 620.8 million in 2021. On a constant currency basis, the increase in gross profit is 30%, consisting of organic growth of 19% and growth as a result of the first time inclusion of acquisitions of 11%.

Gross profit in % of revenue increased by 1.2%-point from 23.3% in the first nine months of 2020 to 24.5% 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 51% from EUR 189.9 million in the first nine months of 2020 to EUR 286.4 million in the same period of 2021. The growth in operating EBITA was a combination of organic growth and the first time inclusion of companies acquired in 2020 and 2021.

The operating EBITA in % of revenue increased by 2.2%-point from 9.1% in the first nine months of 2020 to 11.3% in 2021.

The conversion margin, defined as operating EBITA as a percentage of gross profit, increased by 7.0%-point from 39.1% in the first nine months of 2020 to 46.1% in 2021. The increase in conversion margin is the result of substantial organic EBITA growth, whereby organic gross profit growth more than compensated own cost growth, combined with a positive impact of acquisitions made.

## Cash flow and capital expenditure

Free cash flow increased by EUR 36.2 million, from EUR 168.3 million in the first nine months of 2020 to EUR 204.5 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 70.8% compared with 87.5% in the first nine months of 2020. The increase of the free cash flow in 2021 is the result of higher operating EBITDA, higher investments in net working capital as a result of substantial organic revenue growth, and less capital expenditures.

The investment in net working capital (sum of inventories, trade and other receivables minus trade and other payables) in the first nine months of 2021 was EUR 81.6 million compared with EUR 18.7 million in the same period of 2020. Working capital investments were primarily driven by new and substantially increased business activities in 2021. At the end of September 2021, net working capital in days of revenue was 58 days (September 2020: 55 days).

Capital expenditure was EUR 2.9 million in 2021 compared with EUR 5.4 million in the first nine months of 2020 and mainly relates to investments in the ICT infrastructure, office improvements and technical and office equipment.

## Net debt

As at 30 September 2021, net debt was EUR 789.2 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 September 2021, was 2.0 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 September 2021 was 1.5 times EBITDA (31 December 2020: 1.6) which is well below the maximum of 3.5 as allowed under the loan documentation.

The development of the leverage ratio is, among other things, influenced by payments for acquisitions and a dividend distribution of EUR 58.1 million in June 2021.

## DEVELOPMENTS BY OPERATING SEGMENT

The reporting segments are defined as follows:

- EMEA: all operating companies in Europe, Turkey, Israel, United Arab Emirates, Saudi Arabia and Africa
- Americas: all operating companies in the United States of America, Canada, Brazil, Puerto Rico, Chile, Argentina, Uruguay, Colombia, Mexico, Peru, Costa Rica, Dominican Republic
- 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, US

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

### EMEA

EUR MILLION	JAN. 1 - SEPT. 30, 2021	JAN. 1 - SEPT. 30, 2020	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,194.2	1,003.6	190.6	19%	20%
Gross profit	307.8	255.9	51.9	20%	21%
Gross profit in % of revenue	25.8%	25.5%	0.3%		
Operating EBITA	134.9	99.6	35.3	35%	37%
Operating EBITA in % of revenue	11.3%	9.9%	1.4%		
Conversion margin	43.8%	38.9%	4.9%		

In the first nine months of 2021, revenue was EUR 1,194.2 million, compared with EUR 1,003.6 million in the the same period of 2020 (+19%). On a constant currency basis revenue increased by 20%. Gross profit increased by 20% from EUR 255.9 million in the first nine months of 2020 to EUR 307.8 million in 2021. On a constant currency basis, gross profit growth was 21%. Gross profit margin increased by 0.3%-point to 25.8%.

Operating EBITA increased by 35%, from EUR 99.6 million in the first nine months of 2020, to EUR 134.9 million in 2021. Compared with the same period in 2020, operating EBITA in % of revenue increased by 1.4%-point to 11.3% in the first nine months of 2021.

The first nine months of 2021 figures include the impact of the acquisition of Oy Kokko-Fiber AB, completed in September 2020 and Ejder Kimya İlaç Danışmanlık Sanayi, Peak International Products B.V. and Siyeza Fine Chem Propriety Limited completed in January 2021.

## Americas

EUR MILLION	JAN. 1 - SEPT. 30, 2021	JAN. 1 - SEPT. 30, 2020	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	821.9	726.4	95.5	13%	19%
Gross profit	184.4	158.8	25.6	16%	22%
Gross profit in % of revenue	22.4%	21.9%	0.5%		
Operating EBITA	84.6	70.0	14.6	21%	27%
Operating EBITA in % of revenue	10.3%	9.6%	0.7%		
Conversion margin	45.9%	44.1%	1.8%		

In the first nine months of 2021, revenue was EUR 821.9 million, an increase of 13% compared with the same period of 2020 (+19% on a constant currency basis). Gross profit increased by 16% from EUR 158.8 million in the first nine months of 2020 to EUR 184.4 million in 2021 (+22% on a constant currency basis). Gross profit in percentage of revenue increased by 0.5%-point to 22.4%.

Operating EBITA increased by 21% from EUR 70.0 million in the first nine months of 2020 to EUR 84.6 million in 2021 (+27% on a constant currency basis).

On 19 August 2021, IMCD acquired 100% of the shares in Materias Químicas de México S.A. de C.V. and Pluralmex S.A de C.V. (together: "Maquimex"), based in México City. Maquimex is a speciality chemicals distributor providing commercial and technical expertise in the preservatives, HI&I, energy, water treatment and other industrial markets. Maquimex has 44 employees and generated a revenue of approximately USD 29 million in 2020.

The first nine months 2021 figures include the impact of the acquisition of VitaQualy Comércio de Ingredientes LTDA, completed in August 2020, Millikan S.A. de C.V. and Banner Quimica S.A. de C.V. in December 2020, the divestment of the Nutri Granulations business in April 2021 and the acquisition of Siliconas y Químicos and Andes Chemical Corp. in May 2021.

## Asia-Pacific

EUR MILLION	JAN. 1 - SEPT. 30, 2021	JAN. 1 - SEPT. 30, 2020	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	521.0	352.3	168.7	48%	47%
Gross profit	128.5	70.9	57.6	81%	80%
Gross profit in % of revenue	24.7%	20.1%	4.6%		
Operating EBITA	80.8	32.4	48.4	150%	148%
Operating EBITA in % of revenue	15.5%	9.2%	6.3%		
Conversion margin	62.9%	45.6%	17.3%		

In the first nine months of 2020 revenue increased by 48% to EUR 521.0 million (+47% on a constant currency basis). Gross profit increased by 81% from EUR 70.9 million in the first nine months of 2020 to EUR 128.5 million in the same period of 2021 (+80% on a constant currency basis). Gross profit in % of revenue improved by 4.6%-point from 20.1% in the first nine months of 2020, to 24.7% in 2021.

Operating EBITA increased by 150% to EUR 80.8 million in the first nine months of 2021 (+148% on a constant currency basis). Operating EBITA in % of revenue increased by 6.3%-point from 9.2% in the first nine months of 2020 to 15.5% in 2021.

On 29 September 2021, IMCD signed an agreement to acquire 100% of the shares in Aquatech Speciality (Shanghai) International Trading Co., Ltd. and Aquatech Speciality (Guangzhou) Trading Co., Ltd. (together: "Aquatech") in China. Aquatech is active in waterborne solutions in coatings, ink, and textile industries. Aquatech has 10 employees and

generated a revenue of EUR 6.7 million in 2020. The closing of the transaction is expected to take place in November 2021.

The first nine months 2021 results include the impact of the acquisition of pharmaceutical business in China of Develing International Trade (Shanghai) Co. Ltd. in July 2020, and the acquisition of Shanghai Yuanhe Chemicals Co. and Yuanhe HK limited in June 2021.

### Holding companies

EUR MILLION	JAN. 1 - SEPT. 30, 2021	JAN. 1 - SEPT. 30, 2020	CHANGE	CHANGE	FX ADJ. CHANGE
Operating EBITA	(13.9)	(12.0)	(1.9)	(15%)	(17%)
Operating EBITA in % of total revenue	(0.5%)	(0.6%)	0.1%		

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 1.9 million from EUR 12.0 million in the first nine months of 2020 to EUR 13.9 million in 2021. The cost increase reflects the growth of IMCD and as a consequence the need to further strengthen its support functions in both the headquarters in 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 nine months of 2021 and the strong fundamentals of its business, IMCD expects operating EBITA growth in 2021.

## FINANCIAL CALENDAR

25 February 2022	Full year 2021 results
22 April 2022	First quarter 2022 results
22 April 2022	Annual General Meeting
4 August 2022	First half year 2022 results
10 November 2022	First nine months 2022 results

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## 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/investors.com](http://www.imcdgroup/investors.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 9 November 2021, 7:00 am CET.