

# One Company. Endless Possibilities

CONFERENCE CALL  
First HY 2023 results

4 August 2023



## Presenting team



**Piet van der Slikke**

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



**Hans Kooijmans**

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



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# Profile

IMCD is a market leader in the sales, marketing and distribution of speciality chemicals and ingredients

## Highlights:

- Formulatory and solutions provider
- Comprehensive and complementary product portfolio
- Multi-territory distribution management in EMEA, Asia-Pacific and Americas
- Headquartered in Rotterdam, The Netherlands



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# Highlights first half year 2023

## Gross profit:

Gross profit of EUR 583 million (+2% on a constant currency basis) showed resilience of IMCD's business model

## Operating EBITA

Operating EBITA decrease of 6% to EUR 280 million (-3% on a constant currency basis)

## Net Result

Net result decrease of 14% to EUR 153 million (-12% on a constant currency basis)

## Free cash flow

Free cash flow increase by 105% to EUR 241 million (first half of 2022: EUR 118 million)

## Acquisitions

13 acquisitions year to date with a combined annual revenue of over EUR 400 million



# Highlights first half year 2023 – Acquisitions YTD

## EMEA

- Orange Chemicals Ltd, a distributor of performance Chemicals throughout the UK and Ireland (February 2023)
- ACM AB, a distributor of minerals and chemicals based in Sweden (April 2023)
- Acquisition of the distribution business of Tagra Biotechnologies Ltd. in Israel (May 2023)
- KOI Products Solutions and Engineering Ltd in Israel (June 2023)
- CPS Chemical Oil-Tech (Pty) Ltd, a distributor of raw materials to the petroleum, additive, grease manufacturing and other industry related segments in South Africa (July 2023)
- IMCD acquired 90% of the shares of O&3 Limited, an industry leading supplier of speciality natural ingredients to the global beauty and personal care markets (July 2023)

## Americas

- Acquisition of Allianz Group International S.A.S., a distributor of active pharmaceutical ingredients (API) and serves the Colombian market (May 2023)
- July 2023, IMCD signed an agreement to acquire 100% of the shares of Representaciones de Materias Primas Industriales Limitada, a distributor for the beauty and personal care industry in Chile
- On 2 August 2023, IMCD acquired 100% of the shares of Sachs Chemical, Inc., a speciality chemicals distributor, providing customised solutions for the pharmaceutical industry.

# Highlights first half year 2023 – Acquisitions YTD

## APAC

- Acquisition of Shanghai Sanrise Industries & Development Co., Ltd., one of the leading distributors in the personal care markets in China (March 2023)
- Acquisition of Tradeimpex Polymers (India) Private Limited, a distributor of high-performance polymers and engineering plastics.(April 2023)
- May 2023, IMCD signed an agreement to acquire 100% of the shares of the speciality distribution company, Euro Chemo-Pharma Sdn Bhd and its wholly owned subsidiary, Biofresh Green Sdn Bhd in Malaysia. Euro Chemo-Pharma and Biofresh are offering a wide range of products, mainly food, pharmaceutical and personal care applications
- June 2023, IMCD signed an agreement to acquire 100% of the shares of the speciality distribution company Brylchem Pte Ltd and the business of Chemipac Pte Ltd. in Singapore, and the business of CMS Marketing Trading Co., Ltd in Vietnam. The Brylchem Group offers a wide range of products in the coatings, construction, advanced materials, agrochemical, home care and industrial cleaning, feed and veterinary, and lubricants industries, for the Singapore and Vietnam markets.

## Total annual revenue

- These 13 acquisitions will add about 450 employees and had a combined annual revenue of over EUR 400 million in the last year before acquisition



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# Financials first half year 2023

## Key figures

EUR million	Jan.1 - June. 30 2023	Jan.1 - June. 30 2022	Change	Change %	Fx adj. Change
<b>Revenue</b>	<b>2,287</b>	<b>2,318</b>	<b>(31)</b>	<b>(1%)</b>	<b>1%</b>
Gross profit	583	584	(2)	0%	2%
Gross profit as a % of revenue	25.5%	25.2%	0.3%		
<b>Operating EBITA</b>	<b>280</b>	<b>297</b>	<b>(17)</b>	<b>(6%)</b>	<b>(3%)</b>
Operating EBITA as a % of revenue	12.2%	12.8%	(0.6%)		
Conversion margin	48.1%	50.8%	(2.7%)		
Net Result	153	177	(24)	(14%)	(12%)
<b>Free cash flow</b>	<b>241</b>	<b>118</b>	<b>123</b>	<b>105%</b>	
<b>Cash conversion margin</b>	<b>84.4%</b>	<b>38.9%</b>	<b>45.5%</b>		
Earnings per share (weighted)	2.68	3.11	(0.43)	(14%)	(12%)
Cash earnings per share (weighted)	3.28	3.68	(0.40)	(11%)	(9%)
Number of full time employees end of period	4,549	4,013	536	13%	

# Financials first half year 2023

## Income statement

EUR million		EMEA	Americas	Asia Pacific	Holding companies	Total
<b>Gross profit</b>	<b>YTD 2023</b>	<b>275</b>	<b>179</b>	<b>128</b>		<b>583</b>
	YTD 2022	280	184	120		584
	Δ reported	(2%)	(3%)	7%		0%
	Δ constant currency	1%	(3%)	13%		2%
<b>Gross profit as a % of revenue</b>	<b>YTD 2023</b>	<b>27,3%</b>	<b>24,2%</b>	<b>23,8%</b>		<b>25,5%</b>
	YTD 2022	26,6%	23,8%	24,4%		25,2%
	Δ margin %	0,7%	0,4%	(0,6%)		0,3%
<b>Operating EBITA</b>	<b>YTD 2023</b>	<b>131</b>	<b>88</b>	<b>79</b>	<b>(17)</b>	<b>280</b>
	YTD 2022	140	93	79	(16)	297
	Δ reported	(7%)	(6%)	(0%)	8%	(6%)
	Δ constant currency	(4%)	(6%)	5%	7%	(3%)
<b>Operating EBITA as a % of revenue</b>	<b>YTD 2023</b>	<b>12,9%</b>	<b>11,9%</b>	<b>14,6%</b>		<b>12,2%</b>
	YTD 2022	13,3%	12,0%	16,1%		12,8%
	Δ margin %	(0,4%)	(0,1%)	(1,5%)		(0,6%)
<b>Conversion margin</b>	<b>YTD 2023</b>	<b>47,4%</b>	<b>49,0%</b>	<b>61,4%</b>		<b>48,1%</b>
<i>operating EBITA as a % of gross profit</i>	YTD 2022	50,1%	50,7%	65,7%		50,8%
	Δ margin %	(2,7%)	(1,7%)	(4,3%)		(2,7%)



# Financials first half year 2023

## Income statement (continued)

EUR million	Jan.1 - June. 30 2023	Jan.1 - June. 30 2022	change	change	fx adj. change
<b>Operating EBITA</b>	<b>280</b>	<b>297</b>	<b>(17)</b>	<b>(6%)</b>	<b>(3%)</b>
Net finance costs	(26)	(8)			
Income tax expenses	(66)	(72)			
<b>Net result before amortisation/non recurring items</b>	<b>189</b>	<b>216</b>	<b>(27)</b>	<b>(13%)</b>	<b>(10%)</b>
Amortisation of intangible assets	(38)	(37)			
Tax credits related to amortisation	5	4			
Non recurring items	(3)	(7)			
<b>Result for the period</b>	<b>153</b>	<b>177</b>	<b>(24)</b>	<b>(14%)</b>	<b>(12%)</b>
Earnings per share (weighted)	2.68	3.11	(0.43)	(14%)	(12%)
<b>Cash Earnings per share (weighted)</b>	<b>3.28</b>	<b>3.68</b>	<b>(0.40)</b>	<b>(11%)</b>	<b>(9%)</b>

# Financials first half year 2023

## Balance Sheet

EUR million	30 June 2023	31 December 2022	30 June 2022
Property, plant and equipment	31	30	32
Right-of-use assets	86	83	78
Intangible assets	2,111	1,941	1,936
Other fin. assets/def tax assets	46	43	36
Working capital	833	770	833
Provisions/employee benefits	(34)	(36)	(42)
Deferred tax liabilities	(147)	(131)	(128)
<b>Capital employed</b>	<b>2,926</b>	<b>2,700</b>	<b>2,746</b>
Equity	1,658	1,673	1,608
<i>Equity as a % of capital employed</i>	<i>57%</i>	<i>62%</i>	<i>59%</i>
Loans and borrowings minus cash	1,268	1,027	1,138
<b>Total financing</b>	<b>2,926</b>	<b>2,700</b>	<b>2,746</b>

# Financials first half year 2023

## Working capital

EUR million	30 June 2023	31 December 2022	30 June 2022
Inventories	633	622	646
<i>in days of revenue*</i>	49	48	50
Trade and other receivables	825	702	857
<i>in days of revenue*</i>	64	54	66
Trade payables	(467)	(389)	(509)
<i>in days of revenue*</i>	(36)	(30)	(39)
Other payables	(157)	(165)	(161)
<i>in days of revenue*</i>	(12)	(13)	(12)
<b>Total working capital</b>	<b>833</b>	<b>770</b>	<b>833</b>
<i>in days of revenue *</i>	65	59	65

\* normalised for impact acquisitions

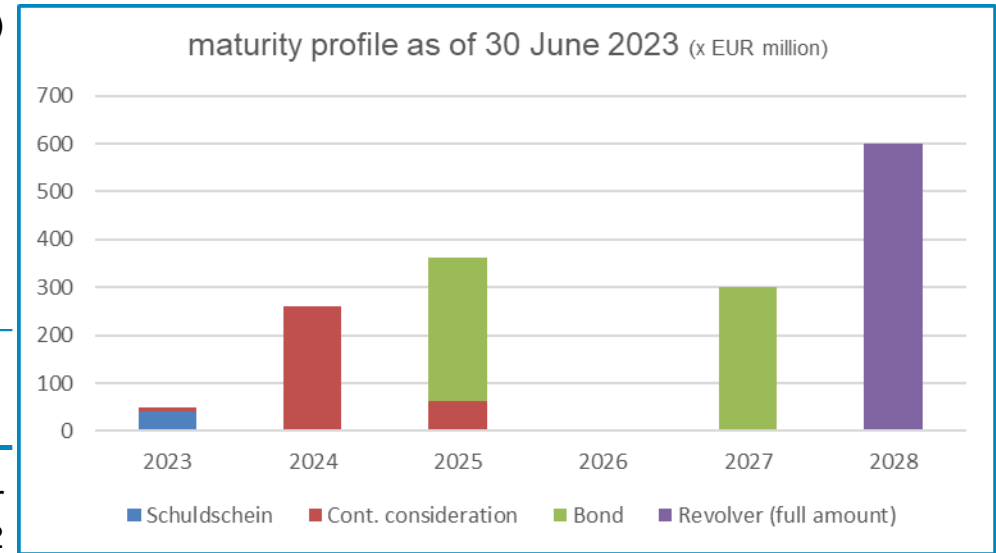


# Financials first half year 2023

## Net debt 30 June 2023

EUR million	30 June 2023	31 December 2022	change
Loans and borrowings long term	777	913	(136)
Loans and borrowings short term	40	40	0
Short term financial liabilities	671	296	375
Cash and cash equivalents	(220)	(222)	2
<b>Net Debt</b>	<b>1,268</b>	<b>1,027</b>	<b>241</b>
<b>Net Debt / Operating EBITDA ratio<sup>1</sup></b>	<b>2.1</b>	<b>1.7</b>	<b>0.4</b>
<b>Covenants</b>	June 2023	Bank condition	December 2022
Leverage	1.6		1.3
Revolving credit facility		< 4.25	

<sup>1</sup> Including full year impact of acquisitions



# Financials first half year 2023

## Free cash flow

EUR million	Jan.1 - June. 30 2023	Jan.1 - June. 30 2022	Change	Change %
<b>Operating EBITA</b>	<b>280</b>	<b>297</b>	<b>(17)</b>	<b>(6%)</b>
Depreciation	15	15	1	
<b>Operating EBITDA</b>	<b>296</b>	<b>312</b>	<b>(16)</b>	<b>(5%)</b>
Share based payments	2	3	0	
IAS 17 lease payments	(13)	(12)	(1)	
<b>Adjusted operating EBITDA</b>	<b>285</b>	<b>303</b>	<b>(17)</b>	<b>(6%)</b>
Capex	(5)	(5)	0	
Δ Working capital <sup>1</sup>	(40)	(180)	140	
<b>Free cash flow</b>	<b>241</b>	<b>118</b>	<b>123</b>	<b>105%</b>
<i>Cash conversion ratio<sup>2</sup></i>	<i>84.4%</i>	<i>38.9%</i>	<i>45.5%</i>	

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

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

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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.

Results can be influenced from period to period by, among 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 further increase its global footprint and expand its product portfolio both organically and by acquisitions.

Given the macro-economic uncertainties it is prudent not to give a near-term trading outlook.

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