

IMCD Analyst Presentation

September 2020





Signet
The Complete Excipients Company

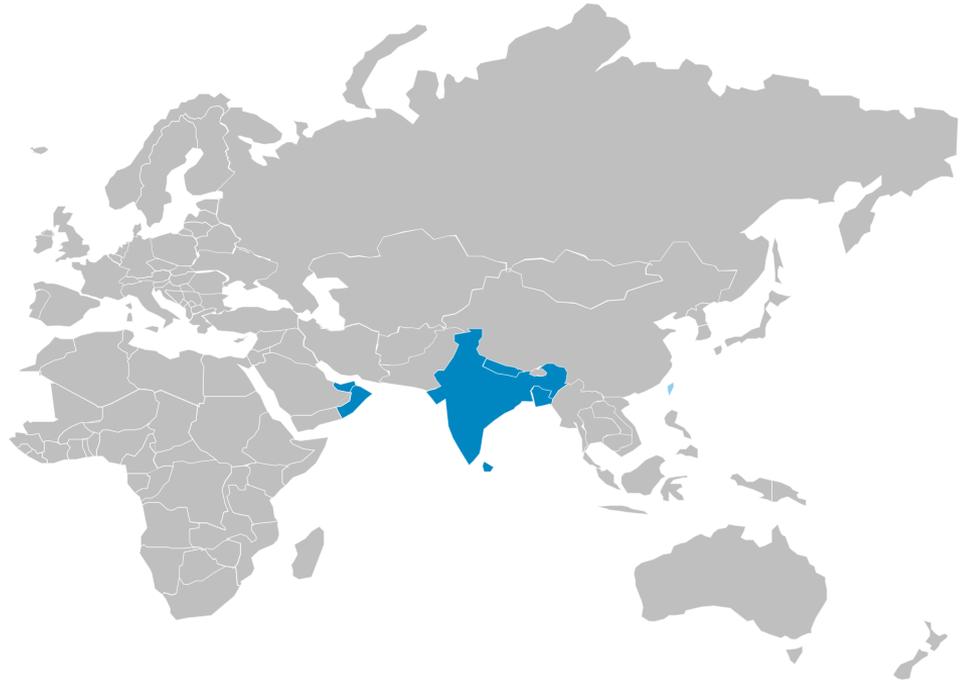


IMCD

The acquisition of Signet by IMCD has a strong strategic rationale given their asset light business model and long-term relationships with leading global excipient producers. The acquisition is an important step in IMCD's strategy to become a leading global speciality pharma ingredient distributor.

Signet overview

- Founded in 1986
- Headquartered in Mumbai, India
- Active in India (~95% of sales), and adjacent markets i.e. Bangladesh, Middle East, and Africa
- Focuses on the distribution of pharmaceutical, nutraceutical and bio-pharma excipients
- Represents the world's leading excipient producers
- Key customers are Indian pharmaceutical manufacturing companies that cater to formulations for regulated markets across segments such as pharmaceutical, nutraceutical, and bio-pharma
- Approximately 100 employees
- Asset light business model



Transaction details

Transaction structure

The transaction will take place in two tranches, with IMCD now acquiring 70% of the share capital from the founders at closing and the remaining 30% by 2024

Key parameters

Revenue LTM June 2020: INR 13.2 billion (ca. EUR 152 million)
EBITA LTM June 2020: INR 3.4 billion (ca. EUR 39 million)

Management

The founders of Signet will continue to lead the company post completion of the first tranche

Financial impact

The proceeds of the equity issue will result in a pro forma June 2020 leverage of 2.8x EBITDA incl. Signet at a run-rate EBITDA

The transaction is expected to have high single digit cash EPS accretion in the first full year post acquisition

Closing conditions

The closing of the transaction is subject to customary closing conditions and regulatory approval, and is expected to take place in the last quarter of 2020



Signet investment highlights

Signet is an excellent fit with IMCD

- Strong presence in the distribution of pharmaceutical, nutraceutical and bio-pharma excipients in India
- Present in India and the Middle East, one of the fastest growing regions in the space
- Excellent management and staff
- Long-standing partnerships with the worlds leading excipient producers
- Supplier to all major Indian pharmaceutical manufacturing companies
- Fully outsourced supply chain
- Excellent platform in India and Asia-Pacific allowing for further growth opportunities via organic and acquisitions
 - Opportunity for geographical expansion into adjacent markets (e.g. Bangladesh)
 - Supplier expansion



Strategic rationale

The acquisition of Signet by IMCD has a strong strategic rationale



IMCD's pharma strategy

Over the past 10 months, IMCD made six acquisitions within the pharmaceutical ingredients space to strengthen its leadership position

Entity	Geography and coverage	Sales	Date
Unired Quimicas	<ul style="list-style-type: none"> Based in Colombia Active in pharma, focus on excipients 	€7m	20 Nov. 2019
DCS	<ul style="list-style-type: none"> Based in Switzerland Active in pharma, focus on API's 	€63m	10 Dec. 2019
Whawon	<ul style="list-style-type: none"> Based in Korea Active in pharma, focus on excipients and API's 	€44m	18 Dec. 2019
Zifroni	<ul style="list-style-type: none"> Based in Israel Active in pharma; focus on excipients and API's 	€10m	17 Jan. 2019
Develing	<ul style="list-style-type: none"> Based in China Active in pharma; focus on excipients 	€10m	15 May 2020
Siyeza	<ul style="list-style-type: none"> Based in South Africa Active in pharma; focus on excipients and API's 	€12m	1 Sep. 2020



IMCD's pharma strategy

Pharma is a global market and the acquisition of Signet is an important step in IMCD's ambition to become a global leading distributor of pharmaceutical ingredients

Comments



■ IMCD existing territories

- Total pharma business LTM June 2020 attributes to more than EUR 800 million¹⁾
- IMCD is predominantly strong in EMEA and Americas and aims to further grow in the Asia Pacific region
- Top excipients generic manufacturing markets are China, India, Brazil, and South-Korea

1) Including pro forma full year impact of acquisitions, Signet and EUR 111 million of commission sales.



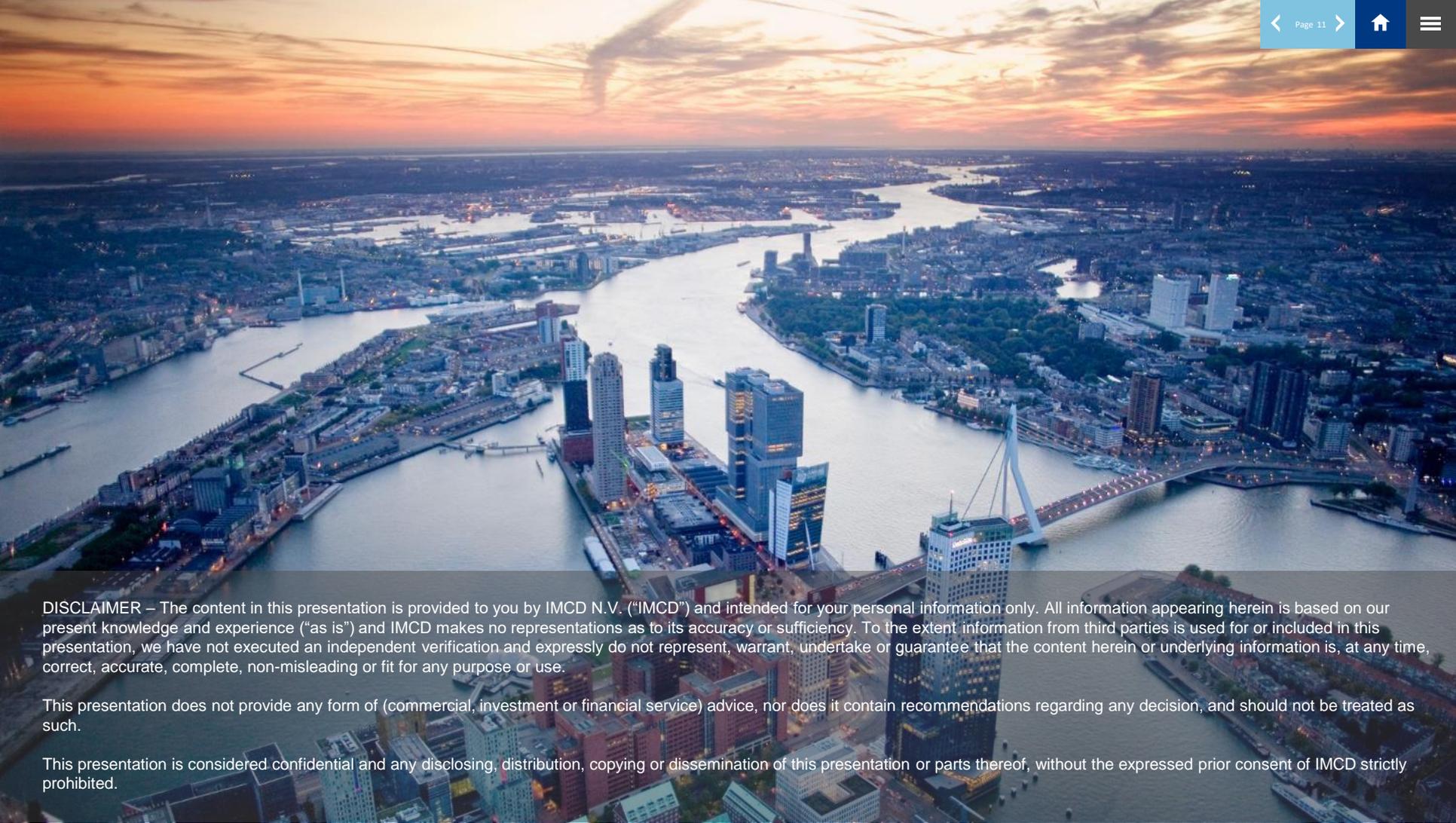
Summary

- It is an important step in IMCD's strategy to become a leading global speciality pharma ingredient distributor. The acquisition of Signet:
 - Strengthens IMCD's footprint in the high growth and resilient pharma excipient distribution market
 - Increases geographic exposure to the high-growth Asia-Pacific region
 - Strengthens IMCD's global distributor position with leading tier 1 excipient producers
 - Significantly strengthens IMCD's market position in India
 - Offers further growth opportunities in the Indian and Asia-Pacific region, both organically and through acquisitions
- The usual transactions risks are applicable to this transaction: loss of suppliers and/or customers, currency and market risks

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