

Press release

IMCD reports 11% EBITA growth in the first three months of 2020

Rotterdam, The Netherlands (20 April 2020) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of speciality chemicals and food ingredients, today announces its first three months 2020 results and announces that its Annual General Meeting of Shareholders will be held on 30 June 2020. The AGM agenda will be published on 19 May 2020.

HIGHLIGHTS

- Gross profit growth of 12% to EUR 176.4 million (+12% on a constant currency basis)
- Operating EBITA increase of 11% to EUR 70.9 million (+11% on a constant currency basis)
- Net result before amortisation and non-recurring items increase of 13% to EUR 50.2 million (+13% on a constant currency basis)
- Cash earnings per share increased by 13% to EUR 0.94 (first three months of 2019: EUR 0.83)

Piet van der Slikke, CEO: "IMCD's first quarter results were strong with an operating EBITA increase in all regions, overall with 11% to EUR 70.9 million. In this extraordinary time, we are fortunate to be able to rely on our excellent staff and strong commercial relationships for the continuation of our business. Whilst adapting working practices to safeguard the health of our employees and business partners, we have been able to remain open for business, even in cases of severe lock-down restrictions. However, with the duration of the COVID-19 crisis still unpredictable and the severity of its effect on the global economy yet unknown, it is difficult to quantify how it will impact our results in the months to come. We are nonetheless confident that IMCD's resilient business model and strong financial position will enable us to continue to pursue opportunities for future growth."

KEY FIGURES

EUR MILLION	JAN. 1 - MARCH 31 2020	JAN. 1 - MARCH 31 2019	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	748.8	704.8	44.0	6%	6%
Gross profit	176.4	157.9	18.5	12%	12%
Gross profit in % of revenue	23.6%	22.4%	1.2%		
Operating EBITA ¹	70.9	63.7	7.2	11%	11%
Operating EBITA in % of revenue	9.5%	9.0%	0.5%		
Conversion margin ²	40.2%	40.4%	(0.2%)		
Net result before amortisation / non-recurring items	50.2	44.5	5.7	13%	13%
Free cash flow ³	33.3	45.0	(11.7)	(26%)	
Cash conversion margin ⁴	46.2%	69.5%	(23.3%)		
Earnings per share (EUR)	0.71	0.64	0.07	11%	11%
Cash earnings per share (EUR) ⁵	0.94	0.83	0.11	13%	13%
Number of full time employees end of period	3,064	2,801	263	9%	

¹ Result from operating activities before amortisation of intangibles and non-recurring items

² Operating EBITA in percentage of Gross profit

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

⁴ Free cash flow in percentage of Adjusted operating EBITDA (Operating EBITDA plus non-cash share-based payment costs minus lease payments)

⁵ Result for the year before amortisation (net of tax)

Revenue

In the first three months of 2020, revenue was EUR 748.8 million, an increase of 6% compared to the same period in 2019. All regions contributed to this growth. The increase in revenue consists of organic growth (+1%) and the impact of the first time inclusion of companies acquired in 2019 and 2020 (+5%).

Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased from EUR 157.9 million in the first three months of 2019 to EUR 176.4 million in 2020. The reported increase of gross profit of 12% consists of organic growth of 7% and growth as a result of the first time inclusion of acquisitions of 5%.

Gross profit in % of revenue increased by 1.2%-point from 22.4% in the first three months of 2019 to 23.6% in 2020. The gross profit margin increase is the result of changes in local market circumstances, gross margin improvement initiatives, currency exchange rate developments and fluctuations in the product mix.

Operating EBITA

Operating EBITA increased by 11% from EUR 63.7 million in the first three months of 2019 to EUR 70.9 million in 2020. The growth in operating EBITA was a combination of organic growth and the first time inclusion of companies acquired in 2019 and 2020.

The operating EBITA in % of revenue increased by 0.5%-point from 9.0% in the first three months of 2019 to 9.5% in 2020.

The conversion margin, defined as operating EBITA as a percentage of gross profit, slightly decreased from 40.4% in the first three months of 2019 to 40.2% in 2020.

Cash flow and capital expenditure

In the first three months of 2020, free cash flow was EUR 33.3 million, a decrease of 26% compared to the first three months of 2019.

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 46.2% compared to 69.5% in the first three months of 2019. The decrease of free cash flow and cash conversion margin in 2020 is the result of higher operating EBITDA more than offset by higher 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 2020 was EUR 36.2 million compared to EUR 18.8 million in the first three months of 2019. Working capital investments were driven by new and increased business activities in the first three months of 2020. As at the end of March 2020, net working capital in days of revenue was 54 days (March 2018: 54 days).

Capital expenditure was EUR 2.6 million in 2020 compared to EUR 0.9 million in the first three months of 2019 and mainly relates to investments in the ICT infrastructure, office improvements and technical and office equipment.

Net debt

As at 31 March 2020, net debt was EUR 741.6 million compared to EUR 735.2 million as of 31 December 2019.

The reported leverage ratio (net debt/operating EBITDA ratio including the full year impact of acquisitions) as at the end of March 2020 was 2.8 times EBITDA (31 December 2019: 2.8). Calculated on the basis of the definitions used in the IMCD loan documentation, the leverage ratio as at the end of March 2020 was 2.6 times EBITDA (31 December 2019: 2.6), which is well below the required maximum of 3.5.

In March 2020, IMCD completed an amendment to its multi-currency revolving credit facility, increasing the borrowing capacity from EUR 400 million to EUR 500 million. IMCD further agreed with its existing banking syndicate, an extension of

the maturity date of this revolving credit facility from 27 March 2024 to 27 March 2025 and a reduction in interest margins. The amendment and extension enhance the flexibility of IMCD's capital structure.

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 of America, Canada, Brazil, Puerto Rico, Chile, Argentina, Uruguay, Colombia and Mexico
- Asia-Pacific: all operating companies in Australia, New Zealand, India, 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 three months of 2020 by operating segments are as follows.

EMEA

EUR MILLION	JAN. 1 - MARCH 31 2020	JAN. 1 - MARCH 31 2019	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	367.1	358.0	9.1	3%	3%
Gross profit	94.3	88.6	5.7	6%	7%
Gross profit in % of revenue	25.7%	24.7%	1.0%		
Operating EBITA	38.4	36.5	1.9	5%	6%
Operating EBITA in % of revenue	10.5%	10.2%	0.3%		
Conversion margin	40.7%	41.2%	(0.5%)		

Revenue growth was 3% in the first three months of 2020 compared to the same period of 2019 (+3% on a constant currency basis). Gross profit increased by 6% from EUR 88.6 million in the first three months of 2019 to EUR 94.3 million in 2020. On a constant currency basis, gross profit growth was 7%. Gross profit margin increased by 1.0%-point to 25.7%.

Operating EBITA growth was 5%, from EUR 36.5 million in the first three months of 2019 to EUR 38.4 million in 2020. Operating EBITA in % of revenue increased by 0.3%-point to 10.5% in the first three months of 2020, compared to the same period in 2019.

On 17 January 2020, IMCD successfully completed the acquisition of the Israeli distributor Zifroni Chemical Suppliers Limited ("Zifroni"). Zifroni, based in Rishon Le-Zion is a distributor of pharmaceutical, personal care and other speciality chemical ingredients in Israel. The company has 9 employees and generated a revenue of EUR 10.2 million in 2019.

In addition to the results of Zifroni, the first three months results include the impact of the acquisition of DCS Pharma AG, completed in December 2019.

In March 2020, IMCD completed the incorporation of IMCD Middle East FZCo in Dubai, UAE. By means of the establishment of the UAE entity, IMCD has created a footprint facilitating the growth of its business in the Middle East region.



Americas

EUR MILLION	JAN. 1 - MARCH 31 2020	JAN. 1 - MARCH 31 2019	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	261.0	250.8	10.2	4%	3%
Gross profit	57.8	49.9	7.9	16%	15%
Gross profit in % of revenue	22.1%	19.9%	2.2%		
Operating EBITA	25.4	21.8	3.6	17%	15%
Operating EBITA in % of revenue	9.7%	8.7%	1.0%		
Conversion margin	44.0%	43.8%	0.2%		

In the first three months of 2020, revenue growth was 4% compared to the same period of 2019 (+3% on a constant currency basis). Gross profit increased by 16% from EUR 49.9 million in the first three months of 2019 to EUR 57.8 million in 2020.

Gross profit in percentage of revenue increased by 2.2%-point to 22.1% as a consequence of changes in the product mix, margin improvement initiatives and currency exchange rate effects.

Operating EBITA increased by 17% from EUR 21.8 million in the first three months of 2019 to EUR 25.4 million in 2020 (+15% on a constant currency basis).

Asia-Pacific

EUR MILLION	JAN. 1 - MARCH 31 2020	JAN. 1 - MARCH 31 2019	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	120.6	96.0	24.6	26%	28%
Gross profit	24.3	19.5	4.8	24%	26%
Gross profit in % of revenue	20.1%	20.4%	(0.3%)		
Operating EBITA	11.1	8.9	2.2	25%	27%
Operating EBITA in % of revenue	9.2%	9.3%	(0.1%)		
Conversion margin	45.9%	45.7%	0.2%		

In the first three months of 2020 revenue increased by 26% to EUR 120.6 million (+28% on a constant currency basis). Gross profit increased by 24% from EUR 19.5 million in the first three months of 2019 to EUR 24.3 million in the same period of 2020 (+26% on a constant currency basis). Gross profit in % of revenue decreased by 0.3%-point from 20.4% in the first three months of 2019 to 20.1% in 2020.

Operating EBITA increased by 25% to EUR 11.1 million in the first three months of 2020 (+27% on a constant currency basis). Operating EBITA in % of revenue decreased by 0.1%-point to 9.2%.

The first three months 2020 results include the impact of the acquisition of Whawon Pharm Co. Ltd., completed in December 2019.

Holding companies

EUR MILLION	JAN. 1 - MARCH 31 2020	JAN. 1 - MARCH 31 2019	CHANGE	CHANGE	FX ADJ. CHANGE
Operating EBITA	(4.1)	(3.5)	(0.6)	(17%)	(16%)
Operating EBITA in % of total revenue	(0.5%)	(0.5%)	- %		

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 0.6 million from EUR 3.5 million in 2019 to EUR 4.1 million in 2020. This increase is the result of the further strengthening of 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 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 its product portfolio both organically and by acquisitions.

While we had a strong first quarter, the uncertainty around the duration of the COVID-19 crisis and its impact on the global economy makes it impossible to give a near-term trading outlook. However, IMCD is a strong, resilient and well diversified business with a robust liquidity position and capital structure. These qualities will allow the company to absorb an extended period of uncertainty.

FINANCIAL CALENDAR

30 June 2020	Annual General Meeting
18 August 2020	First half year 2020 results
11 November 2020	Third quarter 2020 trading update
26 February 2021	Full year 2020 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 am CET. A recording of this call will be made available on the IMCD website (www.imcdgroup.com).

ABOUT IMCD

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 EUR 2,690 million in 2019 with nearly 3,000 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 49,000 customers and a diverse range of world class suppliers.

For further information, please visit 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.

Except for the aforementioned potential impact of the COVID-19 pandemic, the relevant risk categories and risk factors that could adversely affect the company's business and financial performance have been described in the annual report of the company. 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 20 April 2020, 7:00 am CET.

