Press release

IMCD reports 17% EBITA growth in the first three months of 2018

Rotterdam, The Netherlands (9 May 2018) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of speciality chemicals and food ingredients, today announces its first three months 2018 results.

Highlights

- Gross profit growth of 21% to EUR 128.3 million (+27% on a constant currency basis)
- Operating EBITA increase of 17% to EUR 49.9 million (+23% on a constant currency basis)
- Net result before amortisation and non-recurring items increase of 19% to EUR 35.1 million (+25% on a constant currency basis)
- Cash earnings per share increased by 20% to EUR 0.67

Piet van der Slikke, CEO: *"We are very pleased with IMCD's results this first quarter. All regions contributed with double digit growth of operating result (forex adjusted). Organic growth was strong, in particular in EMEA and the Americas. We are also pleased with the performance of the businesses that we acquired in 2017 (of which LV Lomas was the most significant) and we make good progress with their integration. We continue to be optimistic that 2018 will be another year of growth."*

Key figures

EUR million	Jan. 1 - March 31 2018	Jan. 1 - March 31 2017	Change	Change	Fx adj. change
Revenue	566.3	469.7	96.6	21%	27%
Gross profit	128.3	106.4	21.9	21%	27%
Gross profit in % of revenue	22.7%	22.7%	0.0%		
Operating EBITA[1]	49.9	42.7	7.2	17%	23%
Operating EBITA in % of revenue	8.8%	9.1%	(0.3%)		
Conversion margin[2]	38.9%	40.1%	(1.2%)		
Net result before amortisation / non-recurring items	35.1	29.4	5.7	19%	25%
Free cash flow[3]	32.4	43.3	(10.9)	(25%)	
Cash conversion margin[4]	63.5%	98.6%	(35.2%)		
Earnings per share (weighted)	0.52	0.42	0.10	24%	29%
Cash earnings per share (weighted)[5]	0.67	0.56	0.11	20%	25%
Number of full time employees end of period	2,273	1,874	399	21%	

[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, plus/less changes in working capital, less capital expenditures
[4] Free cash flow in percentage of Operating EBITDA
[5] Result for the year before amortisation (net of tax)

Revenue

In the first three months of 2018, revenue was EUR 566.3 million, an increase of 21% compared to the same period in 2017. On a constant currency basis, the increase in revenue was 27%, consisting of organic growth (10%) and the impact of the first time inclusion of acquired companies (17%). All regions contributed to the organic growth.

Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased from EUR 106.4 million to EUR 128.3 million in 2018, an increase of 21% compared to the first three months of 2017. On a constant currency basis, gross profit growth was 27%, consisting of organic growth of 12% and growth as a result of the first time inclusion of acquisitions of 15%.

Despite the impact of the first time inclusion of acquired companies, changes in local market circumstances, currency exchange rate movements and the usual fluctuations in the product mix, gross profit in % of revenue remained stable at 22.7%.

Operating EBITA

In the first three months of 2018 operating EBITA was EUR 49.9 million, an increase of 17% compared to the first three months of 2017. On a constant currency basis the increase is 23%.

The growth in operating EBITA was a combination of organic growth, the first time inclusion of companies acquired in 2017 and a negative impact of currency exchange differences. The operating EBITA in % of revenue decreased from 9.1% in the first three months of 2017 to 8.8% in 2018.

The conversion margin, defined as operating EBITA as a percentage of gross profit, decreased by 1.2%-point from 40.1% in the first three months of 2017 to 38.9% in 2018.

Cash flow and capital expenditure

Compared to the first three months of 2017, free cash flow decreased by 25%, from EUR 43.3 million to EUR 32.4 million. The cash conversion margin, defined as free cash flow as a percentage of operating EBITDA, was 63.5% compared to 98.6% in the first three months of 2017. The decrease of free cash flow and cash conversion margin in 2018 was the result of higher operating EBITDA, offset by higher working capital investments.

The investment in working capital (sum of inventories, trade and other receivables minus trade and other payables) in the first three months of 2018 was EUR 18.0 million compared to EUR 0.5 million in the first three months of 2017. Working capital investments were primarily driven by the strong business activities in the first three months of 2018, partly offset by the weakening of non-EUR currencies.

Capital expenditure was EUR 1.2 million in 2018 compared to EUR 0.6 million in the first three months of 2017 and mainly relates to investments in the ICT infrastructure, office furniture and technical and office equipment.

Net debt

As at 31 March 2018, net debt was EUR 469.6 million compared to EUR 490.0 million at year end 2017. The leverage ratio (net debt/operating EBITDA ratio including full year impact of acquisitions) as at the end of March 2018 was 2.6 times EBITDA (31 December 2017: 2.8). Calculated on the basis of the definitions used in the IMCD loan documentation, the leverage ratio at the end of March 2018 was 2.6 times EBITDA (31 December 2017: 2.7) which is well below the required maximum of 3.5.

In March 2018, IMCD successfully placed an EUR 300 million unrated corporate bond with institutional investors. This seven-year senior unsecured bond, maturing in March 2025, has a fixed coupon of 2.5% and an issue price of 99.481%. The bond is listed on the Luxemburg Stock Exchange MTF market. The proceeds of the bond issue have been used to repay outstanding EUR 193 million term loans and part of the existing revolving facilities.

Early April 2018, IMCD discontinued its EUR 300 million revolving credit facility and entered into a new 5-year syndicated EUR 400 million multi-currency revolving facility. This new revolving facility has a lower interest margin (1.30% margin on Euribor early April 2018 compared to 1.60% for the previous revolver) and a fixed leverage covenant of 3.75 (previously: 3.50) with an acquisition spike of 4.25 (previously: 4.00).

The transaction costs related to these refinancings (EUR 2.9 million) and previous refinancings are amortised over the expected lifetime of the loans. The amortisation charges expected for 2018 amount to EUR 5.5 million (2017: EUR 1.6 million) including EUR 4.6 million (non-cash) accelerated amortisation of transaction costs related to the repaid term loans and revolving facilities to be expensed in the second quarter of 2018.

This refinancing will improve terms and conditions of IMCD's financing structure, extends the maturity profile and provides further flexibility with appropriate leverage levels to support future business development.

Developments by operating segment

The reporting segments are defined as follows:

- EMEA: all operating companies in Europe, Turkey and Africa
- Asia Pacific: all operating companies in Australia, New Zealand, India, China, Malaysia, Indonesia, Philippines, Thailand, Singapore, Vietnam and Japan
- Americas: all operating companies in the United States of America, Canada, Brazil, Puerto Rico, Chile, Argentina and Uruguay
- 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 2018 by operating segments are as follows.

EMEA

EUR million	Jan. 1 - March 31 2018	Jan. 1 - March 31 2017	Change	Change	Fx adj. change
Revenue	315.6	292.4	23.2	8%	9%
Gross profit	78.0	70.9	7.2	10%	12%
Gross profit in % of revenue	24.7%	24.2%	0.5%		
Operating EBITA	34.3	30.7	3.5	12%	14%
Operating EBITA in % of revenue	10.9%	10.5%	0.4%		

Revenue growth was 8% in the first three months of 2018 compared to the same period of 2017 (+9% on a constant currency basis). Gross profit increased by 10% (+12% on a constant currency basis) whereby gross profit margin improved by 0.5%-point to 24.7%.

Operating EBITA growth of 12% from EUR 30.7 million in the first three months of 2017 to EUR 34.3 million in 2018. On a constant currency basis, the growth of the operating EBITA was 14%. Operating EBITA in % of revenue increased by 0.4%-point in the first three months of 2018 compared to the same period in 2017.

The first three months 2018 figures include the impact of the acquisition of Neuvendis Spa completed in June 2017.

Asia Pacific

EUR million	Jan. 1 - March 31 2018	Jan. 1 - March 31 2017	Change	Change	Fx adj. change
Revenue	80.8	82.2	(1.4)	(2%)	9%
Gross profit	16.6	16.8	(0.1)	(1%)	10%
Gross profit in % of revenue	20.6%	20.4%	0.2%		
Operating EBITA	7.6	7.5	0.1	1%	12%
Operating EBITA in % of revenue	9.4%	9.1%	0.3%		

In the first three months of 2018 revenue decreased by 2%, compared to the same period of 2017. On a constant currency basis, revenue increased by 9%. In the first three months of 2018 gross profit decreased by 1% to EUR 16.6 million compared to EUR 16.8 million in the same period of 2017. On a constant currency basis gross profit increased by 10%. Gross profit in % of revenue further improved from 20.4% in the first three months of 2017 to 20.6% in 2018.

Operating EBITA increased organically by 1% to EUR 7.6 million (+12% on a constant currency basis). Operating EBITA in % of revenue improved by 0.3%-point to 9.4% .

Americas

EUR million	Jan. 1 - March 31 2018	Jan. 1 - March 31 2017	Change	Change	Fx adj. change
Revenue	169.9	95.1	74.8	79%	107%
Gross profit	33.7	18.8	14.9	79%	108%
Gross profit in % of revenue	19.8%	19.8%	0.0%		
Operating EBITA	12.4	8.0	4.4	56%	80%
Operating EBITA in % of revenue	7.3%	8.4%	(1.1%)		

Revenue growth was 79% in the first three months of 2018 compared to the same period of 2017 (+107% on a constant currency basis). Gross profit increased by 79% to EUR 33.7 million in 2018 compared to EUR 18.8 million in the first three months of 2017. Gross profit in percentage of revenue remained stable at 19.8%.

Operating EBITA increased by 56% from EUR 8.0 million in the first three months of 2017 to EUR 12.4 million in 2018 (+80% on a constant currency basis).

The first three months 2018 figures include the impact of the acquisition of Bossco Industries Inc and L.V. Lomas completed in July 2017 respectively September 2017.

Holding companies

EUR million	Jan. 1 - March 31 2018	Jan. 1 - March 31 2017	Change	Change	Fx adj. change
Operating EBITA	(4.3)	(3.4)	(0.8)	(25%)	(30%)

Operating EBITA of Holding companies represents the central head office in Rotterdam as well as the regional head offices in Singapore and New Jersey, USA. The increase in operating expenses reflects the further strengthening of the support functions, facilitating the growth of IMCD.

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.

Based on the performance in the first three months of 2018 and the strong fundamentals of the business, IMCD expects operating EBITA growth in 2018.

Financial calendar

9 May 2018	Annual General Meeting Dividend announcement
11 May 2018	Ex-dividend date
14 May 2018	Record date
15 May 2018	Payment date
17 August 2018	First half year 2018 results
7 November 2018	Third quarter 2018 trading update
1 March 2019	Full year 2018 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 9 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 1,907 million in 2017 with more than 2,200 employees in over 45 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 37,000 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.

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.