IMCD reports 10% EBITA growth in the first nine months of 2017

Rotterdam, The Netherlands (8 November 2017) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of speciality chemicals and food ingredients, today announces its first nine months 2017 results.

Highlights

- Gross profit growth of 11% to EUR 317.9 million (+11% on a constant currency basis)
- Operating EBITA increase of 10% to EUR 123.8 million (+10% on a constant currency basis)
- Net result before amortisation and non-recurring items increase of 8% to EUR 85.5 million (+8% on a constant currency basis)
- Cash earnings per share increased by 8% to EUR 1.60
- Completion of the acquisition of L.V. Lomas, one of North America's leading speciality chemicals distributors, providing geographical presence in Canada and strengthening IMCD's position in the US

Piet van der Slikke, CEO: "*Our nine months results are in line with what we reported earlier this year: strong growth of EBITA and cash flow. The acquisition of L.V. Lomas closed in September and in close cooperation with the current management of Lomas, we are making good progress to integrate the business into IMCD with the goal of building a strong North American organisation.*"

Key figures

EUR million	Jan. 1 - Sept. 30 2017	Jan. 1 - Sept. 30 2016	Change	Change	Fx adj. Change
Revenue	1,411.3	1,305.8	105.5	8%	8%
Gross profit	317.9	286.9	31.0	11%	11%
Gross profit in % of revenue	22.5%	22.0%	0.5%		
Operating EBITA[1]	123.8	112.8	11.0	10%	10%
Operating EBITA in % of revenue	8.8%	8.6%	0.2%		
Conversion margin[2]	39.0%	39.3%	(0.3%)		
Net result before amortisation / non-recurring items	85.5	79.2	6.3	8%	8%
Free cash flow[3]	115.5	104.0	11.5	11%	
Cash conversion margin[4]	90.7%	89.7%	1.0%		
Earnings per share (weighted)	1.18	1.08	0.10	9%	10%
Cash earnings per share (weighted)[5]	1.60	1.48	0.12	8%	8%
Number of full time employees end of period	2,258	1,848	410	22%	

[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 nine months of 2017, revenue was EUR 1,411.3 million, an increase of 8% compared to the same period in 2016. All regions contributed to the increase. On a constant currency basis, the increase in revenue was 8%, consisting of organic growth (3%) and the first time inclusion of acquired companies (5%).

Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased from EUR 286.9 million to EUR 317.9 million, an increase of 11% compared to the first nine months of 2016. On a constant currency basis, the gross profit growth was 11%, consisting of organic growth of 6% and the first time inclusion of acquisitions of 5%.

Gross profit in % of revenue increased from 22.0% in the first nine months of 2016 to 22.5% in 2017. The increase of 0.5%-point is the result of the first time inclusion of acquired companies, local market circumstances, currency changes and the usual fluctuations in the product mix.

Operating EBITA

In the first nine months of 2017 operating EBITA amounted to EUR 123.8 million, an increase of 10% compared to the first nine months of 2016.

The growth in operating EBITA was a combination of organic growth and the first time inclusion of acquired companies. The operating EBITA in % of revenue increased from 8.6% in the first nine months of 2016 to 8.8% in 2017.

The conversion margin, defined as operating EBITA as a percentage of gross profit, decreased by 0.3%-point from 39.3% in the first nine months of 2016 to 39.0% in 2017.

Cash flow and capital expenditure

Compared to the first nine months of 2016, free cash flow increased by 11%, from EUR 104.0 million to EUR 115.5 million. The cash conversion margin, defined as free cash flow as a percentage of operating EBITDA, was 90.7%, an improvement of 1.0-% point compared to the first nine months of 2016. The improvement of the free cash flow and cash conversion margin in 2017 were mainly driven by the higher operating EBITDA.

The investment in working capital (sum of inventories, trade and other receivables minus trade and other payables) in the first nine months of 2017 was EUR 10.9 million compared to EUR 8.9 million in the first nine months of 2016.

Capital expenditure was EUR 2.5 million in 2017 compared to EUR 4.1 million in the first nine months of 2016 and mainly relates to improvements of the ICT infrastructure and office furniture and equipment.

Net debt

As at 30 September 2017, net debt was EUR 507.1 million compared to EUR 397.6 million as at 31 December 2016. The main driver of the increase in net debt in the first nine months of 2017 is the acquisition of L.V. Lomas at the end of August 2017, financed by existing bank facilities and available cash. The leverage ratio (net debt/operating EBITDA including full year impact of acquisitions) as at 30 September 2017 was 2.9 times EBITDA (31 December 2016: 2.6). Calculated on the basis of the definitions used in the IMCD loan documentation, the leverage ratio as at 30 September 2017 was 2.9 times EBITDA (31 December 2016: 2.3).

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 and Puerto Rico
- 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 2017 by operating segments are as follows.

EMEA

EUR million	Jan. 1 - Sept. 30 2017	Jan. 1 - Sept. 30 2016	Change	Change	Fx adj. change
Revenue	871.9	805.5	66.4	8%	9%
Gross profit	209.0	190.2	18.8	10%	11%
Gross profit in % of revenue	24.0%	23.6%	0.4%		
Operating EBITA	87.9	77.6	10.4	13%	15%
Operating EBITA in % of revenue	10.1%	9.6%	0.5%		

Revenue growth of 8% to EUR 871.9 million in the first nine months of 2017 (+9% on a constant currency basis). Gross profit increased by 10% (+11% on a constant currency basis). In the first nine months of 2017, gross profit in % of revenue was 24.0%, an improvement of 0.4%-point compared to the same period of 2016.

Operating EBITA growth of 13% from EUR 77.6 million in the first nine months of 2016 to EUR 87.9 million in 2017. On a constant currency basis the growth of the operating EBITA was 15%. Operating EBITA in % of revenue increased by 0.5%-point in the first nine months of 2017 compared to the same period in 2016.

The first nine months results of 2017 include the results of Neuvendis Spa (Neuvendis) based in Milan, Italy, as from its aquisition date, 28 June 2017. Neuvendis focuses on the sales and distribution of speciality chemicals in Italy, in particular for the construction and coatings markets. In 2016, Neuvendis generated revenue of EUR 26.3 million with 20 employees.

Asia Pacific

EUR million	Jan. 1 - Sept. 30 2017	Jan. 1 - Sept. 30 2016	Change	Change	Fx adj. change
Revenue	236.7	237.6	(0.8)	0%	(1%)
Gross profit	48.9	44.5	4.4	10%	9%
Gross profit in % of revenue	20.7%	18.7%	2.0%		
Operating EBITA	21.0	20.8	0.2	1%	0%
Operating EBITA in % of revenue	8.9%	8.7%	0.2%		

In 2017 revenue remained at the same level as in the first nine months of 2016. On a constant currency basis, revenue decreased by 1%. Gross profit increased by 10% to EUR 48.9 million (+9% on a constant currency basis) with a gross profit in % of revenue of 20.7% compared to 18.7% in the first nine months of 2016.

Operating EBITA increased by 1% from EUR 20.8 million in the first nine months of 2016 to EUR 21.0 million in 2017.

Americas

EUR million	Jan. 1 - Sept. 30 2017	Jan. 1 - Sept. 30 2016	Change	Change	Fx adj. change
Revenue	302.7	262.7	40.0	15%	13%
Gross profit	60.1	52.1	7.9	15%	12%
Gross profit in % of revenue	19.8%	19.8%	0.0%		
Operating EBITA	26.0	24.9	1.1	4%	3%
Operating EBITA in % of revenue	8.6%	9.5%	(0.9%)		

In the first nine months of 2017 revenue growth was 15% compared to the same period of 2016 (+13% on a constant currency basis). Gross profit increased by 15% to EUR 60.1 million in 2017 compared to EUR 52.1 million in the first nine months of 2016. Gross profit in % of revenue remained stable at 19.8%.

Operating EBITA increased by 4% from EUR 24.9 million in the first nine months of 2016 to EUR 26.0 million in 2017 (+3% on a constant currency basis).

On 3 July 2017, IMCD acquired the business of Bossco Industries Inc (Bossco), a speciality chemicals distributor located in Houston (Texas), US. The business activities of Bossco are fully integrated into IMCD's existing operations in the US. Bossco generated revenue of USD 11 million in 2016.

On 31 August 2017, IMCD acquired 100% of the shares of L.V. Lomas (Lomas). Lomas is one of North America's leading distributors of speciality chemicals and food ingredients. The acquisition of Lomas will provide IMCD a presence in Canada in all relevant core markets and will further strengthen IMCD's organisation in the US. With approximately 280 employees, the distribution business of Lomas generated revenue of CAD 383 million in 2016. The acquisition is financed by available cash and existing bank facilities.

Holding companies

EUR million	Jan. 1 - Sept. 30 2017	Jan. 1 - Sept. 30 2016	Change	Change	Fx adj. change
Operating EBITA	(11.1)	(10.4)	(0.6)	6%	6%

Operating EBITA of Holding companies relate to all non-operating companies, including the head office in Rotterdam and the regional offices in Singapore and in New Jersey, US. The increase in operating expenses reflects the strengthening of the support functions, facilitating the growth of IMCD.

In the course of the third quarter of 2017, IMCD purchased 40,000 IMCD shares to hedge its potential obligations arising from conditionally awarded performance shares under IMCD's long term incentive plan.

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 its performance in the first nine months of 2017 and the strong fundamentals of the business, IMCD expects operating EBITA growth in 2017.

Financial calendar

2 March 2018	Full year 2017 results
9 May 2018	First quarter 2018 trading update
9 May 2018	Annual General Meeting
17 August 2018	First half year 2018 results
7 November 2018	Third quarter 2018 trading update
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Further information

Today's analyst 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 1,715 million in 2016 with more than 1,800 employees in over 40 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 about 34,000 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.