

# One Company. Endless Possibilities

CONFERENCE CALL  
Full-Year 2023 results

March 1<sup>st</sup>, 2024

# Presenting team



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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 2023

## Gross profit

- Gross profit of EUR 1,123 million (+2% on a constant currency basis)

## Operating EBITA

- Operating EBITA decrease of 7% to EUR 515 million (-3% on a constant currency basis)

## Net Result

- Net result decrease of 7% to EUR 292 million (-3% on a constant currency basis)

## Free cash flow

- Free cash flow increase by 28% to EUR 554 million (2022: EUR 434 million)

## Cash earnings per share and dividend proposal

- Cash earnings per share of EUR 6.41 (2022: EUR 6.78) and consistent 35% pay-out ratio leading to a dividend proposal of EUR 2.24 (2022: EUR 2.37)

# Highlights 2023

## M&A in 2023

- 13 acquisitions completed adding EUR 375 million revenues<sup>1</sup> and about 345 employees<sup>1</sup>
- 5 acquisitions signed in 2023 and closed in Q1 of 2024 adding another EUR 150 million revenues<sup>1</sup> and 200 employees<sup>1</sup>
- Acquisitions closed EMEA :
  - Orange Chemicals (UK and Ireland) - Performance Chemicals (February 2023)
  - ACM (Sweden) - Minerals and chemicals (April 2023)
  - Tagra (Israel) - Beauty and personal care (May 2023)
  - Koi Product Solutions (Israel) - Various industrial markets (June 2023)
  - CPS Oil-Tech (South Africa) - Lubricant additives (July 2023)
  - O&3 (UK, Poland and US) - Beauty and personal care (July 2023)

<sup>1</sup>revenue and employees based on last full year before acquisition

# Highlights 2023

## M&A in 2023 - continued

- Acquisitions closed America's:
  - Allianz (Colombia) - Active pharmaceutical ingredients (May 2023)
  - Sachs (Puerto Rico) - Pharmaceutical industry (August 2023)
  - Maprin (Chile) - Beauty and personal care (August 2023)
- Acquisitions closed Asia Pacific:
  - Sanrise (China) – Beauty and personal care (March 2023)
  - Tradeimpex (India) - High performance polymers and engineering plastics (April 2023)
  - Needfill (South Korea) - Various industrial markets (October 2023)
  - Brylchem (Singapore/Vietnam) - Various industrial markets (November 2023)



# Highlights 2023

## M&A in 2023 - continued

- Acquisitions signed in 2023 and closed in 2024:
  - Euro Chemo Pharma (Malaysia) - Pharmaceutical ingredients, food and personal care (signed May 2023 and closed 29 February 2024)
  - CJ Shah & Company (India) - 2 business lines for coatings, adhesives and life science applications (signed November 2023 and closed 22 February 2024)
  - RBD (China) - Lubricant additives (signed November 2023 and closed 1 February 2024)
  - Joli Foods (Colombia) - Food and nutrition (signed December 2023 and closed 14 February 2024)
  - Valuetree (India) – Beauty and personal care (signed December 2023 and closed 9 January 2024)

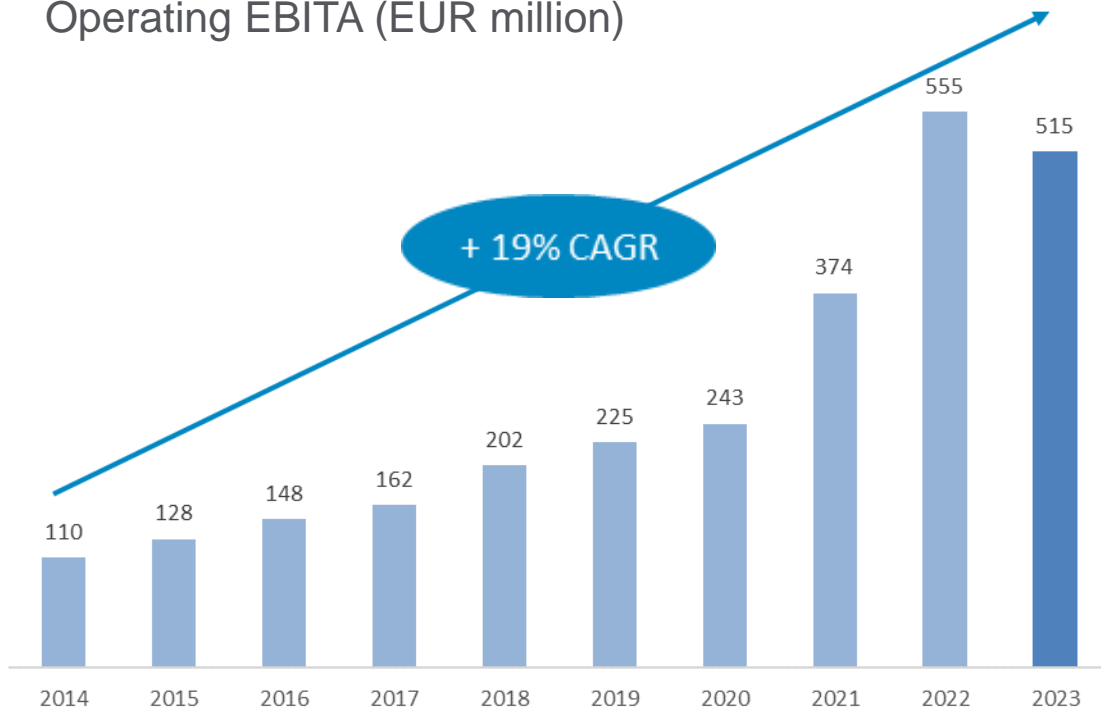
# Highlights 2023

## Continued progress on various ESG topics:

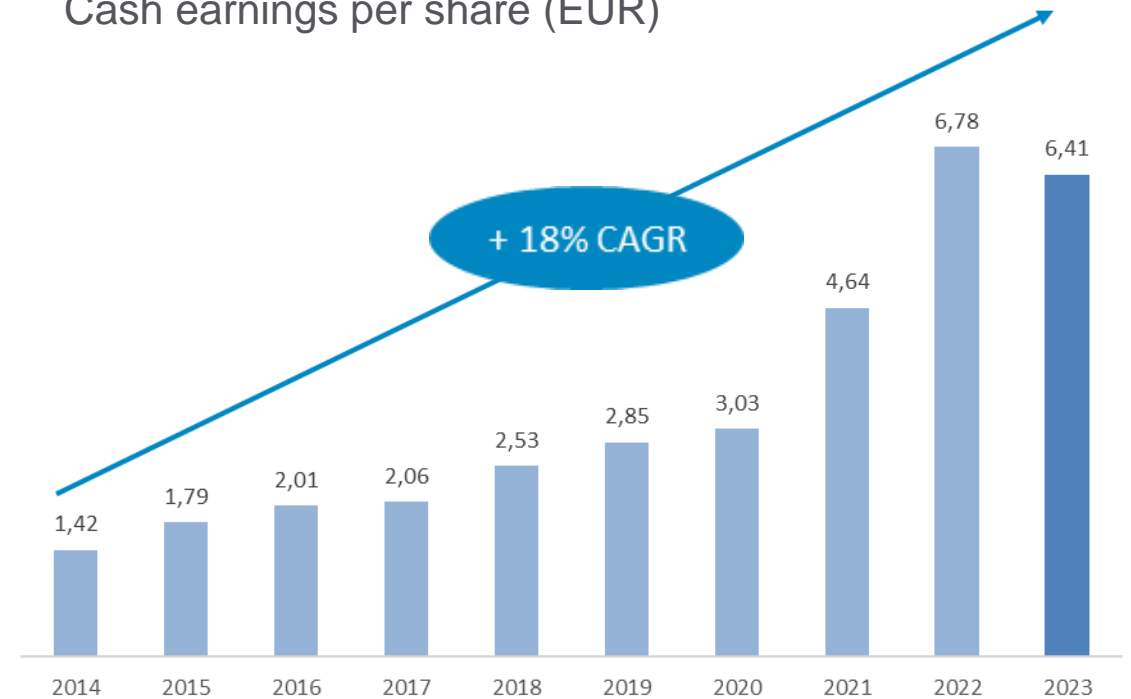
- **People and culture:**
  - 44% management positions filled by women (2022: 42%)
- **Environment:**
  - Scope 1-2 GHG emission intensity minus 58% vs 2019 baseline
  - Scope 3 GHG emission intensity minus 8% vs 2019 baseline
- **Product:**
  - 88% of downstream suppliers CSR or in process of being rated via Ecovadis (TfS)
  - 95% of downstream suppliers committed to IMCD's ESG standards
- **Ethics & Compliance:**
  - 95% of employees trained in Ethics & Compliance (2022: 86%)
  - 90% of revenue covered by internal audit risks assessments (2022: 88%)

# IMCD celebrates 10 years listing on the stock market (2014-2023)

Operating EBITA (EUR million)



Cash earnings per share (EUR)



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# Financials 2023

## Income statement

EUR million	2023	2022	change	change	fx adj. change
Revenue	4.443	4.602	(159)	(3%)	0%
<b>Gross profit</b>	<b>1.123</b>	<b>1.147</b>	<b>(25)</b>	<b>(2%)</b>	<b>2%</b>
<i>Gross profit in % of revenue</i>	<i>25,3%</i>	<i>24,9%</i>	<i>0,4%</i>		
Operating EBITDA	548	585	(37)	(6%)	(2%)
<i>Operating EBITDA in % of revenue</i>	<i>12,3%</i>	<i>12,7%</i>			
<b>Operating EBITA<sup>1</sup></b>	<b>515</b>	<b>554</b>	<b>(40)</b>	<b>(7%)</b>	<b>(3%)</b>
<i>Operating EBITA in % of revenue</i>	<i>11,6%</i>	<i>12,0%</i>	<i>(0,4%)</i>		
<i>Conversion ratio<sup>2</sup></i>	<i>45,8%</i>	<i>48,3%</i>	<i>(2,5%)</i>		

<sup>1</sup> Result from operating activities before amortisation of intangibles and non-recurring items

<sup>2</sup> Operating EBITA as a percentage of Gross profit

# Financials 2023

## Income statement

EUR million		EMEA	Americas	Asia Pacific	Holding companies	Total
<b>Gross profit</b>	<b>2023</b>	<b>530</b>	<b>340</b>	<b>253</b>		<b>1.123</b>
	2022	530	383	235		1.147
	organic growth	0%	(13%)	6%		(3%)
	acquisition growth	3%	4%	9%		5%
	currency impact	(3%)	(2%)	(7%)		(4%)
<b>Operating EBITA</b>	<b>2023</b>	<b>242</b>	<b>155</b>	<b>151</b>	<b>(33)</b>	<b>515</b>
	2022	247	195	145	(32)	555
	organic growth	(1%)	(22%)	5%	3%	(7%)
	acquisition growth	3%	4%	6%		4%
	currency impact	(4%)	(2%)	(7%)	0%	(4%)
<b>Operating EBITA in % of revenue</b>	<b>2023</b>	<b>12,5%</b>	<b>11,0%</b>	<b>13,9%</b>	<b>(0,7%)</b>	<b>11,6%</b>
	2022	12,3%	12,2%	14,5%	(0,7%)	12,0%
	Δ margin %	0,2%	(1,2%)	(0,6%)	-	(0,4%)
<b>Conversion margin</b>	<b>2023</b>	<b>45,7%</b>	<b>45,5%</b>	<b>59,6%</b>		<b>45,8%</b>
<i>operating EBITA in % of gross profit</i>	2022	46,5%	50,9%	61,8%		48,3%
	Δ margin %	(0,8%)	(5,4%)	(2,2%)		(2,5%)

# Financials 2023

## Income statement (continued)

EUR million	2023	2022	change	change	fx adj. change
<b>Operating EBITA</b>	<b>515</b>	<b>554</b>	<b>(40)</b>	<b>(7%)</b>	<b>(3%)</b>
Net finance costs	(25)	(26)	1		
Recurring income tax expenses	(119)	(133)	14		
<b>Net result before amortisation and non-recurring items</b>	<b>370</b>	<b>395</b>	<b>(25)</b>	<b>(6%)</b>	<b>(2%)</b>
Amortisation of intangible assets	(81)	(82)	0		
Tax credits related to amortisation	9	9	0		
Non-recurring income and expenses	(5)	(11)	6		
Non-recurring tax expenses	(0)	2	(2)		
<b>Result for the period</b>	<b>292</b>	<b>313</b>	<b>(21)</b>	<b>(7%)</b>	<b>(3%)</b>

# Financials 2023

## Net finance costs

EUR million

	2023	2022	change
Interest costs financing structure	(41)	(21)	(20)
Interest exp. Lease liabilities (IFRS 16)	(3)	(3)	(1)
Amortisation of finance costs	(2)	(1)	(1)
Changes deferred considerations	29	7	22
Interest costs re employee benefits	(0)	(0)	(0)
Currency exchange results	(9)	(8)	(1)
<b>Net finance costs</b>	<b>(25)</b>	<b>(26)</b>	<b>1</b>



# Financials 2023

## Income tax expenses

EUR million	2023	2022	change
Regular income tax expenses	(120)	(130)	11
Adjustments for prior years	(1)	(4)	2
Reduction in tax rates	(0)	0	(0)
(De-) recognition tax losses	2	0	2
Tax credits related to amortisation	9	9	0
Non-recurring tax income	(0)	2	(2)
<b>Income tax expenses</b>	<b>(111)</b>	<b>(123)</b>	<b>12</b>

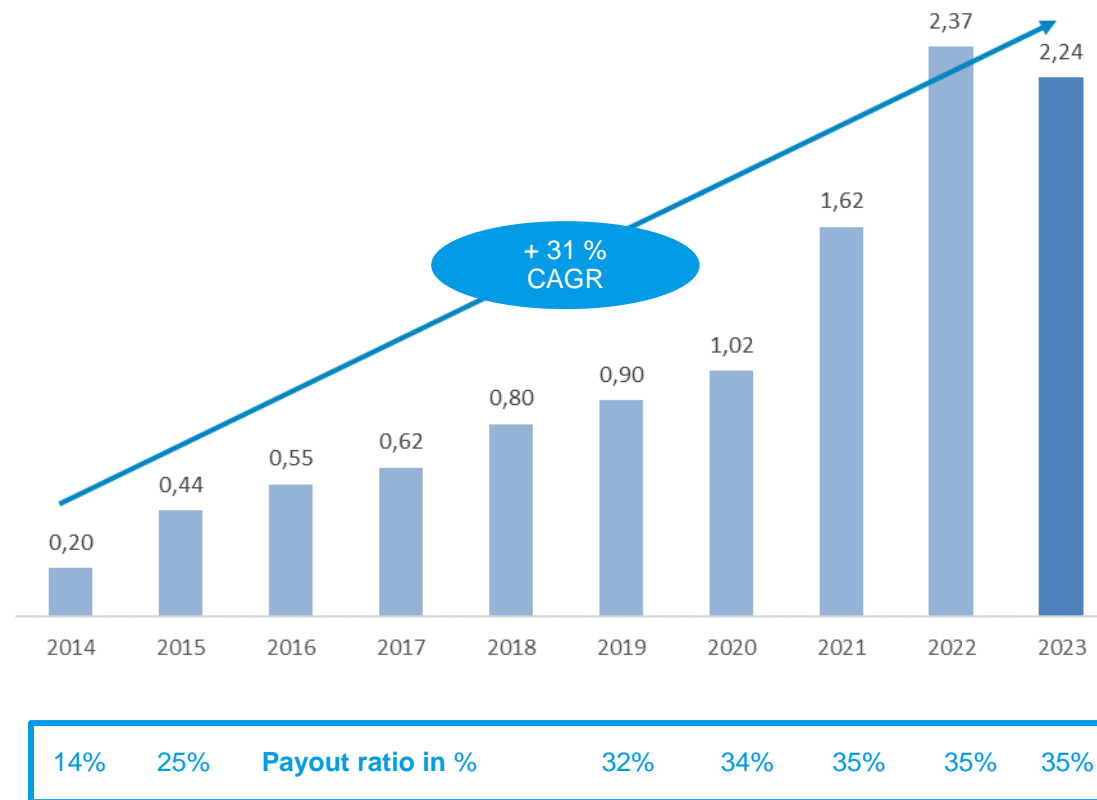
## Income tax %

EUR million	2023	2022	change
Operating EBITA minus non recurring and finance costs	484	517	
Regular income tax expenses	120	130	
<b>Regular income tax %</b>	<b>24,7%</b>	<b>25,2%</b>	<b>(0,5%)</b>

# Financials 2023

## Cash EPS - proposed dividend

EUR million	2023	2022	change
<b>Result for the year</b>	<b>292</b>	<b>313</b>	<b>(7%)</b>
Amortisation of intangible assets	81	82	
Tax credits related to amortisation	(9)	(9)	
<b>Cash earnings</b>	<b>365</b>	<b>386</b>	<b>(6%)</b>
Weighted average number of share (x million)	56,9	56,9	
<b>Cash earnings per share in EUR</b>	<b>6,41</b>	<b>6,78</b>	<b>(6%)</b>
<b>Proposed cash dividend per share in EUR</b>	<b>2,24</b>	<b>2,37</b>	<b>(5%)</b>
Pay out ratio	35%	35%	



# Financials 2023

## Balance Sheet

EUR million	31 Dec 2023	31 Dec 2022	change
Property, plant and equipment	36	30	6
Right-of-use assets	100	83	17
Intangible assets	2.260	1.941	319
Other fin. assets/def tax assets	50	43	7
Working capital	764	770	(6)
Provisions/employee benefits	(46)	(36)	(10)
Deferred tax liabilities	(154)	(131)	(23)
<b>Capital employed</b>	<b>3.012</b>	<b>2.700</b>	<b>312</b>
Equity	1.726	1.673	53
<i>Equity in % of capital employed</i>	<i>57%</i>	<i>62%</i>	
Loans and borrowings minus cash	1.286	1.027	259
<b>Total financing</b>	<b>3.012</b>	<b>2.700</b>	<b>312</b>

# Financials 2023

## Working capital

EUR million	31 Dec 2023	31 Dec 2022	change
Inventories	581	622	(41)
<i>in days of revenue <sup>1</sup></i>	46	48	(2)
Trade and other receivables	732	702	30
<i>in days of revenue <sup>1</sup></i>	58	54	4
Trade payables	(391)	(389)	(2)
<i>in days of revenue <sup>1</sup></i>	31	30	1
Other payables	(158)	(165)	7
<i>in days of revenue <sup>1</sup></i>	12	13	(1)
<b>Total working capital</b>	<b>764</b>	<b>770</b>	<b>(6)</b>
<i>in days of revenue <sup>1</sup></i>	61	59	2

<sup>1</sup> revenue normalised for full year impact acquisitions



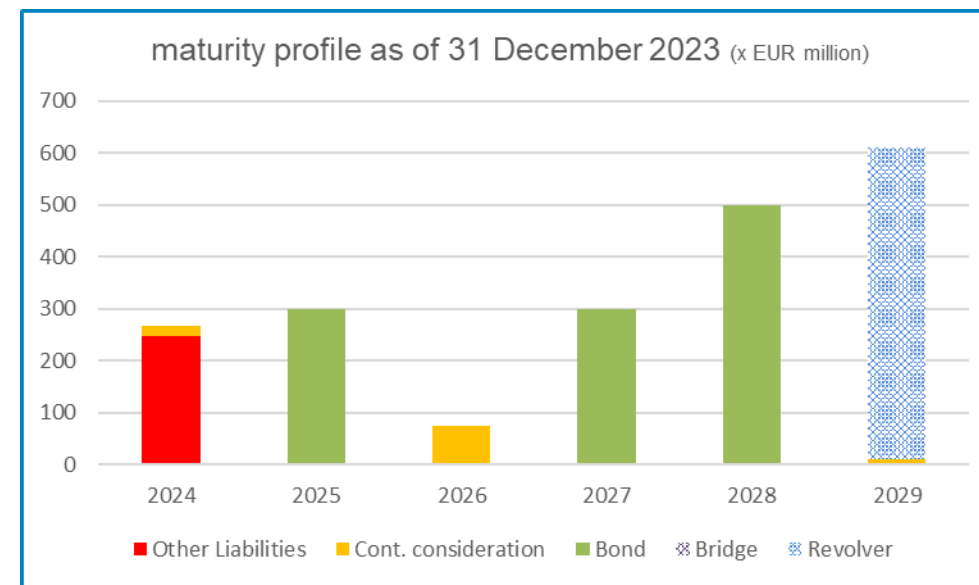
# Financials 2023

## Net debt 31 December

EUR million	2023	2022	change
Loans and borrowings long term	1.250	913	337
Loans and borrowings short term	0	40	(40)
Short term financial liabilities	430	296	134
Cash and cash equivalents	(394)	(222)	(172)
<b>Net Debt</b>	<b>1.286</b>	<b>1.027</b>	<b>259</b>
<b>Net Debt / Operating EBITDA ratio<sup>1</sup></b>	<b>2.3</b>	<b>1.7</b>	<b>0.6</b>

Covenants	December 2023	Bank condition	December 2022
Leverage	1.7		1.2
Revolving credit facility		< 3.75	
Interest cover	N.A.		26.5

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



# Financials 2023

## Free cash flow

EUR million

	2023	2022	change
<b>Operating EBITA</b>	<b>515</b>	<b>555</b>	<b>(40)</b>
Depreciation	33	30	3
<b>Operating EBITDA</b>	<b>548</b>	<b>585</b>	<b>(37)</b>
Lease payments	(26)	(24)	(3)
Share based payments	5	4	1
<b>Adjusted Operating EBITDA</b>	<b>526</b>	<b>565</b>	<b>(39)</b>
Capex	(10)	(8)	(2)
Δ Working capital <sup>1</sup>	38	(123)	161
<b>Free cash flow</b>	<b>554</b>	<b>435</b>	<b>120</b>
<i>Cash conversion ratio<sup>2</sup></i>	<i>105%</i>	<i>77%</i>	<i>28%</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. Despite the challenging geopolitical and macroeconomic conditions, including increased volatility in the customer demand, IMCD delivered solid results and healthy cash flow in 2023. IMCD proves to be a strong, resilient and well diversified business with a robust liquidity position and capital structure.

IMCD sees interesting opportunities to increase its global footprint and expand its product portfolio both organically and by acquisitions.



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# Disclaimer

This presentation 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 presentation to reflect subsequent events or circumstances, except as required by law.

This presentation does not provide any form of (commercial, investment or financial service) advice, nor does it contain recommendations regarding any decision, and should not be treated as such.

More information on IMCD's 2023 FY performance can be found in the 2023 FY results press release. In addition, an overview of the risk categories and risk factors that could adversely affect IMCD's business and financial performance can be found in its Integrated Report 2023, which is available on its corporate website: [www.imcdgroup.com](http://www.imcdgroup.com).

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