



CONFERENCE CALL

**Full Year 2018 results**

IMCD N.V. 1 March 2019

## 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.

## Piet van der Slikke, CEO



Led the formation of  
IMCD since 1995

Designed and executed IMCD's  
strategy

23 years of industry experience

## Hans Kooijmans, CFO



Joined IMCD in 1996

Co-led formation of IMCD

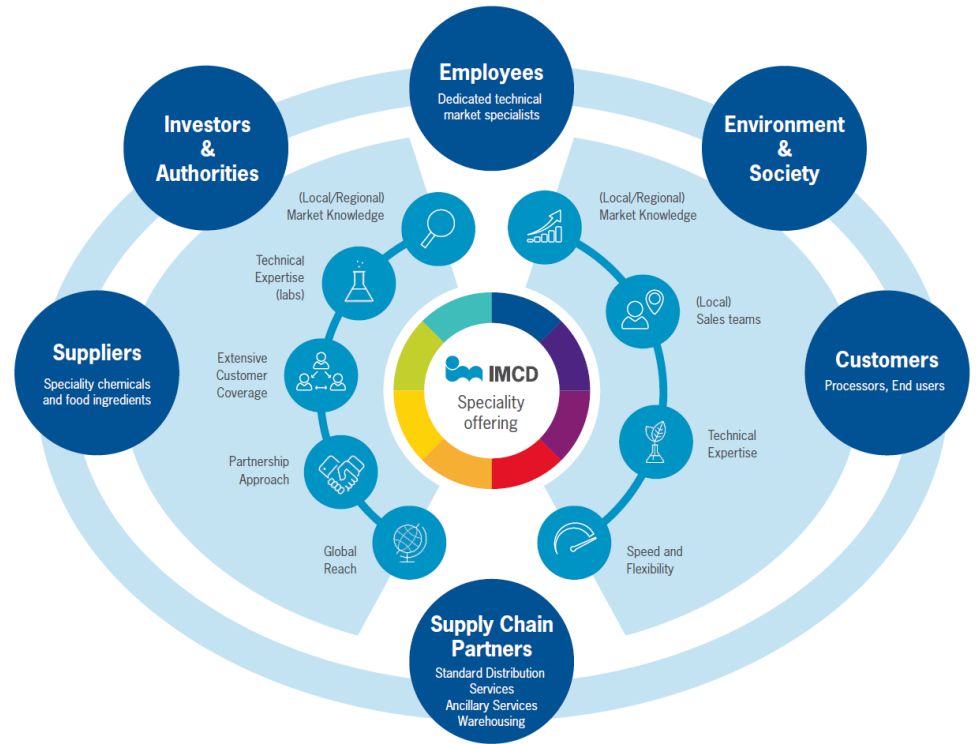
22 years of industry experience

- **Company profile**
- Highlights 2018
- Financials 2018
- Outlook
- Q&A



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 € 2,379 million in 2018 with nearly 2,800 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 43,000 customers and a diverse range of world class suppliers.



- Company profile
- **Highlights 2018**
- Financials 2018
- Outlook
- Q&A



## Highlights 2018

### Gross profit

Gross profit growth of 25% to EUR 536 million (+29% on a constant currency basis)

### Operating EBITA

Operating EBITA increase of 25% to EUR 202 million (+30% on a constant currency basis)

### Net result

Net result before amortisation and non-recurring items of EUR 140 million (2017: EUR 110 million)

### Cash EPS Dividend

Cash earnings per share increased by 23% to EUR 2.53 (2017: EUR 2.06)  
Dividend proposal of EUR 0.80 in cash per share (2017: 0.62)

## Highlights 2018 (continued)

### E.T. Horn

Acquisition of E.T. Horn, completed on 31 July 2018, supporting IMCD's strategy of offering its suppliers and customers national US coverage and dedicated segment expertise

### Velox

Acquisition of Velox GmbH, completed on 26 September 2018, expanding IMCD's European network in the plastics, composites and other specialities markets

### Aroma

Acquisition of Aroma Chemical Agencies (India) Pvt. Ltd and Alchemie Agencies Pvt. Ltd, completed on 14 November 2018, expanding IMCD's existing network across India in the coatings, plastics and other specialities.



- Company profile
- Highlights 2018
- **Financials 2018**
- Outlook
- Q&A



## Income statement

EUR million	2018	2017	change	change	fx adj. change
Revenue	2,379	1,907	472	25%	29%
<b>Gross profit</b>	<b>536</b>	<b>429</b>	<b>107</b>	<b>25%</b>	<b>29%</b>
<i>Gross profit in % of revenue</i>	<i>22.5%</i>	<i>22.5%</i>	<i>0.0%</i>		
Operating EBITDA	208	166			
<i>Operating EBITDA in % of revenue</i>	<i>8.7%</i>	<i>8.7%</i>			
<b>Operating EBITA<sup>1</sup></b>	<b>202</b>	<b>162</b>	<b>40</b>	<b>25%</b>	<b>30%</b>
<i>Operating EBITA in % of revenue</i>	<i>8.5%</i>	<i>8.5%</i>	<i>0.0%</i>		
<i>Conversion ratio<sup>2</sup></i>	<i>37.7%</i>	<i>37.7%</i>	<i>0.0%</i>		

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

<sup>2</sup> Operating EBITA in percentage of Gross profit

## Income statement

EUR million		EMEA	Americas	Asia Pacific	Holding companies	Total
<b>Gross profit</b>	<b>2018</b>	<b>308</b>	<b>158</b>	<b>70</b>		<b>536</b>
	2017	274	89	65		429
	Δ reported	12%	76%	8%		25%
	Δ constant currency	14%	87%	15%		29%
<b>Gross profit in % of revenue</b>	<b>2018</b>	<b>24.8%</b>	<b>19.7%</b>	<b>20.9%</b>		<b>22.5%</b>
	2017	24.0%	19.8%	20.7%		22.5%
	Δ margin %	0.8%	(0.1%)	0.2%		-
<b>Operating EBITA</b>	<b>2018</b>	<b>128</b>	<b>60</b>	<b>31</b>	<b>(17)</b>	<b>202</b>
	2017	113	35	28	(15)	162
	Δ reported	14%	69%	11%	(17%)	25%
	Δ constant currency	16%	79%	19%	(19%)	30%
<b>Operating EBITA in % of revenue</b>	<b>2018</b>	<b>10.3%</b>	<b>7.5%</b>	<b>9.3%</b>		<b>8.5%</b>
	2017	9.9%	7.9%	8.9%		8.5%
	Δ margin %	0.4%	(0.4%)	0.4%		-
<b>Conversion margin</b>	<b>2018</b>	<b>41.5%</b>	<b>38.1%</b>	<b>44.4%</b>		<b>37.7%</b>
<i>operating EBITA in % of gross profit</i>	2017	41.1%	39.7%	43.2%		37.7%
	Δ margin %	0.4%	(1.6%)	1.2%		-

## Income statement (continued)

EUR million	2018	2017	change	change	fx adj. change
<b>Operating EBITA</b>	<b>202</b>	<b>162</b>	<b>40</b>	<b>25%</b>	<b>30%</b>
Amortisation of intangible assets	(37)	(34)	(3)	9%	
Non-recurring income and expenses	(2)	(2)	(0)	0	
Net finance costs	(19)	(15)	(4)	24%	
Non-recurring net finance costs	(5)	-	(5)	-	
Income tax expenses	(39)	(33)	(6)	20%	
<b>Result for the period</b>	<b>100</b>	<b>77</b>	<b>23</b>	<b>30%</b>	<b>34%</b>
Earnings per share (weighted)	1.91	1.47	0.44	30%	34%
<b>Cash Earnings per share (weighted)</b>	<b>2.53</b>	<b>2.06</b>	<b>0.47</b>	<b>23%</b>	<b>27%</b>

## Net finance costs

EUR million

	2018	2017	change
Interest costs financing structure	(17.3)	(11.3)	(6.0)
Value changes in interest hedge contracts	(0.1)	0.4	(0.5)
Amortisation of finance costs	(0.8)	(1.6)	0.8
Interest costs re employee benefits	(0.5)	(0.2)	(0.3)
Currency exchange results	(0.1)	(2.4)	2.3
<b>Net finance costs</b>	<b>(18.8)</b>	<b>(15.1)</b>	<b>(3.7)</b>

## Income tax expenses

EUR million	2018	2017	change
Regular income tax expenses	(44.9)	(36.8)	(8.1)
Adjustments for prior years	(0.2)	(2.0)	1.8
Reduction in tax rates	0.1	1.9	(1.8)
(De-) recognition tax losses	1.4	0.6	0.8
Tax credits related to amortisation	4.5	3.6	0.9
<b>Income tax expenses</b>	<b>(39.1)</b>	<b>(32.7)</b>	<b>(6.4)</b>

## Income tax %

EUR million	2018	2017	change
Operating EBITA minus non recurring and finance costs	176.4	144.3	
Regular income tax expenses	44.9	36.8	
<b>Regular income tax %</b>	<b>25.4%</b>	<b>25.5%</b>	<b>-0.1%</b>



## Cash EPS - proposed dividend

EUR million	2018	2017	change	change
<b>Result for the year</b>	<b>100</b>	<b>77</b>	<b>23</b>	<b>29%</b>
Amortisation of intangible assets	37	34		
Tax credits related to amortisation	(5)	(4)		
<b>Cash earnings</b>	<b>133</b>	<b>108</b>	<b>25</b>	<b>23%</b>
Weighted average number of share (x milion)	52.4	52.4		
<b>Cash earnings per share (weighted) in EUR</b>	<b>2.53</b>	<b>2.06</b>	<b>0.47</b>	<b>23%</b>
<b>Proposed cash dividend per share</b>	<b>0.80</b>	<b>0.62</b>	<b>0.18</b>	<b>29%</b>
Proposed dividend payment (x EUR milion)	42	32		
Proposed pay out ratio	32%	30%		

## Balance Sheet

EUR million	31 December 2018	31 December 2017	change
Property, plant and equipment	25	19	6
Intangible assets	1,040	949	91
Other fin. assets/def tax assets	47	28	19
Working capital	400	314	85
Provisions/employee benefits	(31)	(21)	(10)
Deferred tax liabilities	(84)	(70)	(14)
<b>Capital employed</b>	<b>1,397</b>	<b>1,219</b>	<b>178</b>
Equity	786	729	57
<i>Equity in % of capital employed</i>	56%	60%	
Loans and borrowings minus cash	611	490	121
<b>Total financing</b>	<b>1,397</b>	<b>1,219</b>	<b>178</b>



## Working capital

EUR million	31 December 2018	31 December 2017	change
Inventories	354	266	88
<i>in days of revenue *</i>	49	47	2
Trade and other receivables	398	332	66
<i>in days of revenue *</i>	55	58	(4)
Trade payables	(264)	(213)	(50)
<i>in days of revenue *</i>	(36)	(37)	2
Other payables	(89)	(70)	(19)
<i>in days of revenue *</i>	(12)	(12)	0
<b>Total working capital</b>	<b>400</b>	<b>314</b>	<b>85</b>
<i>in days of revenue *</i>	55	55	(0)

\* revenue normalised for full year impact acquisitions

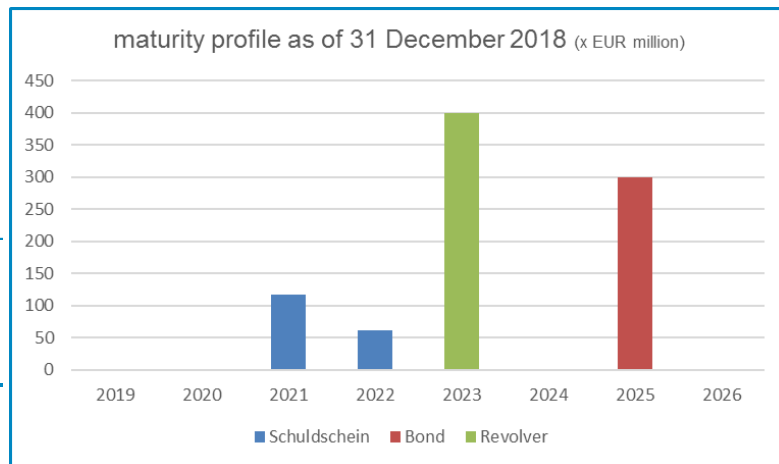
## Net debt

EUR million	2018	2017	change
Loans and borrowings long term	481	367	114
Loans and borrowings short term	215	184	31
Cash and cash equivalents	(85)	(61)	(24)
<b>Net Debt</b>	<b>611</b>	<b>490</b>	<b>121</b>
<b>Net Debt / Operating EBITDA ratio<sup>1</sup></b>	<b>2.8</b>	<b>2.8</b>	<b>0.0</b>

## Covenants

	December 2018	Bank condition	December 2017
Leverage	2.8		2.7
- Schuldschein		< 3.50	
- revolving credit facility		< 3.75	
Interest cover	13.0	> 4.0	16.3

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



## Free cash flow

EUR million	2018	2017	change
<b>Operating EBITA</b>	<b>202</b>	<b>162</b>	<b>40</b>
Depreciation	5	4	1
<b>Operating EBITDA</b>	<b>207</b>	<b>166</b>	<b>41</b>
Share based payments	2	3	(0)
Capex	(4)	(3)	(1)
Δ Working capital <sup>1</sup>	(39)	(4)	(35)
<b>Free cash flow</b>	<b>166</b>	<b>161</b>	<b>5</b>
<i>Cash conversion ratio<sup>2</sup></i>	80.2%	97.2%	(16.9%)

<sup>1</sup> Inventories, Trade and other receivables and Trade and other payables

<sup>2</sup> Free cash flow in percentage of Operating EBITDA

- Company profile
- Highlights 2018
- Financials 2018
- **Outlook**
- Q&A



## 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 others, 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 the product portfolio organically and by acquisitions.

- Company profile
- Highlights 2018
- Financials 2018
- Outlook
- Q&A

