

Press release

IMCD reports EBITA of EUR 127 million in the first three months of 2024

Rotterdam, The Netherlands (26 April 2024) - IMCD N.V. ("IMCD" or "Company"), a global leading distribution partner, and formulator of speciality chemicals and ingredients, today announces its first three months 2024 results.

HIGHLIGHTS

- Gross profit of EUR 295 million (on a constant currency basis, equal to the first three months of 2023)
- Operating EBITA decline of 15% to EUR 127 million (-13% on a constant currency basis)
- Free cash flow of EUR 106 million (first three months of 2023: EUR 147 million)
- Cash earnings per share decline of 19% to EUR 1.41 (first three months of 2023: EUR 1.74)
- Successful completion of six acquisitions: Valuetree and CJ Shah in India, Joli Foods in Colombia, RBD in China, Euro Chemo-Pharma/Biofresh in Malaysia and Gova in the Benelux

Valerie Diele-Braun, CEO: *"In a volatile first quarter of the year, we faced challenging conditions in some of our market segments, resulting in a lower operating EBITA of EUR 127 million versus a very strong Q1 2023. Whilst our acquisition pipeline and projects with principals and customers remain healthy in all regions, current market dynamics continue to make future customer demand difficult to predict. Our strong commercial teams, digital and logistics infrastructure, combined with further driving operational excellence and cost control, will deliver future growth and efficiencies."*

KEY FIGURES

All financial information is presented in millions of euros, unless stated differently.

Key performance indicators¹

EUR MILLION	JAN. 1 - MARCH 31, 2024	JAN. 1 - MARCH 31, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,160.2	1,160.4	(0.3)	(0%)	1%
Gross profit	294.8	300.0	(5.2)	(2%)	(0%)
Gross profit as a % of revenue	25.4%	25.9%	(0.5%)		
Operating EBITA	126.5	148.5	(22.0)	(15%)	(13%)
Operating EBITA as a % of revenue	10.9%	12.8%	(1.9%)		
Conversion margin	42.9%	49.5%	(6.6%)		
Net result	60.1	82.6	(22.5)	(27%)	(26%)
Free cash flow	106.3	147.1	(40.8)	(28%)	
Cash conversion margin	82.0%	97.4%	(15.4%)		
Earnings per share (EUR)	1.05	1.45	(0.40)	(27%)	(26%)
Cash earnings per share (EUR)	1.41	1.74	(0.33)	(19%)	(17%)
Number of full time employees end of period	4,948	4,507	441	10%	

¹ For the definitions of the alternative performance measures, reference is made to page 8.

Revenue

In the first three months of 2024, revenue was stable at EUR 1,160.2 million, compared with EUR 1,160.4 million in the same period of 2023. On a constant currency basis, revenue growth was 1%, driven by the impact of the first time inclusion of companies acquired in 2023 and 2024 (+9%) and an organic decline (-8%), compared with a strong first quarter in 2023.

Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, declined by 2% from EUR 300.0 million in the first three months of 2023 to EUR 294.8 million in the same period of 2024. The decline in gross profit was the result of organic developments (-8%), the impact of the first-time inclusion of acquisitions (+7%) and foreign currency exchange rate results (-1%).

Gross profit as a % of revenue increased by 0.1%-point from 25.3% in 2023 to 25.4% in the first three months of 2024. Differences between and within the regions are caused by local market circumstances, product mix variances, product availability, foreign currency fluctuations and the impact of newly acquired businesses.

Operating EBITA

Operating EBITA declined by EUR 22.0 million (-15%) from EUR 148.5 million in the first three months of 2023 to EUR 126.5 million in the same period of 2024 (-13% on a constant currency basis). The decline in operating EBITA of 15%, consists of organic developments of -21%, the impact of the first-time inclusion of acquisitions completed in 2023 and 2024 of +8%, and foreign currency exchange rate impacts of -2%.

Operating EBITA as a % of revenue declined by 1.9%-point from 12.8% in the first three months of 2023 to 10.9% in 2024.

The conversion margin, defined as operating EBITA in percentage of gross profit, declined from 49.5% in the first three months of 2023 to 42.9% in 2024. The decline in conversion margin is the result of less gross profit combined with inflation-driven organic own cost growth.

Cash flow and capital expenditure

Free cash flow decreased by EUR 40.8 million, from EUR 147.1 million in the first three months of 2023 to EUR 106.3 million in 2024.

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 82.0% compared with 97.4% in the first three months of 2023. The decrease of the cash conversion margin in 2024 is mainly the result of lower operating EBITDA combined with 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 2024 was EUR 19.6 million compared with EUR 2.1 million in the first three months of 2023. As at the end of March 2024, net working capital in days of revenue was 63 days (March 2023: 60 days).

In the first three months of 2024, capital expenditure was EUR 3.8 million compared with EUR 1.8 million in the same period of 2023, and mainly relates to investments in the ICT infrastructure, office improvements and technical equipment.

Net debt

As at 31 March 2024, net debt was EUR 1,443.0 million compared with EUR 1,285.6 million as of 31 December 2023.

The leverage ratio (net debt/operating EBITDA ratio including full year impact of acquisitions) as at the end of March 2024, was 2.7 times EBITDA (31 December 2023: 2.3). The actual leverage, calculated on the basis of the definitions used in the IMCD loan documents, was 2.5 times EBITDA as at 31 March 2024 (31 December 2023: 1.7).

Equity

In January and March IMCD transferred 20,211 respectively 8,910 own shares to settle its annual obligations under its long-term incentive plan. As at 31 March 2024, the number of own shares held by IMCD was 38,653 (31 December 2023: 67,774).

DEVELOPMENTS BY OPERATING SEGMENT

The reporting segments are defined as follows:

- EMEA: all operating companies in Europe, Türkiye, Israel, Egypt, United Arab Emirates, Saudi Arabia and Africa
- Americas: all operating companies in the United States of America, Canada, Brazil, Puerto Rico, Chile, Argentina, Uruguay, Colombia, Mexico, Peru, Costa Rica and Dominican Republic, Ecuador and Guatemala
- Asia-Pacific: all operating companies in Australia, New Zealand, India, Bangladesh, 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 in the USA

The developments by operating segments in the first three months of 2024 are as follows.

EMEA

EUR MILLION	JAN. 1 - MARCH 31, 2024	JAN. 1 - MARCH 31, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	512.1	524.3	(12.2)	(2%)	(1%)
Gross profit	143.5	143.8	(0.2)	(0%)	1%
Gross profit as a % of revenue	28.0%	27.4%	0.6%		
Operating EBITA	65.2	71.3	(6.1)	(9%)	(6%)
Operating EBITA as a % of revenue	12.7%	13.6%	(0.9%)		
Conversion margin	45.4%	49.6%	(4.2%)		

Revenue was EUR 512.1 million in the first three months of 2024, compared with EUR 524.3 million in the same period of 2023 (-2%). The organic development of the revenue was -5%, the impact of the first-time inclusion of acquisitions completed in 2023 was 5% and the impact of foreign currency exchange rate developments was -2%.

Gross profit of EUR 143.5 million in the first three months of 2024 was comparable to the outcome of the strong first quarter of 2023. This was the result of an organic decline of 3% and negative currency exchange rate impacts of 2%, offset by acquisition growth of 5%. Gross profit margin increased by 0.6%- point from 27.4% in the first three months of 2023, to 28.0% in 2024.

Operating EBITA declined by 9%, from EUR 71.3 million in the first three months of 2023 to EUR 65.2 million in 2024. Organic EBITA development was -13%, growth as a result of acquisitions completed in 2023 was 6% and the negative foreign currency impacts were -2% in the first three months of 2024.

Compared with the same period of 2023, operating EBITA as a % of revenue declined by 0.9%-point to 12.7% in the first three months of 2024.

Acquisitions:

On 26 March 2024, IMCD acquired 100% of the shares of Gova Ingredients ("Gova") an ingredients distributor for the beauty and personal care market in the Benelux. Gova provides an extensive portfolio of cosmetic actives and functional ingredients. With 10 employees, Gova generated revenues of approximately EUR 6 million in 2023.

On 23 April 2024, IMCD signed an agreement to acquire 100% of the shares of Cobapharma, S.L.U ("Cobapharma"), an European distributor in the pharmaceutical and nutraceutical industry. Cobapharma headquartered in Barcelona, Spain, provides an extensive portfolio of active pharmaceutical ingredients as well as nutraceutical ingredients. With 20 employees, Cobapharma generated revenues of approximately EUR 19 million in 2023. The closing of the transaction is subject to customary closing conditions and regulatory approval and is expected to take place in the second quarter of 2024.

The results of the first three months of 2024 include the impact of the acquisitions of Orange Chemicals (UK and Ireland) in February 2023, ACM (Sweden) in April 2023, Tagra Distribution Division (Israel) in May 2023, KOI Products Solutions (Israel) in June 2023, CPS Oil-Tech (South Africa) and O&3 (UK, PL, USA) in July 2023.

Americas

EUR MILLION	JAN. 1 - MARCH 31, 2024	JAN. 1 - MARCH 31, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	348.7	375.4	(26.7)	(7%)	(8%)
Gross profit	85.7	92.9	(7.2)	(8%)	(8%)
Gross profit as a % of revenue	24.6%	24.8%	(0.2%)		
Operating EBITA	34.9	46.5	(11.6)	(25%)	(25%)
Operating EBITA as a % of revenue	10.0%	12.4%	(2.4%)		
Conversion margin	40.7%	50.0%	(9.3%)		

Revenue declined by 7% from EUR 375.4 million in the first three months of 2023 to EUR 348.7 million in the same period of 2024. The organic revenue development was -12%, the impact of the first-time inclusion of acquisitions completed in 2023 and 2024 was 4% and the impact of foreign currency exchange rate developments was 1%.

In the first three months of 2024, the America segment reported a gross profit decline of EUR 7.2 million (-8%) to EUR 85.7 million, compared with EUR 92.9 million in the same period of 2023. The decline in gross profit was the result of organic developments (-14%), the impact of the first-time inclusion of acquired businesses (+5%) and positive foreign currency exchange results (+1%).

Gross profit as a percentage of revenue decreased by 0.2%-point from 24.8% in the first three months of 2023 to 24.6% in 2024.

In the first three months of 2024, operating EBITA declined by EUR 11.6 million (-25%) to EUR 34.9 million, compared with EUR 46.5 million in the same period of 2023. The decline in operating EBITA was the result of organic developments (-31%), the impact of the first time inclusion of acquisitions completed in 2023 and 2024 (+5%) and a positive impact of foreign currency exchange rate developments (+1%).

Compared with the same period of 2023, operating EBITA as a % of revenue decreased by 2.4%-point to 10.0% in the first three months of 2024. The conversion margin was 40.7% compared with 50.0% in the the first three months of 2023.

Acquisitions:

On 14 February 2024, IMCD acquired the distribution business of Joli Foods S.A.S. ("Joli Foods") to expand its food and nutrition business and product portfolio in Colombia. Joli Foods is based in Bogota and generated revenues of approximately USD 14 million in 2023 and added eleven employees to the IMCD Colombian team.

On 19 March 2024, IMCD signed an agreement to acquire 100% of the shares of Bretano Costa Rica, S.A., Bretano El Salvador, S.A de C.V., Bretano Guatemala, S.A., and Grupo Bretano México, S. de R.L. de C.V. (jointly "Bretano"). Bretano is a speciality ingredients distributor for the food industry and supplies chemicals to construction and other industrial markets in Latin America. With 101 employees, Bretano generated revenues of approximately USD 48 million in 2023, The closing of the transaction is subject to customary closing conditions and regulatory approval and is expected to take place in the second quarter of 2024.

The results of the first three months of 2024 include the impact of the acquisition Allianz (Colombia) in May 2023, Sachs (Puerto Rico) and MAPRIN (Chile) in August 2023.

Asia-Pacific

EUR MILLION	JAN. 1 - MARCH 31, 2024	JAN. 1 - MARCH 31, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	299.3	260.8	38.6	15%	20%
Gross profit	65.6	63.4	2.3	4%	8%
Gross profit as a % of revenue	21.9%	24.3%	(2.4%)		
Operating EBITA	36.2	38.8	(2.6)	(7%)	(3%)
Operating EBITA as a % of revenue	12.1%	14.9%	(2.8%)		
Conversion margin	55.2%	61.2%	(6.0%)		

In Asia-Pacific, revenue increased by 15% from EUR 260.8 million in the first three months of 2023 to EUR 299.3 million in 2024. Revenue growth in 2024 is the result of a combination of an organic decline (-5%), growth as a result of acquisitions completed in 2023 and 2024 (+24%) and foreign currency impacts (-4%).

In the first three months of 2024, gross profit increased by 4%, which is the result of a combination of an organic decline of 6%, the impact of the first time inclusion of businesses acquired in 2023 and 2024 of +14% is and a foreign currency impact of -4%. The gross profit margin was 21.9% in 2024, compared with 24.3% in the first three months of 2023. The decline of the gross profit margin was mainly the result of acquisitions with on average lower gross margins.

Compared with the same period of 2023, operating EBITA declined by 7% to EUR 36.2 million in the first three months of 2024. The organic development of operating EBITA was -17%, growth as a result of acquisitions completed in 2023 and 2024 was 13% and negative foreign currency impacts were -3%. Operating EBITA as a % of revenue decreased by 2.8%-point to 12.1%.

Acquisitions:

On 9 January 2024, IMCD acquired 70% of the shares of Valuetree Ingredients Private Limited ("Valuetree") to expand its beauty and personal care footprint in India. Valuetree employs a team of 44 employees and generated revenues of approximately INR 4.4 billion (ca. EUR 48 million) in the financial year that ended on March 31, 2023. The remaining 30% will be acquired in 2025.

On 1 February 2024, IMCD acquired the business of speciality distribution company Guangzhou RBD Chemical Co., Ltd. in China ("RBD"). RBD focuses mainly on lubricant additives and generated revenues of approximately CNY 70 million (ca. EUR 9 million) with 12 employees in 2023.

On 16 February 2024, IMCD signed an agreement to acquire the business of the speciality distribution company ResChem Technologies Pty Ltd and ResChem Trust in Australia and New Zealand ("ResChem"). ResChem specialises in products for use in inks, coatings, adhesives and construction applications. ResChem headquartered in Sydney, Australia, generated revenues of approximately AUD 25 million (ca. EUR 15 million) in 2023 with 15 employees. The closing of the transaction is subject to customary closing conditions and is expected to take place in the second quarter of 2024.

On 22 February 2024, IMCD acquired two business lines from CJ Shah & Company ("CJ Shah") with chemicals primarily for paints, coatings, adhesives and lifescience applications. With 20 employees, the two business lines generated revenues of approximately EUR 27 million in 2023.

On 29 February 2024, IMCD acquired 100% of the shares of speciality distribution company Euro Chemo-Pharma Sdn Bhd ("Euro Chemo-Pharma") and its wholly owned subsidiary, Biofresh Green Sdn Bhd ("Biofresh") in Malaysia. With 124 employees, Euro Chemo-Pharma and Biofresh are offering a wide range of products, mainly for food, pharmaceutical and personal care applications, and generated revenues of approximately EUR 58 million in the financial year ended on June 30, 2023.

The results of the first three months of 2024 include the impact of the acquisition of Sanrise (China) in March 2023, Tradeimpex (India) in April 2023, Needfill (South Korea) in October 2023 and Brylchem Group (Singapore) in November 2023.

Holding companies

EUR MILLION	JAN. 1 - MARCH 31, 2024	JAN. 1 - MARCH 31, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Operating EBITA	(9.8)	(8.1)	(1.7)	(21%)	(22%)
Operating EBITA in % of total revenue	(0.8%)	(0.7%)	(0.1%)		

Operating EBITA of Holding companies represents costs related to the central head office in Rotterdam as well as the regional head offices in Singapore and the USA.

Operating costs increased by EUR 1.7 million from EUR 8.1 million in the first three months of 2023 to EUR 9.8 million in 2024. The cost increase reflects the growth of IMCD and the corresponding need to further strengthen 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.

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

Whilst our acquisition pipeline and projects with principals and customers remain healthy in all regions, current market dynamics continue to make future customer demand difficult to predict. Our strong commercial teams, digital and logistics infrastructure, combined with further driving operational excellence and cost control, will deliver future growth and efficiencies.

FINANCIAL CALENDAR

14 May 2024	Annual General Meeting of shareholders
14 May 2024	Dividend announcement
16 May 2024	Ex-dividend date
17 May 2024	Dividend record date
21 May 2024	Dividend payment date
2 August 2024	First half-year 2024 results
24 September 2024	Investor/analyst business update (incl. digital and ESG) and lab experience in Milan
8 November 2024	First nine months 2024 results
For further information:	Investor Relations
	T: +31 (0)10 290 86 84
	ir@imcdgroup.com

FURTHER INFORMATION

Today's analysts call and webcast will start at 10:00 am CET. A recording of this call and webcast will be made available on the IMCD website (www.imcdgroup.com).

Non-IFRS financial measures and ratios

This press release contains certain non-IFRS financial measures and ratios, which are not recognised measures of financial performance or liquidity under IFRS. Operating EBITA is defined as result from operating activities before amortisation of intangibles and non-recurring item. Non-recurring items include cost of corporate restructurings and reorganisations and cost related to realised and non-realised acquisitions.

ALTERNATIVE PERFORMANCE MEASURES (APMS)

In presenting and discussing the financial position, operating results and net results and cash generation, certain alternative performance measures (APMs) are used. APMs, also known as non-IFRS measures, are financial metrics used by IMCD management to monitor the company's performance and are disclosed to provide additional insights into its performance beyond what is reported using standard accounting principles. The APMs used by IMCD management are described in the below table. Further details on the technical reconciliation of APMs with IFRS figures can be found in chapter 3 (Financial Value) of our Integrated report 2023 (www.imcdgroup.com).

APM	DESCRIPTION
Adjusted leverage ratio	Net debt divided by last twelve months EBITDA, whereby EBITDA includes the pre-closing EBITDA for businesses acquired in current year
Adjusted EBITDA	Operating EBITDA plus non-cash share-based payment costs minus lease payments
Cash conversion margin	Free cash flow as a percentage of adjusted operating EBITDA
Cash earnings per share	Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares
Central cost allocation charges	The costs charged out by the head office to operating companies worldwide for costs incurred centrally on behalf of the wider group
Constant currency basis	Historical results translated at current year's foreign currency exchange rates
Conversion margin	Operating EBITA as a percentage of gross profit
EBITA	Result from operating activities before amortisation of intangibles and non-recurring items
EBITDA	Result from operating activities before depreciation of property, plant and equipment, amortisation of intangibles and non-recurring items
Free cash flow	Operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus/less changes in working capital, less capital expenditures
Gross profit	Revenue minus costs of materials and inbound logistics
Gross profit %	Gross profit as a percentage of revenue
Leverage ratio	Net debt divided by last twelve months EBITDA
Net capital expenditure	Acquisition of property, plant and equipment minus proceeds from disposals of property, plant and equipment and intangible assets
Net debt	the total of current and non-current loans and borrowings, short term financial liabilities minus cash and cash equivalents
Non-recurring items	Costs related to acquisitions of businesses and income and costs related to one-off adjustments to the organisation
Operating EBITA	EBITA excluding central cost allocation charges (on consolidated level equal to EBITA)
Operating EBITDA	EBITDA excluding central cost allocation charges (on consolidated level equal to EBITDA)
Operational working capital	Working capital excluding accrued interest expenses and excluding current tax liabilities
Organic growth/decline	The remaining change in the results as compared to the prior period, after changes in results attributable to acquired businesses and the effect of fluctuations in foreign currency exchange rates
Own Cost	Cost (excluding non-recurring expenses) related to wages and salaries, social security and other charges, depreciation of property, plant and equipment, and other operating expenses
Working capital	Inventories, trade and other receivables less trade payables and other payables

ABOUT IMCD

IMCD N.V. based in Rotterdam, The Netherlands, is a leading global distribution partner and formulator of speciality chemicals and ingredients. IMCD is an expert solutions provider and adds sustainable value to the supply chain. Every day professionals focus on providing the best service through commercial and operational excellence. The company is mindful of the role they play in creating a better planet for all and formulates with consciousness and executes with care, to address business challenges of tomorrow, in partnership and transparency.

In 2023, with over 4,700 employees, IMCD realised revenues of EUR 4,443 million. IMCD N.V.'s shares are traded at Euronext, Amsterdam (symbol: IMCD) and included in the Dutch ESG AEX index, as one of 25 companies within the AEX and AMX indices demonstrating best ESG practices.

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 Integrated 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 and was issued on 26 April 2024, 7:00 am CET.