

## Press release

# IMCD reports 48% EBITA growth in 2022

Rotterdam, The Netherlands (24 February 2023) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of speciality chemicals and ingredients, today announces its full year 2022 results.

## HIGHLIGHTS

- Revenue growth of 34% to EUR 4,601.5 million (+28% on constant currency basis)
- Gross profit growth of 37% to EUR 1,147.1 million (+31% on a constant currency basis)
- Operating EBITA increase of 48% to EUR 554.5 million (+42% on a constant currency basis)
- Net result for the year increase of 51% to EUR 313.0 million (+44% on a constant currency basis)
- Cash earnings per share increased by 46% to EUR 6.78 (2021: EUR 4.64)
- Dividend proposal of EUR 2.37 in cash per share (2021: EUR 1.62)

Piet van der Slikke, CEO: "One cannot reflect on 2022 without thinking of the human suffering caused by the war in Ukraine. Energy prices soared and consequently inflation increased to a level that has not been seen for a long time. IMCD was able to navigate these difficult circumstances quite well; despite many allocations from suppliers, logistic challenges, and continuous price hikes, we were able to finish the year with the best result in our history. I invite you to read our Annual Report and learn more about how innovative our Business Groups are, the acquisitions we did and the many initiatives we took in areas like sustainability and digitalisation. All with the aim to keep IMCD fit for the future."

## KEY FIGURES

EUR MILLION	2022	2021	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	4,601.5	3,435.3	1,166.2	34%	28%
Gross profit	1,147.1	836.3	310.8	37%	31%
Gross profit as a % of revenue	24.9%	24.3%	0.6%		
Operating EBITA <sup>1</sup>	554.5	373.6	180.9	48%	42%
Operating EBITA as a % of revenue	12.0%	10.9%	1.1%		
Conversion margin <sup>2</sup>	48.3%	44.7%	3.6%		
Net result	313.0	207.2	105.8	51%	44%
Free cash flow <sup>3</sup>	434.4	278.9	155.5	56%	
Cash conversion margin <sup>4</sup>	76.9%	72.6%	4.3%		
Net debt / Operating EBITDA ratio <sup>5</sup>	1.7	2.3	(0.6)		
Earnings per share	5.50	3.64	1.86	51%	44%
Cash earnings per share <sup>6</sup>	6.78	4.64	2.14	46%	39%
(Proposed) dividend per share	2.37	1.62	0.75	46%	
Number of full time employees end of period	4,323	3,740	583	16%	

<sup>1</sup> Result from operating activities before amortisation of intangibles and non-recurring items. As disclosed in Note 11 of the consolidated financial statements

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

<sup>3</sup> Operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus/less changes in working capital, less capital expenditures

<sup>4</sup> Free cash flow as a percentage of adjusted operating EBITDA (Operating EBITDA plus non-cash share-based payment costs minus lease payments)

<sup>5</sup> Including full year impact of acquisitions

<sup>6</sup> Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares

## Revenue

Despite the difficult geopolitical and macroeconomic conditions, 2022 has been a very strong year for IMCD. Although facing ongoing disruptions of our supply chain, the shortages of raw materials, steep price increases and fluctuating customer demand, our results were unprecedented. Healthy organic growth was supported by selected acquisitions in various regions.

Compared with 2021, revenue increased by 34% to EUR 4,601.5 million in 2022. On a constant currency basis, revenue growth is 28% and consists of organic growth (+20%) and the impact of the first-time inclusion of acquisitions completed in 2021 and 2022 (+8%).

The overall organic revenue growth was shaped by the balance of local macroeconomic circumstances, further strengthening of the product portfolio by adding new suppliers, expanding relationships with existing suppliers and increasing customer penetration by adding new products and selling more products to existing and new customers.

## Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased by 37% from EUR 836.3 million in 2021 to EUR 1,147.1 million in 2022. The increase in gross profit on a constant currency basis is 31% and consists of organic growth (+24%) and the impact of the first-time inclusion of acquisitions (+7%).

Gross profit as a % of revenue increased by 0.6%-point from 24.3% in 2021 to 24.9% in 2022. Gross profit margins showed the usual level of differences in margins per region, per product and per product market combination. 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 increased by EUR 180.9 million (+48%) from EUR 373.6 million in 2021 to EUR 554.5 million in 2022. On a constant currency basis, the increase in operating EBITA is 42%, consisting of organic growth of 34% and the impact of the first-time inclusion of acquisitions completed in 2021 and 2022 of 8%.

Operating EBITA as a % of revenue increased by 1.1%-point from 10.9% in 2021 to 12.0% in 2022.

The conversion margin, defined as operating EBITA in percentage of gross profit, increased from 44.7% in 2021 to 48.3% in 2022. The increase in conversion margin is the result of substantial organic EBITA growth, whereby gross profit growth more than compensated own cost growth.

## Cash flow and capital expenditure

Free cash flow increased by EUR 155.5 million from EUR 278.9 million in 2021 to EUR 434.4 million in 2022.

The cash conversion margin is defined as free cash flow as a percentage of adjusted operating EBITDA (operating EBITDA adjusted for non-cash share-based payments and lease premiums). The cash conversion margin increased by 4.3%-point from 72.6% in 2021 to 76.9% in 2022.

Net working capital, defined as inventories, trade and other receivables less trade payables and other payables, increased by EUR 157.6 million (+26%) from EUR 612.5 million as at the end of 2021 to EUR 770.1 million as of 31 December 2022. The increase in net working capital is the result of the higher level of business activities in 2022 and impacts of external factors (EUR +88.4 million) as well as by the impact of exchange rate differences on year-end balance sheet positions (EUR +21.1 million) and the impact of acquisitions completed in 2022 (EUR +48.1 million).

At the end of December 2022, net working capital in days of revenue was 59 days (December 2021: 63 days). This decrease was driven by high sales volumes and a full order book anticipating supply chain disruption by customer around year-end 2021, resulting in a relatively higher working capital level as at year-end 2021.

Capital expenditure increased by EUR 2.7 million to EUR 7.7 million, compared with EUR 5.0 million in 2021. The increase is driven by the increased size of the overall operations and mainly related to investments in the ICT infrastructure, office furniture and technical, warehouse and office equipment. IMCD continues to maintain an asset-light business model.

### **Net debt and equity**

IMCD aims to maintain a capital structure that offers flexibility and enables IMCD to cover its potential financial requirements and to execute its growth and acquisition strategy.

On 22 November 2022, IMCD concluded a senior unsecured bridge loan facility for an amount of EUR 200 million, for a period of 12 months, with an extension option of 6 months (at borrower's discretion).

As at the end of 2022, net debt was EUR 1,026.9 million compared with EUR 940.0 million as at 31 December 2021. The increase in net debt is predominantly the balance of positive and healthy cash flows from operating activities, more than offset by cash outflows as a result of acquisition-related payments of EUR 237.2 million and a dividend payment of EUR 92.2 million in 2022. Furthermore, net debt includes EUR 273.6 million deferred and contingent considerations related to acquisitions (31 December 2021: EUR 308.9 million).

As at the end of December 2022, the leverage ratio (net debt/operating EBITDA ratio including the full-year impact of acquisitions) was 1.7 times EBITDA (31 December 2021: 2.3). The actual leverage, calculated on the basis of the definitions used in the IMCD loan documents applicable as at 31 December 2022, was 1.2 times EBITDA (31 December 2021: 1.5).

As at the end of December 2022, the interest cover, calculated based on the definitions used in the *Schuldscheindarlehen* document, is 26.5 times EBITDA (31 December 2021: 29.1), which is well above the required minimum of 4.0 times EBITDA.

On 13 February 2023, IMCD completed the refinancing of its multi-currency revolving credit facility. The new facility, with a maturity date of 8 February 2028, amounts to EUR 600 million and can be drawn in EUR and USD as well as, to an agreed sub-limit, in AUD and GBP. The revolving credit facility has an interest margin dependent on credit ratings (S&P, Moody's or Fitch). For the new revolving credit facility a maximum leverage of 3.75 times EBITDA (with a spike period maximum of 4.25), tested semi-annually is applicable. The calculation of the leverage covenant for the new facility is based on the prevailing accounting standards as of 31 December 2022. Calculated on the basis of the definitions used in the IMCD loan documents of the new revolving facility, the actual leverage was 1.3 times EBITDA, which is well below the applicable maximum of 4.25.

Total equity increased by EUR 212.0 million from EUR 1,461.4 million as at 31 December 2021 to EUR 1,673.4 million as at 31 December 2022. The increase in total equity is the balance of the addition of the net profit for the year of EUR 313.0 million, other comprehensive income of EUR 5.6 million, dividend payments in cash of EUR 92.2 million, transactions related to the group's share-based payment programme of EUR 14.3 million and the non-controlling interest of EUR 0.1 million. The increase of equity resulted in a solid ratio at year-end, whereby total equity covers 45.9% of the balance sheet total (31 December 2021: 44.7%).

## Net result for the year

The net result for the year increased by EUR 105.8 million (+51%) from EUR 207.2 million in 2021 to EUR 313.0 million in 2022. The main drivers of this increase were higher operating EBITA, partly offset by higher net financing costs and higher corporate income tax expenses.

Earnings per share increased by 51% from EUR 3.64 in 2021 to EUR 5.50 in 2022.

Cash earnings per share, calculated as earnings per share before amortisation of intangible assets (net of tax), divided by the weighted average number of outstanding shares, increased by EUR 2.14 (+46%) from EUR 4.64 in 2021 to EUR 6.78 in 2022.

## Dividend proposal

For the financial year 2022 a dividend of EUR 2.37 in cash per share will be proposed to the Annual General Meeting. Compared with 2021 this means an increase of EUR 0.75 per share, or 46%. Approval of the dividend proposal by the Annual General Meeting will lead to a dividend distribution of EUR 135.1 million in cash (2021: EUR 92.3 million), which is 35% of the net result 2022 adjusted for non-cash amortisation charges, net of tax (2021: 35%).

## 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 2022 are as follows.

### EMEA

EUR MILLION	2022	2021	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	2,006.4	1,601.6	404.8	25%	26%
Gross profit	529.7	411.7	118.1	29%	30%
Gross profit as a % of revenue	26.4%	25.7%	0.7%		
Operating EBITA	246.6	180.3	66.3	37%	39%
Operating EBITA as a % of revenue	12.3%	11.3%	1.0%		
Conversion margin	46.5%	43.8%	2.7%		

In 2022, the revenue in the EMEA region increased by 25% compared with 2021. On a constant currency basis, revenue growth was 26%, consisting of organic revenue growth (+24%) and the impact of the first-time inclusion of acquisitions completed in 2021 and 2022 (+2%). The acquisition impact relates to the acquisitions of Polychem and Evenlode completed in 2022.

Gross profit increased by 29%, from EUR 411.7 million in 2021 to EUR 529.7 million in 2022. On a constant currency basis, gross profit growth consists of organic growth (+28%) and the impact of the first-time inclusion of acquisitions (+2%). Despite the challenging market conditions, including the global macro-economic and geopolitical concerns, IMCD successfully added new suppliers and further expanded its relationships with existing suppliers in new territories

and with additional business lines. Organic gross profit development further included the usual variations in the product and customer mix.

Operating EBITA increased by 37% from EUR 180.3 in 2021 to EUR 246.6 million in 2022. Operating EBITA as a % of revenue increased by 1.0%-point, from 11.3% in 2021 to 12.3% in 2022. The conversion margin increased by 2.7%-point, from 43.8% in 2021 to 46.5% in 2022.

On 16 February 2023, IMCD signed an agreement to acquire 100% of the shares of CPS Chemical Oil-Tech (Pty) Ltd (“CPS Oil-Tech”) in Durban, South Africa, a distributor of raw materials to the petroleum, additive, grease manufacturing and other industry related segments. With 8 employees, CPS Oil-Tech generated a revenue of approximately EUR 12 million in the financial year that ended on 28 February, 2022. 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 2023.

## Americas

EUR MILLION	2022	2021	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,591.7	1,119.6	472.1	42%	26%
Gross profit	382.7	250.5	132.2	53%	35%
Gross profit as a % of revenue	24.0%	22.4%	1.6%		
Operating EBITA	194.9	113.0	81.9	73%	52%
Operating EBITA as a % of revenue	12.2%	10.1%	2.1%		
Conversion margin	50.9%	45.1%	5.8%		

In the Americas segment, revenue was EUR 1,591.7 million in 2022 compared with EUR 1,119.6 million in 2021. On a constant currency basis, revenue growth was 26%, consisting of 17% organic growth and 9% growth as a result of acquisitions completed in 2021 (Siliconas, Andes Chemical and Maquimex) and in 2022 (Polyorganic, Quelarlis and Promaplast).

In 2022, the Americas segment reported a gross profit increase of EUR 132.2 million (+53%) to EUR 382.7 million, compared with EUR 250.5 million in 2021. On a constant currency basis, the increase in gross profit (+35%) was the result of organic growth (+27%) and the impact of the first-time inclusion of acquired companies (+8%).

Gross profit margin increased by 1.6%-points, from 22.4% in 2021 to 24.0% in 2022. The gross profit margin improvements are the result of margin improvement initiatives and changes in the product mix.

In 2022, operating EBITA increased by EUR 81.9 million to EUR 194.9 million, compared with EUR 113.0 million in 2021 (+73%). On a constant currency basis the operating EBITA increased by 52%. The main drivers of the operating EBITA increase are the organic business developments.

Operating EBITA margin increased by 2.1%-point from 10.1% in 2021 to 12.2% in 2022. The conversion margin increased by 5.8%-point from 45.1% in 2021 to 50.9% in 2022.

## Asia-Pacific

EUR MILLION	2022	2021	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,003.4	714.1	289.3	41%	35%
Gross profit	234.7	174.2	60.6	35%	29%
Gross profit as a % of revenue	23.4%	24.4%	(1.0%)		
Operating EBITA	145.1	109.7	35.4	32%	26%
Operating EBITA as a % of revenue	14.5%	15.4%	(0.9%)		
Conversion margin	61.8%	63.0%	(1.2%)		

In Asia-Pacific, revenue increased by 41% from EUR 714.1 million in 2021 to EUR 1,003.4 million in 2022. Revenue growth on a constant currency basis in 2022, consists of organic growth of 16%, and 19% growth as a result of acquisitions completed in 2021 (Yuanhe and Megasetia) and in 2022 (Syntec, RPL Trading, Aquatech, Kuni Chemical, Welex and Parkash).

On 1 December 2022, IMCD acquired 100% of the shares of Welex S.A. Holdings Limited and certain related business ("Welex"), based in China. Welex focuses on industries covering coatings and inks, textiles, additives for speciality compounding, and agrochemicals. Welex generated a revenue of approximately EUR 39 million in 2021 and has 68 employees across China.

On 16 December 2022, IMCD acquired 100% of the shares of Parkash DyeChem Private Limited ("Parkash DyeChem"), based in India. Parkash DyeChem is an asset light speciality chemical distributor serving the coatings and construction segments as well as personal care and advanced materials markets. Parkash DyeChem generated a revenue of approximately EUR 30 million in 2021 and has 60 employees in India.

In addition to the transactions closed in 2022, on 31 October 2022, IMCD signed an agreement to acquire 100% of the shares in Shanghai Sanrise Industries & Development Co., Ltd. ("Sanrise"), one of the leading distributors in the personal care markets in China. Sanrise offers a wide range of personal care and industrial solutions with a key focus on personal care applications. With approximately 60 employees, Sanrise generated a revenue of approximately EUR 90 million in 2021. The transaction will take place in two tranches, with first 70% of Sanrise's share capital and the remaining 30% to be acquired in 2025. The transaction is expected to be closed in the first quarter of 2023.

In 2022, gross profit on a constant currency basis increased by 29%, of which 14% relates to organic growth and 15% is the result of the first time inclusion of businesses acquired in 2021 and 2022. The gross profit margin decreased by 1.0%-points from 24.4% in 2021 to 23.4% in 2022. The gross profit margin decrease is the result of gross margin improvement initiatives, changes in the product mix and the impact of the first time inclusion of acquired businesses with gross margins lower than IMCD's average.

Compared with 2021, operating EBITA in Asia-Pacific increased by EUR 35.4 million (+32%) to EUR 145.1 million in 2022. On a constant currency basis, the growth of operating EBITA was 26%.

Operating EBITA as a % of revenue decreased by 0.9%-points from 15.4% in 2021 to 14.5% in 2022. The conversion margin decreased by 1.2%-points to 61.8% in 2022. The decrease of the conversion margin is the result of lower gross margins and higher own costs. In addition, acquisitions completed had a negative impact on the development of the conversion margin in the Asia-Pacific segment in 2022, compared with 2021.

## Holding companies

EUR MILLION	2022	2021	CHANGE	CHANGE	FX ADJ. CHANGE
Operating EBITA	(32.1)	(29.3)	(2.8)	(9%)	(7%)
Operating EBITA in % of total revenue	(0.7%)	(0.9%)	0.2%		

Operating EBITA of Holding Companies represents costs relating to the central head office in Rotterdam and the regional head offices in Singapore and the USA.

Operating costs increased by EUR 2.8 million (+9%) from EUR 29.3 million in 2021 to EUR 32.1 million in 2022. On a constant currency basis, the increase is 7%. The cost increase reflects the growth of IMCD and the corresponding need to strengthen the support functions in both Rotterdam and the regional head offices. Operating costs of the Holding Companies as a percentage of consolidated revenue decreased by 0.2%-point to 0.7% in 2022.

## 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 difficult geopolitical and macroeconomic conditions, including increased volatility in the customer demand, supply chain disruptions, shortages of materials and steep price increases, IMCD delivered unprecedented results in 2022. IMCD proves to be a strong, resilient and well diversified business with a robust liquidity position and capital structure.

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

## FINANCIAL CALENDAR

26 April 2023	First three months 2023 results
26 April 2023	Annual General Meeting of shareholders
26 April 2023	Dividend announcement
1 May 2023	Ex-dividend date
2 May 2023	Dividend record date
4 May 2023	Dividend payment date
4 August 2023	First half-year 2023 results
10 November 2023	First nine months 2023 results
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## FURTHER INFORMATION

Today's analysts call 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](http://www.imcdgroup.com)).

Click [here](#) to download the Annual Report 2022 from the reports and presentations' section on our website.

### **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.

### **Auditor's involvement**

This press release is based on the financial statements 2022 of the Company, published in accordance with statutory provisions. The auditor has issued an unqualified auditor's report on the financial Statements 2022.

## ABOUT IMCD

IMCD is a market-leader in the sales, marketing and distribution of speciality chemicals and ingredients. Its result-driven professionals provide market-focused solutions to suppliers and customers across EMEA, Americas and Asia-Pacific, offering a range of comprehensive product portfolios, including innovative formulations that embrace industry trends.

Listed at Euronext, Amsterdam (IMCD), IMCD realised revenues of EUR 4,601 million in 2022 with more than 4,300 employees in over 50 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 60,000 customers and a diverse range of world class suppliers.

For further information, please visit [www.imcdgroup.com](http://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 and was issued on 24 February 2023, 7:00 am CET.