

IMCD reports 25% EBITA growth in 2018

Rotterdam, The Netherlands (1 March 2019) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of speciality chemicals and food ingredients, today announces its full year 2018 results.

Highlights

- Revenue growth of 25% to EUR 2,379.1 million (+29% on a constant currency basis)
- Gross profit growth of 25% to EUR 536.1 million (+29% on a constant currency basis)
- Operating EBITA increased by 25% to EUR 202.1 million (+30% on a constant currency basis)
- Net result before amortisation and non-recurring items of EUR 139.7 million (2017: EUR 110.1 million)
- 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: EUR 0.62)

Piet van der Slikke, CEO, commented: "2018 was an outstanding year for IMCD, with all our regions contributing to this success. We achieved record growth as operating EBITA grew to EUR 202.1 million (+25%) and cash earnings per share developed positively to EUR 2.53 (+23%). We have made good progress with the integration of our existing businesses in the US and Canada and with the acquisition of E.T. Horn, enabling IMCD US to become a nationally operating organisation. With our newly developed global digital infrastructure, we will continue to enhance customer offerings. Despite today's geopolitical uncertainties, we remain positive about our ability to translate new opportunities into future growth."

Key figures

EUR million	2018	2017	Change	Change	Fx adj. change
Revenue	2,379.1	1,907.4	471.7	25%	29%
Gross profit	536.1	428.7	107.4	25%	29%
Gross profit in % of revenue	22.5%	22.5%	0.0%		
Operating EBITA ¹	202.1	161.7	40.4	25%	30%
Operating EBITA in % of revenue	8.5%	8.5%	0.0%		
Conversion margin ²	37.7%	37.7%	0.0%		
Net result before amortisation / non-recurring items	139.7	110.1	29.6	27%	31%
Free cash flow ³	166.5	161.3	5.2	3%	
Cash conversion margin ⁴	80.2%	97.2%	(17.0%)		
Net debt / Operating EBITDA ratio ⁵	2.8	2.8	-		
Earnings per share (weighted)	1.91	1.47	0.43	29%	34%
Cash earnings per share (weighted) ⁶	2.53	2.06	0.47	23%	27%
Proposed dividend per share	0.80	0.62	0.18	29%	
Number of full time employees end of period	2,799	2,265	534	24%	

¹ Result from operating activities before amortisation of intangibles and non-recurring items

² Operating EBITA in percentage of Gross profit

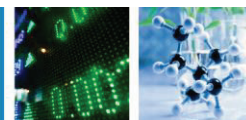
³ Operating EBITDA excluding non-cash share based payment expenses, plus/less changes in working capital, less capital expenditures

⁴ Free cash flow in percentage of Operating EBITDA

⁵ Including full year impact of acquisitions

⁶ Result for the year before amortisation (net of tax)





Revenue

Revenue increased by 25% from EUR 1,907.4 million in 2017 to EUR 2,379.1 million in 2018. The revenue growth is the balance of organic growth (10%), the first-time inclusion of acquisitions (18%) and a negative impact of foreign currency exchange differences (-3%).

The overall organic revenue growth was the balance of local macroeconomic circumstances, further strengthening of the product portfolio by adding new supplier relationships, 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 25% from EUR 428.7 million in 2017 to EUR 536.1 million in 2018. The increase in gross profit was the balance of organic growth (13%), the first time inclusion of acquisitions (15%) and the negative impact of foreign currency exchange rate developments (-3%).

On a consolidated level, gross profit in % of revenue remained stable at 22.5% in 2018. Gross profit in % of revenue improved in EMEA and Asia-Pacific and slightly decreased in the Americas, a decrease mainly as a result of acquisitions made. Gross profit margins showed the ordinary level of differences in margins per region, margins per product and margins 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 40.4 million (25%), from EUR 161.7 million in 2017 to EUR 202.1 million in 2018. On a constant currency basis, the increase was by 30%.

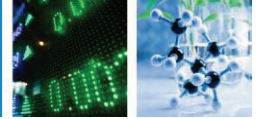
The growth in operating EBITA of 25% was a combination of organic growth, the first-time inclusion of acquisitions completed in 2017 and 2018 and the negative impact of foreign currency exchange differences (-5%).

Operating EBITA in % of revenue remained stable at 8.5% in 2018. Both regions EMEA and Asia-Pacific showed an improvement of the EBITA margin. Segment Americas showed a decrease in EBITA margin mainly due to the impact of the acquisitions completed in 2017 and 2018, with lower than IMCD's average operating EBITA margins.

In 2018, the conversion margin, defined as operating EBITA as a percentage of gross profit remained stable at 37.7%. The impact of the first time inclusion of acquired companies with lower than IMCD's average conversion margins was offset by the improved margin of the existing operations.

Cash flow and capital expenditure

Free cash flow is defined as operating EBITDA excluding non-cash share based payment expenses, plus or less changes in working capital, less capital expenditures. In 2018, free cash flow increased by 3% from EUR 161.3 million in 2017 to EUR 166.5 million in 2018. The cash conversion margin, defined as free cash flow as a percentage of operating EBITDA, decreased by 17%-point from 97.2% in 2017 to 80.2%.



The decrease in conversion margin in 2018 is the result of higher operating EBITDA partly offset by increased working capital investments, driven by organic growth of the business. The investment in operational working capital in 2018, excluding additional working capital as a result of acquisitions completed, amounts to EUR 39.1 million, compared to EUR 4.1 million in 2017.

The increased working capital investments in 2018 were driven by increased business activities partly offset by the impact of the weakening of non-EUR currencies in 2018 (EUR -4.5 million). Year-end stock positions were further influenced by building additional stock to cater for the start-up of new supplier relations, additional temporary safety stock in IMCD US to mitigate potential risks of the migration to IMCD's standard ERP system and lower than planned customer deliveries in the last weeks of December.

IMCD's asset light business model resulted in relatively low capital expenditure compared to the size of the overall operations and amounted to EUR 4.4 million in 2018 compared to EUR 3.1 million in 2017. Capital expenditure was mainly related to investments in the ICT infrastructure, office furniture and technical, warehouse and office equipment. In 2018 important steps were taken in IMCD's journey towards digitalisation, by means of the global roll-out of an integrated customer relation management system and an integrated product information management systems. These systems function as the foundation for the further digitalisation of IMCD's business processes.

Working capital

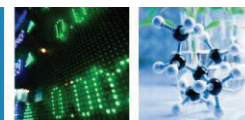
Net working capital is defined as inventories, trade and other receivables less trade and other payables. In 2018, net working capital increased by EUR 85.5 million from EUR 314.3 million as at the end of 2017 to EUR 399.8 as at 31 December 2018. The increase in net working capital is the result of increased business activity leading to higher working capital levels (EUR 34.4 million), impact of exchange rate differences on year-end balance sheet positions (EUR -4.5 million), impact of acquisitions (EUR 56.7 million) and adjustments related to the implementation of IFRS 9 (EUR -1.1 million). Monitoring working capital positions remains a permanent focus of management attention.

Net debt and equity

Managed by its central treasury team, 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. As at the end of 2018, net debt was EUR 610.7 million, compared to EUR 490.0 million as at year-end 2017. The increase in net debt is predominantly the balance of positive and healthy cash flows from operating activities set-off by cash outflows as a result of acquisition related payments of EUR 141 million and a dividend payment of EUR 33 million in 2018.

In March 2018, IMCD issued an EUR 300 million unrated corporate bond loan with institutional investors. This seven-year senior unsecured bond loan, maturing in March 2025, has a fixed coupon of 2.5% and had an issue price of 99.481%. The bond loan is listed on the Luxemburg Stock Exchange MTF market. The proceeds of the bond loan issue have been used to repay outstanding term loans and revolver facilities.

Early April 2018, IMCD discontinued its EUR 300 million revolving credit facility and entered into a new 5-year syndicated EUR 400 million multi-currency revolving facility. This new revolving facility has a lower interest margin and a higher fixed leverage covenant, catering for acquisition spikes.



Transaction costs related to these refinancings were EUR 2.9 million and will be amortised over the expected duration of the loans. Repayment of the term loans and revolving credit facilities resulted in accelerated amortisation of transaction costs related to these loans of EUR 4.6 million, reflected as non-recurring expenses in 2018.

The refinancing in 2018 has improved terms and conditions of IMCD's financing structure, extends the maturity profile and provides further flexibility with appropriate leverage levels to support future business development.

As at the end of December 2018, the leverage ratio (net debt/operating EBITDA ratio including full year impact of acquisitions) was 2.8 times EBITDA (31 December 2017: 2.8). The actual leverage as at 31 December 2018, calculated on the basis of the definitions used in the IMCD loan documentation, was 2.8 times EBITDA (31 December 2017: 2.7). As at 31 December 2018, the actual leverage is well below the maximum leverage of 3.5 applicable to the 'Schuldschein Darlehen' and 3.75 applicable to the revolving credit facilities.

The interest cover, calculated based on the definitions used in the 'Schuldschein Darlehen' documentation, is 13.0 times EBITDA (31 December 2017: 16.3) which is well above the required minimum of 4.0 times EBITDA.

At 25 February 2019, IMCD successfully executed an option whereby the initial termination date of the syndicated EUR 400 million multi-currency revolving facility is extended by 1 year to 27 March 2024. No extension fee is paid. All other conditions of the syndicated EUR 400 million multi-currency revolving facility will remain the same.

The equity attributable to holders of ordinary shares increased by EUR 57.1 million to EUR 786.3 million (31 December 2017: EUR 729.2 million). This increase is the balance of the addition of the net profit for the year of EUR 100.1 million, other comprehensive income of negative EUR 9.4 million, dividend payments in cash of EUR 32.6 million and an adjustment as a result of the implementation of IFRS 9 of EUR -1.1 million. The increase in equity resulted in a solid ratio at year-end whereby net equity covers 40.3% of the balance sheet total (31 December 2017: 44.1%).

Result for the year

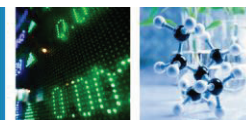
Result for the year increased by EUR 22.8 million (+30%) from EUR 77.3 million in 2017 to EUR 100.1 million in 2018. Weighted earnings per share increased from EUR 1.47 in 2017 to EUR 1.91 in 2018 (+29%).

In 2018, net result before amortisation of intangible assets, net of tax and before non-recurring items was EUR 139.7 million compared to EUR 110.1 million in 2017, an increase of 27%. The main drivers of this increase were the higher operating EBITA partly offset by increased (recurring) financing costs and tax expenses.

Weighted cash earnings per share, calculated as earnings per share before amortisation of intangible assets (net of tax) increased from EUR 2.06 in 2017 to EUR 2.53 in 2018 (+23%).

Dividend proposal

For the financial year 2018, a dividend of EUR 0.80 per share in cash will be proposed to the Annual General Meeting. Compared to 2017 this means an increase of EUR 0.18 per share or 29%. Approval at the Annual General Meeting would result in IMCD paying EUR 42 million or 32% of the net result 2018 adjusted for non-cash amortisation charges, net of tax (2017: 30%).



Developments by operating segment

IMCD distinguishes the following operating segments:

- EMEA: all operating companies in Europe, Turkey and Africa
- Americas: all operating companies in the United States of America, Canada, Brazil, Puerto Rico, Chile, Argentina and Uruguay
- Asia-Pacific: all operating companies in Australia, New Zealand, India, China, Malaysia, Indonesia, Philippines, Thailand, Singapore, Vietnam and Japan
- 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 2018 by operating segments are as follows.

EMEA

EUR million	2018	2017	Change	Change	Fx adj. change
Revenue	1,240.8	1,141.7	99.1	9%	10%
Gross profit	308.1	274.2	34.0	12%	14%
Gross profit in % of revenue	24.8%	24.0%	0.8%		
Operating EBITA	127.8	112.6	15.3	14%	16%
Operating EBITA in % of revenue	10.3%	9.9%	0.4%		
Conversion margin	41.5%	41.1%	0.4%		

EMEA continued its trend of the last years to deliver strong growth, both in terms of top line as well as operating EBITA. The well established IMCD organisation in EMEA supported by positive macroeconomic market circumstances, realised a revenue growth of 9% in 2018. This increase was a combination of organic growth (6%), the first-time inclusion of acquisitions (4%) and a negative impact of foreign currency exchange results (-1%). The 4% acquisition impact relates to Neuvendis (2017) and Velox (2018).

On 25 September 2018, IMCD acquired 100% of the shares of Velox GmbH (Velox). Velox is a European distributor with a focus on specialities for the plastics, composites, additives, rubber, paints and coating industries. With approximately 225 employees in 18 countries Velox generated EUR 155 million revenue and a normalised EBITDA of EUR 5.4 million in 2017. IMCD is working on the commercial and organisational integration of Velox into the IMCD organisation.

Gross profit increased by 12%, from EUR 274.2 million in 2017 to EUR 308.1 million in 2018. This increase was the balance of organic growth (10%), first time inclusion of acquisitions (4%) and negative foreign exchange results (-2%). In 2018, IMCD was able to add interesting new supplier relationships and to further expand the relationships with existing suppliers in new territories and with additional business lines. Organic growth further included the usual variations in the product and customer mix.

IMCD continued to optimise its supply chain network in 2018, to enhance customer service levels and to reduce operating costs in the supply chain. System-to-system connectivity between the partners in the supply chain is one of the key drivers for achieving the optimisation.

Despite the acquisitions of Velox, with a lower than IMCD's average gross profit margin, gross profit margin improved from 24.0% in 2017 to 24.8% in 2018, primarily as a result of margin optimisation efforts and changes in the product mix.



Compared to 2017, operating EBITA increased by 14% to EUR 127.8 million in 2018. On a constant currency basis, the increase in operating EBITA was 16%. The majority of the realised growth is organic. Operating EBITA in % of revenue improved by 0.4%-point from 9.9% in 2017 to 10.3% in 2018.

IMCD's continuous focus on gross profit margin improvement, combined with effective cost control were the main drivers of the increase in conversion margin of 0.4%-point to 41.5% in 2018.

Americas

EUR million	2018	2017	Change	Change	Fx adj. change
Revenue	802.6	450.7	351.9	78%	88%
Gross profit	157.7	89.4	68.4	76%	87%
Gross profit in % of revenue	19.7%	19.8%	(0.1%)		
Operating EBITA	60.1	35.5	24.6	69%	79%
Operating EBITA in % of revenue	7.5%	7.9%	(0.4%)		
Conversion margin	38.1%	39.7%	(1.6%)		

Segment Americas showed a strong performance in 2018. Revenue increased by 78%, from EUR 450.7 million in 2017 to EUR 802.6 million in 2018. The organic growth in 2018 was 18% and the growth as a result of acquisitions completed in 2017 (Lomas and Bossco) and 2018 (Horn) was 65%. The unfavourable developments of foreign currency exchange rates in the Americas region, resulted in a negative currency exchange impact on the revenues in 2018 (-5%).

In 2018, IMCD continued to execute its strategy to offer its suppliers and customers an organisation with national US coverage and dedicated segment expertise. During the last 4 years, IMCD built a strong North American organisation. In 2018, IMCD made good progress with the integration of the existing businesses in the US and in Canada and completed the acquisition of E.T. Horn.

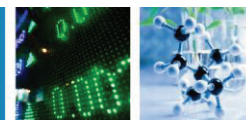
On 31 July 2018, IMCD acquired 100% of the shares of E.T. Horn (Horn). Horn is a leading speciality chemicals distributor in the US. With a head office in La Mirada, California, Horn represents leading suppliers and is primarily focused on the West and South West regions in the US. In 2017, Horn generated revenue of USD 276 million, a normalised EBITDA of USD 12 million and has approximately 200 employees.

The acquisition of Horn and the further integration of the businesses in the US, will enable IMCD US to become a nationally operating market faced organisation in 2019.

Despite various geopolitical uncertainties, including the consequence of the implementation of trade measures, the North American chemicals distribution market showed growth in 2018. Brazil's economic recovery continued in 2018. Returning confidence in the economy is expected to have buttressed momentum with improved business and consumer sentiment.

After two difficult years, IMCD's industrial activities in Brazil recovered. The pharmaceutical activities of IMCD Brasil delivered solid growth numbers in 2018.

Gross profit of operating segment Americas increased from EUR 89.4 million in 2017 to EUR 157.7 million, an increase of 76%. The increase in gross profit was the result of organic growth (22%), the impact of the first time inclusion of acquired companies (60%) and negative foreign currency exchange results (-6%).



Due to the impact of acquired businesses with gross profit margins below IMCD's average, gross profit margin slightly decreased by 0.1%-point from 19.8% in 2017 to 19.7% in 2018. The impact on the gross profit margin of acquisitions completed in 2017 and 2018 was for the larger part offset by margin improvement initiatives and changes in the product mix.

Operating EBITA increased by 69% from EUR 35.5 million in 2017 to EUR 60.1 million in 2018. On a constant currency basis the increase was 79%. It is reasonable to assume that approximately half of the operating EBITA growth is the result of the (full year) impact of acquisitions completed in 2017 and 2018.

The operating EBITA margin decreased by 0.4%-point from 7.9% in 2017 to 7.5% in 2018. The conversion margin decreased from 39.7% in 2017 to 38.1%. The decrease in EBITA margin and conversion margin in 2018 was mainly the result acquisitions of companies with lower than IMCD's average margins, completed in 2017 and 2018.

Asia-Pacific

EUR million	2018	2017	Change	Change	Fx adj. change
Revenue	335.7	314.9	20.7	7%	14%
Gross profit	70.2	65.2	5.1	8%	15%
Gross profit in % of revenue	20.9%	20.7%	0.2%		
Operating EBITA	31.2	28.1	3.1	11%	19%
Operating EBITA in % of revenue	9.3%	8.9%	0.4%		
Conversion margin	44.4%	43.2%	1.2%		

Despite substantial differences between the various countries in the region, in general Asia-Pacific showed good performance in 2018. Australia and New Zealand, responsible for approximately half of the revenues in the Asia-Pacific region, continued to contribute solid results and healthy cash generation in 2018. The operations in India and China continued to realise double digit growth numbers in 2018, mainly resulting from the addition of new supplier relationships and expansion of market segments. Overall, South East Asia was able to realise satisfactory results in 2018.

The investments in the start-up activities in Japan, Thailand and Vietnam over the last few years, to build and strengthen IMCD's presence in Asia-Pacific, resulted in considerable revenue growth in these countries.

On 13 November 2018, IMCD acquired 100% of the shares of Aroma Chemicals Agencies (India) Pvt. Ltd. and Alchemie Agencies Pvt. Ltd. (together: "Aroma"), expanding IMCD's existing network across India in the coatings, plastics and other speciality chemicals industries. The companies together employ approximately 70 employees in India and generated EUR 26 million revenue in full year 2017/2018 (financial year ending 31 March 2018).

In Asia-Pacific, revenue increased by 7% from EUR 314.9 million in 2017 to EUR 335.7 million in 2018. Revenue growth is the balance of organic growth (12%), the first time inclusion of Aroma (1%) and the negative impact of currency exchange rate developments (-6%). On a constant currency basis revenue growth was 14%. Gross profit increased by 15% on a constant currency basis, with an improved gross profit margin of 20.9% (2017: 20.7%). This gross profit margin increase was primarily the result of strong focus on margin improvement, the addition of new supplier relationships and changes in the product portfolio.



In 2018, operating EBITA was EUR 31.2 million, an increase of 11% compared to 2017. Corrected for the negative currency exchange rate developments in 2018, operating EBITA increased by 19%. Operating EBITA in % of revenue further improved from 8.9% in 2017 to 9.3% in 2018. The conversion margin increased from 43.2% in 2017 to 44.4% in 2018 and is the result of improved gross profit margins and adequate cost control.

Holding companies

EUR million	2018	2017	Change	Change	Fx adj. change
Operating EBITA	(17.0)	(14.5)	(2.5)	(17%)	(19%)
Operating EBITA in % of total revenue	(0.7%)	(0.8%)	0.1%		

Operating EBITA of Holding Companies represents costs related to the central head office in Rotterdam and the regional head offices in Singapore and New Jersey, US.

Operating costs increased by EUR 2.5 million from EUR 14.5 million in 2017 to EUR 17.0 million in 2018. This increase reflects the growth of IMCD and as a consequence the need to strengthen the support functions in both Rotterdam and the regional head offices. Despite the increase in absolute value, operating costs of the Holding companies in percentage of consolidated revenue decreased by 0.1%-point from 0.8% in 2017 to 0.7% in 2018.

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.

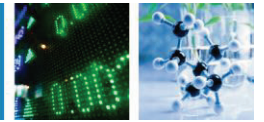
IMCD sees interesting opportunities to increase its global footprint and expand its product portfolio both organically and by acquisitions.

Financial calendar

1 March 2019	Full year 2018 results
8 May 2019	Q1 2019 Trading Update Annual General Meeting Dividend announcement
10 May 2019	Ex-dividend date
13 May 2019	Record date
14 May 2019	Payment date
16 August 2019	First half year 2019 results
12 November 2019	Q3 2019 Trading Update

For further information:

Investor Relations
T: +31 (0)10 290 86 84
ir@imcdgroup.com



Further information

Today's analysts call will start at 10 am CET. A recording of this call will be made available on the IMCD website (www.imcdgroup.com). The Annual Report 2018 and the convocation and other documentation for IMCD's Annual General Meeting on 8 May 2019 will be published and made available on IMCD's website.

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 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.

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.