

# IMCD reports 17% EBITA growth in the first nine months of 2015 (including acquisitions)

Rotterdam, The Netherlands (11 november 2015) - IMCD N.V. ("IMCD" or "Company"), a leading distributor of specialty chemicals and food ingredients, today announces the first nine months 2015 results.

## Highlights

- Gross profit growth of 14% to EUR 249.4 million (+11% on a constant currency basis)
- Operating EBITA increase of 17% to 96.3 EUR million (+14% on a constant currency basis)
- Net result before amortisation and non-recurring items EUR 63.6 million (first nine months of 2014: EUR 35.1 million)
- Cash EPS EUR 1.20

Piet van der Slikke, CEO, commented: 'We can look back on a good first nine months of 2015. Cash generation is in line with our objectives and the contribution to growth came from existing businesses and from newly acquired companies, mainly US based MF Cachat. The integration with Cachat is on track. We remain focussed on margin improvement and optimising the execution of our business model.'

## Key figures

EUR million	Jan. 1 - Sept. 30 2015	Jan. 1 - Sept. 30 2014	change	change	fx adj. change
Revenue	1,139.4	1,041.4	98.0	9%	7%
Gross profit	249.4	219.7	29.7	14%	11%
Gross profit in % of revenue	21.9%	21.1%	0.8%		
Operating EBITA <sup>1</sup>	96.3	82.5	13.8	17%	14%
Operating EBITA in % of revenue	8.5%	7.9%	0.5%		
Conversion margin <sup>2</sup>	38.6%	37.6%	1.0%		
Net Result before amortisation / non recurring items	63.6	35.1	28.5	81%	75%
Free cash flow <sup>3</sup>	80.8	55.4	25.4	46%	
Cash conversion margin <sup>4</sup>	81.8%	65.5%	16.3%		
Earnings per share (weighted)	0.90				
Cash earnings per share (weighted) <sup>5</sup>	1.20				
Number of full time employees end of period	1,685	1,521	164	11%	

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

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

<sup>3</sup> Operating EBITDA plus/less changes in working capital less capital expenditures

<sup>4</sup> Free cash flow in percentage of Operating EBITDA

<sup>5</sup> Earnings before amortisation net of tax





### Revenue

Revenue increased from EUR 1,041.4 million to EUR 1,139.4 million, an increase of 9% compared to the first nine months of 2014. Revenue in Europe was flat, Asia Pacific, Other Emerging Markets and the US contributed to the increase. The first time inclusion of acquired companies, in particular Danasia, Philippines (since September 2014), Kushalchand, India (since April 2015) and MF Cachat, United States (since 24 June 2015) had a positive contribution of approximately EUR 83 million to revenue. On a constant currency basis revenue increased with 7%.

### Gross profit

Gross profit (revenue less costs of materials and inbound logistics), one of the key performance indicators, increased by 14% to EUR 249.4 million (+11% on a constant currency basis). The gross profit in % of revenue improved in all regions resulting in an overall increase to 21.9% in the first nine months of 2015 (21.1% in the first nine months of 2014). This increase was the balance of further optimisation of the product portfolio, the first time inclusion of acquired companies, local market circumstances and the usual fluctuations in the product mix.

### Operating EBITA

In the first nine months of 2015 the operating EBITA amounted to EUR 96.3 million, an increase of 17% compared to the first nine months of 2014 (+14% on a constant currency basis). This growth was a combination of the first time inclusion of acquired companies and organic growth in all regions. Operating EBITA in % of revenue increased to 8.5% compared to 7.9% in the first nine months of 2014.

### Cash flow and capital expenditure

Free cash flow was EUR 80.8 million compared to EUR 55.4 million in the first nine months of 2014, an increase of EUR 25.4 million. The cash generative nature of the business combined with asset light operations resulted in a cash conversion margin of 81.8% compared to 65.5% in the first nine months of 2014. The higher operating EBITDA combined with lower working capital investments was the main driver of this improvement.

The investment in working capital (sum of inventories, trade and other receivables minus trade and other payables) in the first nine months of 2015 was EUR 16.1 million compared to EUR 27.5 million in the first nine months of 2014.

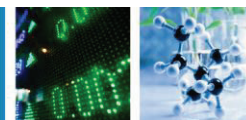
Capital expenditure in the first nine months of 2015 was EUR 2.4 million compared to EUR 1.7 million in the same period of 2014.

### Net debt

Net debt was EUR 421.8 million on 30 September 2015, compared to EUR 257.8 million as per 31 December 2014.

The increase in net debt is predominantly the balance of positive cash flows from operating activities and the net proceeds from the issuance of new shares of EUR 84.2 million in the second quarter of 2015, set off by cash outflows as a result of acquisition purchase prices paid and a dividend payment of EUR 10 million. Furthermore, net debt increased with approximately EUR 53 million due to the increase of deferred contingent considerations related to acquisitions made.

The reported leverage ratio at the end of September 2015, including the last full year result of MF Cachat, was 2.9 times EBITDA (2.3 times at the end of December 2014).



Calculated on the basis of the definitions used in the IMCD loan documentation, the leverage ratio at the end of September 2015 was 2.4 times EBITDA (2.2 times at the end of December 2014).

## Developments by region

### Europe

EUR million	Jan. 1-Sept. 30 2015	Jan. 1-Sept. 30 2014	change	change	fx adj. change
Revenue	748.2	744.6	3.6	0%	-1%
Gross profit	172.8	164.8	8.0	5%	3%
Gross profit in % of revenue	23.1%	22.1%	1.0%		
Operating EBITA	69.7	65.1	4.6	7%	4%
Operating EBITA in % of revenue	9.3%	8.7%	0.6%		

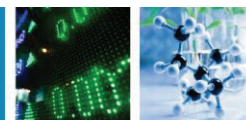
Gross profit improved with EUR 8.0 million (+5%) to EUR 172.8 million despite more or less stable revenues. As a consequence, gross profit in % of revenue further increased to 23.1% (22.1% in the first nine months of 2014). Market circumstances in most of the European business lines could be characterized as challenging with modest growth. Operating EBITA increased with 7% to EUR 69.7 million (EUR 65.1 million in the first nine months of 2014). EBITA growth was organic whereby the operating EBITA in % of revenue increased to 9.3% compared to 8.7% in the first nine months of 2014.

### Asia Pacific

EUR million	Jan. 1-Sept. 30 2015	Jan. 1-Sept. 30 2014	change	change	fx adj. change
Revenue	227.7	212.0	15.7	7%	3%
Gross profit	43.0	36.6	6.4	17%	13%
Gross profit in % of revenue	18.9%	17.3%	1.6%		
Operating EBITA	20.5	17.4	3.1	18%	15%
Operating EBITA in % of revenue	9.0%	8.2%	0.8%		

Revenue in Asia Pacific increased 7%, to EUR 227.7 million and +3% on a constant currency basis. Gross profit increased by 17% to EUR 43.0 million with a gross profit in % of revenue of 18.9% (17.3% in the first nine months of 2014). Since the middle of 2015, most of the local currencies in Asia Pacific substantially weakened versus the EUR and the USD. These currency developments had a negative impact on the gross margin % as most of the purchases are in non-local currencies. The operating EBITA increased by 18% to EUR 20.5 million and the operating EBITA in % of revenue rose from 8.2% to 9.0%.

The first nine months 2015 results include the effects of Danasia (Philippines) and Kushalchand (India) acquired in 2014 and 2015 respectively (contributing approximately EUR 10 million in revenue).



## Other Emerging Markets

EUR million	Jan. 1-Sept. 30 2015	Jan. 1-Sept. 30 2014	change	change	fx adj. change
Revenue	90.5	84.8	5.8	7%	10%
Gross profit	21.0	18.2	2.9	16%	17%
Gross profit in % of revenue	23.2%	21.5%	1.8%		
Operating EBITA	7.2	6.7	0.5	7%	7%
Operating EBITA in % of revenue	7.9%	7.9%	0.0%		

Other Emerging Markets represents IMCD's operations in Turkey, South Africa and Brazil. Despite difficult local market circumstances combined with a substantial weakening of local currencies, revenue increased with 7% to EUR 90.5 million (+10% on a constant currency basis). Gross profit improved by 16% to EUR 21.0 million with a higher gross profit in % of revenue of 23.2% (21.5% in the first nine months of 2014). Operating EBITA improved organically by 7% to EUR 7.2 million (EUR 6.7 million in the first nine months of 2014) whereby the operating EBITA in % of revenue remained stable at 7.9%.

## MF Cachat

On 23 June 2015 the acquisition of US based MF Cachat was completed whereby results, assets and liabilities were fully consolidated as of 24 June 2015. The revenue contribution of MF Cachat since the acquisition date was EUR 72.9 million with a gross profit margin of 17.2% and an operating EBITA of EUR 7.3 million.

## Holding companies

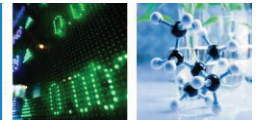
EUR million	Jan. 1-Sept. 30 2015	Jan. 1-Sept. 30 2014	change	change	fx adj. change
Operating EBITA	-8.4	-6.7	-1.8	-27%	-23%

Holding companies relate to all non-operating companies, including the head office in Rotterdam and the regional office in Singapore. The rise in costs is due to the growth of IMCD resulting in strengthening the support functions both in Rotterdam and Singapore, costs related to a share based long term incentive plan (LTIP) of EUR 0.5 million and additional costs as a consequence of the listing in June 2014. In the course of the third quarter of 2015, the Company purchased 100,000 IMCD shares to hedge its potential obligations arising from conditionally awarded performance shares under IMCD's LTIP.

## 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 relations and the timing, scope and impact of acquisitions.

Based on the performance in the first nine months of 2015 and the strong fundamentals of the business, excluding the contribution of the acquired companies, IMCD expects continuing EBITA growth in 2015.



## Financial calendar

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16 March 2016	Full year 2015 results
12 May 2016	First quarter 2016 results
12 May 2016	Annual General Meeting
23 August 2016	First half year 2016 results
16 November 2016	Third quarter 2016 results

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## About IMCD

IMCD is a market-leader in the sales, marketing and distribution of specialty chemicals and food ingredients. Its dedicated experts provide market-focused solutions to suppliers and customers across Europe, Africa, Asia-Pacific and Americas, offering a range of comprehensive product portfolios, including innovative formulations that embrace industry trends.

Listed at Euronext, Amsterdam (IMCD.AS), IMCD realised revenues of EUR1,358 million in 2014. In over 35 countries on 6 continents its dedicated team of more than 1,700 technical and commercial experts work in close partnership to tailor best in class solutions for around 33,000 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. The annual report is available on [www.imcdgroup.com](http://www.imcdgroup.com).