

Press release

IMCD reports EBITA of EUR 403 million in the first nine months of 2024

Rotterdam, The Netherlands (8 November 2024) - IMCD N.V. ("IMCD" or "Company"), a global leading distribution partner, and formulator of speciality chemicals and ingredients, today announces its first nine months 2024 results.

HIGHLIGHTS

- Gross profit increase of 6% to EUR 909 million (+8% on a constant currency basis)
- Operating EBITA increase of 1% to EUR 403 million (+3% on a constant currency basis)
- Free cash flow of EUR 299 million (first nine months of 2023: EUR 364 million)
- Cash earnings of EUR 4.67 (first nine months of 2023: EUR 4.68)
- Strengthening of our position in all operating segments through 12 acquisitions year to date

Valerie Diele-Braun, CEO: *"I am pleased to report solid results for the first nine months of the year, despite the volatile global economic environment. On a forex adjusted basis, we delivered gross profit growth of 8% and an increase in operating EBITA of 3%. All segments contributed to our organic operating EBITA growth of 5% in the third quarter. Furthermore, we successfully expanded our global network and product portfolio by three acquisitions in EMEA and Latin America. We continue to look for opportunities to further strengthen our business through expansion of our product portfolio and by selective acquisitions, whilst remaining focused on optimising our commercial and operational excellence."*

KEY FIGURES

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

Key performance indicators¹

EUR MILLION	JAN. 1 - SEPTEMBER 30, 2024	JAN. 1 - SEPTEMBER 30, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	3,584	3,379	205	6%	7%
Gross profit	909	856	53	6%	8%
Gross profit as a % of revenue	25.4%	25.3%	0.1%		
Operating EBITA	403	400	3	1%	3%
Operating EBITA as a % of revenue	11.2%	11.8%	(0.6%)		
Conversion margin	44.3%	46.8%	(2.5%)		
Net result	202	214	(12)	(6%)	(4%)
Free cash flow	299	364	(65)	(18%)	
Cash conversion margin	72.5%	89.1%	(16.6%)		
Earnings per share (EUR)	3.55	3.76	(0.21)	(6%)	(4%)
Cash earnings per share (EUR)	4.67	4.68	(0.01)	(0%)	1%
Number of full time employees end of period	5,006	4,700	306	7%	

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

Revenue

In the first nine months of 2024, revenue increased by 6% to EUR 3,583.6 million, compared with EUR 3,378.7 million in the same period of 2023 (+7% on a constant currency basis), driven by the combination of an organic decline (-1%), the impact of the first time inclusion of companies acquired in 2023 and 2024 (+8%) and foreign currency exchange rate impacts (-1%).

In the third quarter of 2024 revenue increased by 10% (+12% on a constant currency basis), compared with the same period of 2023. This increase was the result of organic growth (+5%), the impact of the first-time inclusion of acquisitions (+7%) and foreign currency impacts (-2%). All regions delivered organic revenue growth in the third quarter of 2024.

Gross profit

Gross profit, defined as revenue less cost of materials and inbound logistics, increased by 6% from EUR 855.7 million in the first nine months of 2023 to EUR 909.2 million in the same period of 2024. The increase in gross profit was the result of limited organic growth, the impact of the first-time inclusion of acquisitions (+7%) and foreign currency exchange rate results (-1%).

In the third quarter of 2024 gross profit increased by 11% (+13% on a constant currency basis), compared with the same period of 2023. This increase was the result of organic growth (+7%), the impact of the first-time inclusion of acquisitions (+6%) and foreign currency impacts (-2%). All regions delivered organic gross profit growth in the third quarter of 2024.

Gross profit as a % of revenue increased by 0.1%-point from 25.3% in first nine months of 2023 to 25.4% in 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 increased by EUR 2.9 million (+1%) from EUR 400.2 million in the first nine months of 2023 to EUR 403.1 million in the same period of 2024 (+3% on a constant currency basis). The increase in operating EBITA of 1%, consists of organic developments of -5%, the impact of the first-time inclusion of acquisitions completed in 2023 and 2024 of +8%, and foreign currency exchange rate impacts of -2%.

In the third quarter of 2024 operating EBITA increased by 11% (+13% on a constant currency basis), compared with the same period of 2023. This increase was the result of organic growth (+5%), the impact of the first-time inclusion of acquisitions (+8%) and foreign currency impacts (-2%). All regions delivered organic operating EBITA growth in the third quarter of 2024.

Operating EBITA as a % of revenue declined by 0.6%-point from 11.8% in the first nine months of 2023 to 11.2% in 2024.

The conversion margin, defined as operating EBITA in percentage of gross profit was 44.3% in the first nine months of 2024, compared with 46.8% in the same period of 2023. The decline in conversion margin is the result of higher gross profit being offset by inflation-driven own cost growth.

Cash flow and capital expenditure

In the first nine months 2024 free cash flow was EUR 299.5 million, compared with EUR 363.8 million in the same period of 2023.

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 72.5% compared with 89.1% in the first nine months of 2023. The decrease in the cash conversion margin in 2024 is mainly the result of higher operating EBITDA being offset by 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 nine months of 2024 was EUR 106.0 million compared with EUR 37.1 million in the first nine months of 2023. As at the end of September 2024, net working capital in days of revenue was 68 days (first nine months 2023: 66 days).

In the first nine months of 2024, capital expenditure was EUR 7.5 million (EUR 7.5 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 30 September 2024, net debt was EUR 1,585.0 million compared with EUR 1,285.6 million as of 31 December 2023.

On 29 August 2024, IMCD issued an EUR 500 million rated corporate bond with institutional investors. This senior unsecured bond, matures on 30 April 2030 and has a fixed coupon of 3.625% per annum. The bond is traded on the EURO MTF market on the Luxembourg Stock Exchange. The proceeds of the bond issue will be used for general corporate purposes including repayment of existing debt and to further enhance the flexibility of IMCD's capital structure.

The adjusted leverage ratio (net debt/operating EBITDA ratio including full year impact of acquisitions) as at the end of September 2024, was 2.8 times EBITDA (31 December 2023: 2.3). The actual leverage, calculated on the basis of the definitions used in the IMCD loan documents, was 2.7 times EBITDA as at 30 September 2024 (31 December 2023: 1.7).

The leverage development in the nine months of 2024 is, among other things, influenced by a dividend payment of EUR 127.7 million in May and by considerations paid for acquired businesses of EUR 277.1 million.

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, Guatemala and El Salvador
- 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 segment in the first nine months of 2024 are as follows.

EMEA

EUR MILLION	JAN. 1 - SEPTEMBER 30, 2024	JAN. 1 - SEPTEMBER 30, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,519.5	1,481.3	38.2	3%	4%
Gross profit	422.3	405.6	16.7	4%	5%
Gross profit as a % of revenue	27.8%	27.4%	0.4%		
Operating EBITA	186.3	188.1	(1.8)	(1%)	1%
Operating EBITA as a % of revenue	12.3%	12.7%	(0.4%)		
Conversion margin	44.1%	46.4%	(2.3%)		

Revenue was EUR 1,519.5 million in the first nine months of 2024, compared with EUR 1,481.3 million in the same period of 2023. The revenue increase of 3% is the result of the impact of the first-time inclusion of acquisitions completed in 2023 and 2024 (+4%) and foreign currency exchange rate developments (-1%).

In the first nine months of 2024, gross profit increased by 4% (+5% on a constant currency basis) to EUR 422.3 million, compared with EUR 405.6 million in the same period of 2023. The gross profit increase is the result of organic growth of 2%, the impact of the first-time inclusion of acquisitions completed in 2023 and 2024 of 3%, and the impact of foreign currency exchange rate developments of -1%. Gross profit margin increased by 0.4%-point from 27.4% in the first nine months of 2023, to 27.8% in 2024.

Operating EBITA declined by 1%, from EUR 188.1 million in the first nine months of 2023 to EUR 186.3 million in 2024. Organic EBITA development was -3%, growth as a result of acquisitions completed in 2023 and 2024 was +4% and the foreign currency impacts were -2% in the first nine months of 2024.

Compared with the same period of 2023, operating EBITA as a % of revenue declined by 0.4%-point to 12.3% in the first nine months of 2024.

The first nine 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, Poland, USA) in July 2023, Gova (Benelux) in March 2024, Selechimica (Italy) in June 2024, and Arena (UK) and Cobapharma (Spain) in July 2024.

Acquisitions:

On 17 July 2024, IMCD acquired 100% of the shares of Cobapharma, S.L.U ("Cobapharma"), a Spanish distributor in the pharmaceutical and nutraceutical industry. With 20 employees, Cobapharma generated revenues of approximately EUR 19 million in 2023.

Americas

EUR MILLION	JAN. 1 - SEPTEMBER 30, 2024	JAN. 1 - SEPTEMBER 30, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	1,106.4	1,086.7	19.7	2%	3%
Gross profit	273.3	261.5	11.9	5%	5%
Gross profit as a % of revenue	24.7%	24.1%	0.6%		
Operating EBITA	120.4	123.6	(3.2)	(3%)	(2%)
Operating EBITA as a % of revenue	10.9%	11.4%	(0.5%)		
Conversion margin	44.0%	47.3%	(3.3%)		

Revenue increased by 2% from EUR 1,086.7 million in the first nine months of 2023 to EUR 1,106.4 million in the same period of 2024. The organic revenue development was -2%, the impact of the first-time inclusion of acquisitions completed in 2023 and 2024 was +5% and the impact of foreign currency exchange rate developments was -1%.

In the first nine months of 2024, the America segment reported a gross profit increase of EUR 11.9 million (+5%) to EUR 273.3 million, compared with EUR 261.5 million in the same period of 2023. The increase in gross profit was the result of the impact of the first-time inclusion of acquired businesses (+6%) and negative foreign currency exchange results (-1%).

Gross profit as a percentage of revenue increased by 0.6%-point from 24.1% in the first nine months of 2023 to 24.7% in 2024.

In the first nine months of 2024, operating EBITA declined by EUR 3.2 million (-3%) to EUR 120.4 million, compared with EUR 123.6 million in the same period of 2023. The decline in operating EBITA was the result of organic developments (-9%), the impact of the first time inclusion of acquisitions completed in 2023 and 2024 (+7%) and a negative impact of foreign currency exchange rate developments (-1%).

Compared with the same period of 2023, operating EBITA as a % of revenue decreased by 0.5%-point to 10.9% in the first nine months of 2024. The conversion margin was 44.0% compared with 47.3% in the the first nine months of 2023.

The results of the first nine months of 2024 include the impact of the acquisition of Allianz (Colombia) in May 2023, Sachs (Puerto Rico) and MAPRIN (Chile) in August 2023, Joli foods (Colombia) in February 2024 and Bretano (Costa Rica, El Salvador, Mexico and Guatemala) in May 2024.

Acquisitions:

On 6 November 2024, IMCD acquired 100% of the shares in Importadora y Distribuidora Blumos SpA, Transportes Blumos SpA and Comercial e Industrial Solutec SpA in Chile, Sonutra Blumos SAC in Peru and Blumos S.A. in Argentina (jointly: "Blumos Group"). Blumos Group distributes a comprehensive portfolio of speciality ingredients and chemicals for the food, pharmaceutical, and industrial markets across Latin America. With approximately 160 employees, Blumos group generated revenues of approximately USD 54 million in 2023.

Asia-Pacific

EUR MILLION	JAN. 1 - SEPTEMBER 30, 2024	JAN. 1 - SEPTEMBER 30, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Revenue	957.6	810.8	146.8	18%	21%
Gross profit	213.6	188.6	25.0	13%	16%
Gross profit as a % of revenue	22.3%	23.3%	(1.0%)		
Operating EBITA	125.5	112.6	12.9	11%	14%
Operating EBITA as a % of revenue	13.1%	13.9%	(0.8%)		
Conversion margin	58.8%	59.7%	(0.9%)		

In Asia-Pacific, revenue increased by 18% from EUR 810.8 million in the first nine months months of 2023 to EUR 957.6 million in 2024. Revenue growth in 2024 is the result of a combination of a limited organic increase, growth as a result of acquisitions completed in 2023 and 2024 (+20%) and foreign currency impacts (-2%).

In the first nine months of 2024, gross profit increased by 13%, which is the result of a combination of an organic increase of 1%, the impact of the first time inclusion of businesses acquired in 2023 and 2024 of +14% and a foreign currency impact of -2%. The gross profit margin was 22.3% in 2024, compared with 23.3% in the first nine 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 increased by 11% to EUR 125.5 million in the first nine months of 2024. The organic development of operating EBITA was -2%, growth as a result of acquisitions completed in 2023 and 2024 was +15% and foreign currency impacts were -2%. Operating EBITA as a % of revenue decreased by 0.8%-point to 13.1%.

The results of the first nine 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, Brylchem Group (Singapore/Vietnam) in November 2023, Valuetree Ingredients Private Limited (India) in January 2024, CJ Shah (India), Euro-Chemo-Pharma and Biofresh (Malaysia) and Guangzhou RBD Chemical Co., Ltd. (China) in February 2024, and Reschem (Australia/New Zealand) in May 2024.

Holding companies

EUR MILLION	JAN. 1 - SEPTEMBER 30, 2024	JAN. 1 - SEPTEMBER 30, 2023	CHANGE	CHANGE	FX ADJ. CHANGE
Operating EBITA	(29.1)	(24.1)	(5.0)	(21%)	(21%)
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 5.0 million from EUR 24.1 million in the first nine months of 2023 to EUR 29.1 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.

Macro-economic and political uncertainty make future developments and demand difficult to predict. However we remain confident that our strong commercial teams, digital and logistic infrastructure and the resilience of our business model, will continue to contribute value to our stakeholders and sustain our growth trajectory.

FINANCIAL CALENDAR

5 March 2025	Full year 2024 results
25 April 2025	First three months 2025 results
25 April 2025	Annual General Meeting of shareholders
30 July 2025	First half year 2025 results
7 November 2025	First nine months 2025 results
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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).

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	PURPOSE FOR IMCD
Adjusted leverage ratio	Net debt divided by last twelve months EBITDA, whereby EBITDA includes the pre-closing EBITDA for businesses acquired year-to-date	The adjusted leverage ratio measures the net debt relative to EBITDA, including pre-closing EBITDA for acquisitions completed year-to-date. This metric helps to manage debt levels and maintain financial resilience.
Adjusted EBITDA	Operating EBITDA plus non-cash share-based payment costs minus lease payments	IMCD uses adjusted EBITDA to monitor operational performance and for strategic decision making and is also used for calculating the cash conversion margin.
Cash conversion margin	Free cash flow as a percentage of adjusted operating EBITDA	Cash conversion margin measures the ability of converting operational results into cash.
Cash earnings per share	Result for the year before amortisation (net of tax) divided by the weighted average number of outstanding shares	IMCD uses cash earnings per share for monitoring profitability per share, correcting for the impact of the non-cash amortisation expenses and hence providing an indication for the cash generation per share.
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	Central cost allocation is used to ensure a fair share of head office service costs is allocated to the group entities.
Constant currency basis	Historical results translated at current year's foreign currency exchange rates (forex adjusted results)	IMCD uses constant currency basis to eliminate currency fluctuation effects when comparing current year's results with last year results.
Conversion margin	Operating EBITA as a percentage of gross profit	IMCD uses the conversion margin to manage operational efficiency and cost management.
EBITA	Result from operating activities before amortisation of intangible assets, and before acquisition costs and results related to one-off adjustments to the organisation	EBITA and EBITDA are metrics used by IMCD and its peers in the market to evaluate and manage its operational performance.
EBITDA	Result from operating activities before depreciation of property plant and equipment, amortisation of intangible assets, and before acquisition costs and results related to one-off adjustments to the organisation	EBITA and EBITDA are metrics used by IMCD and its peers in the market to evaluate and manage its operational performance.
Free cash flow	Operating EBITDA excluding non-cash share-based payment expenses, less lease payments, plus/less changes in working capital, less capital expenditures	IMCD uses free cash flow as a performance indicator for operational cash generation. Free cash flow provides insight into the available funds for financing related payments, tax payments, distribution of dividends and for funding strategic initiatives.

APM	DESCRIPTION	PURPOSE FOR IMCD
Gross profit	Revenue minus costs of materials and inbound logistics	IMCD uses Gross Profit and the Gross Profit % to measure profitability to assess commercial performance and support sustainable growth.
Gross profit %	Gross profit as a percentage of revenue	IMCD uses Gross Profit and the Gross Profit % to measure profitability to assess commercial performance and support sustainable growth.
Leverage ratio	Net debt divided by last twelve months EBITDA	The leverage ratio is used to assess the financial health and risks of the group, and supports investment and financing decisions.
Net capital expenditure	Acquisition of property, plant and equipment minus proceeds from disposals of property, plant and equipment and intangible assets	Net capital expenditure supports IMCD to effectively manage and optimise capital spending for funding and strategic initiatives.
Net debt	The total of current and non-current loans and borrowings, short term financial liabilities minus cash and cash equivalents	Net debt is used to manage liquidity effectively and assess financial risks accurately, ensuring financial resilience.
Operating EBITA	EBITA excluding central cost allocation charges (on consolidated level equal to EBITA)	Operating EBITA and Operating EBITDA are measures that IMCD uses to evaluate its operational profitability and analyse operational performance. In these metrics the impacts of central cost allocation charges are excluded.
Operating EBITDA	EBITDA excluding central cost allocation charges (on consolidated level equal to EBITDA)	Operating EBITA and Operating EBITDA are measures that IMCD uses to evaluate its operational profitability and analyse operational performance. In these metrics the impacts of central cost allocation charges are excluded.
Operational working capital	Working capital excluding accrued interest expenses and excluding current tax liabilities	Operational working capital is used in managing short-term liquidity, cost optimisation and managing operational risks.
Organic growth/decline	The remaining change in the results as compared with the prior period, after changes in results attributable to acquired businesses and the effect of fluctuations in foreign currency exchange rates	Organic growth/decline, which excludes the impacts of acquisitions and currency fluctuations, provides insight into IMCD's core business performance.
Own Cost	Cost (excluding acquisition costs and results related to one-off adjustments to the organisation) related to wages and salaries, social security and other charges, depreciation of property, plant and equipment, and other operating expenses	Own cost supports in optimising organisational cost structures effectively and enhancing operational efficiency.
Working capital	Inventories, trade and other receivables less trade payables and other payables	IMCD monitors its working capital ensuring effective resource allocation and operational liquidity for sustaining daily operations.

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 it plays 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 8 November 2024, 7:00 am CET.