

## IMCD N.V



- Strong growth (+66% revenue since 2020), a leading market position (#7 globally), and ROCE 45% > peers.
- Comparatively low liquidity ratios & some concentration risk, countered by low leverage (~1/3 below peers) debt levels leaving ample room to get liquidity if needed.

Strengths

- Strong Financial Performance:** IMCD has shown consistent revenue growth over the past three years, with revenue increasing from €2.79bn in FY-2020 to €4.63bn in FY-2022, supported by a robust EBITDA margin improvement from 9.5% to 12.4% over the same timeframe.
- Diverse Product Portfolio:** Wide range of specialty chemicals and ingredients, catering to multiple industries such as pharmaceuticals, food & nutrition, and personal care, which diversifies its revenue streams and reduces dependency on any single market.
- Global Presence and Network:** With operations in over 60 countries, IMCD has a strong global footprint, providing it with a broad market reach and the ability to leverage international growth opportunities.

Challenges

- Dependence on Supplier Relationships:** The business model relies heavily on its relationships with suppliers. Disruption in these relationships could impact product availability and profitability.
- Competitive Industry Pressures:** Operating in the specialty chemicals industry, IMCD faces intense competition, which could pressure margins and market share, especially in a scenario of economic downturn or supply chain disruptions.

### Scorecard Summary

	Weight	Score	Dimension	Contribution
Financial	75%	6.4	Liquidity	<div></div>
			Leverage	<div></div>
			Profitability	<div></div>
Business	25%	6.3	Industry Risk	<div></div>
			Competitive Position	<div></div>
			Mgmt / Governance	<div></div>
			Sponsor / Parent	<div></div>
Modifiers	0.9		Revenue Segment	<div></div>
			Trend Analysis	<div></div>
			Other Modifier	<div></div>

### Company Overview

Headquarters	Rotterdam, the Netherlands	Netherlands
Type	Public	
Employees	4,323	
Year Founded	1995	
Website	https://www.imcdgroup.com	
Business	Formulation, sales and distribution of speciality chemicals.	
Revenues	EUR 4.6bn	

- Company Overview:** IMCD N.V. is a leading global distributor and marketer of specialty chemicals and ingredients, headquartered in Rotterdam, Netherlands.
- Product:** The company's extensive product portfolio includes additives, raw materials, and specialty chemicals used in a variety of industries such as pharmaceuticals, food & nutrition, personal care, and coatings & construction.
- Customers:** IMCD serves a diverse customer base across multiple industries worldwide, leveraging its strong supply chain and technical expertise. The entity operates in over 60 countries.
- Ownership:** IMCD is publicly traded on the Euronext Amsterdam stock exchange, with a broad shareholder base.

### Financial Ratio Benchmarking

# of Benchmarks:		47	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.02	1.74		<div></div>
	Quick Ratio	1.17	1.04		<div></div>
Leverage	Net Debt / EBITDA	2.84	1.79		<div></div>
	Debt to Assets	37.5%	34.3%		<div></div>
Profitability	EBITDA Margin	11.7%	12.4%		<div></div>
	ROCE %	11.6%	16.8%		<div></div>
		Revenue	\$2,098M	EUR 4.6bn	
<ul style="list-style-type: none"><li>Relatively strong debt management position with Leverage ratio of 1.79 in FY 2022 vs the peer median of 2.84</li><li>ROCE of 16.8% in FY 2022, outperforms the peer median by 45%</li></ul>					

### Financial Statement Highlights

EUR '000s	Dec-20 T12	Dec-21 T12	Dec-22 T12	Chg
Income Statement				
Total Revenue	2,787	3,460	4,626	33.7%
Gross Profit	578	759	1,040	37.1%
Adjusted EBITDA	264	398	573	43.9%
Gross Profit Margin	20.7%	21.9%	22.5%	+56 bps
EBITDA Margin	9.5%	11.5%	12.4%	+88 bps
Balance Sheet				
Cash And Cash Equivalents	169	178	222	24.8%
Total Current Assets	1,009	1,324	1,546	16.8%
Total Assets	2,697	3,271	3,644	11.4%
Total Current Liabilities	712	984	890	-9.6%
Total Debt	896	1,118	1,249	11.7%
Total Equity	1,252	1,461	1,673	14.5%
Cash Flow				
Net Income	120	207	313	51.0%
CAPEX	9	6	11	77.9%
Depreciation & Amortization	73	93	111	20.1%
Fixed Charge Coverage Ratio	0.59x	0.67x	1.35x	+0.7x

- Consistent revenue growth, reaching €4.63bn in FY-2022 (+66% since FY-2020)
- Net income increased significantly from €120mn in FY 2020 to €313mn FY-2022, reflecting efficient cost management and operational excellence.
- With a current ratio of 1.74 and a net debt to EBITDA ratio of 1.79 in FY 2022, IMCD demonstrates a healthy balance sheet and generally healthy liquidity position.

### Business Risk Highlights

- Industry Risk:** Key success factors in this industry include innovation and technological advancement, regulatory compliance, and supply chain efficiency. CAGR-projection over the next few years is 5.0%
- Competitive Position:** While IMCD holds a strong position in the market, the highly competitive nature of the industry requires continuous innovation and adaptation to maintain its edge. Considering their recent growth in revenue, net income, and and EBITDA Margin above its' peers suggests an above average competitiveness.
- Management and Governance:** The company expects a change in the CEO position (announced in 2021), after 25 years, in 2024. Overall, the entity demonstrates a stable governance framework with a focus on sustainable growth and risk management.
- Ownership:** Public, ticker IMCD.AS