Azelis Press Release

Antwerp, Belgium, April 24th, 2025 - 07.00am CET

Sustained organic revenue growth in Q1 2025

Highlights Q1 2025

- Revenue of EUR 1.1bn, representing year-on-year increase of 4.5% (+4.7% on a constant currency basis), driven by 2.5% organic growth, and a 2.2% revenue growth contribution from acquisitions.
- Gross profit of EUR 263.8m resulting in gross profit margin of 24.0%. The 77 bp gross profit margin contraction reflects the mix effect from higher contribution from Industrial Chemicals and recent acquisitions.
- Adjusted EBITA of EUR 119.7m, implying Adjusted EBITA margin of 10.9%, and conversion margin of 45.4%. The weaker EBITA and conversion margins reflect increased operating costs in anticipation of a return to growth.
- Free cash flow of EUR 120.3m representing an 875 bp expansion in cash conversion ratio to 99.7%.
- Leverage ratio was unchanged from December 2024 at 2.9x, and compares to 2.7x in the prior year.
- The Group has commenced contingency measures to deliver EUR 20m in annualised cost savings as a measure of prudence given the ongoing uncertainty.
- Management is confident that Azelis is well-positioned to navigate the volatility driven by global trade discussions. In light of rising uncertainty, we will continue to focus on appropriate cost control to ensure that we balance growth and profitability in a rapidly shifting environment.

(in millions of €)	Q1 2025	Q1 2024	Change	Constant currency
Life Sciences	693.3	668.8	3.7%	3.9%
Industrial Chemicals	404.6	382.3	5.8%	6.1%
Revenue	**1,097.8**	**1,051.0**	**4.5%**	**4.7%**
Gross profit	263.8	260.6	1.2%	1.4%
Gross profit margin	24.0%	24.8%	-77 bp	-80 bp
Adjusted EBITDA[1]	130.5	134.3	-2.8%	-2.7%
Adjusted EBITDA margin	11.9%	12.8%	-89 bp	-90 bp
Adjusted EBITA[1]	**119.7**	**124.3**	**-3.8%**	**-3.7%**
Adjusted EBITA margin	**10.9%**	**11.8%**	**-93 bp**	**-95 bp**
Conversion margin[1]	45.4%	47.7%	-236 bp	-236 bp
Free cash flow[1]	120.3	114.5	5.1%	
FCF conversion ratio[1]	99.7%	91.0%	875 bp	
Net working capital / revenue normalised for acquisitions[1]	14.7%	13.9%	81 bp	
Leverage ratio[1]	2.9	2.7	+ 0.2x	

1 Refer to the definitions of Alternative Performance Measures in the Group's Integrated Report

Comment from Anna Bertona, Group CEO: "Our performance in the first quarter of 2025 demonstrates the benefit of our diversified footprint, and the dedication of our teams to deliver performance across our businesses in a volatile environment.

Although the pace of recovery continues to vary across regions, we have sustained good topline performance and delivered 2.5% organic revenue growth in the first quarter. However, the uncertainty resulting from tariff discussions around the world has since shifted sentiment and reduced visibility in the order book. The Group has therefore commenced contingency measures to protect profitability while trading pattern remains volatile.

Despite the growing trade uncertainty around the world, we are confident that we have the right strategy to navigate the resulting challenges, as well as benefit from the opportunities created by the volatility in the industry. In light of ongoing uncertainty, we will continue to focus on appropriate cost control to ensure that we balance growth and profitability in a rapidly shifting environment."

Conference call

The management of Azelis invites you to a conference call and live webcast at 09:00 CET to discuss our Q1 2025 results and current operating trends. Please click here to view the webcast.

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Operational review

Headline results

(in millions of €)	Q1 2025	Q1 2024	F/X	M&A	Organic	Total
EMEA	495.9	460.1	-0.6%	3.9%	4.5%	7.8%
Americas	383.8	371.3	0.2%	0.4%	2.8%	3.3%
Asia Pacific	218.2	219.6	-0.2%	1.6%	-2.1%	-0.6%
Group revenue	**1,097.8**	**1,051.0**	**-0.3%**	**2.2%**	**2.5%**	**4.5%**
EMEA	126.2	121.1	-0.5%	2.6%	2.0%	4.2%
Americas	92.3	92.3	0.4%	0.4%	-0.8%	0.0%
Asia Pacific	45.3	47.2	-0.3%	3.6%	-7.2%	-3.9%
Group gross profit	**263.8**	**260.6**	**-0.1%**	**2.0%**	**-0.6%**	**1.2%**
EMEA	62.1	65.8	-0.7%	2.5%	-7.3%	-5.6%
Americas	43.1	45.2	0.7%	0.4%	-5.7%	-4.6%
Asia Pacific	23.9	22.2	0.0%	5.6%	2.0%	7.6%
Adjusted EBITA[1]	**119.7**	**124.3**	**-0.1%**	**2.5%**	**-6.1%**	**-3.8%**

1 Total Adjusted EBITA includes Holding companies

EMEA

(in millions of €)	Q1 2025	Q1 2024	Change	Constant currency
Revenue	495.9	460.1	7.8%	8.4%
Gross profit	126.2	121.1	4.2%	4.6%
Gross profit margin	25.4%	26.3%	-88 bp	-92 bp
Adjusted EBITDA	67.0	69.7	-3.8%	-3.0%
Adjusted EBITDA margin	13.5%	15.1%	-163 bp	-161 bp
Adjusted EBITA	62.1	65.8	-5.6%	-4.8%
Adjusted EBITA margin	12.5%	14.3%	-177 bp	-176 bp
Conversion margin	49.2%	54.3%	-508 bp	-494 bp

EMEA revenue was EUR 495.9m in Q1 2025, representing a year-on-year increase of 7.8%, of which 4.5% was organic. The Group delivered robust performance across its businesses in the region, supported by positive trends across most end markets.

During the quarter, we continued to see volume improvements in most end markets in Life Sciences, notably in Food & Nutrition (F&N) and Agricultural & Environmental Solutions (A&ES), and a recovery in our Pharmaceuticals & Healthcare business. Performance in Industrial Chemicals was driven by strong volume growth and constructive pricing across most end markets, notably in CASE (coatings, adhesives, sealants, elastomers) and Lubricants & Metalworking Fluids (L&MWF).

Gross profit for the period was EUR 126.2m, implying gross profit margin of 25.4%. The 88 bp gross margin contraction reflects the negative mix effect from higher contribution from Industrial Chemicals businesses in the region. Adjusted EBITA was EUR 62.1m, driving a 177 bp contraction in Adjusted EBITA margin compared to the prior year to 12.5%. This was driven mainly by higher personnel cost during the period and negative mix effect from recent acquisitions. The lower gross profit and Adjusted EBITA margins resulted in a 508 bp contraction in conversion margin to 49.2%.

Innovation through formulation

Americas

(in millions of €)	Q1 2025	Q1 2024	Change	Constant currency
Revenue	383.8	371.3	3.3%	3.2%
Gross profit	92.3	92.3	0.0%	-0.4%
Gross profit margin	24.0%	24.9%	-81 bp	-87 bp
Adjusted EBITDA	46.8	49.1	-4.7%	-5.2%
Adjusted EBITDA margin	12.2%	13.2%	-103 bp	-108 bp
Adjusted EBITA	43.1	45.2	-4.6%	-5.3%
Adjusted EBITA margin	11.2%	12.2%	-93 bp	-99 bp
Conversion margin	46.8%	49.0%	-223 bp	-236 bp

Revenue in the Americas was EUR 383.8m, representing year-on-year growth of 3.3%, of which 2.8% was organic. Revenue growth contribution from recent acquisitions was 0.4%, whilst impact from FX translation was broadly flat.

The organic revenue growth reflects mixed performance across end markets in the region. In the US, we continue to see strong performance in Food & Nutrition, offset by weaker performance from Agricultural & Environmental Solutions due to unseasonably dry weather and a deceleration in Personal Care, partly driven by shifting consumer sentiment over short-term economic outlook. During the quarter, CASE performed well, supported by continued volume growth across the region.

Gross profit was stable at EUR 92.3m, with the 81 bp contraction in gross profit margin to 24.0% due to negative mix effect across our businesses in the region. During the period, Adjusted EBITA declined by 4.6% to EUR 43.1m, resulting in a 93 bp contraction in Adjusted EBITA margin to 11.2%, due to dilution from our newer businesses in Latin America, salary cost inflation, and increased operating costs compared to the prior year in anticipation of the return to growth. Conversion margin contracted by 223 bp during the period to 46.8%.

Asia Pacific

(in millions of €)	Q1 2025	Q1 2024	Change	Constant currency
Revenue	218.2	219.6	-0.6%	-0.4%
Gross profit	45.3	47.2	-3.9%	-3.6%
Gross profit margin	20.8%	21.5%	-70 bp	-68 bp
Adjusted EBITDA	25.9	24.2	7.1%	7.2%
Adjusted EBITDA margin	11.9%	11.0%	86 bp	84 bp
Adjusted EBITA	23.9	22.2	7.6%	7.6%
Adjusted EBITA margin	10.9%	10.1%	84 bp	82 bp
Conversion margin	52.6%	47.0%	563 bp	550 bp

Revenue in APAC was EUR 218.2m in Q1 2025, representing a year-on-year decline of 0.6%, with revenue growth contribution from recent acquisitions of 1.6%, mitigating a 2.1% organic revenue decline.

The Group's Life Science businesses in the region performed well, driven by continued strength in Flavours & Fragrances and Pharmaceuticals & Healthcare, offset by weakness in Industrial Chemicals especially in China. Additionally, the results of the quarter include the impact from the Group's portfolio optimisation program that had a revenue impact in the region of 2.3%.

Gross profit decreased by 3.9% to EUR 45.3m resulting in a 70 bp gross profit margin contraction to 20.8%, mainly due to negative mix effects in our businesses in the region. Adjusted EBITA increased by 7.6% to EUR 23.9m in Q1 2025, representing an 84 bp Adjusted EBITA margin step-up to 10.9%, driven by scale effect, as well as positive margin contribution from recent acquisitions. This resulted in a 563 bp expansion in conversion margin to 52.6%.

Holding companies

	Q1 2025	Q1 2024	Change	Constant currency
Adjusted EBITA (in millions of €)	-9.5	-8.8	7.3%	7.3%
As % of Group revenues	-0.9%	-0.8%	-2 bp	-2 bp

Operating costs at the Group's holding companies, which relate to the Group's non-operating entities as well as the head office in Belgium, rose by 7.3% to EUR 9.5m, or 0.9% of Group revenues. The increase was due mostly to higher costs from the expansion of the Group's shared service centres and general cost inflation in IT licenses, as well as other professional services.

Outlook

The market for speciality chemical and food ingredient distribution remains highly attractive. Azelis is confident that it has the right strategy to navigate the challenges and benefit from the opportunities generated by the trends shaping its industry.

Financial review

(in millions of €)	Q1 2025	Q1 2024	F/X	M&A	Organic	Total
Revenue	1,097.8	1,051.0	-0.3%	2.2%	2.5%	4.5%
Gross profit	263.8	260.6	-0.1%	2.0%	-0.6%	1.2%
Adjusted EBITA	119.7	124.3	-0.1%	2.5%	-6.1%	-3.8%

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Revenue

Revenue increased by 4.5% to EUR 1.1bn, driven by 2.5% organic growth, a 2.2% revenue growth contribution from acquisitions, and a 0.3% headwind from FX translation. The organic revenue growth during the quarter reflects varying pace of recovery across regions and end markets.

Revenue in Life Sciences increased by 3.7% to EUR 693.3m during the quarter supported by the recovery in some end markets, notably Pharmaceuticals & Healthcare and Flavours & Fragrances, as well as contribution from recent acquisitions. Revenue in Industrial Chemicals grew 5.8% driven largely by the ongoing recovery in CASE in EMEA and Americas.

Profitability

Gross profit increased by 1.2% versus the prior year to EUR 263.8m, with gross profit margin contracting by 77 bps due to negative mix effect across the Group’s businesses. Adjusted EBITA was EUR 119.7m, representing Adjusted EBITA margin of 10.9%. The 93 bp contraction in Adjusted EBITA margin was due to mix effects across the Group's businesses, higher personnel cost, and general increase in operating costs compared to the prior year in anticipation of the return to growth. The lower Adjusted EBITA during the period resulted in a 236 bp contraction in conversion margin to 45.4%.

Cash flow and financing

Net working capital to revenue normalised for acquisitions was 14.7% at the end of March 2025 compared to 15.9% at the end of December and 13.9% at the end of March 2024. The higher working capital compared to Q1 2024 reflects higher inventory due to improved demand during the quarter.

Free cash flow was EUR 120.3m, representing a cash flow conversion of 99.7% for the period, compared to the cash conversion ratio of 91.0% in Q1 2024, reflecting the cash released from lower working capital investment compared to the end of December.

At the end of March 2025, net debt was EUR 1.5bn, and leverage stood at 2.9x, unchanged since the end of December, and 0.2x higher compared to March 2024. At the end of the period, the Group had liquidity of EUR 799.7m in both cash and unused revolving credit facility.

Financial calendar

Date	Event
May 8, 2025	Annual General Meeting 2025
July 31, 2025	Half-year 2025 results
October 23, 2025	Q3 2025 trading update

Alternative performance measures

Throughout its financial communication (annual and interim reports, website, press releases, presentations, etc.), Azelis presents certain financial measures and adjustments that are not in accordance with IFRS, or any other internationally accepted accounting principles. Certain of these measures are termed 'alternative performance measures' ('APMs') because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. For more information regarding these APMs, including definitions and calculation methodology, refer to the section 'alternative performance measures' in the Azelis Group Integrated reports.

Notes to the editor

About Azelis

Azelis is the reference global innovation service provider in the speciality chemical and food ingredients industry present in 65 countries across the globe with over 4,300 employees. Our knowledgeable teams of industry, market and technical experts are each dedicated to a specific market within Life Sciences and Industrial Chemicals. We offer a lateral value chain of complementary products to more than 62,000 customers, supported by +2,800 principal relationships, creating a turnover of €4.2 billion (2024). Azelis Group NV is listed on Euronext Brussels under ticker AZE and is included in the BEL20 and BEL® ESG indices.

Across our extensive network of more than 70 application laboratories, our award-winning teams help develop formulations and provide technical guidance throughout the customers' product development process. We combine a global market reach with a local footprint to offer a reliable, integrated, and unique digital service to local customers and attractive business opportunities to principals. Top industry-rated by Sustainalytics, Azelis is a leader in sustainability. We believe in building and nurturing solid, honest, and transparent relationships with our people and partners.

Impact through ideas. Innovation through formulation.

Important disclaimer

This press release may contain statements relevant to Azelis Group NV (the "Company") and/or its affiliated companies (collectively "Azelis" or the "Azelis Group") which are not historical facts, contain wording like "potential", "believes", "anticipates", "expects", "intends", "plans", "seeks", "estimates", "may", "will", "continue" and similar expressions, and are hereby identified as "forward-looking statements". Such forward-looking statements include, without limitation, those relating to the future business prospects, revenue, working capital, liquidity, capital needs, interest costs, and income, in each case relating to the Azelis Group.

The forward-looking statements and estimates contained herein represent the judgment of and are based on the information available to the Board of Directors and the Company's management as of the date of this press release. They are subject to a number of known and unknown risks, uncertainties, assumptions and other factors that could cause actual results, financial condition, performance or achievements, or industry results to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements should not be considered as guarantees for the future performance of the Azelis Group and should, therefore, be considered in light of various important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements. These include without limitation global spread and impact of military conflicts and pandemics, changes in economic, and business cycles, the terms and conditions of the Azelis' financing arrangements, foreign currency rate fluctuations, competition in Azelis' key markets, acquisitions or disposals of businesses or assets, potential or actual data security breaches, changes in laws and regulations, changes or uncertainties in tax laws or the administration thereof, hiring and retention of employees, and trends in Azelis' principal industries or economies. Azelis efforts to acquire and integrate businesses may not be as successful as Azelis may have believed at the moment of acquisition. Last but not least, a breakdown, cyberattack or information security breach could compromise the confidentiality, integrity and availability of Azelis' data and systems.

The foregoing list of important factors is not exhaustive. When considering forward-looking statements, careful consideration should be given to the foregoing factors and other uncertainties and events, as well as factors described in any other document published by the Company with the Belgian Financial Services and Markets Authority (FSMA) or on the Azelis website from time to time. No undue reliance should be placed on such forward-looking statements, which are relevant only as of the date of this publication and do not reflect any potential impacts from the evolving military conflicts, pandemics or other adversity, unless indicated otherwise. Except as required by the FSMA, Euronext, or otherwise in accordance with applicable law, the Company disclaims any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Certain financial information in this press release has been rounded according to established commercial standards. As a result, this press release may show minor rounding differences versus comparable periods as presented earlier. Pursuant to Belgian Law, Azelis is required to prepare this press release in Dutch. Azelis has also made this report available in English.

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