

Collaborate

ANNUAL REPORT 2019

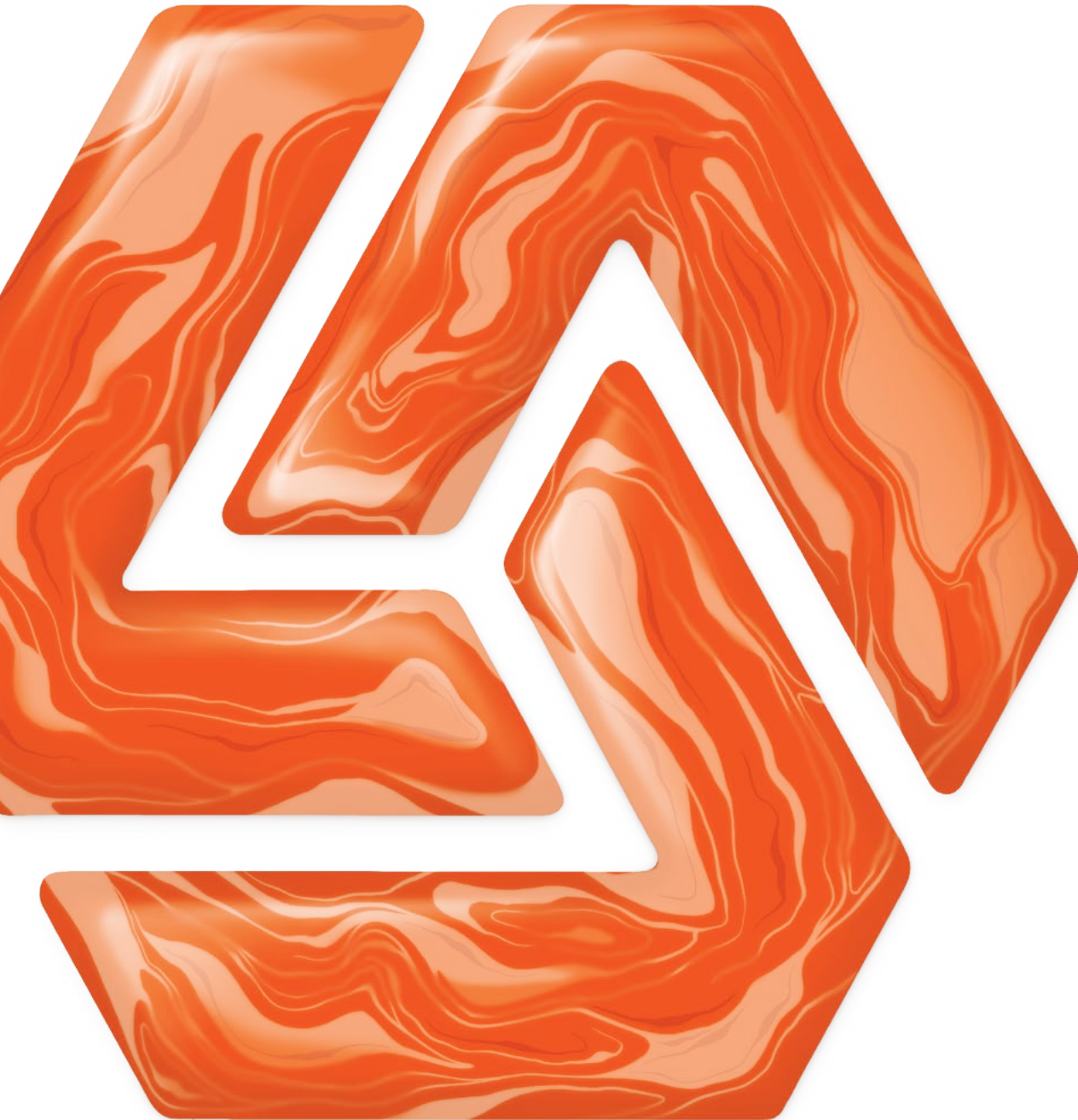


Collaborate



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Collaborate

Collaboration is a purposeful relationship in which all parties strategically choose to cooperate to achieve a shared outcome.

The cover of this report, depicting this year's theme, also symbolizes what collaboration means for us as a company. By merging and blending different components, a unique, new and stronger 'whole' is created.

Collaborate has a clear link to our corporate values and applies to many parts of our business: to our relationships with both suppliers and customers and to the internal collaboration between our companies, divisions and colleagues. When we join forces, we are able to achieve outcomes of immeasurably higher quality and greater value.





Preface

It is with great pride that we present the Caldic Annual Report 2019: Collaborate. 2019 has been the year of increased collaboration at Caldic as we align our global teams, structure and processes with our market focus. Bringing people together to address common goals has allowed us to access to greater resources and enhance our supplier relationships, focus our product development teams and bring more solutions to our customers. We are closer than ever to fully realizing our vision of becoming the partner of choice in each of our target markets by creating value for our customers and suppliers.

As part of Caldic's strategy to focus more on solution-driven distribution activities within the Food, Health & Personal Care and Industrial markets, we continued to build on the optimized organizational structure we established in 2018. Our established Senior Executive Team, comprising our North American, European and Asian Management, laid a solid foundation for enhanced global collaboration between the continents. The Business Development teams across these continents further developed themselves, with sharper focus and tighter alignment than ever before.

As the markets we operate in are changing at the speed of light, we continuously need to improve our processes, our services, and ourselves. By implementing digital platforms to enhance internal and external collaboration, we adopted a more harmonized way of working. This enabled short communication lines and increased efficiency around the globe.

Another pivotal step in executing our "focus strategy" was the decision to sell our Dutch tank storage and production portfolio. Since the establishment of these units in 1991, the dedicated Caldic Chemie Europort and Caldic Chemie colleagues have always been an important and valued part of the company. Although it is not easy to part with such a familiar and successful part of our business, we also know they will be able to reach their full potential under the new ownership and continue their steady growth. For Caldic, this means a greater focus on our main distribution activities.

2019 was also the year in which we took our first steps in the German and French food industry. Caldic Ingredients Deutschland was established to focus on serving German and Austrian food markets. With the acquisition of Arlès Agroalimentaire, we instantly became one of the top players in the French food ingredients market.

With the former HT Griffin and Cooperative Purchasers teams fully incorporated into our Canadian and American companies, our team of food ingredients specialists in North America started the year as one very strong team. Together they worked on growing our North American business distributing the highest quality ingredients and our own manufactured and blended solutions to our customers.

“Through **collaboration**, we've been able to intensify and amplify each other's contributions”

We also initiated new partnerships in other areas, such as in Personal Care, resulting in an even broader portfolio for customers to choose from, and demonstrated our reliability as a partner by sourcing very specific API's on request of our pharma customers.

Indispensable for sourcing valuable material is our Sourcing team in Shanghai; the team took a big leap forward toward its goal of providing all Caldic companies with the required high quality materials. In Rubber we continued exploiting our strengths with a greater focus on coordination between the local units and on the implementation of a truly pan-European strategy. Caldic Techniek celebrated a couple of very long-term distribution agreements that are defined by mutual trust, innovation and collaboration.

Looking back at all these highlights and milestones in 2019, we are very grateful for the efforts of all colleagues who contributed to Caldic's success. Through collaboration, we've been able to intensify and amplify each other's contributions; the result is that the whole has been greater than the sum of the parts.

As we enter the year in which we will celebrate Caldic's 50th anniversary, we look forward to what 2020 will bring us.

Olav van Caldenborgh

Chief Executive Officer

Bernard Witte

Chief Financial Officer



Caldic at a Glance

Caldic is a full-service specialty distributor engaged in the production and distribution of solutions in the Food, Industrial, and Health & Personal Care markets. With entities in Europe, North America and the Asia-Pacific region, our strengths lie in our global network combined with local expertise, having the flexibility to meet local needs and building domestic partnerships. Operating with in-house warehouses, production facilities, test centers, and technical expertise, we provide tailored solutions that contribute to customers' business successes. Since the establishment of our company in 1970, we have always adhered to a sustainable business model with a long-term vision, an approach that has enabled us to achieve our larger goals.

Working together with Caldic

Working with Caldic means doing business with a reliable partner. Everything we do, we do with integrity and at the highest ethical standards. At all times, we take personal responsibility for our own actions. We believe that trust is a fundamental requisite of good business; this means being open, honest and respectful at all times, with our colleagues, customers and with all stakeholders.

Furthermore, we are determined to **serve our customers through expertise and excellence.** To us, excellence is not just providing quality work; it is a continued team effort to improve our services, partnerships and communication,

on both the local and the global level. We value continuous improvement and maintain an intense focus on meeting our customers' needs. In the constantly and fast changing world we are operating in, an essential asset is to be adaptable and **have a certain entrepreneurial spirit.** In particular, we are proud of our inherent ability to discern what our customers need, sometimes before they even know it themselves. Our people are never standing still; they are continually developing their own capabilities, busy meeting customers' needs and spotting new opportunities. We follow through on their best ideas and make them happen.

Both inside and outside our organization, **we collaborate to deliver outcomes that add real value** for both our customers and partners. Our teams support each member's efforts and work to encourage excellence. By integrating different perspectives, talents, and experiences, we achieve the best possible results. Indeed, collaboration has a significant multiplier effect on the contributions of all members of the team. And the result, we are convinced, is that the whole is greater than the sum of the parts.

QHSE

Our focus on Quality, Health, Safety and Environment results in clearly defined requirements for our local management systems, depending on the business of the entity. All entities are part of our corporate audit scheme in order to measure performance and provide support for continuous improvement.

In 2019, we continued our environmental program of monitoring and controlling our activities and their impact on our environment. Often, by adopting preventive measures, not only could we avoid environmental issues but were able to actively improve the environment. Based on the action plan for each entity, we ensure continuous improvement and demonstrate our commitment to sustainability. We've taken action not only to reduce energy consumption and waste but also taken the initiative to reduce our environmental footprint in our product portfolio by opting for bio-based products (e.g. green solvents) and the expansion of our range of plant-based and alternative protein food solutions.

Beyond our policy on quality, health, safety and environment, we have a strong focus on sustainability and social responsibility. In order to strengthen the impact of our improvements, we joined the Ecovadis platform, the world's most trusted provider of business sustainability ratings, intelligence and collaborative performance

“By creating value and delivering **innovative solutions** within the Food, Health & Personal Care and Industrial markets, Caldic will be the partner of choice in North America, Europe and the Asia-Pacific region”





improvement tools for global supply chains. All our entities individually complete an annual assessment, resulting in an achievement ranking. Naturally, our goal is to achieve the “gold” status for all our entities worldwide. With all of these achievements, we are actively contributing to a sustainable future. In addition, we ask our suppliers to do the same and work with them not just in pursuit of the most sustainable path forward, but also in the social responsibility arena. Through our Supplier Code of Conduct, which we send to all our suppliers worldwide, we show our commitment and ask our suppliers to do the same by signing this code.

Compliance

As an international company, Caldic is subject to various laws and regulations around the globe that we need and want to comply with. We take compliance with those

laws and regulations very seriously. Indeed, full legal and regulatory compliance as well as compliance with our own Code of Conduct, policies and procedures, is fundamental to our corporate culture and the way we do business. In terms of third parties we work with, we require them to adhere to the same or similar values and principles.

Our Compliance Program is essential to ensure integrity, credibility, respect, honesty and stability – the qualities and characteristics that have defined Caldic for years and will continue to define Caldic for the years to come.

As we have in the past, we continue to focus on innovation, expanding knowledge and creating a reliable and ethical work environment. Always a step ahead and leading by example. ●

Senior Executive Team

In 2019, we continued building on the optimized organizational structure we established the year before. Our Senior Executive Team, comprising our North American, European and Asia-Pacific management, laid a solid foundation for enhanced global collaboration between the continents.

Board

Olav van Caldenborgh

Chief Executive Officer

Bernard Witte

Chief Financial Officer

“Our team laid a solid foundation for enhanced global **collaboration** between the continents”

Strategic Team



Steve Owen
President and co-CEO North America



Jill Wuthmann
President and co-CEO North America



Laurent Pasqualini
CEO Europe



Martin Hes
CFO Europe



Wilco Langschmidt
CEO Asia Pacific



Chiam Tze Chong
CFO Asia Pacific

Financial Facts

Three Year Summary

* unaudited IFRS figures

Profit and loss

(x € 1,000)	2017*	2018*	2019*
Total operating income	784,495	843,325	835,782
Cost of raw materials	595,573	639,901	626,312
Gross margin	188,922	203,424	209,470
Total operating expenses	121,670	132,063	137,094
EBITDA (normalised)	67,252	71,361	72,376
Depreciation	15,398	16,071	16,093
EBITA (normalised)	51,854	55,290	56,283

Financial data and ratios

(x € 1,000)	2017*	2018*	2019*
Net interest bearing debt	86,511	103,868	4,020
Working capital	96,064	112,170	118,187
Capital employed	201,517	268,775	273,233
EBITDA (normalised)	67,252	71,361	72,376
Cash flow before financing activities	1,202	-9,442	8,291

(in %)	2017*	2018*	2019*
Gross margin	24.1	24.1	25.1
EBITDA margin	8.6	8.5	8.7
Solvency ratio	13.1	20.6	41.5
Return on capital employed	25.7	20.6	20.6
Return on equity	52.4	33.0	85.9
Interest coverage	7.9	4.8	4.5
Net interest bearing debt / EBITDA	1.3	1.5	0.1



CALDIC



Definitions

Net interest bearing debt	Long-term liabilities plus Amount owed to credit institutions less Cash and banks
Working capital	Inventories plus Receivables less Other short-term liabilities
Capital employed	Working capital plus Fixed assets
EBITDA	Operating result plus Depreciations
Gross margin	Gross margin as percentage of Total operating income
EBITDA margin	EBITDA as percentage of Total operating income
Solvency ratio	Group equity as percentage of Total assets
Return on capital employed	Operating result as percentage of Capital employed
Return on equity	Result after taxation as percentage of Group equity
Interest coverage	Operating result divided by Financial income and expenses
Net interest bearing debt / EBITDA	Net interest bearing debt divided by EBITDA

Caldic Worldwide

Canada
Toronto
Vancouver
Montreal

USA
Chicago
Los Angeles



Offices

Warehouses

Production Sites

Laboratories

Test Kitchens

Innovation Centres

The Netherlands

Rotterdam
Amsterdam
Roosendaal
Utrecht

Belgium

Antwerp
Brussels

Denmark

Copenhagen
Hedensted

England

Chesterfield
Manchester

Finland

Helsinki

France

Paris
Clermont-Ferrand
Marseille

Germany

Düsseldorf

Italy

Milan

Norway

Oslo

Spain

Barcelona

Sweden

Malmö
Knislinge

China

Shanghai
Weifang
Nanjing
Tianjin
Hong Kong

Thailand

Bangkok
Samut Prakan

Vietnam

Ho Chi Minh City

New Zealand

Auckland

Malaysia

Kuala Lumpur



Highlights in 2019



APR

JANUARY 2019

Also in 2019, we collaborated on further improving our knowledge, processes and facilities in North America, Europe and Asia Pacific. In this timeline, you will find a selection of our 2019 highlights that contributed to our goal of creating value and delivering innovative solutions within the Food, Health & Personal Care and Industrial markets.

Nordic Food sales meeting

The entire Nordic Food sales force and Nordic New Product Development (NPD) and Application teams gather in the spring of 2019, for a joint Nordic Food sales meeting. Our Nordic colleagues present important food trends in their respective segments. Additionally, the NPD team prepares a number of innovative and exciting concepts to test and taste. The meeting represents a successful collaboration to ensure that we stay ahead of developments in the fast moving food industry.

North American annual sales conference

Around the same time, the North American annual sales conference takes place, bringing together all regional offices from Canada and the US, including our colleagues from our recent acquisitions. The two-day event includes an exchange of inspiring customer success case studies, roll-out of our newest sales tool, a social media session on best practices and a teambuilding event.



New premises Caldic Ingredients Benelux

In May, construction work on new premises for Caldic Ingredients Benelux in Nieuwegein, the Netherlands, officially begins when the first pile is driven into the ground. Both warehousing and production for the entire Benelux will be centralized in this new building. The site will have state-of-the-art facilities, including a robotized packing system, test kitchens with advanced equipment and efficient loading docks for trucks.



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MAY



Caldic Ingredients Deutschland

Caldic Ingredients Deutschland is established as a separate entity in the summer of 2019, with the main focus on serving customers in various food markets in Germany and Austria. The new unit brings a team of highly specialized and motivated colleagues with many years of work experience and in-depth knowledge of the local food ingredients markets to our company.

“The new unit brings a team of highly **specialized and motivated** colleagues”



OCT

Third cleanroom in Belgium

In 2019 Caldic invests in a third state-of-the-art cleanroom in Belgium and expands its dedicated pharma warehousing and repackaging facilities. The new cleanroom is suitable for the filling of drums and standard and stainless steel IBC's with flammable and non-flammable pharmaceutical solvents. In this cleanroom, which is subsequently completed in Q1 2020, Caldic adds the capability to fill drums with products such as Ethanol EP, Acetone EP, Isopropanol GMP, and many other pharmaceutical grade solvents.



SEP



Entering the French food ingredients market

In September, Caldic acquires Arlès Agroalimentaire, a leading distributor of quality food ingredients and functional additives in France. With Arlès's wide range of high quality food ingredients and functional additives, including starches, emulsifiers, flavors, colors, proteins and sweeteners, Caldic instantly becomes one of the top players in the French food ingredient market.

“Caldic becomes one of the **top players** in the French food ingredient market”

Strengthening forces in Asia Pacific and Europe

In the autumn of 2019, the annual Caldic APAC (Asia Pacific) meeting takes place in Shanghai. During the two-day meeting, a group of colleagues from China, Thailand, Vietnam and New Zealand gathers to discuss topics including regional 2019 performance, supplier management, success stories and the outlook for 2020. Around the same time in Europe, our European market specialists team up for a two-day event in Brussels, with the ultimate goal of strengthening forces.

NOV

DEC



“Caldic **fortifies** its position in serving customers and suppliers”

DCM ASIA
GREAT CHEMISTRY™

Sale of Dutch tank storage and production facilities

Caldic announces the sale of its Dutch tank storage and production facilities in Europoort, the Netherlands. Although it has always been an important and valued part of the company, the decision follows Caldic’s strategy to focus on solution-driven distribution activities within the Food, Health & Personal Care and Industrial markets.

Acquisition of DCM Asia in Malaysia

Caldic ends the year with the acquisition of DCM Asia, a prominent distributor of specialty chemicals in Malaysia. This latest addition is a great fit to Caldic’s current business in Southeast Asia. With DCM’s market leading presence in Coating & Construction, Plastics & Rubber, Personal Care and Food Nutrition, Caldic fortifies its position in serving customers and suppliers. ●



Collaborate

“The solutions we deliver are the sum of our collective talents”





Hamburger made with Textured Insect Protein (TIP)

Food



In the last few years, we took significant steps forward in developing our Food Ingredients business. In 2019, we continued this course by building even stronger partnerships with principals and suppliers. Andres Riofrio and Mike Lipinski both contributed to these collaborations and give us a glimpse behind the scenes of their Procurement team. In North America we also successfully completed the integration process that followed two important acquisitions in 2018. In Europe, Yves Maltête played an important role in pursuit of our strategy to shift to a more pan-European approach. We established food divisions in Germany and France, developed a promising panettone with long shelf life and responded to the demand for alternative protein sources by entering into an agreement with a producer of insect protein. ●●●

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Caldic North America: Achieving success in an eventful year



External forces and internal shifts in strategy and systems tested the North America team's flexibility and agility, and it nimbly succeeded in turning challenges into opportunities.

The strategic shift in the procurement team – from a vendor focus to a product group focus – was implemented to make the team more flexible and capable of responding to changes in the market and suppliers.

“With this shift, our team members have both the knowledge and ownership of a product group so fully understand the competitive landscape so we can always bring the best supply option for our customers,” explains Andres Riofrio, Director of the Principal Development Team. “If I’m responsible for starch, for example, I need to know the starch product line, availability in the market, and the key producers. Then I look to see who are my best allies to partner with for our business. As I understand the whole product supply chain I am able to call upon alternative solutions from our key suppliers when there are constraints in the market”.



A very big deal

The starch example is particularly relevant. Late 2018, the starch market in North America underwent a significant change. Caldic North America decided to partner with a new “principal”—that is, a supplier with whom it forges a strategic partnership, for one of our largest product groups, Starches and Sweeteners. “We were looking for the best partner for our future,” says Andres. “Fortunately, we were able to come to an agreement for an exclusive deal with our new partner. The Procurement team supported the Commercial team and managed a very successful transition bringing a great new product line to our customers and helping to grow the Caldic business in our region.”

“I am able to call upon **alternative solutions** from our key suppliers when there are constraints in the market”

Andres Riofrio
Director Principal Development team North America





“Finding new partnerships and aligning with best-in-class suppliers and manufacturers **brings value** not only to our company but to our customers and suppliers as well, because we're bringing growth to them”

Mike Lipinski
Procurement Director North America

Mike Lipinski, Procurement Director with Caldic North America, says the building of strong partnerships is essential to ensure a sustainable business in the North American marketplace. “They are critical to our ambitions for strategic growth. Finding new partnerships and aligning with best-in-class suppliers and manufacturers brings value not only to our company but to our customers and suppliers as well, because we're bringing growth to them.”

Science-based and customer-centric

Caldic distinguishes itself from the large majority of distributors in terms of both transparency and collaboration. “We work together with our customers at so many different levels”, says Andres. “One of the keys is that the collaboration is not just on the commercial

side but also on the technical side. Other distributors are perhaps experts in logistics but our approach is completely different. We are a solution provider. And the solutions come from the competitive advantage we have as a company that is very science-based and very customer-centric. Unlike other suppliers in the market,” he continues, “we actually formulate and we can customize a blend or a system for a customer. Other distributors don't have the ability to do that.” Collaboration extends to working closely with principals as well. “We have many joint efforts on the selling side, including joint calls and visits to customers, and close cooperation at trade shows. We're often together at expert forums that we organize or participate in, and frequently invite our principals to make presentations at those events.” ●



Teaming up with the Chinese Sourcing team

Team spirit is one of Caldic's core values, and Caldic North America's collaboration with the Sourcing team in China has been a case in point. "North America purchases quite a lot out of China," says Mike, "and as we started learning more about the activities of other Caldic divisions, we realized that there were big advantages to working more with our Caldic Shanghai office as our sourcing partner. Their views on the local manufacturers, general market knowledge and support on quality assurance makes Caldic Shanghai an extremely valuable partner for us. We're really looking forward to expanding this collaboration in 2020."

Caldic Europe: New opportunities for an optimized Food team

Yves Maltête joined Caldic in July of 2019 as Business Development Director Food in Europe and describes himself as “a curious guy who is passionate about the food industry. I’ve worked with food ingredients in many different jobs over the last 30 years, in Europe, the US, China and Mexico. In recent years my focus was texturants which – despite being a big segment – is also limited”.



Protifarm's vertical farming rearing facility

What attracted him to Caldic was the opportunity to work on all types of food ingredients. From flavors to colors, sweeteners, texturants and preservatives: a huge portfolio. “Working in a company that truly pursues the full-service concept appealed to me. I believe that covering the entire supply chain can take a company – and its customers- to the next level.”

Yves’s arrival at Caldic coincided with the shift in strategy in Food Ingredients in Europe. Evolving from a strategy based on the individual country organizations, the new strategy promotes far greater pan-European collaboration. In his first six months on the job, he played an important role in several moves in pursuit of that strategy including establishing a presence for Caldic in Germany and France.

Expanding our reach and portfolio

“The three biggest markets in Europe are the UK, France and Germany,” he notes, “and two years ago we were virtually absent from France and Germany. So we addressed that in two very different ways. In Germany, we set up an affiliate from scratch, and that is now fully operational. In France we took a different approach with the acquisition of Arlès Agroalimentaire, a well-known and very reputable company with a solid presence in the marketplace. It is a company that has a very focused product line. In the food sector, you can either be a supermarket and sell everything, or you can be like Arlès – they have just five or six products lines but they are the right ones that make a difference for their customers.”

In addition to establishing our presence in the vitally important French and German markets, in 2019 we initiated an examination of our product portfolio. “We don’t want to do everything,” says Yves, “but we do want to focus on serving our customers with the ingredients they really need in the formulation of their products. We have mapped our presence across the countries and per product group to see where we need to complement the portfolio. Based on that, we are now taking action to extend our services and build partnerships.”

“With the production of insect protein you have what we call **vertical farming**, where you don’t use a lot of land, you don’t need much water, and the insects consume waste products”





“I love bringing people **together** and since that’s so much of what I’m here to do, I really love my job!”

Yves Maltête
Business Development Director Food Europe

Baked goods and bugs

Yves points to a number of other significant achievements during 2019 that highlight how we are building on established products and capabilities, while also exploring potentially lucrative new markets and trends. A particularly promising success has been in the bakery segment with panettone, an Italian cake that is traditionally eaten around Christmas. “We have developed expertise on how to produce a nice panettone with a long shelf life where you only add flour and water to our mix and you bake it. In recent years panettone has gained popularity across Europe, so we want to export this knowledge to take advantage of the trend. It’s a very good example of what we can do in finished products and how other countries can benefit from the local expertise that we possess.”

At the opposite end of the spectrum from baked goods, in 2019 we entered into a distribution agreement with Protifarm, a Dutch producer of insect protein. “This is a very interesting area because it addresses one of the challenges facing the food industry and society in general – sustainability. The demand for protein is growing all over the world, but meeting that demand has consequences for the environment. With the production of insect protein you have what we call ‘vertical farming’, where you don’t use a lot of land, you don’t need much water, and the insects consume waste products.” The insects – actually the larvae of a beetle – can be grown in a few days, after which the protein is extracted and used in all sorts of products. “At the big trade show for the food industry in Paris last year, we showcased cookies and burgers using the protein and people couldn’t detect any difference; people were really amazed.”

Yves says that one of the big differences in working for Caldic is the importance we place on cooperation with customers and suppliers. “Working in distribution, I’ve learned that making our customers happy is important, but making our suppliers happy is perhaps even more important. This is why we always ensure that we have regular contact, that we understand their constraints, their product lines, and their marketing position, and that our own sales people can communicate all of that to our customers.”

“Still,” he adds, “providing technical support for our customers is also vitally important. This technical approach is what differentiates us from other distributors. Let’s say you produce a mayonnaise and your marketing is asking you to launch a low-fat variant. If you’ve known Caldic for years you know that you can call us and we

will be able to recommend a formulation and all the ingredients you need to produce a high-quality low-fat mayonnaise. We know what works, what doesn’t work, and we have a good understanding of the market as well.”

Yves sees 2020 as the year to move ahead energetically building a pan-European team. “Our goal is to further build up market segments, develop comradery among our international people and utilize this team spirit to achieve the best results. Unlike previous jobs, I don’t really manage anyone directly, but I’ve let people know that they should view me as a partner who they can call anytime and who can help them grow the business overall. I love bringing people together and since that’s so much of what I’m here to do, I really love my job!” ●







Personal Care

In our Personal Care business, long-term partnerships are the key to success.

Caldic initiated collaborations with some of the best-known and most respected global brands and prestigious new partners in 2019. On the supplier side, among others, we concluded agreements with three very promising suppliers and laid the groundwork for a fourth in areas that should help us to round out our portfolio in important ways. ●●●

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“The Personal Care business differs quite significantly from country to country,” explains Michiel Kerkhoven, Business Development Manager Personal Care Europe. “So one important element of our strategy is to develop partnerships to deliver specialized solutions responding to local preferences. Beyond that, we are examining new technologies and the important trends that are shaping demand, like more personalized cosmetics, ‘cruelty-free’ personal care products, and green or environmentally friendly products.”

Promising partnerships

One of the most promising new partnerships, says Michiel, is with a high-tech Chinese company specialized in research, development, production, and marketing of silicone and organic fluorine chemicals. Silicones are an essential ingredient in many modern personal care products, serving as carriers to influence such characteristics as spreadability, feel, shine, and permeability. “Thanks to this new partnership,” says Michiel, “we’ve expanded our offering of specialty silicones, including silicone elastomers, silicone resins and silicone oils.” With this partnership, it is now possible to offer customers a number of innovative patented green technologies to produce glucoside-modified, PEG-free, silicone elastomer gels with outstanding properties.

Another partnership, with a supplier specialized in encapsulation technologies, anticipates the growing importance of personalized cosmetics and personal care products that literally penetrate the skin. “The idea,” explains Michiel, “is that we don’t just hide the skin imperfections with a product applied to the surface but really work on regeneration with active

“I believe that **creativity** is the difference between us and others. It is one of the main reasons we are able to deliver the right solutions to our partners, and in turn, to enjoy the success that we do”

Michiel Kerkhoven
Business Development Manager Personal Care Europe



ingredients that penetrate the skin and are then released. We share relevant market information with our partner, who will then develop solutions that encapsulate both active ingredients and pigments in alignment with the new trends in the market.

A third new supplier is a Korean firm that has developed a unique UV filter for various personal care applications. If those three partnerships strengthen Caldic's position on the technology front, another new partnership does the same in expanding our portfolio of environmentally friendly ingredients for make-up, skin, hair, and personal care. Through them, Caldic offers vegetable and organic emulsifiers and dispersible oils to Austria, Benelux, Denmark, Finland, France, Germany, Norway, Sweden, Switzerland and the Iberian Peninsula. The products we added to our portfolio via an Italian specialty producer include water-soluble and dispersible oils and butters, cosmos- and vegan approved lines of argan oil, avocado oil, mango oil, and olive oil.

Glocal

Michiel observes that in order to supply the right products to the diverse local markets in Europe, Caldic combs the world for the right suppliers. "Sometimes we use the term 'glocal' to describe what we're doing. With our global presence in 2019 we were able to find suppliers in all continents of the world that give us the capabilities to target the local needs of our European customers."

"Wherever our suppliers are located," he adds, "our goal is to create those enduring partnerships that will benefit both parties. That goes for customers too, of course. It means sitting together with our suppliers to make a business case, taking local differences into account in trying to predict how the marketplace will react to a product and to determine how best to market it, and so on. It also means sitting with our customers – especially their R&D people – and creating the right solution for them when their Marketing people have a product idea they want to develop and market. In many cases,



we bring the customers and the suppliers together. It's the sort of added value we can deliver, where our partnerships are based on transparency and trust."

Creativity

Caldic, says Michiel, takes a different approach to distribution, and in his view, it is an approach that reflects our founder, Joop van Caldenborgh's affinity for fine art. "Each time you look at a piece of art, you may view it differently, based on your mood or on what's on your mind at that moment. That constantly changing perspective is a trigger for creativity. I believe that creativity is the difference between us and others. It is one of the main reasons we are able to deliver the right solutions to our partners, and in turn, to enjoy the success that we do." ●

Collaborate

“We succeeded through shared goals and mutual support”







Pharma

While our European Pharma divisions have always worked closely together, 2019 was the year in which previous efforts to intensify collaboration bore fruit. The re-structuring of our European organization, increased use of digital platforms for knowledge sharing and the forging of closer ties with our sourcing team in China led to a stronger and more aligned Pharma business. Existing partnerships with suppliers were strengthened and new agreements, such as the agreement with a manufacturer of organic intermediates for the pharmaceutical industry were initiated. Birgit Lisgaard, Sales Manager Industrial, Health and Personal Care at Caldic Nordic, shares how she collaborated in the successes of Caldic's Pharma business in 2019. ●●●

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Collaboration at many levels

Caldic's Pharma business is focused primarily on two key services: providing the producers of "active pharmaceutical ingredients" (APIs) with solvents and intermediates that serve as the primary building blocks for the production of those APIs; and providing APIs and "excipients" – a wide range of non-active components of pharma products – to producers of finished medicines.

"For Pharma, 2019 was both a challenging and energizing year," says Birgit Lisgaar, Sales Manager Industrial, Health and Personal Care at Caldic Nordic. With a far-reaching re-structuring for the European teams at the start of 2019, the focus shifted from individual country organizations to a far more centralized collaboration with local know how. While the rationale for the re-structuring was based primarily on efficiencies in sales and marketing, there have been many spinoff benefits in the way the organization works.

"One of those benefits," says Birgit, "is the knowledge sharing among the members of my team and between my team and our colleagues working throughout the entire Caldic Group." A great example of this is the knowledge sharing software platform they started using that allows anyone in the company to put out a request for assistance in finding the right material for a customer, sharing information, or resolving an issue very quickly. "It's so easy now if, for example, you want to ask if anyone has any ideas about coating a particular medicine, you just write a short note and post it, and in an instant, it goes out to all our pharma specialists. It's an excellent tool for connecting to our colleagues wherever they may be in the world."

Beyond distribution

Strictly speaking, our pharma activities may meet the definition of "distribution", but Birgit stresses that what she and her team are doing goes far beyond distribution and extends to the collaborative relationships with both suppliers and customers. "If you're a distributor, you buy a product from a producer and you sell it to a customer. But what we do is to provide the customers and suppliers

with a whole package of services. We work together with the customer to ensure that the quality of the products they need will satisfy the very strict regulations of our industry in the European Union. As many of our APIs are sourced from Asia, we are like the gatekeeper to the EU making sure that the products that we are interested in fulfill all of the requirements.” That, of course, is essential not only for the customers, but also for the suppliers. This is supported by a strong QA department in Denmark and our Caldic Sourcing office in Shanghai.

Caldic distinguishes itself with the many ways that we contribute added value on both the supplier side and the customer side. For example, to facilitate production, one customer recently requested a shift in the delivery of its API from small packages to bulk delivery. In an industrial setting that change might be relatively simple, but because of the strict pharma regulations, it’s never so simple. “So we’ve been working closely with our supplier to see if they can meet the demands of the customer,” says Birgit. “It’s a lot of work for them but at the same time it’s also a huge gain for the customer, and in the long run, for the supplier as well.”

“The long-term relationships we establish in Pharma are very satisfying. You get so much more out of it when you build a **partnership** that endures for many years”

Birgit Lisgaard
Sales Manager Industrial, Health & Personal Care Nordics



Franco Gatti
Sales Manager Pharma Italy



Overcoming challenges

For her, the biggest challenge during 2019 – and her most rewarding project – has been to try to satisfy an unusual request from a European company working to develop a new drug. “Usually we are sourcing APIs from known suppliers for our customers,” explains Birgit. “In this case, however, we were asked if we could find a certain API they need for this new medicine that doesn’t exist at all in the European market.”

As it happens, the API is available from an Asian producer, but since it has never been introduced into the European marketplace, and compliance with the strict European quality standards for pharmaceutical products has never been addressed, meeting the needs of this customer means overcoming some fairly significant

challenges. “Together with our customer we need to develop what we call a DMF – a Drug Master File. This is a huge compilation of documents describing everything from the producer buying the starting material until the API is finished. Everything has to be described in detail, including how the starting material has been produced. This has been a new way to work with a customer because we are actually taking a step backwards – not just purchasing an API with all the documentation, but starting before they even have an API suitable for the European market.”

Extensive network of partners in Pharma

In 2019, Caldic Italia initiated a new partnership with a manufacturer of fine chemicals, specialized in the field of advanced organic intermediates for the pharmaceutical industry. Working with a highly specialized R&D team on multi-step synthesis, custom synthesis projects and toll manufacturing, this partnership is a great addition for Caldic's Pharma business. As part of our larger goal of creating an extensive network of similar partners for different projects, Sales Manager Pharma, Franco Gatti is one of the specialists who is in touch with various companies in and outside of Europe that are able to do custom synthesis for different quantities and quality levels, adhering to either GMP (Good Manufacturing Practice) or non-GMP protocols for late intermediates. It bodes well for the future of our customers in Pharma, as these new partnerships will grant them access to an even wider range of high-quality pharmaceutical ingredients and technical support.

“New partnerships will grant access to an even wider range of high-quality pharmaceutical ingredients and technical **support**”

Long-term

She notes that the outcome of the project will not be known for a number of years. “That’s a characteristic of the pharma industry. Typically it takes eight to ten years, and in the meantime, many things can happen to derail the project: from a disappointing result during clinical trial to the development of a vaccine that eliminates the need to treat a disease altogether. It’s quite an adventure and we can’t know how it will end, but for me it is very gratifying that our customer has so much confidence in us.”

“For me,” says Birgit, “the long-term relationships we establish in pharma are very satisfying. It may take a long time, but when you see a project maturing after all that effort, it really is very rewarding. You get so much more out of it when you build a partnership that endures for many years.” ●





Industrial Solutions

In 2019 we continued to provide a broad spectrum of customers with specialty chemicals and added-value solutions in our Industrial focus markets, including Coatings and Construction, Plastics, Oil, Gas & Air, and Water Treatment. Our European Rubber division gained an extra boost with an optimized team structure, led by our new Business Development Manager Tim Mills. Together they further expanded the Rubber portfolio by identifying new opportunities. Meanwhile, the Caldic Sourcing team in China took a big leap forward in providing all Caldic companies with specialty chemicals, agro chemicals, pharmaceuticals and more recently also food ingredients. Caldic Techniek proudly celebrated a couple of very important partnerships in 2019. The agreements we have with these partners go much further than getting the right products from partner to customer. Rob Olijerhoek explains how both customer, supplier and Caldic benefit from these unique collaborations. ●●●

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Caldic has long had a significant presence in China. Caldic Shanghai was established in 2006 as a sourcing agent and a year later it also began distribution activities. Since 2019, the two activities have been separated, with our Shanghai-based Sourcing team single-mindedly focusing on securing high quality key materials from Chinese suppliers for Caldic units all around the world. Caldic Sourcing first began independent operations at the beginning of 2019 and Joan Zhang, who joined Caldic Shanghai in 2006 in the earliest days of Caldic's activities in China, assumed responsibility as head of the entity in August.

Eyes and ears for the Caldic Group

Having our own sourcing point for all our focus areas; specialty chemicals, food ingredients, agro chemicals, and pharmaceuticals is a great advantage for Caldic.

“In a sense, the Sourcing team serves as the eyes and ears for the global Caldic entities,” Joan says. “In Pharma, for example, the Sourcing team works closely with their Caldic colleagues to understand precisely what is required in terms of quality, certifications, and documentation in order to comply with regulations in the receiving countries. The China team assists its customers at Caldic sister companies in dealing with the intricacies of doing business in China – arranging visits for their colleagues or visiting production facilities on their behalf, carrying out audits and verifying documentation.”

**The Caldic
Sourcing Team:
A source of pride**





“In Pharma, for example, the Sourcing team works closely with their Caldic colleagues to understand precisely what is required in terms of quality, certifications, and documentation in order to **comply** with regulations in the receiving countries”

Joan Zhang
Sourcing Director China

Growth and change

2019 was a year of change and growth for the Chinese Sourcing team. Many Caldic companies were still using their own agents to identify suppliers and secure materials as the year began, but a concerted effort on the part of the sourcing team has resulted in significant change.

“According to our most recent figures, the large majority of Caldic Group purchases in China now go through our team. Such centralized procurement helps us to be more efficient, and ensure outstanding quality and risk control. Our goal now is to reach 100 percent, and we are working hard to achieve that goal.”

“At the beginning of last year,” she continues, “we took on responsibility for a large number of suppliers for the group and by the end of the year we had almost doubled the numbers of suppliers we are managing.”

“Over the course of 2019,” Joan adds, “the team received inquiries for new products every day, so you can imagine how quickly we are growing! I’m very proud of all we achieved last year, and especially proud to be part of such an outstanding team. Our team continually rises to the new challenges and we are looking forward to a very successful 2020.”

Exploiting our strengths in Rubber

Last year, Tim Mills joined Caldic as European Rubber Business Development Manager, with the task of building a more centralized European Rubber team. “What attracted me to Caldic was the impressive pace, its rate of growth and its pan-European presence,” says Tim. The challenge, he adds, is to build on that solid base by taking advantage of the synergies across Europe. He notes that the local organizations have a strong entrepreneurial tradition and have built strong relationships with both suppliers and customers. The focus going forward is to exploit those strengths with a greater focus on coordination between the local units and on the implementation of a truly pan-European strategy.

Closing the loop

In 1985, Tim Mills finished his studies in chemistry at the University of Oxford and started his career with one of the world’s largest petrochemical companies. His first customer was Caldic UK (previously Elastomerics). Tim remained with that same firm for nearly 34 years, moving through various positions in sales, marketing, manufacturing, and technology management in Europe, the Middle East and the Asia-Pacific region. And while he moved from position to position and location to location, he always remained in one sector – Rubber/Elastomers. Last year, he moved back to the UK and joined his first customer, Caldic, as its Business Development Manager Rubber for Europe.



Diverse product line for diverse customers

In Europe, Caldic serves the Rubber industry as a distributor of a wide array of materials that the manufacturers of all manner of rubber compounds require in their production processes – elastomers, resins, carbon black, mineral filler, plasticizers, process aids, curatives, anti-oxidants, anti-ozonants, and more. We provide customized solutions, often working closely with both suppliers and customers to meet specific needs in industries ranging from the automotive and construction industries to health care, aerospace, and consumer products.

“Once I started working with the European Rubber team, I saw immediately that we have very capable individuals across the European market,” says Tim. “Together, we undertook a mapping of the products we already have for each ingredient. Having a range of locally available rubber ingredients is important, he says, because customers can reduce the number of supply sources and can be sure that they have stock available when needed.

“For a polymer producer to organize this would be very difficult, but Caldic is able to offer such **solutions**. It’s a win for all concerned: the producer, the customer and for Caldic”

Tim Mills
Business Development Manager Rubber Europe

Responsive

“A lot of these industries don't operate on a continuous basis,” Tim explains. “It can be project work, so a project might require production of 10 tons of rubber compound in May and then there might be nothing until November. With that sporadic nature we've got to respond when they call, whether it's next month or a few months down the line. That means that we must be flexible and extremely responsive to customer needs. Lead times for delivery of supplier products can be sometimes as long as two months, so continuous planning with the customer and supplier is vital.”

With the close relationships we have forged with our customers, we are able to deliver to a customer's very specific production and process requirements. Tim cites the example of a rubber manufacturer with production facilities in Germany, Spain, Italy and UK. “In this case, it is a relationship that has been built up over 30 years. We supply the polymer for an automotive end use. To help at one of the locations where there was a lack of resource to cut and prepare bales of polymer for processing, we now pre-cut the bales so that the polymer can be put straight into the mixer. For a polymer producer to organize this would be very difficult, but Caldic is able to offer such solutions. It's a win for all concerned: the producer, the customer and for Caldic.

Meeting the needs of customers and effectively serving suppliers depends on good communication not just on the commercial level but especially on the technical level – with Caldic experts working closely with the technical staffs at both ends of the chain.

Communication and coordination

Equally important is the collaboration within the Europe team. “It's all about coordination, communication, and exchanging information and literature across the team, so that everyone in Europe knows not just what they can offer to customers in their own region, but how they may be able to meet the needs of colleagues elsewhere in the region. I'm very positive about our prospects for sustainable success in the marketplace in 2020 and beyond.”



Caldic Techniek: Paving the way to success with enduring partnerships

Caldic Techniek serves a wide range of industrial customers with generators and power transmission equipment, as well as the specialized expertise to ensure cost effective engineering solutions, customized applications, and efficient operations. Our product line includes both hardware and technical solutions for generators and controls, timing belt drives, conveyor components, and mechanical power transmission.

Caldic Techniek has entered into several long-term distribution agreements that are defined by mutual trust, innovation and collaboration. As an example, we first concluded a distribution agreement with the Danish firm DEIF 25 years ago, and the partnership is still going strong. DEIF is a global market leader in green, safe and reliable control solutions for decentralized power production on land and sea. Throughout this time, a close partnership has thrived, and Caldic Techniek is now DEIF's second largest distributor and DEIF is Caldic Techniek's third largest supplier. Last June, the two firms celebrated the long and fruitful partnership during the Electric and Hybrid Marine Exhibition in Amsterdam.

51 years and counting

When it comes to long-lasting partnerships, our most enduring relationship is almost certainly with Cummins, a global provider of power solutions including the manufacture of generators and powertrain components. The partnership dates back to 1968, when the predecessors of what are now Caldic and Cummins signed a distribution agreement that made Caldic the exclusive distributor of Cummins generators in the Benelux. Over the years, Cummins and Caldic Techniek

have maintained and deepened their cooperation and today, the relationship is stronger than ever.

Partnerships may be enduring, but they must also change to reflect the times. So in 2019, the two longtime partners negotiated and signed a new agreement that should serve as a solid base to further develop cooperation between the two firms in the coming years.

“Our partnership is much more than a simple distribution agreement,” says Business Team Manager Generator Technology Rob Olijerhoek. “We also carry out modifications of generators on behalf of Cummins. On a regular basis, they send their generators to Caldic Techniek where we customize them to meet their customers' exact demands. In most of those cases, we also take care of the final delivery to the customer.”

What's more, adds Rob, Caldic Techniek has based a number of its own special products on the modified Cummins generators, including water-cooled generators and generators that comply with the IP44 ingress protection code, a standard that denotes the degree of protection that the generator's mechanical casings and electrical enclosures provide against solid objects such as tools and small wires.

“On a regular basis, they send their generators to Caldic Techniek where we **customize** them to meet their customers' exact demands”

Rob Olijerhoek
Business Team Manager Generator Technology





Collaborate

“Through collaboration,
we multiply our
contribution”





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