Croda International Plc:
Proposed acquisition of Iberchem and c.£600m placing

November 2020
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Agenda

- Transaction summary and financing
- About Iberchem
- Combination benefits
Transaction summary and financing
Strengthening Personal Care and Home Care with targeted F&F acquisition

**Strong strategic alignment with Croda**

- **Smart Science to Improve Lives™**
  - Fragrances have proven impact on consumers' well being
  - Key ingredient in majority of beauty care products

- **Personal Care**
  - Strengthen to grow
  - Similar customer profile to Personal Care
  - Crucial to the consumer experience, brand selection and loyalty
  - Sustainability a potential differentiator in the market
  - Aligned with “Strengthen to grow” strategy for Croda Personal Care
  - Broadens Croda footprint in Consumer Care

- **Life Sciences**
  - Expand to grow

- **Performance Technologies**
  - Refine to grow

**High growth segment, particularly in emerging markets**

- Global fragrance market expected to reach $58.8bn in 2024\(^{(1)}\)
- 5.6% global CAGR 2020-2024\(^{(1)}\)
- Driven by demand in Latin America, Asia-Pacific, Middle East and Africa

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\(^{(1)}\) According to Euromonitor International

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Global fragrance market
Growth rates per region (2020-2024 CAGR)


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F&F is Fragrances and Flavours
## Acquisition of Iberchem, a global F&F specialist

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<th>Compelling strategic rationale</th>
<th>Strong financial rationale</th>
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<td>1. EPS accretive from year 1 and strongly accretive thereafter</td>
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<td>2. Access to high growth adjacency with significant emerging markets exposure</td>
<td>2. Significant medium and long-term revenue synergies</td>
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<td>3. Creates a one stop shop for Consumer Care customers</td>
<td>3. Capital-light; strong cash conversion</td>
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<td>4. Acquisition ROIC to exceed Croda cost of capital within 5 years</td>
</tr>
<tr>
<td>5. Dynamic, customer-driven R&amp;D focus</td>
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Transaction summary and financing

**Transaction summary**

- €820m total consideration (c.£736m) on a debt-free, cash-free basis; 20.5x EV/EBITDA\(^{(1)}\)

- Funded via:
  - Group’s existing debt facilities
  - Placing of new ordinary shares to institutional investors
    - Expected net proceeds of c.£600m
    - Conducted through accelerated bookbuild
      - Represents c.8% of Croda’s issued share capital

- Structure of financing preserves Croda’s financial flexibility with net debt forecast c.2x EBITDA\(^{(2)}\) post completion at end 2020, expected to de-lever to c.1.6x by end of 2021

- Croda trading to October 2020 in line with expectations; outlook unchanged

**Simple completion process; expected by end of 2020**

- Iberchem will operate as an independent entity
- Extensive support from Croda and integration with Croda’s sales teams
- Will be reported as part of new Consumer Care sector from 2021
- Will continue to be led by existing, highly experienced management team\(^{(3)}\)

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\(^{(1)}\) Based on 2020 Forecast EBITDA of €40m
\(^{(2)}\) 2019A EBITDA for Croda and Iberchem
\(^{(3)}\) Key individuals are: Ramon Fernandez (CEO), Jose Balibrea (CFO) and Olegario Monegal (General Manager). Iberchem will continue to be led by this management team with Ramon Fernandez committing to stay to provide continuity and a smooth transition to Croda
About Iberchem
Iberchem: a global fragrance-led company with distinctive positioning

€187m revenues in 2020F
€40m EBITDA in 2020F
+14% growth (CAGR 2016-20F)
21% EBITDA margin

Selling into ~120 countries
Headquartered in Murcia, Spain

Selling into

Manufacturing facilities

Creative and R&D centres

14
10

18,000
36,500

Flavours 20%
Home Care Fragrances 40%
Personal Care Fragrances 40%

Fragrance references
Flavour references

3,600 customers

25% of total Iberchem sales to China
83% of total Iberchem sales to emerging markets

Headquartered in Asia 36%
Africa 22%
Europe 17%
Middle East 17%
LatAm 8%

Latin America 8%
Asia 36%

Source: company information, financials as per management accounts (unaudited)
(1) Based on countries where Iberchem’s products are sold
(2) FY 2019A; rounded number
(3) As at August 2020; rounded number
(4) Active customers (with accounting sales during the year) for 2019A; rounded to the nearest 100

CRODA
Focused on fragrances for Personal Care and Home Care

80% fragrances

20% flavours

36,500 fragrance references

18,000 flavour references

50% Personal Care
- Perfumes
- Hair care
- Bath and shower
- Facial care

50% Home Care
- Fabric care
- Surface cleaner
- Air care
- Dishwashing

Over 4,000 fragrance and flavour references added each year

Source: company information
Slide shows % of total 2019A sales; rounded to nearest 10%
Highly compatible business model aligned to “the Croda way”

Iberchem business model

1. Excellent financial track record
2. Global platform with significant exposure to high growth markets
3. Long-standing customer-centric model
4. Strong customer-driven R&D focus

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<table>
<thead>
<tr>
<th>Iberchem business model strengths</th>
<th>Croda key strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong growth through favourable macro-trends</td>
<td>✓</td>
</tr>
<tr>
<td>Focus on Personal Care and Home Care markets</td>
<td>✓</td>
</tr>
<tr>
<td>Leader in its selected, high-growth niches</td>
<td>✓</td>
</tr>
<tr>
<td>Formulation-led approach</td>
<td>✓</td>
</tr>
<tr>
<td>Targeting independent mid-size customers</td>
<td>✓</td>
</tr>
<tr>
<td>Agile, entrepreneurial culture</td>
<td>✓</td>
</tr>
<tr>
<td>Capital-light with low carbon footprint</td>
<td>✓</td>
</tr>
</tbody>
</table>
1. Excellent financial track record

- Revenue €174m (c.£153m) in 2019 and €187m (c.£166m) forecast in 2020
- Consistent growth despite recognised headwinds
- Driven by:
  - Emerging markets positioning
  - Focus on fragrances for Consumer Care applications
  - Portfolio breadth and agile business model

- EBITDA €34m (c.£30m) in 2019 and €40m (c.£36m) forecast in 2020
- Consistently attractive margins despite cost-effective offerings
  - Strong margin in 2020 despite COVID-19
- Capital-light model
  - Good cash conversion – over 80% EBITDA in 2019 and 2020F

Source: company information, financials as per management accounts (unaudited)
(1) 2019: including net sales contribution of Flavour Inn Corporation and Duomei from September 2019 and December 2019, respectively
(2) EBITDA including IFRS 16 impact from 2019A onwards, stock margin intercompany adjustments, and 2019A acquisitions proforma impact
(3) Cash conversion defined as (EBITDA – capex) / EBITDA per Iberchem definition
2. Global platform with significant exposure to high growth markets

Revenues by region

- Asia: 36%
- Africa: 22%
- Middle East: 17%
- Europe: 17%
- LatAm: 8%

€174m (2019A)

(1) 2019A. Source: company information, financials as per management accounts (unaudited)

25% of total Iberchem sales to China

83% of total Iberchem sales to Asia, Africa, Middle East, Latin America

Denotes local presence
Denotes indirect presence through sale of products
Commercial office
Creative centre / R&D
Production / Warehouse

Smart Science to Improve Lives™
3. Long-standing customer-centric model

- Strong customer intimacy
- Focused on customer niches not targeted by larger competitors
- “Fast-to-customer” model well suited to mid-size customers
- Tailor-made products
- Growth strategy targeting
  - “Own brands”
  - Larger regional and independent customers

Diversified and loyal customer-base

**Top 10 customers = 20% revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fragrances</th>
<th>Flavours</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2,500</td>
<td>500</td>
<td>3,000</td>
</tr>
<tr>
<td>2017</td>
<td>2,700</td>
<td>600</td>
<td>3,300</td>
</tr>
<tr>
<td>2018</td>
<td>2,900</td>
<td>700</td>
<td>3,600</td>
</tr>
<tr>
<td>2019</td>
<td>3,100</td>
<td>800</td>
<td>3,900</td>
</tr>
</tbody>
</table>

Number of active customers

- +12% CAGR

Source: company information

(1) Average relationship of 11 years for Iberchem’s top 50 F&F clients
(2) % of 2019A Group sales
(3) Active customers (with accounting sales during the year) for 2019A; rounded to the nearest 100
4. Strong, customer-driven R&D focus

Formulation-led approach
- Well established culture of innovation
- 10 R&D centres and 240 R&D technicians\(^1\)
- 2019: invested in state-of-the-art applications laboratory
- 22 Perfumers, 9 Flavourists
- Allows rapid commercialisation of value for money fragrances and flavours and supports customer intimacy
- 36,500 fragrance and 18,000 flavour references
- 280 new fragrance and 70 flavour references created each month\(^2\)
- Investment in latest technological solutions for creation and delivery of fragrance and flavour solutions

Commercial R&D process

1. Identification and data capture
2. Knowledge management
3. Study trends and tastes
4. Product development

State of the art and recent R&D laboratories

(1) 239 R&D technicians including all laboratory personnel as at Aug 2020
(2) Including new creations, reformulations and existing code variations
Combination benefits
## Strong financial fundamentals and significant revenue synergies

### Strong financial fundamentals

<table>
<thead>
<tr>
<th></th>
<th>Organic revenue(^{(1)}) growth</th>
<th>EBITDA(^{(2)}) margin</th>
<th>Cash conversion(^{(3)})</th>
<th>Net working capital as % sales</th>
<th>Capex as % sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019A</td>
<td>20.0%</td>
<td>19.7%</td>
<td>85.3%</td>
<td>25.5%</td>
<td>2.9%</td>
</tr>
<tr>
<td>2020F</td>
<td>7.4%</td>
<td>21.2%</td>
<td>84.5%</td>
<td>28.8%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

### Targeting €25m annual revenue synergies by year 3 and €48m by year 5

1. Creating a new full service formulation and fragrance offer
   - New one stop shop in Consumer Care markets
   - Combines Croda's formulation capability with Iberchem's expertise
   - Particularly attractive to regional, "own-brand" and independent customers

2. Significant cross-selling opportunities: Iberchem to leverage Croda's global network
   - Access to Croda's base of 5,900 Personal Care and Home Care customers, particularly in North America

3. Significant cross-selling opportunities: Croda to access Iberchem fragrance customers
   - Access to 3,000 fragrance customers particularly in high growth emerging markets such as Middle East, North Africa and certain countries in Asia and Latin America

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Source: company information, financials as per management accounts (unaudited); customer numbers rounded to the nearest 100

\(^{(1)}\) 2019: including net sales contribution of Flavour Inn Corporation and Duomei from September 2019 and December 2019, respectively

\(^{(2)}\) EBITDA including IFRS 16 impact from 2019A onwards, stock margin intercompany adjustments, and 2019A acquisitions proforma impact

\(^{(3)}\) Cash conversion defined as (EBITDA – capex) / EBITDA per Iberchem definition
### EXAMPLE FORMULA
**Croda “Clearly Conditioning” Shampoo**

<table>
<thead>
<tr>
<th>Ingredients</th>
<th>% w/w</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deionised Water</td>
<td>67.40</td>
</tr>
<tr>
<td>Standard cleansing agent</td>
<td>20.00</td>
</tr>
<tr>
<td>Crodateric CAB 30</td>
<td>5.00</td>
</tr>
<tr>
<td>Versathix</td>
<td>3.00</td>
</tr>
<tr>
<td>Crovol A70</td>
<td>1.50</td>
</tr>
<tr>
<td>Lusterplex</td>
<td>1.00</td>
</tr>
<tr>
<td>Kerestore 2.0</td>
<td>1.00</td>
</tr>
<tr>
<td>Crotein WKP</td>
<td>0.50</td>
</tr>
<tr>
<td>Parfum</td>
<td>0.50</td>
</tr>
<tr>
<td>Preservative</td>
<td>0.10</td>
</tr>
<tr>
<td>Citric Acid</td>
<td>To pH 5.0-6.0</td>
</tr>
</tbody>
</table>

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**Croda ingredients**
- Boosts and stabilises foam
- Provides viscosity
- Solubiliser for fragrances and oil
- Agent for hair glossing
- Active for targeted hair repair
- Protein-based moisturising active

**Iberchem ingredients**
- "Parfum"
  - Top Notes compromising 4 ingredients
  - Middle Notes compromising 4 ingredients
  - Base Notes compromising 4 ingredients

Well placed to adapt to consumer demand for more sustainable raw materials.
Significant cross selling opportunities

Table shows % 2019A revenue by region. Regions based on Croda definition. Map based on data in table so does not show country-by-country variance. Neither Croda, nor Iberchem, operate in every country.
Driving our focus on Consumer Care

- Group’s Core Business will comprise 3 sectors:
  - Consumer Care
  - Life Sciences
  - Performance Technologies
- New Consumer Care sector from 2021
- Comparative 2020 numbers to be included at Croda’s Full Year 2020 results, February 2021
## Compelling strategic rationale

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