

Croda International Plc ('Croda')

Quarter Two 2014 Pre-Close Trading Update

Before entering its close period ahead of reporting its interim results for the six months ending June 30 2014 on July 22 2014, Croda announces the following update on current trading.

At the time of its Interim Management Statement on April 24 2014, the Group said that it expected second quarter performance to be similar to the first quarter, where it reported pre-tax profits of £65.2 million. The Group also highlighted that adverse currency translation was expected to remain an issue.

The modestly improving underlying sales trend seen in recent quarters in our core Consumer Care and Performance Technologies divisions has continued into the current period, though market conditions remain subdued especially in Europe. However, sales were weaker in Industrial Chemicals. In addition, greater transactional currency costs and a slightly less favourable product mix in Consumer Care than that seen in the first quarter mean that quarter two margins are now likely to be lower than quarter one.

Sterling has strengthened further in recent months resulting in an adverse currency translation and transaction impact of approximately £6.5m year-on-year on second quarter pre-tax profits, greater than originally expected.

Croda now expects quarter two pre-tax profits to be approximately 8% below its pre-tax profit performance in quarter one due to a combination of these factors. Approximately £1.5m of the difference between quarters is due to the increase in the strength of sterling.

Operating cash generation in the quarter is expected to be very strong.

For the full year, if sterling remains at current levels, the currency translation and transaction effects we are seeing would have reduced the £251.4m pre-tax profit reported in 2013 by approximately £19m (£13m currency translation plus an estimated £6m currency transaction, arising mainly on Croda's US dollar denominated exports from Europe). Whilst we still expect to achieve underlying profit progress in 2014, pre-tax profits are now expected to come in below those attained in 2013.

The Board remains confident in the long term strategy of the group and its medium term targets remain unchanged.

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Sean Christie, Group Finance Director, will host a conference call for analysts at 8.00am today. Please dial +44 (0) 20 34262886 and quote "Croda International" to gain access to the call.