



Full year 2021 results

Croda International Plc

1 March 2022

Cautionary statement

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This review is intended to focus on matters which are relevant to the interests of shareholders in the Company. The purpose of the review is to assist shareholders in assessing the strategies adopted and performance delivered by the Company and the potential for those strategies to succeed. It should not be relied upon by any other party or for any other purpose. Forward looking statements are made in good faith, based on a number of assumptions concerning future events and information available to the Directors at the time of their approval of this report. These forward looking statements should be treated with caution due to the inherent uncertainties underlying such forward looking information. The user of this review should not rely unduly on these forward looking statements, which are not a guarantee of performance and which are subject to a number of uncertainties and other facts, many of which are outside the Company's control and could cause actual events to differ materially from those in these statements. No guarantee can be given of future results, levels of activity, performance or achievements.

Restatement

Sector results for the full year 2020 have been restated to reflect a change in 2021 to the Group's reporting structure.

Alternative Performance Measures (APMs)

We use a number of APMs to assist in presenting information in this statement in an easily analysable and comparable form. We use such measures consistently at the half year and full year, and reconcile them as appropriate. Whilst the Board believes the APMs used provide a meaningful basis upon which to analyse the Group's financial performance and position, which is helpful to the reader, it notes that APMs have certain limitations, including the exclusion of significant recurring items, and may not be directly comparable with similarly titled measures presented by other companies. The measures used in this presentation are defined in Croda's full year results statement for the year ended 31 December 2021.

2021: a record year

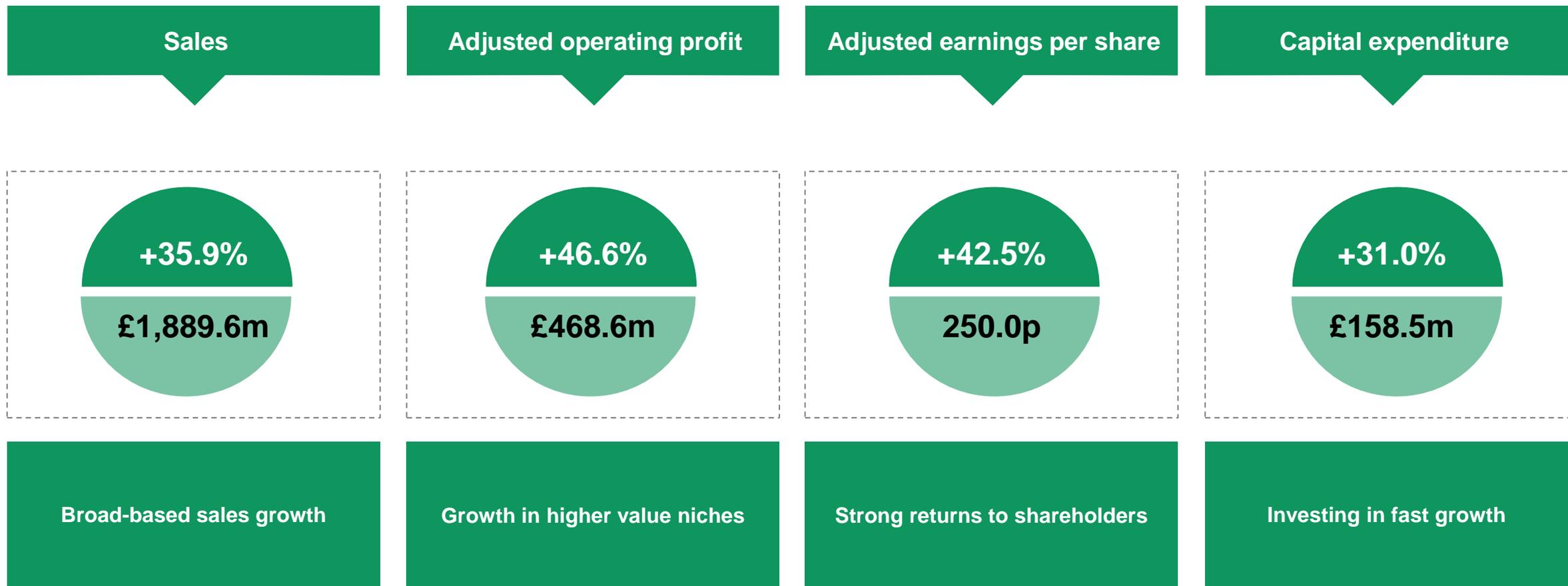


Steve Foots – Chief Executive Officer

Record results – strategy executed with agility

- Record sales, profit and margin, well ahead of pre-pandemic levels
- Strong cost recovery in a high inflation environment
- Continued innovation – New and Protected Products (NPP) growing significantly
- Recent acquisitions delivering – accelerated investment for future growth
- Strategic transition to pure-play Consumer Care and Life Sciences company

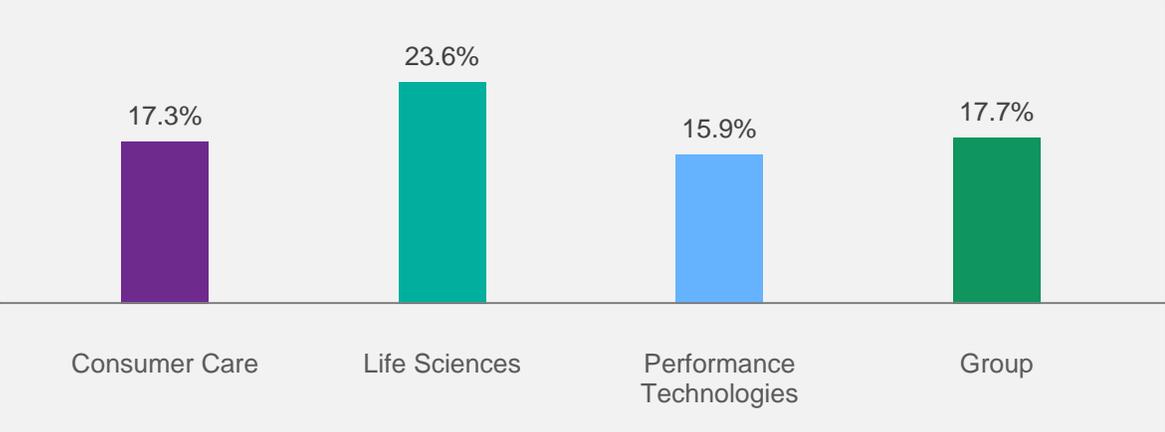
Outstanding performance



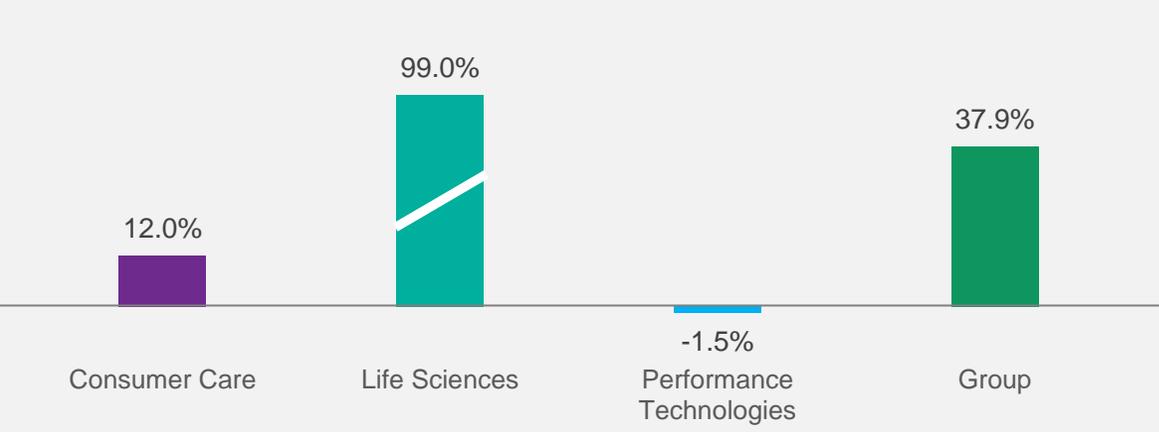
Reported currency, versus 2020

Growth well ahead of pre-pandemic 2019

Strong underlying* sales growth across all sectors



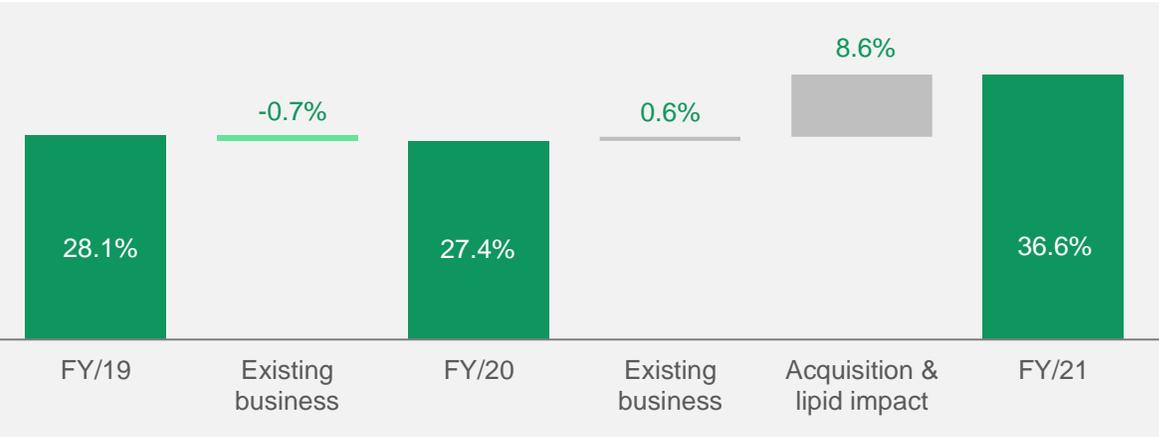
With adjusted operating profit significantly higher



Adjusted earnings per share up 35%

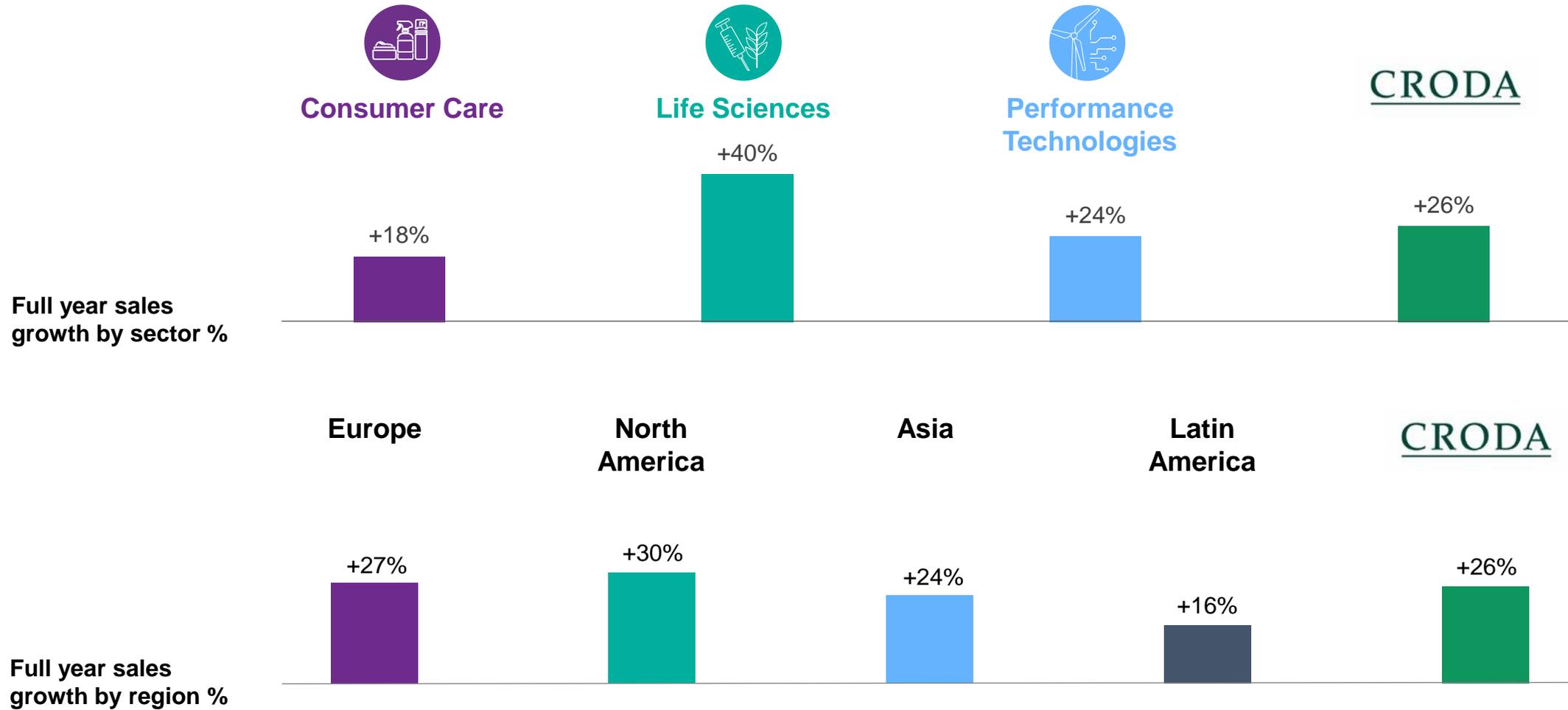


NPP reflects higher knowledge intensity



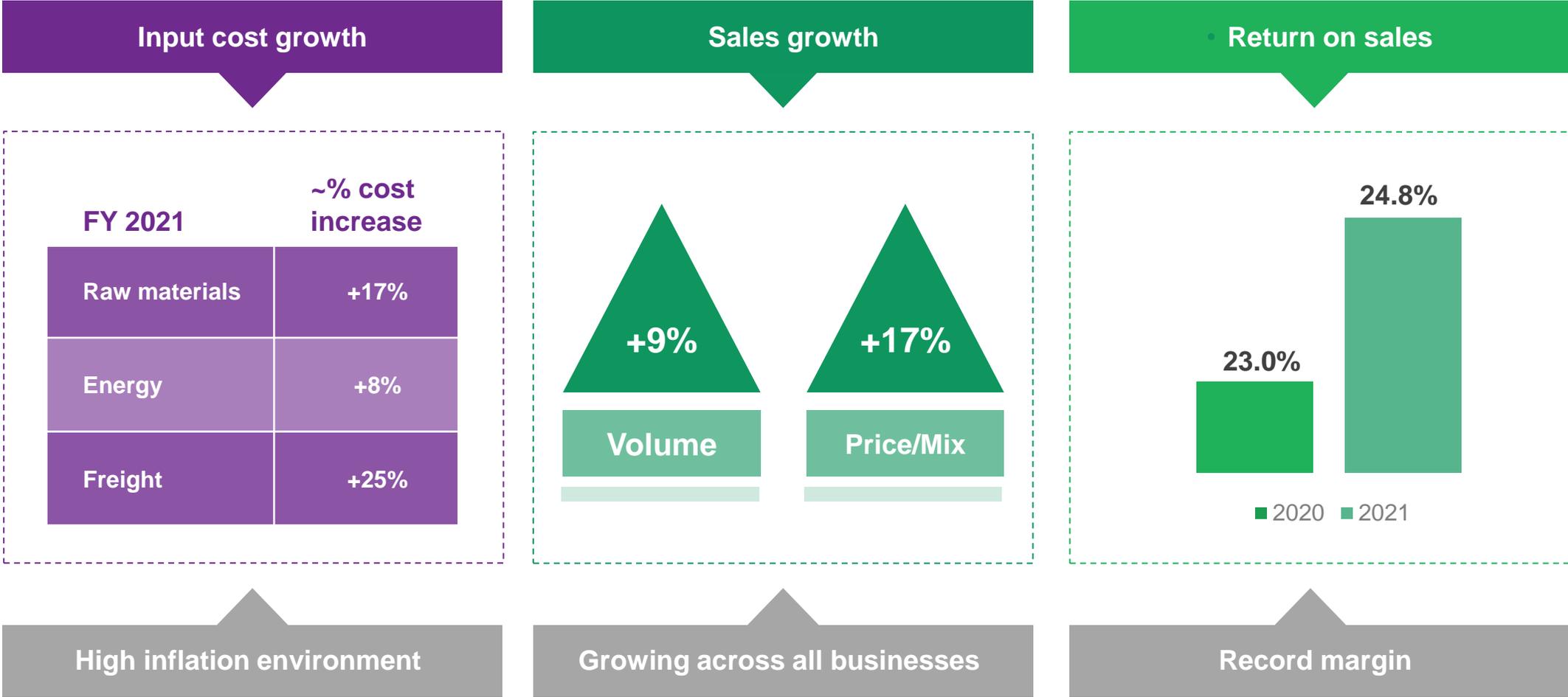
*Underlying sales, adjusted to exclude lipid systems. Other graphs on a reported currency basis

Broad-based underlying growth across all sectors and regions



Underlying sales, versus 2020

Successfully navigating a high inflation environment



Input costs for the underlying business in constant currency excluding impact of higher sales volumes, versus 2020

Progress on key non-financial performance indicators

Climate ambition

Decarbonisation

Diversity & Inclusion

Supporting communities



RACE TO ZERO



CRODA
FOUNDATION

1.5°C verified targets

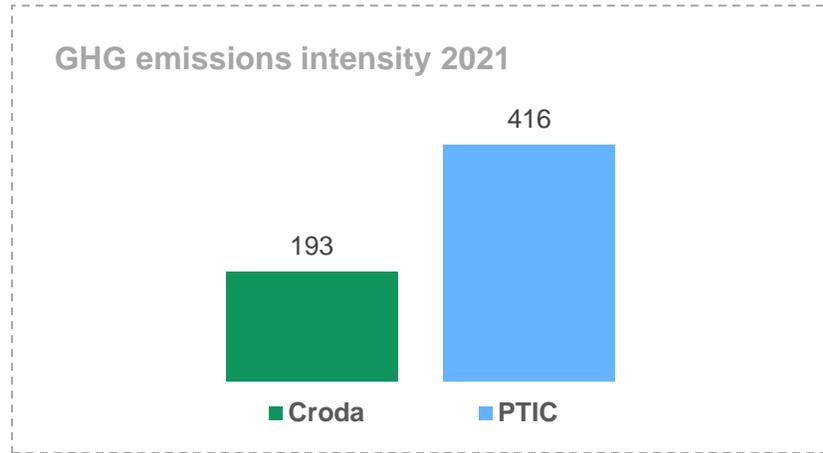
Executing on roadmaps

% of women in leadership roles increased to 36%

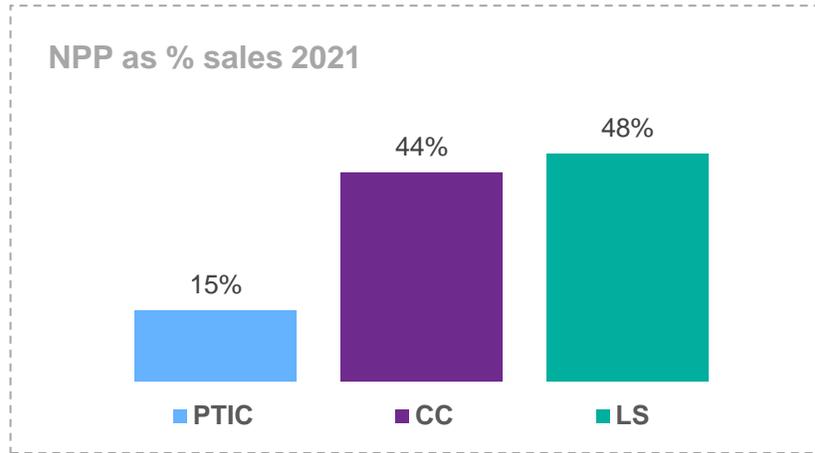
Over 50m people helped

Transitioning to a Consumer Care and Life Sciences company

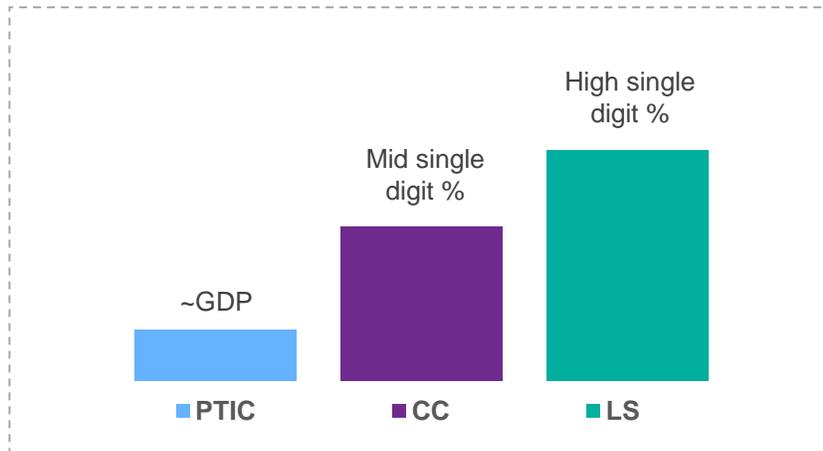
More carbon light



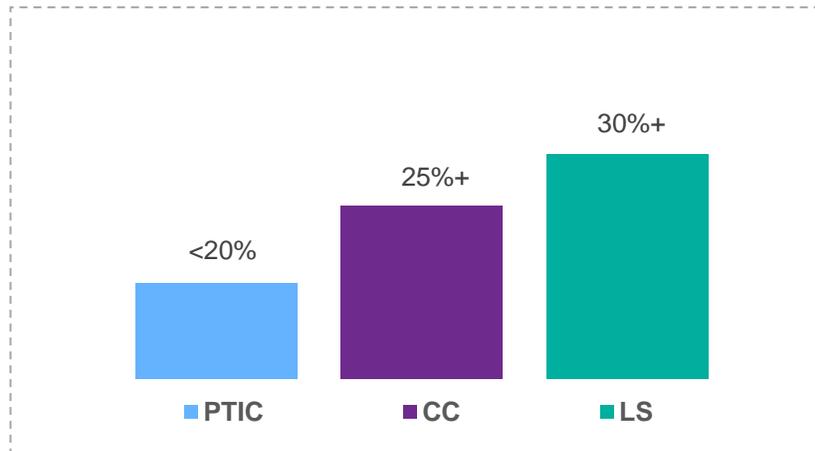
More IP



Faster sales growth*



Even stronger profit margins



Green House Gas emissions intensity is GHG emissions divided by value added (defined as operating profit before depreciation and employee costs). Performance Technologies and Industrial Chemicals (PTIC) emissions intensity based on sites to be divested and their associated value added.

Bottom graphs are medium-term expectations. *Sales growth excludes inflation-related cost recovery.

Record financial performance



Jez Maiden – Chief Financial Officer

Record performance supported by continued investment

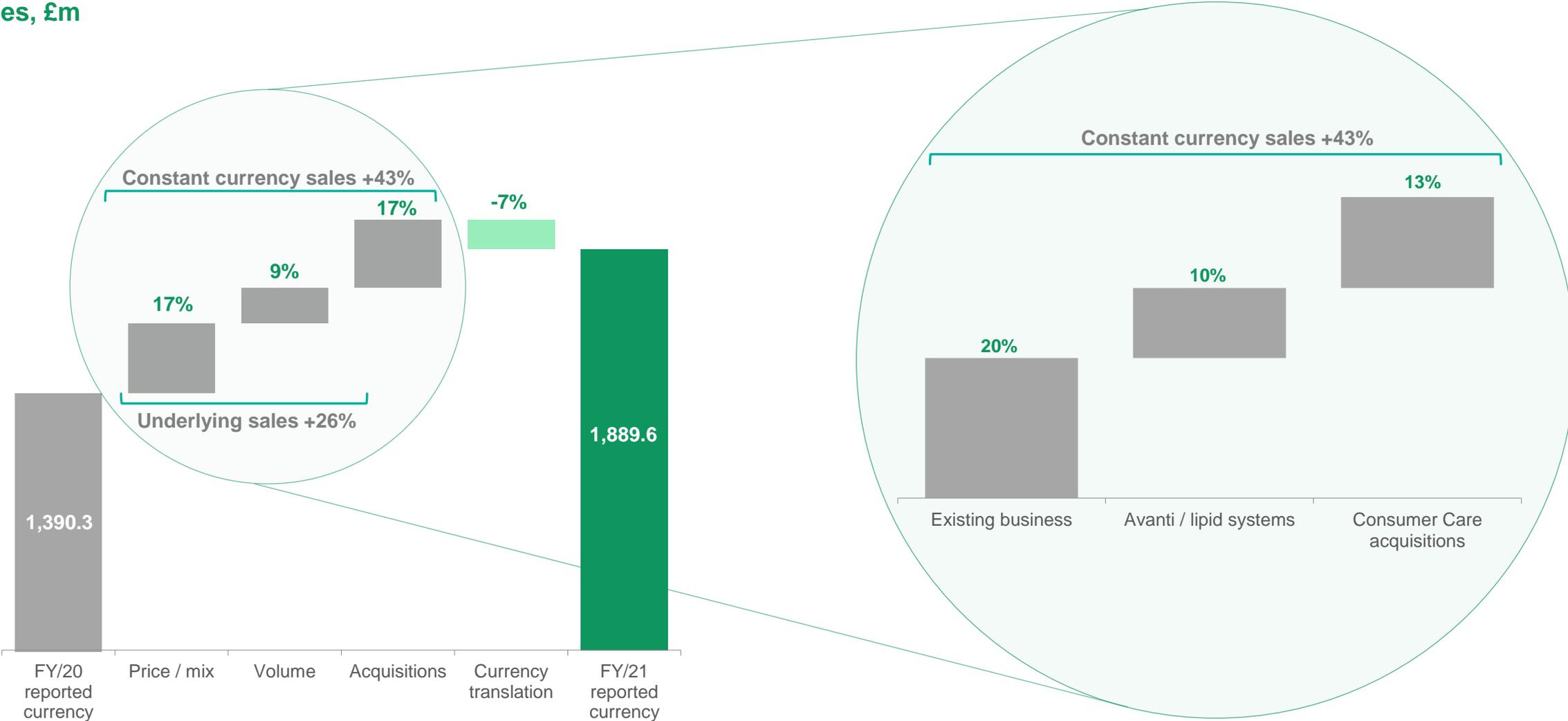
Adjusted results, £m	FY/21 reported	FY/20 reported	% change	% change constant currency
Sales	1,889.6	1,390.3	35.9%	43.2%
Operating profit	468.6	319.6	46.6%	54.4%
Return on sales	24.8%	23.0%	180bps	-
Profit before tax	445.2	300.6	48.1%	56.2%
Basic earnings per share	250.0p	175.5p	42.5%	-
Ordinary dividend per share	100.0p	91.0p	9.9%	-
Free cash flow	153.6	176.9	(13.2)%	-

Reconciliation to IFRS results, £m	FY/21 reported	FY/20 reported
Adjusted PBT	445.2	300.6
Exceptional items	0.6	(17.5)
Amortisation of intangible assets	(34.3)	(13.6)
Reported PBT	411.5	269.5
Basic EPS	230.0p	155.1p

Reported currency except where stated

Strong price and volume growth complemented by acquisitions

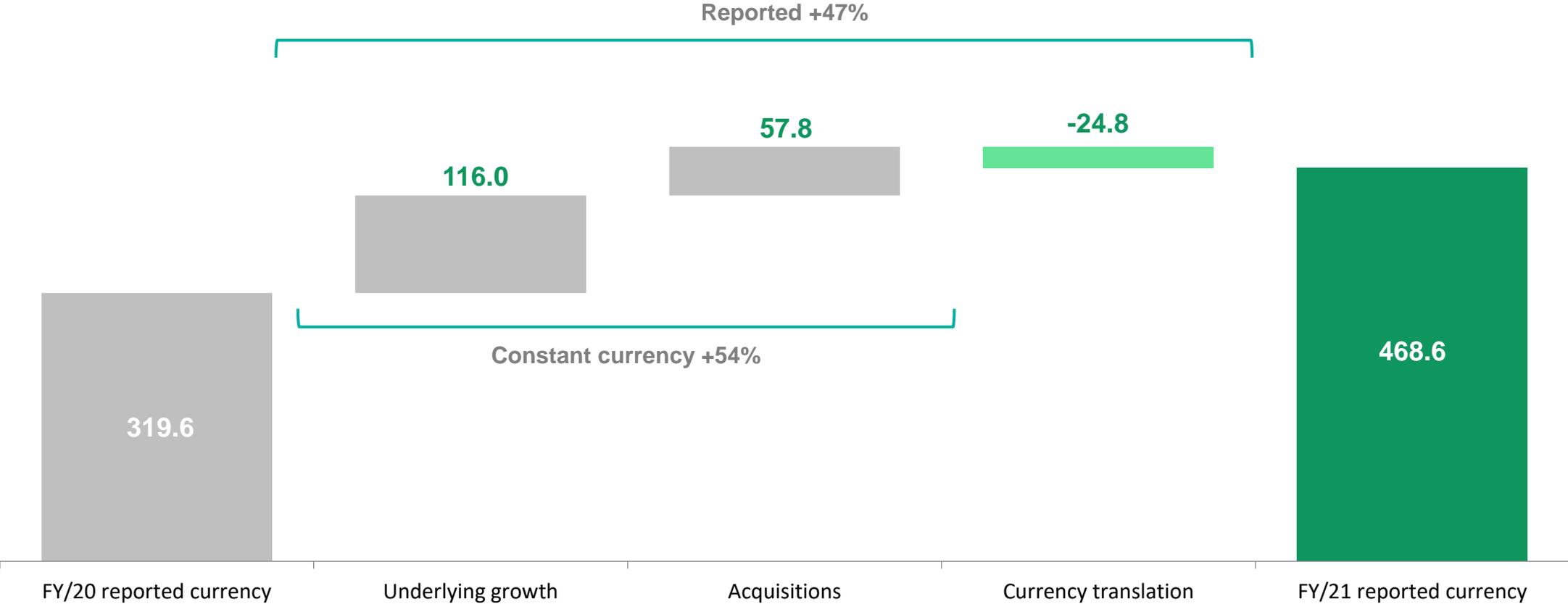
Sales, £m



Reported currency except where stated

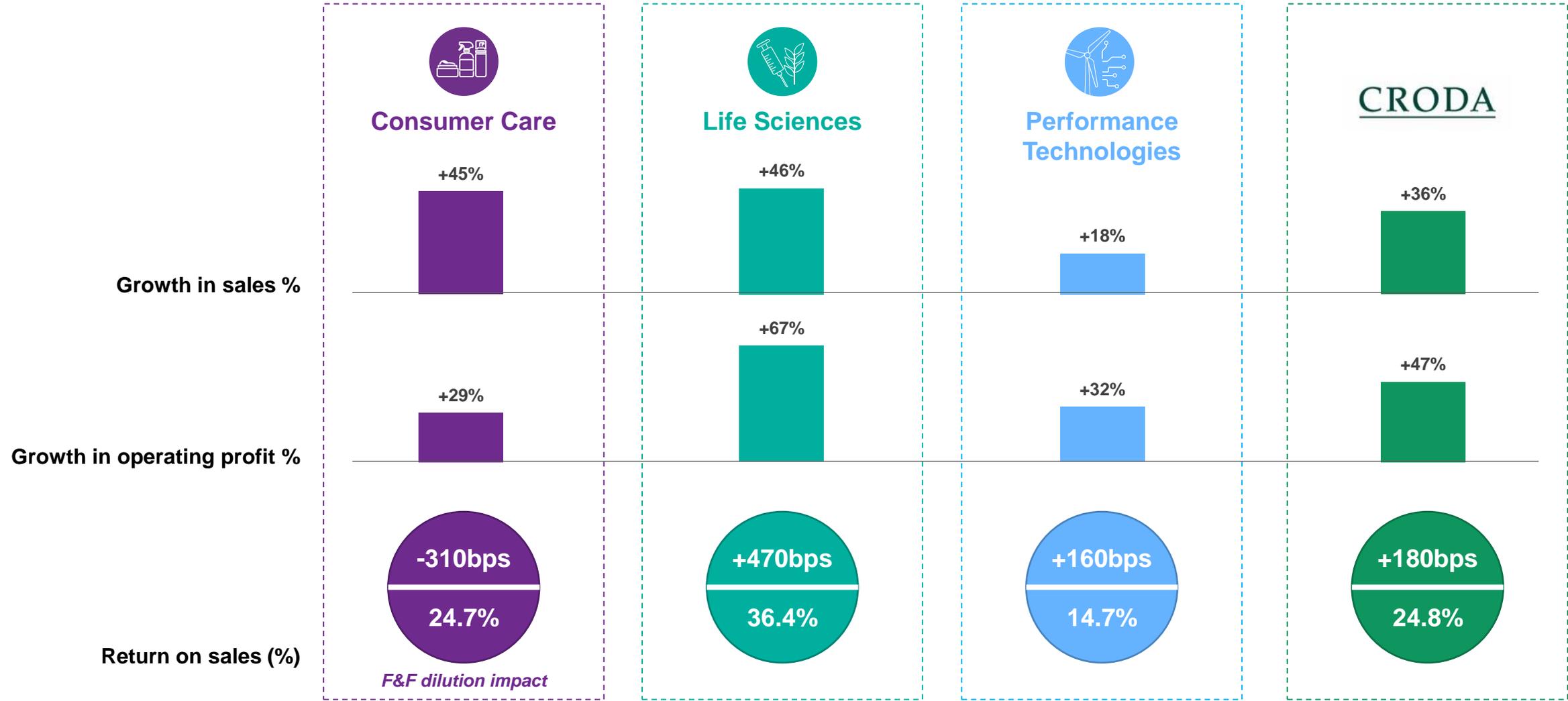
Underlying growth driving increased profit

Adjusted operating profit, £m



Reported currency except where stated

Excellent performance across all sectors

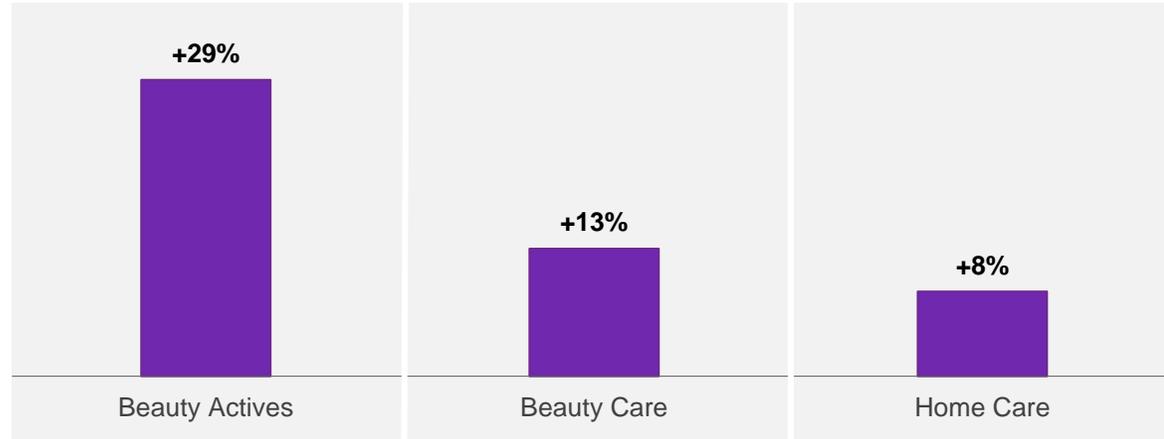


Reported currency

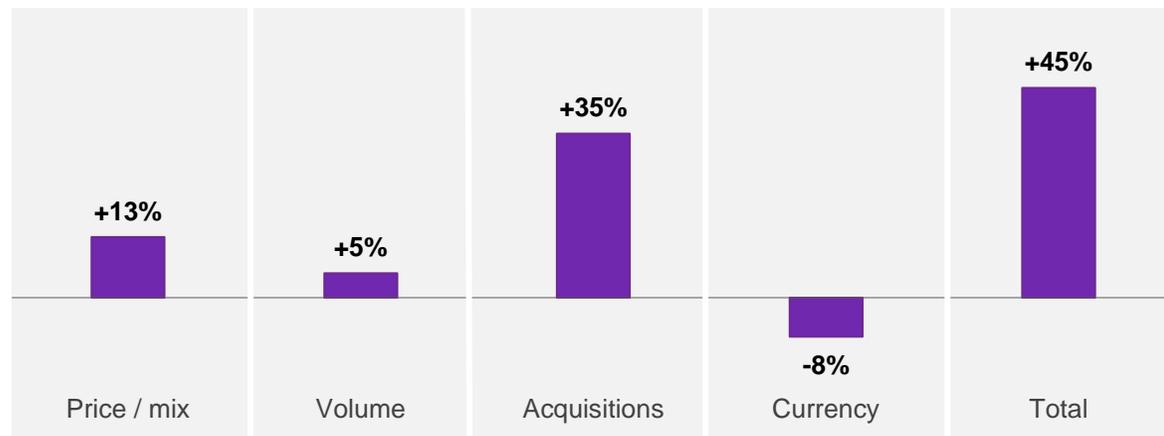
A stronger Consumer Care business



Excellent sales growth



Driven by inflation recovery, volume growth & acquisition



Highlights

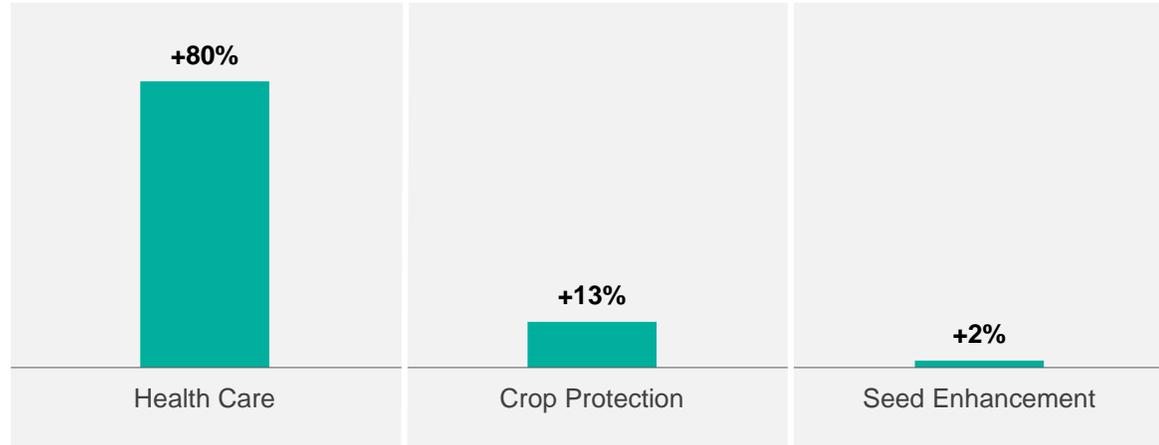
- **Excellent sales performance**
 - +18% underlying growth
- **Strong rebound in Personal Care**
 - Personal Care underlying sales +15% on pre-pandemic level
 - 30% return on sales
- **Continued growth in Home Care**
- **Iberchem integration on track**
 - Encouraging performance despite challenging emerging markets
 - First cross-selling synergies
- **Growth in NPP to 44% (2020: 38%)**

Reported currency except where stated

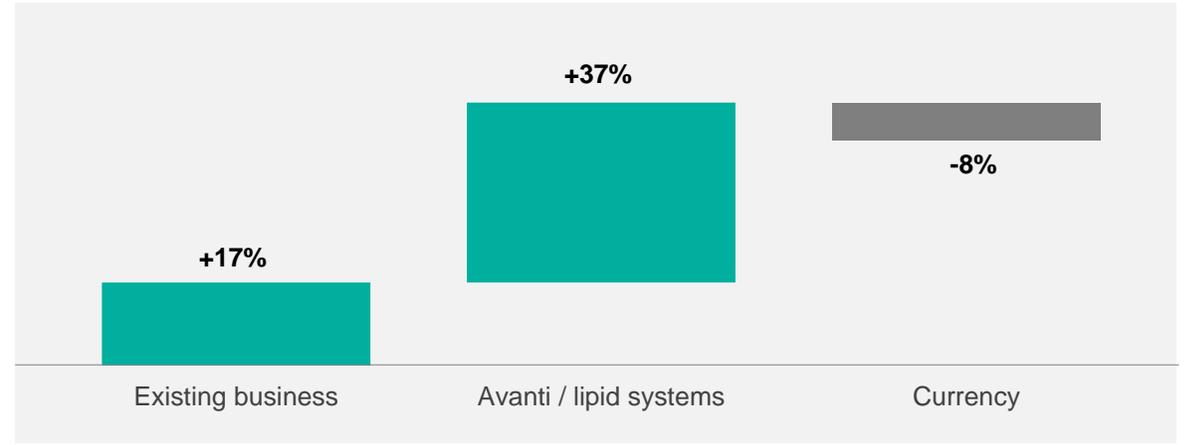
Rapid expansion in Life Sciences



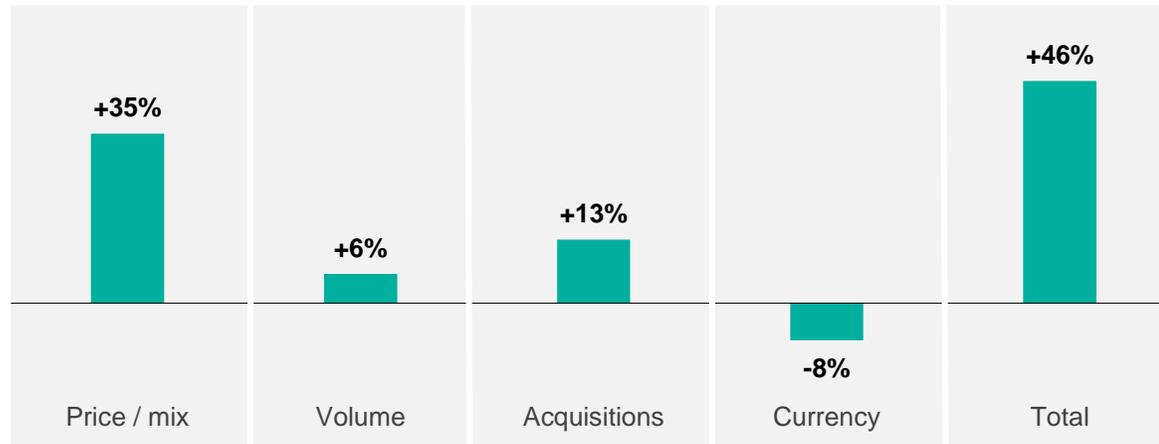
Building further scale in Health & Crop



Combining existing and new platform growth



Improved mix and volume driving growth



Highlights

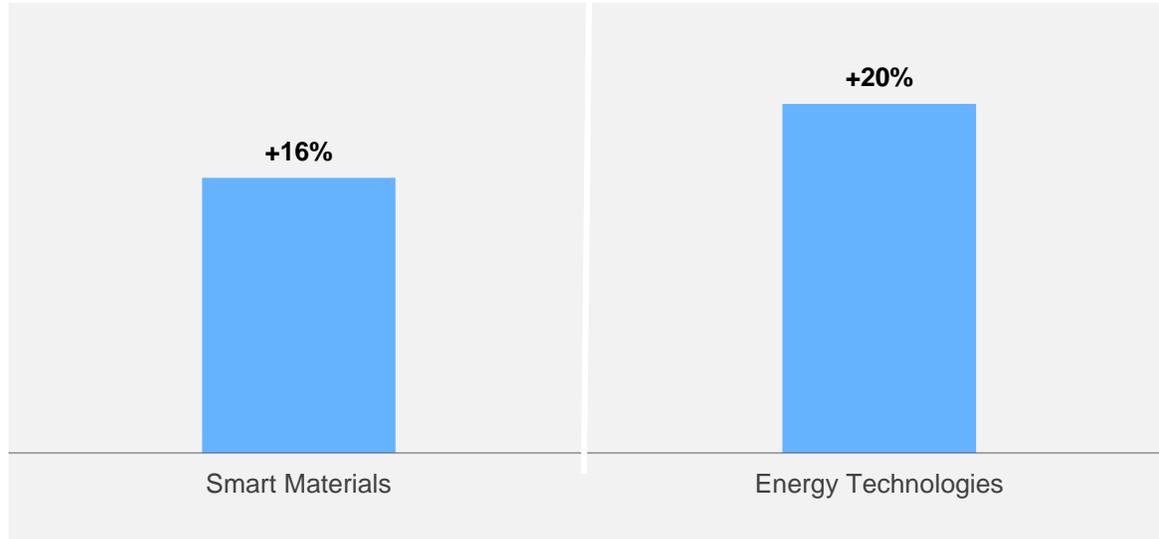
- Growth through organic expansion & acquired technologies
- Outstanding Health Care performance
- Strong demand in Crop Protection
- Increasing NPP 48% (2020: 27%)

Reported currency except where stated



A new future for Performance Technologies

Recovery in end markets



Highlights

- Strengthening recovery through 2021
- Agreement reached in December to divest most of PTIC
- Retained business to form Industrial Specialties

Significant volume growth



Estimated impact of divestment on 2021 results*

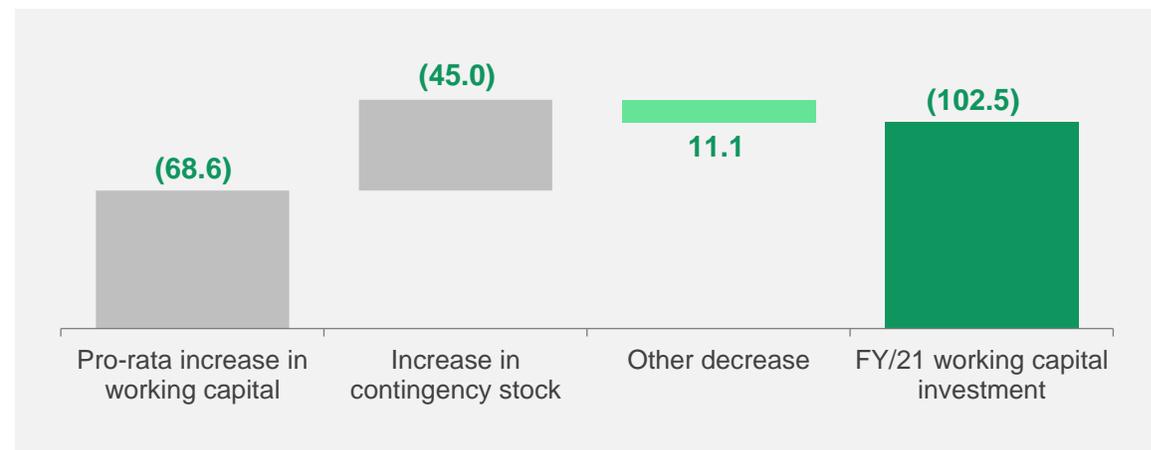
£m	PTIC reported	Divestment Impact
Sales	554	(361)
Adjusted operating profit	72	(59)

Reported currency except where stated
 *Had the divestment occurred at the start of 2021
 Smart science to improve lives™

Lower cash generation reflecting higher investment & demand growth

Cash flow, £m	FY/21	FY/20
EBITDA	547.6	387.8
Working capital	(102.5)	(2.3)
Capital expenditure	(158.5)	(121.0)
Interest & tax	(129.8)	(87.7)
Other	(3.2)	0.1
Free cash flow	153.6	176.9
Dividends	(132.5)	(115.9)
Acquisitions	(58.8)	(869.7)
Issue of new equity	-	615.5
Other cash movements	19.0	(26.6)
Net cash flow	(18.7)	(219.8)
£m	FY/21	FY/20
Net debt	823.2	800.5
Leverage ratio	1.4x	1.8x

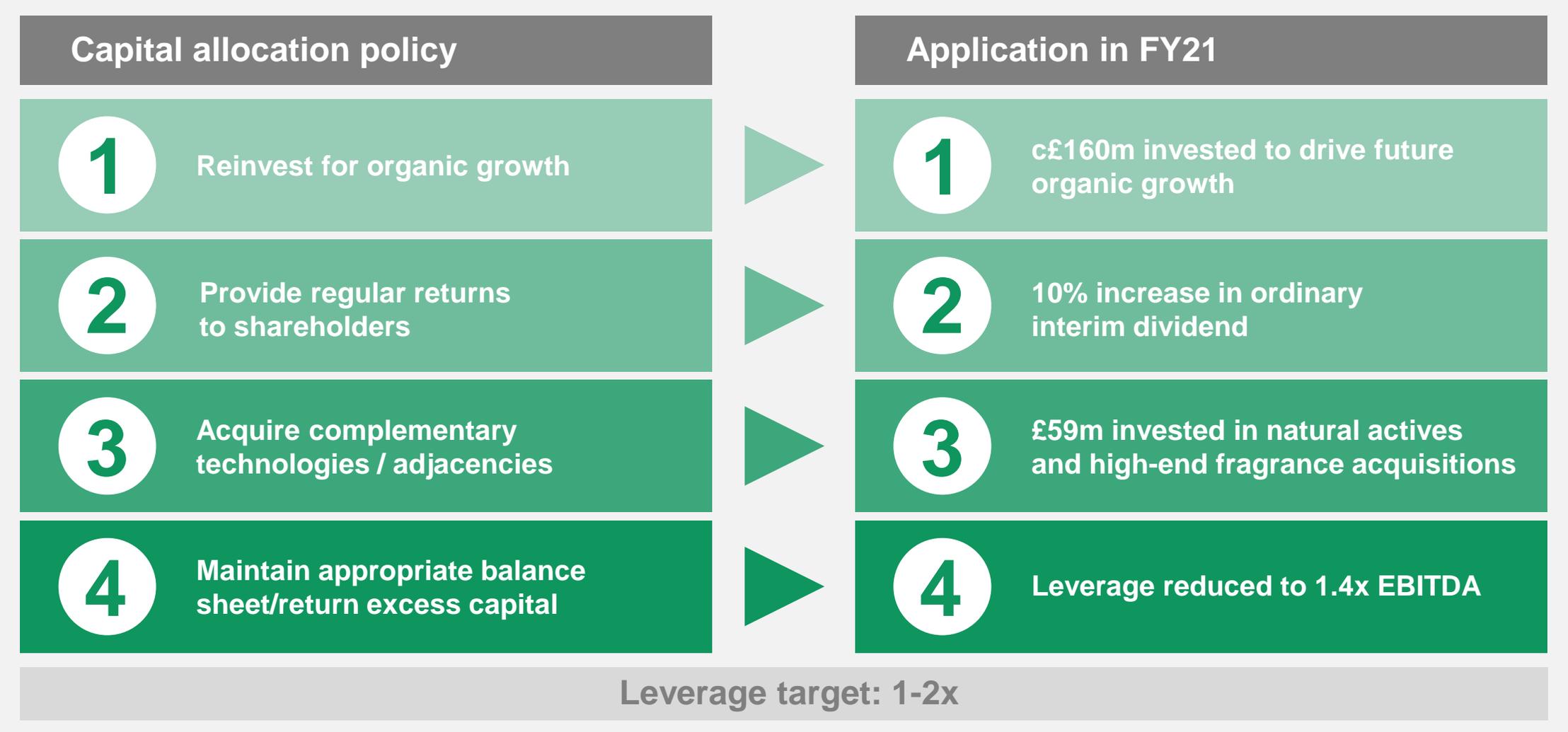
Working capital outflow (£m)



Deploying capital to drive future growth

- **Capital expenditure of c£160m**
 - Reinvesting proceeds from PTIC divestment
 - Creating new technology platforms & expanding existing capacity
- **c£60m invested in acquisitions**
 - Accelerating transition to sustainable ingredients

Guided by a clear capital allocation policy

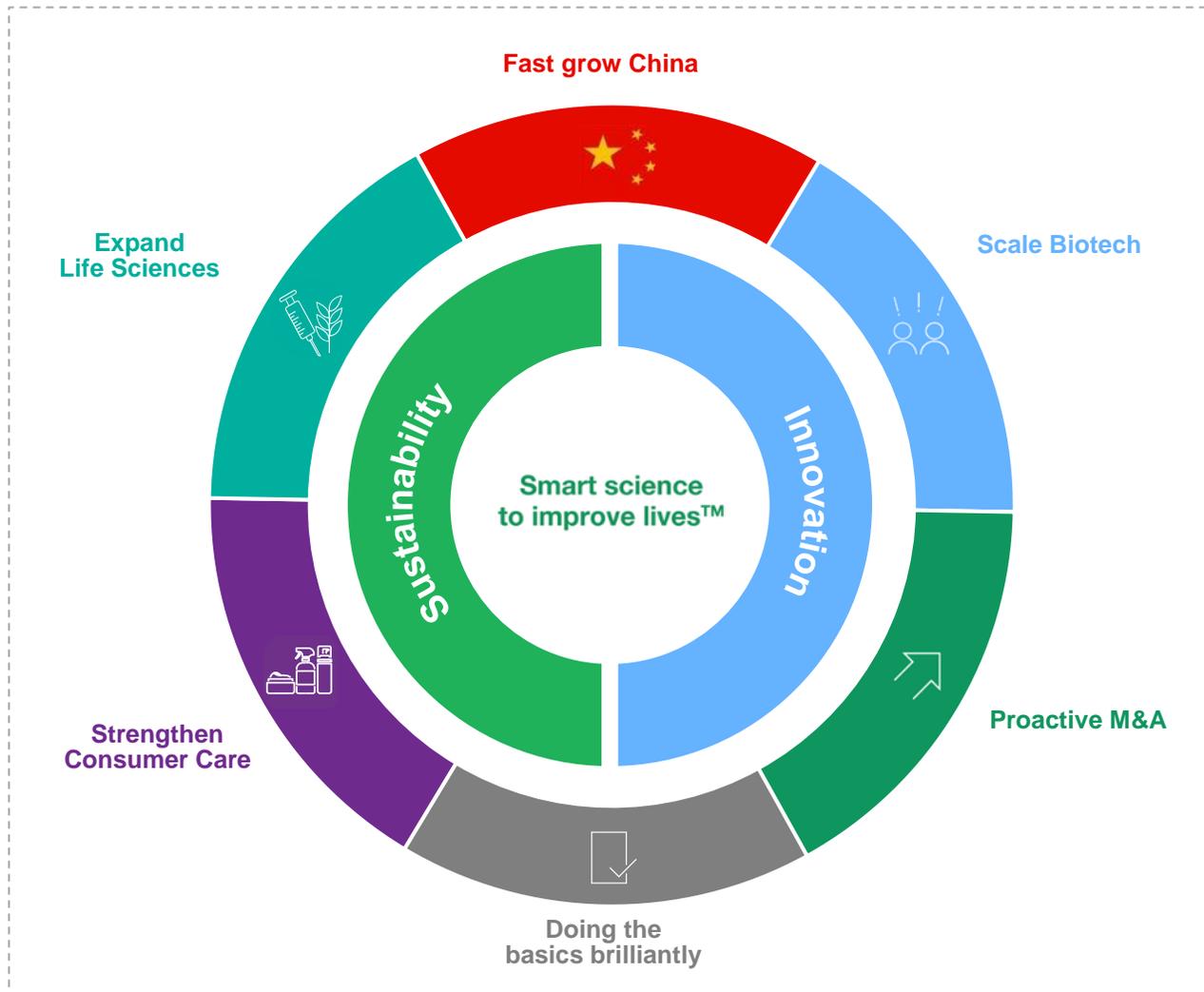


Sustainability + Innovation = Growth



Steve Foots – Chief Executive Officer

Our strategic priorities



Sustainability

Supporting customers' sustainability strategies through:

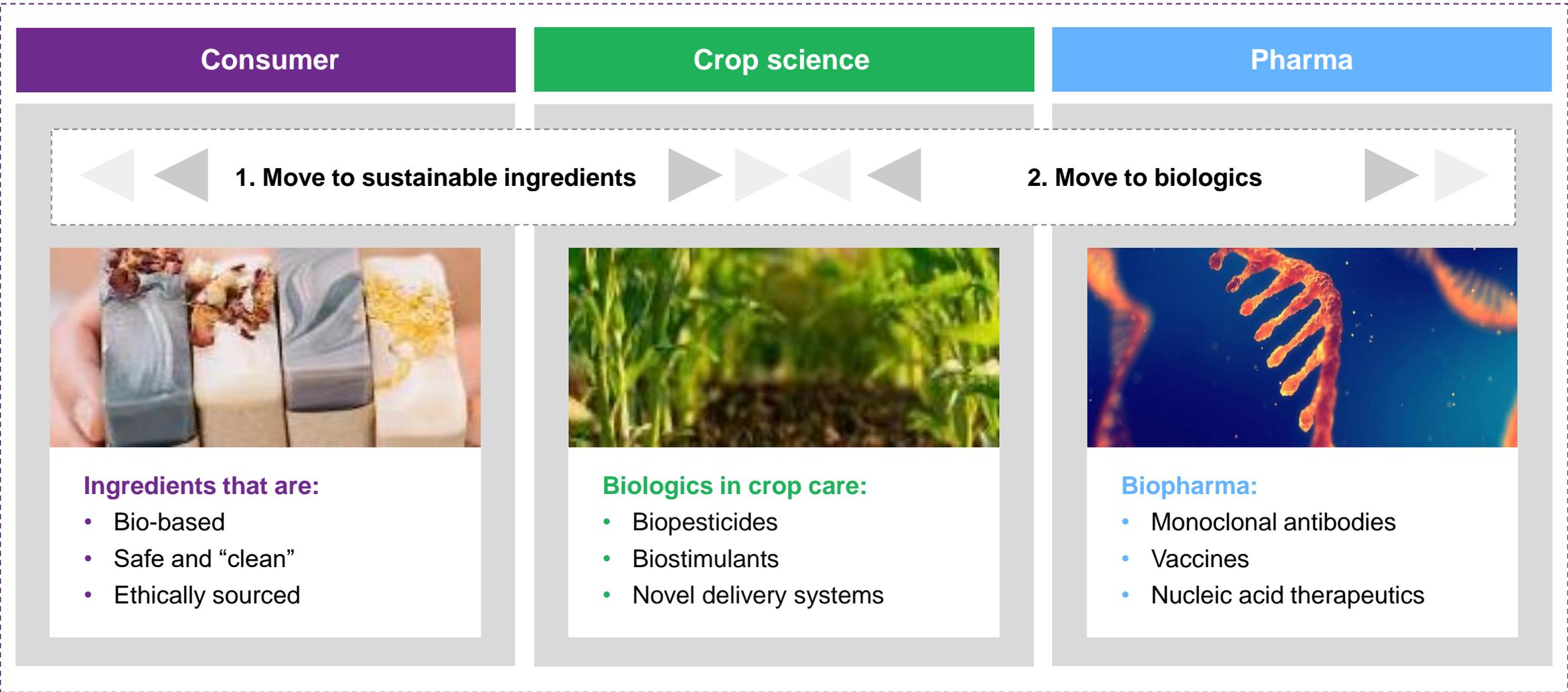
- Ethical sourcing
- Ingredient transparency
- R&D – sustainable ingredients
- Sustainable manufacture

Innovation

Providing customers with critical ingredients through:

- Increased R&D resource
- Expansion in open innovation
- Rapid investment in biotechnology
- 'Big bet' innovation projects

Supported by big technology market trends



Created 8 growth businesses – all targeting >1.5x GDP growth

Consumer Care



Beauty Actives



Beauty Care



Fragrances and Flavours



Home Care



Life Sciences

Health Care



Consumer & Veterinary Health



Patient Health

Crop Care



Crop Protection

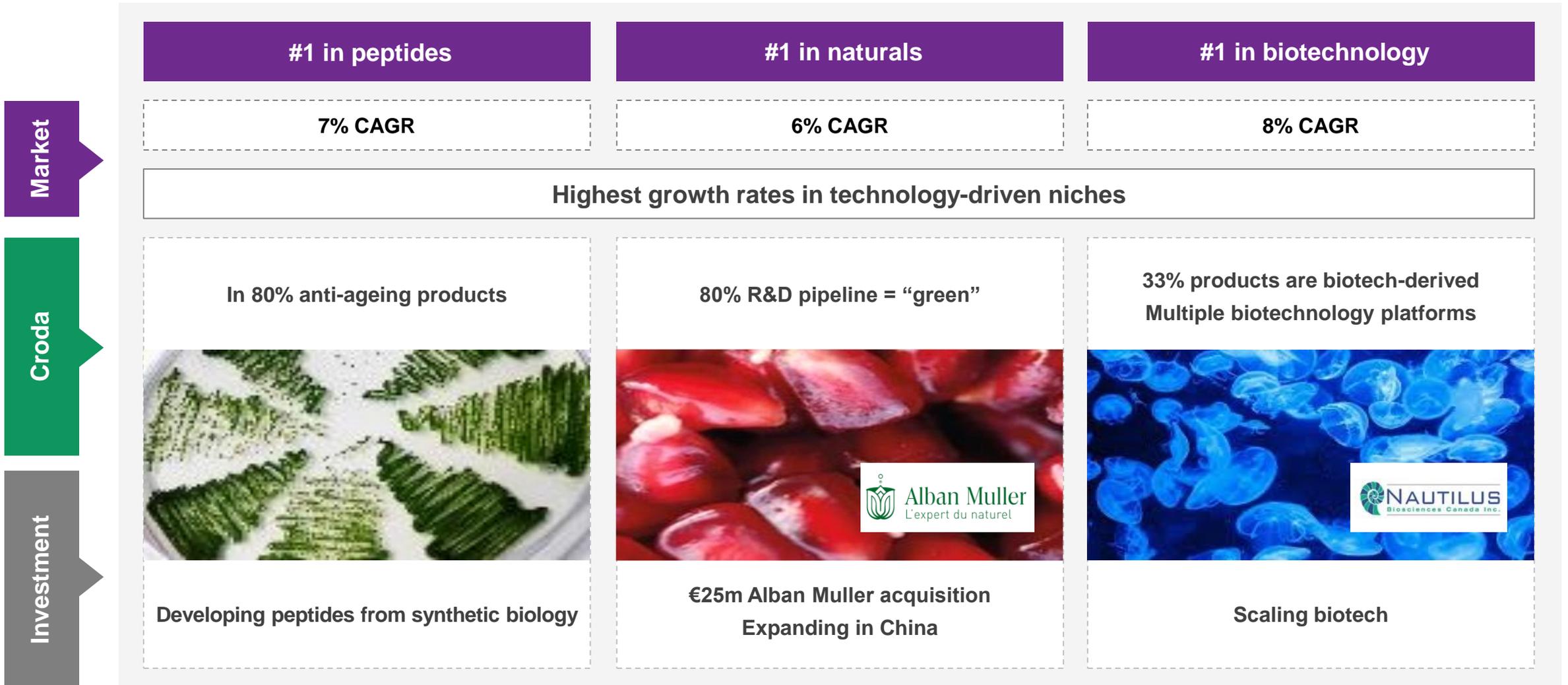


Seed Enhancement



Supported by:
Industrial Specialties

Winning with sustainable ingredients in Beauty Actives



Winning with sustainable ingredients in Beauty Care & Home Care



Market

#1 in metal oxides for sun care

#1 in sustainable surfactants

#1 in proteins for fabric care

Sun care 4% CAGR

Hygiene 5% CAGR

Fabric care 6% CAGR

Strong demand for sustainable alternatives

Croda

Leader in sustainable UV filters

Acquired stake in Entekno

Leader in bio-based surfactants

£10m sulfate-free expansion

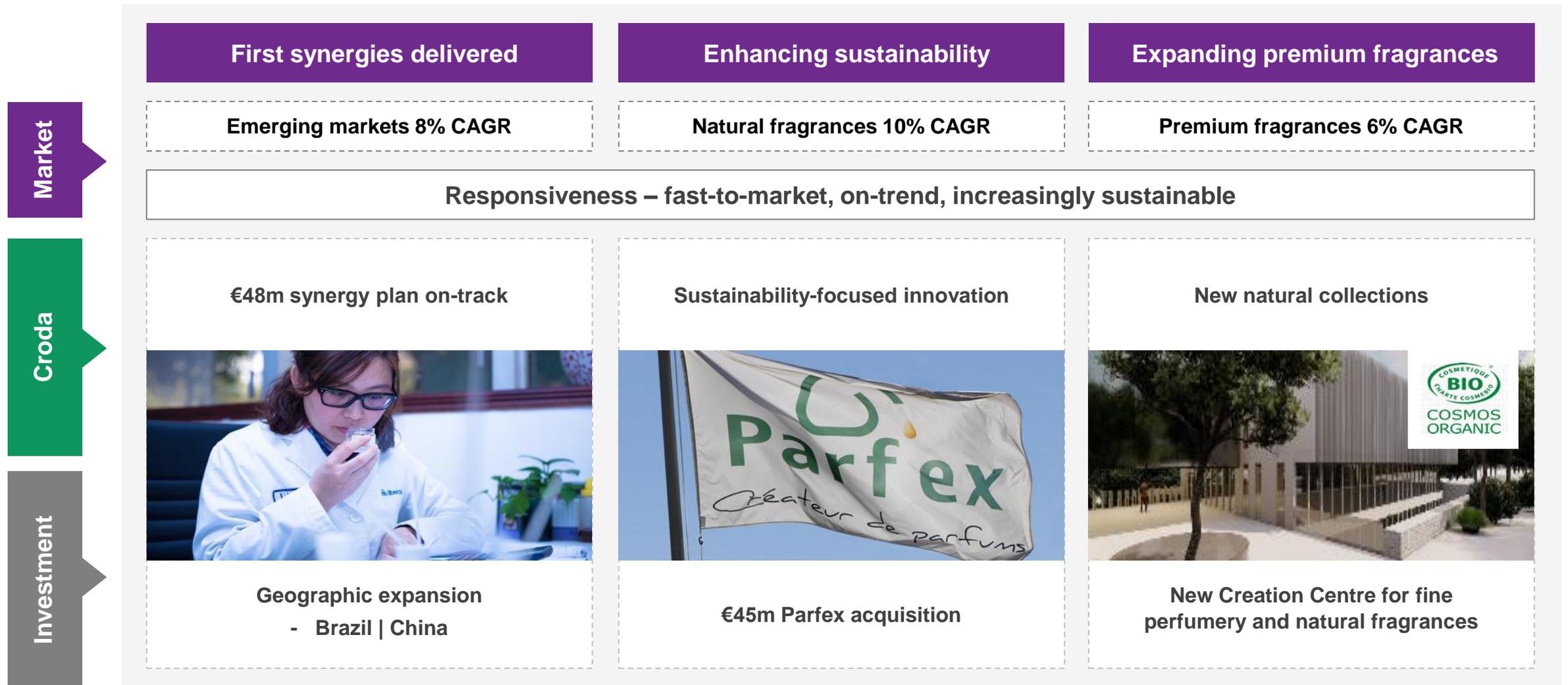
x5 sales to extend garment life

£30m fabric care expansion

Investment

CAGR 2020-2025. Product imagery sourced from company websites

Synergy capture on track in Fragrances & Flavours



Continued innovation in Crop Care with biologics



Market

Traditional Crop Care

\$60bn market – 3% CAGR

Market need: sustainable delivery

- Spray drift reduction
- Low carbon, bio-based
- Biodegradability
- Microplastic-free seed coatings

Croda

Biopesticides

\$5bn market – 8% CAGR

Market need: biopesticide delivery

- Microbial delivery
- Next generation RNA interference delivery

Investment



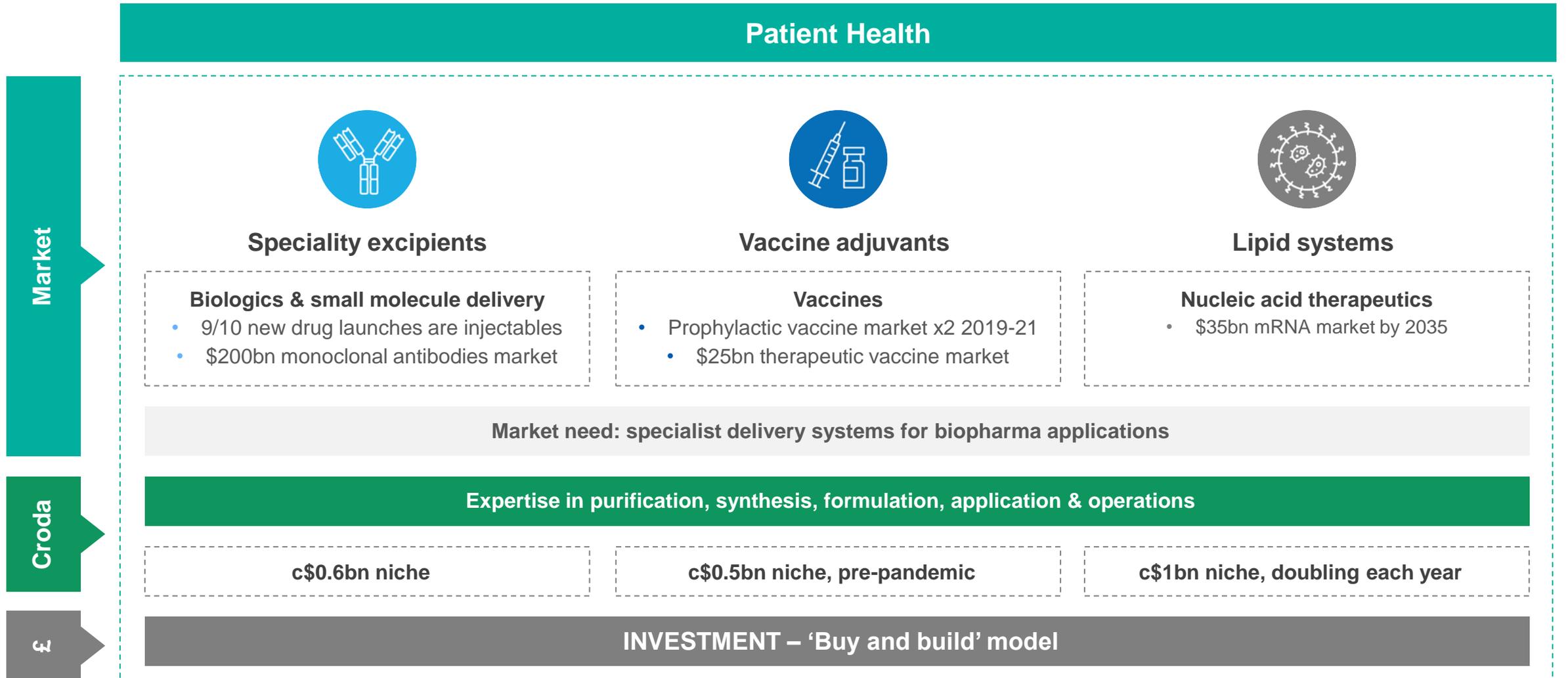
Increasing innovation

- Global testing facilities
- Broader range of skills



Product Validation Centre, Brazil

Moving to biopharma: Croda's Patient Health platforms



Moving to biopharma: pipeline building rapidly



130

New customers

250

New programmes

66%

Non COVID-19

New applications



Speciality excipients

- COVID-19 therapeutics
- Oncology and immunosuppressants
- Adjacencies, eg cell media



Vaccine adjuvants

- Next-generation adjuvant systems
- 15 of 24 WHO-listed diseases
 - HIV & Ebola vaccines



Lipid systems

- Influenza vaccines
- Oncology drugs
- Gene editing

Moving to biopharma: executing our 'buy and build' model



Speciality excipients



Organically developed

Pennsylvania, USA

- 2x capacity
- £25m investment

Shiga, Japan

- 1.5x capacity
- £15m investment



Vaccine adjuvants



€72m
Biosector acquisition

Frederikssund, Denmark

- 2x capacity
- £6m investment



Lipid systems



\$185m
(+ up to \$75m)
Avanti acquisition

Alabama, USA

- 2x employees
- 2x capacity
- £35m investment

UK scale up site

- £20m investment

40% increase in employees; >£100m capital investment

Buy

Build

'Build' investment is total capital expenditure 2020 and 2021

Outlook & summary

2022 outlook

- Continued growth
- Robust consumer demand, inflation-recovery and benefit of recent investments
- Lipid systems sales – similar to 2021
- Strong profit margins – increasing proportion of sales from higher value add solutions

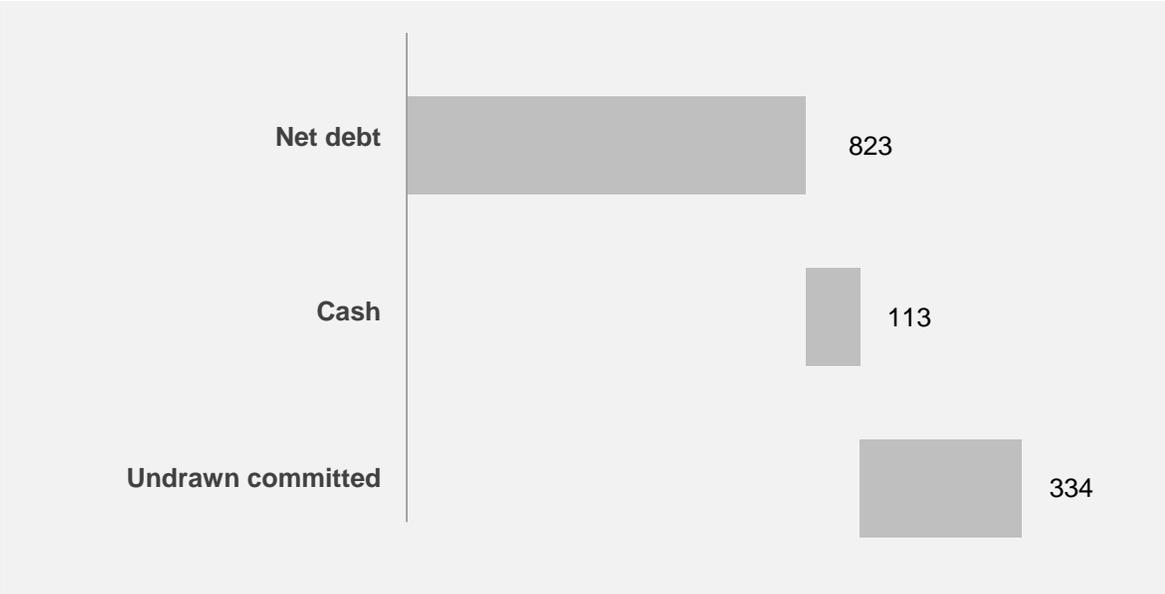
Summary

- 2021 an outstanding year – excellent financial & strategic progress
- Performance well ahead of 2019 – strong cost recovery
- Transitioning to pure-play Consumer Care & Life Sciences company
- More knowledge intensive – focused on faster growth, higher return markets
- Well positioned to deliver more consistent sales growth & even stronger profit margins

Additional information

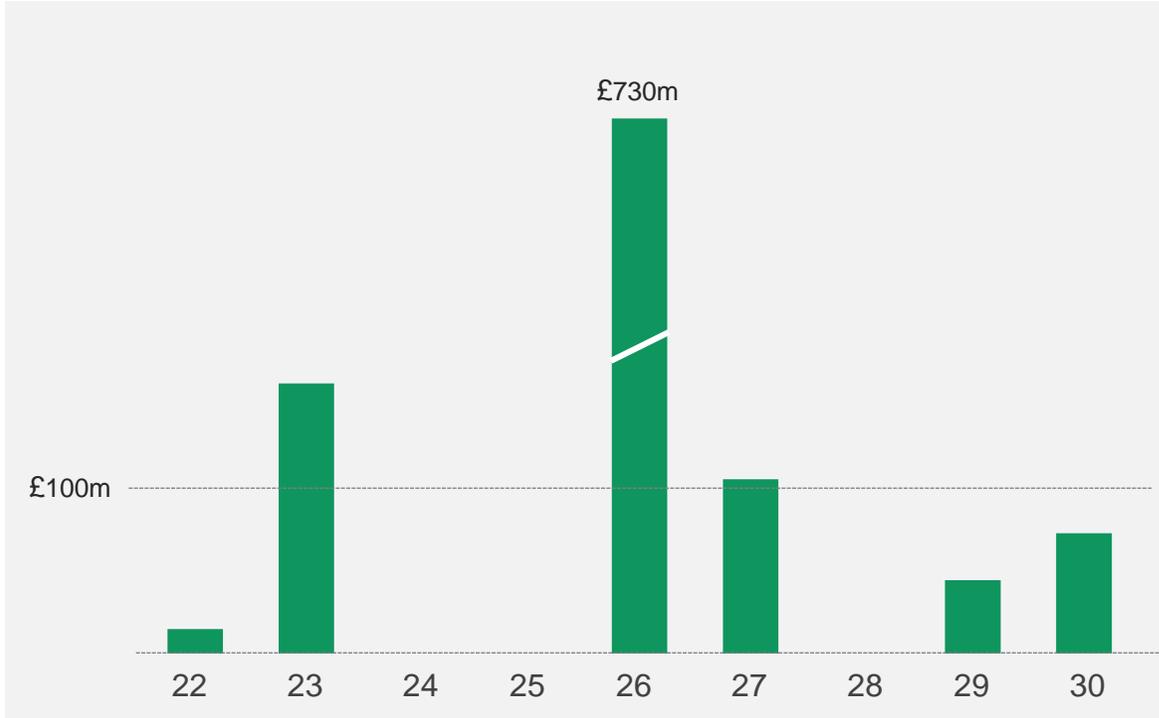
Funding: significant headroom with long maturities

Significant headroom+, £m



Total committed funding: £1,226m

...with long maturities*



*At 31 December 2021. *Excluding leases.

IAS19 retirement benefits

£m	31 Dec 2020	31 Dec 2021
Market value of assets	1,536.8	1,340.1
Value of liabilities	(1,569.1)	(1,332.2)
(Deficit) / Surplus pre tax	(32.3)	7.9
Deferred tax	7.0	(2.1)
(Deficit) / Surplus post tax	(25.3)	5.8

Additional financial information

Currency translation

- Adverse profit impact in FY/21; Sterling strengthened against Group's key currencies
- FY/21 average rates:
 - \$1.375 (FY/20: \$1.285)
 - €1.164 (FY/20: €1.125)
- Average annual impact:
 - £1.5m per \$cent pa
 - £1.2m per €cent pa
- US\$ and € represent approximately 75% of currency translation exposure

2022 Investor relations calendar

Consumer Care



- 29 March: Consumer Care seminar – London, UK
- 11-12 May: Iberchem visit – Murcia, Spain

Life Sciences



- October: Health Care seminar – London, UK

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