

Croda International Plc

Results for the 6 months to 30 June 2008

Financial Review

Summary – excellent first half

- **H1**
 - Continuing turnover up 21%
 - Continuing operating profit up 56.5%
 - Pre tax profit up 90%
 - Interim dividend up 25%
- **Q2**
 - Continuing turnover up 29%
 - Continuing operating profit up 63%
 - Pre tax profit doubles
- **Baxenden and Chicago sold, further reducing debt**

Basis of preparation

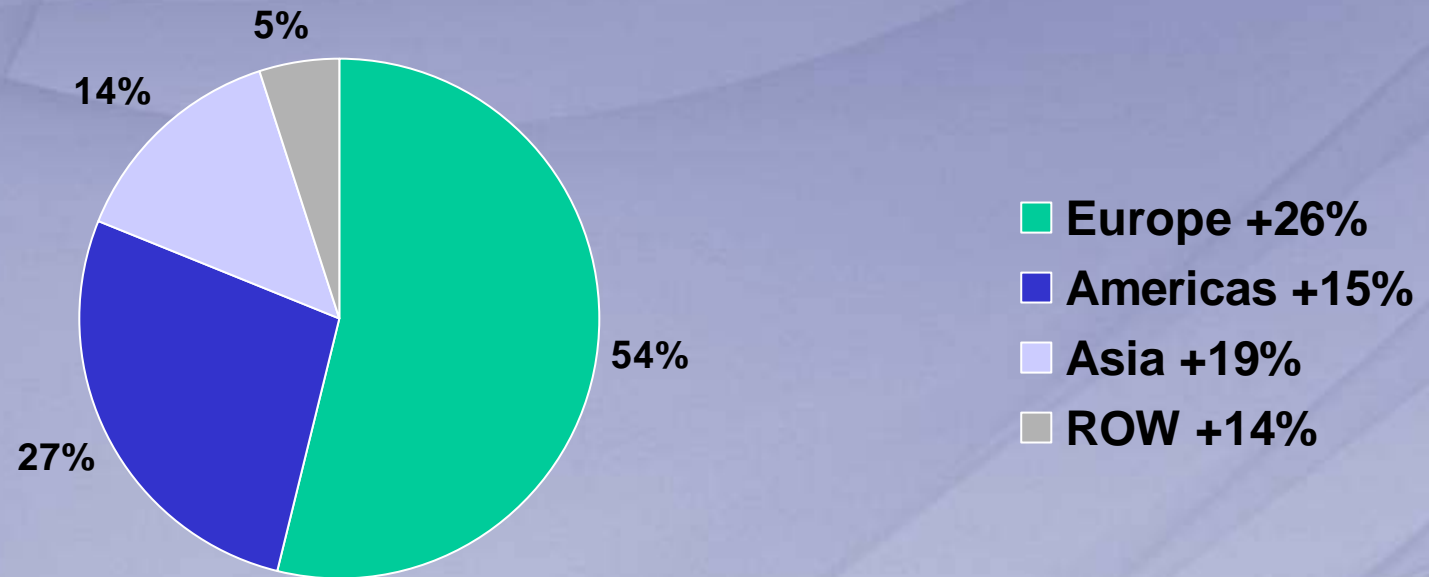
- All figures on pre exceptional basis
 - The only exceptionals are the profits and losses on disposal in each half year
- Continuing businesses
 - 2007 re-stated to include Chicago and Baxenden in discontinuing
- Discontinued operations
 - Baxenden (46.5% JV) sold to Chemtura in February
 - Chicago Oleochemicals sold to HIG Capital in May

Discontinued businesses: Results included in discontinued

£m	H1 08	H1 07	Year 07
Turnover	45.8	77.9	145.3
Operating profit	4.7	7.3	13.9
Post tax	2.9	5.3	9.9
Profit/(loss) on disposal after tax	(9.0)	2.2	41.0

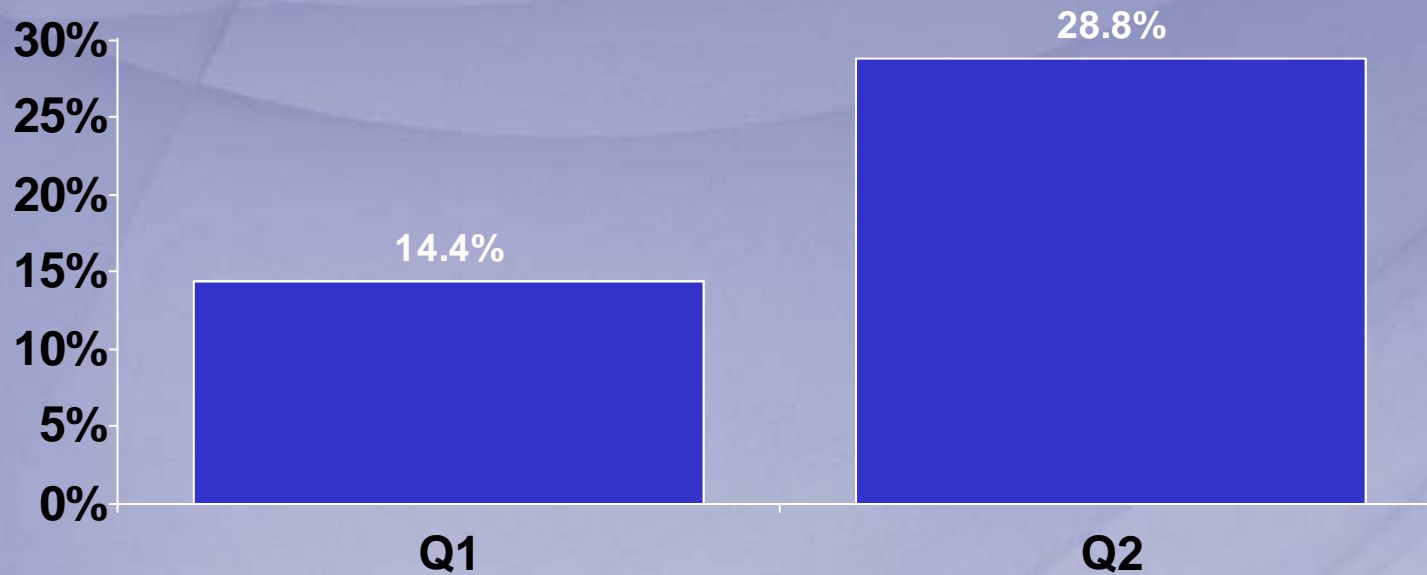
- Baxenden and Chicago sold in 2008
 - Proceeds to date £51m
- CFS, Refrigeration Lubricants and Klang sold in 2007
 - Total disposal proceeds post Uniqema £139m

Continuing turnover by destination



- £488.7m continuing turnover
- Chicago disposal significantly reduces US turnover
- Double digit growth in all regions
- UK turnover <10% of the total

Continuing turnover up 21%



- Volumes flat Q2 despite continued de-marketing and price increases
- Average price increase 17.3% fully recovers input inflation plus repositioning
- Croda sales force selling Uniqema products

Percentage uplift versus corresponding quarter in 2007

Sales trends by quarter versus previous year

	Q1	Q2	Half
Average price	+15.7%	+18.9%	+17.3%
Volume	-7.9%	-0.1%	-4.2%
Underlying	+7.8%	+18.8%	+13.1%
Currency	+6.6%	+10.0%	+8.2%
Continuing sales	+14.4%	+28.8%	+21.3%

- Q1 revised to account for Chicago disposal
- Q2 volume neutral overall despite de-marketing
- Price increases/mix effects boost turnover across group
- Currency gains reversing last year's adverse effects from strong £

Continuing business

CRODA

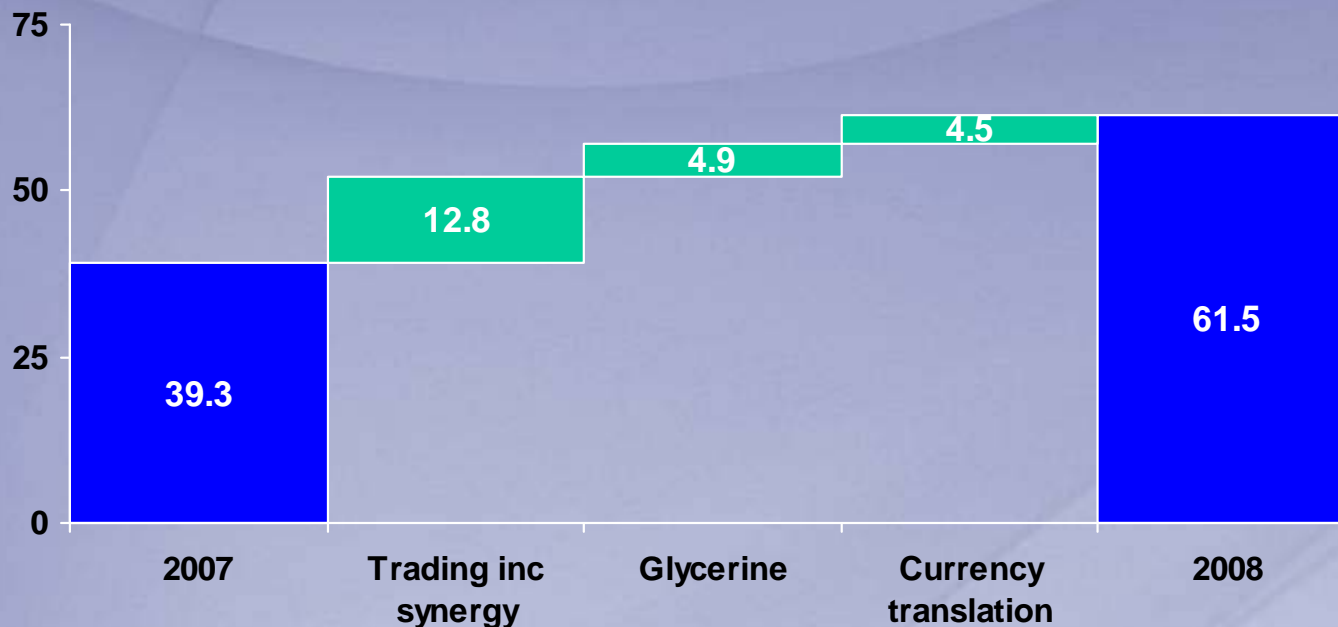
56.5% operating profit increase, 2.8 percentage points of margin gained

£m	2008	2007	Inc
Turnover	488.7	402.9	+21.3%
Operating Profit	61.5	39.3	+56.5%
ROS	12.6%	9.8%	

- Strong underlying trading
- Global sales force selling Uniqema products
- Synergy benefits
- Glycerine
- Favourable currency translation

Continuing operating profit bridge (£m)

Operating profit up 56.5%



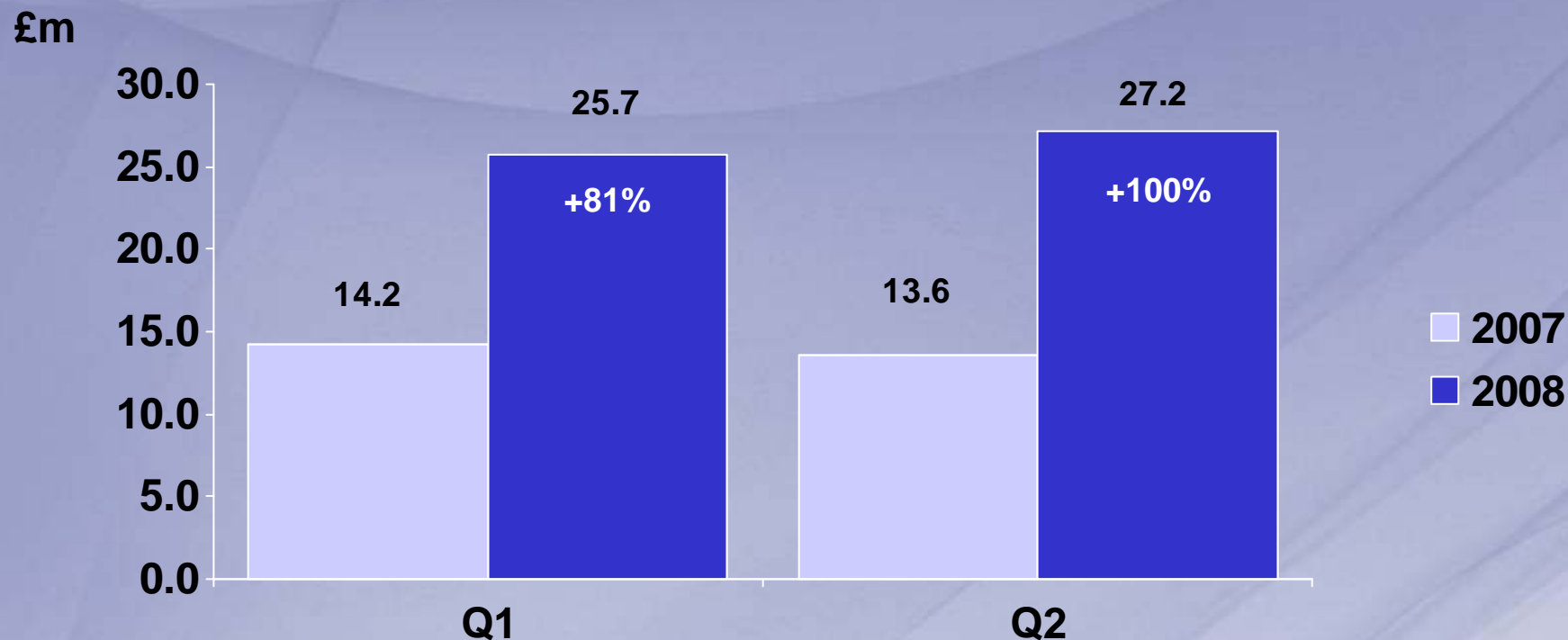
- Good efficiencies and cost savings allied with sales growth to produce trading result
- Glycerine benefit expected to be negligible in H2

Pre-tax profit up 90%

£m	2008	2007	Inc
Continuing operating profit	61.5	39.3	+56.5%
Interest	(8.6)	(11.5)	
Pre-tax profit	52.9	27.8	+90.3%

- Business disposals reduce interest charge

Pre-tax profit up 90%



- Increasing sales and margins boost Q2 over Q1 despite:
 - slightly weakening trend across quarters last year
 - lower glycerine benefit in Q2

Earnings per share before exceptionals up 68%

£m	2008	2007	% Inc
Pre tax profit	52.9	27.8	+90.3
Tax rate	33.3%	37.1%	
Minority	(0.1)	(0.1)	
Discontinued	2.9	5.3	
Profit for the half year	38.1	22.7	+67.8%
Number of shares (m)	134.2	134.4	
EPS	28.4p	16.9p	+68.0%

Dividend up 25%

	2008	2007	% Inc
EPS before exceptionals	28.4p	16.9p	+68.0%
Dividend	6.20p	4.95p	+25.3%

- Cover increases
- H1 has “windfall” glycerine benefit

Free Cash-flow

£m	2008	2007
EBITDA	76.5	53.1
Working capital movement	(15.2)	(38.9)
Other	1.3	0.5
Discontinued operations	1.3	12.8
Free cash flow	63.9	27.5

- **Strong EBITDA generation**
- **Inflation increases working capital**

Net Cash-flow

£m	2008	2007
Free cash flow	63.9	27.5
Net capital expenditure	(23.2)	(15.9)
Excess pension contributions	(4.7)	(29.6)
Share purchases/issues	0.2	1.6
Dividends paid	(14.7)	(13.2)
Interest	(11.9)	(9.7)
Tax	(15.6)	(6.9)
M&A	48.1	(11.0)
Other (mainly restructuring)	(10.9)	(8.6)
Net cash-flow	31.2	(65.8)

Balance Sheet

£m	2008	2007
Operating assets	645.3	631.5
Retirement benefits	(80.4)	(56.6)
Net debt	(341.6)	(394.2)
Net assets	223.3	180.7

- Net debt reduces to £342m

Retirement benefits

£m	2008	2007
Market value of assets	537.9	558.2
Value of liabilities	(618.3)	(614.8)
Gross obligation	(80.4)	(56.6)
Funding level	87.0%	90.8%

- Falling equity prices outweighed the benefit of rising discount rates
- Deficit also increased by adverse currency translation of overseas funds
- Main element of overall net pension obligation is unfunded German scheme

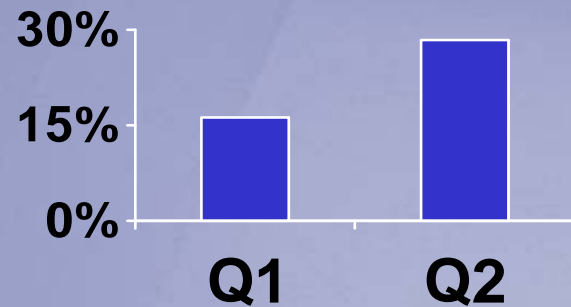
Consumer Care

£m	2008	2007	
Turnover	215.9	176.7	+22.2%
Operating Profit	44.3	35.7	+24.1%
ROS	20.5%	20.2%	

- **Strong growth in turnover and profit**

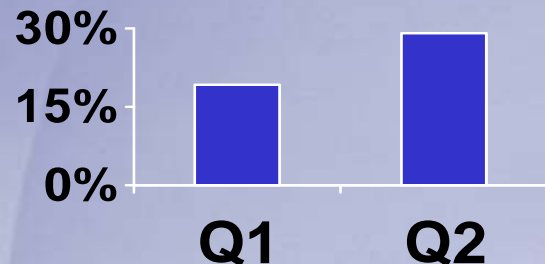
Consumer Care by Quarter

Turnover growth



- Improving sales momentum
 - Volume growth, average price & currency all higher in Q2 than Q1
- Q2 margin increase v Q1, matching similar trend last year

Operating profit growth

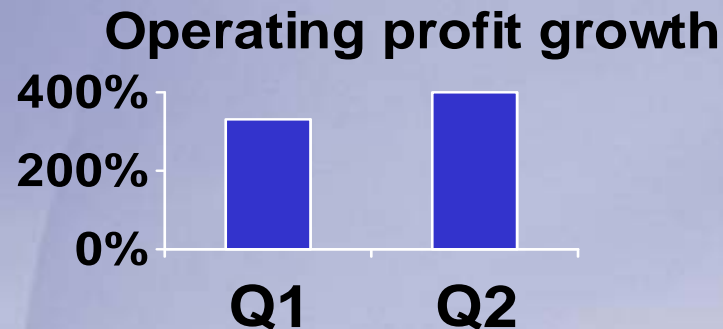
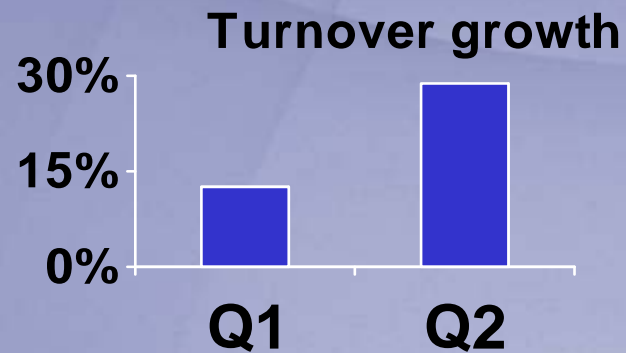


Industrial Specialities

£m	2008	2007	
Turnover	272.8	226.2	+20.6%
Operating Profit	17.2	3.6	+377.8%
ROS	6.3%	1.6%	

- **Glycerine benefit**
- **Turnover up despite de-marketing**

Industrial Specialities by Quarter



- Favourable turnover trends Q1 through Q2
- Absolute profit the same despite turnover uplift
 - Lower Q2 glycerine benefit
 - Q2 ROS lower than Q1

Glycerine

- In the first half, glycerine prices were rising versus 2007
 - New formulations driving demand for this relatively cheap raw material (sweeteners, plasticisers, solubilisers)
 - Bio diesel plants were struggling in H1, limiting supply. This is likely to be temporary as governments introduce minimum biodiesel targets.
- Post the sale of Chicago, Croda produces around 20,000 tonnes of glycerine per annum as a by-product
- H1 prices peaked at over Euro 1000/T, now Euro 600 – 700/T
- £1m YOY benefit in H2 2007, £4.9m in H1 2008. Neutral H2 2008?
- 2008 benefit unlikely to be repeated in 2009.

Croda

What's the Difference?

Croda – What's the Difference?

- **Market focus**
- **Global network**
- **Thousands of customers**
- **Thousands of products**
- **Natural chemistry**

Croda – What's the Difference?

- Innovation
- Adding value
- Flexibility
- Global manufacturing
- Internally generated momentum

Croda – What's the Difference?

The Market Sectors

Market Drivers

Personal Care

- Vanity
- Aging population
- Innovation for effects
- Purity
- Natural chemistry



Market Drivers

Home Care

- Biodegradability
- Innovation for effects
- Concentration
- Natural Chemistry



Market Drivers

Health Care

- Wellbeing
- Aging population
- Purity
- Natural Chemistry



Market Drivers

Lubricant Additives

- Biodegradability
- Efficiency
- Long life
- Natural Chemistry



Market Drivers

Coatings Additives

- VOC emissions
- Less coating
- Flexibility/durability
- Natural Chemistry



Market Drivers

Crop Care

- Population growth
- Yields
- Biodegradability
- Patent extension
- Natural Chemistry



Outlook

- Markets still growing
- Increased innovation
- Momentum from Uniqema
- Raw materials moderating
- Energy costs rising
- Pricing robust
- Confident of delivering further growth in the second half
- We will continue to be different - naturally!

Appendix 1: 2008 by quarter (Q1 restated for Chicago disposal)

£m	Q1	Q2	H1 2008
Consumer Care	106.9	109.0	215.9
Industrial Specialities	132.7	140.1	272.8
Continuing turnover	239.6	249.1	488.7
Consumer Care	21.3	23.0	44.3
Industrial Specialities	8.6	8.6	17.2
Continuing operating profit	29.9	31.6	61.5
Interest	(4.2)	(4.4)	(8.6)
Continuing pre-tax	25.7	27.2	52.9

Appendix 2: 2007 by half (restated for 2008 disposals)

£m	H1	H2	2007
Consumer Care	176.7	168.9	345.6
Industrial Specialities	226.2	233.0	459.2
Continuing turnover	402.9	401.9	804.8
Consumer Care	35.7	38.4	74.1
Industrial Specialities	3.6	5.3	8.9
Continuing operating profit	39.3	43.7	83.0
Interest	(11.5)	(10.7)	(22.2)
Continuing pre-tax	27.8	33.0	60.8

Appendix 3: 2007 by quarter (restated for 2008 disposals)

£m	Q1	Q2	Q3	Q4	2007
Consumer Care	91.8	84.9	91.1	77.8	345.6
Industrial Specialities	117.7	108.5	106.0	127.0	459.2
Continuing turnover	209.5	193.4	197.1	204.8	804.8
Consumer Care	17.9	17.8	18.1	20.3	74.1
Industrial Specialities	2.0	1.6	2.0	3.3	8.9
Continuing operating profit	19.9	19.4	20.1	23.6	83.0
Interest	(5.7)	(5.8)	(5.9)	(4.8)	(22.2)
Continuing pre-tax	14.2	13.6	14.2	18.8	60.8