
Croda International Plc
Q3 IMS November 2014



Underlying progress accelerates in Q3

- Constant currency turnover up 4.0%
 - Consumer Care +4.2%
 - Performance Technologies +8.2%
- Pharma grade Omega 3 sales to PAR commence
- Strong underlying growth in New and Protected Products (NPP)
- Growth in all major geographies apart from Latin America
- Significant headwinds on exchange rates reduces EBIT by £5.5m
 - Translation £3.5m, transaction £2.0m

Constant currency growth rates reflect changes in income from continuing operations translated at constant rates of exchange

Underlying growth rates reflect changes in income from continuing operations translated at constant rates of exchange excluding the effect of acquisitions and disposals

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Strategic Priorities

- **Consistent top and bottom line growth**
- **Increase the proportion of total sales that are patented**
- **Constant innovation and relentless investment**

Consistent top and bottom line growth

■ Consumer Care

- 4.2% growth ¹
- Strong Health Care performance
- Improving trend in Personal Care
- Crop Care stable

■ Performance Technologies

- 8.2% growth ¹
- Growth in all markets ahead of target
- Strong performance in Lubricants
- Healthy growth in emerging markets

Acceleration of sales growth in core markets

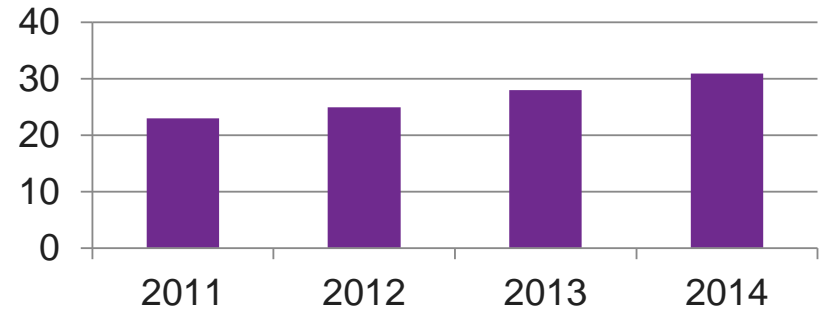
¹ Constant currency sales growth in Q3

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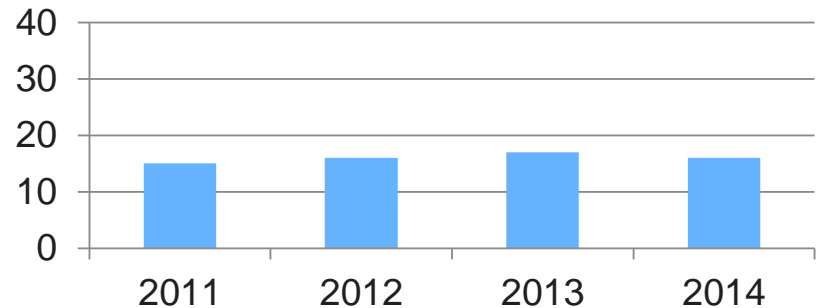
Increasing the proportion of sales that are patented

- New and Protected Products (NPP) underlying growth 12% for the group
- Helping our customers create valuable brands that meet unmet needs
- IRB, Acrylic Polymers, Arizona Chemicals all growing healthily

% NPP Consumer Care



% NPP Performance Technologies



Constant innovation and relentless investment



New "Customer Training Center"

★ USA

● Mexico



New "Customer Training Center" and Sales Office

★ Brazil

New "Customer Training Center"

● South Africa



★ UK

★ France



Expanded R&D Center

★ India

Expanded R&D with New "Claims Testing Hub" and Sales Office

★ Singapore



★ Japan

New applications lab and sales office in Shanghai

● China

Key

Manufacturing & Innovation Centre



Regional Applications Laboratories



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Investing in new technology – Pharma active ingredient

- Ultra high purity Pharma grade Omega-3
- FDA clearance to supply from GMP compliant facility in UK
- Access to generic Omacor/ Lovaza® market
- Indicated for the treatment of elevated blood triglycerides (hypertriglyceridemia)



FDA approved technology, Leek



Croda announce active ingredient partnership with PAR Pharmaceutical

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New global customer facing organisation

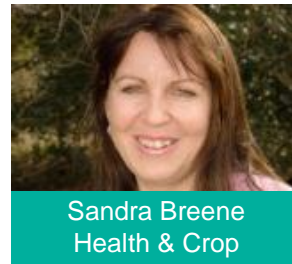
Creation of 3 global business groups

- *Personal Care*
- *Health Care & Crop Care*
- *Performance Technologies & Industrial Chemicals (PTIC)*
- Combining Sales, Marketing and Research by sector in dedicated global teams
- Full Executive Committee accountability with responsibility for top and bottom line financial performance
- Very strong regional strength and local focus

Organisational change effective from 1st May 2014

Executive Committee Responsibility

Responsibilities



Key benefits of change

- Fully aligned with our customers' needs
- Separating Personal Care from Health and Crop will provide sharper, tailored management and strategic focus
- Smarter resource allocation and optimisation
- Accelerating and capturing sales growth
- Increased customer intimacy
- Sharper innovation and more focussed R&D



2014 Q3 results

- Basis of preparation
 - Unless otherwise stated, all profit and earnings numbers are stated before acquisition costs and goodwill amortisation

Q3 sales by segment

£m	2014	2013	Reported growth	Constant currency
Consumer Care	140.7	145.4	-3.2%	+4.2%
Performance Technologies	90.1	89.5	+0.7%	+8.2%
Industrial Chemicals	28.2	33.0	-14.5%	-8.7%
Total turnover	259.0	267.9	-3.3%	+4.0%

- In Q3, both CC and PT saw strong underlying growth despite absence of inflation
 - All eight business areas saw underlying growth and good momentum
- 7.3% adverse currency translation impact
- Industrial Chemicals: significant declines in by-product sales due to weak commodity markets and low levels of toll processing

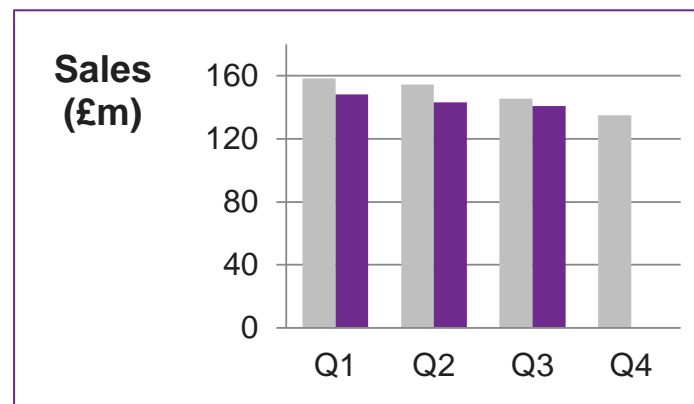
Sales trends – positive momentum

	Q1	Q2	Q3	YTD
Consumer Care	-0.6%	+0.6%	+4.2%	+1.3%
Performance Technologies	+3.7%	+2.7%	+7.9%	+4.5%
Industrial Chemicals	+2.7%	-5.7%	-12.3%	-5.7%
Underlying sales	+1.3%	+0.5%	+3.4%	+1.6%
Acquisitions	+1.6%	+1.3%	+0.6%	+1.2%
Constant currency	+2.9%	+1.8%	+4.0%	+2.8%
Currency translation	-6.1%	-7.6%	-7.3%	-6.9%
Continuing sales	-3.2%	-5.8%	-3.3%	-4.1%

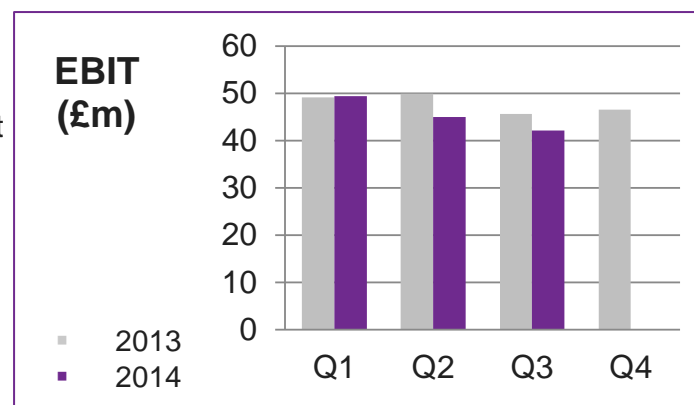
- Consumer Care growth driven by Health Care but Personal Care and Crop Care also saw underlying growth in Q3
- Performance Technologies achieving minimum growth targets after strong Q3
- Industrial Chemicals down in Q3 - weak commodity markets and reduced levels of toll processing

Consumer Care

£m Q3	2014	2013	Growth	CC
Turnover	140.7	145.4	-3.2%	+4.2%
Operating profit	42.2	45.7	-7.7%	-1.5%
ROS	30.0%	31.4%		



- 4.2% underlying sales growth
 - Strong underlying growth in Health Care driven by PAR
 - Crop saw modest underlying growth in a difficult market
 - Personal Care returns to underlying growth
- Even stronger underlying NPP sales in all areas
- Return on Sales remains robust at 30% despite
 - Currency transaction costs
 - Fixed overhead costs

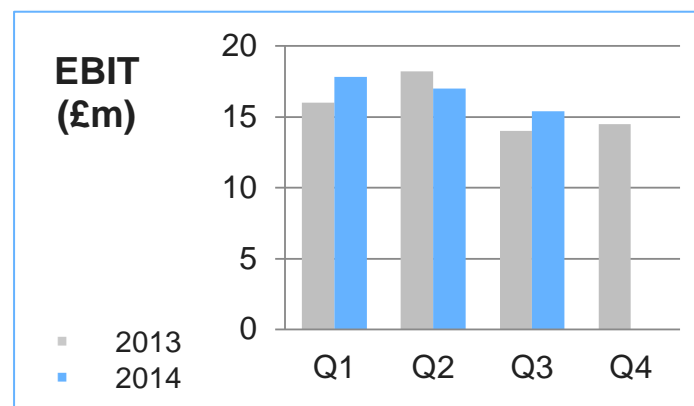
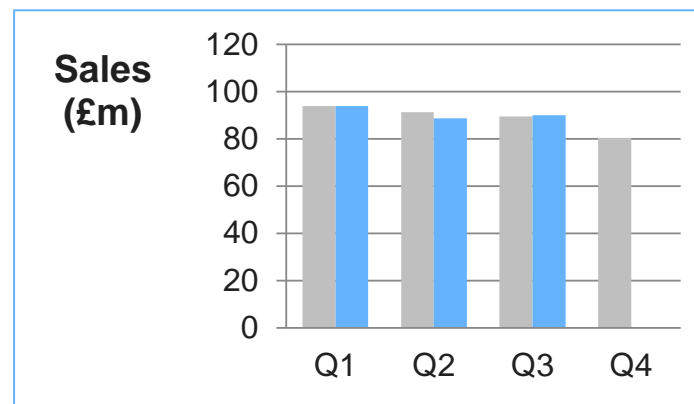


CC = constant currency

Performance Technologies

£m Q3	2014	2013	Growth	CC
Turnover	90.1	89.5	+0.7%	+8.2%
Operating profit	15.4	14.0	+10.0%	+14.3%
ROS	17.1%	15.6%		

- Very strong performance despite being overweight US/Europe and lack of inflation
- Asia sales particularly strong
- All five business areas ahead of growth targets
- ROS increases offsetting Sipo dilution and currency transaction pain

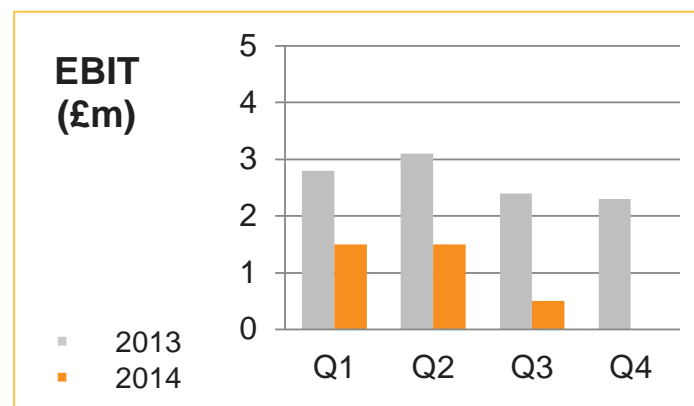
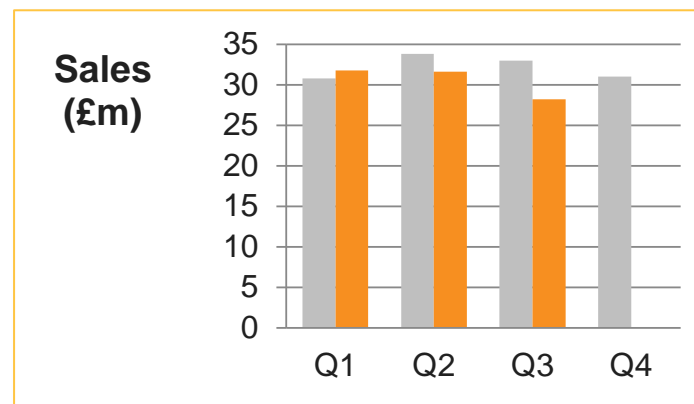


CC = constant currency

Industrial Chemicals

£m Q3	2014	2013	Growth	CC
Turnover	28.2	33.0	-14.5%	-8.7%
Operating profit	0.5	2.4	-79.2%	--75.0%
ROS	1.8%	7.3%		

- Weak commodity markets and currency headwinds put pressure on margins for by-products
- Reduced levels of toll processing
- Sipo at break-even profitability ahead of Croda product launches



CC = constant currency

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Q3 Pre-tax profit

£m	2014	2013	Growth	CC
Total EBIT	58.1	62.1	-6.4%	-0.8%
ROS	22.4%	23.2%		
Financing	(3.0)	(3.4)		
Pre-tax profit	55.1	58.7	-6.1%	-0.2%

- Reported EBIT reduced by £5.5m due to currency effects
 - Translation £3.5m and transaction £2.0m
 - only translation effects included in constant currency comparatives

CC = constant currency

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Cash flow and net debt

- Strong cash generation in Q3
 - Net debt increases by only £18m despite paying £42m in dividends and £16m capex
- Net debt stands at £220m

* As per loan covenant calculations, rolling 12 months

Summary and outlook

- Visibility limited and market trends remain difficult to predict
- Q4 always our lowest sales quarter
 - Christmas shutdowns at many customers
- Encouraged by underlying momentum building in Q3
 - 6 out of 8 core markets in target sales growth range in Q3
 - All 8 core markets saw underlying sales growth
- Strong underlying growth in NPP
- New growth initiatives in Health and Skin Actives coming on stream
- Organisational change is driving sharper commercial focus and customer alignment
- Robust cash generation to drive continued investment in R&D, technology and capacity