



Croda

FY24 results

25 FEBRUARY 2025



Disclaimer

CAUTIONARY STATEMENT

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.

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 results statement for the year ended 31 December 2024.

MARKET INFORMATION

Market information is company compiled informed by a range of third party sources.



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Strengthening Croda in a transitional year

EXECUTIVE SUMMARY

Steve Foots

Group Chief Executive Officer

Agenda



- 1 Executive summary
- 2 Finance review
- 3 CEO review
- 4 Question & answer
- 5 Appendices

Strengthening our business in a transitional year

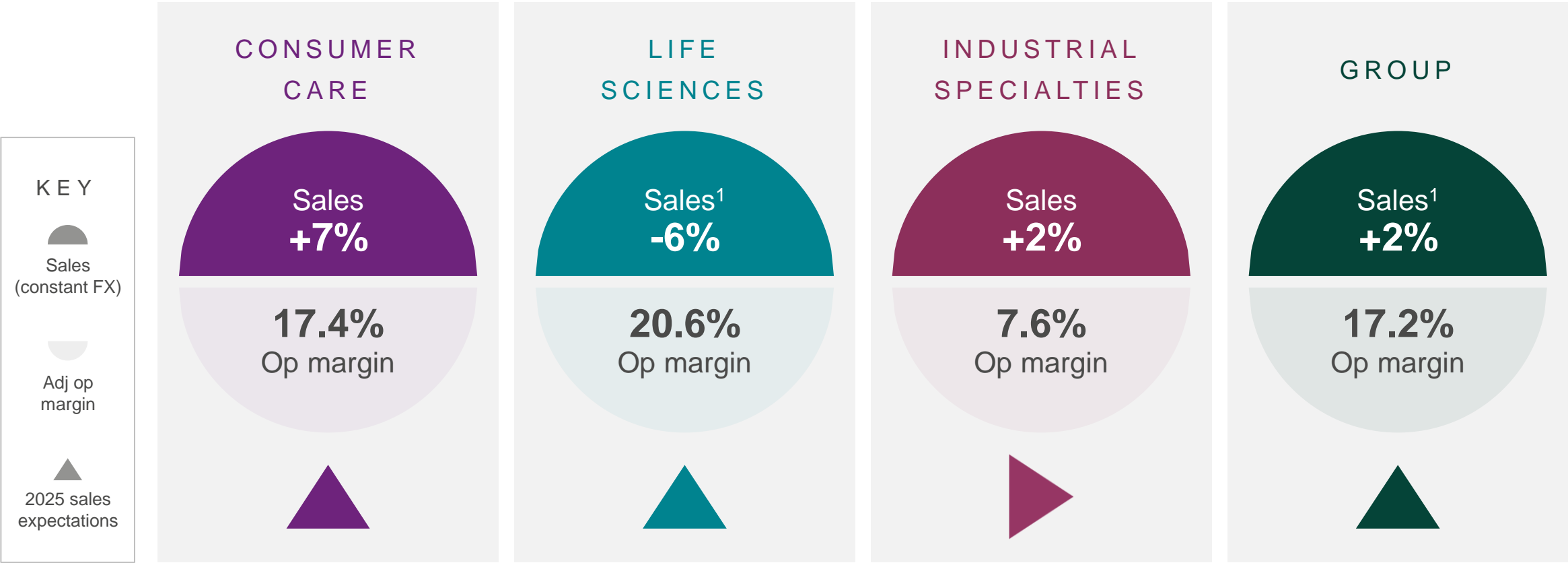
RESULTS SUMMARY

£ m	2024	2023	Changes (constant FX)	Change
Sales	1,628.1	1,694.5	(1)%	(4)%
Adjusted operating profit	279.7	320.0	(8)%	(13)%
Adjusted profit before tax	260.0	308.8	(12)%	(16)%
Ordinary dividend per share (p)	110	109	-	1%
Free cash flow	181.1	165.5	-	9%

HIGHLIGHTS¹

- Group sales -1% (+2% ex CV19²)
- Sales of New & Protected Products up 6%
- 17.2% adjusted operating profit margin (2023: 18.9%);
 - Prior year benefitting from high-margin CV19 lipid sales
 - Margin up sequentially from 16.6% in H1 to 17.7% in H2
- £273m PBT at constant currency, in line with expectations
- Strong cashflow with working capital discipline and lower capex
- Balance sheet strength

Mixed business performance against a subdued economic backdrop



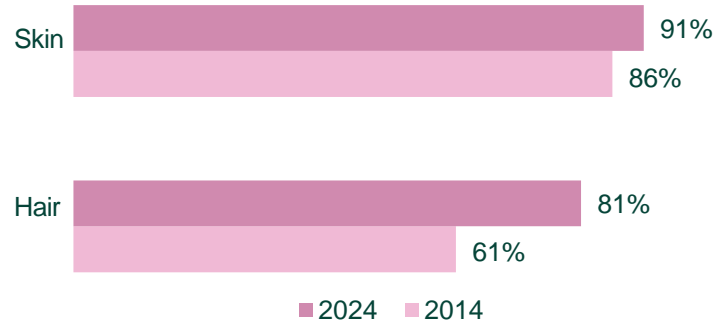
Sales growth at constant currency
 1Where indicated sales exclude £48m of lipid sales for CV19 vaccine applications in 2023. They are excluded from this growth calculation as there were no CV19 lipid sales in 2024

More stable customer inventories and demand

CONSUMER CARE

L&R customers continue to flourish

L&R share of beauty product launches¹

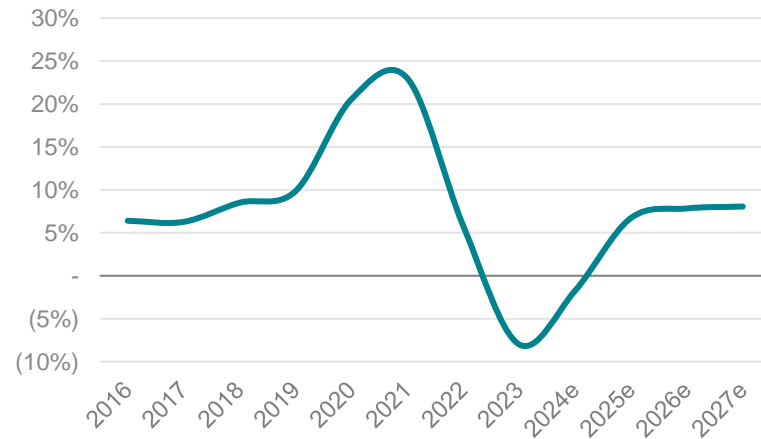


- Conditions for multi-nationals challenging
- L&R customers continue to grow

PHARMA

Pharma markets mixed

Analyst consensus for biopharma organic growth²



- Consumer health markets remain challenging, particularly in Europe
- Biopharma markets improving

AGRICULTURE

Crop prices stabilising

Prices indexed to 100



- Customer inventory levels mixed
- Commodity prices stabilising
- Demand has improved

¹Source: Mintel. L&Rs are local and regional customers

²Source: Visible Alpha estimates, HSBC Research. Based on consensus estimates for six major biopharma companies

Restoring Croda earnings and returns





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Strengthening Croda in a transitional year

FINANCE REVIEW

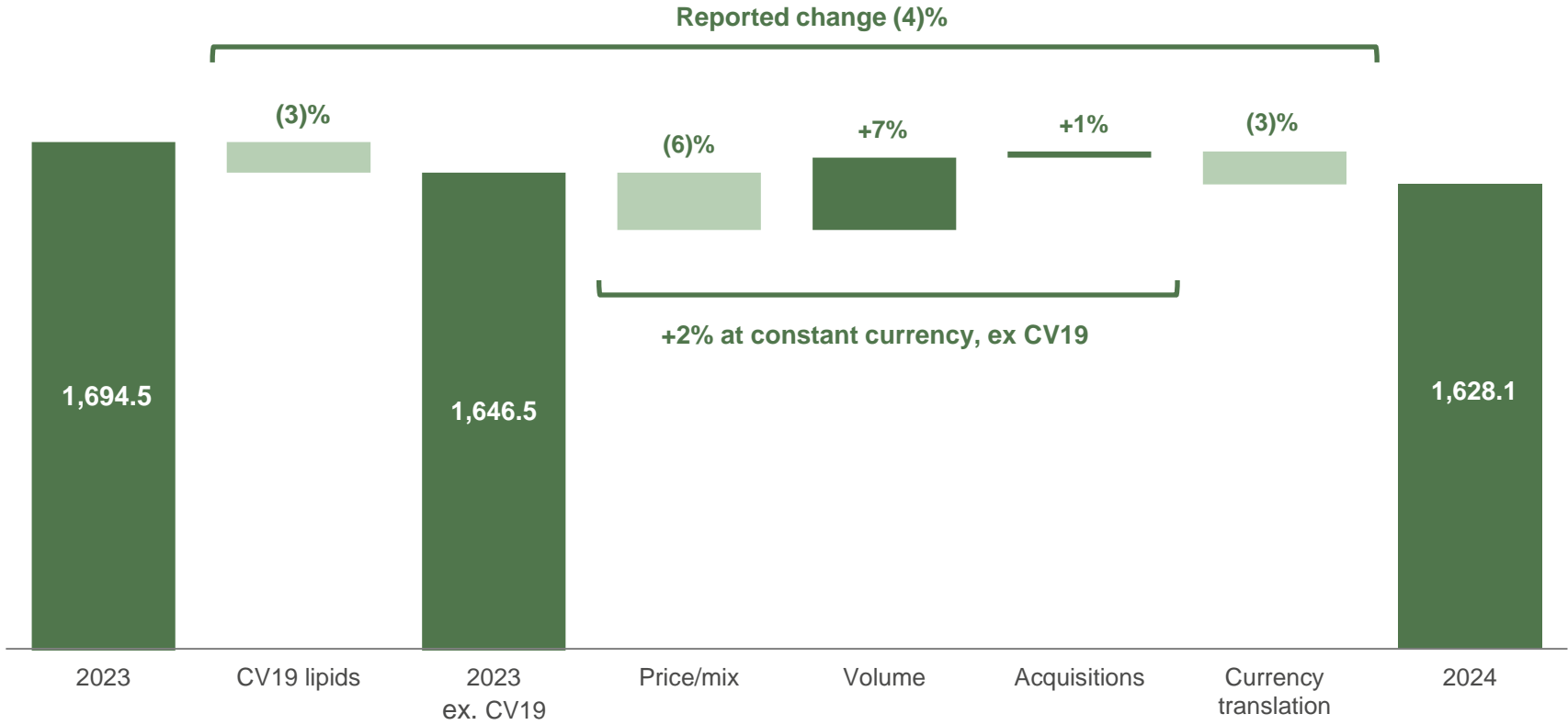
Anthony Fitzpatrick

Interim Chief Financial Officer

Group performance summary

Adjusted results, £m	2024	2023	Change (Constant FX)	Change
Sales	1,628.1	1,694.5	(0.8)%	(3.9)%
Operating profit	279.7	320.0	(8.2)%	(12.6)%
Operating margin	17.2%	18.9%	–	(1.7)ppts
Profit before tax	260.0	308.8	(11.6%)	(15.8)%
Basic earnings per share	142.6p	167.6p	–	(14.9)%
Ordinary dividend per share	110.0p	109.0p	–	0.9%
Free cash flow	181.1	165.5	–	9.4%
Reconciliation to IFRS, £m	2024	2023		
Adjusted PBT	260.0	308.8		
Exceptional items	(15.0)	(35.8)		
Amortisation of acquired intangibles	(37.2)	(36.7)		
Reported PBT	207.8	236.3		

Sales supported by volume growth



Average raw material costs:

- 2023 (12)%
- 2024 (4)%
- Raw materials are ~35% sales
- Enabled lower prices and volume recovery in certain business units
- Stable gross margins¹

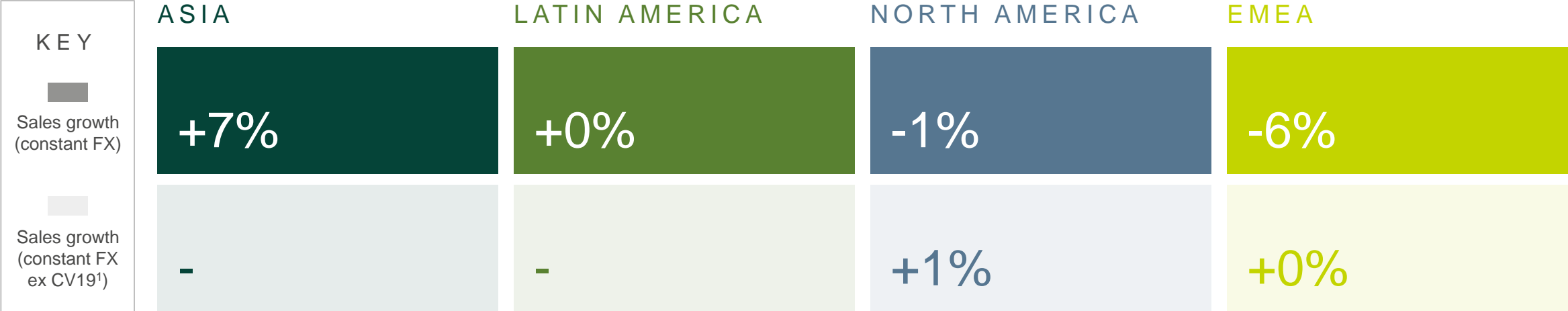
Expectations for 2025:

- ~1% increase in raw material costs expected in Q125
- Price/mix headwinds likely to diminish



¹Gross margin is internal product margin which is sales minus raw material and packaging costs divided by sales

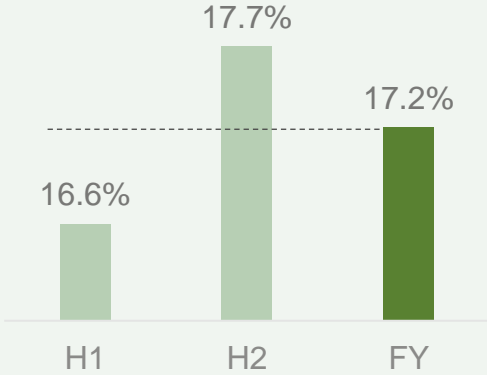
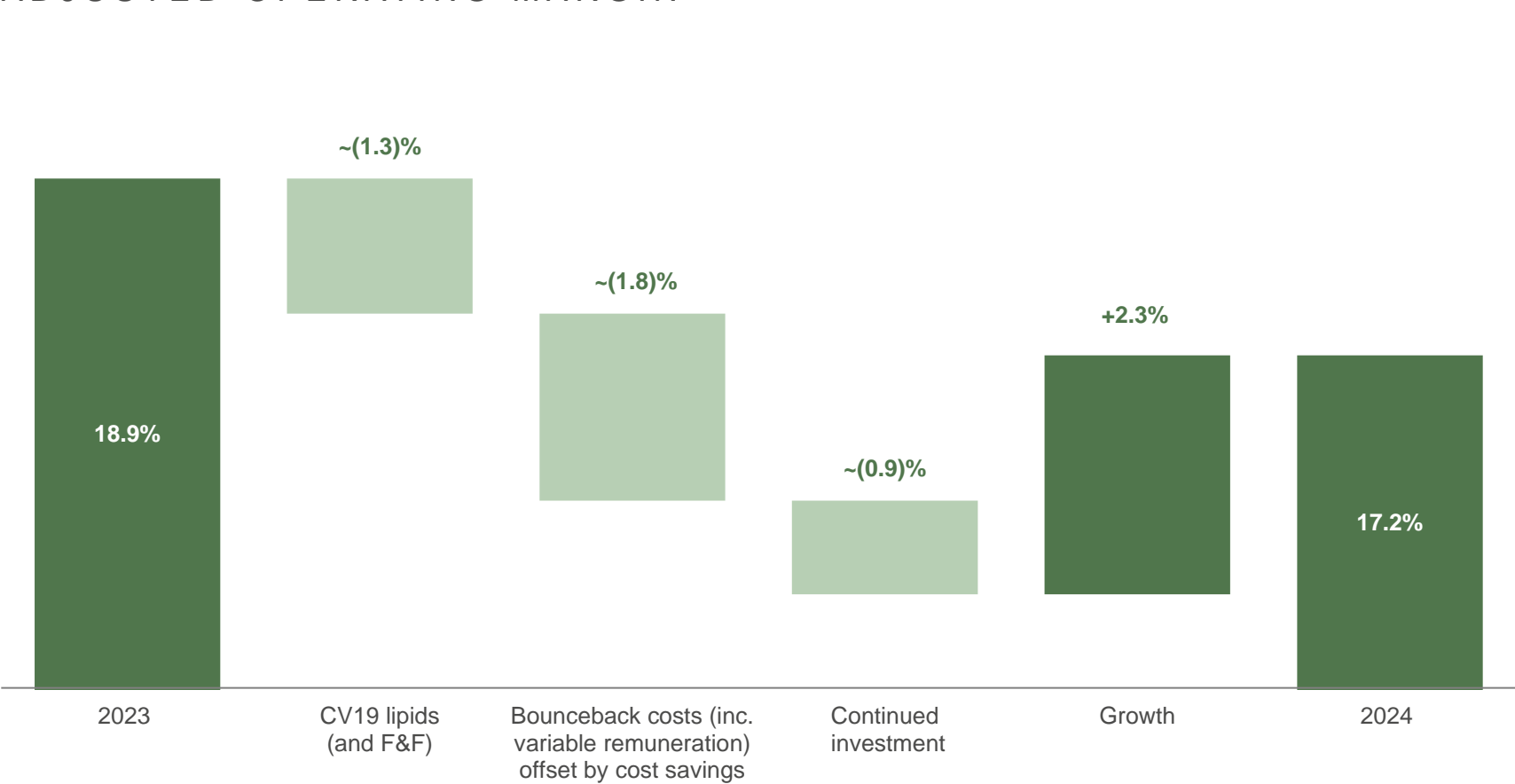
Continued Asian growth underpin



Constant currency
¹Where indicated sales exclude £48m of lipid sales for CV19 vaccine applications in 2023. They are excluded from this growth calculation as there were no CV19 lipid sales in 2024

Profit margin lower but improved in H224

ADJUSTED OPERATING MARGIN

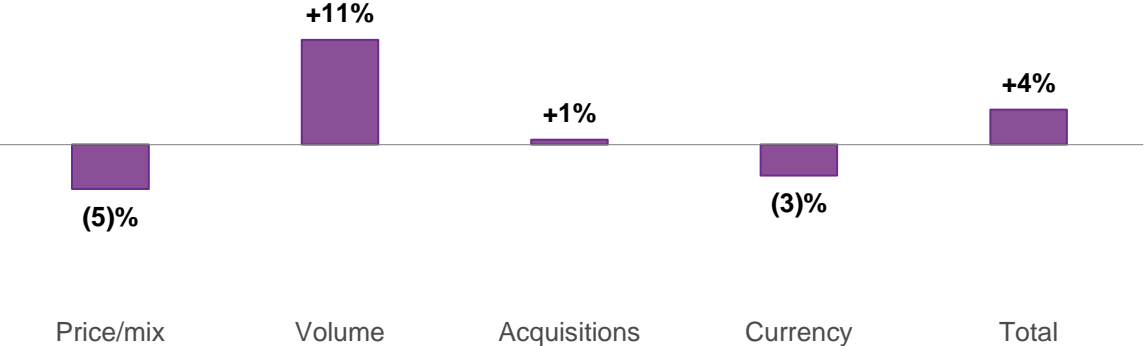


Sequential improvement driven by:

1. Active and prudent cost control
2. Higher sales volumes, notably in Life Sciences

Consumer Care

CONSUMER CARE SALES

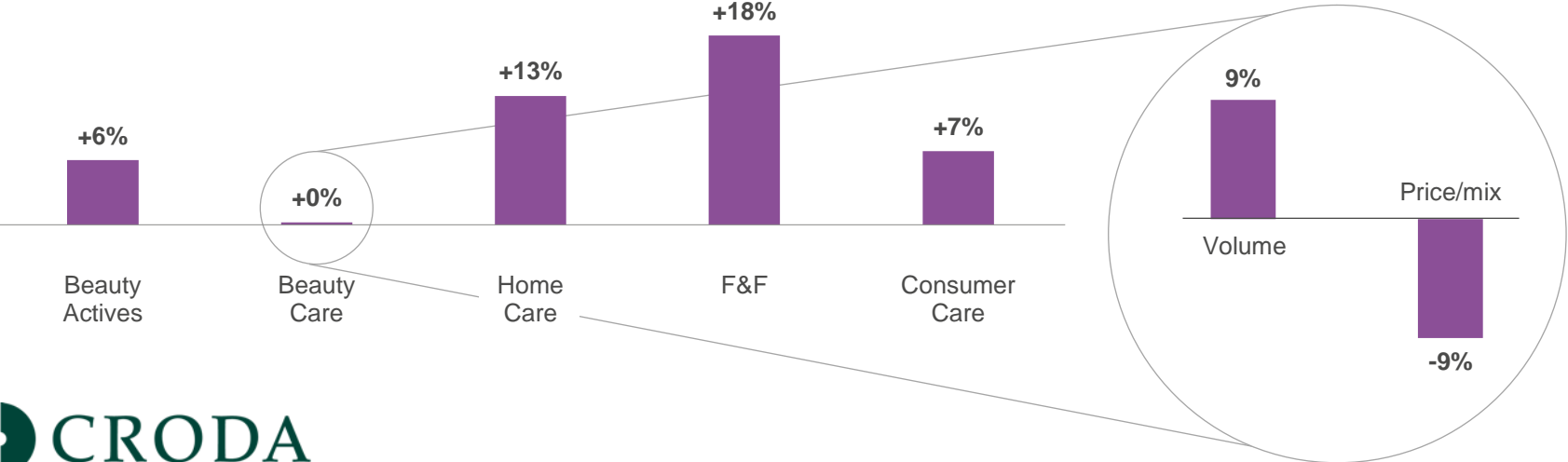


HIGHLIGHTS

- 7% increase in sales¹ driven by 11% increase in sales volumes
- F&F standout performance
- NPP sales improved to 43% of total sales (2023: 42%)
- 4% increase in adjusted operating profit¹

+11%
 NPP
 sales growth¹

SALES BY BUSINESS UNIT (CONSTANT FX)



BEAUTY CARE

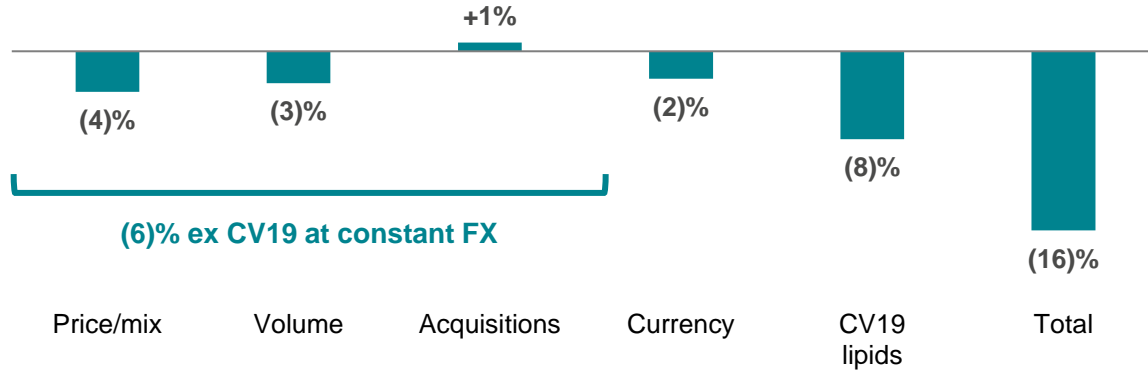
- Regaining share
- Gross margin² up year-on-year
- L&R sales are higher value



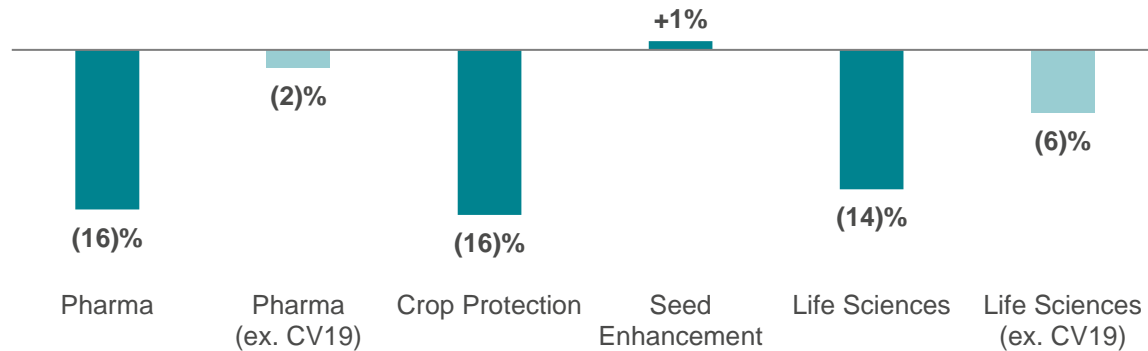
¹Constant currency where indicated. ²Gross margin is internal product margin which is sales minus raw material and packaging costs divided by sales

Life Sciences

LIFE SCIENCES SALES



SALES BY BUSINESS UNIT (CONSTANT FX)



HIGHLIGHTS

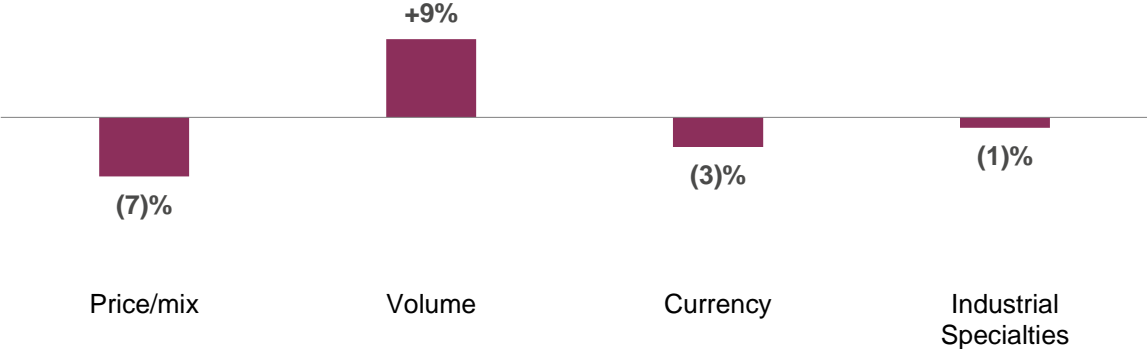
- Returned to growth in H224 (ex CV19) driven by higher sales volumes in Crop Protection
- NPP sales improved to 31% of total sales (2023: 28%)
- Adjusted operating margin 20.6% (2023: 25.0%) as we lapped CV19 sales; improved from 18.3% in H124 to 22.9% in H224

+4.6ppt

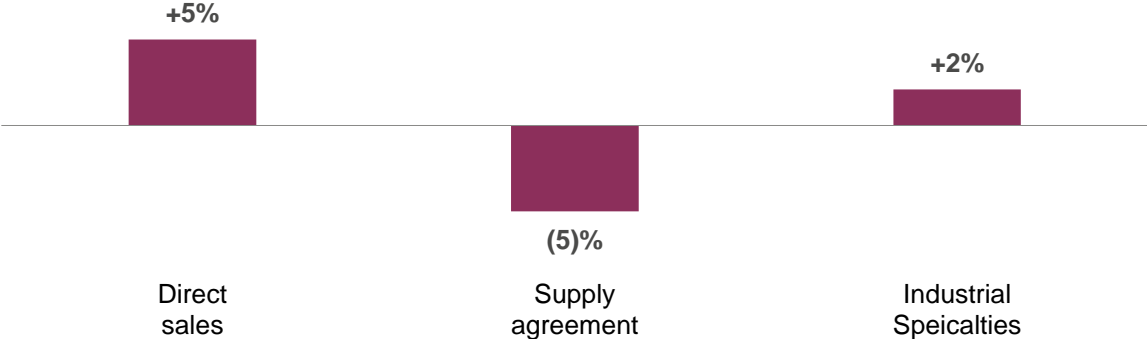
**Operating margin
H224 versus H124**

Industrial Specialties

INDUSTRIAL SPECIALTIES SALES



SALES BY CHANNEL (CONSTANT FX)



HIGHLIGHTS

- Contributing to the efficiency of our shared manufacturing sites
- Sales 2% higher at constant currency driven by a 9% increase in volumes
- Adjusted operating margin improved to 7.6% (2023: 4.6%) driven by favourable product mix

+3.0ppt

**Operating margin
2024 versus 2023**

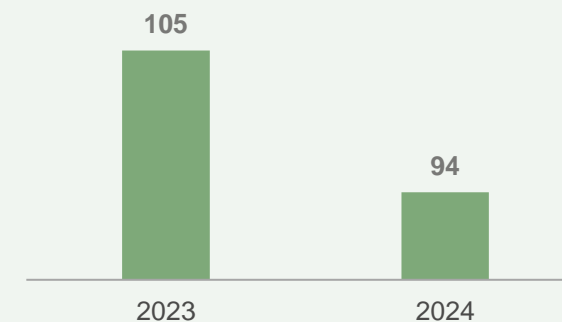
Strong free cash flow supported by working capital inflow

Cash flow, £m	2024	2023
EBITDA	378.3	409.5
Working capital	20.9	29.1
Interest & tax	(84.4)	(93.5)
Other cash movements	(4.6)	(7.6)
Net cash from operating activities	319.4	337.5
Net capital expenditure	(137.9)	(170.1)
Interest received	6.9	8.3
Payment of lease liabilities	(17.5)	(17.0)
Exceptional items	10.2	6.8
Free cash flow	181.1	165.5
Dividends	(152.2)	(150.7)
Acquisitions	-	(241.8)
Business disposal	(6.8)	(4.6)
Other cash movements	(15.4)	(18.2)
Net cash flow	6.7	(249.8)
Net debt	532.3	537.6
Net debt/EBITDA	1.4x	1.3x

Working capital inflow driven by:

- Payment of CV19 lipids receivable from 2023
- Proactive management of net working capital days

Net working capital days

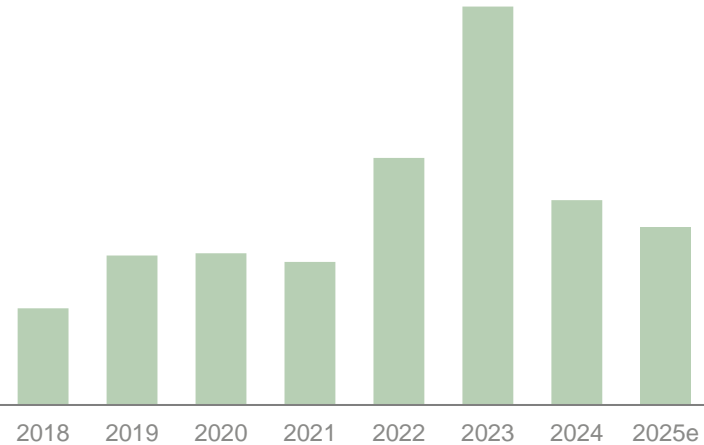


Recent investments need to deliver

1

CORE CRODA

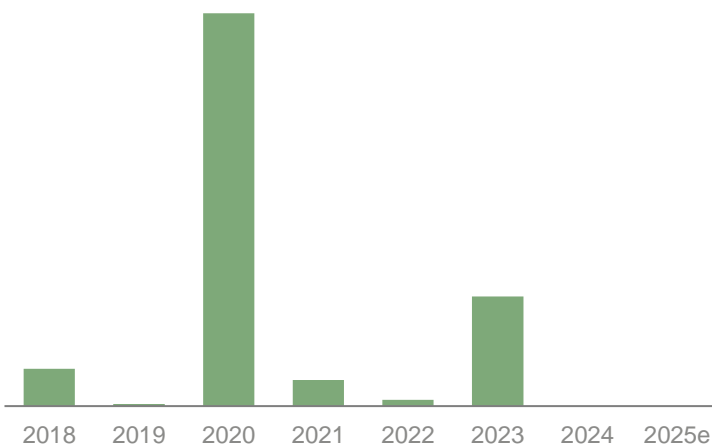
Capital expenditure



2

M&A

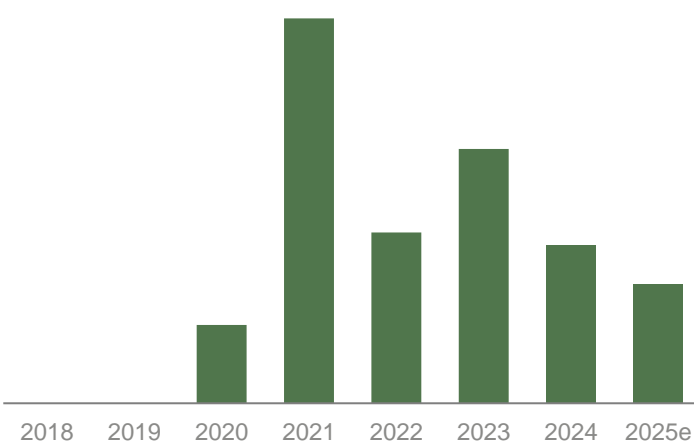
Acquisition spend (inc. contingent consideration)



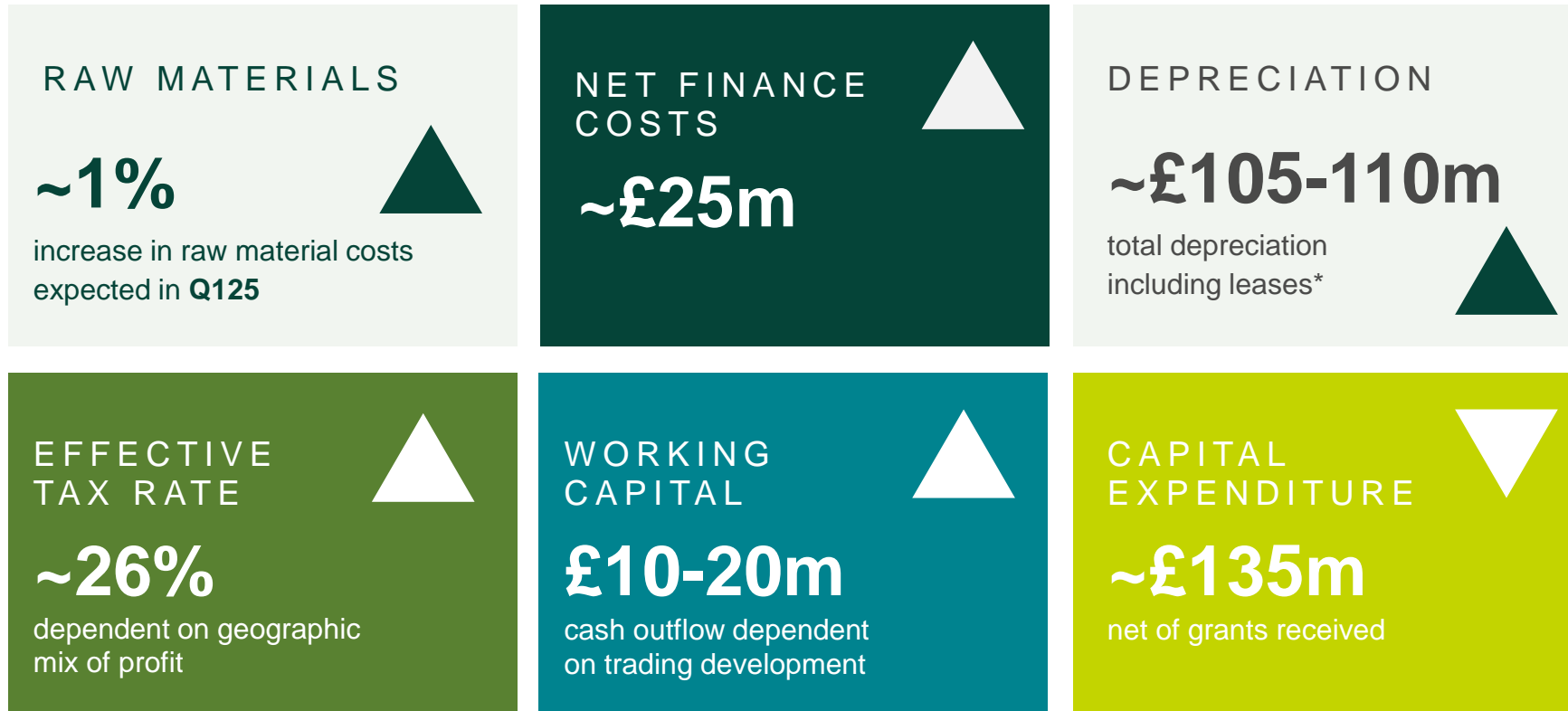
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PHARMA CAPEX

£175m Pharma investment programme



2025 technical factors





3 |

Accelerating actions to grow earnings and improve returns

CEO REVIEW

Steve Foots

Group Chief Executive Officer

Accelerating actions to grow earnings and returns



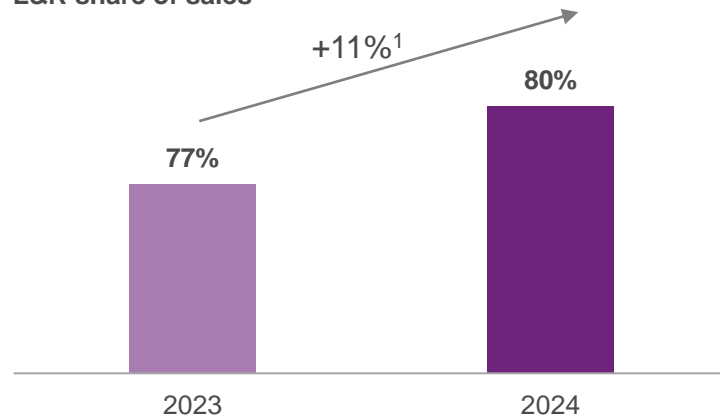
L&R are local and regional customers

Leveraging proximity to L&R customers

CONSUMER CARE

Localising innovation

L&R share of sales

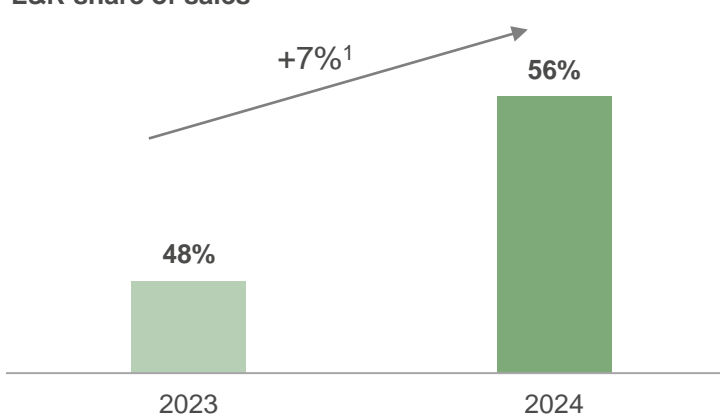


- Localising innovation delivery
- Meeting specific needs of consumers in each region

CROP PROTECTION

Diversifying customer base

L&R share of sales

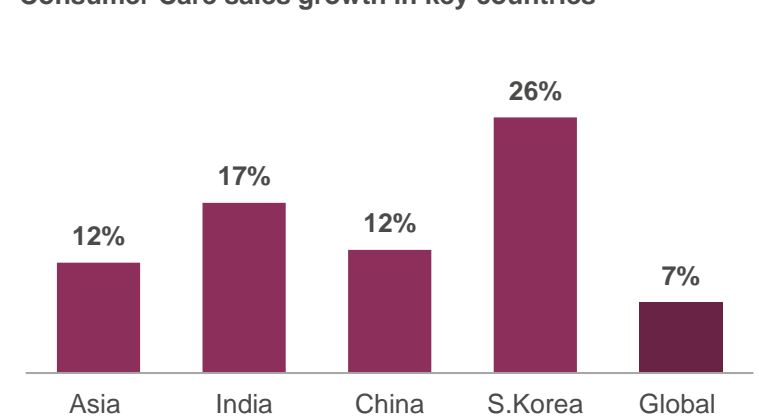


- Diversified base beyond 'big 4'
- Grew sales and volumes with L&R customers despite challenging conditions

ASIA

Driving rapid growth in key countries

Consumer Care sales growth in key countries¹

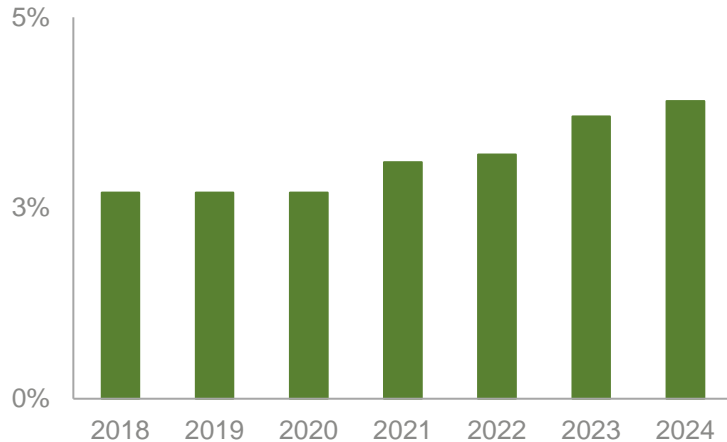


- Invested in R&D and sales to be 'closer to customers'
- Now investing in manufacturing in fast growth countries

Stepping up innovation

INCREASING INNOVATION INTENSITY

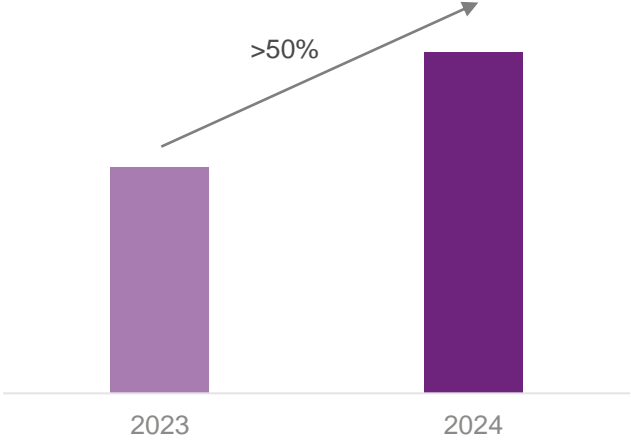
R&D expenditure increasing as a % of sales



>4% Consumer Care **>4%** Life Sciences

APPLICATION-FOCUSED INNOVATION

Rapid increase in customer projects¹

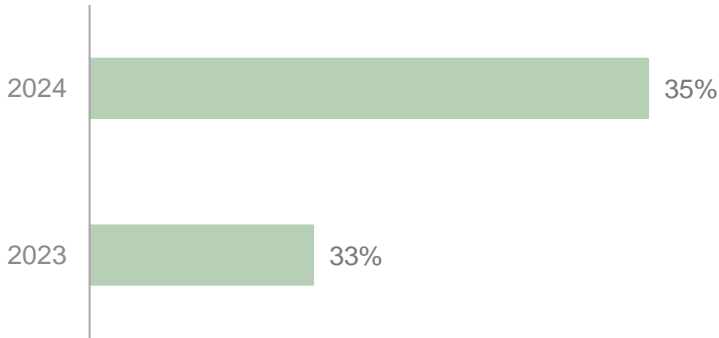


- Partnering with more customers
- Helping brands get to market quicker

INCREASING PORTFOLIO DIFFERENTIATION

NPP climbing

NPP sales as a % of total sales



6% NPP growth²

¹Consumer Care Customer Work Requests pipeline value
²Growth at constant currency. NPP is New & Protected Products

Delivering growth and returns from all recent investments

1

CORE CRODA

Growth capex focused on Asia

- Surfactants, Dahej, India
- Fragrances, Guangzhou, China

Investment intensity reducing

- Will utilise existing capacity
- Future capex highly selective
- Realigning cost base

2

M & A

F&F growing ahead of market



17%

Sales CAGR
2021-24

Accelerated Solus integration to drive growth



- Exciting pipeline but slow start
- Leveraging global selling network

Avanti – leading position for drug discovery



>10%

CAGR in lipid
sales for research
since 2020 (ex CV19)

3

PHARMA CAPEX

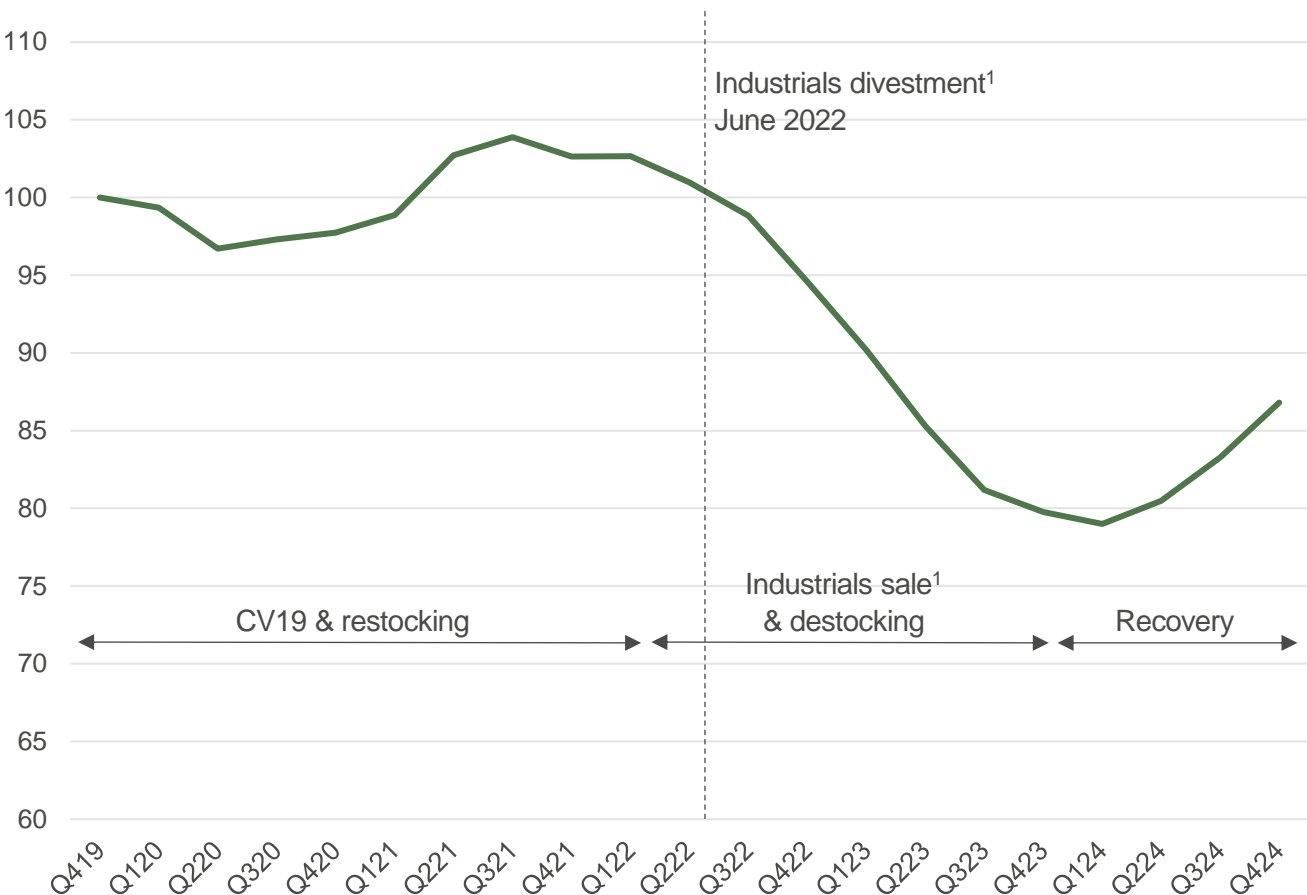
£175m programme 2021-25

- Alabama, USA – lipid development
- Lamar, USA – multi-purpose scale-up
- Leek, UK – 2nd facility in Europe

- Benefitted from US / UK Government grants
- Positioned us for break-out growth opportunities

Driving sales volumes and operating leverage

Shared site volumes indexed to 100 (4 QTR moving average)



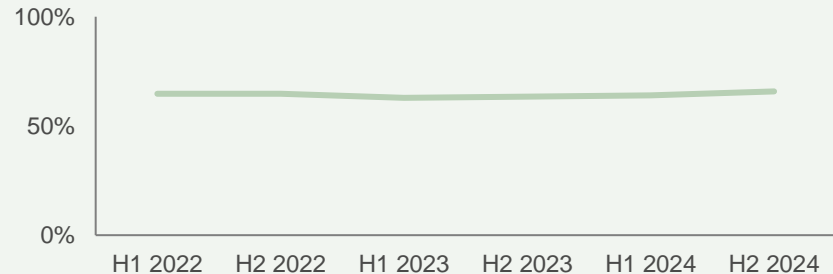
Eleven largest shared manufacturing assets

- ~70% of total sales volumes
- ~60% of total sales

2024 sales volume performance by relevant business units

CHANGE IN Y-ON-Y VOLUMES	2024
Beauty Care	+9%
Crop Protection	-6%
Industrial Specialties	+9%

At stable gross margins²



¹Divestment of the majority of Performance Technologies & Industrial Chemicals was completed in June 2022
²Gross margin is internal product margin which is sales minus raw material and packaging costs divided by sales

Realigning our cost base

MULTI-YEAR MODERNISATION PROGRAMME

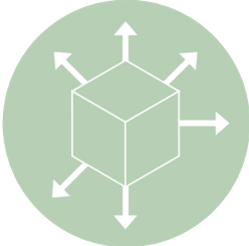
- Embedding cost disciplines to permanently capture benefits
- Identified significant opportunities to simplify, standardise and modernise systems to reduce costs
- Centre of business excellence to share best practice and coordinate multi-year workstreams across:



Procurement



Operations



Distribution



Back-office

NEAR-TERM BENEFITS

Versus 2024 baseline

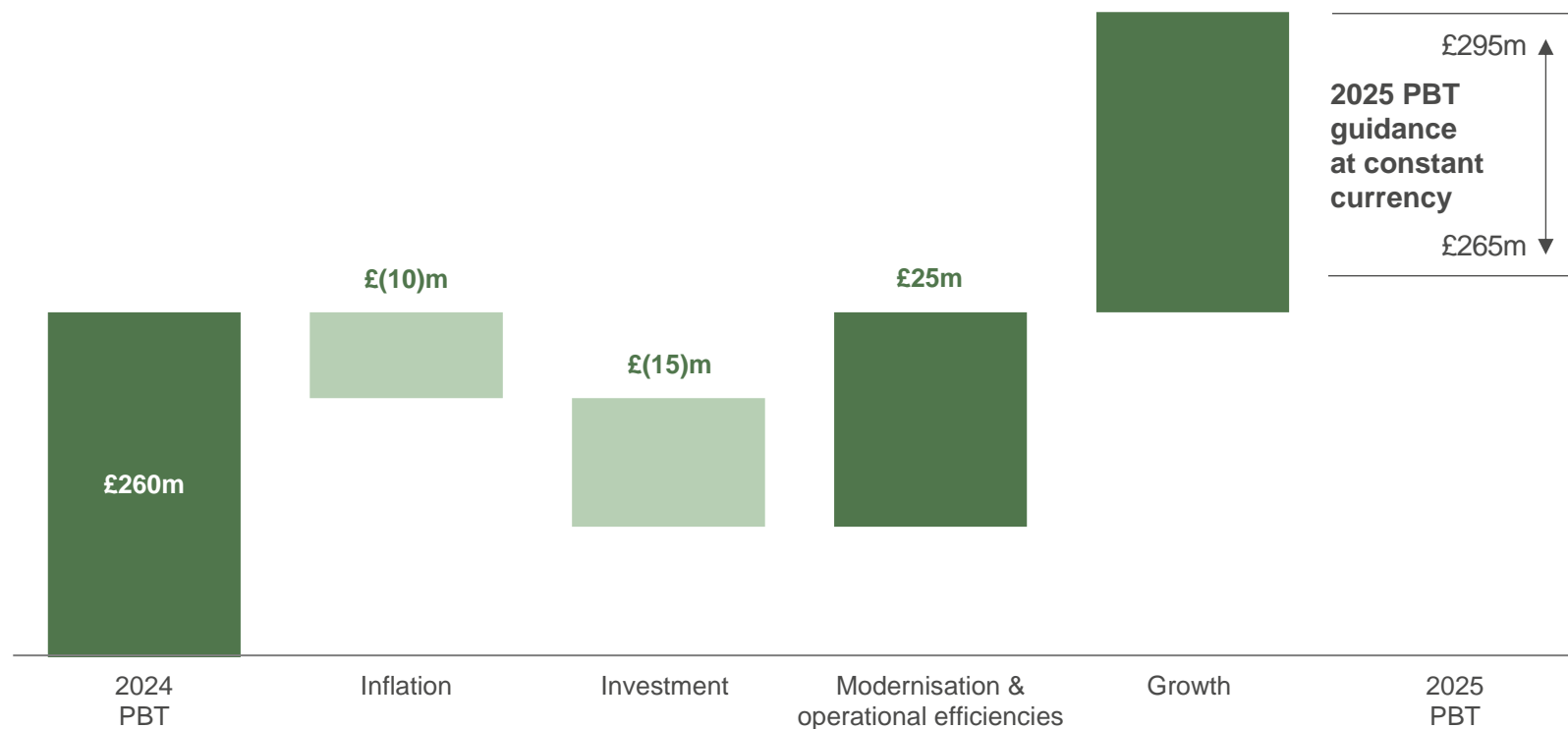
	2025	2026	TOTAL
Pre-tax benefit	£25m	£15m	£40m
Cash cost ¹	£(15)m	£(5)m	£(20)m

2025	2026
Benefits derived from: <ul style="list-style-type: none"> • Payroll costs • Other opex 	Additional early benefits: <ul style="list-style-type: none"> • Modernisation initiatives

¹Cash costs to realise pre-tax benefits expected to be taken as exceptional restructuring charges

2025 benefits largely offset inflation and investment costs

Indicative movements in profit before tax



Outlook

- Consumer Care and Life Sciences to grow sales
 - Improved volumes in 2024
 - Price/mix headwind likely to diminish
- Operational efficiencies to largely offset:
 - Inflation
 - Incremental costs of investments coming online
- Group adjusted profit before tax to be between £265m and £295m at constant currency

Restoring Croda earnings and returns

SALES

Driving growth by stepping up innovation and maximising returns from recent investments

MARGINS

Driving margin by improving capacity utilisation and operational efficiency

RETURNS

Driving returns as capex moderates by prudently managing invested capital



QUESTION AND ANSWER

APPENDICES

Quarterly sales breakdown

Quarterly sales £m	Consumer Care	Life Sciences	Industrial Specialties	Group	Life Sciences (ex-CV19)*	Group (ex-CV19)*
Q1 2023	236.8	170.8	69.1	476.7	170.8	476.7
Q2 2023	218.8	132.4	53.0	404.2	132.4	404.2
Q3 2023	218.2	125.0	43.7	386.9	125.0	386.9
Q4 2023	212.3	174.1	40.3	426.7	126.1	378.7
Q1 2024	236.8	121.8	49.9	408.5	121.8	408.5
Q2 2024	231.6	124.4	51.4	407.4	124.4	407.4
Q3 2024	228.1	128.8	49.7	406.6	128.8	406.6
Q4 2024	223.5	129.3	52.8	405.6	129.3	405.6

Currency exposure

The US Dollar and the Euro together represent approximately 65% of the Group's currency translation exposure.

2024 average rates:

- US\$1.28 (2023: US\$1.24)
- €1.18 (2023: €1.15)

Average annual impact:

- £1m per \$cent pa
- £1m per €cent pa

Sterling strengthened against both the US Dollar and against the Euro, with currency translation reducing sales by £52.1m and adjusted operating profit by £13.9m.

This was driven by both the strength of Sterling against the US Dollar and the Euro and by the impact of changes in exchange rates for other smaller currencies including the effect of the application of IAS 29 ('Financial Reporting in Hyperinflationary Economies') to reporting in Argentina and Turkey.

We estimate that the average annual currency translation impact on adjusted operating profit is £1m per Dollar cent movement per annum and £1m per Euro cent movement per annum.

SMART SCIENCE



TO IMPROVE LIVES

