

CRODA

31 October 2013

Croda International Plc

Interim Management Statement

Croda International Plc (“Croda”) today announces its interim management statement for the period since 1 July 2013.

Trading

Sales trends improved again during the third quarter with growth across all regions despite subdued underlying market conditions, similar to those experienced during the first half of the year. Turnover was up 4.4% to £267.9m (2012: £256.5m) with underlying sales* up 0.8%. The significant devaluation of the Japanese Yen and Indian Rupee reduced the benefit of currency translation compared to the first half.

Innovation led sales were very strong in all segments with double digit growth seen in new and patented products. However, we saw near double digit declines in relatively low margin but high volume commodity and toll manufacturing sales.

Operating margins remained solid at 23.1% (2012: 23.2%) despite slight dilution due to the acquisition of Sichuan Sipo Chemical Co (“Sipo”), with continuing operating profit up 4.0% to £62.0m (2012: £59.6m). Group pre-tax profit increased 5.4% to £58.6m (2012: £55.6m) in the quarter.

In Consumer Care, sales were up 3.2% to £145.4m (2012: £140.9m) supported by both volume growth and a better quality product mix. Overall trends were mixed. Personal Care sales continued to improve with strong sales in Western Europe and North America, although we saw sales decline again in Eastern Europe, Middle East and Africa. Crop Care made further progress following its return to growth in June, although whilst we saw strong double digit turnover increases in Europe, growth was more modest elsewhere. Health Care sales were also up in the quarter compared to the same period in 2012. Operating profit increased 3.2% to £45.6m (2012: £44.2m). Return on sales in the quarter was 31.4% (2012: 31.4%).

In Performance Technologies sales were up 0.4% to £95.0m (2012: £94.7m) with growth in Geotech and Polymer Additives. Home Care and Coatings & Polymers were both down with particularly weak sales in North America. Lubricants saw sales decline in Europe. The Group currency benefit is skewed towards Performance Technologies due to its relatively high exposure to European markets. Operating profit increased 4.5% to £13.9m (2012: £13.3m). Return on sales was 14.6% (2012: 14.0%).

Industrial Chemicals continued to see good underlying sales growth which was boosted by the acquisition of Sipo in July 2013. Turnover increased 31.6% to £27.5m (2012: £20.9m). Sipo broke even at the operating profit level which diluted the return on sales in the sector. Operating profit increased 19.0% to £2.5m (2012: £2.1m). Return on sales was 9.1% (2012: 10.0%).

* Excluding acquisitions, disposals and currency

Financial Position

Cash generation was very strong in the quarter with net debt falling £8.6m to £213.7m. This was despite a £45.6m increase in borrowings due to the acquisition of 65% of the equity of Sipo in the quarter.

Commenting on the outlook, Martin Flower, Chairman of Croda said:

“Croda has continued to generate a steadily improving underlying sales performance through every quarter of this year despite challenging market conditions. We continue to benefit from the strong demand for innovation and remain particularly encouraged by the progress that Croda is making in Asia and South America. However, with currencies continuing to weaken and market conditions expected to remain subdued, fourth quarter profits are likely to be similar to quarter three. Looking ahead, the Board remains confident that Croda’s strategy will continue to deliver progress into 2014 and beyond.”

For further information please contact:

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The company will host a conference call at 8.00am today.

Please dial +44 (0) 203 426 2845 and quote “Croda International” to gain access to the call.

Additional Information

£m	Q3			9 months		
	2013	2012		2013	2012	
Consumer Care	145.4	140.9	+3.2%	458.2	450.1	+1.8%
Performance Technologies	95.0	94.7	+0.3%	298.2	298.9	-0.2%
Industrial Chemicals	27.5	20.9	+31.6%	74.2	62.8	+18.2%
Continuing turnover	267.9	256.5	+4.4%	830.6	811.8	+2.3%
Consumer Care	45.6	44.2	+3.2%	144.6	140.7	+2.8%
Performance Technologies	13.9	13.3	+4.5%	48.4	46.1	+5.0%
Industrial Chemicals	2.5	2.1	+19.0%	8.1	6.3	+28.6%
Continuing operating profit	62.0	59.6	+4.0%	201.1	193.1	+4.1%

Operating margin	23.1%	23.2%		24.2%	23.8%	
Interest	(3.4)	(4.0)		(9.4)	(12.3)	
Continuing pre tax profit	58.6	55.6	+5.4%	191.7	180.8	+6.0%

Analysis of Q3 turnover uplift

Volume		-0.8%				-0.8%
Price/mix		+1.6%				+0.8%
Underlying		+0.8%				+0.0%
Acquisitions		+2.0%				+0.2%
Currency		+1.6%				+2.1%
Increase in continuing turnover		+4.4%				+2.3%