

Press Release

24 April 2024

First quarter 2024 sales update

On track to meet previous Group guidance for FY24

Croda International Plc (“Croda” or the “Group”) today provides an update on its sales performance in the first quarter of 2024 (the three months ended 31 March 2024).

- Group sales of £409m, down 10% at constant currency versus a strong Q1 2023 comparator
- Group sales up 8% versus Q4 2023, excluding Covid-19 lipid sales in the previous quarter
- Continue to expect Group FY24 adjusted PBT to be between £260m and £300m

Steve Foots, Chief Executive Officer, said:

“Consumer Care has made an encouraging start to the year with growth across all business units and a significant improvement in North America. Life Sciences continues to experience more challenging market conditions, particularly in Crop Protection. Overall, we are on track to meet our previously stated Group guidance for the full year. We are focused on executing our strategy, accelerating the conversion of our exciting Pharma pipeline, and investing for the future whilst carefully monitoring costs, with a clear set of priorities that will drive our near-term performance.”

Group performance – sales down against a strong prior year comparator but improving sequentially

	Q124 £m	Change versus prior year			Change versus previous quarter	
		Q123 £m	Change	Constant currency change	Q423* £m	Change*
Consumer Care	237	237	0%	5%	212	12%
Life Sciences	122	171	(29)%	(26)%	126	(3)%
Industrial Specialties	50	69	(28)%	(24)%	40	24%
Group	409	477	(14)%	(10)%	379	8%

*Life Sciences and Group Q423 sales and related % changes exclude £48m of lipid sales for Covid-19 vaccine applications to aid comparability as no Covid-19 lipid sales are expected in 2024. See table below for reconciliation.

In the first three months of 2024, Croda recorded sales of £409m, down 14% on a reported basis or by 10% in constant currency, against a strong prior year comparator.

Reported sales were up 8% compared with the fourth quarter of 2023 (excluding lipid sales for Covid-19 vaccine applications in the previous quarter to aid comparability) and overall Group results were in line with expectations.

As previously disclosed, for full year 2024 we continue to expect Group adjusted operating margin to be two to three percentage points lower than 2023, and adjusted profit before tax to be between £260m and £300m based on exchange rates at the time of our Full Year 2023 results announcement.

Consumer Care – encouraging first quarter led by North America

Consumer Care has made an encouraging start to the year. Reported sales were flat versus the prior year whilst constant currency sales grew by 5%.

Sequentially, versus the previous quarter, reported sales were up by 12% from a low base, driven by a double-digit increase in sales volumes, with growth across all business units. In addition to continued growth in F&F and Home Care, Beauty Actives was particularly strong, benefitting from good demand in North America and Europe. Beauty Care, the largest business unit within Consumer Care, also delivered an encouraging performance with a double-digit percentage increase in sales including growth in all regions, led by the Americas.

Life Sciences – market environment remains more challenging

Reported sales in Life Sciences were 29% lower than the prior year principally reflecting the very strong Q1 prior year performance in Crop Protection before destocking began in the second quarter of 2023. Constant currency sales fell by 26%.

Reported sales were down 3% versus the fourth quarter of 2023 (excluding lipid sales for Covid-19 vaccine applications in the previous quarter). This comprised flat sales in Crop Protection, lower sales in Seed Enhancement – where sales are seasonally second half weighted, and a small reduction in Pharma – where some of the challenges that faced pharmaceutical markets in 2023, such as Covid-19 normalisation and destocking in consumer health, continued into the first quarter of 2024. Sales of delivery systems for Nucleic Acid and Protein-based drugs, both strategic focus areas for Croda, have continued to grow year-on-year, and we are bringing new drug delivery technologies to market as planned.

Industrial Specialties – sequential improvement in sales driven by volume and mix

Reported sales in Industrial Specialties fell by 28% with both volumes and price/mix lower than the first quarter of 2023, when market conditions were more favourable before starting to deteriorate in quarter two. Constant currency sales fell by 24%.

Sequentially, reported sales in Industrial Specialties improved by 24% versus the previous quarter with improving volumes and positive mix, most notably in EMEA.

Further information

Croda is hosting a short conference call for analysts and investors at 8am BST this morning. Please register in advance at: www.croda.com/investors. Our Annual General Meeting (AGM) is taking place at 12 noon today at the Pavilions, Harrogate, North Yorkshire, HG2 8QZ, UK.

Croda will report half year 2024 results on 30 July 2024 and expects to provide an update on third quarter 2024 sales performance on 11 November 2024.

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2023 sales

Quarterly sales (£m)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 2023 ex CV19 lipids*	FY 2023	FY 2023 ex CV19 lipids*
Consumer Care	236.8	218.8	218.2	212.2	212.2	886.0	886.0
Life Sciences	170.8	132.4	125.0	174.1	126.1	602.3	554.3
Industrial Specialties	69.1	53.0	43.8	40.3	40.3	206.2	206.2
Group	476.7	404.2	387.0	426.6	378.6	1,694.5	1,646.5

*Life Sciences and Group Q423 sales exclude £48m of lipid sales for Covid-19 vaccine applications to aid comparability as no Covid-19 lipid sales are expected in 2024.

Currency translation

The US Dollar and the Euro together represent approximately 65% of the Group's currency translation exposure. A one cent per annum movement in either the Dollar or the Euro has an average annual profit before tax impact of approximately £1m.

Constant currency results

Constant currency results reflect current year performance for existing business translated at the prior year's average exchange rates. For constant currency sales, local currency sales are translated into the most relevant functional currency of the destination country of sale (for example, sales in Latin America are primarily made in US Dollars, which is therefore used as the functional currency). Sales in functional currency are then translated into Sterling using the prior year's average rates for the corresponding period.