

CRODA

Croda International Plc

Full year 2022 results

28 February 2023



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 2022.

Market information

Market sizes and growth rates are company estimates informed by a range of third party sources.

Agenda

01. A record performance
02. Consistent execution
03. Portfolio shift to faster growth niches
04. Questions



01 A record performance



A record financial performance

Highlights

- Record sales and profit
- Strong sector performances
- Powerful operating model
- Consistent execution

A milestone year

- Transitioned portfolio
- Aligned with megatrends
- Investing in innovation pipeline



Powerful operating model and consistent execution...

Sales	Operating profit	Profit before tax	Full year dividend
+11%	+10%	+11%	+8%
£2,089m	£515m	£496m	108p
<ul style="list-style-type: none"> • Price / mix driven • Successful inflation recovery 	<ul style="list-style-type: none"> • Sales growth driven • Currency benefit 	<ul style="list-style-type: none"> • Lower finance costs • Record result 	<ul style="list-style-type: none"> • >30 year progression
7% CAGR since 2012	7% CAGR since 2012	8% CAGR since 2012	6% CAGR since 2012

Reported currency. Profit measures are on an adjusted basis.

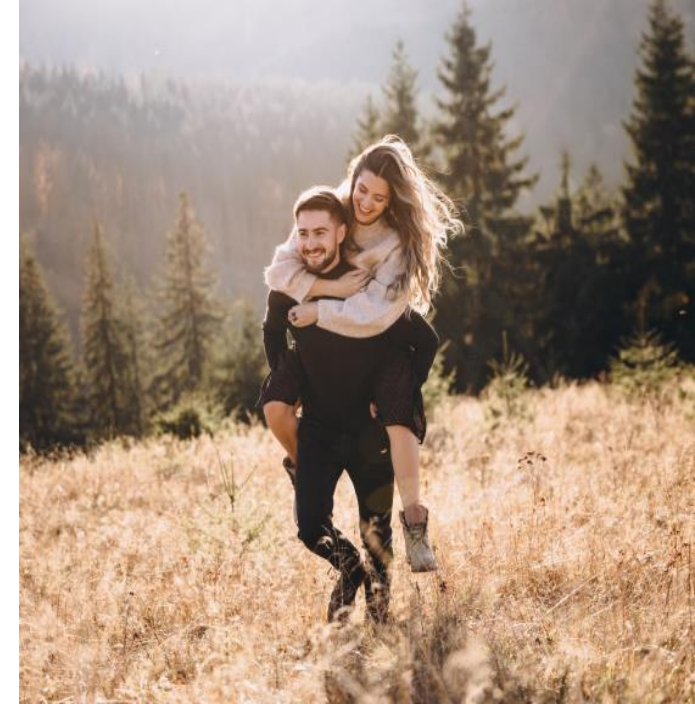
...and continued sector growth

Consumer Care demonstrating increased resilience

- Record sales and adjusted operating profit
- Strong solar protection and ECO bio-based surfactant growth in Beauty Care
- Good emerging market growth in F&F
- Shift to sustainable ingredients
- Standout H1 performance; H2 slower due to:
 - Customer destocking post strong 2021 demand
 - Mainly North America
 - Capacity constraints / selective demarketing

Life Sciences building on exceptional prior year

- All businesses grew double digit percentage excluding lipid system sales for Covid-19 vaccines
- Crop Protection excellent
- Extensive pipeline in non-Covid delivery systems
- Pharma repositioned to focus on technologies with fastest growth and innovation needs
- Reinforcing leadership in sustainable delivery systems in Crop
- Empowering biologics delivery



...with rapid strategic progress

Fast grow Asia

Building knowledge, infrastructure and now Solus

Expand Life Sciences

Fast growth in Pharma / Crop innovation pipelines

Strengthen Consumer Care

Shift to sustainable ingredients and Asia

Scale biotechnology

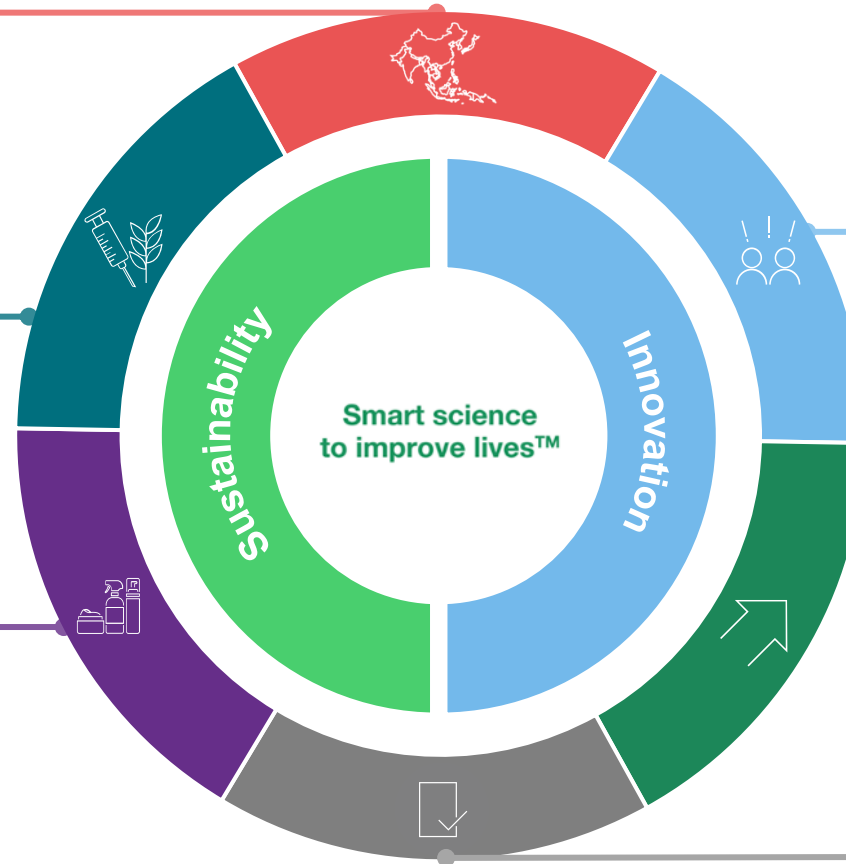
>100 biotech-derived products

Proactive M&A

Scouting network / evolving pipeline

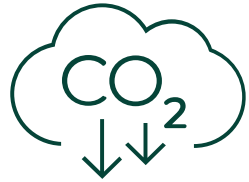
Doing the basics brilliantly

Good Net Promoter Scores



...and excellent progress on sustainability targets

Climate Positive



Scope 1 & 2 emissions

-20%

reduction since 2018 baseline

Seeing first benefits from decarbonisation

Land Positive



Protecting biodiversity

Net Nature Positive

aspiration announced

Early adopter in sector of SBT for Nature

People Positive



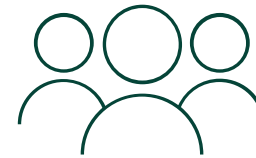
Sun protection

61 million

lives protected

Met target 7 years early

Fundamentals



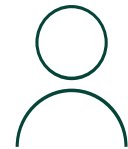
Sustainable sourcing

81%

key suppliers engaged

Key to reducing footprint of our products

Engagement



Employee survey

74%

recommend Croda as a place to work

New employee engagement metric for remuneration

...and positive impact of giving back to our communities

British Asian Trust



Vaccinated 14m people across 5 states in India

Gavi vaccine alliance



Helping to vaccinate c100,000 people against Covid-19 in >20 countries

Instituto Amazonas



Improving food security for >7,000 people

Beyond sunicare



Training 90 health workers on albinism and skin cancer prevention in Uganda

Croda Foundation is supporting 21 projects in 19 countries with nearly 15m beneficiaries

02 Consistent execution

Jez Maiden
Group Finance Director



Consistent execution delivers record performance

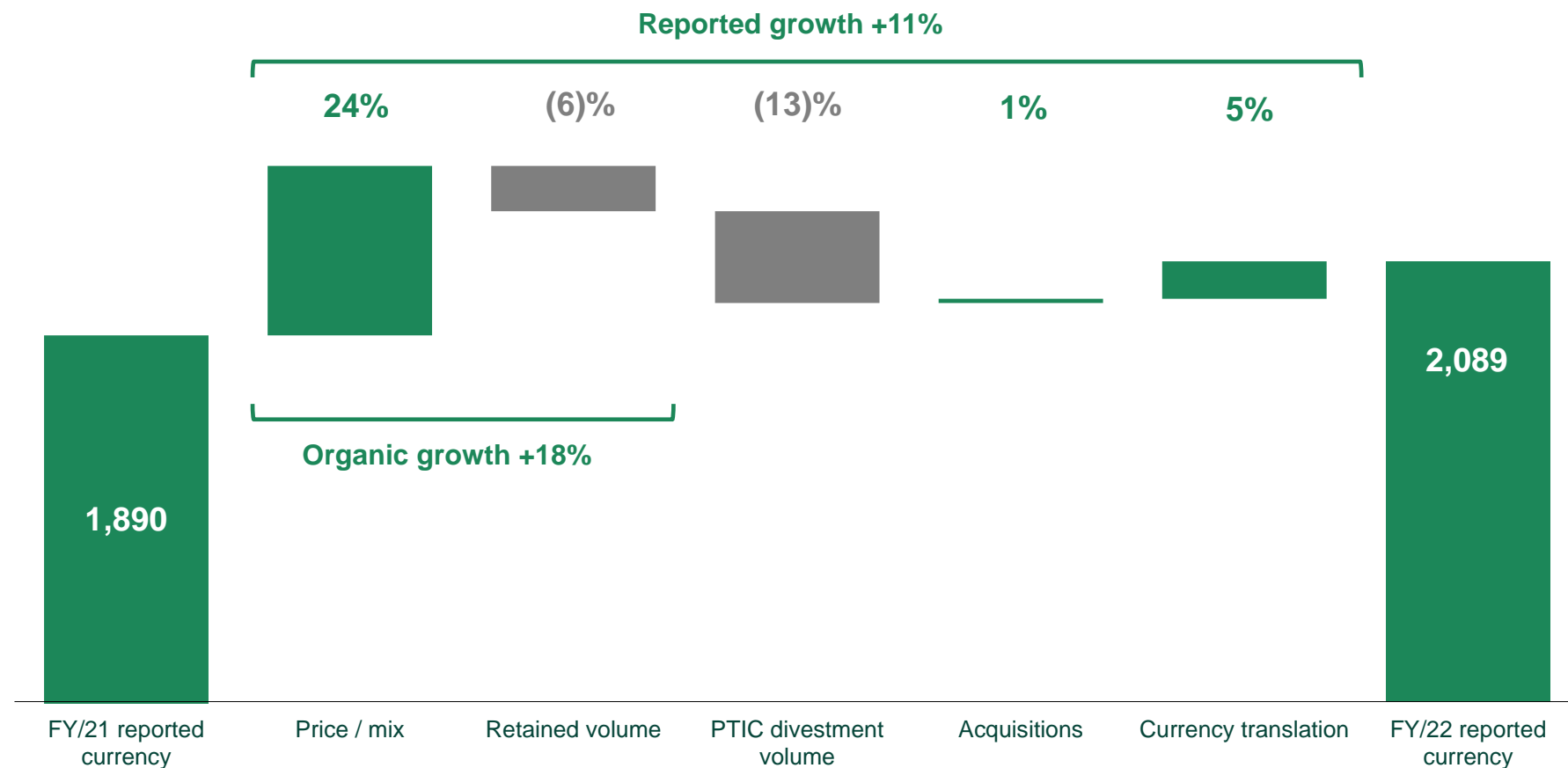
Adjusted results, £m	FY/22 reported	FY/21 reported	% change	% change constant currency
Sales	2,089.3	1,889.6	10.6%	5.2%
Operating profit	515.1	468.6	9.9%	5.7%
Return on sales	24.7%	24.8%	(10)bps	-
Profit before tax	496.1	445.2	11.4%	7.3%
Basic earnings per share	272.0p	250.0p	8.8%	-
Ordinary dividend per share	108.0p	100.0p	8.0%	-
Free cash flow	167.4	153.6	9.0%	-

Reconciliation to IFRS, £m	FY/22 reported	FY/21 reported
Adjusted PBT	496.1	445.2
Exceptional items	(37.8)	0.6
Amortisation of intangible assets	(34.3)	(34.3)
Gain on business disposal	356.0	-
Reported PBT	780.0	411.5

Reported currency except where stated.

Underlying sales growth driven by price / mix

Sales, £m

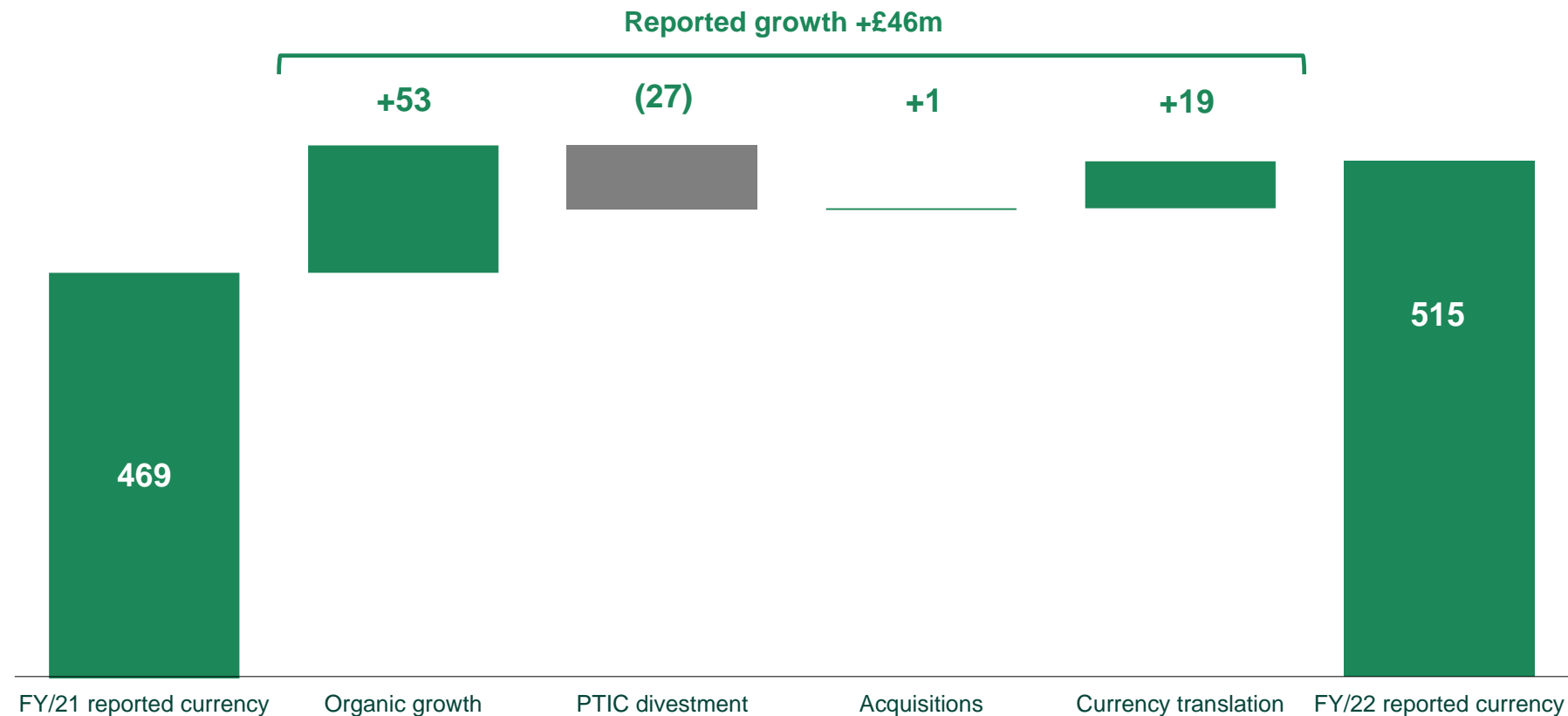


Divestment impact*		
£m	2022 reported	Divestment Impact
Sales	2,089	(191)
Adjusted operating profit	515	(39)

*Had PTIC divestment occurred on 01/01/2022. Management estimates of divestment impact.

Record profit delivery

Adjusted operating profit, £m



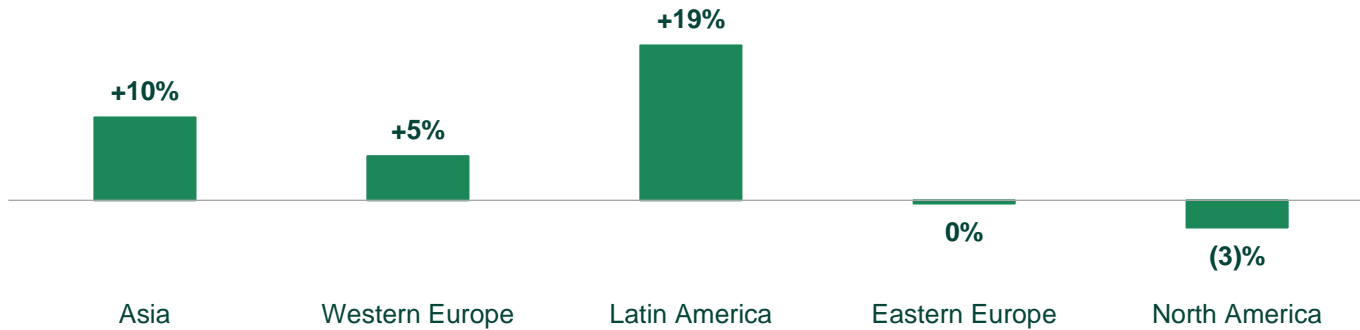
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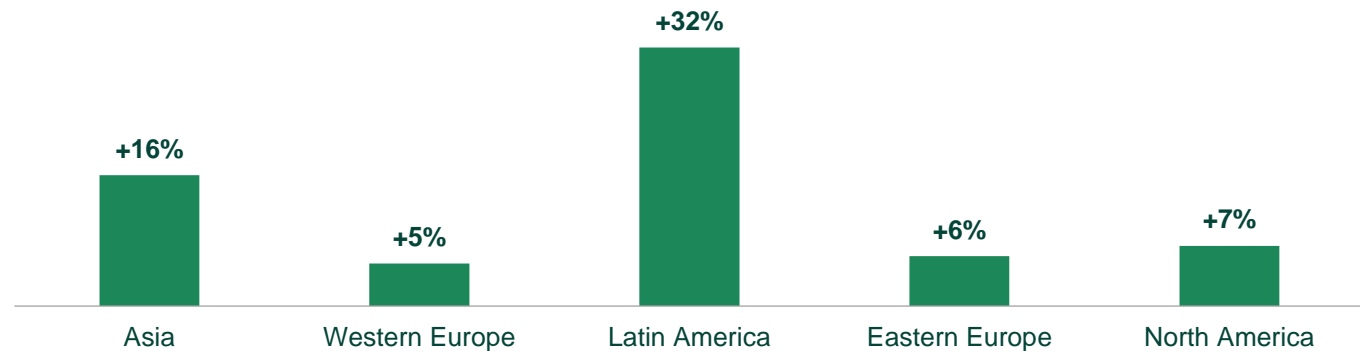
*Had PTIC divestment occurred on 01/01/2022. Management estimates of divestment impact.

Strong performance in Asia, Western Europe & Latin America

Underlying sales growth (%)



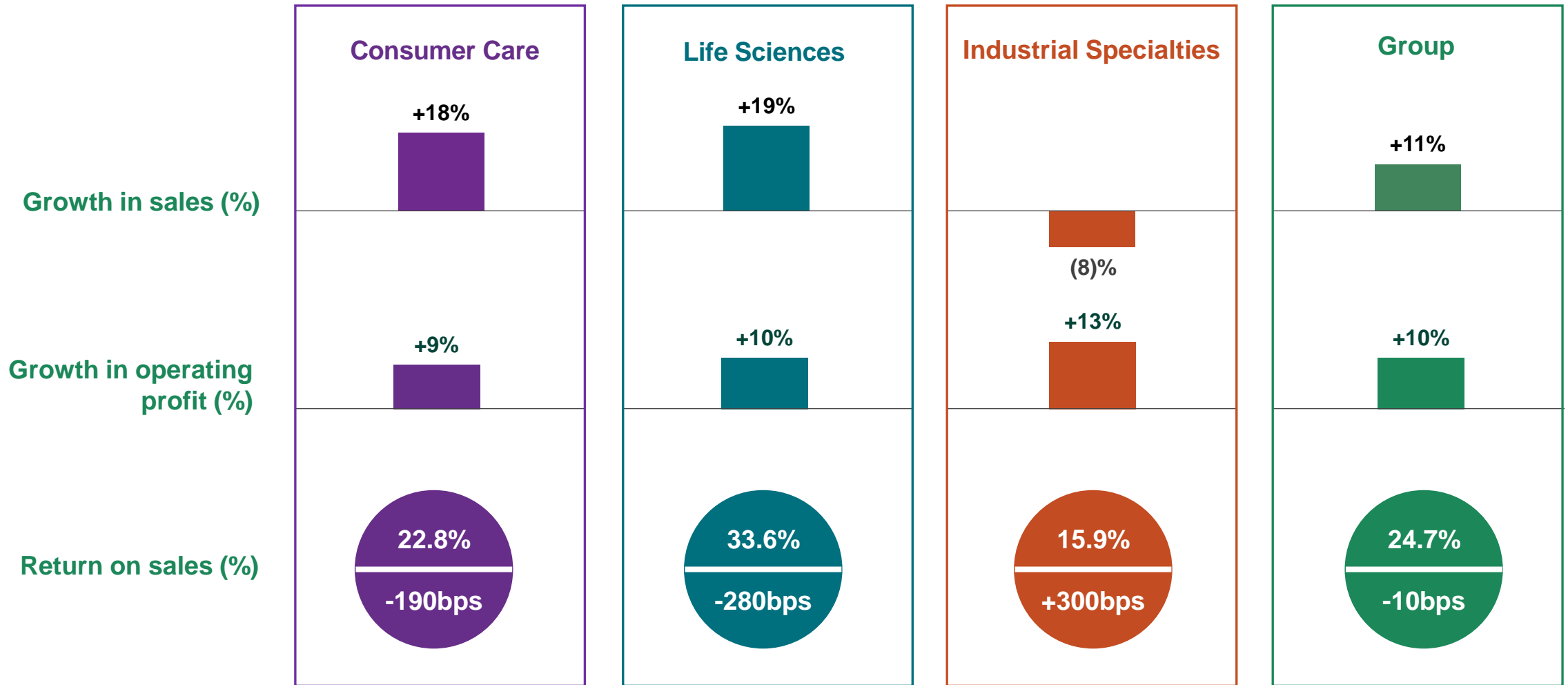
Reported sales growth (%)



Destination sales. Eastern Europe includes Middle East and Africa.
Underlying sales growth excludes currency translation and acquisitions.

- Asia achieved record year – including modest growth in China
- Robust demand in Western Europe
- Growth in Latin America, led by Crop
- Negative impact in Eastern Europe from closure of Russia
- North America impacted by destocking and lower Covid-19 demand

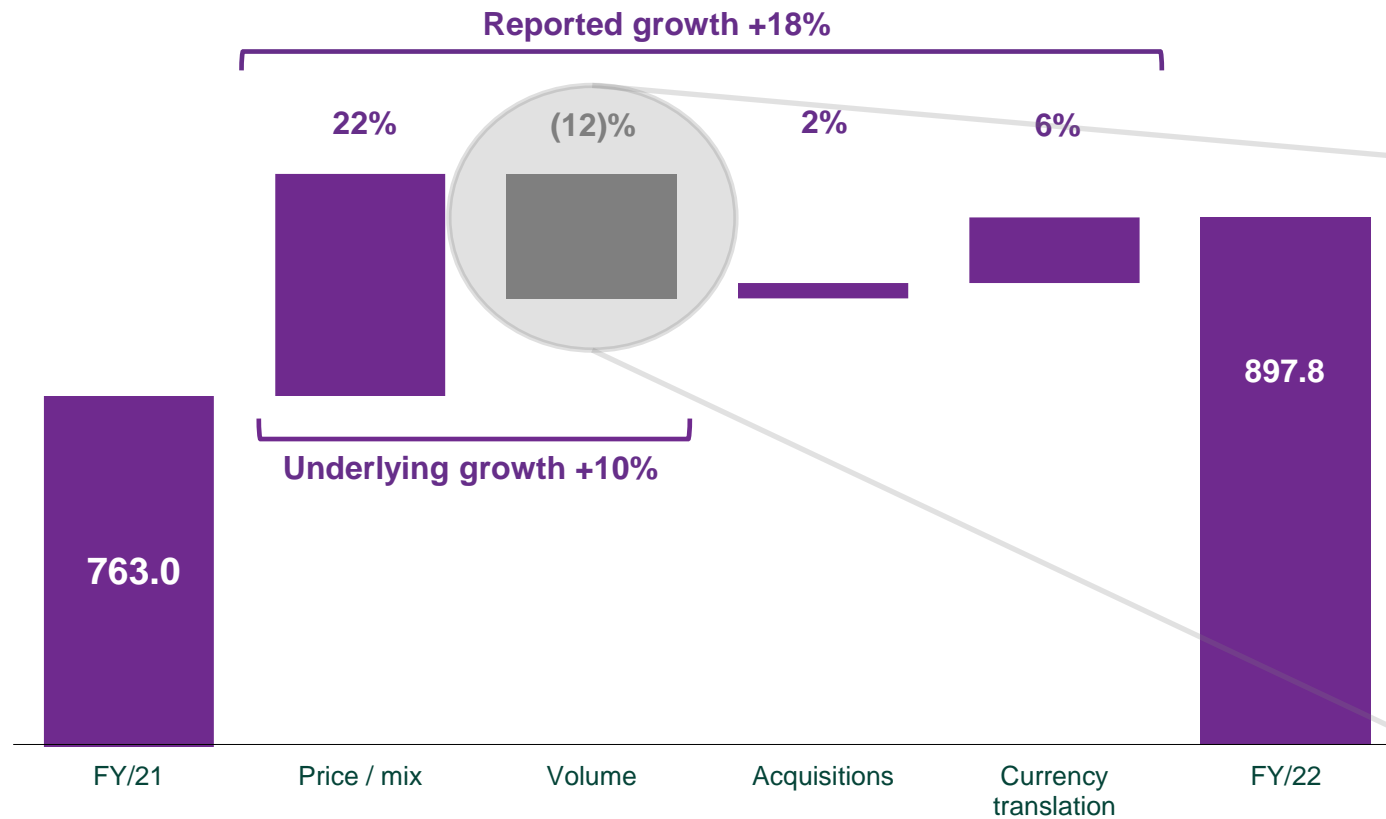
Profit growth across all sectors



Reported currency and adjusted results.

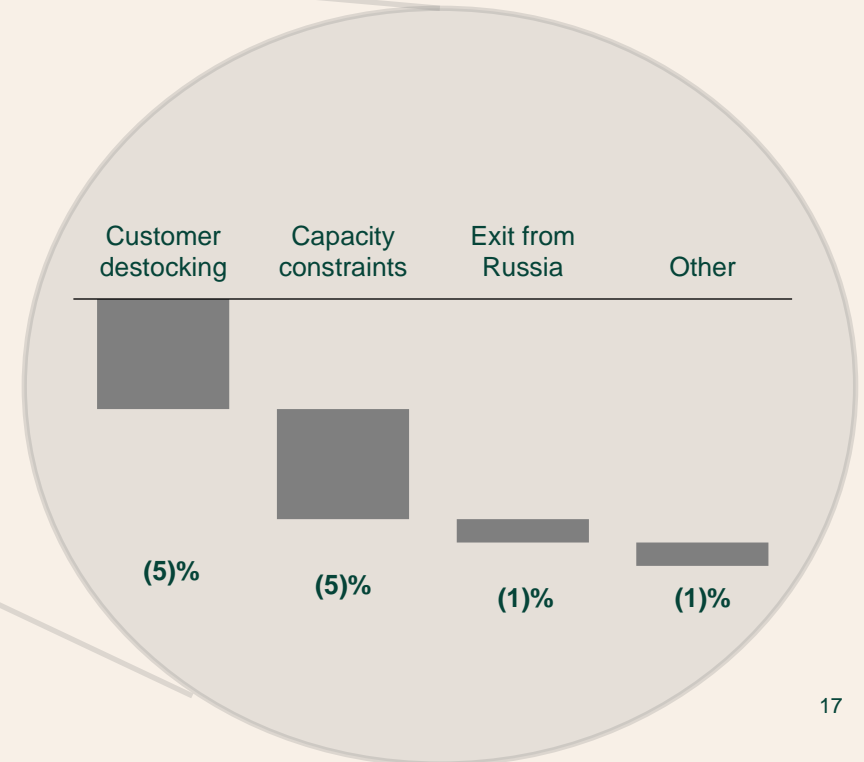
Consumer Care performance demonstrating increased resilience

Sales, £m



Reported currency.

- Input cost inflation recovery
- Growth in Beauty Care and Fragrances
- Reduced volume:
 - Destocking in H2
 - Capacity constraints leading to demarketing



Record profit in Consumer Care

Adjusted operating profit, £m

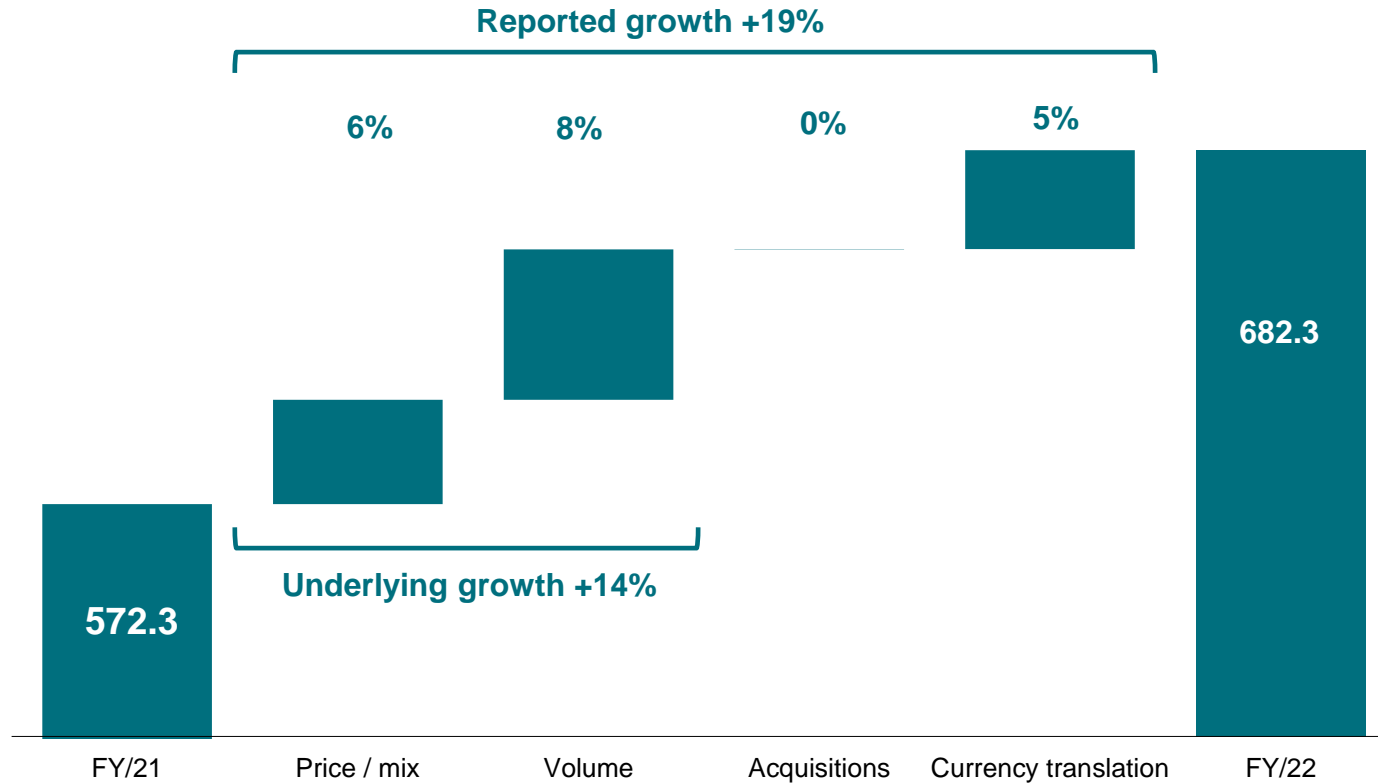


- Successful inflation recovery
- Underlying profit growth – Personal Care driven
- Margin dilution:
 - Lower volume
 - Business mix
 - Divestment dis-synergy

Reported currency.

Life Sciences building on exceptional prior year

Sales, £m



Reported currency.

- Double digit percentage growth in Crop Protection, Seed Enhancement and non-CV19 Pharma
- More than offset anticipated CV19 lipid decline
- Return on sales diluted by mix and CV19 normalisation

Total lipid system sales by year, \$m

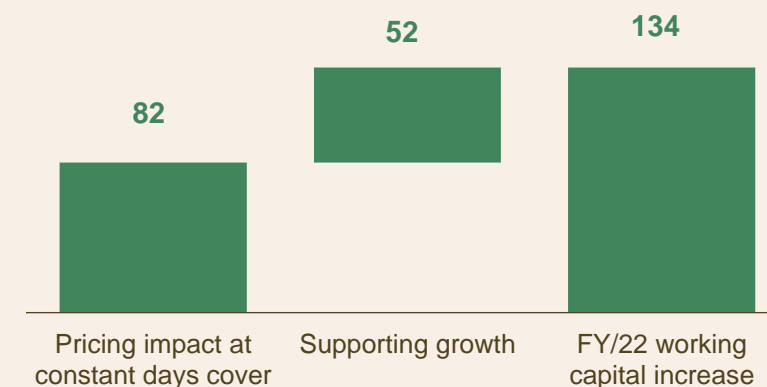


Improving free cash flow

Cash flow, £m	FY/22	FY/21
EBITDA	601.5	547.6
Working capital	(133.8)	(102.5)
Net capital expenditure	(138.5)	(158.5)
Interest & tax	(148.9)	(129.8)
Other operating items	(12.9)	(3.2)
Free cash flow	167.4	153.6
Dividends	(144.4)	(132.5)
Acquisitions	(21.2)	(58.8)
Business disposal	579.0	-
Other cash movements	(18.5)	19.0
Net cash flow	562.3	(18.7)

- Strong EBITDA growth
- Working capital outflow reflecting inflation
 - Improvement in H2/22
- Capex below guidance – Pharma phasing
- Net debt £295m (leverage 0.5x)

Working capital change, £m



Reported currency.

Guided by a clear capital allocation policy

1

Reinvest for organic growth

- Typical capex ~6% of sales
- Additional £175m Pharma investment (2021-2024)

2

Provide regular returns to shareholders

- Increased full year dividend by 8% to 108.0p
- >30 year dividend growth

3

Acquire disruptive technologies

- Agreed acquisition of Solus Biotech (c£232m)
- Expands fast growth Beauty Actives business in Asia

4

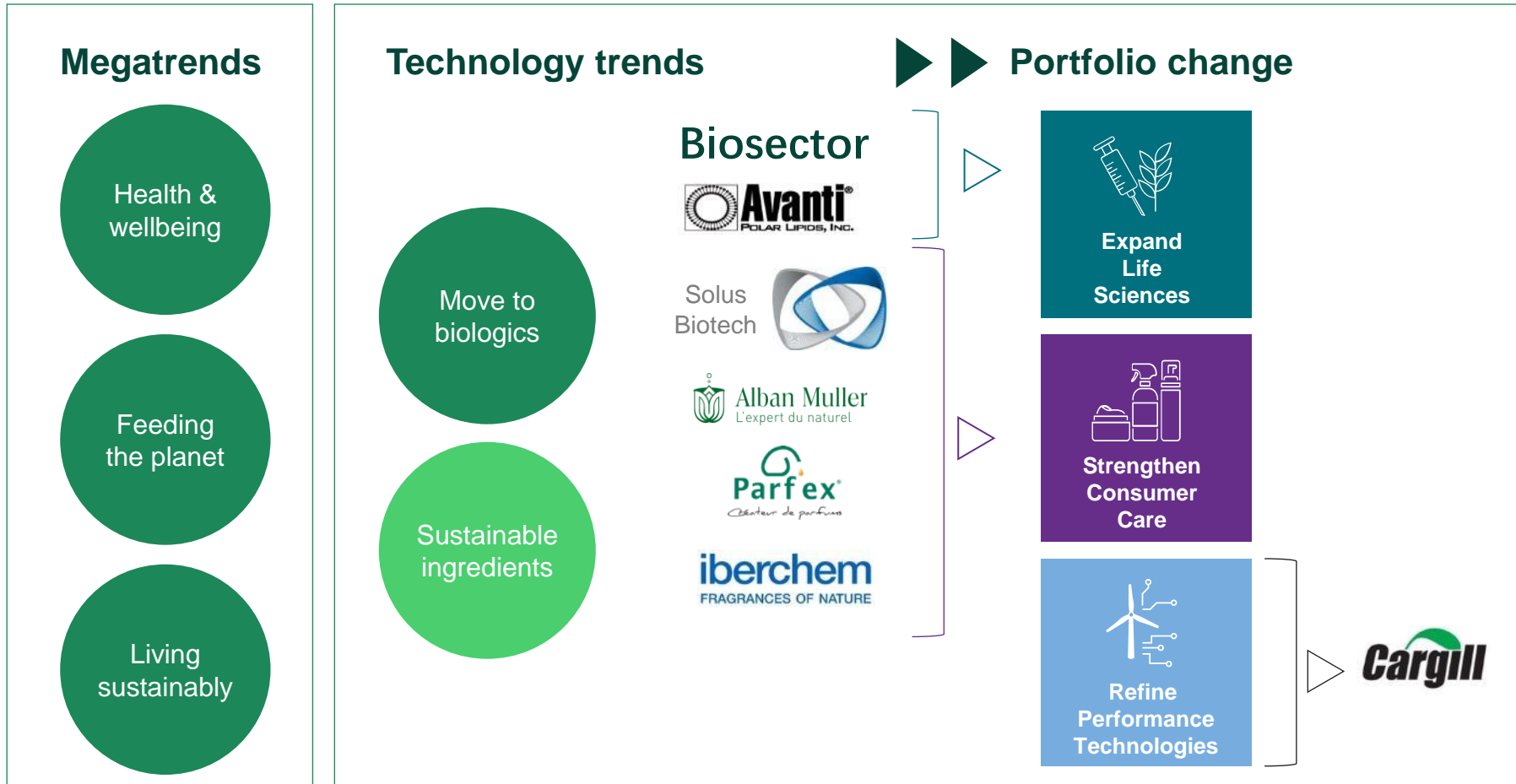
Maintain an appropriate balance sheet and return excess capital

- Leverage reduced to 0.5x (H1/22: 0.6x)
- Targeting leverage of 1-2x over medium term

03 Portfolio shift to faster growth niches



Portfolio realigned with exciting megatrends



Moving to pure play Consumer Care and Life Sciences ingredients business

Acquisition of Solus Biotech subject to regulatory approval. Cargill logo sourced from website.

Creating bigger niches and higher growth


7 dynamic businesses







	Pharma
	Crop Protection
	Seed Enhancement

Bigger niches

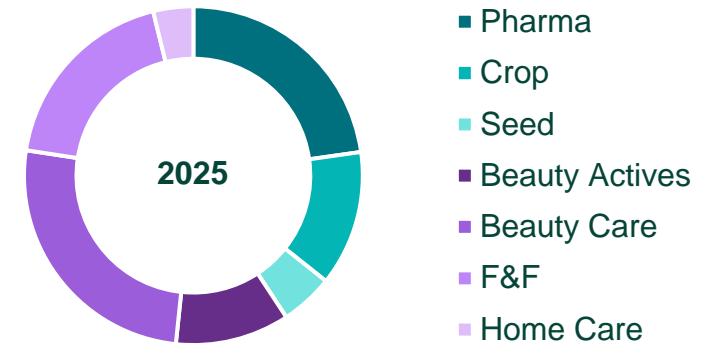
Industry niche	CAGR
Small molecules	5%
Proteins	10%
Nucleic acid	>20%
Biopesticides	8%



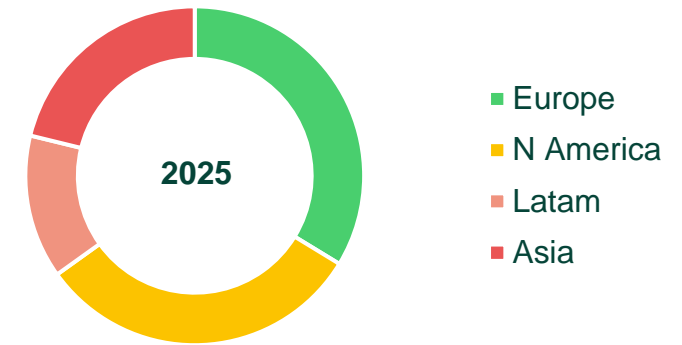
	Beauty Actives
	Beauty Care
	F&F
	Home Care

Industry niche	CAGR
Anti-ageing	9%
Salon hair care	4%
Sun care	4%
Niche fabric care	6%
Fine fragrance	6%

Well balanced portfolio



and well balanced geographic footprint



Bigger niches, bigger opportunities, higher sales growth

CAGRs (compound annual growth rates) cover different time periods. 2025 pie charts are management estimates.

2023 strategic priorities

Fast grow Asia

Invest in India, Singapore and North Asia

Expand Life Sciences

Convert Pharma pipeline

Strengthen Consumer Care

Launch Scope 3 ingredient index

Scale biotechnology

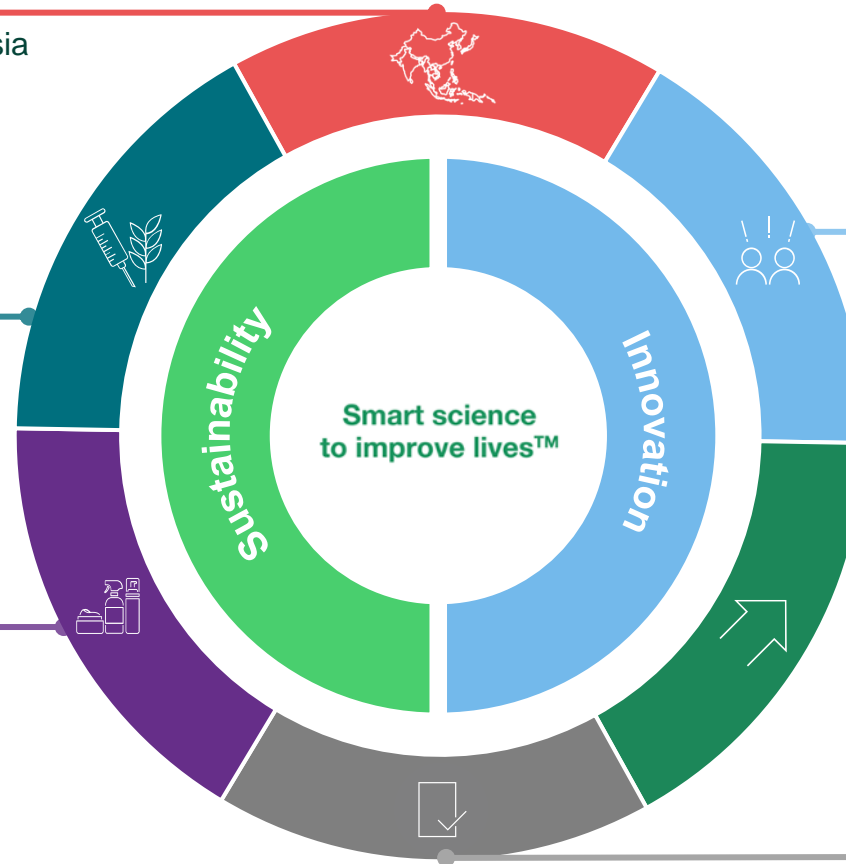
Commercialise NPP

Proactive M&A

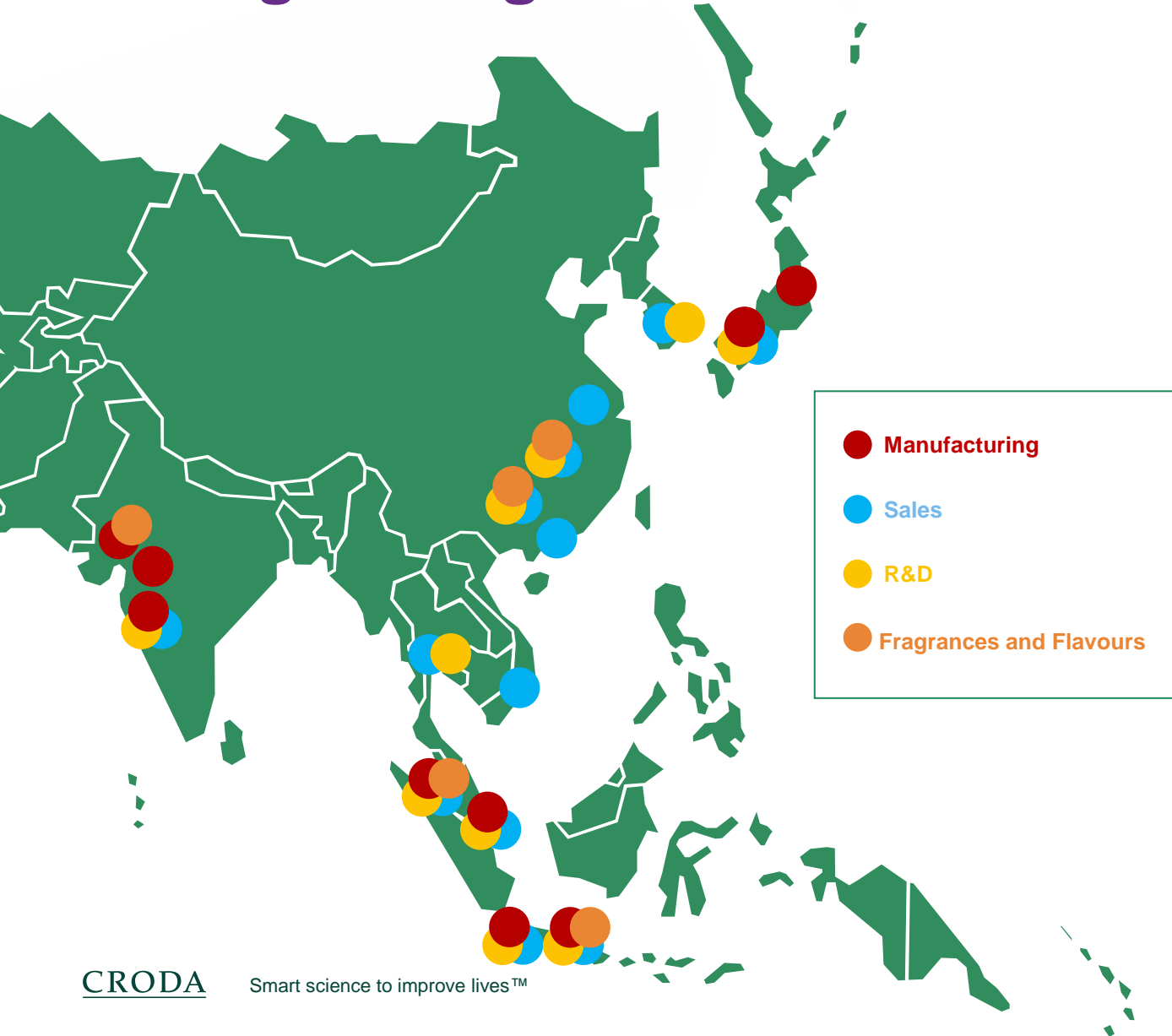
Target assets with rich IP, fast growth niches, clever people

Doing the basics brilliantly

Automate systems / processes



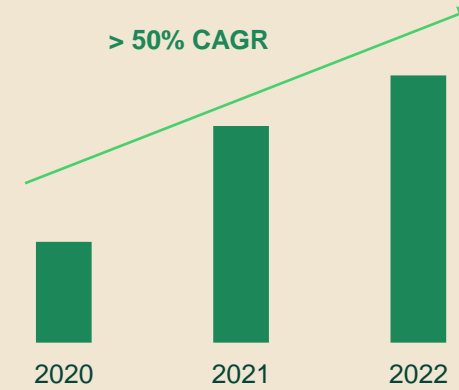
Strengthening Consumer Care with fast growth in Asia



Investing to deliver fast growth in Asia

Capital expenditure outside Europe and N America

> 50% CAGR

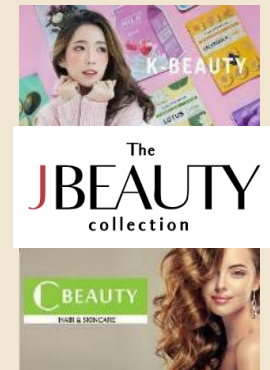
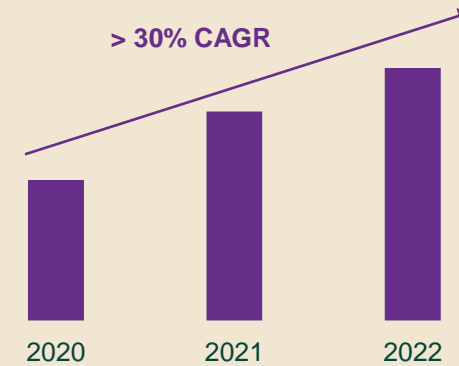


Approved capex:



Consumer Care sales in Asia

> 30% CAGR



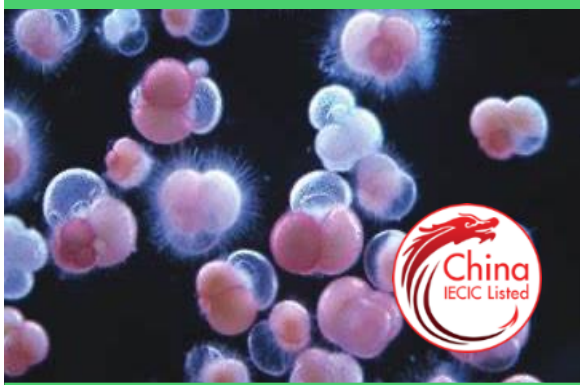
Reported sales growth.

Strengthening Consumer Care with biotech innovation



Beauty Actives

Nautil anti-ageing active



- Blue biotech-derived skin active
- For skin oxygenation
- Developed by Nautilus

Monar to combat dark spots



- Green biotech-derived skin active
- For skin pigmentation disorders
- IRB's bergamot plant cell culture

Beauty Care

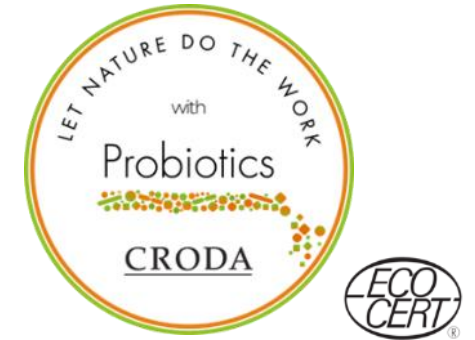
Hair care actives



- Non-animal keratin for hair care
- Open innovation projects with leaders in synthetic biology

Home Care

Probiotic cleaning



- Microbials to break down dirt
- Degrade sources of malodour
- Used throughout home / on fabrics



Strengthening Consumer Care with Solus Biotech acquisition

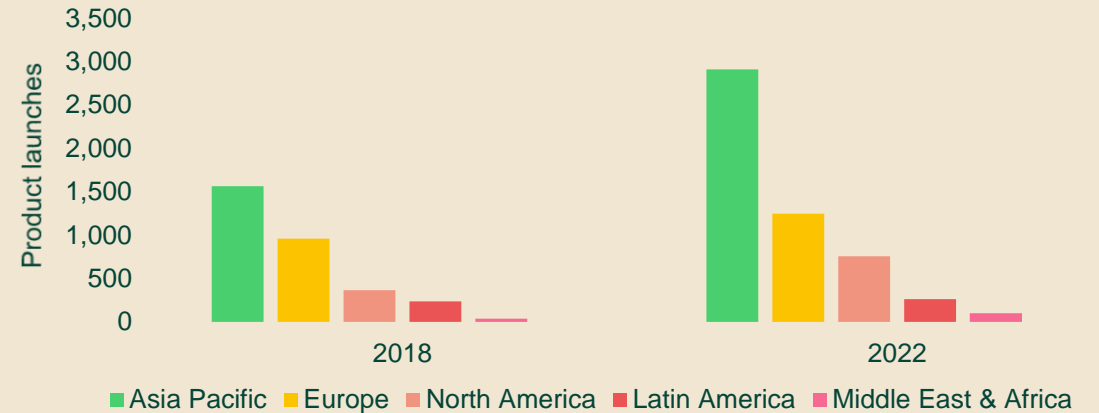


- Global leader in biotech-derived skin actives
- 30 years' experience in fermentation
- 95 people; R&D / manufacturing
- 3 exciting natural technology platforms with strong IP – ceramides, phospholipids, and retinol
- c£28m sales in 2022; targeting 5x growth over 5 years
- Croda formulation expertise and global sales network will accelerate growth

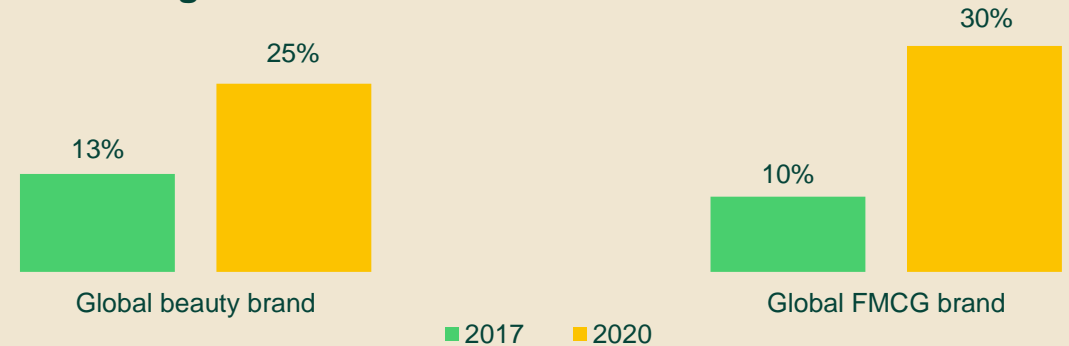


Acquisition of Solus Biotech subject to regulatory approval.

High growth ceramides market led by Asia



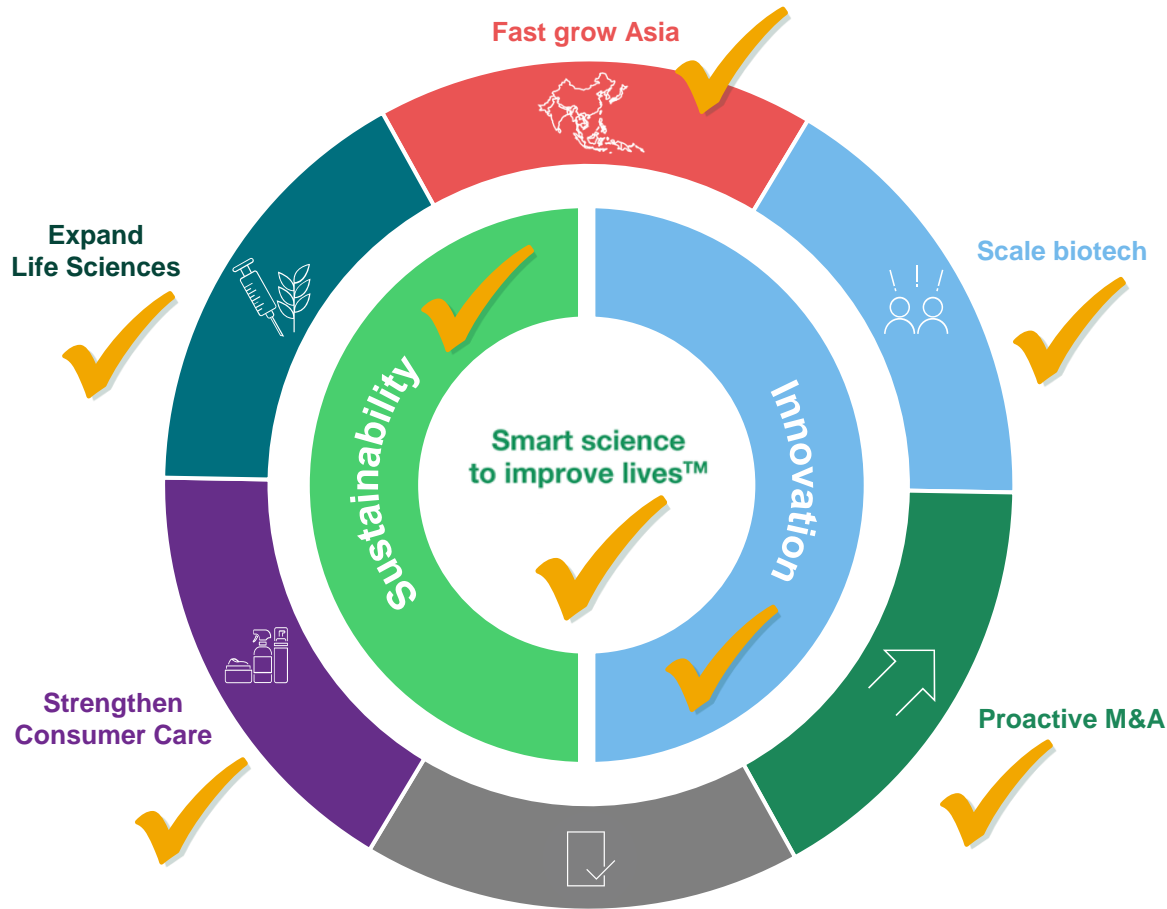
Big jump in category leader product launches containing ceramides







Solus Biotech – a strategic bullseye



Excellent alignment with strategic priorities



- 
 - Strengthens Beauty Actives naturals portfolio
 - Increases exposure to prestige / premium
- 
 - GMP-certified production in high growth Asia market
 - 'Plug & play' lipids for parenteral drugs
 - Accelerates delivery of Avanti pharma pipeline
- 
 - New biotech R&D hub in Asia
- 
 - First manufacturing site in South Korea

Acquisition of Solus Biotech subject to regulatory approval.

Expanding Life Sciences with innovation-led growth in Crop



Conventional pesticides

\$60bn market; 3% CAGR

Market need – sustainable delivery

Croda strategy – low carbon, bio-based, biodegradable

Biopesticides

\$5bn; 8% CAGR

Market need – transition to biopesticides

Croda strategy – biopesticide delivery

Seed Enhancement

\$5bn; 8% CAGR

Market need – improved seed germination

Croda strategy – sustainability, combating abiotic stress, regenerative agriculture

Carbon reduction award



Recognition of

- Product benefit-in-use
- Benefits from our sustainability strategy

Biofungicide



Reduced impact

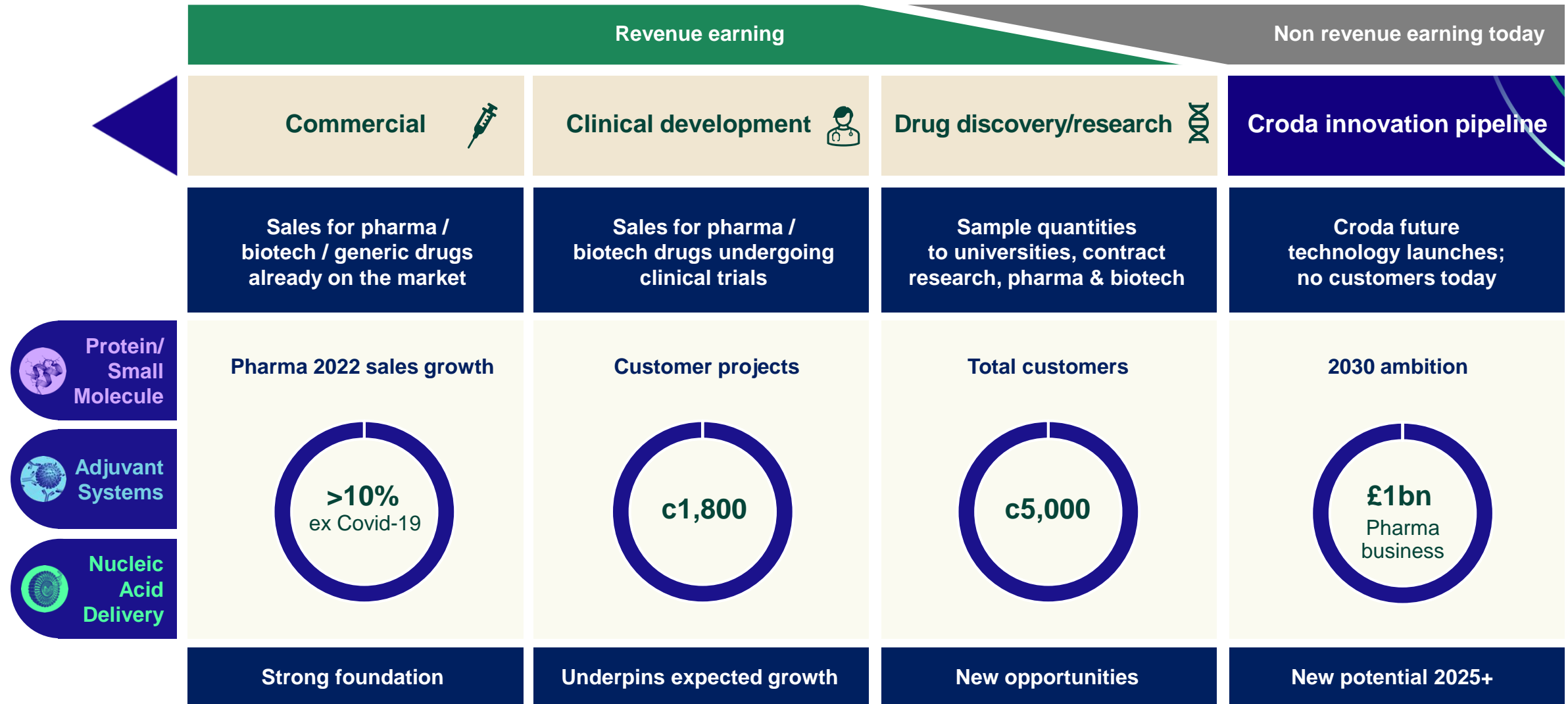
- More specific / targeted
- Used at lower rate
- Protects against resistance

Microplastic-free coatings

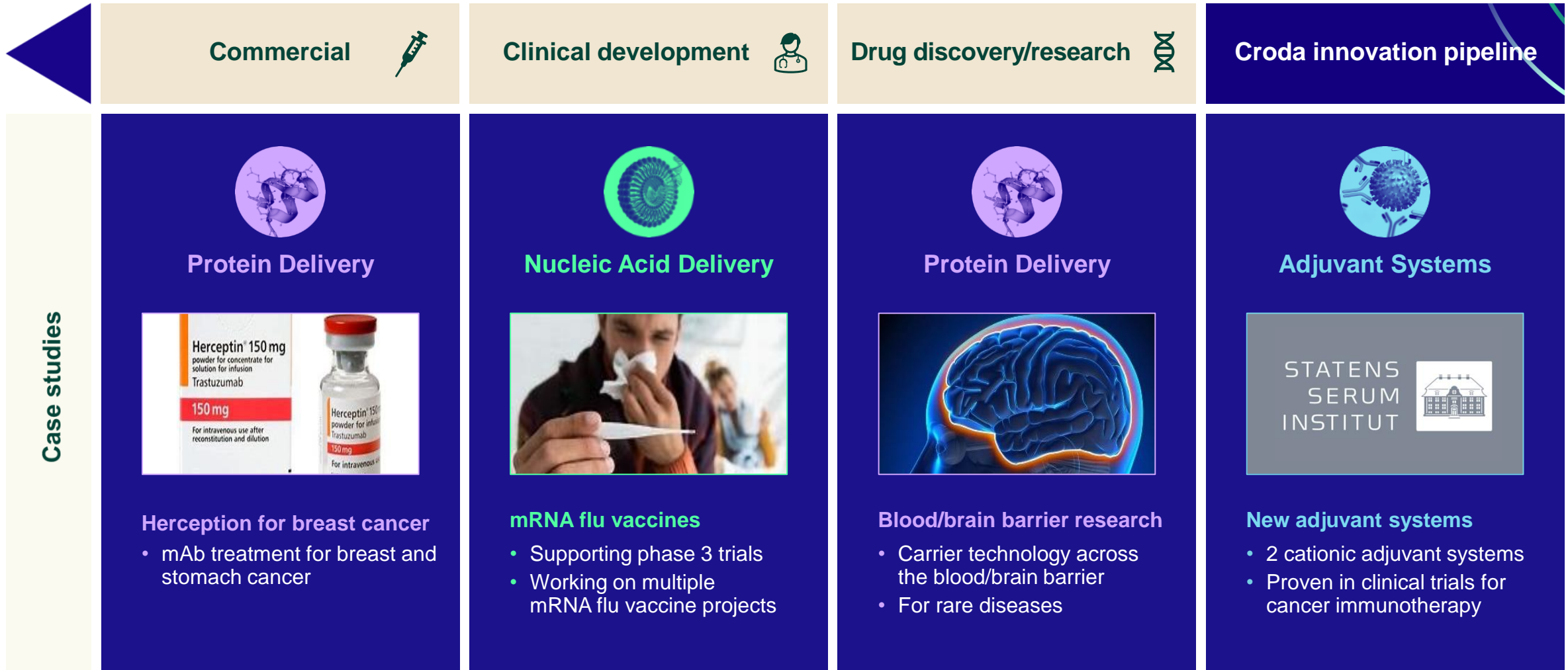


- EU legislation 2028
- >£10m extra sales expected
- First-to-market; extensive field trials
- £1m incremental sales already delivered

Generating revenue across the drug lifecycle



Generating revenue across the drug lifecycle – examples



SSI logo sourced from website.

Summary

Outlook

- Group is trading in line with expectations
- Consumer Care – continued sales growth; destocking should end in first half year
- Life Sciences – good sales growth in Crop and non-Covid Pharma business
- 2023 performance more second half weighted than prior year – PTIC divestment and phasing of Covid-19 lipid shipments
- Continue to deliver consistent, superior returns

Key takeaways

- Pivotal shift in portfolio
- Bigger opportunities
- Transformative pharma pipeline
- Strong balance sheet



04 Questions

05 Additional financial information

IAS 19 retirement benefits

£m	31 Dec 2022	30 Jun 2022
Market value of assets	969.3	1,107.6
Value of liabilities	(869.2)	(999.5)
Surplus pre tax	100.1	108.1
Deferred tax	(24.9)	(27.2)
Surplus post tax	75.2	80.9

Currency exposure

Currency translation

- Favourable profit impact in FY/22 as Sterling weakened
- FY/22 average rates:
 - US\$1.237 (FY/21: US\$1.375)
 - €1.174 (FY/21: €1.164)
- Average annual impact:
 - £1.4m per \$cent pa
 - £1.2m per €cent pa
- US\$ and € represent approximately 70% of currency translation exposure