

9 October 2023

Croda International Plc

Third Quarter Trading Update

Croda International Plc ('Croda' or 'the Group') today provides an update on trading from 1 July to 30 September 2023 ('the third quarter' or 'the period').

Customers have continued to reduce their ingredient inventories in consumer care, crop and industrial end markets, due to a combination of destocking and a weaker demand environment. This has continued to depress sales volumes and our overall performance for the period was therefore weaker than originally anticipated.

In Consumer Care, sales volumes in the Beauty Care business were lower than expected in July and August with North America not recovering from quarter two. Beauty Care sales volumes have however improved in September and we expect the recovery to continue through the remainder of the year, albeit now from a lower base. Second half operating profit margin is expected to be lower than the first half year due to the negative leverage impact of low volumes and adverse business mix. Customer appetite for innovation remains high, with continued demand for ingredients differentiated by sustainability. F&F sales remain strong, Home Care sales are improving sequentially, and positive price/mix continues to offset low volumes in Beauty Actives.

In Life Sciences, sales have weakened further in Crop Protection and improvement is now expected to commence in the first half of next year. Seed Enhancement continues to perform well with incremental future opportunities being driven by regulatory change. The Pharma business continues to make exciting progress with its industry-leading position in biologics delivery and recent partnerships helping to further strengthen its pipeline of opportunities. We expect shipments of lipid systems to our principal Covid-19 vaccine customers to occur as planned and non-Covid sales to remain resilient as customer innovation pipelines continue to develop.

Industrial Specialties continues to be adversely affected by weak industrial demand globally and is not expected to be profitable in the second half of the year.

With no indications of a significant rebound to come in the fourth quarter, Croda now expects full year 2023 Group adjusted profit before tax to be between £300m and £320m (previously £370m-£400m).

Several cost measures have been implemented since June this year to protect profitability. Actions include tighter budgetary control of fixed costs and optimising production through plant shutdowns and reduced shift patterns, at the same time as increasing sales activity to meet ongoing customer demand for innovation. We are also seeking efficiency savings from simplifying business processes and ways of working. Croda remains well positioned to rebound when the macro environment improves.

Capital discipline is being maintained by managing down inventory and challenging non-committed, non-safety-critical capex projects, whilst striking a balance with continuing to invest in future growth.

Croda will report full year results for the year ending 31 December 2023 on 27 February 2024.

This announcement contains inside information for the purposes of Article 7 of the *Market Abuse Regulation* (EU) No 596/2014 (as it forms part of Retained EU Law as defined in the European Union (Withdrawal) Act 2018). The Market Abuse Regulation requires us to state the person responsible for making this announcement who is Steve Foots, Chief Executive Officer.

Conference call:

There will be a *conference call for covering analysts* at 0800 BST this morning with dial-in details below. Participants are encouraged to dial in early as they will need to register with the operator.

- Operator assisted dial-in: +44 (0)33 0551 0200; passcode "Croda"

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