

Croda International Plc

2024 half year results Analyst presentation

30 July 2024



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)

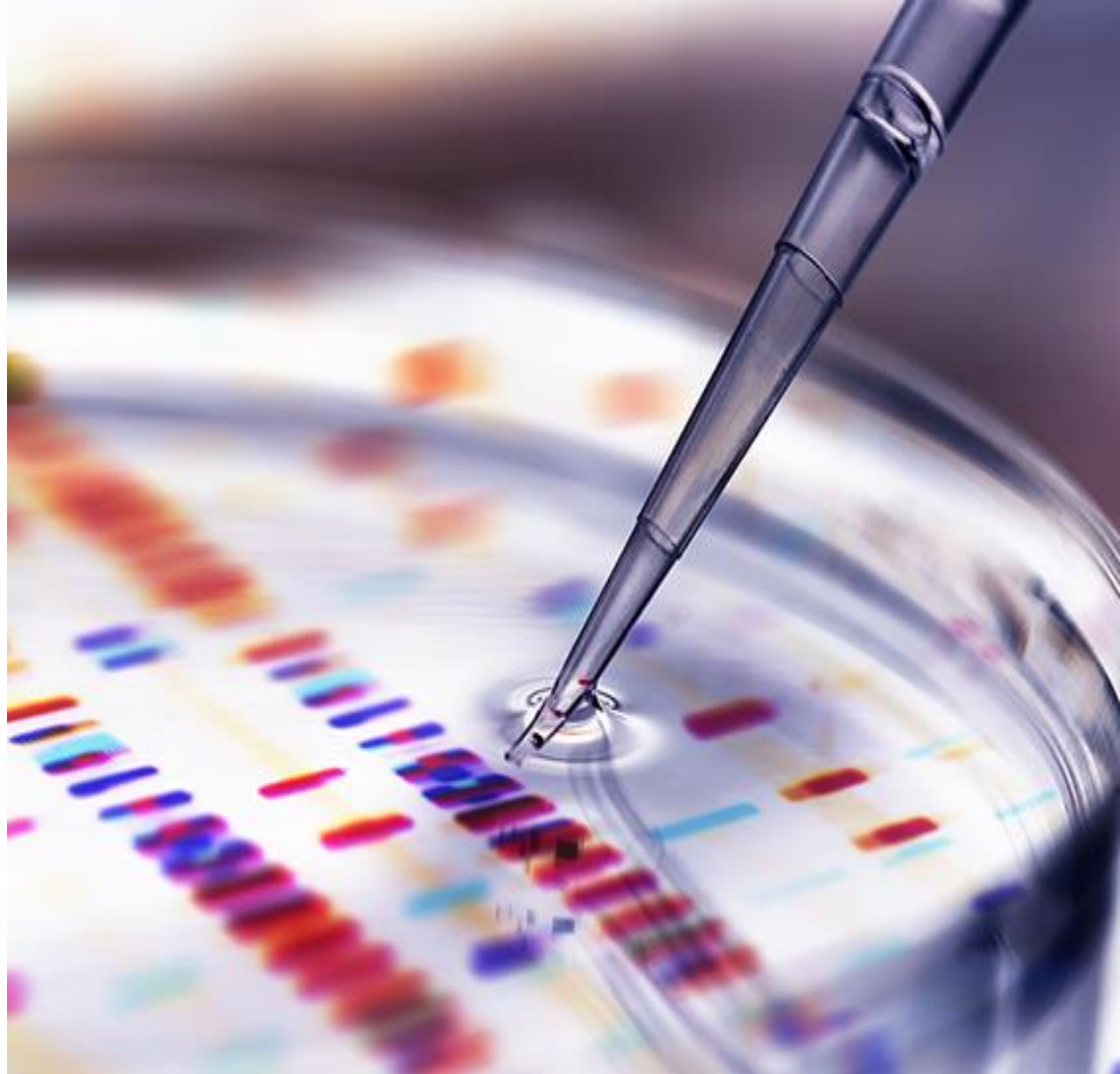
We use a number of APMs to assist in presenting information in this statement in an easily analysable and comparable form. We use such measures consistently at the half year and full year and reconcile them as appropriate. Whilst the Board believes the APMs used provide a meaningful basis upon which 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 six months ended 30 June 2024.

Market information

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

Agenda

01. Executive summary
02. Financial performance
03. Future performance drivers



Croda International Plc

01 Executive summary

Steve Foots

Group Chief Executive Officer



Group performance in line with expectations

Sales 7% lower

- Consumer Care up 3%
- Life Sciences down 19%
- Industrial Specialties down 17%

Sequential sales growth v H223*

- Consumer Care up 9%
- Life Sciences* down 2%; Pharma* up 3%
- Industrial Specialties up 21%

Sales of innovative products at record levels

- New & Protected Products (NPP) 36% of total sales (H123: 34%)
- 11% NPP sales growth in Consumer Care; all 4 businesses growing NPP sales at constant currency

Margin improving sequentially*; strong cashflow

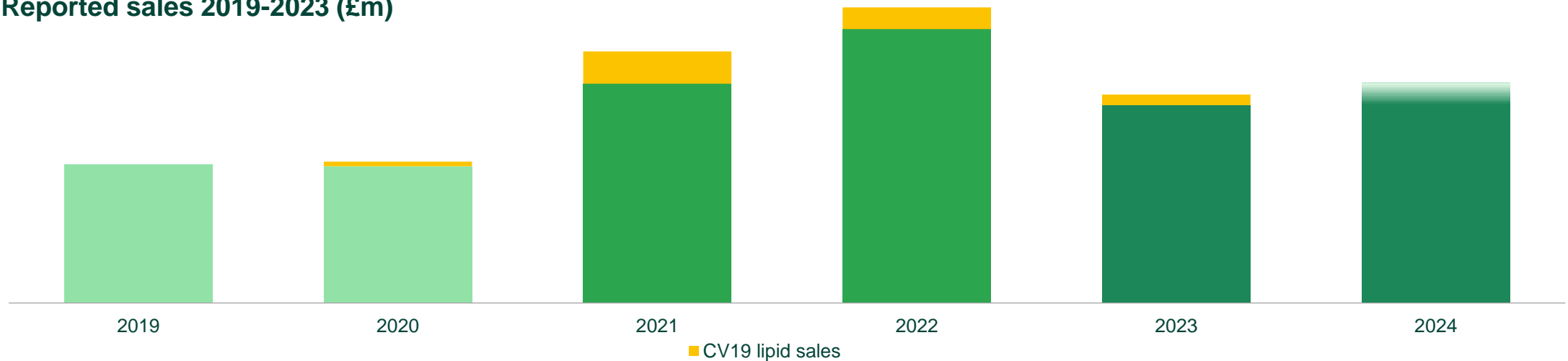
- 16.6% operating margin; 1.6 ppts higher than H223*
- Free cash flow up 69%; £44m working capital inflow

Reported sales. *H2 2023 comparator excludes £48m of sales of CV19 lipids and associated profit contribution. No CV19 lipid sales are expected in 2024

Significant portfolio change

	1	2	3
	Pre-Covid	Pandemic and aftermath	Reset for growth
Macro	More stable environment	Pandemic-stimulated boom / restocking	Demand reset
Portfolio	Acquired Avanti and Iberchem	Industrials divestment	Portfolio transitioned
Growth	Sales CAGR (2014-2019) of 6%	Sales CAGR (2020-22) of 23%	investing for growth

Reported sales 2019-2023 (£m)



Reported sales.

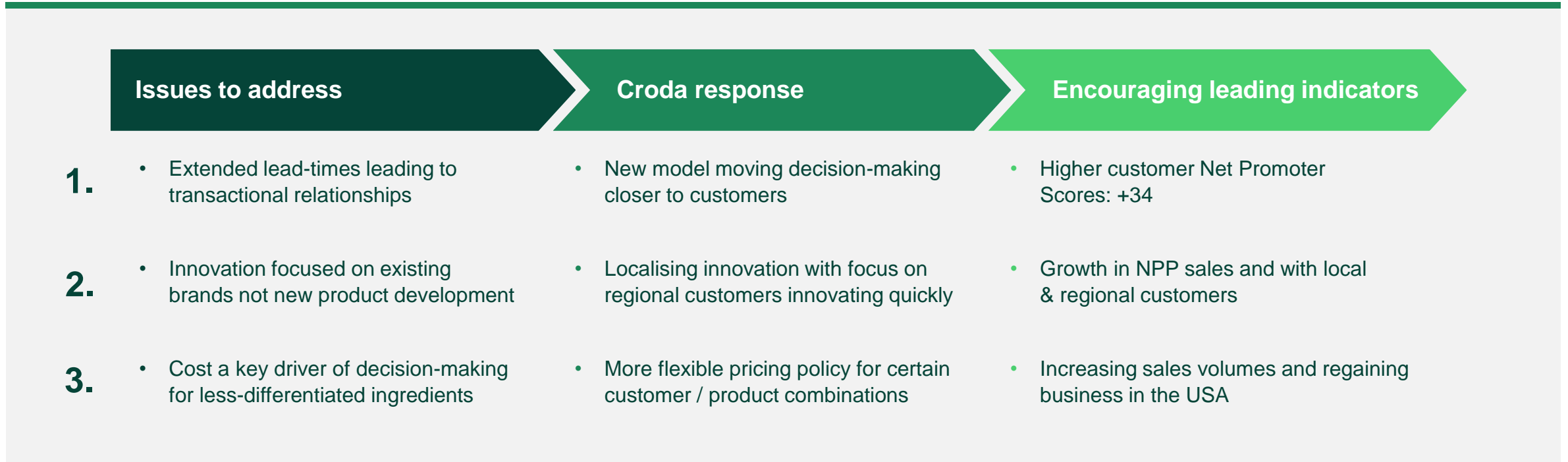
CRODA

Smart science to improve lives™

■ CV19 lipid sales

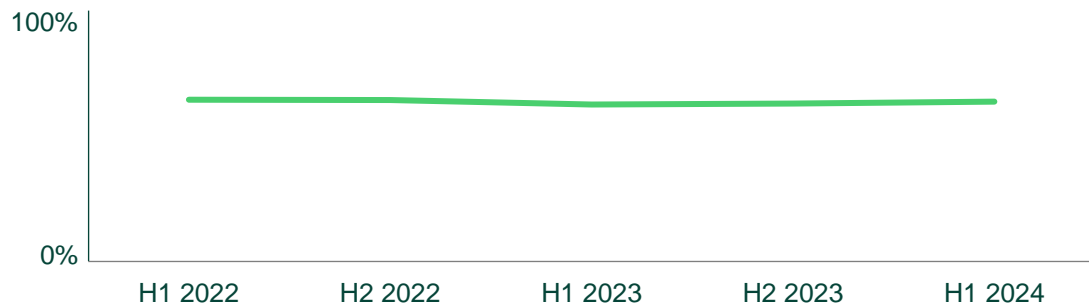
Delivering on self-help measures

Learnings from a challenging period



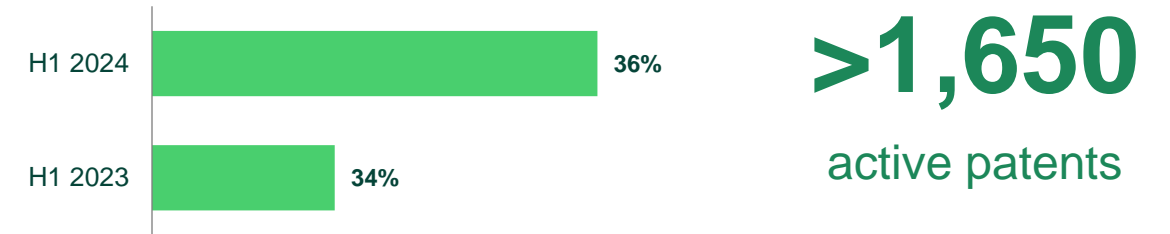
Differentiated model with attractive financial characteristics

A high and stable gross margin¹

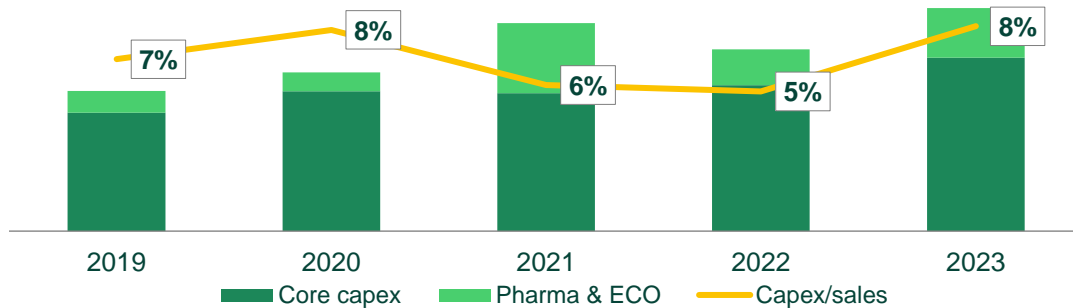


Underpinned by IP and continued innovation

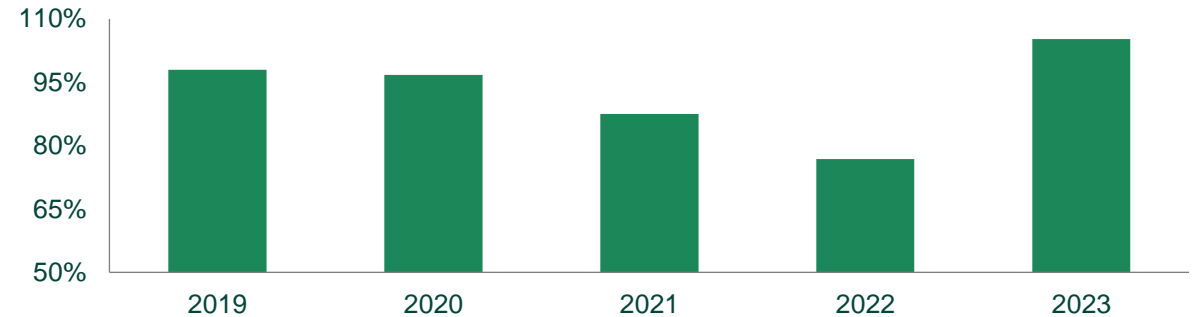
NPP relative to total sales (%)



Balanced investment and capital discipline²



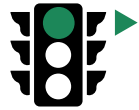
With consistently high cash conversion³



¹ Gross margin is internal product margin which is sales minus raw material and packaging costs divided by sales. ² Capex/sales is capital expenditure excluding ECO and Pharma investment programmes divided by sales.

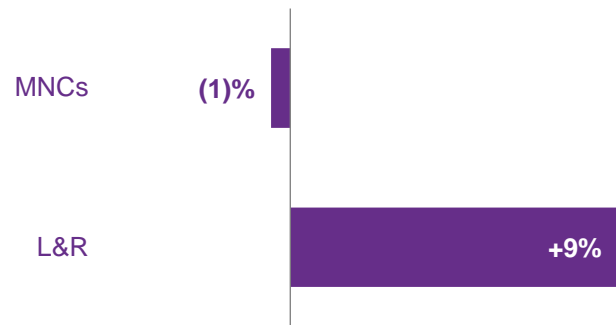
³ Cash conversion is EBITDA/cash from operations (before interest and tax).

Assessment of current macro-economic market



Consumer Care

Consumer Care sales growth in constant currency (H1 2024 vs. H1 2023)

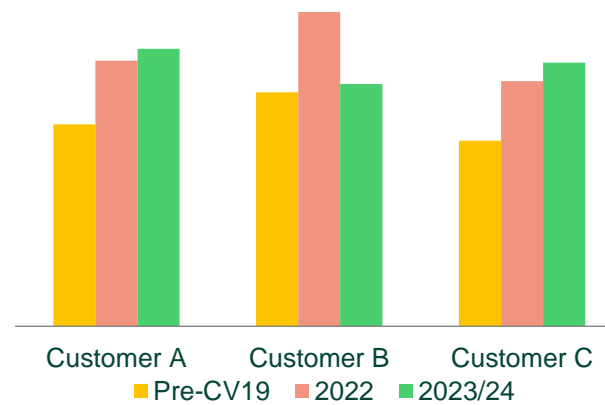


- Customer inventories are lower; local and regional customers are innovating and growing quickly



Agriculture

Stock days



- Prolonged period of destocking compounded by weather issues and stable but lower commodity prices







Pharma



- Sequential sales growth versus H223*, and Q224 sales > Q124 are encouraging signs

MNCs are multinational customers; L&R are local and regional customers. Agriculture customers A, B & C are leading multinational crop science companies. Customer inventory data compiled from public company reports using 12-month rolling average of Cost of Goods Sold. *Excluding CV19 lipids.

Portfolio well positioned for earnings growth

	<p>Beauty Actives </p> <p>Leader in peptides and biotech ingredients including plant cell cultures and now ceramides</p>	<p>Beauty Care </p> <p>Differentiated 'effect' ingredients for hair care and sun protection, and formulation ingredients differentiated by sustainability</p>	<p>F&F </p> <p>Business model optimised for local and regional customers who are growing fastest</p>	<p>Home Care </p> <p>Principal technology platforms are sustainability driven, e.g. ECO</p>
	<p>Pharma </p> <p>Industry-leading position empowering biologics delivery with excellent competitive positioning</p>	<p>Crop Protection </p> <p>Innovation partner for delivery systems to meet sustainability challenges of conventional pesticides and support the move to biopesticides</p>	<p>Seed Enhancement </p> <p>Market leader in micro-plastic free seed coatings which are growing quickly due to regulatory change</p>	

Move to sustainable ingredients and biologics

Near-term priorities

1



Beauty Care

Driving Beauty Care performance and capturing growth of local & regional customers

2



Crop Protection

Focusing on innovation in Crop Protection

3



Pharma

Accelerating conversion of Pharma pipeline

4



Operational improvements

Strong operational improvements and cost control

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02 Financial performance

Anthony Fitzpatrick
Interim Chief Financial Officer



Group performance summary

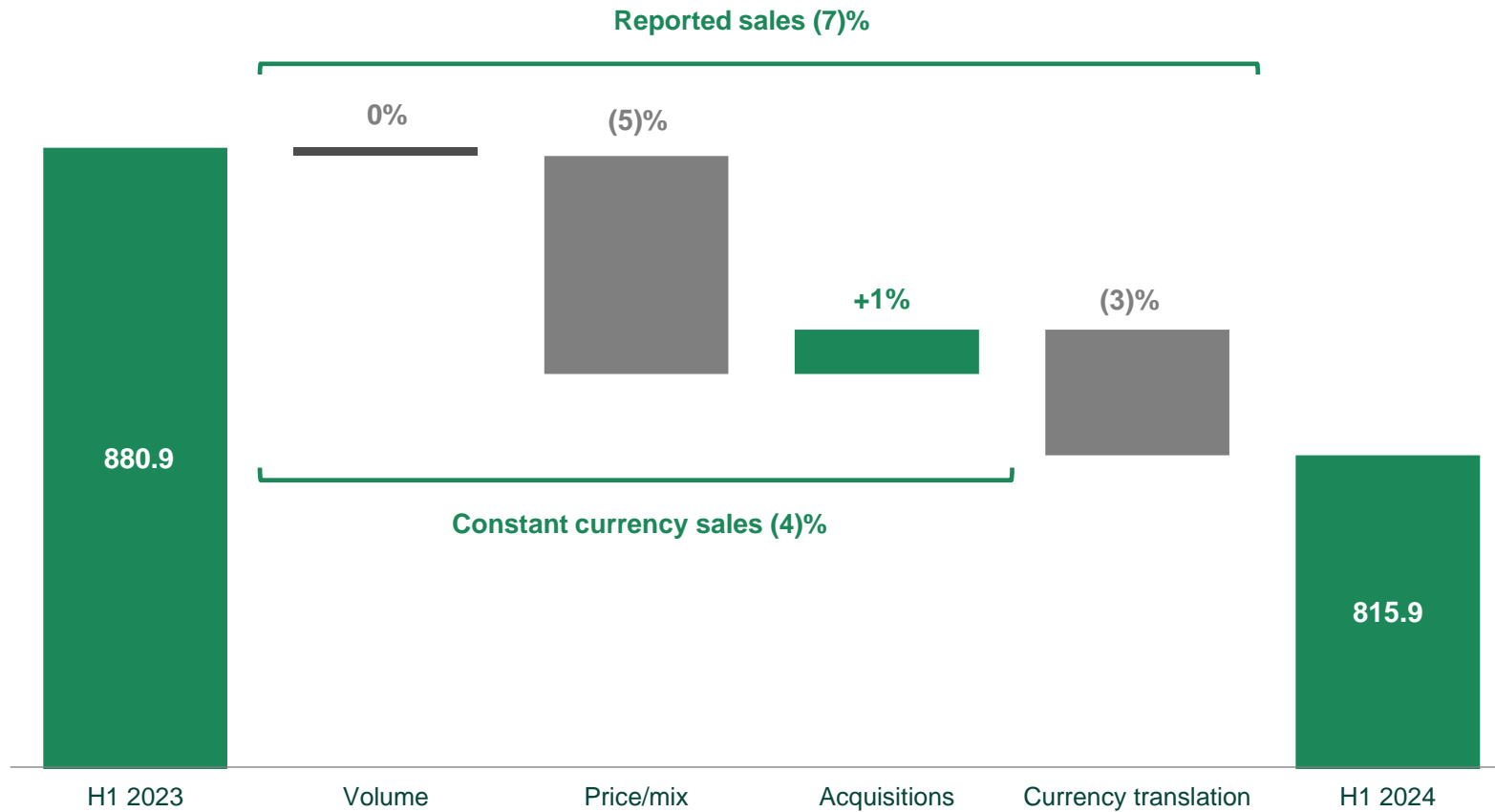
Adjusted results, £m	H1 2024	H1 2023	% change
Sales	815.9	880.9	(7.4)%
Operating profit	135.6	175.8	(22.9)%
Operating margin	16.6%	20.0%	(3.4)ppts
Profit before tax	127.3	174.3	(27.0)%
Basic earnings per share	68.8p	92.9p	(25.9)%
Ordinary dividend per share	47.0p	47.0p	0.0%
Free cash flow	122.7	72.8*	68.5%

Reconciliation to IFRS, £m	H1 2024	H1 2023
Adjusted PBT	127.3	174.3
Exceptional items	(2.4)	(28.5)
Amortisation of acquired intangibles	(18.8)	(17.1)
Reported PBT	106.1	128.7

Reported sales. H1 2023 free cash flow has been restated in line with the definition in Croda's H1 2024 results statement.

Sales lower than prior year but higher than H2 2023

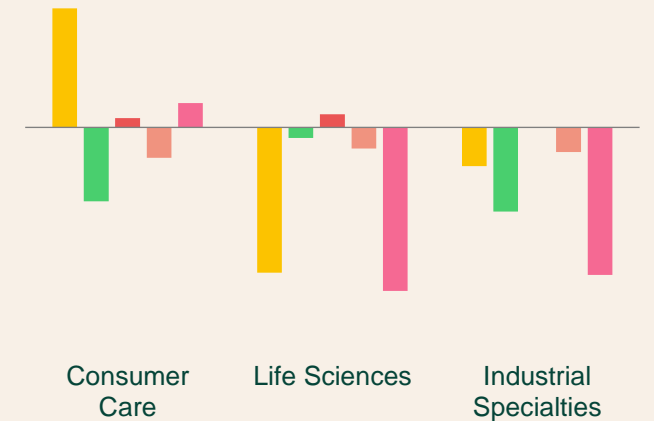
Sales, £m



- Constant currency sales down 4% driven by price/mix
- Raw material prices down ~4% from 1 January 2024

Sector breakdown (H1 2024 vs. H1 2023)

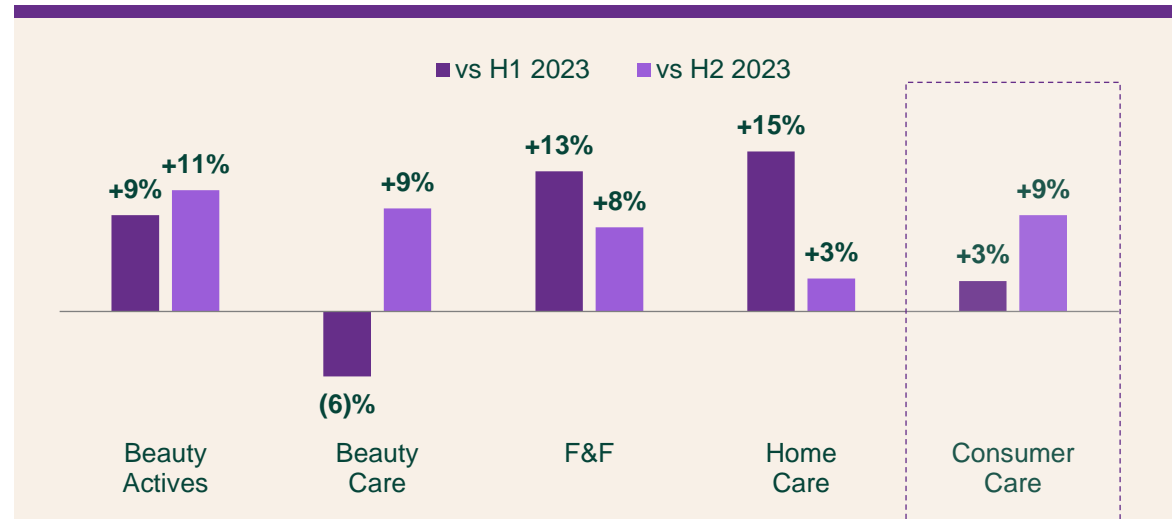
■ Volume ■ Price/mix ■ Acquisitions ■ FX ■ Reported



Reported sales.

Consumer Care – growing in key markets

Sales



- Strong Beauty Actives growth; China driven by L&R customers
- Beauty Care benefiting from more stable demand
- F&F growing ahead ‘tier one’ peers
- Home Care innovation driving double-digit sales growth

Innovation

New and Protected Products

42%
of total sales

- 2 ppts *above* H123
- NPP sales grew 11% at constant currency

Operating margin

Adjusted operating profit margin

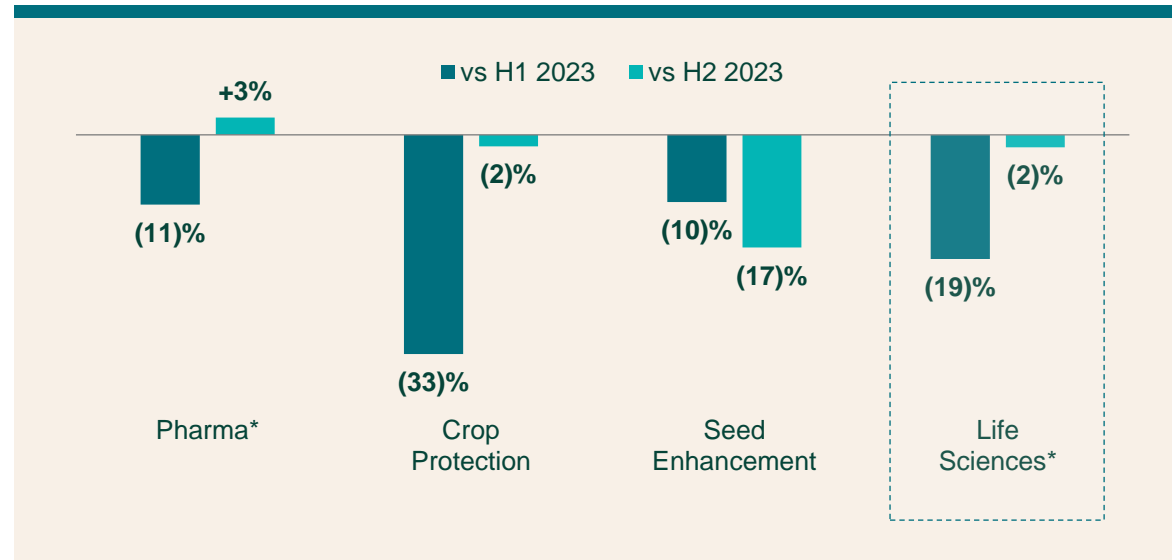
17.6%

- 3.3 ppts *below* H123, but
- 2.5 ppts *above* H223

Reported sales, except where stated.

Life Sciences – impacted by Crop and consumer health destocking

Sales



- Sales of delivery systems for Nucleic Acid and Protein-based drugs continuing to grow
- New drug delivery technologies coming to market
- Continued destocking and lower commodity prices in Crop Protection

Innovation

New and Protected Products

33%

of total sales

- 2 pts *above* H123
- Increased in Pharma as key strategic platforms grow

Operating margin

Adjusted operating profit margin

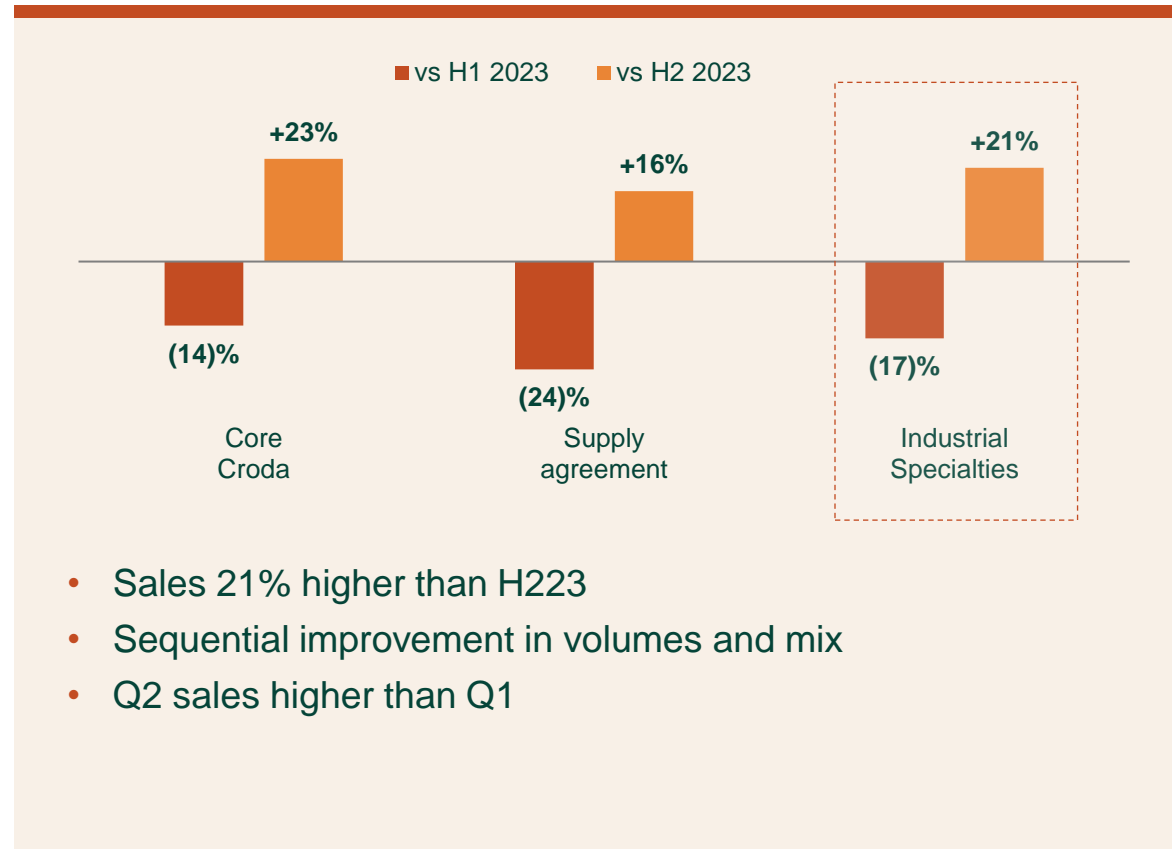
18.3%

- Lower Crop volumes partially offset by robust cost control

Reported sales. *H2 2023 comparator excludes £48m of sales of CV19 lipids. No CV19 lipid sales are expected in 2024.

Industrial Specialties – enhancing efficiency of Group manufacturing model

Sales



Innovation

New and Protected Products

- *In line with H123*

16%
of total sales

Operating margin

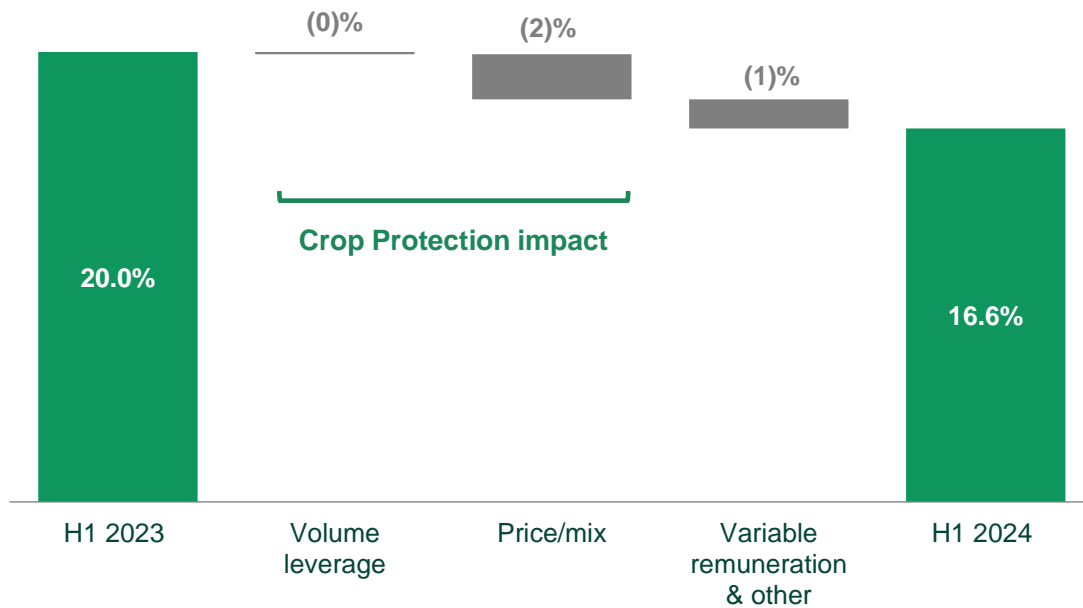
Adjusted operating profit margin

- 1.2 ppts *above* H123, and
- 6.7 ppts *above* H223

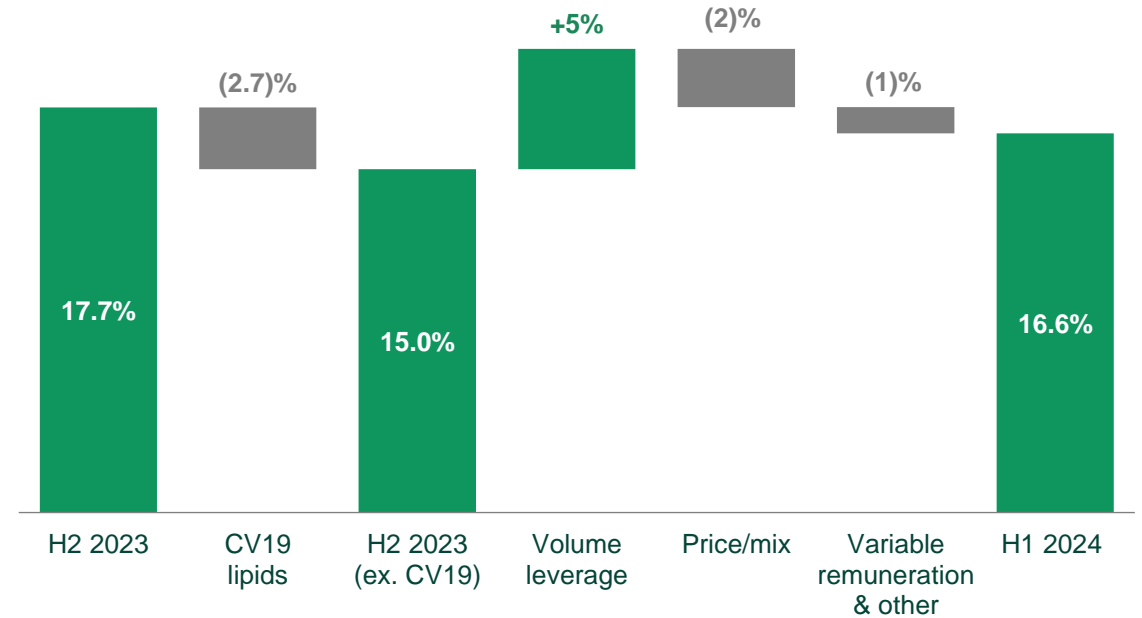
8.0%

Adjusted operating margin improving sequentially*

Adjusted operating margin % versus H1 2023



Adjusted operating margin % versus H2 2023*



*H2 2023 comparator excludes contribution from £48m of sales of CV19 lipids. No CV19 lipid sales are expected in 2024.

Improved free cash flow and disciplined capital management

Cash flow, £m	H1 2024	H1 2023
EBITDA	184.5	219.2
Working capital	43.5	(9.7)
Interest & tax	(33.4)	(52.3)
Other cash movements	(0.1)	(13.0)
Net cash from operating activities	194.5	144.2
Net capital expenditure	(69.7)	(76.1)
Interest received	2.3	5.0
Payment of lease liabilities	(8.8)	(8.0)
Exceptional items	4.4	7.7
Free cash flow	122.7	72.8
Dividends	(86.6)	(85.1)
Acquisitions	–	(35.1)
Business disposal	–	(4.4)
Other cash movements	(7.9)	(14.9)
Net cash flow	28.2	(66.7)
	H1 2024	FY 2023
Net debt	507.9	537.6
Net debt/EBITDA	1.4x	1.3x

Reported basis

- Operating cash flow up by £50m
- Driven by £44m working capital inflow
 - Payment of CV19 lipids receivable from FY 2023;
 - Management of net working capital days
- Continue to expect ~£150m capex this year
- Free cash flow up 69% to £123m
- Leverage within target range of 1-2x at 1.4x

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03 Future performance drivers

Steve Foots

Group Chief Executive Officer



Well positioned for earnings growth

Technology trends intact



Sustainable ingredients



Move to biologics

Capital invested to drive future growth

Driving fast growth in Asia

- Solus Biotech acquisition
- Shanghai claims lab
- Guangzhou production
- New Indian manufacturing

Consumer Care



Near-term priorities

- Driving Beauty Care performance
- Capturing growth of L&R customers

Scaling Pharma

- Hyderabad small molecule lab
- Singapore nucleic acid lab
- Capital projects in USA and UK on track

Life Sciences



- Focused on innovation in Crop Protection
- Accelerating conversion of Pharma pipeline

Driving earnings growth

- M&A value creation
- Cost control
- Capital discipline

Operational efficiencies



- Strong operational improvements and cost control

Driving Beauty Care performance – improving leading indicators

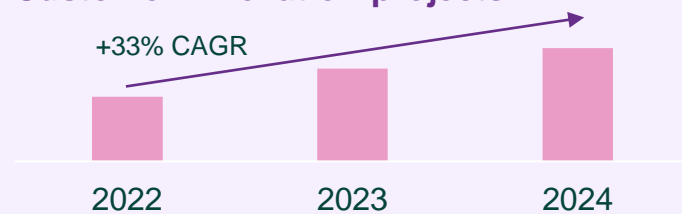
Increasing innovation

Localising our approach

+1.5 ppts*
Beauty Care NPP %

Customer innovation projects

+33% CAGR



Sustainable ingredients growing

Impact valued by customers

Cradle-to-gate carbon footprint data for
>80% of product codes

+34%

ECO sales growth
(H1 2024 vs. H1 2023)

Higher sales volumes

Regaining share in North America

>40%

lost sales volumes regained

~65%

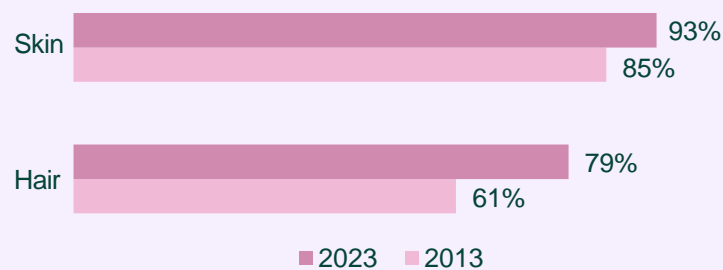
capacity utilisation across key shared sites globally in H124

*Constant currency.

Beauty Care – tailored offer to customers of all sizes

Growing global market – L&R customers increasingly important

L&R share of beauty product launches



Proportion of Croda Consumer Care sales to multinational vs. local & regional customers

	2020	2022	H1 2024
MNCs	28%	25%	22%
L&Rs	72%	75%	78%

Beauty Care – R&D investment enhancing customer proximity

Investment focused on fastest-growing markets

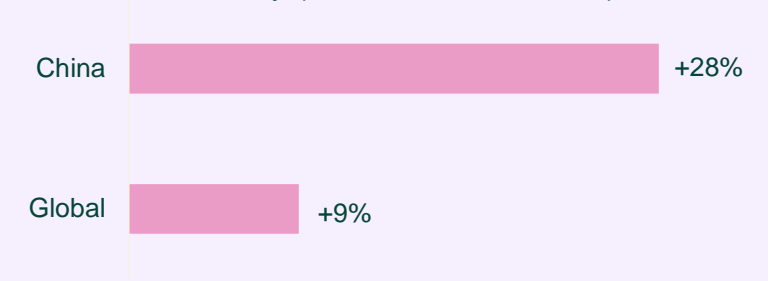


China case study – L&Rs driving Croda growth

China 618 shopping festival – top-selling brands (L&Rs in red)

Rank	1	2	3
2024	Kans	Proya	Helena Rubinstein
2023	Helena Rubinstein	Estee Lauder	La Mer

Consumer Care growth with L&R customers Constant currency (H1 2024 vs. H1 2023)



MNCs are multinational companies. L&Rs are local and regional customers.
A Mintel data snapshot from 2013 to 2023 shows that innovation launches have increased year-on-year in the market in total. Local and regional businesses notably accelerating their launch speed and quantity, while multinational companies continue to innovate steadily.

Winning with local and regional customers in F&F

Distinctive positioning with L&R customers

>95%

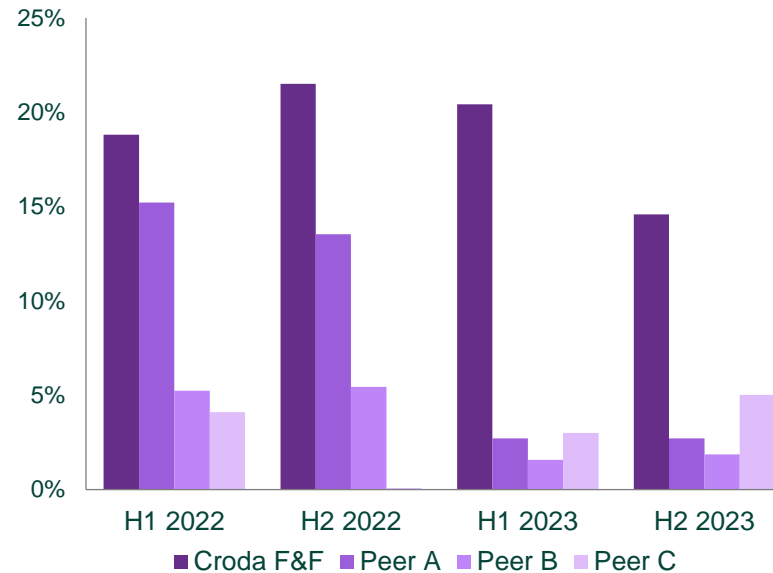
sales to local & regional customers

83%

sales outside Europe and North America

Growing ahead of the market

Reported Croda F&F growth rate (yoy) compared with tier 1 peers*



Investing to support continued growth

Investing in innovation – Grasse and Dubai



Investing in capacity – China



Reported currency. *Total F&F growth compared with growth for relevant fragrance/scent division of large F&F companies.

Innovating to develop sustainable Agriculture solutions

L&Rs growing in Agriculture

Proportion of Crop Protection sales to multinational vs. L&R customers

	2019	2022	H1 2024
MNCs	57%	55%	44%
L&Rs	43%	45%	56%

Croda Agriculture growing with L&Rs

- L&Rs less effected by inventory correction and more indexed to Asia and biopesticides
- Strategic choice by Croda to diversify base with associated investment

Asian demand for drone delivery



- China launch; now available across Asia; leads with all major customers
- Leverages leadership in drift reduction technology

MPF* coating sales in all regions



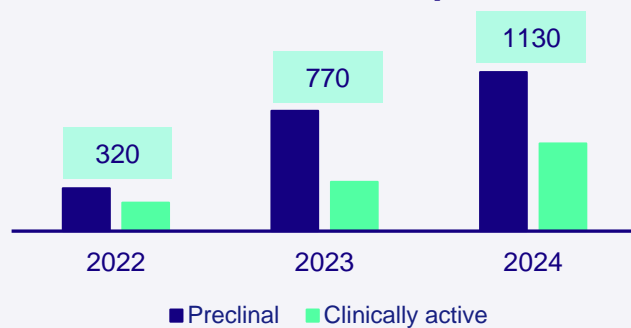
- Sales across Europe, N America and Latam
- In final test with the major seed companies
- Low base but growing strongly – ~40% increase in H124

Reported currency. *MPF is microplastic-free.

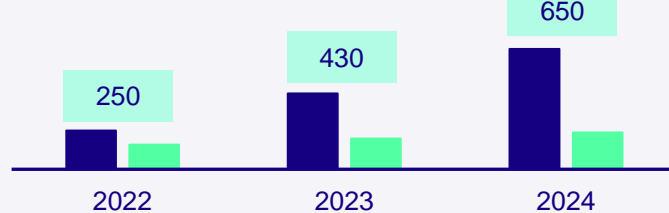
Pharma pipelines expanding; innovation coming to market as planned

Industry pipelines expanding

mRNA Vaccines & Therapeutics



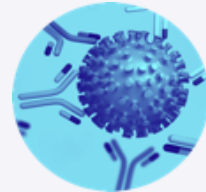
Gene Editing



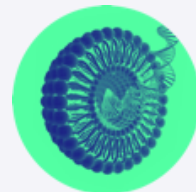
Strong competitive position



Unique portfolio of specialty excipients for **Protein and Small Molecule Delivery**



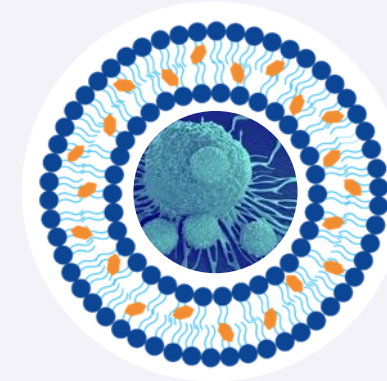
No other independent supplier has equivalent breadth of **Adjuvants** needed for future applications



Unrivalled portfolio of **2,000+ lipids** and polymers for **Nucleic Acid Delivery**; **600** added in last 4 years

New technology coming to market

Novel lipid-based adjuvants



Malaria
Tuberculosis
Influenza
HIV
Shingles

- Will contribute meaningful sales in H2
- Customer progressing to regulatory approval
- Sampled into 80 projects

Chart shows total global industry pipelines of Nucleic Acid-based drugs using external data. Source: Beacon RNA database.

Operational improvements and cost control

Creating value from M&A

Growth synergies

- Utilising global sales network
- Sharing R&D capabilities
- Leveraging Croda brand

Cost synergies

- Sharing functional support
- Consolidation of sites/offices
- Economies of scale

Operational efficiencies

New organisational structure

- More responsive to customers
- Businesses accountable for P&L
- On track for £9m annual savings

Simplifying business processes

- Automating and harmonising key processes
- One common SAP platform
- +34 ('Great') customer NPS score

Cost and capital discipline

Robust cost control

- Expected to benefit FY margin by ~0.5 ppt
- Leveraging procurement
- Further cost base review in H2

Capital discipline

- Close monitoring of inflight projects
- Prioritising investments by ROIC
- Balanced 5-year plan

Focused on strengthening the Group to deliver strong earnings growth

Conclusion

FY 2024 outlook

- Encouraging H1 for Consumer Care, key strategic Pharma platforms and Industrial Specialties
- Improving operating margins¹ driven by higher sales volumes, price discipline and robust cost control
- Life Sciences impacted by continued destocking in Crop Protection and consumer health
- No signs of an immediate recovery in Crop Protection
- Now expect FY 2024 Group adjusted PBT to be between £260m and £280m at constant currency²

Summary

- Sequential sales growth versus H2 2023
- Record levels of innovation
- Improving operating margin¹
- Strong free cash flow
- Emerging from a tough environment reshaped for future
- More focused on faster growth and higher value markets

¹Excluding sales of CV19 lipids in H2 2023.

²Constant currency expectations are based on the Group's average exchange rates through 2023. H124 adjusted profit before tax was adversely impacted by £6.5m due to strengthening Sterling. Assuming 1 July 2024 exchange rates for the remainder of the year, we estimate translation would have a further £5m adverse impact on Group adjusted profit before tax in the second half of the year. For sensitivity analysis see slide 30.

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Additional financial information

Currency translation

Sensitivity analysis

The US Dollar and the Euro together represent approximately 65% of the Group's currency translation exposure. We estimate that the average annual currency translation impact on adjusted operating profit is:

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

Company guidance

Company guidance is provided at constant currency based on the Group's average exchange rates through 2023 which were:

- US\$1.243
- €1.149

H124 currency impact

The average rates in H124 were:

- US\$1.266 (H1 2023: US\$1.234)
- €1.170 (H1 2023: €1.141)

H124 adjusted profit before tax was adversely impacted by £6.5m due to strengthening Sterling.

Estimated FY24 currency impact

Assuming 1 July 2024 exchange rates for the remainder of the year, we estimate translation would have a further £5m adverse impact on Group adjusted profit before tax in the second half of the year.

Quarterly sales breakdown

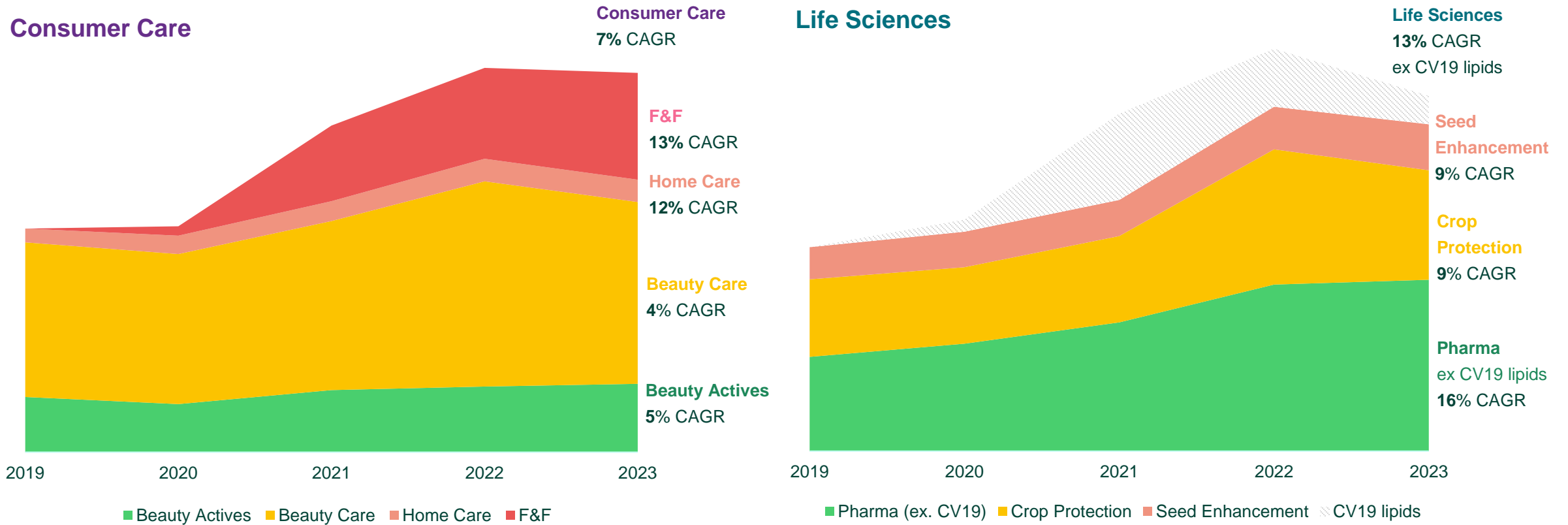
Quarterly sales by sector (£m)

Sector	Q123	Q223	Q323	Q423	Q124	Q224
Consumer Care	236.8	218.8	218.2	212.3	236.8	231.6
Life Sciences	170.8	132.4	125.0	174.1	121.8	124.4
Industrial Specialties	69.1	53.0	43.7	40.3	49.9	51.4
Group	476.7	404.2	386.9	426.7	408.5	407.4
Life Sciences (ex-CV19)	170.8	132.4	125.0	126.1	121.8	124.4
Group (ex-CV19)	476.7	404.2	386.9	378.7	408.5	407.4

Reported sales. Where indicated Q423 excludes £48m of CV19 lipid sales.

Five-year sales performance by business unit

Reported sales 2019-2023 (£m)



F&F CAGR of 13% includes period before Croda ownership to provide a more relevant measure of average annual growth. F&F CAGR from 2021-2023 was 19%.

2024 technical factors

Net finance costs

~£20m

Expected to be at the top end of
previous £15-20m range

Effective tax rate

~26%

dependent on geographic
mix of profit

Working capital

Unwind of CV19 receivables and
disciplined management could
drive modest inflow

Capital expenditure

~£150m

net of grants received

*Excludes amortisation

