



Yule Catto & Co plc

Interim results
presentation

August 2010



Being part of
all our lives



Introduction

Adrian Whitfield, Chief Executive



Key Themes

- Continued strong progression in Group profitability
- Business now clearly focused around core Polymers business
- Significant and increasing exposure to high growth emerging markets
- Geographic balance and market leadership positions create good growth dynamics
- Strong balance sheet



H1 Highlights

- A very good first half
 - Underlying PBT £24m up 26%
 - Underlying EPS up 26%
 - Builds on 27% increase in PBT delivered in 2009
- Polymer volumes continued to build through H1
- Strong increase in Polymers profitability year-on-year
- Continued good progress in passing on increased raw material prices
- Satisfactory performances from Pharma and Impact
- Significant reduction in net debt
 - £76.5m at period end
 - net debt / EBITDA ratio 1.1x
- Recommended interim dividend of 2p per share



Yule Catto – Polymer Focused

Polymer Chemicals

87% of Divisional Operating Profit

- Water based polymers used in a diverse range of applications including:

- Paints
- Adhesives
- Carpets
- Varnishes and lacquers
- Protective gloves

- Speciality chemicals including Lithenes and Polyvinyl Alcohol.



Pharma Chemicals

- Manufacture of Active Pharmaceutical Ingredients for both generic and ethical drug manufacture. Products include:

- Omeprazole
- Ranitidine
- Ciprofloxacin

- Early stage research and contract manufacture of molecules.



13 manufacturing sites in 4 regions: Europe; South East Asia; Middle East; South Africa

52% of sales to emerging markets

Manufactures from 3 lower cost sites in Spain and Mexico

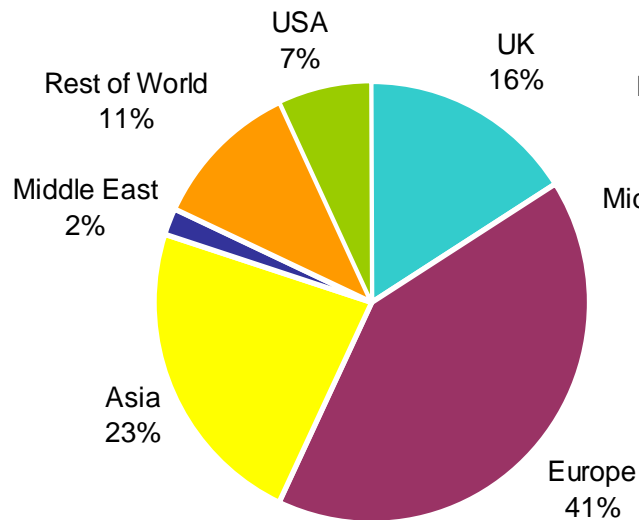
Impact Chemicals now largely divested

Yule Catto – Sales Development 2006-2010

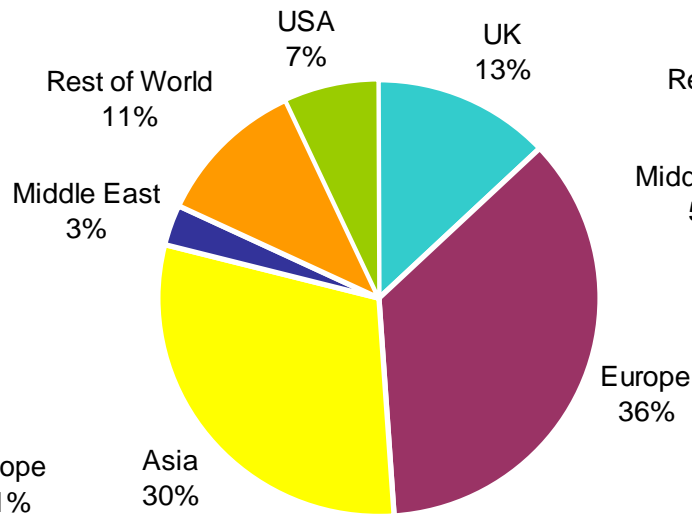
Sales by Territory
2006

Sales by Territory
2009

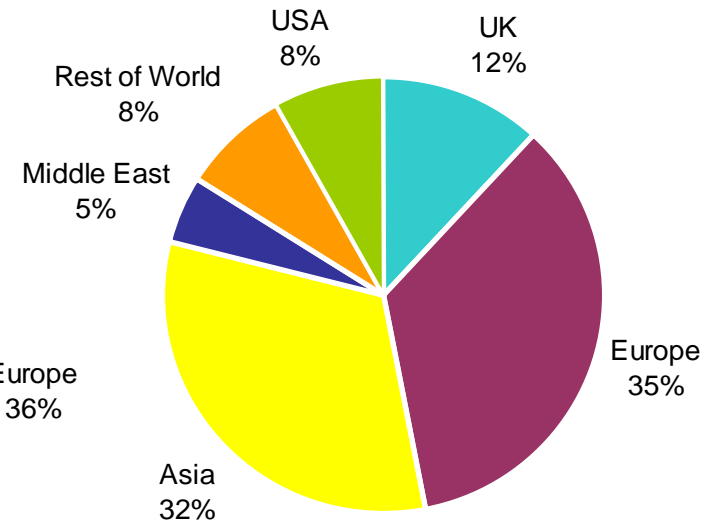
Sales by Territory
H1 2010



£557.4 million*



**£532.2 million
(underlying)**



**£326.6 million
(underlying)**

* Include companies disposed of since 2006

Interim Results

David Blackwood, Finance
Director



P&L - Underlying

	2010 H1 (£'m)	2009 H1 (£'m)	Variance
	Underlying	Underlying	
Total Sales	326.6	264.3	+23.6%
Operating Profit/(Loss)	28.7	24.2	+18.6%
Finance Cost	(4.7)	(5.2)	
Profit/(Loss) Before Tax	24.0	19.0	+26.3%
Discontinued Operations	-	-	
Tax	(4.8)	(3.7)	20% rate
Minorities	(0.9)	(0.7)	
Attributable to equity holders of parent	18.3	14.6	
EPS	12.6p	10.0p	+26%

Consolidated Income Statement

	2010 H1			2009 H1		
	Und'lying	Special items	IFRS	Und'lying	Special items	IFRS
Total Sales	326.6	5.7	332.3	264.3	5.3	269.6
Operating Profit	28.7	12.7	41.4	24.2	1.5	25.7
Finance Cost	(4.7)	4.2	(0.5)	(5.2)	(4.4)	(9.6)
Profit/(Loss) before tax	24.0	16.9	40.9	19.0	(2.9)	16.1
Discontinued Operations	-	-	-	-	3.2	3.2
Tax	(4.8)	(0.2)	(5.0)	(3.7)	(0.2)	(3.9)
Minorities	(0.9)	(4.2)	(5.1)	(0.7)	(0.2)	(0.9)
Attributable to equity holders of parent	18.3	12.5	30.8	14.6	(0.1)	14.5
EPS	12.6p	8.5p	21.1p	10.0p	(0.1)p	9.9p

Special / Exceptional Items

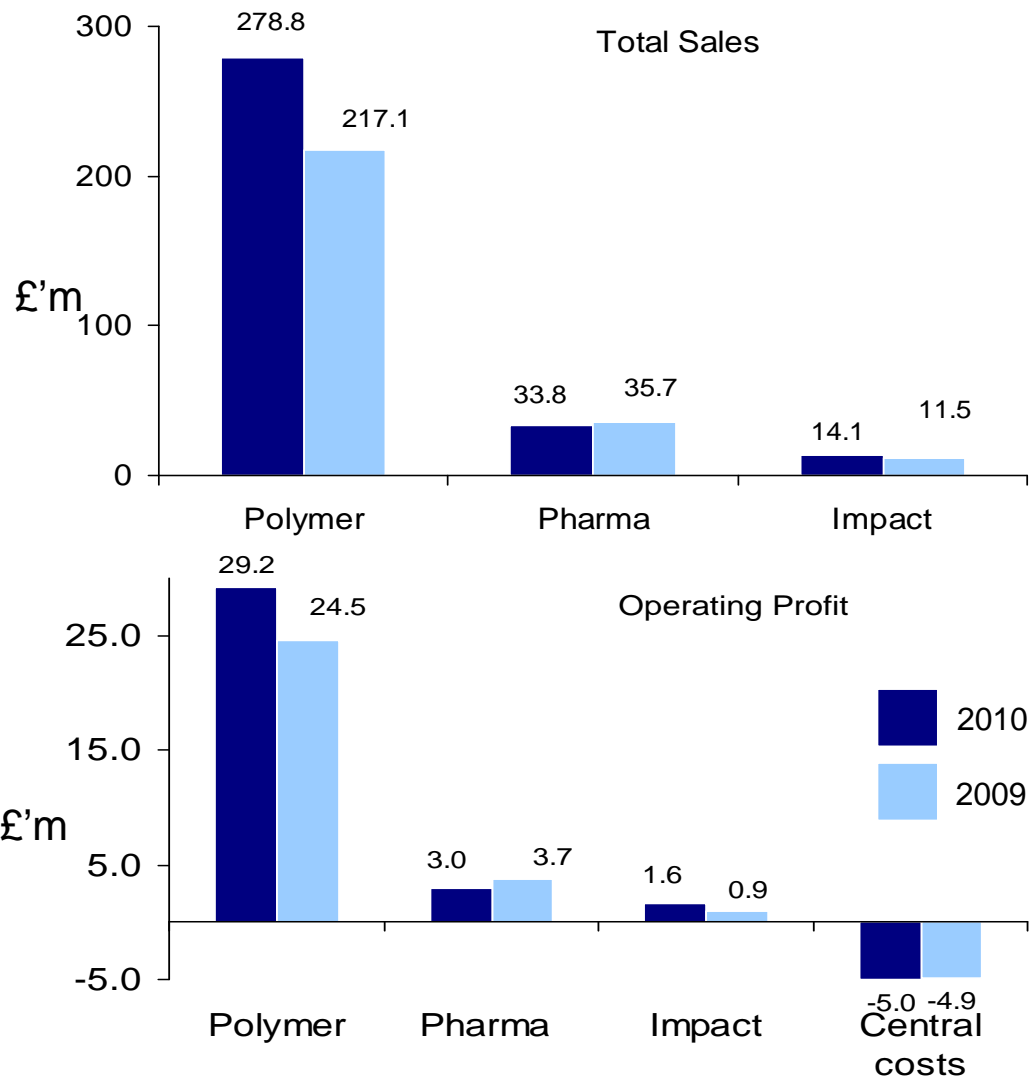
- Gain of £12.7m on disposal of interest in Revertex Finewaters (of which £4.2m attributable to minorities), plus trading and Italian decommissioning costs
- Finance £4.2m positive
 - Mark to market on US\$ cross currency swaps
 - Does not qualify for “technical” hedge accounting



Segmental Analysis

- Underlying group sales up 23.6%
- Polymers sales up 28.4%
 - Volume +9%
 - Currency translation +2%

- Group operating profit up £4.5m
- Polymer operating profit up £4.7m
 - Volume recovery
 - Margin management
 - Firm demand
- Pharma, down £0.7m, but strong order book end H1
- William Blythe Limited (Impact) volumes strongly ahead, up £0.7m



Cash Flow Statement

	H1 10 £'m	H1 09 £'m	2009 £'m
Operating profit (before JV)	28.2	24.9	50.2
Movement in working capital	(13.1)	(5.2)	13.9
Depreciation	7.4	7.1	14.8
Capital expenditure (net)	(4.6)	(4.8)	(8.6)
Interest	(4.6)	(5.5)	(10.5)
Tax paid	(5.6)	(2.4)	(6.8)
Pension funding in excess of IAS19 charge	(5.7)	(3.1)	(10.7)
Other (2010 MI Dividend)	(5.5)	(0.3)	(1.9)
Sub total	(3.5)	10.7	40.4
Cash impact of closure of business	(1.1)	(0.7)	(3.6)
Disposal proceeds/acquisitions (net)	16.2	10.9	10.9
Exchange/other	(0.1)	0.6	(0.3)
Movement in borrowings	11.5	21.5	47.4
Closing debt	76.5	113.9	88.0

Asset Disposals

- Revertex Finewaters
 - Non-core downstream adhesives business
 - Consideration attributable to Yule Catto of £11m (8x EBITDA for 2009)
 - Long term contract to continue supplying raw material to Finewaters from existing Malaysian Polymers facility
- Land disposals
 - Italian land – sale agreed in August for €4.6m – due early 2011
 - Accrington – old Impact site – held for sale when property market improves
 - Malaysia
 - 50 acre plot due to complete this year – proceeds attributable to Yule Catto of £1.4m
 - 1,400 acre plantation to dispose of over coming years if value available



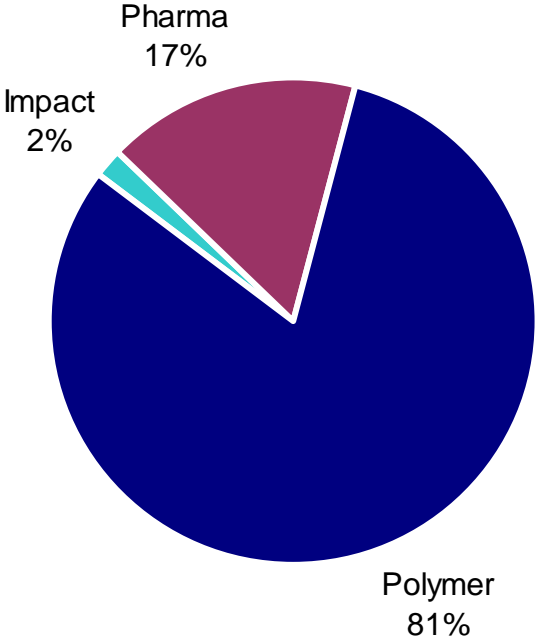
Operational Review

Adrian Whitfield, Chief Executive



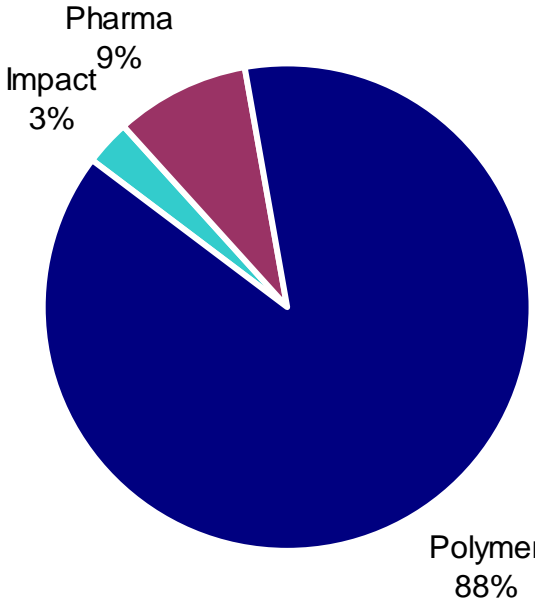
Yule Catto – Operating Profit Development 2006-2010

Operating Profit Split
FY 2006



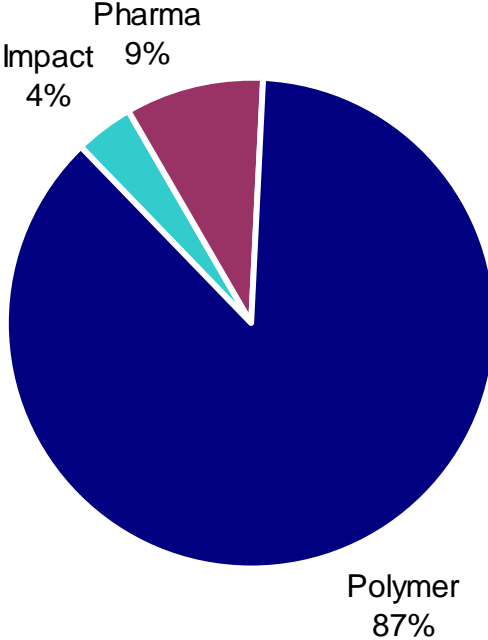
***£43.0 million**

Operating Profit Split
FY 2009



***£51.4 million**

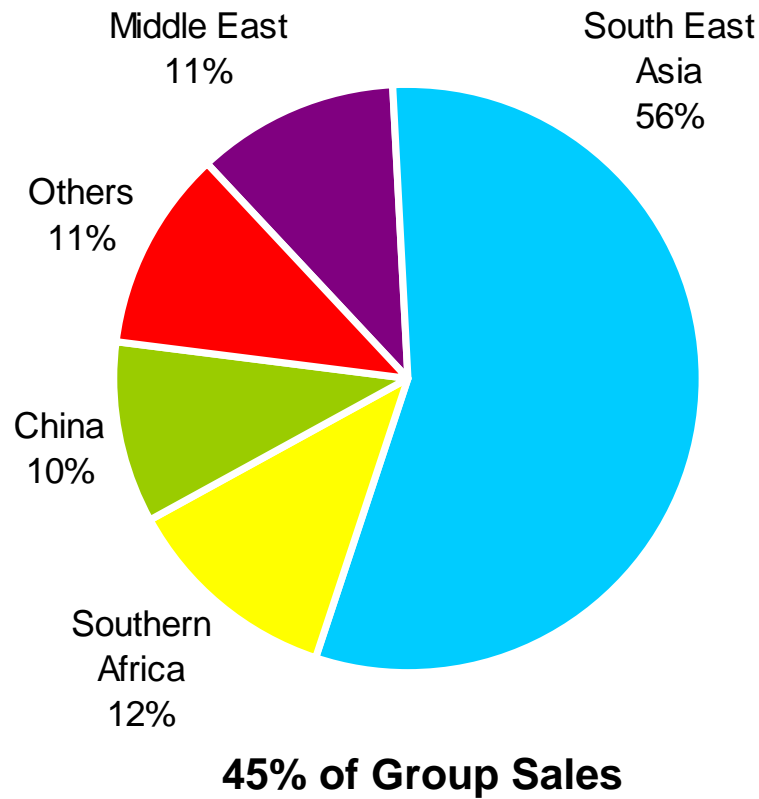
Operating Profit Split
H1 2010



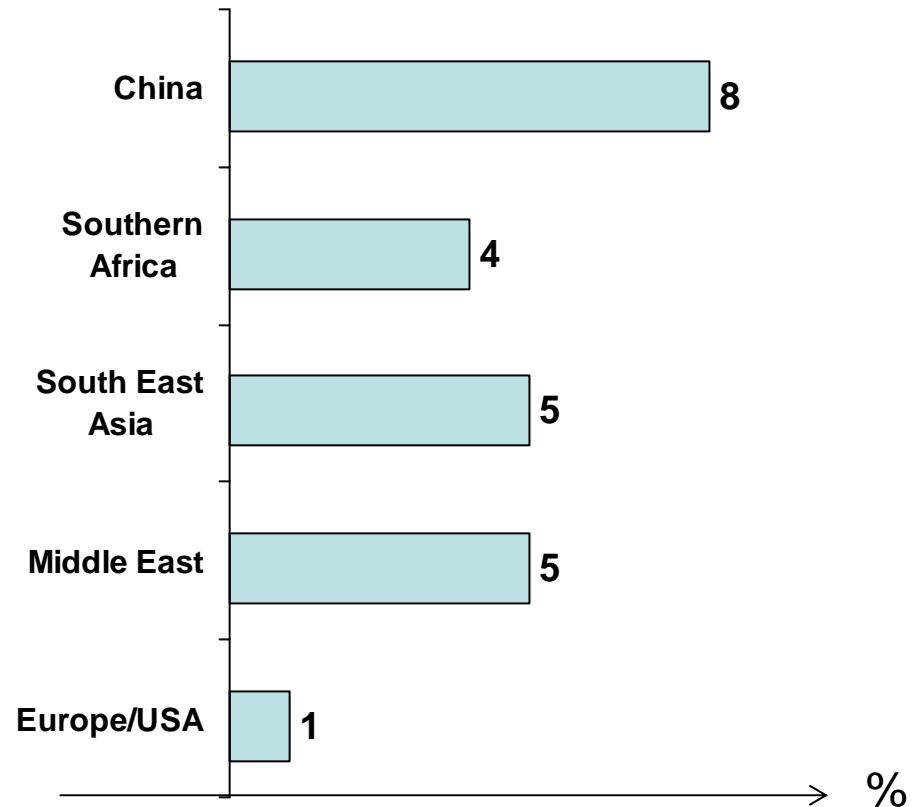
£28.7 million

*includes divested business

Developing World Sales (H1 2010)



Average GDP growth for 05-09

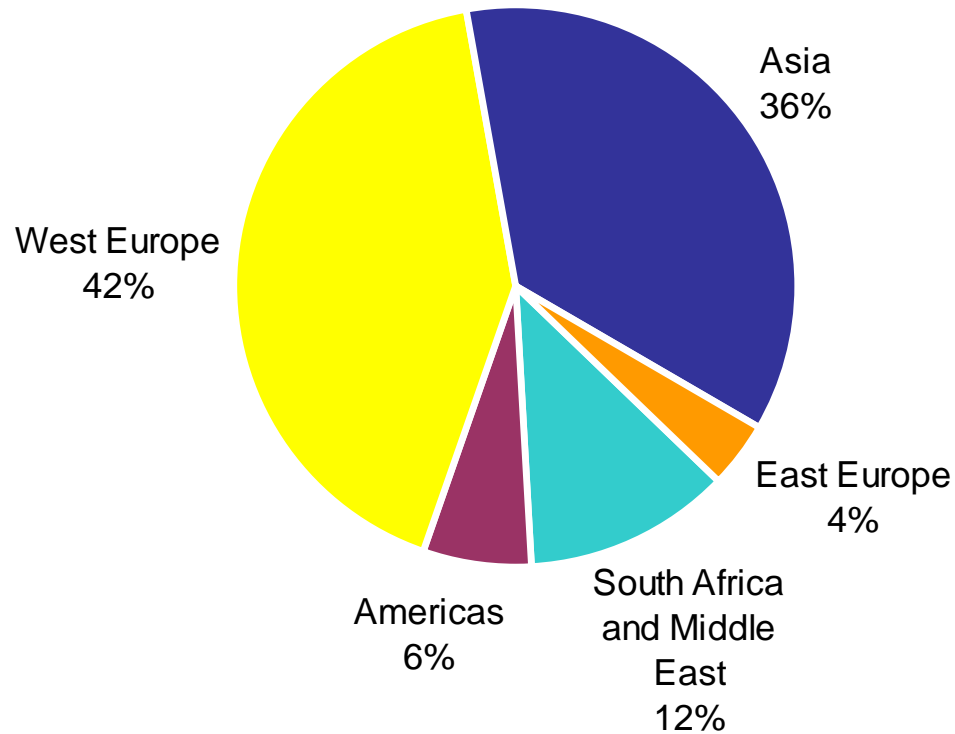


Polymer Chemicals

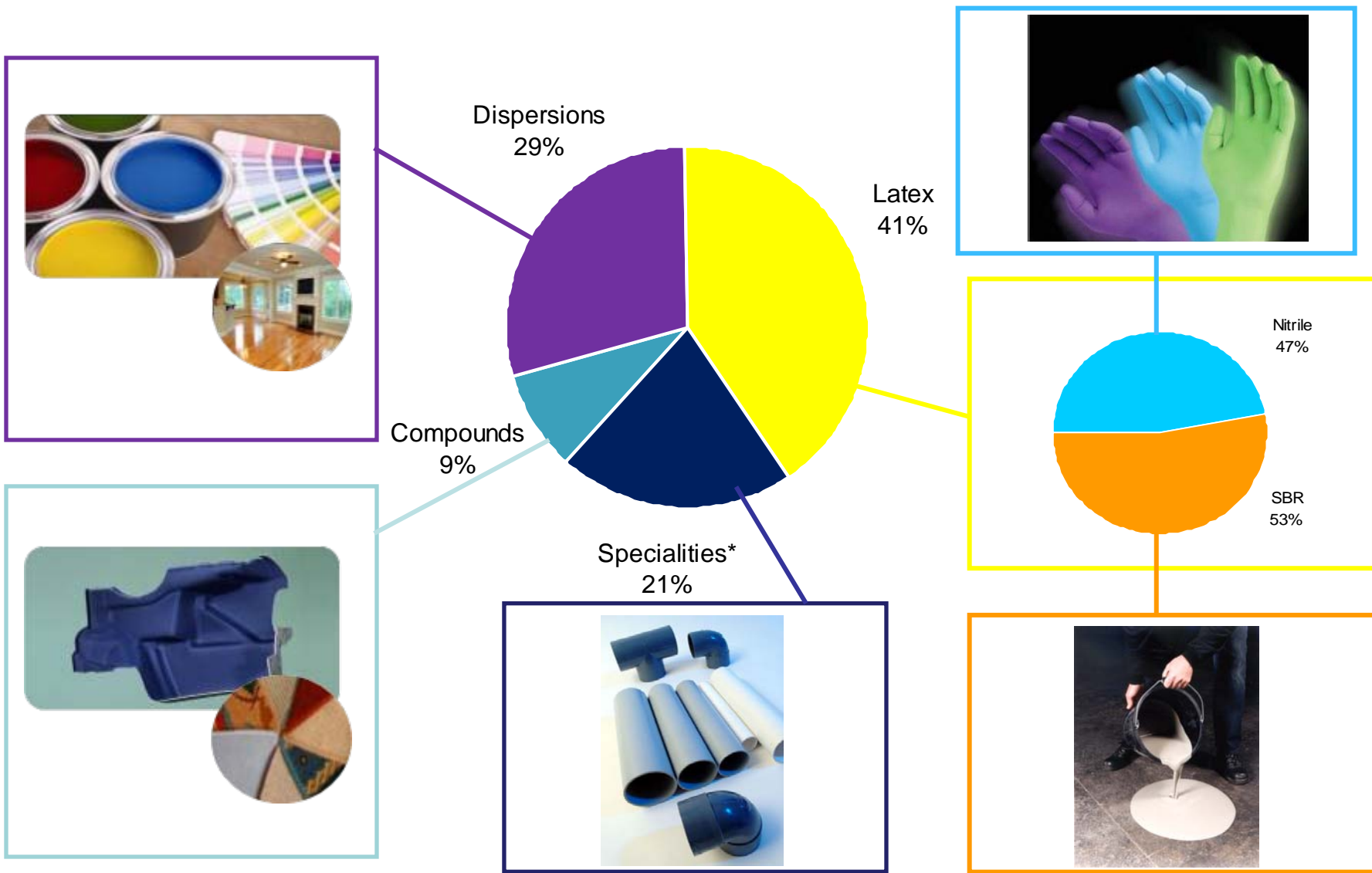


Polymers – Sales by Territory

H1 2010

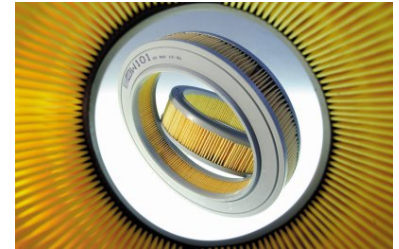


Polymers – H1 Sales by Product



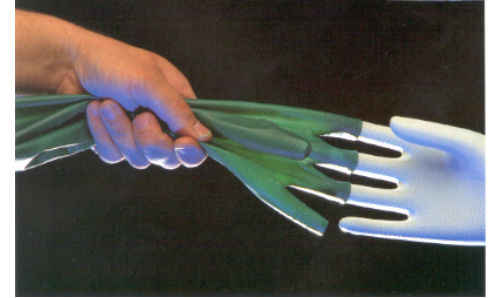
Operational Review - Polymers

- Operating profit increased 19% to £29.2m
- 9% volume increase
 - Year-on-year growth in all areas of the world
 - Strong demand in the Middle East and Asia
 - We require additional Latex and Dispersion capacity in Asia
- Material costs have risen sharply through H1
 - Signs of these ameliorating as we enter H2
 - Good success in passing these increases through



Operational Review - Polymers

- Enhanced geographic capability
 - Egyptian compound facility will be commissioned in Q4
 - Construction of a 15% increase in Asian Nitrile Latex capacity underway. Expect to commission in Q1 2011
 - Detailed planning in hand for a further increase of 25% in Nitrile Latex to commission H2 2012
 - Detailed planning in hand to increase S.E. Asia Dispersion capacity by 35% H1 2011 and a further 35% H2 2012
- Focus on growing the business
 - Yule Catto has excellent market positions
 - Established track record in growing volumes
 - Active NPD (New Product Development) pipeline to drive both volumes and margins



Polymers – Market Positioning

Dispersions:



Coatings

A range of aqueous polymers used in the manufacture of paint, wood stain etc

Open market position in:

UK	>45%
Malaysia	60%
S. Africa	36%
Saudi Arabia	>50%
Cont. Europe	<5%
Vietnam	25%

Latex:



Dipped Goods

Nitrile latex for thin wall protective gloves and industrial gloves

Market Leader: 27%
Worldwide

Specialities:



PVC

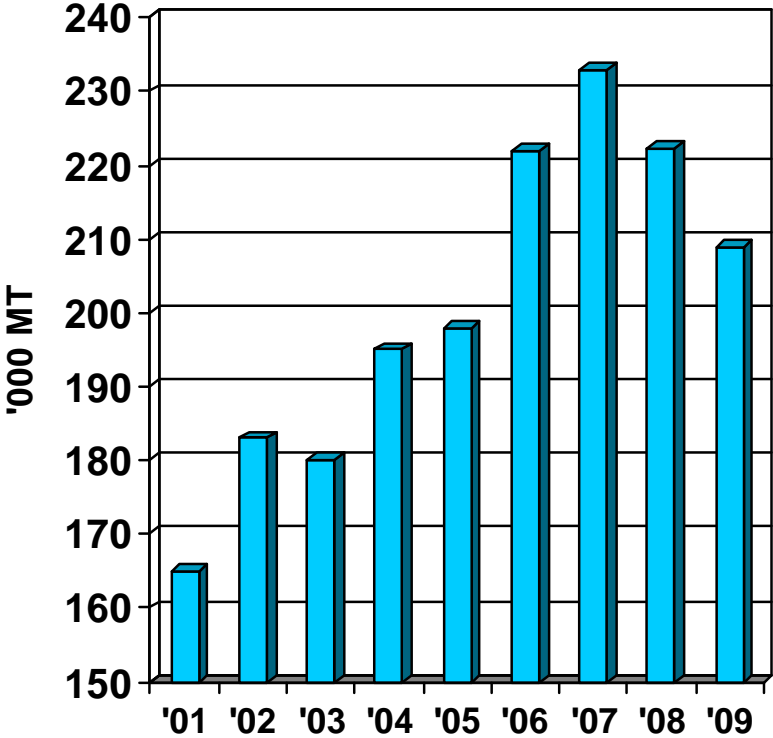
Specialised polyvinyl alcohol used in the manufacture of PVC

Market Leader 52%
Worldwide:



Polymers - Volume Development

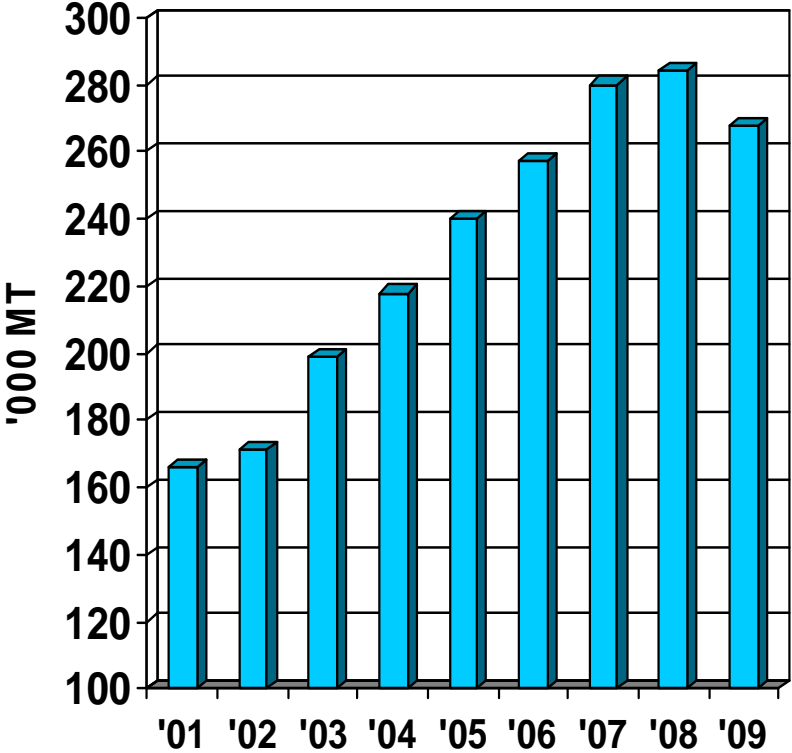
Dispersions



3% CAGR over 8 years

6% CAGR '01 – '07

Latex

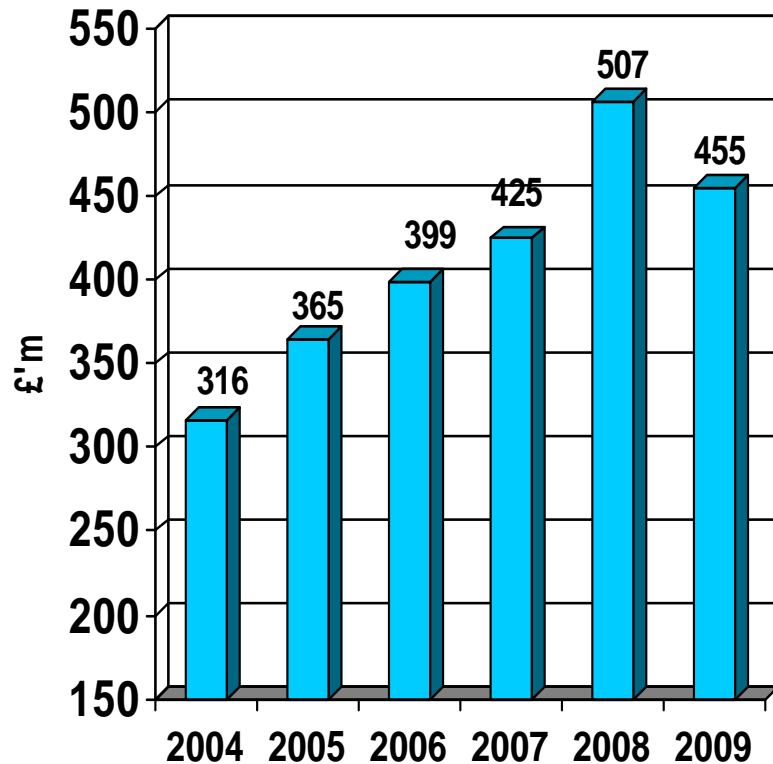


6% CAGR over 8 years

10% CAGR '01 – '07

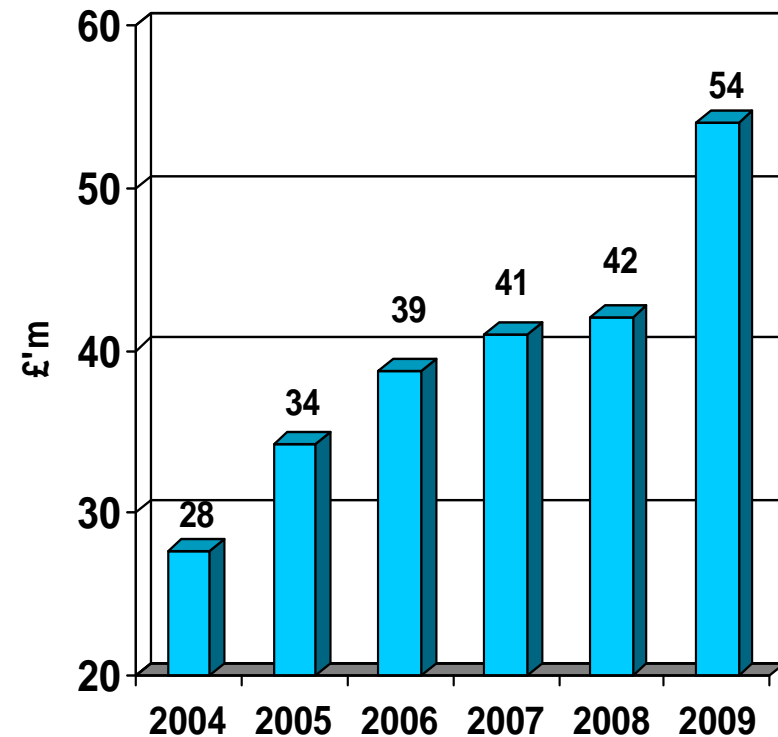
Polymers - 6 Year History

Sales



7% CAGR in 5 years

Operating Profit

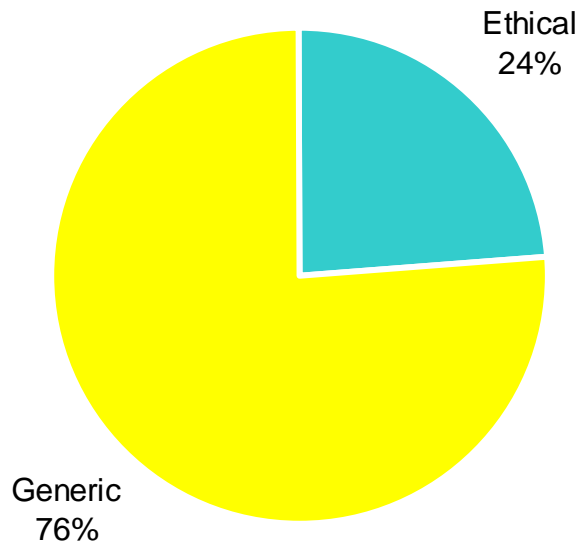


14% CAGR over 5 years

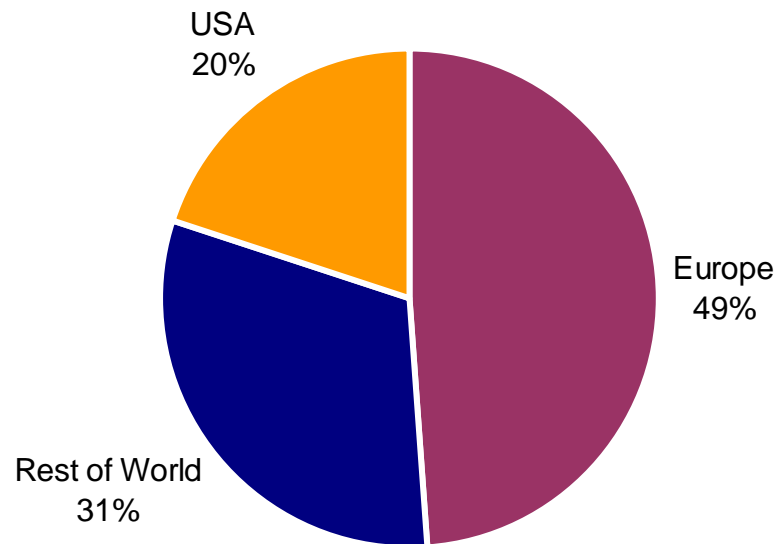
Pharma Chemicals

Pharma – H1 2010

Sales by Market



Sales by Territory



(“Generic” - producers of off-patent drugs)

Pharma – Near Term Strategy

- Continue to expand product range
- Maximise asset utilisation
- Drive further low cost sourcing / manufacture



Operational Review – Pharma Chemicals

- Profitability declined slightly to £3.0m
 - Sales decreased 5.3%
 - Manufacturing costs controlled
- Sales improved in Q2
 - Strong order book
 - Environment remains competitive
- We have created a Sales and Marketing JV with Synthetics International
 - Good quality Chinese manufacturing and development assets
 - Their largely ethical customer base will find our Spanish and Mexican development and manufacturing capability attractive



Impact Chemicals



Impact – Operational Review

- William Blythe the only remaining business
- Underlying profit progressed 76% (£0.9m → £1.6m)
 - Demand strengthened through H1
 - Several projects in the pipeline to further increase profitability
- Anticipate current profitability run rate continuing for the full year



Summary

- A very good first half
- Company focused on growth driven by Polymers
- Strong financial position
- Recommencement of dividend with a 2p/share interim



Summary

- Yule Catto's Key Growth Drivers are:
 - Excellent products and market positions
 - High and growing percentage of sales to Asia and other high growth economies
 - Strategy of expanding around existing hubs, particularly in developing economies
 - Solid new product development pipeline



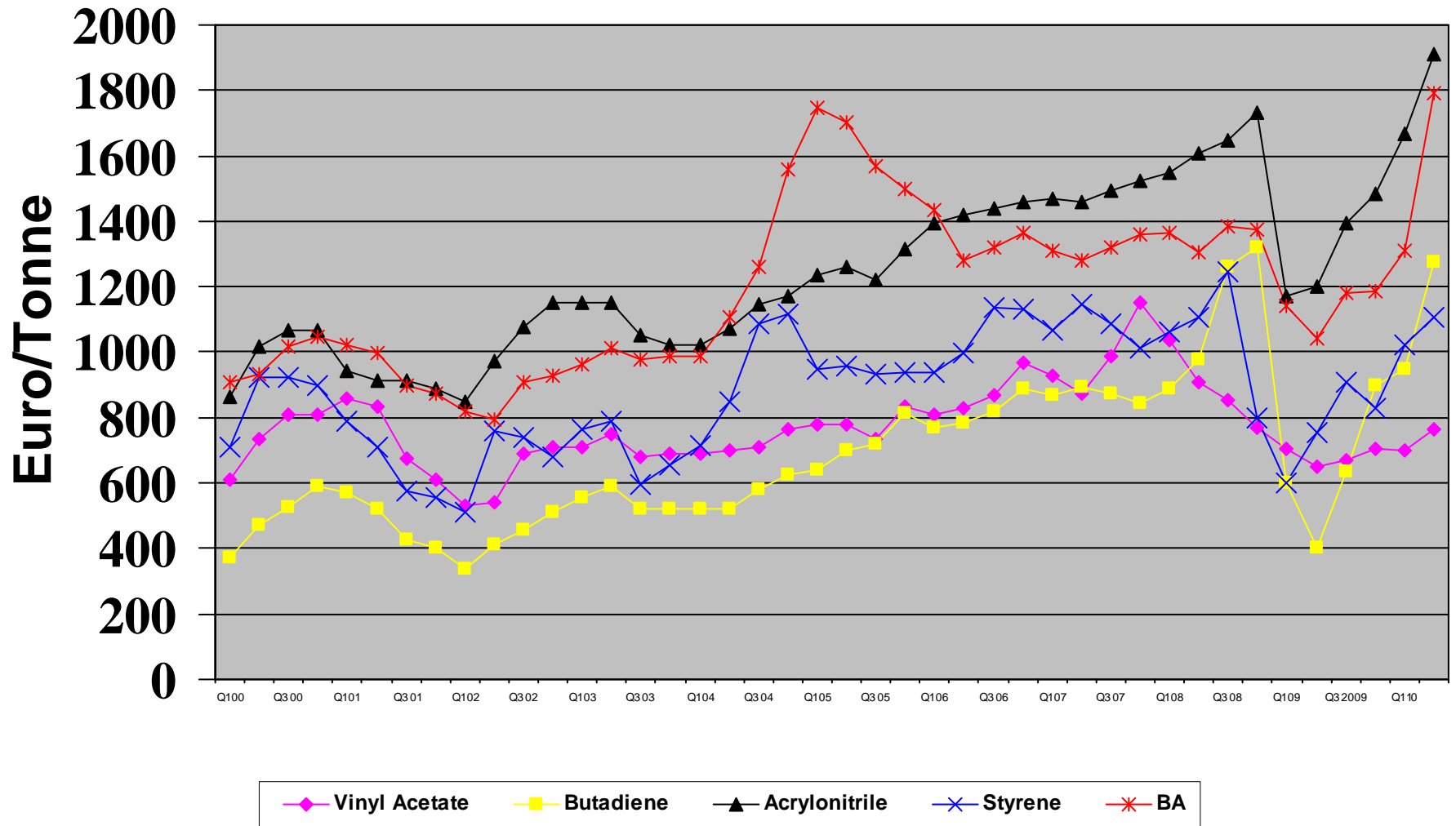
Current Trading & Outlook

- Global growth patterns remain mixed:
 - Europe and North America stable
 - Robust growth in Asia
- July and August in line with expectations
- Raw material price increases now ameliorating after rapid increases through H1
- Confident about medium term prospects



Appendices

Raw Material Prices 2000-2010



UQUIFA Short Term Development Pipeline

Product	Brand Name	US Patent Expiry	2009 US Sales \$m
Lamotrigine	Lamictal	2009	1,157
Lansoprazole	Prevacid	2009	3,368
Venlafaxine	Effexor XR	2013	2,914
Famotidine	Repacid	2009	136
Pantoprazole (NI)	Protonix	2010	1,964
Quetiapine (NI)	Seroquel	2011	4,262
Levofloxacin	Levaquin	2011	1,671
Valsartan (NI)	Diovan	2012	3,368
Tolteridine	Detrol	2012	936
Fluvastatin	Lescol	2012	146
Duloxetine	Cymbalta	2013	2,616
Sodium Risedronate	Actonel	2013	Phase III
S-Omeprazole (NI)	Nexium	2014	5,973
Rabeprazole	Aciphex	2013	1,154
Linezolid	Zyvox	2014	677
Olmesartan	Benicar	2016	1,329



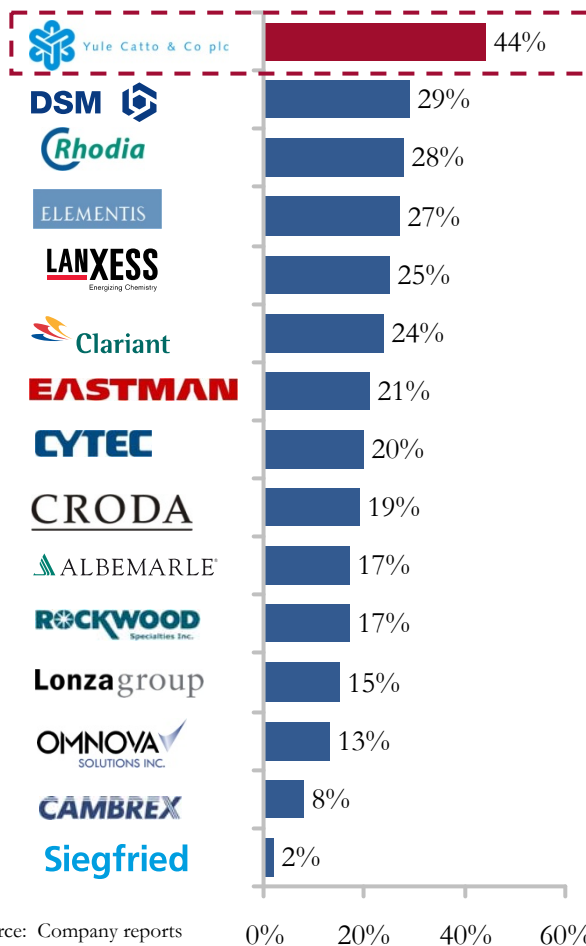
UQUIFA Short Term Development Pipeline

Product	Brand Name	US Patent Expiry	2009 US Sales \$m
Solifenacine	Vesicare	2015	65*
Cinacalcet	Sensipar	2015	377
Ezetimibe	Zetia	2016	1400
Tenofovir	Viread	2018	667
Erlotinib	Torceva	2020	137
Dexlansoprazole	Dexlantia	2020	23

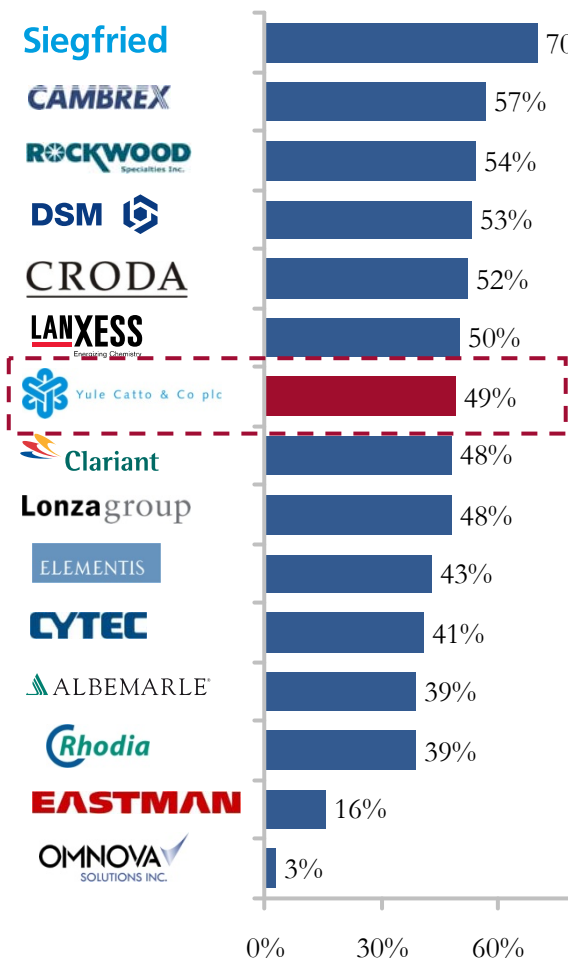
Yule Catto – An Excellent Position in Developing Markets (2009)

Regional sales as % of Total

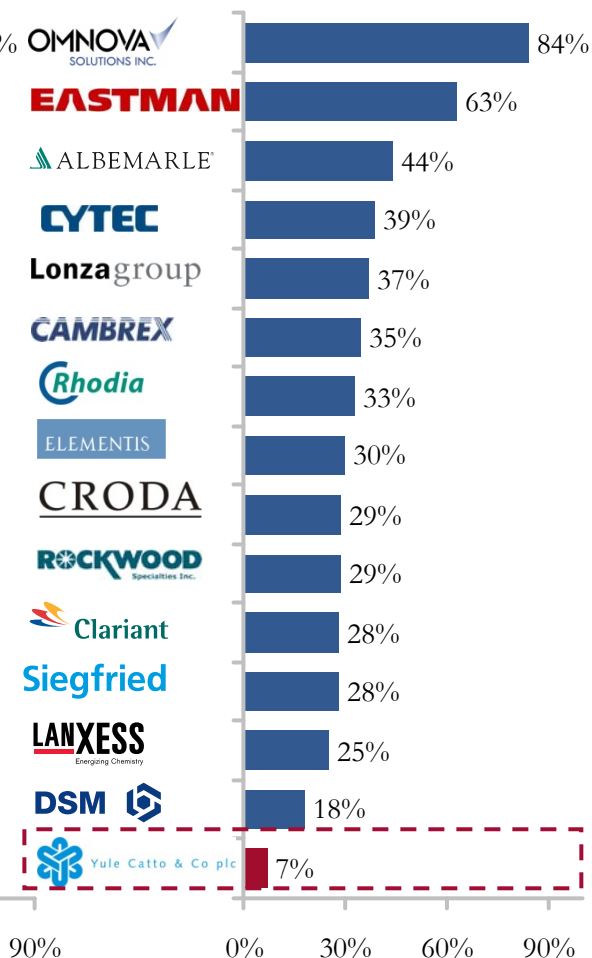
ASIA / ROW



EUROPE



AMERICAS



Source: Company reports