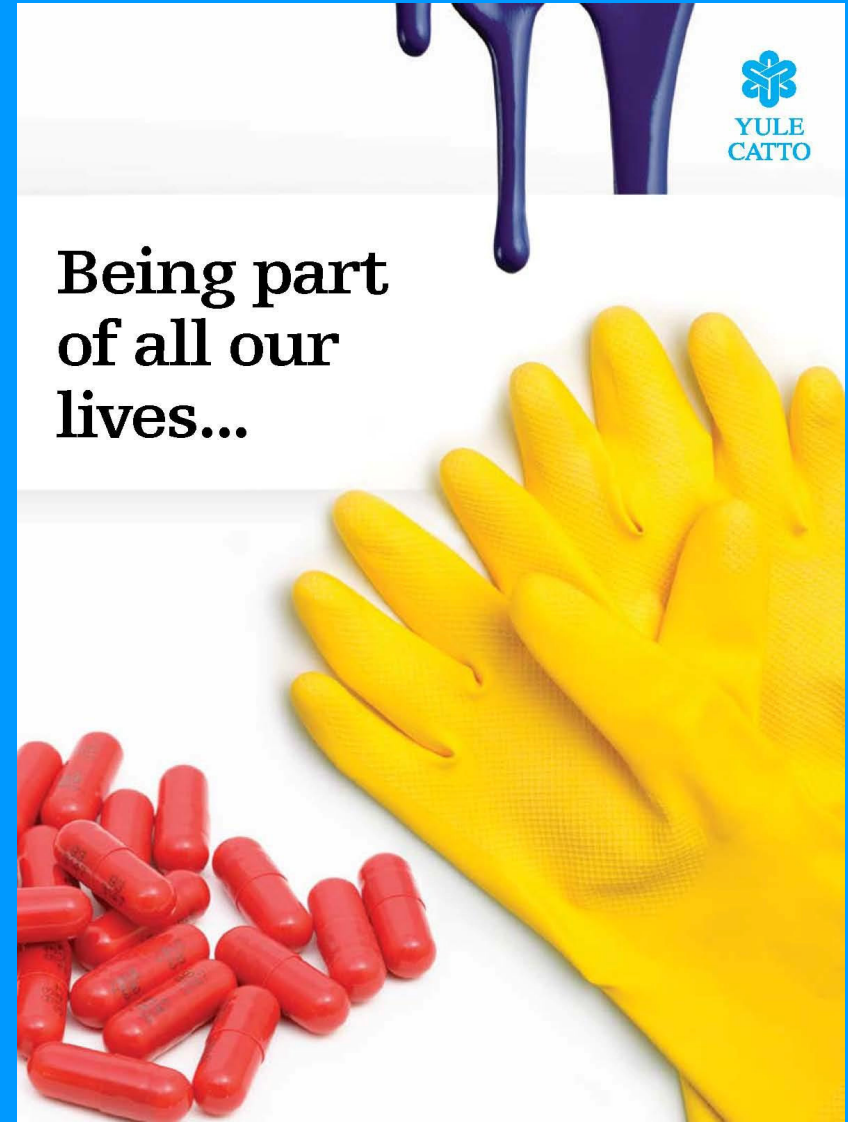




Yule Catto & Co plc

Yule Catto & Co plc

Preliminary results
for year ended
31 December 2008



Introduction

Adrian Whitfield, Chief Executive



Yule Catto – two independent businesses

Polymer Chemicals (84% of sales)

- 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 (11% of sales)

- 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.



Impact Chemicals now largely divested



Yule Catto – market positioning



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

Open market position in:

UK	46%
Malaysia	60%
S. Africa	30%
Saudi Arabia	>50%
Cont. Europe	<2%



Dipped Goods Nitrile latex for thin wall protective gloves and industrial gloves

Market Leader: 27%
Worldwide

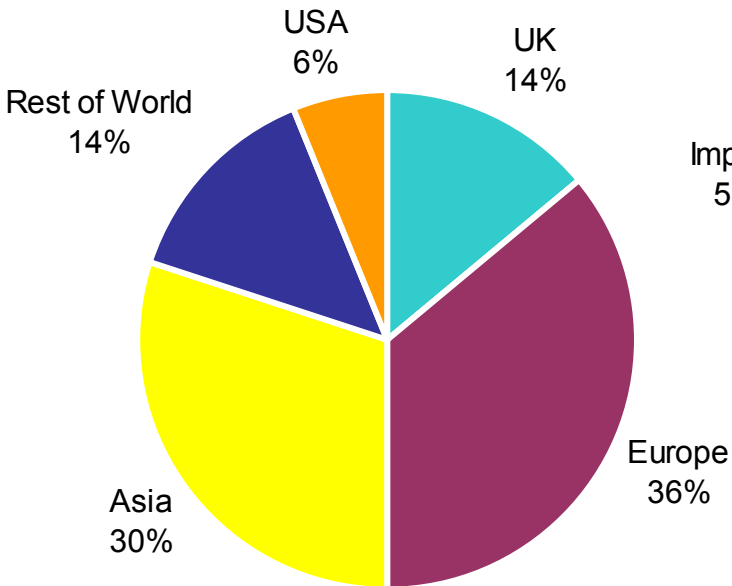


PVC Specialised polyvinyl alcohol used in the manufacture of PVC

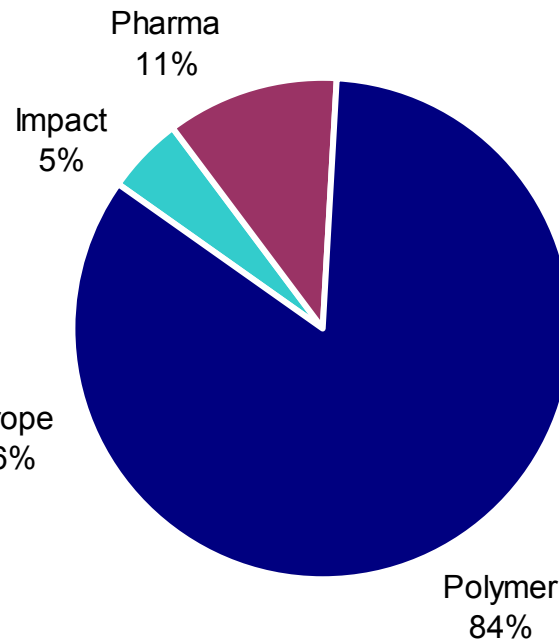
Market Leader: 52%
Worldwide

Yule Catto – company overview

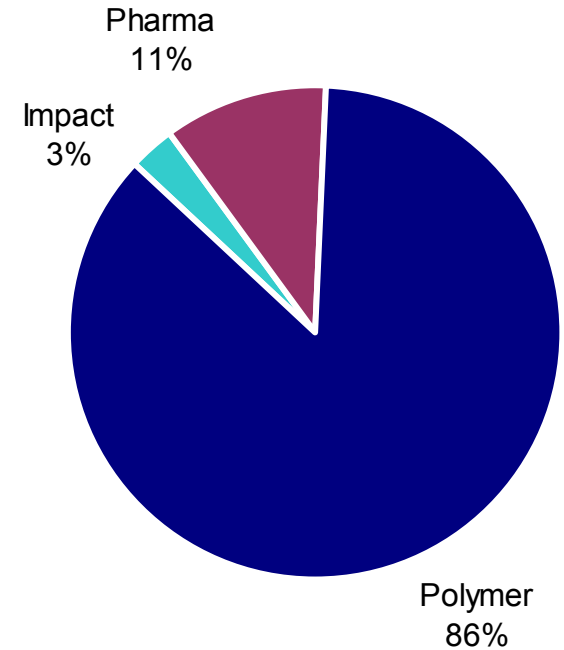
Sales by Territory



Sales by Division



Operating Profit



Today's key points

- Good group operating performance in a deteriorating climate
 - Total sales up 17.4%
 - Underlying PBT up 4.8%
 - Underlying EPS up 11.9%
- Encouraging progress overall
 - Polymers slightly ahead after a strong H1, and further investment in Asia
 - Pharma Chemicals saw weaker H2, but 6 further DMFs filed, in line with target
- Continued successful execution of our strategic plan
 - Further enhancement of geographic footprint
 - Exit from Impact Chemicals almost complete
 - Substantial debt reduction and successful refinancing
- Refreshed Board
 - New Chairman Peter Wood
 - New Board member Graham Menzies
- 2009 outlook uncertain but a number of positive factors will mitigate the worst effects of the downturn



Preliminary Results

David Blackwood, Finance Director

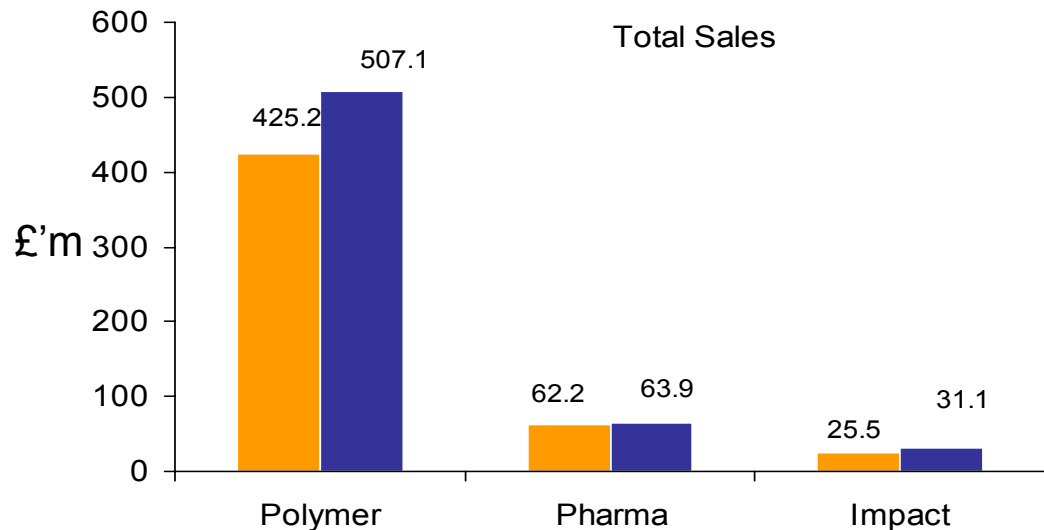


Consolidated income statement

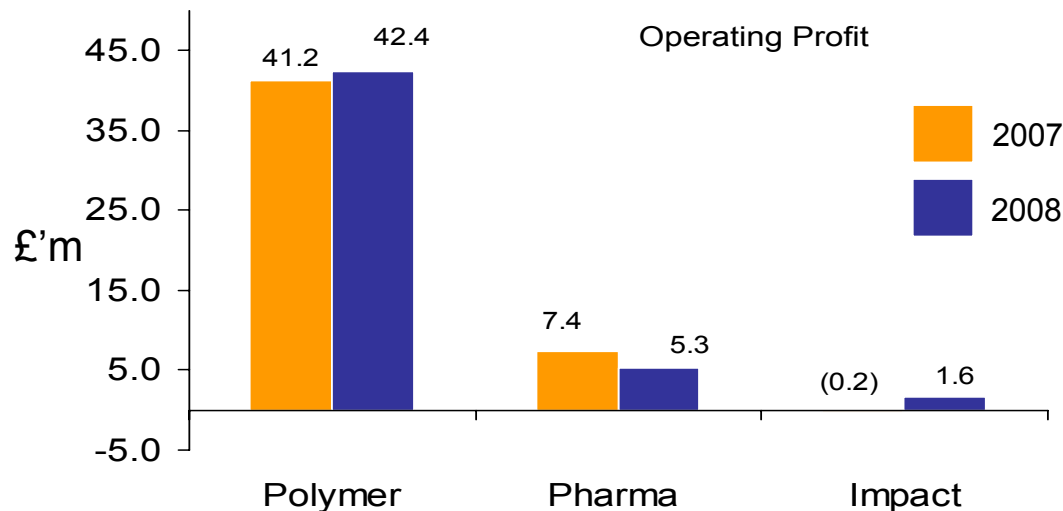
	2008 £M			2007 £M		
	Underlying	Special items	IFRS	Underlying	Special items	IFRS
Total Sales	602.2	-	602.2	512.9	-	512.9
Operating Profit	43.2	(2.4)	40.8	42.7	(1.7)	41.0
Finance Cost	(10.5)	8.6	(1.9)	(11.5)	4.5	(7.0)
Profit before tax – continuing operations	32.7	6.2	38.9	31.2	2.8	34.0
Tax	(4.9)	-	(4.9)	(6.3)	-	(6.3)
Discontinued operations	-	22.6	22.6	-	(12.2)	(12.2)
Minorities	(1.7)	-	(1.7)	(1.7)	-	(1.7)
Attributable to equity holders of parent	26.1	28.8	54.9	23.2	(9.4)	13.8
EPS	17.9p	4.3p	22.2p	16.0p	1.9p	17.9p

Segmental results

- Underlying group sales up 17.4%
- Polymers sales up 19.3%
 - Volume -3%
 - Currency translation +9.3%



- Polymer operating profit up 3%
- Pharma decline due to
 - Destocking
 - €/\$ weakness
- Turnaround in Impact



Currency issues

Spot	2008	2007	2006
US \$	1.45	2.00	1.96
Euro	1.03	1.36	1.49
Malaysian ringgit	5.05	6.62	6.92
South African rand	13.7	13.69	13.82
€ / \$	1.41	1.47	1.32
\$ / MXP	13.76	10.91	10.81

Average	2008	2007	2006
US \$	1.85	2.01	1.85
Euro	1.25	1.46	1.47
Malaysian ringgit	6.15	6.88	6.78
South African rand	15.05	14.15	12.64
€ / \$	1.48	1.38	1.26
\$ / MXP	11.10	10.94	10.92

- 2008 transaction negative circa £3m
- 2008 translation positive circa £4m
- Currency position generally positive, if continued, going forward

Polymers: £/€, £/\$, £/MR

Pharma: \$/€, \$/MXP



Consolidated balance sheet

	2008 31 December £M	2007 31 December £M	2006 31 December £M
Goodwill	154.0	172.4	172.4
Other non-current assets	124.4	113.0	115.1
Working capital	36.8	31.3	46.0
Net assets held for sale (OCL)	6.0	-	
Provision for liabilities & tax	(51.4)	(55.4)	(58.4)
Derivatives at fair value	33.9	(24.2)	(22.3)
Post retirement benefits	(75.6)	(41.2)	(77.9)
Net borrowings	(161.4)	(150.3)	(150.7)
Net assets	66.7	45.6	24.2
Underlying borrowings	135.5	170.8	166.2

Debt reduction and liquidity

DEBT

- Net debt down to £135m from £171m, and will fall further:
 - £55m gross divestment proceeds from 3 Impact divestments
 - £8m gross proceeds OCL in January 2009
 - Dividend suspended (2008 dividend cash was £14m)
 - 2009 lower capex, and working capital inflow anticipated
 - Further assets to sell at appropriate values

LIQUIDITY

- Term debt of £141m of which £33m current
- Available to repay from free cash flow and:
 - New revolver £30m
 - Malaysian loan £19m
 - Oxford sale £8m



Cash flow statement

	2008 £M	2007 £M
Operating profit (before JV) *	45.7	44.9
Movement in working capital	(1.5)	4.0
Depreciation	16.9	16.0
Capital expenditure (net) #	(17.3)	(16.4)
Interest	(11.4)	(11.1)
Tax paid	(10.2)	(10.5)
Pension funding in excess of IAS19 charge	(6.3)	(5.5)
Other (2008 JV Divis)	0.2	(0.2)
Sub total	16.1	21.2
Cash impact of closure of business	(10.3)	(9.0)
Disposal proceeds/acquisitions (net) #	52.1	1.8
Dividends paid	(14.1)	(13.7)
Exchange/other	(8.5)	(4.9)
Issue of shares	-	-
Movement in borrowings	35.3	(4.6)
Closing debt	135.5	170.8

Note: * includes operating profit of sold businesses

adjusted from statutory accounts to reflect land divestments



Strategic Update Operational Review Outlook

Adrian Whitfield, Chief Executive



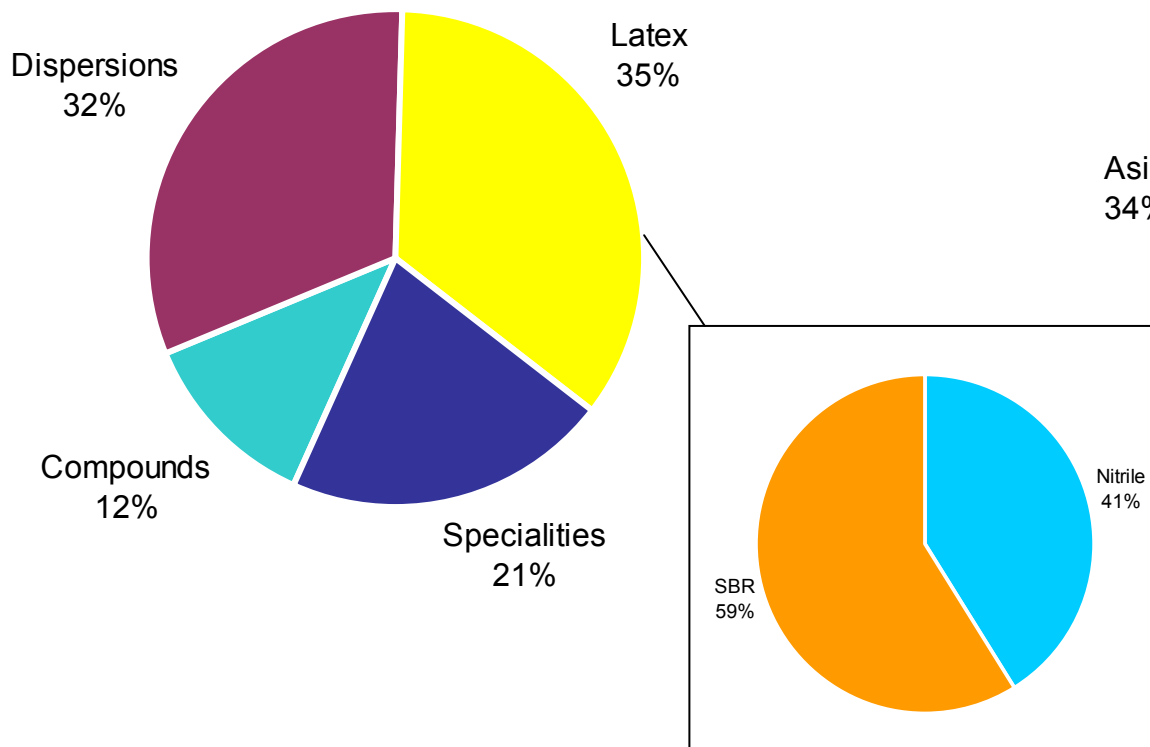
Strategic progress

Division	Operating Strategy	Update
<u>Polymers</u>	<ul style="list-style-type: none"> • Enhance “Key Product” portfolio • Expand geographically around existing “hubs” • Maximise inter-regional synergies 	<ul style="list-style-type: none"> – 3 new high performance Nitrile grades added – Acquisition of Chemtech, Vietnam – 60% capacity expansion for Nitrile latex – New latex pilot plant in Malaysia
<u>Pharma</u>	<ul style="list-style-type: none"> • Expand the pipeline of Generic API’s • Broaden the range of products to be manufactured in each location • Optimise fixed cost base 	<ul style="list-style-type: none"> – 6 DMF’s registered – Sales of recently launched products grew 200+% over the last 2 years – €4.4m capex to enhance Spanish and Mexican capability – Closure of Italy / product transfer
<u>Impact</u>	<ul style="list-style-type: none"> • Maximise short term profitability • Divest at attractive prices 	<ul style="list-style-type: none"> – Aggressive turn round executed – Since H2 loss 2006. All businesses made profitable – 4 out of 5 businesses sold for gross proceeds of £63m

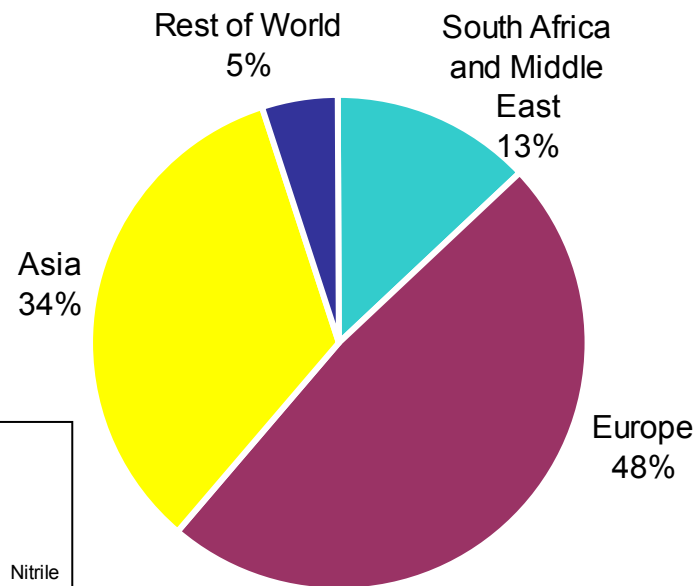


Operational review - Polymers

Sales by Product

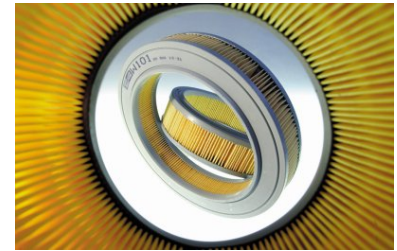


Sales by Territory (destination)



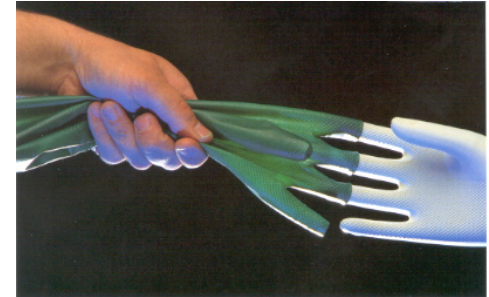
Operational review - Polymers

- Operating profit increased 3% to £42.4m
 - Excellent H1 performance/operating profit +12.9%
 - Difficult H2 performance/operating profit –5.6%
- 3% volume reduction
 - Difficult H2 with slowing demand and heavy de-stocking
 - Q4 volumes 14% below 2007
- Very volatile raw material environment Q4
 - Significant price reduction of some monomers
eg butadiene SE Asia \$3,500 → \$800
 - Improved monomer availability



Operational review - Polymers

- Enhanced geographic capability
 - Chemtech Vietnam acquired.
 - 60% capacity expansion of a Malaysia latex plant
 - New latex pilot plant commissioned in Malaysia
- Ongoing competitor/capacity rationalisation
 - Dow latex plants mothballed / closed
 - Dow Reichold closed both of their latex plants
 - Dow acquisition of Rohm and Haas
 - BASF acquisition of Ciba
 - Polymer Latex UK latex plant mothballed
 - Polimeri ceased UK SBR production
- Yule Catto has the only SBR latex plant left in the UK!

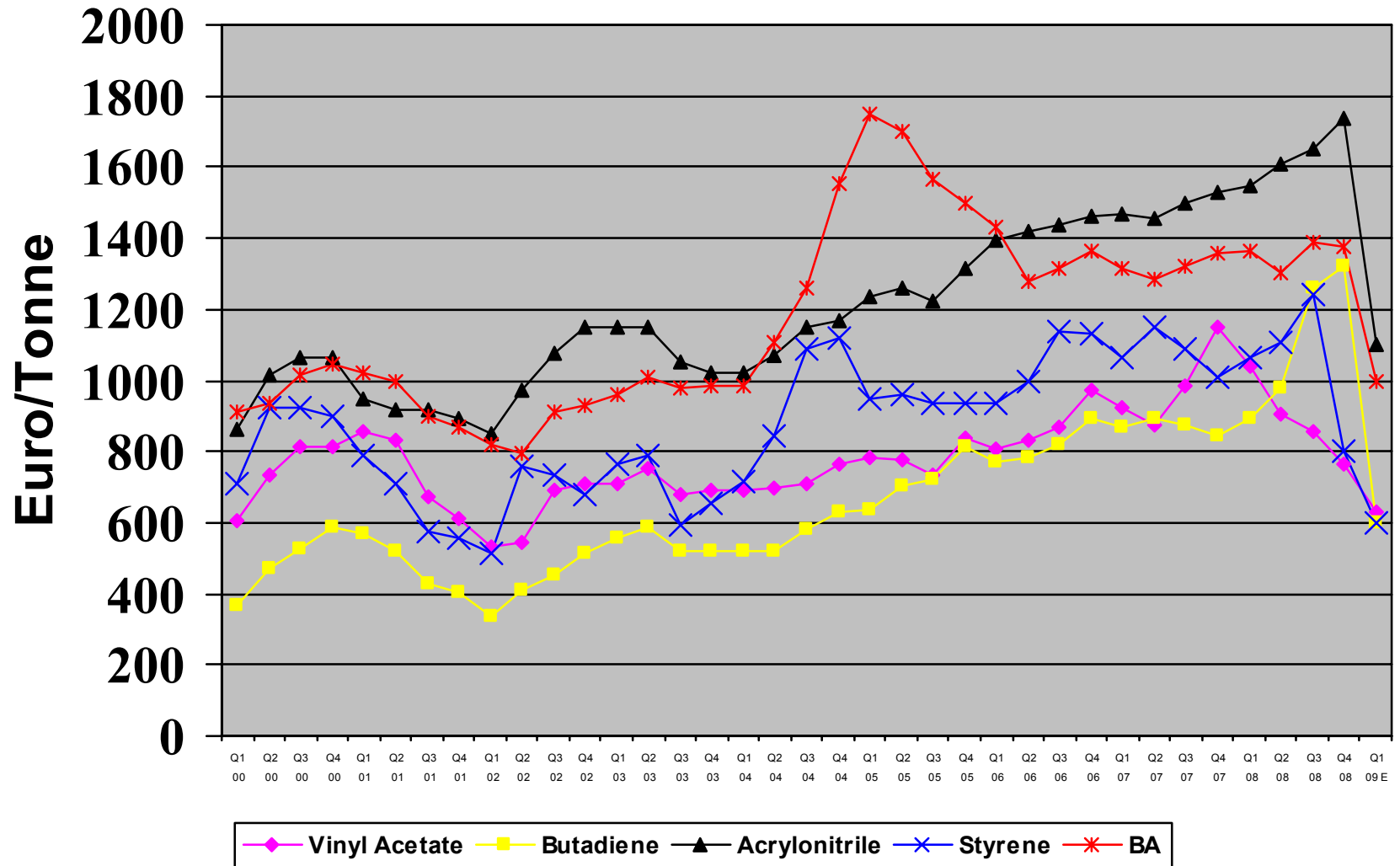


Operational review – Polymer Chemicals

- Reduced operating cost base
 - £2.5m+ annualised cost reductions in hand for 2009 delivery
 - Reduce stock values in line with reduced oil price
- Continued focus on new product and business development
 - 3 new high performance nitrile latex grades launched
 - Continued progress in developing Pressure Sensitive Adhesive grades
 - Enhanced Lithene product range

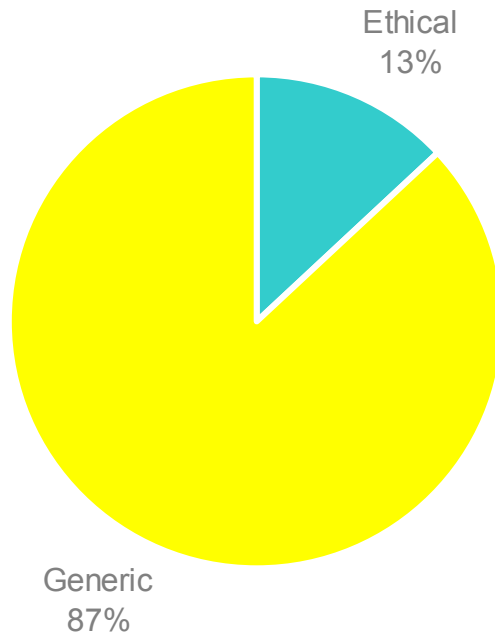


Raw Material Prices

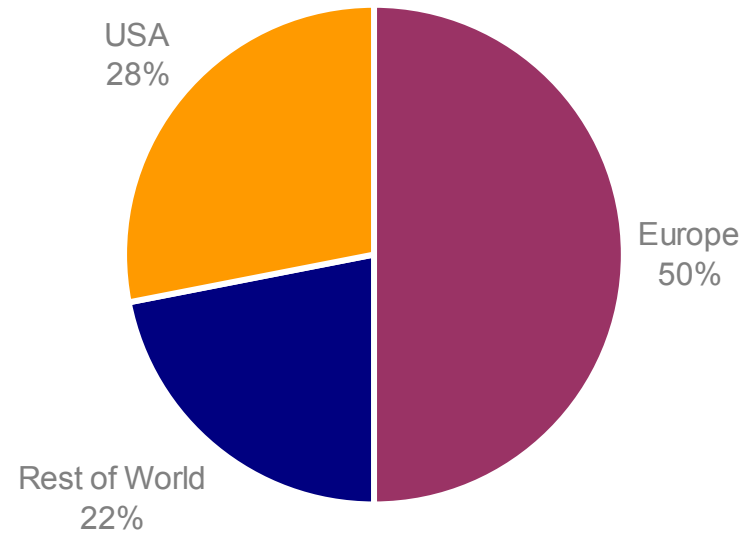


Operational review – Pharma Chemicals

Sales by Market



Sales by Territory



Operational review – Pharma Chemicals

- Reduced operating profit of £5.3m (£7.4m)
 - Flat sales
 - Significant exchange rate impact €/€ in H1
 - Increased RM prices
 - De-stocking
- Product transfer
 - James Robinson products successfully transferred
 - Italian product transfer to complete by mid-year



Operational review – Pharma Chemicals

- Mexican plant capacity expansion
 - Start up scheduled Q1 2009
 - £2.0m investment on two Customer sponsored capacity expansions
- 6 Drug Master Files (DMF's) registered
- Currently favourable €/ \$ exchange rates
- Established commercial relationships for the supply of S-Omeprazole (Nexium)



Operational review – Pharma Chemicals

- Sales of recently launched API's grown 200%+ in the last 24 months
- A number of our recently launched products utilise non-infringing processes
- Limited recessionary effect on sales and prices



Operational review – Impact Chemicals

- Successful delivery against our stated strategy
 - All businesses returned to profitability
 - 4 businesses sold at attractive prices
 - Ongoing sale of vacated sites: Hull – sold 2008; Dieburg – sold 2009; Hapton – to be sold
- Remaining business William Blythe performing satisfactorily
 - £1.8m improvement in profitability



Current market status

Polymers

- Reduced demand – difficult time of the year from which to predict annual levels
- Raw material availability greatly improved
- Customers/competitors continue to re-structure – this is giving us new commercial opportunities

Pharma

- Demand unaffected by global recession
- Raw material availability recovered post Olympic games
- €/€ exchange rate currently favourable



Near term strategic priorities

- Maximise the performance of Polymer and Pharma businesses
- Continue strong new product and business development activity
- Deliver full benefits from recent restructuring
- Reduce debt below £100m
- Revert to the payment of dividends as soon as practical



Outlook

- Too early to offer firm guidance on the outturn for 2009
- Polymer business has seen volumes decline through Q4 2008. We currently anticipate annual global volumes will decline
- Anticipate a stronger year for Pharma
- Recent weakness of Sterling should it persist will enhance the overall reported earnings for the Group in 2009

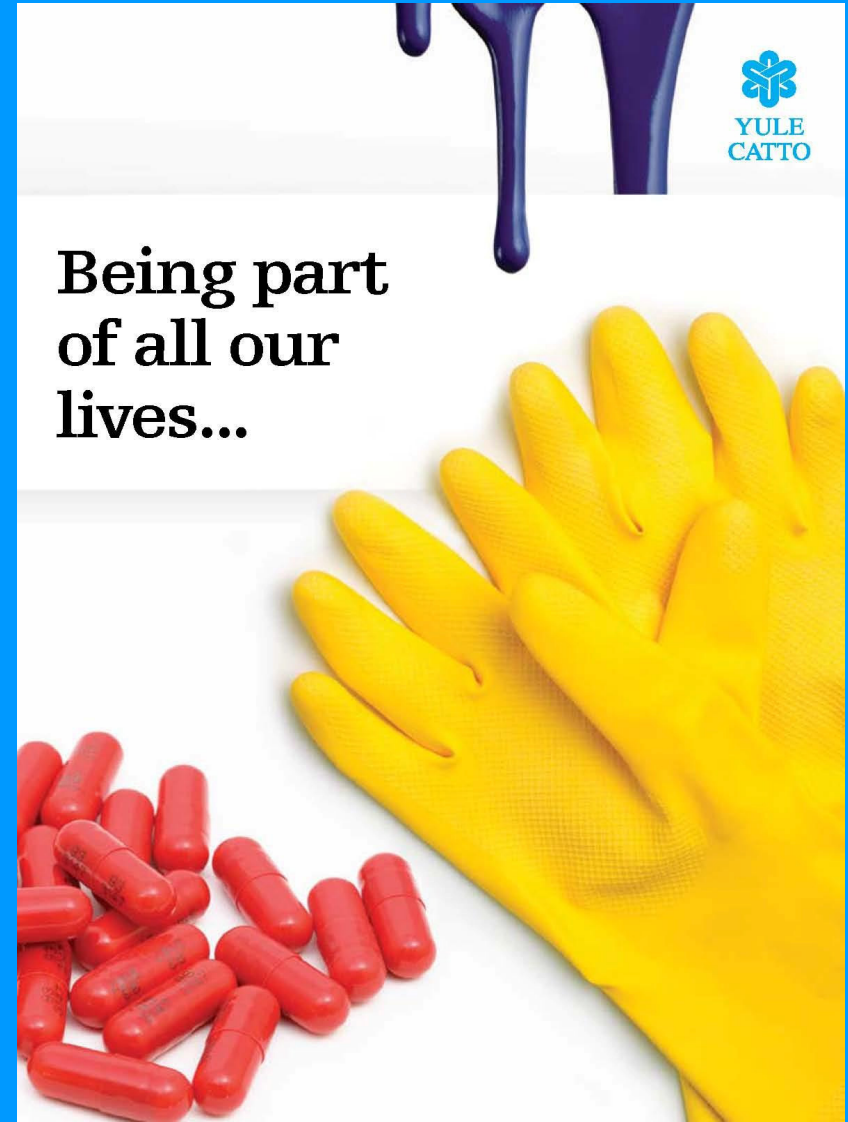




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UQUIFA Short Term Development Pipeline

Product	Brand Name	US Patent Expiry	2006 US Sales \$m
Venlafaxine	Effexor	2008	2,700
Lamotrigine	Lamictal	2008	1,650
Bicalutamide	Casodex	2008	290
Lansoprazole	Prevacid	2009	3,900
Famotidine	Repacid	2009*	131
Pantoprazole (NI)	Protonix	2010	2,400
Quetiapine (NI)	Seroquel	2011	2,900
Lavofloxacin	Lavaquim	2011	1,751
Valsartan (NI)	Diovan	2012	2,200
Tolteridine	Detrol	2012	862
Fluvastatin	Lescol	2012	290
Duloxetine	Cymbalta	2013	1,880
Sodium Risedronate	Actonel	2013	1,000
S-Omeprazole (NI)	Nexium	2014	5,272
Olmesartan	Benicar	2016	877

* Process patent, not molecule patent

