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# Introduction

Adrian Whitfield, Chief Executive



# Today's key points

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- Excellent group operating performance in a difficult environment
  - Underlying PBT up 14.4%
  - Underlying EPS up 27%
  - Sales down 9.9%
- Encouraging progress overall
  - All businesses ahead at operating profit level
- Continued successful execution of our strategic plan
  - Substantial debt reduction, down £21m from 2008 year end to £114m
  - Italian Pharma plant now closed
- Will deliver in excess of targeted cost reductions
- Anticipate 2009 full year results to be slightly ahead of the Boards previous expectations



# Yule Catto – two independent businesses

## Polymer Chemicals (82% 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 (14% 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



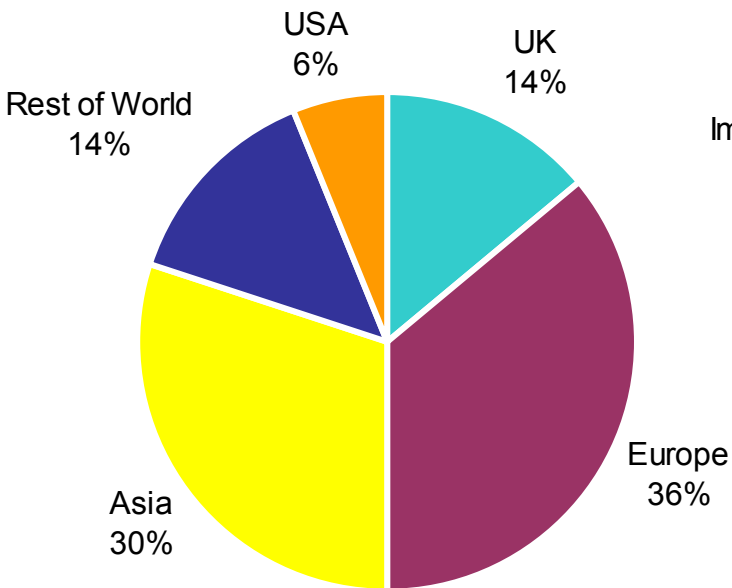
**PVC** Specialised polyvinyl alcohol used in the manufacture of PVC

Market Leader: 52%  
Worldwide

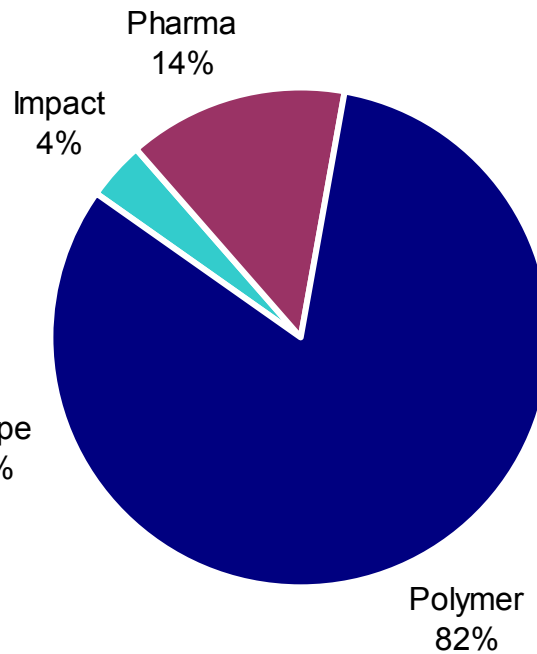


# Yule Catto – company overview

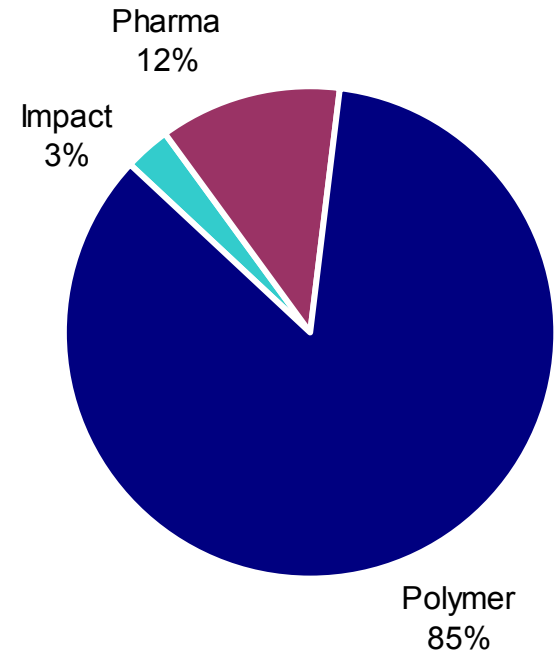
## Sales by Territory



## Sales by Division



## Operating Profit



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## Interim Results

David Blackwood, Finance Director

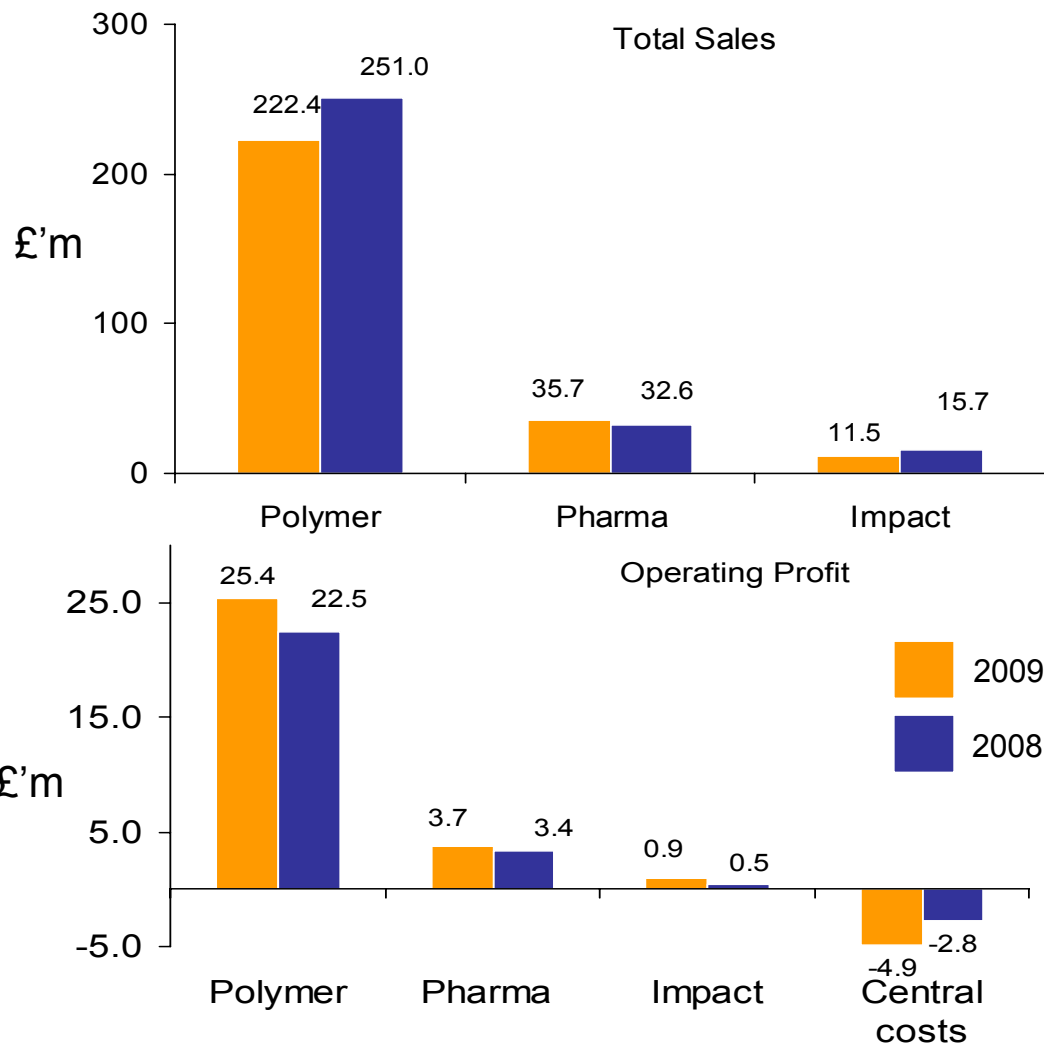


# Consolidated income statement

	2009 H1			2008 H1		
	£'000			£'000		
	Und'lying	Special items	IFRS	Und'lying	Special items	IFRS
Total Sales	269,656	-	269,656	299,311	-	299,311
Operating Profit	25,071	599	25,670	23,618	(2,277)	21,341
Finance Cost	(5,168)	(4,386)	(9,554)	(6,194)	5,229	(965)
Profit before tax	19,903	(3,787)	16,116	17,424	2,952	20,376
Tax	(3,939)	-	(3,939)	(4,685)	-	(4,685)
Minorities	(916)	-	(916)	(880)	-	(880)
Discontinued Operations	-	3,233	3,233	-	8,311	8,311
Attributable to equity holders of parent	15,048	(554)	14,494	11,859	11,263	23,122
EPS	10.3p	(2.6)p	7.7p	8.1p	2.0p	10.1p

# Segmental analysis

- Underlying group sales down 9.9%
- Polymers sales down 11.4%
  - Volume -14.7%
  - Currency translation +8.6%
- Group operating profit up £1.5m
- Polymer operating profit up £2.9m
- Pharma up £0.3m
- Impact (WBL) up £0.4m
- Total Translation benefit £2.9m
- Central costs increase - £1.4m higher IAS19 charge + restructuring costs



# Currency issues

<b>Spot</b>	H1 09	2008	2007
US \$	1.65	1.45	2.00
Euro	1.18	1.03	1.36
Malaysian ringgit	5.85	5.05	6.62
South African rand	13.02	13.7	13.69
€ / \$	1.40	1.41	1.47
\$ / MXP	13.23	13.76	10.91

- 2009 translation positive circa £2.9m
- Currency advantage unwinding, at current spot rates

<b>Average</b>	H1 09	2008	2007
US \$	1.50	1.85	2.01
Euro	1.12	1.25	1.46
Malaysian ringgit	5.41	6.15	6.88
South African rand	13.53	15.05	14.15
€ / \$	1.34	1.48	1.38
\$ / MXP	13.95	11.10	10.94

# Balance sheet – UK post retirement benefits

	H1 2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Equities	90,975	90,241	148,447	154,821	134,900
Bonds	49,504	47,614	44,925	36,316	31,800
Cash	-	438	1,953	-	700
Total assets	140,479	138,293	195,325	191,137	167,400
Liabilities	(218,464)	(205,721)	(228,966)	(260,425)	(225,000)
Deficit in scheme	(77,985)	(67,428)	(33,641)	(69,288)	(57,600)
Discount rate	6.2%	6.5%	5.9%	5.2%	4.9%



# Debt reduction and liquidity

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## DEBT

- Net debt down to £114m from £135m at year end:
  - £8m gross proceeds OCL received in January 2009
  - Dividend suspended (2008 dividend cash was £14m paid H2)
  - 2009 lower capex, and working capital inflow anticipated
  - Net Debt to EBITDA to 30/06/09 – 1.9

## LIQUIDITY

- Current portion of term debt is £33m payable September
- Will be repaid from:
  - Cash on balance sheet           £40m
  - Cash flow July/August
  - Undrawn Revolver               £30m

# Cash flow statement

	H1 09 £'m	H1 08 £'m	2008 £'m
Operating profit (before JV)	24.9	26.0	45.7
Movement in working capital	(5.2)	(11.1)	(1.5)
Depreciation	7.1	8.1	16.9
Capital expenditure (net)	(4.8)	(9.1)	(17.3)
Interest	(5.5)	(6.2)	(11.4)
Tax paid	(2.4)	(6.2)	(10.2)
Pension funding in excess of IAS19 charge	(3.1)	(2.4)	(6.3)
Other (2008 JV Divis)	(0.3)	0.7	0.2
Sub total	10.7	(0.2)	16.1
Cash impact of closure of business	(0.7)	(4.2)	(10.3)
Disposal proceeds/acquisitions (net)	10.9	11.8	52.1
Dividends paid	-	-	(14.1)
Exchange/other	0.6	(5.4)	(8.5)
Issue of shares	-	-	-
Movement in borrowings	21.5	2.0	35.30
Closing debt	113.9	168.8	135.5

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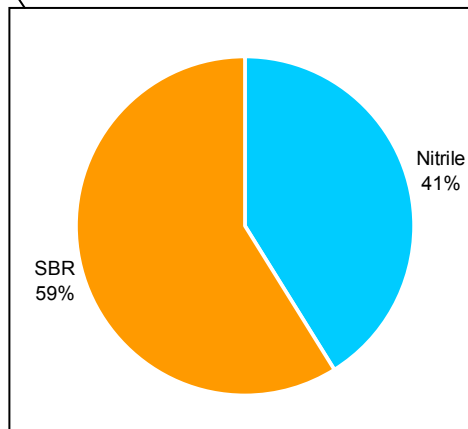
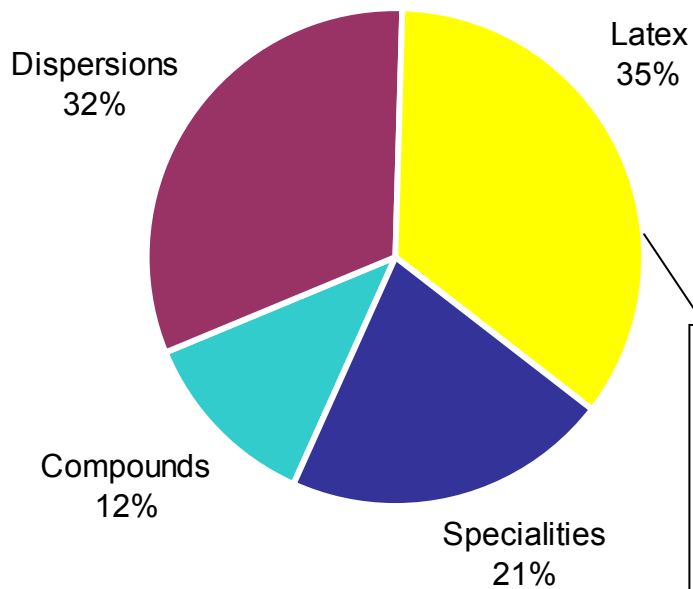
# Operational Review Outlook

Adrian Whitfield, Chief Executive

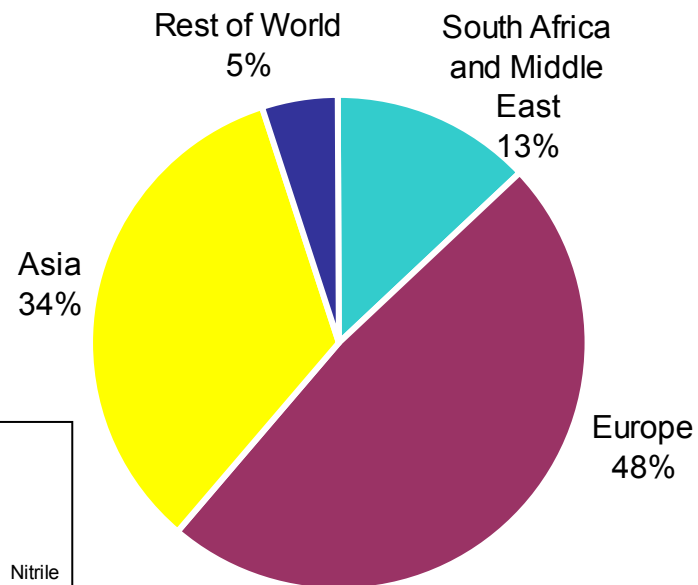


# Operational review - Polymers

## Sales by Product

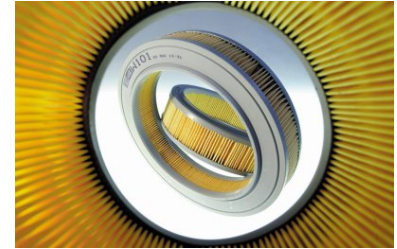


## Sales by Territory (destination)



# Operational review - Polymers

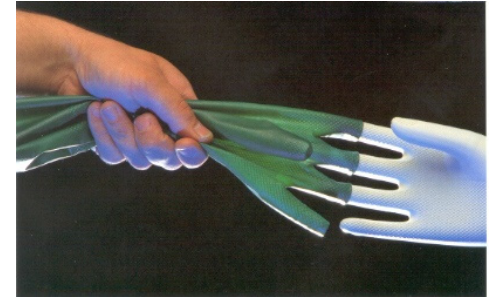
- Operating profit increased 13% to £25.4m
  - Cost control initiatives
  - Currency translation
  - Competitor re-structuring
  - Reduced monomer prices / now rising again
- 15% volume reduction H1
  - Q2 improved over Q1
  - Low point was in the middle of Q1
  - Limited re-stocking has / is taking place
- Raw materials currently very volatile
  - Some upstream capacity still shut down
  - C4's in short supply



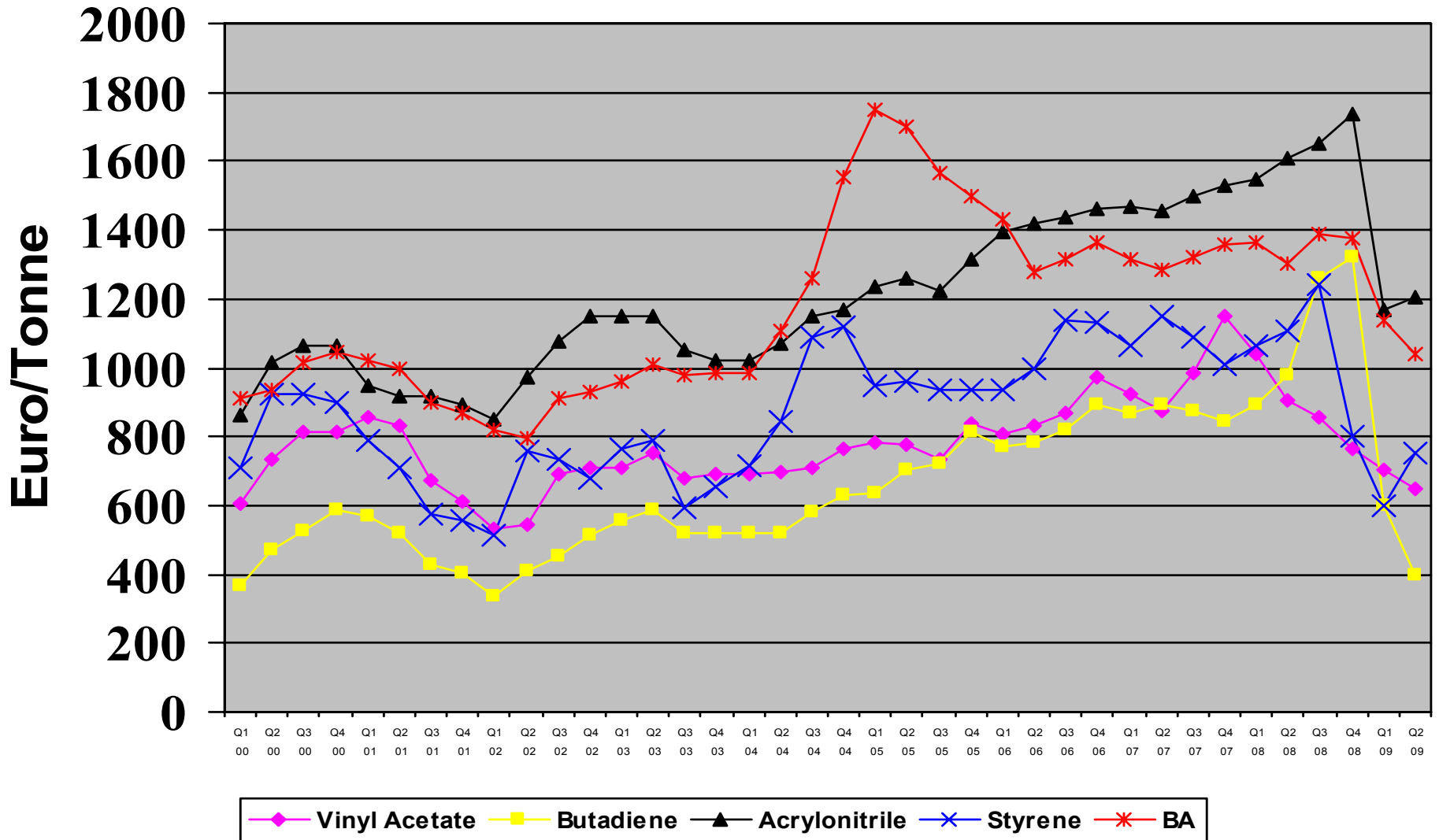
# Operational review - Polymers

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- Large differences in economic climate around our varying geographies
  - Volume recovery strongest in Asia
  - South Africa showing signs of further slow down
- Reduced operating cost base
  - Will deliver in excess of targeted £2.5m annualised cost reductions in 2009
  - Overall stock values declined by £16.5m from year end 2008
- Ongoing focus on New product Development
  - Growing sales of new Nitrile products
  - Additional R&D resources being hired
  - Improved global co-ordination



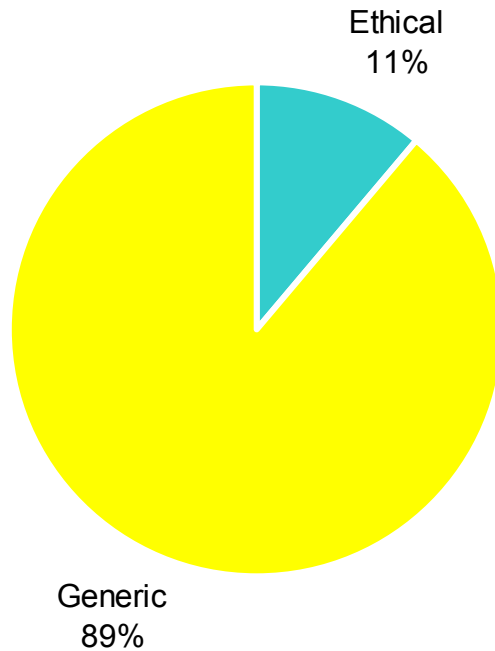
# RAW MATERIAL PRICES



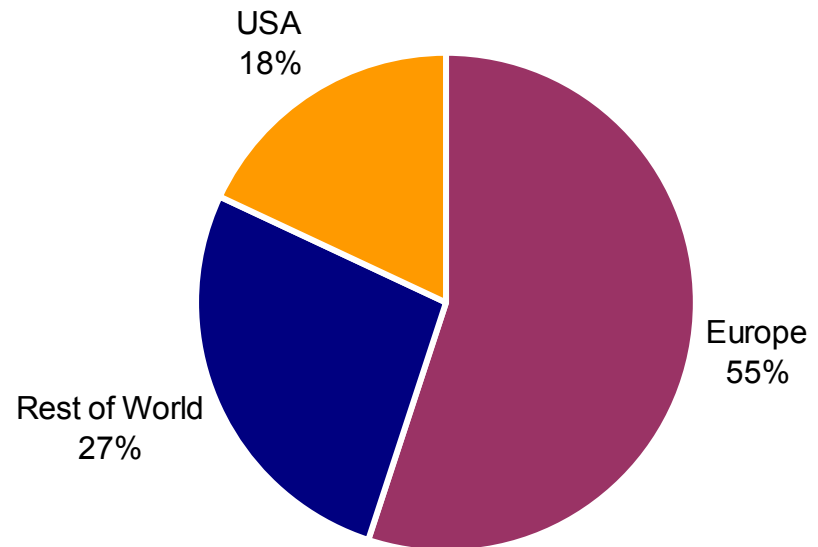
# Operational review – Pharma Chemicals

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## Sales by Market



## Sales by Territory



# Operational review – Pharma Chemicals

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- Improved operating profit of £3.7m (7% ahead)
  - Strong sales in Mexico following investment on 2 customer sponsored projects
  - Strong \$ helped margins and competitiveness
- Overall volumes slightly disappointing
  - Quiet Q2 in Spain
  - Some customers announced an intent to de-stock



# Operational review – Pharma Chemicals

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- Italian plant closed at the end of June
  - De-commissioning and demolition underway
  - Site should be available for sale H2 2010
- 50% sales growth from recently launched products
- Continue to explore options for Asian manufacturing capacity to ensure long term competitiveness



# Operational review – Impact Chemicals

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- 4 of the original 5 businesses sold at attractive prices
- Proceeds of £8.25m from the last of these sales (Oxford Chemicals) received in January
- Remaining business William Blythe has traded satisfactorily
  - Operating profit increased by 80% to £0.9m
  - Majority of markets showing significantly reduced demand
  - Several new customer projects in-hand



# Current status

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## Polymers

- Improved demand through H1
- H2 difficult to predict / dependant on continued pick up in general economic activity
- Raw materials starting to get tighter / more volatile
- VERY focussed on driving NPD / NBD and optimising costs

## Pharma

- Plant re-structuring largely complete
- Current demand sluggish
- Investment in new product pipeline continues

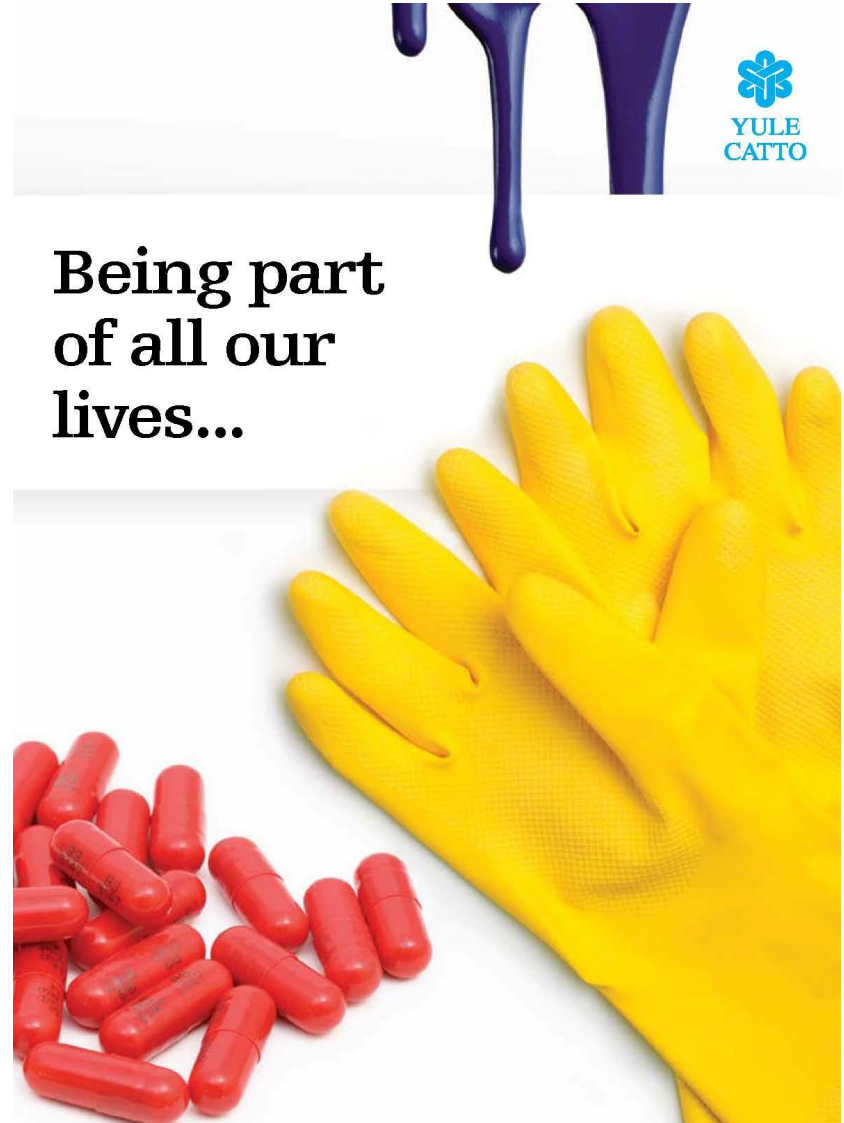


# Outlook

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- Anticipate full year profit before tax to be slightly ahead of the Boards previous expectations
- Very clear that annual Polymer volumes will be below 2008, BUT if current trends are maintained Q4 volumes should be ahead
- Pharma business should still see an improvement in full year operating profits





# 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
Olmесartan	Benicar	2016	877

\* Process patent, not molecule patent

