

3 November 2016

**Croda International Plc  
Trading update for the third quarter of 2016**

*Croda International Plc (“Croda” or the “Group”), the speciality chemical company that creates high performance ingredients and technologies relied upon by industries and consumers globally, today updates on its trading during the third quarter of 2016, ended 30 September 2016 (“Q3” or “the quarter”).*

**Continued profitable growth; full year outlook reaffirmed**

**Constant currency sales up 2.5%**

Third quarter constant currency sales increased by 2.5% and by 2.4% year to date. Innovation continues to enhance the product portfolio, with New and Protected Products (‘NPP’) accounting for 27.6% of year to date sales (2015: 26.4%). The quarter also benefited from Incotec, our seed enhancement business acquired in December 2015.

Third quarter sales continued broadly in line with first half year trends and profit was in line with our expectations. Sales rose by 20.1% to £315.3 million (Q3 2015: £262.5m). With over 95% of sales outside the UK, this largely reflected favourable currency translation, with the impact of weaker Sterling increasing sales by 17.6%. Year to date sales increased by 11.7% to £924.0m (2015: £827.1 million), with a favourable currency translation impact of 9.3%.

Underlying sales in the core business slowed slightly versus the second quarter, down 2.5% in the third quarter and 1.2% lower year to date, predominantly due to the adverse impact of lower pricing for our generic Omega 3 API.

**Continued innovation in Personal Care**

Personal Care continued to benefit from a richer product mix, with sales growth in Sederma, our skin actives business, supported by the launch of two new products – Visiblan and Mediatone; growth in our broad spectrum sun care ingredients; and record NPP sales, with strong progress in Asia, where customers are increasingly sophisticated in their innovation needs. We have identified a number of new opportunities for Inventiva, our recently acquired encapsulation technology business. Construction of our North American bio-surfactant project is progressing, with first production scheduled in 12 months time.

Sales in the quarter increased by 16.4% with constant currency sales down 1.9%, the latter reflecting the short term impact of reducing inventories as part of our programme to increase customer proximity by transferring customers in Asia from local distributors to direct sales.

**Growth in high purity delivery systems offsetting API weakness in Life Sciences**

Sales in Life Sciences rose 36.4% in the third quarter with constant currency sales up 19.6%. Underlying sales decreased by 8.2%, impacted by lower sales from our generic API contract in North America, due to reduced end market pricing. Excluding this contract, underlying sales in the remainder of Life Sciences rose 3.6% in the quarter, and we continue to focus on growing our diversified, IP-rich delivery systems across Health Care, Crop Protection and Seed Enhancement.

Our Health Care business saw double digit sales growth in the quarter in high purity excipient delivery systems. Regional growth was strong in Europe, supported by developing business in Asia and Latin America. New Omega-3 API sales are also progressing well, doubling last year’s sales value in the year to date.

In a sluggish market, Crop Care also showed underlying sales growth, particularly in North America and Asia, supported by success in our collaboration partnerships with multinational customers and growing NPP. The integration and repositioning of Incotec is nearing completion. This will focus and streamline the business to improve margin and deliver growth in future years.

### **Improving sales and margin in Performance Technologies**

The improving trend in Performance Technologies continued, with reported sales up 18.0% in the quarter and constant currency sales returning to growth, up 0.3%. The business is developing closer ties with North American and Asian customers and is delivering more innovation across all markets. The quarter saw an excellent performance in Coatings and Polymers, which included the registration of MyCroFence™, a novel non-leaching antimicrobial technology acquired in 2014. Geo Technologies continued to see top line recovery. The Performance Technologies operating margin continues to improve, moving towards our medium term target of 20%.

### **Further refinement in Industrial Chemicals**

Sales in Industrial Chemicals increased 10.2%, with constant currency sales declining by 6.2% in the quarter, the latter reflecting our programme to reduce the proportion of low value-add co-stream products and tolling contracts in this sector. We continue to develop NPP to expand our range of value added products.

### **Outlook reaffirmed**

Demand remains subdued in a number of our end markets, while profitability continues to be strong, supported by improved product mix and innovation. We expect to deliver our profit expectations for the full year and Sterling weakness continues to benefit our reported results.

### **Further information**

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*A conference call for investors and analysts will be held at 0900h GMT on 3 November 2016. Dial in +44 203 139 4830 with conference ID 82745793#*

### **Notes:**

*Sales in Latin America are primarily based on US dollars, which is used as the functional currency for constant currency sales translation in that region.*

*The core business comprises Personal Care, Life Sciences and Performance Technologies. The Industrial Chemicals sector sells co-streams, undertakes toll processing and develops novel industrial applications.*

*APIs are active pharmaceutical ingredients sold in the Life Sciences sector.*

*Operating margin is adjusted operating profit divided by sales, at constant currency. Adjusted operating profit is stated before exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition.*

	First quarter %	Second quarter %	First half %	Third quarter %	Year to date %
<b>2016 constant currency sales</b>					
Personal Care	(1.1)	0.2	(0.5)	(1.9)	(0.9)
Life Sciences	27.4	12.7	19.1	19.6	20.1
Performance Technologies	(0.6)	(0.1)	(0.3)	0.3	(0.2)
Core business	5.8	3.0	4.1	3.7	4.2
Industrial Chemicals	(10.7)	(14.1)	(12.4)	(6.2)	(10.5)
Group	3.8	0.8	2.1	2.5	2.4

*Constant currency sales are presented by translating current year sales for existing business at prior year average foreign exchange rates, and include the impact of acquisitions and disposals*

	First quarter %	Second quarter %	First half %	Third quarter %	Year to date %
<b>2016 reported sales</b>					
Personal Care	3.0	7.5	5.2	16.4	8.8
Life Sciences	31.6	19.3	25.6	36.4	29.0
Performance Technologies	3.2	7.3	5.3	18.0	9.3
Core business	9.8	10.1	9.9	21.4	13.6
Industrial Chemicals	(7.8)	(7.9)	(7.9)	10.2	(2.2)
Group	7.7	7.9	7.8	20.1	11.7

*Reported sales are translated at current year average foreign exchange rates and compared with reported sales for the prior year, and include the impact of acquisitions and disposals*

	First quarter %	Second quarter %	First half %	Third quarter %	Year to date %
<b>2016 underlying sales</b>					
Personal Care	(1.1)	0.2	(0.5)	(2.0)	(0.9)
Life Sciences	4.6	(7.1)	(1.0)	(8.2)	(3.3)
Performance Technologies	(0.6)	(0.1)	(0.3)	0.3	(0.2)
Core business	0.4	(1.5)	(0.5)	(2.5)	(1.2)
Industrial Chemicals	(10.7)	(14.1)	(12.4)	(6.2)	(10.5)
Group	(0.9)	(3.0)	(2.0)	(2.9)	(2.3)

*Underlying sales are presented at constant currency and exclude the impact of acquisitions and disposals*