

## Press Release

---

25 April 2018

### Trading Update for the First Quarter 2018

#### Encouraging start to 2018

*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 first quarter 2018, ended 31 March 2018 ('Q1' or 'the quarter').*

#### Growing the Core – robust constant currency sales growth

The topline momentum seen through 2017 continued into Q1. Constant currency sales for the Core Business increased 4.0%, reflecting strong volume growth across the Group's consumer businesses. Personal Care was the standout performer, with the Crop Care business in Life Sciences also growing strongly. Performance Technologies reduced sales volume in lower margin products. Currency translation reduced sales by 5.3%, with reported currency sales for the Group 2.7% lower. Return on sales for the Group increased slightly in the quarter.

<u>Sales growth</u>	<u>%</u>
<b>Constant currency:</b>	
Personal Care	7.6
Life Sciences	4.1
Performance Technologies	0.2
<b>Core Business</b>	<b>4.0</b>
Industrial Chemicals	(10.2)
<b>Group (constant currency)</b>	<b>2.6</b>
Currency translation	(5.3)
<b>Group (reported currency)</b>	<b>(2.7)</b>

#### Excellent sales growth in Personal Care

Constant currency sales in Personal Care rose 7.6%. Demand was strong in all three business units – Beauty Actives, Beauty Effects and Beauty Formulation. Growth was driven equally by volume and price/mix, with successful recovery of higher raw material costs, particularly in Beauty Formulation. Demand from multinationals strengthened and innovation continued across the sector, with a further improvement in New and Protected Product (NPP) sales.

#### Robust sales growth in Life Sciences

Constant currency sales in Life Sciences increased 4.1%. Sales volume continued to grow in Crop Protection and Seed Enhancement, the former benefiting from increased collaboration with multinational and local customers, with the latter driven by demand in vegetables and film coatings. The acquisition of Plant Impact has introduced rich opportunities in biostimulants, with a limited adverse profit impact anticipated in 2018 whilst the business is scaled up. Health Care saw good excipient sales growth, helping offset the loss of sales from our former North American API contract.

#### Transitioning to higher value products in Performance Technologies

Constant currency sales in Performance Technologies grew by 0.2%. We made further progress in shifting our focus to higher value products, leading to volume being significantly lower but price/mix stronger, moving the sector towards its medium term return on sales target of 20%. We successfully recovered raw material price increases during the quarter and IonPhasE has had a positive start following its acquisition in December.

#### Stretching the Growth – investment in disruptive technologies

We have continued to invest in disruptive technologies in core markets and market adjacencies. During the quarter we completed the acquisition of Nautilus, a marine biotechnology company which has potential applications in Personal Care actives and other markets, alongside the acquisition of Plant Impact in Life Sciences. Our open innovation programme is supplementing

internal R&D investment, whilst our smart partnering initiative saw the launch of an exciting range of innovative special effect pigments into the premium colour cosmetics market.

## **Outlook affirmed**

Commenting on the trading update, Steve Foots, Chief Executive Officer, said:

“We are focused on our strategy of ‘Growing the Core’, driving top line growth at industry leading margins to achieve superior returns, and ‘Stretching the Growth’, accelerating delivery across our markets. I am pleased with the encouraging start to 2018, with momentum in our consumer businesses and continued progress towards our profitability goal in Performance Technologies. We are on track to deliver our expectations for the year.”

## **Further information**

A conference call for investors and analysts will be held at 0830 BST on 25 April 2018. Dial in +44 800 358 9473, conference ID 23710818#.

For enquiries contact:

Investors: Conleth Campbell, VP Investor Relations, Croda	+44 1405 860551
Press: Charlie Armitstead, Teneo Blue Rubicon	+44 7703 330 269

Non statutory financial terms and other definitions are as follows:

*Constant currency sales:* these reflect current year results for existing business translated at the prior year period's average exchange rates, and include the impact of acquisitions. Sales in Latin America are primarily based in US dollars, which is used as the functional currency for constant currency sales translation.

*Return on sales:* this is adjusted operating profit divided by sales. Adjusted operating profit is profit before exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition.

*Core Business:* this comprises Personal Care, Life Sciences and Performance Technologies.

*API:* Active Pharmaceutical Ingredient.