Croda International Plc
2018 Full Year Results

February 2019
Cautionary statement and definitions

Cautionary statement
This review is intended to focus on matters which are relevant to the interests of shareholders in the Company. The purpose of the review is to assist shareholders in assessing the strategies adopted and performance delivered by the Company and the potential for those strategies to succeed. It should not be relied upon by any other party or for any other purpose. Forward looking statements are made in good faith, based on a number of assumptions concerning future events and information available to the Directors at the time of their approval of this report. These forward looking statements should be treated with caution due to the inherent uncertainties underlying such forward looking information. The user of this review should not rely unduly on these forward looking statements, which are not a guarantee of performance and which are subject to a number of uncertainties and other facts, many of which are outside the Company’s control and could cause actual events to differ materially from those in these statements. No guarantee can be given of future results, levels of activity, performance or achievements.

Adjusted results
Unless otherwise stated, all performance data refers to adjusted results. These are stated before exceptional items (including discontinued business costs), acquisition costs and amortisation of intangible assets arising on acquisition, and tax thereon. The Board believes that the adjusted presentation (and the columnar format adopted for the Group income statement) assists shareholders by providing a meaningful basis upon which to analyse underlying business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each half year and full year results.

Constant currency results
All data is at reported currency rates unless otherwise stated. Reported currency results reflect current year performance translated at reported rates (actual average exchange rates). Constant currency results reflect current year performance for existing business translated at the prior year’s average exchange rates and include the impact of acquisitions. For constant currency profit, translation is performed using the entity reporting currency. For constant currency sales, local currency sales are translated into the most relevant functional currency of the destination country of sale (for example, sales in Latin America are primarily made in US dollars, which is therefore used as the functional currency). Sales in functional currency are then translated into Sterling using the prior year’s average rates for the corresponding period. Constant currency results are reconciled to reported results in the Finance Review.

Non-statutory terms are defined in the ‘Alternative Performance Measures’ section of the Finance Review in the Full Year Results Statement.

The Core Business comprises Personal Care, Life Sciences and Performance Technologies.
2018 Full year results

Performance Highlights

<table>
<thead>
<tr>
<th>Strategy Delivery</th>
<th>Sales</th>
<th>Margin</th>
<th>Profit</th>
<th>Cash generation</th>
<th>Acquisition</th>
<th>Shareholder returns</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Top line momentum continues</td>
<td>Greater innovation driving increased margin</td>
<td>Growing faster than sales</td>
<td>Improved free cash flow</td>
<td>BioSector expands high value Health Care</td>
<td>Special dividend - £150m</td>
</tr>
</tbody>
</table>
## Delivering sustained sales and profit growth

### Continued top line momentum

- **Reported currency sales**
  - Group
  - +1.0%
  - +3.8%

- **Constant currency sales**
  - Core Business

### ‘Value over volume’

- **Return on sales**
  - 24.7%
  - +50 bps

- **Year on year change**

### Strong EPS growth

- **Basic EPS**
  - 190.2p
  - +8.8%

### A strong business getting stronger

Return on sales is adjusted operating profit divided by sales, at reported currency.

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Innovation you can build on™
Consistent top line momentum

Strong consumer sales growth

- Personal Care: +6.8%
- Life Sciences: +6.7%
- Performance Technologies: +2.8%
- +1.4%

With growth across all regions

- Europe: +3%
- North America: +4%
- Asia: +7%
- Latin America: +9%

Sixth consecutive year of NPP growth

- 2012: 20.5%
- 2014: 23.4%
- 2016: 27.5%
- 2018: 28.2%

NPP % sales

Constant currency
*Excluding API exit

Innovation you can build on™
Personal Care
Strong sales growth & robust margin

Strong sales growth

<table>
<thead>
<tr>
<th>Sales</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>+6.8%</td>
<td>+4.9%</td>
</tr>
</tbody>
</table>

Robust margin

Return on sales

32.9%

-40 bps

Modest mix impact

Growth in all 3 businesses

- High single digit % growth in Beauty Actives
- Solid growth in Beauty Effects
- Improved MNC engagement in Beauty Formulation
- Record NPP sales – 43%
- Increased technology investment
  - Actives
  - R&D
  - Biotechnology
  - Digital

Sales and operating profit growth in constant currency
Return on sales is adjusted operating profit divided by sales, at reported currency

Innovation you can build on™
Life Sciences
Fast growth & technology-led acquisitions

Growth driven by strong high purity excipient sales

<table>
<thead>
<tr>
<th>Sales</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>+2.8%</td>
<td>+3.1%</td>
</tr>
</tbody>
</table>

Strong margin despite Plant Impact investment

Return on sales

\[ 29.5\% \]

\[-60\text{ bps}\]

YOY change

Strong growth offsets API exit

- Health Care sales maintained – API contract exit fully replaced
- Supported by 30% growth in high purity excipients
- Mid single digit % sales growth in Crop Protection

Stretch the Growth

- Biosector establishes access to exciting new Health Care market
- Seed Enhancement profit doubled in 3 years
- Plant Impact acquisition into third Crop market

Sales and operating profit growth in constant currency
Return on sales is adjusted operating profit divided by sales, at reported currency
Performance Technologies
Superior growth in profitability

Third year of double digit % profit growth

Driving ‘value over volume’

Return on sales

18.7%

+220 bps

YOY change

Transition to higher value products

- Lower margin products exited – volume 8% lower
- Market-leading profitability achieved

Grow the Core

- 3 core technology platforms established
- Growth in Energy Technologies – environmentally friendly additives
- IonPhasE integrated

Sales and operating profit growth in constant currency
Return on sales is adjusted operating profit divided by sales, at reported currency

Innovation you can build on™
Financial Performance

Jez Maiden – Group Finance Director
## Sustained top and bottom line growth

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
<th>2018 reported</th>
<th>Reported currency change</th>
<th>Constant currency change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,386.9</td>
<td></td>
<td>1.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>342.5</td>
<td></td>
<td>3.1%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Net interest</td>
<td>(11.0)</td>
<td></td>
<td>7.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>331.5</td>
<td></td>
<td>3.5%</td>
<td>6.2%</td>
</tr>
<tr>
<td>IFRS profit before tax</td>
<td>317.8</td>
<td></td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>190.2p</td>
<td></td>
<td>6.3%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Proposed ordinary dividend</td>
<td>87.0p</td>
<td></td>
<td>7.4%</td>
<td></td>
</tr>
<tr>
<td>Special dividend</td>
<td>115.0p</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Positive percentage indicates favourable variance
Growing the Core

Sales £m

Constant currency sales +2.9%

Early stage sales in technology-led acquisitions

Technology investments are IonPhasE and Plant Impact
Profit growth ahead of sales growth

Adjusted operating profit £m

2017 reported: 332.2
Underlying growth: 24.8
Technology investments: -1.7% (5.6)
Currency translation: -2.7% (8.9)
2018 reported: 342.5

Cost investment in technology-led acquisitions

Technology investments are IonPhasE, Plant Impact, Nautilus, Cutitronics and SiSaf
Improved profit across the Core Business

Adjusted operating profit £m

<table>
<thead>
<tr>
<th>Category</th>
<th>2017 reported</th>
<th>2018 reported</th>
<th>Change</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care</td>
<td>7.6</td>
<td>11.3</td>
<td>+4.9%</td>
<td>+53.1%</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>3.0</td>
<td>3.0</td>
<td>+3.1%</td>
<td>+3.1%</td>
</tr>
<tr>
<td>Performance Technologies</td>
<td>11.3</td>
<td>11.3</td>
<td>+15.0%</td>
<td>+15.0%</td>
</tr>
<tr>
<td>Industrial Chemicals</td>
<td>(2.7)</td>
<td>(2.7)</td>
<td>(2.7)</td>
<td>(2.7)</td>
</tr>
<tr>
<td>Currency translation</td>
<td>(8.9)</td>
<td>(8.9)</td>
<td>(8.9)</td>
<td>(8.9)</td>
</tr>
<tr>
<td>Total</td>
<td>332.2</td>
<td>342.5</td>
<td>+10.3%</td>
<td>+3.1%</td>
</tr>
</tbody>
</table>
Strong EPS growth driven by sales & margin

Basic EPS, p

Constant currency PBT +6.2%

- 2017 EPS reported: 179.0
- 2018 EPS reported: 190.2

Sales growth: +2.9%
Operating margin: +2.9%
Interest: +0.4%
Tax rate: 2.6%
FX: -2.5%

Overall increase: +6.3%
Robust financial platform supported by reducing capital investment

Net capital investment reducing

<table>
<thead>
<tr>
<th>Year</th>
<th>Other</th>
<th>Bio</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>£65m</td>
<td>£92m</td>
<td>£157m</td>
</tr>
<tr>
<td>2018</td>
<td>£70m</td>
<td>£33m</td>
<td>£103m</td>
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</table>

Free cash flow increasing

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>£99m</td>
</tr>
<tr>
<td>2018</td>
<td>£155m</td>
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</tbody>
</table>

Leverage broadly flat

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>£382m</td>
</tr>
<tr>
<td>2018</td>
<td>£426m</td>
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</table>

Minimal pension deficit

<table>
<thead>
<tr>
<th>Year</th>
<th>Pension Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>£21m</td>
</tr>
<tr>
<td>2018</td>
<td>£12m</td>
</tr>
</tbody>
</table>

Leverage: Net debt / EBITDA. Net debt, EBITDA and free cash flow are defined in Results Press Release (Finance Review).
Pension deficit on IAS19 basis, after tax.

Innovation you can build on™
Additional financial information

- ECO start up
- Technology investments
- IFRS 16
- Currency translation
  - 2018 average rates: $1.334/£1, €1.130/£1
Investing for the Future
Stretching the Growth
Relentless innovation

INVESTING IN INNOVATION

Premium Niches

R&D

Smart Partnering

Sustainability

Technology acquisitions

Digitalisation

Stretching the Growth across our 3 core sectors
An established, powerful organic R&D model...

**Highlights**

- Doubled R&D facilities in last 4 years
- Moving closer to customers with local solutions
- 34 laboratories across 17 countries
- Highly co-ordinated R&D network
- Strong innovation pipeline for next 3-5 years

**R&D Locations**

- **North America**
  - 6 in 2018
  - 2 in 2014
- **Western Europe**
  - 14 in 2018
  - 8 in 2014
- **Asia Pacific**
  - 9 in 2018
  - 4 in 2014
- **Latin America**
  - 4 in 2018
  - 1 in 2014
- **EEMEA**
  - 1 in 2018
  - 1 in 2014
…supplemented by a powerful innovation model

Input

Organic R&D

Output

- Growing NPP
- Increased IP
- Higher margins
- Stronger cash generation & returns

Culture of Innovation

Open Innovation

Technology Investment
Croda innovation – keeping a step ahead

Accelerating number of Technology Investments (TI)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10 completed</td>
<td>4</td>
</tr>
</tbody>
</table>

Growing sales from new technologies

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>+250%</td>
<td></td>
</tr>
</tbody>
</table>

Increasing number of Open Innovation (OI) partners

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>71</td>
<td>&gt;6x</td>
<td>463</td>
</tr>
</tbody>
</table>

Significant innovation pipeline

>20% current sales*

*Management’s estimated value of current innovation pipeline on a risk-adjusted basis over the next 3 to 5 years
Sales from “new technologies” are from technology investments (excl. Incotec) and technology platforms created organically
Innovation in Personal Care
Accelerating in premium market niches

**Organic growth - Crystalide™**
- Preserves skin transparency
- Improves skin surface quality

**Infraveil™ IR protection**
- Patented new infra-red ageing protection
- Independently validated by recognised experts

**Doubling NPP sales in six years**
- Skin and hair actives
- Plant cell culture
- Sun care actives
- Biotechnology

**Closer to customers in Japan**
- 80% increase in customer contact
- 120% increase in customer projects
- 21% sales growth in 2018
Innovation in Life Sciences
 Investing in high value niches

- Incotec profit doubled since acquisition
  - Invested in technology & manufacturing
  - Acquired technology synergies delivered
  - Seed enhancement products gaining new customers

- Fast growth in high purity excipients
  - 30% increase in sales in 2018
  - Doubling manufacturing in USA
  - Investing in new purification technology

- Creating global R&D scale in Crop
  - Mid-single digit sales growth
  - Expansion in USA, Latam and Asia
  - Plant Impact entry to biostimulants market

- Biosector vaccine adjuvant specialist
  - Extension to fast growth excipient portfolio
  - Human vaccine market 9.0% CAGR
  - Veterinary vaccine market 5.5% CAGR

CAGRs are 2018 - 2025
Innovation in Performance Technologies
Improved performance through value add

Introducing sustainable fabric protection
- Superior performance - delivers colour protection, softness & odour control
- Extends fabric life
- Renewable ingredient

Building in fast growth Smart Materials
- Success in electronic adhesives & coatings
- Speciality additives in high value niches
- Will drive stronger NPP growth

Shifting focus in Energy Technologies
- Investment in people & capability
- Speciality additives in high value niches – lower CO2 emissions
- New lubricant testing laboratory in Singapore

Growing our Flow Assurance acquisition
- Sales increased 300% since acquisition
- Strong NPP growth
- Closer to customers with Texas laboratory
Innovation through Digital

Adapting to evolving customer needs
- New services – eg CutiTron™ device
- Precision agriculture collaborations
- Big data supporting field trials

Connecting with new customers
- Creating new channels to market
- Connecting with customers – ingredient data on demand
- Single customer view

Accelerating new product development
- Computerised molecule synthesis
- High throughput screening at MIF & Nautilus
- Better knowledge management/sharing

Delivering with certainty
- Optimising our supply chain
- Improving availability and reducing working capital
- AI in manufacturing
Innovation is delivering returns

Accelerating Innovation

- 6 Successive years of NPP growth
- >6x Increase in number of technology partners since 2013
- 10.4x R&D ROI for every £1 invested in R&D
- 2,000 New customers in last 2 years

Increasing IP

- 66% Increase in number of patents granted in last 2 years
- 450% Increase in number of open innovation projects since 2014
- £218m Invested in last 4 years in technology-led acquisitions
- >£100m New sales from technology-led platforms since 2012

Driving industry leading margins and strong cash generation
**Confident outlook**

<table>
<thead>
<tr>
<th>Summary</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Delivering strong performance</td>
<td>▪ Continue to invest for the future</td>
</tr>
<tr>
<td>▪ Sales and profit growth in all three core sectors</td>
<td>▪ Improving free cash flow</td>
</tr>
<tr>
<td>▪ Investing in Stretching the Growth</td>
<td>▪ Further progress expected in 2019</td>
</tr>
<tr>
<td>▪ Excess capital returned</td>
<td></td>
</tr>
</tbody>
</table>
Additional material
## H1/H2 sales analysis

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2018</th>
<th>H2 2018</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Care</strong></td>
<td>247.7</td>
<td>240.1</td>
<td>487.8</td>
</tr>
<tr>
<td><strong>Life Sciences</strong></td>
<td>158.6</td>
<td>165.9</td>
<td>324.5</td>
</tr>
<tr>
<td><strong>Performance Technologies</strong></td>
<td>235.9</td>
<td>220.5</td>
<td>456.4</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>642.2</td>
<td>626.5</td>
<td>1,268.7</td>
</tr>
<tr>
<td><strong>Industrial Chemicals</strong></td>
<td>60.6</td>
<td>57.6</td>
<td>118.2</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>702.8</td>
<td>684.1</td>
<td>1,386.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% change</th>
<th>H1 2018</th>
<th>H2 2018</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Care</strong></td>
<td>3.9</td>
<td>5.2</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Life Sciences</strong></td>
<td>(2.3)</td>
<td>3.6</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Performance Technologies</strong></td>
<td>(1.7)</td>
<td>1.6</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>0.2</td>
<td>3.5</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Industrial Chemicals</strong></td>
<td>(9.1)</td>
<td>(4.5)</td>
<td>(6.9)</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>(0.6)</td>
<td>2.3</td>
<td>1.0</td>
</tr>
</tbody>
</table>
# H1/H2 operating profit analysis

<table>
<thead>
<tr>
<th></th>
<th>H1 2018</th>
<th>H2 2018</th>
<th>FY 2018</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit (£m):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Care</td>
<td>84.4</td>
<td>75.9</td>
<td>160.3</td>
<td>155.5</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>47.4</td>
<td>48.4</td>
<td>95.8</td>
<td>97.0</td>
</tr>
<tr>
<td>Performance Technologies</td>
<td>45.6</td>
<td>39.6</td>
<td>85.2</td>
<td>75.4</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>177.4</td>
<td>163.9</td>
<td>341.3</td>
<td>327.9</td>
</tr>
<tr>
<td>Industrial Chemicals</td>
<td>1.1</td>
<td>0.1</td>
<td>1.2</td>
<td>4.3</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>178.5</td>
<td>164.0</td>
<td>342.5</td>
<td>332.2</td>
</tr>
<tr>
<td><strong>Return on sales (%):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Care</td>
<td>34.1</td>
<td>31.6</td>
<td>32.9</td>
<td>33.3</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>29.9</td>
<td>29.2</td>
<td>29.5</td>
<td>30.1</td>
</tr>
<tr>
<td>Performance Technologies</td>
<td>19.3</td>
<td>18.0</td>
<td>18.7</td>
<td>16.5</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>27.6</td>
<td>26.2</td>
<td>26.9</td>
<td>26.3</td>
</tr>
<tr>
<td>Industrial Chemicals</td>
<td>1.8</td>
<td>0.2</td>
<td>1.0</td>
<td>3.4</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>25.4</td>
<td>24.0</td>
<td>24.7</td>
<td>24.2</td>
</tr>
</tbody>
</table>

Return on sales is adjusted operating profit divided by sales, at reported currency.
## Retirement benefit deficit (IAS19 basis)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of assets</td>
<td>1,272.7</td>
<td>1,304.8</td>
</tr>
<tr>
<td>Value of liabilities</td>
<td>(1,291.2)</td>
<td>(1,335.3)</td>
</tr>
<tr>
<td>Deficit pre tax</td>
<td>(18.5)</td>
<td>(30.5)</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>6.1</td>
<td>9.4</td>
</tr>
<tr>
<td>Deficit post tax</td>
<td>(12.4)</td>
<td>(21.1)</td>
</tr>
</tbody>
</table>
Capital allocation model

**Capital Policy**
- **Reinvest to grow**
  - 1.5x depreciation typically
- **Regular dividend**
  - 40-50% EPS pay-out over cycle
- **Disciplined approach to acquisitions**
- **Excess capital returned**
  - 1-1.5x leverage

**Year-end leverage 1.1x**

Leverage excludes retirement benefit deficit