

Press Release

1 November 2018

Trading Update for the Third Quarter 2018

Innovation driving continued sales momentum in Personal Care and Life Sciences

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 2018, ended 30 September 2018 ('Q3' or 'the quarter').

Growing the Core – Core Business constant currency sales up 4.5%

The sales momentum seen in the first half of the year continued in Q3, with further growth across all regions and increased innovation. Constant currency sales grew by 3.4%, with the Core Business up 4.5%, driven by a strong performance in the Group's consumer businesses. Core Business year to date growth was 4.7%. Sales of New and Protected Products (NPP) reached 28.4% of total sales, with double digit percentage growth in Personal Care and a robust pipeline of new opportunities and technologies across all sectors.

In reported currency, Q3 sales for the Group were 2.9% higher and up 0.5% year to date, with currency translation headwinds moderating. Year to date profit margin continued slightly above prior year, reflecting improved product mix and pricing, growing value ahead of volume.

Personal Care sales growth driven by innovation

Constant currency sales in Personal Care were up 4.9% in Q3 and 7.8% year to date, reflecting both price/mix and volume improvements. Demand was robust in all three business units, led by the innovation-rich Beauty Actives business. Sales to multinational customers continued to improve, with Croda ingredients selected for several major product launches, supporting ongoing growth with regional and local customers. All regions saw progress, led by healthy demand in Asia and North America, and a steady recovery in Latin America. NPP sales reached a record proportion of sector sales.

Excellent sales growth in Life Sciences

In Life Sciences constant currency sales were up 8.5% (9.3% excluding the impact of the North American API contract which we exited at the end of 2017). Year to date constant currency sales were 4.2% higher (8.0% excluding the exited API contract). The Q3 performance reflected strong sales in Health Care, driven by increased global demand for high purity excipients for complex drug delivery systems and expansion into regional drug markets, such as India. Following good growth in the first half of the year, sales in Crop Protection moderated in Q3 but nevertheless saw progress with smaller customers. Our Seed Enhancement business, Incotec, continued to grow following recent investment to improve innovation facilities in Europe and China. The integration of our latest crop technology acquisition, Plant Impact, is progressing well, with sales development actively supported by Croda's global sales team.

Continued progress in transition to higher value in Performance Technologies

In Performance Technologies constant currency sales grew by 1.8% in Q3 and by 1.7% year to date. Price/mix continued to improve in Q3, with volume declining as low margin business was shed, although at a lower rate than the first half of the year as the programme passed its anniversary. This improvement in value over volume is being progressively supported by an increase in NPP sales. Energy Technologies saw further demand for biodegradable lubricant additives, as customers look to improve the sustainability of their products by using Croda ingredients. In Smart Materials, we continue to identify new opportunities for IonPhase, our recent acquisition in static dissipative polymers.

Stretching the Growth – connecting to faster growth markets

We are accelerating sales in our core markets; creating more technology, NPP and intellectual property; and delivering disciplined capital allocation. During Q3 we successfully commissioned our

biosurfactants plant in North America and launched our 'Eco' range of biobased surfactants, designed to meet increasing market demand for sustainable, high performance ingredients. In Personal Care, we globally launched our Moonshine™ range of innovative special effect pigments for the fast growing premium colour cosmetics market. In Life Sciences, we invested in Sisaf, a pioneering UK-based bio-pharmaceutical company, to develop a new range of novel drug delivery solutions.

Outlook affirmed

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

“This has been another strong, consistent quarter of growth for Croda. It is encouraging to see ongoing momentum in our consumer businesses, underpinned by innovation and our unique customer intimacy, supported by our 'value over volume' progress in Performance Technologies. We are delivering 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. We are on track to deliver our expectations for the year.”

Further information

A conference call for investors and analysts will be held at 0800 GMT on 1 November 2018. Dial in +44 (0) 800 358 9473, conference ID 96714038#.

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	First half	Third quarter	Year to date
2018 constant currency sales	%	%	%
Personal Care	+9.3	+4.9	+7.8
Life Sciences	+2.3	+8.5	+4.2
Performance Technologies	+1.7	+1.8	+1.7
Core Business	+4.7	+4.5	+4.7
Industrial Chemicals	(7.0)	(8.3)	(7.4)
Group	+3.6	+3.4	+3.5

	First half	Third quarter	Year to date
2018 reported currency sales	%	%	%
Personal Care	+3.9	+4.8	+4.2
Life Sciences	(2.3)	+7.5	+0.7
Performance Technologies	(1.7)	+1.4	(0.7)
Core Business	+0.2	+4.2	+1.5
Industrial Chemicals	(9.1)	(9.4)	(9.3)
Group	(0.6)	+2.9	+0.5

Non-statutory financial terms and other definitions are as follows:

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. 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.

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

The Core Business comprises Personal Care, Life Sciences and Performance Technologies.

API is Active Pharmaceutical Ingredient.