

# Croda Capital Markets Event

A woman with long, wavy brown hair is shown in profile, looking towards the left. She is wearing a light-colored, short-sleeved top and a watch on her left wrist. The background is a scenic view of Paris, featuring the Eiffel Tower prominently in the center-left, with the city skyline and a cloudy sky visible behind it.

Steve Foots, Group Chief Executive

Innovation you can build on™

**CRODA**

# Cautionary statement

---

This presentation contains forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances in countries and sectors in which Croda operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. You are cautioned not to place any undue reliance on such forward looking statements. No statement in this presentation is intended to be a profit forecast.

# Objectives for our Capital Markets Event

## ***Consumer Markets***

- Deep dive into Personal Care & Health Care
- Croda is different

## ***Executing Strategy***

- Winning by getting closer to customers
- Winning through bigger and better innovation

## ***Our Team***

- Meet the senior team
- Informative discussions

# Programme

---

## **Thursday 17 March**

14:00	Welcome to Sederma	Steve Foots
	Strategic opportunities in Personal Care	
	➤ Global market	Sandra Breene
	➤ Innovation in Actives	Arnaud Fournial
	<i>Q&amp;A and insight tour after this session</i>	
19:30	Drinks and dinner discussions at Trianon Palace	Croda management team

## **Friday 18 March (Trianon Palace)**

09:00	Delivering our Strategy	Steve Foots
	Bigger and better innovation	Dr Keith Layden
	<i>Q&amp;A will follow this session</i>	
	Opportunities in Health Care excipients	Dr Dave Cherry
	Growing Personal Care in Asia	Dr Nick Challoner
	<i>Q&amp;A will follow this session</i>	
	Wrap-up	Steve Foots
12:00	Close and lunch	

# Meet members of our senior team

## Board



Steve Foots  
Group Chief Executive



Jez Maiden  
Group Finance Director



Keith Layden  
Chief Technology Officer  
& President Life Sciences

## Executive



Stuart Arnott  
President  
Operations



Maarten Heybroek  
President  
PTIC



Sandra Breene  
President  
Personal Care & Actives



Nick Challoner  
President  
Asia Pacific



Graham Myers  
Group Financial  
Controller



Anthony Fitzpatrick  
President  
Corporate Development

## Senior management



Dave Cherry  
Managing Director  
Health Care



Arnaud Fournial  
Managing Director  
Actives

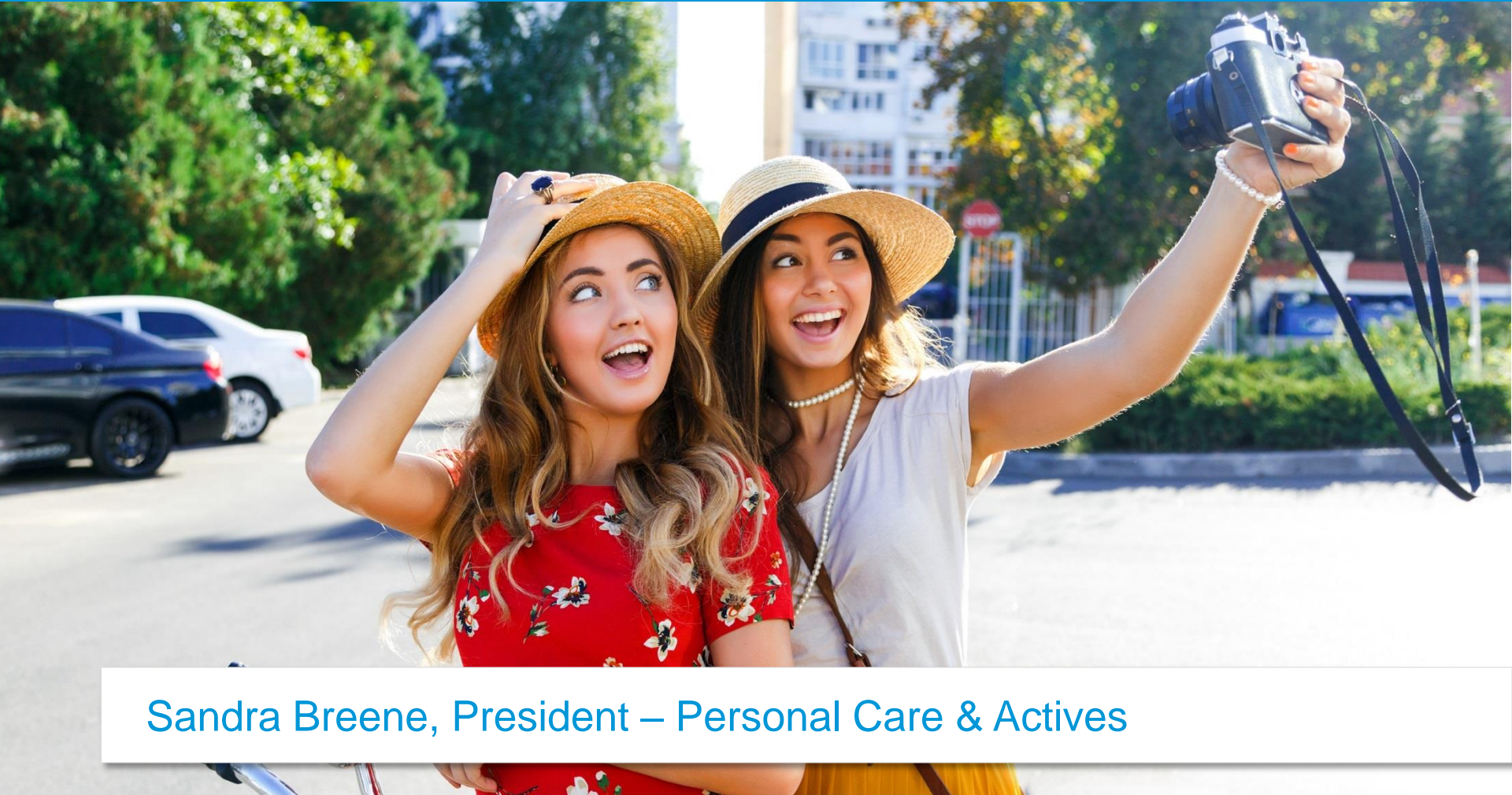


Chris Sayner  
VP Global Key Accounts



Conleth Campbell  
VP Investor Relations  
and Corporate Finance

# Strategic Opportunities in Personal Care



Sandra Breene, President – Personal Care & Actives

# Strategic Opportunities in Personal Care

## ***Global Personal Care***

- Key trends
- Getting closer to our customers

## ***Skin Actives***

- A story of innovation
- Bigger and better innovation

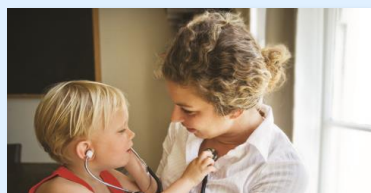
## ***Personal Care in Asia***

- Market opportunities
- Customer intimacy

# Mega trends driving growth



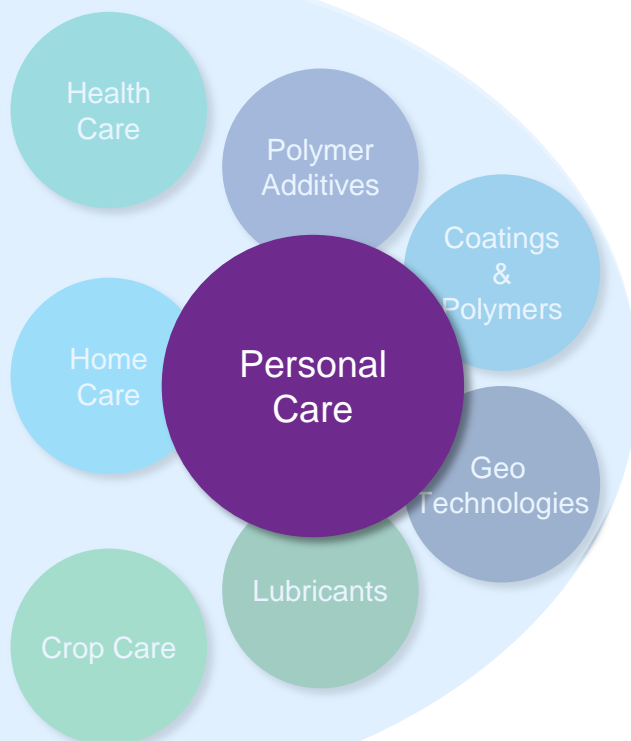
Beauty and ageing



Health and well-being



Sustainability



Digitalisation and 'Indie revolution'

Supply chain disruption

Demand for high performance

Demand for instant as well as longer term results

"Personalised" products

Rising middle class in emerging markets

Cross-pollination of consumer habits through culture fusion

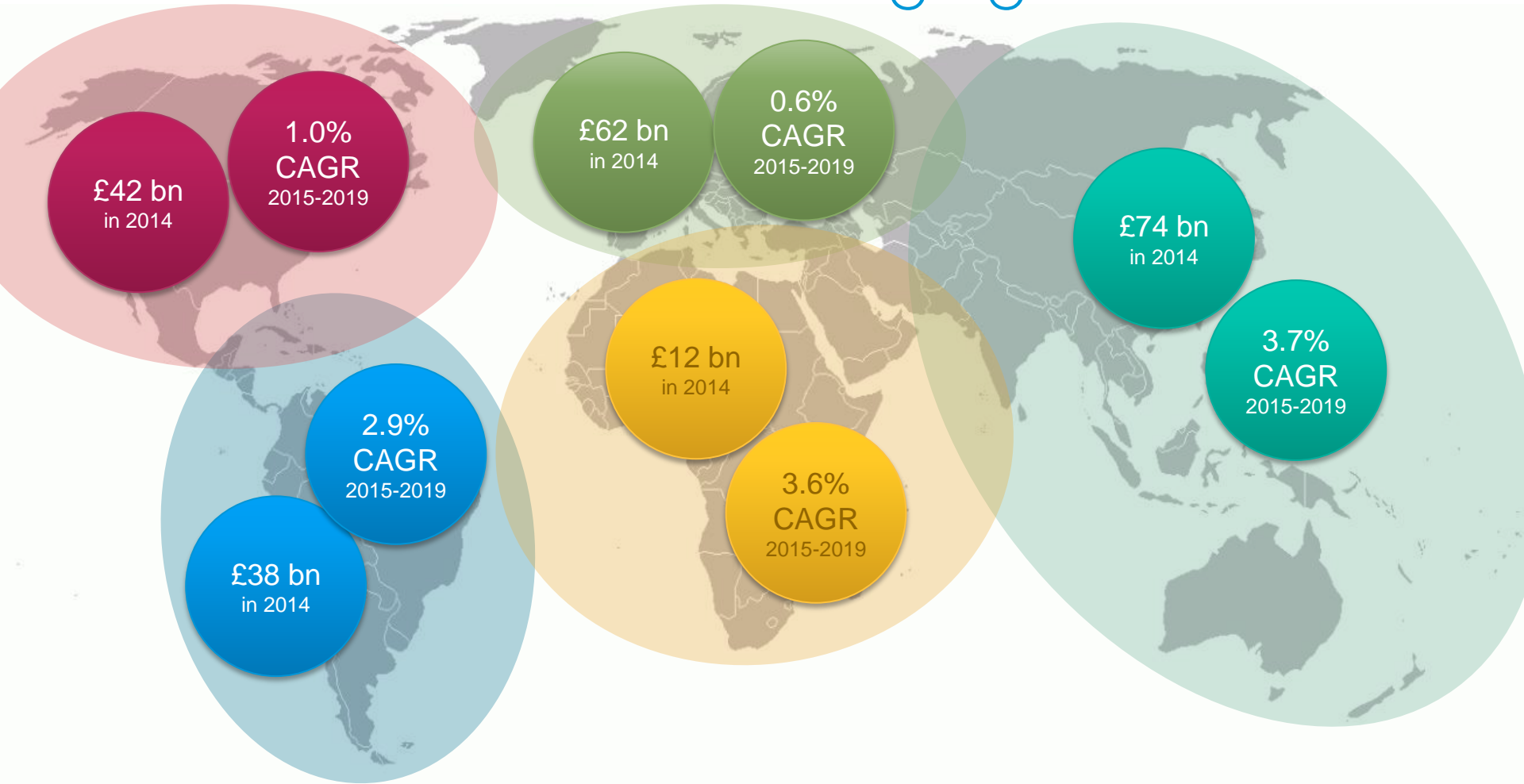
Demand for a sensorial experience

Sustainable/environmentally friendly solutions

**Mega trends are providing a catalyst for our future growth in Personal Care**

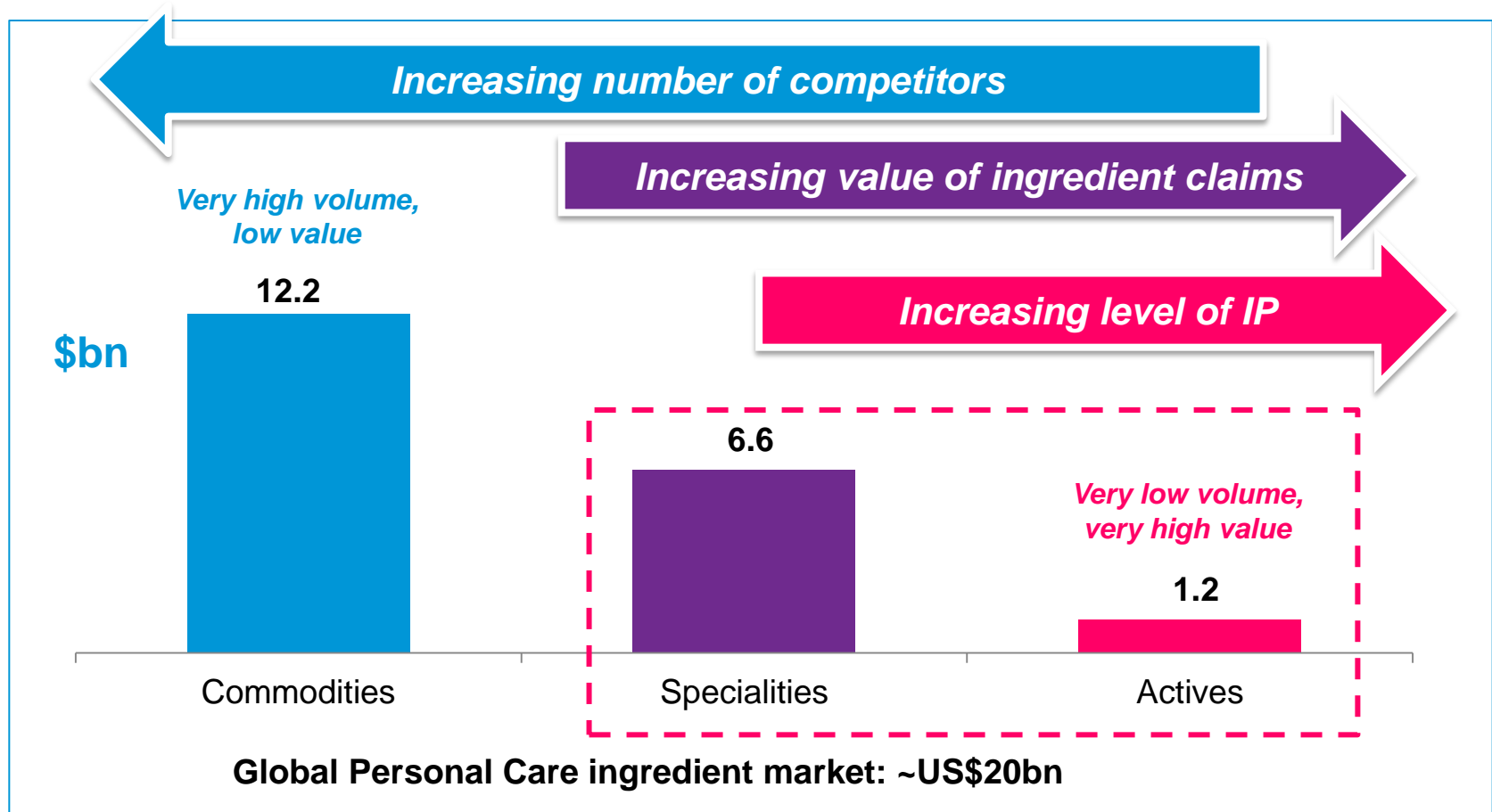


# Growth centred on emerging markets



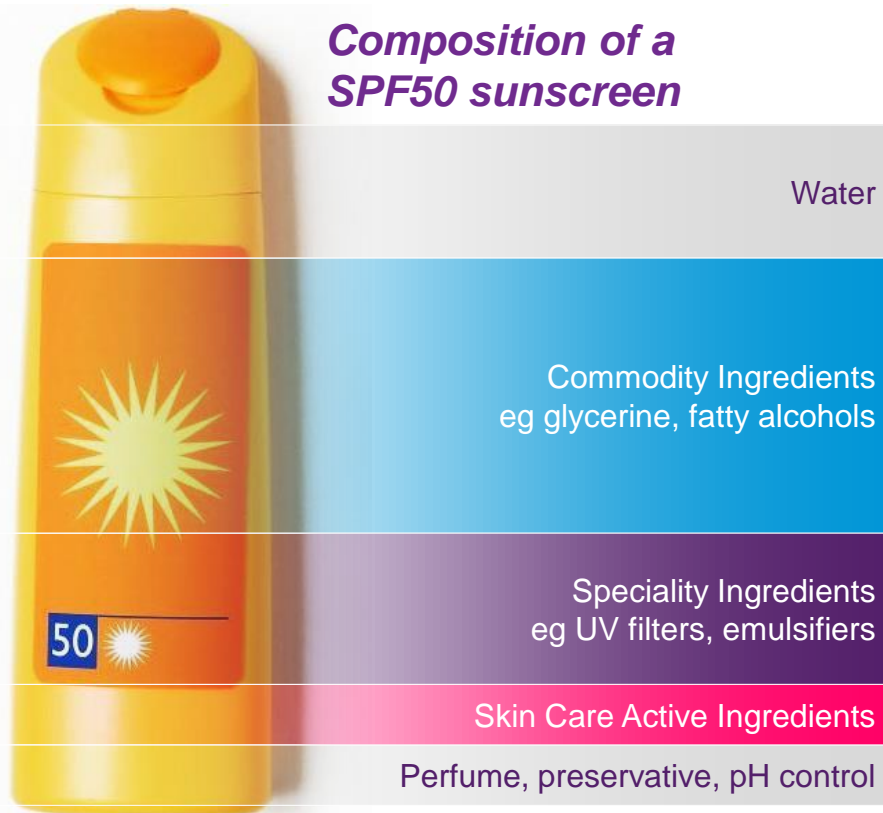
Source: Euromonitor 2015 – showing 2014 value and CAGR 2015 – 2019 growth percentage in constant currency  
Data: Total Beauty and Personal Care market excluding Fragrance and Oral Hygiene

# We focus on high value add Specialities and Actives



Original data sourced from Kline & Company

# Specialities and Actives creating performance...



Broad Spectrum UV



Effective emulsifiers

## ***Changing the perspective of suncare formulating***

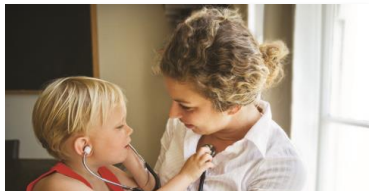
- Multi-functional products with great sensory and skin benefits
- Meeting increasing regulatory demands
- Sustainable emulsifiers to reduce potential ecological hazards
- Easy-to-process ingredients

# ...and creating multiple niches in Personal Care...

## *Mega trend*



Beauty and ageing



Health and well-being



Sustainability

## *Our niche*

Reducing hyper pigmentation and age related dark spots for consumers in Asia

Convenient UV protection; higher efficacy and easy-to-use formats for everyday skin care

Increasing the number of components with green credentials, including RSPO palm

## *Consumer need*

Consumer feels confident that their skin is the best it can be

Consumer feels safer, having piece of mind that they are protected from harm

Consumer feels that they can actively protect the planet by making a choice for green products

# ...and aligned with emerging customer trends

---



City-living, new middle classes in emerging markets



Digitalisation and the 'Indie Revolution'



Faster globalisation of trends



Demand for sustainability



# City living, new middle classes



Knowledge of local consumer



Local market Insights



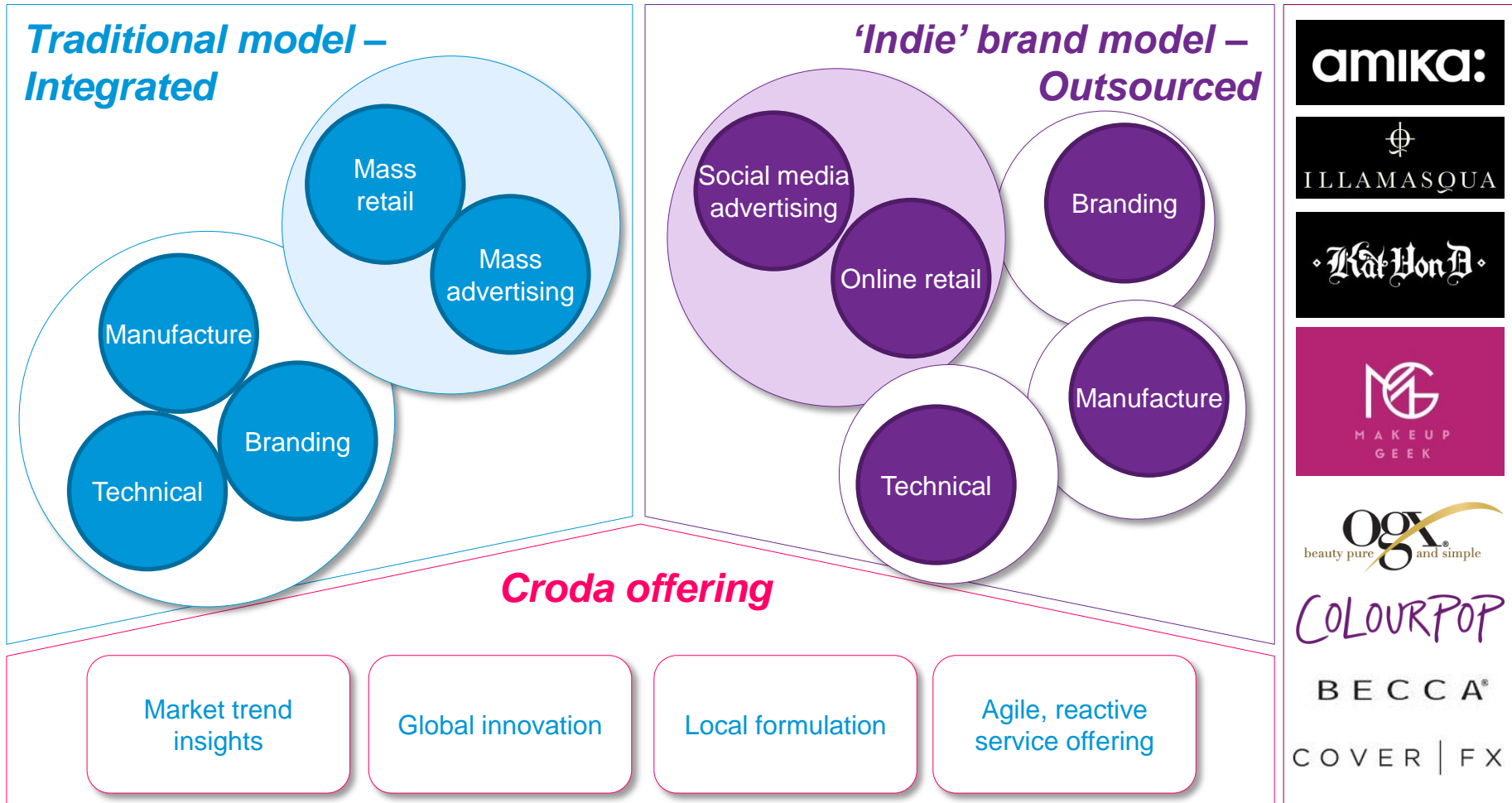
Tailored formulations



Targeted products

**Croda is getting even closer to customers to meet new urban trends**

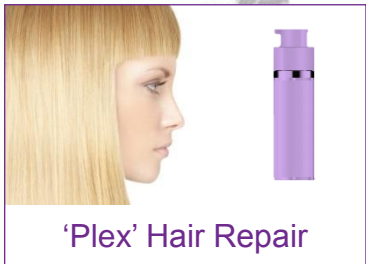
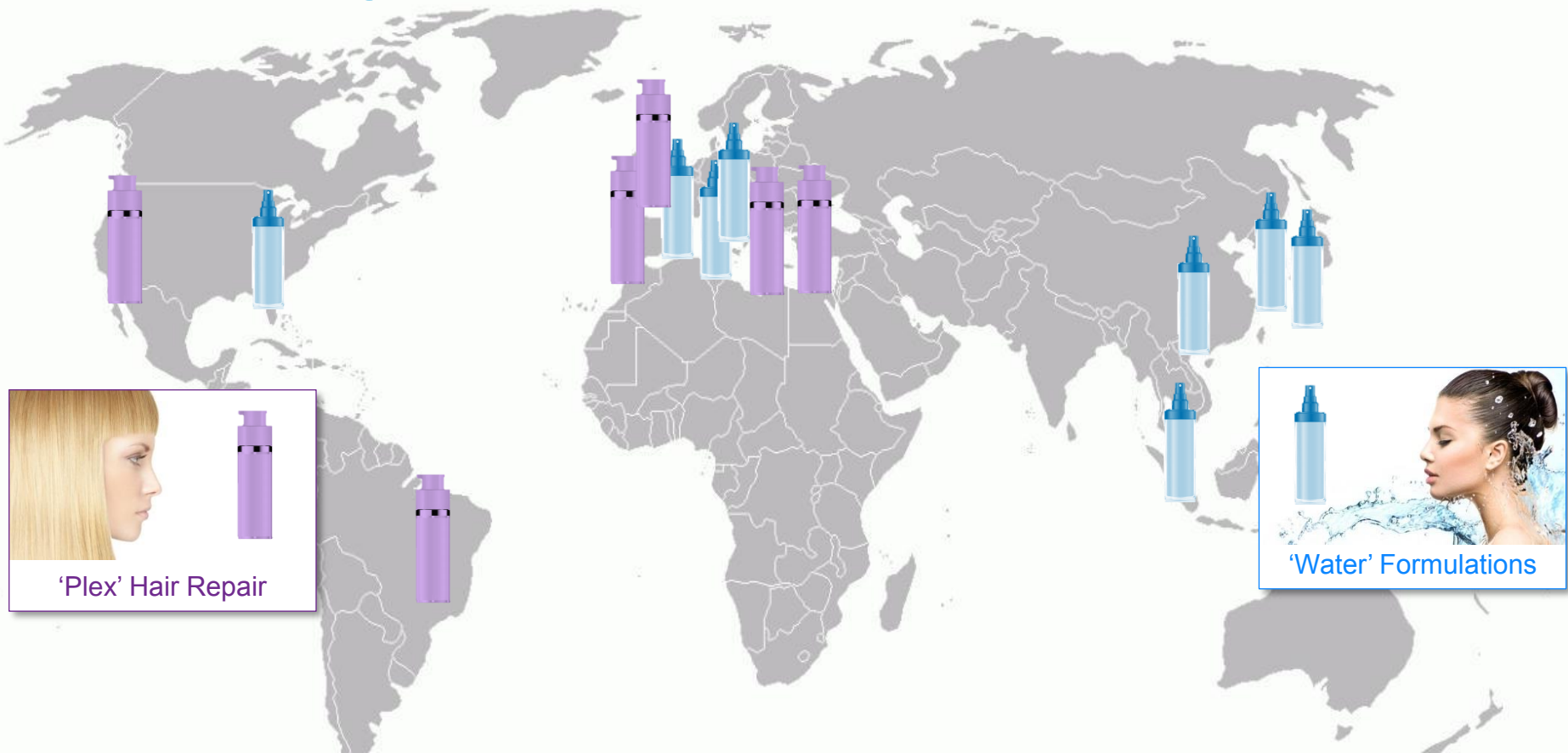
# Digitalisation & the 'Indie Revolution'



Indie brand logos sourced from respective company websites



# Faster globalisation of trends



'Plex' Hair Repair



'Water' Formulations

**Croda's global network ensures we can support emerging trends faster**





# Increasing demand for sustainability

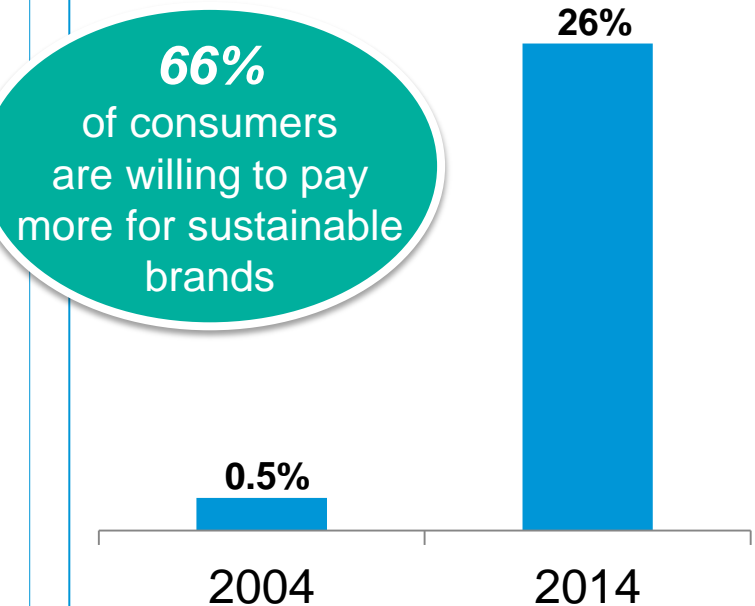
## Customer drivers

- Protect and develop brand equity
- Proactive NGO relationships
- Supply chain traceability
- Green credentials, improved environmental footprint using renewable sources

## Our commitment

- Almost 70% of raw materials from natural sources
- Leadership position in RSPO and bio-surfactants
- Local manufacturing
- New sustainable technologies

## New product launches increasingly based on sustainability



Source: Neilson report *The Sustainability Imperative* October 2015; Sustainable claims in PC launches Mintel GNPD

# Key take-aways

---

- **Market dynamics are changing - moving towards Croda**
- **We are getting closer to customers:**
  - Digitalisation is changing the barriers to entry
    - Reduced for new cosmetic brands entering market
    - Increased for ingredients suppliers
  - Croda's full service offering will increase differentiation
  - Emerging market growth:
    - Aligned with our global network
    - Local investment supports this & enables faster globalisation of trends
- **Demand for performance, better sensorial experiences and sustainable offerings is driving growth in Specialities and Actives**

# Innovation in Actives



**A global leader in the  
creation of Personal Care  
Active ingredients**

**Arnaud Fournial, Managing Director - Actives**

# Winning through bigger and better innovation

---

## ***Actives***

- Who we are
- A story of innovation

## ***Bigger & better innovation***

- Sederma
- IRB
- Crodarom

## ***Delivering innovation***

- Insight experience

# Actives – who we are



## Science-led actives

- Skin and Hair
- Full data validation
- Full product efficacy

CRODAROM

## Trend-led extracts

- Skin and Hair
- Full concept validation
- Full product efficacy

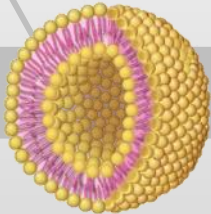
# What we do

- We supply **IDEAS** and **CONCEPTS** to cosmetic companies globally
- We combine scientific claims with consumer perception & expectations - aspirations, feel-good factor
- We create global concepts for our products - including a full **marketing, technical testing, IP & regulatory** package

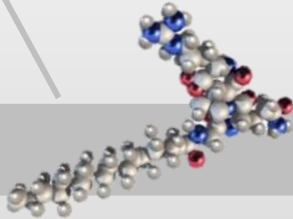


# Our story of innovation

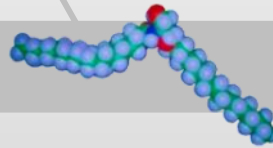
1985  
First to introduce liposomes for cosmetics



1992  
First to create lipo-peptides for cosmetics



1994  
First to synthesise nature-identical ceramides



1996  
First to use microwave extraction for cosmetic botanicals



1998/99  
First to perform 6 month *in vivo* wrinkle study - created MATRIXYL®

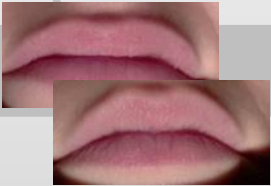


**MATRIXYL® - the ingredient having the greatest impact on the Cosmetic Industry in the last 25 years**

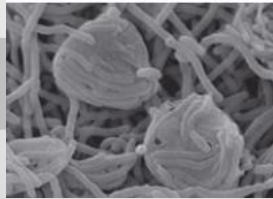


# Our story of innovation

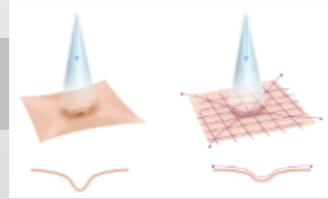
2000  
First claim  
substantiated  
lip plumper



2001  
First heat-stable  
« stable »  
enzymes



2008  
First to create  
device  
to visualise  
skin firmness



2012  
First to claim  
visible upper  
eyelid benefits  
creating  
BEAUTIFEYE®



2012  
Acquisition of  
IRB

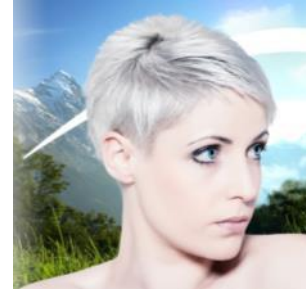




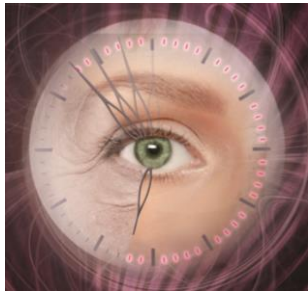
# ...and the innovation continues



**APISCALP™**  
Scalp beauty and wellness



**MAJESTEM™**  
Skin lifting for a majestic beauty



**BEAUTIFEYE™**  
Eye contour care and upper eyelid lifting



**MATRIXYL SYNTHÉ'6®**  
A powerful and recognised anti-wrinkle peptide



**INTENSLIM™**  
Natural fat burner keeping junk food ravage at bay



**OPTIM HYAL™**  
Skin smoothing and youth with optimal hyaluronic acid production

# How we do it



## Engage

Work in partnership with our customers



## Create

Design innovative ingredients to enhance customer formulations



## Test

Develop new tests to show performance and support customer claims



## Make

Manufacture to consistent high standards



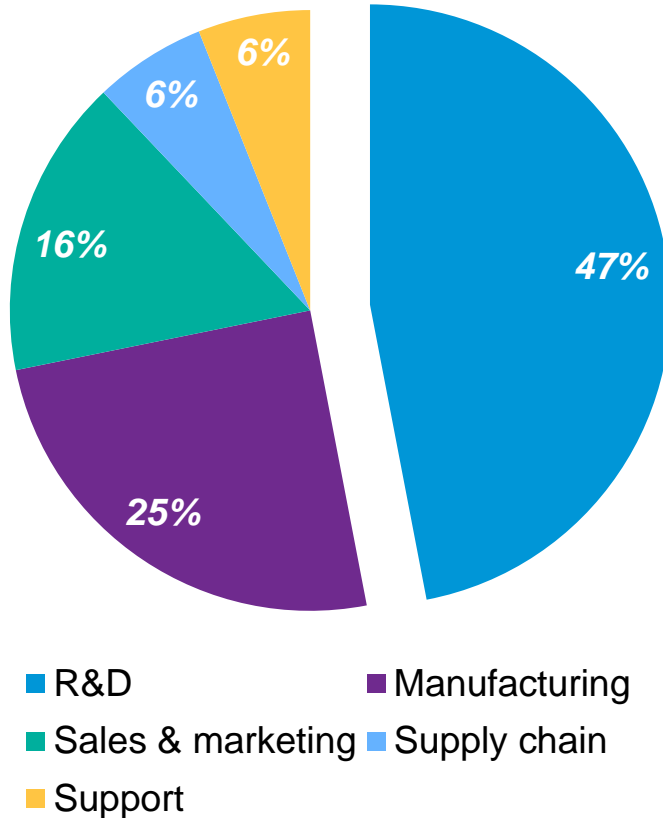
## Sell

Sell ingredients directly to our customers

***We provide a full package of insight, innovation and performance data to our customers***

# We are a true innovation-led business

**47% of employees are in R&D**



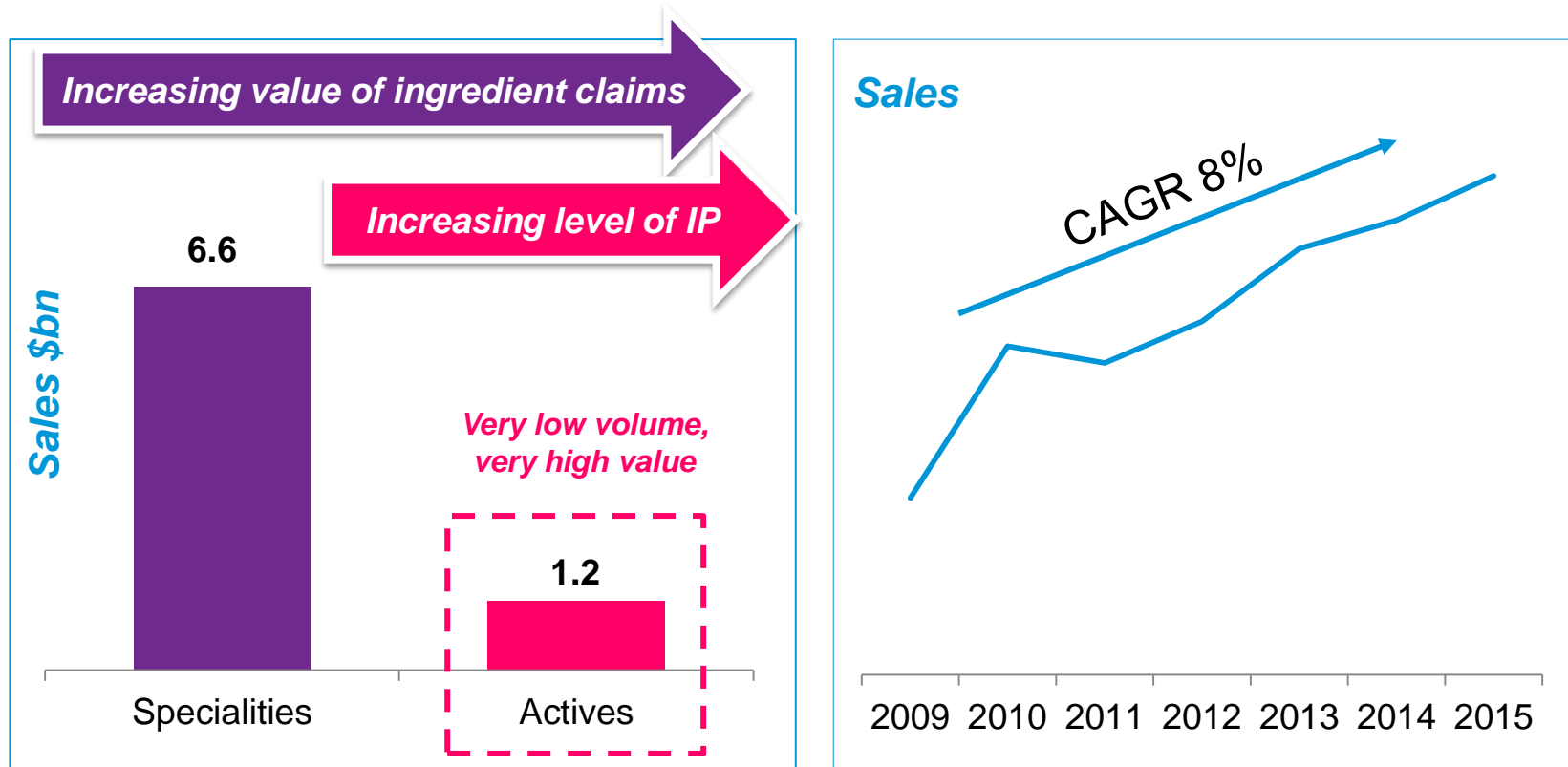
***100% NPP product offering***

***Focus on discovery of genetic resources and synthetic molecules***

***Innovative and proprietary test methods to deliver new biological needs and substantiate consumer benefits***

NPP = New and Protected Products

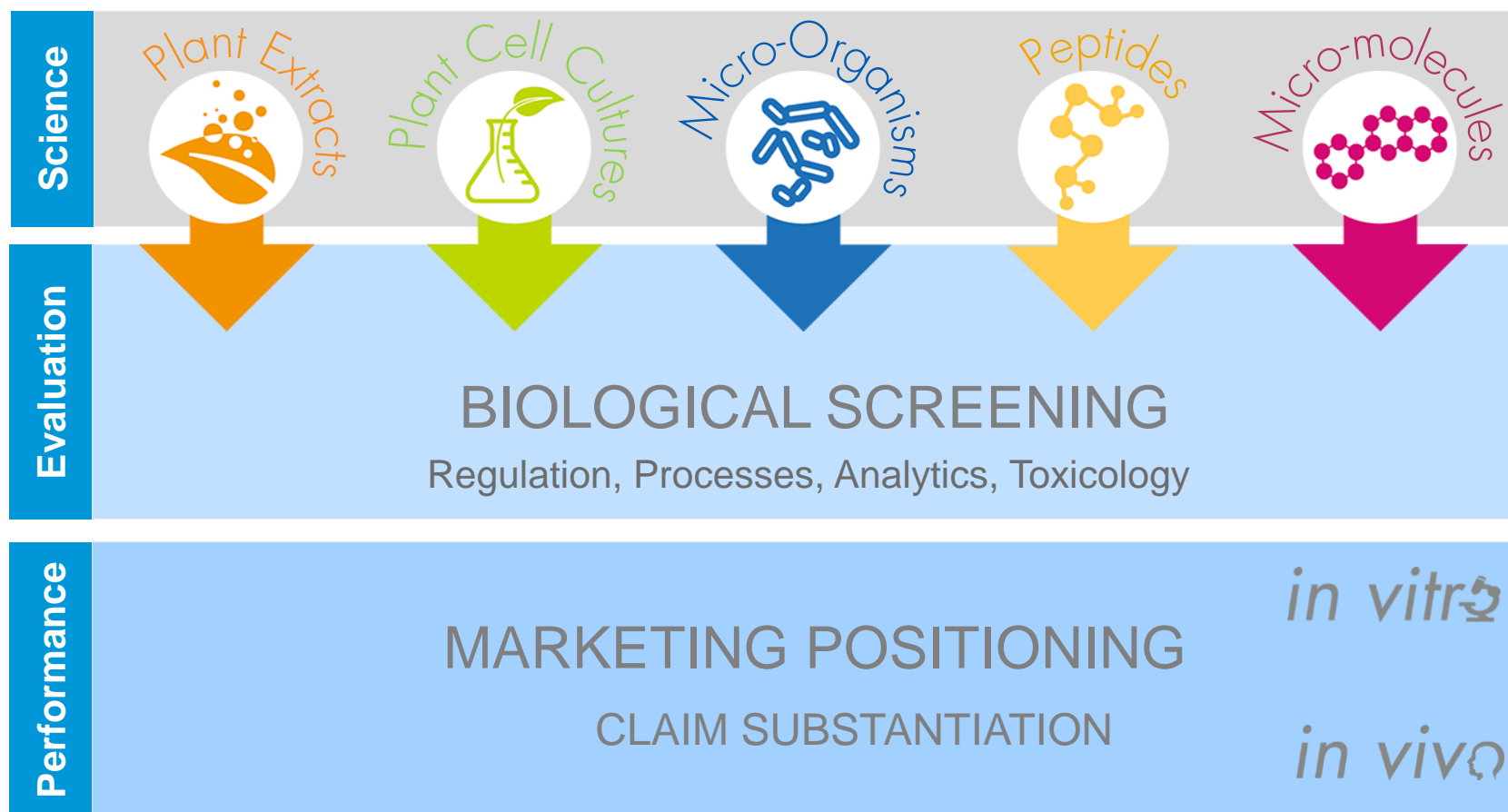
# Delivering consistent top line growth

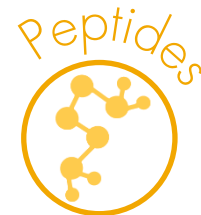


**Sederma is a global leader for Actives in the Personal Care market**

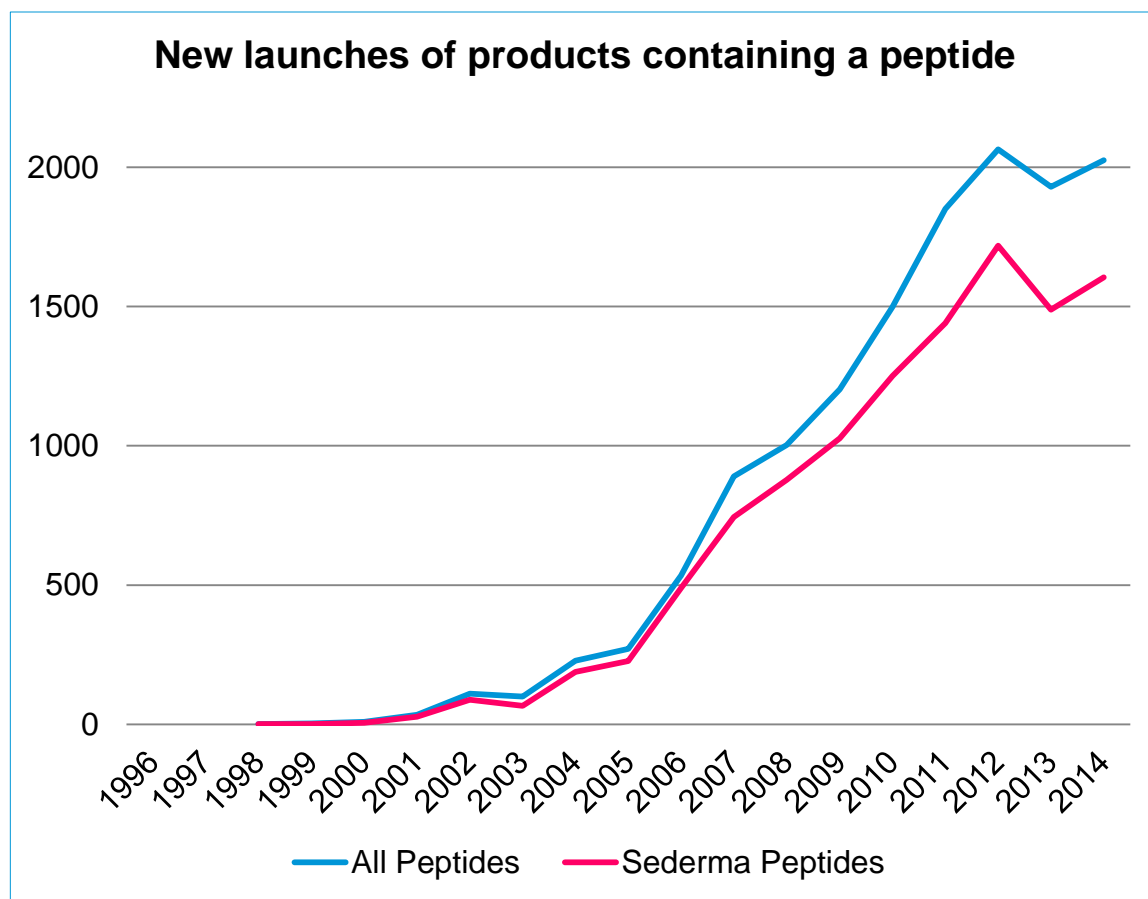
Source: Original bar chart and data sourced from Kline & Company

# Innovation in action





# Global leader in peptide actives



Peptides are the leading technology for anti-ageing products

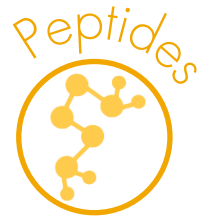
Sederma supplies **80%** of global new consumer products that contain a peptide\*

Sederma - recognised globally as the market leader for performance and efficacy

Source: New product launches - GNPD Mintel January 2015

\*2014

# Next generation innovation supporting Matrixyl® powerbrand



## Matrixyl

- Peptide technology restores youthful skin by signalling production of skin macro molecules; collagen and elastin
- New generations developed since 2000
- Multiple patent protections

## Power-brand

- Matrixyl®
- Matrixyl® 3000
- Promatrixyl™
- Matrixyl® synthe'6



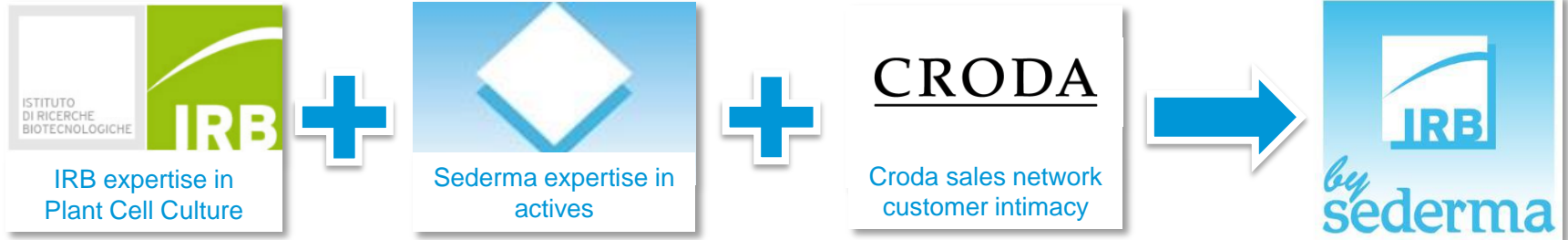
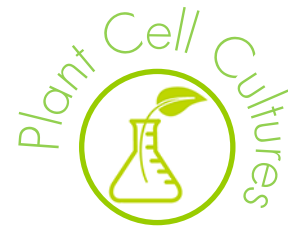
Powered by  
**Matrixyl 3000 Plus**  
™

No7 No7  
Protect & Perfect Intense ADVANCED  
Serum Serum  
hypo-allergenic hypo-allergenic

This serum is powered by Matrixyl 3000 Plus™, a combination of the most powerful form of Matrixyl plus a next generation peptide that work together to help restore more youthful skin. With our patented antioxidant complex it helps protect skin from future signs of ageing, keeping it looking younger for longer.

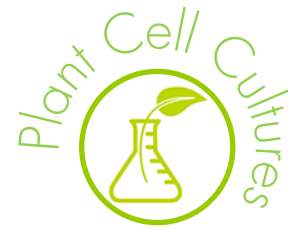
Source: Boots UK, No7 Brand Advertising 2014, Mintel GNPD Boots no7 Protect and Perfect packaging image  
"Powered by Matrixyl 3000 Plus" is a trademark of Walgreens Boots Alliance

# New generation innovation – 'IRB by Sederma'





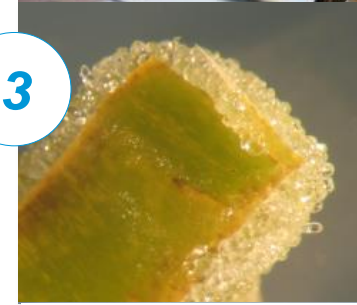
# Plant cell cultures provide new opportunities



Plant tissue,  
micropropagation



Sampling of  
sterilised tissues



Callus induction in  
solid culture



Callus amplification  
& selection

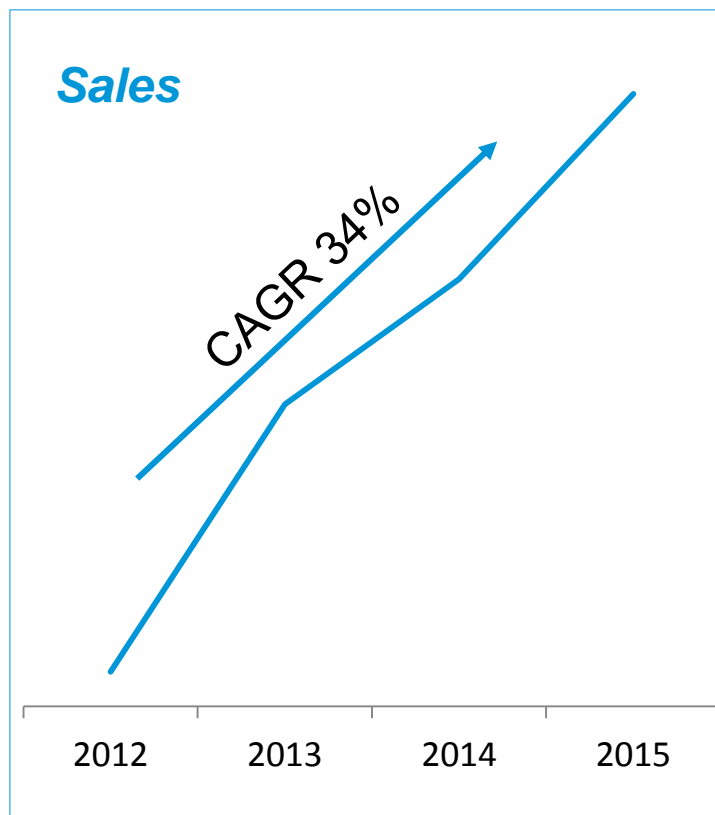


Elicitation



Scale-up

# Fast growth with 'IRB by Sederma'



- IRB sales up >40% in 2015 vs. 2014
- More than doubled customer/product combinations
- Sales in 15 more countries than 2013
- Fast growth of a technology acquisition

**IRB sales growth offers significant future potential to supplement Sederma peptides**

# A sustainable success

## ***Sourcing***

- ✓ No crops
- ✓ No seasonality
- ✓ No supplier
- ✓ Unlimited availability

## ***Sustainable development***

- ✓ No over exploitation of land
- ✓ No widespread use of solvents
- ✓ No biosphere destruction

## ***Ethics***

- ✓ Land can be used for food crops
- ✓ Protection of plant and biodiversity

## ***Safety and quality***

- ✓ High, standardised active quantity
- ✓ No undesired pollutants
- ✓ No GMO

**Plant Cell Cultures allow us to meet new consumer needs**

# Crodarom – extracts inspired by nature's beauty



Located in an unspoilt and protected region of France surrounded by nature that influences us every day



Chanac, Lozère



Gorges du Tarn, Lozère



Botanicals (orchids, narcissus...)

# Innovation in action – creating emotive moods



## Partnerships with leading 'Trend' agencies



## Inspiring customers in every possible way

Scandinavian influence  
The happy cosmetic  
The anti-ageing spellbook  
Extremophile plants  
Ethnic rituals

## Creating sustainable routes to production

**Microwave**  
Low energy  
Fast extraction  
Molecule integrity  
Authentic extracts

**Maceration**  
Gentle process  
Optimised  
Renewables  
(RSPO)

**Ultrasound**  
Ambient process  
Fast extraction  
Gentle  
Molecule integrity

## Providing the perfect ingredient solution

Elfe Flower



Porcelain flower

Floral Nectar



Moonstone

# Investing for the future

2016:  
Major expansion of Sederma  
Additional R&D laboratories & capability  
New GMP production



# Key take-aways

---

- Sederma: a story of science and innovation
- Delivering bigger and better innovation:
  - Creating and leading trends
  - Providing opportunities for new product performance claims
  - Supporting a sustainable future with plant cell cultures and botanical plant extracts
- Driving superior growth

# Our Strategy is delivering



Steve Foots, Group Chief Executive

Innovation you can build on™

**CRODA**



# The Croda Strategy – Being Different

## *How we are doing*

- 2013 CMD revisited
- Our business model
- 2015 delivery

## *Our strategy*

- Bigger and better innovation
- Getting closer to our customers
- Disciplined and targeted acquisitions

## *Our priorities*

- Top and bottom line growth
- Continuous innovation
- Sustainability

# We are delivering our 2013 CMD objectives

Objective	Plan	2013 – 2015 Delivery
<p><b>Accelerate innovation</b></p>	<p>Creation of NPP model</p> <p>Grow technology acquisitions</p> <p>Develop 'Open Innovation'</p>	<p>NPP sales growth CAGR 9%</p> <p>Double digit sales growth at IRB, Arizona and SIPO</p> <p>5 fold increase in collaboration partners</p>
<p><b>Increase emerging market growth</b></p>	<p>Expand R&amp;D in emerging markets</p> <p>Global sector reorganisation</p> <p>Development of new customers</p>	<p>Asia growth CAGR 6%</p> <p>6 quarters of successive sales growth</p> <p>~2000 new customers per annum</p>
<p><b>Become a leader in sustainability</b></p>	<p>Meeting growing customer &amp; consumer demands</p>	<p>Bio-surfactant first mover advantage</p> <p>RSPO leadership in core markets</p> <p>Leader in use of renewable ingredients</p>

'NPP growth' is New and Protect Product sales as a percentage of total sales

# A strong business model getting stronger



Direct selling model



Diverse portfolio



Quality

Thousands of products  
to thousands of customers



Sustainability



Customer intimacy



Capital light model

# We delivered on our strategy in 2015

## Strategy



Deliver consistent top and bottom line growth



Accelerate innovation and increase proportion of protected sales



Invest in sustainability

## Performance

+3.7%

Sales growth YOY\*

+15%

NPP sales growth YOY

66%

Value of natural raw materials/ total

+8.5%

Pre-tax profit growth YOY\*

26.1%

NPP sales/ total sales

82%

Products launched with sustainability benefit

\*underlying growth, excluding the impact of acquisitions & disposals, presented at constant currency

# Delivering consistency by relentless innovation and continuous investment



## ***Bigger and better innovation***

- Fast growth technologies
- New and unique products
- Open innovation



## ***Getting closer to our customers***

- Customer collaboration
- Expanding customer base
- Investing in fast growing economies



## ***Disciplined and well targeted acquisitions***

- Value creating M&A
- Rich IP
- Ability to be globalised in Croda

# Driving strong performance...

---

## ***Growth***

- Profitable growth ahead of underlying markets
- Growth to come from all three sectors
- NPP to grow 2x average sales

## ***Investment***

- Capital investment targeting new technologies and new market opportunities
- Disciplined and targeted M&A
- Capex at 5% of Group sales (post bio-surfactant project)

## ***Cash & returns***

- Strong cash generation to reinvest in the business
- Return surplus capital to shareholders
- EPS growth 5-10% per annum

# ...and a robust investment case

## High quality business

- Best in class margins
- Low product churn
- Capital light

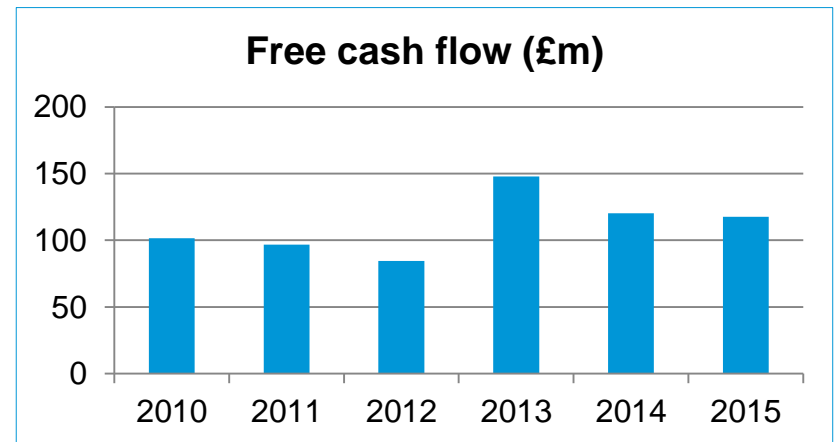
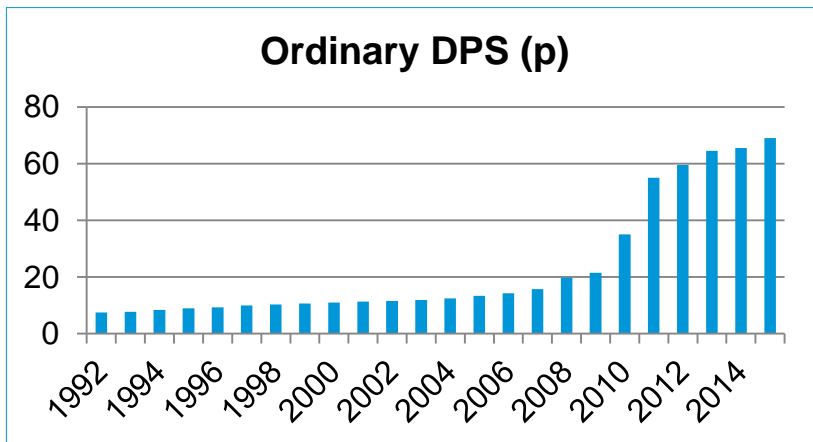
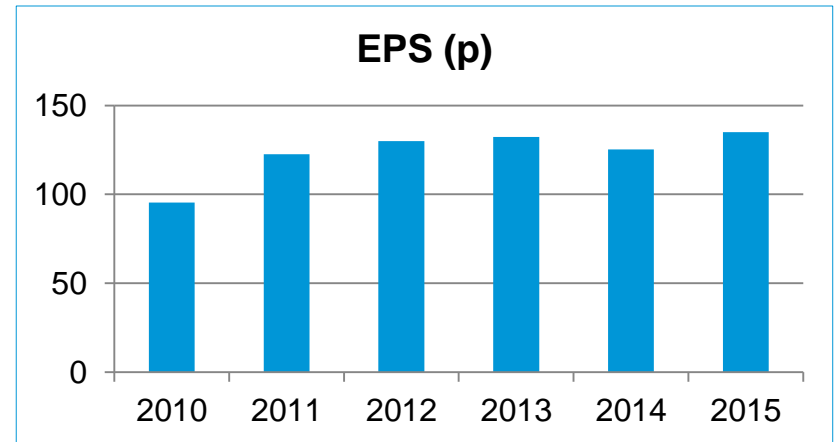
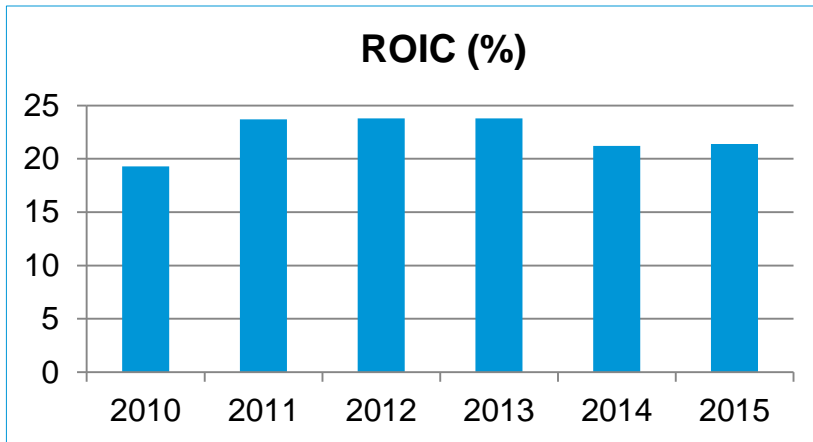
## Earnings growth

- Relentless innovation
- Customer intimacy
- Targeted acquisitions

## Strong cash returns

- High ROIC
- Cash generation
- Progressive dividends

# ...supported by strong financial results



Definitions per Annual Report and Accounts



# Key take-aways

---

- Continue to be different
- Profitable growth will be the main driver
- Innovation to remain our key differentiator
- Investment in fast growing markets delivering
- Value creating M&A will supplement our organic growth plans

# Bigger and better innovation



Keith Layden, Chief Technology Officer

Innovation you can build on™

**CRODA**

# Delivering bigger and better innovation

## ***Sourcing innovation***

- Croda's science
- How we innovate

## ***Delivering innovation***

- Recent performance
- Technology platforms

## ***Bigger and better innovation***

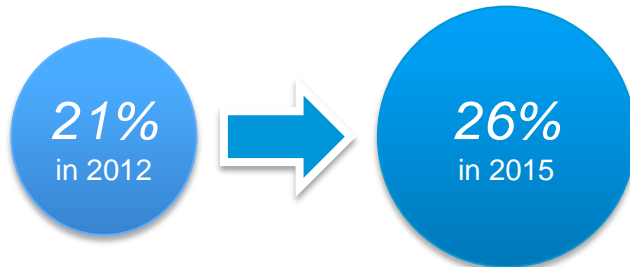
- Sustainable technologies
- Bio-surfactants
- UV protection
- Pharma Omega 3
- Technology incubation

# Our global sources of innovation



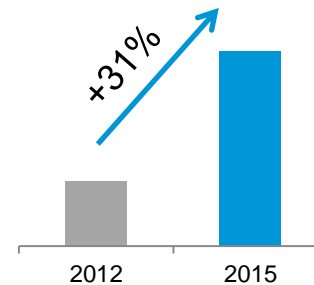
# Winning with bigger and better innovation

## Growth in NPP



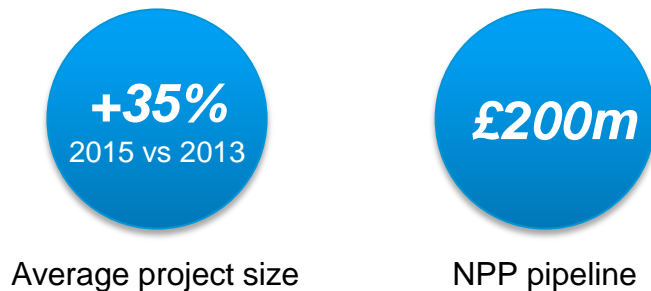
## Investing in fast growth technologies

### NPP sales value

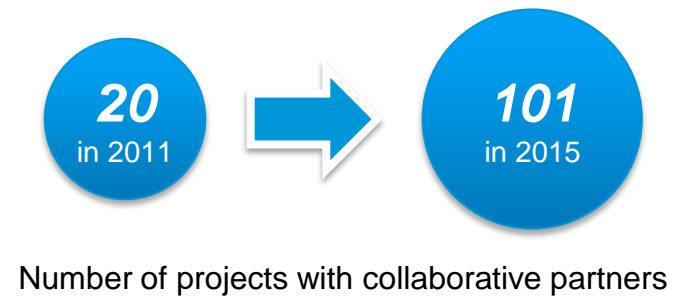


- Skin actives & plant cells
- High purity excipients
- UV protection actives
- New pharma Omega 3 partnerships

## Bigger innovation



## More “open” innovation: 5x 2011



NPP pipeline is the risk adjusted peak annual sales value of the current development pipeline

# What we do and what we are

*We add value to naturally derived, complex feedstocks by purification, separation and chemical derivatisation*

## *A surface science company*

- We are interested in many different “surfaces”



Skin and hair



Leaves and seeds



Metals and plastics

- We focus on properties, applications, measurements and synthesis of our products

# New technology platforms starting to deliver

**Seven of our newest technology platforms delivered  
£45m of high margin NPP sales in 2015**



Bio-surfactants



Pharma Omega 3



Active delivery



Polymers



Novel fatty acids



Biotechnology



Process intensification

**Developing sustainable technologies**

- Bio-based surfactants

**UV Actives**

- Not just Sunscreens

**Pharma Omega 3**

- From product to platform

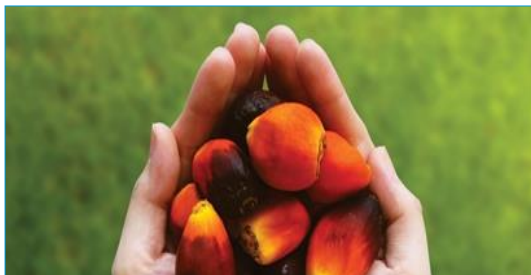
**Technology acquisitions**

- Incubating Croda's technology acquisitions

# Sustainability – a powerful consumer trend

## Fragile Earth

- Consumers are finding ways of adding value to their lives without impacting negatively on the environment
- Consumers expect brands to operate responsibly with regards to environmental and ethical issues



Responsible sourcing

## Without Compromise

- Majority of consumers are not prepared to compromise on quality in support of sustainable living
- Consumers are not prepared to compromise on product performance



Immunised against time

## Being seen to be Green

- Consumers demand brand transparency with regards to environmental & ethical issues
- A clear position on sustainability is an attractive brand proposition
- External accreditation raises consumer confidence



Performance by nature

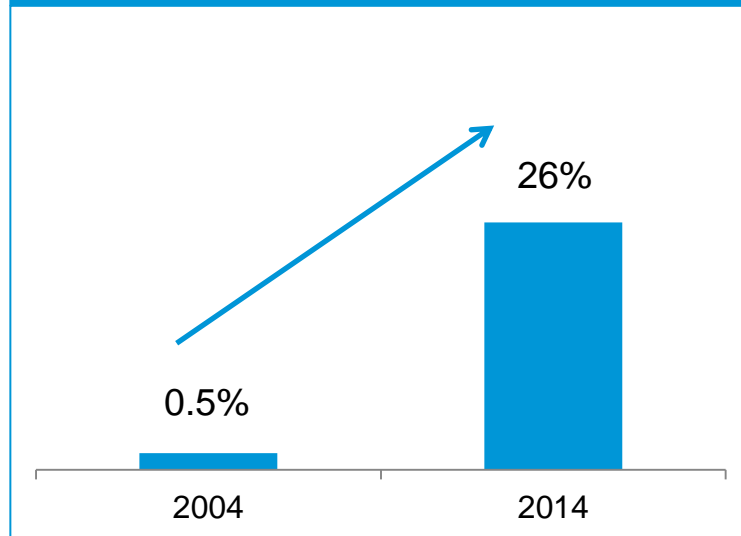


# Sustainability gathers pace with customers

## Key for customers' brands

- L'Oreal: *100% of products to deliver a sustainability or societal benefit by 2020*
- P&G: *Vision to use 100% renewable / recycled materials. Replace 25% of petro-raw materials by 2020*

## Launches with sustainable claim

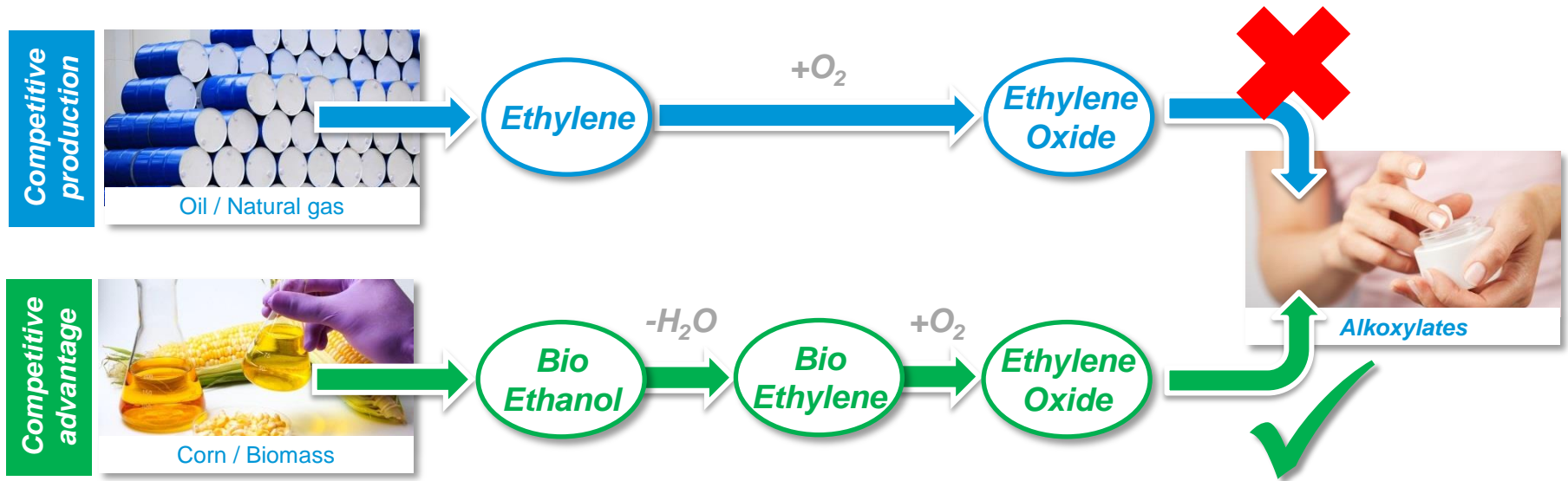


## Key claims in sustainability

- Organic
- Natural / ethical sourcing
- Non-animal derived / tested
- Sustainably sourced
- No biodiversity impact

Source: L'Oreal, sustainable development report 2014; P&G, Long Term environmental vision and 2020 goals; Sustainable claims in Personal Care products from Mintel GNPD

# Sustainable technology - Biosurfactants



## Strategic advantages

- ✓ First purely bio-based non-ionic surfactants available to market
- ✓ Unique product quality characteristics
- ✓ Leveraging existing technology position in virtually every core Croda market
- ✓ Proactive strategy

# Bio-surfactants open up a host of 'white space' opportunities



Examples of recent product launches including a 'green' claim in Beauty & Personal Care

# Our bio-surfactant project gives us a competitive advantage

## Key benefits

- First mover in our space
- Increased differentiation in alkoxyate products
- Existing captive demand underwrites capacity
- Reduced customer approval process
- Secure cost effective supply chain versus petro-EO

## Projected returns

- Capex \$170m
- Commission: end H1 2017

<i>Demand</i>	<i>Financial impact</i>	<i>Payback</i>	<i>ROIC</i>
Existing 'captive' use	Increased margin	7 years	Mid teens
New 'white space'	Increased sales	~6 years	>20%

# Actives delivering in UV protection

## Protecting the skin

- From the effects of the sun - a rapidly growing sector in personal care

## Sophisticated consumer knowledge

- Expanding demand for sun protection beyond the beach

## Globally recognised leader

- Croda's Titanium Dioxide-based sun screen actives

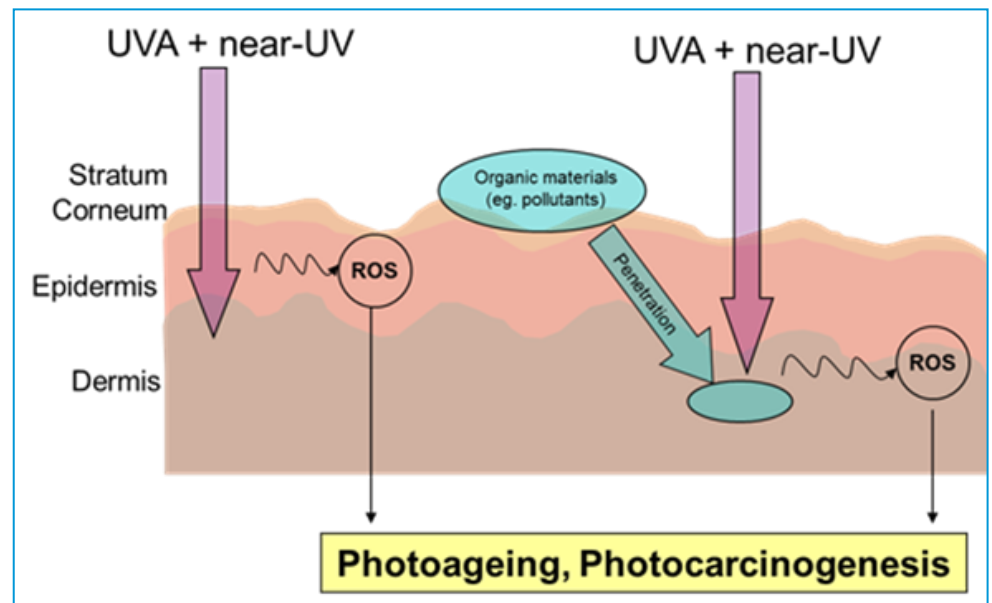


# Performance from innovation

**Our innovation allows brands to offer enhanced skin protection against damaging effects of UVA radiation**

UVA radiation deeply penetrates the skin resulting in:

- DNA damage
- Collagen degradation
- Dark skin spots
- Wrinkles



ROS = Reactive Oxygen Species

# Innovation is creating new niches

- A dramatic increase in SPF claims in new consumer product launches
- 42% of facial colour cosmetic launches include an SPF claim\*

Our UV protection actives enable our customers to make the claims which their own customers demand and value



*Guerlain Make up  
SPF30*



*Christian Dior Multi-  
Protection cream SPF20*



*Amore Pacific Daily  
Protection SPF36*

SPF is Sun Protection Factor

\*Source: Mintel GNPD, 2014

# Investing in future growth

***With the demand for UV protection continuing to grow, we have a clear investment plan***

Bigger innovation:

- More sophistication and better performance
- ‘Clear’ products for wider personal care application
- Pipeline to meet next generation consumer claims – eg infra-red protection & luxurious sensory appeal

Meeting new regulatory needs:

- Customer desire for ‘health care’ standards
- Meeting tougher regulation

Investing for growth:

- Expanding manufacturing capacity in FDA/cGMP compliant facilities

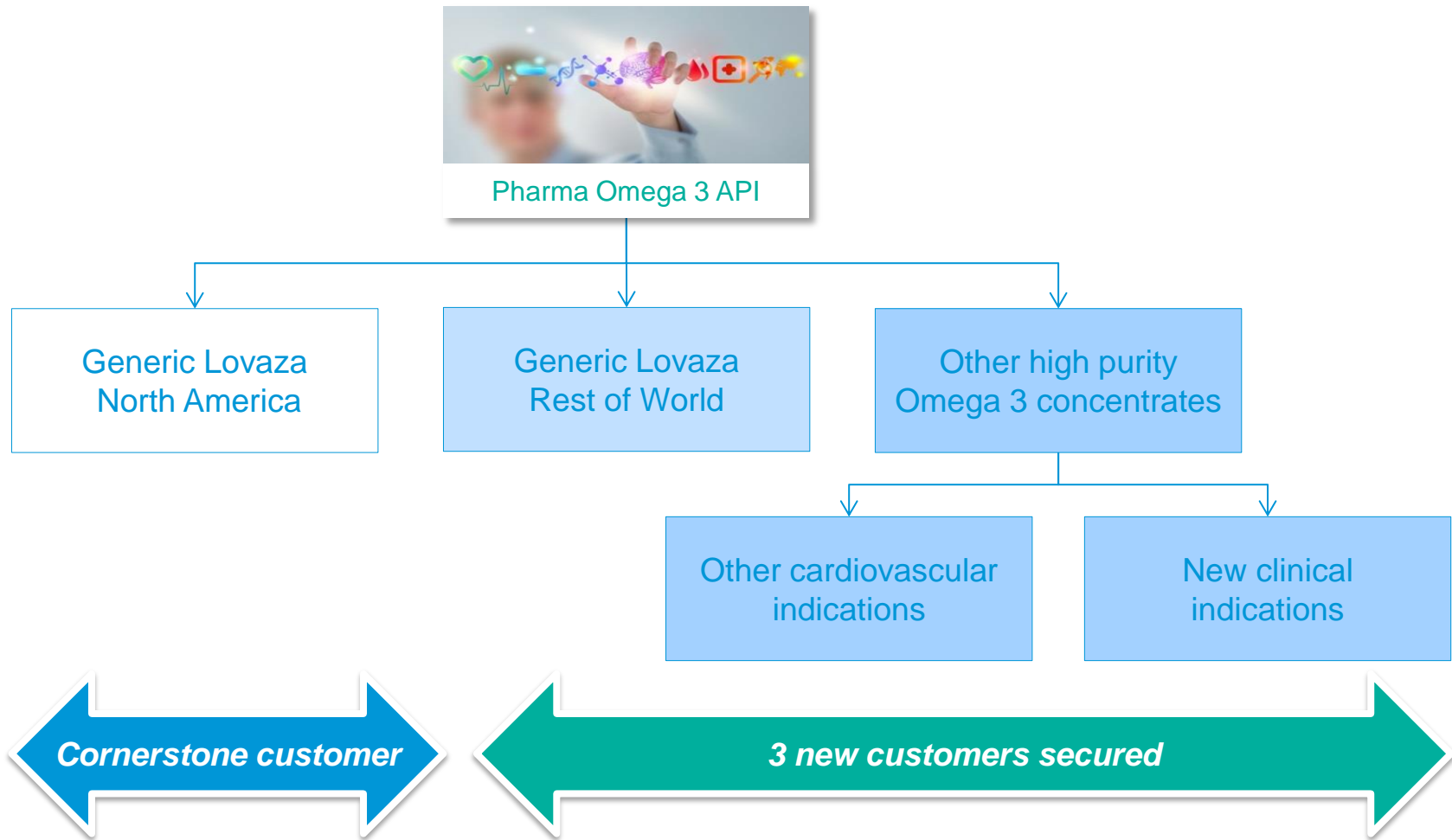


Consumer desired performance  
with Solaveil™ Clarus





# Developing our pharma Omega 3 platform



Lovaza is a brand trademark of GlaxoSmithKline

# Fast tracking growth from technology acquisitions



- Sales up 4x since acquisition (2012)
- 15 new products launched, further 20 in development
- New skin actives technology



- Sales doubled since acquisition (2014)
- New flow assurance technology for Geo Tech
- Strong R&D pipeline



- Sales doubled since acquisition (2013)
- Developing applications beyond Personal Care



- Secured novel anti-microbial coating technology (2014)
- EU approval progressing ahead of 2016 launch

# Key take-aways

---

- Unprecedented number of active projects within our technology platforms
- Bigger and better innovation being delivered
- Innovation delivering real value
- Driving NPP sales and margin improvement

***We are limited only by our minds, not by the market opportunities***

# High purity excipients for Health Care



Dave Cherry, Managing Director - Health Care

# Agenda

---

## ***High purity excipients***

- What they do
- Growth opportunities

## ***Bigger & better innovation***

- Clever technology

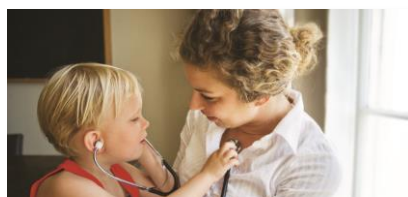
## ***Getting closer to customers***

- Investing in regional Markets

# Our Life Sciences business



Personal Care



Life Sciences



Performance Technologies



Industrial Chemicals



Crop Care



Health Care



Adjuvancy / delivery



Seed enhancement



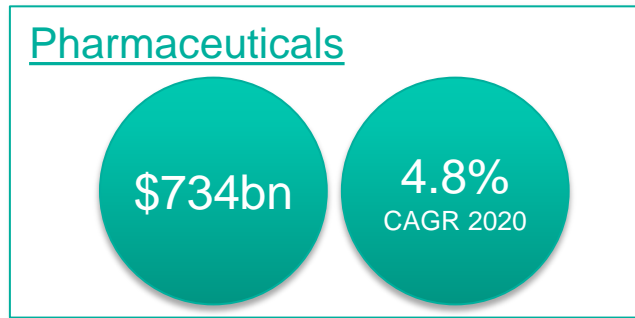
High purity excipients



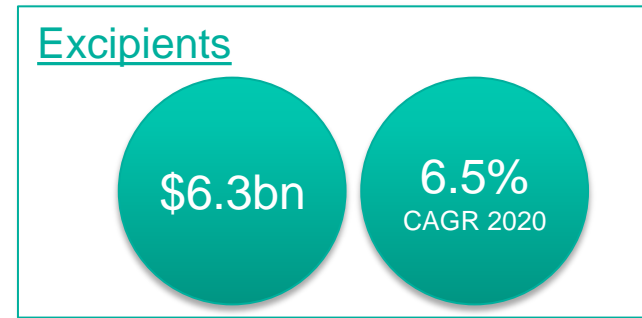
Omega 3 API platform

# The excipient market is growing fast

## Global market size and growth



## Our addressable market



- Megatrends are driving long term **growth** and **specialisation**
- **Formulation** approaches are increasingly required to meet performance demands
- Croda's reputation for formulation **expertise** and **innovation** is established and strengthening
- Dedicated **focus** and **customer intimacy** make us partner of choice to overcome formulation challenges and harness formulation opportunities

Source: BCC Research; Evaluate Pharma 2015

# External trends driving growth



Consumer drivers



Industry drivers

Increased health expectations of affluent ageing population

Increasing self medication, prevention not cure

Importance of choice, convenience, skin feel and aesthetics

Increasing cost of drug development and registration

Complex drugs are harder to stabilise, solubilise and deliver effectively

Increasing regulatory standards

***Differentiated technologies***

***New delivery formats***

***Superior quality***



# Excipients contribute to a healthier world



Cancer  
Drugs



Pain  
Relief



Auto  
immune  
diseases



Hormone  
treatment



Oral  
care



Nappy  
Cream



Children's  
Medicine



Eye  
Drops



Animal  
Vaccines



# Understanding our high purity excipients

- Drugs typically composed of
  - Tiny quantity of API
  - Much more excipient(s)
- Excipients required depend on
  - Delivery form (e.g. injection)
  - Nature of API
  - Target site of API action
- Traditional excipients perform simple functions - eg bulk material to form tablet
- **High purity excipients perform value adding functions**

Overcome formulation **stability** challenges to enable viable commercial drug products

Increase drug **efficacy** and/or enable more effective delivery forms to improve patient outcomes

Improve formulation **aesthetics** and/or **reduce side effects** to improve patient compliance and advocacy

# High purity excipients provide multiple benefits

**Stability**

**Analytical purity**

**Approval speed**

**Formulation shelf life**

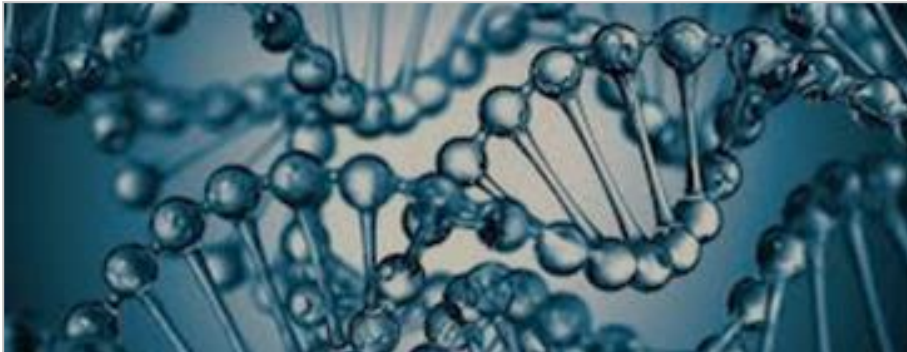


**Multi-compendial**

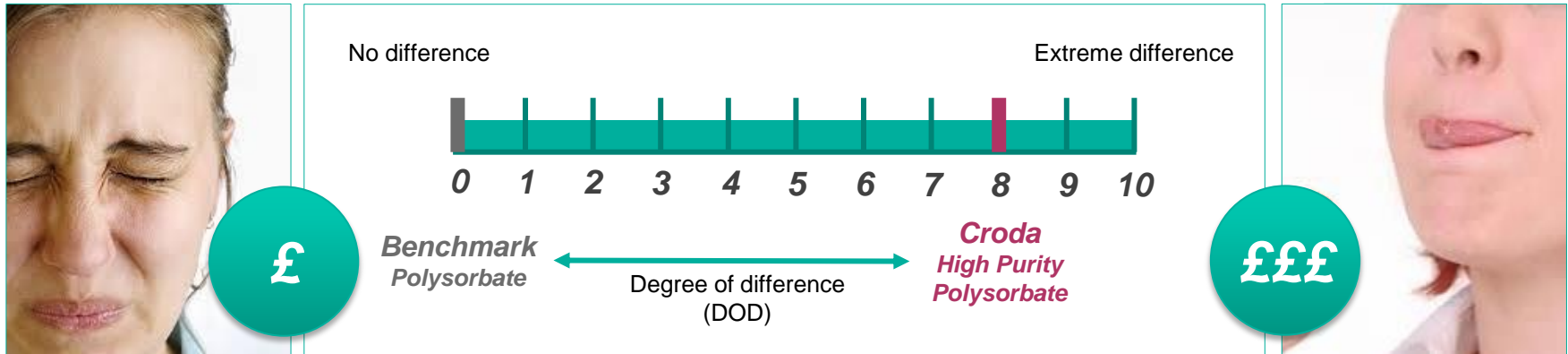
**Aesthetics**

**No irritation**

**Improved taste**



# Demonstrating benefits of purity



**Sensory study** conducted by independent, expert panel

Croda's high purity excipients have **improved** taste profile

Potential to improve patient **experience**, compliance and advocacy

# Our high purity excipients increase customer confidence

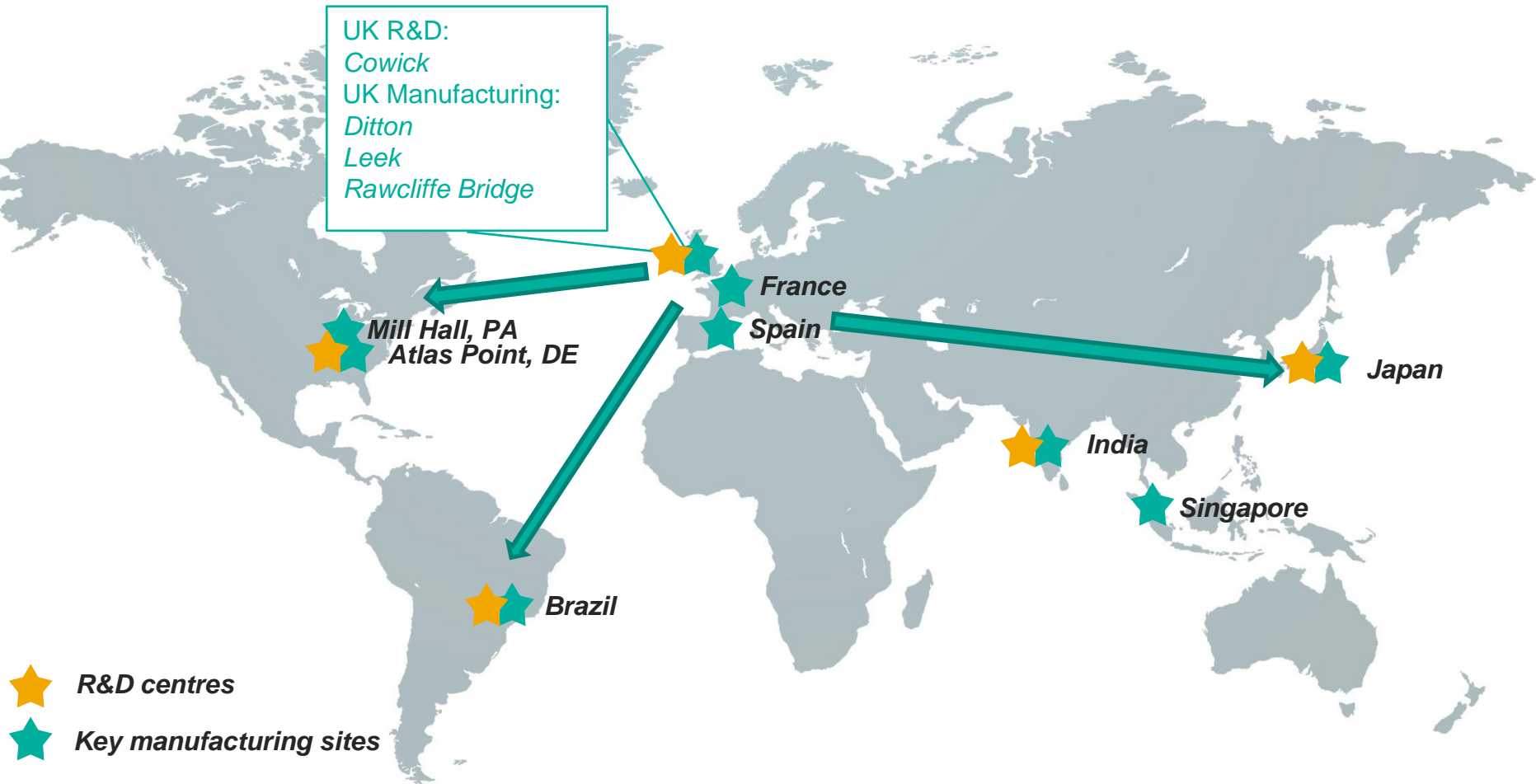
## Performance and Safety

- Innovating in the “safe space”
- Long history of safe use
- Strong product performance dossiers
- Advancing regulatory standards

## Quality and Reliability

- Cornerstone of business longevity
- Industry-leading site accreditations
- Rigorous documentation and manufacturing precision

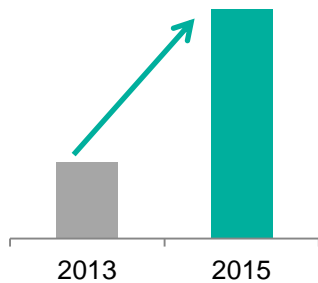
# Expanding to be closer to customers



# Winning by getting closer to customers

## Investing in customer collaboration

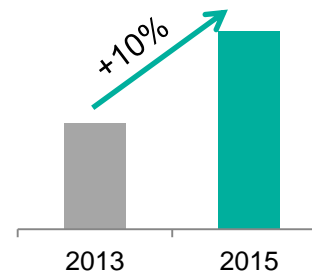
### Customer projects



Greater formulation support

## Investing in new customers

### Customers



High tech hubs

## Investing in fast growth technologies



2012-15 sales CAGR



High value applications

## Investing in new technologies



Pipeline value as % of current revenue



Pharmaceutical collaboration

Pipeline is risk-adjusted peak annual sales value of current development projects

# Winning through bigger and better innovation



Pharma/veterinary delivery



Biopharmaceuticals



Topical formulations



Enhanced purification



Life Cycle Management



Open innovation

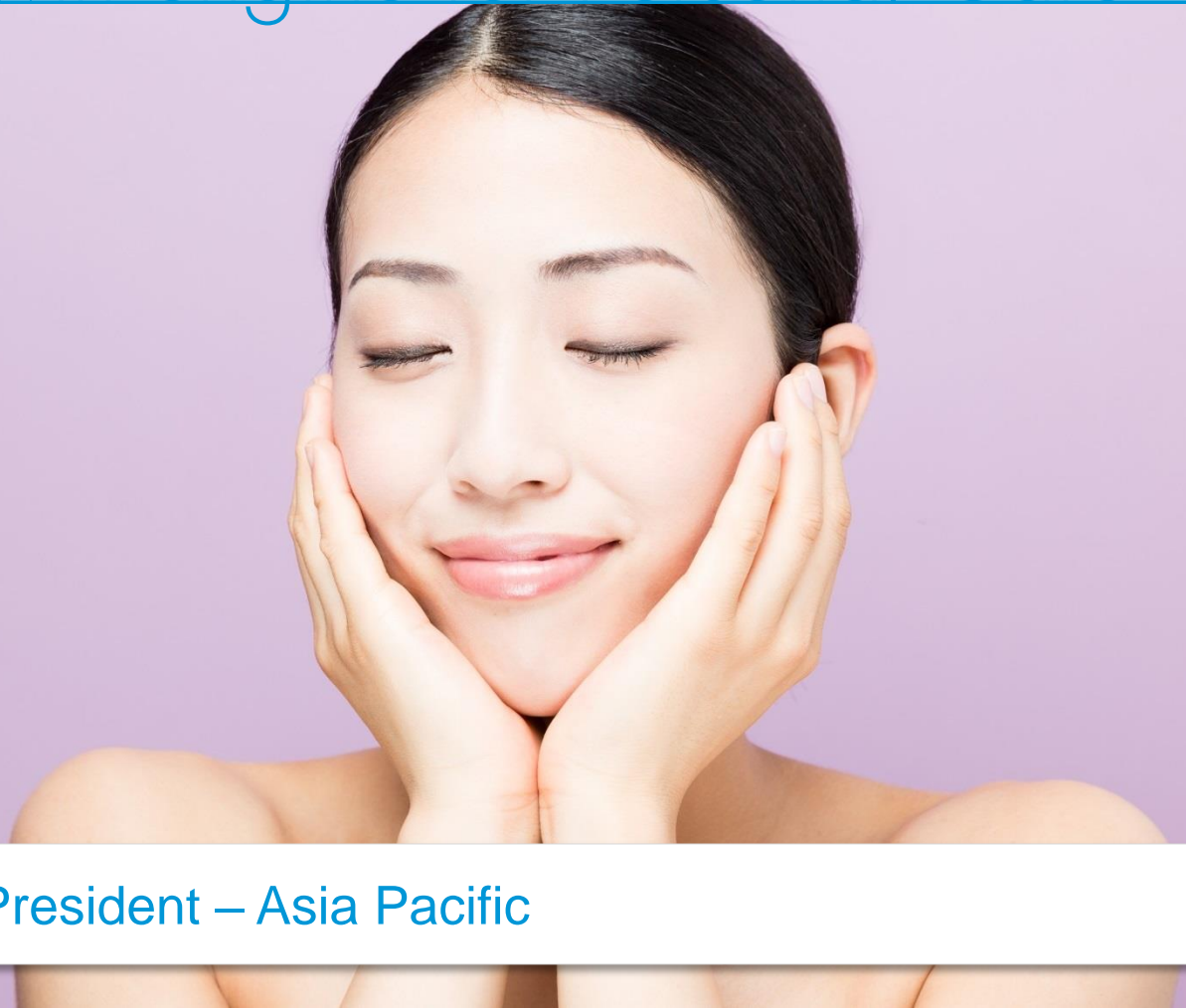


# Key take-aways

---

- Creating bigger and better innovation
  - High purity excipient chemistry
- Getting closer to customers
  - Understanding and solving valuable problems
  - Building trust and loyalty
- Opportunities in high growth, high value niches

# Asia – growth engine for Personal Care



Nick Challoner, President – Asia Pacific

# Personal Care in Asia

## *Asia Personal Care*

- Key trends
- Understanding local needs

## *Market opportunities*

- Tailored innovation
- Croda investment

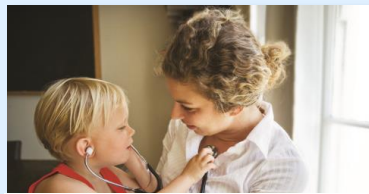
## *Customer intimacy*

- Engagement
- Reaching new customers

# Mega trends influencing Asia



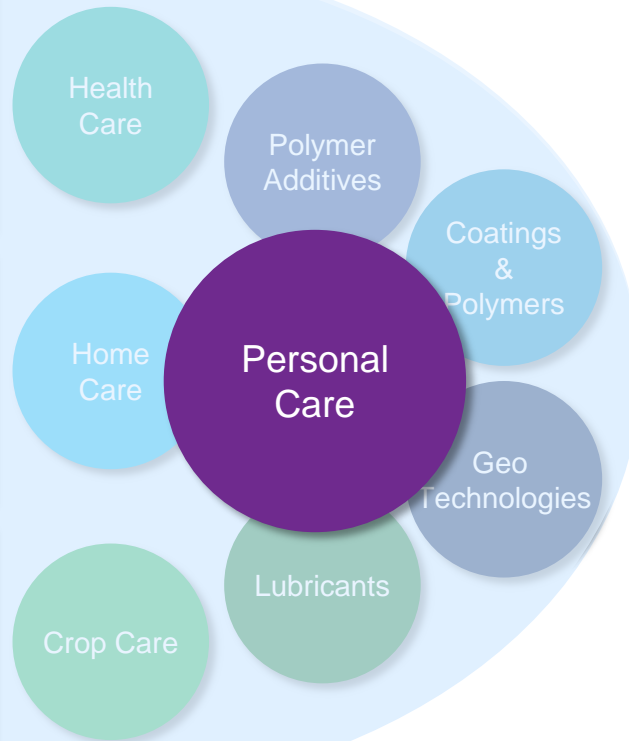
Beauty and ageing



Health and well-being



Sustainability



Asia specific solutions

Concerns over product impact on personal health

Niche market opportunities due to broad cultural expectations

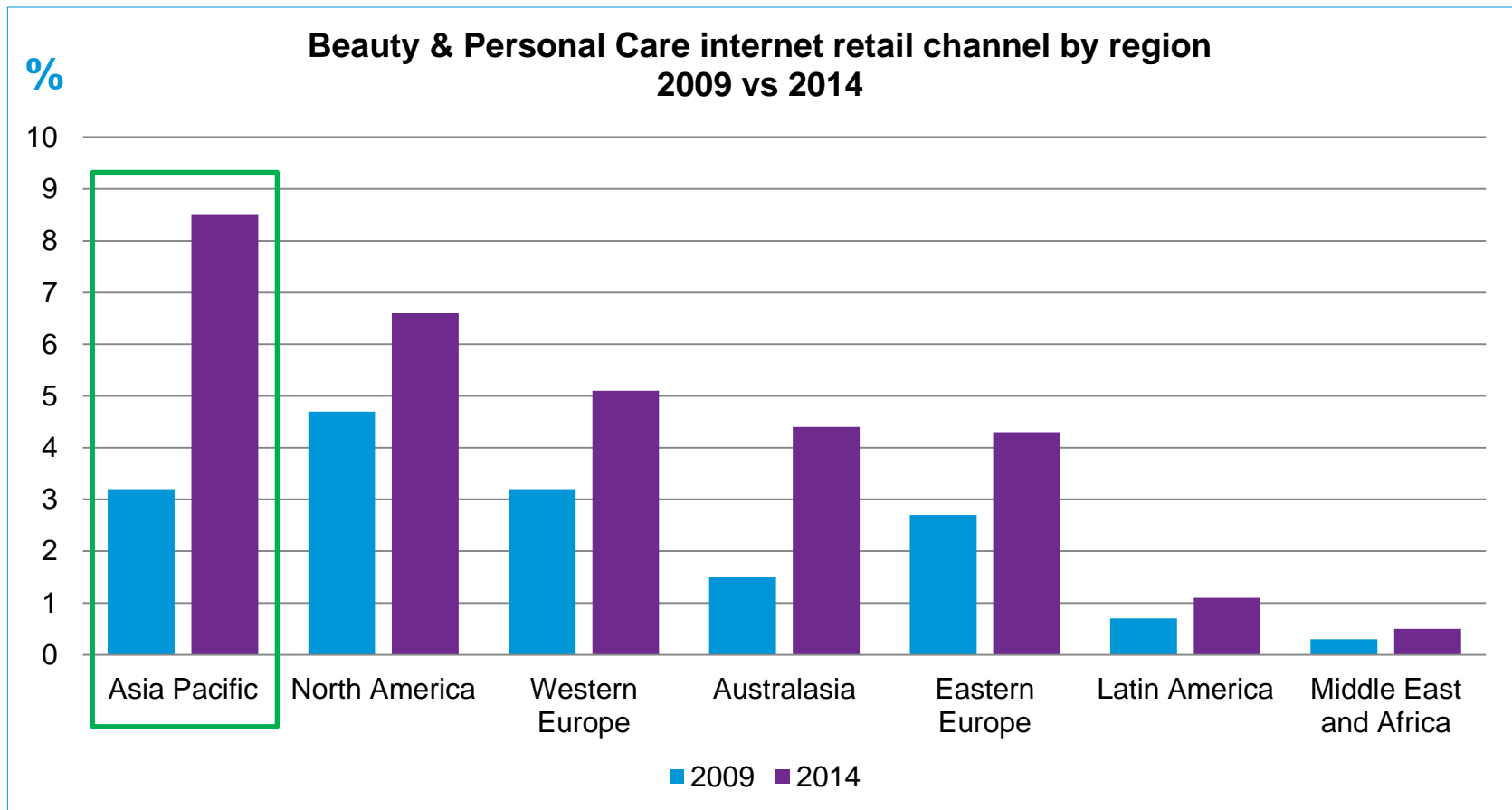
Rising middle class in emerging markets

Environmental awareness and concerns

Digitalisation and the rise of new routes to market

Asia specific trends are increasingly important in identifying niche market opportunities

# Asia leads the way in adoption of digital channels



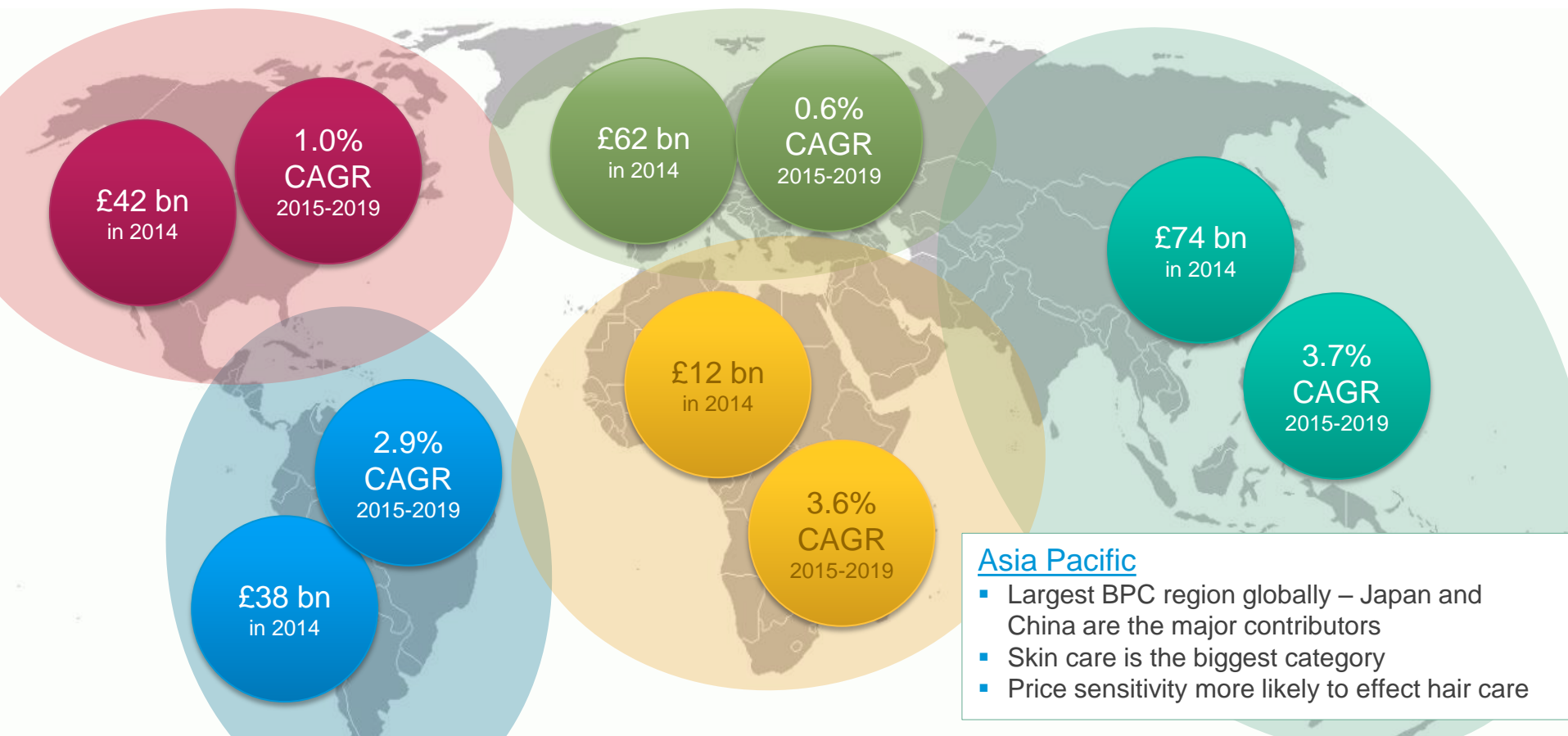
Source: Euromonitor BPC internet retailing 2009 vs 2014

# Innovative new routes to market



- Asian customer needs require local supplier understanding

# Growth in Personal Care



**Emerging markets are expected to be the Beauty & Personal Care growth engine**

Source: Euromonitor 2015 – showing 2014 value and CAGR 2015 – 2019 growth percentage in constant currency  
Data: Total Beauty and Personal Care market excluding Fragrance and Oral Hygiene

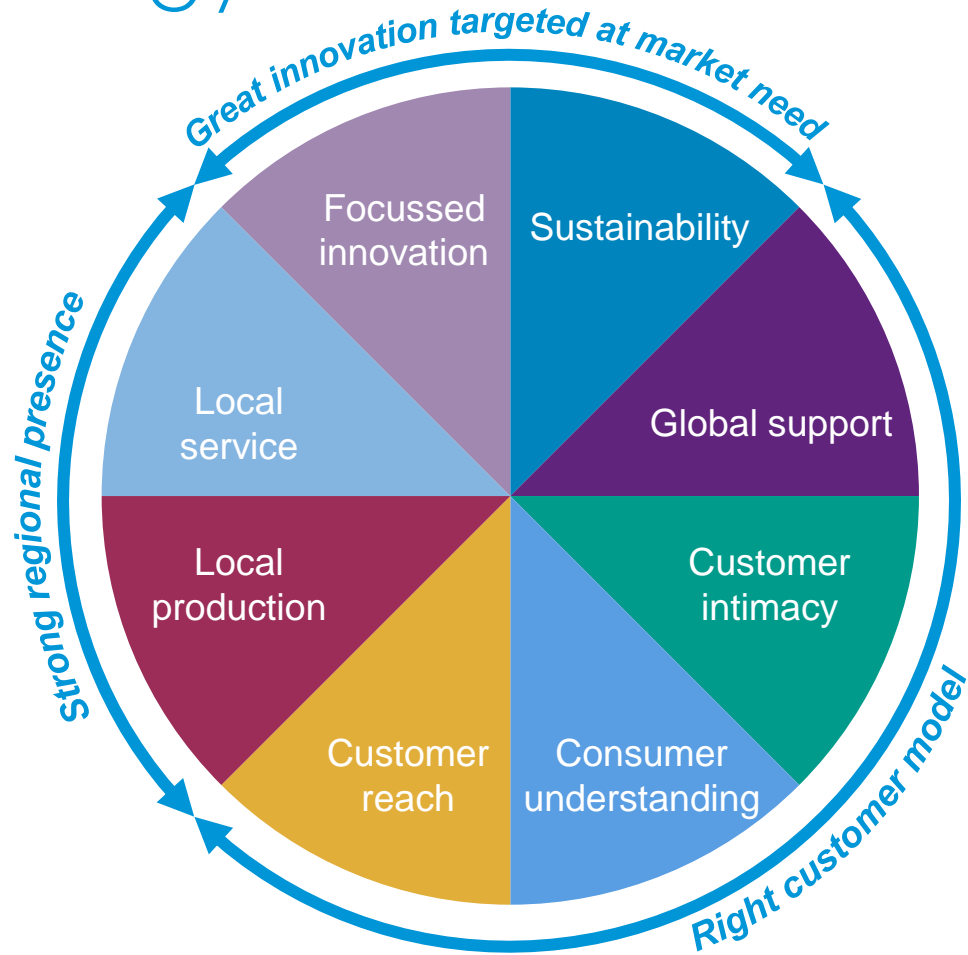
# Drivers of Asia growth

---

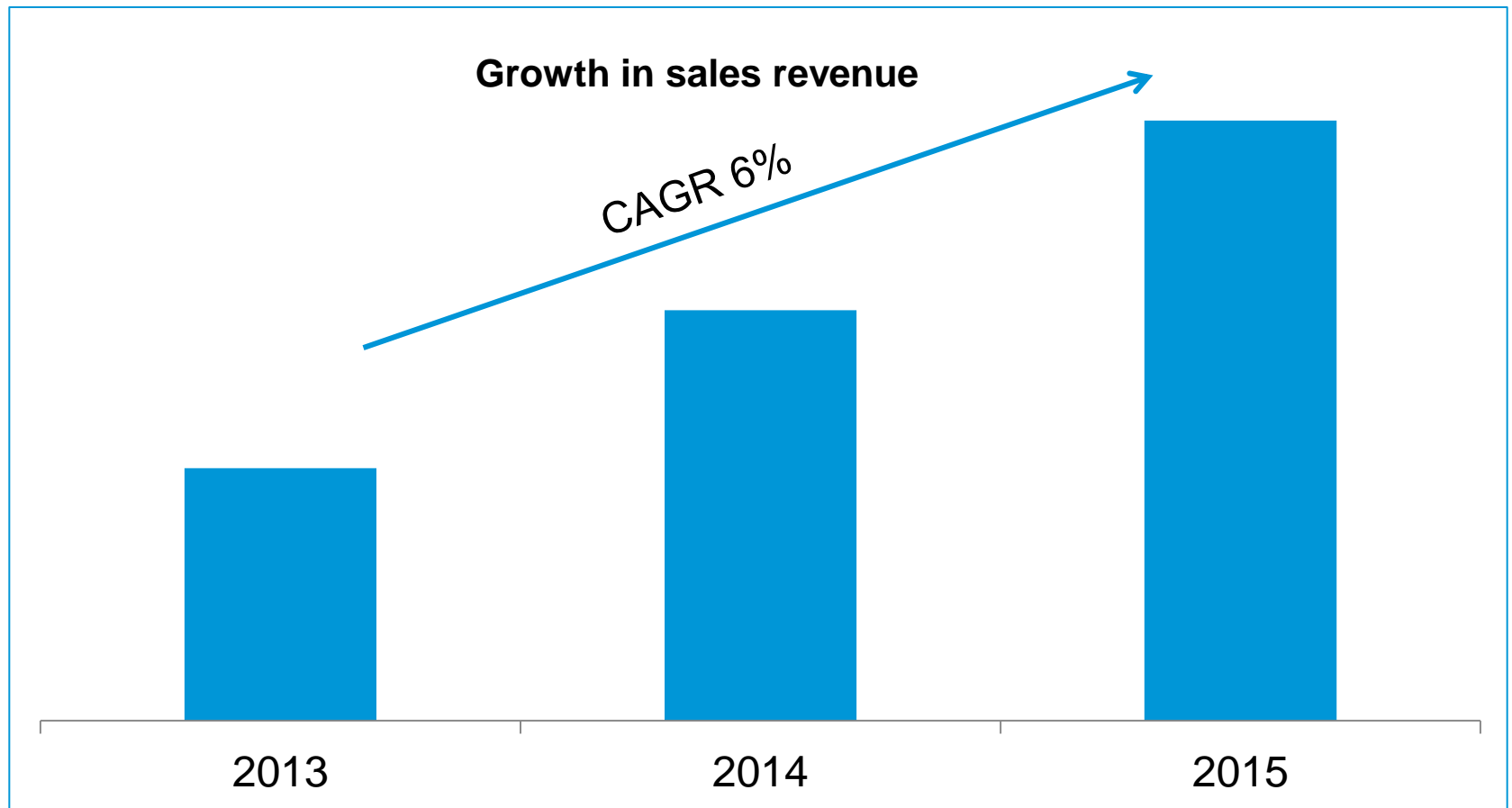
- Increasing number of consumers
  - Growth in population
  - Enhanced spending power
  - Continual new entrants due to changing business model
- Addressing the issues & opportunities created by the over-arching mega trends
- Aspirational drivers of an emerging middle class
- Need for emerging market solutions
  - A better solution than original mentality of developed world thinking overlaid on an emerging economy



# Our Strategy to win



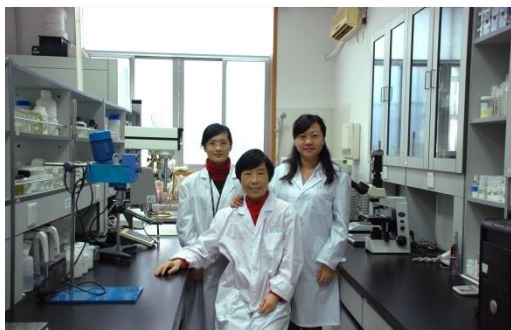
# Winning in Asia



CAGR is total Croda sales in Asia at constant currency

# Winning by investing in innovation

Investment in new laboratories is enabling us to develop local solutions for Asia needs



China



Singapore



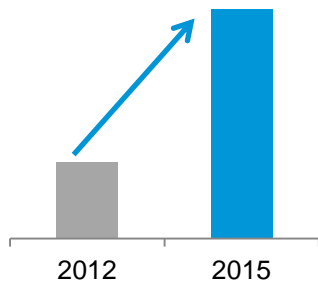
India

**Innovating in Asia for Asia**

# Winning by getting closer to customers

## Investing in customer collaboration

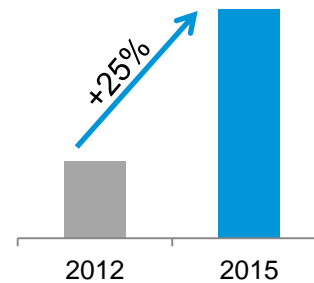
### Customer projects



Greater formulation support

## Investing in new customers

### Asia customers



Singapore

## Increase in direct selling

**4** → **>400**  
Distributors → Customers

Exit distribution in Asia

## Investing in Indonesia

Transforming from industrial to consumer markets



Indonesia development

# Investing in customer engagement

Investing in new application laboratories is enabling us to reach more and more customers with whom we can collaborate on innovative technologies and solutions



Singapore



Indonesia



China



Japan

# Delivering from customer engagement

## India

Collaborative formulation work delivering £850k sales pa of active ingredients in skin care formulations

## China

20 'mini' projects creating £750k pa of new sales

## South Korea

New ingredient developed exclusively for a customer's skin care formulation creating more than £1m of sales pa

- Customer engagement creating significant value
- Direct contact facilitates variety of opportunities on which to act
- Getting closer to customers is critical to achieving success

# We are growing with thousands of customers

## Existing multi-national companies

- The historic engine of growth
- Some are struggling to adapt to changes in the market
- Developing more robust regional presence to drive greater innovation

## Regional dynamos

- MNCs of the future?
- Billion dollar companies but specific geographic coverage
- Niche brand development
- Trusted
- Increasingly responsive to innovation

## Local customers

- Constantly increasing in numbers (thousands now active)
- Difficult to reach....so good for Croda
- The dynamos of tomorrow?
- Relies on good local knowledge to service & grow

**Croda can meet the needs of all three customer groups**

# Hot trends in Asia Pacific

## Get Clean



Walmart 沃尔玛 POND'S®

沃尔玛携手旁氏  
POND'S黑魔法  
挥别PM2.5烦恼\*  
以黑吸黑 立现净白

时间：2013年4月29日-5月1日  
地点：沃尔玛布吉店

邱泽

- Urban living
- Impact of pollution on skin

## Get Natural



- Consumer-led push
- Ethical, natural

## Get Healthy

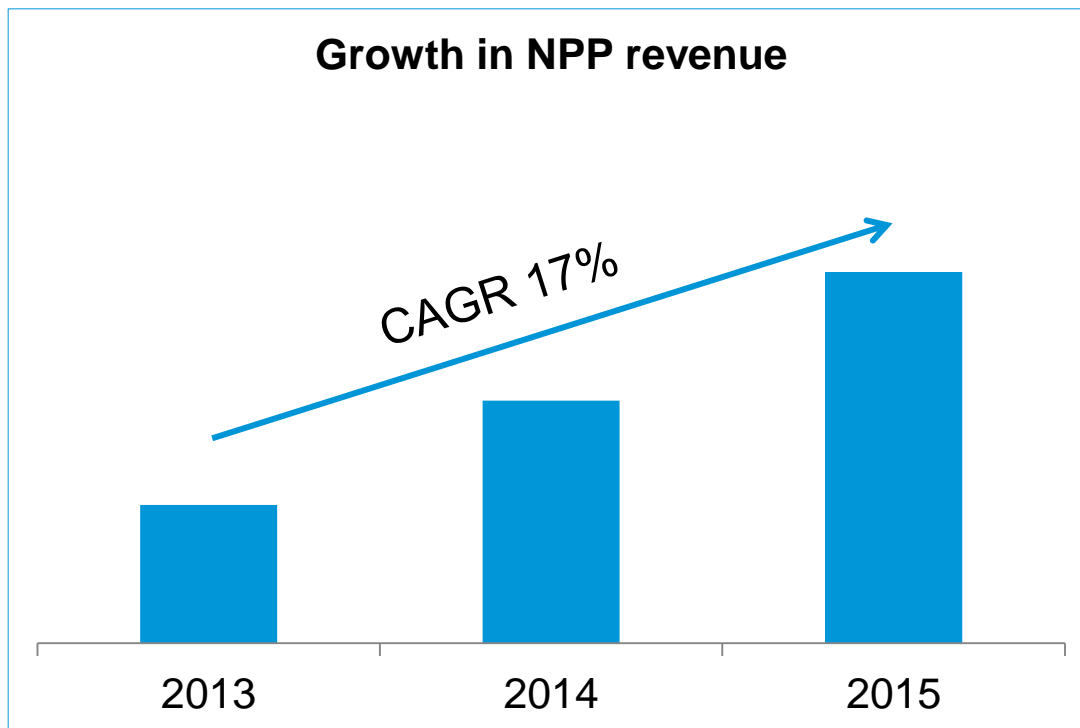


- Ageing population
- Increasingly stressful lifestyle



# Asia doesn't have to be cheap!

*Asia presents great opportunities for the use of innovative ingredients*



- Consistent growth in sales from protected products
- Faster growth following local R&D investment in 2012/13
- Supporting niche market claims

# Personal Care innovation in Asia

## Hydrating moisture



Patented complex offering up to 72 hours of hydration, helping to maintain long-lasting skin moisturisation

## Sensory with stability



Novel silicone hybrid ingredient that acts to improve dispersion of rich oils and provide great immediate skin feel

## Sensorial UV active



Patented inorganic UV filter providing high performance protection and sensory benefits

## Scalp calming active

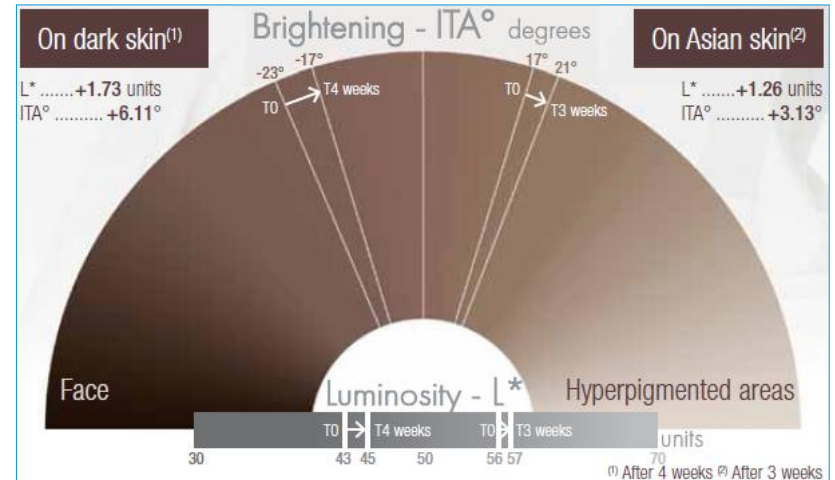


Innovative scalp treatment using patented scalp calming and anti-dandruff ingredient with proven efficacy to soothe irritation

# New ingredients for new niches



Targeting local anti-ageing needs, Mediatone™ helps to reduce hyperpigmentation in age-spots associated with some Asian skin types



25 volunteers (mean age 47) with Asian skin (Fitzpatrick skin type IV-V) and visible dark spots applied twice daily for 3 weeks a cream containing 2.5% MEDIATONE™ on the half face against placebo. Study performed in Thailand: Jan-15 to Feb-15.

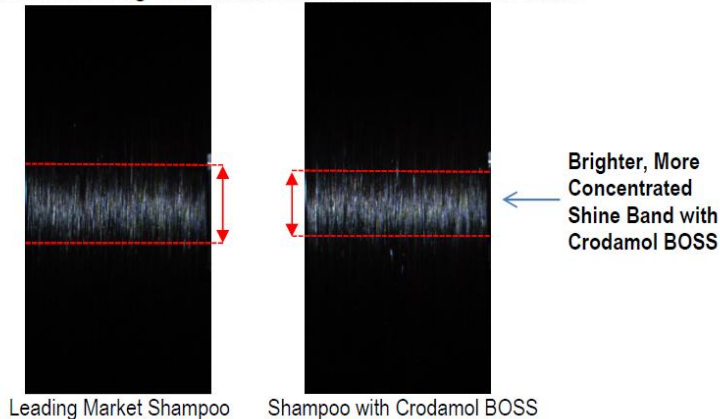


# New ingredients for new niches

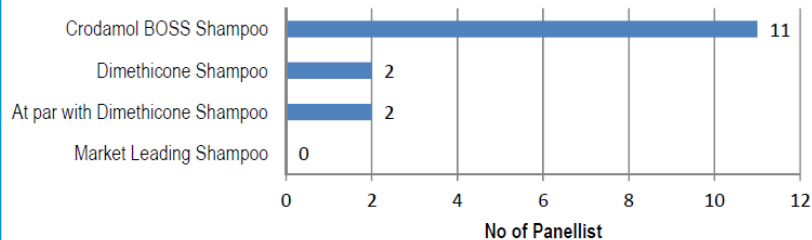


Meeting one of the most important hair attributes desired by consumers, Crodamol™ BOSS helps hair maintain healthy feel and appearance

Shampoo Containing Crodamol BOSS Demonstrates More Shine



75% of Panellists Prefer Crodamol BOSS Tress as the Tress with the Most Shine



# Key take-aways

---

- Asia Pacific will be the engine of growth for beauty and personal care for the next decade
- Improved proximity to customers is enabling Croda to discover, understand and respond to local consumer needs
- Investment and our innovation expertise generate strong growth in the region
- Asia is an increasingly important part of our overall performance

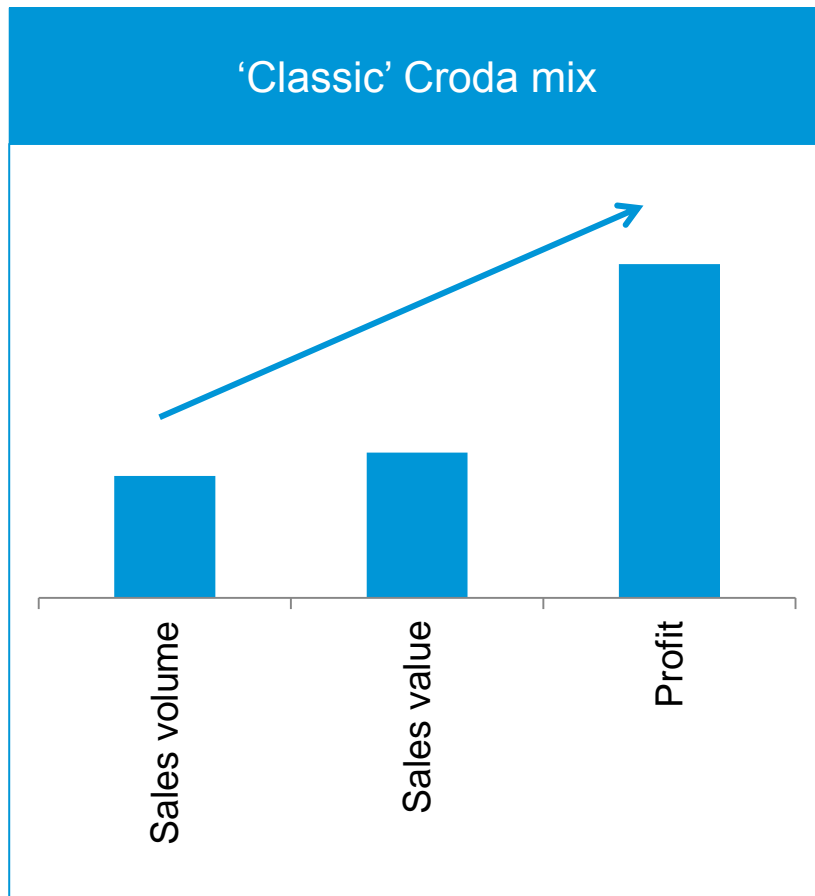
# Wrap up



Innovation you can build on™

**CRODA**

# Key take-aways



- Continue to be different
- Profitable growth will be the main driver
- Innovation to remain our key differentiator
- Investment in fast growing markets starting to deliver
- Value creating M&A will supplement our organic growth plans