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.

Unless otherwise stated, all profit, margin and EPS data refer to ‘adjusted’ results, which can be found on the face of the Group Income Statement in the first column. The definition of adjusted profit is as follows: IFRS result excluding exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition, and tax thereon where applicable. The Board believes that the adjusted result gives a clearer presentation of the underlying performance of the Group.

Underlying sales are presented at constant currency and exclude the impact of acquisitions.
Our Performance

Steve Foots – Group Chief Executive
Strategy continuing to deliver

Headline performance:

- **More protected innovation**: NPP sales up to 27.5% of total sales† (2015: 26.1%)
- **Key technology platforms growing**: Constant currency sales up 2.1% including Incotec acquisition
- **Improved operating margin**: up 0.8 percentage points to 25.7% (2015: 24.9%)
- **Strong bottom line**: adjusted pre-tax profit up 6.3%; adjusted EPS up 10.0% in reported currency
- **Robust cash flow**: funding over £56m of capital investment for future growth
- **Continued dividend growth**: interim dividend increased by 5.6%

Constant currency except where otherwise stated
NPP = New and Protected Products
†Excluding Incotec
Driving profitable growth

Sales expanding

- Key technologies growing
- Incotec acquisition

+2.1%

Robust & improving margin

- Increased innovation
- Clever product mix

25.7%
+80bps

Profit before tax increasing

- Value over volume
- Bottom line growth

+6.3%

Record NPP sales driving strong bottom line performance

Constant currency
Innovation driving margin in Personal Care

Profitable top line growth

Sales: -0.5%
Profit: 8.9%

Record margin level

Return on sales/growth: 35.7% (+300 bps)

Delivering profitable growth

- Increased innovation & IP
  - Record sales in skin actives
  - New capacity in sun care
  - Investing in technologies
- Focus on fast growth regions
  - Asia > 10%
- Fulfilling trends – sustainability and digitalisation

Constant currency

CRODA
Growth in Life Sciences boosted by Crop Care and Incotec acquisition

**Strong top line growth**

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition</td>
<td>23</td>
</tr>
<tr>
<td>API</td>
<td>(5)</td>
</tr>
<tr>
<td>Excipients/Adjuvants</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>22</td>
</tr>
</tbody>
</table>

19.1% sales growth

**Incotec acquisition diluting margin**

-560 bps

**Focus on technology**

- Growing high value-add technologies
  - High purity Health excipients
  - Crop Care outperforming
- Progress in innovation & collaboration
- Incotec integration underway
- Lower sales of APIs

Return on sales/growth

**Constant currency**

API = Active Pharmaceutical Ingredient
Improving mix in Performance Technologies

Profitable top line growth

Good margin improvement

19.0%

Profitable top line growth

11.4%

-0.3%

Sales

Profit

Enhancing the product mix

- Exited low value-add products
- NPP growth increased
- Growing in Asia - strong SIPO performance
- Geo Technologies stabilising

Return on sales/growth

+200 bps

Constant currency
Financial Performance

Jez Maiden – Group Finance Director
Strong margin driving profit growth

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2016 reported</th>
<th>H1 2016 constant currency</th>
<th>H1 2015 reported</th>
<th>Reported currency change %</th>
<th>Constant currency change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>608.7</td>
<td>576.5</td>
<td>564.6</td>
<td>7.8%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>152.6</td>
<td>148.2</td>
<td>140.8</td>
<td>8.4%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Net interest</td>
<td>(4.1)</td>
<td>(4.0)</td>
<td>(5.1)</td>
<td>19.6%</td>
<td>21.6%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>148.5</td>
<td>144.2</td>
<td>135.7</td>
<td>9.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>IFRS profit before tax</td>
<td>145.1</td>
<td>135.6</td>
<td></td>
<td>7.0%</td>
<td></td>
</tr>
<tr>
<td>Tax rate (adjusted profit)</td>
<td>28.2%</td>
<td>28.2%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>79.0p</td>
<td></td>
<td>71.8p</td>
<td>+10.0%</td>
<td></td>
</tr>
<tr>
<td>Declared dividend</td>
<td>32.75p</td>
<td></td>
<td>31.0p</td>
<td>+5.6%</td>
<td></td>
</tr>
</tbody>
</table>

Positive variance indicates favourable impact
Sales growth driven by acquisition and currency

First half £m

- Reduced sales of low value-add co-products & tolling
- Lower API sales
- Growth in remainder of Core Business & from currency translation

Core Business comprises Personal Care, Life Sciences and Performance Technologies
2015 sector sales restated for a reclassification of toll product from Life Sciences to Industrial Chemicals

CRODA
Continued top line growth in Asia & Europe

Regional underlying sales†

- EMEA
- North America
- Asia Pacific
- Latam

+3%
-11%
+7%
-6%

- Asia growth
  - Driven by proximity to local & regional customers
  - China & India excellent

- Europe robust
  - Personal Care strong

- North America
  - Business migrating to other regions
  - Lower API sales

- Latin America
  - Weak macroeconomic conditions
  - Growth in local currency terms

† In Core Business
Protected innovation driving profit growth

- Bigger and better innovation
- Record NPP sales in Personal Care
- Progress in Crop adjuvants and Health excipients
- Performance Technologies progress in Polymer Additives and clever Coatings
- Driving margin increase

In constant currency excluding Incotec acquisition
Innovation, mix and acquisition driving profit

First half £m

- Profit growth driven by innovation, product mix improvement and acquisition
- Growth in operating margin despite Incotec dilution
- Interest cost saving
Showed adjusted operating profit growth for sectors and profit before tax growth for Group, all at constant currency.

2015 sector profit restated for a reclassification of toll product from Life Sciences to Industrial Chemicals.
Robust cash generation, funding capital investment programme

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2016</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>174.1</td>
<td>159.7</td>
</tr>
<tr>
<td>Working capital</td>
<td>(33.6)</td>
<td>(23.2)</td>
</tr>
<tr>
<td>Net capital investment</td>
<td>(56.8)</td>
<td>(38.2)</td>
</tr>
<tr>
<td>Additional pension contributions</td>
<td>(1.3)</td>
<td>(19.4)</td>
</tr>
<tr>
<td>Interest and tax</td>
<td>(32.5)</td>
<td>(32.2)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>49.9</strong></td>
<td><strong>46.7</strong></td>
</tr>
<tr>
<td>Dividends</td>
<td>(187.3)</td>
<td>(48.9)</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>(1.4)</td>
<td>-</td>
</tr>
<tr>
<td>Other cash movements</td>
<td>1.1</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td><strong>(137.7)</strong></td>
<td><strong>(1.6)</strong></td>
</tr>
<tr>
<td>Net debt</td>
<td>(419.4)</td>
<td>(179.2)</td>
</tr>
<tr>
<td>Leverage</td>
<td>1.3x</td>
<td>0.6x</td>
</tr>
</tbody>
</table>

- Additional long term funding secured at attractive rates to renew headroom
Impact of the EU Referendum

- Exit terms as yet unclear
- Limited initial impact:
  - >95% of sales ex-UK
  - 80% of production ex-UK
- Currency translation profit impact:
  - $1 cent = +/- £0.5m  (2015: $1.52; H1 2016: $1.43)
  - €1 cent = +/- £0.3m  (2015: €1.37; H1 2016: €1.28)
Delivery driven by increasing Intellectual Property

Three legs of growth

- Personal Care
- Life Sciences
- Performance Technologies

Clear innovation focus

- Fast growth technologies
- New technology capture
- High value niches
Personal Care: investing in fast growing, premium segments

Profitable growth continuing

- Improved mix
- NPP increasing
- Capturing new technologies

Investing in fast growth technologies

- Skin and hair actives
- Plant stem cells
- Sun care actives
- Novel polymers

Investing in high value niches

- MATRIXYL SYNTHE’6®
- OPTIM HYAL™
- BEAUTIFEYE™

- Anti-wrinkle
- Skin smoothing
- Eye micro-lines

Investing in new technologies

- Novel encapsulation
- Proven technologies
- Scale globally

Constant currency
Life Sciences: investing in high value niches

Investing in innovation

- High purity excipients
- Advanced rheology modifiers
- Oral care actives

Investing in fast growth technologies

NPP as a % of sales

- 2012
- H1 2016
- +53%

Investing in high value niches

- Cancer drugs
- Auto immune diseases
- Ophthalmology

Investing in novel seed treatment technology

- Undervalued IP
- Integration underway
- Leverage global sales
- Invest to grow the core

Crop customer collaboration

Pipeline value as % of current revenue

21%
Performance Technologies: investing to improve margin and specialise

Investing in fast growth technologies
- Friction modifiers
- Water based coating systems
- High performance fibre additives
- Advanced materials

Investing in new technologies
- Novel non-leaching antimicrobial technology
- Anti-scratch technology

Investing in new geographies
- Double digit sales and profit growth in last 3 years
- Site expansion underway
- Benefitting most markets

Investing in high value niches
- Hypermer™
- FlowSolve™
- CrodaTherm™

Advanced Materials
Flow Assurance
Phase Change Materials

SIPO, China
Key take aways

2016 so far
- Subdued markets
- Richer product mix
  - Increased innovation – more IP
  - Proactive exit of low value-add sales
- Impressive margin development
- All sectors contributing
- Strong cash generation

Outlook
- Continued economic uncertainty
- Innovation pipeline strong
- Confident of delivering continued progress in 2016
- Currency tailwinds
### Underlying sales growth

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q1 2016</th>
<th>Q4 2015</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Care</strong></td>
<td>0.2%</td>
<td>(1.1)%</td>
<td>(0.4)%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Life Sciences</strong></td>
<td>(7.1)%</td>
<td>4.6%</td>
<td>5.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td>(0.1)%</td>
<td>(0.6)%</td>
<td>0.7%</td>
<td>(1.1)%</td>
</tr>
<tr>
<td><strong>Technologies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Core sectors</strong></td>
<td>(1.5)%</td>
<td>0.4%</td>
<td>1.5%</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Industrial Chemicals</strong></td>
<td>(14.1)%</td>
<td>(10.7)%</td>
<td>3.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>(3.0)%</td>
<td>(0.9)%</td>
<td>1.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td>£m</td>
<td>H1 2016 Reported</td>
<td>H2 2015 Reported</td>
<td>H1 2015 Reported</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------</td>
<td>------------------</td>
<td>------------------</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>608.7</td>
<td>517.1</td>
<td>564.6</td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>152.6</td>
<td>123.4</td>
<td>140.8</td>
<td></td>
</tr>
<tr>
<td>Net interest</td>
<td>(4.1)</td>
<td>(4.4)</td>
<td>(5.1)</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>148.5</td>
<td>119.0</td>
<td>135.7</td>
<td></td>
</tr>
<tr>
<td>Return on sales</td>
<td>25.1%</td>
<td>23.9%</td>
<td>24.9%</td>
<td></td>
</tr>
</tbody>
</table>
### IAS19 pension deficit

<table>
<thead>
<tr>
<th></th>
<th>30 June 2016</th>
<th>31 December 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of assets</td>
<td>1,115.5</td>
<td>969.6</td>
</tr>
<tr>
<td>Value of liabilities</td>
<td>(1,264.7)</td>
<td>(1,048.4)</td>
</tr>
<tr>
<td><strong>Deficit pre-tax</strong></td>
<td>(149.2)</td>
<td>(78.8)</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>38.3</td>
<td>22.9</td>
</tr>
<tr>
<td><strong>Deficit post-tax</strong></td>
<td>(110.9)</td>
<td>(55.9)</td>
</tr>
</tbody>
</table>

- Pre-tax deficit increased by £70.4m – low discount rates
- Post-tax deficit now £110.9m
- UK scheme fully funded for scheme actuarial purposes – next valuation due 30 Sept 2017
Capital allocation policy

- Reinvest to grow
  - Currently above average
- Regular dividend
  - 40-50% EPS pay-out over cycle
- Disciplined approach to acquisitions
- Excess capital returned
  - 1-1.5x leverage target*

Half year leverage of 1.3x
Return of capital to mid-point of range - £136m returned by special dividend in June 2016

*Leverage target excludes retirement benefit deficit