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. All figures at reported currency rates unless otherwise stated.
Our Performance

Steve Foots – Group Chief Executive
Record profit and strong sales growth

- **Record profit**: continued progress across all core sectors. PBT +11.1% at £320.3m
- **Strong sales growth**: +10.4% - strongest underlying growth since 2012
- **Relentless innovation**: 5th successive year of NPP growth
- **Robust margin & return**: ROS 24.2%, ROIC 19.2%
- **Investment in disruptive technologies**: Cutitronics, Enza, IonPhasE, Nautilus
- **Strong returns to shareholders**: 9.5% increase in full year ordinary dividend

Underlying sales reflect current year results for existing business translated at the prior year’s average exchange rates, excluding the impact of acquisitions. NPP is New & Protected Products. ROS is return (operating profit) on sales. ROIC is defined in the 2017 Results Press Release.
Consistent top and bottom line growth

Strong sales growth
- Reported currency Group
  - +10.4%
  - +5.6%
- Constant currency Core Business

Robust return on sales
- Year on year change
  - 24.2%
  - +20 bps

Excellent EPS growth
- Basic EPS growth
  - 179.0p
  - +14.9%

A strong business getting stronger

Core Business comprises the core sectors of Personal Care, Life Sciences and Performance Technologies

Innovation you can build on™
Broad-based sales growth across....

**All core sectors**
- Personal Care: 5.3%
- Life Sciences: 4.6%
- Performance Technologies: 6.6%

**All customer classes**
- Top 10: +4.7%
- 11-20: +4.3%
- Rest: +4.6%

**All major regions**
- Europe: 8.0%
- North America: 5.3%
- Asia: 6.2%

Constant currency

Innovation you can build on™
Personal Care: strong sales improvement with stable margin

Return to sales growth

- +5.3%

Stable margin

- 33.3%
- Modest mix impact

Innovation-led growth

- NPP +6% to >40% sales
- Strong growth in Beauty Actives
- Return to healthy growth in Beauty Formulations
- Growing opportunity in Beauty Effects
- MNC recovery
- ‘Flight to premium’
Life Sciences: innovation and Incotec integration delivering faster profit growth

**Faster profit growth**

<table>
<thead>
<tr>
<th>Sales</th>
<th>Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>+4.6%</td>
<td>+14.0%</td>
</tr>
</tbody>
</table>

**Incotec driving improvement in return on sales**

- **30.1%**
- **+200 bps**
- YOY change

**Focus on fast growth technologies**

- NPP +10%; 32% of sales
- Outperformance in Crop Protection
- R&D investment delivering in Incotec
- Investment in Health Care high purity delivery systems
- North America API contract successfully exited
Performance Technologies: transitioning to more focused innovation

Second year of double digit % profit growth

Focus on ‘value over volume’

Full year return on sales

16.5%

+120 bps

H2 change

Broad based growth

- Re-focusing on faster growth technologies
- Premium Smart Materials & Energy Technology markets
- Structural sales growth in H1
- Margin expansion in H2

Sales and operating profit growth in constant currency
Financial Performance

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

<table>
<thead>
<tr>
<th></th>
<th>2017 reported</th>
<th>Reported currency change</th>
<th>Constant currency change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,373.1</td>
<td>10.4%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>332.2</td>
<td>11.4%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Net interest</td>
<td>(11.9)</td>
<td>(20.2)%</td>
<td>(19.2)%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>320.3</td>
<td>11.1%</td>
<td>6.5%</td>
</tr>
<tr>
<td>IFRS profit before tax</td>
<td>314.1</td>
<td>13.9%</td>
<td></td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td>179.0p</td>
<td>14.9%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Proposed ordinary dividend</td>
<td>81.0p</td>
<td>9.5%</td>
<td></td>
</tr>
</tbody>
</table>

Positive percentage indicates favourable variance
Sales momentum in Core Business

Constant currency sales growth (Core Business)

Q1 '17: 5.3%
Q2 '17: 3.4%
Q3 '17: 5.7%
Q4 '17: 7.9%

Three strong legs of growth

- Return to steady organic growth in H1
- Growth accelerated in H2
- Progressive improvement in consumer business at strong margins
- Rebalanced Performance Technologies growth – focus on value over volume
Constant currency sales in Core Business +5.6%

Sales £m

- 2016 reported: 1,244
- Industrial Chemicals: -1.0%
- Core Business: +5.6%
- M&A: +0%
- Currency translation: +5.8%
- 2017 reported: 1,373

Change:
- 4.6% increase in constant currency sales
- 1.0% decrease
- 10.4% total increase

Innovation you can build on™
Robust volume growth in consumer businesses

- Personal Care: return to volume growth
- Life Sciences: volume growth, particularly Crop
- Performance Technologies: sharper focus on premium/technology benefiting mix; raw material price increases recovered
Continued profit progress across Core Business

Growth in operating profit

- Personal Care: +£12m (+3.3%)
- Life Sciences: +£15m (+14.0%)
- Performance Technologies: +£9m (+10.7%)
- Group: +£34m (+6.9%)

Percentage growth in constant currency, absolute growth in reported currency
Group includes Industrial Chemicals sector

Innovation you can build on™
Excellent EPS growth driven by underlying performance, currency & tax

**Basic EPS, p**

- **2016 EPS**: 155.8
- **Sales growth**: +4.6%
- **Operating margin**: +2.3%
- **Interest**: -0.4%
- **FX**: +4.6%
- **Tax rate**: +3.8%
- **2017 reported**: +14.9%

Constant currency PBT +6.5%

Continued impact in 2018
Robust financial platform for future growth & returns

Leverage: Net debt / EBITDA. Net debt, EBITDA and free cash flow are defined in Results Press Release – Finance Review
Pension deficit on IAS19 basis
Strategy continuing to deliver
With *stronger, faster & smarter* investments

**Premium Niches**

**R&D**

**Smart Partnering**

**Technology acquisitions**

**Sustainability**

**Digitalisation**

Stretching our growth plans across our 3 core sectors
Targeting **stronger** growth in Premium Niches

<table>
<thead>
<tr>
<th>‘Flight to Premium’ in Personal Care</th>
<th>‘Flight to Performance’ in Life Sciences &amp; Performance Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Anti-wrinkle</strong></td>
<td><strong>Drift reduction</strong></td>
</tr>
<tr>
<td>Matrixyl™</td>
<td>Atplus™</td>
</tr>
<tr>
<td><strong>Sun protection</strong></td>
<td><strong>Yield increase</strong></td>
</tr>
<tr>
<td>Solaveil™</td>
<td>Disco™</td>
</tr>
<tr>
<td><strong>Curl retention</strong></td>
<td><strong>Injectables</strong></td>
</tr>
<tr>
<td>Volarest™</td>
<td>Tween™</td>
</tr>
<tr>
<td><strong>Hair straightening</strong></td>
<td><strong>Sterile coatings</strong></td>
</tr>
<tr>
<td>Kereffect™</td>
<td>MyCroFence™</td>
</tr>
</tbody>
</table>

A relentless focus on innovation

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Innovation you can build on™
Supported by **stronger** investment in R&D

**Five successive years of NPP growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>NPP as % of Group sales</th>
<th>Sales growth in constant currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>20.5%</td>
<td>£216m</td>
</tr>
<tr>
<td>2017</td>
<td>27.6%</td>
<td>£379m</td>
</tr>
</tbody>
</table>

+75%

**Getting closer to our customers in Asia**

- 6% sales CAGR

**Expanded new R&D capabilities**

- Brazil
- Incotec
- Sederma
- Korea

**Understanding local needs in South Africa**

+15% sales

NPP values as % of Group sales. Sales growth in constant currency.
With *faster* investment through Smart Partnering

### Colour Cosmetics
- New exclusive partnership
- Fast paced niche sector
- Innovative special effect pigments

### Premium skin care
- Acquired Nautilus:
  - Open innovation relationship
  - Many new products
  - Access to unique marine microbial library

### Accelerating open innovation
![Graph showing cumulative funding from 2010-2017]
- Partners
- Projects

### Premium home care
- Partnering with Itaconix
- Many active projects
- Fast growing niche – odour neutralising
And faster investment in Disruptive Technology acquisitions

**Strong sales growth in new technologies**

- IRB
- Biotechnology
- Incotec
- Inventiva
- J D Horizons

**Enza**

- Novel surfactants
- Sugar based chemistry
- Patent-rich

**IonPhasE**

- Market leader
- Fast growing technology trend
- Electrostatic protection

**Accelerating technology M&A**

- Identified more technology platforms
- Targeting 4 – 5 new pa
- IP-rich, specialised knowledge
- Accelerate sales through global access

Sales in constant currency.
With a **smarter** sustainability story

### Award winning ECO product range

- 100% bio-based
- 100% renewable
- Lower carbon footprint
- USDA BioPreferred programme

### Creating many new niches

### Extensive marketing campaign

- Global brands
- 7,000 customer / product combinations
- c40% of recent skin and hair product launches contain alkoxylates

### Customers’ interest growing

Company logos sourced from corporate websites
And smarter new digital investments

New digital ecosystems

Cutitronics
- 25% investment
- High-tech digital technology
- Optimum delivery of skin care

Digitally enabled for new customers

Indies
- Virtual
- Agile
- Technology & data hungry

Rapid formulation screening

Materials Innovation Factory
- State of the art facility
- Robotics
- Fast screening
- Agile R&D

Creating a digital presence

- New customer experience
- Chief Digital Officer
- Agile software engineering

Digital – New differentiator creating many opportunities
### Investing

- In fast growth disruptive technologies
- In R&D
- In digital and manufacturing capability
- In our people

### Outlook

- Good momentum
- Consistent top and bottom line growth
- Deliver continued progress
Additional material
## H1/H2 sales analysis

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal Care</strong></td>
<td>238.3</td>
<td>228.3</td>
<td>466.6</td>
</tr>
<tr>
<td><strong>Life Sciences</strong></td>
<td>162.4</td>
<td>160.2</td>
<td>322.6</td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td>239.9</td>
<td>217.0</td>
<td>456.9</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>640.6</td>
<td>605.5</td>
<td>1,246.1</td>
</tr>
<tr>
<td><strong>Industrial Chemicals</strong></td>
<td>66.7</td>
<td>60.3</td>
<td>127.0</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>707.3</td>
<td>665.8</td>
<td>1,373.1</td>
</tr>
</tbody>
</table>
## H1/H2 operating profit analysis

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H2 2017</th>
<th>FY 2017</th>
<th>FY 2016</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>82.6</td>
<td>72.9</td>
<td>155.5</td>
<td>143.1</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>49.3</td>
<td>47.7</td>
<td>97.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Performance Technologies</td>
<td>40.9</td>
<td>34.5</td>
<td>75.4</td>
<td>66.6</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>172.8</td>
<td>155.1</td>
<td>327.9</td>
<td>291.7</td>
</tr>
<tr>
<td>Industrial Chemicals</td>
<td>3.0</td>
<td>1.3</td>
<td>4.3</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>175.8</td>
<td>156.4</td>
<td>332.2</td>
<td>298.2</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>34.7</td>
<td>31.9</td>
<td>33.3</td>
<td>34.0</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>30.4</td>
<td>29.8</td>
<td>30.1</td>
<td>28.1</td>
</tr>
<tr>
<td>Performance Technologies</td>
<td>17.0</td>
<td>15.9</td>
<td>16.5</td>
<td>16.4</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>27.0</td>
<td>25.6</td>
<td>26.3</td>
<td>26.1</td>
</tr>
<tr>
<td>Industrial Chemicals</td>
<td>4.5</td>
<td>2.2</td>
<td>3.4</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>24.9</td>
<td>23.5</td>
<td>24.2</td>
<td>24.0</td>
</tr>
</tbody>
</table>
## Retirement benefit deficit (IAS19 basis)

<table>
<thead>
<tr>
<th>£m</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of assets</td>
<td>1,304.8</td>
<td>1,229.4</td>
</tr>
<tr>
<td>Value of liabilities</td>
<td>(1,335.3)</td>
<td>(1,375.9)</td>
</tr>
<tr>
<td><strong>Deficit pre tax</strong></td>
<td>(30.5)</td>
<td>(146.5)</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>9.4</td>
<td>33.8</td>
</tr>
<tr>
<td><strong>Deficit post tax</strong></td>
<td>(21.1)</td>
<td>(112.7)</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 1.0x**

Leverage excludes retirement benefit deficit
Currency sensitivity

- Currency translation profit impact:
  - $1 cent = +/- £0.9m  (2017 average: $1.29)
  - €1 cent = +/- £0.6m  (2017 average: €1.14)