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.
Our Performance

Steve Foots – Group Chief Executive
Strategy continuing to deliver

- All Core Business sectors growing sales and profit organically
  - Group sales up 3.8%, driven by organic growth in Core Business of 4.4%
  - Adjusted profit before tax up 4.4%
  - Strong margin performance maintained: return on sales of 24.9%
  - Demonstrates broad-based growth across our 3 target sectors
- Growing in premium market niches and through investment in fast growth technologies
- Relentless focus on innovation: sales of New & Protected Products (NPP) increasing to almost £200m
- Cash generation: free cash flow of over £40m, leverage ratio of 1.0x
- Increased dividend: 6.9% increase in interim dividend
Consistent top and bottom line growth

- **Continued organic sales growth**
  - Reported currency: +16.2%
  - Constant currency: +3.8%

- **Robust operating profit growth**
  - Reported currency: +15.2%
  - Constant currency: +5.4%

- **Strong EPS growth**
  - Reported currency: 93.4p
  - Basic EPS growth: +18.2%

Record NPP sales driving strong bottom line performance
Continued sales growth in Personal Care

### Improving top line

- Sales: +2.3%
- Profit: +1.8%

### Margin remains strong

- YOY change: 34.7% (50 bps lower)

### Investing in fast growth technologies

- Record performance in Beauty Actives
- NPP >40% of total sales
- Return to growth in North America
- Specialities stabilised
- Investing in fast growth technologies
  - Acquisitions
  - ‘Smart partnering’

Sales and adjusted operating profit growth in constant currency. Return on sales margin in reported currency.
Stronger margin in Life Sciences

Strong profit growth

Sales

Profit

Innovation driving margin growth

YOY change

Investing in fast growth technologies

- Investing to meet growing demand for high purity excipients
- Excellent progress at Incotec
  - Cost synergy
  - Getting closer to customers
  - New R&D centre
- Richer product mix in Crop Care
- APIs stable

Sales and adjusted operating profit growth in constant currency. Return on sales margin in reported currency.

API: Active Pharmaceutical Ingredient

Innovation you can build on™
Excellent growth in Performance Technologies

<table>
<thead>
<tr>
<th>Strong organic growth</th>
<th>Softer product mix</th>
<th>Connecting to faster growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>+9.1%</td>
<td>Margin</td>
<td>▪ Robust demand in most markets:</td>
</tr>
<tr>
<td>+8.1%</td>
<td>17.0%</td>
<td>▪ Strong lubricant sales</td>
</tr>
<tr>
<td>Sales</td>
<td>-120 bps</td>
<td>▪ Surge in demand in oil &amp; gas</td>
</tr>
<tr>
<td>Profit</td>
<td>YOY change</td>
<td>▪ Investing in faster growth technologies and new capacity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ All geographic regions growing well</td>
</tr>
</tbody>
</table>

Sales and adjusted operating profit growth in constant currency. Return on sales margin in reported currency.
Financial Performance

Jez Maiden – Group Finance Director
Sales growth and continued strong margin driving profit improvement

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2017 reported</th>
<th>H1 2017 constant currency</th>
<th>H1 2016 reported</th>
<th>Reported currency change</th>
<th>Constant currency change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>707.3</td>
<td>631.9</td>
<td>608.7</td>
<td>16.2%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>175.8</td>
<td>160.9</td>
<td>152.6</td>
<td>15.2%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Net interest</td>
<td>(6.1)</td>
<td>(5.9)</td>
<td>(4.1)</td>
<td>(48.8)%</td>
<td>(43.9)%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>169.7</td>
<td>155.0</td>
<td>148.5</td>
<td>14.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>IFRS profit before tax</td>
<td>168.0</td>
<td></td>
<td>145.1</td>
<td>15.8%</td>
<td></td>
</tr>
<tr>
<td>Tax rate (adjusted profit)</td>
<td>27.7%</td>
<td></td>
<td>28.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic EPS</td>
<td>93.4p</td>
<td></td>
<td>79.0p</td>
<td>18.2%</td>
<td></td>
</tr>
<tr>
<td>Interim dividend declared</td>
<td>35.0p</td>
<td></td>
<td>32.75p</td>
<td>6.9%</td>
<td></td>
</tr>
</tbody>
</table>

Positive variance indicates favourable impact.
Continued organic growth – constant currency sales up 4.4% in Core Business

Group, £m

2016 reported 609
Industrial Chemicals (1)
APIs (2)
Organic growth in Core Business 26
2017 constant currency 632
Currency translation 75
2017 reported 707

Core Business excludes Industrial Chemicals

Innovation you can build on™
Organic sales growth across Core Business

- Broad based return to organic sales growth
- Driven by innovation and faster growth niches
- Success in premium markets
  - Skin actives
  - High purity excipients
  - Incotec
- Sales stabilised in Speciality ingredients in Personal Care
- Estimated Easter impact of 1.5% from Q2 to Q1
Growth in Asia & Europe supported by recovery in North America

- Continued robust performance in Asia
  - Local & regional customer driven
  - Distributor exit completed
- Europe robust – improved market confidence
- North America recovery underway
  - Actions starting to deliver
  - Good momentum across all Core Business sectors, especially Personal Care
- Resurgence in oil & gas
- Latin America remained weak

Regional sales in Core Business

- EMEA: +7%
- North America: +6%
- Latam: -3%
- Asia: +4%

Core Business sales growth in constant currency
EMEA: Europe, Middle East and Africa
Innovation you can build on™
Focus on premium & faster growth niches driving profit

**Profit before tax, £m**

- **2016 reported**: 148.5
- **Organic growth and acquisitions**: 6.5
- **2017 constant currency**: 155.0
- **Currency translation**: 14.7
- **2017 reported**: 169.7

- **Return on sales**:
  - **2016 reported**: 25.1%
  - **2017 reported**: 24.9%

- **Currency translation**:
  - **H1/17**: $1.26 (H1/16 $1.43), €1.16 (€1.28)
  - **H2/16**: $1.27, €1.16
  - Current rates in line with H2/16
Continued bottom line growth in Core Business

- Strong margin maintained in Personal Care
- Investing in fast growth niches - Beauty Actives
- Eliminating decline in Specialities
- Improving profit in Life Sciences
- Growth in Health Care
- Cost synergy in Incotec
- Good profit growth in Performance Technologies
- Increased focus on product mix & technology

Operating profit growth in reported currency

Innovation you can build on™
Cash generation continues, funding investment in fast growing niches

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2017</th>
<th>H1 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>200.4</td>
<td>174.1</td>
</tr>
<tr>
<td>Working capital</td>
<td>(34.5)</td>
<td>(33.6)</td>
</tr>
<tr>
<td>Net capital investment</td>
<td>(70.8)</td>
<td>(56.8)</td>
</tr>
<tr>
<td>Non-cash pension expense</td>
<td>1.6</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Interest and tax</td>
<td>(56.2)</td>
<td>(32.5)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>40.5</strong></td>
<td><strong>49.9</strong></td>
</tr>
<tr>
<td>Dividends</td>
<td>(54.1)</td>
<td>(187.3)</td>
</tr>
<tr>
<td>M&amp;A</td>
<td>-</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Other (including currency translation)</td>
<td>10.1</td>
<td>(21.3)</td>
</tr>
<tr>
<td>Movement in net debt</td>
<td>(3.5)</td>
<td>(160.1)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(367.6)</td>
<td>(419.4)</td>
</tr>
<tr>
<td>Leverage</td>
<td>1.0x</td>
<td>1.3x</td>
</tr>
</tbody>
</table>
Strategy continuing to deliver

Steve Foots – Group Chief Executive
Three strong legs of growth

- **Personal Care**
- **Life Sciences**
- **Performance Technologies**

Connecting to faster growth markets

Investing in:
- **Technologies**
- **Niches**
- **‘Smart partnering’**
- **People**
Personal Care: Investing in faster growth niches

**Investing in people**

- **Actives**
  - Different market dynamics & needs
  - 3 teams established
  - Target 50% sales from 2 premium niches

- **Formulations**

- **Effects**

**Investing in ‘smart partnering’**

- Increased open innovation: ~300 Universities and SMEs
- Colour cosmetics
- Digital

**Investing in niches**

- Next generation Matrixyl® Morphomomics™
- Peptide research & claim substantiation
- Best in skin rejuvenation

**Investing in technologies**

- Novel surfactants
- Scaling encapsulation
- Biosurfactants on stream end of year
Life Sciences: investing in faster growth technologies

**Investing in people**
- Expansion of R&D facilities
- Investing in the core
- Market expansion (Asia & North America)

**Investing in niches**
- Auricular applications
- Hormone treatment
- Gastrointestinal diseases

**Investing in ‘smart partnering’**
- New data packages
- Novel delivery solutions
- Greater customer collaboration

**Investing in technologies**
- Increasing capacity of high purity excipients
- Delivery of complex actives
- Expanding R&D team
Incotec: investing for future growth

<table>
<thead>
<tr>
<th>Investing in core</th>
<th>Investing in niches</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Geographies</td>
<td>▪ Innovation in field crop and veg</td>
</tr>
<tr>
<td>5</td>
<td>▪ Customer activity increasing</td>
</tr>
<tr>
<td></td>
<td>▪ Improving R&amp;D pipeline</td>
</tr>
</tbody>
</table>

### Investing in technology
- Seed film coatings
- Leverages Incotec & Croda technologies
- NPP

### Investing in R&D
- New R&D facilities
- R&D on four continents
- More patented technologies
Performance Technologies: connecting to faster growth

### Investing in people
- Connecting to faster growth
  - Smart Materials
  - Energy Technologies
- From Industrial to Hi-tech
- Closer to brand owners & consumers

### Investing in niches
- Disruptive non-leaching anti-microbial technology
- New biocides regulation
- Strong customer interest

### Investing in ‘smart partnering’
- Automotive OEM & Tier 1 collaboration
- Light-weighting
- Enhanced performance and sustainability

### Investing in technologies
- Anti-scratch
- Wind turbines
- Energy storage

### MyCroFence™
- Faster growth markets
### Key takeaways

#### 2017 performance so far

- Broad based sales growth
  - 3 strong legs
- Profit growing, margin maintained
- Relentless innovation continues
- Investing to support future growth:
  - Organic capex
  - Technology acquisitions

#### Outlook

- Confident of delivering continued progress in 2017
- No currency translation impact in H2 at current rates
- Fast growth technologies, niches & geographies will drive future performance
Underlying sales growth

<table>
<thead>
<tr>
<th>%</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Care</td>
<td>(2.0)%</td>
<td>(0.8)%</td>
<td>4.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>(8.2)%</td>
<td>(4.9)%</td>
<td>(1.9)%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Performance Technologies</td>
<td>0.3%</td>
<td>6.5%</td>
<td>11.7%</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>Core Business</strong></td>
<td>(2.5)%</td>
<td>0.8%</td>
<td>5.3%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Industrial Chemicals</td>
<td>(6.2)%</td>
<td>(1.4)%</td>
<td>1.9%</td>
<td>(3.8)%</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>(2.9)%</td>
<td>0.6%</td>
<td>4.9%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Underlying sales = sales in constant currency adjusted to exclude the impact of acquisitions
### Profit before tax history

<table>
<thead>
<tr>
<th>£m</th>
<th>H1 2017 Reported</th>
<th>H2 2016 Reported</th>
<th>H1 2016 Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>707.3</td>
<td>634.9</td>
<td>608.7</td>
</tr>
<tr>
<td>Operating profit</td>
<td>175.8</td>
<td>145.6</td>
<td>152.6</td>
</tr>
<tr>
<td>Net interest</td>
<td>(6.1)</td>
<td>(5.8)</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>169.7</td>
<td>139.8</td>
<td>148.5</td>
</tr>
<tr>
<td>Return on sales</td>
<td>24.9%</td>
<td>22.9%</td>
<td>25.1%</td>
</tr>
</tbody>
</table>
## Retirement benefit deficit (IAS19 basis)

<table>
<thead>
<tr>
<th>£m</th>
<th>30 June 2017</th>
<th>31 December 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market value of assets</td>
<td>1,264.1</td>
<td>1,229.4</td>
</tr>
<tr>
<td>Value of liabilities</td>
<td>(1,368.8)</td>
<td>(1,375.9)</td>
</tr>
<tr>
<td><strong>Deficit pre tax</strong></td>
<td>(104.7)</td>
<td>(146.5)</td>
</tr>
<tr>
<td>Deferred tax</td>
<td>27.3</td>
<td>33.8</td>
</tr>
<tr>
<td><strong>Deficit post tax</strong></td>
<td>(77.4)</td>
<td>(112.7)</td>
</tr>
</tbody>
</table>
Good capital discipline

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

Leverage at 30 June 2017 - 1.0x

Leverage excludes retirement benefit deficit