CRODA

Press Release

26 February 2019

Results for the year ended 31 December 2018

Sustained sales and profit growth delivering enhanced shareholder returns

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 announces its full year results for the year ended 31 December 2018.

Highlights

Adjusted[1] results		**Full year ended 31 December**			
		2018	**2017**	**% change**	**% change constant rate[2]**
Sales - Core Business[3]	£million	1,268.7	1,246.1	+1.8%	+3.8%
Operating profit	£million	342.5	332.2	+3.1%	+5.8%
PBT	£million	331.5	320.3	+3.5%	+6.2%
Basic earnings per share (EPS)	pence	190.2	179.0	+6.3%	+8.8%
Return on sales[4]	%	24.7%	24.2%	+0.5%pts	n/a
Free cash flow[5]	£million	155.4	98.5	+57.8%	n/a

Adjusted results (constant currency):

- **Growing the Core – delivering strong performance**
    - Consistent growth in the Core Business at industry-leading margins, generating enhanced shareholder returns
        - Top line momentum - Core Business sales up 3.8%
        - Profit growing faster than sales - PBT up 6.2%, basic EPS up 8.8%
        - Margin expansion - return on sales up 50 basis points to 24.7%
        - Improved cash generation – free cash flow up nearly 60%, capital investment reducing
        - Special dividend of 115 pence per share – return of excess capital of £150m
    - Sales and profit growth in all three core sectors:
        - Personal Care sales up 6.8% at robust margin (32.9%)
        - Life Sciences sales up 2.8% (6.7% excluding API exit)
        - Performance Technologies operating profit up 15.0% through growth in higher value applications
- **Stretching the Growth – investing for the future**
    - Continued investment to drive future growth opportunities:
        - Greater innovation: Proportion of New & Protected Product (NPP) sales increased for sixth consecutive year to 28.2% of total sales
        - Biosector vaccine adjuvant acquisition expands position in high value Health Care delivery portfolio
        - Four technology investments, accelerating growth through disruptive technologies
        - Digital and Sustainability programmes underway

Reported results (IFRS)		Full year ended 31 December		
		2018	**2017**	**% change**
Sales	£million	1,386.9	1,373.1	+1.0%
Operating profit	£million	328.8	326.0	+0.9%
Profit before tax (PBT)	£million	317.8	314.1	+1.2%
Basic EPS	pence	181.4	180.8	+0.3%
Ordinary dividend per share	pence	87.0	81.0	+7.4%
Special dividend per share	pence	115.0	-	n/a

Reported results (IFRS, reported currency):

- Sales up 1.0% - organic growth more than offset adverse currency translation
- PBT up 1.2% - good profit growth more than offset adverse currency translation
- Proposed full year ordinary dividend increased by 7.4% to 87.0 pence per share

Steve Foots, Croda's Chief Executive Officer, commented:

"2018 was another year of strong progress for Croda. We are 'Growing the Core' – once again delivering top line growth at industry leading margins to achieve superior returns. We are 'Stretching the Growth', accelerating delivery across our markets through relentless innovation and by investing in disruptive technologies and exciting new growth opportunities. All core sectors contributed to this performance, demonstrating Croda's three legs of growth. Cash generation strengthened and we have proposed the return of a further £150m through a special dividend to shareholders, in addition to an increased ordinary dividend.

"Looking ahead, whilst global market conditions remain challenging, we continue to invest for the future and are confident that our strategy of Growing the Core and Stretching the Growth will deliver further progress in 2019."

Further information:

A presentation for investors and analysts will be held at 0900 GMT on 26 February 2019 at Farmers & Fletchers In the City, 3 Cloth Street, London EC1A 7LD. The presentation will be webcast on www.croda.com

	2018 reported currency £m	2018 reported currency Year on year change	Constant currency change[2]	2017 £m
Sales				
Personal Care	**487.8**	+4.5%	+6.8%	466.6
Life Sciences	**324.5**	+0.6%	+2.8%	322.6
Performance Technologies	**456.4**	(0.1)%	+1.4%	456.9
Core Business	**1,268.7**	+1.8%	+3.8%	1,246.1
Industrial Chemicals	**118.2**	(6.9)%	(5.4)%	127.0
Group	**1,386.9**	+1.0%	+2.9%	1,373.1

	2018 reported currency £m	Year on year change	Constant currency change[2]	2017 £m
Adjusted profit[1]				
Personal Care	**160.3**	+3.1%	+4.9%	155.5
Life Sciences	**95.8**	(1.2)%	+3.1%	97.0
Performance Technologies	**85.2**	+13.0%	+15.0%	75.4
Core Business	**341.3**	+4.1%	+6.7%	327.9
Industrial Chemicals	**1.2**	(72.1)%	(62.8)%	4.3
Operating profit	**342.5**	+3.1%	+5.8%	332.2
Net interest	**(11.0)**	(7.6)%	(5.9)%	(11.9)
Profit before tax	**331.5**	+3.5%	+6.2%	320.3

2018 constant currency[2] sales growth	First half %	Second half %	Full year %
Personal Care	9.3	4.1	6.8
Life Sciences	2.3	3.3	2.8
Performance Technologies	1.7	1.1	1.4
Core Business	4.7	2.8	3.8
Industrial Chemicals	(7.0)	(3.6)	(5.4)
Group	3.6	2.2	2.9

Notes

[1]Adjusted results are stated before exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition, and tax thereon. The Board believes that the adjusted presentation (and the columnar format adopted for the Group income statement) assists shareholders by providing a meaningful basis upon which to analyse underlying business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each half year and full year results.

[2]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. For constant currency profit, translation is performed using the entity reporting currency. For constant currency sales, local currency rates 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. Constant currency results are reconciled to reported results in the Finance Review.

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

[4]Return on sales is adjusted operating profit divided by sales

[5]Free cashflow is cash generated before acquisitions, dividends and other cash movements, as set out in the Finance Review.

Non-statutory terms are defined in the 'Alternative Performance Measures' section of the Finance Review. API is Active Pharmaceutical Ingredient.

STRATEGIC REPORT

CHIEF EXECUTIVE'S REVIEW

Results are stated in adjusted[1] terms and growth at constant currency rates[2] unless otherwise stated. Alternative performance measures are defined in the Finance Review.

Our strategy – delivering across three strong legs of growth

Croda delivers consistently superior shareholder value by being a leading speciality ingredient company, driving sustainable innovation, superior performance and creating value for our customers and consumers. Our objectives are to:

- Deliver consistent top and bottom line growth
- Increase the proportion of protected innovation
- Accelerate our customers' transition to sustainable ingredients.

In 2018 we made strong progress in delivering these three objectives by connecting to faster growth markets through our 'Growing the Core' and 'Stretching the Growth' strategy. Growing the Core is focused on delivering robust top line growth above the market rate, at industry-leading margins, with a capital-light model. Stretching the Growth is focused on accelerating future sales in core and adjacent markets and technologies to drive faster growth and future profitability.

Delivering sustained sales and profit growth

Croda continues to deliver sustained sales and profit growth through the economic cycle. In 2018 we further refined the business, growing profit ahead of sales, ahead of volume. Our business model is working well – a dynamic innovation engine creating exciting new products to meet new consumer needs; a balanced global manufacturing footprint; and an unrivalled direct selling capability, with local customer intimacy. Within our Core Business there are three strong legs of growth – Personal Care, Life Sciences and Performance Technologies – which have robust market positions, leading technologies and focused innovation. These are driving profit growth and improved cash generation.

Safety – at the heart of everything we do

Safety is at the centre of everything we do. In 2018 our process safety programme passed a major milestone, with the successful completion of the evaluation of almost 200 higher hazard process risks identified across the Group against demanding new internal standards. Our occupational health and safety performance remained broadly flat at an OSHA recordable incident rate of 0.72. In 2018 we launched a safety leadership programme across the global management team. I am delighted with the commitment of the senior leadership across the Group, with more engagement, visibility and audits, putting safety at the top of the agenda. This programme is expected to deliver improvement over the coming years and help us meet our 2020 OSHA recordable incident rate target of 0.60.

Growing the Core – delivering strong performance

In 2018 we continued to Grow the Core, with the top line momentum seen in 2017 continuing through 2018. Sales increased to £1,386.9m, with Core Business sales 3.8% higher, supported by volume growth across the Consumer businesses and stronger pricing and sales mix.

All three Core Business sectors grew sales and profit. Personal Care continued its strong performance, growing sales by 6.8% and profit by 4.9%. Life Sciences also delivered good year-on-year sales and profit growth, more than offsetting the headwind from the Active Pharmaceutical Ingredient (API) contract that we exited in December 2017. Performance Technologies continued to make encouraging progress on actively demarketing higher volume, lower margin products and driving growth in higher value applications, to create a more profitable, technology-rich business.

In line with our 'value over volume' philosophy, we continued to prioritise bottom line growth. Adjusted profit before tax was 6.2% higher in constant currency, at £331.5m in reported currency. Return on sales increased by 50 basis points to 24.7%. Basic earnings per share (EPS) grew by 8.8% and free cash flow increased by almost 60%.

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[1] Adjusted results are stated before exceptional items (including discontinued business costs), acquisition costs and amortisation of intangible assets arising on acquisition, and tax thereon.

[2] Constant currency results reflect current year performance for existing business translated at the prior year's average exchange rates.

Progress in reported results (IFRS)
On a reported basis, sales and profit rose slightly, as adverse currency translation reduced the growth in constant currency. Sales at reported rates increased 1.0% to £1,386.9m (2017: £1,373.1m). Profit before tax on an IFRS basis increased by 1.2% to £317.8m (2017: £314.1m). IFRS basic EPS were broadly flat at 181.4p (2017: 180.8p).

With free cash generation improving and capital investment reducing, the Board has proposed an increase in the full year ordinary dividend of 7.4% to 87.0p (2017: 81.0p), together with an additional return of capital of £150m, by way of a special dividend of 115p per share.

Stretching the Growth – investing for the future
Alongside Growing the Core by delivering consistent sales and profit growth, in 2018 we increased investment in Stretching the Growth. This investment focuses on accelerating product innovation, investing in new technologies and increasing intellectual property. These investments will accelerate sales over time, deliver compelling returns and continue to underpin robust cash conversion, all driving enhanced shareholder returns for the future.

In 2018 we continued to invest in our product innovation pipeline. With the opening of our Beijing Crop Care and Singapore tribology labs, we now have 34 customer innovation centres globally, enabling us to work more closely with local customers to meet their consumers' needs. This in-house innovation was supported by a successful Open Innovation programme, where we are working with over 450 university and small enterprise partners to supplement our R&D capability. Product innovation was also supported by our Smart Partnering programme, where we work jointly with other companies to leverage each other's strengths and expertise. The output of this greater innovation investment saw sales of New and Protected Products (NPP) reach 28.2% (2017: 27.6%) of total Group sales.

In 2018 we invested in new technologies, both organically and inorganically. We completed construction of the biggest capital investment in Croda's history, in North America, which will introduce sustainable bio-surfactants to our markets for the first time. After an initial period of successful operation, in November 2018 a small leak occurred at the plant, found to be due to an incorrect gasket fitted during construction. A thorough investigation is underway and we will bring the plant back on stream in a safe manner later in 2019. Until that time, unrecovered operating costs of approximately £2m per quarter are being incurred. There is also a resultant delay in the expected capture of additional margin and growth from the exciting new market opportunities created by our 'ECO' range of green surfactants.

We continue to invest in a number of smaller, organic capital projects to increase capacity and develop new technologies. In addition, we are investing inorganically, seeking to acquire mid-sized businesses complementary to our existing markets. In 2015 we acquired Incotec, which gave us a presence in seed enhancement, a growing market in Crop Care within our Life Sciences sector. Since acquisition, we have refocused Incotec, more than doubling profit and improving innovation capability, delivering a strong return on our initial investment. Building on this, in 2018 we made a complementary acquisition in Health Care with the £64m purchase of Biosector, a leading global specialist in vaccine adjuvancy, extending our existing high purity pharmaceutical delivery systems portfolio.

We are also acquiring small, disruptive technology companies, using a global network of over 45 in-house technology scouts across Croda. In 2017, we purchased IonPhasE, a novel electrostatic dissipative polymer technology for Performance Technologies, and in 2018 we made two nascent technology acquisitions - Nautilus, a marine biotechnology company with potential applications in Personal Care and other markets, and Plant Impact, an innovative biostimulant technology for Crop Care. Whilst technology acquisitions typically have limited sales on acquisition and therefore bring initial profit headwinds, they provide significant protected future growth opportunities as we commercialise the technologies. We spent £39m on technology acquisitions, associates and investments between December 2017 and December 2018, with a total operating loss from these in 2018 of approximately £6m, primarily from Plant Impact. We expect the operating loss from these acquisitions to moderate in 2019 as sales are developed.

2018 also saw new investment programmes in Digital and Sustainability. We created a Digital Centre of Excellence, to drive greater use of digital selling and marketing across Croda, supported by easier access for customers to our rich libraries of formulation, regulatory and sustainability data. This will enable Croda to access the growing number of local and 'Indie' brand customers emerging across the world. We also invested in high throughput screening – the ability to test large numbers of ingredients using artificial intelligence. Alongside this, we are enhancing our sustainability leadership in the industry, of which more later.

Strong sales growth and robust margin in Personal Care

The Group's largest sector, Personal Care, delivered a strong performance in 2018. The sales growth seen in the second half of 2017 continued throughout 2018, with sales up 6.8% and operating profit 4.9% higher. Return on sales fell marginally to 32.9% (2017: 33.3%), reflecting a broader sales mix.

In Growing the Core, Personal Care delivered healthy growth across all three of its businesses. Our world-leading Beauty Actives business saw sales rise high single digit percentage. Beauty Effects delivered solid growth, focused on the creation of ingredients for instant impact and skin effects, particularly popular with the millennial generation of consumers. In Beauty Formulation, improved commercial focus, innovation and better multinational customer engagement saw continued growth across our heritage ingredient portfolio. Croda ingredients have been formulated into several major global multinational relaunches and we continue to develop new customers, particularly in the exciting 'Indie' space.

In Stretching the Growth, the acquisition of Nautilus from our open innovation partner, the University of Prince Edward Island, added a range of 'blue' biotechnology marine organisms to the existing synthetic and plant-based portfolio of Beauty Actives. Following an initial anchor investment in 2017, we increased our minority investment in the multi-award winning digital device company, Cutitronics. We also expanded R&D capabilities in Brazil and South Africa, and doubled R&D and operational capacity in our flagship Beauty Actives business. NPP sales in Personal Care reached a record 43% of total sales (2017: 41%).

API sales successfully replaced in Life Sciences

Following the 2017 planned exit from its North American API contract, Life Sciences successfully replaced these lost sales in 2018, with growth in the rest of the Health Care and in the Crop Care businesses. Overall sales grew by 2.8% (and by 6.7% adjusted to exclude the impact of the API exit). Adjusted operating profit rose by 3.1%, with return on sales marginally lower at 29.5% (2017: 30.1%), following the acquisition of Plant Impact with its initial start-up loss.

In Growing the Core, sales in our Health Care business were flat year-on-year, as strong growth in high purity excipients offset the API exit. Crop Protection saw mid single digit percentage sales growth, despite second half year uncertainty in North America from the US/China trade dispute. We continued to increase collaboration with crop science customers, both globally and locally. Our Seed Enhancement business benefitted from recent European investment in innovation, with steady sales growth driven by industry-leading positions in priming, pelleting and film coating.

In Stretching the Growth, we commenced a £25m project in North America to double manufacturing capacity for the fast growing high purity excipients business, as demand for complex drug delivery systems continues to grow. Alongside this platform, the acquisition of Biosector provides Croda with access to an industry renowned portfolio of adjuvants, serving both human and veterinary vaccine markets. We also expanded global R&D capabilities, including new investment in Incotec in China and North America. The acquisition of Plant Impact established our third Crop Care market, a biostimulants business with good growth trends driven by the need to sustainably feed a rising global population from a fixed land area. The ongoing integration of Plant Impact leverages Croda's global crop sales network and the first new product sales are expected later in 2019, supporting progress towards profitability thereafter.

Superior growth in profitability in Performance Technologies

Performance Technologies continued to transition to a higher value, technology-orientated business. Sales grew by 1.4%, with growth of speciality sales largely offset by exiting higher volume, lower margin products, with total volume sold 8% lower year-on-year. The improved product mix saw adjusted operating profit 15.0% higher and return on sales increased significantly to 18.7% (2017: 16.5%), well on its way towards our 20% medium term goal for this sector.

In Growing the Core, Performance Technologies is driving three core platforms. Energy Technologies saw the strongest sales growth in 2018, driven by demand for its environmentally friendly lubricant additives which increase efficiency in automotive and marine engines. Smart Materials saw sales growth in higher value applications whilst reducing sales in lower value markets in polymer additives and coatings. Home Care & Water completed its programme of reducing low margin sales for oil and gas applications, selectively growing its presence in the higher value home care market. As a result of improving the core product portfolio, Performance Technologies saw double digit percentage growth in operating profit for the third year in succession.

In Stretching the Growth, Performance Technologies is investing in higher value technologies, improving knowledge intensity (including sales, marketing and technical capabilities) whilst reducing capital deployed (in asset intensity). New opportunities are being developed in renewable energy markets and higher value materials. This is being supported by greater testing capability, generating better application data to support novel market niches. As part of the Digital Centre of Excellence, an e-commerce pilot is being developed to expand customer reach, with the customer base being broadened beyond the sector's traditional European heartland into North America and Asia. Following acquisition in December 2017, IonPhasE has been integrated into the Smart Materials business, distributors exited and sales transitioned to Croda's global team.

Core Business growth across all regions
We saw good organic sales growth in our Core Business across all geographic regions. After a period of regional economic weakness, sales in Latin America continued to recover, increasing 9% in 2018. Alongside gradual macroeconomic improvement, this growth benefitted from investment to expand Crop Care production capacity in Brazil to better meet local customer needs.

In Asia sales were 7% ahead, driven by growth in Japan, with Personal Care particularly strong. We continue to expand our reach in Asia with local and regional customers across all sectors.

The market in Europe remained solid, with sales up 3%, including the successful integration of IonPhasE and growth in newer geographic markets in Eastern Europe, Middle East and Africa.

North America growth slowed to 1%, specifically reflecting the exit of the API contract, together with slower growth of Crop Care customers' products into the important China market. Excluding the API exit, North America sales rose 4%, driven by strong Personal Care demand.

Robust financial platform supported by lower capital investment
Croda's balance sheet remains robust, providing flexibility for organic investment, acquisition and capital returns to shareholders. We have completed a period of higher capital expenditure, which saw the construction of our industry-leading bio-surfactant plant in North America. Consequently, free cash flow improved by almost 60% year-on-year, to £155.4m (2017: £98.5m). We have also invested over £200m in the last four years in bolt-on and technology acquisitions and continue to invest in product innovation through enhanced in-house R&D capabilities.

Leverage (the ratio of net debt to EBITDA) at the end of 2018 was prudent at 1.1 times (2017: 1.0x). Along with improving free cash generation, this has allowed both an increase in the ordinary dividend and a special return of excess capital to shareholders.

Sustainability leadership – 'Smart Science to Improve Lives'
As the world's population grows, we need more food, more water and more energy. But the world has finite resources and we need to create a future which is sustainable. With our long heritage of producing sustainable ingredients from natural resources, Croda aims to be a leader, accelerating innovation and reducing the environmental impacts of our activities - a provider of innovative, sustainable ingredients and technologies, creating positive change for the planet and society, whilst maintaining superior returns.

This truly reflects our new purpose – 'Smart Science to Improve Lives'. We use science and entrepreneurial spirit to provide innovative solutions that benefit our customers, colleagues and the wider world. We will keep contributing towards global environmental and social challenges by applying science to create new, better and sustainably sourced solutions.

We are passionate about sustainability - it is the right thing to do but also an integral part of how our sustainable ingredients add value to our customers' products. Our bio-surfactant plant will enable the launch of a new 'ECO' range of products, allowing our customers to build sustainably focused consumer brands without sacrificing performance.

During 2018 we have mapped Croda's activities to the United Nations' 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development, identifying both how we can meet our sustainability goals and emerging growth opportunities for our business. The SDGs are a commitment to address some of the more pressing challenges facing the world today.

Croda is making a difference in improving health and wellbeing, reducing the environmental burden on the planet, improving life on land and supporting our local communities. In Personal Care, we provide solar protection ingredients to protect consumers from harmful exposure to the sun. In Health Care, our newly acquired Biosector business is improving vaccine effectiveness to treat global diseases. In Crop Protection, we develop adjuvants that minimise spray-drift and reduce pesticide burden run-off. In Seed Enhancement, we create coatings that allow precision treatment of active ingredients and reduction in pesticide application. In our recently acquired Plant Impact business, we develop biostimulants for enhanced plant vigour, promoting growth, crop quality and yields to get more out of the same planted land use. In Performance Technologies, our phase change materials control temperature to ensure safe transportation of essential medicines, even in the remotest areas. This is the Croda Difference and we will continue to enhance our sustainability leadership to improve lives.

Outlook

In 2018, Croda has continued to deliver sustained sales and profit growth. Looking ahead, whilst global market conditions remain challenging, we continue to invest for the future and are confident that our strategy of Growing the Core and Stretching the Growth will deliver further progress in 2019.

FINANCE REVIEW

Currency

Sterling averaged US$1.334 (2017: US$1.290) and €1.130 (2017: €1.141). Currency translation reduced sales compared to 2017 by £26.2m (1.9%) and adjusted profit before tax by £8.7m (2.7%).

Sales

Sales in reported currency grew by 1.0% to £1,386.9m (2017: £1,373.1m). In constant currency, sales rose by 2.9%. Acquisitions, including IonPhasE and Plant Impact, added 0.6% to sales growth.

Sales	£m	%
2017 reported	1,373.1	
Underlying growth	31.2	2.3
Impact of acquisitions	8.8	0.6
2018 at constant currency	1,413.1	2.9
Impact of currency translation	(26.2)	(1.9)
2018 reported	1,386.9	1.0

In the Core Business, constant currency sales increased by 3.8%. Sales volume was around 3% lower and sales price/mix 7% higher, reflecting improved mix in Performance Technologies, with a move to value over volume, together with the benefit of greater product innovation across the Group and some limited raw material price increases which were fully recovered.

Sales in the first half of the year were particularly strong, with Core Business constant currency sales up 4.7%. Growth in the second half was slightly softer, up 2.8%, with stronger prior year comparators. Personal Care continued its return to sales growth, Life Sciences delivered good sales growth, partly offset by exit of the North American API contract at the end of 2017. Performance Technologies continued to shed low margin business and grow higher value applications, improving return on sales.

Sales at constant currency	First half %	Second half %	Full year %
Personal Care	9.3	4.1	6.8
Life Sciences	2.3	3.3	2.8
Performance Technologies	1.7	1.1	1.4
Core Business	4.7	2.8	3.8
Industrial Chemicals	(7.0)	(3.6)	(5.4)
Group	3.6	2.2	2.9

Adjusted profit

Adjusted results are stated before exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition, and tax thereon.

Adjusted operating profit rose by 3.1% to £342.5m (2017: £332.2m). On a constant currency basis, adjusted operating profit increased by 5.8%, and by 7.5% before the impact of losses incurred on recent technology acquisitions.

Adjusted operating profit	£m	%
2017 reported	332.2	
Underlying growth	24.8	7.5
Impact of acquisitions	(5.6)	(1.7)
2018 at constant currency	351.4	5.8
Impact of currency translation	(8.9)	(2.7)
2018 reported	342.5	3.1

The growth in adjusted operating profit in constant currency was driven by organic growth and improved product mix across the Core Business, with all sectors seeing profit increase. Performance Technologies increased profit by 15.0%, the third consecutive year of double digit percentage profit growth. Group return on sales increased by 50 basis points to 24.7% (2017: 24.2%).

Adjusted operating profit	2018 Reported £m	2018 Constant currency £m	2017 Reported £m
Personal Care	160.3	163.1	155.5
Life Sciences	95.8	100.0	97.0
Performance Technologies	85.2	86.7	75.4
Core Business	341.3	349.8	327.9
Industrial Chemicals	1.2	1.6	4.3
Group	342.5	351.4	332.2

The net interest charge was broadly flat at £11.0m (2017 £11.9m) at reported rates, with a lower charge on pensions liabilities. £3.3m of interest was capitalised on the construction of the North American bio-surfactant plant until the half year, reflecting completion of the principal project expenditure. Thereafter, the interest on this additional debt has been charged to the income statement. Adjusted profit before tax at reported rates increased by £11.2m to £331.5m (2017: £320.3m).

Summary income statement	2018 £m	2017 £m
Sales	1,386.9	1,373.1
Operating costs	(1,044.4)	(1,040.9)
Adjusted operating profit	342.5	332.2
Net interest charge	(11.0)	(11.9)
Adjusted profit before tax	331.5	320.3

The effective tax rate on this profit reduced to 24.6% (2017: 26.8%), reflecting a lower US Federal tax rate. There were no other significant adjustments between the Group's expected and reported tax charge based on its accounting profit. The Group's adjusted profit for the year at reported rates was £249.9m (2017: £234.4m). Adjusted basic earnings per share (EPS) increased by 6.3% in reported currency to 190.2p (2017: 179.0p).

IFRS profit
IFRS profit is measured after exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition. The charge for these before tax was £13.7m (2017: £6.2m). Acquisition costs were £2.7m (2017: £0.8m), the charge for amortisation of intangible assets was £6.1m (2017: £3.7m) and exceptional items were £4.9m (2017: £1.7m). The latter related to a past service cost charged in 2018 to equalise benefits for the effects of unequal Guaranteed Minimum Pensions (GMPs).

The profit before tax on an IFRS basis was £317.8m (2017: £314.1m). The profit after tax for the year on an IFRS basis was £238.3m (2017: £236.7m) and basic EPS were 181.4p (2017: 180.8p).

Income statement	2018 £m	2017 £m
Adjusted profit before tax	331.5	320.3
Exceptional items, acquisition costs & intangibles	(13.7)	(6.2)
Profit before tax (IFRS)	317.8	314.1
Tax	(79.5)	(77.4)
Profit after tax (IFRS)	238.3	236.7

Cash management
Delivering good cash generation is core to Croda's strategy. This cash is used to invest in R&D, faster growth technologies, both organically and by acquisition, to expand production capacity and to pay increased dividends. 2018 saw an increase of £56.9m in free cash flow to £155.4m (2017: £98.5m).

This reflected an increase in EBITDA to £392.6m (2017: £381.8m) and reduced net capital expenditure of £103.1m (2017: £157.2m), following completion of the construction of the North American bio-surfactant plant. Working capital rose by £69.3m, reflecting a reduction in capital creditors, as the recent investment programme was completed, and an increase in inventories above planned levels; action has been taken to reduce the excess. Tax payments were reduced by fiscal rule changes and allowances on recent investment in North America.

Cash flow	2018 £m	2017 £m
Adjusted operating profit	342.5	332.2
Depreciation and amortisation	50.1	49.6
EBITDA	392.6	381.8
Working capital	(69.3)	(33.3)
Net capital expenditure	(103.1)	(157.2)
Non-cash pension expense	3.8	3.4
Interest & tax	(68.6)	(96.2)
Free cash flow	155.4	98.5
Dividends	(110.5)	(100.0)
Acquisitions	(82.5)	(30.4)
Other cash movements	4.4	5.6
Net cash flow	(33.2)	(26.3)

After acquisition spend of £82.5m (2017: £30.4m), dividends and currency translation, net debt increased by £44.0m to £425.5m (2017: £381.5m). The leverage ratio (the ratio of net debt to EBITDA) increased to 1.1x (2017: 1.0x) and remains substantially below the maximum covenant level under the Group's lending facilities of 3 times.

There were no material changes to committed debt facilities during the year. At 31 December 2018 the Group had £380.7m (2017: £433.7m) of cash and undrawn committed credit facilities available.

Dividend and capital allocation

Croda seeks to deliver high quality profits, measured through a superior ROIC, earnings growth and strong cash returns. The Group's capital allocation policy is to:

1) **Reinvest for growth** – we invest in organic capital expenditure, product innovation and expansion in attractive geographic markets to drive sales and profit growth. This in turn delivers a superior ROIC. Over the last three years, ROIC has declined modestly to 18.2% (2017: 19.2%) as increased capital investment and technology acquisitions have reduced the return by close to three percentage points. As these investments start to generate profitable sales, we expect the ROIC to improve (subject to the impact of any further acquisitions);

2) **Provide regular returns to shareholders** – we pay a regular dividend to shareholders, representing 40 to 50% of adjusted earnings over the business cycle. The Board has proposed an increase of 7.4% in the full year dividend to 87.0p (2017: 81.0p), a pay out of 46% of adjusted EPS;

3) **Acquire disruptive technologies** – we have identified a number of exciting technologies to supplement organic growth in existing and adjacent markets. Some of these will be acquired, either as nascent opportunities for future scale-up or as larger complementary acquisitions. During 2018, we completed the complementary acquisition of Biosector, technology acquisitions of Nautilus and Plant Impact, invested in a minority interest in novel drug technology company SiSaf and increased our associate investment in Cutitronics; and

4) **Maintain an appropriate balance sheet and return excess capital –** we maintain an appropriate balance sheet to meet future investment and trading requirements. We target leverage of 1.0 to 1.5x (excluding retirement benefit schemes), although we are prepared to move above this range if circumstances warrant. We consider returning excess capital to shareholders when leverage falls below our target range and sufficient capital is available to meet our investment opportunities. With leverage at the end of 2018 close to 1x and our confidence in future cash generation, the Board is proposing to return 115p per share (£150m) to shareholders by way of a special dividend with associated share consolidation. The effect of this return of capital, had it been made in 2018, would have been to increase the 2018 year end leverage towards the upper end of the Board's target range.

Brexit update

With 96% of sales and 80% of production outside the UK, the overall impact of the UK leaving the European Union (EU) is expected to be limited for Croda. This includes potential impacts from WTO tariffs, restrictions on labour mobility and any impact on the UK economy. Croda has 30 manufacturing sites, of which four are located in the UK, and over 4,500 employees, with 1,000 based in the UK. Protecting our ability to manufacture product in the UK and to ship to customers, particularly in the EU, have been important elements of our contingency planning.

An orderly transition of the UK out of the EU is expected to be manageable for Croda. However, given uncertainty over the method and timing of the UK's exit from the EU, we have progressed contingency plans for a 'hard Brexit'. The objective has been to ensure that we can offer continuity of service and supply to our customers, wherever they are, and regardless of the type of exit. Following our risk assessment, we have focused on those areas that could have the most impact on our ability to service customers, in the event that the UK was to leave the EU abruptly, without a transition period:

- Having a Brexit-ready trading model. We have made minor changes to our trading model within Europe to ensure that our ability to move UK manufactured product onto the continent and vice-versa is not at risk. These amendments have included reviewing which ports are best placed to protect service levels, as well as ensuring that we have full EU recognition for imports and exports;
- Maintaining effective customer service and supply chains. We are working to mitigate supply issues if there are delays at borders. We have secured additional warehousing capacity and are building finished goods inventory in our distribution network in continental Europe. To ensure continued effective operation of our UK manufacturing sites, we have also developed a plan to protect critical raw materials;
- Ensuring compliance with regulatory frameworks, most notably the EU's ReaCh programme. UK-held ReaCh registrations may no longer be valid for sale of products in the EU, although the UK government has confirmed that EU-held ReaCh registrations will continue to be valid in the short term for products coming to the UK. This risk is mitigated through greater inventory of UK manufactured goods on the continent and through re-registration of UK products sold in the EU.

In addition, with the vast majority of the Group's sales outside the UK, reported profits are impacted by movements in Sterling, with reported profit benefitting from any weakening in Sterling. Overall, we have stress tested a range of potential financial outcomes and do not believe these would alter our view of viability of the Group.

Retirement benefits
The post-tax deficit on retirement benefit plans, measured on an accounting valuation basis under IAS19, decreased to £12.4m (2017: £21.1m), largely reflecting net actuarial gains. Cash funding of the various plans within the Group is driven by the schemes' ongoing actuarial valuation reviews. No deficit funding payments are currently required to the Group's largest pension scheme, the UK Croda Pension Scheme.

Future trading updates
The Board has decided to cease issuing quarterly trading updates from 2019 onwards, given developing market practice. Routine updates will occur as part of the half year and full year results, normally in July and February each year.

Alternative performance measures
We use a number of alternative performance measures to assist in presenting information in this statement in an easily analysable and comprehensible form. We use such measures consistently at the half year and full year and reconcile them as appropriate. The measures used in this statement include:

- *Constant currency results*: these reflect current year performance for existing business translated at the prior year's average exchange rates and include the impact of acquisitions. For constant currency profit, translation is performed using the entity reporting currency. For constant currency sales, 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. Constant currency results are reconciled to reported results in the Finance Review;
- *Adjusted results*: these are stated before exceptional items (including discontinued business costs), acquisition costs and amortisation of intangible assets arising on acquisition, and tax thereon. The Board believes that the adjusted presentation (and the columnar format adopted for the Group income statement) assists shareholders by providing a meaningful basis upon which to analyse underlying business performance and make year-on-year comparisons. The same measures are used by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group. The adjusted presentation is adopted on a consistent basis for each half year and full year results;
- *Return on sales*: this is adjusted operating profit divided by sales, at reported currency;

- *Return on Invested Capital (ROIC)*: this is adjusted operating profit after tax divided by the average invested capital for the year for the Group. Invested capital represents the net assets of the Group, adjusted for earlier goodwill written off to reserves, net debt, retirement benefit liabilities, provisions, deferred taxes and acquisitions as appropriate. Acquisitions made at year end without a profit contribution in the period are excluded;
- *Net debt*: comprises cash and cash equivalents (including bank overdrafts), current and non-current borrowings and obligations under finance leases;
- *Leverage*: this is the ratio of net debt to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). EBITDA is adjusted operating profit plus depreciation and amortisation;
- *Free cash flow:* comprises EBITDA less movements in working capital, net capital expenditure, non-cash pension expense, and interest and tax payments.

SECTOR PERFORMANCE REVIEW

Personal Care

Personal Care delivered a strong performance in 2018. In constant currency, sales grew by 6.8% and adjusted operating profit by 4.9%. Growth was driven by a 4% volume increase and almost 3% price/mix growth, reflecting richer innovation, with NPP increasing to 43% of total sector sales (2017: 41%).

Whilst growth was strongest in the first half of the year, momentum was maintained through the second half against tougher prior year comparators. Demand was strong across all three business units and in all regions. Growth by customer group was broad-based, with a notable improvement in sales to multinationals, driven by a stronger innovation pipeline.

In reported currency, sales increased by 4.5% to £487.8m (2017: £466.6m) and adjusted operating profit was £160.3m (2017: £155.5m), a rise of 3.1%. Return on sales declined slightly to 32.9% (2017: 33.3%), reflecting a small margin dilution from the broader basis of customer and business unit growth, together with transactional currency impact of a stronger Euro on Europe-manufactured sales into US dollar denominated markets and increased investment to deliver the Stretching the Growth programme.

Our strategy of Growing the Core is successfully delivering. Beauty Actives saw sales rise at high single digit percentage. Several new products were launched, including Crystalide™, a new peptide that preserves skin transparency and improves skin surface quality, and PoreTect™, an eco-designed active ingredient that brings firmness, tone and density to the skin. The trend towards more sustainable and ethical sourcing of ingredients supported growth in plant cell products and botanical ingredients, which included the launch of ‘Green Caviar’, a sustainable skin hydration ingredient produced from algae.

Beauty Effects is a high value business, with similar returns and innovation to Beauty Actives. It focuses on creating ingredients for instant impact skin effects, particularly popular with the millennial generation of consumers. Also, in 2018 we expanded the Solaveil™ solar protection range, with the launch of Solaveil™ XT-200, an inorganic UV active and a better performing, sustainable alternative to traditional organic UV filters.

Beauty Formulation continued to improve sales momentum, with mid-single digit percentage growth. A commercially sharper approach, together with improved engagement with multinational customers, has seen the successful development and differentiation of our heritage ingredients portfolio, with Croda ingredients being formulated into several major multinational customer relaunches. New ingredients included Cropure™ Mango Butter, an excellent natural moisturiser extracted from mango seed, and Cithrol™ PGTL, a 100% bio-based, efficient and versatile water in oil emulsifier which allows our customers to formulate creams with excellent sensory performance.

Regional growth was strong across Asia, North America and Europe, with signs of improvement in Latin America. Japanese Beauty trends were the standout area of growth, driving strong local sales.

As part of our Stretching the Growth strategy, we have 28 active open innovation projects and several smart partnerships, including with pigments innovator Glassflake. This saw the launch in 2018 of the Moonshine™ range of colour cosmetic ingredients in Beauty Effects. We commissioned a €10 million capacity expansion in Beauty Actives, doubling R&D and manufacturing capacity. Technology investments included a marine biotechnology company, Nautilus, which sustainably uses microbial biodiversity to create novel actives and ingredients, and our second investment in Cutitronics, a digital device company. Good progress has been made integrating Nautilus and Enza Biotech, our 2017 acquisition, into the Croda R&D network. As part of our digital programme, we have invested in a high throughput robotics laboratory at Nautilus and are developing online tools to meet the needs of a growing number of agile 'Indie' brands. A new range of green ECO™ ingredients will be launched later in 2019.

Life Sciences

In Life Sciences we create IP-rich delivery systems for complex health and crop applications. The sector delivered a good performance in 2018, with strong growth in the mainstream business offsetting headwinds from the 2017 exit of the North American API contract and an initial loss from the acquisition of Plant Impact. Sales grew by 2.8% and adjusted operating profit by 3.1% in constant currency. Adjusted for the API exit, sales were 6.7% higher. Demand was robust across Crop Protection, Seed Enhancement and mainstream Health Care. Growth was driven equally by volume increase and improved price/mix, although NPP was lower as a proportion of sector sales due to customer reformulation.

In reported currency, sales increased by 0.6% to £324.5m (2017: £322.6m) and adjusted operating profit fell slightly to £95.8m (2017: £97.0m), reflecting the adverse impact of the API contract exit and acquisition. Return on sales was only marginally lower at 29.5% (2017: 30.1%).

The strong growth, excluding APIs, demonstrates the success of Growing the Core in Life Sciences. Crop Protection saw good growth. Although the US/China trade dispute has had some impact on North American customers, Latin America appears to have benefitted from some switching of supply. Good growth in multinational accounts reflected continued collaboration on the innovation pipeline. The business continued to expand outside of its traditional heartlands of Western Europe and North America, with Latin America benefitting from recent changes to local regulation, our investment in local manufacture and greater customer intimacy, meeting the needs of local customers, which included the launch of a new plant nutrient dispersant to meet increased demand for precision agriculture. The standout success in Seed Enhancement was overall profit in 2018 reaching double the level on acquisition three years previously. This reflected our investment in innovation, reestablishing Incotec as a leader in its space, a stronger portfolio in priming and film coating, and successful new technology platforms, such as encrustment, initially developed for the US corn market, but which has been extended to soybean and rice crops.

The Health Care business successfully replaced the exited API business in a single year. This was driven by high purity drug delivery systems, with 30% revenue growth reflecting increased demand from more complex drug actives and broader excipient applications, but the range of standard excipients also delivered solid growth. As part of our investment and partnering programme with SiSaf, we launched Prosilic®, a novel drug delivery technology providing solutions to pharmaceutical development problems across multiple therapeutic areas.

Life Sciences offers exciting future opportunities through our strategy of Stretching the Growth. Our organic investment programme includes doubling of production capacity for high purity excipients, alongside investment in new purification technologies. We opened new Seed Enhancement innovation centres in China and North America, and enhanced our existing crop laboratory in Brazil. Through smart partnering we launched Atplus™ DRT-6000 for spray drift control in Crop Care, developed in conjunction with the University of Nebraska.

Life Sciences also offers opportunities to grow inorganically, through technology and bolt-on acquisitions. Enza Biotech, acquired in 2017, continued to develop exploratory drug delivery technologies. In March 2018 we acquired Plant Impact, a plant stimulation business which increases yield and performance. Its first major product is being marketed in Latin America and new products are expected to be launched in other global markets from later in 2019, mitigating initial losses from cost investment. Alongside Crop Protection and Seed Enhancement, Plant Impact creates a third technology platform for Croda's Crop Care business.

In December we acquired Biosector, a vaccine adjuvant specialist and a natural extension to our existing pharmaceutical excipients portfolio within Health Care. The acquisition gives Croda access to an industry renowned portfolio of adjuvants, including well-known brands, such as Alhydrogel® and Adju-Phos®, and new technically advanced systems. The acquisition brings a strong innovation pipeline, pharmaceutical certified manufacturing facility and the opportunity to develop sales through Croda's existing sales network.

Performance Technologies

2018 was another year of good progress for Performance Technologies in its transition to a higher value business focused on the premium Smart Materials and Energy Technologies markets. Sales grew by 1.4% with higher sales of specialities largely offset by exiting low margin business. Adjusted operating profit growth was 15.0% in constant currency, the third consecutive year of double digit percentage profit growth. This change in focus was reflected by a significant decline in volume, 8% lower, offset by an improvement in price/mix of 9%. The proportion of sales from NPP remained low but the innovation pipeline is improving.

At reported currency, sales were flat at £456.4m (2017: £456.9m), whilst adjusted operating profit increased by 13.0% to £85.2m (2017: £75.4m). The stronger product mix was reflected in return on sales up 220 basis points to 18.7% (2017: 16.5%), in line with our medium term target for the sector of 20% and benchmarking favourably with other speciality chemical peers.

As part of Growing the Core, Performance Technologies continued to drive ‘value over volume’. Profitability has continued to improve in the strategic growth businesses of Smart Materials and Energy Technologies. Technology change will make these markets increasingly attractive for Croda, supported by customers increasingly looking to improve their sustainability profile using Croda ingredients.

Energy Technologies achieved good growth and margin. The lubricant additive business continued to grow in its established automotive and marine markets, with emerging opportunities in renewable energy. Its range of flow assurance additives for oil pipelines included the launch of FlowSolve 140, a wax control additive that helps customers mitigate flow problems in a number of crude oils.

The Smart Materials business made good progress in growing sales of innovative products, whilst shedding low margin products in coatings and polymer applications. The business was impacted by some weakening in end markets towards the end of 2018. The integration of IonPhasE, acquired in December 2017, progressed well, with sales growth, a first product into North America for permanent anti-static protection and a promising innovation pipeline. In Home Care & Water, reliance on low margin business into oil and gas production has significantly reduced, replaced by more innovative home care applications, such as the Coltide™ Radiance range for enhanced fibre protection.

In Stretching the Growth, Smart Materials is reinforcing its global leadership in polymer additives by doubling capacity in the UK. Successful innovation in 2018 included Incroslip SL exceeding £1 million of sales for the first time and self healing adhesives for the mobile phone market. The sector is broadening its customer base beyond its traditional European heartland, into North America and Asia, with an innovation centre in Texas and a new laboratory in Singapore. The sector will also benefit from the new range of ECO biosurfactants when the plant commissions.

Performance Technologies is focused on improving knowledge intensity, strengthening sales, marketing and technical resources in newer regions, and reducing capital deployed in asset intensity by transforming into a technology-based business with an ever improving product mix. Investment continues in improved testing capability, to generate better application data and support new novel niches. The progressive improvement in product mix will make the business more resilient and continue to improve profitability.

Industrial Chemicals

We continued to refine the product portfolio in Industrial Chemicals, reducing volumes of low value co-product and tolling business. In constant currency, sales declined by 5.4%. In reported currency, sales declined to £118.2m (2017: £127.0m) and adjusted operating profit decreased to £1.2m (2017: £4.3m). Profitability in China was adversely impacted by raw material crop issues in Sipo, whilst the North America market was also weaker.

Industrial Chemicals is innovating selectively to develop niche products for new applications. This is creating a smaller, more sustainable, innovation focused business. These products will enable customers to achieve better performance with higher levels of sustainability.

Croda International Plc
Summary financial statements for the year ended 31 December 2018
Group Income Statement

	Note	2018 £m Adjusted	2018 £m Adjustments[1]	2018 £m Reported Total	2017 £m Adjusted	2017 £m Adjustments[1]	2017 £m Reported Total
Revenue	2	**1,386.9**	**-**	**1,386.9**	1,373.1	-	1,373.1
Cost of sales		**(864.6)**	**-**	**(864.6)**	(855.7)	-	(855.7)
Gross profit		**522.3**	**-**	**522.3**	517.4	-	517.4
Operating costs		**(179.8)**	**(13.7)**	**(193.5)**	(185.2)	(6.2)	(191.4)
Operating profit	2	**342.5**	**(13.7)**	**328.8**	332.2	(6.2)	326.0
Financial costs	3	**(12.1)**	**-**	**(12.1)**	(12.5)	-	(12.5)
Financial income	3	**1.1**	**-**	**1.1**	0.6	-	0.6
Profit before tax		**331.5**	**(13.7)**	**317.8**	320.3	(6.2)	314.1
Tax	4	**(81.6)**	**2.1**	**(79.5)**	(85.9)	8.5	(77.4)
Profit after tax for the year		**249.9**	**(11.6)**	**238.3**	234.4	2.3	236.7
Attributable to:							
Non-controlling interests		**(0.2)**	**-**	**(0.2)**	(0.3)	-	(0.3)
Owners of the parent		**250.1**	**(11.6)**	**238.5**	234.7	2.3	237.0
		249.9	**(11.6)**	**238.3**	234.4	2.3	236.7

[1] Adjustments relate to exceptional items (including discontinued business costs), acquisition costs, amortisation of intangible assets arising on acquisition and the tax thereon.

		Pence Adjusted		Pence Reported Total	Pence Adjusted		Pence Reported Total
Earnings per 10.36p ordinary share							
Basic	5	**190.2**		**181.4**	179.0		180.8
Diluted		**189.2**		**180.4**	177.3		179.0
Ordinary dividends paid in the year							
Interim	6			**38.00**			35.00
Final	6			**46.00**			41.25

Group Statement of Comprehensive Income for the year ended 31 December 2018

	2018 £m	2017 £m
Profit for the year	**238.3**	236.7
Other comprehensive income/(expense):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of post-retirement benefit obligations	**22.6**	121.9
Tax on items that will not be reclassified	**(4.9)**	(23.8)
	17.7	98.1
Items that may be reclassified subsequently to profit or loss:		
Currency translation	**14.9**	(22.6)
Other comprehensive income for the year	**32.6**	75.5
Total comprehensive income for the year	**270.9**	312.2
Attributable to:		
Non-controlling interests	**(0.1)**	(0.6)
Owners of the parent	**271.0**	312.8
	270.9	312.2
Arising from:		
Continuing operations	**270.9**	313.9
Discontinued operations	**-**	(1.7)
	270.9	312.2

Group Balance Sheet at 31 December 2018

	Note	2018 £m	2017 £m
Assets			
Non-current assets			
Intangible assets		**454.9**	386.3
Property, plant and equipment		**780.3**	684.0
Investments		**4.8**	2.2
Deferred tax assets		**56.2**	33.1
Retirement benefit assets		**24.6**	19.1
		1,320.8	1,124.7
Current assets			
Inventories		**287.2**	258.5
Trade and other receivables		**233.6**	202.2
Cash and cash equivalents		**71.2**	63.3
		592.0	524.0
Liabilities			
Current liabilities			
Trade and other payables		**(190.5)**	(201.4)
Borrowings and other financial liabilities		**(49.2)**	(18.4)
Provisions		**(4.0)**	(5.2)
Current tax liabilities		**(47.9)**	(45.9)
		(291.6)	(270.9)
Net current assets		**300.4**	253.1
Non-current liabilities			
Borrowings and other financial liabilities		**(447.5)**	(426.4)
Other payables		**(0.8)**	(1.1)
Retirement benefit liabilities	7	**(43.1)**	(49.6)
Provisions	7	**(7.1)**	(7.4)
Deferred tax liabilities		**(124.7)**	(63.4)
		(623.2)	(547.9)
Net assets		**998.0**	829.9
Equity attributable to owners of the parent		**990.5**	822.3
Non-controlling interests in equity		**7.5**	7.6
Total equity		**998.0**	829.9

Group Statement of Changes in Equity for the year ended 31 December 2018

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Non-Controlling Interests £m	Total £m
At 1 January 2017	**15.1**	**93.3**	**76.2**	**416.0**	**8.2**	**608.8**
Profit for the year	-	-	-	237.0	(0.3)	236.7
Other comprehensive (expense)/income	-	-	(22.3)	98.1	(0.3)	75.5
Total comprehensive (expense)/income for the year	-	-	(22.3)	335.1	(0.6)	312.2
Transactions with owners:						
Dividends on equity shares	-	-	-	(100.0)	-	(100.0)
Share-based payments	-	-	-	8.2	-	8.2
Transactions in own shares	-	-	-	0.7	-	0.7
Total transactions with owners	-	-	-	(91.1)	-	(91.1)
Total equity at 31 December 2017	**15.1**	**93.3**	**53.9**	**660.0**	**7.6**	**829.9**
At 1 January 2018	**15.1**	**93.3**	**53.9**	**660.0**	**7.6**	**829.9**
Profit for the year	-	-	-	238.5	(0.2)	238.3
Other comprehensive income	-	-	14.8	17.7	0.1	32.6
Total comprehensive income/(expense) for the year	-	-	14.8	256.2	(0.1)	270.9
Transactions with owners:						
Dividends on equity shares	-	-	-	(110.5)	-	(110.5)
Share-based payments	-	-	-	7.3	-	7.3
Transactions in own shares	-	-	-	0.4	-	0.4
Total transactions with owners	-	-	-	(102.8)	-	(102.8)
Total equity at 31 December 2018	**15.1**	**93.3**	**68.7**	**813.4**	**7.5**	**998.0**

Other reserves include the Capital Redemption Reserve of £0.9m (2017: £0.9m) and the Translation Reserve of £67.8m (2017: £53.0m).

Group Statement of Cash Flows for the year ended 31 December 2018

	Note	**2018 £m**	2017 £m
Cash flows from operating activities			
Adjusted operating profit		**342.5**	332.2
Exceptional items		**(4.9)**	(1.7)
Acquisition costs and amortisation of intangible assets arising on acquisition		**(8.8)**	(4.5)
Operating profit		**328.8**	326.0
Adjustments for:			
Depreciation and amortisation		**56.2**	53.3
(Profit)/loss on disposal of property, plant and equipment		**(0.1)**	1.5
Net provisions charged		**-**	1.3
Share-based payments		**8.3**	9.2
Cash paid against operating provisions		**(1.1)**	(2.2)
Non-cash pension expense		**8.7**	3.4
Share of loss of associate		**0.2**	0.1
Movement in inventories		**(22.2)**	(31.0)
Movement in receivables		**(26.3)**	(14.4)
Movement in payables		**(20.8)**	12.1
Cash generated by continuing operations		**331.7**	359.3
Interest paid		**(14.7)**	(13.9)
Tax paid		**(55.0)**	(82.9)
Net cash generated from operating activities		**262.0**	262.5
Cash flows from investing activities			
Acquisition of subsidiaries		**(79.3)**	(29.0)
Acquisition of associates and other investments		**(3.2)**	(1.4)
Purchase of property, plant and equipment		**(100.2)**	(155.8)
Purchase of other intangible assets		**(3.4)**	(3.5)
Proceeds from sale of property, plant and equipment		**0.5**	2.1
Proceeds from sale of other investments		**0.4**	-
Cash paid against non-operating provisions		**(1.0)**	(2.5)
Interest received		**1.1**	0.6
Net cash used in investing activities		**(185.1)**	(189.5)
Cash flows from financing activities			
New borrowings		**437.1**	359.3
Repayment of borrowings		**(421.9)**	(331.8)
Capital element of finance lease repayments		**(0.5)**	(0.8)
Net transactions in own shares		**0.4**	0.7
Dividends paid to equity shareholders	6	**(110.5)**	(100.0)
Net cash used in financing activities		**(95.4)**	(72.6)
Net movement in cash and cash equivalents		**(18.5)**	0.4
Cash and cash equivalents brought forward		**54.9**	56.4
Exchange differences		**3.9**	(1.9)
Cash and cash equivalents carried forward		**40.3**	54.9
Cash and cash equivalents carried forward comprise:			
Cash at bank and in hand		**71.2**	63.3
Bank overdrafts		**(30.9)**	(8.4)
		40.3	54.9

Group Statement of Cash Flows for the year ended 31 December 2018 (continued)

	2018 £m	2017 £m
Reconciliation to net debt		
Movement in cash and cash equivalents	**(18.5)**	0.4
Movement in debt and lease financing	**(14.7)**	(26.7)
Change in net debt from cash flows	**(33.2)**	(26.3)
New finance lease contracts	**(0.7)**	(0.7)
Exchange differences	**(10.1)**	9.6
	(44.0)	(17.4)
Net debt brought forward	**(381.5)**	(364.1)
Net debt carried forward	**(425.5)**	(381.5)

Notes to the summary financial statements

1. Basis of preparation

The financial information set out above does not constitute the Group's statutory financial statements for the years ended 31 December 2018 or 2017 but is derived from those financial statements. Statutory financial statements for 2017 have been delivered to the Registrar of Companies and those for 2018 will be delivered following the Company's Annual General Meeting. The auditors have reported on those financial statements; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

In preparing this financial information, management has used the principal accounting policies that will be detailed in the Group's Annual Report for 2018 and which are unchanged from the prior year, except as detailed below.

Changes in accounting policy

(a) New and amended standards adopted by the Group
The following standards have been adopted by the Group for the first time for the financial year commencing 1 January 2018:

IFRS 15 ‘Revenue from contracts’ requires revenue to be recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. It replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The Group has amended its accounting policy appropriately but the impact of the new standard on the Group’s revenue and profit is not material. This reflects the relatively non-complex and largely standardised terms and conditions applicable to the Group’s revenue contracts. Accordingly, the Group has only adopted IFRS 15 from 1 January 2018 and no adjustment has been recognised in opening equity at the date of initial application.

IFRS 9 ‘Financial Instruments’ replaced the classification and measurement models for financial instruments in IAS 39 with three classification categories; amortised cost, fair value through profit or loss and fair value through other comprehensive income. Consistent with the non-complex nature of the Group’s financial instruments, the impact of the new standard is not material and therefore the Group only adopted IFRS 9 from 1 January 2018 and no adjustment has been recognised in opening equity at the date of initial application. The Group has amended its accounting policy for the establishment of provisions against trade receivables to reflect the lifetime expected loss model (consistent with the simplified approach under IFRS 9).

Changes in accounting policy (continued)

(b) New standards and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019 and have not been applied in preparing the consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group except as set out below:

IFRS 16 'Leases' will require lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for virtually all lease contracts. It replaces IAS 17, under which lessees are required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 includes an optional exemption (for lessees) which can be applied for certain short-term and low value leases. The standard is effective for annual periods beginning on or after 1 January 2019.

The Group has completed a detailed IFRS 16 assessment and confirmed that the new standard will have a material impact on the Group's consolidated balance sheet, but with no material net impact on profit or financial gearing. Accordingly, the Group does not intend to restate prior year comparators when the new standard is adopted, with right-of-use asset values being set equal to lease liabilities at the date of transition in line with the simplified approach permitted under IFRS 16. The Group will adopt recognition exemptions for short-term and low value leases and will also elect to apply the practical expedient available for all leases which end within 12 months of the date of transition (accounting for as short-term leases).

On initial application, it is estimated that the Group will record right-of-use assets and lease liabilities with a value of £45m based on calculations to date.

2. Segmental information

The Group's sales, marketing and research activities are organised into four global market sectors, being Personal Care, Life Sciences, Performance Technologies and Industrial Chemicals. These are the segments for which summary management information is presented to the Group's Executive Committee, which is deemed to be the Group's Chief Operating Decision Maker.

There is no material trade between segments. Segmental results include items directly attributable to a specific segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and trade and other receivables.

Adjustments in the Group Income Statement of £13.7m (2017: £6.2m) include a £4.9m exceptional cost relating to the UK defined benefit pension scheme, being a past service cost to equalise benefits for the effects of unequal Guaranteed Minimum Pensions following the precedent set by the 2018 High Court judgement in the Lloyds Bank case (2017: £1.7m relating to environmental costs of businesses discontinued in prior years). Also included are acquisition costs of £2.7m (2017: £0.8m) and amortisation of intangible assets arising on acquisition of £6.1m (2017: £3.7m). The tax impact on adjustments in the Group income statement was £2.1m (2017: £0.8m). In the prior year, the US Tax Cuts and Jobs Act also led to a revaluation of the Group's net deferred tax liability, resulting in a £7.7m exceptional tax credit.

The adjustments to profit before tax relate to our segments as follows: Personal Care £3.7m (2017: £0.6m), Life Sciences £6.1m (2017: £3.2m), Performance Technologies £3.5m (2017: £0.6m), Industrial Chemicals £0.4m (2017: £0.1m) and operations discontinued in prior years £nil (2017: £1.7m).

2. Segmental information (continued)

Income statement

	2018 £m	2017 £m
Revenue		
Personal Care	**487.8**	466.6
Life Sciences	**324.5**	322.6
Performance Technologies	**456.4**	456.9
Industrial Chemicals	**118.2**	127.0
	1,386.9	1,373.1
Adjusted operating profit		
Personal Care	**160.3**	155.5
Life Sciences	**95.8**	97.0
Performance Technologies	**85.2**	75.4
Industrial Chemicals	**1.2**	4.3
	342.5	332.2
Exceptional items, acquisition costs and amortisation of intangible assets arising on acquisition	**(13.7)**	(6.2)
Total Group operating profit	**328.8**	326.0

In the following table, revenue has been disaggregated by sector and destination. This is the primary management information that is presented to the Group's Executive Committee.

	Europe £m	North America £m	Latin America £m	Asia £m	Reported Total £m
Revenue 2018					
Personal Care	**165.7**	**143.1**	**57.8**	**121.2**	**487.8**
Life Sciences	**128.6**	**94.6**	**50.3**	**51.0**	**324.5**
Performance Technologies	**217.4**	**124.3**	**30.6**	**84.1**	**456.4**
Industrial Chemicals	**60.7**	**10.7**	**2.3**	**44.5**	**118.2**
	572.4	**372.7**	**141.0**	**300.8**	**1,386.9**
Revenue 2017					
Personal Care	157.7	135.6	58.4	114.9	466.6
Life Sciences	119.8	111.2	42.6	49.0	322.6
Performance Technologies	217.7	125.7	30.4	83.1	456.9
Industrial Chemicals	60.1	12.9	3.4	50.6	127.0
	555.3	385.4	134.8	297.6	1,373.1

2. Segmental information (continued)

Balance sheet

	2018 £m	2017 £m
Total assets		
Personal Care	**611.3**	561.4
Life Sciences	**493.7**	358.9
Performance Technologies	**480.2**	444.0
Industrial Chemicals	**170.8**	166.7
Total segment assets	**1,756.0**	1,531.0
Tax assets	**56.2**	33.1
Retirement benefit assets	**24.6**	19.1
Cash and investments	**76.0**	65.5
Total Group assets	**1,912.8**	1,648.7

3. Net financial costs

	2018 £m	2017 £m
Financial costs		
US$100m 5.94% fixed rate 10 year bond	**4.5**	4.6
2014 Club facility due 2021	**2.5**	2.9
2016 Club facility due 2021	**-**	0.1
€30m 1.08% fixed rate 7 year bond	**0.3**	0.3
€70m 1.43% fixed rate 10 year bond	**0.9**	0.9
£30m 2.54% fixed rate 7 year bond	**0.8**	0.8
£70m 2.80% fixed rate 10 year bond	**2.0**	2.0
Net interest on retirement benefit liabilities (note 7)	**0.6**	3.6
Other bank loans and overdrafts	**3.8**	2.3
Capitalised interest	**(3.3)**	(5.0)
	12.1	12.5
Financial income		
Bank interest receivable and similar income	**(1.1)**	(0.6)
Net financial costs	**11.0**	11.9

4. Tax on continuing operations

	2018 £m	2017 £m
Analysis of tax charge for the year		
United Kingdom current tax	**15.0**	16.4
Overseas current tax	**42.1**	65.5
Deferred tax	**22.4**	(4.5)
	79.5	77.4

5. Earnings per share

	2018	2017
	p	p
Adjusted earnings per share	**190.2**	179.0
Impact of exceptional items, acquisition costs, amortisation of intangible assets arising on acquisition and the tax thereon	**(8.8)**	1.8
Basic earnings per share	**181.4**	180.8

6. Dividends paid

	Pence per share	**2018 £m**	2017 £m
Ordinary			
2016 Final – paid June 2017	**41.25**	**-**	54.1
2017 Interim – paid October 2017	**35.00**	**-**	45.8
2017 Final – paid May 2018	**46.00**	**60.4**	-
2018 Interim – paid October 2018	**38.00**	**50.0**	-
		110.4	99.9
Preference (paid June and December)		**0.1**	0.1
		110.5	100.0

The Directors are recommending a final dividend of 49.0p per share amounting to a total of £64.5m in respect of the financial year ended 31 December 2018. Subject to shareholder approval, the dividend will be paid on 30 May 2019 to shareholders registered on 12 April 2019. The total proposed dividend for the year ended 31 December 2018 will be 87.0p per share amounting to £114.5m.

The Directors are also proposing a £150m return to shareholders by way of a special dividend of 115p per share.

7. Critical accounting judgements and key sources of estimation uncertainty

The Group's significant accounting policies under IFRS have been set by management with the approval of the Audit Committee. The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Under IFRS an estimate or judgement may be considered critical if it involves matters that are highly uncertain or where different estimation methods could reasonably have been used, or if changes in the estimate that would have a material impact on the Group's results are likely to occur from period to period.

7. Accounting estimates and judgements (continued)

The critical accounting judgements required when preparing the Group's accounts are as follows:

Provisions

The Group has recognised potential environmental liabilities and other provisions. The Group's assessment of whether a constructive or legal obligation has arisen from a past event (and can be measured reliably) is a key judgement in determining the appropriate accounting treatment.

At 31 December 2018, the Group has an environmental provision of £9.9m (2017: £10.2m) in respect of soil and potential ground water contamination on a number of sites.

In relation to the environmental provision, the Directors expect that the balance will be utilised within ten years. Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts and prior experience. Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date. Remediation of environmental damage typically takes a long time to complete due to the substantial amount of planning and regulatory approvals normally required before remediation activities can begin. In addition, increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available. Consequently, environmental provisions can change significantly. The level of environmental provision is based on management's best estimate of the most likely outcome for each individual exposure.

The Group has also considered the impact of discounting on its provisions and has concluded that, as a consequence of the significant utilisation expected in a relatively short timescale, the impact is not material.

The critical accounting estimates and assumptions required when preparing the Group's accounts are as follows:

Retirement benefit liabilities

The Group's principal retirement benefit schemes are of the defined benefit type. Year end recognition of the liabilities under these schemes and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to levels of scheme membership, key financial market indicators such as inflation and expectations on future salary growth and asset returns. These assumptions are made by the Group in conjunction with the schemes' actuaries and the Directors are of the view that any estimation should be prudent and in line with consensus opinion. Total Group net retirement benefit liabilities have decreased by £12.0m in 2018 to £18.5m. This movement comprises £1.8m of experience gains and £20.8m of gains due to changes in actuarial assumptions offset by £1.3m of currency translation losses, £8.7m of service costs in excess of contributions and £0.6m net financial expense.

Taxation

The Group is subject to corporate income taxes in numerous jurisdictions. Significant judgment is often required in determining the worldwide expense and liability for such taxes, including consideration of the potential impact of transfer pricing. There are many transactions and calculations where the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax issues based on estimates of whether additional taxes will be due, based on its best interpretation of the relevant tax laws and rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Goodwill and fair value of assets acquired

The Group tests annually whether goodwill has suffered any impairment and the carrying value of goodwill in the Group balance sheet has been supported by detailed value-in-use calculations relating to the recoverable amounts of the underlying Cash Generating Units. These calculations require the use of estimates to enable the calculation of the net present value of cash flow projections of the relevant CGU, such as those around future growth and discount rates. Recoverable amounts currently exceed carrying values including goodwill.

8. Contingent liabilities

The Company has guaranteed loan capital and bank overdrafts of subsidiary undertakings amounting to £104.3m (2017: £91.2m).

The Group is subject to various claims which arise in the course of business. These contingent liabilities are reviewed on a regular basis and where possible an estimate is made of the potential financial impact on the Group.

The Group is also involved in certain environmental legal actions and proceedings. Whilst the Group cannot predict the outcome of any current or future actions or proceedings with any certainty, it currently believes the likelihood of any material liabilities to be low, and that the liabilities, if any, will not have a material adverse effect on its consolidated income, financial position or cash flows. The Group also considers it has insurance in place in relation to any significant contingent liabilities. The environmental actions and proceedings the Group is subject to relate to a discontinued business in the USA and are a matter of public record.

9. Principal risks and uncertainties

Financial risk factors

The Group's activities expose it to a variety of financial risks; currency risk, interest rate risk, liquidity risk, and credit risk. The Group's overall risk management strategy is approved by the Board and implemented and reviewed by the Risk Management Committee. Detailed financial risk management is then delegated to the Group Finance department which has a specific policy manual that sets out guidelines to manage financial risk. Regular reports are received from all operating companies to enable prompt identification of financial risks so that appropriate action may be taken. In the management definition of capital the Group includes ordinary and preference share capital and net debt. These summary financial statements do not include all financial risk management information; full disclosures will be available in the Group's annual financial statements for the year ended 31 December 2018.

Financial instruments

Financial instruments measured at fair value use the following hierarchy;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's financial instruments are classed as level 2 with the exception of other investments and finance lease obligations, which are classed as level 3.

9. Principal risks and uncertainties (continued)

Fair values

For financial instruments with a remaining life of greater than one year, fair values are based on cash flows discounted at prevailing interest rates. Accordingly, the fair value of cash deposits and short term borrowings approximates to the book value due to the short maturity of these instruments. The same applies to trade and other receivables and payables. Where there are no readily available market values to determine fair values, cash flows relating to the various instruments have been discounted at prevailing interest and exchange rates to give an estimate of fair value.

The table below details a comparison of the Group's financial assets and liabilities where book values and fair values differ.

	Book Value 2018 £m	**Fair value 2018 £m**	Book Value 2017 £m	Fair value 2017 £m
US$100m 5.94% fixed rate 10 year bond	**78.8**	**76.5**	73.9	76.4
€30m 1.08% fixed rate 7 year bond	**27.1**	**27.7**	26.6	27.0
€70m 1.43% fixed rate 10 year bond	**63.1**	**65.3**	62.1	63.1
£30m 2.54% fixed rate 7 year bond	**30.0**	**30.4**	30.0	30.5
£70m 2.80% fixed rate 10 year bond	**70.0**	**71.4**	70.0	71.4

10. Related Party Transactions

The Group has no related party transactions, with the exception of remuneration paid to key management and Directors.

11. Business combinations

On the 11 January 2018, the Group acquired Nautilus Biosciences Canada Inc for total consideration, inclusive of net debt, of £5.6m. Nautilus uses marine microbial biodiversity to discover novel actives and materials, innovative science that will be utilised in applications for Personal Care Beauty Actives and other markets.

On 28 March 2018, the Group acquired Plant Impact Plc for total consideration, inclusive of net debt, of £9.3m. Plant Impact is an innovative crop enhancement business which researches and develops chemical biostimulants to sustainably improve crop yield and quality. The acquisition represents an exciting opportunity in combination with the Group's existing Crop Protection and Seed Enhancement businesses.

On 28 December 2018, the Group acquired Brenntag Biosector A/S for total consideration, net of cash acquired, of £63.8m. Biosector manufacture and supply adjuvants for the human and veterinary vaccine markets, a complementary extension to the Group's existing pharmaceutical excipients portfolio within our Health Care business.

During 2018, the Group completed fair value reviews relating to the 2017 acquisition of Enza Biotech AB and IonPhasE OY. This review did not identify any changes to the asset base or goodwill.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.