



chemistry matters

Q3 2020 Earnings

NOVEMBER 2020



Forward Looking Statements

This presentation contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included or incorporated herein may constitute forward-looking statements. Such forward-looking statements include statements (covered by words like "expects," "estimates," "anticipates," "may," "believes," "feels," "plan," "intend" or similar words or expressions, for example) which relate to earnings, growth potential, operating performance, events or developments that we expect or anticipate will or may occur in the future. Although forward-looking statements are believed by management to be reasonable when made, they are subject to certain risks, uncertainties and assumptions, including, the effects of the COVID-19 pandemic, such as its duration, its unknown long-term economic impact, measures taken by governmental authorities to address it and the manner in which the pandemic may precipitate or exacerbate other risks and/or uncertainties, and our actual performance or results may differ materially from these forward-looking statements. Additional information regarding risks, uncertainties and assumptions relating to Innospec and affecting our business operations and prospects are described in Innospec's Annual Report on Form 10-K for the year ended December 31, 2019, Form 10-Q for the quarter ended June 30, 2020 and other reports filed with the U.S. Securities and Exchange Commission. You are urged to review our discussion of risks and uncertainties that could cause actual results to differ from forward-looking statements under the heading "Risk Factors" in such reports. Innospec undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise

Use of Non-GAAP Financial Measures

The information presented in this presentation includes financial measures that are not calculated or presented in accordance with Generally Accepted Accounting Principles in the United States (GAAP). These non-GAAP financial measures comprise EBITDA, income before income taxes excluding special items, net income excluding special items and related per share amounts together with net cash. EBITDA is net income per our consolidated financial statements adjusted for the exclusion of charges for interest expense, net, income taxes, depreciation, impairment and amortization. Income before income taxes, net income and diluted EPS, excluding special items, per our consolidated financial statements are adjusted for the exclusion of amortization of acquired intangible assets, change in UK statutory tax rate, foreign currency exchange (gains)/losses, legacy costs of closed operations and adjustment of income tax provisions. Net cash is cash and cash equivalents less total debt. The Company believes that such non-GAAP financial measures provide useful information to investors and may assist them in evaluating the Company's underlying performance and identifying operating trends. In addition, these non-GAAP measures address questions the Company routinely receives from analysts and investors and the Company has determined that it is appropriate to make this data available to all investors. While the Company believes that such measures are useful in evaluating the Company's performance, investors should not consider them to be a substitute for financial measures prepared in accordance with GAAP. In addition, these non-GAAP financial measures may differ from similarly-titled non-GAAP financial measures used by other companies and do not provide a comparable view of the Company's performance relative to other companies in similar industries. Management uses adjusted EPS (the most directly comparable GAAP financial measure for which is GAAP EPS) and adjusted net income and EBITDA (the most directly comparable GAAP financial measure for which is GAAP net income) to allocate resources and evaluate the performance of the Company's operations. Management believes the most directly comparable GAAP financial measure is GAAP net income and has provided a reconciliation of EBITDA and net income excluding special items, and related per share amounts, to GAAP net income in our earnings release.

Earnings Conference Call Agenda

1

Introduction

David Jones - VP, General Counsel

2

Business Commentary

Patrick S. Williams - President & CEO

3

Financial Performance

Ian Cleminson - Executive Vice President & CFO

4

Questions & Answers

Patrick S. Williams and Ian Cleminson

Summary of 3rd Quarter Performance



Sequential improvement in sales and operating income versus Q2 2020



Performance Chemicals operating income up 33 percent from Q3 2019



Fuel Specialties revenues improve in Q3 as global fuel demand begins to recover



Oilfield Services operating results improve by \$7.9 million from Q2 2020



Oilfield Services cost base positioned for substantial operating leverage



Operating cash generation of \$55.5 million



Balance sheet has \$66.0 million in net cash; substantial liquidity headroom

Quarter 3 2020 Performance Highlights

-29%

Reduction in Sales
Revenue versus Q3 2019

33%

Increase in Performance
Chemicals Operating Income

71 cents

Adjusted EPS

52 cents

Semi-Annual
Dividend Maintained

\$55.5m

Operating Cash
Generation

\$66.0m

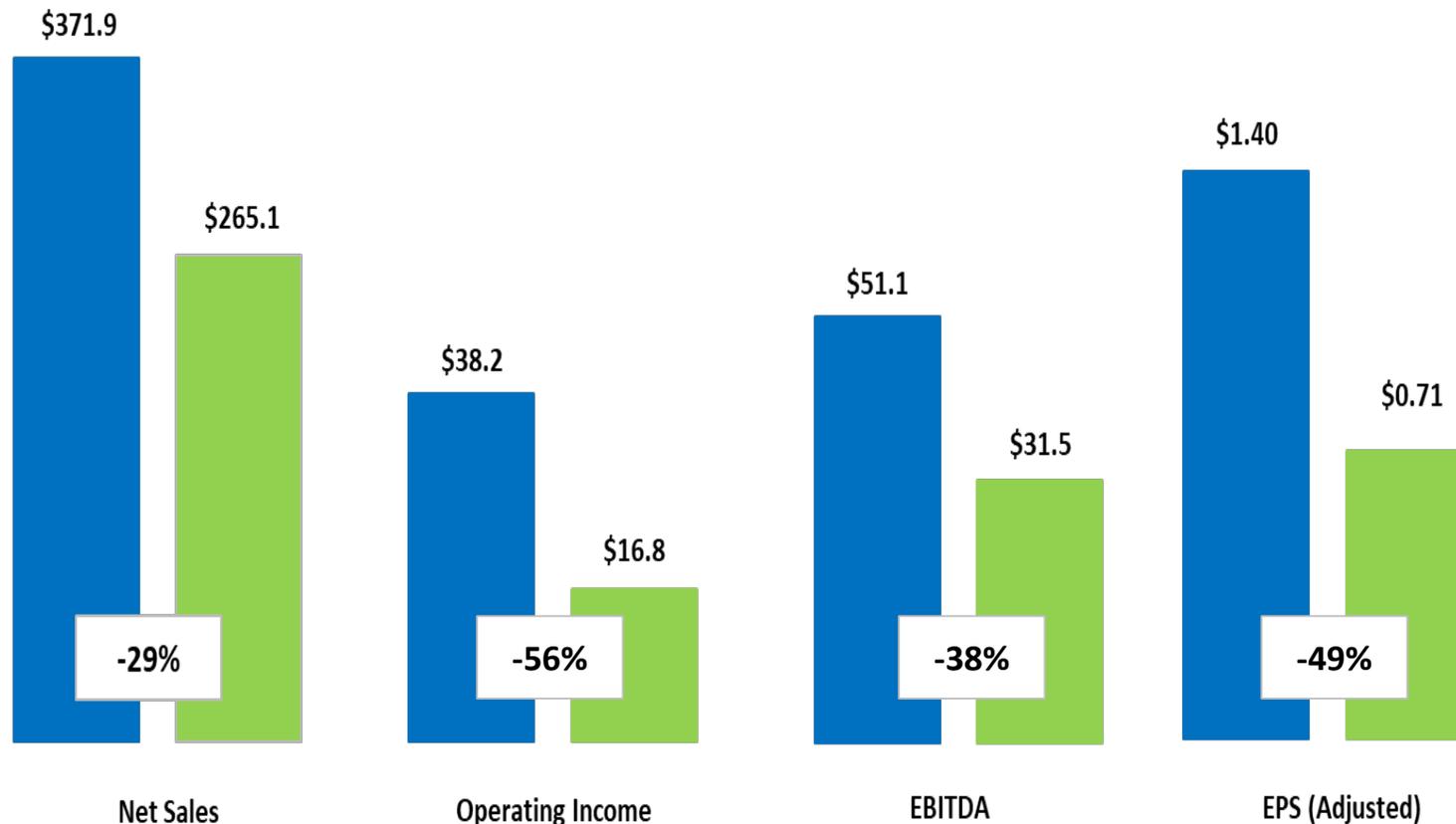
Net Cash at
September 30



Financial Performance



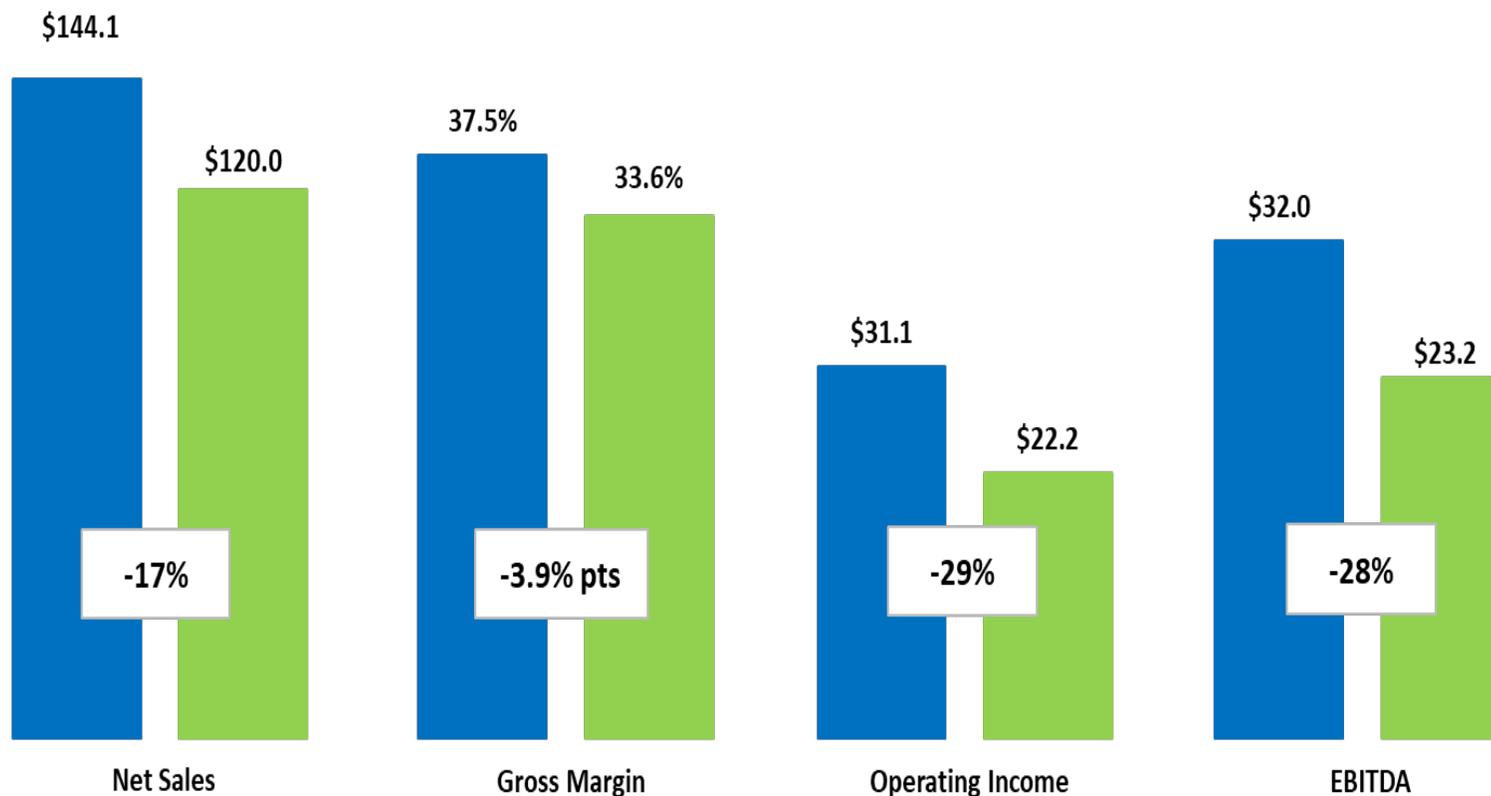
Q3 2020 Consolidated Results *(\$ in millions)*



- Sales down by 29 percent driven by weaker demand in Fuel Specialties and Oilfield Services
- Gross margins within expected range
- Adjusted EPS of \$0.71
- Recovery slower than expected but sequential improvement in quarterly operating results

■ Q3 2019
 ■ Q3 2020

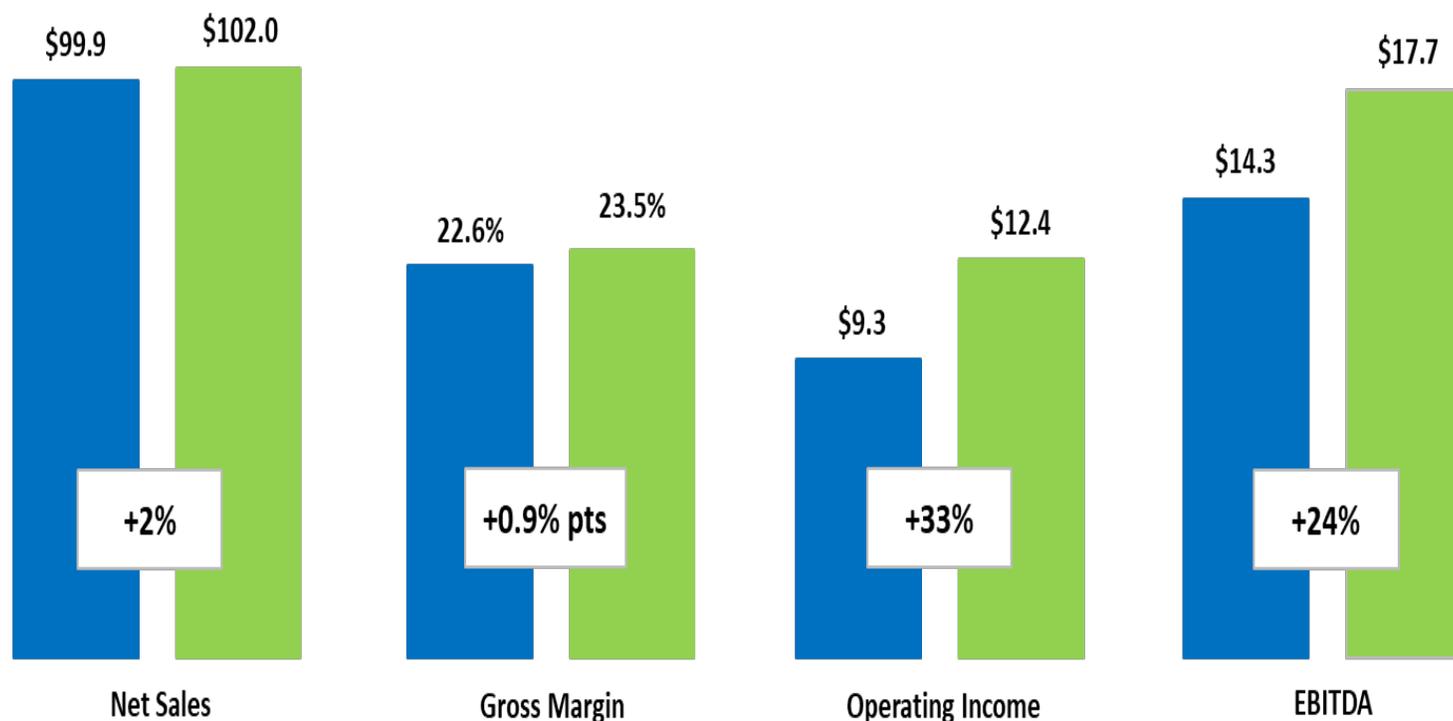
Q3 2020 Fuel Specialties *(\$ in millions)*



- Sales down 17 percent;
 - Volumes down 12 percent
 - Price/mix down 5 percent
- Gross margins within expected range
- Fuel demand improvement from Q2 low and sequential operating income increases \$17.5 million

■ Q3 2019
 ■ Q3 2020

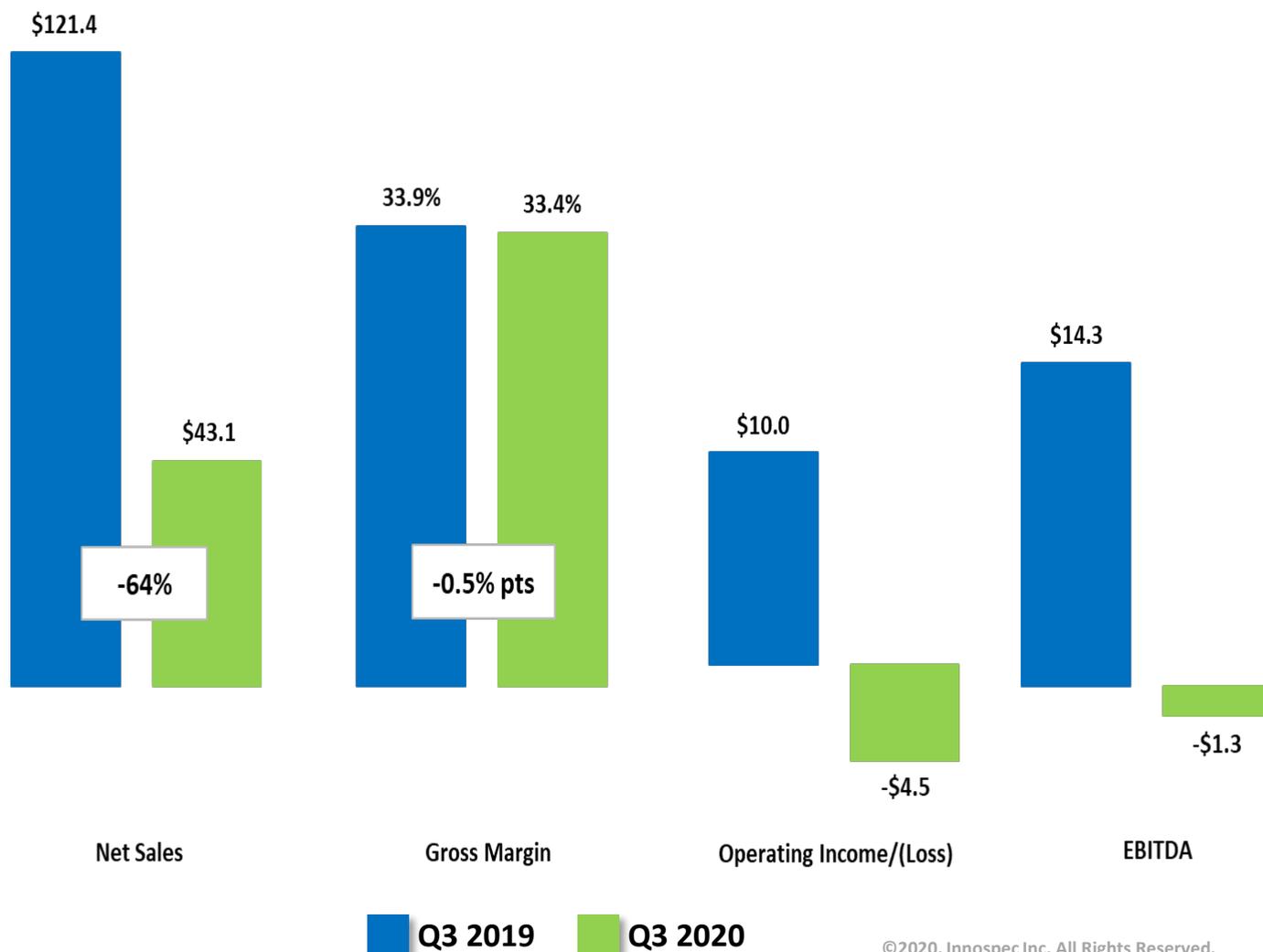
Q3 2020 Performance Chemicals *(\$ in millions)*



- Continued excellent performance
- Volumes up 5 percent
- Gross margin improvement
- Operating income up 33 percent
- EBITDA up 24 percent

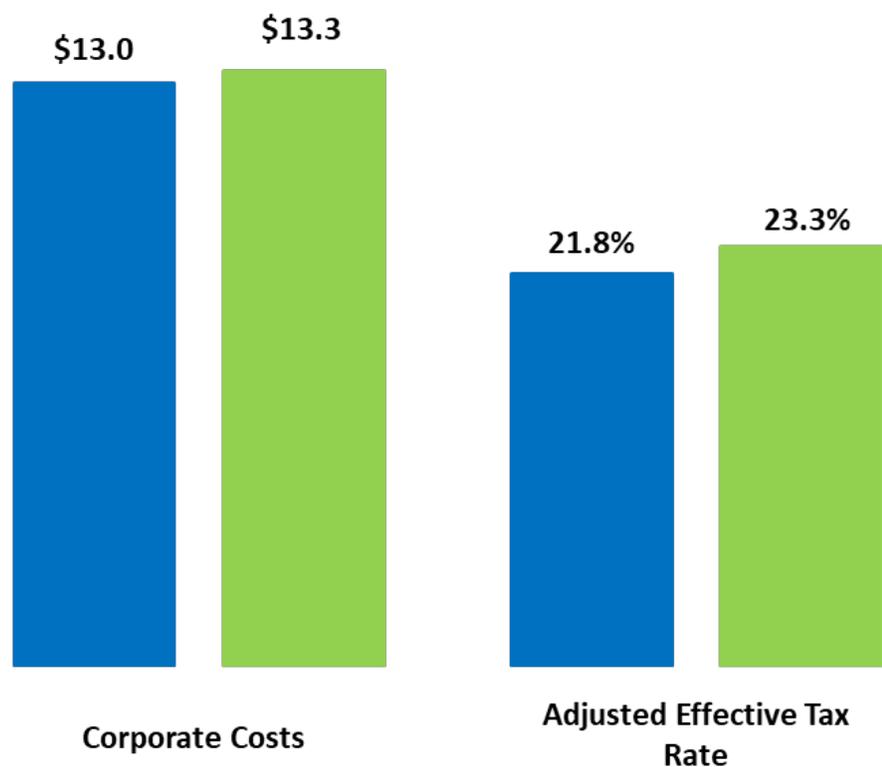
■ Q3 2019
 ■ Q3 2020

Q3 2020 Oilfield Services *(\$ in millions)*



- Sales down on reduced customer activity
- Gross margins within expected range
- Sequential quarter operating results improve \$7.9 million over Q2 2020
- EBITDA approaching breakeven
- Substantial cost restructuring to drive operating leverage

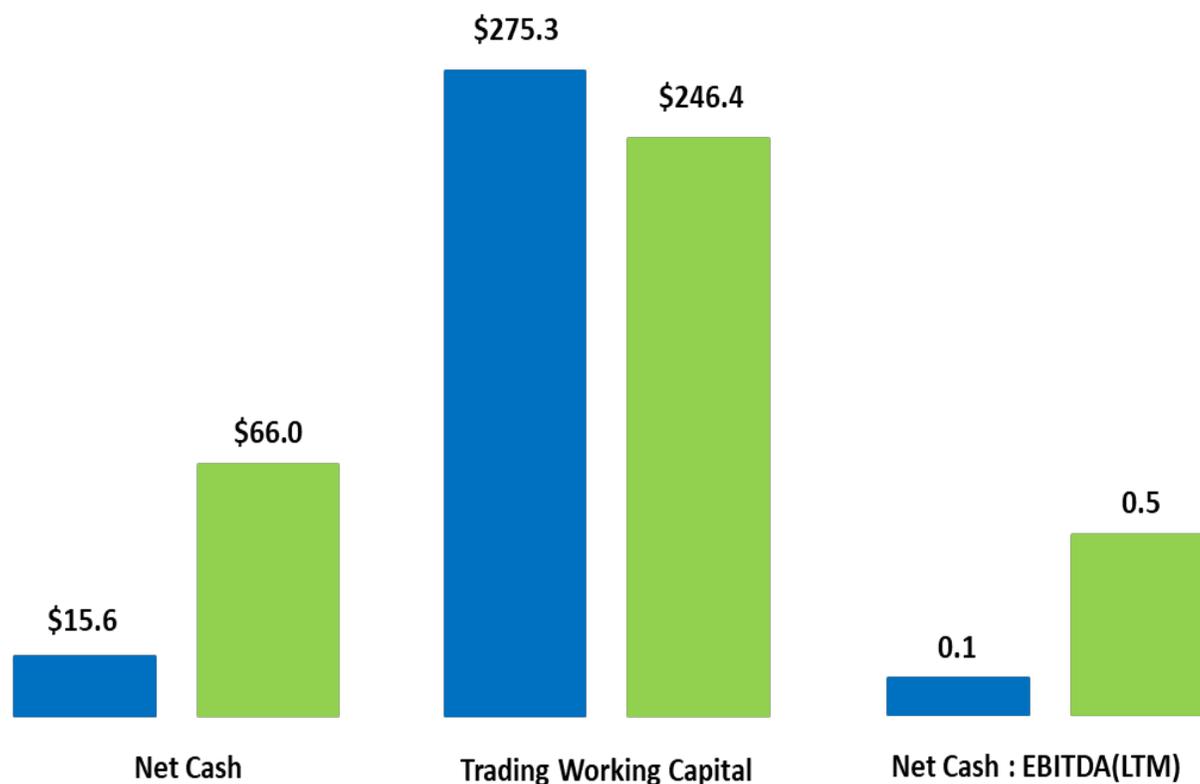
Q3 2020 Corporate Items *(\$ in millions)*



- Corporate costs within expected range
- Adjusted tax rate of 23.3 percent

■ Q3 2019
 ■ Q3 2020

Q3 2020 Balance Sheet *(\$ in millions)*



- Operating cash flow of \$55.5 million
- All bank debt repaid
- Net cash balance of \$66.0 million
- Significant liquidity headroom; positioned for organic and acquisition growth

■ Q4 2019
 ■ Q3 2020



Concluding Comments



Concluding Comments



Sequential improvement from Q2 low in Fuel Specialties and Oilfield Services



Remain cautiously optimistic about demand recovery through Q4 and 2021



Diverse pipeline of Performance Chemicals organic growth opportunities



Fuel Specialties will continue to recover in line with global fuel demand



Oilfield Services recovery will be enhanced by DRA and Middle East



Further liquidity improvement; semi-annual dividend maintained



Innospec well positioned to drive organic and acquisitive growth

Final Comments

THANK YOU FOR YOUR CONTINUED SUPPORT

Q4 2020 RESULTS SCHEDULE

February 2021						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

- FEBRUARY 16TH - RESULTS RELEASE AFTER CLOSE
- FEBRUARY 17TH - CONFERENCE CALL