



chemistry matters

Q1 2019 Earnings Presentation

8 MAY 2019 | 10AM EDT



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" 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, 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, 2018 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 adjusted EBITDA, income before income taxes excluding special items, net income excluding special items and related per share amounts together with net debt. Adjusted EBITDA is net income per our consolidated financial statements adjusted for the exclusion of charges for interest expense, net, income taxes, depreciation 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, foreign currency exchange gains and adjustment of income tax provisions. Net debt is total debt less cash and cash equivalents. 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 adjusted 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 adjusted EBITDA and net income excluding special items, and related per share amounts, to GAAP net income in our earnings release.

Earnings Conference Call



David Jones
VP, General Counsel & Chief Compliance Officer

Introduction



Patrick S. Williams
President & CEO

Business Commentary



Ian Cleminson
Executive Vice President & CFO

Financial Performance

Summary of 1st Quarter Performance



All the key metrics of our business have improved



Strong sales growth with revenues up 8 percent



Operating income up 25 percent with all strategic businesses contributing



GAAP EPS up 30 percent; Adjusted non-GAAP EPS up 23 percent



Increased share-based compensation accruals impacted EPS by 23 cents



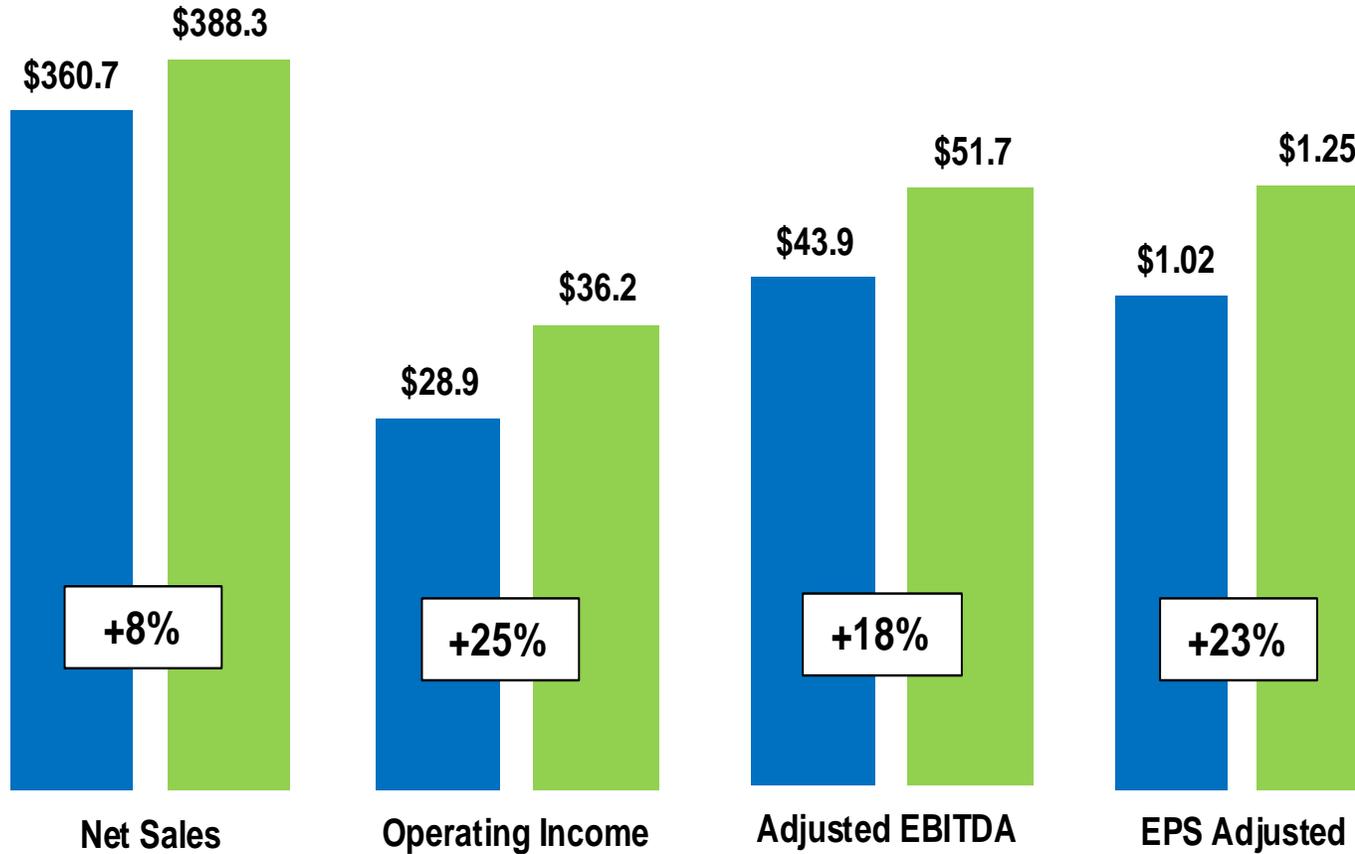
Operating cash flow of \$13.2 million; Net Debt:EBITDA leverage down to 0.4x



Financial Performance



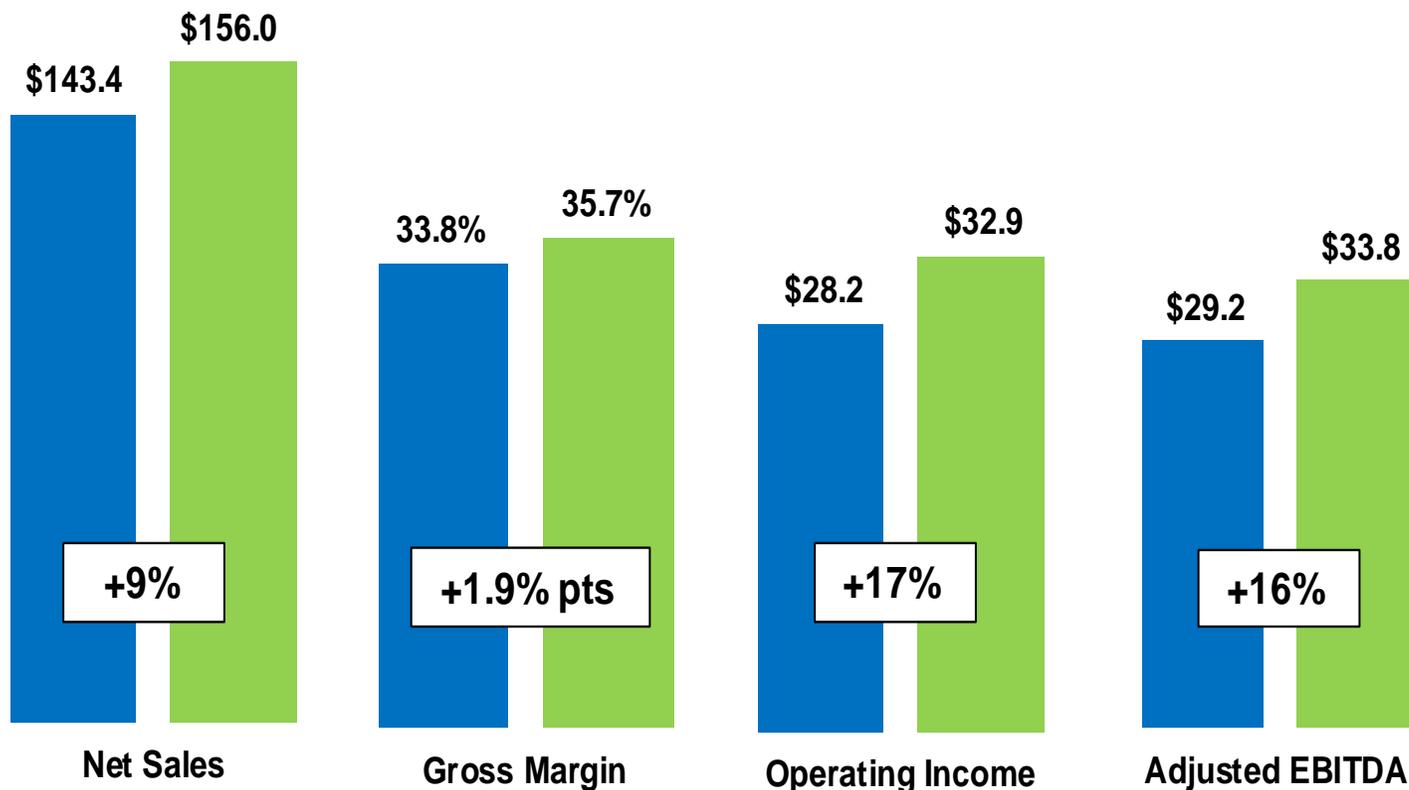
Q1 2018 Consolidated Results *(\$ in millions)*



- Revenues up 8%
- Margin improvements drive 25% improvement in operating income
- Adjusted EBITDA up 18%
- GAAP EPS up 30%; Adjusted EPS up 23%
- All strategic businesses contributing to improvements
- Strategy continues to deliver very positive results

■ Q1 2018 ■ Q1 2019

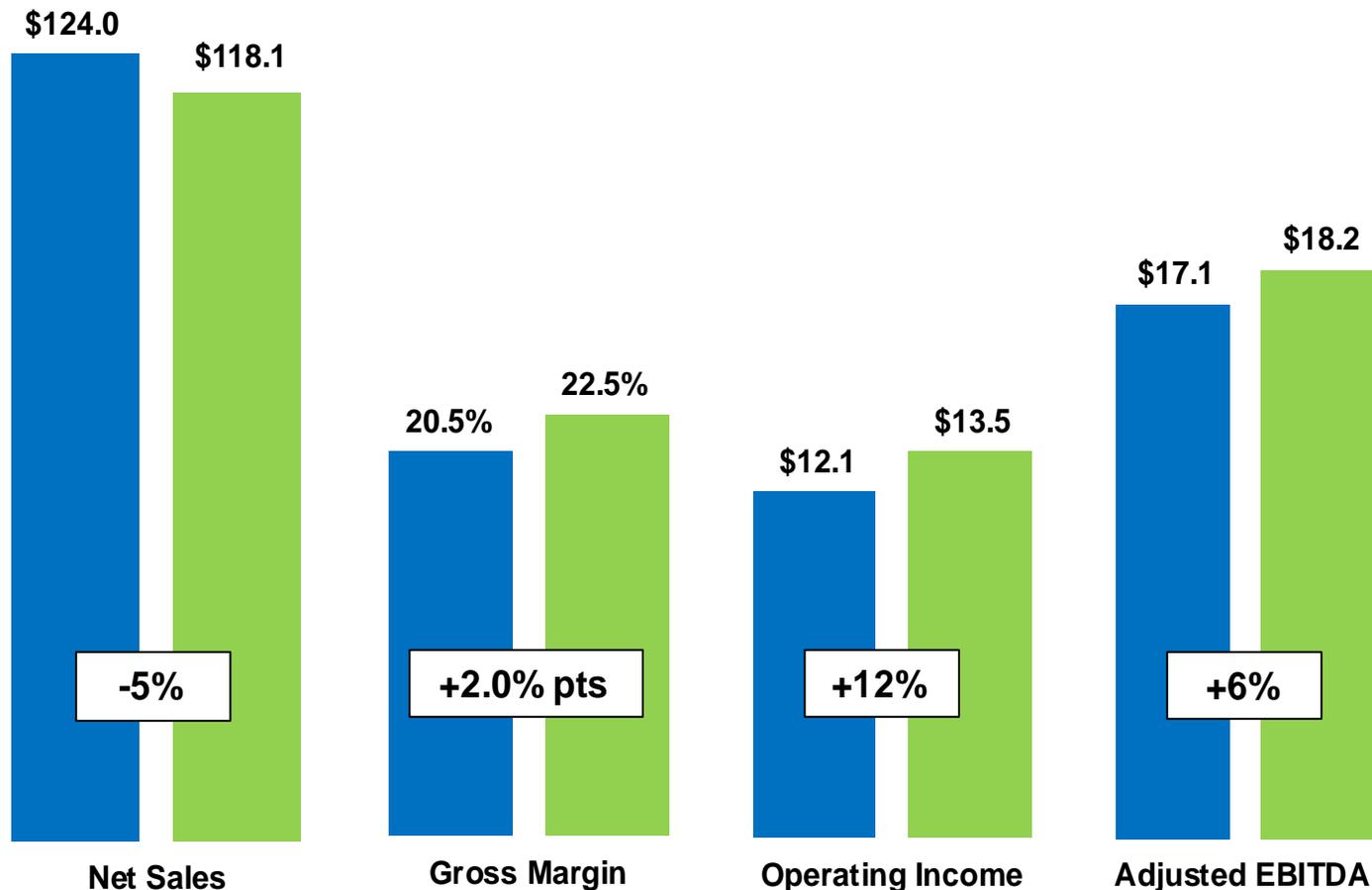
Q1 2019 Fuel Specialties *(\$ in millions)*



- Strong volumes drive revenue growth of 9%
- Gross margins at top end of expected range
- Excellent operating income and adjusted EBITDA
- Good platform for further organic growth

■ Q1 2018 ■ Q1 2019

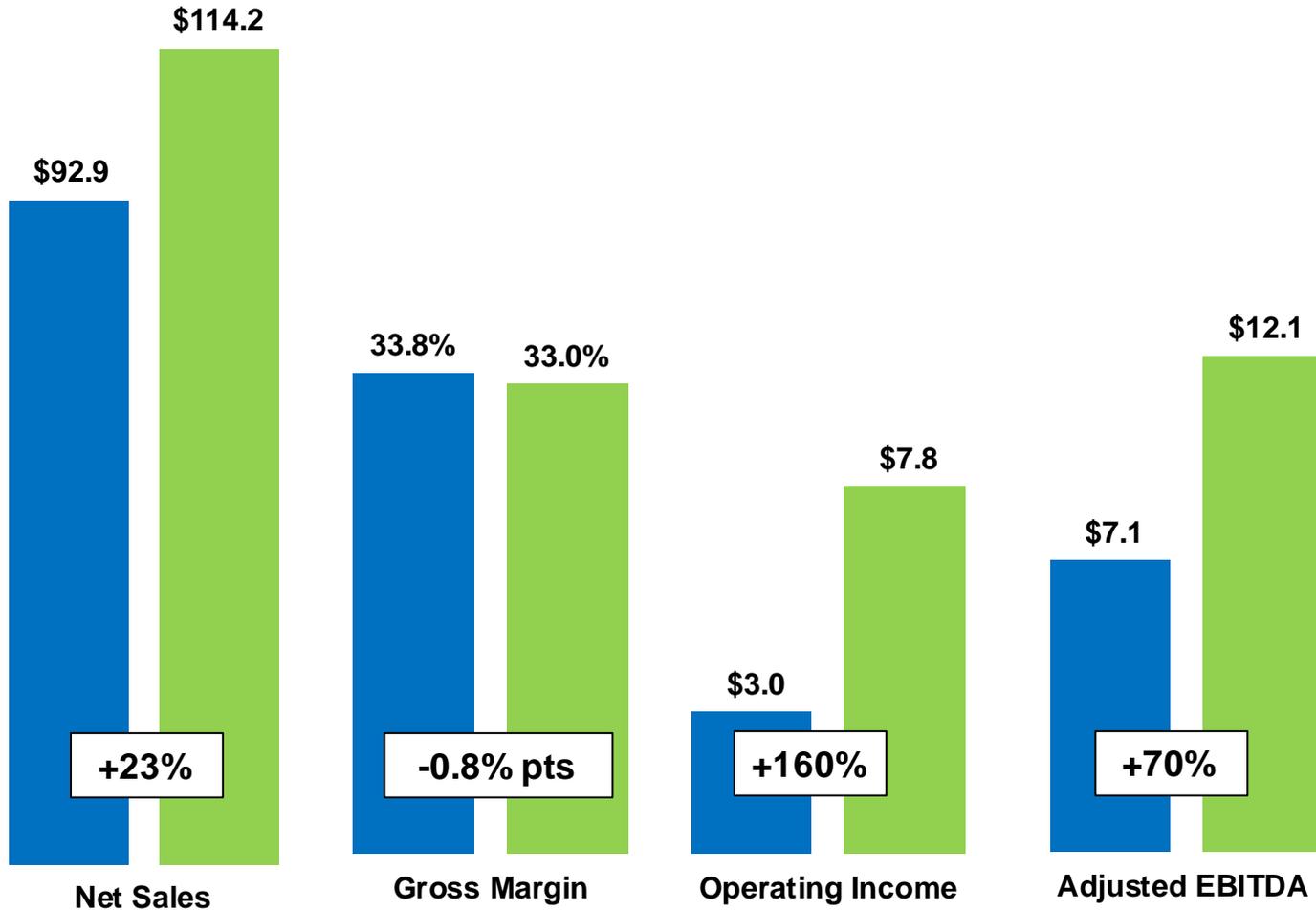
Q1 2019 Performance Chemicals *(\$ in millions)*



- Sales volumes flat against very strong comparative quarter
- Negative currency impact of 5%
- Margin improvements continue
- Operating income up 12%

■ Q1 2018 ■ Q1 2019

Q1 2019 Oilfield Services *(\$ in millions)*



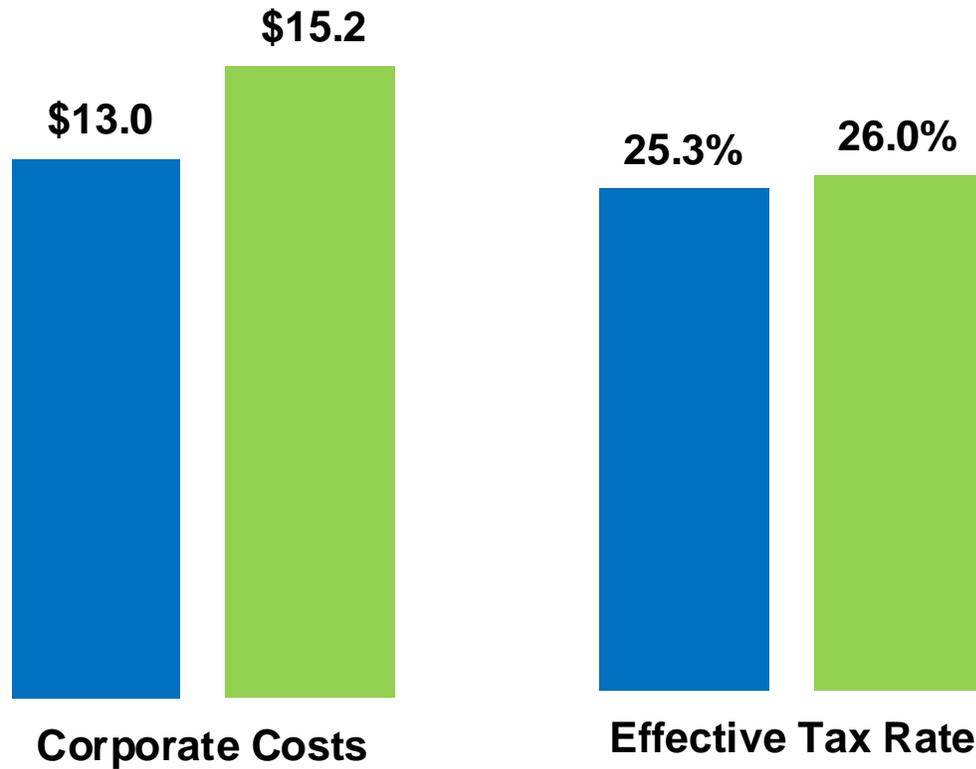
- Strong sales growth compared to Q1 2018
- Sequential sales growth of 5%
- Margins down slightly impacted by sales mix
- Operating income continues to improve up 160%

■ Q1 2018 ■ Q1 2019

Q1 2019 Octane Additives *(\$ in millions)*

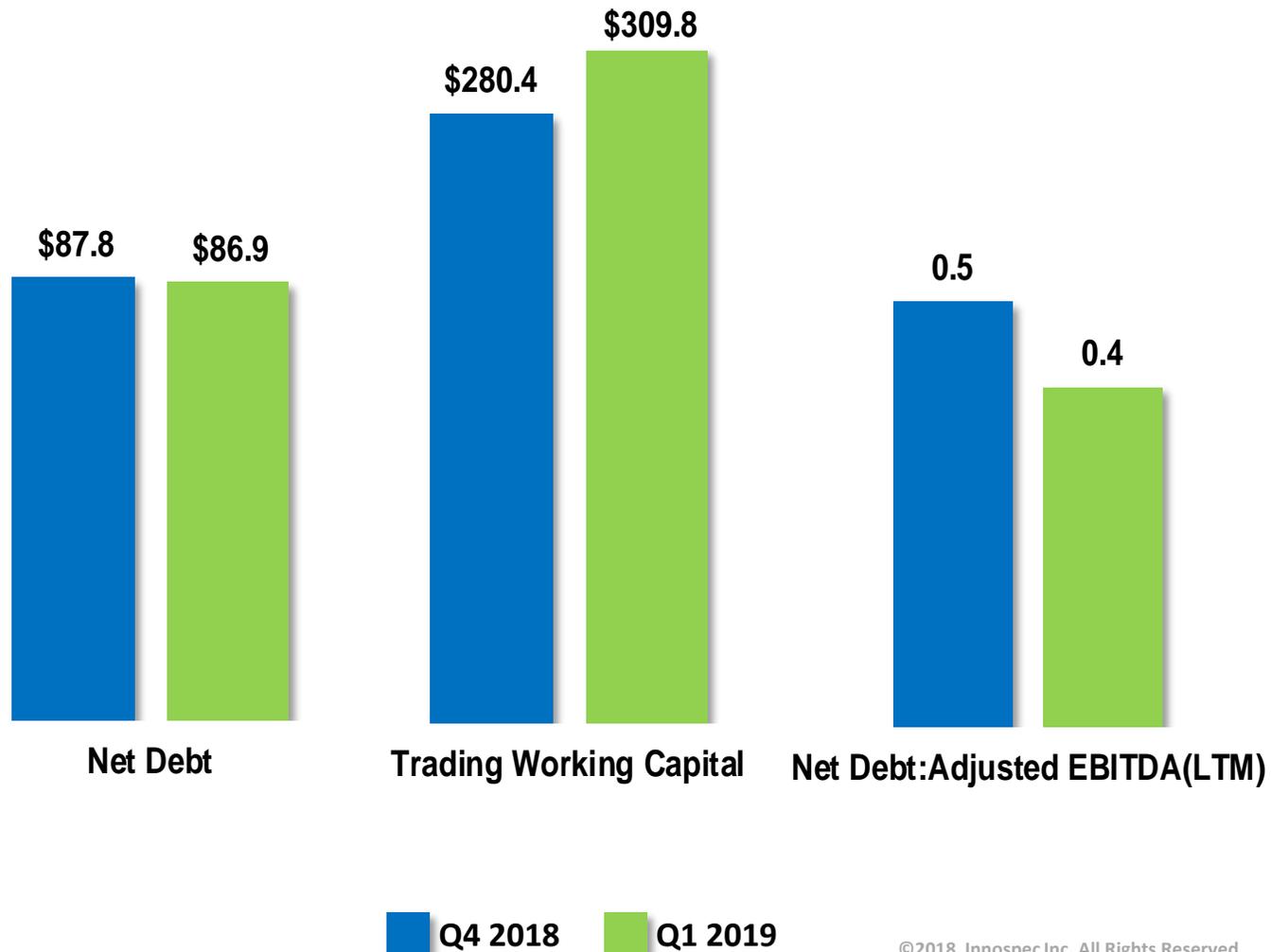
- No sales in the quarter
- Operating loss of \$2.8 million
- No confirmed orders
- Expect one final order Q2/3

Q1 2019 Corporate Items *(\$ in millions)*



- Costs impacted by accruals for share-based compensation
- 35% share price increase in Q1 2019
- Tax rate driven by geographical mix of profits

Q1 2019 Balance Sheet *(\$ in millions)*



- Good operating cash generation
- Working capital aligned with sales growth
- Capital expenditure includes \$3.8 million for purchase of land & buildings at Herne, Germany
- Net debt reduced with leverage down to 0.4x adjusted EBITDA

Concluding Comments



Long-term strategy continues to deliver growth and margin improvements



GAAP EPS up 30 percent; Adjusted non-GAAP EPS up 23 percent



Includes 23 cent headwind of share-based compensation as share price rose 35 percent



All strategic businesses are contributing to our success



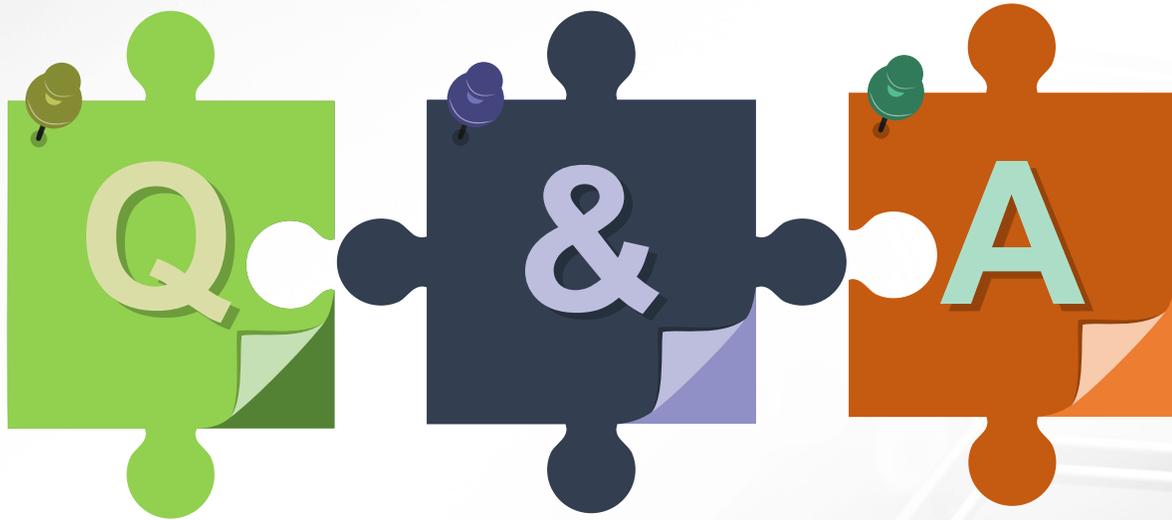
Organic growth projects all on track



Further 14 percent improvement in dividend - returning shareholder value



YOUR OPPORTUNITY TO ASK QUESTIONS



Final Comments

Thank you for your continued support

Q2 2019 Results

August 2019

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	29	30	31

- August 6 - Results Release after Close
- August 7 - Conference Call