

# Q4 2023 Earnings

February 2024



# Forward Looking Statements

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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," "could," "believes," "feels," "plans," "intends" 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, 2022, Innospec's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 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 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, legacy costs of closed operations, foreign currency exchange (gains)/losses, acquisition related costs 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. Also, 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.

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David Jones - VP, General Counsel
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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 4<sup>th</sup> Quarter Performance



# Q4

GAAP EPS of \$1.51

Adjusted non-GAAP  
EPS of \$1.84

QGP acquisition closed  
in the quarter

Excellent fit with  
Performance Chemicals

Diversified assets with  
geographic expansion

\$72.4 million cash flow  
from operations

\$203.7 million in net  
cash on balance sheet  
after 10 percent  
dividend increase and  
closing QGP acquisition

Performance Chemicals  
continued sequential  
improvement in  
operating income and  
margins

Fuel Specialties strong  
double-digit operating  
income growth and  
margin improvement

Oilfield Services  
continued strong  
performance

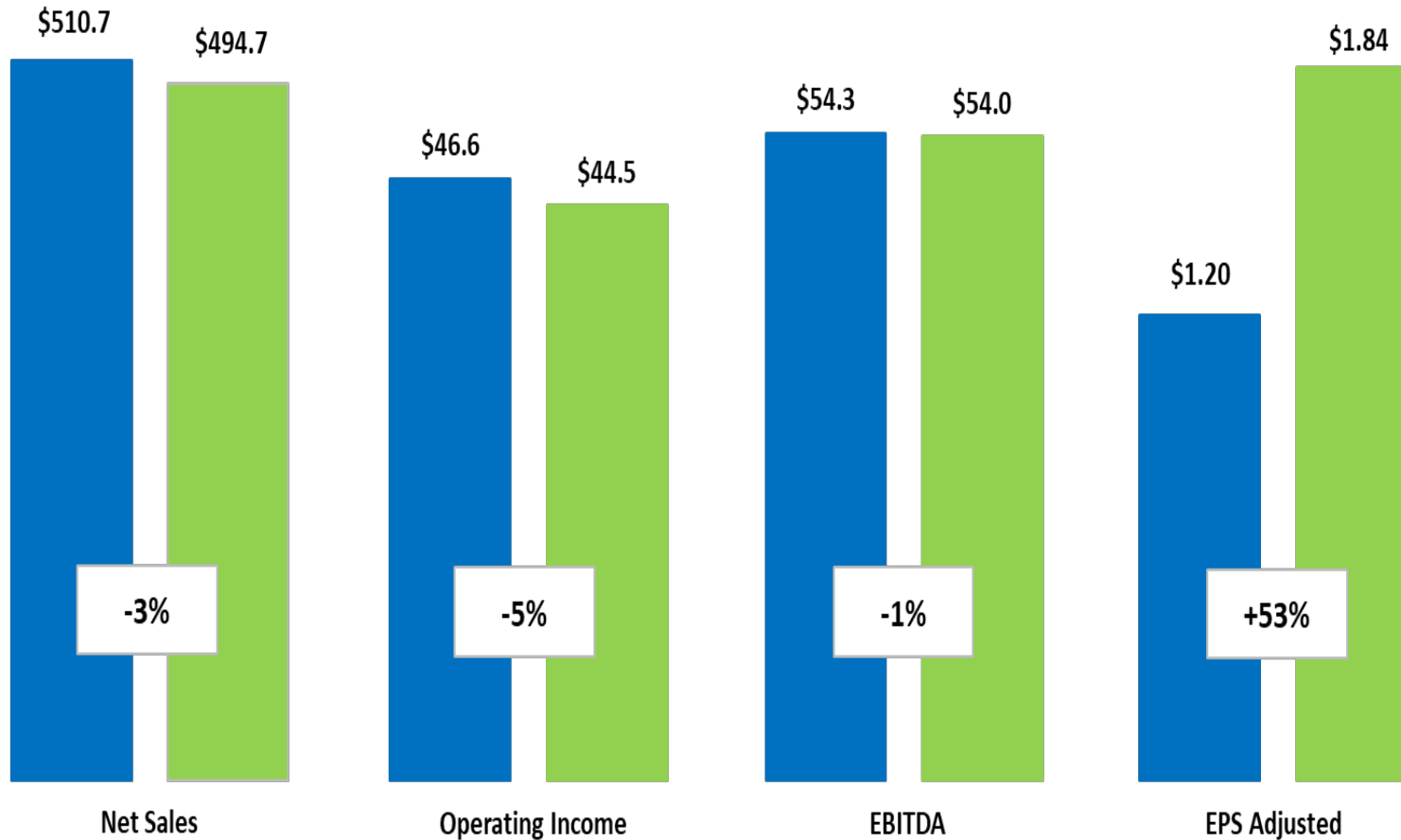
Full year operating  
margins above 11  
percent



# Financial Performance



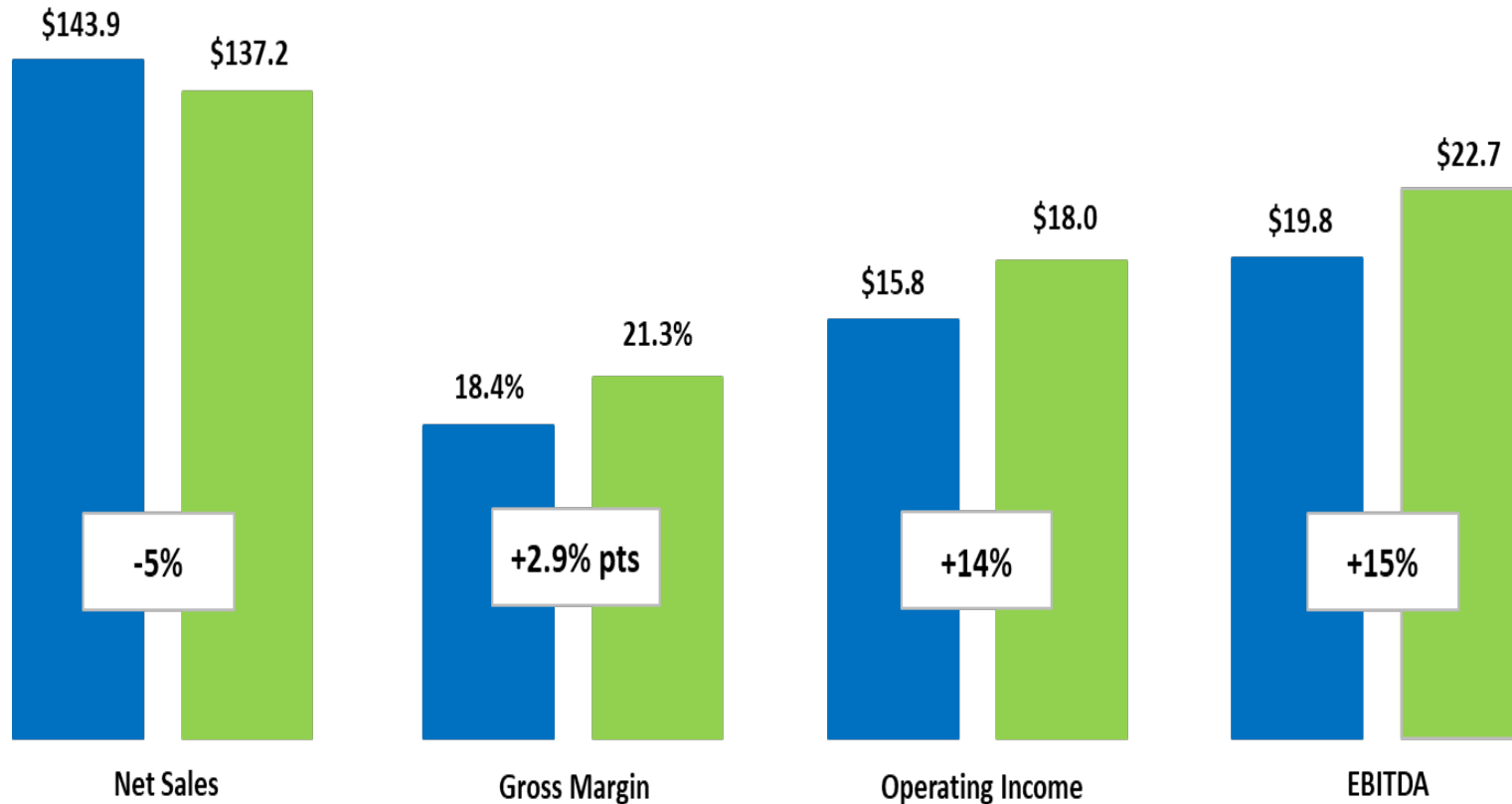
# Q4 2023 Consolidated Results (\$ MM)



- Sales down 3 percent
- Gross margin up 1.8 percentage points
- Operating income down 5 percent
- EBITDA down 1 percent
- Adjusted EPS increases 53% to \$1.84

■ Q4 2022   ■ Q4 2023

# Q4 2023 Performance Chemicals (\$ MM)

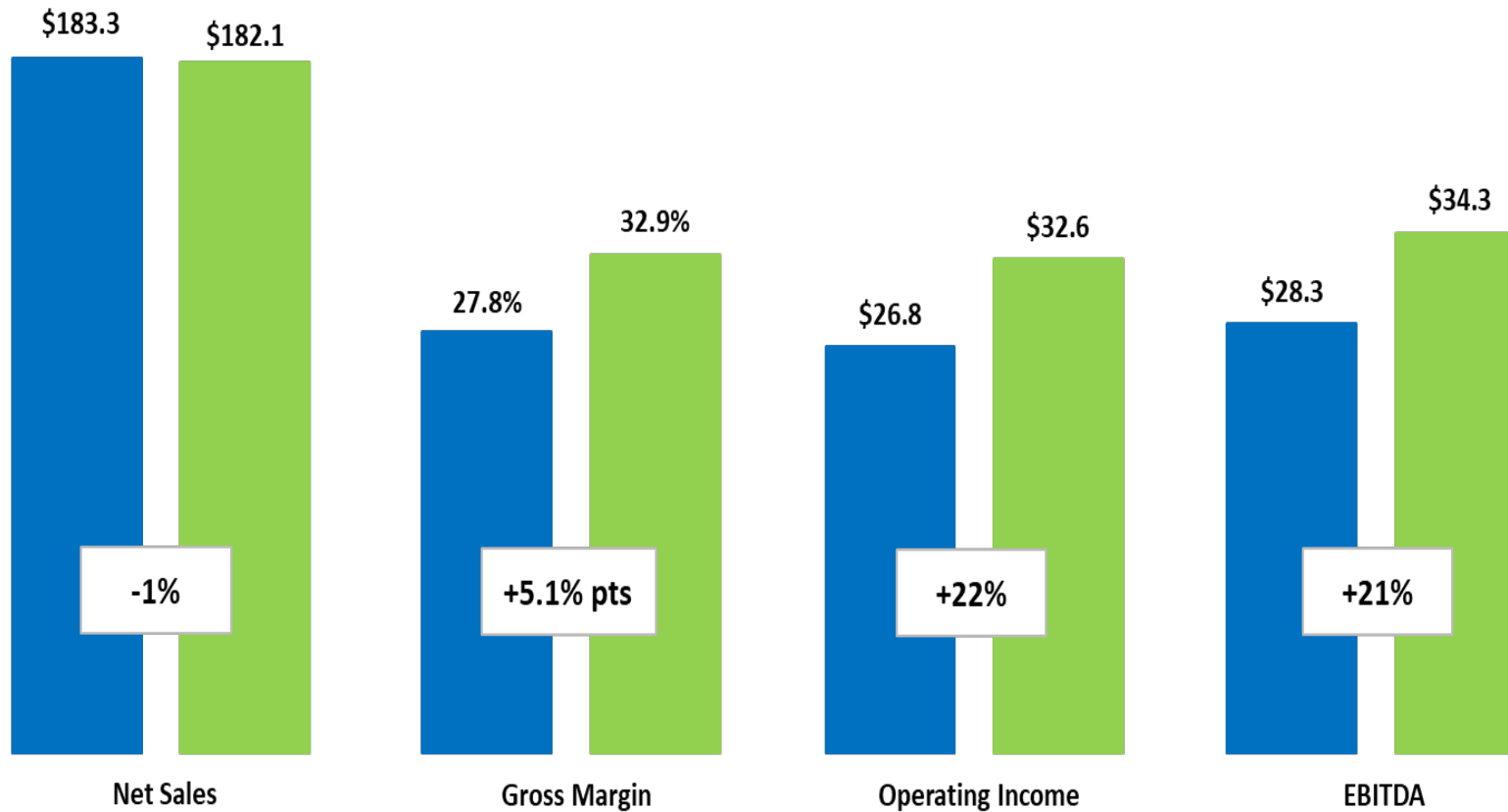


- Sales down 5 percent
- Price/mix down 14 percent
- Volumes up 6 percent
- Gross margin up 2.9 percentage points
- Operating income up 14 percent

■ Q4 2022   ■ Q4 2023



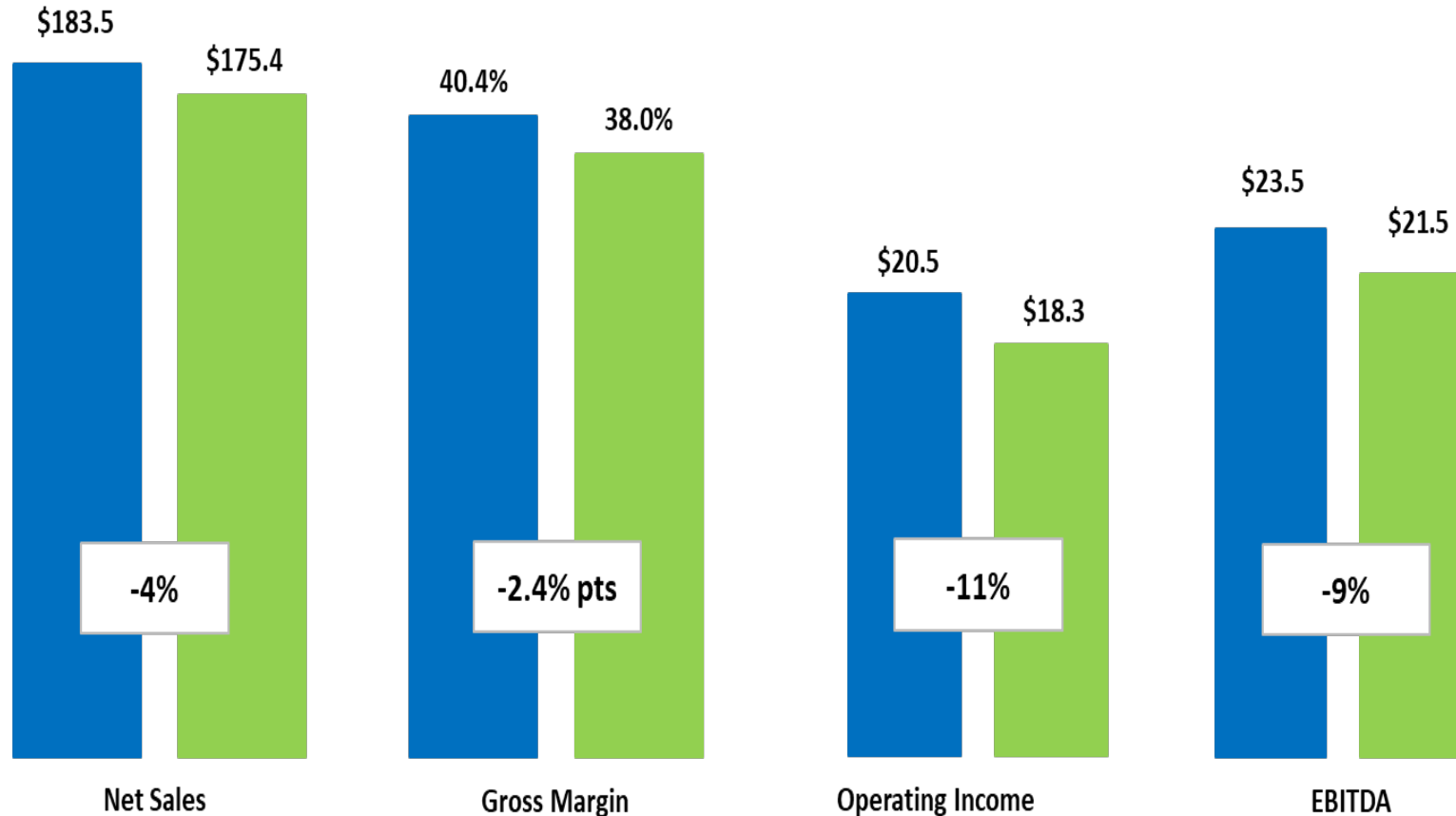
# Q4 2023 Fuel Specialties (\$ MM)



■ Q4 2022   ■ Q4 2023

- Sales down 1 percent
- Price/mix down 4 percent
- Volumes flat
- Gross margin up 5.1 percentage points
- Operating income up 22 percent
- Full year operating income up 3 percent excluding impact of Brazil

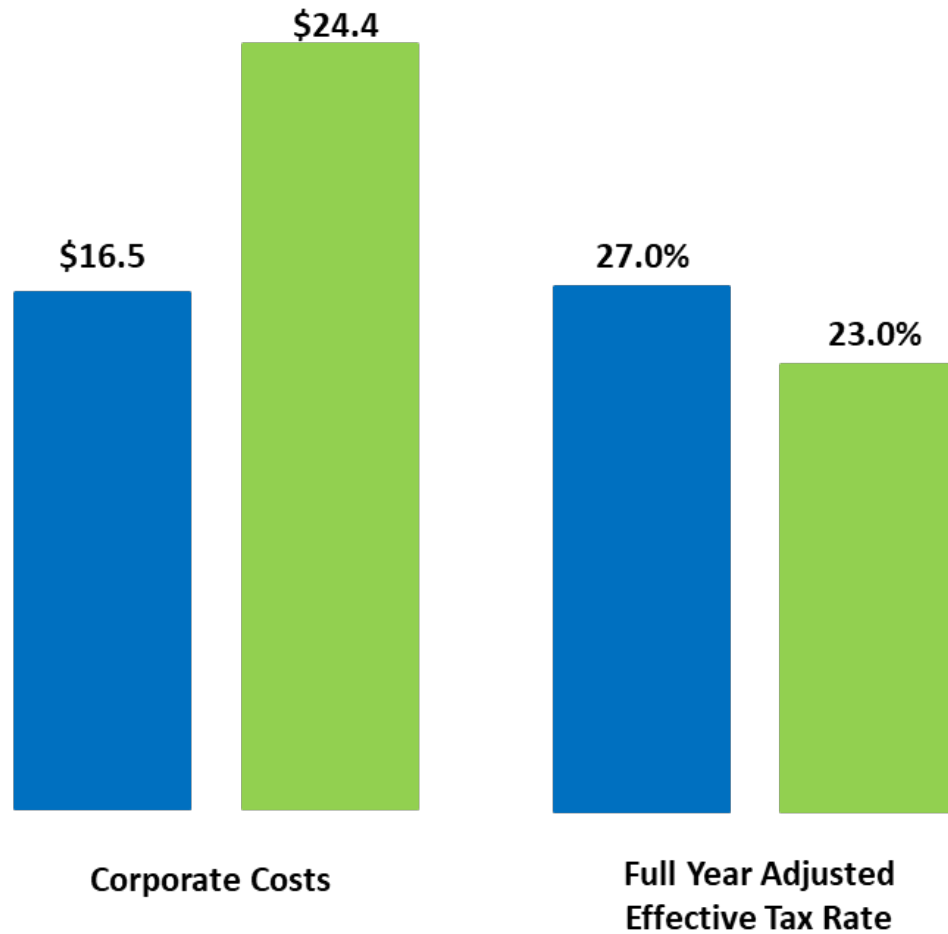
# Q4 2023 Oilfield Services (\$ MM)



- Sales down 4 percent
- Gross margin down 2.4 percentage points
- Operating income down 11 percent
- Full year sales up 16% and operating income increased 88%

■ Q4 2022   ■ Q4 2023

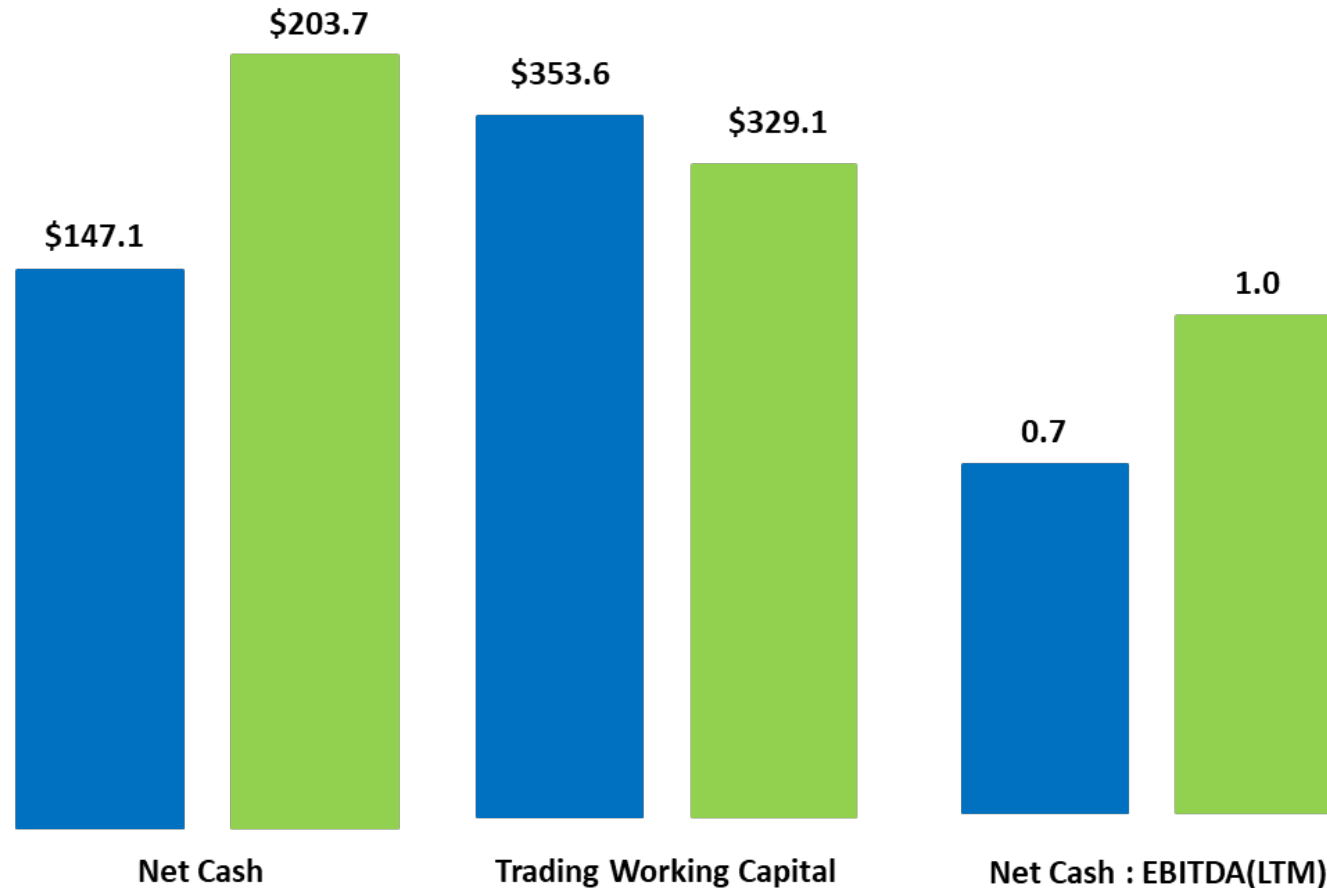
# Q4 2023 Corporate Items (\$ MM)



- Corporate costs up versus prior year on additional remediation charges and acquisition related costs
- Full year adjusted effective tax rate of 23.0 percent
- Expected full year effective tax rate around 25.0 percent in 2024

■ Q4 2022 ■ Q4 2023

# Q4 2023 Balance Sheet (\$ MM)



- Operating cash flow of \$72.4 million
- Net cash balance of \$203.7 million after funding 10 percent increase in dividend and closing QGP acquisition

■ Q4 2022 ■ Q4 2023

# Concluding Comments



# Summary of 4<sup>th</sup> Quarter Performance

**Double-digit operating income growth and margin improvement in Performance Chemicals and Fuel Specialties**

**Further sequential improvement in Performance Chemicals**

**Continued excellent results in Oilfield Services**

**QGP acquisition completed; Strong fit with Performance Chemicals and strategic manufacturing asset**

**Flexible, debt-free balance sheet after funding 10 percent dividend increase and closing the QGP acquisition**

**\$203.7 million net cash on balance sheet to pursue further M&A, organic opportunities and consistent dividend growth**



# Q&A



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# Final Comments

Thank You for Your Continued Support

May 2024						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	<b>9</b>	<b>10</b>	11
12	13	14	15	16	17	18
19	20	19	22	23	24	25
26	27	28	29	30	31	

- Q1 2024 Results Schedule**
- May 9<sup>th</sup> – Results Release After Close
  - May 10<sup>th</sup> – Conference Call