



chemistry matters

Q1 2020 Earnings

MAY 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 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 debt. 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 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

Adapting to the Current Situation



Safety continues to be our highest priority



Successfully dealing with the challenges of the COVID-19 pandemic



All manufacturing plants operating safely with minimal downtime



Performance Chemicals demand strong for cleaning and disinfection



Fuel Specialties driven by miles on the road – will rebound



Oilfield Services outlook will depend on oil & gas prices



Q2 will be very challenging for both Fuel Specialties and Oilfield Services

Quarter 1 2020 Performance Highlights

4%

Decrease in Revenue

13%

Increase in
Operating Income

10%

Increase in EBITDA

+1.9 pts

Improvement in
Performance Chemicals
Gross Margins

52 cents

Semi-Annual
Dividend Maintained

\$8.2m

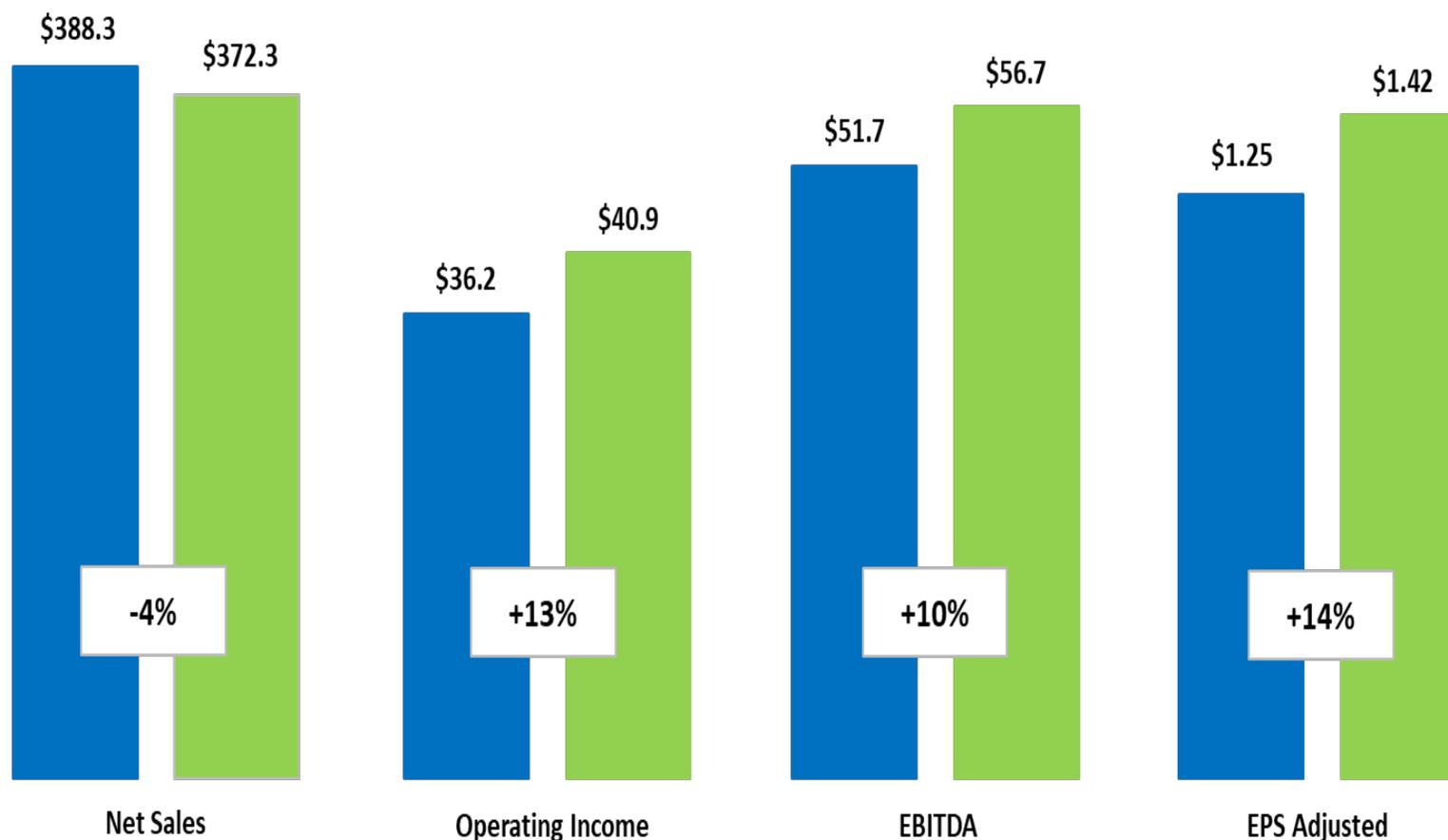
Net cash on the
Balance Sheet



Financial Performance



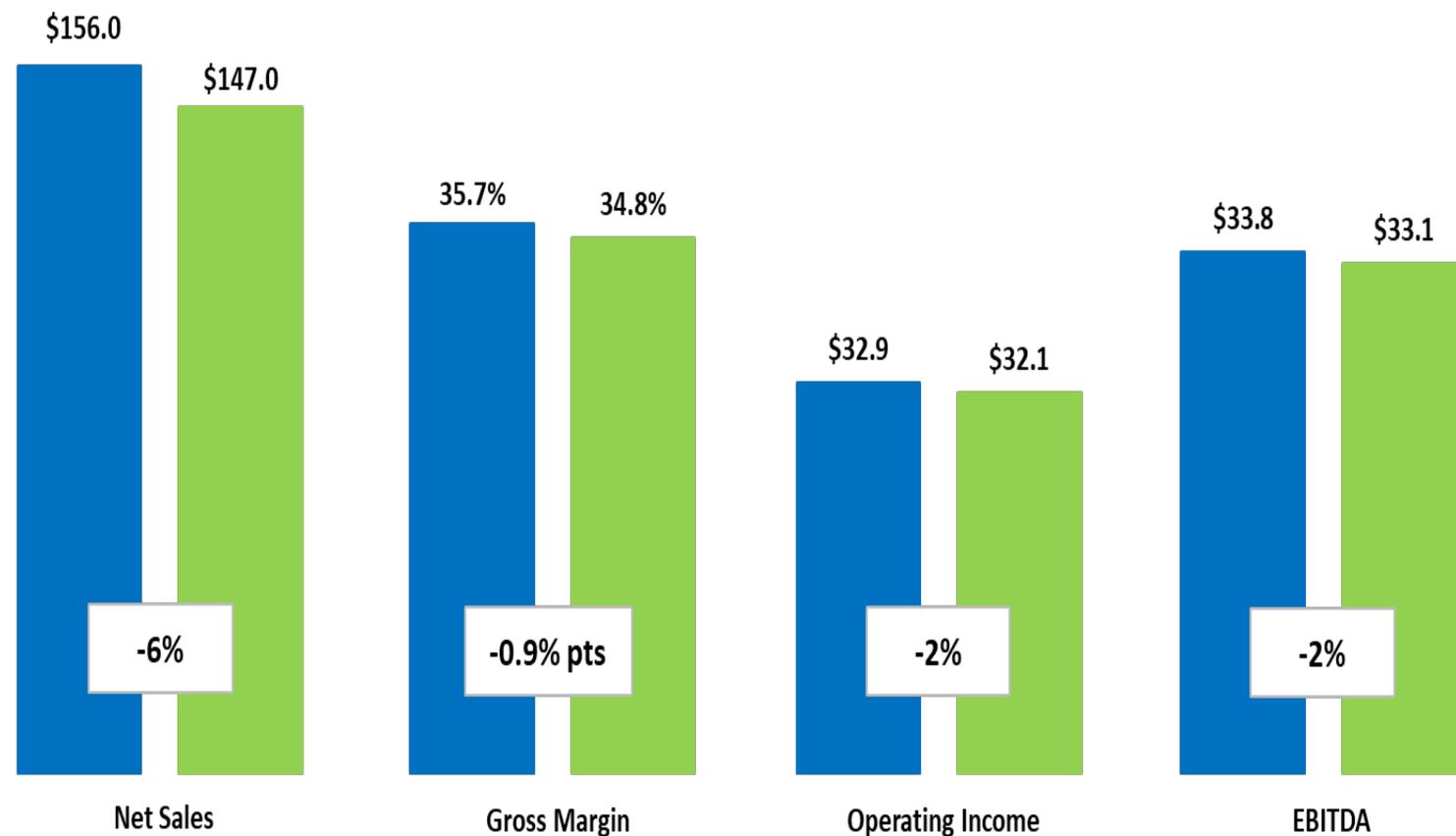
Q1 2020 Consolidated Results *(\$ in millions)*



- Strong Q1 Earnings
- Operating Income up 13%
- EBITDA up 10%
- Adjusted EPS up 14%
- Costs helped by reduced accruals for share-based compensation

■ Q1 2019
 ■ Q1 2020

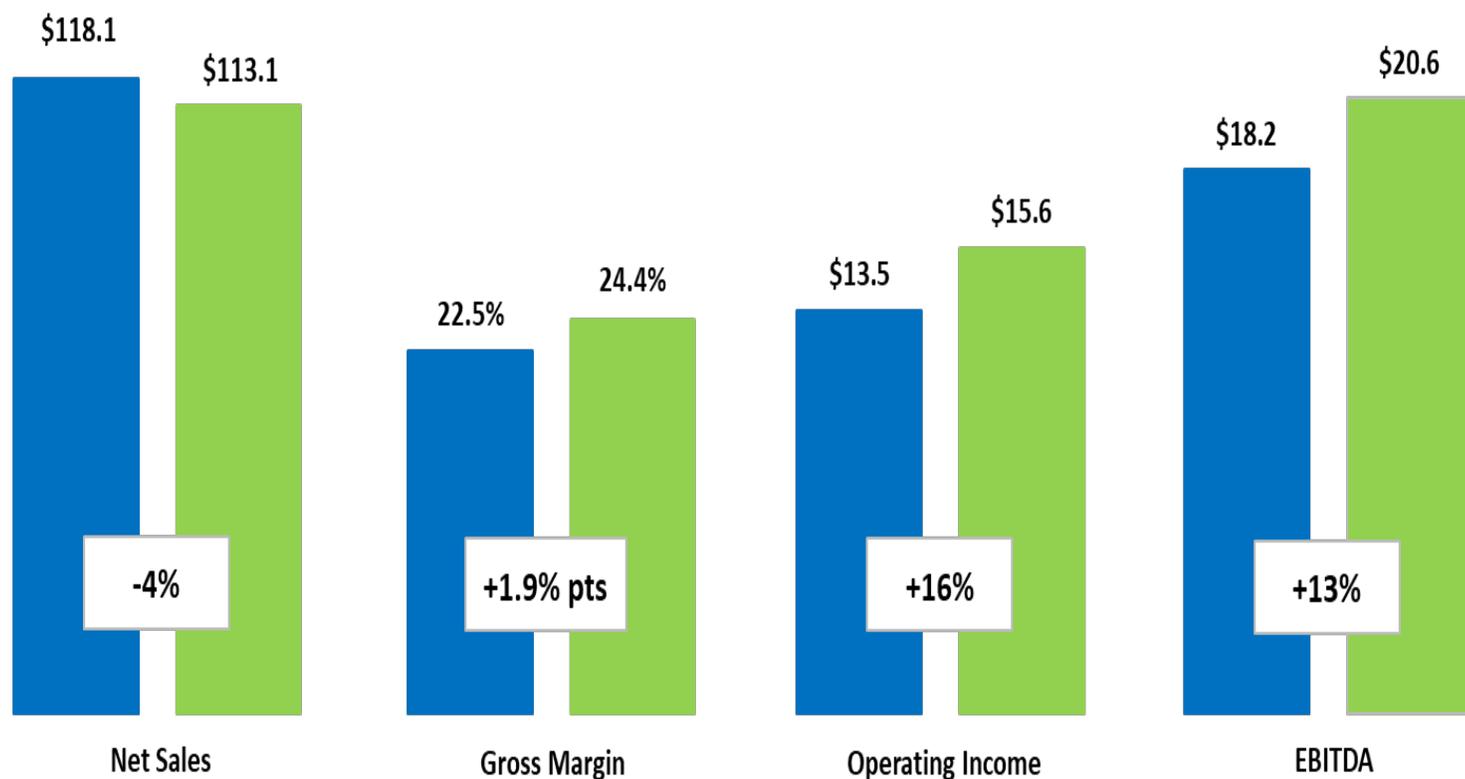
Q1 2020 Fuel Specialties *(\$ in millions)*



- Revenue down 6% against a strong comparative quarter
- Gross margin within expected range for this business
- Operating income and EBITDA down marginally

■ Q1 2019
 ■ Q1 2020

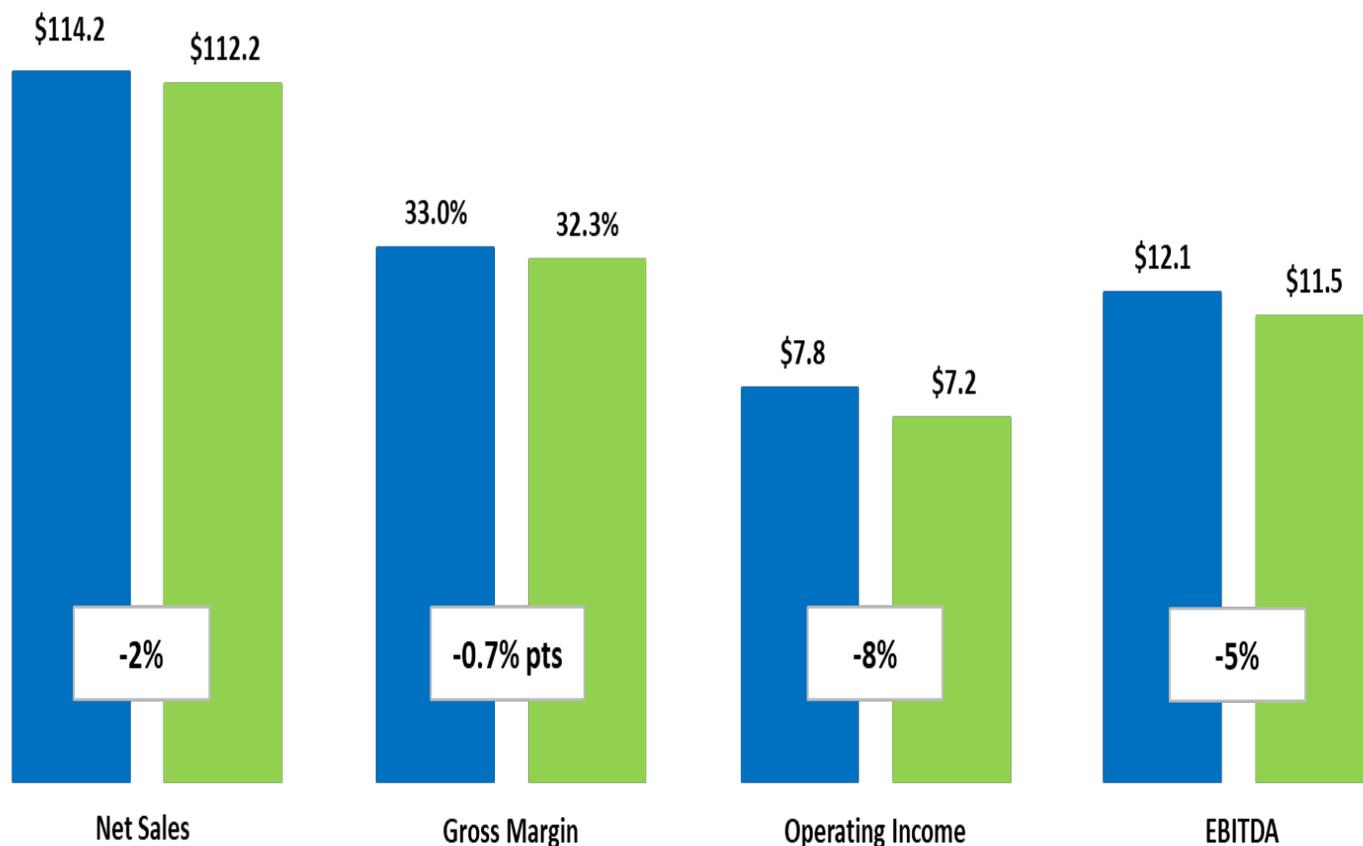
Q1 2020 Performance Chemicals *(\$ in millions)*



- Excellent volume growth – revenue impacted by lower raw material costs
- Further gross margin improvement
- Operating Income up 16%
- EBITDA up 13%

■ Q1 2019
 ■ Q1 2020

Q1 2020 Oilfield Services *(\$ in millions)*



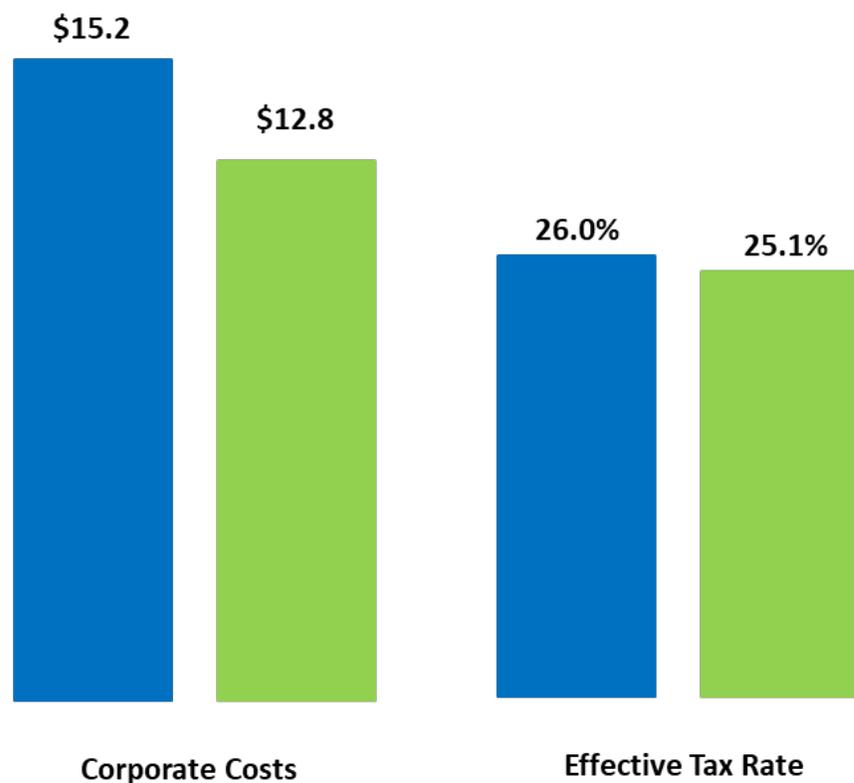
- Excellent performance in a deteriorating market
- Revenue down just 2%
- EBITDA down just 5%
- Strategic focus on diversifying business helping to mitigate some negative impacts

■ Q1 2019 ■ Q1 2020

Q1 2020 Octane Additives *(\$ in millions)*

- **No sales in the quarter – same as the first quarter of 2019**
- **Loss reduced to \$1.2 million**
- **No orders on hand, but customer continues to use our product**

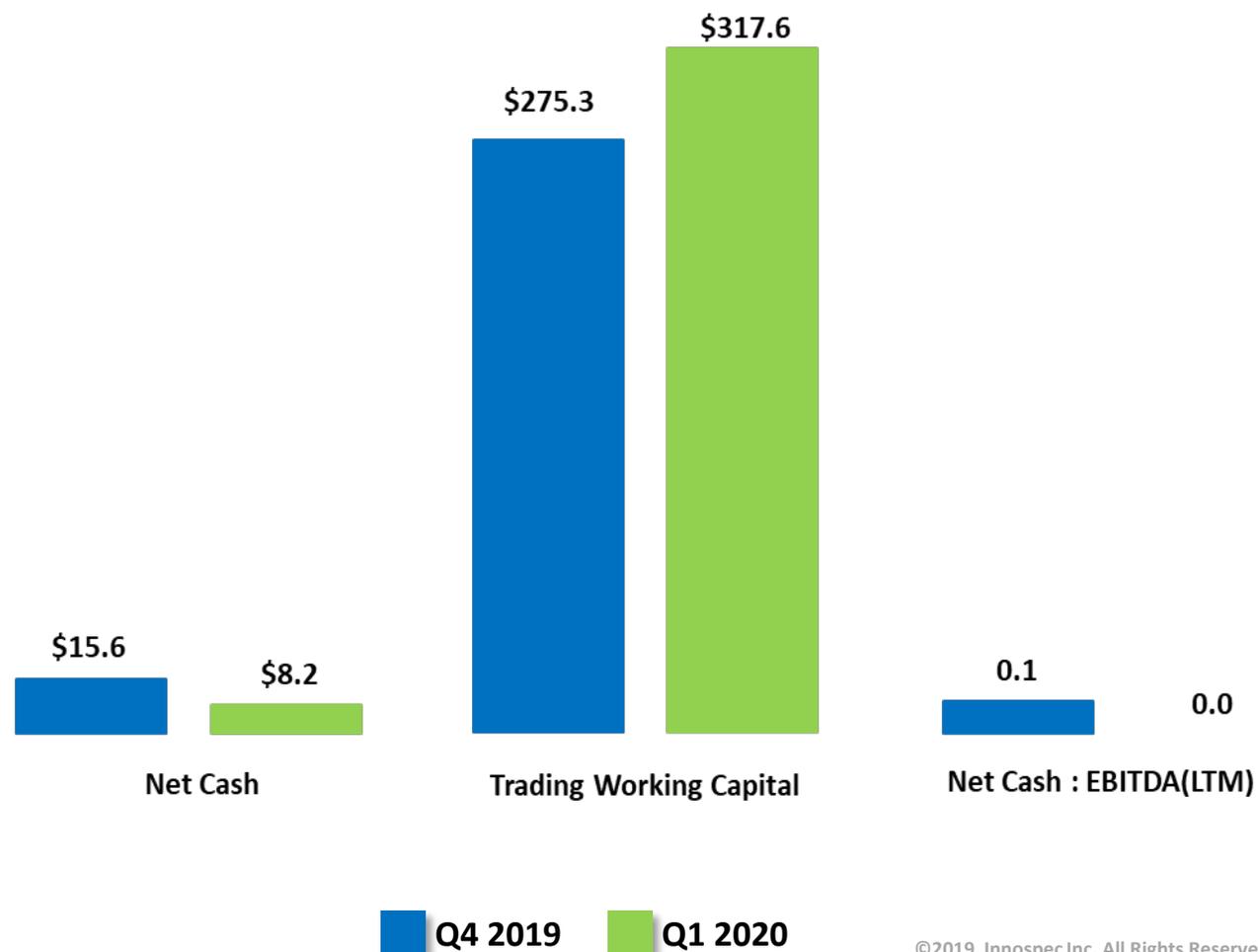
Q1 2020 Corporate Items *(\$ in millions)*



- Corporate costs reduced because of lower share-based compensation accruals
- Tax rate at 25.1%

■ Q1 2019 ■ Q1 2020

Q1 2020 Balance Sheet *(\$ in millions)*



- Operating cash flow positive for the quarter
- Net cash of \$8.2 million
- Significant liquidity headroom if needed

Concluding Comments



Strong Q1 performance with double digit improvements in operating income, EBITDA and EPS – we were set up for an excellent year.



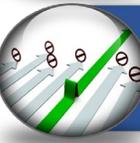
Operations dealing well with unprecedented challenges – plants running safely



Q2 will have demand challenges in Oilfield Services & Fuel Specialties



Right-sizing cost base in Oilfield Services



Fuel Specialties will bounce back when miles on the road return



Demand for Personal Care & Home Care strong



Liquidity good - supports maintaining the semi-annual dividend

Final Comments

THANK YOU FOR YOUR CONTINUED SUPPORT

Q2 2020 RESULTS SCHEDULE

August 2020						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
30	31					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

- AUGUST 4TH - RESULTS RELEASE AFTER CLOSE
- AUGUST 5TH - CONFERENCE CALL