



chemistry matters

Q2 2020 Earnings

AUGUST 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 March 31, 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 debt. 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 restructuring charge, impairment of intangible assets, amortization of acquired intangible assets, foreign currency exchange losses 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

Summary of 2nd Quarter Performance



Extraordinary quarter with Co-VID pandemic and collapse in crude oil demand



Excellent results in Performance Chemicals – operating income up 11 percent



Fuel Specialties revenues down in line with reduced fuel demand



Oilfield Services impacted by reduction in US completions



Diversification strategy in Oilfield Services is on track but can't offset E&P reductions



Operating cash generation of \$29.8 million



Balance sheet has net cash; excellent liquidity headroom

Quarter 2 2020 Performance Highlights

-32%

Reduction in
Sales Revenue

11%

Increase in
Performance Chemicals
Operating Income

- 18 cents

Adjusted Loss
per Share

\$29.8m

Operating Cash Generation

\$18.6m

Net Cash at June 30

Q2 2020 Consolidated Results *(\$ in millions)*

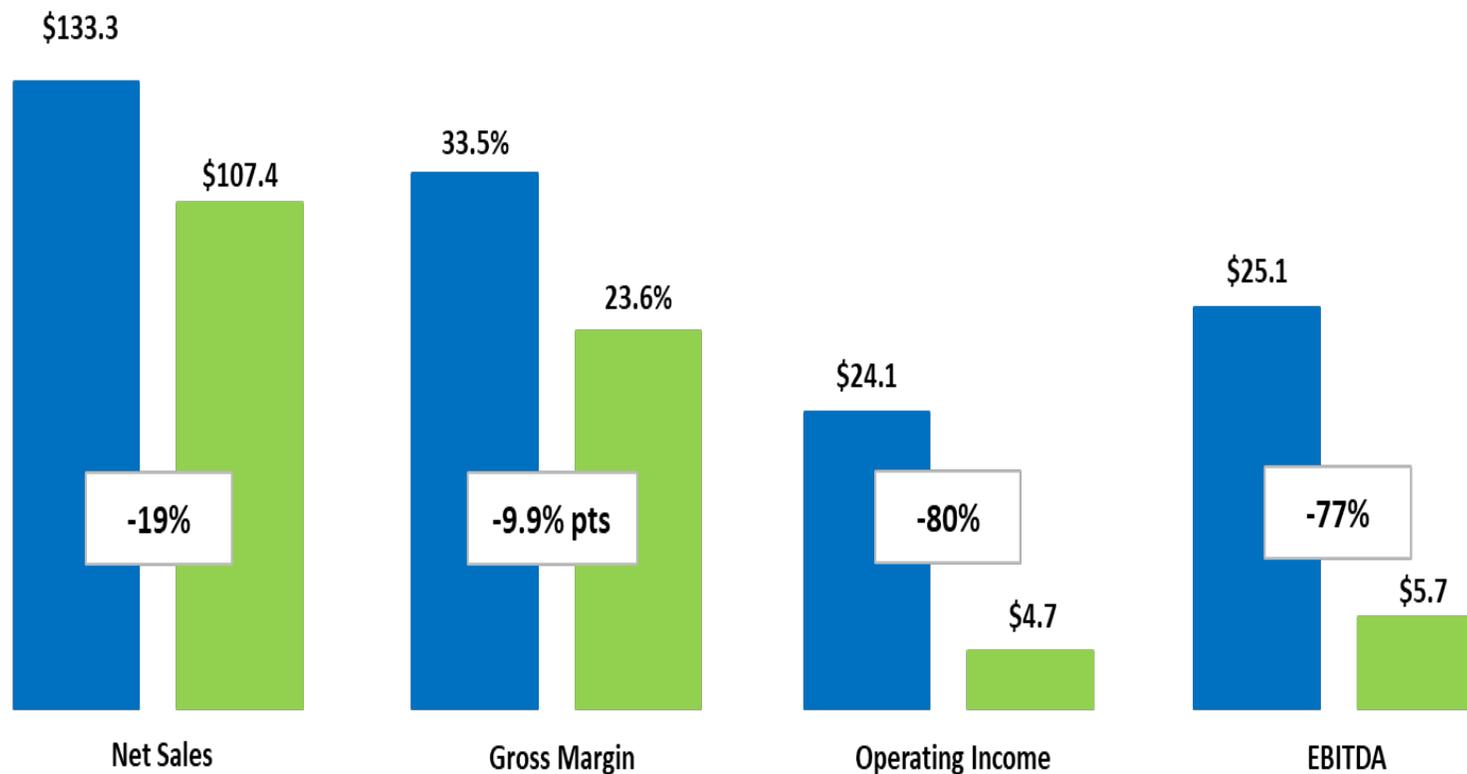


- Unprecedented market conditions
- Sales down 32 percent – driven by Fuel Specialties and Oilfield Services
- Loss per share (adjusted) of 18 cents
- Restructuring charge in Octane Additives (broadly half non-cash)
- Non-Cash Impairment charge in Drilling (Oilfield Services)
- Operating Cash positive and excellent liquidity

* Before restructuring and impairment of intangible assets

■ Q2 2019 ■ Q2 2020

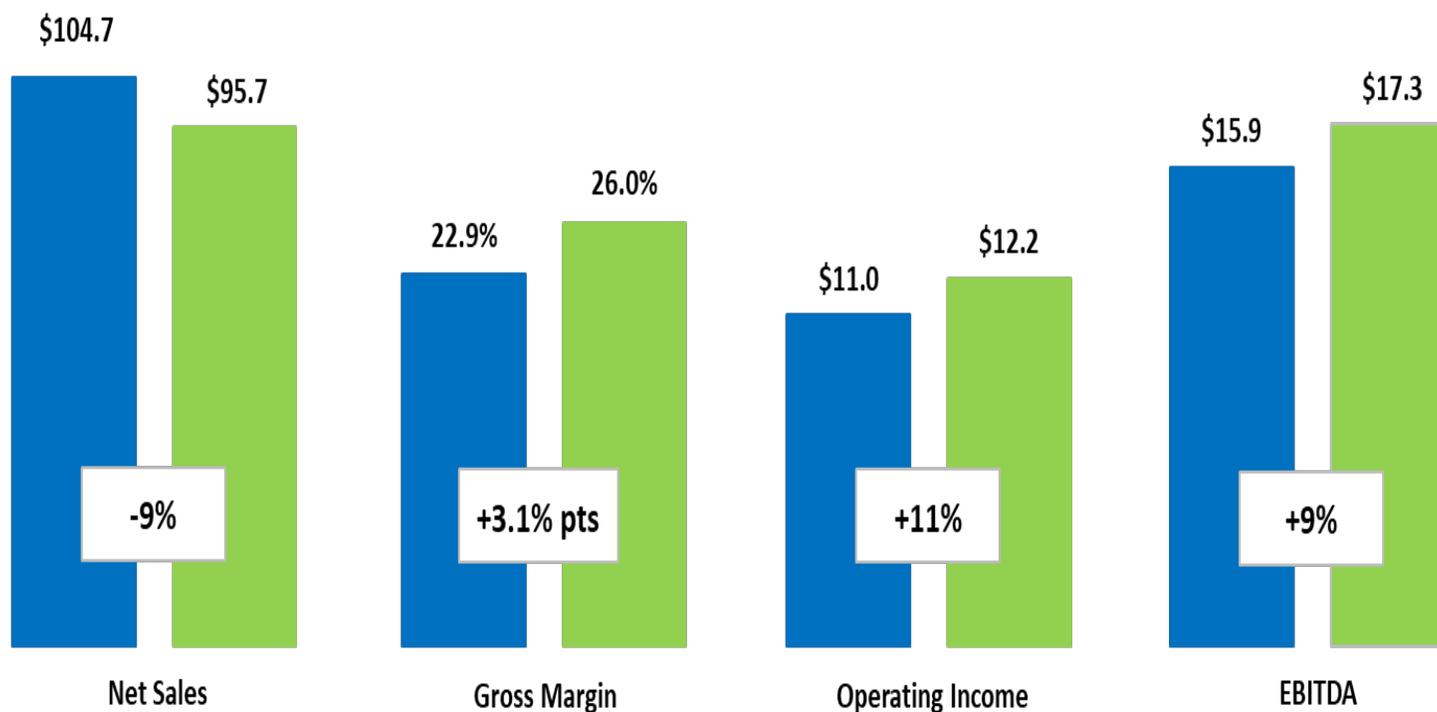
Q2 2020 Fuel Specialties *(\$ in millions)*



- Collapse in fuel demand
- Revenues down 19 percent
- Business will recover in line with return to economic growth

■ Q2 2019 ■ Q2 2020

Q2 2020 Performance Chemicals *(\$ in millions)*



- Excellent performance
- Operating Income up 11 percent
- Pipeline of organic growth opportunities
- Well-positioned for post-CoVID growth trends

■ Q2 2019
 ■ Q2 2020

Q2 2020 Oilfield Services *(\$ in millions)*



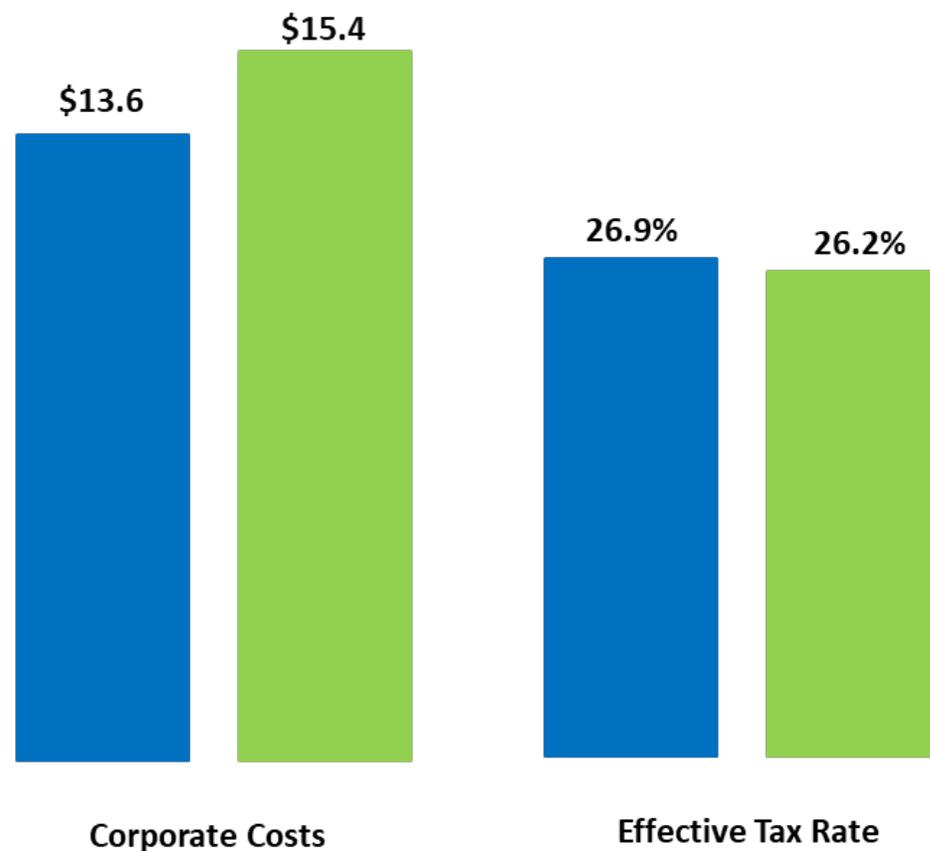
- Sales down reflecting massive cuts to customer operations onshore US
- SAR adjusted to reflect conditions
- Diversification strategy on track
- Great customer response to DRA products – current capacity under contract and capacity expansion underway

■ Q2 2019 ■ Q2 2020

Q2 2020 Octane Additives *(\$ in millions)*

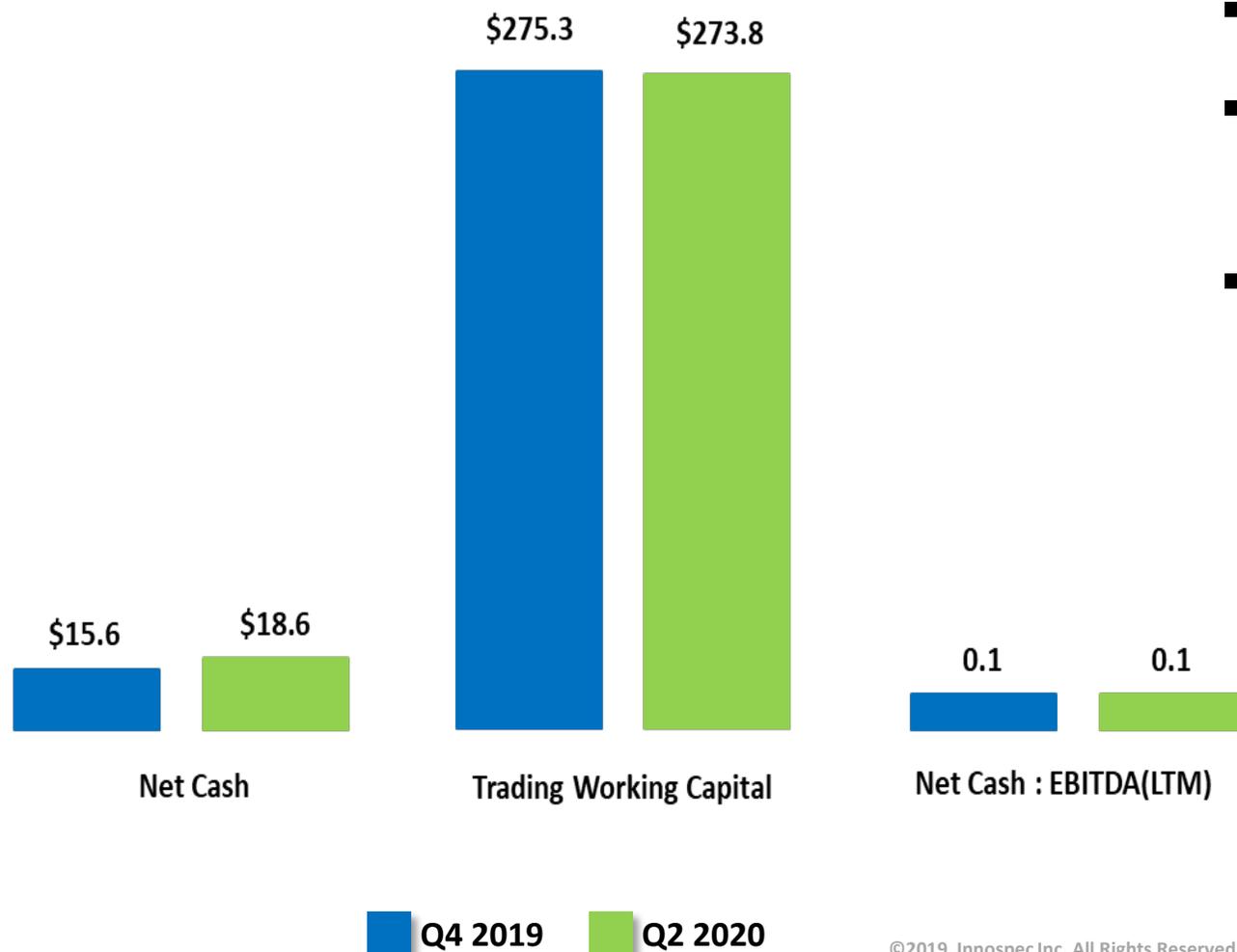
- **No sales in the quarter**
- **Determined that there will be no more motor gasoline business**
- **Long-expected cessation of the business**
- **Restructuring charge taken**

Q2 2020 Corporate Items *(\$ in millions)*



- Increase due to personnel and IT costs
- Tax rate steady

Q2 2020 Balance Sheet *(\$ in millions)*



- Operating cash flow of \$29.8 million
- Net cash positive at end of quarter including dividend payment of \$12.8 million
- Significant liquidity headroom

Concluding Comments



Q2 severely impacted by both pandemic and crude oil demand



Balance sheet remains very strong with excellent liquidity



Performance Chemicals very well placed for future growth



Fuel Specialties will recover as economic growth creates fuel demand



Oilfield Services right sized and positioned for future



DRA capacity under contract; Plant expansion underway



Innospec well-positioned to drive organic and acquisitive growth

Final Comments

THANK YOU FOR YOUR CONTINUED SUPPORT

Q3 2020 RESULTS SCHEDULE

November 2020						
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					

- NOVEMBER 3RD - RESULTS RELEASE AFTER CLOSE
- NOVEMBER 4TH - CONFERENCE CALL