

Q2 2017 EARNINGS PRESENTATION

AUGUST 9, 2017 | 10 AM EST

innospec 
chemistry matters

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," "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, 2016 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

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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, amortization and acquisition fair value adjustments. 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, loss on disposal of subsidiary, adjustment to fair value of contingent consideration, acquisition related costs and adjustment of income tax provisions. Net debt is total debt less cash and cash equivalents. Reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures are provided herein and in the appendices below. 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 herein and in the appendices below.

Q2 2017 EARNING CONFERENCE CALL

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David Williams
VP, General Counsel and Chief Compliance Officer

Introduction

Patrick S. Williams
President & CEO

Business Update

Ian Cleminson
Executive Vice President & CFO

Financial Performance







Patrick S. Williams
President & CEO

Closing Comments

Q&A

SUMMARY OF 2ND QUARTER PERFORMANCE

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-  Record sales – up 43% over Q2 2016; up 11% sequentially
-  Margins up 1.3 percentage points over Q1; Adjusted EBITDA up 10% over 2016
-  Adjusted non-GAAP EPS up 13%
-  Good progress in all businesses
-  Returned to cash generation
-  New technologies being adopted by customers; supporting future growth

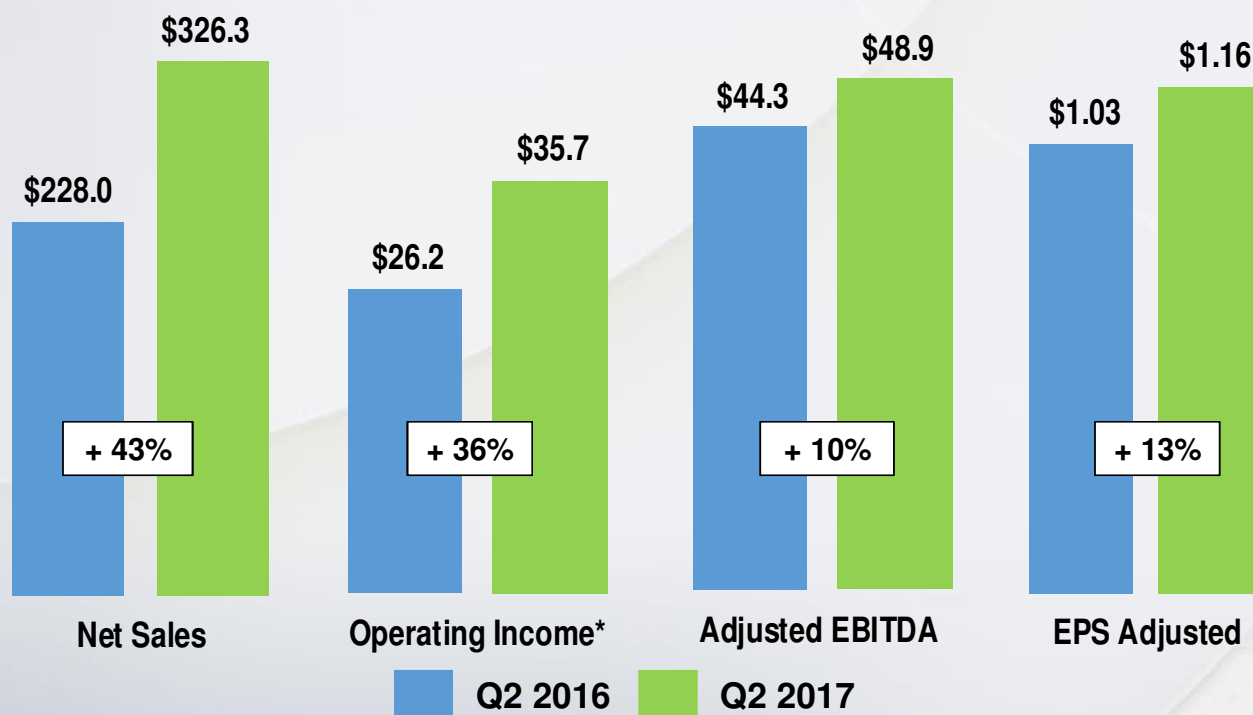
FINANCIAL PRESENTATION



Q2 2017 CONSOLIDATED RESULTS

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(\$ in millions)



- Sales up 43% over 2016; 11% over Q1
- All businesses performed to expectations
- One-off events created some negative impact
- Outlook is positive

*Operating income is before Fair Value adjustments and Loss on Disposal of Subsidiary

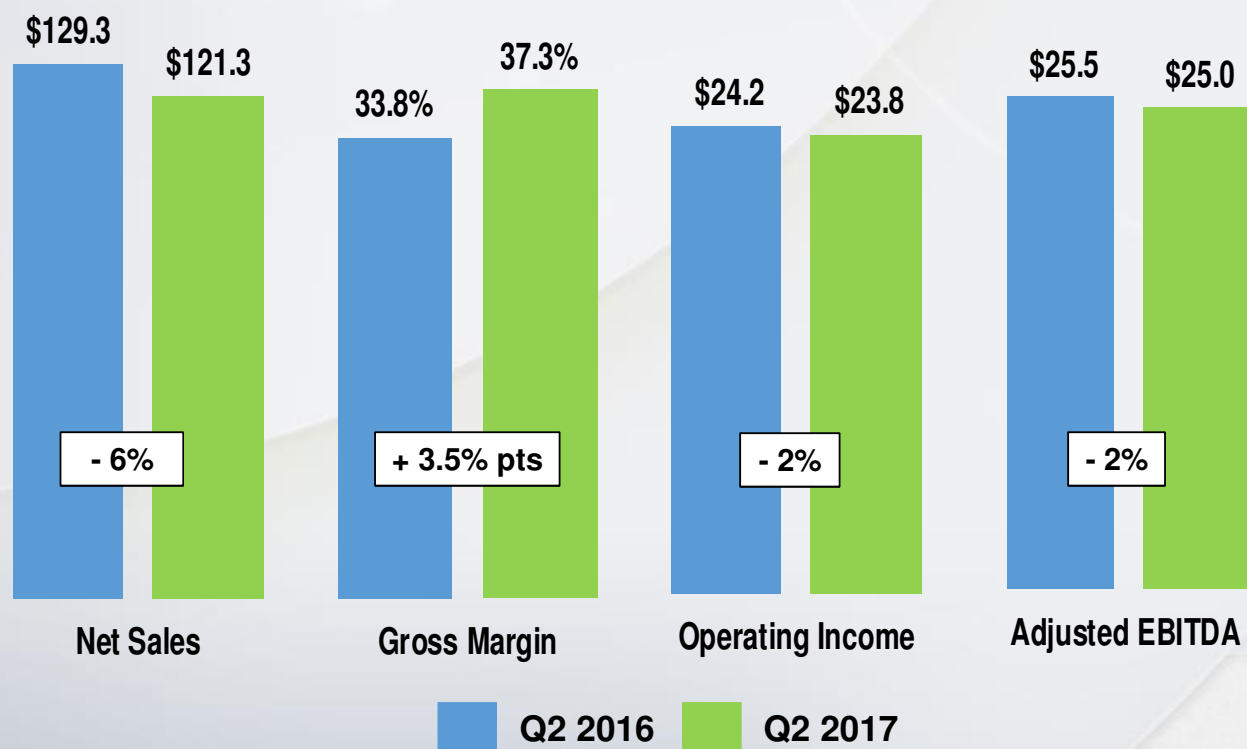
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Q2 2017 FUEL SPECIALTIES

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(\$ in millions)

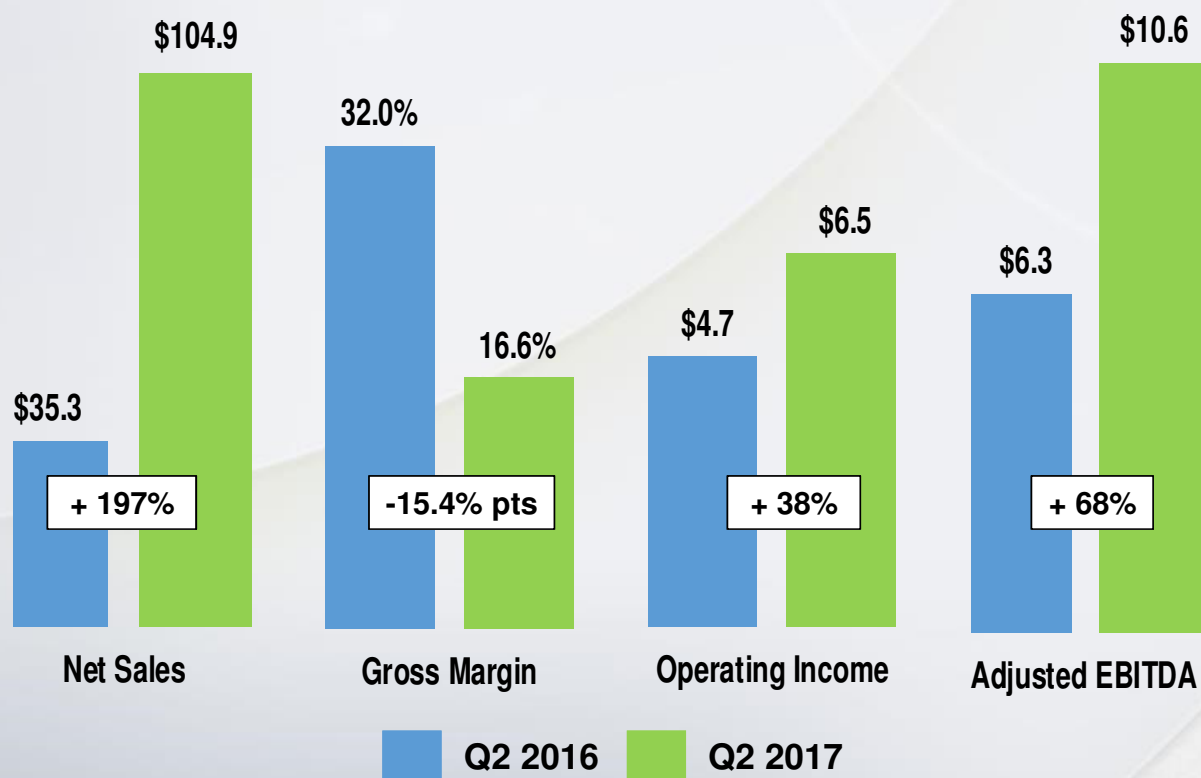


- New technologies driving customer reformulations
- Margins strong, but revenue slightly affected
- Softer quarter in aviation product line
- Americas improvement sustained

Q2 2017 PERFORMANCE CHEMICALS

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(\$ in millions)

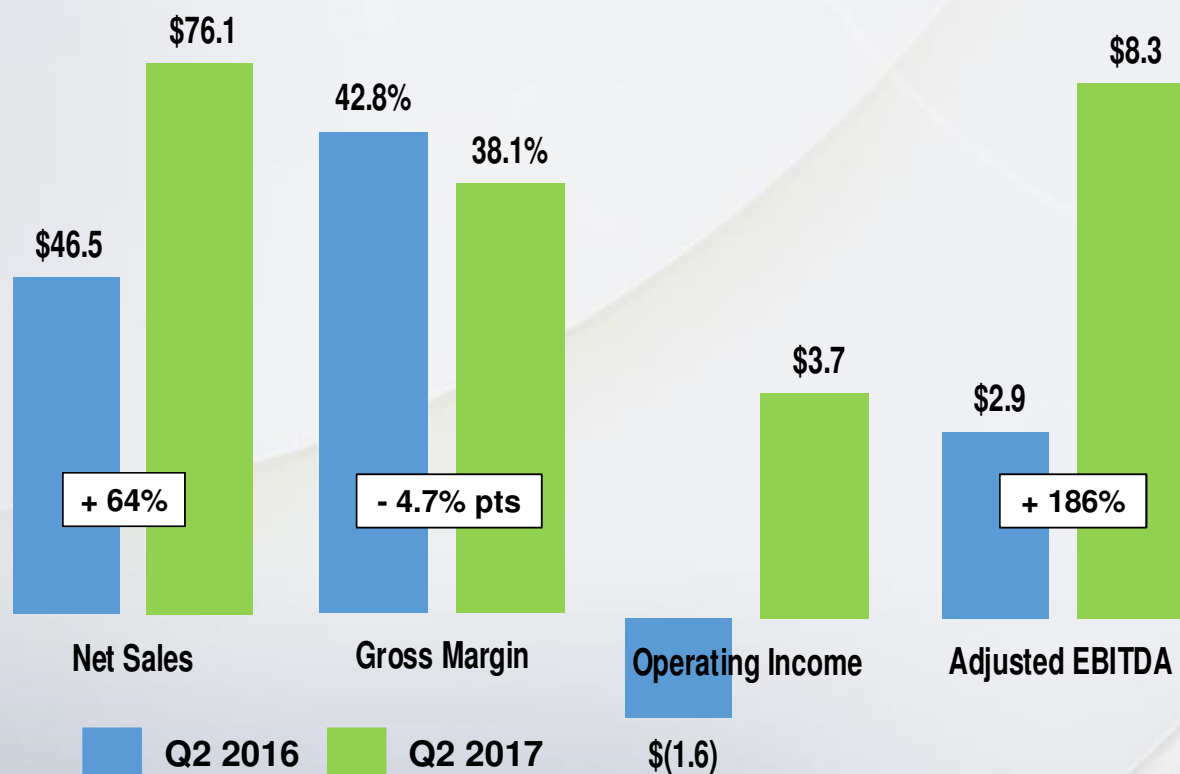


- Excellent sales growth
- Margins impacted by one-off events – now resolved
- Acquisition delivering on-target EPS
- Prospects remain solid

Q2 2017 OILFIELD SERVICES

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(\$ in millions)

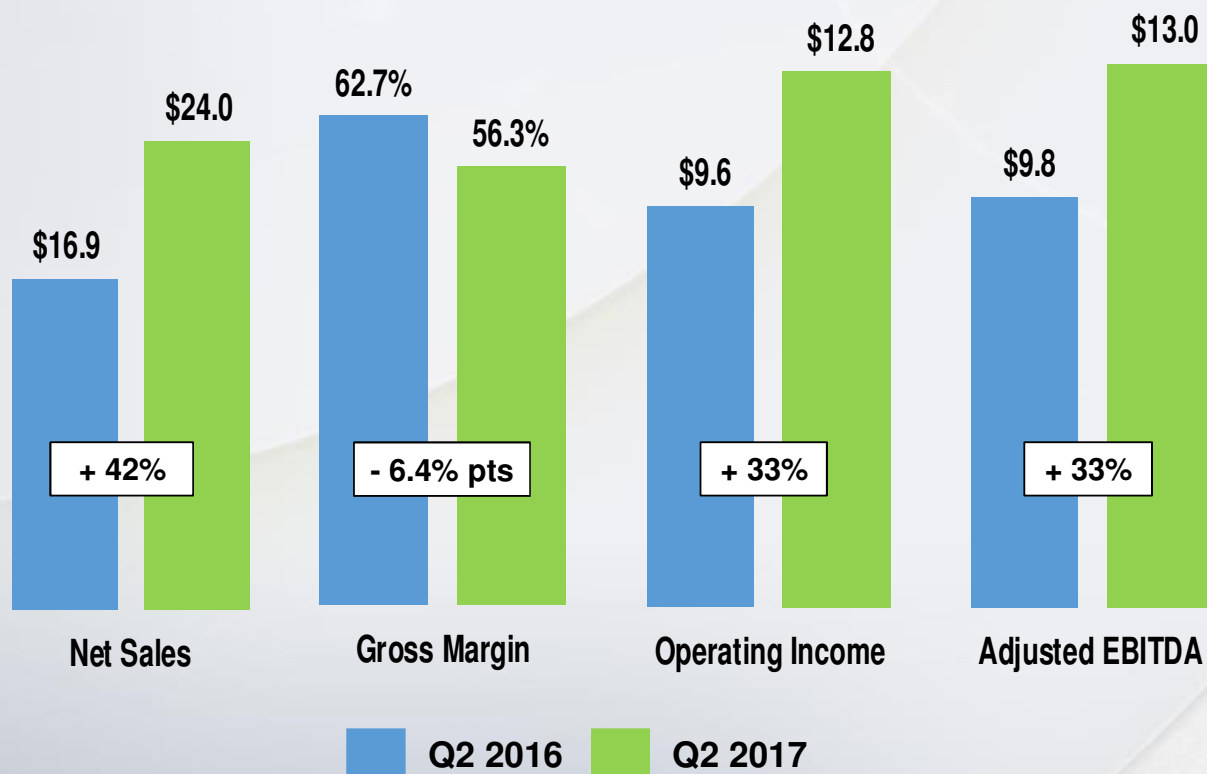


- Sales recovery continues
- Margins still in range
- Return to cash generation
- Remainder of 2017 looking positive

Q2 2017 OCTANE ADDITIVES

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(\$ in millions)

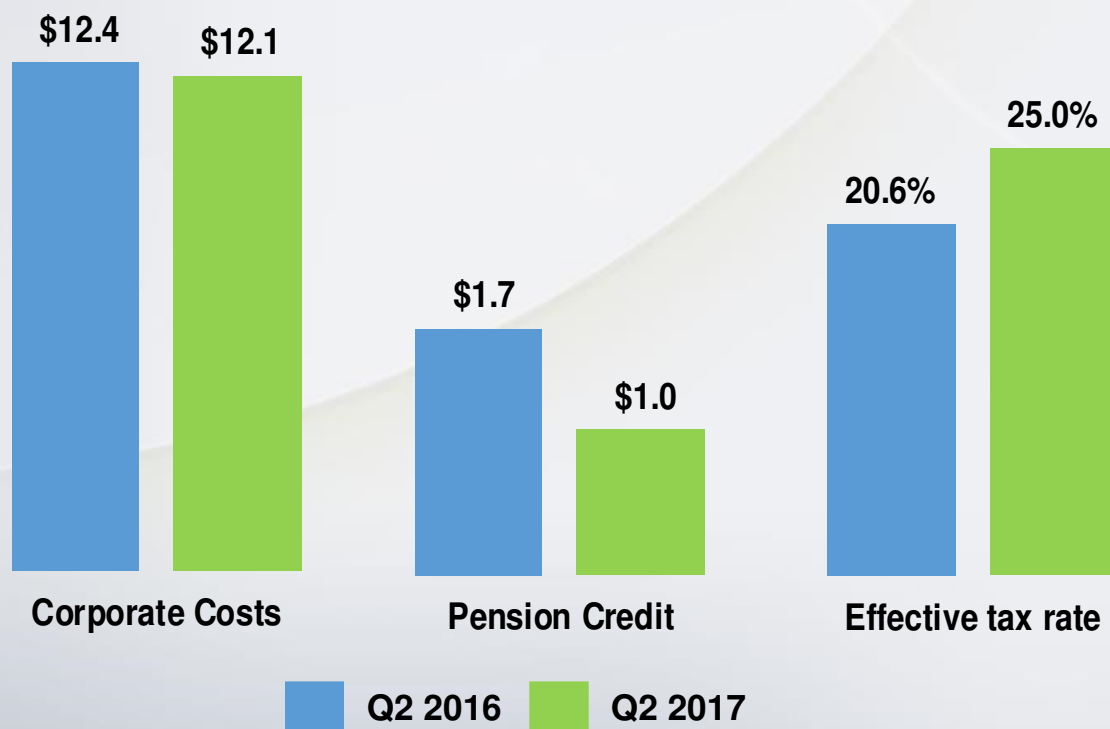


- Strong sales quarter
- Balance of Q1 order
- First half of latest order – remainder will be delivered in Q3
- No further visibility

Q2 2017 CORPORATE ITEMS

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(\$ in millions)

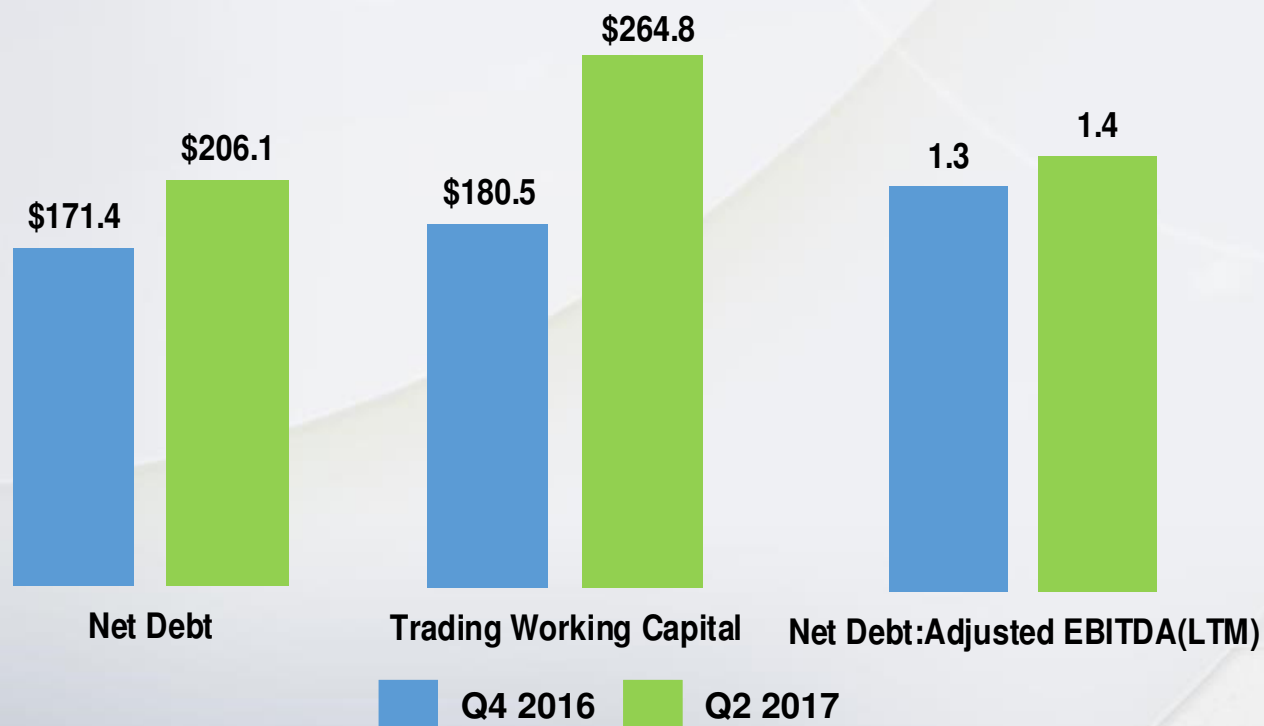


- Corporate costs in line with expectations
- Effective tax rate 25.0%

Q2 2017 BALANCE SHEET

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(\$ in millions)



- Further investment in working capital supporting sales growth
- Earnings conversion to cash will improve further
- Leverage remains low

CONCLUDING COMMENTS



CONCLUDING COMMENTS

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Good quarter for sales growth



Some one-off events impacted margins in Performance Chemicals



Execution of strategy is right on track



Acquisition delivered on-target EPS

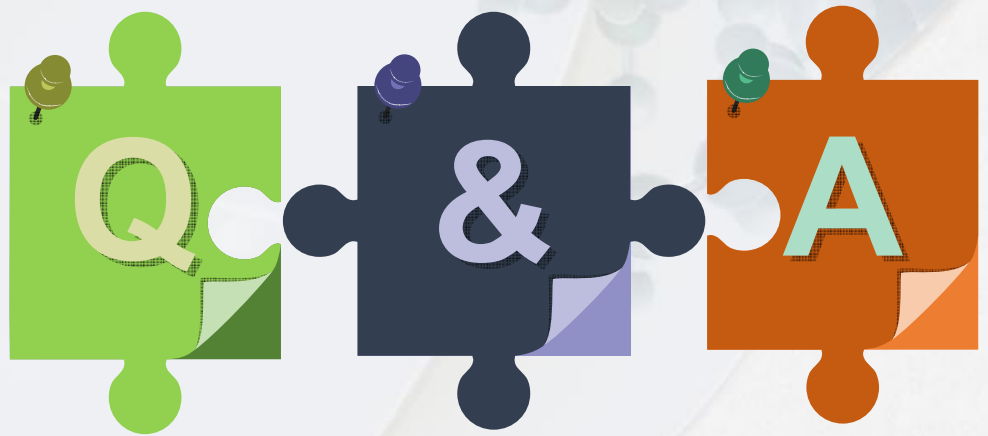


Return to cash generation; Further improvements in H2 2017



Positive outlook for the rest of the year and beyond

YOUR OPPORTUNITY TO ASK QUESTIONS



FINAL COMMENTS

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Thank you for your continued support

Q3 2017 Results

November 2017

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 7th - Results Release After Close
- November 8th - Conference Call