

Q3 2022 Earnings

November 2022



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," "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, 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, the rise of variants, the effectiveness, acceptance and distributions of COVID-19 vaccines and the effects of any sanctions, export restrictions, inflation, supply chain disruptions or increased economic uncertainty related to the ongoing conflict between Russia and Ukraine and the manner in which the pandemic and/or such conflict 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, 2021, Innospec's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022 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, foreign currency exchange losses and legacy costs of closed operations. 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. 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.

- 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 3rd Quarter Performance



Q3

GAAP EPS of \$1.55

Adjusted non-GAAP
EPS of \$1.74 for the
third quarter

Strong contribution from
all business

Operating income up 60
percent

Margin improvement

Performance Chemicals
operating income up 43
percent

Personal care driving
growth

Fuel Specialties
operating income up 5
percent

Expect gross margin
improvement as inflation
normalizes

Oilfield Services
operating income and
EBITDA up significantly

Semi-annual dividend
increased to 65 cents;
full year dividend to
\$1.28, up 10 percent

\$2.3 million in share
repurchases

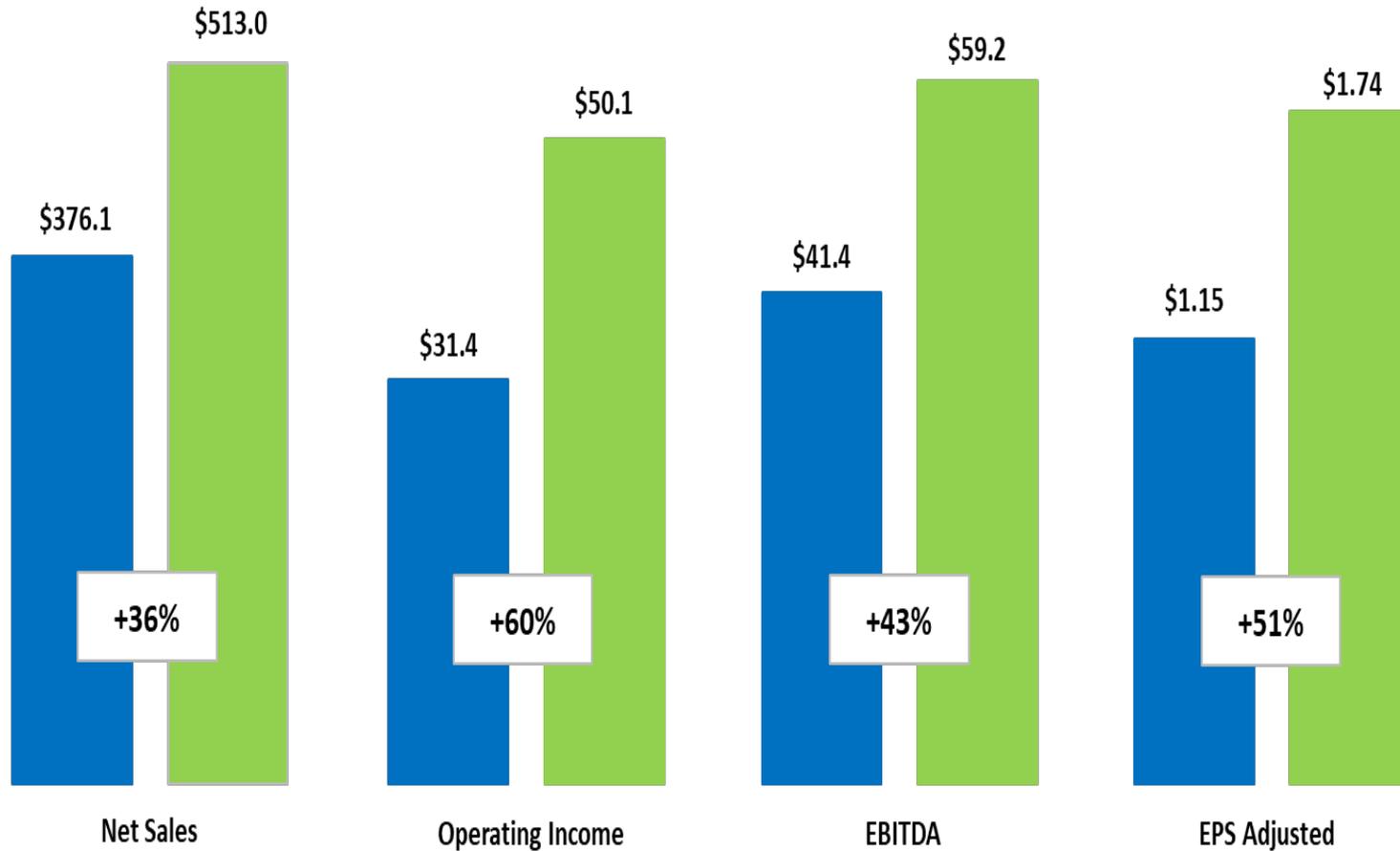
Balance sheet has
\$100.5 million in net
cash

Significant flexibility
for growth

Financial Performance



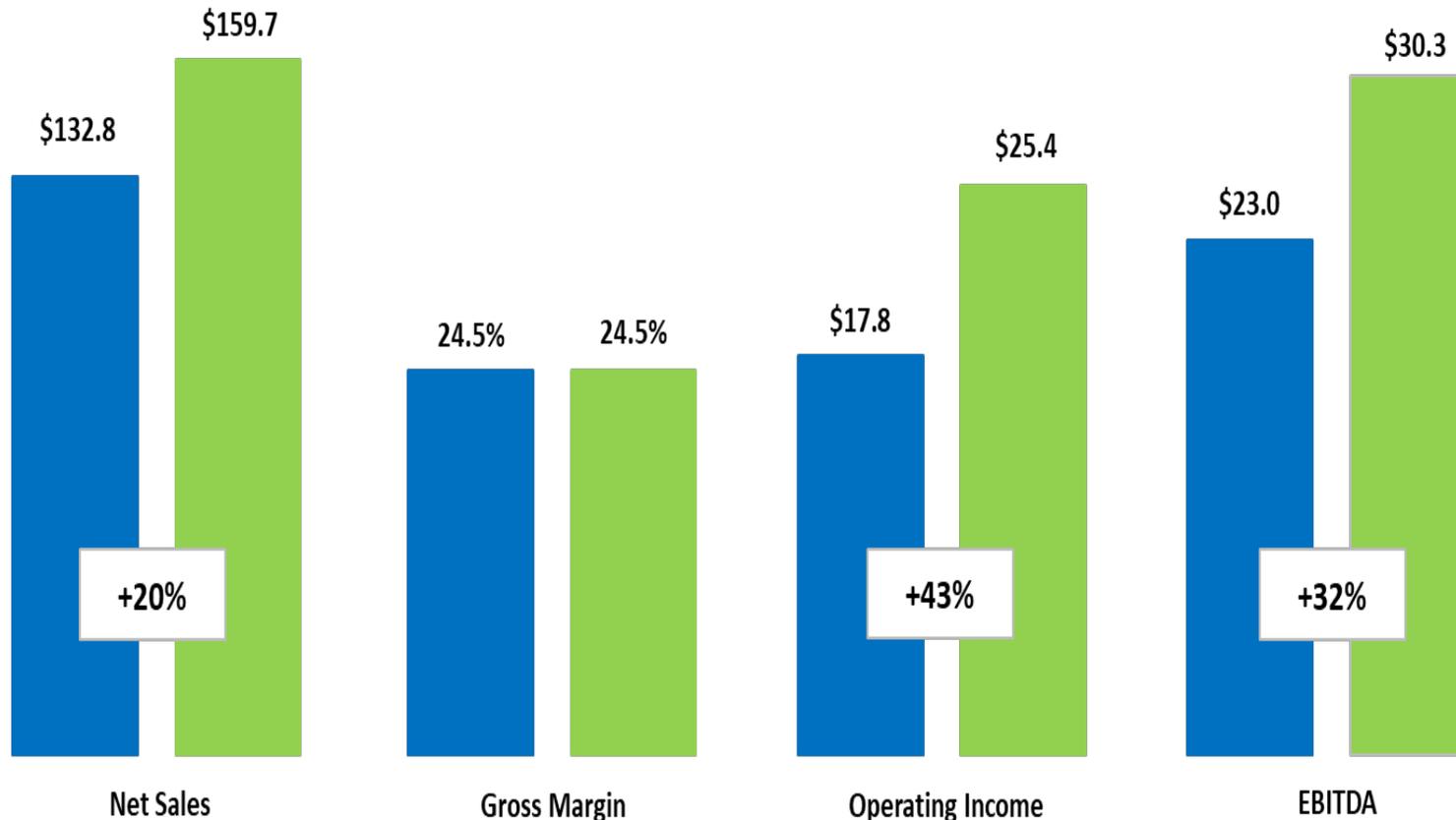
Q3 2022 Consolidated Results (\$ MM)



- Sales up 36 percent
- Gross margin up 0.4 percentage points
- Strong operating income and EBITDA growth over prior year
- Adjusted EPS of \$1.74

■ Q3 2021 ■ Q3 2022

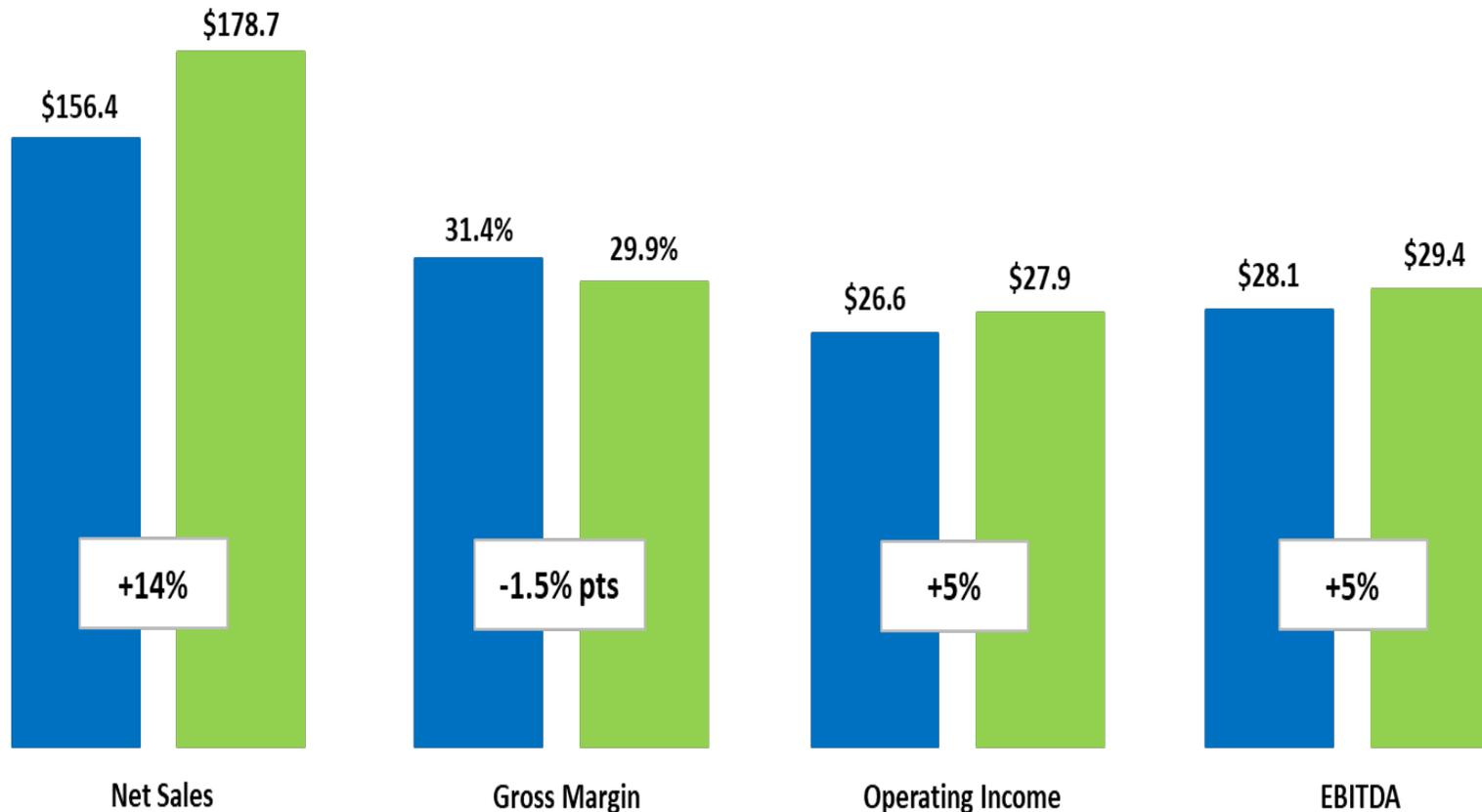
Q3 2022 Performance Chemicals (\$ MM)



- Sales up 20 percent
- Price/mix up 26 percent
- Volumes up 4 percent
- Unchanged gross margin of 24.5 percent
- Operating income up 43 percent
- EBITDA up 32 percent

■ Q3 2021 ■ Q3 2022

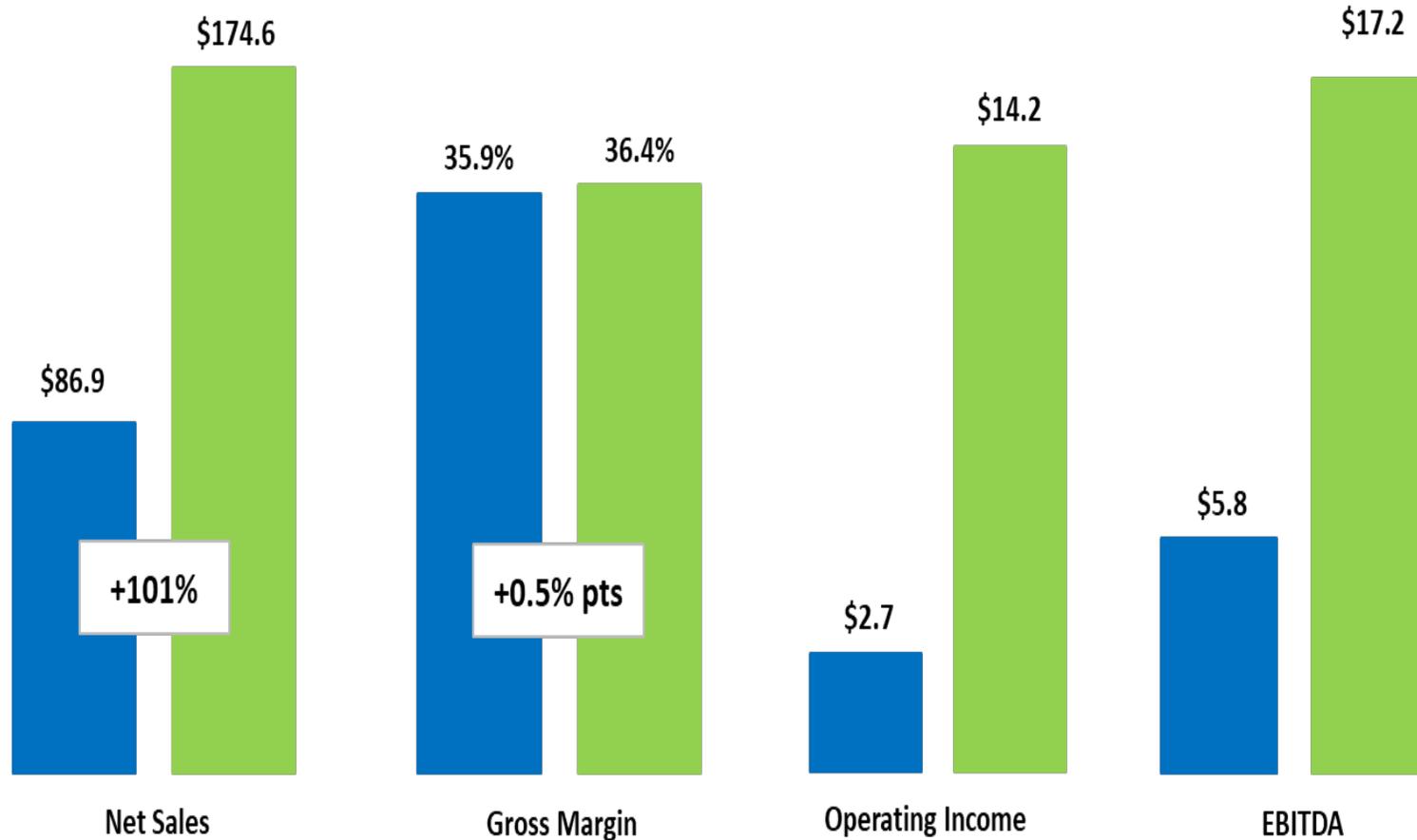
Q3 2022 Fuel Specialties (\$ MM)



- Sales up 14 percent
- Price/mix up 30 percent
- Volumes down 6 percent
- Gross margin down 1.5 percentage points
- EBITDA and operating income up 5 percent

■ Q3 2021 ■ Q3 2022

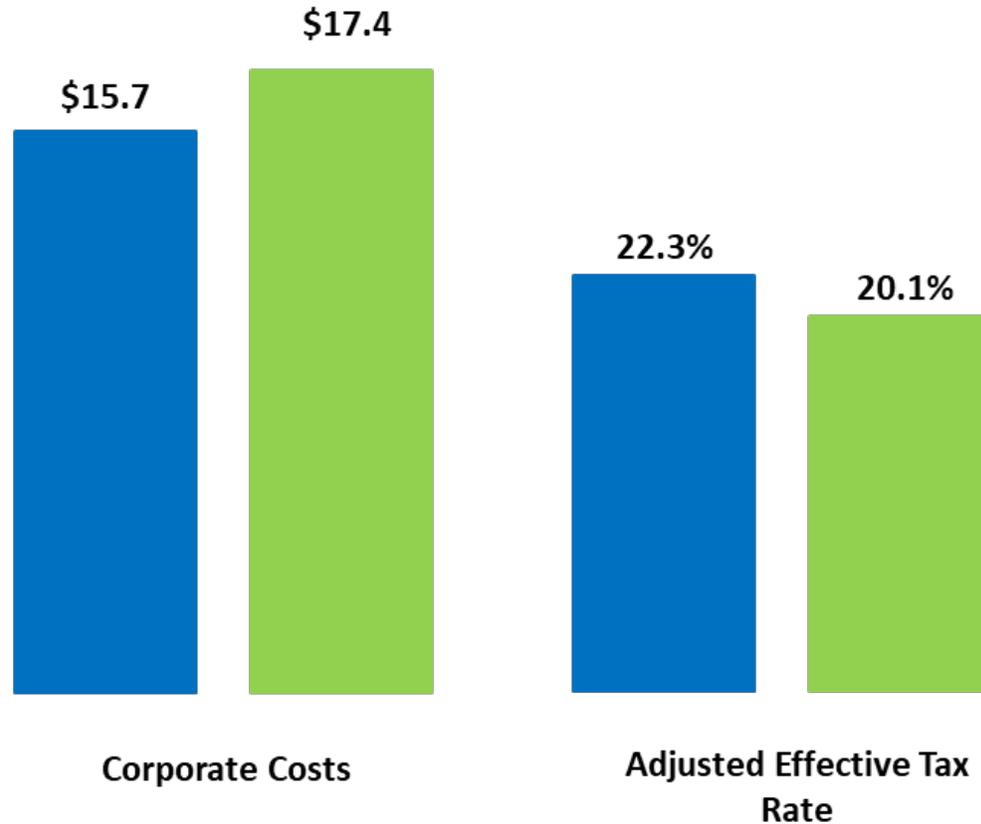
Q3 2022 Oilfield Services (\$ MM)



- Sales approximately double
- Gross margin up 0.5 percentage points
- Strong EBITDA and operating income growth

■ Q3 2021 ■ Q3 2022

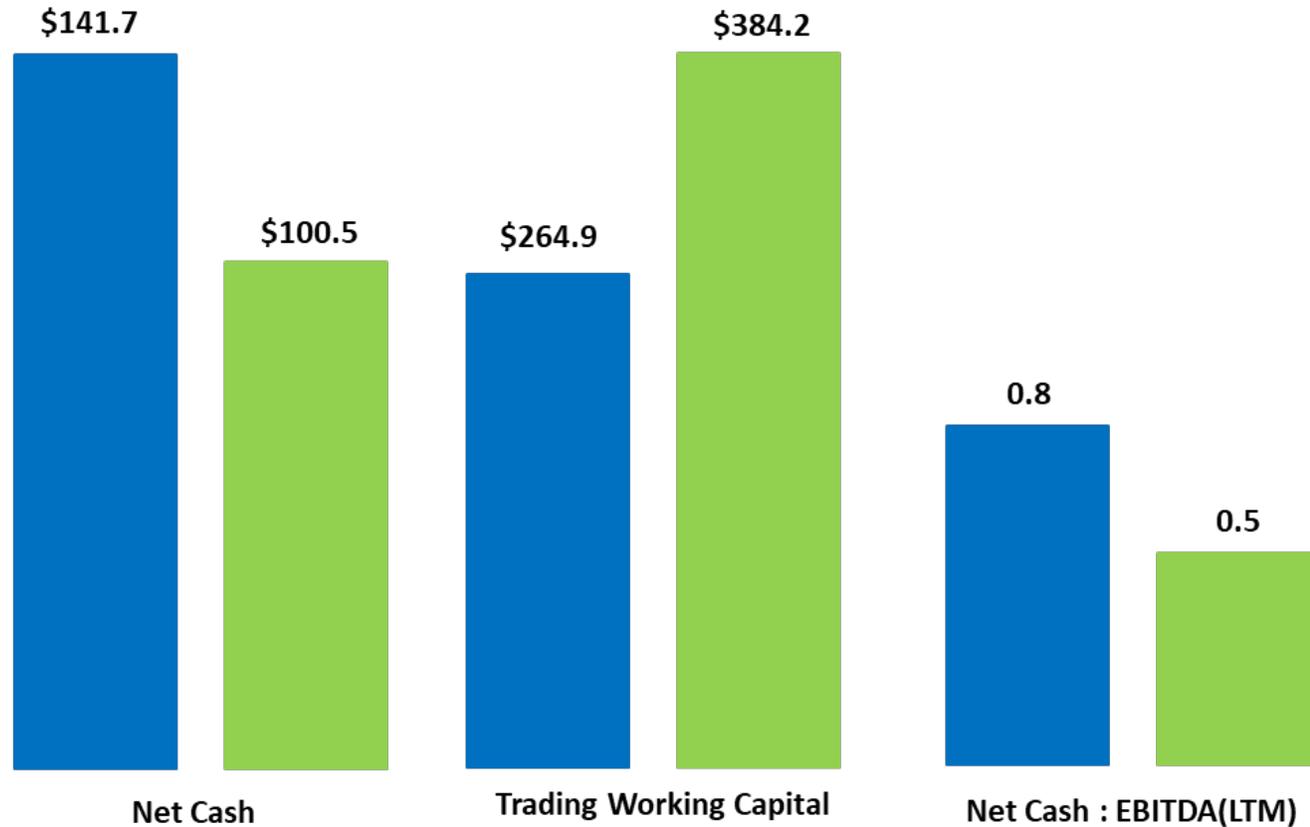
Q3 2022 Corporate Items (\$ MM)



- Corporate costs up versus prior year on higher performance compensation accruals
- Adjusted effective tax rate of 20.1 percent

■ Q3 2021 ■ Q3 2022

Q3 2022 Balance Sheet (\$ MM)



- Operating cash flow of \$39.8 million
- Net cash balance of \$100.5 million

■ Q4 2021 ■ Q3 2022

Concluding Comments



Summary of 3rd Quarter Performance

Semi-annual dividend increased to 65 cents; \$1.28 full year dividend, a 10 percent annual increase

Strong cash generation; 100.5 million net cash on balance sheet; \$2.3 million in share repurchases

All businesses positioned for strong relative performance

Expect completion of majority of \$70 million Performance Chemicals expansion in 2023

Balanced end-market and geographic mix

Economic and supply chain uncertainty expected to continue

Q&A



©2022 Innospec Inc.

Final Comments

Thank You for Your Continued Support

February 2023						
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				

Q4 2022 Results Schedule

- February 21st – Results Release After Close
- February 22nd – Conference Call