

Investor Presentation Quarter 4, 2016

February 15, 2017

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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 and net income excluding special items and related per share amounts. 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, adjustment to fair value of contingent consideration, acquisition-related costs, adjustment of income tax provisions, (profit)/loss on disposal of subsidiary, settlement of distributor claim, foreign currency exchange losses/(gains) and fair value acquisition accounting. 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.

Innospec – Summary of 4th Quarter Performance

- ▶ Strong Quarter 4 performance despite quieter Octane Additives
- ▶ Adjusted EPS ahead of our expectations at \$1.09
- ▶ Stable volumes in Fuel Specialties; strong margins
- ▶ Oilfield Services continues to recover – return to profitability
- ▶ Performance Chemicals driven by new technologies
- ▶ Acquisition of Huntsman business completed in Q4
- ▶ Good cash generation; year end leverage approx 1.3x adjusted EBITDA

Financial Presentation



Ian Cleminson
*Executive Vice President &
Chief Financial Officer*

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Q4 2016 Consolidated Results

- Good underlying growth of all strategic businesses
- Margin improvements in all segments
- Operating Income up 16 percent

	Q4 2015 \$m	Q4 2016 \$m	Growth %
Net sales	246.0	237.8	(3)%
Gross profit	86.3	91.4	6%
Gross margin	35.1%	38.4%	3.3%pt
Operating income *	25.2	29.2	16%
Adjusted EBITDA	39.8	36.3	(9)%
EPS (diluted)	1.28	0.90	(30)%
EPS (adjusted)	1.24	1.09	(12)%

*Operating income is before Fair Value Adjustments

Q4 2016 Fuel Specialties

- Volume growth of 1 percent
- Product mix driving strong margin performance
- Operating Income up 22 percent

	Q4 2015 \$m	Q4 2016 \$m	Growth %
Net sales	146.2	142.5	(3)%
Gross profit	50.6	56.9	12%
Gross margin	34.6%	39.9%	5.3%pt
Operating income	31.4	38.4	22%
Adjusted EBITDA	32.6	39.6	21%

Q4 2016 Performance Chemicals

- ▶ Volume growth of 11 percent, offset by currency impact
- ▶ Slightly reduced margin on product mix
- ▶ Full year adjusted sales up 7 percent and adjusted operating income up 28 percent

	Q4 2015 \$m	Q4 2016 \$m	Growth %
Net sales	30.6	31.9	4%
Gross profit	9.1	9.0	(1)%
Gross margin	29.7%	28.2%	(1.5%)pt
Operating income	3.2	2.7	(16)%
Adjusted EBITDA	4.6	4.3	(7)%

Q4 2016 Oilfield Services

- ▶ Excellent growth – volume up 53 percent
- ▶ Margins remain at good levels
- ▶ Business returns to profitability as anticipated

	Q4 2015 \$m	Q4 2016 \$m	Growth %
Net sales	48.7	59.3	22%
Gross profit	16.7	24.3	46%
Gross margin	34.3%	41.0%	6.7%pt
Operating (loss)/income	(4.8)	2.4	n/a
Adjusted EBITDA	3.6	7.0	94%

Q4 2016 Octane Additives

- Quiet quarter as anticipated
- Full year sales down 27 percent on 2015
- 2017 demand still to be confirmed

	Q4 2015 \$m	Q4 2016 \$m	Growth %
Net sales	20.5	4.1	(80)%
Gross profit	9.9	1.2	(88)%
Gross margin	48.3%	29.3%	(19.0%)pt
Operating income	8.8	0.2	(98)%
Adjusted EBITDA	8.9	0.3	(97)%

Q4 2016 Corporate Items

- ▶ Corporate costs higher than expected range
- ▶ Acquisition costs, share-based compensation and long-term incentive plan
- ▶ Normalized range remains \$11 to \$12 million per quarter

	Q4 2015 \$m	Q4 2016 \$m
Corporate costs	(13.5)	(16.1)
Pension credit	0.1	1.6
Adjustment to fair value of contingent consideration	9.1	3.1
Full Year GAAP effective tax rate	21.5%	21.1%

Q4 2016 Balance Sheet

- ▶ Good operating cash generation continues
- ▶ Approx \$200 million outflow for Huntsman acquisition
- ▶ Leverage remains low; balance sheet still strong

	Q4 2015 \$m	Q4 2016 \$m
Total cash and cash equivalents	141.7	101.9
Total debt	(136.1)	(273.3)
Net cash/(debt)	5.6	(171.4)
Total working capital	167.1	180.5

Concluding Comments



Patrick Williams
President & CEO

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Concluding Comments

- ▶ **Excellent 4th Quarter with adjusted EPS of \$1.09**
- ▶ **Strong year; entering 2017 with good momentum**
- ▶ **Good underlying growth in all strategic businesses**
- ▶ **Margins strong; good cost control**
- ▶ **Acquisition from Huntsman closed – Portfolio balanced**
- ▶ **Balance sheet remains strong**

Your Opportunity To Ask Questions



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Final Comments

- ▶ Results announced after close on May 9, 2017
- ▶ Conference Call on May 10, 2017

Appendix



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Innospec Income Statement - Quarter 4

	Q4 2015 \$m	Q4 2016 \$m	Variance Pr. Yr. \$m
Net sales	246.0	237.8	(8.2)
Sales growth	(15.4)%	(3.3)%	N/A
Gross profit	86.3	91.4	5.1
Gross margin	35.1%	38.4%	3.3%pt
SAR expenses	(61.1)	(62.2)	(1.1)
Operating income	25.2	29.2	4.0
Operating margin	10.2%	12.3%	2.1%pt
Adjustment to fair value of contingent consideration	9.1	3.1	(6.0)
Interest expense, net	(1.1)	(1.0)	0.1
Other net income/(expense)	2.0	(2.3)	(4.3)
Income before income taxes	35.2	29.0	(6.2)
Income taxes	(3.7)	(6.9)	(3.2)
Net income	31.5	22.1	(9.4)
Adjusted EBITDA	39.8	36.3	(3.5)
Adjusted EBITDA margin	16.2%	15.3%	(0.9%)pt

EBITDA margin represents EBITDA as a percentage of sales

Innospec Income Statement - Full Year

	2015 \$m	2016 \$m	Variance Pr. Yr. \$m
Net sales	1012.3	883.4	(128.9)
Sales growth	5.3%	(12.7)%	N/A
Gross profit	346.0	332.3	(13.7)
Gross margin	34.2%	37.6%	3.4%pt
SAR expenses	(232.0)	(234.9)	(2.9)
Operating income	114.0	97.4	(16.6)
Operating margin	11.3%	11.0%	(0.3%)pt
Adjustment to fair value of contingent consideration	40.7	9.4	(31.3)
Profit/(loss) on disposal of subsidiary	1.6	(1.4)	(3.0)
Interest expense, net	(4.0)	(3.2)	0.8
Other net income	-	0.9	0.9
Income before income taxes	152.3	103.1	(49.2)
Income taxes	(32.8)	(21.8)	11.0
Net income	119.5	81.3	(38.2)
Adjusted EBITDA	153.3	134.6	(18.7)
Adjusted EBITDA margin	15.1%	15.2%	0.1%pt

Fuel Specialties - Quarter 4

	Q4 2015 \$m	Q4 2016 \$m	Variance Pr. Yr. \$m
Net sales	146.2	142.5	(3.7)
Sales growth	(6.9%)	(2.5%)	N/A
Gross profit	50.6	56.9	6.3
Gross margin	34.6%	39.9%	5.3%pt
Selling	(9.4)	(12.0)	(2.6)
Administrative	(5.5)	(2.7)	2.8
Research	(4.3)	(3.8)	0.5
SAR expenses	(19.2)	(18.5)	0.7
SAR %	(13.1%)	(13.0%)	0.1%pt
Operating income	31.4	38.4	7.0
Operating margin	21.5%	26.9%	5.4%pt
Adjusted EBITDA	32.6	39.6	7.0
EBITDA margin	22.3%	27.8%	5.5%pt

Fuel Specialties - Full Year

	2015 \$m	2016 \$m	Variance Pr. Yr. \$m
Net sales	532.8	509.6	(23.2)
Sales growth	(6.0%)	(4.4%)	N/A
Gross profit	176.0	186.4	10.4
Gross margin	33.0%	36.6%	3.6%pt
Selling	(41.5)	(43.9)	(2.4)
Administrative	(14.8)	(14.9)	(0.1)
Research	(17.6)	(17.0)	0.6
SAR expenses	(73.9)	(75.8)	(1.9)
SAR %	(13.9%)	(14.9%)	(1.0%)pt
Operating income	102.1	110.6	8.5
Operating margin	19.2%	21.7%	2.5%pt
Adjusted EBITDA	106.3	115.3	9.0
EBITDA margin	20.0%	22.6%	2.6%pt

Performance Chemicals - Quarter 4

	Q4 2015 \$m	Q4 2016 \$m	Variance Pr. Yr. \$m
Net sales	30.6	31.9	1.3
Sales growth	(25.4%)	4.2%	N/A
Gross profit	9.1	9.0	(0.1)
Gross margin	29.7%	28.2%	(1.5%)pt
Selling	(4.4)	(3.4)	1.0
Administrative	(0.6)	(1.8)	(1.2)
Research	(0.9)	(1.1)	(0.2)
SAR expenses	(5.9)	(6.3)	(0.4)
SAR %	(19.3%)	(19.7%)	(0.4%)pt
Operating income	3.2	2.7	(0.5)
Operating margin	10.5%	8.5%	(2.0%)pt
Adjusted EBITDA	4.6	4.3	(0.3)
EBITDA margin	15.0%	13.5%	(1.5%)pt

Performance Chemicals - Full Year

	2015 \$m	2016 \$m	Variance Pr. Yr. \$m
Net sales	155.0	138.7	(16.3)
Sales growth	(12.7%)	(10.5%)	N/A
Gross profit	42.4	43.4	1.0
Gross margin	27.4%	31.3%	3.9%pt
Selling	(14.4)	(15.6)	(1.2)
Administrative	(7.2)	(7.2)	-
Research	(4.5)	(4.6)	(0.1)
SAR expenses	(26.1)	(27.4)	(1.3)
SAR %	(16.8%)	(19.8%)	(3.0%)pt
Operating income	16.3	16.0	(0.3)
Operating margin	10.5%	11.5%	1.0%pt
Adjusted EBITDA	22.4	22.3	(0.1)
EBITDA margin	14.5%	16.1%	1.6%pt

Oilfield Services - Quarter 4

	Q4 2015 \$m	Q4 2016 \$m	Variance Pr. Yr. \$m
Net sales	48.7	59.3	10.6
Sales growth	(30.2%)	21.8%	N/A
Gross profit	16.7	24.3	7.6
Gross margin	34.3%	41.0%	6.7%pt
Selling	(17.3)	(19.2)	(1.9)
Administrative	(3.4)	(1.8)	1.6
Research	(0.8)	(0.9)	(0.1)
SAR expenses	(21.5)	(21.9)	(0.4)
SAR %	(44.1%)	(36.9%)	7.2%pt
Operating (loss)/income	(4.8)	2.4	7.2
Operating margin	(9.9%)	4.0%	13.9%pt
Adjusted EBITDA	3.6	7.0	3.4
EBITDA margin	7.4%	11.8%	4.4%pt

Oilfield Services - Full Year

	2015 \$m	2016 \$m	Variance Pr. Yr. \$m
Net sales	265.0	191.7	(73.3)
Sales growth	64.3%	(27.7%)	N/A
Gross profit	99.1	76.4	(22.7)
Gross margin	37.4%	39.9%	2.5%pt
Selling	(71.1)	(67.9)	3.2
Administrative	(15.8)	(9.4)	6.4
Research	(3.2)	(3.8)	(0.6)
SAR expenses	(90.1)	(81.1)	9.0
SAR %	(34.0%)	(42.3%)	(8.3%)pt
Operating income/(loss)	9.0	(4.7)	(13.7)
Operating margin	3.4%	(2.5%)	(5.9%)pt
Adjusted EBITDA	30.6	13.4	(17.2)
EBITDA margin	11.5%	7.0%	(4.5%)pt

Octane Additives - Quarter 4

	Q4 2015 \$m	Q4 2016 \$m	Variance Pr. Yr. \$m
Net sales	20.5	4.1	(16.4)
Sales growth	(10.5%)	(80.0%)	N/A
Gross profit	9.9	1.2	(8.7)
Gross margin	48.3%	29.3%	(19.0%)pt
Selling	(0.2)	(0.3)	(0.1)
Administrative	(0.9)	(0.7)	0.2
SAR expenses	(1.1)	(1.0)	0.1
SAR %	(5.4%)	(24.4%)	(19.0%)pt
Operating income	8.8	0.2	(8.6)
Operating margin	42.9%	4.9%	(38.0%)pt
Adjusted EBITDA	8.9	0.3	(8.6)
EBITDA margin	43.4%	7.3%	(36.1%)pt

Octane Additives - Full Year

	2015 \$m	2016 \$m	Variance Pr. Yr. \$m
Net sales	59.5	43.4	(16.1)
Sales growth	7.8%	(27.1%)	N/A
Gross profit	28.5	26.1	(2.4)
Gross margin	47.9%	60.1%	12.2%pt
Selling	(1.3)	(1.0)	0.3
Administrative	(2.5)	(2.4)	0.1
SAR expenses	(3.8)	(3.4)	0.4
SAR %	(6.4%)	(7.8%)	(1.4%)pt
Operating income	24.7	22.7	(2.0)
Operating margin	41.5%	52.3%	10.8%pt
Adjusted EBITDA	25.1	23.2	(1.9)
EBITDA margin	42.2%	53.5%	11.3%pt

GAAP Reconciliation Adjusted EBITDA - Quarter 4

	Q4 2015 \$m	Q4 2016 \$m
Net income	31.5	22.1
Interest expense, net	1.1	1.0
Income taxes	3.7	6.9
Depreciation and amortization	8.9	9.4
Adjustment to fair value of contingent consideration	(9.1)	(3.1)
Fair value acquisition accounting	3.7	-
Adjusted EBITDA	39.8	36.3

GAAP Reconciliation Adjusted EBITDA - Full Year

	2015 \$m	2016 \$m
Net Income	119.5	81.3
Interest expense, net	4.0	3.2
Income taxes	32.8	21.8
Depreciation and amortization	34.0	37.7
Adjustment to fair value of contingent consideration	(40.7)	(9.4)
Fair value acquisition accounting	3.7	-
Adjusted EBITDA	153.3	134.6

GAAP Reconciliation: Net Income Excluding Special Items - Quarter 4

	Q4 2015			Q4 2016		
	<i>Income before income taxes \$m</i>	<i>Net income \$m</i>	<i>Diluted EPS \$</i>	<i>Income before income taxes \$m</i>	<i>Net income \$m</i>	<i>Diluted EPS \$</i>
Reported GAAP amounts	35.2	31.5	1.28	29.0	22.1	0.90
Amortization of acquired intangible assets	4.3	3.4	0.14	4.3	3.3	0.13
Adjustment to fair value of contingent consideration	(9.1)	(5.6)	(0.23)	(3.1)	(1.9)	(0.08)
Foreign currency exchange (gains)/losses	(2.0)	(1.5)	(0.06)	2.3	1.8	0.07
Acquisition-related costs	-	-	-	1.7	1.7	0.07
Fair value acquisition accounting	3.7	2.4	0.10	-	-	-
Adjustment of income tax provisions	0.3	0.3	0.01	-	-	-
Adjusted non-GAAP amounts	32.4	30.5	1.24	34.2	27.0	1.09

GAAP Reconciliation: Net Income Excluding Special Items - Full Year

	2015			2016		
	<i>Income before income taxes \$m</i>	<i>Net income \$m</i>	<i>Diluted EPS \$</i>	<i>Income before income taxes \$m</i>	<i>Net income \$m</i>	<i>Diluted EPS \$</i>
Reported GAAP amounts	152.3	119.5	4.86	103.1	81.3	3.33
Amortization of acquired intangible assets	17.0	13.3	0.54	17.1	13.5	0.55
Adjustment to fair value of contingent consideration	(40.7)	(24.2)	(0.98)	(9.4)	(5.8)	(0.24)
Acquisition-related costs	-	-	-	4.4	4.4	0.18
Adjustment of income tax provisions	(2.3)	(2.3)	(0.09)	(1.6)	(1.6)	(0.07)
(Profit)/loss on disposal of subsidiary	(1.6)	(1.6)	(0.07)	1.4	1.4	0.06
Settlement of distributor claim	-	-	-	1.0	0.6	0.02
Foreign currency exchange gains	-	-	-	(0.9)	(0.7)	(0.03)
Fair value acquisition accounting	3.7	2.4	0.10	-	-	-
Adjusted non-GAAP amounts	128.4	107.1	4.36	115.1	93.1	3.80