

Investor Presentation Quarter 1, 2016

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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, 2015, 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 and net income excluding special items and related per share amounts. 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, loss on disposal of subsidiary, foreign currency exchange (gains)/losses and adjustment of income tax provisions. 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, management uses these non-GAAP financial measures internally to allocate resources and evaluate the performance of the Company's operations. 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 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 herein and in the appendices below.

Innospec – Summary of 1st Quarter Performance

- ▶ Delivered improved EPS in very tough market conditions
 - ▶ Oilfield Services customer activity remains challenging
 - ▶ Soft demand in Fuels due to very warm winter
 - ▶ Phasing of major customer demand in Oilfield Services– now back on track
- ▶ Personal Care continues to deliver good growth
 - ▶ New technology aligned with customer needs
- ▶ Margins remain strong
- ▶ Share repurchase program continues
- ▶ Dividend increased again by 10%

Financial Presentation



Ian Cleminson
*Executive Vice President &
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Q1 2016 Consolidated Results

- Sales decline driven mainly by volume in Oilfield Services
- Gross margin strong in all business units
- EPS up – both diluted and adjusted

	Q1 2015 \$m	Q1 2016 \$m	Growth %
Net sales	269.2	212.1	(21)%
Gross profit	81.8	76.2	(7)%
Gross margin	30.4%	35.9%	5.5%pt
Operating income *	26.9	25.4	(6)%
EBITDA	36.7	32.8	(11)%
EPS (diluted)	0.72	0.77	7%
EPS (adjusted)	0.91	0.93	2%

*Operating Income is before Fair Value Adjustments and Loss on Disposal of Subsidiary

Q1 2016 Fuel Specialties

- ▶ Volume decline in Oilfield Services
- ▶ Some phasing of orders – normalizing in Q2
- ▶ Gross margins remain strong

	Q1 2015 \$m	Q1 2016 \$m	Growth %
Net sales	199.4	149.8	(25)%
Gross profit	61.5	51.2	(17)%
Gross margin	30.8%	34.2%	3.4%pt
Operating income	23.5	16.7	(29)%
EBITDA	28.6	22.2	(22)%

Q1 2016 Performance Chemicals

- ▶ Good underlying growth – prior year contains Aromas business
- ▶ Personal Care strategy on track – driven by new products
- ▶ Margins continue at good levels

	Q1 2015 \$m	Q1 2016 \$m	Growth %
Net sales	57.6	44.5	(23)%
Gross profit	14.5	13.2	(9)%
Gross margin	25.2%	29.7%	4.5%pt
Operating income	6.4	6.1	(5)%
EBITDA	8.2	7.6	(7)%

Q1 2016 Octane Additives

- ▶ Current order largely fulfilled in Q1
- ▶ Small final portion delivered in April
- ▶ Further order expected to be delivered in the next few months

	Q1 2015 \$m	Q1 2016 \$m	Growth %
Net sales	12.2	17.8	46%
Gross profit	5.8	11.8	103%
Gross margin	47.5%	66.3%	18.8%pt
Operating income	5.1	11.0	116%
EBITDA	5.2	11.1	113%

Q1 2016 Corporate Items

- ▶ Corporate costs close to expected run rate (\$10m-\$11m per quarter)
- ▶ Comparative quarter was low
- ▶ Tax rate at 22.9% - expect 20% for full year

	Q1 2015 \$m	Q1 2016 \$m
Corporate costs	(8.1)	(10.2)
Pension credit	-	1.8
Adjustment to fair value of contingent consideration	(3.5)	1.6
Loss on disposal of subsidiary	-	(1.4)
Effective tax rate	25.1%	22.9%

Q1 2016 Cash Flow & Balance Sheet

- ▶ Second payment for Independence Oilfield Chemicals completed in Q1
- ▶ Net debt now \$41.0 million
- ▶ Balance sheet remains very strong

	Q4 2015 \$m	Q1 2016 \$m
Total cash and cash equivalents	141.7	115.0
Total debt	(136.1)	(156.0)
Net cash/(debt)	5.6	(41.0)
Total working capital	167.1	189.2

New Reporting Format

- ▶ Separate Fuel Specialties and Oilfield Services
- ▶ Move Polymers into Fuel Specialties – asset optimization
- ▶ More visible Personal Care business



Concluding Comments



Patrick Williams
President & CEO

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Concluding Comments

- ▶ **Balanced Portfolio**
 - ▶ **Delivering improved EPS in tough market conditions**
 - ▶ **Controlling costs**
- ▶ **Oilfield Services gaining customers, despite downturn**
- ▶ **New Technology continues to drive growth**
 - ▶ **Both Fuel Specialties and Personal Care**
- ▶ **Share Repurchase Program continues**
- ▶ **Dividend raised by 10%**

Your Opportunity To Ask Questions



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Final Comments

- ▶ Thanks to investors, customers and employees for their continued support
- ▶ Q2 2016 results timetable (provisional)
 - ▶ Results announced after close on August 2, 2016
 - ▶ Conference Call at 10am ET on Wednesday August 3, 2016

Appendix



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Innospec Income Statement - Quarter 1

	Q1 2015 \$m	Q1 2016 \$m	Variance Pr. Yr. \$m
Net sales	269.2	212.1	(57.1)
Sales growth	22.0%	(21.2)%	N/A
Gross profit	81.8	76.2	(5.6)
Gross margin	30.4%	35.9%	5.5%pt
SAR expenses	(54.9)	(50.8)	4.1
Operating income	26.9	25.4	(1.5)
Operating margin	10.0%	12.0%	2.0%pt
Adjustment to fair value of contingent consideration	(3.5)	1.6	5.1
Loss on disposal of subsidiary	-	(1.4)	(1.4)
Interest expense, net	(1.0)	(0.8)	0.2
Other net income/(expense)	1.5	(0.3)	(1.8)
Income before income taxes	23.9	24.5	0.6
Income taxes	(6.0)	(5.6)	0.4
Net income	17.9	18.9	1.0
EBITDA	36.7	32.8	(3.9)
EBITDA margin	13.6%	15.5%	1.9%pt

EBITDA margin represents EBITDA as a percentage of sales

Fuel Specialties - Quarter 1

	Q1 2015 \$m	Q1 2016 \$m	Variance Pr. Yr. \$m
Net sales	199.4	149.8	(49.6)
Sales growth	21.4%	(24.9%)	N/A
Gross profit	61.5	51.2	(10.3)
Gross margin	30.8%	34.2%	3.4%pt
Selling	(25.9)	(21.6)	4.3
Administrative	(7.1)	(7.2)	(0.1)
Research	(5.0)	(5.7)	(0.7)
SAR expenses	(38.0)	(34.5)	3.5
SAR %	(19.1%)	(23.0%)	(3.9%)pt
Operating income	23.5	16.7	(6.8)
Operating income margin	11.8%	11.1%	(0.7%)pt
EBITDA	28.6	22.2	(6.4)
EBITDA margin	14.3%	14.8%	0.5%pt

Performance Chemicals - Quarter 1

	Q1 2015 \$m	Q1 2016 \$m	Variance Pr. Yr. \$m
Net sales	57.6	44.5	(13.1)
Sales growth	2.7%	(22.7%)	N/A
Gross profit	14.5	13.2	(1.3)
Gross margin	25.2%	29.7%	4.5%pt
Selling	(3.8)	(4.1)	(0.3)
Administrative	(3.1)	(1.9)	1.2
Research	(1.2)	(1.1)	0.1
SAR expenses	(8.1)	(7.1)	1.0
SAR %	14.1%	(16.0%)	(30.1%)pt
Operating income	6.4	6.1	(0.3)
Operating income margin	11.1%	13.7%	2.6%pt
EBITDA	8.2	7.6	(0.6)
EBITDA margin	14.2%	17.1%	2.9%pt

Octane Additives - Quarter 1

	Q1 2015 \$m	Q1 2016 \$m	Variance Pr. Yr. \$m
Net sales	12.2	17.8	5.6
Sales growth	N/A	45.9%	N/A
Gross profit	5.8	11.8	6.0
Gross margin	47.5%	66.3%	18.8%pt
Selling	(0.3)	(0.1)	0.2
Administrative	(0.4)	(0.7)	(0.3)
SAR expenses	(0.7)	(0.8)	(0.1)
SAR %	(5.7%)	(4.5%)	1.2%pt
Operating income	5.1	11.0	5.9
Operating income margin	41.8%	61.8%	20.0%pt
EBITDA	5.2	11.1	5.9
EBITDA margin	42.6%	62.4%	19.8%pt

GAAP Reconciliation EBITDA - Quarter 1

	Q1 2015 \$m	Q1 2016 \$m
Net income	17.9	18.9
Interest expense, net	1.0	0.8
Income taxes	6.0	5.6
Depreciation and amortization	8.3	9.1
Adjustment to fair value of contingent consideration	3.5	(1.6)
EBITDA	36.7	32.8

GAAP Reconciliation: Net Income Excluding Special Items - Quarter 1

	Q1 2015			Q1 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	23.9	17.9	0.72	24.5	18.9	0.77
Amortization of acquired intangible assets	4.3	3.2	0.13	4.2	3.2	0.13
Adjustment to fair value of contingent consideration	3.5	2.6	0.10	(1.6)	(1.0)	(0.04)
Loss on disposal of subsidiary	-	-	-	1.4	1.4	0.06
Foreign currency exchange (gains)/losses	(1.5)	(1.1)	(0.04)	0.3	0.2	0.01
Adjustment of income tax provisions	0.1	0.1	-	-	-	-
Adjusted non-GAAP amounts	30.3	22.7	0.91	28.8	22.7	0.93