

INVESTOR PRESENTATION QUARTER 4, 2015

February 17, 2016



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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" 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, 2014, 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 adjustment to fair value of contingent consideration, amortization of acquired intangible assets, fair value acquisition accounting, adjustment of income tax provisions, profit on disposal of subsidiary, foreign currency exchange losses/(gains) and acquisition-related costs. 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 4TH QUARTER PERFORMANCE

- ▶ Record Sales and EBITDA for full year 2015
 - ▶ Sales above \$1 billion in line with strategic plan
- ▶ Strategic objectives achieved
 - ▶ Consolidation of Oilfield Services businesses
 - ▶ Focus on Personal Care through divestment of Aroma Chemicals
- ▶ Challenging 4th Quarter especially in Oilfield Services
 - ▶ Volumes down in line with customers plans
- ▶ Performance Chemicals continues to perform to our high expectations
- ▶ Softer Quarter for Fuel Specialties

FINANCIAL PRESENTATION



Ian Cleminson
*Executive Vice President &
Chief Financial Officer*

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Q4 2015 CONSOLIDATED RESULTS

- Challenging quarter – net sales down 15% on prior year
- Gross margins remain good at 35.1%
- Adjusted EPS down just 3% on Q4 2014

	Q4 2014 \$m	Q4 2015 \$m	Growth %
Net sales	290.7	246.0	(15)%
Gross profit	94.1	86.3	(8)%
Gross margin	32.4%	35.1%	2.7%opt
Operating income *	42.1	25.2	(40)%
EBITDA	49.5	39.8	(20)%
EPS (diluted)	1.11	1.28	15%
EPS (adjusted)	1.28	1.24	(3)%

*Operating Income is before Fair Value Adjustments

Q4 2015 FUEL SPECIALTIES

- ▶ Net sales down 14% compared to Q4 2014
 - ▶ Reduced volume in Oilfield Services
 - ▶ Softer quarter in Fuel Specialties
- ▶ Margins still strong

	Q4 2014 \$m	Q4 2015 \$m	Growth %
Net sales	216.8	186.3	(14)%
Gross profit	69.9	65.7	(6)%
Gross margin	32.2%	35.3%	3.1%pt
Operating income	36.6	25.6	(30)%
EBITDA	40.8	34.9	(14)%

Q4 2015 PERFORMANCE CHEMICALS

- ▶ Adjusted for divestment, growth is strong
 - ▶ Driven by new products in Personal Care
- ▶ Softer quarter for Polymers

	Q4 2014 \$m	Q4 2015 \$m	Growth %
Net sales	51.0	39.2	(23)%
Gross profit	11.8	10.7	(9)%
Gross margin	23.1%	27.3%	4.2%pt
Operating income	4.7	4.2	(11)%
EBITDA	6.8	5.9	(13)%

Q4 2015 OCTANE ADDITIVES

- ▶ Q4 order delivered as anticipated
- ▶ Sales broadly similar to Q4 2014
- ▶ New order received for first part of 2016. Limited visibility beyond that.

	Q4 2014 \$m	Q4 2015 \$m	Growth %
Net sales	22.9	20.5	(10)%
Gross profit	12.4	9.9	(20)%
Gross margin	54.1%	48.3%	(5.8%)pt
Operating income	10.6	8.8	(17)%
EBITDA	10.7	8.9	(17)%

Q4 2015 CORPORATE ITEMS

- ▶ Costs slightly above expected range due to phasing
- ▶ Further adjustment to contingent consideration
- ▶ Full year effective tax rate of 21.5% in line with expectations

	Q4 2014 \$m	Q4 2015 \$m
Corporate costs	(9.0)	(13.5)
Pension (charge)/credit	(0.8)	0.1
Adjustment to fair value of contingent consideration	1.9	9.1
Full year effective tax rate	24.2%	21.5%

Q4 2015 CASH FLOW & BALANCE SHEET

- ▶ Continue to generate good cash flow
- ▶ Net cash positive at the end of the quarter
- ▶ Healthy balance sheet

	Q4 2014 \$m	Q4 2015 \$m
Total cash and cash equivalents	46.3	141.7
Total debt	(141.6)	(136.1)
Net (debt)/cash	(95.3)	5.6
Total working capital	192.7	167.1

CONCLUDING COMMENTS



Patrick Williams
President & CEO

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CONCLUDING COMMENTS

- ▶ Challenging fourth quarter with inevitable impact of low crude oil prices
- ▶ Full year performance hit record sales and EBITDA
 - ▶ Adjusted EPS of \$4.36 per share
- ▶ Annual dividend up 11% on 2014
- ▶ Continued good cash generation
- ▶ Balance sheet remains healthy going into 2016

**YOUR OPPORTUNITY TO
ASK QUESTIONS**



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FINAL COMMENTS

- ▶ Thanks to investors and customers for continued support
- ▶ Q1 2016 results timetable
 - ▶ Results announced after close on May 3, 2016
 - ▶ Conference Call at 9am ET on Wednesday May 4, 2016

APPENDIX



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INNOSPEC INCOME STATEMENT - QUARTER 4

	Q4 2014 \$m	Q4 2015 \$m	Variance Pr. Yr. \$m
Net sales	290.7	246.0	(44.7)
Sales growth	20.3%	(15.4)%	N/A
Gross profit	94.1	86.3	(7.8)
Gross margin	32.4%	35.1%	2.7%pt
SAR expenses	(52.0)	(61.1)	(9.1)
Operating income	42.1	25.2	(16.9)
Operating margin	14.5%	10.2%	(4.3%)pt
Adjustment to fair value of contingent consideration	1.9	9.1	7.2
Interest expense, net	(0.9)	(1.1)	(0.2)
Other net (expense)/income	(0.4)	2.0	2.4
Income before income taxes	42.7	35.2	(7.5)
Income taxes	(14.8)	(3.7)	11.1
Net income	27.9	31.5	3.6
EBITDA	49.5	39.8	(9.7)
EBITDA margin	17.0%	16.2%	(0.8%)pt

EBITDA margin represents EBITDA as a percentage of sales

INNOSPEC INCOME STATEMENT – FULL YEAR

	2014 \$m	2015 \$m	Variance Pr. Yr. \$m
Net sales	960.9	1012.3	51.4
Sales growth	17.4%	5.3%	N/A
Gross profit	302.0	346.0	44.0
Gross margin	31.4%	34.2%	2.8%pt
SAR expenses	(191.4)	(232.0)	(40.6)
Operating income	110.6	114.0	3.4
Operating margin	11.5%	11.3%	(0.2%)pt
Adjustment to fair value of contingent consideration	1.9	40.7	38.8
Profit on disposal of subsidiary	-	1.6	1.6
Interest expense, net	(3.4)	(4.0)	(0.6)
Other net income	1.8	-	(1.8)
Income before income taxes	110.9	152.3	41.4
Income taxes	(26.8)	(32.8)	(6.0)
Net income	84.1	119.5	35.4
EBITDA	140.8	153.3	12.5
EBITDA margin	14.7%	15.1%	0.4%pt

FUEL SPECIALTIES - QUARTER 4

	Q4 2014 \$m	Q4 2015 \$m	Variance Pr. Yr. \$m
Net sales	216.8	186.3	(30.5)
Sales growth	32.4%	(14.1%)	N/A
Gross profit	69.9	65.7	(4.2)
Gross margin	32.2%	35.3%	3.1%pt
Selling	(24.4)	(26.4)	(2.0)
Administrative	(4.6)	(8.6)	(4.0)
Research	(4.3)	(5.1)	(0.8)
SAR expenses	(33.3)	(40.1)	(6.8)
SAR %	(15.4%)	(21.5%)	(6.1%)pt
Operating income	36.6	25.6	(11.0)
Operating income margin	16.9%	13.7%	(3.2%)pt
EBITDA	40.8	34.9	(5.9)
EBITDA margin	18.8%	18.7%	(0.1%)pt

FUEL SPECIALTIES – FULL YEAR

	2014 \$m	2015 \$m	Variance Pr. Yr. \$m
Net sales	682.2	758.3	76.1
Sales growth	20.2%	11.2%	N/A
Gross profit	219.0	265.1	46.1
Gross margin	32.1%	35.0%	2.9%pt
Selling	(79.7)	(111.3)	(31.6)
Administrative	(16.5)	(29.2)	(12.7)
Research	(18.4)	(20.7)	(2.3)
SAR expenses	(114.6)	(161.2)	(46.6)
SAR %	(16.8%)	(21.3%)	(4.5%)pt
Operating income	104.4	103.9	(0.5)
Operating income margin	15.3%	13.7%	(1.6%)pt
EBITDA	118.0	128.8	10.8
EBITDA margin	17.3%	17.0%	(0.3%)pt

PERFORMANCE CHEMICALS - QUARTER 4

	Q4 2014 \$m	Q4 2015 \$m	Variance Pr. Yr. \$m
Net sales	51.0	39.2	(11.8)
Sales growth	(2.3%)	(23.1%)	N/A
Gross profit	11.8	10.7	(1.1)
Gross margin	23.1%	27.3%	4.2%pt
Selling	(3.8)	(4.7)	(0.9)
Administrative	(2.7)	(0.9)	1.8
Research	(0.6)	(0.9)	(0.3)
SAR expenses	(7.1)	(6.5)	0.6
SAR %	(13.9%)	(16.6%)	(2.7%)pt
Operating income	4.7	4.2	(0.5)
Operating income margin	9.2%	10.7%	1.5%pt
EBITDA	6.8	5.9	(0.9)
EBITDA margin	13.3%	15.1%	1.8%pt

PERFORMANCE CHEMICALS – FULL YEAR

	2014 \$m	2015 \$m	Variance Pr. Yr. \$m
Net sales	223.5	194.5	(29.0)
Sales growth	16.2%	(13.0%)	N/A
Gross profit	54.4	52.4	(2.0)
Gross margin	24.3%	26.9%	2.6%pt
Selling	(15.1)	(15.7)	(0.6)
Administrative	(9.9)	(8.6)	1.3
Research	(3.8)	(4.6)	(0.8)
SAR expenses	(28.8)	(28.9)	(0.1)
SAR %	(12.9%)	(14.9%)	(2.0%)pt
Operating income	25.6	23.5	(2.1)
Operating income margin	11.5%	12.1%	0.6%pt
EBITDA	34.2	30.5	(3.7)
EBITDA margin	15.3%	15.7%	0.4%pt

OCTANE ADDITIVES - QUARTER 4

	Q4 2014 \$m	Q4 2015 \$m	Variance Pr. Yr. \$m
Net sales	22.9	20.5	(2.4)
Sales growth	(10.5%)	(10.5%)	N/A
Gross profit	12.4	9.9	(2.5)
Gross margin	54.1%	48.3%	(5.8%)pt
Selling	(0.5)	(0.2)	0.3
Administrative	(1.3)	(0.9)	0.4
SAR expenses	(1.8)	(1.1)	0.7
SAR %	(7.9%)	(5.4%)	2.5%pt
Operating income	10.6	8.8	(1.8)
Operating income margin	46.3%	42.9%	(3.4%)pt
EBITDA	10.7	8.9	(1.8)
EBITDA margin	46.7%	43.4%	(3.3%)pt

OCTANE ADDITIVES – FULL YEAR

	2014 \$m	2015 \$m	Variance Pr. Yr. \$m
Net sales	55.2	59.5	4.3
Sales growth	(6.4%)	7.8%	N/A
Gross profit	28.6	28.5	(0.1)
Gross margin	51.8%	47.9%	(3.9%)pt
Selling	(1.9)	(1.3)	0.6
Administrative	(4.1)	(2.5)	1.6
SAR expenses	(6.0)	(3.8)	2.2
SAR %	(10.9%)	(6.4%)	4.5%pt
Operating income	22.6	24.7	2.1
Operating income margin	40.9%	41.5%	0.6%pt
EBITDA	23.0	25.1	2.1
EBITDA margin	41.7%	42.2%	0.5%pt

GAAP RECONCILIATION EBITDA - QUARTER 4

	Q4 2014 \$m	Q4 2015 \$m
Net income	27.9	31.5
Interest expense, net	0.9	1.1
Income taxes	14.8	3.7
Depreciation and amortization	7.8	8.9
Adjustment to fair value of contingent consideration	(1.9)	(9.1)
Fair value acquisition accounting	-	3.7
EBITDA	49.5	39.8

GAAP RECONCILIATION EBITDA – FULL YEAR

	2014 \$m	2015 \$m
Net Income	84.1	119.5
Interest expense, net	3.4	4.0
Income taxes	26.8	32.8
Depreciation and amortization	28.4	34.0
Adjustment to fair value of contingent consideration	(1.9)	(40.7)
Fair value acquisition accounting	-	3.7
EBITDA	140.8	153.3

GAAP RECONCILIATION: NET INCOME EXCLUDING SPECIAL ITEMS - QUARTER 4

	Q4 2014			Q4 2015		
	<i>Income before income taxes</i> \$m	<i>Net income</i> \$m	<i>Diluted EPS</i> \$	<i>Income before income taxes</i> \$m	<i>Net income</i> \$m	<i>Diluted EPS</i> \$
Reported GAAP amounts	42.7	27.9	1.11	35.2	31.5	1.28
Adjustment to fair value of contingent consideration	(1.9)	(1.4)	(0.06)	(9.1)	(5.6)	(0.23)
Amortization of acquired intangible assets	4.1	3.0	0.12	4.3	3.4	0.14
Fair value acquisition accounting	-	-	-	3.7	2.4	0.10
Foreign currency exchange losses/(gains)	0.4	0.3	0.01	(2.0)	(1.5)	(0.06)
Adjustment of income tax provisions	2.0	2.0	0.08	0.3	0.3	0.01
Acquisition-related costs	0.5	0.4	0.02	-	-	-
Adjusted non-GAAP amounts	47.8	32.2	1.28	32.4	30.5	1.24

GAAP RECONCILIATION: NET INCOME EXCLUDING SPECIAL ITEMS – FULL YEAR

	2014			2015		
	<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	110.9	84.1	3.38	152.3	119.5	4.86
Adjustment to fair value of contingent consideration	(1.9)	(1.4)	(0.06)	(40.7)	(24.2)	(0.98)
Amortization of acquired intangible assets	14.0	10.5	0.42	17.0	13.3	0.54
Fair value acquisition accounting	-	-	-	3.7	2.4	0.10
Adjustment of income tax provisions	(1.9)	(1.9)	(0.07)	(2.3)	(2.3)	(0.09)
Profit on disposal of subsidiary	-	-	-	(1.6)	(1.6)	(0.07)
Foreign currency exchange gains	(1.8)	(1.4)	(0.06)	-	-	-
Acquisition-related costs	1.8	1.4	0.06	-	-	-
Adjusted non-GAAP amounts	121.1	91.3	3.67	128.4	107.1	4.36