



Innospec

Innovating with Our Customers

AUGUST 2021



Forward-Looking Statements

This publication 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, 2020, on Form 10-Q for the quarter ended June 30, 2021 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 contained 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)/losses, foreign exchange loss on liquidation of subsidiary and fair value acquisition accounting. 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 schedules 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 schedules below.

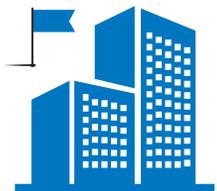
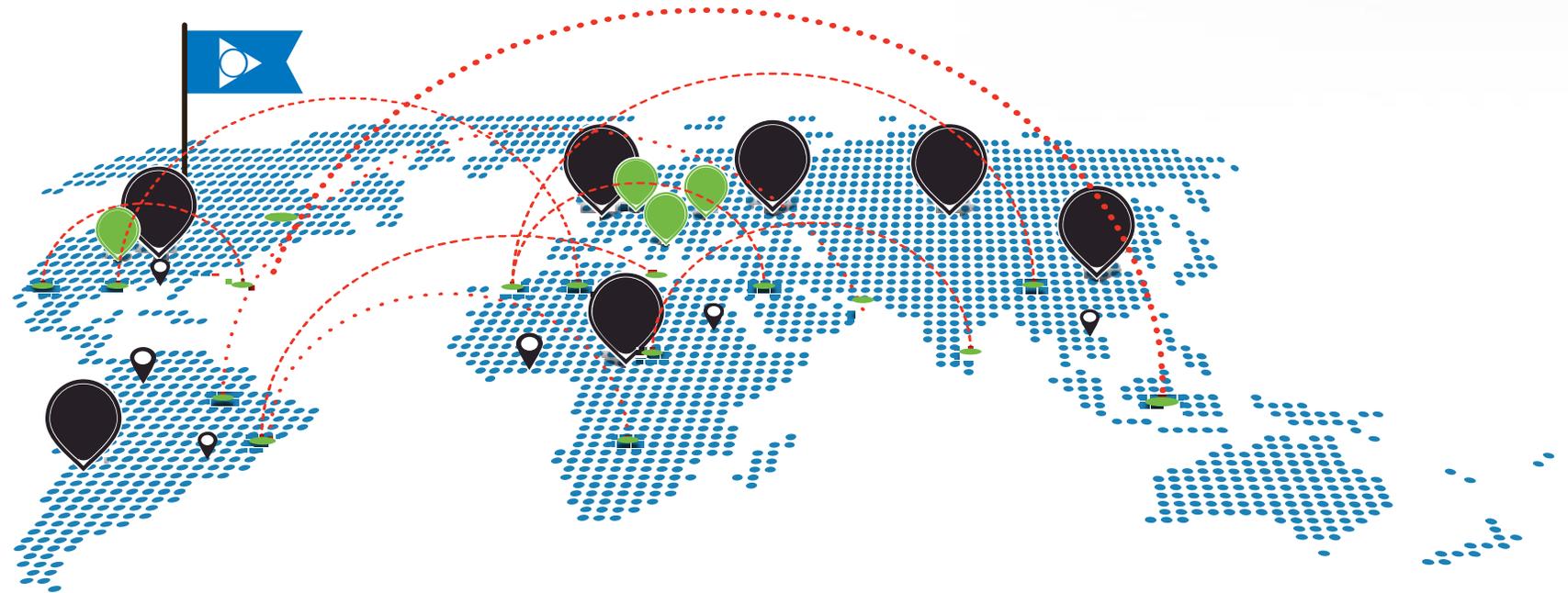


Company Profile



Company Profile: Innospec, Inc. NASDAQ (IOSP)

- \$1.3 billion sales
- 1,900 employees in 23 countries



CORPORATE HQ

Englewood, CO



REGIONAL LOCATIONS

USA, UK, Europe, Africa, Russia, South America and Asia

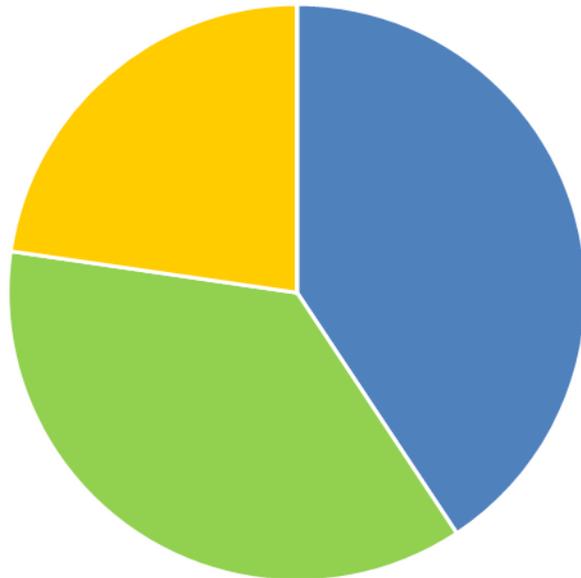


GLOBAL NETWORK

Global Network of Manufacturing, Sales & Testing Facilities: USA, UK, France, Italy, Spain, Germany, Greece, Cyprus, Poland, Russia, Canada, Brazil, Dubai, India, Singapore, China, Korea, and South Africa

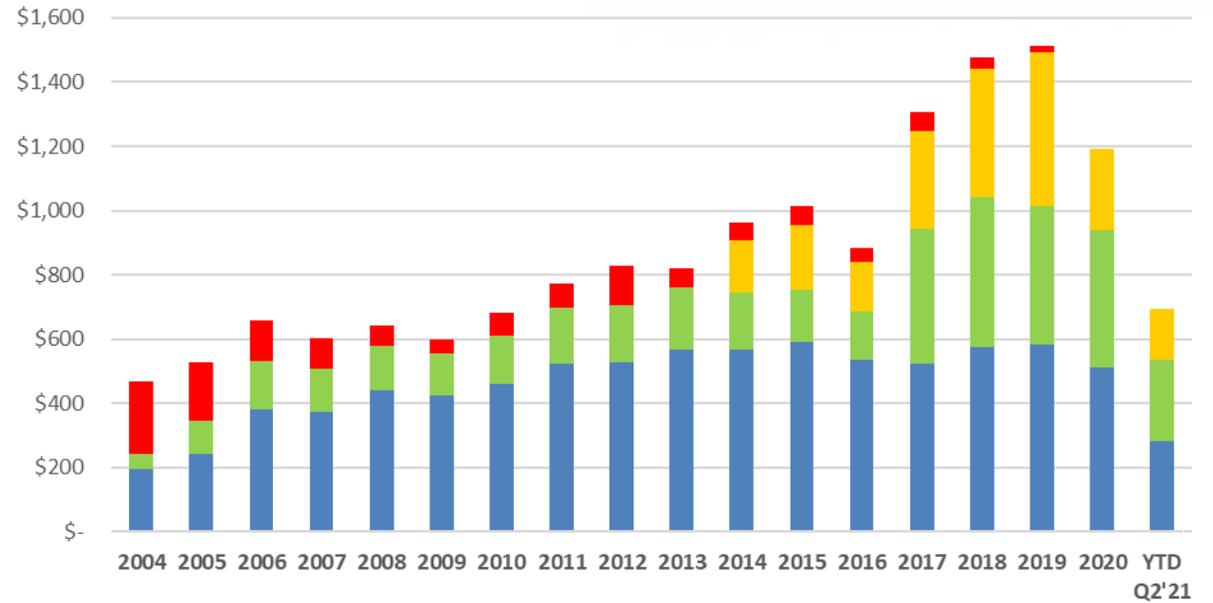
Sales Profile

SALES MIX (YTD Q2'21)



■ Fuel Specialties
 ■ Performance Chemicals
 ■ Oilfield Services
 ■ Octane Additives

SALES (\$MM)



Business Segment Summary



FUEL SPECIALTIES

Improve fuel efficiency and safety



PERFORMANCE CHEMICALS

Make household and personal care products milder and more natural



OILFIELD SERVICES

Lower oil & gas extraction and transport costs and boost recoveries

Key End Markets

- Commercial trucking
- Marine
- Petrochemicals
- Aviation
- Industrial
- Passenger cars (Europe)

- Personal care
- Household cleaning
- Agriculture, mining, construction & other industrial

- Drilling & completion
- Production
- Midstream pipeline transportation

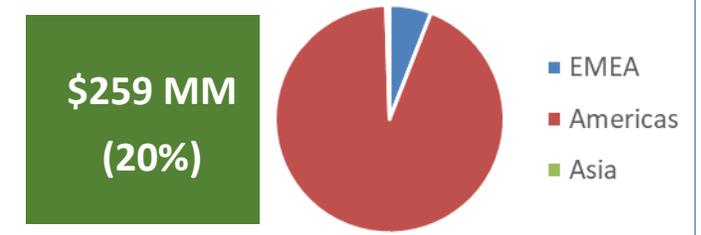
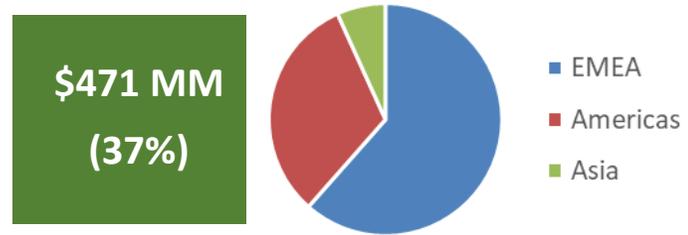
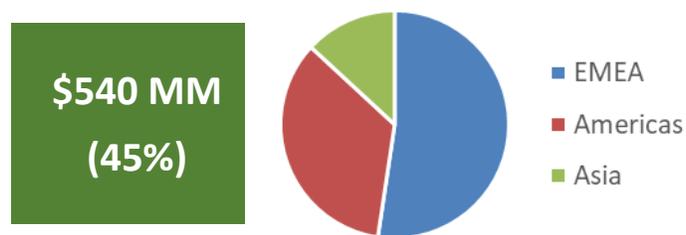
Competitive Position and Long-Term Growth Outlook

- Leading market share
- Steady margins and strong free-cash-flow
- Low-single-digit growth with upsides in:
 - Fuel-efficient GDI engines
 - Low-sulfur marine fuels
 - Renewable fuels
 - Petrochemical plant safety and efficiency
 - Global tightening of emissions standards

- Leading natural / mild surfactant chemistry
- Secular HPC trends in sharper focus post-Covid
- Growing penetration into adjacent mining, agriculture and construction markets
- High-single-digit growth and expanding margins

- Leading IP to lower life-of-well and transport costs
- Strong foothold for future growth in midstream and Middle East markets
- Positioned for diversification away from US shale cyclicality
- Mid-single-digit growth and expanding margins

Sales & Geographic Mix (LTM Q2'2021)



Business Segment Summary – COVID Impact and Recovery



FUEL SPECIALTIES

Improve fuel efficiency and safety



PERFORMANCE CHEMICALS

Make household and personal care products milder and more natural



OILFIELD SERVICES

Lower oil & gas extraction and transport costs and boost recoveries

Near-Term Impact and Forward Path

- Lockdowns caused reduction in freight, air travel and general economic activity
- This activity decline reduced fuel and therefore fuel additive demand
- Global fuel demand has recovered in each sequential quarter since the Q2'20 low point
- Middle distillate fuel demand will recover in-line with post-COVID economic growth

- Consistent double-digit operating income growth
- Continuing to deliver improved margins
- Accelerating organic growth investments to meet customer demand
- Focus area for M&A
- Post-COVID consumer trends to continue to generate additional growth prospects

- Unprecedented decline in oil demand and price caused drop in OFS activity
- Activity improved in each sequential quarter since the Q2'20 low point
- Continued sequential improvement expected in 2021 and 2022
- Potential to grow DRA and Middle East business significantly above market rates

Focus on Future Opportunities Unchanged

- Strong balance sheet and liquidity – no external debt and \$94m of net cash
- \$10m new personal care capacity expansion online by Q1'22 with additional expansions likely
- Ability to pursue M&A – where price and business logic make sense

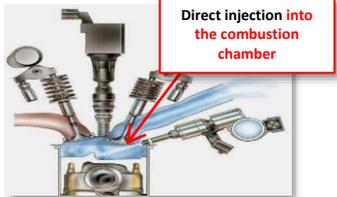
Innovating with our Customers

X-Free Personal Care



- Customers increasingly prefer mild and natural products with fewer ingredients
- Consumer focus on what the products do not have: 1,4-Dioxane free, Sulfate free
- Our IP helps customers produce mild and natural products with no compromise on performance / look / feel

GDI Engine Additives



- Majority of new gasoline cars are GDI .. the most common fuel efficiency technology
- Legacy additives do not keep GDI engines clean
- Our IP helps customers offer fuels which clean GDI engines and optimize their efficiency

Construction Additives



- Engineered solutions to decrease density and maintain strength in plasterboard
- Additives for lightweight cementitious materials (mortar, concrete, grout)
- Our IP lowers water, raw material and energy use in construction products

Drag Reducing Agents



- Increase throughput, decrease energy use and reduce stress on aging infrastructure
- Applies to global crude and refined product pipelines
- Our IP helps customers optimize efficiency and integrity of midstream assets

SUSTAINABILITY ACTIONS

VERIFICATION AND ACCREDITATION

- Innospec's sustainability strategy, programs and annual report assured to AA1000 Assurance standard
- EcoVadis Gold rating for 2019 & 2020 (top 5% of all suppliers evaluated)
- CDP – Climate Change (Performance band score : B) and Water Security (Performance band score: B-) voluntary disclosures



SUSTAINABLE RAW MATERIALS

- Member of the RSPO – Round Table on Sustainable Palm Oil
- Member of ASD - Action for Sustainable Derivatives
- Increasing levels of palm transparency at refinery level (98%) and mill level (94%)
- EcoVadis assessments incorporated into supplier approval for all raw materials



“INNOSPEC CARES”

- In-house foundation that encourages employees to undertake charitable works
- Company enhances employee fund-raising – up to 2x
- Employees allowed paid time away from work to support charities



ASD
ACTION FOR SUSTAINABLE DERIVATIVES

Key Sustainability Trends Addressed by Our Current Technologies

GHG/Carbon Reduction



- Additives for fuel economy and lower tailpipe emissions
- Additives to improve renewable fuels performance
- Broad, naturally-derived home and personal care offering
- Water-based alternatives for high-volume oilfield chemistries
- Energy-saving, drag reducing agents for midstream pipelines



Less Plastic & Water Use



- Formulations that enable reduced or biodegradable packaging
- Leaders in sulfate-free, 1,4-Dioxane free, solid beauty products
- Powder, bar, stick, dry and concentrate options to match emerging consumer preferences



Efficiency & Safety



- Safety and process efficiency additives for plastics and coatings manufacturing
- Lightweighting additives for construction materials like plasterboard and concrete
- Additives which enable significant reductions in active chemical use in agriculture





Fuel Specialties



Fuel Specialties – Profile

WHAT WE DO

- Fuel Additives – very wide range of products including detergents; cold flow improvers; lubricity improvers; corrosion inhibitors; conductivity improvers – focused on all fuels

PRODUCT BENEFITS

- Make fuels on-specification; create brand-leading premium fuels

CUSTOMERS

- Major oil companies, fuel marketers /retailers; pipelines, fleets, marine, aviation

HOW WE COMPETE

- Innovative technology & customer service

MARKET DRIVERS

- Miles/vehicles on the road; legislation , fuel economy & engine technology

MARKET POSITION

- Market leader



Fuel Specialties – Outlook

GROWTH POTENTIAL

- Sales growth low-single-digits; gross profit 32-35%; operating income 19-21%

SOLID UNDERLYING GROWTH IN DIESEL

- EV only marginally impacts growth
- Steady growth in heavy-duty transport based on diesel

CHANGES IN ENGINE TECHNOLOGY OFFER OPPORTUNITIES

- New product development key to growth in new gasoline engines

SIGNIFICANT GROWTH POTENTIAL IN DEVELOPING MARKETS

- Improvements in air quality and fuel quality
- South America, Middle East, Asia Pacific

MAINTAIN OPERATING MARGINS AT +20% AS MARKET LEADER

M&A - OPPORTUNITIES LIKELY TO BE LIMITED





Performance Chemicals



Performance Chemicals – Profile

WHAT WE DO

- Wide portfolio including surfactants, additives, solvents, emollients, solubilizers, dispersants, silicones

PRODUCT BENEFITS

- Multi-functional, superior cleaning power, stable and luxurious foam, mildness, low irritancy, high sensory skin-feel benefit

CUSTOMERS

- Skin care, hair care, sun care, home care, I&I, agrochemical, construction and mining products

HOW WE COMPETE

- Innovative technology & customer service

MARKET DRIVERS

- Product performance – skin care, hair care, sun care, and home care
- Natural; x-free in premium brands
- Process efficiency, production yields – ag, mining, construction

MARKET POSITION

- Established – strong in technology innovation
- Adjacent market development – ag, mining, and construction



Performance Chemicals – Outlook

GROWTH POTENTIAL

- Sales growth high-single-digits, gross profit & operating income improving 50-100 bps per year

BUSINESS IMPROVEMENT – PERSONAL & HOME CARE

- Further growth through technology enhancements
- “More space in the bottle”
- Improved margins
- Favorable HPC consumer trends in post-COVID environment

EXPAND INTO ADJACENT MARKETS

- Good technology base for expansion into agrochemical, construction and mining
- Higher margin products

ASSET UTILIZATION

OPPORTUNITIES FOR FURTHER M&A

- Addition of further complementary technology
- Geographical expansion





Oilfield Services



Oilfield Services – Profile

WHAT WE DO

- Work with operators across most major basins to deliver custom chemical solutions and services for drilling, completion, production and pipeline applications

PRODUCT BENEFITS

- Full-service offering provides chemical expertise for drilling, completion, production and midstream; in-house technical expertise and evaluation; first-class R&D capabilities

CUSTOMERS

- E&P Operators, service companies, drilling companies, pipelines

HOW WE COMPETE

- Direct-to-operator; regional laboratory services; innovative technology and customer service

MARKET DRIVERS

- Oil & gas demand, changes to drilling, completion, and production techniques
- Minimize environmental impact

MARKET POSITION

- We are a mid-tier leader based on technology and service



Oilfield Services – Outlook

GROWTH POTENTIAL

- US activity expected to move back towards 2019 levels in coming years
- In parallel, focus will be on building DRA and Middle East business
- Combined top-line growth expected to be mid-single-digit
- Gross Profit and Operating Income improving – OI to 10%+ in 3-4 years

ADVANCING THE NORTH AMERICAN BUSINESS

- Expect to take market share with leading technology and service model as OFS activity moves back towards 2019 levels
- De-bundling concept continues to attract new customers
- Post-COVID cost cutting will deliver operating leverage in next growth-cycle

AS INCREMENTAL GROWTH OPPORTUNITIES SCALE UP

- Geographic expansion in the Middle East in all product lines
- Global DRA sales
- Income potential in both is substantial compared to legacy OFS business

KEY FOCUS ON OPERATING MARGIN IMPROVEMENT





Capital Allocation



Returning Shareholder Value

DIVIDEND

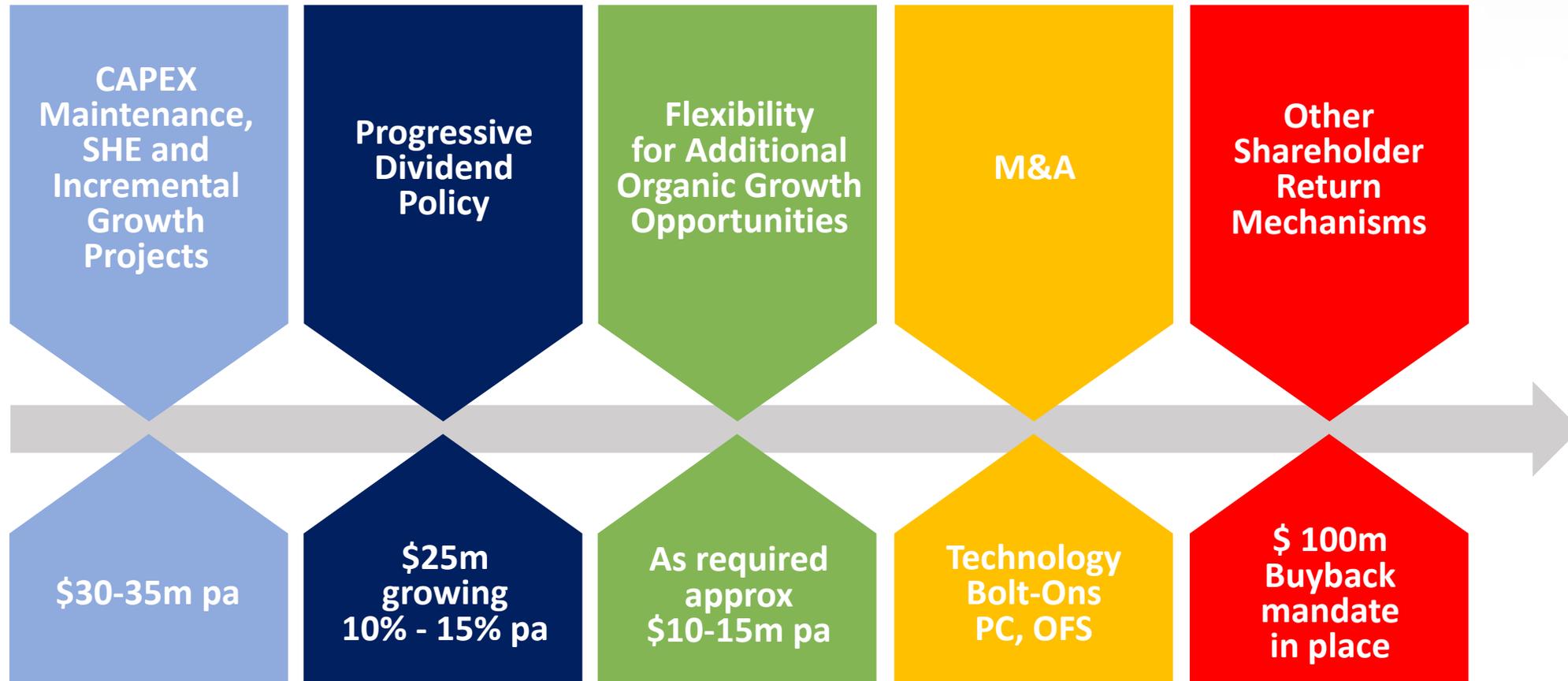
- Semi-annual dividend
- Annual increase of 10-15%
- Consistent delivery since 2013 (chose to hold level in 2020)

BUYBACK

- New mandate approved by IOSP Board in November 2018
- Up to \$100 million over three years
- Allows us to take advantage of market fluctuations



Innospec Capital Allocation



M&A FOCUS



M&A FOCUS

- Balance sheet strong enough to take advantage of opportunities
- Business units seek to add technology and geographic expansion
- Open to potential transformational merger or acquisition which adds value

Market Focus	Strategy
Fuel Specialties	<ul style="list-style-type: none"> • Unlikely to be significant – potential small technology additions
Performance Chemicals	<ul style="list-style-type: none"> • Key focus area for M&A • Performance ingredients and technologies which complement existing portfolio and end-markets • Increased exposure to adjacent end-markets (e.g., ag, mining, coatings/resins, construction) • Geographical expansion – South America / Asia Pacific
Oilfield Services	<ul style="list-style-type: none"> • Unlikely to be significant – potential small technology additions
Potential Fourth SBU	<ul style="list-style-type: none"> • Only as part of another acquisition or transformational opportunity



Appendices



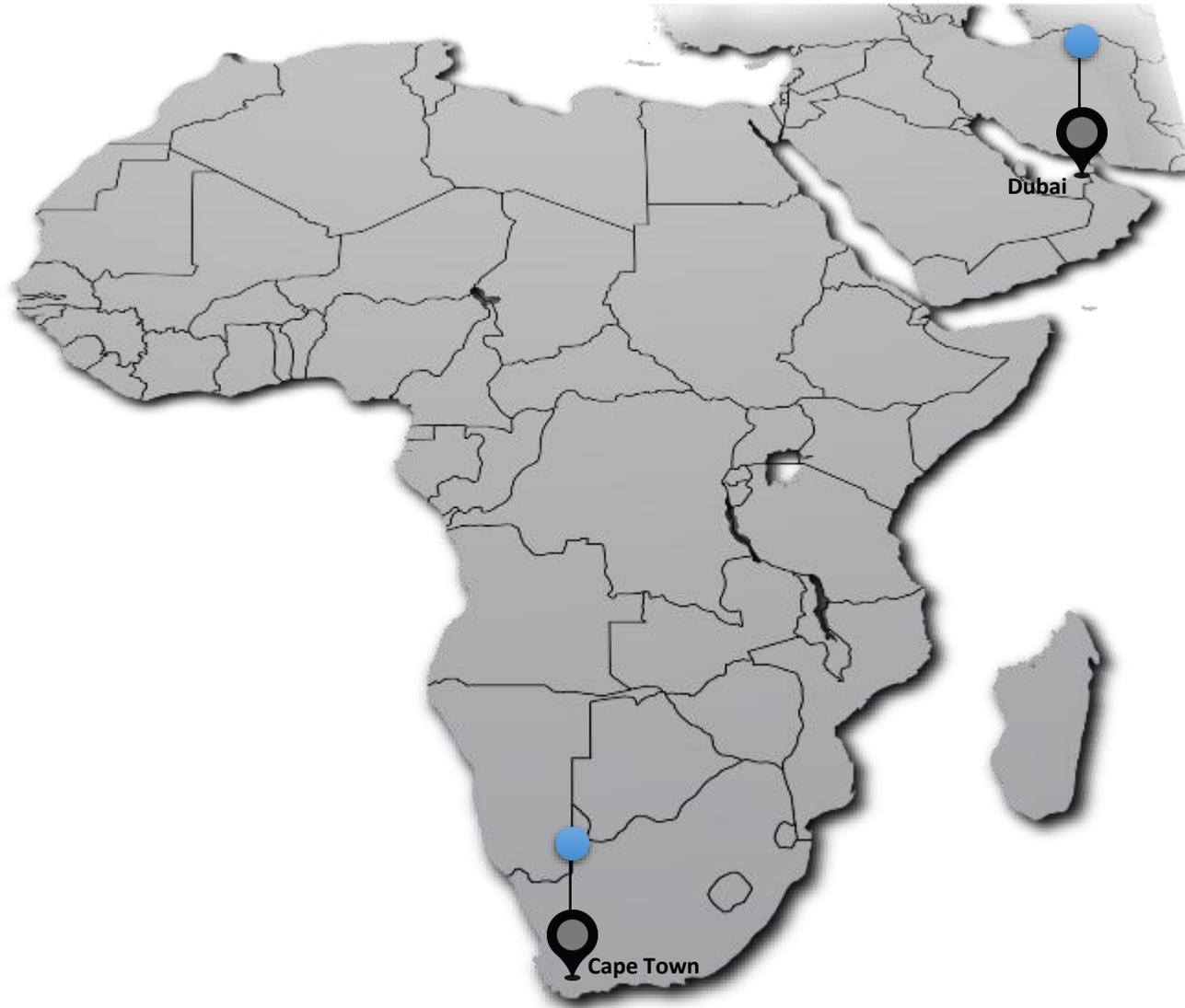
Locations – Asia Pacific



- Regional Offices
- Sales & Branch Offices
- Technology Centres
- Manufacturing & Toll Manufacturing

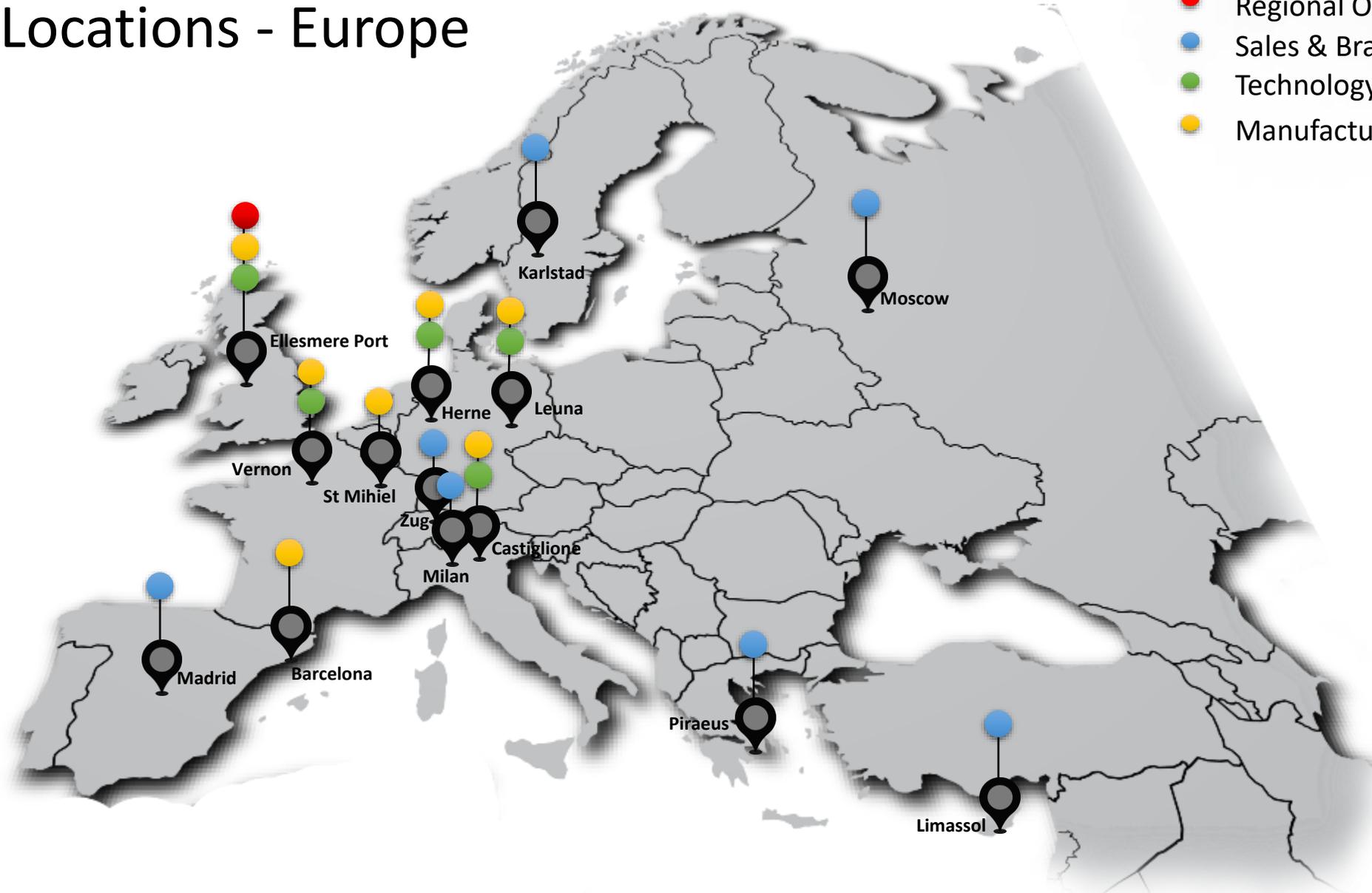
Locations – Middle East / Africa

-  Regional Offices
-  Sales & Branch Offices
-  Technology Centres
-  Manufacturing & Toll Manufacturing



Locations - Europe

- Regional Offices
- Sales & Branch Offices
- Technology Centres
- Manufacturing & Toll Manufacturing



Locations - Americas

- Regional Offices
- Sales & Branch Offices
- Technology Centres
- Manufacturing & Toll Manufacturing
- Oilfield Services Operations

