

# Innovating with Our Customers

NOVEMBER 2023

**innospec** 

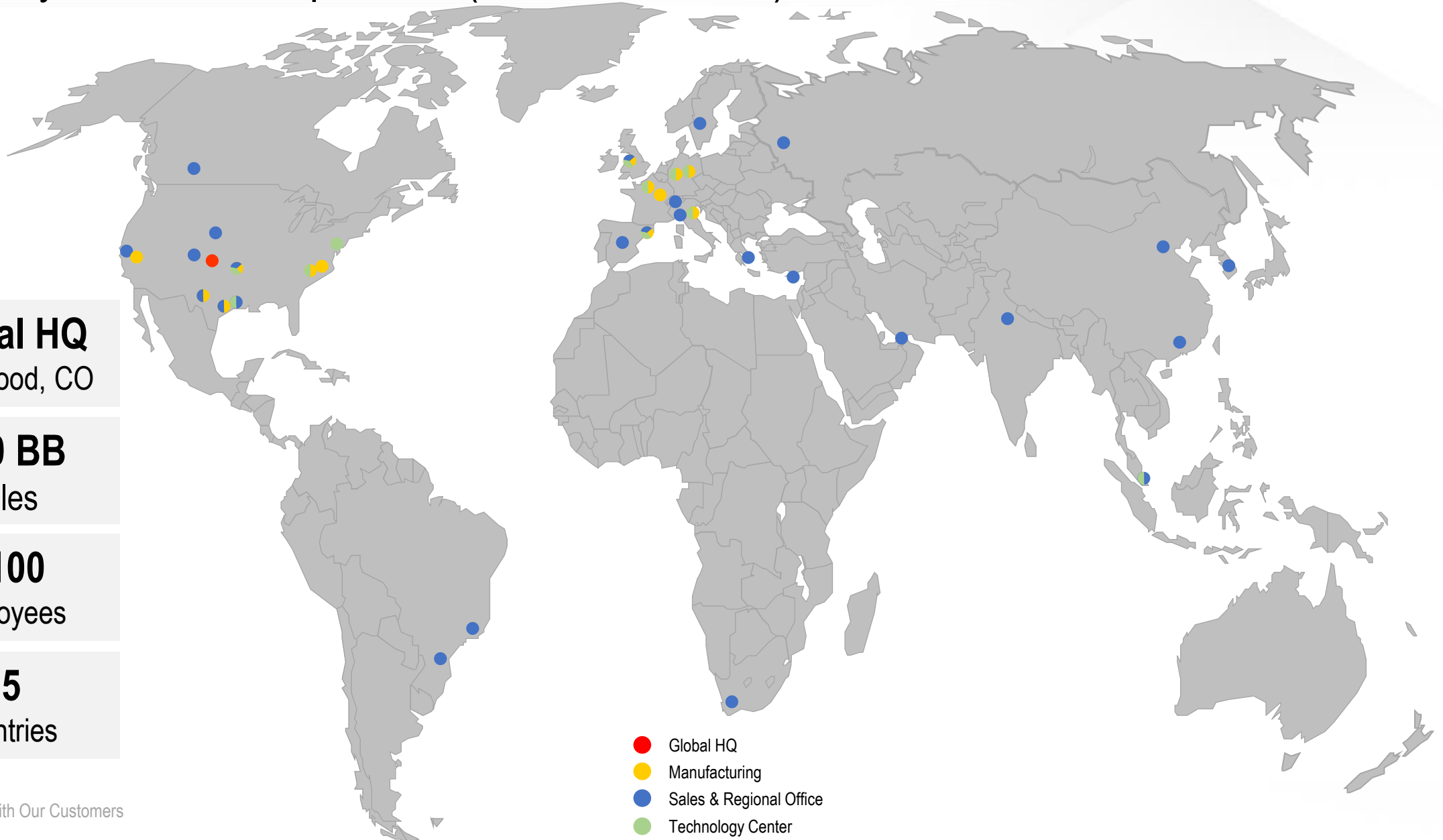
## Use of Non-GAAP Financial Measures

The information presented herein 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 foreign currency exchange (gains)/losses, amortization of acquired intangible assets, legacy costs of closed operations, acquisition related costs and adjustment of income tax provisions. Net cash is cash and cash equivalents less total debt. 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. Also, 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 herein and in the schedules below.

## 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, 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, 2022, Innospec's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 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.

# Company Profile: Innospec Inc. (NASDAQ: IOSP)



**Global HQ**  
Englewood, CO

**\$2.0 BB**  
Sales

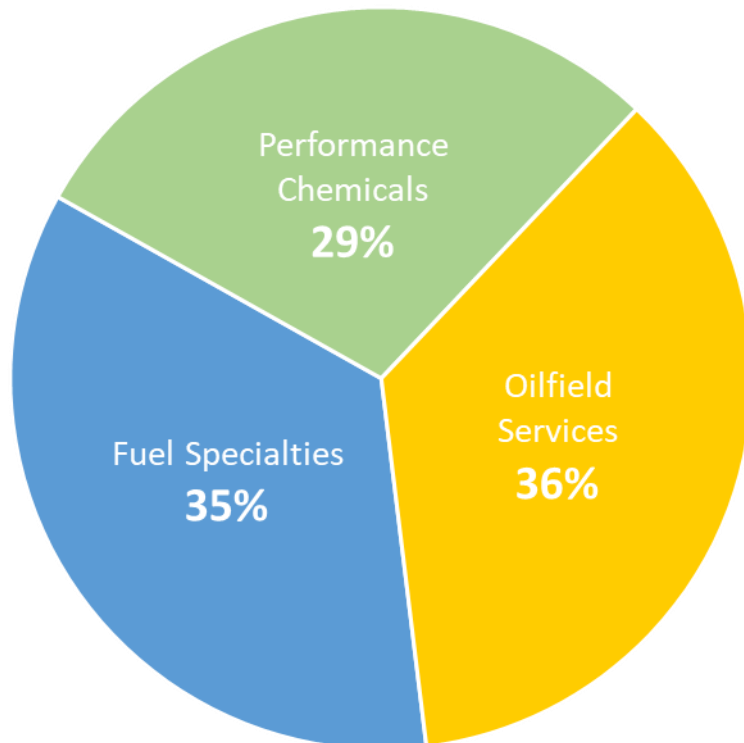
**2,100**  
Employees

**25**  
Countries

- Global HQ
- Manufacturing
- Sales & Regional Office
- Technology Center

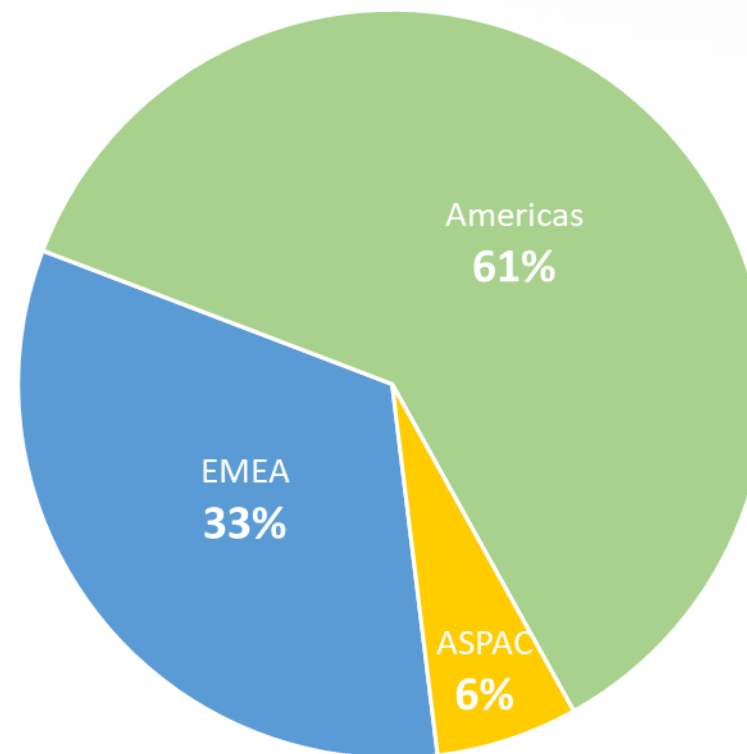
# Sales Profile (TTM Q3 2023)

### Segment mix



**3 Reporting Segments**

### Geographic mix



**3 Reporting Regions**

# Business Segment Summary



**PERFORMANCE CHEMICALS**  
 Make personal and home care products milder and more natural



**FUEL SPECIALTIES**  
 Improve fuel efficiency and safety



**OILFIELD SERVICES**  
 Lower production cost and boost recovery

## Key End Markets

- Personal care
- Home care
- Agriculture
- Metal extraction
- Construction
- Other industrial

- Long-haul trucking
- Marine
- Plastics & Coatings
- Aviation
- Agriculture equipment
- Passenger cars (Europe)

- Production
- Drilling & Completion
- Midstream pipeline transportation

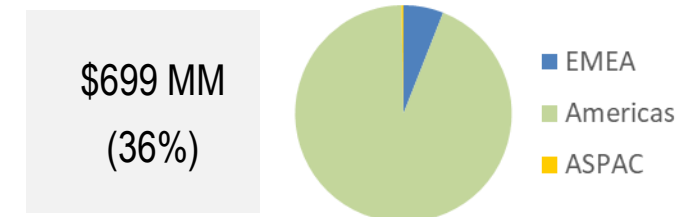
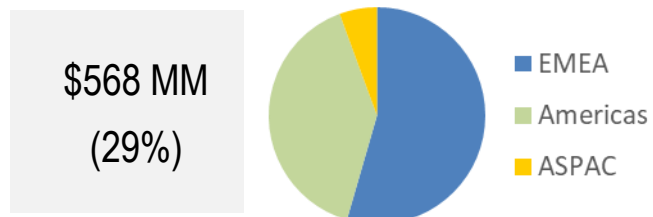
## Competitive Position

- Leading natural / mild surfactant chemistry
- Personal care driving operating income growth
- Partnership with customers to reformulate around wellness and sustainability themes
- Growing in adjacent mining, agriculture and construction markets with technology focused on operational efficiency

- Products reduce fuel consumption, improve engine efficiency and ensure fuel handling safety
- Leading market share in heavy-duty commercial and jet aviation transport applications
- Sustainability themes driving majority of growth opportunities
- Growing specialized technologies for non-ICE end-markets where we have leading IP

- Leading IP to lower production costs
- R&D leadership in friction reducers, drag reducers and flow assurance
- Strong foothold for future growth in midstream and Middle East markets
- Positioned to benefit from improving oilfield activity levels

## Sales & Geographic Mix (TTM Q3 2023)





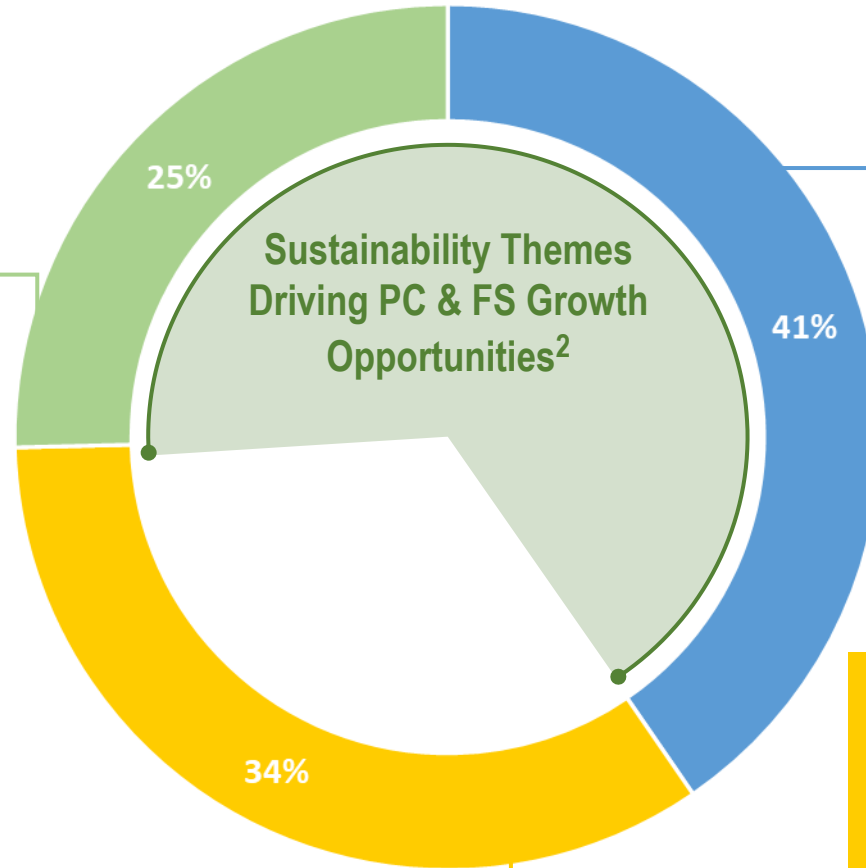
# Business Segment Medium-Term Outlook

## EBITDA<sup>1</sup> Mix (TTM Q3 2023)

### Performance Chemicals

#### **MSD+ Growth**

- Mid single-digit organic volume growth
- Expanding margins
- Personal Care driving growth
- Secular clean-beauty and sustainability trends
- Strong organic growth investment pipeline
- Focus segment for M&A



### Fuel Specialties

#### **LSD Growth, Strong Cash Flow**

- Sustainability drivers
  - Global tightening of emissions regulation
  - Renewable fuels growth
  - Fuel-efficient GDI engines
  - Low-sulfur marine fuels
  - Desire to lower fleet cost and emissions
- Growing sales and profit contribution from non-fuels applications



### Oilfield Services

#### **Growth with Improved Margins**

- Opportunities across production, midstream, completions & drilling
- EMEA expansion opportunity
- Targeting 10%+ operating margin

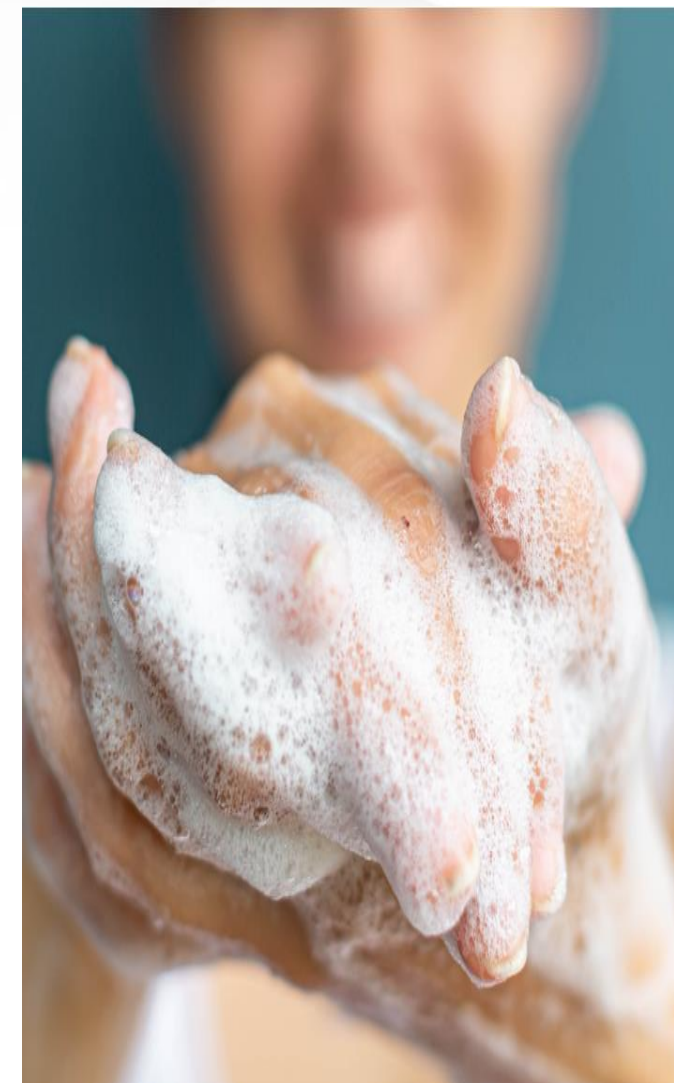


<sup>1</sup> Excluding corporate cost

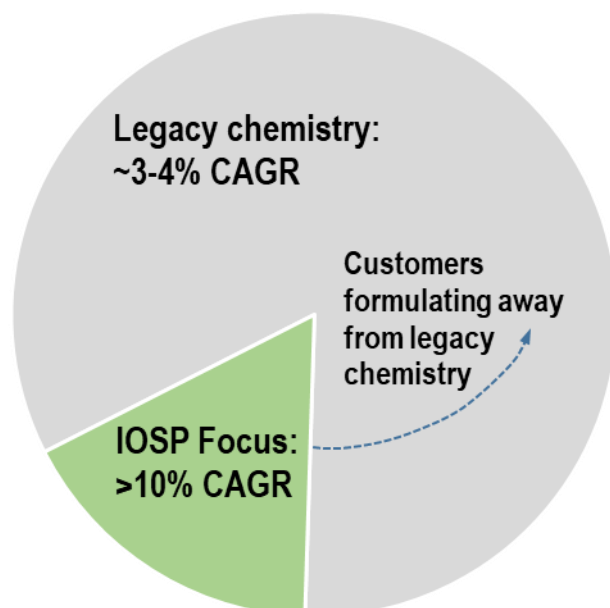
<sup>2</sup> Including clean beauty trends (e.g., sulfate-free, 1,4-dioxane free, animal testing free, packaging free)

# Leading Position in High-Growth Clean Beauty

- Personal Care driving Innospec total income growth over past 4 years
- ~\$70MM of investment in FY 22/23; supported by multi-year contracts
- Leadership position in growing personal care segment (“IOSP Focus”):



## Global Personal Care Surfactants Market<sup>1</sup>

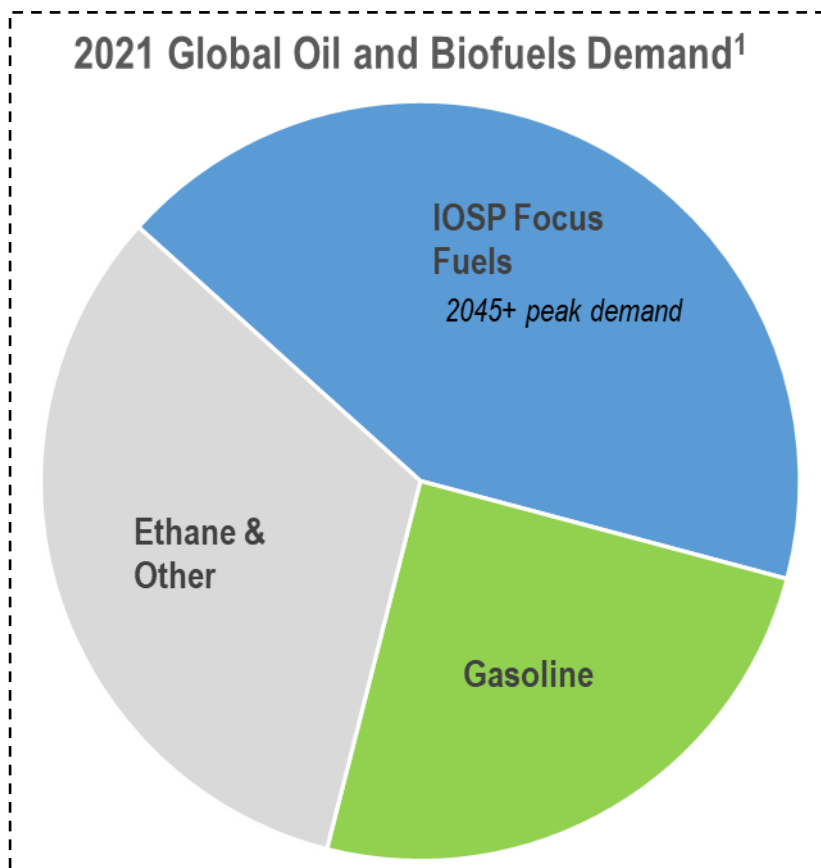


- IOSP leadership in high-performance, “free-from”, mild surfactants
- The chassis upon which leading clean beauty products are being developed
- IOSP Focus segment growing faster than overall legacy chemistry
- Majority of new \$70MM investment is within this high-growth segment

# Emissions Mandates Drive New Demand for Fuels Technology

- Technology leader for diesel, renewable, marine and jet fuels (the “IOSP Focus Fuels”)
  - Generally, less susceptible to EV headwind
- Gasoline is a large, new potential market for IOSP

- Sustainability targets are driving new customer conversations and expanding IOSP addressable markets:



End Market	Driver	Examples	Effect on Additive Demand
IOSP Focus Fuels	Fuel and emissions regulations	-IMO 2020 -China VI	Additives improve fuel economy and engine performance
	Renewable fuels	-Biodiesel / SAF -Renewable diesel	
	Decarbonization rules / targets	-IMO Carbon Intensity Indicator rule (marine) -CO2 emissions targets (trucking fleets)	Complementary to other emissions reduction actions
Gasoline	Efficient engine technology	-Gasoline direct injection (GDI) engines	GDI requires advanced additive technology; opens gasoline market to IOSP

- Non-fuels applications are growing at double-digit rates



# Majority of Current Sales Address Key Sustainability Themes

## GHG/Carbon Reduction



- Additives boost fuel economy and lower emissions
- Additives enable renewable fuel use
- 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 chemistries 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



# Innovating with Our Customers – Examples

## X-Free Personal and Home 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

## Dry Personal and Home Care



- Deliver surfactants in a compact, dry form .... eliminate unnecessary transport of water
- Decrease or eliminate plastic packaging with dry or concentrated formats
- Our IP helps customers drive efficiency and sustainability in the supply chain

## 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

## Water-Based Oilfield Chemistry



- Convert oil-based to water-based formulations ... decrease fossil-based raw material use
- Applies to many of our highest-volume products with no compromise in performance
- Our IP helps customers decrease fossil-based raw materials in their supply chains

# ESG (Environmental, Social, Governance) Actions 2022

## Verification

In accordance with AA1000 assurance standard



ESG Report 2022  
[www.innospecsustainability.com](http://www.innospecsustainability.com)

## Accreditation

EcoVadis Gold 2019-2022

- Top 7% of suppliers evaluated in our sector



CDP Voluntary Disclosure

- Climate: B
- Water Security: B



## Community Engagement

- \$700k community contribution
- 160 organizations supported
- 22 Innospec sites participating



## GHG Emissions & Energy

- 46% reduction in Scope 1 & 2 Greenhouse Gas emissions\*
- Sourced from renewables
  - 76% of manufacturing electricity
  - 20% of our total energy mix

\*(since 2006 baseline)

## Sustainable Raw Materials

- Member of RSPO and ASD
- Palm transparency: refinery (98%) and mill (97%) well above industry averages
- Ranked as 'best in class' in 2023 sustainable palm index (SPI) assessment
- Palm grievance tracker publicly available on Innospec website



ASD  
ACTION FOR SUSTAINABLE DERIVATIVES

# Performance Chemicals – Profile

**ENABLING MILD, NATURAL AND SUSTAINABLE PRODUCT FORMULATION WITHOUT COMPROMISE  
IN PERFORMANCE**

<b>Mid Single-Digit</b> Volume Growth Outlook	<b>Expanding</b> GM & Operating Leverage	<b>24%</b> FY'17-22 Organic OI CAGR	<b>Significant</b> Organic Growth Capex Pipeline
--	---	--	---

<b>Key Product Benefits</b>	Superior cleaning power Stable and luxurious foam Mild / low irritancy	Dry and concentrated formats Sulfate and 1,4-dioxane free Naturally derived
-----------------------------	--	---

<b>Customers</b>	<ul style="list-style-type: none"><li>• Independent and MNC personal and home care brands</li><li>• Global mining, building products and crop protection companies</li></ul>
------------------	--

<b>Market Drivers</b>	Personal and Home Care <ul style="list-style-type: none"><li>• Product performance</li><li>• Natural, x-free, sustainable</li></ul>	Mining, Ag, Construction <ul style="list-style-type: none"><li>• Process efficiency</li><li>• Production yields</li></ul>
-----------------------	---	---



# Fuel Specialties – Profile

## ENABLING LOWER CARBON FOOTPRINT FOR THE GLOBAL HEAVY-DUTY TRANSPORTATION, MARINE, AVIATION AND MACHINERY FLEET

<p><b>Low Single-Digit</b> Sales Growth Outlook</p>	<p><b>32-35%</b> Target Gross Margins</p>	<p><b>19 - 21%</b> Target Operating Income</p>	<p><b>93%</b> Cash Conversion<sup>1</sup></p>
---	---	--	---

<p><b>Key Product Benefits</b></p>	<p>Cleaner, efficient engine Lower fuel consumption Lower carbon footprint</p>	<p>Meets regulatory requirements Enables renewable fuels use Increased fleet reliability</p>
------------------------------------	--	--

<p><b>Customers</b></p>	<p>Oil majors Fuel marketers/ retailers Transport fleet operators</p>	<p>Marine lines &amp; terminals Aviation Coating &amp; plastic producers</p>
-------------------------	---	--

<p><b>Market Drivers</b></p>	<p>Emissions regulations Sustainability targets Diesel, distillate and jet demand</p>	<p>Renewable fuels use Engine technology Safety requirements</p>
------------------------------	---	--





# Oilfield Services – Profile Update



## LOWERING COST AND INCREASING EFFICIENCY OF RECOVERY AND TRANSPORT

**Product Line and Geographic Growth Opportunities**

**Growth with Improved Margins**

**10% OI% Target**

### Key Product Benefits

Premium performance  
Increased production  
Recycled water compatible

Smaller onsite footprint  
Operator-specific chem packages  
On-site monitoring / optimization

### Customers

US and International

- E&P majors and independents
- Midstream operators

- Service Companies

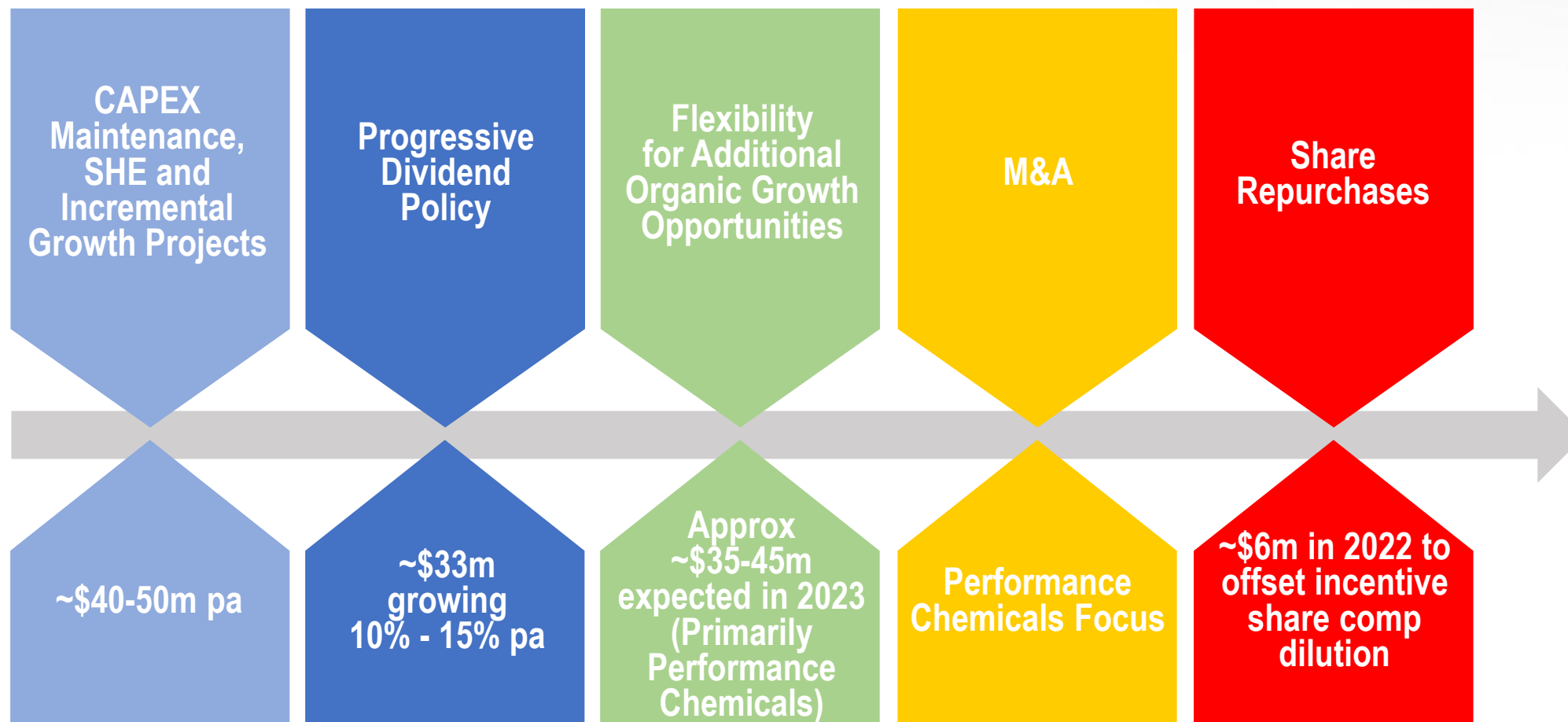
### Market Drivers

Oil & gas demand  
Well optimization

Pipeline utilization  
Production volume



# Innospec Capital Allocation



# M&A Focus

- Strong balance sheet
- Business units seek to add technology and geographic expansion
- Open to potential transformational merger or acquisition which adds value

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