

innospec

Investor Presentation
Quarter 1, 2015
6th May 2015

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*President & Chief Executive
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Forward-Looking Statements

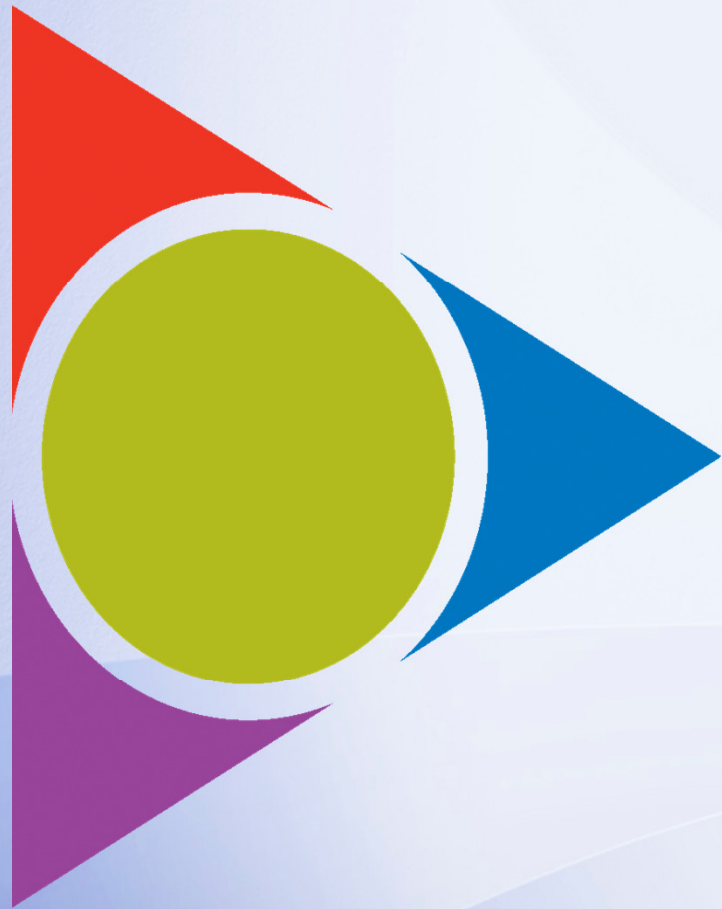
This presentation contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included or incorporated herein may constitute forward-looking statements. Such forward-looking statements 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 adjustment to fair value of contingent consideration. 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, foreign currency exchange gains 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

- ▶ Strong start to 2015 with revenue up 22%
- ▶ Positive underlying growth from core businesses plus strong contribution from recent acquisition
- ▶ Fuel Specialties performance continues to grow; solid sales and margin improvement in Americas
- ▶ Personal Care business delivered double-digit growth with a promising business and technology pipeline
- ▶ Maintained momentum from end of 2014; good overall performance in first quarter; well-positioned financially



Financial Presentation

Ian Cleminson

*Executive Vice President &
Chief Financial Officer*

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Q1 2015 Consolidated Results

- Total revenues up 22% to \$269.2 million
- Adjusted non-GAAP EPS of \$0.91 up 40%; now adjusting for amortization related to acquisitions which will better reflect underlying performance of the business
- EBITDA increases 35% to \$36.7 million; operating income up 49%

	Q1 2014 \$m	Q1 2015 \$m	Growth %
Net sales	220.7	269.2	22%
Gross profit	65.7	81.8	25%
Gross margin	29.8%	30.4%	0.6%pt
Operating income *	18.0	26.9	49%
EBITDA	27.1	36.7	35%
EPS (diluted)	0.69	0.72	4%
EPS (adjusted)	0.65	0.91	40%

*Operating Income is before Fair Value Adjustments

Q1 2015 Fuel Specialties

- ▶ Revenue increased 21% to \$199.4 million
- ▶ Strong sales growth in Americas; impressive contribution from recent acquisition
- ▶ Gross profit up 18% to \$61.5 million; gross margin of 30.8%

	Q1 2014 \$m	Q1 2015 \$m	Growth %
Net sales	164.2	199.4	21%
Gross profit	52.0	61.5	18%
Gross margin	31.7%	30.8%	(0.9%)pt
Operating income	25.8	23.5	(9)%
EBITDA	29.2	28.6	(2)%

Q1 2015 Performance Chemicals

- ▶ Net sales of \$57.6 million grew 3% from Q1 2014
- ▶ Gross margin of 25.2%; gross profit of \$14.5 million
- ▶ Strong underlying growth in Personal Care market

	Q1 2014 \$m	Q1 2015 \$m	Growth %
Net sales	56.1	57.6	3%
Gross profit	13.6	14.5	7%
Gross margin	24.2%	25.2%	1.0%pt
Operating income	6.5	6.4	(2)%
EBITDA	8.7	8.2	(6)%

Q1 2015 Octane Additives

- ▶ Net sales of \$12.2 million; operating income of \$5.1 million
- ▶ Gross margin increased to 47.5%
- ▶ EBITDA of \$5.2 million

	Q1 2014 \$m	Q1 2015 \$m	Growth %
Net sales	0.4	12.2	N/A
Gross profit	0.1	5.8	N/A
Gross margin	25.0%	47.5%	22.5%pt
Operating (loss)/income	(1.2)	5.1	N/A
EBITDA	(1.1)	5.2	N/A

Q1 2015 Corporate Items

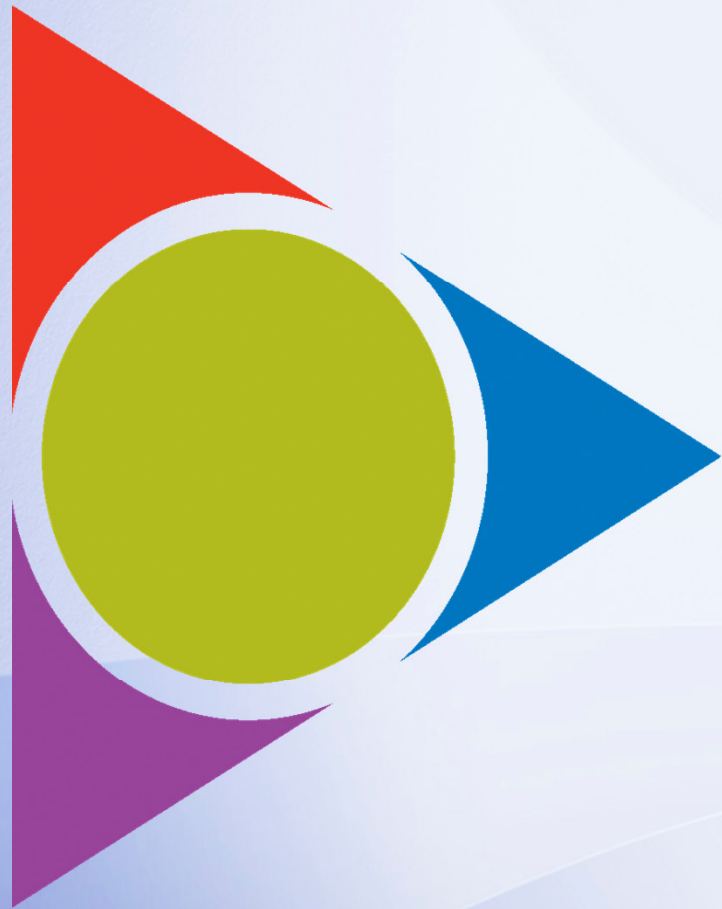
- ▶ Corporate costs of \$8.1 million for the quarter
- ▶ First quarter adjusted effective tax rate of 24.7%

	Q1 2014 \$m	Q1 2015 \$m
Corporate costs	(12.3)	(8.1)
Pension charge	(0.8)	-
Adjustment to fair value of contingent consideration	-	(3.5)
Adjusted effective tax rate	22.6%	24.7%

Q1 2015 Balance Sheet

- Increased semi-annual dividend to \$0.30 per share for first half 2015
- Retired 111,000 shares under share repurchase program at a cost of \$4.9 million
- \$51.7 million of cash and cash equivalents as of March 31; net debt of \$90.4 million

	Q4 2014 \$m	Q1 2015 \$m
Total cash and cash equivalents	46.3	51.7
Total debt	(141.6)	(142.1)
Net debt	(95.3)	(90.4)
Total working capital	192.7	199.0



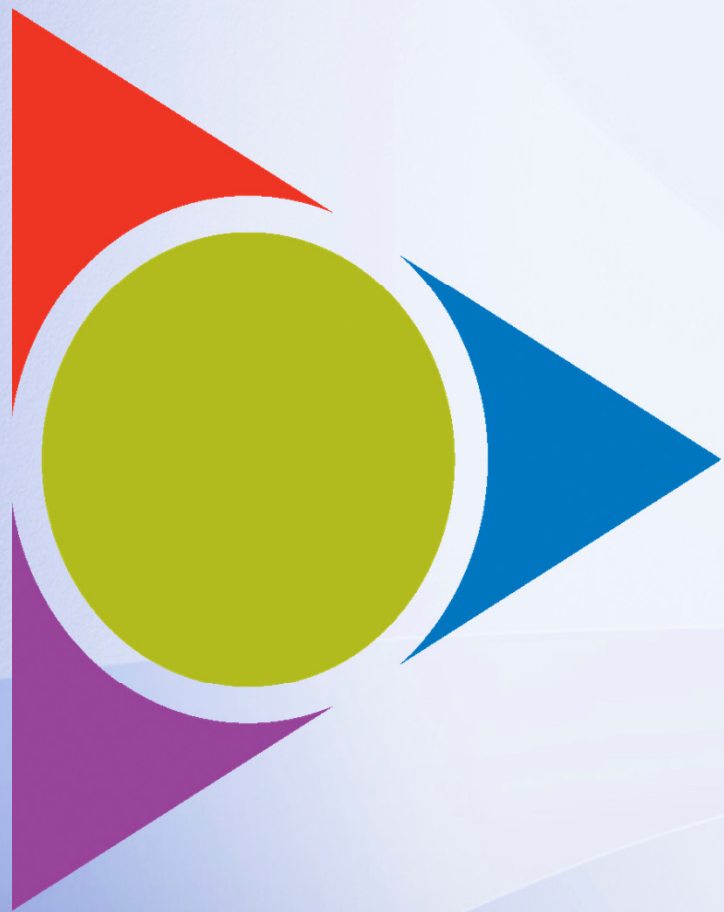
Concluding Comments

Patrick Williams
*President & Chief Executive
Officer*

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Additional Highlights

- Pleased with overall performance in first quarter
- Core businesses continue to deliver good cash inflows; recent acquisition delivered strong contribution
- Fuel Specialties continued its performance in Americas; Oilfield Specialties held steady
- Personal Care business rebounded, as expected
- Increased semi-annual dividend to \$0.30 for first half of 2015; retired 111,000 shares under repurchase program
- Very healthy balance sheet; reduced net debt position
- Confidently positioned for the future



Your opportunity to
ask questions

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Final Comments



Appendix

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Innospec Income Statement - Quarter 1

	Q1 2014 \$m	Q1 2015 \$m	Variance Pr. Yr. \$m
Net sales	220.7	269.2	48.5
Sales growth	10.7%	22.0%	N/A
Gross profit	65.7	81.8	16.1
Gross margin	29.8%	30.4%	0.6%pt
SAR expenses	(47.7)	(54.9)	(7.2)
Operating income	18.0	26.9	8.9
Operating margin	8.2%	10.0%	1.8%pt
Adjustment to fair value of contingent consideration	-	(3.5)	(3.5)
Interest expense, net	(0.9)	(1.0)	(0.1)
Other net income	1.9	1.5	(0.4)
Income before income taxes	19.0	23.9	4.9
Income taxes	(2.1)	(6.0)	(3.9)
Net income	16.9	17.9	1.0
EBITDA	27.1	36.7	9.6
EBITDA margin	12.3%	13.6%	1.3%pt

EBITDA margin represents EBITDA as a percentage of net sales

Fuel Specialties - Quarter 1

	Q1 2014 \$m	Q1 2015 \$m	Variance Pr. Yr. \$m
Net sales	164.2	199.4	35.2
Sales growth	17.3%	21.4%	N/A
Gross profit	52.0	61.5	9.5
Gross margin	31.7%	30.8%	(0.9%)pt
Selling	(17.4)	(25.9)	(8.5)
Administrative	(4.1)	(7.1)	(3.0)
Research	(4.7)	(5.0)	(0.3)
SAR expenses	(26.2)	(38.0)	(11.8)
SAR %	(16.0%)	(19.1%)	(3.1%)pt
Operating income	25.8	23.5	(2.3)
Operating income margin	15.7%	11.8%	(3.9%)pt
EBITDA	29.2	28.6	(0.6)
EBITDA margin	17.8%	14.3%	(3.5%)pt

Performance Chemicals - Quarter 1

	Q1 2014 \$m	Q1 2015 \$m	Variance Pr. Yr. \$m
Net sales	56.1	57.6	1.5
Sales growth	17.4%	2.7%	N/A
Gross profit	13.6	14.5	0.9
Gross margin	24.2%	25.2%	1.0%pt
Selling	(3.7)	(3.8)	(0.1)
Administrative	(2.4)	(3.1)	(0.7)
Research	(1.0)	(1.2)	(0.2)
SAR expenses	(7.1)	(8.1)	(1.0)
SAR %	(12.7%)	(14.1%)	(1.4%)pt
Operating income	6.5	6.4	(0.1)
Operating income margin	11.6%	11.1%	(0.5%)pt
EBITDA	8.7	8.2	(0.5)
EBITDA margin	15.5%	14.2%	(1.3%)pt

Octane Additives - Quarter 1

	Q1 2014 \$m	Q1 2015 \$m	Variance Pr. Yr. \$m
Net sales	0.4	12.2	11.8
Sales growth	(96.6%)	N/A	N/A
Gross profit	0.1	5.8	5.7
Gross margin	25.0%	47.5%	22.5%pt
Selling	(0.5)	(0.3)	0.2
Administrative	(0.8)	(0.4)	0.4
SAR expenses	(1.3)	(0.7)	0.6
SAR %	N/A	(5.7%)	N/A
Operating (loss)/income	(1.2)	5.1	6.3
Operating income margin	N/A	41.8%	N/A
EBITDA	(1.1)	5.2	6.3
EBITDA margin	N/A	42.6%	N/A

GAAP Reconciliation EBITDA - Quarter 1

	Q1 2014 \$m	Q1 2015 \$m
Net income	16.9	17.9
Interest expense, net	0.9	1.0
Income taxes	2.1	6.0
Depreciation and amortization	7.2	8.3
Adjustment to fair value of contingent consideration	-	3.5
EBITDA	27.1	36.7

GAAP Reconciliation: Net income excluding special items - Quarter 1

	Q1 2014			Q1 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	19.0	16.9	0.69	23.9	17.9	0.72
Amortization of acquired intangible assets	3.5	2.7	0.11	4.3	3.2	0.13
Adjustment to fair value of contingent consideration	-	-	-	3.5	2.6	0.10
Foreign currency exchange gains	(1.9)	(1.5)	(0.06)	(1.5)	(1.1)	(0.04)
Adjustment of income tax provisions	(2.2)	(2.2)	(0.09)	0.1	0.1	-
Adjusted non-GAAP amounts	18.4	15.9	0.65	30.3	22.7	0.91