

# Second Quarter 2021 Financial Results and Highlights

## Ingevity delivers strong second quarter results driven by higher volumes and supported by price increases across both segments.

## FINANCIAL HIGHLIGHTS

| | | vs Q2 2020 | vs Q2 2019 |
|---|---|---|---|
| Net sales | $358.4M | ▲ 32.4% | ▲ 1.6% |
| Adj. EBITDA[1] | $117.7M | ▲ 75.1% | ▲ 8.7% |
| Adj. EBITDA margin[1] | 32.8% | ▲ 800 bps | ▲ 210 bps |
| Adj. earnings[1] | $62.3M | ▲ 138.7% | ▲ 8.3% |
| Adj. earnings per share[1] | $1.55 | ▲ 146.0% | ▲ 13.9% |
| Free cash flow[1] | $41.9M | ▲ 23.6% | ▼ 16.0% |

## BUSINESS SEGMENT PERFORMANCE

| | Performance Materials | Performance Chemicals |
|---|---|---|
| Revenue | $126.0M | $232.4M |
| Segment EBITDA | $61.3M | $56.4M |
| Segment EBITDA margin | 48.7% | 24.3% |

## REVISED GUIDANCE

| | |
|---|---|
| Sales | $1.320B - $1.360B |
| Adjusted EBITDA[1] | $425M - $440M |

## VS Q2 2020 OPERATIONAL HIGHLIGHTS

- Adjusted EBITDA of $118 million rose 75%; adjusted EBITDA margin of 32.8% increased 800 bps
- **Performance Materials:** Strong sales of activated carbon products used in gasoline vapor emissions control compared to Q2 2020 that was affected by industry shutdowns in N. America and Europe; tempered by ongoing microchip shortage
- **Performance Chemicals:** Pavement Technologies sales up 6% driven by growth in cold recycling technology adoption; significant increases in Engineered Polymers sales due to higher demand in automotive, footwear and apparel, and industrial equipment; Industrial Specialties sales growth via strengthening lubricants, adhesives and dispersants markets and further price increases for TOR and TOFA products
- Q2 operating cash flow of $66 million drove free cash flow up 24% to $42 million
- Net debt to adjusted EBITDA ratio of 2.1x

## VS Q2 2019 OPERATIONAL HIGHLIGHTS

- Adjusted EBITDA up 9% and adjusted EBITDA margin up 210 bps driven by improved price/mix and foreign exchange
- Q2 sales above Q2 2019 results largely due to improved price/mix
- **Performance Materials:** Strong price improvement
- **Performance Chemicals:** Consistent growth in pavement through cyclical downturns; significant declines in oilfield and inks partially offset by lubricants and dispersants growth; Engineered Polymers up on volume and price/mix

"Our strong second quarter financial results were driven by higher volumes and were supported by price increases across both segments," said John Fortson, president and CEO. "In Performance Materials, automotive-based activated carbon sales were up sharply compared to the second quarter of 2020 that was impacted by the automotive shutdowns in North America and Europe, even though this quarter's results were tempered by the ongoing negative impact of the global microchip shortage. In Performance Chemicals, we saw significant growth across all businesses. Despite what we expect will be ongoing transportation and logistics headwinds, raw materials inflation and auto sector input disruptions, we're confident our team will deliver strong performance in the second half of the year."

JOHN FORTSON, PRESIDENT AND CEO

[1]Represents a non-GAAP financial measure, please refer to quarterly earning presentations for Ingevity's use of non-GAAP financial measures, definitions of these financial measures as well as the reconciliation to the nearest GAAP financial measure.