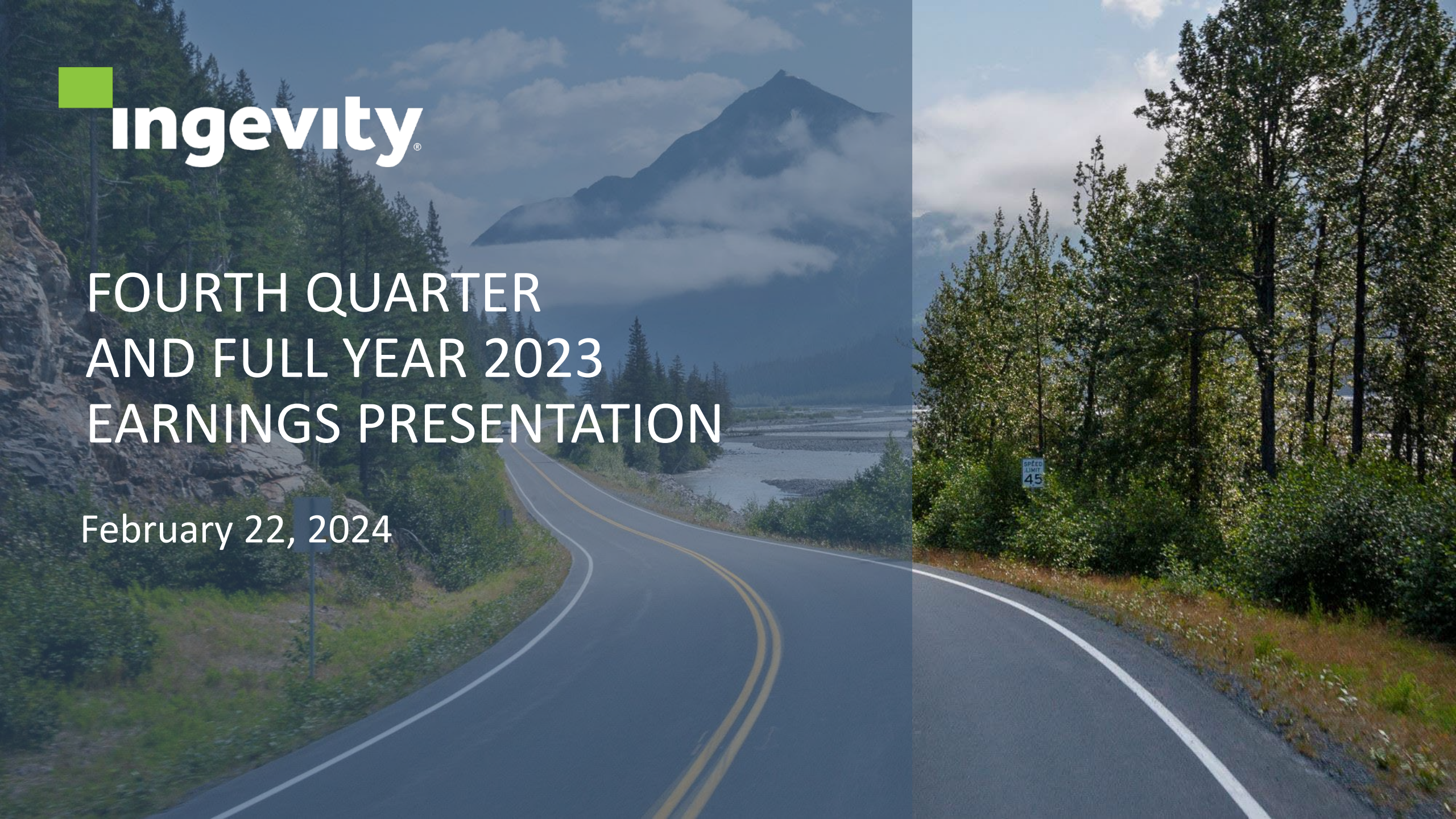


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FOURTH QUARTER AND FULL YEAR 2023 EARNINGS PRESENTATION

February 22, 2024

Use of non-GAAP financial measures: This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided within the Appendix to this presentation. Investors are urged to consider carefully the comparable GAAP measures and the reconciliations to those measures provided. The company does not attempt to provide reconciliations of forward-looking non-GAAP guidance to the comparable GAAP measure because the impact and timing of the factors underlying the guidance assumptions are inherently uncertain and difficult to predict and are unavailable without unreasonable efforts. In addition, Ingevity believes such reconciliations would imply a degree of certainty that could be confusing to investors.

Forward-looking statements: This presentation contains "forward-looking statements" within the meaning of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements generally include the words "will," "plans," "intends," "targets," "expects," "outlook," "guidance," "believes," "anticipates" or similar expressions. Forward-looking statements may include, without limitation, anticipated timing, charges and costs of the closure of our DeRidder, Louisiana plant; the potential benefits of any acquisition or investment transaction, expected financial positions, guidance, results of operations and cash flows; financing plans; business strategies and expectations; operating plans; capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost-reduction initiatives, plans and objectives; litigation related strategies and outcomes; and markets for securities. Actual results could differ materially from the views expressed. Factors that could cause actual results to materially differ from those contained in the forward-looking statements, or that could cause other forward-looking statements to prove incorrect, include, without limitation, charges, costs or actions, including adverse legal or regulatory actions, resulting from, or in connection with, the closure of our DeRidder, Louisiana plant; losses due to resale of CTO at less than we paid for it; adverse effects from general global economic, geopolitical and financial conditions beyond our control, including inflation and the Russia-Ukraine war and Israel-Gaza war; risks related to our international sales and operations; adverse conditions in the automotive market; competition from substitute products, new technologies and new or emerging competitors; worldwide air quality standards; a decrease in government infrastructure spending; adverse conditions in cyclical end markets; the limited supply of or lack of access to sufficient raw materials, or any material increase in the cost to acquire such raw materials; issues with or integration of future acquisitions and other investments; the provision of services by third parties at several facilities, including the impact of WestRock's shutdown of its North Charleston paper mill; supply chain disruptions; natural disasters and extreme weather events; or other unanticipated problems such as labor difficulties (including work stoppages), equipment failure or unscheduled maintenance and repair; attracting and retaining key personnel; dependence on certain large customers; legal actions associated with our intellectual property rights; protection of our intellectual property and other proprietary information; information technology security breaches and other disruptions; complications with designing or implementing our new enterprise resource planning system; government policies and regulations, including, but not limited to, those affecting the environment, climate change, tax policies, tariffs and the chemicals industry; and losses due to lawsuits arising out of environmental damage or personal injuries associated with chemical or other manufacturing processes, and the other factors detailed from time to time in the reports we file with the Securities and Exchange Commission (the "SEC"), including those described in Part I, Item 1A. Risk Factors in our most recent Annual Report on Form 10-K as well as in our other filings with the SEC. These forward-looking statements speak only to management's beliefs as of the date of this presentation. Ingevity assumes no obligation to provide any revisions to, or update, any projections and forward-looking statements contained in this presentation.

AGENDA

1 Full year summary
2 Consolidated financial results
3 Segment performance
4 Guidance
5 Q&A



FULL YEAR SUMMARY

Performance Materials posted record revenue and EBITDA as global auto production rebounded and consumers showed a preference for hybrids vs. fully electric vehicles

Advanced Polymer Technologies (APT) posted record EBITDA on significantly improved EBITDA margins, despite volume declines attributed primarily to the global industrial slowdown

Road Technologies business line, previously named Pavement Technologies, reported record sales for the year

Industrial Specialties business line was negatively impacted by the global industrial slowdown and unprecedented crude tall oil (CTO) costs; Significant actions were taken to reposition the business to reduce exposure to CTO and more cyclical end markets, including the announced closure of the DeRidder, LA site



FOURTH QUARTER (Q4) AND FULL YEAR (FY) CONSOLIDATED FINANCIAL PERFORMANCE

GAAP Net loss of $116.8 million in Q4 and $5.4 million for FY primarily due to $120.2 million and $138.1 million of Performance Chemicals repositioning charges, respectively

Q4 and FY financials

$ in millions except percentage and EPS	Q4 2023	Q4 2022	vs PY Δ%	FY 2023	FY 2022	vs PY Δ%
Net sales	**$371.7**	**$383.6**	**(3.1)%**	**$1,692.1**	**$1,668.3**	**1.4%**
Adjusted gross profit[1]	$96.2	$123.7	(22.2)%	$559.7	$636.4	(12.1)%
% margin[1]	25.9%	32.2%	*(630)*	33.1%	38.1%	*(500)*
Adjusted SG&A[1]	$36.8	$50.8	(27.6)%	$161.0	$186.8	(13.8%)
% net sales[1]	9.9%	13.2%	*330*	9.5%	11.2%	*170*
Adjusted other (income) expense, net[1]	$(2.4)	$(1.4)		$1.9	$(3.0)	
Adjusted EBITDA[1]	$61.8	$74.3	(16.8)%	$396.8	$452.6	**(12.3)%**
***% margin*[1]**	16.6%	19.4%	*(280)*	23.5%	27.1%	(360)
Diluted adjusted EPS[1]	$0.21	$0.57		$3.94	$6.01	

Performance highlights

Q4

- Sales declined versus the prior year driven by lower volumes in APT and Industrial Specialties which more than offset higher volume in Performance Materials and Road Technologies
- Adjusted EBITDA [1] of $61.8 million was down versus the prior year due primarily to higher CTO costs in Performance Chemicals and the impact of lower sales volumes in Industrial Specialties and APT

FY

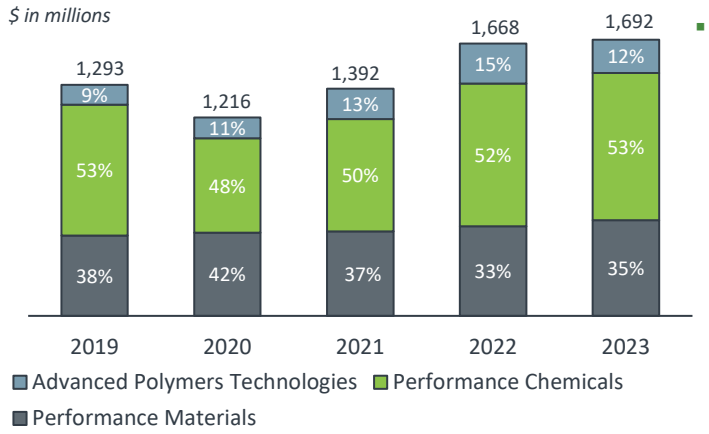
- Sales were up 1% due primarily to increased pricing across all segments and the addition of Ozark, offsetting volume declines in APT and Industrial Specialties
- Adjusted EBITDA [1] of $396.8 million declined 12% due primarily to the significant decline in volumes attributed to the global industrial slowdown and higher CTO costs, only partially offset by increased pricing
- Diluted adjusted EPS [1] down 34% to $3.94

(1) This is a non-GAAP financial measure; please see the appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures, and reconciliations to the nearest GAAP financial measures.

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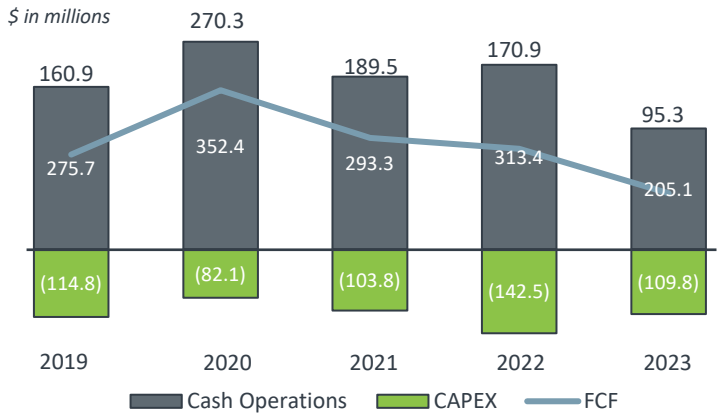
FY 2023 FINANCIAL METRICS AND SUMMARY

Net Sales



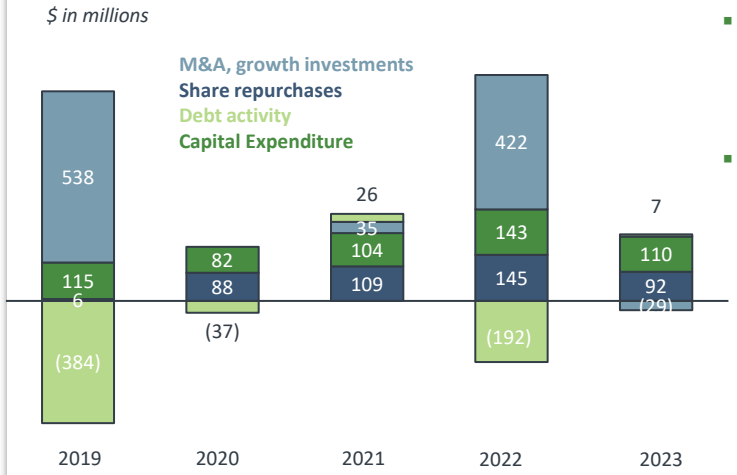
- Note that due to the repositioning of Performance Chemicals, the segment will be a smaller percentage of sales going forward

Free Cash Flow (FCF) (1)



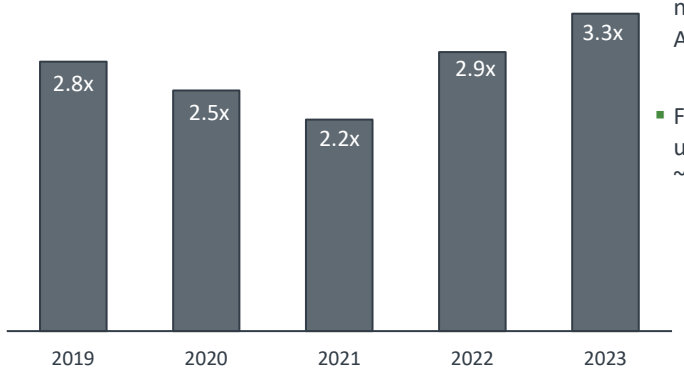
- Generated FCF of $95.3 million despite more than $150 million of CTO inflation during a global industrial slowdown
- CAPEX spend reduced in response to economic headwinds

Capital Allocation



- In the first half of the year, repurchased $92 million of shares
- Disciplined capital spend throughout the year to manage free cash flow and leverage

Net Debt Ratio (1)



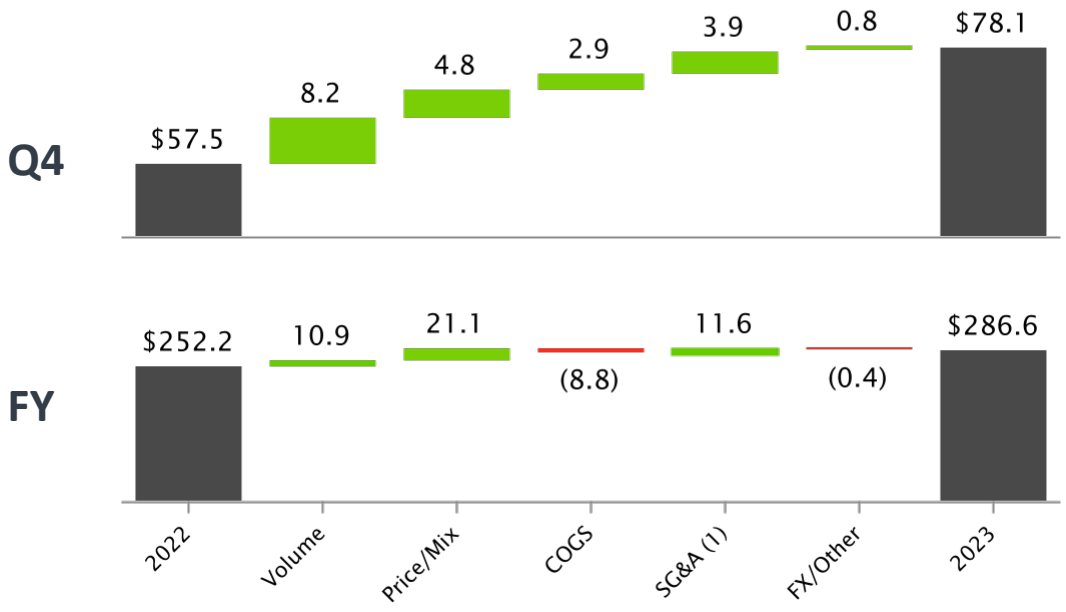
- Net debt ratio higher as lower net debt was offset by lower Adjusted EBITDA(1)
- Focus will be on de-levering until target net debt ratio of ~2.5X is reached

(1) This is a non-GAAP financial measure; please see the appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures, and reconciliations to the nearest GAAP financial measures.

PERFORMANCE MATERIALS

$ IN MILLIONS	Q4 2023	% VS. PRIOR YEAR PERIOD	FULL YEAR 2023	% VS. PRIOR YEAR
Net Sales	152.8	15.1%	586.0	6.8%
Segment EBITDA	78.1	35.8%	286.6	13.6%
Segment EBITDA Margin	51.1%	780 bps	48.9%	290 bps

Segment EBITDA



Performance summary

Q4 Sales of $152.8 million up 15% vs. prior year and record FY sales of $586.0 million up 7%

- Q4 sales up as China volumes improved and pricing increased in automotive end markets
- Record full year sales as global automotive production approached pre-2020 levels and pricing gains were realized in automotive end markets

Q4 Segment EBITDA of $78.1 million up 36% vs. prior year; segment EBITDA margin of 51.1% due primarily to increased volumes in automotive

Record FY segment EBITDA of $286.6 million up 14%; segment EBITDA margin of 48.9% due to favorable product mix shift to more profitable automotive end markets, increased pricing and lower SG&A which more than offset higher input costs

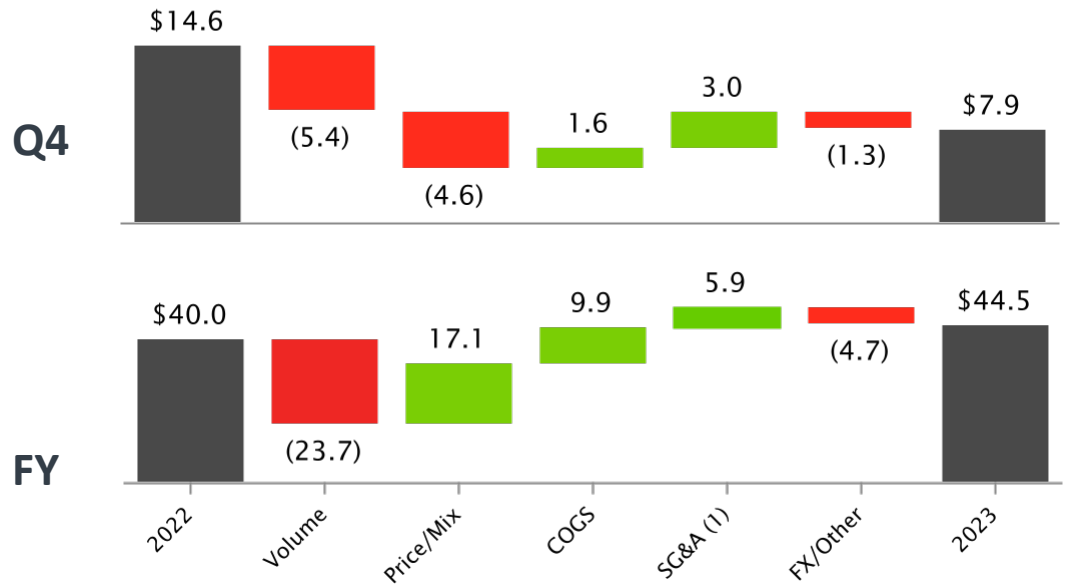


(1) SG&A includes research and technical expenses

ADVANCED POLYMER TECHNOLOGIES

$ IN MILLIONS	Q4 2023	% VS. PRIOR YEAR PERIOD	FULL YEAR 2023	% VS. PRIOR YEAR
Net Sales	42.4	(28.9)%	204.0	(16.6)%
Segment EBITDA	7.9	(45.9)%	44.5	11.3%
Segment EBITDA Margin	18.6%	(590) bps	21.8%	550 bps

Segment EBITDA



Performance summary

Q4 Sales of $42.4 million down 29% and FY sales of $204 million down 17%

- Q4 and FY sales were negatively impacted by global market weakness across end markets, particularly in Asia and Europe, as well as competition from lower priced substitutes

Q4 segment EBITDA of $7.9 million down 46%; segment EBITDA margin of 18.6% as improved input costs and cost savings actions were not enough to offset the impact of lower volume

FY segment EBITDA of $44.5 million up 11%; segment EBITDA margin improved to 21.8% as a result of lower input costs, disciplined price management and cost savings initiatives

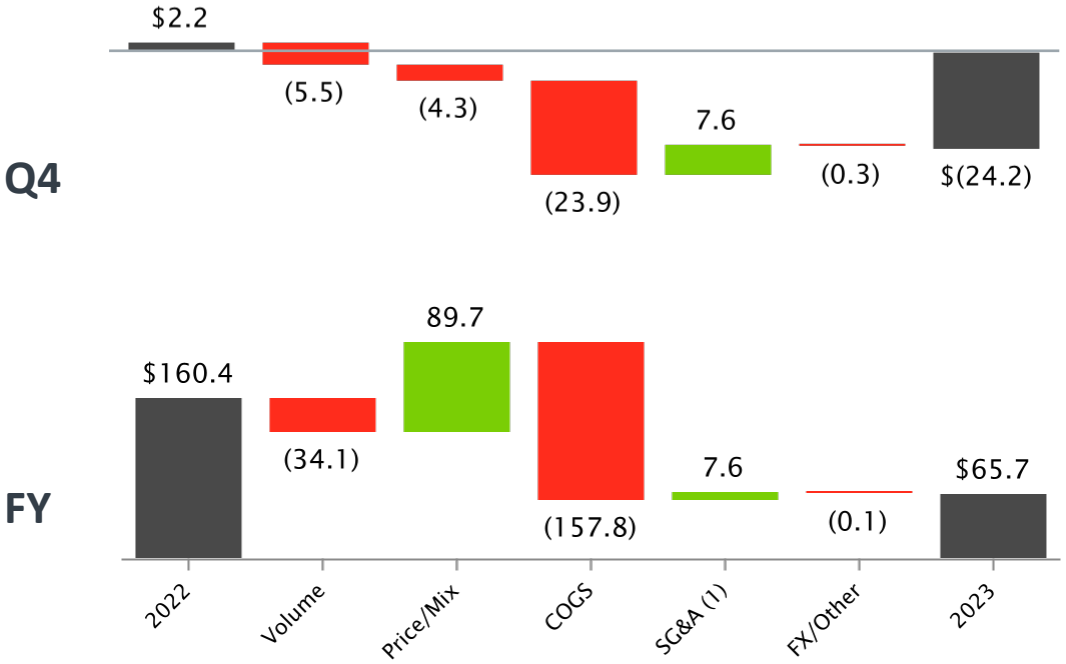


(1) SG&A includes research and technical expenses

PERFORMANCE CHEMICALS

$ IN MILLIONS	Q4 2023	% VS. PRIOR YEAR PERIOD	FULL YEAR 2023	% VS. PRIOR YEAR
Net Sales	**176.5**	**(7.7)%**	**902.1**	3.1%
Industrial Specialties	123.1	(14.5)%	532.3	(16.0)%
Road Technologies	53.4	12.9%	369.8	53.3%
Segment EBITDA	**(24.2)**		**65.7**	**(59.0)%**
Segment EBITDA Margin	**(13.7)%**		**7.3%**	

Segment EBITDA



Performance summary

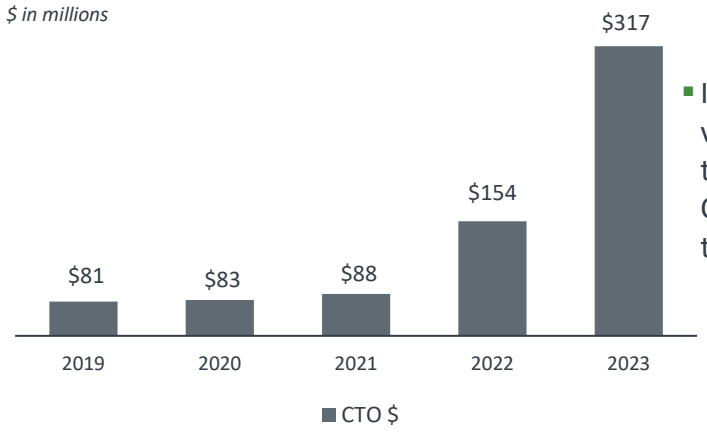
Q4 Sales of $176.5 million down 8% and FY sales of $902.1 million up 3%

- **ROAD TECHNOLOGIES:** Q4 sales up 13% as volumes reflected increased technology adoption; Record sales for the year were up over 53% as the legacy business expanded and benefited from the acquisition of the Ozark road markings business in late 2022
- **INDUSTRIAL SPECIALTIES*:*** Q4 sales were down 15%, negatively impacted by reduced volumes in industrial end markets and pricing actions taken to manage rosin inventory levels; *S*ales for the full year were down 16% as price increases were unable to offset volume losses, primarily in rosin-based markets

Q4 segment EBITDA of negative $24.2 million impacted by sharply higher CTO costs and sluggish demand primarily for rosin-based products

FY segment EBITDA of $65.7 million down 59%; segment EBITDA margin of 7.3% as elevated CTO prices and lower volumes offset higher prices

Crude Tall Oil Spend



- In 2023, ~10% less CTO volume was purchased than in 2022 but total CTO spending more than doubled

(1) SG&A includes research and technical expenses

2024 GUIDANCE AND OUTLOOK

FY Guidance

Financial metric	FY Guidance
Revenue	$1.40 - $1.55 billion
Adj. EBITDA (2)	$365 - $390 million
Capital expenditures	$90– $110 million
Free cash flow (2)	≥$75 million
Net debt ratio (2)	~3.0x

Guidance Assumptions(1):

- **Revenue:**
  - ~$300 million less in 2024 due to Performance Chemicals repositioning including closure of DeRidder, LA site
- **Adj. EBITDA (2):**
  - CTO price levels consistent with 2nd half of 2023
- **Free cash flow (2):**
  - Includes cash spending associated with Performance Chemicals repositioning and estimated $30-80 million of CTO resale losses

2024 Macro Uncertainties

- Timing and pace of global economic recovery
- Geopolitical risks
- U.S. Presidential election year dynamics

Upside to Guidance:

- Strengthened global end market demand
- Increased pace of hybrid adoption
- Improved input costs
- Increased government infrastructure spending

Downside to Guidance:

- Slower than expected ramp up of end market sales of diverse oleo-based products
- Reduced automotive production
- Increased competition in APT

(1) Revenue guidance excludes the anticipated resale of excess CTO in 2024; Adj. EBITDA guidance excludes the estimated $30 million to $80 million loss on those CTO resales. CTO resale gain/losses will be reflected in Other (Income) Expense, net in GAAP financials.

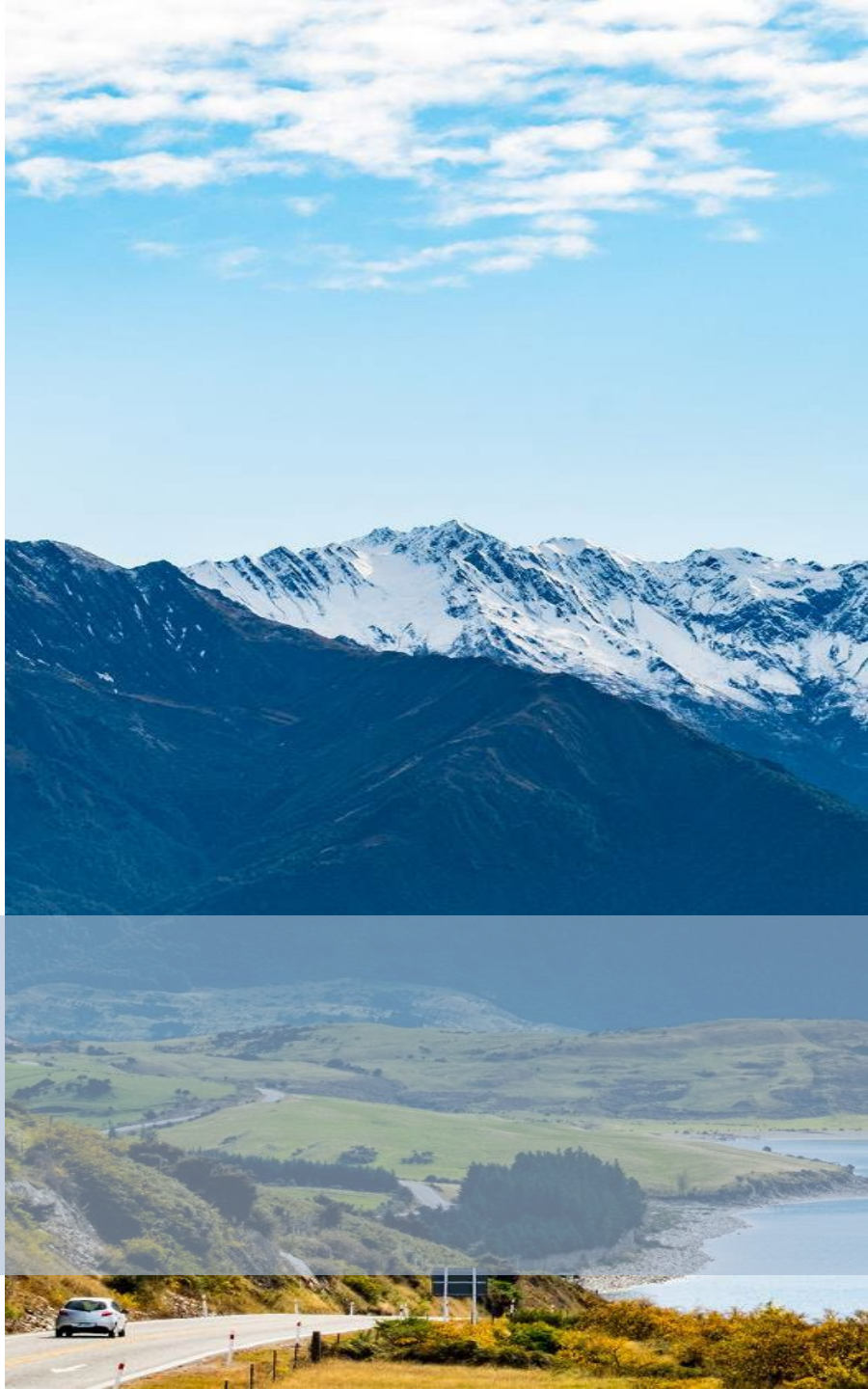
(2) This is a non-GAAP financial measure; please see the appendix for Ingevity's use of non-GAAP financial measures, definitions of those financial measures, and reconciliations to the nearest GAAP financial measures.

FOR MORE INFORMATION

Investors
John Nypaver, Jr. (843) 740 - 2002

Media
Caroline Monahan (843) 740 - 2068

Thank you for your interest in Ingevity.



APPENDIX

Non-GAAP Financial Measures

Ingevity has presented certain financial measures, defined below, which have not been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and has provided a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP on the following pages. These financial measures are not meant to be considered in isolation nor as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. Investors should consider the limitations associated with these non-GAAP measures, including the potential lack of comparability of these measures from one company to another.

We believe these non-GAAP financial measures provide management as well as investors, potential investors, securities analysts, and others with useful information to evaluate the performance of the business, because such measures, when viewed together with our financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance, liquidity measures, and projected future results.

Ingevity uses the following non-GAAP measures:

Adjusted earnings (loss) is defined as net income (loss) plus restructuring and other (income) charges, net, including inventory lower of cost or market charges associated with restructuring actions, acquisition and other-related (income) costs, pension and postretirement settlement and curtailment (income) charges, loss on CTO resales, gain on sale of strategic investments, debt refinancing fees, litigation verdict charges, and the income tax expense (benefit) on those items, less the provision (benefit) from certain discrete tax items.

Adjusted EBITDA is defined as net income (loss) plus interest expense, net, provision (benefit) for income taxes, depreciation, amortization, restructuring and other (income) charges, net, including inventory lower of cost or market charges associated with restructuring actions, acquisition and other-related (income) costs, litigation verdict charges, gain on sale of strategic investment, loss on CTO resales, and pension and postretirement settlement and curtailment (income) charges, net.

Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by Net sales.

Adjusted Gross Margin is defined as Adjusted Gross Profit divided by Net sales

Adjusted Gross Profit is defined as gross profit plus depreciation and amortization, inventory lower of cost or market charges associated with restructuring actions, inventory fair value step-up amortization resulting from purchase accounting on acquisitions, and pension and postretirement settlement and curtailment (income) charges.

Adjusted other (income) expense, net is defined as other (income) expense, net plus litigation verdict charges, depreciation, and amortization, less gains on strategic investment sales.

Adjusted other (income) expense, net as a percent of sales is defined as adjusted other (income) expense, net divided by Net sales.

Adjusted earnings (loss) before income taxes is defined as Adjusted EBITDA less depreciation and amortization and interest expense, net.

Adjusted SG&A is defined as selling, general, and administrative costs plus research and technical expenses less depreciation and amortization.

Adjusted SG&A as a Percent of Sales is defined as adjusted SG&A divided by Net sales.

Provision (benefit) for Income Taxes on Adjusted earnings (loss) is defined as provision for income taxes plus the tax expense (benefit) on restructuring and other (income) charges, net, including inventory lower of cost or market charges associated with restructuring actions, acquisition and other-related (income) costs, debt refinancing fees, litigation verdict charges, (losses) and gains from the sale of strategic investments, pension and postretirement settlement and curtailment (income) charges, less the provision (benefit) from certain discrete tax items.

Adjusted Tax Rate is calculated by dividing the Provision (benefit) for income taxes on Adjusted earnings (loss) divided by Adjusted earnings (loss) before income taxes.

Diluted adjusted earnings (loss) per share is defined as Diluted earnings (loss) per common share plus restructuring and other (income) charges, net, including inventory lower of cost or market charges associated with restructuring actions, per share, acquisition and other-related (income) costs per share, pension and postretirement settlement and curtailment (income) charges per share, loss on CTO resales per share, gain on sale of strategic investment per share, debt refinancing fees per share, litigation verdict charge per share, and the income tax expense (benefit) per share on those items, less the provision (benefit) from certain discrete tax items per share.

Free Cash Flow is defined as the sum of net cash provided by (used in) the following items: operating activities less capital expenditures.

Net Debt is defined as the sum of notes payable, short-term debt, current maturities of long-term debt, long-term debt including finance lease obligations, and debt issuance costs, less the sum of cash and cash equivalents, restricted cash associated with our new market tax credit financing arrangement, and restricted investment associated with certain finance lease obligations, excluding the allowance for credit losses on held-to-maturity debt securities held within the restricted investment

Net Debt Ratio is defined as Net Debt divided by the last twelve months Adjusted EBITDA, inclusive of acquisition-related pro forma adjustments.

Ingevity's management also uses the above financial measures as the primary measures of profitability and liquidity of the business. In addition, Ingevity believes Adjusted EBITDA and Adjusted EBITDA Margin are useful measures because they exclude the effects of financing and investment activities as well as non-operating activities.

A reconciliation of net income to adjusted EBITDA as projected for 2024 is not provided. Ingevity does not forecast net income as it cannot, without unreasonable effort, estimate or predict with certainty various components of net income. These components, net of tax, include further restructuring and other income (charges), net; additional acquisition and other-related (income) costs; litigation verdict charges; additional pension and postretirement settlement and curtailment (income) charges; and revisions due to legislative tax rate changes. Additionally, discrete tax items could drive variability in our projected effective tax rate. All of these components could significantly impact such financial measures. Further, in the future, other items with similar characteristics to those currently included in adjusted EBITDA, that have a similar impact on the comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA.

Reconciliation of Net Income (Loss) (GAAP) and Diluted Earnings (Loss) Per Share (GAAP) to Adjusted Earnings (Loss) (Non-GAAP) and Diluted Adjusted Earnings (Loss) per share (Non-GAAP)

In millions, except per data (unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net income (loss) (GAAP)	$ (116.8)	$ 15.6	$ (5.4)	$ 211.6
Restructuring and other (income) charges [1]	140.5	3.2	189.9	13.8
Acquisition and other-related (income) charges [2]	(0.1)	4.0	4.5	5.9
Pension and post retirement settlement and curtailment charges (income) [3]	—	0.2	—	0.2
Loss on CTO Resales [4]	22.0	—	22.0	—
Gain on sale of strategic investment [5]	—	—	(19.3)	—
Debt refinancing fees [6]	—	—	—	5.1
Tax effect on items above [7]	(38.3)	(1.8)	(46.4)	(5.9)
Certain discrete tax provision (benefit) [8]	0.5	0.3	(0.6)	0.7
Adjusted earnings (loss) (Non-GAAP)	$ 7.8	$ 21.5	$ 144.7	$ 231.4
Diluted earnings (loss) per common share (GAAP)	$ (3.23)	$ 0.41	$ (0.15)	$ 5.50
Restructuring and other (income) charges	3.86	0.08	5.17	0.36
Acquisition and other related costs	—	0.10	0.12	0.14
Pension and postretirement settlement and curtailment charges (income)	—	0.01	—	0.01
Loss on CTO Resales	0.61	—	0.60	—
Gain on sale of strategic investment	—	—	(0.52)	—
Debt refinancing fees	—	—	—	0.13
Tax effect on items above	(1.04)	(0.04)	(1.26)	(0.15)
Certain discrete tax provision (benefit)	0.01	0.01	(0.02)	0.02
Diluted adjusted earnings (loss) per share (Non-GAAP)	$ 0.21	$ 0.57	$ 3.94	$ 6.01
Weighted average common shares outstanding - Diluted [9]	36.4	37.7	36.7	38.5

(1) We regularly perform strategic reviews and assess the return on our operations, which sometimes results in a plan to restructure the business. These costs are excluded from our reportable segment results; details of which are included in the table on the slide titled **Restructuring and other (income) charges**.

(2) Charges represent (gains) losses incurred to complete and integrate acquisitions and other strategic investments. Charges may include the expensing of the inventory fair value step-up resulting from the application of purchase accounting for acquisitions and certain legal and professional fees associated with the completion of acquisitions and strategic investments; details of which are included in the table on the slide titled **Acquisition and other-related (income) charges**.

(3) Our pension and postretirement settlement and curtailment charges (income) are related to the acceleration of prior service costs, as a result of a reduction in the number of participants within the Union Hourly defined benefit pension plan. These are excluded from our segment results because we consider these costs to be outside our operational performance. We continue to include the service cost, amortization of prior service cost, interest costs, expected return on plan assets, and amortized actual gains and losses in our segment EBITDA.

For three and twelve months ended December 31, 2022, charges relate to the Performance Materials reportable segment.

Reconciliation of Net Income (Loss) (GAAP) and Diluted Earnings (Loss) Per Share (GAAP) to Adjusted Earnings (Loss) (Non-GAAP) and Diluted Adjusted Earnings (Loss) per share (Non-GAAP)

(4) Due to the DeRidder Plant closure, as noted in footnote 1 above, and the corresponding reduced CTO refining capacity, we may be obligated, under an existing CTO supply contract, to purchase CTO through 2025 at amounts in excess of required CTO volumes. We intend to manage our CTO volumes by reselling excess volumes (herein referred to as "CTO resales") in the open market, which, based on what we believe to be market rates today, may result in a loss of $30.0 million to $80.0 million in 2024.

Our Performance Chemicals reportable segment is in the business of producing, primarily from CTO-based feedstocks, derivative specialty chemicals for sale to third-party customers. As a result of the Performance Chemicals' repositioning, we are selling excess CTO volumes, which is outside of the ordinary course of business, that is, not a normal ongoing part of our operations and not core to our business. The excess CTO volumes, calculated as the volume directly attributable to reduced CTO refining capacity as defined under the contractual terms of the CTO supply contract, on hand at period end will be valued at the lower of cost or expected selling price, less costs to sell. Volumes on hand at period end and any pending CTO resale receivables will be recorded to Other current assets on the condensed consolidated balance sheet. Any liabilities associated with the purchases of the excess CTO volumes will be recorded to Accrued expenses on the condensed consolidated balance sheet. We will recognize the net gains or losses associated with the CTO resale activities within Other (income) expenses, net on the condensed consolidated statement of operations. Since these CTO resale activities are directly attributable to the Performance Chemicals' repositioning, that is, they do not represent normal, recurring expenses necessary to operate our business, we have excluded the CTO resale (income) charges for the purposes of calculating our non-GAAP financial performance measures.

For three and twelve months ended December 31, 2023, charges relates to the Performance Chemicals segment.

(5) We exclude gains and losses from sales of strategic investments from our segment results, as well as our non-GAAP financial measures, because we do not consider such gains or losses to be directly associated with the operational performance of the segment. We believe that the inclusion of such gains or losses, would impair the factors and trends affecting the historical financial performance of our reportable segments. We continue to include undistributed earnings or loss, distributions, amortization or accretion of basis differences, and other-than-temporary impairments for equity method investments that we believe are directly attributable to the operational performance of such investments, in our reportable segment results.

For twelve months ended December 31, 2023, gains relate to the Performance Materials reportable segment.

(6) Represents the acceleration of deferred financing fees, debt extinguishment premium paid and other fees incurred related to our senior note redemption, term loan repayment, revolving credit facility amendment, and termination of certain interest rate swaps during the period ended December 31, 2022. We exclude these costs from our segment results, as well as our non-GAAP financial measures, because we do not consider such costs to be directly associated with the operational performance of our segments or the Company as a whole.

(7) Income tax impact of non-GAAP adjustments is the summation of the calculated income tax charge related to each pre-tax non-GAAP adjustment. The non-GAAP adjustments relate primarily to adjustments in the United States. As such, the income tax effect is calculated using the statutory tax rates of 21% for the United States and approximately 2.5% for state and local taxes, applied to the non-GAAP adjustments.

(8) Represents certain discrete tax items such as excess tax benefits on stock compensation and impacts of legislative tax rate changes.

(9) The weighted average number of shares outstanding used in diluted adjusted earnings per share computation (Non-GAAP) includes 0.2 million diluted shares. This number of shares differs from the weighted average number of shares outstanding used in diluted loss per share computations (GAAP) as we had a net loss for the three and twelve months ended December 31, 2023, respectively.

Restructuring and other (income) charges

In millions	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Work force reductions and other	$ 0.9	$ —	$ 12.5	$ —
Performance Chemicals' repositioning	113.1	—	113.1	—
Restructuring charges [1]	$ 114.0	$ —	$ 125.6	$ —
Alternative feedstock transition	3.7	—	22.1	—
North Charleston plant transition	2.1	—	14.8	—
Business transformation costs	1.0	3.2	7.7	13.8
Other (income) charges, net [1]	$ 6.8	$ 3.2	$ 44.6	$ 13.8
Performance Chemicals' repositioning inventory charges [2]	19.7	—	19.7	—
Restructuring and other (income) charges, net [3][4]	$ 140.5	$ 3.2	$ 189.9	$ 13.8

(1) Amounts are recorded within Restructuring and other (income) charges, net on the condensed consolidated statement of operations.

(2) Amounts are recorded within Cost of sales on the condensed consolidated statement of operations.

(3) For information on our Workforce reductions and other, Alternative feedstock transition, North Charleston plant transition, and the Business transformation costs please refer to Note 11, Restructuring and Other (Income) Charges, net, in the Notes to the Condensed Consolidated Financial Statements included in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023. For information regarding the Performance Chemicals' repositioning, see below.

Performance Chemicals' repositioning:

On November 1, 2023, as disclosed in Note 17, Subsequent Events, in the Notes to the Condensed Consolidated Financial Statements included in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, we announced a number of strategic actions designed to further reposition our Performance Chemicals reportable segment to improve the profitability and reduce the cyclicality of the Company as a whole. These actions increase our focus on growing our most profitable Performance Chemicals' product lines such as road technologies and accelerate our transition to non-crude tall oil ("CTO") based fatty acids. This initiative will result in the reduction, and in some cases exit, of certain historical end-use markets of our industrial specialties product line such as adhesives, publication inks, and oilfield, representing approximately $300 million of net sales. The announced actions include the permanent closure of our Performance Chemicals' CTO-based manufacturing plant located in DeRidder, Louisiana (the "DeRidder Plant") as well as additional corporate and business cost reduction actions. We expect to close the DeRidder Plant by the end of the first half of 2024. These actions are referred to as Performance Chemicals' repositioning.

During the three and twelve months ended December 31, 2023 the restructuring charges associated with this initiative represent $103.0 million of asset disposal charges, $8.6 million of severance and other employee related costs, and $1.5 million of other charges primarily representing costs associated with contract terminations, plant and equipment decommissioning charges and other miscellaneous exit costs.

The Performance Chemicals' repositioning, when combined with earlier targeted workforce reduction initiatives, during 2023 resulted in the reduction of Ingevity's global workforce by almost 20 percent, one-fourth of these reductions being employees directly associated with commercial sales activities of the soon-to-be exited and/or reduced end-use markets of our industrial specialties product line. Specific to Performance Chemicals, the reduction represented approximately 30 percent of the reportable segment's workforce. The collective actions of workforce, operational, and regional business exits, we believe, will hinder our ability to dispose of the associated inventory on hand, as of December 31, 2023, in a manner consistent with past results. As a result, we have recorded non-cash, lower of cost or market, inventory charges to adjust the carrying value of the impacted inventory to what we will realize upon disposal, less disposal costs. Since these inventory charges are directly attributable to the Performance Chemicals' repositioning, that is, they do not represent normal, recurring expenses necessary to operate our business, we have combined these charges with the restructuring charges, noted above, for the purposes of calculating our non-GAAP financial performance measures. The future cash flow impact of such actions will, however, not be excluded from our non-GAAP financial liquidity measures. To the extent that we can dispose of the inventory at a higher value than we currently estimate, we will record any such benefit through Costs of sales and exclude it from our non-GAAP financial measures.

(4) The table below provides an allocation of these charges between our three reportable segments to provide investors, potential investors, securities analysts and others with the information, should they choose, to apply such (income) charges to each respective reportable segment for which the charges relate.

In millions	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Performance Materials	$ 1.6	$ 1.1	$ 9.0	$ 4.8
Performance Chemicals	124.5	1.6	164.2	7.0
Advanced Polymer Technologies	14.4	0.5	16.7	2.0
Restructuring and other (income) charges, net	$ 140.5	$ 3.2	$ 189.9	$ 13.8

Acquisition and other-related (income) charges

In millions	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Legal and professional service fees	$ (0.2)	$ 3.1	$ 3.6	$ 5.0
Acquisition-related (income) costs	$ (0.2)	$ 3.1	$ 3.6	$ 5.0
Inventory fair value step-up amortization [1]	0.1	0.9	0.9	0.9
Acquisition and other-related (income) charges [2]	$ (0.1)	$ 4.0	$ 4.5	$ 5.9

(1) Included in Cost of sales on the condensed consolidated statement of operations.

(2) The table below provides an allocation of these charges between our three reportable segments to provide investors, potential investors, securities analysts and others with the information, should they choose, to apply such (income) charges to each respective reportable segment for which the charges relate.

In millions	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Performance Materials	$ —	$ 0.3	$ —	$ 0.3
Performance Chemicals	(0.1)	3.7	4.5	5.6
Advanced Polymer Technologies	—	—	—	—
Acquisition and other-related (income) costs	$ (0.1)	$ 4.0	$ 4.5	$ 5.9

Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Net income (loss) (GAAP)	$ (116.8)	$ 15.6	$ (5.4)	$ 211.6
Interest expense, net	22.7	17.0	87.0	54.3
Provision (benefit) for income taxes	(37.2)	4.1	(4.7)	58.0
Depreciation and amortization	30.7	30.2	122.8	108.8
Restructuring and other (income) charges, net [(1)]	140.5	3.2	189.9	13.8
Acquisition and other related costs [(1)]	(0.1)	4.0	4.5	5.9
Loss on CTO Resales [(1)]	22.0	—	22.0	—
Gain on sale of strategic investment [(1)]	—	—	(19.3)	—
Pension and postretirement settlement and curtailment charges (income), net [(1)]	—	0.2	—	0.2
Adjusted EBITDA (Non-GAAP)	$ 61.8	$ 74.3	$ 396.8	$ 452.6
Net sales	$ 371.7	$ 383.6	$ 1,692.1	$ 1,668.3
Net income (loss) margin (GAAP)	(31.4)%	4.1 %	(0.3)%	12.7 %
Adjusted EBITDA margin (Non-GAAP)	16.6 %	19.4 %	23.5 %	27.1 %

(1) For more information on these charges, refer to the Reconciliation of Adjusted Earnings table on the slide titled Reconciliation of Net Income (Loss) (GAAP) and Diluted Earnings (Loss) Per Share (GAAP) to Adjusted Earnings (Loss) (Non-GAAP) and Diluted Adjusted Earnings (Loss) per share (Non-GAAP).

Reconciliations of Gross Profit (GAAP) to Adjusted Gross Profit (Non-GAAP), SGA (GAAP) to Adjusted SG&A (Non-GAAP) and Other (income) expense, net (GAAP) to Adjusted Other (income) expense, net (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Gross Profit (GAAP)	$ 59.5	$ 105.4	$ 471.9	$ 570.1
Plus:				
Depreciation and amortization	16.9	17.2	67.2	65.2
Pension and post retirement settlement and curtailment charges (income)	—	0.2	—	0.2
Inventory fair value step-up amortization	0.1	0.9	0.9	0.9
Performance Chemicals' repositioning inventory charges	19.7	—	19.7	—
Adjusted gross profit (Non-GAAP)	$ 96.2	$ 123.7	$ 559.7	$ 636.4
Net Sales	$ 371.7	$ 383.6	$ 1,692.1	$ 1,668.3
Gross margin (GAAP)	16.0 %	27.5 %	27.9 %	34.2 %
Adjusted Gross margin (Non-GAAP)	25.9 %	32.2 %	33.1 %	38.1 %

Reconciliations of Gross Profit (GAAP) to Adjusted Gross Profit (Non-GAAP), SGA (GAAP) to Adjusted SG&A (Non-GAAP) and Other (income) expense, net (GAAP) to Adjusted Other (income) expense, net (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
SG&A (GAAP)	$ 43.4	$ 55.9	$ 183.7	$ 198.8
Research and technical expenses (GAAP)	7.2	7.2	31.8	30.3
Total SG&A (GAAP)	50.6	63.1	215.5	229.1
Less:				
Depreciation and amortization	13.8	12.3	54.5	42.3
Adjusted SG&A (Non-GAAP)	$ 36.8	$ 50.8	$ 161.0	$ 186.8
Net Sales	$ 371.7	$ 383.6	$ 1,692.1	$ 1,668.3
SG&A as a percent of Net sales	11.7 %	14.6 %	10.9 %	11.9 %
Adjusted SG&A as a percent of Net sales (Non-GAAP)	9.9 %	13.2 %	9.5 %	11.2 %

Reconciliations of Gross Profit (GAAP) to Adjusted Gross Profit (Non-GAAP), SGA (GAAP) to Adjusted SG&A (Non-GAAP) and Other (income) expense, net (GAAP) to Adjusted Other (income) expense, net (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Other (income) expense, net (GAAP)	$ 19.6	$ (0.7)	$ 5.7	$ (1.7)
Less:				
Gain on sale of strategic investment	—	—	(19.3)	—
Loss on CTO resales	22.0	—	22.0	—
Depreciation and amortization	—	0.7	1.1	1.3
Other (income) expense, net (Non-GAAP)	$ (2.4)	$ (1.4)	$ 1.9	$ (3.0)
Net Sales	$ 371.7	$ 383.6	$ 1,692.1	$ 1,668.3
OIE as a percent of Net sales (GAAP)	5.3 %	(0.2)%	0.3 %	(0.1)%
Adjusted OIE as a percent of Net sales (Non-GAAP)	(0.6)%	(0.4)%	0.1 %	(0.2)%

Reconciliation of Provision for Income Taxes (GAAP) to Provision for Income Taxes on Adjusted Earnings (Non-GAAP)

In millions, except percentages (unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Adjusted EBITDA (Non-GAAP)	$ 61.8	$ 74.3	$ 396.8	$ 452.6
Less:				
Depreciation and amortization	30.7	30.2	122.8	108.8
Interest expense, net	22.7	17.0	87.0	54.3
Debt refinancing fees[1]	—	—	—	(5.1)
Adjusted earnings (loss) before taxes (Non-GAAP)	$ 8.4	$ 27.1	$ 187.0	$ 294.6
Provision (benefit) for income taxes (GAAP)	$ (37.2)	$ 4.1	$ (4.7)	$ 58.0
Less:				
Tax provision (benefit) on certain items	(38.3)	(1.8)	(46.4)	(5.9)
Discrete tax provision (benefit) [2]	0.5	0.3	(0.6)	0.7
Provision (benefit) for Income Taxes on Adjusted Earnings (Non-GAAP)	$ 0.6	$ 5.6	$ 42.3	$ 63.2
Tax Rate (GAAP)	24.2 %	20.8 %	46.5 %	21.5 %
Adjusted Tax Rate (Non-GAAP)	7.1 %	20.7 %	22.6 %	21.5 %

(1) Represents the acceleration of deferred financing fees, debt extinguishment premium paid and other fees incurred related to our senior note redemption, term loan repayment, revolving credit facility amendment, and termination of certain interest rate swaps during the period ended December 31, 2022. We exclude these costs from our segment results, as well as our non-GAAP financial measures, because we do not consider such costs to be directly associated with the operational performance of our segments or the Company as a whole.

(2) Represents certain discrete tax items such as excess tax benefits on stock compensation and impacts of legislative tax rate changes.

Performance Chemicals' Repositioning Charges

In millions	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Twelve Months Ended December 31, 2023	Twelve Months Ended December 31, 2022
Performance Chemicals restructuring and other (income) charges, net [1]	$ 124.5	$ 1.6	$ 164.2	$ 7.0
Performance Chemicals repositioning impact on Advanced Polymers Technologies [2]	13.3	—	13.3	—
Business transformation costs [3]	(0.6)	(1.6)	(4.2)	(7.0)
North Charleston plant transition [1]	(2.1)	—	(14.8)	—
Loss on CTO resales [1]	22.0	—	22.0	—
Performance Chemical's repositioning charges	$ 157.1	$ —	$ 180.5	$ —
(Provision) Benefit for income taxes	36.9	—	42.4	—
Performance Chemical's repositioning charges, net	$ 120.2	$ —	$ 138.1	$ —

(1) For more information on these charges, refer to the Reconciliation of Adjusted Earnings table on the slide titled Reconciliation of Net Income (Loss) (GAAP) and Diluted Earnings (Loss) Per Share (GAAP) to Adjusted Earnings (Loss) (Non-GAAP) and Diluted Adjusted Earnings (Loss) per share (Non-GAAP).

(2) Represents asset disposal charges associated with Advanced Polymer Technologies production assets located at the DeRidder Plant.

(3) Charges represent the allocated portion of total Business transformation costs related to the Performance Chemicals reportable segment.

Reconciliation of Cash Flow from Operations (GAAP) to Free Cash Flow (Non-GAAP)

In millions (unaudited)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2023	2022	2023	2022
Cash Flow from Operations **(GAAP)**	$ 44.6	$ 98.5	$ 205.1	$ 313.4
Less: Capital Expenditures **(GAAP)**	29.2	49.2	109.8	142.5
Free Cash Flow **(Non-GAAP)**	$ 15.4	$ 49.3	$ 95.3	$ 170.9

In millions (unaudited)	Twelve Months Ended December 31,		
	2019	2020	2021
Cash Flow from Operations **(GAAP)**	$ 275.7	$ 352.4	$ 293.3
Less: Capital Expenditures **(GAAP)**	114.8	82.1	103.8
Free Cash Flow **(Non-GAAP)**	$ 160.9	$ 270.3	$ 189.5

Calculation of Net Debt to Adjusted EBITDA Ratio (Non-GAAP)

In millions, except ratios (unaudited)	December 31, 2023	December 31, 2022
Notes payable and current maturities of long-term debt	$ 84.4	$ 0.9
Long-term debt including finance lease obligations	1,382.8	1,472.5
Debt issuance costs	5.3	6.5
Total Debt	$ 1,472.5	$ 1,479.9
Less:		
Cash and cash equivalents [1]	96.1	77.0
Restricted investment [2]	79.3	78.6
Net Debt	$ 1,297.1	$ 1,324.3
Net Debt Ratio (Non GAAP)		
Adjusted EBITDA (Non-GAAP) [3]		
Adjusted EBITDA - last twelve months (LTM) as of December 31	$ 396.8	$ 452.6
Net debt ratio **(Non-GAAP)**	3.3x	2.9x

(1) Includes $0.2 million and $0.3 million of Restricted Cash related to the New Market Tax Credit arrangement for the years ended December 31, 2023 and 2022, respectively.

(2) Excludes $0.2 million and $0.6 million of allowance for credit losses on held-to-maturity debt securities for the years ended December 31, 2023 and 2022, respectively.

(3) Refer to the Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP) schedule for the reconciliation to the most comparable GAAP financial measure.

Calculation of Historical Net Debt Ratio (Non-GAAP)

In millions, except ratios (unaudited)	December 31, 2019	2020	2021	2022
Net Debt **(Non-GAAP)** [1]	$ 1,121.0	$ 982.7	$ 928.2	$ 1,324.3
Adjusted EBITDA[2]	396.9	397.9	422.2	452.6
Caprolactone Pro Forma [3]	5.5	—	—	—
LTM Pro Forma Adjusted EBITDA **(Non-GAAP)**	$ 402.4	$ 397.9	$ 422.2	$ 452.6
Net Debt Ratio **(Non-GAAP)**	2.8x	2.5x	2.2x	2.9x

(1) Net debt is defined as the sum of notes payable, short-term debt, current maturities of long-term debt and long-term debt less the sum of cash and cash equivalents, restricted cash associated with our New Market Tax Credit financing arrangement, and restricted investment excluding the allowance for credit losses on held-to-maturity debt securities.

(2) Refer to the Reconciliation of Net Income (GAAP) to Adjusted EBITDA (Non-GAAP) schedule for the reconciliation to the most comparable GAAP financial measure.

(3) Pro forma amounts include historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. These amounts also include adjustments as if the acquisitions had occurred on January 1st of the year preceding the acquisition date. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the businesses on January 1st of the year preceding the acquisition date. Details associated with the pro forma results for the acquisition are included within the Management Discussion and Analysis section of the Company's Form 10-K for the respective period.