

07-May-2026

# Ingevity Corp. (NGVT)

Q1 2026 Earnings Call

## CORPORATE PARTICIPANTS

**Mickey Walsh**

*Treasurer & Vice President-Investor Relations, Ingevity Corp.*

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

**Phillip J. Platt**

*Chief Accounting Officer, Senior Vice President-Finance & Incoming Chief Financial Officer, Ingevity Corp.*

---

## OTHER PARTICIPANTS

**Daniel Rizzo**

*Analyst, Jefferies LLC*

**Jon Tanwanteng**

*Analyst, CJS Securities, Inc.*

**Abigail J. Eberts**

*Analyst, Wells Fargo Securities LLC*

---

## MANAGEMENT DISCUSSION SECTION

**Operator:** Hello, everyone. Thank you for joining us and welcome to the Ingevity First Quarter 2026 Earnings Call and Webcast. After today's prepared remarks, we will host a question-and-answer session. [Operator Instructions]

I will now hand the conference over to Mickey Walsh, Head of Investor Relations. Please go ahead.

---

**Mickey Walsh**

*Treasurer & Vice President-Investor Relations, Ingevity Corp.*

Thank you and good morning. Last evening, we posted a presentation on our investors site that you can use to follow today's discussion. It can be found on our website, [ir.ingevity.com](http://ir.ingevity.com), under Events & Presentations.

Also, throughout this call, we may refer to non-GAAP financial measures, which are intended to supplement, not substitute for, comparable GAAP measures. Definitions of these non-GAAP financial measures and reconciliations to comparable GAAP measures are included in our earnings release.

We may also make forward-looking statements regarding future events and future financial performance of the company during this call. And we caution you that these statements are just projections, and actual results or events may differ materially from those projections as further described in our earnings release.

Today, you will hear from Dave Li, our CEO and President; and Phil Platt, our CFO. Our prepared comments will focus on results from the first quarter of 2026 from continuing operations and recent business highlights. We will take any questions related to the quarter during the Q&A session right after the prepared remarks.

Dave, over to you.

## David H. Li

*President, Chief Executive Officer & Director, Ingevity Corp.*

Thank you, Mickey, and good morning, everyone. Please turn to slide 4. This quarter marked another strong period of execution and results for our company. Starting with our strategic portfolio transformation, we were pleased to complete the sale of the Ozark Materials Road Markings product line on April 15 to PPG in an all-cash transaction valued at approximately \$65 million.

This follows the divestiture announced in January of our North Charleston CTO refinery and the majority of the Industrial Specialties product line for approximately \$93 million of net proceeds. Together, these actions, along with the ongoing sales process for our APT business, underscores our commitment to simplifying the portfolio, sharpening our strategic focus, and reducing earnings volatility.

From a financial perspective, I'm proud of what our team delivered in the first quarter. Against the backdrop of global volatility and uncertainty, we achieved 4% sales growth and an industry-leading EBITDA margin approaching 36%.

These results reflect disciplined execution and strong commercial performance across our businesses, particularly in Performance Materials and Pavement Technologies, and demonstrates the resilience of our business model. Importantly, this strength enabled us to repurchase approximately \$52 million of shares in the quarter ahead of plan as we opportunistically deployed capital amid market volatility.

Performance Materials delivered growth in net sales, segment EBITDA, and margin, driven by price increases and a continued shift in consumer preference from battery electric vehicles towards hybrids. We remain confident in the long-term role our activated carbon solutions will have in automotive applications, while actively investing to expand into filtration.

Although we are still in the early stages of this effort, it is encouraging that we already have a presence in food and beverage, medical and pharma, and consumer applications. Our focus now is to enhance profitability in these areas by leveraging our technical expertise, sharpening our commercial approach, and strengthening our value proposition.

Turning to Performance Chemicals, Pavement Technologies delivered pricing gains and improved mix. However, overall results were partially offset by weaker operating performance from the now-divested Road Markings product line.

Advanced Polymer Technologies continue to face tough competition with a slight gain in volume, balancing out price weakness. We've also introduced surcharges in April to offset higher costs, mainly raw materials and energy related to the Middle East conflict.

Our business remains resilient in the face of macroeconomic uncertainty, and I'm proud of our performance this quarter and encouraged by the stable demand trends that we are seeing early in the second quarter, which we believe will position us well for the year.

With that, I'll turn it over to Phil.

---

## Phillip J. Platt

*Chief Accounting Officer, Senior Vice President-Finance & Incoming Chief Financial Officer, Ingevity Corp.*

Thank you, Dave, and good morning. Please turn to slide 5. Sales grew 4% to \$258 million in the quarter, largely driven by annual price increases in Performance Materials and Pavement Technologies and further supported by favorable foreign exchange in Advanced Polymer Technologies or APT for short. In the first quarter, we recorded a GAAP net income of \$23.4 million, which included approximately \$23 million of pre-tax special charges, \$16 million of which related to the final litigation settlement payment to BASF.

For the remainder of my remarks, I will focus on non-GAAP financial results, which exclude special charges. Adjusted gross profit of \$132 million increased 4% over the same quarter in 2025, with gross margin of 51%. Once you remove the noise for the inventory build in the first quarter of both years, the margin actually expanded in 2026 compared to last year.

Adjusted EBITDA of \$92 million was similar to the first quarter of the prior year. The pricing actions I previously mentioned and higher volume in Performance Materials were partially offset by weaker operating performance in Road Markings and lower asset utilization in APT. In addition, the first quarter this year has a benefit of inventory build in Performance Materials, which I will discuss later. Adjusted EBITDA margin was 35.5% compared to 36.8% in the first quarter of 2025. Diluted adjusted EPS improved 14% to \$1.15 as lower borrowings, reduced interest expense, and our share repurchases, which we resumed in the third quarter of last year, reduced overall share count. Overall, it was a solid quarter with robust results from Performance Materials and Payment Technologies, making for a strong start to the year.

Moving on to slide 6. The top-left chart shows free cash flow from the first quarter of 2026 compared to the same quarter in the last four years. As you can see on the slide, Q1 of 2025 is an outlier relative to the typical Q1 free cash flow.

The prior year's first quarter benefited from a working capital release of approximately \$15 million associated with the now-divested Industrial Specialties product line. As a reminder, Pavement Technologies is predominantly North American based with approximately 70% to 75% of its sales recognized in the second and third quarters of the calendar year.

As a result, we typically build inventory in advance of the paving season, resulting in lower to negative free cash flow in Q1.

In addition, in the first quarter of 2026, we built inventory in Performance Materials ahead of a planned outage in the second quarter. These two factors together result in a free cash flow of negative \$12 million in the quarter. Our free cash flow in the quarter does not include the \$93 million of proceeds from the Industrial Specialties sale as we define free cash flow as operating cash flow less CapEx.

We accelerated our share repurchases in the first quarter beyond the ratable cadence we had planned, deploying \$52 million to repurchase approximately 775,000 shares. Proceeds from the Industrial Specialties divestiture and the volatility caused by the Middle East conflict have allowed us to pull forward our planned repurchases.

Our remaining share repurchase authorization at the end of the first quarter was approximately \$246 million. We remain committed to de-risking our balance sheet and reducing net leverage to our target of 2 to 2.5 times while being opportunistic with share buybacks.

And with that, now let's turn our attention to segment results, starting with Performance Materials on slide 7. Sales of \$155 million were 6% higher than the first quarter of 2025. We implemented our traditional low-single-digit

pricing actions at the beginning of this year. In addition, we continue to benefit from a shift in consumer preferences towards hybrid vehicles after the expiration of the EV credits in late Q3 of the prior year.

As a reminder, hybrids use our more advanced and higher-value carbon solutions, which benefited segment results through our favorable mix. Segment EBITDA increased 10% to \$92 million from the higher prices and volume, along with the favorable benefit recognized in the quarter associated with an inventory build in preparation for planned shutdowns in the second quarter of this year.

This also contributed to an EBITDA margin of 59% compared to 57% in the prior-year quarter. We expect this benefit to reverse in the second quarter, bringing full-year EBITDA margins for the business back in line with our guidance of around mid-50s.

Moving on to Performance Chemicals on slide 8. Performance Chemicals results presented here exclude the divested Industrial Specialties product line. You can access recast data for 2023, 2024, and 2025 on our website under Financial Information-Other. Additionally, first quarter results include Road Markings as the sale was not completed until April 15 of this year.

Beginning next quarter, this segment will be renamed Pavement Technologies. However, because Road Markings divestiture does not meet the criteria for discontinued operations due to the materiality of that business, historical segment results will not be recast to remove Road Markings.

Segment sales in the first quarter of 2026 were comparable to the prior-year period. Pavement Technology sales were flat as gains in price and mix were offset by lower volumes, reflecting minor shifts in timing to the start of the pavement season.

Sales in Road Markings declined 10%, driven by continued competitive pressure impacting volumes while pricing remained stable. Segment EBITDA declined by \$5 million and EBITDA margin reduced to 1%. This decline was driven by lower plant utilization in Road Markings. In comparison, the first quarter of 2025 benefited from approximately \$4 million of favorable timing between production and sales. Also, this quarter had higher supply chain costs and SG&A related to the indirect costs from the sale of the Industrial Specialties business. As a reminder, we are on track to eliminate these costs by the end of the year.

Please turn to slide 9. APT delivered 5% growth in sales in the first quarter, supported by favorable foreign exchange as volume growth was offset by lower price due to unfavorable mix. We are encouraged by the strong volume growth sequentially led by the Asia Pacific region.

As a reminder, this segment faced headwinds from the indirect impacts of tariffs that began in the second quarter of prior year, as well as continued weak end-market demand for most of the last year. However, the declining trend seems to have stabilized for now, and we are beginning to see some modest recovery. Segment EBITDA of \$7.6 million and EBITDA margin of 17.2% were meaningfully lower than the prior year due to the lower plant utilization.

In the first quarter of last year, we benefited from favorable production throughput as we built inventory ahead of an extended planned shutdown in the second quarter of 2025 to install boilers. Almost all of the COGS delta you can see in the red bar on the slide can be attributed to last year's inventory build. Outside of this, APT segment delivered steady performance in a depressed demand environment.

To wrap up, the first quarter demonstrated our ability to execute our portfolio simplification strategy, while delivering solid operating performance. Our teams remain focused on maximizing value through disciplined pricing and driving commercial and operational excellence, with safety at the forefront of everything we do. Looking ahead, we expect to reach and maintain our target leverage ratio of 2 to 2.5 times this year and to complete \$300 million of share repurchases through 2027.

I will now turn the call back to Dave to share additional color on guidance for 2026.

---

## David H. Li

*President, Chief Executive Officer & Director, Ingevity Corp.*

Thanks, Phil. Turning to slide 10, we are reaffirming our previous guidance shared in our last earnings call in February. The current full-year outlook excludes the contributions from the Road Markings divestiture beginning April 15 and is reflected in the bridge on the bottom left of this slide. We expect 2026 adjusted EPS to be in the range of \$4.70 to \$5.20, delivering meaningful growth over last year.

Sales are expected to be between \$1.05 and \$1.15 billion and adjusted EBITDA between \$370 million and \$395 million. Note that the exclusion of Road Markings is expected to lift Performance Chemicals margin to the high teens, compared to prior projections of mid-teens. Also, we are on target to eliminate the \$15 million of indirect costs associated with the divestiture of Industrial Specialties, achieving run rate savings before the end of this year.

We expect to generate free cash flow of \$215 million to \$245 million. This amount does not include approximately \$113 million in pre-tax litigation related payments to BASF in the second quarter. We plan to use the free cash flow to continue buying back shares in line with our prior guidance of \$300 million of share repurchases through 2027. We continue to be disciplined in our cash allocation strategy and have repurchased almost \$15 million worth of shares already in the second quarter.

Additionally, regarding leverage, our plan remains to reduce and maintain net leverage within our long-term target range of 2 to 2.5 times in 2026. Finally, the sale process for APT is progressing well, and we remain encouraged by the engagement and interest. We are working hard to bring the process to conclusion before the end of this year, and we'll continue to provide updates as we advance the transaction.

Looking ahead, we expect to continue executing our portfolio transformation, while optimizing performance across core businesses. We remain disciplined in our capital allocation with a continued focus on share repurchases and debt reduction. And we are encouraged by our strong start to the year and are confident in our ability to deliver solid execution and results throughout 2026.

With that, I'll turn it over for questions.

## QUESTION AND ANSWER SECTION

**Operator:** We will now begin the question-and-answer session [Operator Instructions] . Your first question comes from the line of Daniel Rizzo with Jefferies. Your line is open. Please go ahead.

**Daniel Rizzo**

*Analyst, Jefferies LLC*

Q

Good morning, everyone. Thank you. Thank you for taking my question. I guess, just to start with, you mentioned, you know, hybrids are driving growth or helping growth for activated carbon in Performance Materials. I was wondering if that's exclusively a North American thing or if there is some – if it's broader than that, if you're seeing increased hybrid sales elsewhere where they're outpacing EVs in other regions in the world like Europe and Asia.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

Hey, Dan. Thanks for your question. Good morning. And as you mentioned, yeah, hybrid, the shift to hybrids is a positive for Ingevity. And I think it really – just because of the smaller engine sizes, it requires more advanced carbon content from us. We're definitely seeing that shifts in North America where the adoption of pure EVs has modulated, but I would expect that to be a trend that we see globally.

I think even in places like China, the adoption of pure EVs has also moderated as those government subsidies has gone down. So, I think hybrids are going to be a bigger and bigger part of the picture. And I think, longer term, obviously, that's a positive for us, just requiring more advanced content from us.

**Daniel Rizzo**

*Analyst, Jefferies LLC*

Q

Thanks for that. And then you mentioned building up some inventory, but that was in response to potentially some planned outages. But I was wondering if you're going to keep inventories elevated just because of ongoing volatility, maybe some issues with higher logistic costs, higher raw material costs, if that's going to kind of change your short-term outlook for what you do with working capital.

**Phillip J. Platt**

*Chief Accounting Officer, Senior Vice President-Finance & Incoming Chief Financial Officer, Ingevity Corp.*

A

Yeah. Hey, Dan. This is Phil. Good morning. No, I think what you would expect is our inventory to drop back down after those planned outages in Q2.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

I'd say, in general, Dan, obviously, there's a lot of uncertainty from a macroeconomic perspective, but we feel like maybe with the exception of APT that we're pretty well insulated. And so, although we're watching the situation, monitoring closely, we feel like we're pretty well insulated.

**Daniel Rizzo**

*Analyst, Jefferies LLC*

Q

Right. Okay, guys. Thank you.

**Operator:** Your next question comes from the line of Jon Tanwanteng with CJS. Your line is open. Please go ahead.

**Jon Tanwanteng**

*Analyst, CJS Securities, Inc.*

Q

Hi. Good morning. Thank you for taking my question and congrats on a nice quarter.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

Thanks, Jon.

**Jon Tanwanteng**

*Analyst, CJS Securities, Inc.*

Q

I was wondering if you could address or maybe give us a little more color on what your underlying assumptions are for inflation across each of your businesses. And, number two, what's your ability to price through all of those are? I think my understanding is that a lot of your Performance Materials pricing is fixed. And I'm wondering if that's impacting your ability to be flexible or put things in place like surcharges.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

Yeah, if I heard your question, you were a little bit soft, was it talking about inflation and our ability to flex pricing in our different businesses? Is that right?

**Jon Tanwanteng**

*Analyst, CJS Securities, Inc.*

Q

That's right, yes.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

Right. So, a few things just to highlight, we mentioned that we went through with our typical annual pricing increases in PM, and I think those were successful. And I think they, obviously, reflect the value that we bring and, obviously, the close customer relationships and the trust that we've built with that customer base over time.

We did mention that we're putting in place some surcharges, particularly in APT, to offset some of the energy and logistics pricing or cost increases that we've seen. I think we have some flexibility in the business. But obviously, we wanted to manage that closely.

Phil, what else would you...

**Phillip J. Platt**

*Chief Accounting Officer, Senior Vice President-Finance & Incoming Chief Financial Officer, Ingevity Corp.*

A

Yeah, I think the only other thing is we have seen some small raw material price inflation. But as Dave mentioned, we've been able to pass that along to customers and surcharges. We have seen some small upticks in logistics costs. But, again, we expect and have been successful in being able to pass those along.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

And I think, Jon, in general, you know, obviously, we're a global company. But having a very strong focus in the US market, producing in the US as well, I think, has been a – it's been a benefit to us, especially in this environment.

**Jon Tanwanteng**

*Analyst, CJS Securities, Inc.*

Q

Okay. Great. Thank you. I was wondering if you could also talk a little bit more about the APT sales process, how much progress you've made there, number one; and, number two, if your overall expectations or the most recent tone from potential buyers has shifted or changed at all over the last quarter, especially with the market volatility that's out there.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

Yeah, thanks for the question. You know, again, it's part of our broader portfolio transformation. We've been pleased with the progress. So, we announced two divestitures, one that closed earlier this quarter or in January, and then one that was assigned and closed of Road Markings, and then the remaining business that we've talked about divesting is APT.

We're encouraged with the progress there. So, we continue to advance that transaction. We've had strong interest, and we continue to be confident that we'll announce something before the end of the year.

**Jon Tanwanteng**

*Analyst, CJS Securities, Inc.*

Q

Great. Thank you.

**Operator:** [Operator Instructions] Your next question comes from the line of Mike Sison with Wells Fargo. Your line is open. Please go ahead.

**Abigail J. Eberts**

*Analyst, Wells Fargo Securities LLC*

Q

Hi there. This is Abigail on for Mike. Thanks for taking my question. So, you noted volume growth in Asia in APT. But in past quarters, you said you've been facing competitive pressure specifically in China. Has that changed at all or have other positive tailwinds more than outweighed that?

**Phillip J. Platt**

*Chief Accounting Officer, Senior Vice President-Finance & Incoming Chief Financial Officer, Ingevity Corp.*

A

Yeah. What we saw this quarter and the trend continues to – we continue to see that trend in early part of Q2 is our competitors in Asia are actually pretty impacted by the Middle East conflict. And so, we've been able to step in and provide volume in the shadow of that. So, we've taken advantage of what's happening in that region of the world to supply those customers.

**Abigail J. Eberts**

*Analyst, Wells Fargo Securities LLC*

Q

Thank you.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

A

And Abigail, just to remind you, obviously, APT was coming off a pretty prolonged period of demand weakness. So, we are starting to see some of that come back. And as Phil mentioned some of those costs and supply chain challenges have impacted some of our Asian competitors a bit more. So, we're the beneficiary of that.

**Abigail J. Eberts**

*Analyst, Wells Fargo Securities LLC*

Q

Okay. Got it. That makes sense. And then, on Performance Materials, can you just give us an idea of the size of the EBITDA impact of the planned turnaround next quarter?

**Phillip J. Platt**

*Chief Accounting Officer, Senior Vice President-Finance & Incoming Chief Financial Officer, Ingevity Corp.*

A

Yeah. You can see it in the bridge. It's, what, \$5.3 million on the bridge, but it's actually around closer to \$6 million of an impact this quarter of a benefit that we expect to reverse in next quarter as those outages occur.

**Abigail J. Eberts**

*Analyst, Wells Fargo Securities LLC*

Q

Thank you very much.

**Operator:** This concludes the question-and-answer session. I will now turn the call back to Dave Li for closing remarks.

**David H. Li**

*President, Chief Executive Officer & Director, Ingevity Corp.*

Thank you, again, for joining us today. I'd like to close with a few key takeaways. First, we're making great progress on executing our portfolio strategy. Second, we continue to see positive momentum in our core businesses. Third, the resilience of our businesses is enabling us to deliver strong results consistently, regardless of the macroeconomic environments. And, finally, we remain disciplined yet opportunistic with our capital deployment strategy.

Thanks, again, to everyone for your support of Ingevity. And with this, we'll close the call.

**Operator:** This concludes today's call. Thank you for attending. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.