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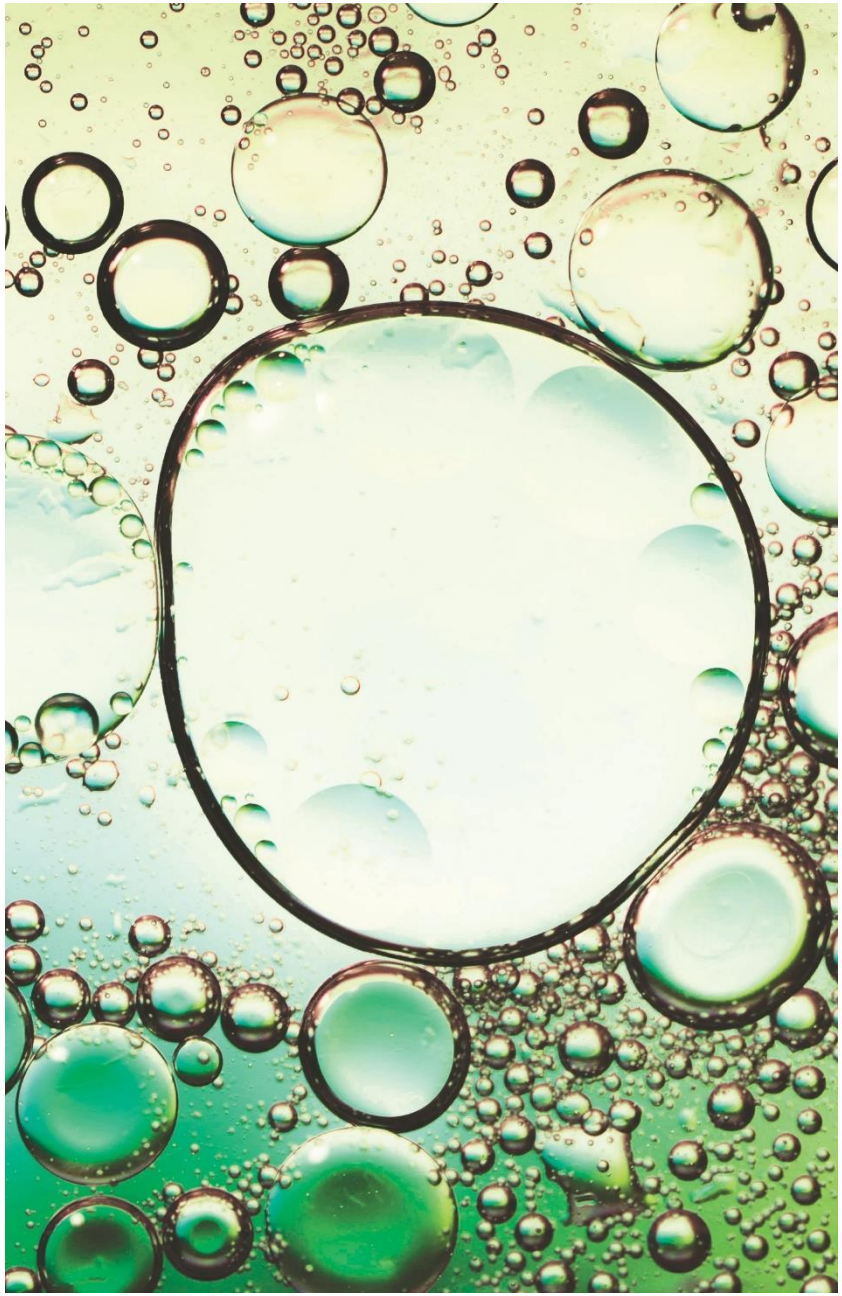
# Fourth Quarter 2019
# *Earnings Presentation*

February 3, 2020

PURIFY I PROTECT I ENHANCE



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**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.

# Today's Agenda

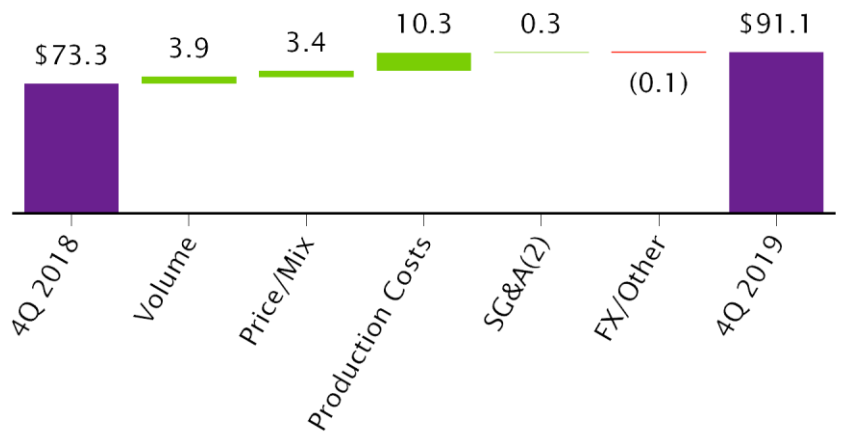
- Fourth Quarter and Full Year Highlights
- Segment Performance
- Performance Materials Update
- Financial Review
- 2020 Outlook and Guidance
- Q&A

# Fourth Quarter and Full Year 2019 Results

Financial Performance

| $ in millions | 4Q 2019 | Δ% vs Prior Year Period | FY 2019 | Δ% vs Prior Year |
|---|---|---|---|---|
| Net Sales | 303.4 | 8.9% | 1,292.9 | 14.1% |
| Adjusted EBITDA(1) | 91.1 | 24.3% | 396.9 | 23.8% |
| Adjusted EBITDA(1) Margin | 30.0% | +370 bps | 30.7% | +240 bps |

## Adjusted EBITDA(1)




## Performance Highlights

FOURTH QUARTER

- Strong quarter in line with expectations
- Continued macroeconomic pressure, particularly in industrial applications
- Growth in businesses driven by regulation, technology adoption and infrastructure spending
- Adjusted EBITDA up 24%; adjusted EBITDA margins up 370 basis points
- Core SG&A down 6%
- Strong free cash flow[1] of $50 million

FULL YEAR

- Sales up 14%; including addition of engineered polymers
- Adjusted EBITDA up 24%, slightly above the midpoint of our most recent guidance
- On a pro-forma[3] basis, sales down 0.8%; adjusted EBITDA up 4%
- End-of-year net debt to adjusted EBITDA ratio of 2.8x

*(1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.*
*(2) SG&A includes research & technical expense as well as legal expenses.*
*(3) Includes the impact of the GP Pine Chemicals business and Capa® caprolactone business acquisitions. See appendix for more information.*



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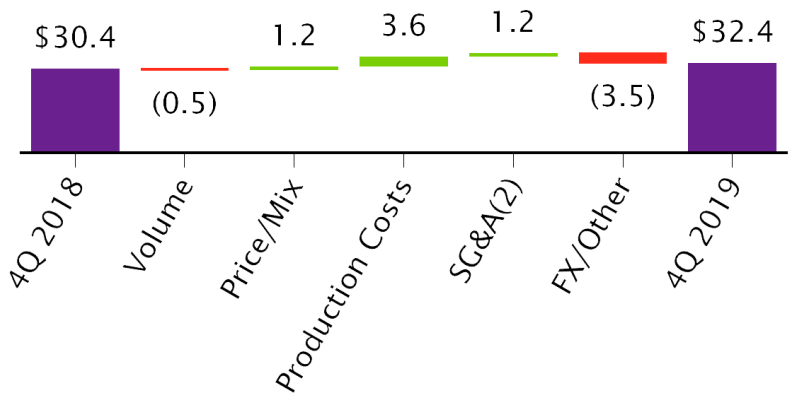
# Performance Chemicals

Performance Chemicals

| $ in millions | 4Q 2019 | Δ% vs Prior Year Period | FY 2019 | Δ% vs Prior Year |
|---|---|---|---|---|
| **Net Sales** | **175.2** | **5.5%** | **802.3** | **9.4%** |
| Industrial Specialties | 88.7 | (19.1)% | 385.5 | (12.5)% |
| Oilfield Technologies | 24.9 | (17.5)% | 111.4 | (2.5)% |
| Pavement Technologies | 30.4 | 15.6% | 183.3 | 2.7% |
| Engineered Polymers | 31.2 | — | 122.1 | — |
| **Segment EBITDA** | **32.4** | **6.6%** | **183.5** | **21.4%** |
| **Segment EBITDA Margin** | **18.5%** | **+20 bps** | **22.9%** | **+230 bps** |

## Segment EBITDA




## Performance Highlights

- Revenue increase of 6% driven by addition of Capa (pro forma[1] revenue down 13%)
  - *Industrial Specialties*: Demand weakness, specifically in inks; exit of unprofitable distributor agreement
  - *Oilfield Technologies*: Down due to reduced North American drilling, offset by growth in export markets
  - *Pavement Technologies*: Sales up strongly due to growth in North America, China and South America
  - *Engineered Polymers*: Revenues down 14% versus prior year's pro forma period due to weak demand, particularly for monomer products
- Segment EBITDA of $32 million, up 7% (pro forma segment EBITDA down 28%)
  - Reduced plant spending and improvements in price and mix; partially offset by unfavorable foreign currency exchange
- For the year, on a pro forma[3] basis, revenues down 11% and segment EBITDA down 13%

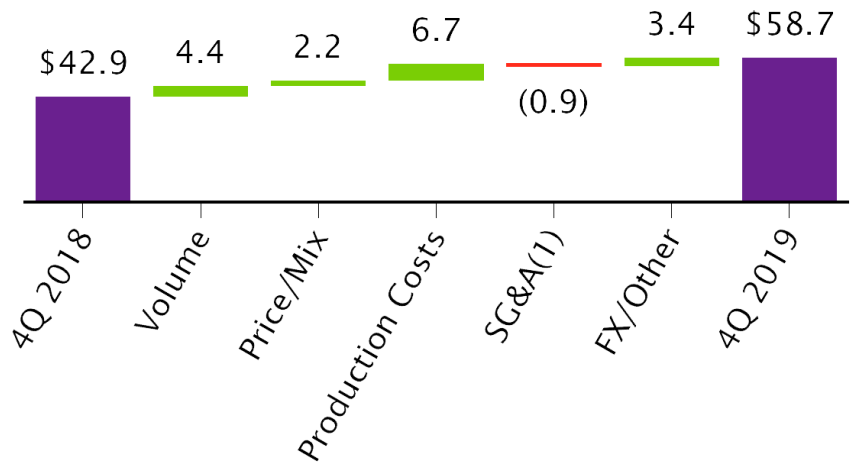
*(1) Includes the impact of the Capa® caprolactone business acquisition. See appendix for more information.*
*(2) SG&A includes research & technical expense as well as legal expenses.*
*(3) Includes the impact of the GP Pine Chemicals business and Capa® caprolactone business acquisitions. See appendix for more information.*

# Performance Materials

Performance Materials

| $ in millions | 4Q 2019 | Δ% vs Prior Year Period | FY 2019 | Δ% vs Prior Year |
|---|---|---|---|---|
| **Net Sales** | **128.2** | **14.0%** | **490.6** | **22.5%** |
| Automotive Technologies | 120.8 | 16.8% | 454.9 | 25.7% |
| Process Purification | 7.4 | (18.7)% | 35.7 | (7.0)% |
| **Segment EBITDA** | **58.7** | **36.8%** | **213.4** | **26.0%** |
| **Segment EBITDA Margin** | **45.8%** | **+770 bps** | **43.5%** | **+120 bps** |

## Segment EBITDA




## Performance Highlights

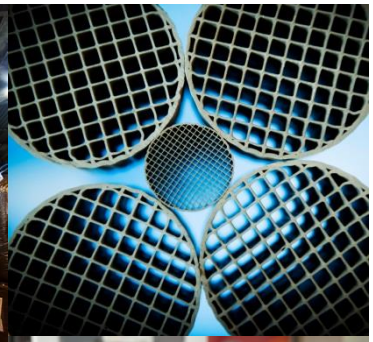
- Revenue increase of 14%
  - Accelerated sales in China due to China 6 standard
    - Slight uptick in light vehicle production
    - Segment sales up 270% in China
    - 90% compliance for China 6
  - Continued robust demand for "honeycomb" scrubbers to comply with U.S. EPA Tier 3/LEV III standards
    - Likely above 80% compliance
    - North American vehicle production down 10% quarter-to-quarter and 4% full year
- Segment EBITDA of $59 million, up 37% versus prior year's quarter
  - Strong volume and price/mix improvement
  - Reduced plant spending
  - Higher IP litigation costs
- For the full year, revenues were up 22% and segment EBITDA up 26%.

*(1) SG&A includes research & technical expense as well as legal expenses.*

# Performance Materials Growth Strategy

## On-track to double revenues from 2015 base in 2020

- Maintain global leadership in technical and application expertise and regulatory advocacy
- Invest to ensure capacity and supply to meet growing global demand
- Expand our intellectual property portfolio
- Innovate new technologies, applications and opportunities
- Operational excellence with a keen eye on quality, consistency and cost





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# Current Evaporative Emissions Technology Around the World

| | Control Technology | Countries | Vehicles* (millions) | NGVT Content ($/vehicle) |
|---|---|---|---|---|
| TIER 1 |  1970-80s technology \| 0.5 - 1.0L<br>One-day or Multi-day Parking | Europe<br>Japan<br>Brazil<br>India<br>Russia<br>Mexico | 10.6<br>4.9<br>2.5<br>2.3<br>1.8<br>1.2 | *$1-3* |
| TIER 2 |  1990s technology \| 2.0 - 3.0L<br>• Multi-day parking & running loss<br>• Plus refueling control | China | 23.9 | *$6-10* |
| TIER 3 |  Modern technology<br>"Near Zero"<br>2.0 - 3.0L + Scrubber | United States<br>Canada | 15.8<br>1.9 | *$15-25* |

* IHS 2019 Rivalry, gasoline using vehicle

**45% of world's gasoline vehicles use 1970s technology**

# Regulatory Changes Driving Growth

## Expect increasing regulatory standards to continue

| Region | Gasoline Vehicles* (M) | One-day (e.g. Tier 1) | Multi-day (e.g. Euro 6) | Multi-day + ORVR + refueling (e.g. Tier 2 or China 6) | Near Zero (e.g. Tier 3) |
|---|---|---|---|---|---|
| US & Canada | 17.7 | Mid-1970s | 1980s | Late 1990s | 2017-2022 |
| S. Korea | 1.4 | | | | 2018-2022 |
| China | 23.9 | | | 2019-2020 | Mid-2020s |
| Brazil | 2.5 | | 2022 | 2023-2025 | |
| Europe | 10.6 | Late 1990s | 2019 | Mid-2020s | |
| Japan | 4.9 | | Mid-2020s | | |
| India | 2.3 | | Mid-2020s | | |
| Mexico | 1.2 | | | | TBD |

* July 2019 IHS Rivalry Forecast, Gasoline Using Light Vehicles.

Enacted Regulatory Requirement

Potential based on NGVT Management estimate



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# Ingevity's '844 "Bleed" Emissions Patent

## Currently relevant only to U.S./Canada

- These canister technologies are not covered by the "bleed" emissions patent
- Ingevity's granular and pellet carbon products are the preferred choice around the world to meet these regulatory standards
- Patent does not apply to China's shift to Tier 2 standards

- Ingevity's patent applies to U.S. and Canadian "near zero" standards
  - Patent expires in March 2022

Control Technology

TIER 1

1970-80s technology / 0.5-1.0L

One Day Parking

India – Europe

Japan – Brazil – S. Korea

TIER 2

1990s technology / 2.0-3.0L

- Multi-day parking & running loss
- Plus refueling control

China

TIER 3

Modern technology

"Near Zero"

2.0-3.0L + scrubber

U.S. & Canada



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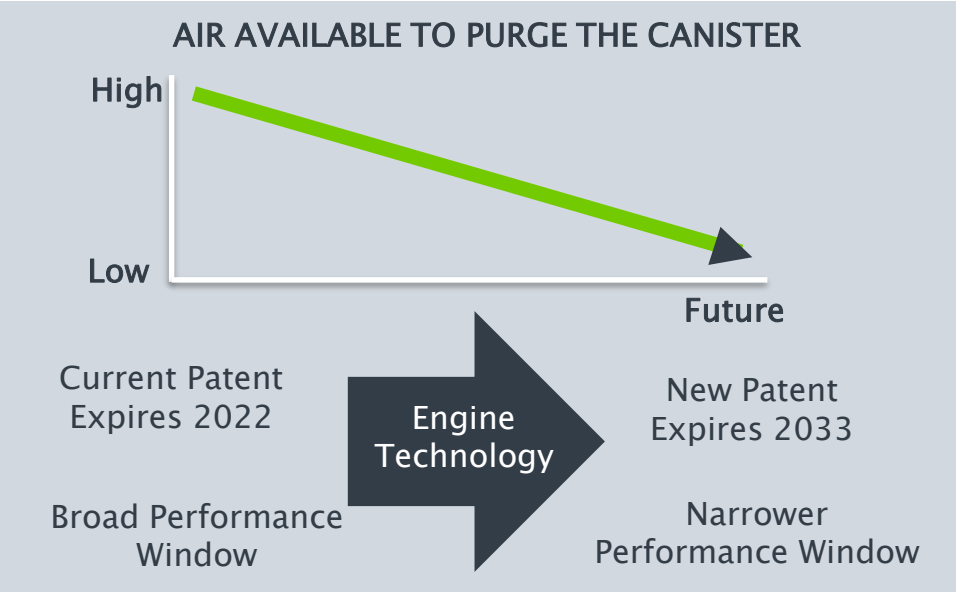
# Defending our Market Position Post 2022

## STRATEGY ELEMENTS

- Capturing value from our unique pelleted carbons through increased pricing
- Supply agreements both short-term and long-term
- New innovation and intellectual property development
- Enhancing our position as global experts with regulatory bodies
- Maintaining our reputational leadership with our customers as the safe unfailing supplier

## NEW '649 Family of Patents for New Wave of Low-Purge Engines

- First patent issued in August 2017
- 15% to 20% of U.S. and Canadian vehicles already fall under patent
- Sales of honeycombs designed for this system have grown >30% CAGR over the last three years
- Not dependent on '844 prior art



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# ’844 Patent Litigation Update

## MAHLE

- **Ingevity brought two legal actions against MAHLE**
  - Infringement claim in federal court (stayed pending ITC final resolution)
  - Action with ITC seeking to ban imports of the infringing product
  - MAHLE’S solution adds non-Ingevity carbon to reduce or eliminate honeycomb content
  - We estimate it may be in place on as many as 20-25 North American platforms
- **MAHLE challenged the validity of the ‘844 patent through the U.S. Patent Office**
  - The Inter Partes Review (IPR) was denied by the Patent Trial and Appeals Board
- **Ingevity’s ITC request to ban imports was denied**
  - Judge agreed MAHLE’s products infringe, but found invalidity for the limited purpose of product importation decision
  - ITC RULING DOES NOT INVALIDATE THE PATENT
  - Ingevity intends to appeal, but final outcome – either way – will not impact patent’s legal and commercial viability
- **Ingevity’s Federal infringement law suit against MAHLE unlikely to be heard until early 2021**
  - Patent remains valid through the trial and any appeal



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# ’844 Patent Litigation Update

## BASF

- **Ingevity brought legal action due to BASF infringing Ingevity’s ‘844 patent**
  - Infringement claim in Federal court; trial date September 2020
  - Patent remains valid through the trial and any appeal (likely early 2022)
  - We do not believe BASF’s solution is on any platforms

- **BASF challenged the patent’s validity through the U. S. Patent Office**
  - The Inter Partes Review (IPR) was denied by the Patent Trial & Appeals Board, as was their appeal of the denial

# Fourth Quarter 2019 Financial Summary

## Key Operating Metrics

| $ in millions except EPS | Q4 2019 | Q4 2018 | vs PY Δ% | FY 2019 | FY 2018 | vs PY Δ% |
|---|---|---|---|---|---|---|
| **Consolidated Income Statement:** | | | | | | |
| **Net sales** | **$303.4** | **$278.6** | **8.9%** | **$1,292.9** | **$1,133.6** | **14.1%** |
| Gross Profit | $111.0 | $97.6 | **13.7%** | $482.0 | $416.8 | **15.6%** |
| *% Margin* | 36.6% | 35.0% | ***+160 bps*** | 37.3% | 36.8% | ***+50 bps*** |
| Core SG&A (Non-GAAP) (1) | $27.7 | $29.5 | **(6.1)%** | $120.9 | $116.9 | **3.4%** |
| IP Litigation Costs (2) | 5.0 | 3.2 | **56.3%** | 15.1 | 4.9 | **208.2%** |
| Acquisition Amortization | 8.1 | 3.2 | **153.1%** | 27.1 | 10.6 | **155.7%** |
| Total Selling, General & Admin Expense (GAAP) | $40.8 | $35.9 | **13.6%** | $163.1 | $132.4 | **23.2%** |
| *% of Net Sales - Total SG&A (GAAP)* | *13.4%* | *12.9%* | ***+50 bps*** | *12.6%* | *11.7%* | ***+90 bps*** |
| *% of Net Sales - Core SG&A (Non-GAAP) (1)* | *9.1%* | *10.6%* | ***-150 bps*** | *9.4%* | *10.3%* | ***-90 bps*** |
| Adjusted EBITDA (Non-GAAP)(1) | $91.1 | $73.3 | **24.3%** | $396.9 | $320.5 | **23.8%** |
| ***% Margin (Non-GAAP)(1)*** | ***30.0%*** | ***26.3%*** | ***+370 bps*** | ***30.7%*** | ***28.3%*** | ***+240 bps*** |
| Interest expense, net | $10.6 | $8.0 | **32.5%** | $46.9 | $29.8 | **57.4%** |
| Income taxes on Adjusted Earnings (Non-GAAP)(1) | $10.4 | $5.1 | **103.9%** | $56.9 | $45.8 | **24.2%** |
| Adjusted earnings (loss) (Non-GAAP)(1) | $46.5 | $45.3 | **2.6%** | $208.1 | $175.2 | **18.8%** |
| Diluted Adjusted EPS (Non-GAAP)(1) | $1.10 | $1.07 | **2.8%** | $4.93 | $4.11 | **20.0%** |
| **Consolidated Cash Flow Items:** | | | | | | |
| Cash Flow from Operations | $85.5 | $85.6 | | $275.7 | $252.0 | |
| Less: Capital Expenditures | 35.0 | 37.3 | | 114.8 | 93.9 | |
| ***Free Cash Flow (3)*** | ***$50.5*** | ***$48.3*** | ***4.6%*** | ***$160.9*** | ***$158.1*** | ***1.8%*** |

*(1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.*
*(2) Legal costs related to intellectual property litigation in our Performance Materials segment.*
*(3) Non-GAAP measure which represents Cash flow from operations less Capital expenditures*



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# Fourth Quarter 2019 Financial Summary

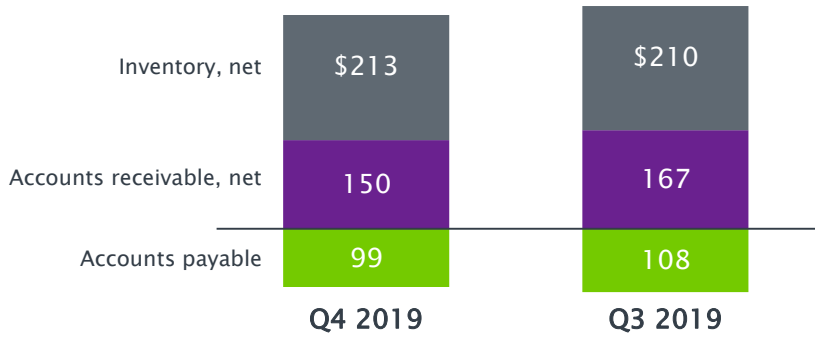
## Balance Sheet Snapshot

### Capital Structure (as of 12/31/19)

| *$ in millions* | Current Pricing | Amount |
|---|---|---|
| $750m Revolver | L+150 | $131.3 |
| Term Loans | L+100-150 | 740.6 |
| *$141m Interest Rate Swap (1)* | *1.41%* | |
| Senior Notes | 4.5% | 300.0 |
| Finance Lease & Other (2) | ~8% | 85.9 |
| Total Debt | | $1,257.8 |
| Less: Cash Balance (3) | | (64.2) |
| Less: Restricted Investment | | (72.6) |
| Total Net Debt | | $1,121.0 |
| **Net Debt Ratio (4)** | | **2.8x** |

### Working Capital Management

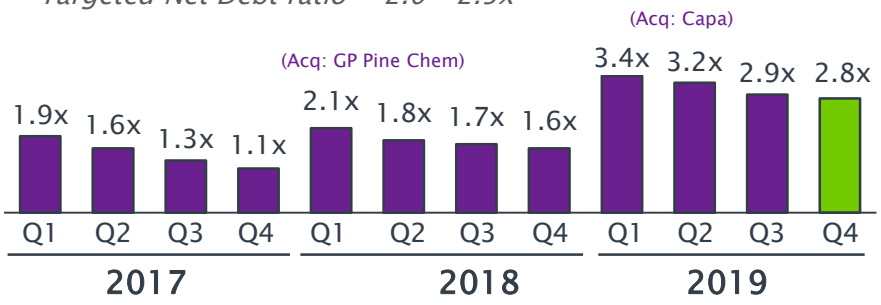
*$ in millions*




| | Q4 2019 | Q3 2019 |
|---|---|---|
| **Trade Working Capital (5)** | **$264** | **$270** |
| *% of LTM Pro Forma Net Sales (6)* | *20%* | *20%* |

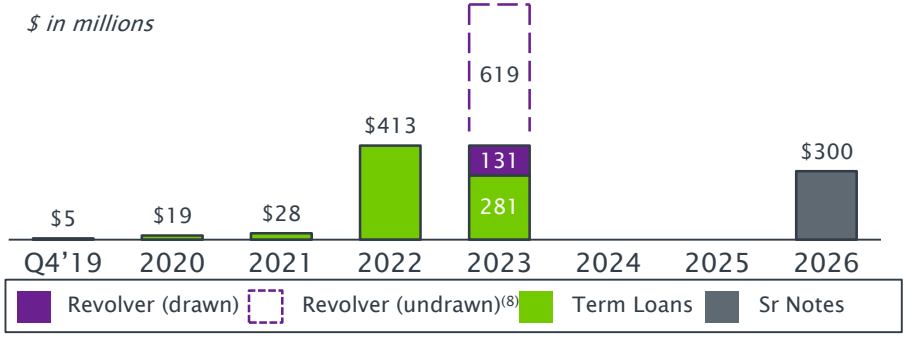
### Historical Net Debt Ratio (4)

*Targeted Net Debt ratio = 2.0 – 2.5x*




### Debt Maturity Schedule (7)

*$ in millions*




(1) *$141m interest rate swap through 2023*
(2) *Finance lease related to the Industrial Development Bond that is part of the financing for our Wickliffe, Kentucky facility; other relates to other short term borrowings less deferred financing fees*
(3) *Includes $7.7 million of Restricted Cash related to our New Market Tax Credit arrangement.*
(4) *Net Debt Ratio defined as Total Net Debt divided by LTM Pro forma Adj. EBITDA; see Appendix for Non GAAP reconciliation.*
(5) *Trade Working Capital is defined as Inventory + Accounts Receivable – Accounts Payable*
(6) *Includes the impact of the Capa® caprolactone business acquisition. See appendix for more information.*
(7) *Excludes ~$6m of other debt and $80m Finance Lease (due 2027) for simplicity*
(8) *Capacity under the revolver as of December 31, 2019 was $616.6 million, which includes a reduction of $2.1 million related to outstanding letters of credit.*



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# Delivering on Commitments in 2019

| $M | What We Said (Original 2019 Guidance and 2018 Investor Day) | What We Did | Status |
|---|---|---|---|
| **Revenue** | 1,300-1,360 | 1,293 | |
| **Adjusted EBITDA[1]** | 390-410 | 397 | |
| **Capex** | 110-120 | 115 | |
| **Free Cash Flow[1]** | 180-190 | 161 | |
| **Net Debt to Adjusted EBITDA[1]** | <3.0x | 2.84x | |
| **Performance Materials** | Double revenue in 5-7 years from 2015 base; margins above 40% | On track to double revenue by end of year 2020; 43.5% EBITDA[1] margin | |
| **Performance Chemicals** | Margins to 18%-20% in 24-36 months | 22.9% EBITDA[1] margin; up from 16.2% in 2017 | |



*(1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.*

# 2020 Outlook and Guidance

($M)

**OVERALL**

- Little to no macroeconomic recovery
- Limited impacts from coronavirus in China

**PERFORMANCE CHEMICALS:**

- Segment revenues flat to down slightly
- Solid growth for Capa; monomer stabilization; growth in derivatives; new products and innovations
- Solid growth in pavement technologies led by North America, Evotherm® adoption and geographic expansion
- Continued pressure in industrial specialties and oilfield
- Segment adjusted EBITDA margins flat to down modestly

**PERFORMANCE MATERIALS:**

- Double-digit revenue growth; margin accretion
- 100% China 6 adoption by midyear
- Continued U.S. EPA Tier 3/Calif. LEV III implementation
- U.S. and China auto production flat to slightly down
- Kiln replacement in Covington
- Plateauing, albeit high, legal costs to defend intellectual property
- **NO IMPACT from ITC administrative determination**

| Item | 2020 Guidance |
|---|---|
| Revenue | $1,300 to $1,350 |
| Adjusted EBITDA (1) | $400 to $420 |
| Adjusted tax rate (1) | 22 - 24% |
| Capital expenditures | $95 to $105 |
| Free Cash Flow (2) | $200 to $220* |
| Net Debt Ratio (3) | <2.25x *before any share buybacks* |

*Before share buybacks or acquisitions.

*(1) A reconciliation of net income to adjusted EBITDA as projected for 2020 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 costs in connection with the acquisition of Perstorp Holding AB's Capa caprolactone business; additional pension and post and revisions due to future guidance and assessment of U.S. tax reform. 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 comparability of periods, and which are not known at this time, may exist and impact adjusted EBITDA.*

*(2) Non-GAAP measure which represents Cash from Operations expected to range from $295M to $305M for FY2020 less Capital Expenditures.*

*(3) Defined as total debt including capital lease obligation excluding deferred financing fees less cash and cash equivalents and restricted investment divided by annual adjusted EBITDA.*



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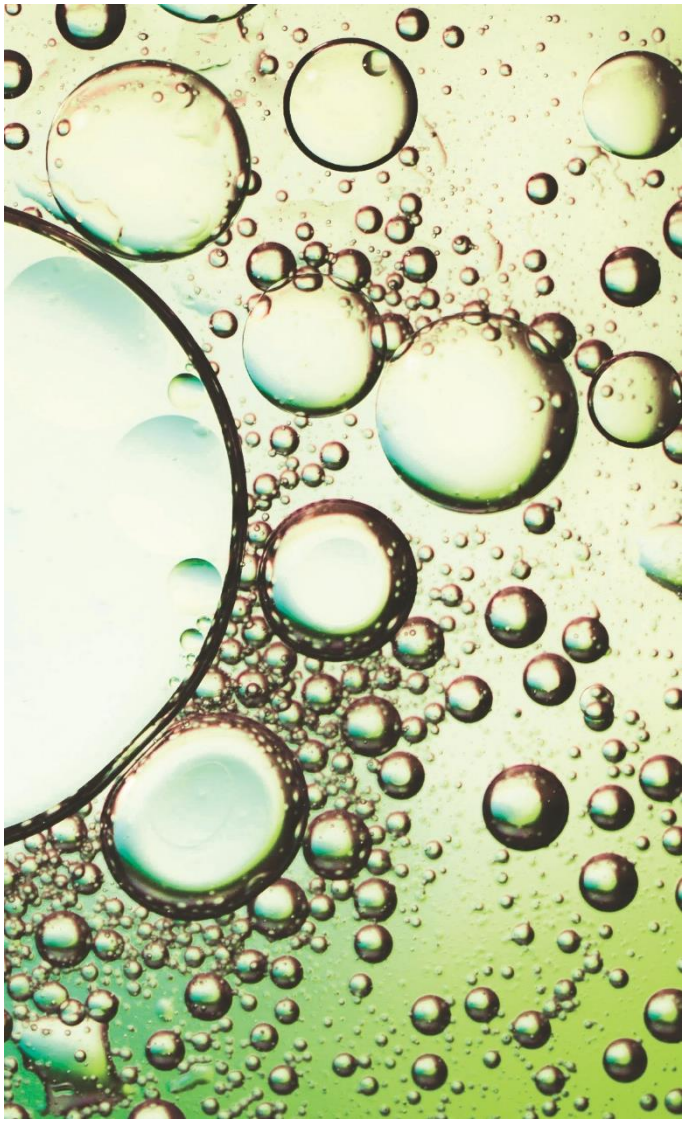



# For More Information

**Investors**
Dan Gallagher
dan.gallagher@ingevity.com
(843) 740-2126

**Media**
Jack Maurer
jack.maurer@ingevity.com
(843) 746-8242

Thank you for your interest in Ingevity!

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# 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. These financial measures are not meant to be considered in isolation or as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. The company believes these non-GAAP measures provide 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 and projected future results.

Ingevity uses the following non-GAAP measures:

**Adjusted earnings (loss)** is defined as net income (loss) attributable to Ingevity stockholders plus restructuring and other (income) charges, acquisition and other related costs, pension and postretirement settlement and curtailment (income) charges and the income tax expense (benefit) on those items, less the provision (benefit) from certain discrete tax items.

**Diluted adjusted earnings (loss) per share** is defined as diluted earnings (loss) per common share attributable to Ingevity stockholders plus restructuring and other (income) charges, net per share, acquisition and other related costs per share, pension and postretirement settlement and curtailment (income) charges per share and the income tax expense (benefit) per share on those items, less the per share tax provision (benefit) from certain discrete tax items.

**Adjusted EBITDA** is defined as net income (loss) plus provision for income taxes, interest expense, depreciation and amortization, restructuring and other (income) charges, acquisition and other related costs, and pension and postretirement settlement and curtailment (income) charges.

**Adjusted EBITDA Margin** is defined as Adjusted EBITDA divided by Net Sales.

**Provision for Income Taxes on Adjusted Earnings** is defined as provision for income taxes plus the tax expense (benefit) on restructuring and other (income) charges, acquisition and other related costs, pension and postretirement settlement and curtailment (income) charges, less the provision (benefit) from certain discrete tax items.

**Core SG&A** is defined as selling, general, and administrative costs less intangible amortization expense related to acquisitions and legal costs associated with intellectual property litigation.

**Net Debt** is defined as the sum of short-term debt, current maturities of long-term debt and long-term debt less the sum of cash and cash equivalents and restricted investment.

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

The Company also uses the above financial measures as the primary measures of profitability used by managers of the business. In addition, the Company 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. None of the above non-GAAP financial measures are intended to replace the presentation of financial results in accordance with GAAP and 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. Reconciliations of these non-GAAP financial measures are set forth within the following pages.

# Reconciliation of Net Income (Loss) (GAAP) to Adjusted Earnings (Loss) (Non-GAAP)

| *In millions, except per data (unaudited)* | Three Months Ended December 31, 2019 | Three Months Ended December 31, 2018 | Twelve Months Ended December 31, 2019 | Twelve Months Ended December 31, 2018 |
|---|---|---|---|---|
| **Net income (loss)** | $ 44.3 | $ 42.1 | $ 183.7 | $ 181.8 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — | 12.7 |
| Net income (loss) attributable to Ingevity stockholders (GAAP) | 44.3 | 42.1 | 183.7 | 169.1 |
| Restructuring and other (income) charges [1] | (0.2) | 0.1 | 1.8 | (0.5) |
| Acquisition and other related costs [2] | 2.0 | 6.5 | 35.3 | 12.2 |
| Pension and postretirement settlement and curtailment charges (income)[4] | — | 0.2 | — | 0.2 |
| Tax effect on items above | (0.4) | (1.7) | (6.8) | (3.0) |
| Certain discrete tax provision (benefit) [3] | 0.8 | (1.9) | (5.9) | (2.8) |
| **Adjusted earnings (loss) (Non-GAAP)** | $ 46.1 | $ 45.3 | $ 208.1 | $ 175.2 |
| | | | | |
| **Diluted earnings (loss) per common share (GAAP)** | $ 1.05 | $ 0.99 | $ 4.35 | $ 3.97 |
| Restructuring and other (income) charges | (0.01) | — | 0.04 | (0.01) |
| Acquisition and other related costs | 0.05 | 0.15 | 0.84 | 0.28 |
| Pension and postretirement settlement and curtailment charges (income) | — | 0.01 | — | 0.01 |
| Tax effect on items above | (0.01) | (0.04) | (0.16) | (0.07) |
| Certain discrete tax provision (benefit) | 0.02 | (0.04) | (0.14) | (0.07) |
| **Diluted adjusted earnings (loss) per share (Non-GAAP)** | $ 1.10 | $ 1.07 | $ 4.93 | $ 4.11 |
| Weighted average common shares outstanding - Diluted | 42.2 | 42.5 | 42.2 | 42.6 |

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(1) The restructuring activity relates to Performance Chemicals for all periods presented.

(2) Charges primarily relate to legal and professional fees, inventory step-up amortization, and a purchase price hedge incurred, associated with acquisitions in the Performance Chemicals segment.

| *In millions* | Three Months Ended December 31, 2019 | Three Months Ended December 31, 2018 | Twelve Months Ended December 31, 2019 | Twelve Months Ended December 31, 2018 |
|---|---|---|---|---|
| Legal and professional service fees | $ 2.0 | $ 2.6 | $ 14.2 | $ 6.9 |
| Caprolactone Acquisition purchase price hedge adjustment | — | 3.9 | 12.7 | 3.9 |
| **Acquisition-related costs** | 2.0 | 6.5 | 26.9 | 10.8 |
| Inventory fair value step-up amortization [i] | — | — | 8.4 | 1.4 |
| **Acquisition and other related costs** | $ 2.0 | $ 6.5 | $ 35.3 | $ 12.2 |

(i) Included within "Cost of sales" on the condensed consolidated statement of operations.

(3) Represents certain changes in estimates of tax matters related to prior fiscal years; certain changes in the realizability of deferred tax assets and related interim accounting impacts; excess tax benefits on stock compensation; and changes in tax law. Management believes excluding these discrete tax items assists investors, potential investors, securities analysts, and others in understanding the tax provision and the effective tax rate related to continuing operating results thereby providing useful supplemental information about operational performance.

(4) Charges relate to pension curtailment which are included in "Cost of sales" on the condensed statement of operations.

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

| *In millions (unaudited)* | Three Months Ended December 31, 2019 | Three Months Ended December 31, 2018 | Twelve Months Ended December 31, 2019 | Twelve Months Ended December 31, 2018 |
|---|---|---|---|---|
| **Net income (loss) (GAAP)** | $ 44.3 | $ 42.1 | $ 183.7 | $ 181.8 |
| Provision (benefit) for income taxes | 10.8 | 1.5 | 44.2 | 40.0 |
| Interest expense, net | 10.6 | 8.0 | 46.9 | 29.8 |
| Depreciation and amortization | 23.6 | 14.9 | 85.0 | 57.0 |
| Restructuring and other (income) charges, net | (0.2) | 0.1 | 1.8 | (0.5) |
| Acquisition and other related costs | 2.0 | 6.5 | 35.3 | 12.2 |
| Pension and postretirement settlement and curtailment charges (income) | — | 0.2 | — | 0.2 |
| **Adjusted EBITDA (Non-GAAP)** | $ 91.1 | $ 73.3 | $ 396.9 | $ 320.5 |
| Net sales | $ 303.4 | $ 278.6 | $ 1,292.9 | $ 1,133.6 |
| Net income (loss) margin | 14.6% | 15.1% | 14.2% | 16.0% |
| Adjusted EBITDA margin | 30.0% | 26.3% | 30.7% | 28.3% |

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

| *In millions (unaudited)* | Three Months Ended December 31, 2019 | Three Months Ended December 31, 2018 | Twelve Months Ended December 31, 2019 | Twelve Months Ended December 31, 2018 |
|---|---|---|---|---|
| **Adjusted EBITDA (Non-GAAP)** | $ 91.1 | $ 73.3 | $ 396.9 | $ 320.5 |
| Depreciation and amortization | 23.6 | 14.9 | 85.0 | 57.0 |
| Interest expense, net | 10.6 | 8.0 | 46.9 | 29.8 |
| **Adjusted income before taxes (Non-GAAP)** | $ 56.9 | $ 50.4 | $ 265.0 | $ 233.7 |
| Provision (benefit) for income taxes (GAAP) | $ 10.8 | $ 1.5 | $ 44.2 | $ 40.0 |
| Tax effect on certain items | (0.4) | (1.7) | (6.8) | (3.0) |
| Discrete tax provision (benefit) | 0.8 | (1.9) | (5.9) | (2.8) |
| **Provision for Income Taxes on Adjusted Earnings (Non-GAAP)** | $ 10.4 | $ 5.1 | $ 56.9 | $ 45.8 |
| **Tax Rate (GAAP)** | 23.1% | 3.4% | 20.2% | 18.0% |
| **Adjusted Tax Rate (Non-GAAP)** | 18.3% | 10.1% | 21.5% | 19.6% |

## Calculation of Total Debt to Net Income (Loss) Ratio (GAAP) to Net Debt to Adjusted EBITDA Ratio (Non-GAAP)

| *In millions, except ratios (unaudited)* | | December 31, 2019 |
|---|---|---|
| Notes payable and current maturities of long-term debt | $ | 22.5 |
| Long-term debt including finance lease obligations | | 1,228.4 |
| Debt issuance costs | | 6.9 |
| Total Debt | | 1,257.8 |
| Less: | | |
| Cash and cash equivalents [1] | | 64.2 |
| Restricted investment | | 72.6 |
| Net Debt | $ | 1,121.0 |
| | | |
| **Total Debt to Net income (loss) Ratio (GAAP)** | | |
| Net income (loss) - last twelve months (LTM) as of December 31, 2019 | $ | 183.7 |
| | | |
| Total debt to Net income (loss) ratio (GAAP) | | 6.85x |
| | | |
| **Net Debt Ratio (Non GAAP)** | | |
| Adjusted EBITDA - LTM as of September 30, 2019 | | 396.9 |
| Caprolactone Business Pro Forma Adjusted EBITDA LTM as of September 30, 2019 [2] | | 5.5 |
| Adjusted EBITDA LTM inclusive of pro forma as of September 30, 2019 | $ | 402.4 |
| | | |
| Net debt ratio (Non GAAP) | | 2.79x |

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(1) Includes $7.7 million of Restricted Cash related to the New Market Tax Credit financing transaction which was entered into in November 2019.

(2) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. 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 1, 2018.

## Reconciliation of Selling, General and Admin (SG&A) (GAAP) to Core SG&A (Non-GAAP)

| *In millions (unaudited)* | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| SG&A (GAAP) | $ 40.8 | $ 35.9 | $ 163.1 | $ 132.4 |
| Intangible amortization related to acquisitions | 8.1 | 3.2 | 27.1 | 10.6 |
| Legal costs primarily associated with intellectual property litigation | 5.0 | 3.2 | 15.1 | 4.9 |
| Core SG&A (Non-GAAP) | $ 27.7 | $ 29.5 | $ 120.9 | $ 116.9 |
| Net sales | $ 303.4 | $ 278.6 | $ 1,292.9 | $ 1,133.6 |
| SG&A as a percent of Net sales | 13.4% | 12.9% | 12.6% | 11.7% |
| Core SG&A as a percent of sales (Non-GAAP) | 9.1% | 10.6% | 9.4% | 10.3% |

## Calculation of Historical Net Debt Ratio (Non-GAAP)

| *In millions, except ratios (unaudited)* | 2016 | | | 2017 | | | | 2018 | | | | 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Net Debt[1] | $ 445.2 | $ 424.0 | $ 391.7 | $ 405.1 | $ 370.2 | $ 314.0 | $ 295.8 | $ 628.7 | $ 600.2 | $ 627.5 | $ 610.2 | $ 1,319.2 | $ 1,267.7 | $ 1,175.9 | $ 1,121.0 |
| Adjusted EBITDA[2] | 58.4 | 59.6 | 36.0 | 50.2 | 67.2 | 72.7 | 52.6 | 67.1 | 89.4 | 90.7 | 73.3 | 83.5 | 108.3 | 114.0 | 91.1 |
| Pine Chemical Pro Forma[3] | — | — | — | 6.0 | 5.6 | 7.5 | 7.8 | 4.8 | — | — | — | — | — | — | — |
| Caprolactone Pro Forma [3] | — | — | — | — | — | — | — | 15.1 | 14.5 | 16.7 | 14.8 | 5.5 | — | — | — |
| Pro Forma Adjusted EBITDA | 58.4 | 59.6 | 36.0 | 56.2 | 72.8 | 80.2 | 60.4 | 87.0 | 103.9 | 107.4 | 88.1 | 89.0 | 108.3 | 114.0 | 91.1 |
| LTM Pro Forma Adjusted EBITDA | — | — | — | 210.2 | 224.6 | 245.2 | 269.6 | 300.4 | 331.5 | 358.7 | 386.4 | 388.4 | 392.8 | 399.4 | 402.4 |
| Net Debt Ratio | — | — | — | 1.9x | 1.6x | 1.3x | 1.1x | 2.1x | 1.8x | 1.7x | 1.6x | 3.4x | 3.2x | 2.9x | 2.8x |

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(1) Represents total debt including capital lease obligation, excluding deferred financing fees, less cash and cash equivalents less restricted investment for each period included above. See the Company's Form 10-Q for each period for more information. This does not include any pro forma adjustment for acquisition related debt.

(2) Represents net income (loss) plus provision for income taxes, interest expense, depreciation and amortization, restructuring and other (income) charges, acquisition and other related costs, and pension and postretirement settlement and curtailment (income) charges for each period included above. See the Company's Form 10-Q for each period for more information.

(3) Pro forma amounts include historical results of the Pine Chemical Business and Caprolactone Business, prior to the acquisition dates of March 8, 2018 and February 13, 2019, respectively. 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 both acquisitions are included within the Management Discussion and Analysis section of the Company's Form 10-Q for each respective period.



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# Supplemental Historical Quarterly Pro Forma Financial Information

The following unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the acquisition of substantially all the assets primarily used in the pine chemical business of Georgia-Pacific LLC and Georgia-Pacific Chemicals LLC ("Georgia-Pacific"), by Ingevity Corporation and Ingevity Arkansas, LLC ("Ingevity" or the "Company"). On March 8, 2018, pursuant to the terms and conditions set forth in the Asset Purchase Agreement ("Asset Purchase Agreement"), Ingevity acquired Georgia-Pacific's pine chemical business ("Pine Chemical Business"), including assets and facilities related to tall oil fractionation operations and the production or modification of tall oil fatty acids, tall oil rosins, rosin derivatives and formulated products (the "Pine Chemical Acquisition"). The purchase price for the Pine Chemical Acquisition was $315.0 million, which includes an adjustment for working capital of $5.0 million. Total purchase consideration was funded primarily through the issuance of $300.0 million aggregate principal amount of 4.50 percent senior unsecured notes and cash on hand.

The following unaudited pro forma condensed combined financial information has been prepared to also illustrate the effect of the acquisition of the Capa™ Caprolactone division ("Caprolactone Business") of Perstorp Holding AB (the "Seller") by Ingevity. The acquisition of the Caprolactone Business was completed on February 13, 2019 through the purchase of all outstanding equity in Perstorp UK Ltd. which was previously held by the Seller for a total of €578.9 million, less debt assumed plus accrued interest (the "Caprolactone Acquisition"). The Company funded the Caprolactone Acquisition through a combination of borrowings under Ingevity's revolving credit facilities and cash on hand. The unaudited pro forma condensed combined financial information gives effect to the Capa Acquisition.

The unaudited pro forma condensed combined financial information gives effect to the Caprolactone Acquisition and Pine Chemical Acquisition and the incurrence of additional debt used to fund the acquisitions, as if both acquisitions had been consummated on January 1, 2018, and combines Ingevity's historical results for the periods presented.

The unaudited pro forma condensed combined financial information gives effect to the Caprolactone Acquisition and Pine Chemical Acquisition under the acquisition method of accounting in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 805, Business Combinations. The historical financial information has been adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma adjustments that are (1) directly attributable to the acquisitions, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact. In addition, the historical combined financial statements of the Caprolactone Business and Pine Chemical Business have been adjusted to reflect certain reclassifications to conform to Ingevity's financial statement presentation.

The unaudited pro forma financial information included herein has been prepared by management in accordance with the regulations of the United States Securities and Exchange Commission ("SEC") and are not necessarily indicative of the combined financial position or results of operations that would have been realized had the Caprolactone Acquisition and Pine Chemical Acquisition occurred as of the date indicated, nor are they meant to be indicative of any anticipated financial position or future results of operations. In addition, the accompanying unaudited pro forma financial information does not include any expected cost savings, operating synergies, or revenue enhancement, which may be realized subsequent to the Caprolactone Acquisition and Pine Chemical Acquisition or the impact of any nonrecurring activity and one-time transaction-related costs. The ultimate recognition of such costs and liabilities would affect amounts in the unaudited pro forma condensed combined financial information, and such costs and liabilities could be material.

The estimated fair values used for the purpose of adjusting for the unaudited pro forma condensed combined financial information are preliminary, as the determination of fair value of the assets and liabilities requires extensive use of estimates and management's judgment. Final valuations will be performed and management anticipates that the values assigned to the assets acquired and liabilities assumed may be adjusted during the one-year measurement period following the date of completion of each acquisition. Differences between these preliminary estimates and the final acquisition accounting may occur and could have a material impact on the accompanying unaudited pro forma condensed combined financial information. The pro forma adjustments are based on information available to management and assumptions that management believes are factually supportable at the time the pro forma information was prepared. Ingevity undertakes no obligation to publicly release any revision to the unaudited pro forma information to update them to reflect events or circumstances occurring after the date of this disclosure.

For more information regarding Ingevity's unaudited pro forma condensed combined financial information, see "Unaudited Pro Forma Condensed Combined Financial Information" in Ingevity's Current Reports on Form 8-K/A ("Form 8-K/A") filed with the U.S. Securities and Exchange Commission on April 12, 2019 and May 10, 2018, copies of which may be obtained by visiting the web site of the Securities and Exchange Commission, or the SEC, at www.sec.gov. Presented below is a quarterly impact of certain pro forma adjustments for the fiscal years and quarters ended December 31, 2019 and 2018.

## Reconciliation of Condensed Statement of Operations to Pro Forma Condensed Statement of Operations
## Year Ended December 31, 2019

| *In millions, except per share data* | Historical Ingevity | Caprolactone Business [1] | Pro Forma |
|---|---|---|---|
| Net sales | $ 1,292.9 | $ 17.7 | $ 1,310.6 |
| Cost of sales | 810.9 | 2.6 | 813.5 |
| Gross profit | 482.0 | 15.1 | 497.1 |
| Selling, general and administrative expenses | 163.1 | 3.6 | 166.7 |
| Research and technical expenses | 19.7 | — | 19.7 |
| Restructuring and other (income) charges, net | 1.8 | — | 1.8 |
| Acquisition-related costs | 26.9 | (26.9) | — |
| Other (income) expense, net | (4.3) | 0.5 | (3.8) |
| Interest expense, net | 46.9 | 3.0 | 49.9 |
| Income (loss) before income taxes | 227.9 | 34.9 | 262.8 |
| Provision (benefit) for income taxes | 44.2 | 6.7 | 50.9 |
| **Net income (loss)** | 183.7 | 28.2 | 211.9 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — |
| **Net income (loss) attributable to Ingevity stockholders** | $ 183.7 | $ 28.2 | $ 211.9 |
| | | | |
| Diluted earnings (loss) per common share attributable to Ingevity stockholders | $ 4.35 | | $ 5.01 |

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(1) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. 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 1, 2018.

## Reconciliation of Condensed Statement of Operations to Pro Forma Condensed Statement of Operations
## Year Ended December 31, 2018

| *In millions, except per share data* | Historical Ingevity | Pine Chemicals Business [1] | Caprolactone Business [1] | Pro Forma |
|---|---|---|---|---|
| Net sales | $ 1,133.6 | $ 20.2 | $ 167.0 | $ 1,320.8 |
| Cost of sales | 716.8 | 14.0 | 103.5 | 834.3 |
| Gross profit | 416.8 | 6.2 | 63.5 | 486.5 |
| Selling, general and administrative expenses | 132.4 | 3.7 | 22.9 | 159.0 |
| Research and technical expenses | 21.5 | — | 0.8 | 22.3 |
| Restructuring and other (income) charges, net | (0.5) | — | — | (0.5) |
| Acquisition-related costs | 10.8 | (3.8) | (7.0) | — |
| Other (income) expense, net | 1.0 | — | (0.4) | 0.6 |
| Interest expense, net | 29.8 | 0.9 | 27.4 | 58.1 |
| Income (loss) before income taxes | 221.8 | 5.4 | 19.8 | 247.0 |
| Provision (benefit) for income taxes | 40.0 | 1.3 | 2.2 | 43.5 |
| **Net income (loss)** | 181.8 | 4.1 | 17.6 | 203.5 |
| Less: Net income (loss) attributable to noncontrolling interests | 12.7 | — | — | 12.7 |
| **Net income (loss) attributable to Ingevity stockholders** | $ 169.1 | $ 4.1 | $ 17.6 | $ 190.8 |
| | | | | |
| Diluted earnings (loss) per common share attributable to Ingevity stockholders | $ 3.97 | | | $ 4.48 |

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(1) Pro forma amount includes historical results of the Pine Chemicals Business and Caprolactone Business, prior to the acquisition dates of March 8, 2018 and February 13, 2019, respectively. These amounts also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. 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 1, 2018.



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## Reconciliation of Condensed Statement of Operations to Pro Forma Condensed Statement of Operations
## Quarter Ended December 31, 2018

| *In millions, except per share data* | Historical Ingevity | Caprolactone Business [1] | Pro Forma |
|---|---|---|---|
| Net sales | $ 278.6 | $ 36.1 | $ 314.7 |
| Cost of sales | 181.0 | 22.3 | 203.3 |
| Gross profit | 97.6 | 13.8 | 111.4 |
| Selling, general and administrative expenses | 35.9 | 4.3 | 40.2 |
| Research and technical expenses | 5.2 | 0.3 | 5.5 |
| Restructuring and other (income) charges, net | 0.1 | — | 0.1 |
| Acquisition-related costs | 6.5 | (6.5) | — |
| Other (income) expense, net | (1.7) | (0.2) | (1.9) |
| Interest expense, net | 8.0 | 9.2 | 17.2 |
| Income (loss) before income taxes | 43.6 | 6.7 | 50.3 |
| Provision (benefit) for income taxes | 1.5 | 0.6 | 2.1 |
| **Net income (loss)** | 42.1 | 6.1 | 48.2 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | — |
| **Net income (loss) attributable to Ingevity stockholders** | $ 42.1 | $ 6.1 | $ 48.2 |
| | | | |
| Diluted earnings (loss) per common share attributable to Ingevity stockholders | $ 0.99 | | $ 1.13 |

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(1) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. 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 1, 2018.

## Reconciliation of Net Income (Loss) to Pro Forma Adjusted EBITDA
## Year Ended December 31, 2019

| *In millions, expect percentages (unaudited)* | Historical Ingevity | Pro Forma Adjustment [1] | Pro Forma |
|---|---|---|---|
| **Net income (loss)** | $ 183.7 | $ 28.2 | $ 211.9 |
| Provision (benefit) for income taxes | 44.2 | 6.7 | 50.9 |
| Interest expense, net | 46.9 | 3.0 | 49.9 |
| Depreciation and amortization | 85.0 | 2.9 | 87.9 |
| Restructuring and other (income) charges, net | 1.8 | — | 1.8 |
| Acquisition and other related costs | 35.3 | (35.3) | — |
| **Adjusted EBITDA** | $ 396.9 | $ 5.5 | $ 402.4 |
| | | | |
| Net sales | $ 1,292.9 | | $ 1,310.6 |
| Net income (loss) margin | 14.2% | | 16.1% |
| Adjusted EBITDA margin | 30.7% | | 30.7% |
| | | | |
| **Performance Chemicals Segment EBITDA** | $ 183.5 | $ 5.5 | $ 189.0 |
| Net sales | $ 802.3 | | $ 820.0 |
| Segment EBITDA margin | 22.9% | | 23.0% |

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(1) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. 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 1, 2018.



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## Reconciliation of Net Income (Loss) to Pro Forma Adjusted EBITDA
## Year Ended December 31, 2018

| *In millions, expect percentages (unaudited)* | Historical Ingevity | Pro Forma Adjustment [1] | Pro Forma |
|---|---|---|---|
| **Net income (loss)** | $ 181.8 | $ 21.7 | $ 203.5 |
| Provision (benefit) for income taxes | 40.0 | 3.5 | 43.5 |
| Interest expense, net | 29.8 | 28.3 | 58.1 |
| Depreciation and amortization | 57.0 | 24.6 | 81.6 |
| Restructuring and other (income) charges, net | (0.5) | — | (0.5) |
| Acquisition and other related costs | 12.2 | (12.2) | — |
| **Pension and postretirement settlement and curtailment charges (income)** | 0.2 | — | 0.2 |
| **Adjusted EBITDA** | $ 320.5 | $ 65.9 | $ 386.4 |
| | | | |
| Net sales | $ 1,133.6 | | $ 1,320.8 |
| Net income (loss) margin | 16.0% | | 15.4% |
| Adjusted EBITDA margin | 28.3% | | 29.3% |
| | | | |
| **Performance Chemicals Segment EBITDA** | $ 151.1 | $ 65.9 | $ 217.0 |
| Net sales | $ 733.2 | | $ 920.4 |
| Segment EBITDA margin | 20.6% | | 23.6% |

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(1) Pro forma amount includes historical results of the Pine Chemicals Business and Caprolactone Business, prior to the acquisition dates of March 8, 2018 and February 13, 2019, respectively. These amounts also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. 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 1, 2018.

## Reconciliation of Net Income (Loss) to Pro Forma Adjusted EBITDA
## Quarter Ended December 31, 2018

| *In millions, expect percentages (unaudited)* | Historical Ingevity | Pro Forma Adjustment [1] | Pro Forma |
|---|---|---|---|
| **Net income (loss)** | $ 42.1 | $ 6.1 | $ 48.2 |
| Provision (benefit) for income taxes | 1.5 | 0.6 | 2.1 |
| Interest expense, net | 8.0 | 9.2 | 17.2 |
| Depreciation and amortization | 14.9 | 5.4 | 20.3 |
| Restructuring and other (income) charges, net | 0.1 | — | 0.1 |
| Acquisition and other related costs | 6.5 | (6.5) | — |
| Pension and postretirement settlement and curtailment charges (income) | $ 0.2 | $ — | $ 0.2 |
| **Adjusted EBITDA** | $ 73.3 | $ 14.8 | $ 88.1 |
| | | | |
| Net sales | $ 278.6 | | $ 314.7 |
| Net income (loss) margin | 15.1% | | 15.3% |
| Adjusted EBITDA margin | 26.3% | | 28.0% |
| | | | |
| **Performance Chemicals Segment EBITDA** | $ 30.4 | $ 14.8 | $ 45.2 |
| Net sales | $ 166.1 | | $ 202.2 |
| Segment EBITDA margin | 18.3% | | 22.4% |

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(1) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. 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 1, 2018.



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## Comparison of Quarter Ended December 31, 2019 to Pro Forma December 31, 2018

| *In millions, expect percentages (unaudited)* | | Q4 2019 | Pro Forma Q4 2018 | $ Change | % Change |
|---|---|---|---|---|---|
| **Total Ingevity** | **Net sales** | $ 303.4 | $ 314.7 | $ (11.3) | (3.6)% |
| | Adjusted EBITDA | 91.1 | 88.1 | 3.0 | 3.4% |
| | | | | | |
| Performance Chemicals Segment | Net sales | $ 175.2 | $ 202.2 | $ (27.0) | (13.4)% |
| | Adjusted EBITDA | 32.4 | 45.2 | (12.8) | (28.3)% |

## Comparison of Year Ended Pro Forma December 31, 2019 to Pro Forma December 31, 2018

| *In millions, expect percentages (unaudited)* | | Pro Forma FY 2019 | Pro Forma FY 2018 | $ Change | % Change |
|---|---|---|---|---|---|
| **Total Ingevity** | **Net sales** | $ 1,310.6 | $ 1,320.8 | $ (10.2) | (0.8)% |
| | Adjusted EBITDA | 402.4 | 386.4 | 16.0 | 4.1% |
| | | | | | |
| Performance Chemicals Segment | Net sales | $ 820.0 | $ 920.4 | $ (100.4) | (10.9)% |
| | Adjusted EBITDA | 189.0 | 217.0 | (28.0) | (12.9)% |