

Ingevity Announces Agreement to Acquire Perstorp's Capa™ Caprolactone Division

December 10, 2018

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Disclaimer

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements generally include the words "may," "could," "should," "believes," "plans," "intends," "targets," "will," "expects," "suggests," "anticipates," "outlook," "continues," "forecast," "prospect," "potential" or similar expressions. Forward-looking statements may include, without limitation, expected financial positions, results of operations and cash flows; financing plans; business strategies and expectations; operating plans; synergies and the potential benefits of the acquisition of Perstorp Holding AB's ("Perstorp") Capa™ caprolactone business (the "acquisition"); the anticipated timing of the closing of the acquisition; capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost-reduction initiatives, plans and objectives; and markets for securities. Like other businesses, Ingevity is subject to risks and uncertainties that could cause its actual results to differ materially from its expectations or that could cause other forward-looking statements to prove incorrect. 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These and other important factors that could cause actual results or events to differ materially from those expressed in forward-looking statements that may have been made in this document are and will be more particularly described in our filings with the U.S. Securities and Exchange Commission, including our Form 10-K for the year ended December 31, 2017 and our other periodic filings. Readers are cautioned not to place undue reliance on Ingevity's projections and forward-looking statements, which speak only as the date thereof. Ingevity undertakes no obligation to publicly release any revision to the projections and forward-looking statements contained in this presentation, or to update them to reflect events or circumstances occurring after the date of this presentation. The financial results for Perstorp's Capa™ caprolactone business in this presentation have been derived from unaudited financial records prepared by Perstorp, without adjustment to conform to the accounting policies and methodologies used by Ingevity. Neither Perstorp's, nor Ingevity's auditors, have audited, reviewed, compiled or performed any procedures with respect to the financial results of Perstorp's Capa™ caprolactone business . The accounting policies and methodologies used by Perstorp's Capa™ caprolactone business differ in certain respects from those used by Ingevity. The audited financial statements of Perstorp's Capa™ caprolactone business will be delivered to Ingevity prior to closing. The actual audited results of Perstorp's Capa™ caprolactone business therefore may differ from those provided herein due to the completion of the financial closing and auditing procedures under U.S. GAAP, application of financial adjustments, and other developments.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Investors are urged to consider carefully the comparable GAAP measures and the reconciliations to those measures provided.

Transaction Overview

Summary	▪ Ingevity has reached an agreement to acquire the Capa™ caprolactone division of Perstorp Holding AB ▪ Anticipated closing late in the first quarter of 2019, subject to regulatory approvals and other customary conditions ▪ To be integrated into Performance Chemicals segment as "Engineered Polymers"
Transaction Value	▪ Cash purchase price of €590 million (~$675 million[1]) ▪ ~11x 2018E adjusted EBITDA[2] ▪ Assumes no synergies or tax benefits ▪ Expected EPS accretive in year one
Financing	▪ To be financed under existing credit facilities and cash ▪ Pro forma 2018E net leverage: ~3.5x ▪ Expected to deleverage to below 3.0x by end of 2019

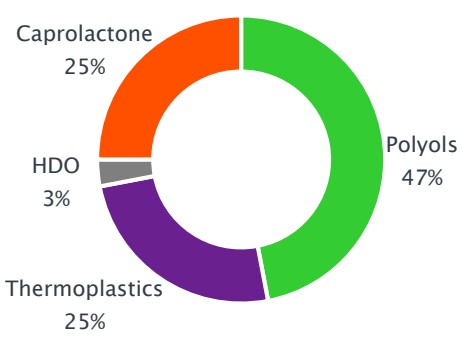
(1) EUR / USD exchange rate: 1.15; purchase price subject to customary closing adjustments
(2) Earnings before interest, taxes, depreciation and amortization.

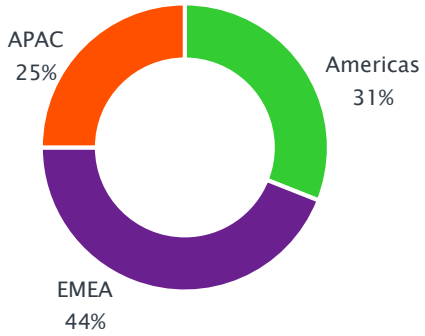
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Capa™ Caprolactone Business Overview

- Capa holds the #1 market position in caprolactone technologies, with only two other major competitors worldwide
- Caprolactone is a critical input to many high-growth end-use applications
  - Note: Caprolactone is not caprolactam
- Highly profitable and scalable business
  - Expected 2018 sales of ~$175 million (1)
  - Adj. EBITDA of ~$60 million
  - Adj. EBITDA margins of mid-30s percent
- Single plant operation in Warrington, U.K.
- Experienced management team with approximately 90 employees globally

Revenue by Product and Geography (2018E)







(1) *EUR / USD exchange rate: 1.15*

Capa™ Caprolactone End-Uses and Benefits

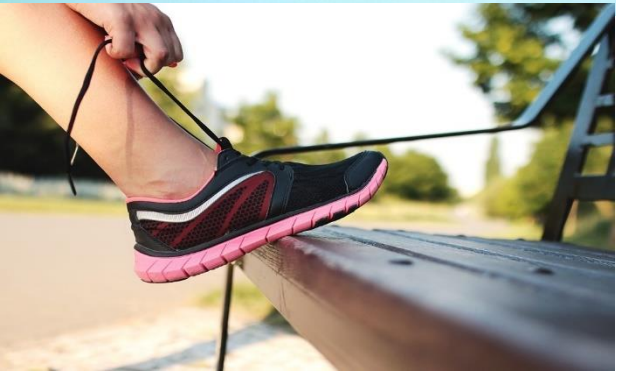
Market	Use	Benefits	End-Products
Coatings 	Capa Polycaprolactones for High-Performance Polyurethane Coatings	• High gloss • Weathering resistance • Flexibility • Toughness • Self-healing	• Aerospace coatings • Automotive coatings • Specialty flooring coatings • Windmill coatings
Resins 	Capa-based Polyurethane dispersions and UV-curable resins	• Wear resistance • Anti-weathering • Cracking resistance	• Automotive and aerospace coatings • Wood flooring coatings • Leather coatings
Elastomers 	Capa Polyols for thermoplastic polyurethane or cast elastomers	• Durability • Resistance to wear and tear • Thermal stability • Ease of processing	• Tires for forklifts • Skateboard wheels • Roller coaster wheels • Running shoe soles • Gaskets and O-rings
Adhesives 	Capa Thermoplastics for hot melt adhesives and Capa Polyols for liquid polyurethane adhesives	• Strong adhesion and bonding • Various substrates • Durability and heat resistance • Flexibility	• Food packaging • Textiles • Laminates • Tapes • Shoes and consumer products
Bioplastics 	Capa-based biodegradable thermoplastics	• Durability • Tear resistance • Printability	• Biopolymer bags and films • Food packaging • Plasticware • Paper coatings

Source: Company information

Value-creating Acquisition Consistent with Our Strategy







Strategic Rationale

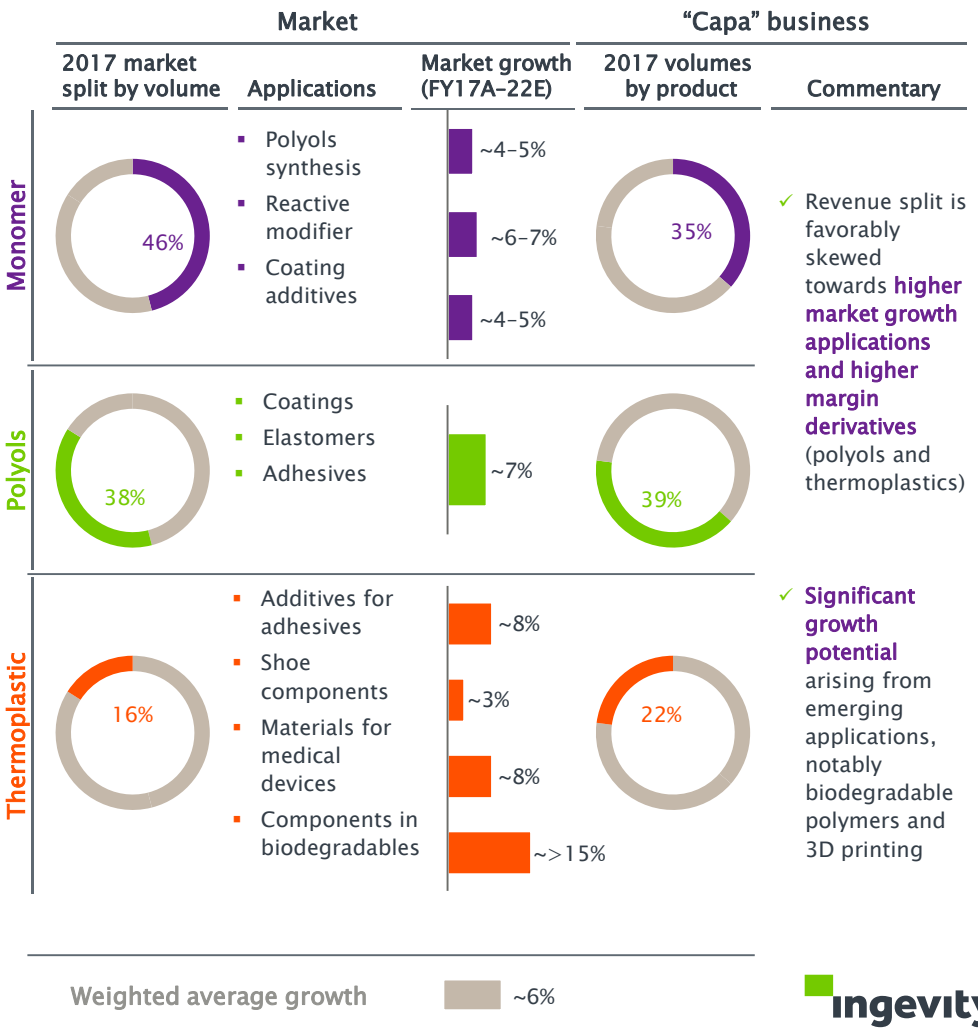
- Strong, market-leading business focused on high-growth end-use applications
- Complementary fit with Ingevity business model and capabilities
  - Technology-focused relationships drive customer intimacy
  - Similar manufacturing process and approach
- Provides new avenues for strategic growth and value creation
- Top-tier financial profile, immediately accretive

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Strong, Market-leading Business Focused on High-growth End-use Applications

- Global market leader with unique technology and state-of-the-art manufacturing capabilities
  - Capacity is ~3x vs. the closest competitor (~60% of available capacity); only two other producers globally
- Strategically targeted to high-value end-markets
  - Target markets have a weighted average annual growth of **~6%**

Projected Market Growth and Share by Product Segment



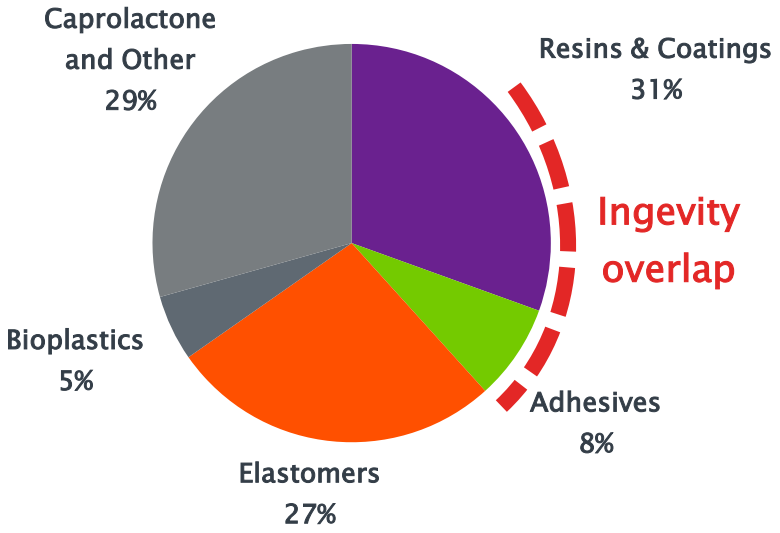
Source: Company information

Strategic Rationale

Technology-focused Relationships Drive Customer Intimacy

- Deep customer knowledge backed by 40 years of technical expertise and process know-how
- Long-standing, loyal customer base with no customer representing more than 10% of sales
- Proven expertise to develop tailored applications and technology solutions depending on customer needs
- Potential for channel synergies over time in end-use applications where Ingevity participates, particularly coatings and adhesives
- Leverage Ingevity corporate and functional resources

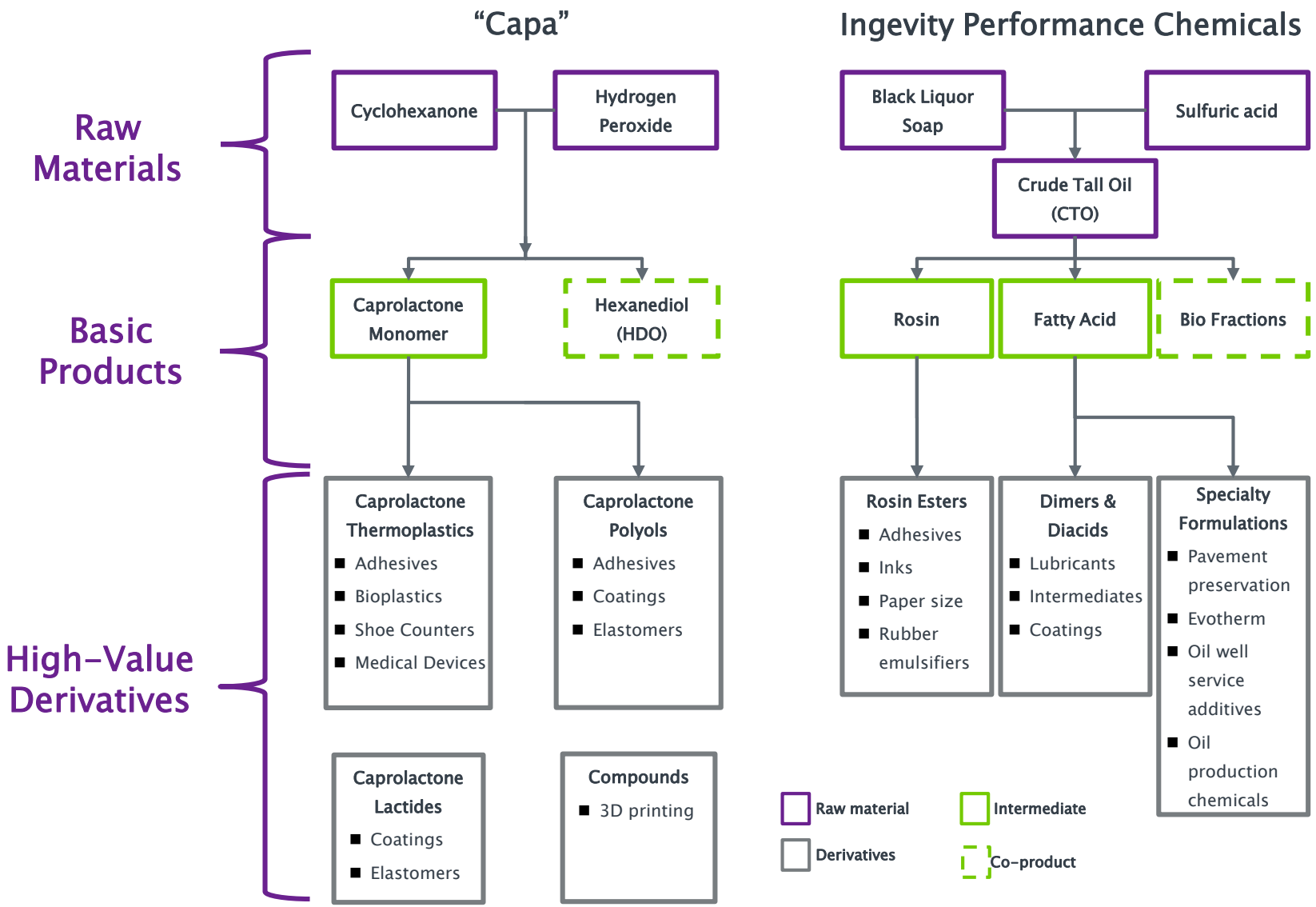
Revenue by End-use Applications (2018E)



Source: Company information

Strategic Rationale

Similar Manufacturing Process and Approach

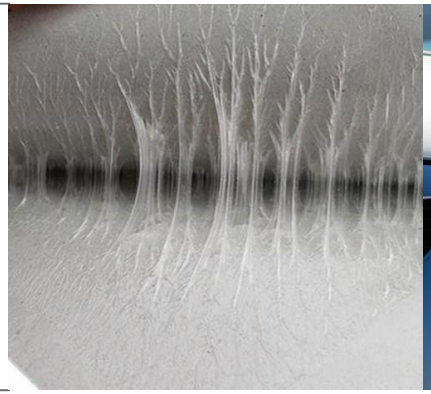


Source: Company information

Strategic Rationale

Provides New Avenues for Strategic Growth and Value Creation

- Continued growth supported by end-market macro trends in core and emerging applications
  - Biodegradable polymers, medical devices, 3D printing, etc.
- Untapped potential for caprolactone to increase penetration via technology substitution within existing key market segments
  - Strong track record of innovation and new business development
- Platform for further bolt on M&A opportunities in strategically-targeted, value-added thermoplastics, resins and bioplastics

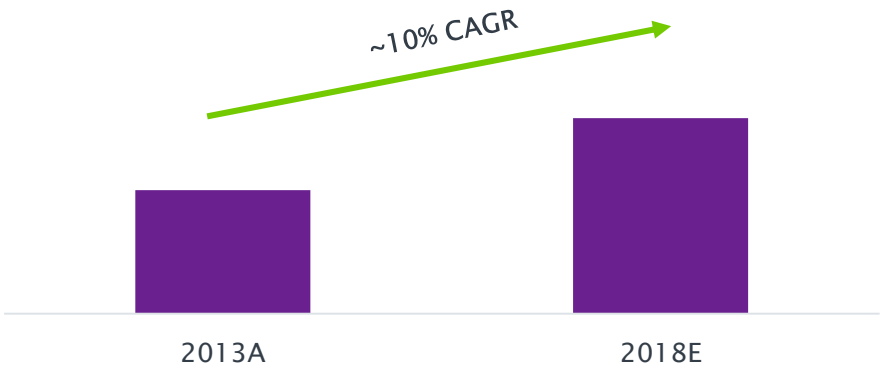


Strategic Rationale

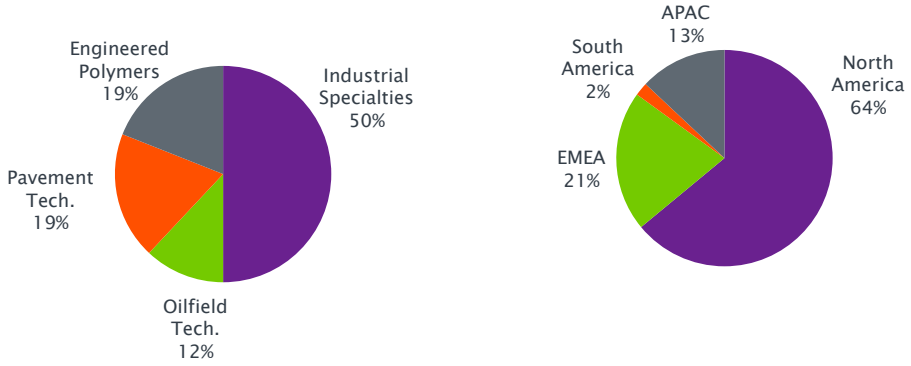
Top-tier Financial Profile, Immediately Accretive

- Compelling financial profile:
  - Strong historical growth
  - Sustainable adj. EBITDA margins in mid-30%s
  - Modest capital intensity
- Improves Performance Chemical segment adj. EBITDA margins by ~300bps on 2018 pro forma basis
- Accretive to Ingevity overall adj. EBITDA margins by ~100 bps on 2018 pro forma basis
- Expands product diversity, global reach and growth platform of Performance Chemicals segment
- Expected EPS accretive in year one

Revenue Growth (2013A – 2018E)



Pro forma impact to PC segment revenue mix (1)



(1) *Last Twelve Month ("LTM") from Sept. 30, 2018; standalone Ingevity product mix: 61% Industrial Specialties; 15% Oilfield Tech, 24% Pavement Tech; Standalone Ingevity geographic mix: 73% North America, 15% EMEA; 2% South America; 10% APAC. LTM revenue of Capa has been derived from unaudited financial records prepared by Capa, without adjustment to conform to the accounting policies and methodologies used by Ingevity. Refer to the Disclaimer on Slide 2 of this presentation for further information regarding these financial measures.*

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Value-creating Acquisition Consistent with Our Strategy

- Furthers our purpose of purifying, protecting and enhancing the world around us
- Provides a complementary, growth platform in new and existing end-use applications
- Business aligned with Ingevity strengths:
  - Technology-based customer partnerships
  - Reaction / purification process and derivative product approach
- Top-tier financial metrics and pro forma impacts translate into compelling value creation opportunity
- Financed under existing facilities at comfortable leverage levels; rapid deleveraging given excellent cash generation profile of combined business
- *Ingevity welcomes the Capa organization and looks forward to building an even stronger Ingevity together!*





