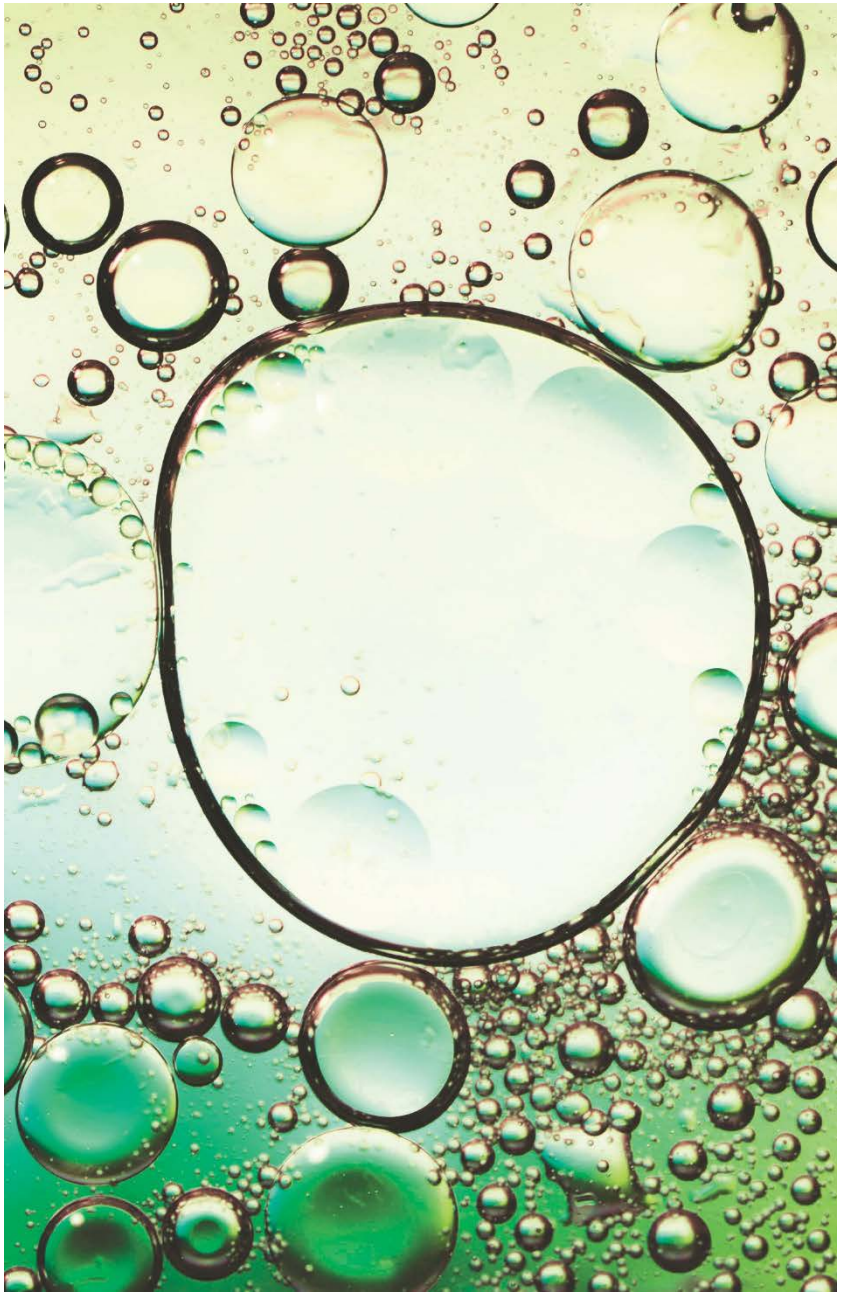
Berenberg Conference USA 2019

May 22, 2019



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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

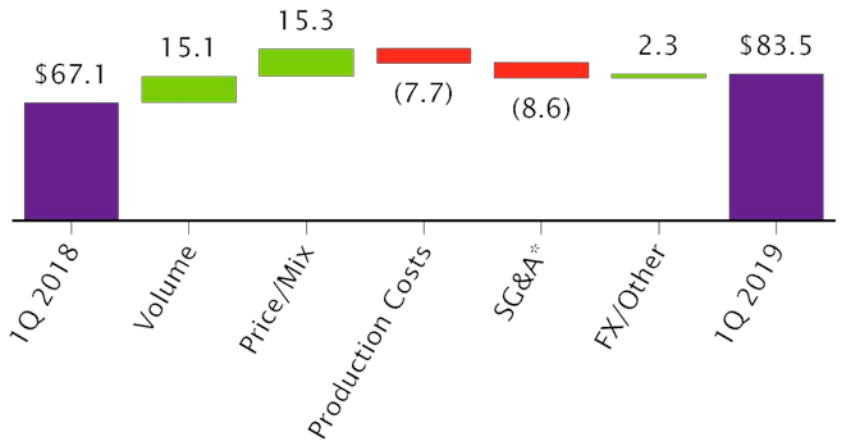
- First Quarter Highlights
- Segment Performance
- Guidance
- Company Overview

First Quarter 2019 Results

Financial Performance

$ in millions	1Q 2019	1Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	276.8	235.2	41.6	17.7%
Adjusted EBITDA[1]	83.5	67.1	16.4	24.4%
Adjusted EBITDA[1] Margin	30.2%	28.5%	+170 bps	

1Q Adjusted EBITDA[1]



*SG&A includes research & technical expenses.

Performance Highlights

- Financial results in line with company's expectations
- Strong growth in Performance Materials
- Price / mix improvements in legacy Performance Chemicals
- Benefits of half of a quarter with new engineered polymers product line
- Revenue benefits partially offset by:
  - Higher selling, general and administrative (SG&A) costs, including legal expenses
  - Higher transportation and logistics costs
- Strong drop through with adjusted EBITDA increase of 24%
- Adjusted EBITDA margins above 30%
- Continued progress on executing strategy with emphasis on earnings growth and margin improvement

(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.

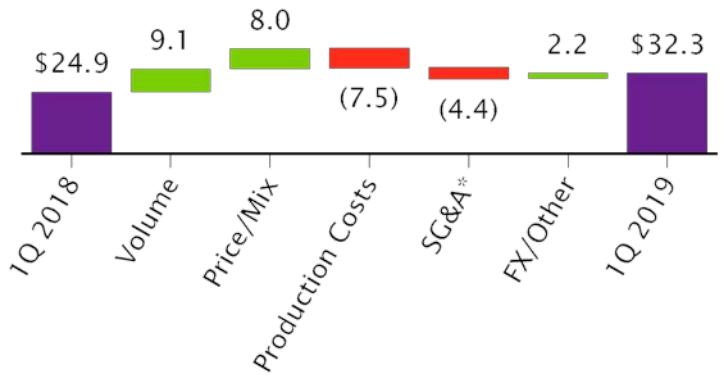
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Performance Chemicals

Performance Chemicals

$ in millions	1Q 2019	1Q 2018	vs Prior Year Δ	Δ%
Net Sales	**167.7**	**139.7**	**28.0**	**20.0%**
Industrial Specialties	95.8	98.8	(3.0)	(3.0)%
Oilfield Technologies	29.2	22.4	6.8	30.4%
Pavement Technologies	18.5	18.5	—	—%
Engineered Polymers	24.2	—	24.2	100.0%
Segment EBITDA	32.3	24.9	7.4	29.7%
Segment EBITDA Margin	19.3%	17.8%	+150 bps	

1Q Segment EBITDA



*SG&A includes research & technical expenses.

Performance Highlights

- As reported, revenue increase of 20% and adjusted EBITDA increase of 30%
- On a pro forma basis(1), revenues down 10%, adjusted EBITDA down 16%
  - *Industrial Specialties*: Withdrawal from European inks business; lower underivatized product sales; termination of low-margin distributor relationship; partially offset by higher TOFA prices and G-P acquisition
  - *Oilfield Technologies*: Growth in oilfield production chemicals; flat demand in drilling applications
  - *Pavement Technologies*: Seasonally slow; revenue flat; increase in North America; decrease in South America
  - *Engineered Polymers*: Half quarter slightly higher than expectations
- Segment EBITDA of $32 million, up 30%
  - Revenue impacts partially offset by higher production, distribution and corporate costs

(1) Includes the impacts from both the G-P pine chemicals business and Capa™ caprolactone business acquisitions. See appendix for more information.

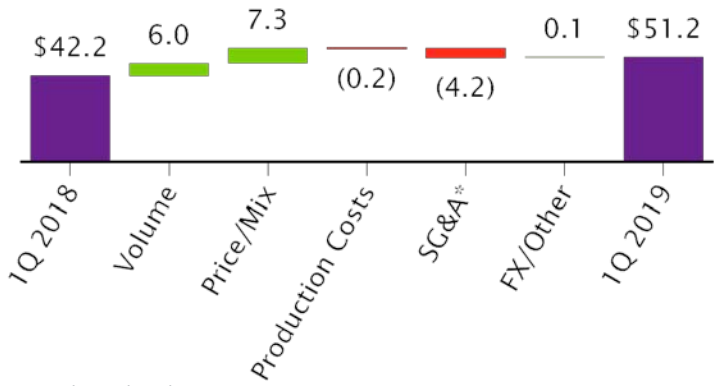
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Performance Materials

Performance Materials

$ in millions	1Q 2019	1Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	**109.1**	**95.5**	**13.6**	**14.2%**
Automotive Technologies	99.7	85.9	13.8	16.1%
Process Purification	9.4	9.6	(0.2)	(2.1)%
Segment EBITDA	51.2	42.2	9.0	21.3%
Segment EBITDA Margin	46.9%	44.2%	+270 bps	

1Q Segment EBITDA



*SG&A includes research & technical expenses.

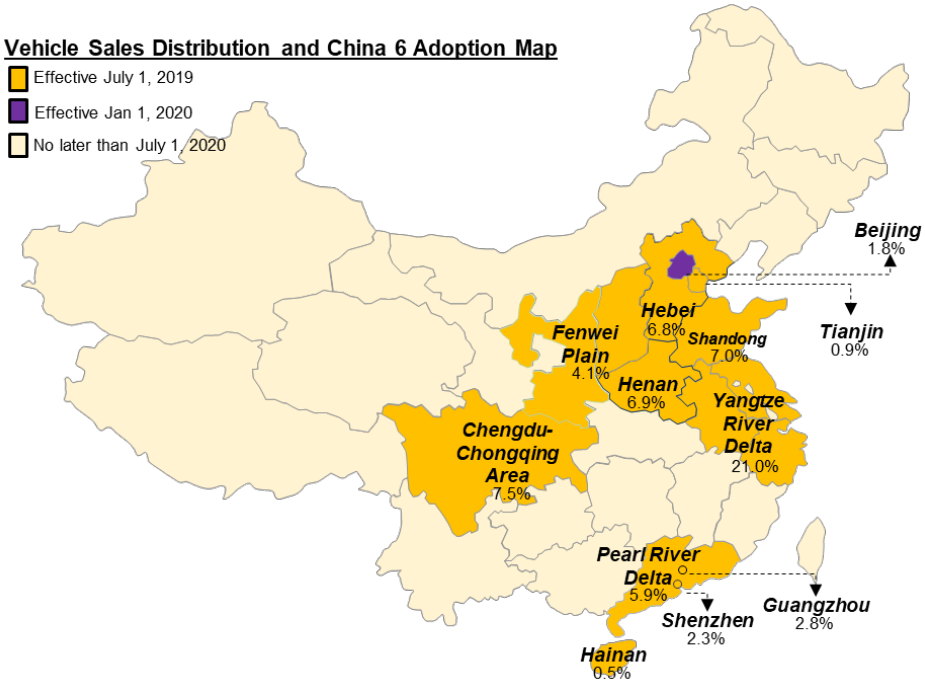
Performance Highlights

- Revenue increase of 14%
  - Strong sales for "honeycomb" scrubbers to comply with U.S. EPA Tier 3 / LEV III standards
  - Quarterly North American light vehicle production down 2.7% vs. prior year quarter
    - Light truck share increased to 71.4%
  - China vehicle production down 10%
- Segment EBITDA of $51.2 million, up 21% versus prior year's quarter
- Beginning of China 6 orders positively impacts revenues and earnings

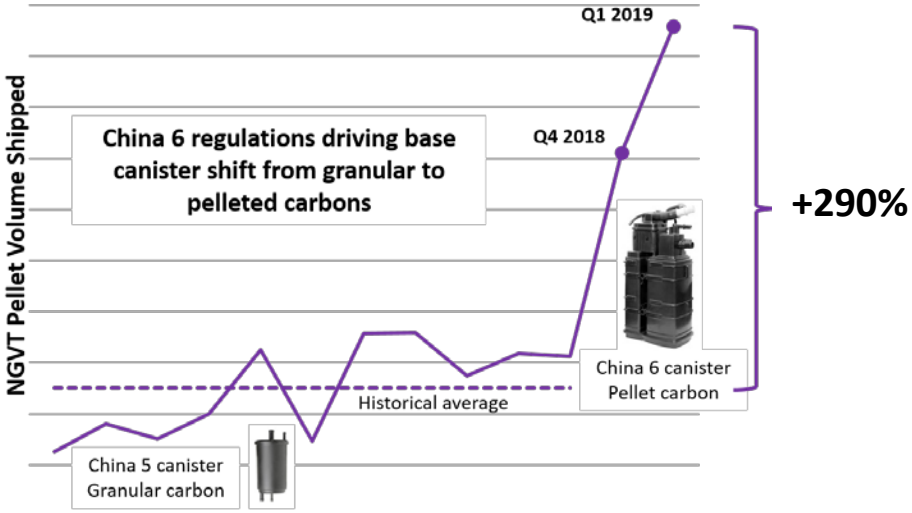
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China Update

Implementation requirements should drive a greater than 60% China 6 compliance rate in the third quarter.



Growth in Ingevity sales volumes for pelleted products demonstrates China 6 implementation is well underway.



More than 2,500 Chinese vehicle platforms (~80%) have been certified as compliant with China 6.

Data Source: IHS, China Car Insurance Data, Ingevity estimate
Methodology: 2018 sales percentages x 2019 light vehicle production forecast

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2019 Guidance
($M)

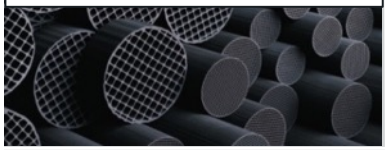
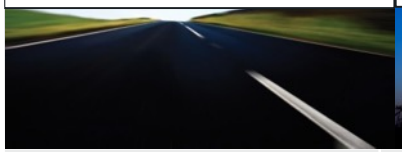
Item	FY18 Actual	FY19 Guidance (05.01.2019)
Revenue	$1,133.6	$1,300 to $1,360
Adjusted EBITDA[(1)]	$320.5	$390 to $410
Adjusted tax rate[(1)]	19.8%	21–23%
Capital expenditures	$93.9	$110–$120
Free Cash Flow[(2)]	$158.1	$180–$190
Net Debt Ratio[(3)]	1.88x	<3.0x

(1) A reconciliation of net income to adjusted EBITDA as projected for 2019 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 Georgia-Pacific's pine chemical business and Perstorp Holding AB's Capa caprolactone business; additional pension and postretirement settlement and curtailment (income) charges; 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 $290M to $310M for FY2019 less Capital Expenditures.

(3) Defined as total debt including capital lease obligation excluding deferred financing fees less cash and cash equivalents less restricted investment divided by LTM adjusted EBITDA, inclusive of pro forma of Georgia-Pacific's pine chemical business and Perstorp Holding AB's Capa caprolactone business.

Company Overview

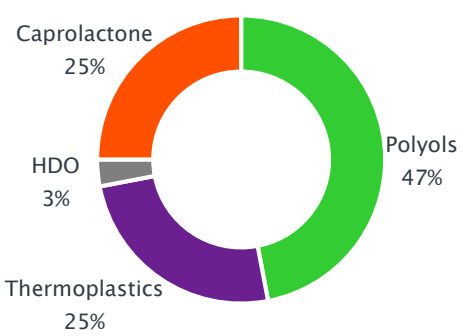
	Performance Materials	Performance Chemicals		
	Carbon Technologies	Pavement Technologies	Oilfield Technologies	Industrial Specialties
				
2018 Sales	$400 million	$179 million	$114 million	$440 million
2018 Segment EBITDA [1]	$169 million	$151 million		
Market Position	#1 in automotive	#1 or #2	#1 or #2 in oil-based muds	#1 or #2
Applications	▪ Automotive ▪ Process purification	▪ Pavement preservation ▪ Recycling ▪ Evotherm® technologies	▪ Well Service Additives ▪ Production and Downstream	▪ Adhesives ▪ Agrochemicals ▪ Lubricants ▪ Inks ▪ Intermediates
Select Competitors	CABOT, kuraray	CECA ARKEMA GROUP, ArrMaz, lamberti chemical specialties, DRT the Best of Nature, KRATON, RESPOL RESINAS, S.A.		
Select Customers	Arisan, MAHLE, DELPHI	ERGON, FlintGroup, HALLIBURTON, SOLENIS Strong bonds. Trusted solutions.		ENNIS-FLINT, arboris pine tree extracts

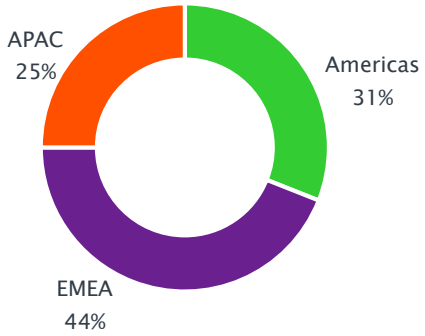
1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.

Introducing Engineered Polymers

- 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
  - 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*

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

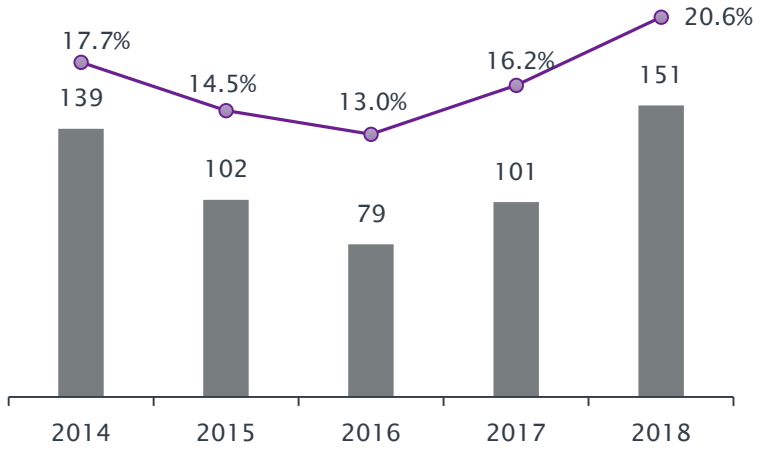
Segment Overview – Performance Chemicals

Segment Description

Specialty chemicals derived from co-products of the kraft pulping process, crude tall oil (CTO) and lignin

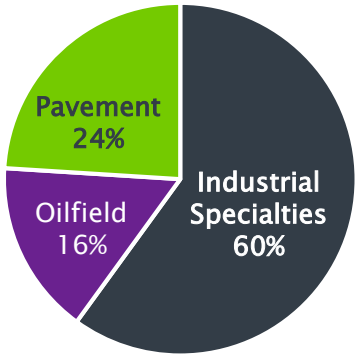
- Pavement Technologies: road construction, resurfacing, preservation, maintenance and recycling
- Oilfield Technologies: well service additives and chemistry for production and downstream applications
- Industrial Specialties: adhesive tackifiers, printing inks, paper chemicals, rubber, agrochemical dispersants, lubricants and other chemical intermediate applications

Segment EBITDA[(1)] ($M) & EBITDA Margin %[(1)]

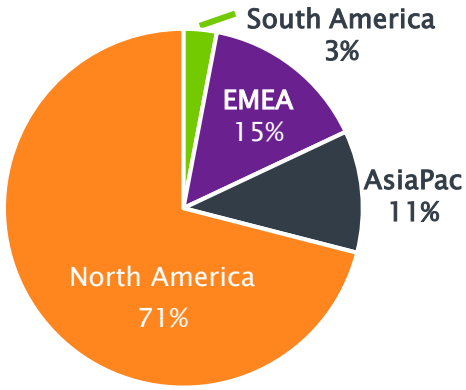


2018 Sales – $733M

By End Market



By Region



Global Footprint

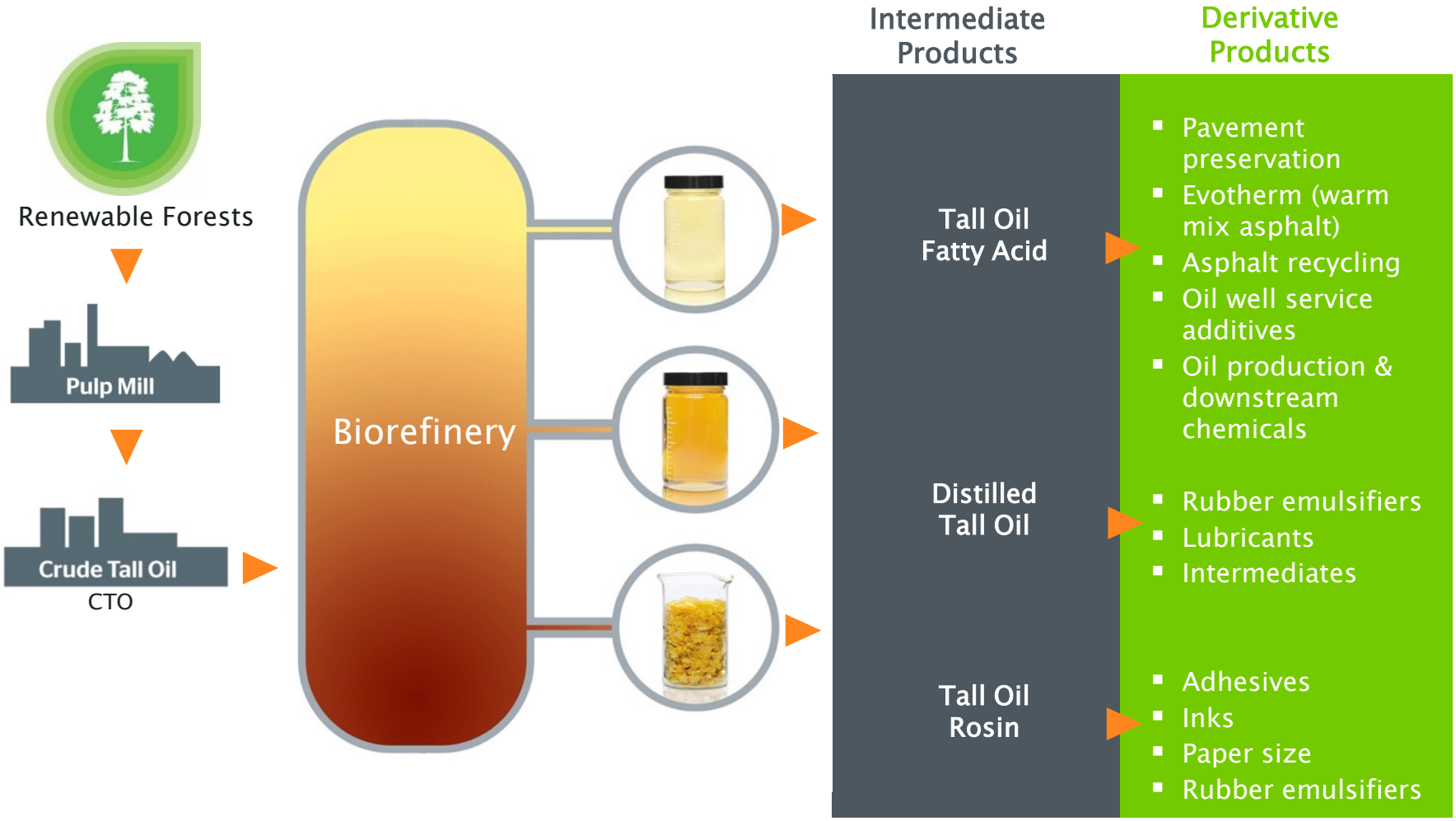


Manufacturing	Laboratories
North Charleston, SC	North Charleston, SC
DeRidder, LA	Lille, France
Crossett, AR	Shanghai, China
	Chennai, India

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.

Pine Chemicals Value Chain

Enhanced value from intermediates and derivative products



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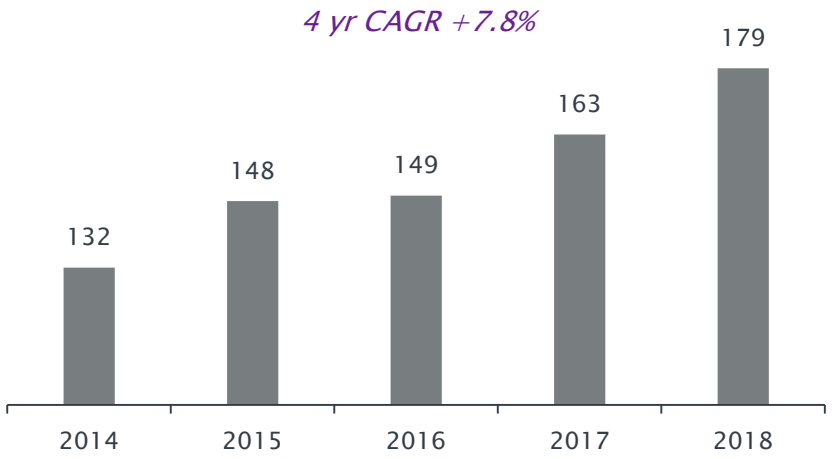
Business Overview – Pavement Technologies

Business Description

Asphalt additives derived from tall oil fatty acid, lignin, amines, surfactants and polymers

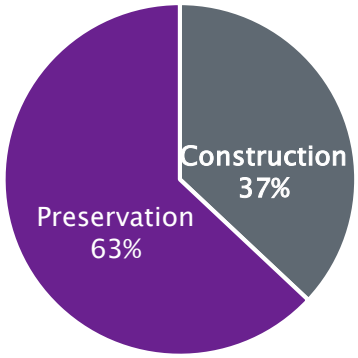
- Pavement Preservation: emulsifiers for specialty ultra-thin maintenance layers
- Evotherm Technologies: additives for road construction in the fast growing category of warm mix asphalt

Business Unit Sales

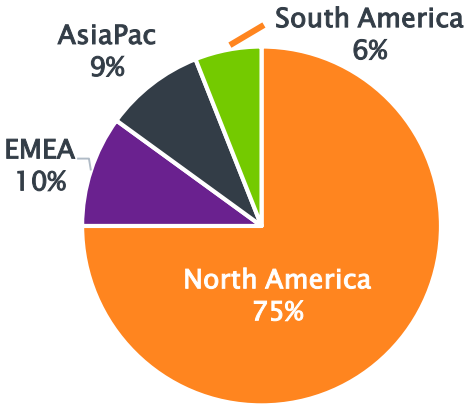


2018 Sales – $179M

By End Application

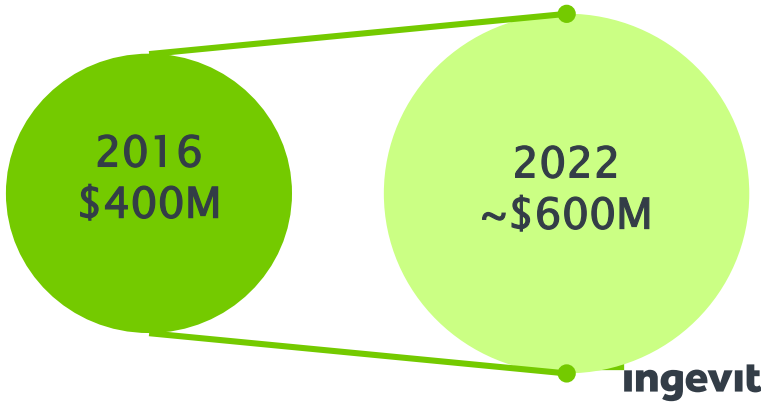


By Region



Specialty Additives for Global Asphalt Paving[1]

Emulsifiers, engineered modifiers, adhesion promoters, warm mix additives, specialty polymers



(1) Management Estimates

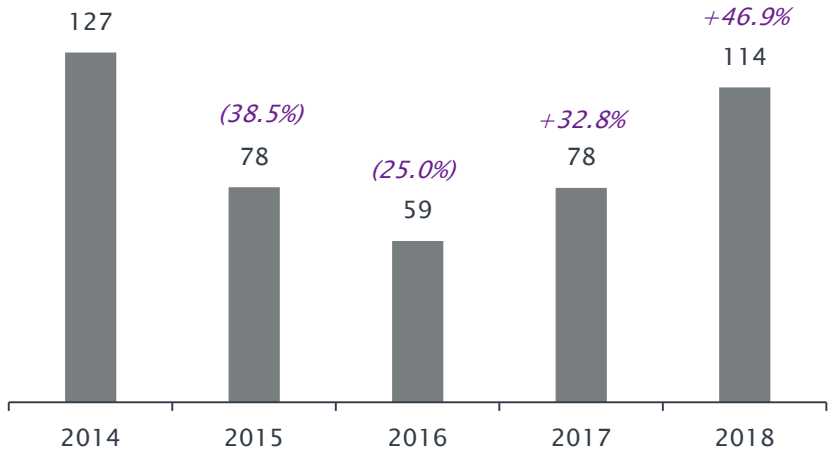
Business Overview – Oilfield Technologies

Business Description

Specialty intermediates and TOFA used in Drilling, Production and Transportation of Crude Oil

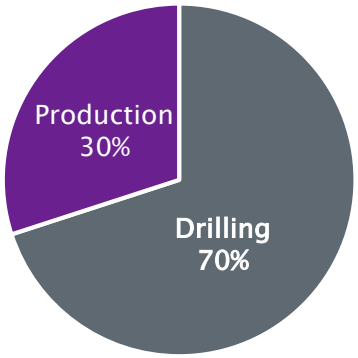
- Emulsifiers for manufacture of oil-based muds
- Rheology modifiers and wetting agents for used muds
- Imidazolines and specialty derivatives for corrosion inhibition
- TOFA as raw material by integrated production service companies
- TOFA and dimers part of lubricant packages in water-based muds

Business Unit Sales

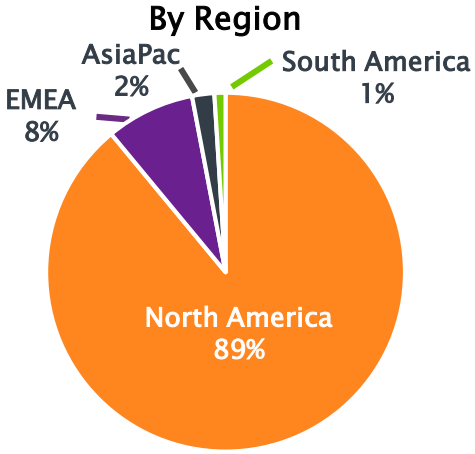


2018 Sales – $114M

By End Application

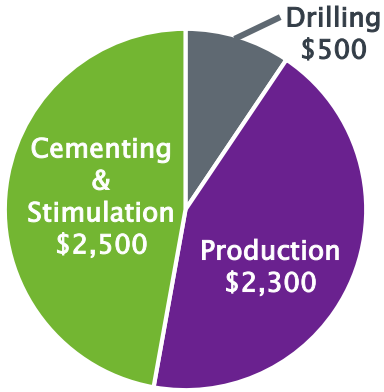


By Region



2016 Specialty Chemicals for Global Oilfield[1] ($M)

Emulsifiers, rheology modifiers, corrosion inhibitors, cementing agents



(1) Management Estimates

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Business Overview – Industrial Specialties

Business Description

Industrial chemicals based on tall oil fatty acid, tall oil rosin, and lignin for the following applications:

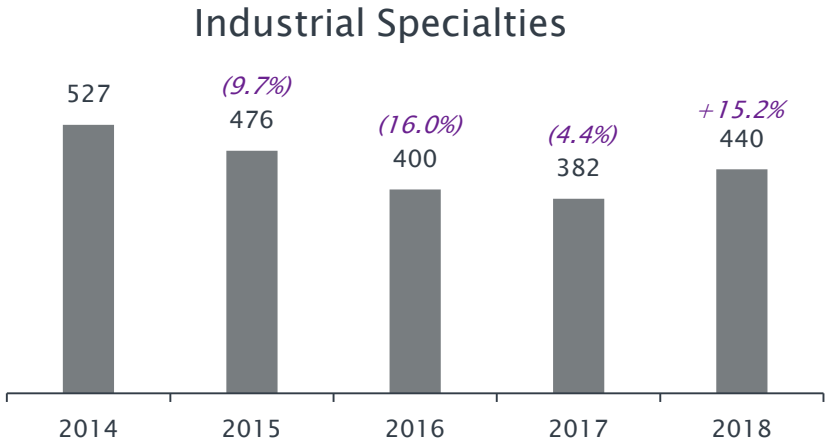
Tall Oil Rosin
- Ink resins
- Adhesives tackifiers
- Paper sizing
- Rubber emulsifiers

Lignin
- Agchem dispersants
- Dyes dispersants

Tall Oil Fatty Acid
- Lubricants
- Coatings
- Cleaners

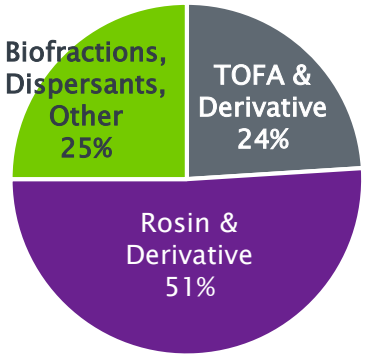
Biofractions
- Pharma phytosterols
- Renewable energy
- Roofing

Business Unit Sales

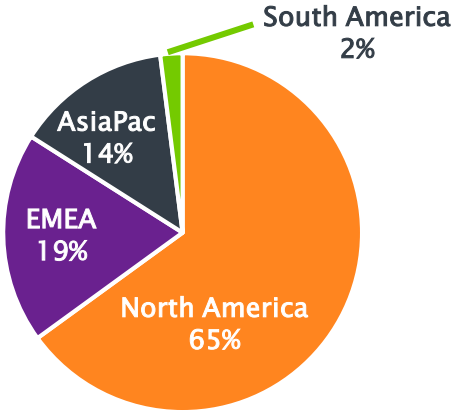


2018 Sales – $440M

By Material

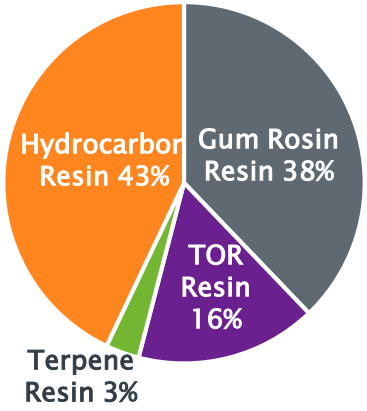


By Region

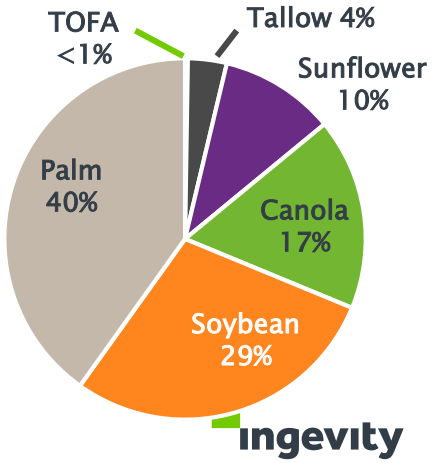


Global Rosin & Fatty Acids(1)

Global Resins – 2,400KT



Select Fatty Acids –175KT



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(1) Management Estimates

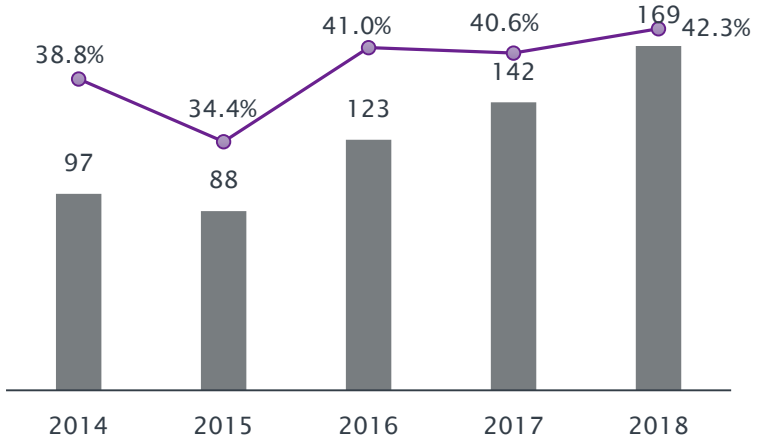
Segment Overview – Performance Materials

Segment Description

Specialty wood-based, chemically activated carbons engineered to have the optimal porosity for gasoline evaporative emissions control:

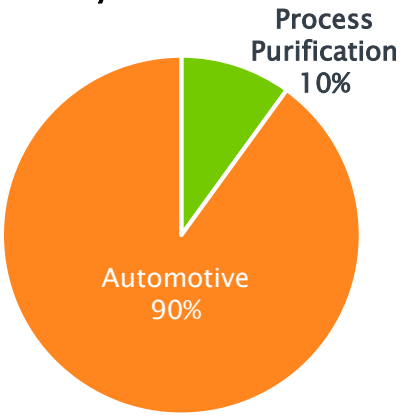
- **Canisters** – High capacity and superior durability granular and pellet activated carbons
- **"Near Zero" Canister Solutions** – Activated carbon honeycombs and bulk media to control diffusion emissions
- **Air Intake Systems** – Activated carbon sheets and honeycombs to control engine diffusion emissions
- Powdered activated carbons used in purification processes for water treatment, food & beverage and chemical & pharmaceutical applications

Segment EBITDA[1] ($M) & EBITDA Margin %[1]

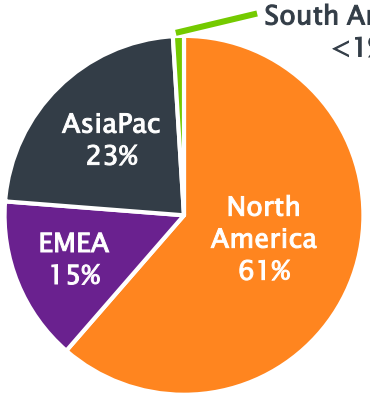


2018 Sales – $400M

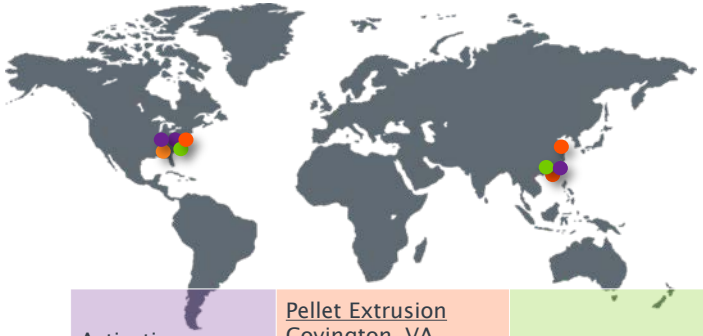
By End Market



By Region



Global Footprint



Activation
Covington, VA
Wickliffe, KY
Zhuhai, China

Pellet Extrusion
Covington, VA
Changshu, China
Zhuhai, China

Honeycomb
Waynesboro, GA (JV)

Labs/Testing:
North Charleston, SC
Zhuhai, China

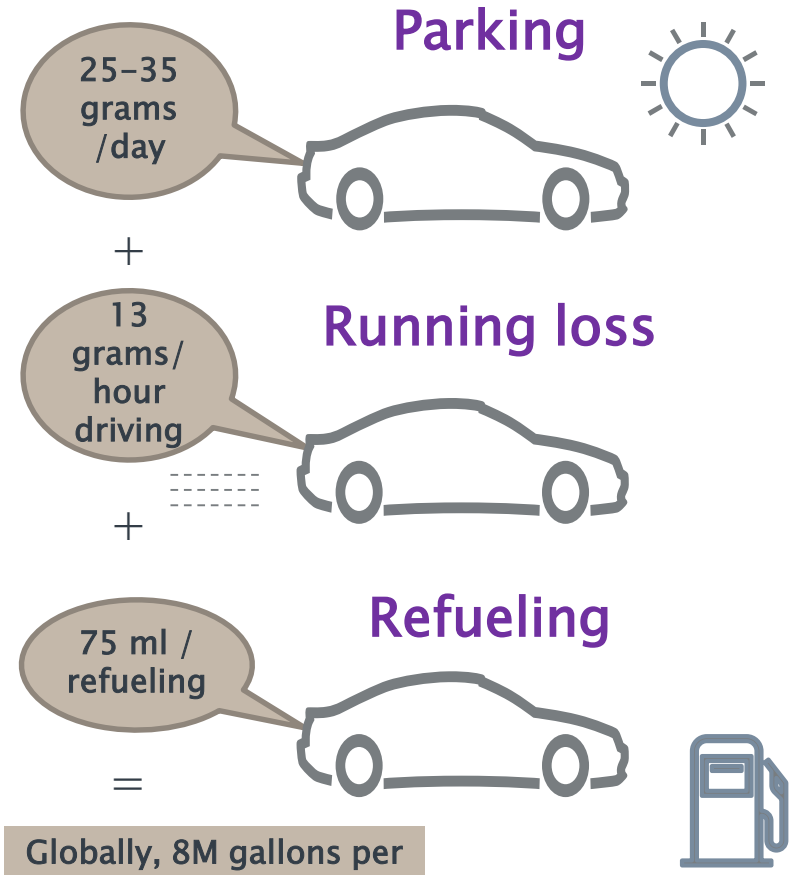
1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.

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Products That Enable Regulatory Compliance

75%(1) of the world's gasoline vehicles are currently using 70s-80s technology

Emission Sources and Impact



Control Technology



1970-80s technology / 0.5-1.0L
One Day Parking
India - China - Europe
Japan - Brazil - S. Korea



1990s technology / 2.0-3.0L
- Multi-day parking & running loss
- Plus refueling control

US & Canada (current)
China (July 2020)



Modern technology
"Near Zero"
2.0-3.0L + scrubber
U.S. & Canada (phase in 2017-2022)

(1) IHS

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Regulatory Changes Driving Growth

Major countries/regions promulgated; new regulations under evaluation

Region / Regulation	2017 Vehicle Sales (M)[5]	2019	2020	2021	2022	2023	2024	2025
✓ US[1] & Canada[2]/Tier 3	18.7	60%[1]	80%[1]	80%[1]	100%[1]	100%[1]	100%[1]	100%[1]
✓ China[3]/Tier 2	25.1	Ramp up to full compliance[5]		100%[3]	100%[3]	100%[3]	100%[3]	100%[3]
✓ Europe[4]/2 day-diurnal	9.6	Ramp up to full compliance[5]	100%[4]	100%[4]	100%[4]	100%[4]	100%[4]	100%[4]
✓ South Korea[6]/Tier 3	1.5	30%[6]	80%[6]	80%[6]	100%[6]	100%[6]	100%[6]	100%[6]
✓ Brazil[7]/Tier 2	2.0 BRA 3.5 LATAM	–	–	–	2-DD 0.65g/veh.	20%	40%	100%
Japan[5]/2 day-diurnal	4.9	–		Potential[5] →				
Europe[5]/3 day-diurnal	9.6	–	–	–	Potential[5] →			

(1) US GPO http://www.ecfr.gov
(2) Canada Justice Laws http://laws-lois.justice.gc.ca
(3) China 6 regulation
(4) Euro 6c regulation
(5) Ingevity management estimate based on company information, IHS, and regulatory discussions in specific country / region
(6) S. Korea regulation, modified U.S. Tier 3 without ORVR (refueling)
(7) http://www2.mma.gov.br/port/conama/, Realizada a 131ª Reunião Ordinária do CONAMA

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Adsorbed Natural Gas (ANG)

Market drivers provide tremendous growth potential and deliver value across a range of vehicle users

Safety — Ingevity's carbon adsorbents enable safe, low-pressure storage of natural gas

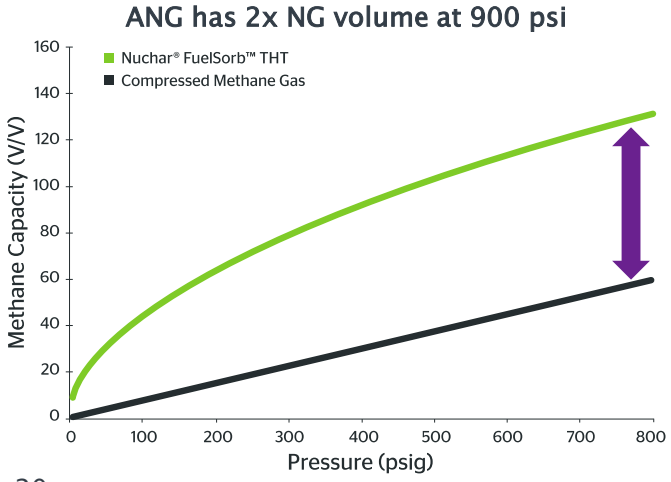
Range — A hybrid, bi-fuel vehicle can service 75% of daily usage miles with natural gasoline

Convenience — "At home" refueling leverages the infrastructure network already available in nearly 60 million U.S. homes and over 5 million businesses

Value — Fuel savings for natural gas users range from $1.00 to $1.50 per gasoline gallon equivalent (GGE) compared to conventional gasoline[1]

Per-vehicle carbon content for ANG is **100x** an automotive emissions control canister

- Auto Canister: 2 pounds
- ANG Monolith: 200 pounds



[1]Assumes $2.50/gal average gasoline price and $1.00/GGE natural gas cost (US Energy Information Administration)

Value delivered to key stakeholders

- **Natural Gas Producer** → Increased gas demand
- **Natural Gas Utility** → Infrastructure utilization
- **Automotive OEM** →
  a) Alternative fuel option where EVs are challenged
  b) Bi-fuel with a single powertrain
- **Vehicle Owner** → Sustainable fuel savings for individual and fleet operations

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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

Net Debt is defined as total debt including capital lease obligation excluding deferred financing fees less cash and cash equivalents less restricted investment.

Net Debt Ratio is defined as Net Debt divided by the last twelve months (LTM) Adjusted EBITDA, inclusive of pro forma of Georgia-Pacific's pine chemical business and Perstorp Holding AB's Capa caprolactone business.

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

The Company also uses the above financial measures as the primary measures of profitability used by managers of the business and its segments. 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. These non-GAAP financial measures are not 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 (GAAP) to Adjusted EBITDA (Non-GAAP)

In millions (unaudited)	Three Months Ended March 31, 2019	2018
Net income (loss) (GAAP)	$ 22.7	$ 35.8
Provision (benefit) for income taxes	—	9.7
Interest expense, net	11.1	6.1
Depreciation and amortization	18.5	11.5
Restructuring and other (income) charges, net	—	(0.6)
Acquisition and other related costs	31.2	4.6
Adjusted EBITDA (Non-GAAP)	$ 83.5	$ 67.1
Net sales	$ 276.8	$ 235.2
Net income (loss) margin	8.2%	15.2%
Adjusted EBITDA margin	30.2%	28.5%

In millions (unaudited)	Years Ended December 31, 2018	2017	2016
Net income (loss) (GAAP)	$ 181.8	$ 145.2	$ 44.4
Provision (benefit) for income taxes	40.0	29.6	42.6
Interest expense, net	29.8	15.8	17.9
Separation costs	—	0.9	17.5
Depreciation and amortization	57.0	40.4	38.8
Restructuring and other (income) charges, net	(0.5)	3.7	41.2
Acquisition and other related costs	5.7	7.1	—
Adjusted EBITDA (Non-GAAP)	$ 313.8	$ 242.7	$ 202.4
Net sales	$ 1,133.6	$ 972.4	$ 908.3
Net income (loss) margin	16.0%	14.9%	4.9%
Adjusted EBITDA margin	27.7%	25.0%	22.3%

Reconciliation of Segment Operating Profit (GAAP) to Segment EBITDA (Non-GAAP)

In millions (unaudited)	Years Ended December 31,		
Performance Materials	**2018**	**2017**	**2016**
Segment operating profit (GAAP)	$ 147.2	$ 122.0	$ 106.9
Depreciation and amortization	22.2	19.8	16.4
Segment EBITDA (Non-GAAP)	$ 169.4	$ 141.8	$ 123.3
Net sales	$ 400.4	$ 349.3	$ 301.0
Segment operating margin	36.8%	34.9%	35.5%
Segment EBITDA margin	42.3%	40.6%	41.0%
Performance Chemicals			
Segment operating profit (GAAP)	$ 116.3	$ 80.3	$ 56.7
Depreciation and amortization	34.8	20.6	22.4
Segment EBITDA (Non-GAAP)	$ 151.1	$ 100.9	$ 79.1
Net sales	$ 733.2	$ 623.1	$ 607.3
Segment operating margin	15.9%	12.9%	9.3%
Segment EBITDA margin	20.6%	16.2%	13.0%

Unaudited Pro Forma Segment EBITDA

The following unaudited pro forma measures are derived from the historical financial statements of Ingevity, prepared in accordance with U.S. generally accepted accounting principles. These unaudited pro forma measures include adjustments required by SEC Staff Accounting Bulletin Topic 1:B-3 and Article 11 of SEC Regulation S-X. For more information regarding the Ingevity's unaudited pro forma combined statements of operations for the year ended December 31, 2015, see "unaudited pro forma combined financial statements" in the Ingevity's registration statement on Form 10 and amendments thereto (the "Form 10"), copies of which may be obtained by visiting the web site of the Securities and Exchange Commission, or the SEC, at www.sec.gov. Pro forma adjustments give effect as if the adjustments had occurred on January 1, the first day of each respective fiscal year.

Reconciliation of Segment Operating Profit (GAAP) to Pro Forma Segment EBITDA (Non-GAAP)
Year Ended December 31, 2015

Performance Materials

In millions		Pro Forma Adjustments		Unaudited Pro Forma
Segment operating profit (GAAP)	$ 79.7	$ (2.7)	(A)	$ 77.0
Depreciation and amortization	11.1			11.1
Segment EBITDA (Non-GAAP)	$ 90.8			$ 88.1

Performance Chemicals

In millions		Pro Forma Adjustments		Unaudited Pro Forma
Segment operating profit (GAAP)	$ 86.6	$ (7.9)	(A)	$ 78.7
Depreciation and amortization	23.5			23.5
Segment EBITDA (Non-GAAP)	$ 110.1			$ 102.2
Adjusted EBITDA (Non-GAAP) (B)	$ 200.9			$ 190.3

(A) We have entered into agreements to obtain audit and certain compliance functions as a stand-alone public company as well as compensation agreements with certain members of our executive team. Prior to the completion of the separation, we will also enter into agreements to obtain insurance coverage according to quotations we have received based on our individual loss history, credit profile and selected insurance coverage. These expenses will represent recurring costs in excess of the amounts historically allocated to Ingevity.

(B) Adjusted EBITDA is the sum of Performance Materials and Performance Chemicals Segment EBITDA

Unaudited Pro Forma Segment EBITDA

Reconciliation of Segment Operating Profit (GAAP) to Pro Forma Segment EBITDA (Non-GAAP)
Year Ended December 31, 2014

Performance Materials

In millions			Pro Forma Adjustments		Unaudited Pro Forma
Segment operating profit (GAAP)	$	89.5	$ (2.6)	(A)	$ 86.9
Depreciation and amortization		9.9			9.9
Segment EBITDA (Non-GAAP)	$	99.4			$ 96.8

Performance Chemicals

In millions			Pro Forma Adjustments		Unaudited Pro Forma
Segment operating profit (GAAP)	$	123.8	$ (7.2)	(A)	$ 116.6
Depreciation and amortization		22.4			22.4
Segment EBITDA (Non-GAAP)	$	146.2			$ 139.0
Adjusted EBITDA (Non-GAAP) (B)	$	245.6			$ 235.8

(A) We have entered into agreements to obtain audit and certain compliance functions as a stand-alone public company as well as compensation agreements with certain members of our executive team. Prior to the completion of the separation, we will also enter into agreements to obtain insurance coverage according to quotations we have received based on our individual loss history, credit profile and selected insurance coverage. These expenses will represent recurring costs in excess of the amounts historically allocated to Ingevity.

(B) Adjusted EBITDA is the sum of Performance Materials and Performance Chemicals Segment EBITDA

Calculation of Net Debt Ratio (Non-GAAP)

In millions (unaudited)	2018
Short-term debt	$ —
Current maturities of long-term debt	11.2
Long-term debt including capital lease obligations	747.7
Cash and cash equivalents	(77.5)
Restricted investment	(71.2)
Net Debt	$ 610.2
Adjusted EBITDA[A]	$ 325.3
Net Debt Ratio (Net Debt/Adjusted EBITDA) (Non-GAAP)	1.88x

(A) Includes $4.8 million of pro forma adjusted EBITDA related to the Pine Chemical Business acquisition.

Calculation of Free Cash Flow (Non-GAAP)

In millions (unaudited)	2018
Cash Flow from Operations	$ 252.0
Capital Expenditures	93.9
Free Cash Flow	$ 158.1

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 quarters ended March 31, 2019 and 2018.

Reconciliation of Condensed Statement of Operations to Pro Forma Condensed Statement of Operations
Quarter Ended March 31, 2019

In millions, except per share data	Historical Ingevity	Caprolactone Business [1]		Pro Forma
Net sales	$ 276.8	$ 17.7	A	$ 294.5
Cost of sales	179.7	2.6	B	182.3
Gross profit	97.1	15.1		112.2
Selling, general and administrative expenses	39.1	3.6	C	42.7
Research and technical expenses	5.1	—		5.1
Acquisition-related costs	22.8	(22.8)	D	—
Other (income) expense, net	(3.7)	0.5	E	(3.2)
Interest expense, net	11.1	3.0	F	14.1
Income (loss) before income taxes	22.7	30.8		53.5
Provision (benefit) for income taxes	—	7.6	G	7.6
Net income (loss)	22.7	23.2		45.9
Less: Net income (loss) attributable to noncontrolling interests	—	—		—
Net income (loss) attributable to Ingevity stockholders	$ 22.7	$ 23.2		$ 45.9
Diluted earnings (loss) per common share attributable to Ingevity stockholders				
Diluted	$ 0.54			$ 1.09

_____

1 - Includes the historical results of the Caprolactone Business, as well as the net effect of the pro forma adjustments. Refer to the "Notes to the Unaudited Pro Forma Adjustments" included herein for a description of these adjustments for A, B, C, D, E, F and G

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

In millions, except per share data	Historical Ingevity	Pine Chemicals Business [1]	Caprolactone Business [2]		Pro Forma
Net sales	$ 235.2	$ 20.2	$ 46.5	A	$ 301.9
Cost of sales	150.1	14.0	30.1	B	194.2
Gross profit	85.1	6.2	16.4		107.7
Selling, general and administrative expenses	26.5	3.7	6.6	C	36.8
Research and technical expenses	5.0	—	0.1	C	5.1
Restructuring and other (income) charges, net	(0.6)	—	—		(0.6)
Acquisition-related costs	3.8	(3.8)	—	D	—
Other (income) expense, net	(1.2)	—	0.1	E	(1.1)
Interest expense, net	6.1	0.9	1.3	F	8.3
Income (loss) before income taxes	45.5	5.4	8.3		59.2
Provision (benefit) for income taxes	9.7	1.3	1.4	G	12.4
Net income (loss)	35.8	4.1	6.9		46.8
Less: Net income (loss) attributable to noncontrolling interests	5.0	—	—		5.0
Net income (loss) attributable to Ingevity stockholders	$ 30.8	$ 4.1	$ 6.9		$ 41.8
Diluted earnings (loss) per common share attributable to Ingevity stockholders					
Diluted	$ 0.72				$ 0.98

1 - Includes the historical results of the Pine Chemical Business, as well as the net effect of the pro forma adjustments. Refer to the "Notes to the Unaudited Pro Forma Adjustments" included herein for a description of these adjustments for A, B, C, D, E, F and G.

2 - Includes the historical results of the Caprolactone Business, as well as the net effect of the pro forma adjustments. Refer to the "Notes to the Unaudited Pro Forma Adjustments" included herein for a description of these adjustments for A, B, C, D, E, F and G.

Reconciliation of Net Income (Loss) to Pro Forma Adjusted EBITDA
Quarter Ended March 31, 2019

In millions, expect percentages (unaudited)	Historical Ingevity	Pro Forma Adjustment [1]	Pro Forma
Net income (loss)	$ 22.7	$ 23.2	$ 45.9
Provision (benefit) for income taxes	—	7.6	7.6
Interest expense, net	11.1	3.0	14.1
Depreciation and amortization	18.5	2.9	21.4
Restructuring and other (income) charges, net	—	—	—
Acquisition and other related costs	31.2	(31.2)	—
Adjusted EBITDA	$ 83.5	$ 5.5	$ 89.0
Net sales	$ 276.8		$ 294.5
Net income (loss) margin	8.2%		15.6%
Adjusted EBITDA margin	30.2%		30.2%
Performance Chemicals Segment EBITDA	$ 32.3	$ 5.5	$ 37.8
Net sales	$ 167.7		$ 185.4
Segment EBITDA margin	19.3%		20.4%

1 - Refer to the "Notes to the Unaudited Pro Forma Adjustments" included herein for a description of these adjustments.

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

In millions, expect percentages (unaudited)	Historical Ingevity	Pro Forma Adjustment [1]	Pro Forma
Net income (loss)	$ 35.8	$ 11.0	$ 46.8
Provision (benefit) for income taxes	9.7	2.7	12.4
Interest expense, net	6.1	2.2	8.3
Depreciation and amortization	11.5	8.6	20.1
Restructuring and other (income) charges, net	(0.6)	—	(0.6)
Acquisition and other related costs	4.6	(4.6)	—
Adjusted EBITDA	$ 67.1	$ 19.9	$ 87.0
Net sales	$ 235.2		$ 301.9
Net income (loss) margin	15.2%		15.6%
Adjusted EBITDA margin	28.5%		28.8%
Performance Chemicals Segment EBITDA	$ 24.9	$ 19.9	$ 44.8
Net sales	$ 139.7		$ 206.4
Segment EBITDA margin	17.8%		21.7%

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A - Refer to the "Notes to the Unaudited Pro Forma Adjustments" included herein for a description of these adjustments.

Comparison of Quarter Ended Pro Forma March 31, 2019 to Pro Forma March 31, 2018

In millions, expect percentages (unaudited)		Pro Forma Q1 2019	Pro Forma Q1 2018	$ Change	% Change
Total Ingevity	**Net sales**	$ 294.5	$ 301.9	$ (7.4)	(2.5)%
	Adjusted EBITDA	89.0	87.0	2.0	2.3%
Performance Chemicals Segment	Net sales	$ 185.4	$ 206.4	$ (21.0)	(10.2)%
	Adjusted EBITDA	37.8	44.8	(7.0)	(15.6)%

Notes to the Unaudited Pro Forma Adjustments

A - Net sales

Represents the historical sales of the Caprolactone Business for the 2019 period and the historical sales of the Caprolactone Business and Pine Chemical Business for the 2018 period. Table below represents the pro forma sales by product line.

	Q1	
In millions (unaudited)	**2019**	**2018**
Pro Forma Net Sales	$ 17.7	$ 66.7
Oilfield Technologies product line	*—*	*4.6*
Pavement Technologies product line	*—*	*0.2*
Industrial Specialties product line	*—*	*15.4*
Engineered Polymers product line	*17.7*	*46.5*

B - Cost of sales

Adjustments to cost of sales were as follows:

	Q1	
In millions (unaudited)	**2019**	**2018**
Historical results [(1)]	$ 10.8	$ 47.6
Depreciation of acquired property, plants and equipment [(2)]	0.2	(0.1)
Pro forma adjustment to remove historical amortization[(3)]	—	(0.2)
Adjustment for long term supply agreement [(4)]	—	(2.4)
Amortization of inventory step-up [(5)]	(8.4)	(0.8)
Total pro forma adjustment to cost of sales	$ 2.6	$ 44.1

(1) Represents the historical results of the Pine Chemical Business and Caprolactone Business, adjusted to align with Ingevity's presentation. For the three months ended March 31, 2019, $10.8 million was related to the Caprolactone Business. For the three months ended March 31, 2018, $30.2 million and $17.4 million was related to the Caprolactone Business and Pine Chemical Business, respectively.

(2) Represents the adjustment to Caprolactone historical depreciation as a result of preliminary fair value adjustments to the acquired depreciable assets and adjustments to their respective estimated remaining useful lives.

(3) Represents the adjustment to Pine Chemical Business historical amortization of planned major maintenance activities costs that were determined to have a preliminary acquisition date fair value of zero.

(4) Represents an adjustment from historical transfer pricing to market-based pricing per long term supply agreement. Relates to a long-term supply agreement between Ingevity and Georgia-Pacific for the purchase of crude tall oil ("CTO"). The supply agreement was entered into on March 8, 2018 whereby Ingevity has agreed to purchase CTO originating from Georgia-Pacific mills at market-based prices for a term of 20 years.

(5) Fair value of finished good inventories acquired for the Caprolactone Business and Pine Chemical Business included a step-up in the value of approximately $8.4 million and $1.4 million, respectively. For the three months ended March 31, 2019, $8.4 million was expensed related to the Caprolactone Business, and for the three months ended March 31, 2018, $0.8 million was expensed related to the Pine Chemical Business.

Notes to the Unaudited Pro Forma Adjustments

C - Selling, general and administrative expenses and Research and technical expenses

Adjustments to selling, general and administrative expenses ("SG&A") and research and technical expenses were as follows:

	Q1	
In millions (unaudited)	**2019**	**2018**
Historical results [1]	$ 2.0	$ 5.1
Amortization of acquired intangible assets [2]	1.6	5.3
Total pro forma adjustment to SG&A	$ 3.6	$ 10.4

(1) Represents the historical results of the Pine Chemical Business and Caprolactone Business, adjusted to align with Ingevity's presentation. For the three months ended March 31, 2019, $2.0 million was related to the Caprolactone Business. For the three months ended March 31, 2018, $3.7 million and $1.4 million was related to the Caprolactone Business and Pine Chemical Business, respectively.

(2) Represents the adjustment to Caprolactone Business and Pine Chemical Business historical amortization as a result of preliminary fair value adjustments to the acquired depreciable assets and adjustments to their respective estimated remaining useful lives. For the three months ended March 31, 2019, $1.6 million was related to the Caprolactone Business. For the three months ended March 31, 2018, $3.2 million and $2.3 million was related to the Caprolactone Business and Pine Chemical Business, respectively.

D - Acquisition costs

Ingevity incurred one time transaction costs related to the acquisitions of the Caprolactone Business and Pine Chemical Business. An adjustment was made to reflect the reversal of these one-time costs recognized in Ingevity's historical condensed combined statement of operations.

	Q1	
In millions (unaudited)	**2019**	**2018**
Acquisition costs	$ 22.8	$ 3.8

E - Other (income) expense, net

As stipulated by the Caprolactone Acquisition purchase agreement, on February 8, 2019, Perstorp UK Ltd. entered into an Intellectual Property Transfer Agreement with the seller, Perstorp AB Holdings, related to the caprolactone monomer and related derivatives business. Prior to entering into the IP Transfer Agreement, Perstorp UK Ltd. had made royalty payments to the seller for use of the caprolactone monomer and related derivatives intellectual property. The royalty payments were recognized as expense in Other (income) expense, net in the amount of $0.9 million and $3.5 million in for the three months ended March 31, 2019 and 2018, respectively. This adjustment reverses the historical expense, associated with the royalty payments on the historical income statement. See Note C for the pro forma adjustment recognizing the incremental amortization expense associated with the acquired intellectual property that was transferred as part of the acquisition.

Notes to the Unaudited Pro Forma Adjustments

F - Interest expense

The Company funded the acquisition of the Caprolactone Business through combination of borrowings under its existing credit facilities and cash on hand. For the preparation of the unaudited condensed combined pro forma financial information, interest expense on the credit facility was estimated using an interest rate of 3.75% and assuming the incremental amount of debt outstanding of $635.0 million remained constant throughout the period. The interest rate used to prepare this pro forma adjustment is reflective of the interest rate associated with our credit facility at the time that the acquisition was completed.

The Company funded the acquisition of the Pine Chemical Business using the proceeds from the issuance and sale of $300.0 million aggregate principal amount of 4.50 percent senior unsecured notes (the "Notes") due in 2026. The net proceeds from the sale of the Notes, after deducting deferred financing fees and other expenses of $5.7 million, were $294.3 million. Interest payments on the Notes are due semiannually in arrears on February 1st and August 1st of each year, beginning on August 1, 2018, at a rate of 4.50 percent per year. The Notes will mature on February 1, 2026. For the preparation of the unaudited condensed combined pro forma financial information, interest expense was estimated using the interest rate of 4.50 percent.

	Q1	
In millions (unaudited)	**2019**	**2018**
Historical Caprolactone Business interest expense, net	$ —	$ (0.1)
Interest expense on new long term debt [1]	3.0	6.7
Amortization of new debt issuance costs related to the Notes	—	0.1
Less: Caprolactone Business Interest expense on historical debt	$ —	$ (4.5)
Total pro forma adjustment to Ingevity's interest expense	$ 3.0	$ 2.2

(1) For the three months ended March 31, 2019, $3.0 million was related to the borrowings under the exist credit facilities to fund the acquisition of the Caprolactone Business. For the three months ended March 31, 2018, $5.9 million was related to borrowings under the existing credit facilities to fund the acquisition of the Caprolactone Business and and $0.9 million was related to the interest on the Notes used to fund the acquisition of the Pine Chemical Business.

G - Provision (benefit) for income taxes

Represents a combination of the Caprolactone Business and Pine Chemical Business' historical results and the tax impact from the pro forma adjustments. For the purposes of the pro forma adjustments, the tax rate utilized is the statutory tax rate for the period and jurisdiction of when and where the expense was incurred.