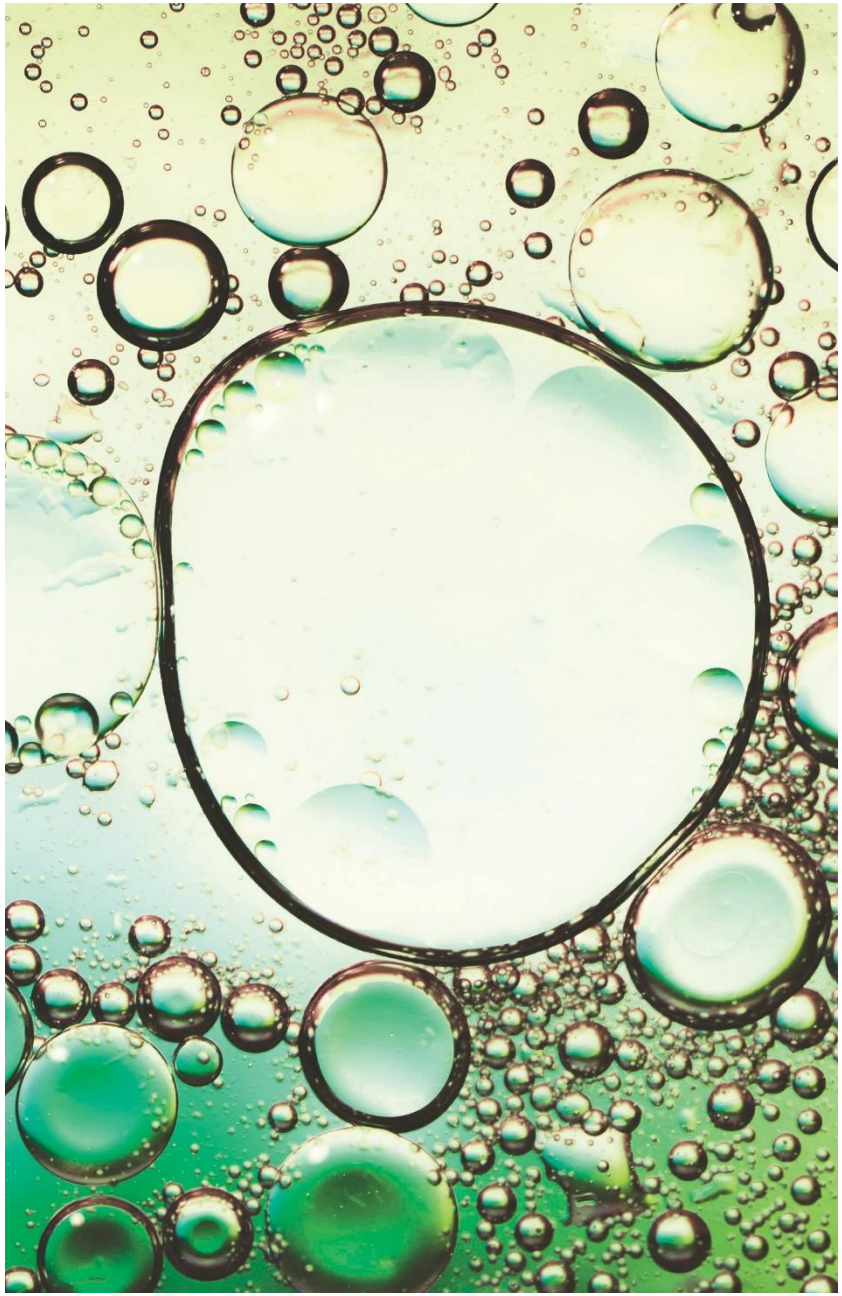
Berenberg US Stockpicker Conference

October 3, 2019



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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 Georgia-Pacific's pine chemicals business and the acquisition of Perstorp Holding AB's Capa caprolactone business (the "acquisitions"); capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost-reduction initiatives, plans and objectives; markets for securities and expected future repurchase of shares, including statements about the manner, amount and timing of repurchases. 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. Factors that could cause actual results to materially differ from those contained in the forward-looking statements, or that could cause other forward-looking statements to prove incorrect, include, without limitation, risks that the expected benefits from the acquisitions will not be realized or will not be realized in the expected time period; the risk that the acquired businesses will not be integrated successfully; significant transaction costs; unknown or understated liabilities; general economic and financial conditions; international sales and operations; currency exchange rates and currency devaluation; compliance with U.S. and foreign regulations; competition from infringing intellectual property activity; attracting and retaining key personnel; the impact of Brexit; conditions in the automotive market or adoption of alternative technologies; worldwide air quality standards; a decrease in government infrastructure spending; declining volumes and downward pricing in the printing inks market; the limited supply of crude tall oil ("CTO"); lack of access to sufficient CTO; access to and pricing of raw materials; competition from producers of alternative products and new technologies, and new or emerging competitors; a prolonged period of low energy prices; the provision of services by third parties at several facilities; natural disasters, such as hurricanes, winter or tropical storms, earthquakes, floods, fires; other unanticipated problems such as labor difficulties including renewal of collective bargaining agreements, equipment failure or unscheduled maintenance and repair; protection of intellectual property and proprietary information; information technology security breaches and other disruptions; government policies and regulations, including, but not limited to, those affecting the environment, climate change, tax policies, tariffs and the chemicals industry; and lawsuits arising out of environmental damage or personal injuries associated with chemical or other manufacturing processes. 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, 2018 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 announcement, or to update them to reflect events or circumstances occurring after the date of this announcement.

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.

Contents

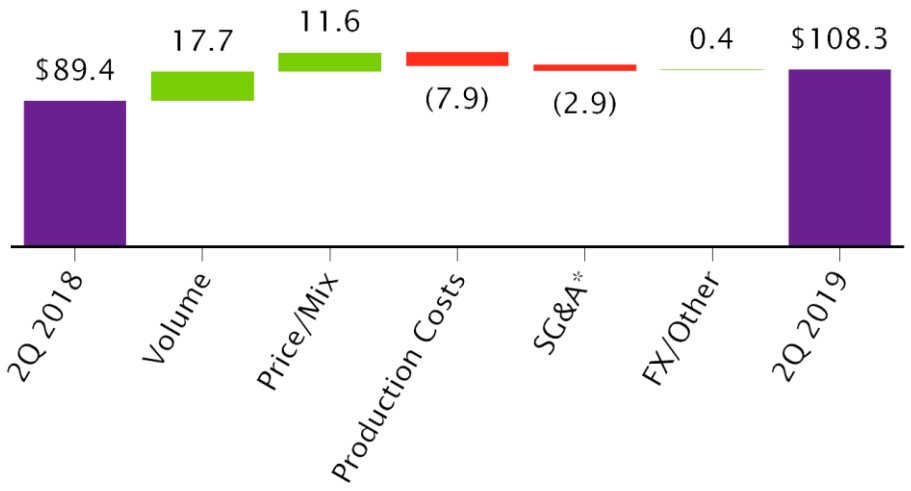
- Second Quarter Highlights
- Company Overview
- Performance Chemicals
- Performance Materials

Second Quarter 2019 Results

Financial Performance

$ in millions	2Q 2019	2Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	352.8	308.6	44.2	14.3%
Adjusted EBITDA[1]	108.3	89.4	18.9	21.1%
Adjusted EBITDA[1] Margin	30.7%	29.0%	+170 bps	

2Q Adjusted EBITDA[1]



*SG&A includes research & technical expenses.

Performance Highlights

- Benefits of combined organic and inorganic growth strategy
- Despite global macroeconomic headwinds – particularly in industrial production – revenues up 14%
  - Full quarter of Engineered Polymers (Capa® caprolactone business)
  - Accelerated growth in Performance Materials, especially in China
  - Strong price / mix improvement in both segments
- Strategic focus on earnings growth and margin accretion
- Adjusted EBITDA up 21%
- Second consecutive quarter of adjusted EBITDA margins greater than 30%
- YOY adjusted EBITDA margin increase in 12 of the last 13 quarters since spin

(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.

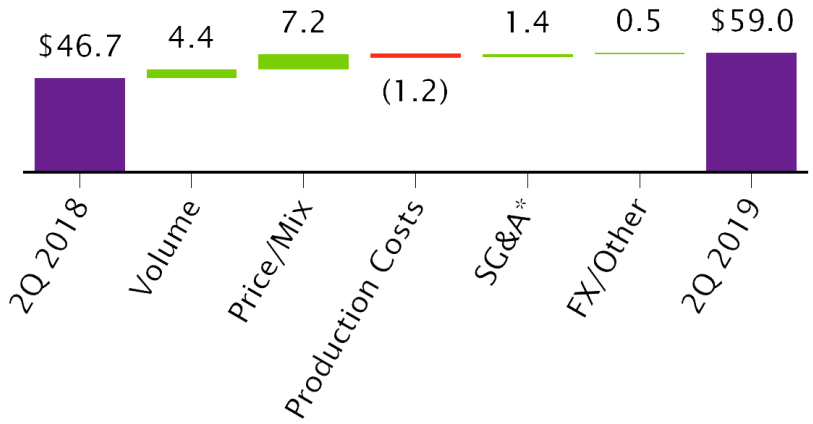
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Performance Chemicals

Performance Chemicals

$ in millions	2Q 2019	2Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	**229.7**	**212.5**	**17.2**	**8.1%**
Industrial Specialties	101.1	117.8	(16.7)	(14.2)%
Oilfield Technologies	29.7	29.1	0.6	2.1%
Pavement Technologies	64.6	65.6	(1.0)	(1.5)%
Engineered Polymers	34.3	—	34.3	100.0%
Segment EBITDA	**59.0**	**46.7**	**12.3**	**26.3%**
Segment EBITDA Margin	**25.7%**	**22.0%**	**+370 bps**	

2Q Segment EBITDA



*SG&A includes research & technical expenses.

Performance Highlights

- Revenue increase of 8%; full quarter of Capa
  - *Industrial Specialties*: Decreases in inks and other industrial applications; continued transition to higher-margin applications via new product development
  - *Oilfield Technologies*: Up slightly based on strength in U. S. drilling
  - *Pavement Technologies*: Heavy precipitation in North America impeded growth; decreased sales overseas
  - *Engineered Polymers*: Revenues weaker than prior year's period due to decreased industrial demand and monomer market rebalancing
- Segment EBITDA of $59 million, up 26%
  - Inorganic volume impacts and price and mix improvement

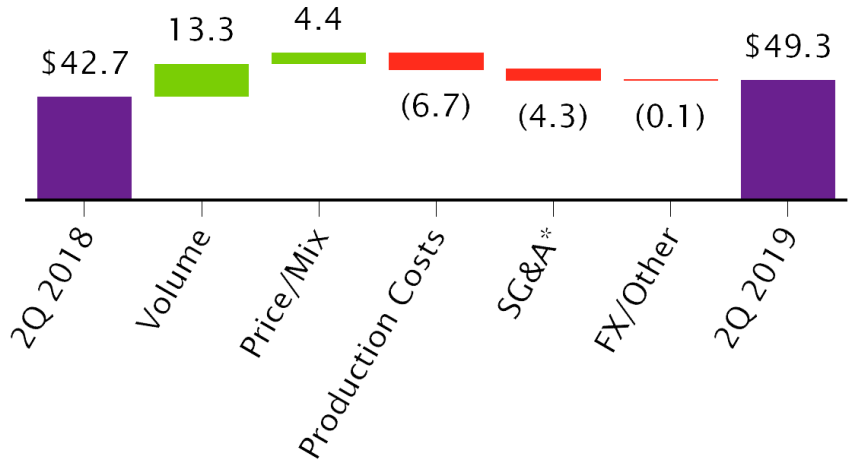
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Performance Materials

Performance Materials

$ in millions	2Q 2019	2Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	**123.1**	**96.1**	**27.0**	**28.1%**
Automotive Technologies	113.9	86.1	27.8	32.3%
Process Purification	9.2	10.0	(0.8)	(8.0)%
Segment EBITDA	**49.3**	**42.7**	**6.6**	**15.5%**
Segment EBITDA Margin	**40.0%**	**44.4%**	**-440 bps**	

2Q Segment EBITDA



*SG&A includes research & technical expenses.

Performance Highlights

- Record revenue increase of 28%
  - Accelerated sales in China – despite sharply reduced light vehicle production – due to China 6 standard
    - NGVT pellet shipments up 9x from historical average
    - Nearly 100% of platforms certified compliant with China 6
    - More than 60% compliance rate in third quarter
  - Continued robust demand for "honeycomb" scrubbers to comply with U.S. EPA Tier 3 / LEV III standards
  - Increase in EU primarily due to Euro 6d
- Segment EBITDA of $49 million, up 15% versus prior year's quarter
  - Strong volume increases; price/mix
  - Partially offset by consumption of high-cost China inventory; multiple planned maintenance outages; and higher legal expenses

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2019 Outlook and Guidance
($M)

PERFORMANCE CHEMICALS:

- Lower revenues in industrial specialties partially offset by price increases and shift to higher margin applications
- Growth in pavement technologies if weather holds; continued technology adoption
- Flat to slightly up oilfield volumes
- Engineered polymers markets with broad exposure to global demand weakness compounded by monomer rebalance

PERFORMANCE MATERIALS:

- More than 60% compliance rate in third quarter
- Pull-through from Chinese consumers selecting China 6 compliant vehicles
- Progress beyond U.S. EPA Tier 3/Calif. LEV III "step up" to 80%
- Continued EU implementation of Euro 6d
- Higher cost Zhuhai inventory consumed
- Higher legal costs to protect IP



	FY18 Actual	FY19 Guidance
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

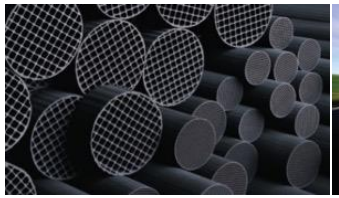
(1) A reconciliation of net income to adjusted EBITDA as projected for 2019 is not provided. Ingevity does not forecast net income as it cannot, without unreasonable effort, estimate or predict with certainty various components of net income. These components, net of tax, include further restructuring 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.

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Company Overview

	Performance Materials	Performance Chemicals			
	Carbon Technologies	Pavement Technologies	Oilfield Technologies	Industrial Specialties	Engineered Polymers
					
2018 Sales	$400 million	$179 million	$114 million	$440 million	~$175 million[1]
2018 Segment EBITDA	$169 million	$151 million			~$60 million[1]
Market Position	#1 in automotive	#1 or #2	#1 or #2 in oil-based muds	#1 or #2	#1
Applications	▪ Automotive ▪ Process purification	▪ Pavement preservation ▪ Recycling ▪ Evotherm® technologies	▪ Well Service Additives ▪ Production and Downstream	▪ Adhesives ▪ Agrochemicals ▪ Lubricants ▪ Inks ▪ Intermediates	▪ Coatings ▪ Resins ▪ Elastomers ▪ Adhesives ▪ Bioplastics
Select Competitors	CABOT, kuraray	Nouryon, ARKEMA, lamberti chemical specialties, KRATON, DRT, RESPOL			DAICEL, BASF
Select Customers	Arisan, KAYSER AUTOMOTIVE SYSTEMS, DELPHI	ERGON, FlintGroup, HALLIBURTON, SOLENIS, ENNIS-FLINT, arboris			(2)

1) *We acquired the Engineered Polymers division via the acquisition of the Capa Caprolactone business from Perstorp Holdings AB on February 13, 2019. These amounts represent Ingevity management estimates of 2018 sales and adjusted EBITDA post acquisition on a full year basis.*
2) *Not disclosed due to NDAs and confidentiality.*

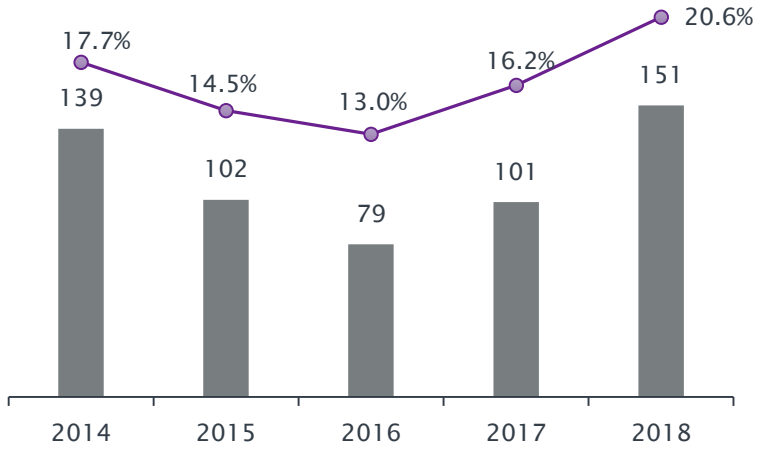
Segment Overview – Performance Chemicals

Segment Description

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

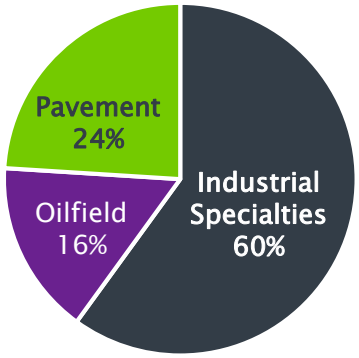
- Pavement Technologies: road construction, resurfacing, preservation, maintenance and recycling
- Oilfield Technologies: well service additives and chemistry for production and downstream applications
- Industrial Specialties: adhesive tackifiers, printing inks, paper chemicals, rubber, agrochemical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

Segment EBITDA ($M) & EBITDA Margin %

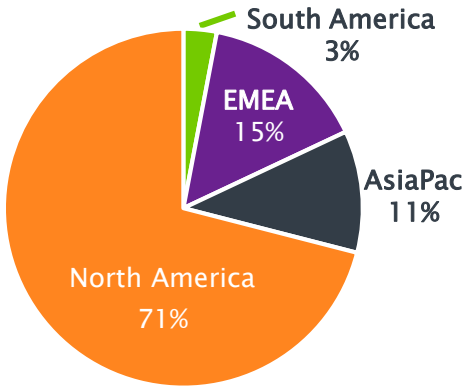


2018 Sales – $733M

By End Market



By Region



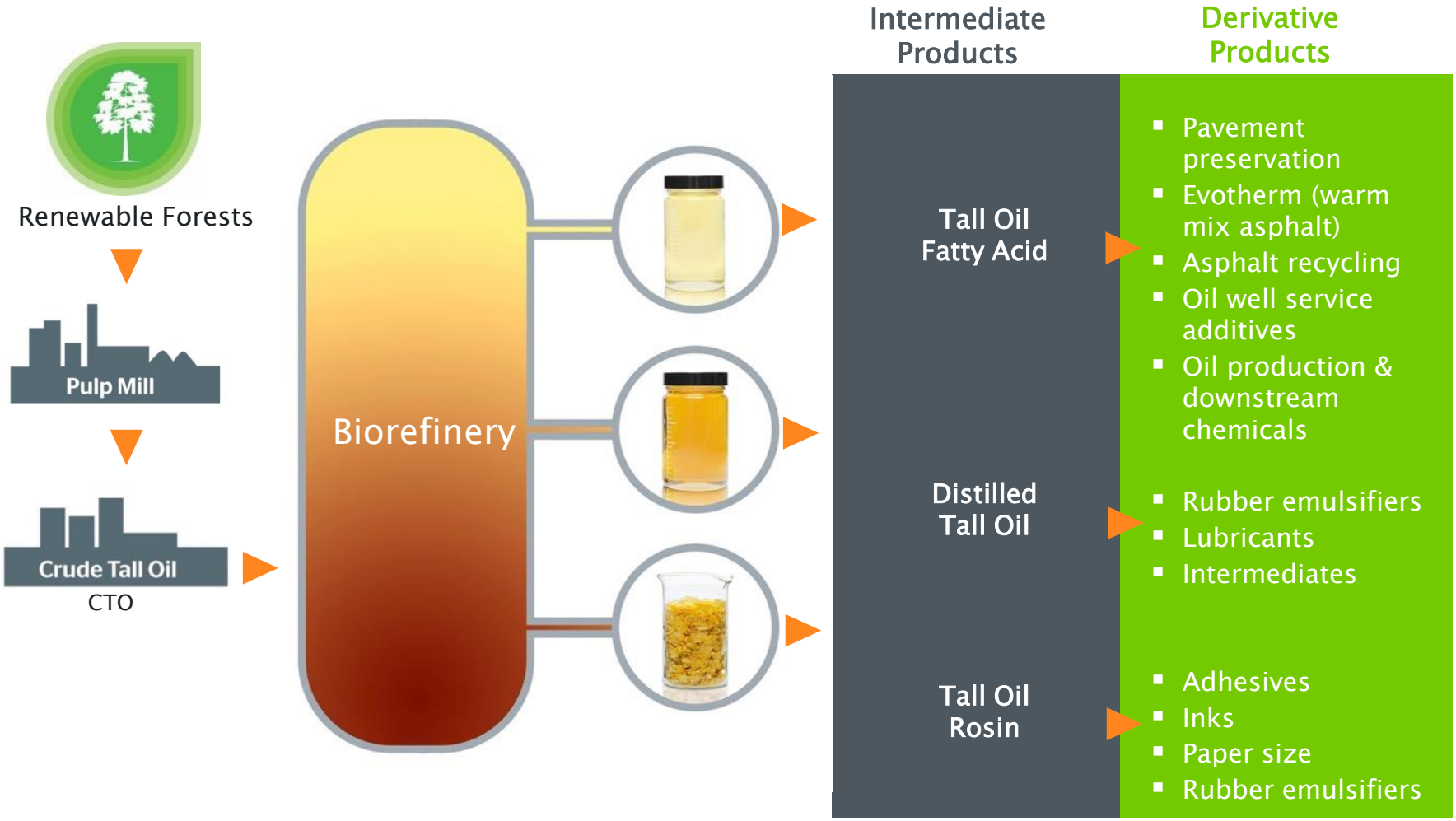
Global Footprint



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

Pine Chemicals Value Chain

Enhanced value from intermediates and derivative products



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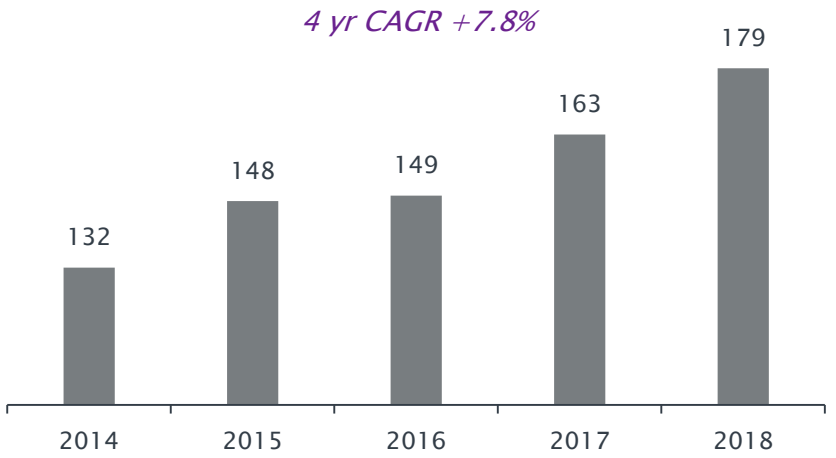
Business Overview – Pavement Technologies

Business Description

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

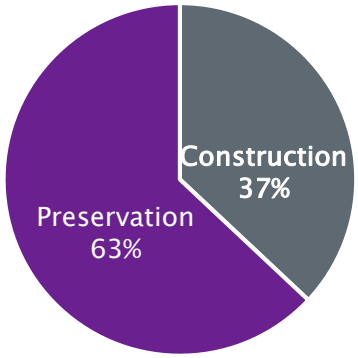
- Pavement Preservation: emulsifiers for specialty ultra-thin maintenance layers
- Evotherm Technologies: additives for road construction in the fast growing category of warm mix asphalt

Business Unit Sales

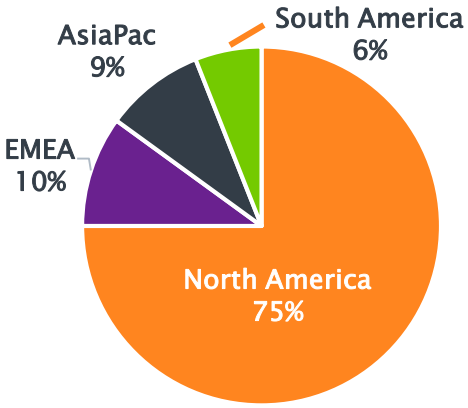


2018 Sales – $179M

By End Application

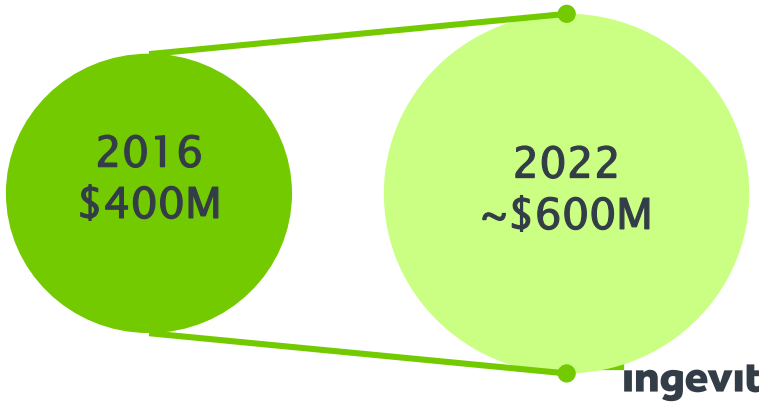


By Region



Specialty Additives for Global Asphalt Paving[1]

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



(1) Management Estimates

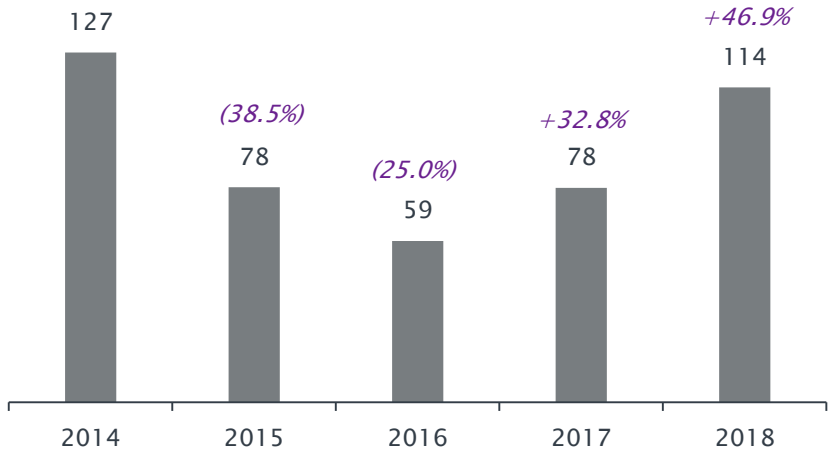
Business Overview – Oilfield Technologies

Business Description

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

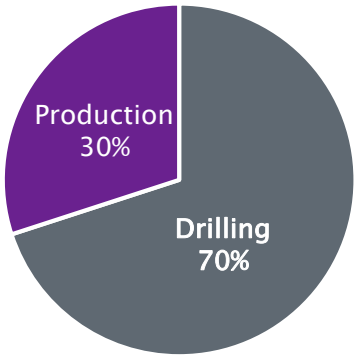
- Emulsifiers for manufacture of oil-based muds
- Rheology modifiers and wetting agents for used muds
- Imidazolines and specialty derivatives for corrosion inhibition
- TOFA as raw material by integrated production service companies
- TOFA and dimers part of lubricant packages in water-based muds

Business Unit Sales

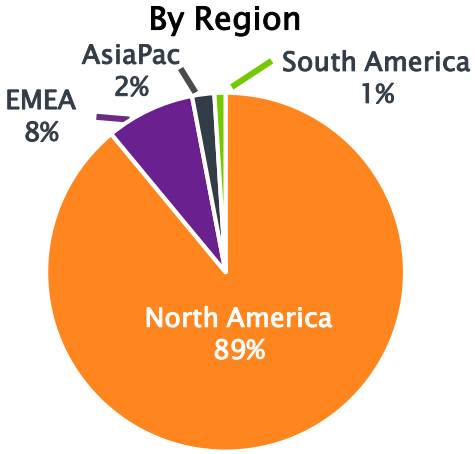


2018 Sales – $114M

By End Application

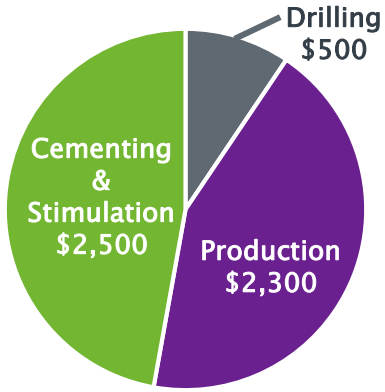


By Region



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

Emulsifiers, rheology modifiers, corrosion inhibitors, cementing agents



(1) Management Estimates

Business Overview – Industrial Specialties

Business Description

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

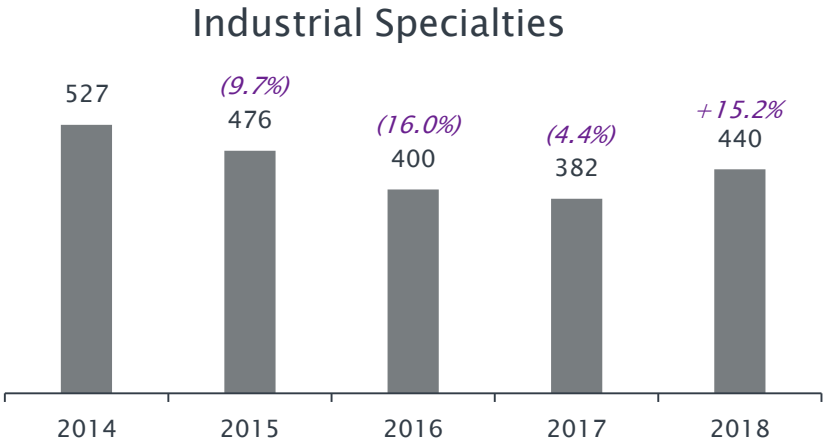
Tall Oil Rosin
- Ink resins
- Adhesives tackifiers
- Paper sizing
- Rubber emulsifiers

Lignin
- Agchem dispersants
- Dyes dispersants

Tall Oil Fatty Acid
- Lubricants
- Coatings
- Cleaners

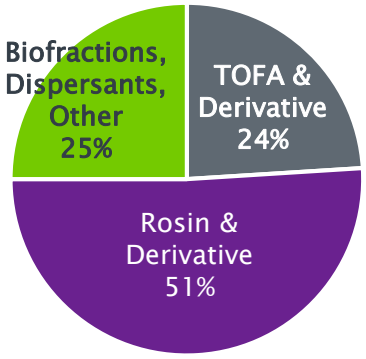
Biofractions
- Pharma phytosterols
- Renewable energy
- Roofing

Business Unit Sales

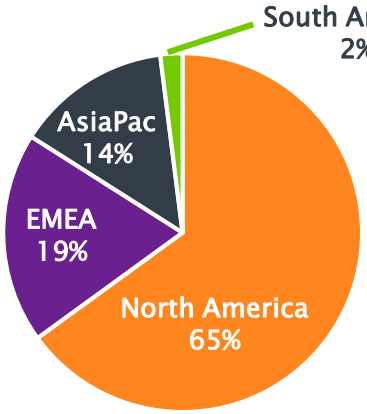


2018 Sales – $440M

By Material

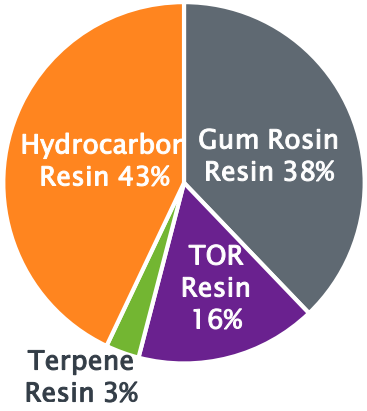


By Region

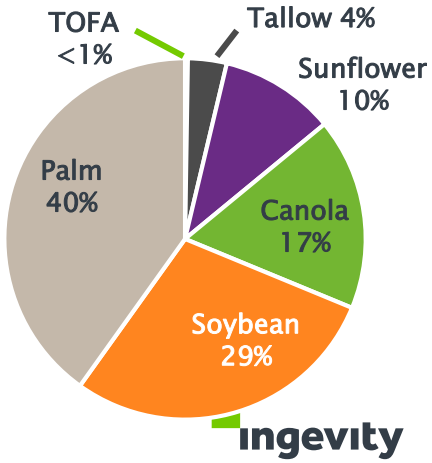


Global Rosin & Fatty Acids(1)

Global Resins – 2,400KT



Select Fatty Acids –175KT



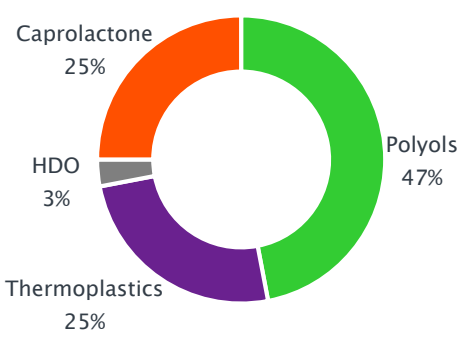
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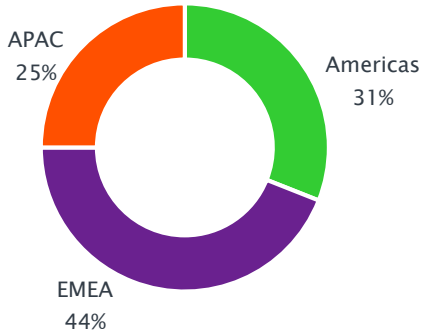
(1) Management Estimates

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*

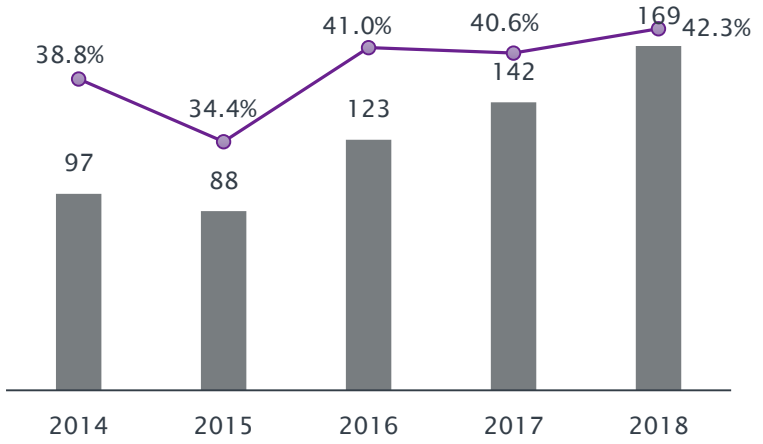
Segment Overview – Performance Materials

Segment Description

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

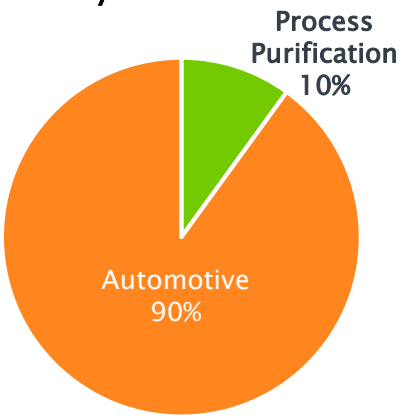
- **Canisters** – High capacity and superior durability granular and pellet activated carbons
- **"Near Zero" Canister Solutions** – Activated carbon honeycombs and bulk media to control diffusion emissions
- **Air Intake Systems** – Activated carbon sheets and honeycombs to control engine diffusion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

Segment EBITDA ($M) & EBITDA Margin %

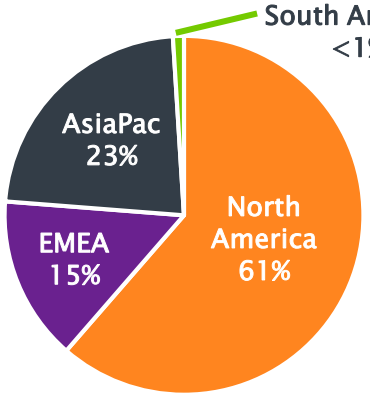


2018 Sales – $400M

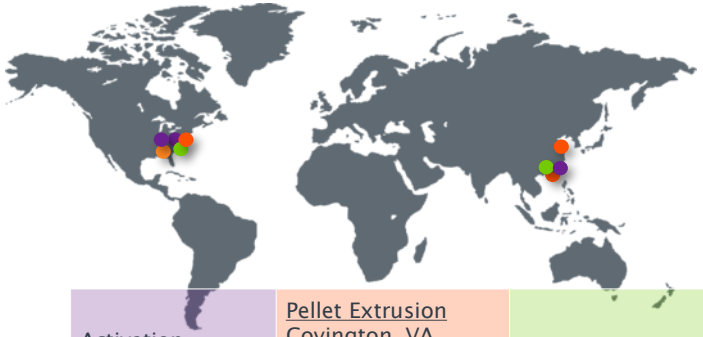
By End Market



By Region



Global Footprint



Activation
Covington, VA
Wickliffe, KY
Zhuhai, China

Pellet Extrusion
Covington, VA
Changshu, China
Zhuhai, China

Honeycomb
Waynesboro, GA (JV)

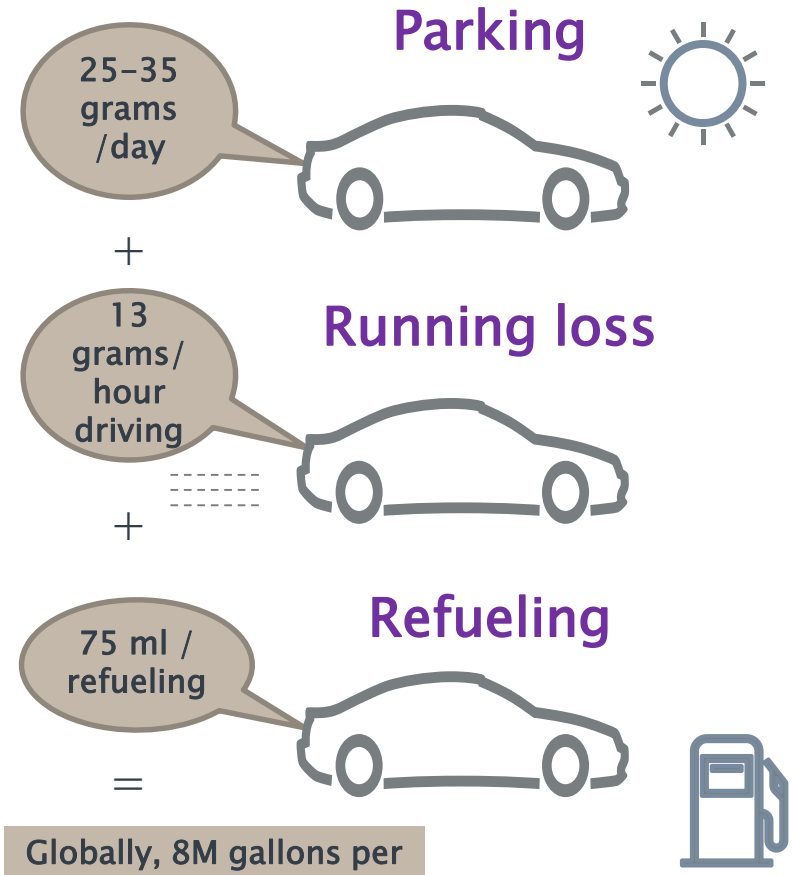
Labs/Testing:
North Charleston, SC
Zhuhai, China

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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

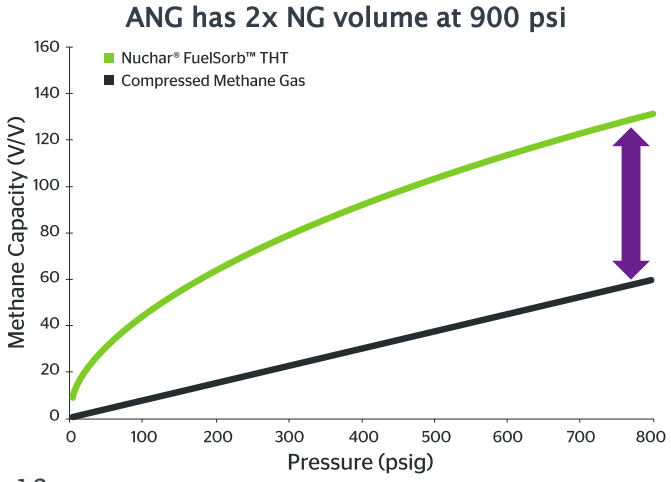
Range — A hybrid, bi-fuel vehicle can service 75% of daily usage miles with natural gasoline

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 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

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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss) (GAAP)	$ 56.8	$ 52.2	$ 79.5	$ 88.0
Provision (benefit) for income taxes	15.9	12.4	15.9	22.1
Interest expense, net	13.1	7.8	24.2	13.9
Depreciation and amortization	21.4	15.9	39.9	27.4
Restructuring and other (income) charges, net	0.3	—	0.3	(0.6)
Acquisition and other related costs	0.8	1.1	32.0	5.7
Adjusted EBITDA (Non-GAAP)	$ 108.3	$ 89.4	$ 191.8	$ 156.5
Net sales	$ 352.8	$ 308.6	$ 629.6	$ 543.8
Net income (loss) margin	16.1%	16.9%	12.6%	16.2%
Adjusted EBITDA margin	30.7%	29.0%	30.5%	28.8%