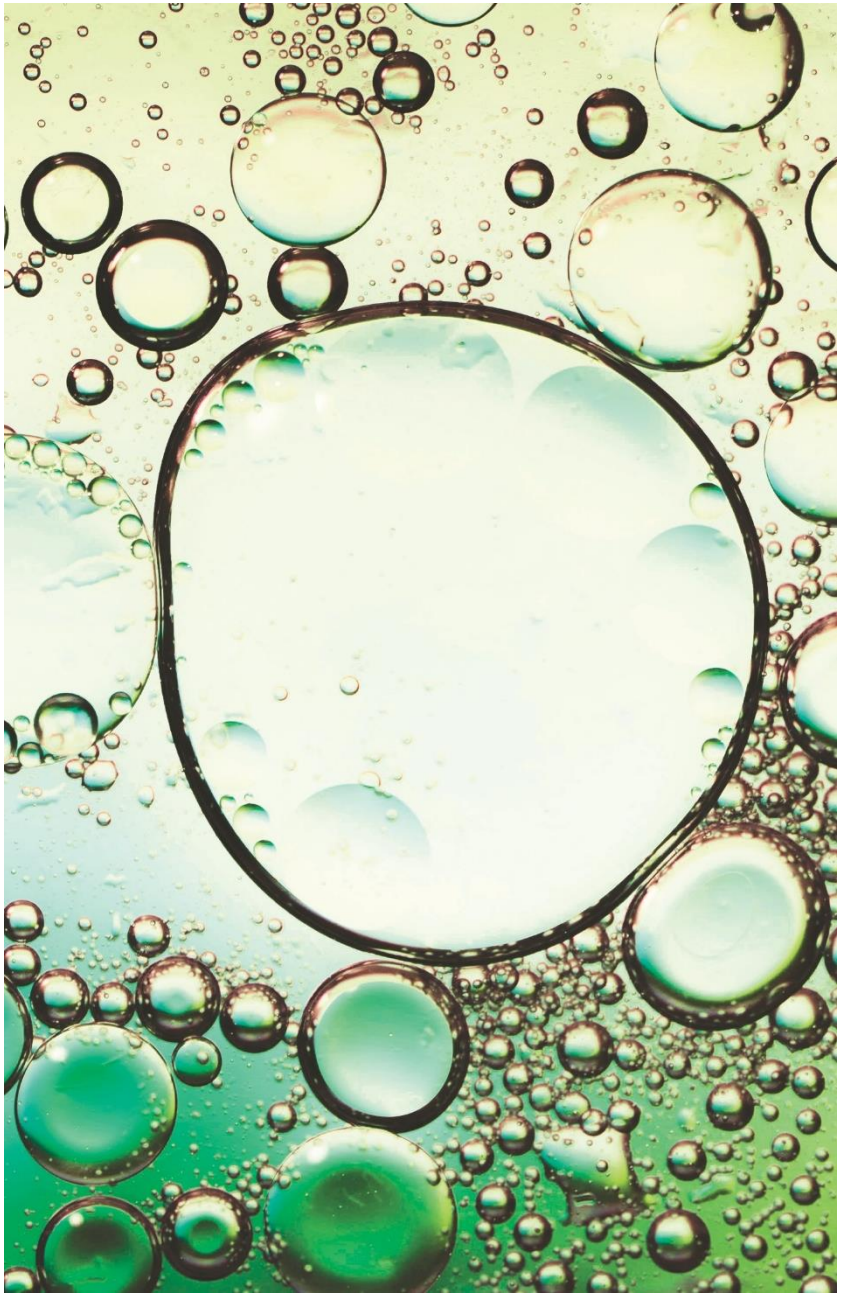
ingevity

First Quarter 2019
Earnings Presentation

May 2, 2019

PURIFY I PROTECT I ENHANCE



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.

Today's Agenda

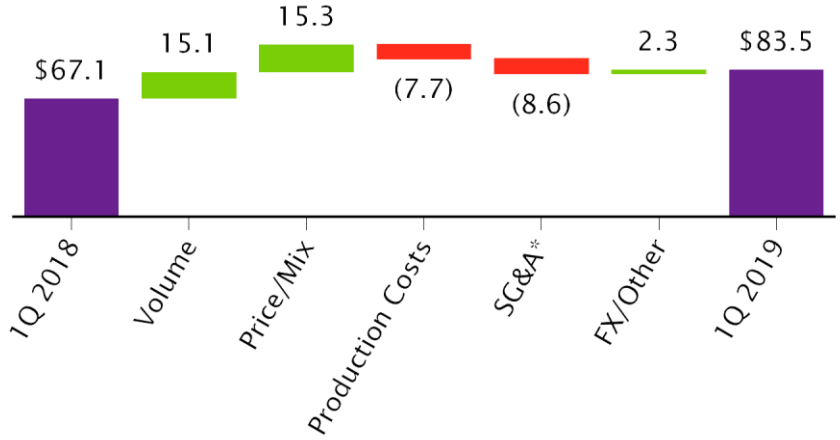
- First Quarter Highlights
- Segment Performance
- Financial Review
- Guidance
- Q&A

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.

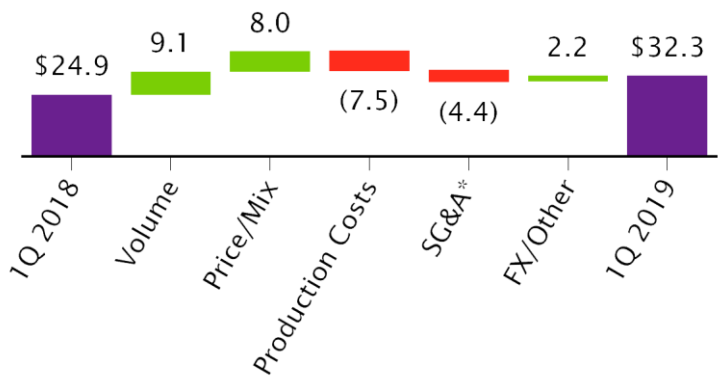
ingevity

Performance Chemicals

Performance Chemicals

$ in millions	1Q 2019	1Q 2018	vs Prior Year Δ	vs Prior Year 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.

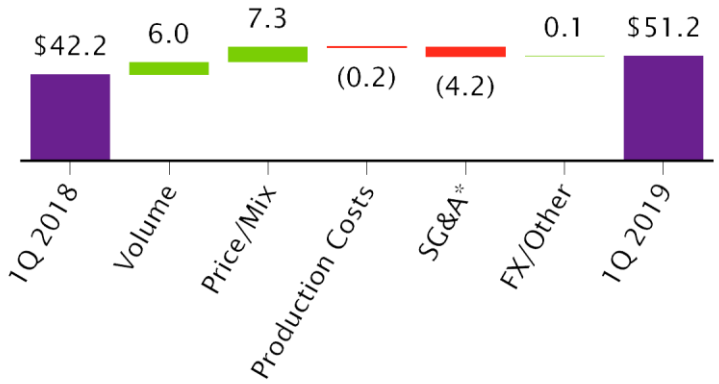
ingevity

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.

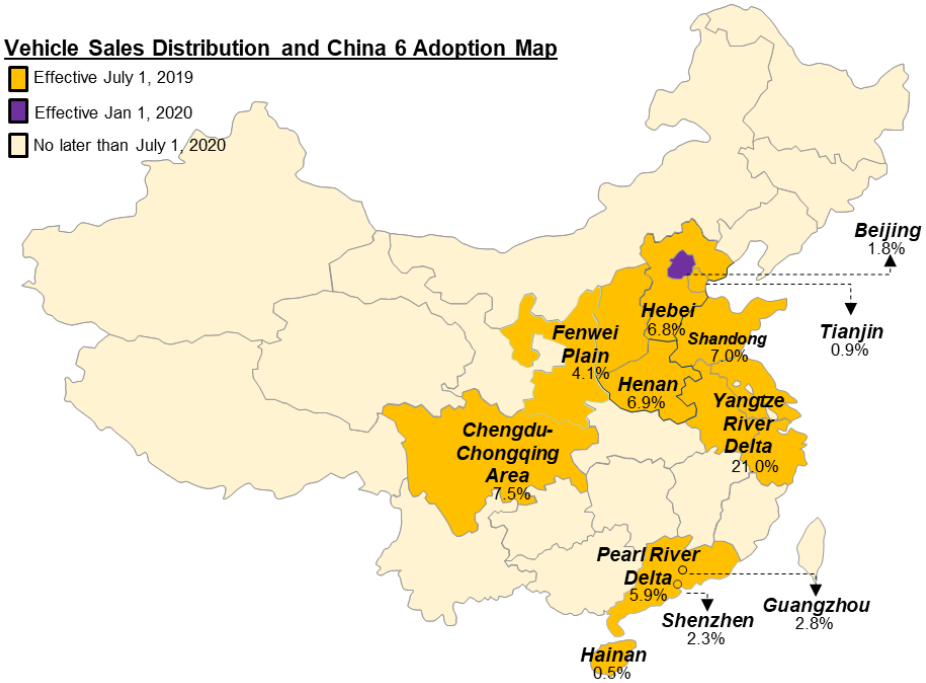
Performance Highlights

- 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

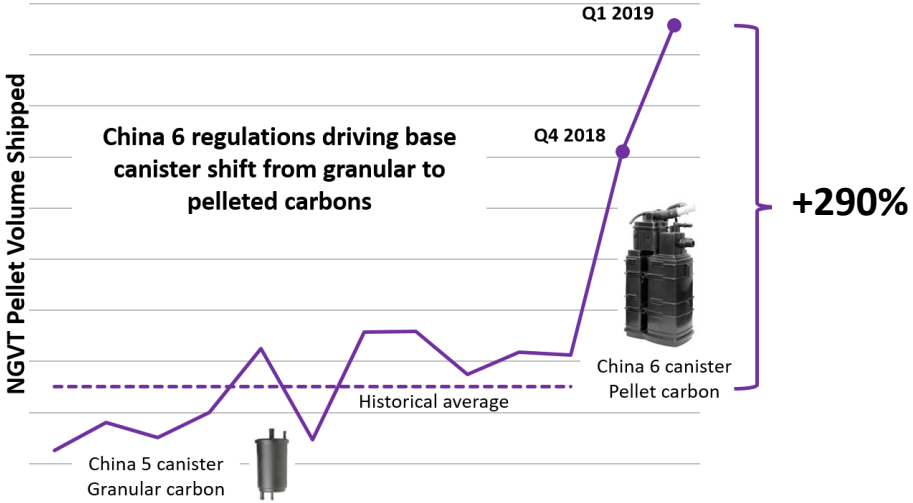
ingevity

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

First Quarter 2019 Financial Results

Key Income Statement Metrics

$ in millions except EPS & shares outstanding	1Q 2019	1Q 2018	vs PY Δ%
Net Sales (GAAP)	**276.8**	**235.2**	**17.7%**
Adjusted EBITDA (Non-GAAP)[1]	83.5	67.1	**24.4%**
Adjusted EBITDA Margin (Non-GAAP)[1]	***30.2%***	***28.5%***	***170 bps***
Performance Chemicals Net Sales (GAAP)	**167.7**	**139.7**	**20.0%**
Performance Chemicals EBITDA	32.3	24.9	**29.7%**
Performance Chemicals EBITDA Margin	***19.3%***	***17.8%***	***150 bps***
Performance Materials Net Sales (GAAP)	**109.1**	**95.5**	**14.2%**
Performance Materials EBITDA	51.2	42.2	**21.3%**
Performance Materials EBITDA Margin	***46.9%***	***44.2%***	***270 bps***
Selling, general & admin expense (GAAP)	39.1	26.5	**47.5%**
Interest expense, net (GAAP)	11.1	6.1	**82.0%**
Provision for income taxes on Adjusted Earnings (Non-GAAP)[1]	12.0	10.6	**13.2%**
Net income (loss) attributable (GAAP)	22.7	30.8	**(26.3)%**
Adjusted earnings (loss) (Non-GAAP)[1]	41.9	33.9	**23.6%**
Diluted EPS (GAAP)[1]	$0.54	$0.72	**(25.0)%**
Diluted Adjusted EPS (Non-GAAP)[1]	$0.99	$0.79	**25.3%**
Basic shares outstanding	41.7	42.1	
Diluted shares outstanding	42.2	42.6	

(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.

ingevity

First Quarter 2019 Financial Results

Key Balance Sheet & Cash Flow Metrics

$ in millions	March 31, 2019	December 31, 2018
Cash & cash equivalents	38.4	77.5
Restricted investment (related to capital lease)[1]	71.7	71.2
Total debt including capital lease obligation[2]	1,429.3	758.9
Net debt[3]	1,319.2	610.2
Inventories, net	229.3	191.4
Accounts receivable, net	151.0	118.9
Accounts payable	119.8	92.9
Trade Working Capital[4]	260.5	217.4

$ in millions	1Q 2019	1Q 2018	vs PY Δ	vs PY Δ%
Cash Flow from operations	(8.0)	9.7	(17.7)	(182.5)%
Capital Expenditures	28.1	13.3	14.8	111.3%
Free Cash Flow [5]	(36.1)	(3.6)	(32.5)	(902.8)%

(1) Capital lease related to the Industrial Development Bond that is part of the financing for our Wickliffe, Kentucky facility.
(2) Excludes deferred finance fees.
(3) Net debt defined as total debt including capital lease obligation excluding deferred financing fees less cash and cash equivalents less restricted investment.
(4) Trade Working Capital is defined as Inventory + Accounts Receivable – Accounts Payable
(5) Non-GAAP measure which represents Cash flow from operations less Capital expenditures

ingevity

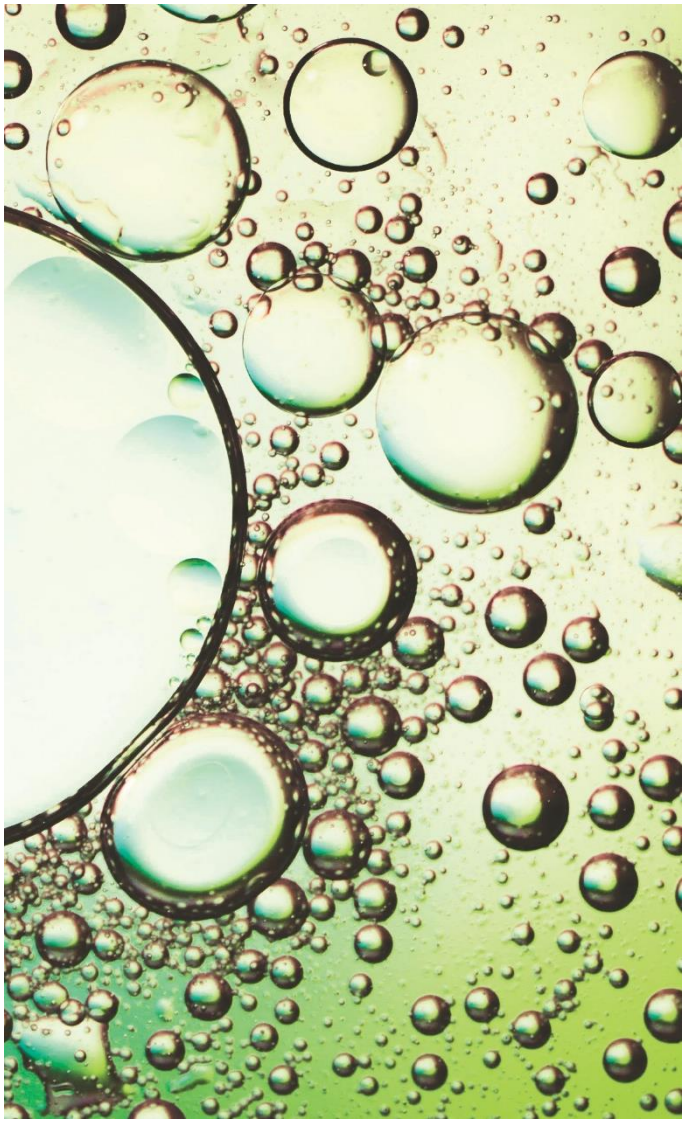
2019 Guidance
($M)

Item	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.



For More Information

Investors
Dan Gallagher
(843) 740-2126

Media
Jack Maurer
(843) 746-8242

Thank you for your interest in Ingevity!

ingevity

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

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 (Loss) (GAAP) to Adjusted Earnings (Loss) (Non-GAAP)

In millions, except per data (unaudited)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Net income (loss)	$ 22.7	$ 35.8
Less: Net income (loss) attributable to noncontrolling interests	—	5.0
Net income (loss) attributable to Ingevity stockholders (GAAP)	22.7	30.8
Restructuring and other (income) charges [1]	—	(0.6)
Acquisition and other related costs [2]	31.2	4.6
Tax effect on items above	(5.3)	(1.1)
Certain discrete tax provision (benefit) [3]	(6.7)	0.2
Adjusted earnings (loss) (Non-GAAP)	$ 41.9	$ 33.9
Diluted earnings (loss) per common share (GAAP)	$ 0.54	$ 0.72
Restructuring and other (income) charges	—	(0.01)
Acquisition and other related costs	0.74	0.11
Tax effect on items above	(0.13)	(0.03)
Certain discrete tax provision (benefit)	(0.16)	—
Diluted adjusted earnings (loss) per share (Non-GAAP)	$ 0.99	$ 0.79
Weighted average common shares outstanding - Diluted	42.2	42.6

---

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

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

In millions	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Legal and professional service fees	$ 10.1	$ 3.8
Caprolactone Acquisition purchase price hedge adjustment	12.7	—
Acquisition-related costs	22.8	3.8
Inventory fair value step-up amortization [i]	8.4	0.8
Acquisition and other related costs	$ 31.2	$ 4.6

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

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

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

In millions (unaudited)	Three Months Ended March 31, 2019	Three Months Ended March 31, 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%

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

In millions (unaudited)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Adjusted EBITDA (Non-GAAP)	$ 83.5	$ 67.1
Depreciation and amortization	18.5	11.5
Interest expense, net	11.1	6.1
Adjusted income before taxes (Non-GAAP)	$ 53.9	$ 49.5
Provision (benefit) for income taxes (GAAP)	$ —	$ 9.7
Tax effect on certain items	(5.3)	(1.1)
Discrete tax provision (benefit)	(6.7)	0.2
Provision for Income Taxes on Adjusted Earnings (Non-GAAP)	$ 12.0	$ 10.6
Adjusted Tax Rate (Non-GAAP)	22.3%	21.4%

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

In millions (unaudited)	Three Months Ended March 31,	
	2019	2018
SG&A (GAAP)	$ 39.1	$ 26.5
Amortization related to acquisitions	5.1	0.7
Legal costs associated with Performance Materials litigation	2.4	0.1
Core SG&A (Non-GAAP)	$ 31.6	$ 25.7
Net sales	$ 276.8	$ 235.2
SG&A as a percent of Net sales	14.1%	11.3%
Core SG&A as a percent of sales	11.4%	10.9%

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.

ingevity

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%

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)%

ingevity

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:

In millions (unaudited)	Q1 2019	Q1 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.

In millions (unaudited)	Q1 2019	Q1 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.