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Third Quarter 2019
Earnings Presentation

October 24, 2019

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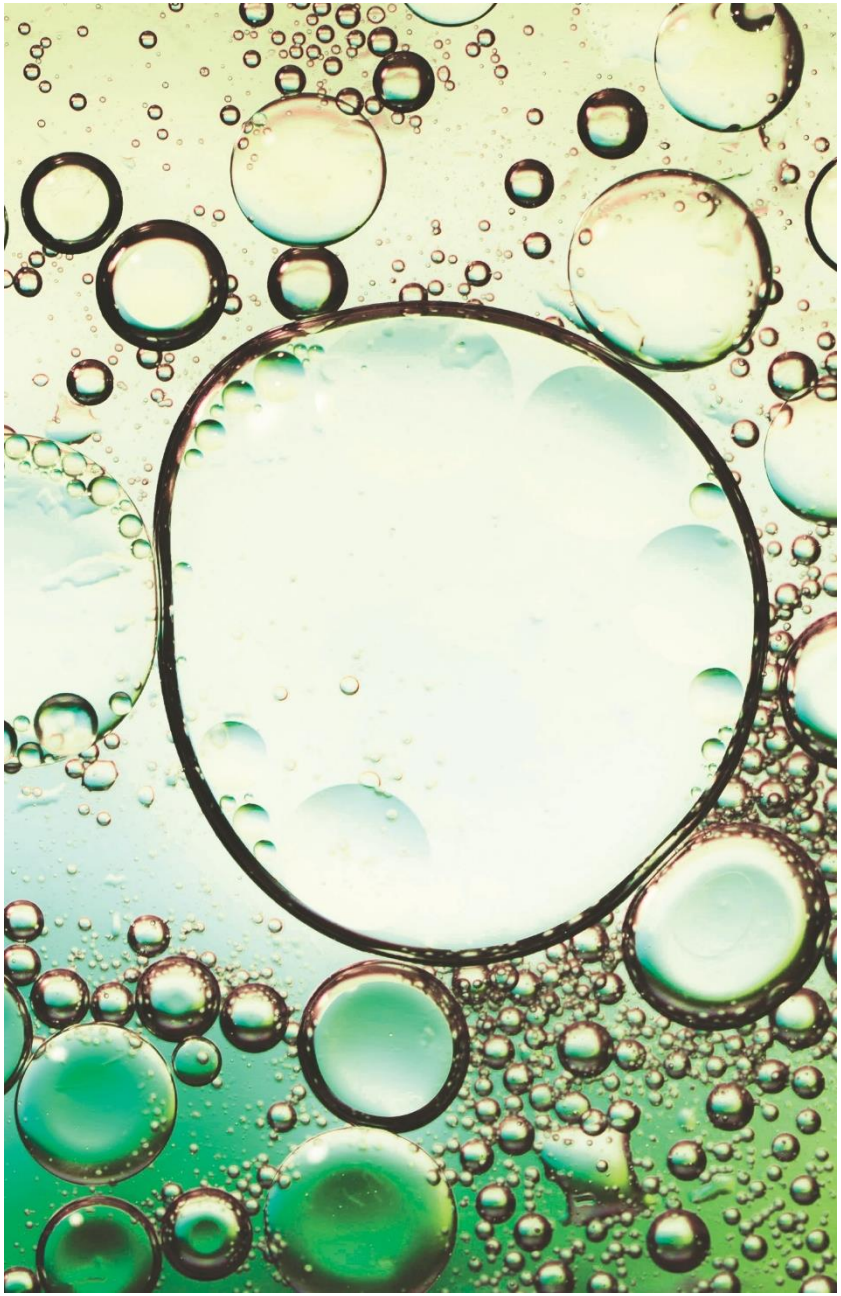

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Non-GAAP Financial Measures: This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided 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

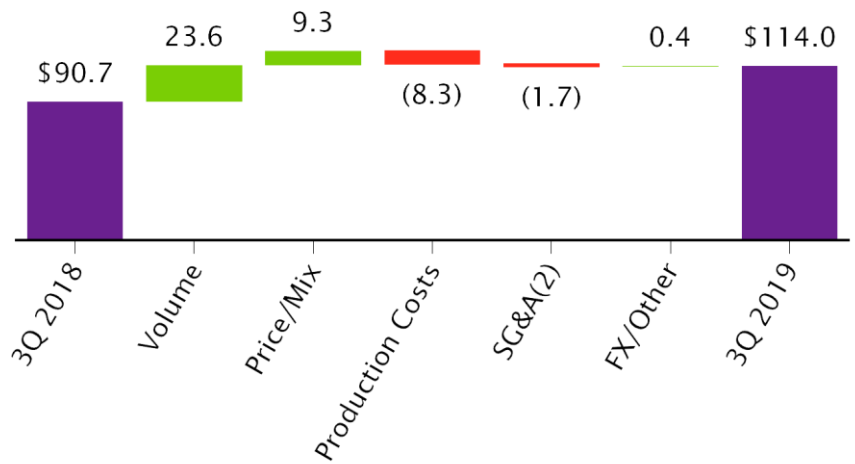
- Third Quarter Highlights
- Segment Performance
- Financial Review
- Revised Guidance
- Closing Remarks
- Q&A

Third Quarter 2019 Results

Financial Performance

$ in millions	3Q 2019	3Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	359.9	311.2	48.7	15.6%
Adjusted EBITDA[1]	114.0	90.7	23.3	25.7%
Adjusted EBITDA[1] Margin	31.7%	29.1%	+260 bps	

3Q Adjusted EBITDA[1]



Performance Highlights

- Strong quarter in line with expectations given challenging macroeconomic headwinds
- Performance Chemicals impacted by industrial slowdown; aided by Capa addition
- Very strong regulatory-driven performance in Performance Materials
- Strong drop through: adjusted EBITDA up 26% on revenues up 16%
- Third consecutive quarter of adjusted EBITDA margins greater than 30%
- SG&A, excluding IP litigation costs, is down 6.1%
- Outstanding free cash flow of $97 million, up 40% versus last year's quarter
- Reduced leverage drops net debt to adjusted EBITDA ratio to 2.9x

(1) Please see appendices included at the end of this presentation for Ingevity's use of non-GAAP financial measures, definitions of those financial measures as well as the reconciliation to the nearest GAAP financial measure.
(2) SG&A includes research & technical expense as well as legal expenses.

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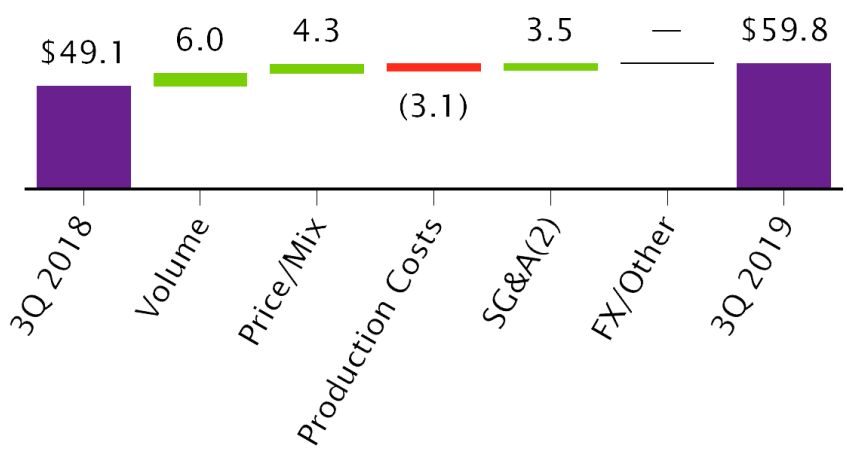
Performance Chemicals

Performance Chemicals

$ in millions	3Q 2019	3Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	**229.7**	**214.9**	**14.8**	**6.9%**
Industrial Specialties	99.9	114.3	(14.4)	(12.6)%
Oilfield Technologies	27.6	32.5	(4.9)	(15.1)%
Pavement Technologies	69.8	68.1	1.7	2.5%
Engineered Polymers	32.4	—	32.4	—
Segment EBITDA	**59.8**	**49.1**	**10.7**	**21.8%**
Segment EBITDA Margin	**26.0%**	**22.8%**	**+320 bps**	

3Q Segment EBITDA



Performance Highlights

- Revenue increase of 7% driven by addition of Capa (pro forma[1] revenue down 11%)
  - *Industrial Specialties*: Decreases in inks and other industrial applications; ongoing transition to higher-margin applications; continued low gum rosin prices
  - *Oilfield Technologies*: Down due to reduced drilling and production
  - *Pavement Technologies*: North American sales up 8% in the quarter and 9% YTD; Evotherm up 17% YTD; decreased sales overseas
  - *Engineered Polymers*: Revenues down 25% versus prior year's pro forma period due to weak demand, particularly in Europe, and one-time inventory transition impact of $3.5 million; margins strong and holding
- Segment EBITDA of $60 million, up 22% (pro forma segment EBITDA down 9%)
  - Increases in volumes and price and mix, partially offset by slightly higher production costs

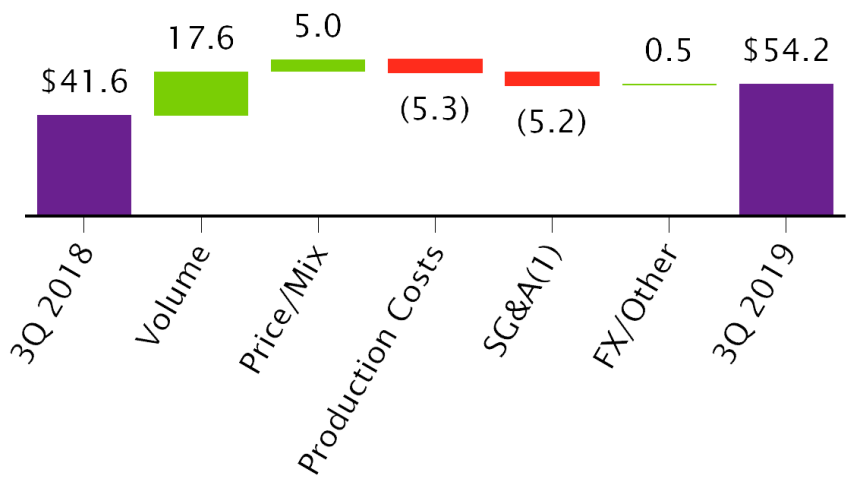
(1) Includes the impact of the Capa® caprolactone business acquisition. See appendix for more information.
(2) SG&A includes research & technical expense as well as legal expenses.

Performance Materials

Performance Materials

$ in millions	3Q 2019	3Q 2018	vs Prior Year Δ	vs Prior Year Δ%
Net Sales	**130.2**	**96.3**	**33.9**	**35.2%**
Automotive Technologies	120.5	86.6	33.9	39.1%
Process Purification	9.7	9.7	—	—%
Segment EBITDA	**54.2**	**41.6**	**12.6**	**30.3%**
Segment EBITDA Margin	**41.6%**	**43.2%**	**-160 bps**	

3Q Segment EBITDA



Performance Highlights

- Record revenue increase of 35%
  - Accelerated sales in China due to China 6 standard, despite light vehicle production down 13%
    - Estimate at least 70% of production is compliant
  - Continued robust demand for "honeycomb" scrubbers to comply with U.S. EPA Tier 3/LEV III standards; North American vehicle production down 2% through Sept.
  - Increase in EU primarily due to Euro 6d; EU sales down 4% through Aug.
- Segment EBITDA of $54 million, up 30% versus prior year's quarter
  - Strong volume increases; price/mix
  - Partially offset by consumption of high-cost China inventory
  - Multiple planned maintenance outages
  - Higher IP litigation costs

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

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Third Quarter 2019 Financial Summary

Key Operating Metrics

$ in millions except EPS	Q3 QTD 2019	Q3 QTD 2018	vs PY Δ%	Q3 YTD 2019	Q3 YTD 2018	vs PY Δ%
Consolidated Income Statement:						
Net sales	**$359.9**	**$311.2**	**15.6%**	**$989.5**	**$855.0**	**15.7%**
Gross Profit	$139.5	$118.6	**17.6%**	$371.0	$319.2	**16.2%**
% Margin	38.8%	38.1%	***+70 bps***	37.5%	37.3%	***+20 bps***
Core SG&A[1]	$29.4	$30.4	**(3.3)%**	$93.2	$87.4	**6.6%**
IP Litigation Costs[2]	4.4	0.9	**388.9%**	10.1	1.7	**494.1%**
Acquisition Amortization	6.9	3.2	**115.6%**	19.0	7.4	**156.8%**
Total Selling, General & Admin Expense	$40.7	$34.5	**18.0%**	$122.3	$96.5	**26.7%**
% of Net Sales - Total SG&A	*11.3%*	*11.1%*	***+20 bps***	*12.4%*	*11.3%*	***+110 bps***
% of Net Sales - Core SG&A[1]	*8.2%*	*9.8%*	***-160 bps***	*9.4%*	*10.2%*	***-80 bps***
Adjusted EBITDA[1]	$114.0	$90.7	**25.7%**	$305.8	$247.2	**23.7%**
% Margin [1]	***31.7%***	***29.1%***	***+260 bps***	***30.9%***	***28.9%***	***+200 bps***
Interest expense, net	$12.1	$7.9	**53.2%**	$36.3	$21.8	**66.5%**
Income taxes on Adjusted Earnings [1]	$18.2	$16.6	**9.6%**	$46.5	$40.1	**16.0%**
Adjusted earnings (loss)[1]	$62.2	$49.3	**26.2%**	$161.6	$130.5	**23.8%**
Diluted Adjusted EPS[1]	$1.46	$1.15	**27.0%**	$3.83	$3.06	**25.2%**
Consolidated Cash Flow Items:						
Cash Flow from Operations	$118.7	$95.3		$190.2	$166.4	
Less: Capital Expenditures	22.1	26.2		79.8	56.6	
Free Cash Flow [3]	***$96.6***	***$69.1***	***39.8%***	***$110.4***	***$109.8***	***0.5%***

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

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Third Quarter 2019 Financial Summary

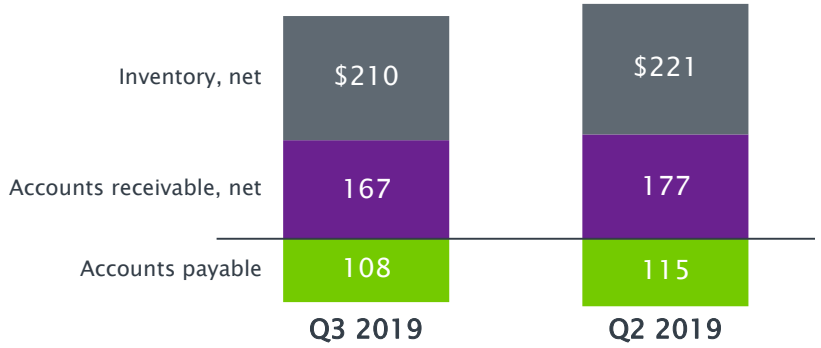
Balance Sheet Snapshot

Capital Structure (as of 9/30/19)

$ in millions	Current Pricing	Amount
$750m Revolver	L+150	$193.0
Term Loans	L+100-150	745.3
$141m Interest Rate Swap (1)	*1.41%*	
Senior Notes	4.5%	300.0
Finance Lease & Other (2)	~8%	85.9
Total Debt		$1,324.2
Less: Cash Balance		($75.6)
Less: Restricted Investment		(72.7)
Total Net Debt		$1,175.9
Net Debt Ratio (3)		**2.9x**

Working Capital Management

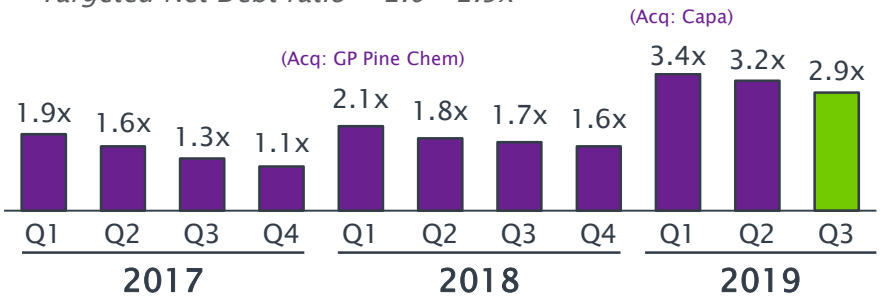
$ in millions



	Q3 2019	Q2 2019
Trade Working Capital (4)	**$270**	**$283**
% of LTM Pro Forma Net Sales (5)	*20%*	*22%*

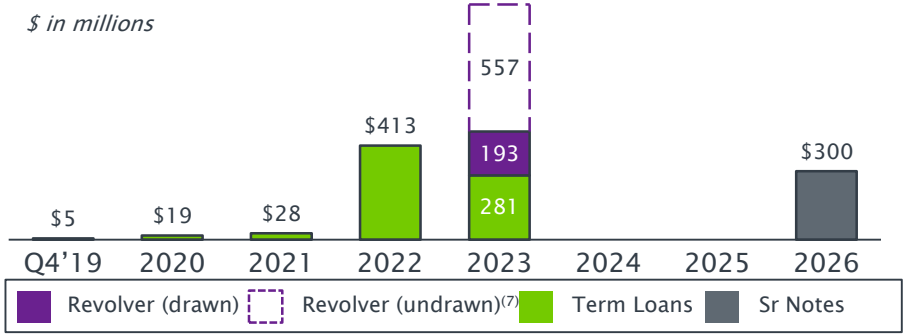
Historical Net Debt Ratio (3)

Targeted Net Debt ratio = 2.0 – 2.5x



Debt Maturity Schedule (6)

$ in millions



(1) *$141m interest rate swap through 2023*
(2) *Finance lease related to the Industrial Development Bond that is part of the financing for our Wickliffe, Kentucky facility; other relates to other short term borrowings less deferred financing fees*
(3) *Net Debt Ratio defined as Total Net Debt divided by LTM Pro forma Adj. EBITDA; see Appendix for Non GAAP reconciliation.*
(4) *Trade Working Capital is defined as Inventory + Accounts Receivable – Accounts Payable*
(5) *Includes the impact of the Capa® caprolactone business acquisition. See appendix for more information.*
(6) *Excludes ~$6m of other debt and $80m Finance Lease (due 2027) for simplicity*
(7) *Capacity under the revolver as of September30, 2019 was $554.9 million, which includes a reduction of $2.1 million related to outstanding letters of credit.*

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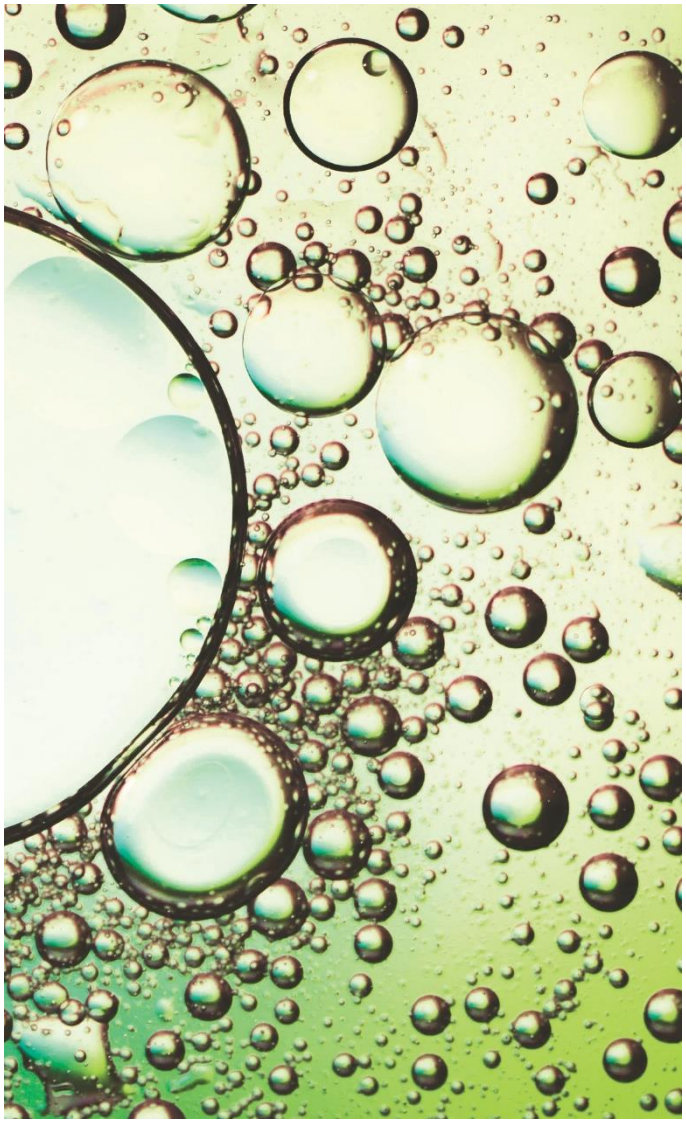
Revised 2019 Guidance
($M)

Item	Original FY19 Guidance	Revised FY19 Guidance
Revenue	$1,300 to $1,360	$1,280 to $1,300
Adjusted EBITDA[1]	$390 to $410	$390 to $400
Adjusted tax rate[1]	21 – 23%	21 – 23%
Capital expenditures	$110–$120	$110–$120
Free Cash Flow[2]	$180–$190	$180–$190
Net Debt Ratio[3]	<3.0x	<2.8x

(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

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Thank you for your interest in Ingevity!

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Appendix

Non-GAAP Financial Measures

Ingevity has presented certain financial measures, defined below, which have not been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and has provided a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP. These financial measures are not meant to be considered in isolation or as a substitute for the most directly comparable financial measure calculated in accordance with GAAP. The company believes these non-GAAP measures provide investors, potential investors, securities analysts and others with useful information to evaluate the performance of the business, because such measures, when viewed together with our financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance and projected future results.

Ingevity uses the following non-GAAP measures:

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

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

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

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

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

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

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

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

The Company also uses the above financial measures as the primary measures of profitability used by managers of the business. In addition, the Company believes Adjusted EBITDA and Adjusted EBITDA Margin are useful measures because they exclude the effects of financing and investment activities as well as non-operating activities. None of the above non-GAAP financial measures are intended to replace the presentation of financial results in accordance with GAAP and investors should consider the limitations associated with these non-GAAP measures, including the potential lack of comparability of these measures from one company to another. Reconciliations of these non-GAAP financial measures are set forth within the following pages.

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

In millions, except per data (unaudited)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income (loss)	$ 59.9	$ 51.7	$ 139.4	$ 139.7
Less: Net income (loss) attributable to noncontrolling interests	—	2.2	—	12.7
Net income (loss) attributable to Ingevity stockholders (GAAP)	59.9	49.5	139.4	127.0
Restructuring and other (income) charges (1)	1.7	—	2.0	(0.6)
Acquisition and other related costs (2)	1.3	—	33.3	5.7
Tax effect on items above	(0.8)	—	(6.4)	(1.3)
Certain discrete tax provision (benefit) (3)	0.1	(0.2)	(6.7)	(0.3)
Adjusted earnings (loss) (Non-GAAP)	$ 62.2	$ 49.3	$ 161.6	$ 130.5
Diluted earnings (loss) per common share (GAAP)	$ 1.41	$ 1.16	$ 3.30	$ 2.98
Restructuring and other (income) charges	0.04	—	0.05	(0.01)
Acquisition and other related costs	0.03	—	0.79	0.13
Tax effect on items above	(0.02)	—	(0.15)	(0.03)
Certain discrete tax provision (benefit)	—	(0.01)	(0.16)	(0.01)
Diluted adjusted earnings (loss) per share (Non-GAAP)	$ 1.46	$ 1.15	$ 3.83	$ 3.06
Weighted average common shares outstanding - Diluted	42.6	42.7	42.2	42.6

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

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

In millions	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Legal and professional service fees	$ 1.3	$ —	$ 12.2	$ 4.3
Caprolactone Acquisition purchase price hedge adjustment	—	—	12.7	—
Acquisition-related costs	1.3	—	24.9	4.3
Inventory fair value step-up amortization (i)	—	—	8.4	1.4
Acquisition and other related costs	$ 1.3	$ —	$ 33.3	$ 5.7

(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 September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net income (loss) (GAAP)	$ 59.9	$ 51.7	$ 139.4	$ 139.7
Provision (benefit) for income taxes	17.5	16.4	33.4	38.5
Interest expense, net	12.1	7.9	36.3	21.8
Depreciation and amortization	21.5	14.7	61.4	42.1
Restructuring and other (income) charges, net	1.7	—	2.0	(0.6)
Acquisition and other related costs	1.3	—	33.3	5.7
Adjusted EBITDA (Non-GAAP)	$ 114.0	$ 90.7	$ 305.8	$ 247.2
Net sales	$ 359.9	$ 311.2	$ 989.5	$ 855.0
Net income (loss) margin	16.6%	16.6%	14.1%	16.3%
Adjusted EBITDA margin	31.7%	29.1%	30.9%	28.9%

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

In millions (unaudited)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Adjusted EBITDA (Non-GAAP)	$ 114.0	$ 90.7	$ 305.8	$ 247.2
Depreciation and amortization	21.5	14.7	61.4	42.1
Interest expense, net	12.1	7.9	36.3	21.8
Adjusted income before taxes (Non-GAAP)	$ 80.4	$ 68.1	$ 208.1	$ 183.3
Provision (benefit) for income taxes (GAAP)	$ 17.5	$ 16.4	$ 33.4	$ 38.5
Tax effect on certain items	(0.8)	—	(6.4)	(1.3)
Discrete tax provision (benefit)	0.1	(0.2)	(6.7)	(0.3)
Provision for Income Taxes on Adjusted Earnings (Non-GAAP)	$ 18.2	$ 16.6	$ 46.5	$ 40.1
Tax Rate (GAAP)	22.6%	24.1%	19.3%	21.6%
Adjusted Tax Rate (Non-GAAP)	22.6%	24.4%	22.3%	21.9%

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

In millions (unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
SG&A (GAAP)	$ 40.7	$ 34.5	$ 122.3	$ 96.5
Intangible amortization expense related to acquisitions	6.9	3.2	19.0	7.4
IP Litigation Costs	4.4	0.9	10.1	1.7
Core SG&A (Non-GAAP)	$ 29.4	$ 30.4	$ 93.2	$ 87.4
Net sales	$ 359.9	$ 311.2	$ 989.5	$ 855.0
SG&A as a percent of Net sales	11.3%	11.1%	12.4%	11.3%
Core SG&A as a percent of sales (Non-GAAP)	8.2%	9.8%	9.4%	10.2%

Calculation of Historical Net Debt Ratio (Non-GAAP)

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

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

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

(3) Pro forma amounts include historical results of the Pine Chemical Business and Caprolactone Business, prior to the acquisition dates of March 8, 2018 and February 13, 2019, respectively. These amounts also include adjustments as if the acquisitions had occurred on January 1st of the year preceding the acquisition date. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the businesses on January 1st of the year preceding the acquisition date. Details associated with the pro forma results for both acquisitions are included within the Management Discussion and Analysis section of the Company's Form 10-Q for each respective period.

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Calculation of Trading Working Capital to LTM Pro Forma Net Sales

In millions, except percentages (unaudited)

Net sales		
Twelve months ended December 31, 2018	$	1,133.6
Nine months ended September 30, 2018		(855.0)
Nine months ended September 30, 2019		989.5
Net sales - LTM as of September 30, 2019		1,268.1
Caprolactone Business Pro Forma Net sales LTM as of September 30, 2019 (1)		53.8
Net sales LTM, inclusive of pro forma, as of September 30, 2019	$	1,321.9
Trade Working Capital as of September 30, 2019	$	269.9
% of LTM Pro Forma Net sales as of September 30, 2019		20.4%

Net sales		
Twelve months ended December 31, 2018	$	1,133.6
Six months ended June 30, 2018		(543.8)
Six months ended June 30, 2019		629.6
Net sales - LTM as of June 30, 2019		1,219.4
Caprolactone Business Pro Forma Net sales LTM as of June 30, 2019(1)		96.8
Net sales LTM, inclusive of pro forma, as of June 30, 2019	$	1,316.2
Trade Working Capital as of June 30, 2019	$	283.2
% of LTM Pro Forma Net sales as of June 30, 2019		21.5%

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(1) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the businesses on January 1, 2018.

Supplemental Historical Quarterly Pro Forma Financial Information

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 the incurrence of additional debt used to fund the acquisition, as if the acquisition 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 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 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 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 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 Report on Form 8-K/A ("Form 8-K/A") filed with the U.S. Securities and Exchange Commission on April 12, 2019, a copy 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 quarter ended September 30, 2018.

Reconciliation of Condensed Statement of Operations to Pro Forma Condensed Statement of Operations
Quarter Ended September 30, 2018

In millions, except per share data	Historical Ingevity	Caprolactone Business [1]	Pro Forma
Net sales	$ 311.2	$ 43.0	$ 354.2
Cost of sales	192.6	25.4	218.0
Gross profit	118.6	17.6	136.2
Selling, general and administrative expenses	34.5	5.9	40.4
Research and technical expenses	5.6	0.1	5.7
Acquisition-related costs	—	—	—
Other (income) expense, net	2.5	0.1	2.6
Interest expense, net	7.9	6.6	14.5
Income (loss) before income taxes	68.1	4.9	73.0
Provision (benefit) for income taxes	16.4	0.6	17.0
Net income (loss)	51.7	4.3	56.0
Less: Net income (loss) attributable to noncontrolling interests	2.2	—	2.2
Net income (loss) attributable to Ingevity stockholders	$ 49.5	$ 4.3	$ 53.8
Diluted earnings (loss) per common share attributable to Ingevity stockholders	$ 1.16		$ 1.26

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(1) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the businesses on January 1, 2018.

Reconciliation of Net Income (Loss) to Pro Forma Adjusted EBITDA
Quarter Ended September 30, 2018

In millions, except percentages (unaudited)	Historical Ingevity	Pro Forma Adjustment [1]	Pro Forma
Net income (loss)	$ 51.7	$ 4.3	$ 56.0
Provision (benefit) for income taxes	16.4	0.6	17.0
Interest expense, net	7.9	6.6	14.5
Depreciation and amortization	14.7	5.2	19.9
Restructuring and other (income) charges, net	—	—	—
Acquisition and other related costs	—	—	—
Adjusted EBITDA	$ 90.7	$ 16.7	$ 107.4
Net sales	$ 311.2		$ 354.2
Net income (loss) margin	16.6%		15.8%
Adjusted EBITDA margin	29.1%		30.3%
Performance Chemicals Segment EBITDA	$ 49.1	$ 16.7	$ 65.8
Net sales	$ 214.9		$ 257.9
Segment EBITDA margin	22.8%		25.5%

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(1) Pro forma amount includes historical results of the Caprolactone Business, prior to the acquisition date of February 13, 2019. This amount also includes adjustments as if the acquisition had occurred on January 1, 2018, including the effects of purchase accounting. The pro forma amounts do not include adjustments for expenses related to integration activities, cost savings, or synergies that have been or may have been realized had we acquired the businesses on January 1, 2018.

Comparison of Quarter Ended September 30, 2019 to Pro Forma September 30, 2018

In millions, except percentages (unaudited)		Q3 2019	Pro Forma Q3 2018	$ Change	% Change
Total Ingevity	**Net sales**	$ 359.9	$ 354.2	$ 5.7	1.6%
	Adjusted EBITDA	114.0	107.4	6.6	6.1%
Performance Chemicals Segment	Net sales	$ 229.7	$ 257.9	$ (28.2)	(10.9)%
	Adjusted EBITDA	59.8	65.8	(6.0)	(9.1)%

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