INNOPHOS PRESENTATION AT OPPENHEIMER 9th ANNUAL INDUSTRIALS CONFERENCE

EDITED TRANSCRIPT

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Corporate Participants

Randolph E. Gress – Chairman, President & Chief Executive Officer, Innophos Holdings, Inc.

Other Participants

Edward H. Yang – Analyst, Oppenheimer & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Edward H. Yang, Analyst, Oppenheimer & Co., Inc.

[Abrupt Start] It's Oppenheimer's 9th Annual Industrials Conference, second day of the conference. I'm Ed Yang. I'm the chemicals analyst here at Oppenheimer. With us today it's our pleasure to have Innophos' management team. We have Randy Gress, Robert Harrer, and Mark Feuerbach from Innophos.

And Innophos is a leading producer of specialty phosphates and specialty ingredients for food, beverage, consumer, and industrial markets, with a number-one position in North America. Randy has been CEO since 2004, and had been with Rhodia, Innophos' parent company. He's also President and Chairman of the Board.

Randolph E. Gress, Chairman, President & Chief Executive Officer

Thanks, Ed. Good afternoon, everyone, and thank you for your interest in Innophos today. As Ed said, I'm Randy Gress, CEO of the business, and joining me is Robert Harrer, our new CFO, has been with us just over two months; and Mark Feuerbach, the Vice President of Investor Relations. But before I get started, just a brief reminder of the usual Safe Harbor provisions, including a reminder that my presentation, including any forward-looking statements, represents a summary of previous public disclosures rather than any updated guidance as of this date.

Just a first brief overview of Innophos, we were formed as an independent company in 2004, and carve-out from the French chemical group, Rhodia, initially as a private company owned by Bain Capital. We've been a public company since our IPO in 2006, with Bain fully exiting in 2009. And I'm happy to say that we have generated total shareholder return of over 400% since our IPO.

Although our life as an independent entity is relatively short, we have a very long history in specialty phosphates, with our origins dating back over 100 years, the creation of phosphate manufacturing oriented to the markets we serve. Rhodia opted to spin out Innophos just as our U.S., Canadian, and Mexican phosphate assets, so today we are predominantly oriented to the North American market, but we are building a global presence, as you will see in this presentation.

The Innophos of today is very different to the company launched on the NASDAQ Stock Exchange 7.5 years ago. This slide summarizes some of the key milestones that we've had. We rapidly paid down the heavy debt load that we inherited from our private equity days, and as you may have noted on my previous slide, our net debt is currently at a very comfortable 1x EBITDA. We've used our ongoing strong operating cash flow to invest for future growth, while also significantly increasing cash returns to shareholders.

We have transformed our specialty phosphates business, including strengthening our supply chain, diversifying raw material supply, and through a consistent focus on higher-value-added products, transformed our market presence to one primarily oriented to higher-margin and more differentiated food and beverage applications.

And we continue to evolve our business into attractive adjacencies, including our four nutrition businesses acquired over the last 2.5 years, where we are now positioned well within the highly attractive bioactive mineral ingredient business. All of this has resulted in a step-change improvement in profitability from our early IPO days which we believe is sustainable over the long term.

We are proud of our financial track record, some highlights of which are shown here, and we believe the strength of our strategic position in an attractive industry will underpin future results. We are the market leader in North America. We have transformed our Mexico business over recent years to be far more specialty-oriented. And we have continued to invest in our supply chain, which I'll cover in more detail in just a moment.

Even though we have encountered unprecedented volatility in our raw materials over the last six years, our focus on pricing and the value we deliver to our customers and our product offering and service have allowed us to offset significant changes in raw material prices through higher selling prices. We believe we operate in an attractive industry with high barriers to entry, attractive growth opportunities, and relatively stable end markets in which customers are seeking value-add from their suppliers through innovation and technical support.

Our core business is Specialty Phosphates, which represents around 90% of our total revenues. Specialty Phosphates is reported externally in two regions, U.S./Canada and Mexico, with revenue split into three product groups. We make hundreds of different forms of specialty phosphates, often tailored to very specific customer specialty ingredients portfolio, to which we have also recently added some non-phosphate technologies, as I will explain shortly.

Our next largest product group is Food-Grade Purified Phosphoric Acid, or PPA, which is primarily converted into the very wide range of specialty ingredients that I just mentioned, but is also sold directly to end customers for various applications, representing roughly 17% of our revenue.

The third specialty phosphate product group is now a much less significant piece of our business. Phosphates make excellent builders for laundry and dishwasher detergents, but the environmental impacts of excess phosphates in captive water systems such as the Great Lakes, due mostly to fertilizer runoff, had led to a move away from phosphates use in detergents. We anticipated this, and saw better value opportunities in more differentiated end markets.

Today, under 10% of our revenue is in the detergent-grade phosphates, down from about a quarter of revenue five years ago. The chart on the right illustrates this shift. We have achieved 6% revenue CAGR over the last six years even though our sales of detergent-grade phosphates have fallen by almost half. This is due to our tremendous success of our targeted market strategy, achieving 14% revenue CAGR in the consumer-oriented applications of food, pharma, beverage, and oral care, which represent more than half of our total business.

The final product group, which is also split out as a separate reporting segment, is Granulated Triple Super Phosphate, or GTSP, and other, at just under 10% of our business by revenue. This is a necessary piece of our economic model, and I'll talk a little bit more about this in a little bit.

Shown here is our industry-leading supply chain. All phosphate manufacturing ultimately traces itself back to mine deposits of phosphate rock. Today, we don't mine our own phosphate rock, so our in-house supply chain begins in Mexico with imported phosphate rock. We convert that to fertilizer-grade phosphoric acid, but it is at this next stage where our real value-add begins.

There are many fertilizer-grade phosphoric acid producers, but there are only a handful of companies worldwide with the technology and capability to take this fertilizer-grade product and purify it to very exacting standards required to be successful in our food-grade end markets. We do this in Mexico and also in our Geismar, Louisiana facility with the fertilizer-grade material supplied by Potash Corp under a long-term supply arrangement.

We also supplement our in-house produced PPA with purchases from Potash Corp's Aurora, North Carolina PPA facility, also under a long-term supply arrangement. The majority of our PPA is then further converted into a very wide range of specialty ingredients. The co-product GTSP that you see at the bottom of the diagram arises in our Mexico acid purification process.

The next slide demonstrates the point I made earlier about our ability to raise specialty phosphates selling prices to offset raw material cost inflation. This shows our Specialty Phosphate's adjusted operating income per metric ton indexed to the first quarter of 2006. During 2008, we raised our selling prices significantly. Due to the fact that approximately 80% of our key raw material contracts had lags of a year or more, we had raw material costs that reflected 2007 market conditions. Therefore we achieved exceptional profits during 2008.

In 2009, fertilizer market conditions reversed, and we had to give back some of the selling price, while at the same time be faced with increasing raw material costs that reflected 2008 market conditions. This put our Mexico business into a breakeven position for the year. However, our U.S. and Canada business was able to stabilize selling prices at about 40% higher than 2007 levels. This contributed to a step-change improvement in profits, one that we have since been able to maintain despite raw material costs doubling from 2010 to 2012.

You can see that we reduced earnings volatility and our profits have been more stable from 2010 onwards. This is because we changed the majority of our raw material contracts to reset on a more frequent basis, typically quarterly, that's aligning with our selling price changes according to market conditions. We continue to operate with Specialty Phosphates' operating income per metric ton that is about two times to three times 2006 levels, and believe this is sustainable going forward.

Let me now give you more insight into our products and the value we bring to our markets. This slide shows a few of the very broad range of applications within Specialty Phosphates and how they are used. If you are new to the industry, you probably had no idea previously of how valuable and extensive an ingredient phosphate in their multiple forms can be.

The next time you review ingredient labels at the supermarket, you will see phosphates as key ingredients in everything from baked goods to processed meats and dietary supplements. They are also key ingredients in a number of value-added industrial applications – for example, our very successful INNOVALT® product line which brings cost and performance benefits to the asphalt modification market.

Generally, the ingredients we supply bring very important functional or nutritional properties to the end products they are formulated into, but they typically provide this benefit at very low cost relative to other ingredients. We focus on winning in the market through the value we bring and product performance, the quality of our technical support, and our overall service. And we have put a particular emphasis on innovating our product line to fit well with consumer trends – for example, reducing sodium content of processed foods and increasing nutritional content.

We are targeting volume growth rates of 3% to 5%, which are two to three percentage points above the long-term weighted average growth rates for the markets we serve today. The two main drivers of the above-market growth rate target are innovation and geographic expansion, each expected to contribute 1% to 2% per year. Our success in innovation is driven by our focus on key industry trends for lower sodium in the diet, more active lifestyles, mineral fortification in the foods and beverages we consume, and digestive health.

Listed here are some of the key products aimed at addressing some of these key industry trends. After a few years of trials and qualifications, Cal-Rise® for low-sodium baking applications has begun to ramp up, with 2013 volumes up more than 60% versus 2012. Our VersaCAL® product line for calcium fortification has also shown good growth, with 2013 volumes up more than 80%. We will continue working with our customers to provide innovative solutions to help them meet the emerging market trends.

Our capital allocation priorities are shown here, and I think we have been consistent in applying these. Our first priority is to invest for growth. We would like to continue doing bolt-on acquisitions, likely sub-$50 million in purchase price, for nutritional ingredients businesses. We would consider larger deals provided there is good strategic fit. We are also in a period of somewhat higher levels of capital expenditures needed to complete our supply chain transformation and support our future growth.

We estimate our maintenance capital expenditures to be around $20 million to $25 million per year, well below our depreciation and amortization rate, but for the next two to three years, we expect to spend in roughly the $40 million range as we continue to look for attractive-return organic investment opportunities to support our future business. Our expectation for 2014 capital expenditures is now in the $35 million to $40 million, due to the timing of some project start dates that we will begin a bit later than we had originally planned.

We also place significant importance on delivering shareholder value through cash returns. We have more than doubled our dividend, with four increases in the last three years. We have also repurchased 450,000 shares under our buyback program, which has an authorization of up to $50 million and the flexibility to vary our pace depending on our capital requirements at any point in time. I would expect more of the same going forward, although the timing and pace of further increases in cash returns will, of course, also take into consideration the investment opportunities that we see.

We aim to supplement our organic growth strategy with acquisitions. Attractive targets need to meet either of our two main strategic goals and represent opportunities where we feel we will comfortably earn returns above our cost of capital. The two strategic drivers for acquisitions are to extend our geographic presence in phosphates and to broaden our product portfolio in the adjacent technologies and markets where we can build on our existing capability, but increase the range of solutions we can provide to markets we already know well.

Our first goal, geographic expansion, can be met either organically or by acquisition. So far, we have found the better value opportunities in organic growth. We began production in 2013 at our new blend facility in China, and we are increasing our customer-facing resources in Asia-Pacific, Europe, and South America.

Our acquisitions to date have contributed to the second goal outlined here. We have made four bolt-on acquisitions since the fourth quarter of 2011: Kelatron, AMT, Triarco, and the most recent, CMI. Strong customer and sales channel synergies both domestically and in emerging markets enabled the minerals businesses to grow at twice the market growth rate for 2013. Combined, these businesses represent what I think will be a very valuable extension to our nutritional ingredients platform in what is an attractive market.

Nutritional ingredients are a major focus of both our customers in the core food and beverage space as well as the more specialist providers of nutritional ingredients targeted at sports nutrition or dietary supplements. We are focused on building a product portfolio in the parts of the market where we think there is a long-term growth potential and also solid scientific backing for the nutritional benefits of the ingredients we supply.

The European Food Standards Agency has recently done a lot of work sifting through the various claims made for various ingredients, and dismissed many of them as unfounded. However, in the area of mineral supplementation, the science stands up to scrutiny, and we think this area will be an increasing focus of manufacturers and consumers.

The benefits of calcium and potassium fortification are already well-known, and we participate in these markets through our calcium and potassium phosphates. However, attention is now increasingly being put on other minerals, such as magnesium, chromium, selenium, and iron, where the phosphate form may not be the best dietary delivery mechanism.

With Kelatron, AMT, and CMI, we can now manufacture a wide range of minerals in multiple forms, with the key being to make them easy to absorb into the body during digestion. This is a market which has performed well, even in the tougher economic conditions of the last few years, and which we think is set for long-term growth in the high single-digits.

We also believe strength in these new products will bring benefits to our core phosphate business. Our position at some specialty manufacturers of sports nutrition, for example, has already strengthened from these acquisitions. Our increased knowledge of these different product technologies has supported innovation across our business in food and industrial markets.

My next slide gives a bit more specific information on our recent first quarter performance and our 2014 expectations for Specialty Phosphates. We had solid first quarter results, with revenues up 5% sequentially and 3% year-over-year, on higher volumes from improved Mexico operations that were partly offset by slightly lower prices. We are targeting 3% to 5% volume growth for 2014 based on improved operations at Coatzacoalcos, above-market-growth expectations for the nutrition business, and expected asphalt market demand recovery.

Operating income was up $14 million year-over-year and $6 million versus an adjusted prior year, due to improved cost for the U.S. and Canada segment and improved operations for Mexico, where we have recorded four consecutive quarters of sequential improvement in phosphoric acid yields in Coatzacoalcos. We expect to deliver 14% to 15% operating income margin for full-year 2014 in Specialty Phosphates.

Some brief comments now on GTSP before I conclude with our balance sheet. GTSP, or granular triple superphosphate, is a fertilizer co-product that arises in Mexico as part of our purification process. We are a very small player in phosphate fertilizers, and our margin on GTSP is dependent on the spread between world market prices for finished phosphate fertilizers and the key raw materials of phosphate rock and sulfur.

Unusually, since the beginning of 2012, this spread has been significantly reduced compared to historical levels. Finished fertilizer prices were significantly lower on average in 2012 versus 2011. The market prices for the raw materials did not vary significantly. This is largely explained by supply/demand conditions for phosphate rock remaining relatively firm despite soft conditions for finished fertilizers.

We think this is a different phenomenon, and there is significant activity around the world to bring new phosphate rock deposits to market, including our own exploration efforts in Mexico. So we expect supply and demand conditions to move more in our favor over the medium term; however, difficult to predict when these effects start to establish themselves.

Market prices fell rapidly in the second half of 2013, and after some rebound in January and February, have flattened at breakeven prices. Our GTSP business is disadvantaged in deflationary conditions due to the lag effect of raw material cost changes, so we had a $4 million operating loss per quarter from the third quarter 2013 through the first quarter of 2014. However, we expect to return breakeven operating income for the second quarter of 2014, based on the current market selling and raw material prices.

Turning now to our balance sheet, you can see a 40% improvement in stockholders' equity over the last three years; net debt increased during the last three years to support growth and increased returns to shareholders; four acquisitions; four dividend increases; $21 million of share buybacks; and a stepped-up capital program were almost fully funded by operating cash flow, with only a $35 million increase in net debt required, leaving us at a very comfortable debt level.

As you can see, we had very strong cash generation in the first quarter 2014, with net debt decreasing by $18 million, or 14%, from its year-end 2013 level. I should also note that at the end of 2012, we increased and extended the maturities on our credit facility, reducing our margin over LIBOR by 75 basis points, while also swapping out our LIBOR exposure on $100 million of floating-rate debt to a five-year fixed rate of less than 1%.

Let me conclude with a summary of the key elements of our strategy, which will be the foundation for continued strong performance into the future. We are targeting growth through product innovation and geographic expansion organically and through acquisition. We will maintain and improve our margins through the value of our products and the strength of our overall business mix.

We will further strengthen our already attractive strategic position, particularly by continuing to enhance our industry-leading supply chain. And we expect continued strong cash flow supporting growth in investment as well as cash returns to shareholders.

Thank you for listening and your attention, and I'll now take your questions.

QUESTION AND ANSWER SECTION

<Q – Ed Yang – Oppenheimer & Co., Inc.>: Randy, maybe starting with Mexico, and there have been a lot of changes there, and most recently a lot of improvement. What do you think the long-term opportunity there is in terms of improving margin, given your new improved mix as well?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, the challenges we had in Mexico I think are well behind us. I think what we have shown over the past four quarters is a steady improvement, and I think that's exhibited in the yields. I think, over the same period and prior to that, we've been continuing to invest both in a more than doubling of our food-grade acid capacity as well as an increase in the quality and capability of the Mexican operation.

I think, incrementally we're able to continue to improve, I think, on those yields, certainly not at the level of the 500 basis points that we saw over the last year, but we should, with the investments and the improvements, and the focus on the control and the improvements, make some incremental improvements there. I think, from an overall business mix, we're continuing to invest in the higher-quality acids and salts, and I think move that – I think with some slight improvement overall in performance there.

<Q – Ed Yang – Oppenheimer & Co., Inc.>: And another question, on M&A, which is also another important use of cash for you. In the past you've been very thoughtful and cautious in terms of doing deals, and the deals have been smaller in size, and they've worked out well. Are you contemplating more of the same? Are you looking at larger deals? And in terms of timing, what are some of the catalysts that allow you to take advantage of some those opportunities when sales do come up?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, as far as the type of acquisitions and the bolt-on nature, I think clearly what we focused on was certainly the smaller, the sub-$50 million in range. I think with some of the success we've shown with the past four acquisitions and some of the attractiveness of that market, we'll continue to look on the nutrition side and the food and beverage ingredient side of things. And, looking at things a bit larger than the size that we have been looking at, our appetite is a little bit bigger, but it still has to fit strategically as well as generate the returns, certainly, in what we feel excess of our cost of capital there.

I think what we have done also, Ed, is focused on acquisitions more in the U.S. base, and I think now in support of what we've already been successful, be able to branch out internationally as well from there. I think, again, it's primarily in that nutrition, and we'd also look at in a core business what we may want to do with geographic expansion, but nothing has come up there. As far as timing, certainly want to continue to focus on things. Again, I think it's a matter of making sure that it is the right fit at the right price.

And I think, also, we have developed somewhat of a reputation in the nutrition business. I think, in the way we've done these past four acquisitions, a lot of them are founder/owner-operated, and a bit of an incubation period or gestation period associated with the buying process. I think we have developed a bit of a reputation there in being a good buyer, which means, I think, treating people right through the acquisition.

<Q>: Thank you. Can you talk about how your raw material contract pricing relates to maybe your selling prices, what's the lag between your customers – your ability to pass through any changes, one way or the other? I know you've done a lot of work on your raw material contracts. What's the impact on the selling side?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, just to be clear, on the raw materials side of things, back in the 2007 timeframe, we were more on an annual type of contract pricing basis. Since then, we are probably now about 80% of our raws there are on a more quarterly-or-less basis as far as the timing goes. And then on the selling side, again, at that time, before we saw the ramp-up in raw material cost, we were probably more on an annual price basis, and preempting some of those run-up in costs, we had switched to probably what's more of a predominantly quarterly basis. So, today, we have a mix of immediate, quarterly, with some longer-term, but predominately more shorter-term. So our ability to pass on increases is more flexibility in the pricing mechanism.

<Q>: Do you still get rock from Morocco?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, we don't specifically say where we're buying rock. Before, we were buying 100% from Morocco. Now we have ability to use multiple sources of rock, and we are using multiples of rock.

<Q>: And you buy...?

<A – Randy Gress – Innophos Holdings, Inc.>: And that's for our Coatzacoalcos operation.

<Q>: Oh, that's just for Mexico. Okay.

<A – Randy Gress – Innophos Holdings, Inc.>: Yes.

<Q>: So PotashCorp gets their rock themselves, or do you know where?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, Potash Corp gets their rock themselves or they mine it.

<Q>: From White Springs or whatever...

<A – Randy Gress – Innophos Holdings, Inc.>: Or Aurora.

<Q>: Right. Okay, thank you.

Edward H. Yang, Analyst, Oppenheimer & Co., Inc.

Thank you, Randy.

Randolph E. Gress, Chairman, President & Chief Executive Officer

Thank you for your attention and your interest in Innophos.