

FINAL TRANSCRIPT

Thomson StreetEventsSM

IPHS - Innophos Holdings Inc Investor Day

Event Date/Time: Nov. 09. 2011 / 1:30PM GMT



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

CORPORATE PARTICIPANTS

Mark Feuerbach

Innophos Holdings Inc. - VP - IR

Randy Gress

Innophos Holdings Inc. - Chairman, CEO, President

Joseph Golowski

Innophos Holdings Inc. - VP - Specialty Phosphates

Mark Thurston

Innophos Holdings Inc. - VP - Corporate Strategy & Worldwide Business Development

Abraham Shabot

Innophos Holdings Inc. - VP, Director General - Latin America

Louis Calvarin

Innophos Holdings Inc. - VP - Operations

Neil Salmon

Innophos Holdings Inc. - VP, CFO

Chuck Brodheim

Innophos Holdings Inc. - Corporate Controller

Bill Farran

Innophos Holdings Inc. - VP, General Counsel

Gail Holler

Innophos Holdings Inc. - VP - Human Resources

Russ Kemp

Innophos Holdings Inc. - VP - Research & Development, Chief Risk Officer

CONFERENCE CALL PARTICIPANTS

Chris Shaw

Monness, Crespi, Hardt & Co. - Analyst

Omar Abelafez

Monetri Capital - Analyst

Elie Mishaan

Corsair Capital Management - Analyst

Ed Yang

Oppenheimer & Co. - Analyst

Jonathan Bloom

Fiduciary Management - Analyst

Christopher Butler

Sidoti & Company - Analyst

Robert Starbuck

Schroders - Analyst

PRESENTATION

Mark Feuerbach - *Innophos Holdings Inc. - VP - IR*

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Good morning, everyone, I'm Mark Feuerbach, Investor Relations and I'd like to welcome you to our first ever investor day. As I look around the audience, it's nice to see many familiar faces that I've had the pleasure to deal with over the last few years, but I'm also encouraged by the number of new faces I see, based on some recent conversations we've had and it's great to get to see you in person today.

I hope you all enjoyed your breakfasts, but I wonder as you were enjoying your favorite food or beverage, how many of you realized that there's an Innophos product included in almost every one of the items we had out on the breakfast table today.

Our goal today is to make sure that you take away a much better appreciation for how our products make those food and beverages you just had for breakfast better. How our products make what you're going to have for lunch better and how our products improve many of the consumer goods that you and I come in contact with each and every day of our lives.

I'm delighted to tell you that I have the full management team here to -- almost the full management team here today to help tell the most in-depth story we've ever told about the Innophos business. So whether you've been following our story for many years or just a few weeks, I'm confident each and every one of you will take away new learnings about the Innophos business.

Just wanted to cover a couple of housekeeping items before we get started. And first and most important, please make sure that you've all put your cell phones on silent mode so we don't interrupt the webcasts or the presentations. We are going to take a break today during the presentations and we'll also have a Q&A session after the presentations are complete.

Following the Q&A session we will conclude the webcast, after which we will do the product demonstrations and I hope you had a chance to take a glimpse at some of the tables that we have set up. We have many of our food scientists and business managers here that are eager to tell you how our specialty ingredients provide key functionality to our customers' products.

Let me just start the presentation today by a brief overview of our Safe Harbor provisions. We will make forward-looking statements today based on assumptions that we feel are reasonable as of this date. Actual results may differ materially but we undertake no obligation to update the forward-looking statements we make today. Also, this presentation does not constitute an offer to sell or buy any Innophos Holdings Inc. securities.

Turning now to the management team, as I mentioned, almost all our members are here today, we have 11 out of 12. And the presentations are going to start by Randy Gress, our Chairman of the Board, Chief Executive Officer and President who many of you know. Following Randy will be Joe Golowski, our Vice President of Specialty Phosphates, then Mark Thurston, Vice President of Strategy and World Wide Business Development, Abraham Shabot, our Vice President and Director General for Innophos Latin America, Dr. Louis Calvarin, Vice President of Operations and of course most of you know, Neil Salmon, our Chief Financial Officer and Vice President.

Also here today available for Q&A are Chuck Brodheim, our Corporate Controller, Bill Farran, Vice President and General Counsel, Gail Holler, Vice President of Human Resources over in the corner there, Russ Kemp, Vice President of Research and Development and also our Chief Risk Officer. And unfortunately, Michael Lovrich couldn't join us today, he's the Vice President of Supply Chain, but he's out in Utah working on an integration plan for our recently acquired Kelatron Corporation.

Now that the intros are done, let me turn the meeting over to Randy Gress, our first speaker, Chairman of the Board, Chief Executive Officer and President of Innophos. Randy?

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Thanks Mark. And thanks to all of you for your interest in Innophos today. We greatly appreciate your time and attention and we expect you to walk away with a much clearer understanding of Innophos.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Our primary objective today is to demonstrate how we expect to create value for Innophos and our shareholders and give you a high degree of confidence in our ability to deliver against our future goals. These goals include that we will deliver growth through product innovation and geographic expansion, organically and through acquisition. That we will maintain and improve our margins through the value of our products and the strength of our business mix.

That we will strengthen our already attractive strategic position, particularly by continuing to enhance our industry leading supply chain. And lastly, that we will continue to generate strong cash flow that will support growth that will enable us to pursue bolt on acquisitions and also allow us to increase cash returns to shareholders.

Now, let me give you an overview of our agenda. Firstly, I will begin with a brief look back at the challenges and the accomplishments over our first five years as a public company and then we'll summarize the goals we have set for the next five years. Next, Joe Golowski, Mark Thurston, and Abraham Shabot will give you an insight into our markets and how we expect to grow our core business, both organically and by acquisition and how these plans drive results in our three business units.

We will then take a short break, after which Louis Calvarin will focus on one other critical driver for our past and future success, the strength of our supply chain and our overall tremendous manufacturing capability. Finally, Neil Salmon will then pull it all together and put all this into the context of our financial performance and future goals. We will then be happy to take your questions.

Last week, on November 2nd, we celebrated our fifth anniversary as a public company. Well, when I say celebrate, what I really mean is that we focused even more on meeting the challenges of today and driving forward to achieve our future goals, including the announcement on that day of our first acquisition, the acquisition of Kelatron Corporation, but you will hear more about that later.

The anniversary has also given me a chance to look back on our accomplishments over those first five years and I have to tell you I am extremely proud of what we have achieved. The external environment has been just about as challenging and unpredictable as anyone could have imagined, but we have seized the expected and unexpected opportunities created by external events, successfully transformed our company but delivering excellent results year after year.

On each and every measure today the Company is in significantly better shape than it has been at any time in the past. I believe our market position, our financial strength and the strength and capability of our people, many of whom you will meet here today, should give you a lot of confidence that we can deliver on the goals we have set for the next five years.

Before going any further though, let me give you a brief snapshot of who we are today and a brief word on our origins for those of you that are new to our story. Innophos was formed as a carve out from Rhodia's chemical group originally in 2004 as a private company owned by Bain Capital and since 2006 as a NASDAQ listed corporation with Bain exiting their ownership fully in 2008.

But if you go back even further than 2004, we can trace the origins of Innophos to more than 100 years ago when food phosphate manufacture first began in the US for the emerging prepared foods market.

The Innophos of today and the competitive landscape in which we operate was formed through a series of corporate transactions, mergers, and spinoffs. But we retain the very strong roots to our predecessor companies, which are particularly important in the strength of the North American market position we have achieved and the long and very important history of our customer relationships.

So today, we have revenues of around \$800 million and about 1,000 people primarily based in our three manufacturing companies of -- countries of the US, Mexico, and Canada and with China now being added to this list, but again we will present more on that later.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

We organize our business into three operating segments. As you can see on the left diagram, our focus is on specialty phosphates which we split into two regions, US and Canada and Mexico. We are also a minor participant in the fertilizer markets, for reasons we will outline later. Through the sales of granular triple super phosphates or GTSP and other similar products. And now, as you can see on the right, with the specialty phosphates, we provide a further breakdown of revenue by these three product groups which you will learn more about today.

Our primary focus is on our diverse and wide ranging portfolio of specialty ingredients, primarily specialty phosphate salts and specialty phosphoric acids. Our second product group shown here is purified phosphoric acid, which we manufacture primarily as an intermediate to our specialty ingredient manufacturing, but we also sell some quantities to third parties.

We sell these first two product groups to two main market segments. The first of these and our primary focus as a company is on high performance ingredients to the food, pharmaceutical, beverage and oral care end markets. A second, but also very important market segment is a range of industrial applications which we also highly differentiate -- which are also highly differentiated and attractive. Our final product group covers our detergent oriented products, STPP, or sodium tripolyphosphate and detergent grade phosphoric acid, which today represents a relatively small part of our overall portfolio.

So that gives you a brief overview of our business. Before we get into more detail on what we do and how that creates value for our customers and shareholders, I want to set out for you our goals through 2015. We'll come back to these, but I will summarize them now so that you can keep them in mind as we go through the presentation.

As you review these goals, you may already be convinced that we can achieve this level of performance. Perhaps you think we can do even better and certainly we will drive for more. If you are uncertain as to what to expect with Innophos going forward, then today is an opportunity for me and my colleagues to convince you of what we can achieve through this presentation and the product demonstrations that will follow.

So here are our goals. We believe we can deliver an average operating income growth rate of 7% to 10% per year, through 2015. This will come through two key drivers, firstly by targeting volume growth, averaging 4% to 6% per year, which represents approximately double our estimated market rate of growth and secondly by sustaining or moderately improving the profitability of that growing volume base as measured by operating income per ton of products sold.

As we will outline today, some investment is anticipated to support achievement of these goals. But even at an elevated level of investment versus our historical level, we expect capital spending over this time period to be no more than our rate of depreciation. We expect this to result in continued strong conversion of operating income into operating cash flow which will be utilized to support our acquisition strategy and we expect to continue to improve cash return to our shareholders.

In addition to outlining the specific plans we have to achieve these goals, our presentation today will also cover three supporting pillars which we think are important in giving you confidence that the goals are realistic and achievable. I will cover in the next few slides our historical track record and how this gives strong support to our targets going forward.

Through the rest of the presentation I think you will be convinced of the strength of our strategic position particularly in North American market position, our significantly improved manufacturing base in Mexico and our industry leading supply chain.

I also hope that you will understand how the structure of the industry in which we operate, both in terms of the value we deliver to customers and the competitive landscape in which we operate has characteristics which are very consistent with achievement of these goals.

We will return to the topic of capital allocation later this morning, but while I am outlining our operating goals, let me also comment briefly on our capital allocation priorities. We've been very clear for some time now that with a strong balance sheet and with the benefit of a very comfortable leverage situation, our first priority for capital allocation is to invest to support growth.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Our 2015 targets see us investing in organic growth at a rate approximately double our sustaining rate of capital expenditure but still at or below our current depreciation rate. We expect to be able to improve our attractive return on investment capital to greater than 20% as we expect the new investments to deliver returns in line with our current average.

We are also prioritizing bolt on acquisitions and although I cannot be certain that we will find more opportunities to meet the criteria we will outline today, I am certain that we have good prospects which we are working hard to bring home. Success in our bolt on acquisitions strategy could see us achieve top line growth of roughly double the organic growth target I've outlined with a minimum target for returns on acquisitions to be above our cost of capital.

However, although investing for growth is the priority, we also see opportunities to steadily increase our cash returns to shareholders as we have done this year with our new buyback program and increased dividend and I would expect there to be further increases in our dividend as we deliver on our profit growth targets.

So before I turn the presentation over to my colleagues, who will outline their specific plans to deliver these goals, let me briefly look back over our last five years and the achievements in that time period. I will focus on five key elements. Our record of revenue growth that I think benchmarks well with any peer group you care to use, including the food ingredient industry, the transformation in our business mix leading to today's major focus on food, beverage and pharmaceutical markets, our success in developing our market position in higher growth geographies, our innovation success that has led to industry and customer awards and lastly our demonstrated ability to maintain margins in inflationary and deflationary raw material environments.

So here's the data on revenue growth. A compound annual growth rate of just under 9% with one exceptional year in the 20 -- 2008 as we raise selling prices in response to sharp inflations in our raw material markets. You also note that the revenue growth has translated into a step change, an improvement in EPS. The revenue growth has come primarily from our excellent results in growing our position in food, pharma, beverage and oral care end markets, achieving a superb 17% average growth rate to these markets since 2006.

You can see that this has been more than sufficient to offset a decline in our detergent business as the use of phosphates in consumer detergency products has declined sharply. Going forward, we can expect continued success in our target markets and a much reduced headwind from detergent sales.

This next slide highlights the improvements we have made to the focus and business mix of our specialty phosphates portfolio. As I mentioned earlier, our primary product focus is on the wide range of products we group under the category, specialty ingredients, which today represents 69% of our specialty phosphate business in comparison to the 56% these products represented in 2006.

We have also made a significant step forward in moving the mix to more differentiated food, pharma, beverage and oral care markets, which today represent well over half of our specialty phosphate sales. And finally, we have also almost doubled our position in export markets, representing 19% of specialty phosphate sales today with a primary focus on South America and Asia Pacific.

A somewhat more complex slide now, but it goes to an important topic which I know is on the mind of some of the investors newer to our story, question of whether our margins are inherently volatile or can be sustained at their current attractive levels. The graph here shows the trend in our operating income generation measured per ton of products sold and indexed to the first quarter of 2006.

So the trend here shows some significant variation, as you can see, but specific to one time period only in which the variability was to the upside. What's equally remarkable, in my view, is the stability in our margins outside of the middle time period here.

Let me walk you through the three time periods highlighted here. Back -- prior to 2007 we operated in a very stable business with little change in raw material costs year-on-year and long term supply arrangements that had served us well for decades.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

As you would expect, operating margins per ton were also stable during this time period, though significantly below the level we felt was achievable for the business.

Beginning at the end of 2007 and into 2008, we saw an unprecedented spike in our raw material costs, driven by the developing food crisis that you will remember from this time period. High food prices drove record increases in prices for phosphate fertilizers and that in turn drove record increases in the raw materials we buy, which are the same as those used in phosphate fertilizer production.

We did an outstanding job responding to this challenging environment and successfully raised our selling prices in line with the market change in raw material costs.

However, because of the long term raw material supply contract, that I mentioned earlier, our actual raw material costs were largely fixed at pre-spike levels and so our operating income marginally increased sharply due to this temporary advantage and in 2009 fertilizer prices fell back very quickly to levels similar to the 2007 level, but our raw material input costs reset to the very high 2008 market levels for the terms of our contracts and as you can see, this meant our operating income margin fell back significantly.

What you may not understand is that this was a major achievement, that during a period in which we were paying substantially above market for our raw materials we successfully managed to moderate the operating income margin decline. We achieved this through very strong cost control, particularly in Mexico and through managing carefully the period over which we adjusted our specialty phosphate selling prices to reflect lower market raw material costs.

This consequence of raw material costs getting significantly advantaged and then disadvantaged versus market prices was the margin volatility that you can see in this period and that has now changed. We have fundamentally reworked our raw material contracts so that today only a small portion of our costs are fixed annually with most adjusting on about a three to six month lag to changes in market prices.

So now that takes us into the more recent time period. You can see clearly that since early 2010 we have shown over seven quarters now that we are able to sustain margins that are almost three times higher than the pre 2007 time period. This is a result of the transformation in our business mix and our focus on differentiating and demonstrating the value we bring to customers. We believe this improvement is sustainable with our current margins and certainly not out of line with other food ingredient benchmarks.

Since early 2010 we have been in an environment of increasing raw material costs, the increase has not been quite as steep as in 2008, but nevertheless, very significant with input costs having more than doubled since early 2010. Through our focus on pricing and on value delivery to customers, we have successfully raised prices in each of the last several quarters and so maintained the improved margins measured in dollars per ton sold over this time period.

Going forward in both an inflationary and deflationary raw material environments, we expect at a minimum to be able to maintain our current dollar margins as outlined in our goals. We aim to moderately improve them through further improvement in mix, success with our innovation and growth strategy and operating leverage.

As I mentioned in my opening remarks, I'm very proud of what we have achieved in the last five years and very satisfied with ongoing excellent performance despite huge external challenges. Let me recap the key milestones on this journey. We began life as a public company with a significant amount of debt. Our debt to EBITDA ratio started out at about 5 times, now it's well below 1.

We have achieved a step change and we believe sustainable improvement in profitability. Our shareholders have been rewarded with this with a 47% improvement in dividend this year and the start of a supplementary share buyback program. We have diversified our raw material supply and largely eliminated margin volatility and our focus on product innovation and value

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

adding partnerships with customers has been recognized through the industry with customer awards which you will hear more about later.

All of this achieved by ensuring our primary focus is remained at all times on specialty ingredients to the food, beverage and pharmaceutical markets. Last, but certainly not least, our shareholders have been handsomely rewarded by a greater than 300% total shareholder return since our IPO.

So before I hand the presentation over to other members of our leadership team, let me conclude again with a summary of our strategic priorities going forward, which we feel are essential to achieving the financial goals I outlined earlier. We will deliver growth through product innovation and geographic expansion organically and we expect through acquisitions. We will maintain and improve our margins through the value of our products and the strength of our business mix.

We will strengthen our already attractive strategic position, particularly by continuing to enhance our industry leading supply chain. And lastly, by continuing to generate strong cash flow, we will support grow the investments, pursue bolt on acquisitions as we have the potential to increase cash returns to shareholders.

Thank you. I will now turn it over to Joe Golowski, our Vice President of Specialty Phosphates for US and Canada. Joe?

Joseph Golowski - *Innophos Holdings Inc. - VP - Specialty Phosphates*

Thank you, Randy. Good morning and thank you for giving me the opportunity to share with you something I'm very passionate about. I plan to give you an overview of US and Canadian business and then quickly dive much deeper into our specialty ingredients business that Randy has already mentioned. It's here where I hope to share with you a great deal of detail that drives the success of Innophos. I hope to leave with you three main points from my presentation.

Number one, it's the specialty ingredients business that creates the framework for our success. Number two, it's our market leadership, our customer relationships and the product functionality that drive our attractive margins and the sustainability of those earnings. And then finally, it's our innovation and our geographic expansion that will drive our organic growth.

So let's begin. The US and Canadian specialty phosphate business represents about 65% of the overall Innophos portfolio. And it's delivered a very attractive annual growth rate on revenue of 9% and a very exciting 45% growth rate annually on operating income since becoming a public company in 2006. But let's look a little deeper. The business here is broken into three product groups, the first representing 80% of the portfolio is specialty ingredients.

As Randy already mentioned, this is the key product group in our portfolio overall and is a key driver for growth, but I'll talk much more about that in a minute. Representing 16% of the business here is PPA or phosphoric acid. It is the key raw material for our downstream products, but more importantly -- or as importantly, it represents 16% of the overall sales of the business here in US and Canada. This product line is sold to industrial and food customers and many of them are actually customers for our specialty ingredients business.

Finally, STPP, or sodium tripolyphosphate is the product that has been under regulatory and reformulation pressure. Innophos recognized in advance that this would happen and repositioned this business in the US and Canada so that today it only represents 4% of our portfolio and it is focused on the specialty, institutional, and industrial cleaners that are under less pressure.

I'd now like to switch to specialty ingredients and talk about that on a global basis. Specialty ingredients represents 60% of the overall Innophos business. The products come from 86% made in the United States and Canada and 14% coming from our plants in Mexico. The annual growth rates are very exciting with 12% compounded annual growth rate on revenue and 41% compounded annual growth rate on operating income.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

If we look at the characteristics behind the specialty ingredients business, it services a great diversity of customers and applications. About two thirds of these customers are found in the food, beverage, oral care and pharmaceutical type markets and one third are found in specialty industrial applications. It's the diversity of these customers and applications that provide a resilience of this business with regard to economic swings.

It's also the customers in these segments that value the product functionality, the supply chain, the quality and the reliability certainly as much as they do price.

There's five key drivers behind our specialty ingredients business, our market leadership, our customer relationships and product range, drive the level of margin and the sustainability. And as I mentioned earlier, the innovation and the geographic expansion drive the growth. I'd like to spend some time on each of these with you to give you a much better understanding of our story.

If we look at our product market leadership, we see that Innophos has a strong position in North America with between 35% and 40% share of a \$4 billion specialty phosphate business. In Latin America, we also have a very strong market share but opportunities to grow, which I'll talk a little bit more about later. Europe, Middle East, Africa and Asia Pacific, Innophos is represented with a rather small market share but clearly opportunities for geographic expansion that'll be addressed later in my presentation.

In addition to market share it's the -- if we look deeper at the product segments we find that in North America in the specialty ingredients business, Innophos occupies a number one position in most all of the specialty ingredients segments and it's through our recognition as a brand, a company and our products that we hold leading positions throughout the globe in these segments with our product line being seen as Innophos, the supplier of choice.

Switching now to our customer relationships, another key driver for the sustainability of our earnings. They can be described as long term, the average customer relationship is decades old and some of them are more than 50 years. The value delivery created by Innophos is one of uniting its commercial excellence, supply chain, technical capabilities, all aimed at uncovering customers unmet needs.

Our key account approach furthers that effort where our commercial team and technical teams dig deeply into our customers, uncovering those unmet needs and offering solutions for them. And finally, our commercial development and R&D teams become intimate with our customers' technical staffs, help them address industry trends and help them create new products for their future.

Let me introduce you to some of our customers. Innophos is proud to call, more than 80 of the top 100 food companies in the world, customer. You may recognize some of their products and applications here, it's these customers that support the success of the specialty ingredients business. We'll talk more about that in one of the breakout sessions later on.

If our customer relationships and our market leadership support the suitability of our business, it's our product range and critical functionality that drives the level of margin. It's critical functionality at the product level, at the nutritional delivery level or at the final consumer benefit that come together to create the value offering in Innophos specialty ingredients.

I'd like to spend some time now in some real detail behind some of our products functionality to give you a better understanding to take away with you and have clarity around what drives our margins.

If we look to the baking segment, Innophos's specialty ingredients are used to leaven or rise a cake, a biscuit, many of the things you had this morning. When you're not using yeast, you're using a phosphate leavener. It mixes with the baking powder, creates not only the rate of rise, but the extent of the rise, but more importantly, to our customers and the consumer, it defines the texture of the final product. Is it a moist cake, is it a dense cake, is it airy, fluffy? All this critical functionality comes from the phosphate and the formulation.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

The consumer benefit is clearly an enhanced eating experience, you enjoy what you eat. And finally, all of this value is driven at less than 5% of our customer's total cost of product and less than 1% of the product's selling price.

Let's move now to the beverage market. Here the functionality is pretty clear, we deliver mineral or nutritional value to beverages. The consumer benefit is then -- is the intake of beverages which allow them to address health issues, like additional calcium for osteoporosis, or a reduction in sodium to address hypertension or cardiovascular disease. This critical functionality from phosphates, many of which will be talked about at our breakout sessions later on, is delivered at less than one cent per single serving bottle of fortified water or beverage that delivers the complete daily allowance of calcium for example.

Finally, for the food sectors, let's move to meat and seafood. It's here where our phosphates are principally used to retain moisture in the product. It's what gives, we as a consumer, that enhanced eating experience of a moist and tender piece of meat or fish. That functionality creates the enhanced eating experience for all of us, but more importantly, it's delivered at an extremely low cost to our customers, less than 0.5% of their total product cost and less than 0.1% of their total product price.

I'd like to leave the food markets for a moment and share with you some thoughts on those specialty industrial applications. Asphalt modification is a market we're very proud of. Innophos is a global leader in our branded product range Innovalt as well as our intellectual property. The functionality of the phosphate here is to modify the asphalt to make it more durable in both hot and cold environments. Consumer benefit is clear, more durable longer lasting roads, safer roads. We deliver this value to our customers and at the same time reduce their overall cost of modification by as much as 65%.

Looking into water treatment, many people aren't aware that phosphates are used directly in municipal water systems in order to purify the water, they're used as anti corrosion chemicals when there's lead piping involved and they're used as sequestering agents, chemicals put into water to accumulate other unwanted heavy metals which can then further be taken out and purified.

The customer benefit is clear, we all enjoy purer and cleaner water. Mark mentioned earlier about your breakfasts, many of the products containing our ingredients. I'm sure all of you recognize that New York City is known to have the best tap water in the nation. I'm proud to say that its Innophos's phosphates that go into the municipal water system in New York City.

Moving finally to fire suppression and safety, a critical part of our industrial application. The functionality of the phosphate here is to deprive the fire of oxygen, thus extinguishing it. Phosphates are used throughout canister, fire extinguishers as well as commercial suppression systems, found in restaurant kitchens and things. The consumer benefit is safety. We deliver a non toxic as compared to other alternatives, efficacious product, meeting all UL requirements and we do it to our customers at less than 5% of the overall cost of suppression.

I hope these six examples, although a bit detailed, give all of you a much better understanding for what our products do and how this part of our business drives the level of margin.

Before we move on to growth, I'd just like to summarize the last few slides. I would remind you to say that it's market leadership and customer relationships that help drive our sustainability and it's our product functionality and breadth of range that drive the level of margin.

Let's now talk about growth. As Randy said, Innophos is committed to target double the market growth between now and 2015. With a market growth of 2% to 3%, that puts us in the 4% to 6% target range with about half that coming from innovation and half coming from geographic expansion from an organic growth basis. I'd love to talk about both of those with you.

If we look at innovation, innovation is driven by two main drivers, our customers' needs and industry trends, I'll talk about both quickly. I've put together two examples here of how Innophos' innovation teams got together and solved two very familiar problems. I'd like to share them with you.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

The first, a customer came to us -- but perhaps, before I move on. How many of you have recently reached for a package of crackers, maybe for yourself or your family or your children, only to find that many of the crackers in that package were crumbled or broken? Customer came to us recently -- I see some smiles out there. A customer came to us recently and just had that problem. Their major leading brand of crackers was experiencing crumbling in the package and I might add it wasn't a customer of Innophos, it was a customer of a competitor.

Our teams got together in the lab and we're happy to say that they developed a phosphate based leavening system which completely eliminated the crumbling in the crackers. We now look forward to calling that customer a customer for life.

A second example, also in the baking area, but a bit more unique. We were approached by a customer of ours to create a single dose, premeasured delivery system for the dough conditioning and leavening products necessary to do baking. They wanted to eliminate any of the potential problems with mixing, blending, measuring. A single dose premeasured delivery system.

Something we hadn't thought about before. Our labs went to work, our baking team. They could handle the baking side of things, but together with our pharmaceutical tableting and excipient team, our labs got together and used our calcium phosphate, A-Tab, which is the excipient used in One A Day vitamins to create the tablet, and used that as the carrier for the baking system and created a tablet, single dose, premeasured dough conditioning leavening system so our customer now had a new line of products available to it. Very happy to see these kind of things going on in Innophos every day.

I'd like to now move to the innovation driver of key industry trends. There's a \$36 billion fortified food and beverage market in North America growing at greater than 6% per year. That market is driven by our intake of many necessary minerals. In most cases, in blue to the left, we under consume minerals like iron, zinc, potassium, magnesium or calcium, which is very much in the news.

In the case of sodium, the American diet typically over consumes and creates issues around cardiovascular disease or hypertension. Many of the top food companies are creating guidelines for their product lines going forward, trying to meet all the world health organizations regulations that are being put forth.

There are more than 1,000 new launches of products in the food industry in recent years, every year, addressing low sodium. And additionally these same companies are creating innovation drivers around fortification and nutraceuticals. Innophos' labs, our teams and our business took these trends and created four pillars for which we were. They include low sodium, heart healthy, fortification and digestive health.

If we look at them across the top, I'm very happy and I'm very proud to say that in recent years Innophos has been able to address all of these through new products and patented product launches. Our CAL-RISE product, which is a low sodium leavening agent for those cakes, allows our customers to reduce their sodium content in baked goods by as much as 30% without touching the salt. That's very important.

We as consumers use salt as taste, and most consumers are not at all interested to try new products that indicate reduced salt. They would like to achieve their low sodium without impacting taste or their perception of taste. Here's an opportunity for our customers to address 30% of the sodium in a system without touching salt and just replacing our CAL-RISE into their system versus another leavening agent they're using.

On the meat side, we see two similar products, So-Lo 93 which is used for seafood, and Super-Bind, a meat product also allowing our customers to reduce sodium. I'm happy to say that Super-Bind, our new patented and newly launched product was the winner of a 2011 industry innovation award, which you'll hear a bit about in the break out session.

If we look on the beverage market, VersaCAL Clear, a unique one of a kind patented product that allows Innophos' calcium phosphates to be used in clear beverages. It is the only product like it in the world. This was also the winner of the 2010 health ingredients Europe award for healthy -- for young and old.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

And then finally, to talk just briefly about the future, our R&D teams continue to work with, in this case calcium phosphates, addressing nutrition, doing clinical studies on the effectiveness of calcium phosphate for bone health and digestive or gut health. I say that to give you a sense that despite the fact that there has been some new recent launches, we continually have a very deep level of R&D going on to continue to fill that pipeline going forward.

Leaving innovation now, I'd like to talk about the last driver of growth, geographic expansion. Innophos, since becoming a public company, has been very successful growing its export business to growing regions of the world from 12% of the portfolio in 2006 to 18% in 2011. An extremely successful story, but purely based on a very traditional export model, us having some sales representation and distribution in these growing regions of the world.

The success of our brands, our company recognition and our product functionality has led us to believe that the future is no longer that export model, but one of local presence. We believe we can deliver the value proposition of Innophos in a much bigger and faster way. We believe we can speed up and rationalize our supply chain and also we can take the global strength of Innophos and deliver it to address local issues.

With that, I'm very happy to say that in 2011, Innophos took its first step in terms of local presence with the announcement and creation of Innophos Taicang, food ingredients manufacturing company limited, just outside of Shanghai, China. It's a specialized blending facility that will blend both our phosphates as well as other food ingredients to create solutions for local issues in the food industry in China and the rest of Asia.

Additionally, simply our increased local presence of commercial and technical people on the ground, we believe, will accelerate for our already successful export of North American made products. That facility is expected to be fully operational in Q2, 2012.

Some of you may say well, why China? China represents the fastest growing food market in the world with segments growing 8% to 18%. That growth is being created by an increase of middle class affluence, that affluence is willing to spend money on driving demand prepared foods, western type ingredients, and eating out. These are the key drivers in any growing society, the middle class -- the emergence of middle class affluence.

Thinking a bit beyond Asia, Innophos also recognizes parts of Latin America as an opportunity to consider and investigate local presence. There're rapidly growing economies in South America, stable infrastructure, and in particular, if we look at Brazil, we see markets growing at 6% to 8% and we see the same characteristics of the emergence of this middle class affluence and the globalization of eating habits. It's here we're looking to understand what there is for Innophos to do.

So in summary, I'd like to remind you of the three key points that I hope to leave with you today. It is the specialty ingredients business of Innophos that creates the framework for our success. It's our market leadership, our customer relationships, and the product range in functionality that drive the attractive margins and the sustainability of those earnings.

And then finally, it's the innovation and geographic expansion I just mentioned that'll drive our organic growth. All these things from a specialty phosphate company, I truly believe, are the right ingredients for success. Thank you for your attention. I'd like to pass the mic to Mark Thurston, our Vice President of Business Development and Strategy to talk a bit more about growth.

Mark Thurston - *Innophos Holdings Inc. - VP - Corporate Strategy & Worldwide Business Development*

Good morning, Joe has explained how we are using innovation, globalization and key account management to drive growth in our existing business. My objective is to explain to you how we should drive additional growth through acquisition in specialty phosphates and adjacent technologies.

I will also cover the strategic criteria required to pass over our internal hurdles in addition to the hurdles -- financial hurdles that Neil will mention later. Our targeted end markets as well as an update on our most recent acquisition, Kelatron.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Let's look at the criteria for our core acquisitions. Any acquisition in phosphates has to meet three strategic criteria. One, it has to give us -- has to be in faster growth zones and end markets. Two, it needs to take advantage of the synergies coming from leveraging our world class supply chain. And three, it will not add sizeable commodity businesses, diluting our focus on specialty ingredients.

For adjacent growth, any acquisition must increase our presence in the higher growth differentiate market, such as fortified food and beverage, that was mentioned previously by Joe, or in the faster growing nutraceutical market. Secondly, it should provide a complementary product range, giving us a wider product offering to our key customers.

In addition to which, it will provide more opportunities to combine our new technologies with our existing technologies to create new solutions in innovation with our customers. And thirdly, it should allow us to optimize supply chain and the sales channels to market.

Kelatron, our most recent acquisition, meets all of these criteria's, but we'll cover that later. First, let us look at our target markets for adjacent growth. What we heard from Joe that the market for fortified food and beverage is \$36 billion. The specialty mineral ingredient sales going into that market is approximately \$570 million. Both of these markets are growing at 6% per annum.

Innophos today is a leader in the supply of the macro ingredients, calcium, magnesium. Which -- a macro ingredient that is based on anything more than 400 milligrams per day, recommended daily intake, and we have a customer base second to none. But in addition to the macro ingredients, there's a growing interest in micro ingredients, all needed for good health. Micro ingredients go into the diet, to the roughly 100 milligrams per day recommended daily intake.

So you could say well is the market 4 times less than if you're going into micronutrients, rather than macronutrients. Well, good news for us is micronutrients usually sell at least 5 times X the price of the macronutrient.

So currently the micronutrients of zinc, iron, selenium, chromium are supplied to the fortified food and darkly supplement markets, they're are highly fragmented supply base. Through the acquisition of Kelatron, Innophos will have a competitive advantage by combining the macro ingredients with the micro ingredients to offer a full range to our customers that nobody can offer today.

In fact, in combining the macro ingredients with the micro ingredients, we can create specialty blends to treat the key areas of bone health, for example combining calcium magnesium with [strong term]. Or in the area of sports nutrition where you can combine the electrolyte of potassium with magnesium and chromium or in the area of muscle house, where you combine calcium with selenium and copper. These products you can all see later on during our workshops where we will actually talk about them further.

Our recently acquired Kelatron is the world leader in bioactive minerals, it's based in Utah, it's a leading supplier of iron, potassium, chromium, zinc, amino acid salts, all of which can be used in the combination with calcium and the sports drinks, multivitamins and nutritional bars. Kelatron next year will add at least \$30 million in revenue with similar margins to what we're seeing today in specialty phosphates, but with a faster growing rate of 6% per annum.

In fact, we're still in the first week of integration of Kelatron and Michael, as you heard, is down there, busily working on the integration, and we're seeing a great amount of excitement from our customers, our distributors, our employees about the natural fit between the nutrient range of Innophos and Kelatron.

In acquiring Kelatron, we have also acquired a management team capable of rapidly and effectively integrating within the Innophos organization as well as delivering on other acquisitions in the area of nutraceuticals in the future.

Finally, in the area of North America food ingredients, excluding commodities such as flour, sugar, the market is \$27 billion, of which phosphates today only account for 3%. Some of these ingredients are growing 4% to 10% per annum and provide us

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

with excellent opportunities for further acquisitions as long as they meet our key criteria. Kelatron may be our first acquisition outside phosphates, but there is plenty of scope for more to come.

So, thank you very much. I would now like to pass the podium over to Abraham Shabot, Vice President, General Manager, Latin America.

Abraham Shabot - *Innophos Holdings Inc. - VP, Director General - Latin America*

Thanks, Mark. Good morning. My name is Abraham Shabot and I am responsible for our business in Latin America, a pre dynamic region and a high growth market to be in right now.

In the next 20 minutes I will be talking to you about the transformation of our business and the increase capability of a specialty portfolio. The competitive advantage, our world class supply chain and excellent locations give us in Latin America and other regions and how this enables the future potential growth at higher margins. But before we start, let me step back and give you an overview of our business today.

As you can see, 22% of Innophos revenue comes from specialty phosphates made in Mexico. These are made in our two manufacturing sites, the major one being Coatzacoalcos in the Gulf Coast of Mexico. Coatzacoalcos strategic location is one of the reasons why we enjoy excellent opportunities in our overall supply chain, both for incoming raw materials and for finished goods products.

Turning to our financials, you might be wondering what happened in 2008 and 2009? As Randy mentioned, after the 2008 boom came a very difficult 2009 where we focused on higher value added markets. And after coming out of semi shutdown, 2010 and 2011 have been spent in increasing our capability to produce and manufacture -- to produce and sell higher value added products and developing new export markets.

And even though 2007 and 2011 may not look that different in that - in the chart, I am particularly proud of the changes that we have been able to accomplish, and it gives me great confidence to look at our improved mix compared to what we had in 2007. When back then, 40% of our profitability came from detergent grade products and today almost all of it comes from specialty ingredients and PPAs.

Our increased capability and product mix sets a platform for stronger and future growth. If we exclude detergent rate products from our chart, we could see a very interesting growth in the overall process.

Let me now take you through the process of our business transformation. If we look at the next slide, we can see that in 2006 our majority of revenue came from STPP in detergent grade assets, whereas today, the largest segment comes from specialty ingredients in PPA or purified phosphoric acid.

And now the actions that we have taken. First, we diversified our markets, reducing detergent orientation and diversifying geographical markets which have taken us from a mostly domestic operation to almost 50% of our sales going to export. This has been possible through improvement in manufacturing where we have upgraded our capability to product specialty ingredients and have doubled our capacity to produce food grade PPA.

And in parallel we reworked our material contract and diversified our rough supply, which has reduced margin volatility seen in the past and made our supply chain more robust.

In the following slides, I will break down specialty phosphates in the main part of families and present the drivers behind our strategy. Joe got to mention all the good stuff about specialty ingredients, so I will not be covering them. But I would like to



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

share with you some facts as I am particularly proud of. Mexico produces three of the most important phosphate salts, which are key to a global strategy in specialty ingredients.

Specialty ingredients made in Mexico go to major beverage and beer producers where we have to meet stringent quality and service requirements and some are jointly serviced by Joe's team and the Mexican team. We continue to consolidate ourselves as a specialty ingredient supplier with an impressive 17% growth year-over-year. Just last quarter we set a new production record and as you can see in the pie chart, our largest revenue source now comes from specialty ingredients.

Let's turn to the other two product families that we'll be covering, food grade PPA and detergent grade products. On the back, thanks Mark. We have strengthened our food grade manufacturing capability to become a major player and support the growth of a specialty ingredient business.

Five years ago, 80% of our capacity was detergent grade assets, whereas today, 80% of our capacity is food grade PPAs. The result of this is a yearly growth of 8%, almost three times the growth of the market. This upgrade was done in anticipation to a market decline in detergent products and today our sales of STPP in detergent grade assets are 30% lower than they were in 2006.

Let's now talk about the users and drivers of PPA on a global basis. Innophos world leading position in PPA is central to our entire business. Besides supporting our specialty ingredient business, we also have an attractive growing business selling PPA to very end markets, and that is what I'll be focusing on this slide and the next one.

Our different PPA grades are well recognized in the market and they are used in a wide range of applications from beverage and water treatment to specialty pigment manufacturing and high value articles. US and Canada sales of food grade PPA represent 65% of the total product growth.

We're well established in the US as a high quality supplier with longstanding customer relationships. And even though Mexico's position in the high value PPA market is more recent, it already represents 35% of the total sales.

The capacity improvements we have done have been key to our growth and we have further investments underway to increase our differentiated products. This manufacturing expertise is key to our value delivery. With that in mind, what are the key drivers behind our PPA strategy? Growth in our external PPA sales will come from a wider product range, our geographical expansion and our long standing relationships with customers that recognize our service and our quality in their value chains.

We expect market demand to grow due to population growth and new applications as the rate of industrialization in economies in Latin America and other regions developed. The investments and upgrades I have already mentioned will be key to realizing the growth opportunity. Our reliability and quality of supply chain make us the preferred choice for our customers. Let me exemplify this with a story of success we're proud of.

One of our customers is a leading global producer of specialty grade titanium oxide, it's the white pigment used in many applications. They can source the raw materials pretty much from anywhere in the world, so why do they buy from us? They buy from us because their process requires high purity, a specific concentration and just in time delivery and we're able to provide them with a solution to their needs.

Let's turn now to STPP, our final product in the specialty phosphate segment. STPP remains today as an excellent product to be used in high performance detergents, but due to environmental concerns, its market application have been reduced significantly. The US and Canada business has largely completed its transition away from detergent grade products and into the more differentiated specialty ingredients.

In Mexico we're only partway through this transition. So the question you might be asking yourself is why do we remain in this business at all? Even though we're prepared to -- for a further decline in the STPP market in Latin America, we do not foresee

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

any major changes in the short term, as there are no further initiatives to reduce or reformulate detergents. While we continue to transition from STPP and DGA to specialty ingredients, our position in the detergent markets provides benefits to the overall utilizations and cost structure of our Coatzacoalcos facility.

So, our short term strategy will be to retain the limited position in the detergent market and we will maximize the value of this position through our targeted approach to key accounts, a reliable supply chain and a competitive cost position.

Before moving to the next operating segment, I would like to summarize the actions that we'll contribute to our strategy. Growth in revenue and operating income and strong cash flow will come through a continued successful transformation to specialty ingredients, realizing the growth opportunities our enhanced PPA manufacturing capacity gives us, our increased presence in higher growth markets and geographies, supporting value differentiation and customer partnerships, our supply leverage through multi-rock processing and our continued investments to increase productivity and improve cost structure.

And how does it all come together? It all comes together by providing solutions to our customers. I guess the message I would like you to remember is that we have successfully done it in the past and we will do it again in the future.

Now, let us look at our third and final operating segments, GTSP and others. GTSP or granular triple super phosphate is a co-product that arises in the purification process of our PPAs and its 13% of our total sales. As you can see, GTSP was even more impacted by the events of 2008 and 2009 I have already mentioned, but as with specialty phosphates, the changes we have made have reduced the variation going forward.

Value generated through GTSP sales is important to overall optimization of Coatzacoalcos manufacturing and it derives from market demand, our competitive cost structure and the optimization of our PPA network. GTSP is a widely used phosphate fertilizer particularly in demanding Latin America. Through Coatzacoalcos manufacturing scales and logistic capabilities, we enjoy a competitive cost structure that supports our targeted margins in this segment.

So our strategy for GTSP is somewhat different to the one I described for specialty phosphates. We do not plan to invest to grow the business, but instead we're focused on insuring reliable ongoing value creation from sales of these co-products.

Contribution to overall Innophos results will come from moderate GTSP growth which will be in line with the estimated market growth of 2% per annum and will require minimal direct investments. Demand plus our 4% global market share will allow us to develop markets outside our primary Latin America destination, with the objective to diversify and maximize returns.

As I mentioned before, the actions we have taken will help reduce the volatility of GTSP and we expect favorable margins in the 12% to 16% range and good cash flow generation. With this, we will take a 10 minute break, after which Dr. Louis Calvarin will guide us through the supply chain segment. Thank you for your time and interest.

(Break)

PRESENTATION

Louis Calvarin - *Innophos Holdings Inc. - VP - Operations*

Good morning and welcome back for the second part of our presentation. I am Louis Calvarin, and I'm in charge of our manufacturing and strategic sourcing operations. Today I will have the pleasure to share with you an overview of the Innophos supply chains. I will discuss key features in this chain, our views of the phosphate industry and highlight some of our competitive strengths, manufacturing and sourcing.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

As Randy reminded us in his introduction, the global phosphates world had operated at fairly stable price levels for close to 40 years until the commodities boom in 2007 and '08. The current situation is one of rapidly changing price levels.

What I hope you'll take away from my presentation is that the Company is well placed to make the most of this dynamic price environment and that our world class price range puts us in a favorable position to grow and to stay competitive in the foreseeable configurations of the raw materials market.

Four key features of our supply chain stand out, network strength, technology leadership, competitive cost base and growth potential. In terms of network between to the Kelatron facility, the Innophos production footprint is articulated around facilities manufacturing specialty ingredients at seven strategically located sites. These six specialty ingredients phosphate facilities are supplied in purified phosphoric acid or PPA and we'll use PPA going forward from three source points, which make for flexible and reliable operations.

Moving to technology leadership, we are one of the largest in a small field of wet processed PPA producers. We enjoy an industry leading ability to process phosphate rock from a number of different sources who also have unique downstream specialty phosphate processes like in polyphosphoric acid.

The combination of our geographic footprint and the scale of operations allows for highly competitive cost space. The scale of our operations also gives us the opportunity to add capacity at a cost effective manner to drive future growth. We believe that we derive significant strategic advantage from these combined winning attributes.

Let me start with an overview of our manufacturing process from its phosphate rock supply starting points to our finished products.

I will follow this overview with a deeper dive into three key areas. Going from left to right on this diagram, the process starts for us with phosphate rock, which is processed into fertilizer grade phosphoric acid, also known as merchant grade acid or MGA. MGA is then purified into PPA and Abraham has already mentioned our GTSP co product.

I'd like to highlight that PPA is the Company's key ingredient for all further processing as well as being a commercial product in its own right. So all specialty phosphates are produced starting from PPA and this is the step in our supply chain where the broad range of products is crated and it shown on the right hand side of this slide.

When we look at phosphate rock markets first and then move on to our PPA network and finally discuss our first [the] phosphate operation. So let's look at the dynamics of the phosphate rock supply. About 185 million tons of phosphate rock are consumed worldwide each year to the projected annual growth rate of approximately 3%.

Of that, about 30 million tons are traded in international markets where we source our rock. As you can see on this slide, many of the current key suppliers for the international phosphate rock market are based in North Africa and the Middle East.

The long period of phosphate rock price stability at relatively low levels from the early -- from the early 70's to 2007 was and surprisingly characterized by minimal new mining development which in turn has led to the recent relatively tight supply situation. The pricing levels we've seen in recent years, this has begun to change.

Mining projects specifically take time to come to fruition, but already in 2010 Brazilian company Vale Bayovar project, a major new rock exporter starting operating in Peru. And this year, Ma'aden's large scale integrated phosphate fertilizers complex in Saudi Arabia began shipping. The Ma'aden operation is not directly active in the rock market, but this project brings about 5 million tons of new phosphate for capacity to the world.

Looking out further, expansion in existing producer country, for example in Morocco, Jordan, Algeria and Brazil, is expected to be the largest contributor to phosphate rocks supply growth over the next two years. In addition to this, a number of large scale



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

projects are reported to be in advanced planning and approval stages, starting for example with the second phase of the Bayovar project in Peru as well as two large scale developments in Australia.

I should also mention our own mining concession in Baja California, where we are currently at exploration stage and which will potentially let us capture a larger portion of the value -- phosphate value chains if the market dynamics remain favorable (inaudible - technical difficulty) and we decide to go through the full development of these proposals.

Overall, given such significant growth in commercially available phosphate rock supplies, both short and medium term, we believe that supply will be sufficient to cover our expected [rock] demand for many years to come.

To take this even a step further, let's now look at the mining reserve. Some have been speculating that we will soon be faced with a peak phosphorous situation whereby the world would enter an era of phosphate scarcity. The prevailing industry view is that such a scarcity is not around the corner.

Supporting this view, the latest comprehensive survey of world reserve as compiled by the IFDC a year ago, concluded that estimated rock reserves stand at 60 billion tons, counted as super [bowl] concentrate. These 60 billion tons are to be compared with the current annual consumption of about 185 million tons, as I mentioned. Yet native world resources are much larger scale at 290 billion tons of ore in the ground with a potential at 460 billion tons and the [younger] they will not face -- see the world of phosphate rock scarcity.

Now, I will turn to our PPA network. And we'll see that our PPA assets are both flexible and industry leading. I'd like to focus on our first quarter facility first. There we process phosphate rocks into fertilizer grade asset and then purify it into PPA. We have made a number of upgrades at Coatza over the past five years. These developments have allowed us to reduce risk and positioned us to support growth going forward, particularly in the export market.

On the rock side, we have just seen that phosphate growth markets are in flux with several new players expected to come on stream in the next three years. In 2008, we began the initiatives to improve our capabilities to process phosphate rocks from multiple origin. We now routinely source rock from three strong and reliable suppliers in three different regions and our diversification work is ongoing.

On the product range side, the larger portion of the Coatza coalcos PPA production used to be dedicated to detergent grade PPA. Over the last couple of years, we have invested to turn this facility into a largest food grade capacity plant. These investments have brought substantial network flexibility and risk mitigation benefits.

Let's now look at our entire PPA network. We have three different options for sourcing PPA. At Coatza as we've seen earlier, we start from rock processed into MGA which is then purified into PPA. At Geismar, our facility in Louisiana, we purify processed PPAs. And finally, we also source PPA directly from the PCS Aurora plant under a long term supply agreement.

Operating from these three different levels of the phosphate value chain provides us with a unique capability to address our profit margin, our sourcing as profit margins shift along this [turn]. This PPA network is one off in a positive competitive [fund].

I will conclude this PPA section with a look at the technology itself. The traditional method to produce PPA was through the thermal process which was displaced in the 1980 by the wet purification process which is more competitive during the -- due to the very high electrical power consumption (inaudible) of the thermal process.

Innophos uses the wet process. The wet process PPA is one of the few players with high technology by barriers to entry and also high capital barriers to entry. In this concentrated industry, Innophos operates two of the largest PPA facilities at the tow sites we've just mentioned, Coatza coalcos and Geismar and as it turns out, the PCS Aurora facilities also among this elite group of large well scaled facilities, the bottom line is that the breadth and flexibility of our footprint could certain a leadership position in this concentrated PPA industry.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

We sometimes get -- we sometimes get questions regarding the impact of Chinese PPA production on our business. As I just mentioned, the thermal process has been displaced by the wet process in most of the world. There is still a large installed base of thermal process capacity in China, however, this installed base has been in the market for some time and has not grown materially in the very recent past.

Furthermore while China has benefitted in the past from subsidized electrical car prices and low domestic phosphate rock prices, both factors have already been reduced and are expected to be eroded further in the future. While we retain a close eye on development in China, our best views that at this point in time if anything this competitive threat is receding rather than growing larger.

We have discussed the world phosphate growth market situation and our PPA network. Let's now turn to our downstream specialty phosphate collection.

I've been referring to phosphates within different levels of our supply chain, however, as you've heard from Joe and Abraham, in most markets our customers are not really buying phosphates, they are buying a crucial functionality which allows their products to work. Our specialty phosphate facilities are where our broad offering of specialty ingredients is generated, mainly through the manufacture of a wide range of what we call salt where phosphate is combined with calcium, potassium, and ammonia and [adultera].

These downstream facilities are essential -- are where the essential functionality of our ingredients are created. The over 100 years manufacturing experience at some of our plants and building on long term partnership relations with many international customers including open innovation relationships as mentioned by Joe, we're able to create highly sophisticated solutions to meet a wide variety of our custom needs.

Functionality is derived from a number of product attributes like [face] purity, surface chemistry, particle sized distributions, internal particle structures reflected in grain and [bulk] porosity, density, utilization potential and so forth. This is a fascinating field where equipment, operating know how, and science needs to deliver a target function and where the key is to have the deep expertise to deliver this desired function reliably day after day.

I hope you'll join us in the break out session which will give us a great opportunity to make these points more tangible using a few examples, like poly acid, A-Tab, (inaudible) and (inaudible).

We've just touched on the product lines required to meet our customer needs. A couple of key features of our downstream specialty operations gives Innophos a competitive advantage which we believe has no match in the world.

First, our specialty phosphate ingredient facilities are located close to key end markets and that makes the task of margin complexity much easier and also more cost effective.

Second, for the most part, we have consolidated our productions into single facilities, which combined with our large market share means that we enjoy significant economies of scale. The vast majority of our specialty ingredients manufacturing units, if not all, are the most productive in the world. Which translates into a very competitive cost base in this last and most critical step of our supply chain.

So, where do we go from here in terms of our supply chain and productions. Our focus will be on investments which support growth, strengthen our PPA network and keep adding flexibility along our supply chain.

In terms of growth, that means we will continue to take advantage of low cost [deball] making opportunities in the specialty ingredients area. Examples of such investment projects with attractive returns are the project to increase our tricalcium phosphate production capacity at Chicago Heights, the project to add potassium phosphates to the range of salts for use at Port Maitland or the project to increase our capacity to produce [telluride] and other monopotassium phosphates at Nashville.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

We're also expecting to achieve very good returns from our investment in Innophos Taicang, currently at implementation stage. We're also planning to stay focused on the objectives we've had for the past four years in PPA to strengthen our flexibility to process rocks from different origins and to address our grade mix to evolving market conditions.

We also have further opportunities to invest in cost reduction initiatives, in particularly -- particularly linked to energy.

Finally, as I mentioned, the potential development of our mining concessions in Baja California, Mexico is an opportunity and would be a new departure for us.

To conclude, there are three Innophos operation leverage points I'd like to leave with you today. These are scale, which we have, both in purified phosphoric acid and each -- in each one of our specialty phosphate [sales] and markets, technology where we hold leadership positions in purified acid as well as specialty phosphates and sourcing flexibility which equips us with the right tools to make the most of future raw materials environment. We will now hear about our financials from Neil.

Neil Salmon - *Innophos Holdings Inc. - VP, CFO*

Thank you, Louis. So now I'll try to put everything that you've heard this morning into the context of both our historical financial results delivery and also what we expect over the coming several years through 2015.

Turning first to our revenue and operating income growth generation over this time period. When Randy began this morning with highlighting our impressive, I believe, 8.4% average revenue growth since 2006.

Looking at it by segment and you can see the US and Canada also enjoyed more than a 8% growth rate over this time period.

Mexico's growth rate is 3% was more impacted by the decline in our STPP detergent grade business that we've highlighted today. If I exclude STPP from Mexico's numbers, then Mexico also achieved an impressive growth rate of around 13% and excluding STPP from the total specialty phosphates business, then we achieved the growth rate of around 11%.

Turning now to operating income and you can see the very impressive improvement in operating income in our US and Canada business, 44% average growth, a combination of the strong revenue growth and the step change improvement in margin that Randy covered.

Mexico, as Abraham explained, was not fully able to offset the impact of the declining STPP business, excluding STPP however, we did see profit growth over this timeframe and as Abraham clarified, very importantly, today's profit generation in Mexico is almost entirely from our focus project groups, the specialty ingredients, and purified phosphoric acid, which we believe clearly creates a great space for future growth.

A final comment on this slide on return on invested capital. When we began life as a public company, we were earning significantly below our cost of capital in the returns we were generating on our invested asset base. As appropriate for a company in that scenario, our long term incentive plans were entirely oriented around improving this return on invested capital in Mexico. I'm pleased to say we have delivered very strongly against that goal and you can see currently we are approaching 20% returns on our invested capital base.

So now we have reoriented our long term incentive plans and we have combined incentives oriented to maintaining or further improving returns with also incentivizing growth at this attractive return rate.

Turning now to cash flow, the first characteristic I would draw your attention to is that throughout this time period, capital expenditure has been below our rate of depreciation and amortization.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

As I'll cover more in a moment, we estimate our sustaining level of capital expenditure by which I meant the amounts required to maintain our current profitability at about \$20 million per annum. In some years, historically, we have seen a somewhat elevated level of spend towards growth projects and also more recently, our ERP systems.

But still, including those growth investments, our capital expenditure remains below our depreciation and amortization rate and that means that throughout this time period we've had very strong conversions of operating income to operating cash flows, offset only by working capital in time periods when we've had increasing prices which of course have also led to an increase in the asset value of our working capital.

As Randy mentioned, we began life as a public company with a very high level of debt, and so our operating cash flow which primarily used over this time period for reducing that debt burden and paying the interest on it. With that challenge now largely met and with a very comfortable balance sheet leverage position, we have been able both to increase the investments for growth and also increase cash returns to shareholders with a significant improvement in dividends announced this year, 47% increase, and the beginning of utilization of our \$50 million share buyback authorization.

Let me now recap the goals that Randy outlined at the beginning of today and give you some of the key messages that I've hoped you've picked up throughout all the presentations that will be essential to delivery of these goals.

Firstly grow at double the market rates. We estimate the market growth rate to be around 2% to 3%. Clearly there will be some impact from economic conditions on that market growth rate, but overall, we feel our portfolio is less exposed to the economic cycle than most.

Growing at above the market rate will come through the elements that have been outlined very clearly by Joe, by Abraham, and by Mark. Innovation, particularly in specialty ingredients underlines the high growth sectors of the markets. Geographic expansion also aligns to increasing our presence in high growth geographic markets.

Both those growth elements supported by investments in our manufacturing capability, most notably in Mexico, but also the debottlenecking investments in the US and Canada that Louis covered.

And acquisitions supporting those very same goals. Acquisitions clearly may give us a step change improvement in revenue but also should position us more strongly against these high growth opportunities that we see, growth opposite consume trends driving growth and higher growth geographies.

The second key element was that we believe we can moderately improve our margins measured on a ton basis over the time period through 2015. The key drivers that we think will enable us to achieve it are virtually that the growth I've outlined here, innovations and also operating leverage could be favorable to our mix.

The second key element that we've demonstrated historically and we'll need to continue demonstrate going forward is an ability to price to offset raw material inflation.

The third is ongoing investment in productivity, Louis talked about energy efficiency opportunities that we see and other initiatives that should moderately improve our production costs [the time].

And a final comment on improving margins per ton, as we explained earlier, we think we have largely addressed the factors that led to the margin volatility that we saw in the 2008 and 2009 time.

So while our investments are very much focused on these two goals, I would also want to draw your attention to our objectives to strengthen our already leading strategic position. We are by no means complacent about the strength of our competitor's advantage and the investments we've outlined here will serve to strengthen that further.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Innovation and acquisitions should enhance our product differentiation and Louis has talked about many of the initiatives we've taken both historically and going forward to strengthen our already leading supply chain. And lastly, we believe we are uniquely positioned to benefit from a significant increase in the sources of phosphate rock available to the industry.

So our investment objectives are to support growth, to strengthen our strategic advantage. We believe we can fund those from our operating cash flow generations and we still have the opportunity to improve cash returns for shareholders.

Let me now spend a little bit of time on one other assumption you may be interested in that may impact our future performance.

So in fact, my take away is that raw material forecasts are less important than you may think to our operating income delivery.

I show here two graphs of our two key raw materials, the upper one being phosphate rock price indications and the lower one being sulfur. And you can see in both cases, industry experts expect prices for these raw materials to begin moderating from around the middle of next year. You can also see that there's quite some divergence in views as to the amount and the pace by which raw material costs will come down.

We agree with this view as the most likely scenario for our industry going forward, however, we also think there's a lower portability, but nevertheless still possible scenario which we need to be prepared for which is that raw material costs would in fact increase further over the next couple of years and the key determinant of which of those scenarios plays out will be the overall conditions in the fertilizer market.

But my most important point is that I believe even in an inflationary or a deflationary raw material environment, we can still achieve the operating income growth that we have targeted.

I will draw your attention to a couple of shorter term impacts that may arise if we're in a period of sharply changing raw material costs.

In a period of sharply increasing raw material costs, typically our GTSP margins will be advantage. That's because GTSP prices adjusted inline with the overall basket of phosphate fertilizers but our own costs adjust on something like a three to six months lag to market conditions.

In the opposite circumstance of a sharply deflationary raw material environments, GTSP margins may be temporarily disadvantaged as prices adjust more quickly than our costs of goods sold. However, in this scenario, we believe there may be some offsets in specialty phosphate margins where prices typically take longer to adjust, even than our lagged costs of goods sold.

Leaving aside the short term effects, we expect to be able to deliver the same operating income growth in a wide variety of raw material scenarios.

So let me return now to the goals that we began with. And first, let me offer some clarification comments on the numbers on this slide. This is not a straight math exercise from the left to the right. I take an account system other assumptions in giving you an indication of what I think we should be able to achieve in 2015.

The first point is although the left hand column shows the last 12 months indications, I've also taken account of our fourth quarter guidance that we covered on our earnings call yesterday in proving the base from which we will grow.

Secondly, I've included the expected impacts of our Kelatron acquisition in 2015 but I've not made any assumptions on any other acquisitions.

And the third point is in projecting volume growth through to revenue growth, I've assumed average 2011 selling prices.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Current selling prices are of course higher than our 2011 average and we expect further increases through 2012, but that's not the key assumption. The key assumption is what will drive operating income growth.

So we believe if we can deliver 4% to 6% volume growth, if we can hold cost growth at below that rate of volume growth if we deliver favorable improvements in mix through our innovations and geographic growth strategies. And it's at a minimum our prices on a dollar basis offset raw material cost inflation then the 4% to 6% volume growth becomes the 7% to 10% operating income growth.

That's a specialty phosphate. For GTSP and others, as Abraham explained, we have slightly differ expectations, we expect a more moderate rate of volume growth of about 2% per annum and here we expect GTSP margins to be more in their historical range of 12% to 16%, which is in fact a little bit lower than we witnessed in the last quarter as currently, we're in one of those periods of advantage GTSP market.

So, taking specialty phosphates and GTSP together, in my view, with the caveat I mentioned around the pricing level, we should be able to achieve around \$1 billion in sales revenue by 2015 and more importantly operating income generations of between \$170 million to \$195 million.

Let me now provide a few more details on capital allocation. As I mentioned on an earlier slide, we believe our sustaining rate of capital expenditure to be at about \$20 million per annum. In order to support the growth plans that we've outlined today going forward, we expect a similar level on average of growth investments, also around \$20 million per annum.

The returns on those investments we think are attractive minimally, I would expect a high teens return on any organic growth investment project and overall we expect to maintain or improve our return on invested capital at or above the 20% level that we're currently enjoying.

Acquisitions are harder to give a total targeted number for as each deal has to stand or fall on its own merits. However, we are working on several additional bolt on opportunities and bolt on we define as under \$50 million in total costs.

We don't rule out larger projects as well, but most of the projects we're looking at are in that sub 50 million range.

Mark, I think, very clearly outlines the strategic objectives that we see in our twin track approach of growth in specialty phosphates and growth in adjacent products. I'll just cover a couple of additional financial targets.

Certainly we expect any acquisitions to be earnings accretive, most likely immediately, and certainly on a cash basis. A much tougher standard is that we expect actions should minimally cover our costs of capital, which we estimate usually at 12%.

I would also say that often we're looking at alternatives between an organic growth strategy and an acquisition strategy, particularly in our core specialty phosphate product portfolio. And there if we're evaluating an acquisition we will always want to be sure that it's earning a higher return than our organic growth alternative.

Now, a couple of words on cash returns to shareholders. Dividends, as I mentioned, we improved for the first time in our five years as a public company this year, with a 47% increase and going forward, I would expect the dividend rate to moderately improve in line with the operating income growth that we had targeted. Although, of course, that is subject to board approval.

Share repurchase, we now have a \$50 million share repurchase authorization. Our base level of spend against this repurchase we estimate it at around \$6 million to \$7 million per annum which is -- should be sufficient to offset their dilution from share grants under our long term incentive plans. We will look at using this share repurchase authorization on a more accelerated basis, but we'll evaluate that opposite the other priorities that I outlined on this slide.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

So, let me now turn to a 2012 view. It's a little early in the process to be giving 2012 expectations, but I didn't want to let today pass without giving you my perspective at this point on what we should see or may see next year.

First of all, we expect our overall volume growth to be right in line with the 4% to 6% target that we have outlined. That will come through product innovation strategies and through geographic growth. We expect some further catch up in raw material costs going into 2012 as our costs of goods sold come to fully reflect current market raw material conditions. However we expect to offset that with further selling price improvement.

Market raw materials may, as I mentioned start to decline in the second half of 2012 but we don't think that that will have a significant impact during this time period.

However, there are a couple of headwinds, versus our 2011 performance, which mean my best expectation currently for operating income growth is more in line with volume growth rather than above volume growth which we're targeting through 2015.

Those include the benefits we achieved in 2011 and we've been clear to outline on our earnings call this year where in certain courses we've achieved price increases head of the costs of goods sold increase. That advantage by US and Canada margins particularly in the first quarter and our Mexico specialty phosphate margins in the third quarter. We don't expect a similar benefit in 2012.

I've also mentioned that our GTSP margins -- sorry GTSP margins are currently advantaged because we're in an inflationary raw material environment and for 2012 we expect GSTP to be back within its more traditional historical range.

Finally, we expect to increase the level of expense in both in developing the value of our Mexican mining concession. We're still at the relatively early stage of the exploration here, but given that it now appears clear that phosphate rock prices will remain elevated for an extended period of time, it makes sense to us to increase the pace of work here so that we can really understand whether those mining concessions represent valuable phosphate rock deposits for future development.

So that concludes my view of 2012, I'd now like to hand back to Randy for some concluding remarks.

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Thanks Neil. I hope that you found the presentations helpful and informative and I also hope that you have concluded that our goals are clear and achievable and above value creating for Innophos and our shareholders.

That we will grow our business through innovation, geographic expansion and acquisitions and we will maintain and improve our margins and we will enhance our industry position and lastly that we will generate strong cash flows to invest in growth and increase returns to shareholders. Thank you.

QUESTIONS AND ANSWERS

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

We're now going to open it up for questions.

Neil Salmon - *Innophos Holdings Inc. - VP, CFO*

And if you have any questions please identify yourself and your company and then we'll be happy to take them. Yes, (inaudible).



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Unidentified Audience Member

(Inaudible - microphone inaccessible)

Unidentified Company Representative

Yes, if you can wait till we give you the mic.

Unidentified Company Representative

Is there one there.

Chris Shaw - Monness, Crespi, Hardt & Co. - Analyst

Chris Shaw with Monness, Crespi, Hardt. Just on pricing, in a normal environment a non raw material inflationary environment, how do you view pricing and mostly you increase the space on mix and is that -- you had felt into the sort of 4% to 6% organic growth goal that you have?

Unidentified Company Representative

Yes, Chris, as far as pricing, whether it's inflationary or deflationary, what the teams is doing out on in the market are really trying top price on value. Now, granted with some increases in prices, they'll be able to use some of that support to justify some of the increase in value there.

Randy Gress - Innophos Holdings Inc. - Chairman, CEO, President

Neil, do you want to comment on the --?

Neil Salmon - Innophos Holdings Inc. - VP, CFO

Yes, certainly my 4% to 6% doesn't take any account of price improvements. But even in a steady raw material environment we should expect some favorable margin effect from inflationary price increase, or probably more importantly enhancing the mix of our businesses (inaudible).

Chris Shaw - Monness, Crespi, Hardt & Co. - Analyst

Second question on pricing, I know during the last sort of the inflationary where we came off that you managed to keep a lot of the pricing. Just count like -- how do you think about it if the raw materials go down 10% and the MGA goes down 10%? You think you keep all the pricing at that point, or is there some sort of switch point to where the customer -- are they tracking MGA or rock prices very closely. How much decline in raw material costs do they need to see maybe before they come back to (inaudible).

Unidentified Company Representative

Yes, as far as whenever we're seeing some decline in the raw material pricing, we are again, trying -- the teams are out there trying to sell on value, I think for the most part our customers also are monitoring some of what we see in the same raw materials



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

and again because of the relationship, because of what we want to try to do in positioning ourselves for continued growth in new products gain, we'll try to best moderate any kind of decline there.

Omar Abelafez - *Monetri Capital - Analyst*

[Omar Abelafez, Monetri Capital]. Two separate questions.

Unidentified Company Representative

I'm sorry, I don't know if that mic's on?

Unidentified Company Representative

Yes, is it on?

Omar Abelafez - *Monetri Capital - Analyst*

Yes, first question is on competition, you discussed Chinese threat in PPA but you haven't discussed really the competitive threat, to use this term, in terms of specialty phosphate and -- generally some of the more upstream parts of the business.

What are you aware of in terms of competitive actions that I guess maybe the one big competitive, or other competitors are doing in the markets in terms of expansion, debottlenecking. I'm not aware of this being as important to business for them as it is for you obviously, you don't hear about it as much in their conference calls and so maybe you can enlighten us on what you've seen in the industry. Are you seeing competitive pricing maneuvers, are you seeing any difference on (inaudible)?

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Yes, let me first address from the back end, and then I'm going to open it up for Joe and Abraham to comment some about the competitive market there.

But as we're out there experiencing some increase in raw material costs, for the most part we see our competitors if they're purchasing raw materials to also be seeing similar type increases in the raw material costs for those that are back integrated, they still have to think of each of those pieces in the value chain at a market level when they're thinking about the value return for the business.

And Joe, if you'd comment on some of the competitive environment there?

Joseph Golowski - *Innophos Holdings Inc. - VP - Specialty Phosphates*

Sure, if I think about business I discussed, and particularly the specialty ingredients, we obviously have a strong competitor in Israel chemical [limited] IPO here in the US and in particular when we talk about imported sources of specialty phosphate or specialty ingredients, there's European and obviously Asian sources for those materials.

But specifically about the imports, I think, those products tend to be rather limited in terms of their applicability and the segments I talk about are really segments where we sell on value of the critical functionality. So really our -- I think our strengthen in this place with respect to competitions comes down to us understanding each and every one of those individual market spaces



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

because the competitive dynamics are very different and that helps us then make the right decisions on our business, going forward.

Abraham Shabot - *Innophos Holdings Inc. - VP, Director General - Latin America*

I guess in the Latin American region, we see a lot of what Joe and Randy have mentioned before, we participate in several segments and depending again on the segment, you have different type of competitors there. The approach that we've taken in Latin America allows us a more permanent presence and so the customers value that differentiation between imports and a stronger reliable supplier. But the transit that we have made in our strategy for improving our mix across specialty ingredients allows that competitive advantage versus some other of (inaudible).

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

I think, just to conclude, again you made the point that for us this is our business, it's the focus of our business and for a number of our competitors it is a much smaller piece of their overall business portfolio.

Omar Abelafez - *Monetri Capital - Analyst*

the other question was on M&A, you talked about bolt ons and the sub \$50 million range, you think here some of the big issues of the Company (inaudible) phosphate rock supply, talking about expansions into China and some of the debottlenecking, so all those big items seem to be taken care of. What prevents you from maybe considering even though you haven't excluded this in your sector, the sort of figures \$300 million to \$500 million type yields, the balance sheet seems to be able to handle it. Is this because of a lack of targets for or desire not to offset maybe the strategy that you're focused on right, now?

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Yes, it's just from the perspective of the overall size and what we've targeted, I think as you stated, a lot of our focus has been on improving the business that we had staying focused on that, addressing a lot of the issues and really getting us into a position with a strong balance sheet and getting the focus on the improvement in the specialty ingredients side of the business.

I think when we think of the acquisitions or target was on the bolt on type acquisitions, both within the core as well as the adjacency because one, we felt that that was the best targets for us, at least at that point. And two, a believe that with that size acquisition the focus and likelihood of success for us to one, integrate it and still leverage the value of both businesses together, the likelihood of us being successful is much greater. And, as far as time goes on, as we continue to develop the cash flows, then we may at that point open the targets greater.

Elie Mishaan - *Corsair Capital Management - Analyst*

Hi Elie Mishaan, Corsair Capital Management. Just following up on that question, so giving you not in the market for let's say \$300 million or \$400 million acquisition, you guys are focused on the bolt ons and I'm curious how much leverage you guys think this business can handle given this is a really good business with pricing power [in terms of] and if you're not looking to buy someone else, why you wouldn't buy yourselves on a much grander scale than the \$50 million buyback program you have out there right now.

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Yes, Neil, would you like to address that?

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Neil Salmon - *Innophos Holdings Inc. - VP, CFO*

So, I don't have a specific leverage target for the business, I've taken a more pragmatic approach to what I think is the right balance sheet position at any point in time.

What I like about our current position is it gives us the options that we're talking about. So -- and I think we've been very clear that although each acquisition is bolt on in nature, we certainly don't rule out doing several in a time period. That depends on whether each meets the criteria that we've outlined, but we want to retain the flexibility to be able to do that.

So, certainly I think the business can comfortably handle a higher level of leverage than it does currently, but right now our priorities don't include a significant share buy back, other than what we've outlined. But it's always something that we continue to keep under evaluation both as we understand better the potential for investment growth as we move through our acquisition strategy.

So, increased levels of buy back are not something that we rule out for the future, so that's what I think the views presented today (inaudible) our best expectations at this point in time.

Ed Yang - *Oppenheimer & Co. - Analyst*

Ed Yang, Oppenheimer. Maybe just piggy backing on that question on stock buy backs. You're between more and more like a food ingredients player and those stocks are trading at 15, 16 times earnings. When your stock went public for the first time that was your multiple -- multiple came down because of the fertilizer exposure which you minimize in some of the other things that you talked about in terms of improving the mix.

So with regards to that, why not be a little bit more opportunistic than the \$6 million to \$7 million I think per year in some of the stock buyback.

Neil Salmon - *Innophos Holdings Inc. - VP, CFO*

So I think similar factors that we'll consider, yes, we have that option, but we're also evaluating our short to medium term demand cash to growth. In terms of the rating question, Ed, which while I don't presume to have a view on exactly what different industries should be rated at, I think part of our strategy here about strengthening our food position and making it clearer to people where we really focus as a company is to allow investors to draw a more important comparison between what we do as a company and what others do and how our value compares to other food ingredient suppliers.

So, certainly pursuing acquisitions for the sake of securing re-rating is to me not a very financially sound strategy, but I think continuing to demonstrate success and ability within food ingredients will help investors see us for what we are and compare us accurately with other companies in this space.

Ed Yang - *Oppenheimer & Co. - Analyst*

And maybe Neil or Randy, are you (technical difficulty) commentary to the food and fragrance guys like [Jividon], ISF or [Scenine], are you competing against them and how involved are you with customers in terms of product development and does that entail that you have to spend more on R&D?

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

Randy Gress - Innophos Holdings Inc. - Chairman, CEO, President

Yes, as far as some of the companies you've named, Ed, its more complementary in the overall packages on the ingredient side and I'll ask Joe Golowski to comment a bit more on the -- some of the development and relationships we have with customers. Joe?

Joseph Golowski - Innophos Holdings Inc. - VP - Specialty Phosphates

Yes, sure. With respect to the produce development, I think I addressed it a bit in the presentation, but the strength of our business really lies in that intimacy of our relationship and that side of the relationship. We continually try to reinvent ourself in terms of innovation in order to fuel that sustainability and growth.

In particular and I probably didn't clarify it as much as I should have, we're currently in the mode of sort of an open innovation cycle where our -- that the laboratories of both our customers and ourselves are open to the point where we will even share resources to some degree across projects and things and this is a trend that's now occurring more and more in the food side of the industry with many of the global players, and we see this as driving the most recent success going forward in the near term.

Ed Yang - Oppenheimer & Co. - Analyst

What's the margin differential between some of your new products like CAL-RISE and Super-Bind and also with regard to the cyclical nature of your business with that customer base. Are you selling both the branded packaged food makers and some of those product makers as well as generic and maybe the margin differential there as well?

Randy Gress - Innophos Holdings Inc. - Chairman, CEO, President

Joe, (inaudible).

Joseph Golowski - Innophos Holdings Inc. - VP - Specialty Phosphates

I need to think about that a moment, it's a good question. First, yes. We're clearly selling across all aspects of the food, pharma, beverage both branded and more store brand type customers.

Thinking about the margin differences, I think -- I'll defer a bit to say that really depends. I think my point about our understanding of each and every one of the segments and the specificity of not only the segment but the customers we're dealing with are really what stands behind a lot of our success, those relationships that I talked about and the length of those relationships to help us understand the value proposition.

So, not to avoid the questions, but we talk about CAL-RISE and all the products that we just created on a margin differential with respect to an existing product. It's really thought about is the value we can bring and the different applications or whether it's addressing a key industry trend versus another critical functionality. So it's really a case by case basis.

Unidentified Company Representative

Just to add a couple of points, really I don't think there is a vital difference between our value propositions to the store brand versus the consumer brand, companies. We're delivering the same value to both and both sectors are incentivized to meet the low sodium and the other consumer trends that we've talked about. So we see success in both areas.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

And yes, although we don't give specific product margins, certainly a more differentiated product -- higher margins than the base and that's one of the reasons why we're confident about the improving mix going forward.

Ed Yang - *Oppenheimer & Co. - Analyst*

Are you costing those products appropriately because my understanding your manufacturing processes are more like batches versus continuous throughput. So some of these products I would imagine are lower volume but you're selling them higher prices. In terms of spreading out the manufacturing costs, how do you feel about doing that?

Unidentified Company Representative

They may be lower volumes, but they're often produced on the same line as other products. So that we don't have significant sort of start up costs that would make a major impact to the costs of those products. But yes, we're normally pricing on the value of new spaces, we're comparing CAL-RISE to the alternative.

We certainly want to achieve a premium, but we also don't want to discourage customers from trying our products because the price looks so high in comparison to the alternative that they don't prioritize the project. So you -- and I think this is what Joe and his team are very (inaudible) is finding the right -- the right area where both customer and ourselves are benefitting from the value added on the product.

Ed Yang - *Oppenheimer & Co. - Analyst*

Thank you.

Jonathan Bloom - *Fiduciary Management - Analyst*

Hi, Jonathan Bloom from Fiduciary Management. I just wanted to see if you guys would be willing to just kind of discuss how difficult it is to introduce kind of new rocks -- phosphate rocks into the system. You talked that its -- you're in a position to benefit from additional rock suppliers and is there anything you can kind of tell investors that would comfort them that the transition to the three rock suppliers has been smooth and that there aren't going to be kind of meaningful costs into the future in terms of complications that might arise from that.

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Yes, let me just say a few things up front, Jonathan, and then turn it over to Louis Calvarin. I think as far as the rocks, you may recall that a couple years back we [tried] as many as six different rock sources, I believe, Louis, and we're successfully able to operate those and what we've continued to do is with the different sources of rock make some additional investments so that our handling and capability of using these rocks has been successful to date. Louis, shed some?

Louis Calvarin - *Innophos Holdings Inc. - VP - Operations*

Yes, regarding the cost and the difficulty, overall we can't say and I believe we therefore remain the same, going forward. But we are shifting from a single supplier to a mix suppliers has been done with [deterioration] of the business. That has been very smooth, in that the -- we -- and we believe we actually derive leverage value and obviously risk mitigation values from (inaudible).

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

We were also looking at that as [for the both] longer term as [the day] we know whether supplier target is, but some of those suppliers are operating downstream more and more, [fertilizer] last year. [But combat] one in fertilizer which may impact how much [growth] is made available for that international [sales] market which will grow only a fraction of the [rock] production.

So we wanted to be the head of the [serminoval] if to adjust and not have to do that, which later on when (inaudible) so that we are already [in place] some of the traditional suppliers of these [net back] from the market.

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

We'll be covering this topic in a little more detail in the -- in one of the breakout sessions afterward.

Christopher Butler - *Sidoti & Company - Analyst*

Hi, Christopher Butler with Sidoti and Company. As you look to some of these new markets, South America to a lesser extent but Asia and China specifically, did you talk about the competitive environment there? You had mentioned that this is a growing market to you are these all local competitors you're going to be up against is ITL there? What should we expect as you break into these markets.

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Yes, again, let me just tart off and then again offer it to Joe and Abraham for comments on the respective regions. When we are looking at the growth in those markets, we have been there for quite some time in an export basis and the efforts now for how to best service those markets and continue to leverage some of the growth in some of our key technologies going forward and Joe, do you want to start with Asia Pacific and the competitive environment there?

Joseph Golowski - *Innophos Holdings Inc. - VP - Specialty Phosphates*

Sure, yes. Yes, it's a great question, in fact as Randy mentioned, we have been there for quite some time and in fact Asia and in particular China has presented us with an extremely successful export strategy year-to-date. The differentiators there, I believe, is that we've identified through comprehensive marketing studies before we went forward with this in fact the Asian view of things very much supports the desire for western ingredients and western products.

Some of that is driven by their interest to re-export products back to the US or Europe for instance, but it's the emergence of that middle class that I talked about and in our studies and visiting many, many customers to try to understand whether the opportunity for this local presence really presented itself as an opportunity for Innophos, it became very clear quite quickly that there was a huge desire for Innophos to move into this are with some local presence and local capability.

In terms of competition, there's a significant amount of local competitors, the same people that would tend to export here their product. But as I said earlier, I think a lot of that opportunity exists in the fact that our brands are recognized globally today, the level of quality, consistency that we achieved for value in the food industry is what's being desired for a segment of these emerging markets.

Abraham Shabot - *Innophos Holdings Inc. - VP, Director General - Latin America*

I guess going back to the segmentation of the industry and where we participate, depending on the -- on the country, with different market shares, but we've been in Latin America for at least 20 or 30 years exporting our products and what we're doing right now really is upgrading our flexibility with the existing customer base and new customer base.



Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

So in that regard, we don't see a lot of local customers. A lot of local competitors. We do see several imports coming and going and again I think that the difference between ourselves and what we can find in the market is a more focused approach as Joe was mentioning towards each and every one of the different segments and then out of that for uses and the customer that we actually are servicing.

Unidentified Company Representative

And I'd just like to add, Chris, that an important part of this global expansion is also the multinational global customers that we're serving and many of the same ones that we service here in the US and Canada and some of their desire to have us as a supplier because of the confidence in our quality, reliability and some of the technical, or the specialty and functionality that our products can provide in their use. And that's also a part of it.

I think generally, overall, we may see a lot of the same competitors in those kind of markets also.

Christopher Butler - Sidoti & Company - Analyst

And if we're thinking of your putting assets on the ground in south America or following up further in China, is that going to be organic or would you be looking for acquisitions there?

Abraham Shabot - Innophos Holdings Inc. - VP, Director General - Latin America

As far as just the exact path that we're going through, we're still continuing to evaluate both whether it's something like what we're doing in China from blend operation and just how do we grow from there after we're there and established and see what the real success drivers are.

And it doesn't preclude us from looking at other organic type acquisitions within those zones, but I think the path that we've elected to start with is the best initial step.

Christopher Butler - Sidoti & Company - Analyst

And just finally with the 2012 comments that were made, the ERP system that you've put in an is now operating fully, are there costs associated with that that we're not going to see reoccur next year and more importantly in savings that you might be able to get from that business?

Abraham Shabot - Innophos Holdings Inc. - VP, Director General - Latin America

Yes, I'm going to -- I'll just say a few comments about the ERP startup. As you saw from our third quarter results, we did have some trouble with the start up, but with October back to normal shipping rates. And then I'll ask Neil to comment on some of the impact going forward and what we hope to achieve.

Neil Salmon - Innophos Holdings Inc. - VP, CFO

So, there will be a somewhat high depreciation and amortization rates as a result of the ERP project being on our balance sheet and being utilized. We said that was around \$1 million additional in the fourth quarter, so around \$3 million additional -- or \$2 million to \$3 million or '12 versus '11. So that should be offset by the continued production in the set up depreciation that we took on formation of (inaudible). So overall, I expect to [have] a neutral depreciation and amortization number for next year.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

In terms of the operating costs, we have had some high level of cost and will do over the current months as we stabilize the systems, but I don't think it's a particularly material number, and not therefore a significant factor for next year.

In terms of the benefits of the ERP systems, we do see opportunity to standardize our processes across US, Canada, Mexico and in future in China platform. There should be some incremental opportunities there, but I think -- or around optimizing our supply chains, you saw through Louis's presentation how integrated our supply chain is today in comparison to what it was a few years ago.

And that's really the main driver for the system here, to allow better planning and working capital management, ways to optimize production across our network. So that may lead to cost advantages, but it's more about supply chain reliability and that was the main driver for the system.

So we'll certainly drive to eke out every piece of benefit from the system, but it's not something that I've included as a major factor in a cost per ton metric or other metric like that.

Robert Starbuck - *Schroders - Analyst*

[Bob Starbuck] with [Schroders]. You laid out a 4% to 6% growth outlook for the next few years, but can you talk a little bit about some of the puts and takes related to those targets? The number of products and product areas that are very good on the continuing health focus that everyone has. I'm wondering if there are some other areas that will grow slower than that and what are some of the potential upsides that you see to this 4% to 6% growth targets that you having?

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Yes, so -- I mean think one of the good characteristics of our growth objects is it comes across actually a very wide range of opportunities. So it's not that half of our grow this dependent upon one particular product or one particular initiative, it's a combination of all the products that Joe and Abraham have covered and that you'll hear more about in the workshops that follow. And those together are the ones that we think will enable us to grow at above the market space.

That also means that if anyone of those turns out not to be commercially successful, that shouldn't by itself be a major impact versus our ability to achieve that target. It also means that there's less likelihood that any one of those would turn out to be by itself a major factor in materially improving our process.

So I think where we will -- where we may be successful in growing faster is this in combination of all those projects we're successful, we are head into a new opportunity and just generally we deliver a little bit ahead of all the goals that we've outlined.

In terms of slower growing segments, STPP has been a significant headwind for us since 2006. As Abraham explained, our best view right now is that the LatAm market, which is the only market where we're still present on a significant basis, has now stabilized.

Detergent STPP does remain, in our view anyway, the best builder for laundry detergent and in markets where there isn't the same environmental pressure that there has been in the US because the water systems different, the product does not have the same impact that it does in the US, then our customers are actually pretty happy that they're selling what they view is the best product on the market, gives them a competitive advantage, and while we're prepared and certainly its possible that there'll be further regulatory pressure to remove phosphates, even if there isn't a strong environmental reason, that can happen. So we're prepared for further decline, but most likely, at least in the short term, we think that's a stable position rather than a declining position.

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

I don't think there are any other segments that I would say have a significant risk of decline within our industrial markets there are a couple of areas which are below the rate that we would expect currently, and that's because of current economic softness and so we see some upside potentially there if we see a return to stronger economic growth.

But there is the segment -- a major segment anyway where I see significant downside to volume through reformulation pressure or economic condition. So overall, I think we have a pretty stable base and about target growth will come through doing many things well and over delivering on all of those rather than any individual component.

Unidentified Participant

Couple follow ups. Do you guys have any idea how much CapEx was required to develop those mining concessions in Mexico? I can't remember do you guys have a partner there at all with -- be someone there who can share in those CapEx.

Randy Gress - Innophos Holdings Inc. - Chairman, CEO, President

So, while we certainly have done internal estimates, but I don't think they're ones that I would say are well developed enough to share publicly. Developing a mine would clearly be a major investment, much bigger than any of the investments we can talk about today while we've heard from many of you that you feel our balance sheet can support a high level investment my own view is that probably the best route to commercializing those deposits, if they are found to be valuable, would be in partnership.

For two reasons, one is to share the financing burden, but also to bring the level of mining expertise. We certainly have people in the Company who have a very good understanding of what's necessary in developing a phosphate rock facility, but probably the best approach would be to enroll some help at that stage, but we want to get to the point at which we have confirmed what the potential value is of those deposits before we start bringing them market.

So I think it's unlikely that we would develop a rock mine by ourselves. Much more likely that we'd work in partnership, but we have not yet begun even the process of identifying how or who we would do that with. Today, we're still focused on really confirming what the results (inaudible).

Unidentified Company Representative

And one other point to add to the -- the value of a partnership in that to develop an economical scale mine like that there would be of size that certainly would be beyond our needs for rock and would require either the sale or consumption by some other party in something like this, so that's part of it also.

Unidentified Participant

On a similar vein, how much headroom in terms of capacity do you have (inaudible) if you were to grow the top end of your growth target of 50% annually, when would you have to add capacity or bottleneck or something like that?

Neil Salmon - Innophos Holdings Inc. - VP, CFO

Well our target really is to -- it's to debottleneck on a continuous basis. So as you know in 2009, Coatzacoalcos was operating at well below half its capacity. It's recovered very strongly since then, but we still have significant potential to grow particularly around the new food grade purification capability that we've mentioned and then in other areas of the plant and included within the investment capital expenditure amounts that I've outlined, it's an ongoing program, the debottlenecking, which we

Nov. 09. 2011 / 1:30PM, IPHS - Innophos Holdings Inc Investor Day

think gives us plenty of room to grow opposite both the lower and the upper end of the volume growth of the volume growth that I've outlined.

Randy Gress - *Innophos Holdings Inc. - Chairman, CEO, President*

Okay, well, if there are no further questions, I'd like to thank you again for attending our first investor day and hope you found it valuable. With that, that will conclude our webcast and now we'll set up the logistics to allow you to view some of what we're doing as far as product applications and development in the next session. Thank you very much.

Unidentified Company Representative

Just a couple of brief housekeeping items before we take a quick break. If everyone could just do me a favor and take a look at your name tag, you will see a colored dot on your nametag and when we rejoin for the product demonstrations, those that have a red dot are going to join Randy Gress at the customer relationships table right here. Those with a blue dot will go to the functional ingredients group over there and join Neil at that table. Anyone with a green dot, nutritional ingredients in the back corner here where you'll join Bill Farran. And then anyone with a yellow dot will join myself here at the supply chain table.

Following those sessions, we will have an informal box lunch and also wanted to point out we do have a table set up over there with some take alwavs, some materials and a cake in a cup, so you can enjoy your CAL-RISE product.

We will take 10 -- rotation -- we're going to rotate in a clockwise fashion during the product demos. We'll spend about 15 minute at each table. Let's take a 10 minute break and try to get at our stations by 20 after 11.00.

Unidentified Company Representative

Okay.

Unidentified Company Representative

If anyone doesn't have a dot, please join me.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2011, Thomson Reuters. All Rights Reserved.

