INNOPHOS PRESENTATION AT JEFFERIES 2015 INDUSTRIAL CONFERENCE

EDITED TRANSCRIPT

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Hi, good afternoon. I'm Dan Rizzo from the Jefferies Chemical Research Team. Up next is Innophos Holdings. With us is Randy Gress, CEO. There should be some time for questions at the end and there is a breakout session down in the Broadway room.

With that, I'll turn it over to Randy. Thanks.

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

Thanks, Dan. Good afternoon everyone and thank you for your interest in Innophos today. I'm Randy Gress, Chief Executive Officer of Innophos. Joining me today is Robert Harrer, Chief Financial Officer; and Mark Feuerbach, Vice President, Investor Relations.

Before I get started, just a brief reminder of the usual Safe Harbor provisions including a reminder that my presentation including any forward-looking statements represents a summary of previous public disclosures rather than any updated guidance as of this date.

First a brief overview of Innophos. We were formed as an independent company in 2004. In fact, tomorrow is our 11 year anniversary. On August 13, 2004, we were carved out from the French chemical company Rhodia, now Solvay, initially as a private company owned by Bain Capital. We've been a public company since our November 2006 IPO, with Bain fully exiting by roughly mid-year 2009. And I'm happy to say that we have generated total shareholder returns of over 400% since our IPO.

Although our life as an independent entity is relatively short. We have a very long history in Specialty Phosphates with our origins dating back over 100 years to the creation of the Specialty Phosphates technology oriented to some of the markets we still serve today. Rhodia opted to spinoff into Innophos just their U.S., Canadian, and Mexican phosphate assets. So today, we are predominantly oriented to the North American market. We are building a global presence as you will see in this presentation.

Innophos of today is very different to the company launched on the NASDAQ Stock Exchange nearly nine years ago. This slide summarizes some of the key milestones we – we rapidly paid down the heavy debt load that we inherited from our private equity days and our balance sheet is strong and net debt currently at 1.3 times EBITDA. We have used our ongoing strong operating cash flow to invest for future growth and more recently significantly increasing cash returns to shareholders.

You may have noticed on my previous slide that we have shareholder returns of over $100 million and more than four times our net income in the first half of 2015 alone. We have transformed our Specialty Phosphates business, including strengthening our supply chain, diversifying raw material supply, and through a consistent focus on high value added products, transformed our market presence to one primarily oriented to higher margin and more differentiated food and beverage ingredients applications.

We continue to look for opportunities to evolve our business into attractive adjacencies as we did with the four nutrition businesses acquired over the last four years where we are now well positioned within the attractive bioactive mineral ingredient business. All of this has resulted in a step change improvement in profitability from our early IPO days, which we believe is sustainable for the long-term despite some near-term margin squeeze that is affecting our operating income margins for 2015.

We are the market leader in North America, having transformed our Mexico business over recent years to be far more specialty-oriented, and we have continued to invest in our supply chain. Even though we have encountered unprecedented volatility in our raw materials over the last eight years, our focus on pricing and the value we deliver to customers and our product offering and service have generally allowed us to offset significant changes in raw materials prices through higher selling prices, although we have seen some headwinds on pricing in 2015.

The strengthened U.S. dollar against the euro, combined with lower pricing from Chinese competitors in certain markets and pushback from major food customers faced with cost cutting initiatives due to the slowing demand for packaged foods have all contributed to a 2% decline in specialty phosphate prices for the first half of 2015. Despite these lower prices, we believe we operate in an attractive industry with high barriers to entry, long-term growth opportunities and relatively stable end markets in which customers are seeking value add from their suppliers through innovation and technical support.

We are proud of our financial track record, some highlights of which are shown here. And we believe the strength of our strategic position in an attractive industry will underpin future results and continued strong cash flows.

Our core business is Specialty Phosphates, which represents more than 90% of total revenue. Specialty Phosphates is reported externally in two regions: US/Canada and Mexico, with revenue split into three product groups. We make hundreds of different forms of Specialty Phosphates often tailored to very specific customer requirements.

Our primary focus, representing approximately two-thirds of total revenue, is our specialty ingredients portfolio to which we have added some non-phosphates technologies as I'll explain shortly. Our next largest product group is food grade purified phosphoric acid, or PPA, which is primarily converted into the very wide range of specialty ingredients that I just mentioned, but is also sold direct to end customers for various applications representing 17% of our revenue.

The third Specialty Phosphate product group is now a much less significant piece of our business. Phosphates makes excellent builders for laundry and dishwashing detergents, but the environmental impacts of excess phosphates in captive water systems such as the Great Lakes, which is mostly due to fertilizer run off, has led to a move away from phosphates use in detergents. We anticipated this and also saw better value opportunities in more differentiated end markets. Today, less than 10% of our revenue is in these detergent grade products, down from about one quarter of our revenue five years ago.

The chart on the right illustrates this shift over the past five years. We have achieved 4% revenue CAGR, even though our sales of detergents grade products have fallen by 5%. This is due to success in our targeted market strategy, achieving 8% revenue CAGR in the consumer oriented applications of food, pharma, beverage and oral care, which represents more than half of our total business. Nearly two-thirds of total company sales are the consumer oriented applications, when you included the detergents market.

The final product group, which is also split out as a separate reporting segment, is granulated triple super phosphate or GTSP and other. At 9% of our business by revenue, this is a necessary piece of our economic model and I'll talk a little bit more about that later.

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

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

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

My next slide gives a bit more specific information on our recent second quarter performance and our 2015 expectations for Specialty Phosphates. Our Mexico manufacturing operations continue to perform well as evidenced by their strong operating income margins of 17% not only for the last quarter but also for the last six quarters on average.

Total Specialty Phosphates revenues; however, were the same as the first quarter from a year-on-year comparison point of view, down 3% overall with pricing down 2% and volumes down 1%. I already touched earlier on the cause of the selling price declines so I'll focus more on the volume decline now. Weak fire-fighting market demand, reduced sales to specialty horticulture markets because of unattractive price levels and continued headwinds on processed foods market demand overshadowed strong year-over-year performance for Cal-Rise®, INNOVALT and PPA which were up anywhere from 19% to 34%.

We expect volumes to be flat for full year 2015 compared to 2014 despite the 1% shortfall in the first half due to some second half 2014 supply issues which limited PPA sales during that period. Operating income margin was 11% for the second quarter and 12% for the first half of 2015. Although we continue to face selling price headwinds, we were able to implement price increases during the second quarter following an increase in benchmark MGA price to India which settled up 5% sequentially for the first half of 2015 and up another 1% for the second half. These price increases should have a positive effect on second half margin levels and are expected to maintain the full year operating income margin target of 12% to 13%.

Given the 2015 margin compression that we are experiencing, we are currently evaluating several initiatives to improve the overall operating efficiency of the organization, targeting to a least cover the 100 basis point cost component or the margin compression. These initiatives may require various one-time costs such as capital spending, involuntary and/or voluntary separation cost. The various initiatives being reviewed include production unit consolidations and various staff reduction initiatives. We intend to conclude the evaluation of these initiatives and seek board approval by the end of the third quarter 2015.

Our success in innovation is driven by our focus on key industry trends for lower sodium in the diet, more active lifestyles, mineral fortification in the foods and beverages that we consume and digestive health. Listed here are some of the products aimed at addressing some of these key industry trends. After a few years of trials and qualifications, Cal-Rise for low sodium baking applications has begun to ramp up, with 2014 volumes up 10% on top of the 2013 volume increase of more than 60%.

INNOVALT also has had a strong year in 2014 following the mid year extension of the highway trust fund, recording a volume increase of 24% compared to 2013. Nutra-Tab™, a new blend of calcium phosphates offering greater compressibility and a higher calcium content per tablet, was launched late in 2014 and is showing early promise with many contacts made and commercial orders already on the books. We will continue to working with our customers to provide innovative solutions to meet emerging market trends.

Unfortunately we have encountered some short-term headwinds on exports in late 2014 and early 2015 due to the dockworkers slowdown at U.S West Coast ports, which finally returned to normal operations in the second quarter, and unattractive competitive pricing in some Latin American markets.

Despite these headwinds, we believe the geographic expansion is a pillar for future growth as Western trends for convenience foods becomes more prevalent in developing countries. We've added commercial resources in Latin America and Europe, Middle East and Africa to focus on these opportunities. We also hired a General Manager in the second half of 2014 for our Taicang China operations, and I'm happy to say that first half 2015 sales from that facility have already exceeded full year 2014.

GTSP or granular triple superphosphate is a fertilizer co-product that arises in Mexico as part of our purification process. We are a very small player in phosphate fertilizers and our margin on GTSP is depended on the spread between world market prices for finished phosphate fertilizer and the key raw materials of phosphate rock and sulfur.

Since the beginning of 2012, this spread has been significantly reduced compared to historical levels. This is largely explained by supply/demand conditions for phosphate rock remaining relatively firm despite soft conditions for finished fertilizers. Non-integrated producers have been operating at roughly break-even operating income since 2012 and at least one company that is only in fertilizer markets has filed for bankruptcy. Innophos has operated at break-even for four of the last six quarters, but had losses in the first quarters of both 2014 and 2015, when demand was weak, causing end-market fertilizer prices to fall quickly. We expect to record operating income near break-even for the third quarter 2015.

We are looking at a number of ways to reduce GTSP earnings volatility, including structuring the GTSP production as a toll manufacturing operation for a phosphate rock supplier or fertilizer customer, diversifying the co-product options to include other solid fertilizers, as well as specific phosphoric acid grades and distributing the product through additional channels besides our own marketing.

Our capital allocation priorities are shown here and I think we have been pretty consistent in applying these. Our first priority is to invest for growth. We would like to continue to doing bolt-on acquisitions for nutritional and functional ingredients. We are also in a period of somewhat higher levels of capital expenditures needed to complete our supply chain transformation and support our future growth.

We estimate our maintenance capital expenditure to be around $20 million to $25 million per year, well below our depreciation and amortization rate, but for the next couple of years, we anticipate total annual capital expenditures to average between $30 million and $35 million.

We also place significant importance on delivering shareholder value through cash returns. We have nearly tripled our dividend with five increases in the last four years, recording payout ratios over 60% for the last two years. We also completed our 2011 share buyback program in 2014 and implemented a $125 million share buyback program for 2015 representing approximately 10% of our shares outstanding. In the first half of

2015, we repurchased over 1.5 million shares, or nearly $86 million, completing roughly 70% of the program.

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

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

Our acquisitions to date have contributed to the second goal outlined here. We have made four bolt-on acquisitions since the fourth quarter of 2011: Kelatron, AMT, Triarco, and CMI. Strong customer and sales channel synergies both domestically and in emerging markets enable the minerals business to grow at twice the market growth rate for 2013. However, the business incurred headwinds in 2014 when certain customers were unable to export to China for most of the year due to new import regulations. 2015, will also be challenged as the industry is facing some image issues with the New York state attorney general sending letters to four major retailers for allegedly selling store brand herbal supplement products in New York that either could not be verified to contain the labeled substance or which were found to contain ingredients not listed on the labels. While this is a short term headwind, this may provide an opportunity for a quality producer like Innophos in the long run. Despite these headwinds over the past two years we believe the nutritional ingredients market is attractive for the long-term.

Turning now to our balance sheet, you can see a 40% improvement in stock holder equity from 2010 to 2014. Net debt is currently at a comfortable 1.3 times EBITDA and has increased just $64 million from its 2014 level while we have returned $106 million to shareholders, demonstrating the strong free cash flow generating capability of the business even during the period of margin squeeze as we are seeing in 2015.

I should also note at the end of 2012 we increased and extended the maturities on our credit facility, reducing our margin over LIBOR by 75 basis points while also swapping out our LIBOR exposure on $100 million of floating rate debt to a five year fixed rate of less than 1%.

Let me conclude then with the summary of the key elements of our strategy which will be the foundation for continued strong performance into the future. We are targeting to exceed market growth rates through the product innovation and geographic expansion, organically and through acquisition. We aim to maintain and improve our operating income through the value of our products and the strength of our business mix. We will further strengthen our already attractive strategic position, particularly by continuing to enhance our industry leading supply chain. We remain committed to generating strong cash flow to support growth investment as well as cash return to shareholders.

Thank you for attention and we will now take some questions.

Q&A

<Q – Daniel Rizzo>: Just to start it off and so do you think we test [ph] (21:42) or stabilize and test low point when it comes to phosphate pricing. I mean things are firmly bottomed out there or can you see some more headwinds ahead.

<A – Randolph E. Gress >: Yeah, the question on phosphate pricing, I mean, what we have done at the end of the second quarter, was announced price increase that we have already seen some success and expected to take our margins that were at 11% to 12% to 13% margin for the operating margin for the second half.

<Q – Daniel Rizzo>: And with the M&A that you look for is that kind of the margin goal to be right around there, or higher, or does it – it sounded case by case basis.

<A – Randolph E. Gress>: I think for the M&A, again our target there is to get an acceptable return on the – our capital better than our cost of capital. But I think what we've seen with existing business is that we have acquired is some higher EBITDA margins.

<Q – Daniel Rizzo>: And so it seems – this comment seems to be in addition to the strong dollar providing unfavorable foreign translation we're also seeing sort of rise through some input threats that would be in different end markets. I mean, I'm just wondering if that's something that you are starting to see or concerned with at all.

<A – Randolph E. Gress>: Yes. We've had an impact, I think, with the exchange rate and the strength of the dollar, it has certainly made some of the – our markets here in the U.S. more attractive to some of the European producers. So from an import basis, that has increased some of the competition. That combined with, I think, some other – and some of our export markets some of the strength of the dollar impacting us there, as well. And we have seen some impact from the imports and some of the import impact in the export markets for Latin America specifically from China there.

<<Daniel Rizzo, Analyst, Jefferies LLC>>

Audience have any questions. Okay, we'll do the breakout session on afterwards, I thank you for your time.

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

Thank you. Thank you for interest.