**INNOPHOS 2Q16 RESULTS CONFERENCE CALL**

**EDITED TRANSCRIPT**

**CALL HELD AUGUST 2, 2016**

## CORPORATE PARTICIPANTS

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

**Kim Ann Mink** *Innophos Holdings, Inc. - President & CEO*

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## CONFERENCE CALL PARTICIPANTS

**Mike Sison** *KeyBanc Capital - Analyst*

## PRESENTATION

**Operator**

Welcome to the Q2 2016 Innophos earnings conference call. My name is Jason, and I will be your operator for today's call. (Operator Instructions) Later, we will conduct a question-and-answer session, and please note that this conference is being recorded.

I will now turn the call over to Mark Feuerbach. Mr. Feuerbach, you may begin.

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

Good morning, and thank you for joining us today for Innophos' second quarter 2016 results conference call. Joining me on the call today is Kim Ann Mink, President and Chief Executive Officer, and Han Kieftenbeld, Chief Financial Officer.

Kim Ann will start with comments on our second quarter results and provide updates on our progress in executing our strategic initiatives. Han will then provide details on our financial results and further comments on our outlook for the remainder of 2016. Kim Ann will then conclude with some final remarks before we open up the call to your questions.

During the course of this call, management may make or reiterate forward-looking statements made in our August 1 press release regarding financial performance and future events. We will attempt to identify these statements by use of words such as expects, believes, anticipates, intends, and other words that denote future events.

These forward-looking statements are subject to material risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

We caution you to consider the important risks and other factors as set forth in the forward-looking statements section and in item 1A risk factors in our Annual Report on Form 10-K as filed with the SEC that could cause actual results to differ from those in the forward-looking statements made in this conference call.

We will make a replay of this conference call available for a limited time over the telephone at the numbers set forth in the press release and via webcast available on the Company website.

In addition, please note that the date of this conference call is August 2, 2016, and the presentation for this call can be found on our website at www.innophos.com, in the investor relations events section.

Any forward-looking statements we may make today are based on assumptions that we believe to be reasonable as of this date, and we undertake no obligation to update these statements.

Now, I would like to turn the call over to Dr. Kim Ann Mink, CEO of Innophos. Kim Ann?

**Kim Ann Mink *- Innophos Holdings, Inc. - President, CEO***

Thanks, Mark, and good morning, everyone, and thank you all for joining us today.

Beginning on slide 4, I am very pleased with our momentum and progress in writing sustainable improvements at Innophos, as we continue to find ways to unlock the full potential of the Company.

And while still early in our journey, I am encouraged by our efforts in advancing the three strategic pillars that are at the core of our transformation -- operational excellence, commercial excellence and strategic growth. I'm also very proud of the deep level of engagement and alignment across the entire organization with our strategic initiatives.

We made very good progress this quarter in executing the short-term levers of our strategic transformation, which is evident in our improved margin profile and earnings performance. In particular, the success of our operational excellence initiatives were highlighted in the quarter by our continued focus on cost discipline and operational efficiency.

Now as shown on slide 5, the second quarter unfolded with identical headwinds to that of the first quarter, which impacted our top line as we expected. Accordingly, net sales for the second quarter 2016 were $182 million, down 16% year-over-year.

Now, while prevailing marketing conditions remain challenging, our focus continues to be centered on managing the factors within our control, including further cost reduction actions and productivity initiatives.

These efforts yielded adjusted EBITDA of $30 million during the quarter, representing a margin of 17%, which is 110 basis points higher than the same period the last year.

These results were achieved in spite of lower net sales and a planned $2.4 million or $0.08 per diluted share plant maintenance outage expense incurred this quarter.

On the bottom line, adjusted diluted earnings per share came in at $0.63 for the quarter, compared to $0.66 for the second quarter 2015. Without the maintenance outage costs in the current quarter, adjusted earnings per share would have increased $0.05 year-over-year.

Furthermore, cost improvements from the restructuring program implemented in the third quarter of 2015 are on track, with $2.9 million of lower costs realized in the current quarter against the baseline.

We've now achieved approximately 90% realization of our restructuring program and will continue to identify additional opportunities to lower our costs and improve our productivity. And I am confident that our momentum will continue as we move through 2016.

In addition, as a result of our renewed and more disciplined effort around working capital reduction, we delivered $35 million of free cash flow. And I am pleased with our commitment to cost management that enabled us to maintain our margins under difficult conditions, along with strong cash flow delivery. These will remain a priority for the Company.

I'd now like to provide an update on the progress we've made against our strategic pillars, which is the driving force behind the continued improvement in our financial performance, as well as the construction of the roadmap for the strategic direction of our Company.

So turning to slide 6 now, in the operational excellence area, we continue to make investments in our supply chain and manufacturing processes in order to increase our operational efficiency. Specific initiatives this quarter included developing a companywide spend map, providing clear visibility into spend categories and levels, really establishing a clear link between spend data and Company financials; implementing raw material optimization and inventory reduction and mitigation initiatives, and analyzing product demand and variability to facilitate improved forecasting and planning.

I'm particularly pleased to point out that in the few short months since Amy Hartzell joined Innophos as VP of Supply Chain and Purchasing, we have made significant headway in improving our purchasing and sourcing.

As a result, we now have a procurement savings pipeline of $10 million to $12 million for both direct and indirect spend categories, a portion of which we've already recorded during the first two quarters of the year. These savings will help in the coming quarters to offset the continued headwinds we are facing.

Moving to slide 7, we've also made very good progress with our commercial excellence pillar as we strive to identify, understand and meet the complex and ever-changing needs of our customer base. To date, we've completed our customer segmentation work based on financial and strategic value, which is really a critical first step in enabling us to adapt our service levels for all customer-facing functions of the business.

This will lead to better, more meaningful alignment of our product and service offerings with customers' needs and preferences, which is imperative to properly manage our margins. Our customer segmentation initiative will also help us to further evaluate our sales channels to ensure we have the appropriate go-to-market strategy across our products and sales professionals.

In addition, we're in the process of developing a sales force reorganization strategy with an emphasis on improved value capture. This strategy is based on a set of guiding principles, including a focus on, and alignment with, strategic target markets to drive both top and bottom line growth; differentiation between sales channels to drive desired business relationships and agreements; and focus on fast response time by locating resources strategically, really further enabling cost efficiencies and allowing us to remain competitive in the marketplace.

Now, on slide 8, I'd like to touch on the third pillar of our transformation and that is strategic growth. Using data-driven analytics, we have made solid progress with our multifaceted strategic review centered on our core specialty phosphate business and the end markets we serve.

By building on a solid foundation and the value we bring to customers in our existing business capabilities and customer relationships, we intend to drive a go-forward growth strategy focused on capturing both organic and inorganic growth opportunities, thereby maximizing our success.

Now, while I look forward to sharing additional details on our roadmap for strategic growth next quarter, what I'm able to share with you today are two high-level observations that will shape our strategic direction.

First, based on the analysis we have completed thus far, we believe that our core specialty phosphate business, quite frankly, will only grow at best with GDP, and will continue to demonstrate signs consistent with a mature product line -- that is, price sensitivity and little opportunity for breakthrough technology.

There will be incremental pockets of growth in select segments and Innophos is well positioned to take advantage of these opportunities. But such growth is likely to be offset by declines in other areas of the product portfolio.

That said, there is good value in our current portfolio, which generates consistent cash flow and earnings, and provides us with a foothold in two attractive and resilient end markets -- namely, food and health.

This leads us to the second observation, which is that targeted M&A will grow our Company by pivoting us outside of just phosphate to become a broader specialty ingredients manufacturer. We will align our inorganic growth efforts to complement the markets in which we currently participate, including adjacencies.

We also anticipate these opportunities will be bolt-on acquisitions in terms of their size, allowing us to drive profitable growth while maintaining a disciplined capital structure. To date, in support of this effort, we have developed a rigorous approach to identify, screen and score acquisition candidates, as a result of which we are developing a robust list of target acquisitions.

As I said, I will have more to share on our strategic growth plan later this year.

Let's turn to slide 9 now. Finally, underlying all three of our strategic pillars is, of course, a foundation, a foundation based on building a strong management team who will lead Innophos significantly down a transformational path. And I am pleased to have further strengthened the foundation of my management team this quarter with the appointment of Sherry Duff as the Vice President, Chief Marketing Officer.

Sherry brings more than 25 years of experience to Innophos in the specialty chemicals industry, during which she successfully initiated significant cultural organization changes to drive improved performance and growth based on customer-driven strategic plans and value propositions across new markets and regions.

Sherry's industry knowledge and vast skill set perfectly align with our strategic growth pillar as we work to develop a robust marketing organization that dovetails with technology to ensure a sustained focus on growth through market leadership, innovation and customer intimacy.

And I firmly believe that marketing and R&D are essential ingredients and key enablers of growth. And I am confident that Sherry is the right person to lead these critical functions at Innophos and will prove to be a driving force in our transformation.

Now before I turn it over to Han to review our financial performance in more detail, I'd like to briefly discuss the market environment on slide 10.

Based on our current view, we expect the softness in the demand environment throughout most of the markets we serve to continue in the second half of this year. As a result, we expect specialty phosphate volumes in 2016 to be down 6% to 8% compared to 2015 levels.

Further, the pricing environment in the industry continues to be highly competitive, which is impacting our margins.

Having said that, raw material costs remain favorable and we're doing everything in our power to capitalize on this to offset these headwinds. While we are focused on developing our long-term view for strategic growth, we remain poised to capitalize on near-term actions and opportunities as we execute our strategic priorities.

We believe that these efforts will continue to result in measurable benefits for the Company, as our operational excellence initiatives did this quarter, in both the near and long term. And I remain encouraged by the momentum of our strategic transformation efforts and I am confident in our ability to continue creating value for all shareholders.

With that said then, I'd like to now turn it over to Han for additional detail on financial results of the quarter and on our 2016 outlook. Han?

**Han Kieftenbeld - *Innophos Holdings, Inc. - CFO***

Thanks, Kim Ann, and hello to everyone joining us today.

I want to take a moment on slide 11 to summarize financial performance metrics for Q2 and year-to-date, and provide context to the Company's performance before speaking to the more detailed slides. Consistent with the expectations we communicated during the Q1 earnings call, Q2 was in line with Q1 and expectations.

In the second quarter of 2016, we generated adjusted diluted earnings per share of $0.63, which is slightly down from $0.66 in the second quarter of 2015. To help with the year-over-year comparison, let me note that the current quarter included $0.08 per share for plant maintenance stoppage costs, which on a like-for-like basis, was not included in the same quarter last year.

Year-to-date adjusted diluted EPS at $1.28 was in line with the first half of 2015, in spite of sales being down 11% over the same period.

Adjusted EBITDA for the quarter was $30 million, down $3.4 million compared to Q2 of last year, driven by softer sales and mostly mitigated by cost action taken across all areas of the Company.

The current quarter did include $2.4 million of planned annual maintenance costs at our Mexico plant. Year-to-date, we delivered $61.2 million in adjusted EBITDA, which was $3.6 million below the first half of last year. Again, the impact from lower sales was mostly offset by proactive cost measures taken.

Adjusted EBITDA margin in the quarter was 17% of sales, up 110 basis points versus the year prior despite the impact of 132 basis points from the aforementioned annual maintenance cost.

Furthermore, the specialty phosphate segment, with an adjusted EBITDA margin of 19%, was up by 210 basis points versus Q2 2015, evidencing mix improvement that we are pursuing from pruning lower margin, less differentiated sales.

Year-to-date adjusted EBITDA margin for the total Company was 17%, an improvement of 100 basis points versus the first half of 2015, supported by 140 year-over-year basis point improvement in the specialty phosphate segment.

Now on slide 12, net sales of $182 million were down 16% compared to the second quarter of 2015, due to a combination of pruning of lower margin, less differentiated products, soft demand in the markets we serve, and price competition from overseas imports, in particularly technical applications.

Gross profit margin of 20% of sales improved year-over-year by 100 basis points, despite the aforementioned 132 basis points of planned maintenance outage costs due to good cost control across the Company, along with mix improvement.

We are pleased to report the restructuring actions taken are in line with expectations, generating a savings of $2.9 million compared to the third quarter of 2015 baseline. We anticipate around $3.2 million per quarter realization of our restructuring efforts by the end of 2016.

I will comment on tax and interest as part of the following slides.

Now, turning to slide 13, which is the EPS bridge that demonstrates the elements that drive the $0.03 variance in adjusted diluted EPS on a year-over-year basis for the quarter. The principal drivers for the year-over-year decline were a shortfall in selling prices, for a total of $0.48 per share unfavorable impact and $0.11 from lower mix and volume, partially offset by the favorable impact of cost, for a total of $0.41 per share.

The transactional effect from FX amounted to a favorable $0.07 as a result of the weak Mexican peso against the US dollar.

In aggregate, operational items were down $0.11 per share year-over-year.

In the table below, we can see that non-operating results contributed a total of $0.08 per share, mostly driven by a lower effective tax rate in the quarter, which was due to a change for our Mexico subsidiaries. As a result, the Q2 effective tax rate was 29% compared with 32% for the year-to-date.

On a year-to-date basis, adjusted diluted EPS of $1.28 was on par with the first half of 2015. The shortfall in sales and its variable contribution was mostly offset by cost measures. The favorable impact on our other items was mostly due to the lower number of shares outstanding, following the completion of the share buyback program in 2015, which resulted in approximately 1 million fewer participating shares.

Let's turn to slide 14 to discuss sales revenue. On the left-hand side of the page, sales are broken down by major segment. The Company currently uses Specialty Phosphates US/Canada, Specialty Phosphates Mexico and GTSP and Other for segment reporting. GTSP is a byproduct from the manufacture of principal products in our Mexico plant.

Sales reported by segment are based on a ship-from basis and thus, not necessarily correlated to US/Canada and Mexico as a destination market. On a related note, at Innophos we sell into over 70 countries globally.

Net sales for the second quarter were $182 million, 94% of which was from Specialty Phosphates and 6% from GTSP and Other, a very similar breakdown compared to the past few quarters.

Total net sales decreased 16% compared to second quarter 2015 due to 12% unfavorable volume and mix and 4% lower average selling prices.

As commented on slide 12, the shortfall in sales was due to a combination of, one, soft demand in the markets we serve; two, price competition; and three, pruning of lower margin, less differentiated applications.

Also, sales were generally down in both direct and distribution sales channels.

Year-to-date net sales of $372 million were down 11% versus the first half of 2015 mostly driven by a shortfall in volume and mix. Drivers for the change in sales for the first half were consistent with those noted for the second quarter just a moment ago.

Moving along to adjusted EBITDA on slide 15, I have previously commented on the year-over-year variances for adjusted EBITDA on slide 11. Key drivers for the Q2 variances are as follows.

The unfavorable impact from lower sales volume and mix of $26 million as shown in slide 14 was mostly offset by the effects from lower cost of goods sold, along with lower manufacturing cost, resulting in just minus $1 million in volume mix at the adjusted EBITDA level.

The favorable impact on input cost as a result of procurement initiatives was partly offset by higher prices from a historic, long-term, formula-driven purchase agreement. The two combined netted to a favorable $1 million in the second quarter.

Q2 manufacturing costs were favorable by $2 million year-over-year despite the impact from $2.4 million planned maintenance cost at our Mexico plant. Manufacturing costs benefited from procurement actions reducing indirect plant spend, along with focused cost management.

SG&A was down $3 million from restructuring and cost actions. As mentioned previously, restructuring program cost savings were $2.9 million compared to the Q3 2015 baseline.

As was the case in the quarter, year-to-date softer sales were mostly offset by mix improvement, cost control measures and restructuring actions.

Slide 16 presents the performance by segment. The left side of the page shows sales and adjusted EBITDA for Specialty Phosphates, which represents 94% of total Company sales. The right-hand side of the page shows sales and adjusted EBITDA for the GTSP and Other segment, which represents 6% of total Company sales.

Specialty Phosphates sales of $171 million declined 11% in the quarter versus prior year, with US/Canada at minus 12% and Mexico at minus 8%. The shortfall in sales was mostly driven by reduced volume at minus 8% in lower margin, less differentiated applications.

GTSP and Other sales, which represent just 6% of sales, were significantly down versus the same quarter last year in our destination markets in Latin America and South America, as weak demand in fertilizer markets resulted in the lowest market pricing levels seen in 6 years.

Specialty Phosphates generated adjusted EBITDA of $32 million, flat year-over-year, while GTSP and Other generated minus $2 million compared to a favorable $1 million during the same period of last year. Importantly, Specialty Phosphates adjusted EBITDA margin improved by 210 basis points to 19% of sales due to mix improvement and strong cost discipline.

Year-to-date 2016 Specialty Phosphates generated sales of $348 million, down 9% versus the first half of 2015. Consistent with quarter 2, volume mix of minus 8% was the principal driver.

GTSP and Other sales were down 37% for the year-to-date.

As far as year-to-date adjusted EBITDA is concerned, Specialty Phosphates generated an adjusted EBITDA of $63 million, down $2 million year-over-year, while GTSP and Other generated a $2 million loss compared to breakeven in 2015.

Adjusted EBITDA margin for Specialty Phosphate of 18% improved by 140 basis points versus the same period last year. Key drivers for the year-to-date variance versus prior year were consistent with those noted for the second quarter.

Now turning to slide 17, net interest expense in the second quarter 2016 was $1.9 million, in line with expectations. This compares to $1.4 million in the same quarter of last year. The slight year-over-year increase was driven by higher average interest rates in the current period.

Our effective tax rate for the second quarter was 29%, which is lower than the 32% to 34% range that we had forecasted. This compares to 31% for the second quarter of 2015. The lower-than-forecasted tax rate is principally due to tax benefits in Mexico related to the deconsolidation of our Mexican subsidiaries for tax reporting purposes, which had a favorable effect of 3.5 percentage points.

Capital expenditures in the quarter were $11 million, 65% of which was maintenance and 35% for growth. This level of expenditure was consistent with the 2016 capital program, which is mostly centered on upgrades in our plants.

For the full year 2016, we expect capital expenditures to be approximately $40 million due to requirements to support strategic manufacturing initiatives and restructuring along with continuous improvement.

We continue to evaluate our options for uses of cash including share repurchases, although we have no specific plans at this time to launch a share buyback program.

In the second quarter, net debt was $190 million, a $25 million sequential decrease due to our focus on working capital reductions.

Moving to slide 18, with our solid balance sheet and our ability to generate free cash flow on a recurring basis, we remain committed to maximizing shareholder value. We reported strong operating cash flow of $45 million for the second quarter of 2016 on the back of adjusted EBITDA of $30 million.

Free cash flow for Q2 of $35 million was up $46 million sequentially primarily driven by working capital reductions and lower tax payments. Year-to-date operating cash flow was $42 million and free cash flow was $24 million.

As discussed during the Q1 earnings call, cash flow for the first half of 2016 included a $19 million tax payment in the first quarter related to the cash repatriation program that was initiated at the back end of 2015. We expect to recover these tax payments over the course of the next 8 quarters. Principal uses of operating cash flow this quarter were capital expenditures of $11 million and dividends of $9 million.

Now turning to slide 19, I will discuss our outlook for the third quarter. Overall, we are expecting Q3 adjusted EBITDA to be broadly in line with Q2 and Q1 of 2016. We anticipate the headwinds that we experienced in the first half of the year to continue into the second half, with the expected shortfall in sales to be largely offset by a continued focus on cost.

For the full year, we expect Specialty Phosphates volumes to decline by 6% to 8% compared to 2015, primarily due to reduced sales and lower margin, less differentiated products, weak end markets due to soft consumer demand, and industry consolidation in packaged foods, along with price competition from both European and Asian imports.

We continue to work on procurement initiatives and expect to see the impact of reduced input costs to continue in the second half of the current year.

Market phosphate rock prices were flat sequentially in the second quarter, while sulfur market prices decreased during the same period. Both are expected to ease further in the third quarter, given current weak fertilizer market conditions.

We expect planned maintenance stoppage costs to decline sequentially by $1 million, with annual maintenance planned at a few of our phosphate manufacturing facilities in the third quarter.

Given the continued challenging market environment, we remain focused on controlling our cost wherever possible in order to offset these headwinds. We expect the restructuring action taken last year to reach 100% realization by the end of 2016.

Management will continue to review opportunities to establish a more fit for purpose organization and ways of working, and we remain focused on cash delivery as before.

With that, I'll turn the call back over to Kim Ann for final remarks.

**Kim Ann Mink** ***- Innophos Holdings, Inc. - President, CEO***

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Thanks, Han. Now, looking ahead, we remain confident that we're taking the appropriate, decisive steps to strengthen our competitive position, improve profitability and ultimately drive shareholder value.

Despite the challenging market environment, we are making progress on managing the factors within our control and advancing our initiatives across each of our strategic pillars -- operational excellence, commercial excellence and strategic growth.

Since the first quarter, we have made three excellent senior-level hires whose knowledge base and skill set advance our collective management team to the next level, creating a solid foundation upon which we can effectively execute our initiatives.

Overall, we're pleased with the positive momentum to transform our business and our positioning in the market to deliver value for our shareholders. And I continue to remain very excited about what the future holds as we continue to pen this new chapter in Innophos' journey.

So I thank you all for listening. And we will now take your questions. Jason?

## QUESTION AND ANSWER

**Operator**

Thank you. We will now begin the question-and-answer session. (Operator Instructions) Mike Sison, KeyBanc Capital Market.

**Mike Sison** ***- KeyBanc Capital - Analyst***

A solid quarter there.

**Kim Ann Mink** ***- Innophos Holdings, Inc. - President, CEO***

Thanks.

**Mike Sison** ***- KeyBanc Capital - Analyst***

You reduced your outlook for sales in 2016, but is it fair to say, given the cost savings and some of the productivity that you're doing that, in general, your outlook for earnings or EBITDA basically in line with what you thought heading into the quarter?

**Kim Ann Mink** ***- Innophos Holdings, Inc. - President, CEO***

Yes, absolutely, and that's a great question and I'm glad you asked it. We feel confident heading into third quarter. Again, as we said even when we were in first quarter that second quarter would be similar to first, and we continue to think that as well for third quarter. As I commented, we've done a lot in the operational excellence pillar which -- around cost and also productivity, particularly in the area of purchasing. And I feel confident that that will continue to help us offset those headwinds.

**Mike Sison** ***- KeyBanc Capital - Analyst***

Great. And then when you think about the pricing variable, pretty daunting impact on you guys this year. What are your thoughts in terms of -- as you head into 2017, do you think these headwinds can subside? Maybe give us a thought of why pricing is so aggressive out there. And once your costs are in a good position, can you win some of that business back or do you want to win some of that business back, I guess?

**Kim Ann Mink** ***- Innophos Holdings, Inc. - President, CEO***

Yes, that's a great question. We continue to see great fluctuations in the pricing environment. Markets are still competitive [virtually] with the strength of the US dollar against the euro. I often talk about the Chinese competition.

Mike, they're expected to remain competitive, I think, and particularly not only as we go through 2016. I think you'll probably still see that in 2017, and that's again due to the China economy and government encouragement of exports by eliminating the export tariff on phosphoric acid.

In the food and consumer good customers, we see them this year -- I think you can all read the press. They're financially challenged, some of which are shutting down assets and so forth. I'm hoping that will start to subside as we go into 2017. But the Chinese competition will continue to give us pressures.

Now, that is more in the technical grade, so that is not in the -- more of the higher end, more differentiated applications, including health, which as we discussed, is going to be our focus going forward both in the core business as well as we look at inorganic growth.

And you're right, Mike, in some cases, in some of these applications, the tech grade where we have very strong competitive pricing situations with Chinese and other competitors, this is where I am committed, and I continue to be committed, to pruning our portfolio where we won't play in some of these areas anymore. Hence, the reason why I think you start to see why we're keeping our margins up.

**Mike Sison *- KeyBanc Capital - Analyst***

Okay, great. And then when -- you've been there for a little bit under 6 months now, and you've had a better feel for the Company and the cost savings and such. If you think out longer term, how do you grow the business? And where do you think you could ultimately get profitability maybe directionally longer term?

**Kim Ann Mink *- Innophos Holdings, Inc. - President, CEO***

Yes, so again, as I discussed in the script that we went through this morning, we still have more to do from an operational standpoint. We're not as fit as I want us to be and I mentioned that was one of my insights when I first came into the Company.

So again, I mentioned that we've identified EBITDA gains of $10 million to $12 million for both direct and indirect spend categories. And that's up from the $7 million I reported to you all last quarter when we were even earlier in the process. And we expect that 75% will accrue to 2016 earnings. So I think there's more to be had there and we're looking at just about everything.

I think from a growth standpoint, let me touch on two areas. From a core phosphate standpoint again, I maintain that in fact, this business will be a GDP-type business. That notwithstanding, the areas that we're looking to make sure not only from a fit standpoint, but also that we can take advantage of some organic growth as we're looking at our products.

Which products should we grow, maintain, de-emphasize? What phosphates and their adjacencies are attractive for entry? Should we focus phosphate growth strictly in North America? What international markets, developing regions, should we go into to maintain a presence?

Now, that will help us maintain a GDP-type growth business, quite frankly. I really think we will get more growth above GDP through inorganic growth. And as I mentioned to you, we're very seriously looking at that really as the growth engine for our future and keeping the core phosphates as the platform from which we leverage to.

And again, the focus will be on more resilient, with higher value, more differentiated market segments, particularly in the food and health. And included in that health is the pharma area, which we play in now as well as nutrition.

**Mike Sison** ***- KeyBanc Capital - Analyst***

Great. Thank you.

**Operator**

Thank you. And we have no further questions. I will now turn the call back to Kim Ann Mink for final remarks.

**Kim Ann Mink** ***- Innophos Holdings, Inc. - President, CEO***

Well, I thank you all for joining us today. And I look forward to updating you on our progress in our third quarter earnings call in the fall. Thanks again and have a great day.

**Operator**

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.