



Earnings Conference Call

First Quarter 2016

April 28, 2016 – 10:00 am EST

Today's Presenters



Kim Ann Mink, Ph.D.
Chief Executive Officer and President

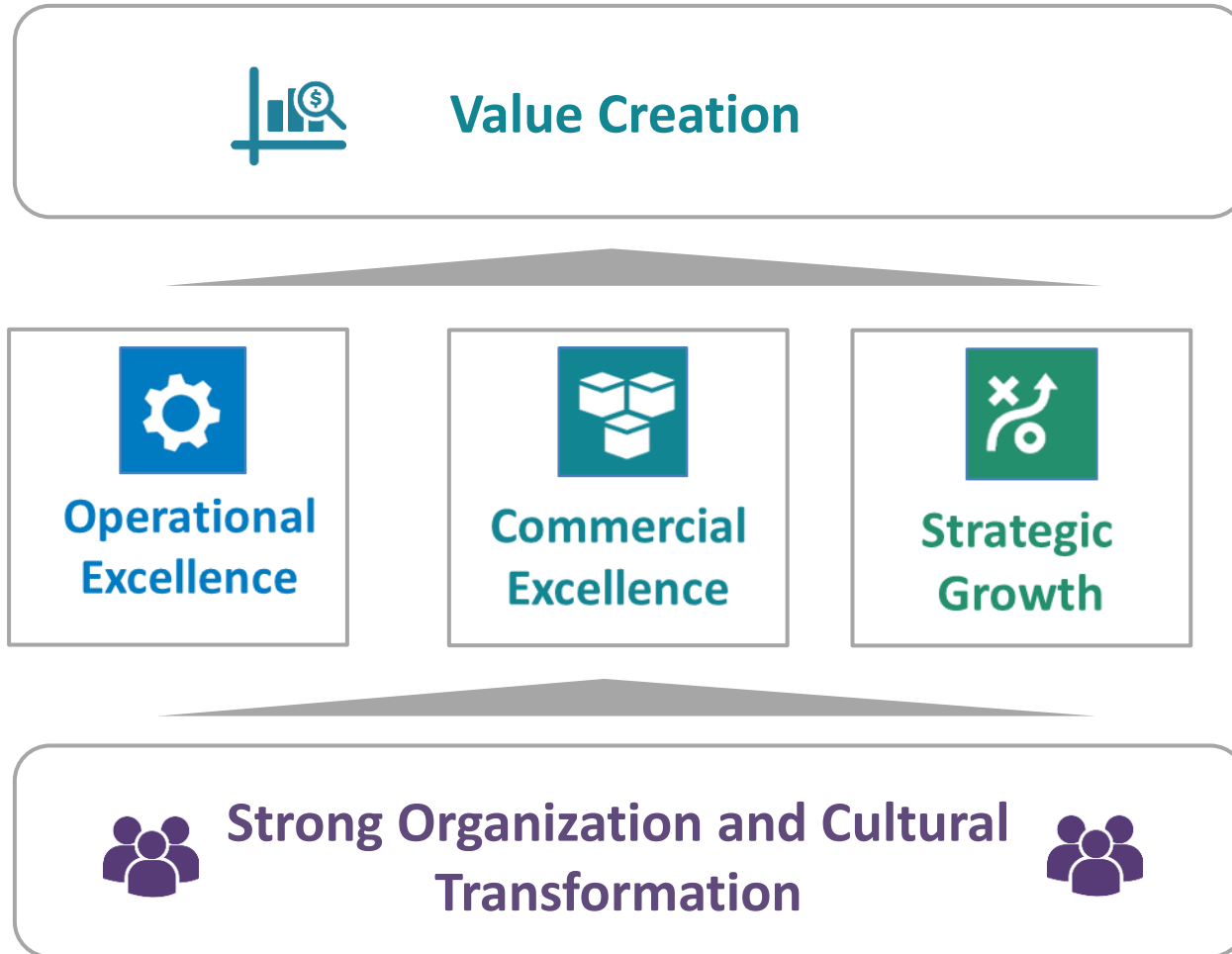


Han Kieftenbeld
SVP and Chief Financial Officer

Safe Harbor

- During the course of this presentation, management may make forward-looking statements regarding financial performance and future events.
- We will attempt to identify these statements by use of words such as expect, believe, anticipate, intend, and other words that denote future events. You should understand that, even though our forward looking statements are based on assumptions we believe are reasonable when made, they are still subject to uncertainties that could cause actual results to differ materially from those in the forward-looking statements.
- We caution you to consider the important risk and other factors as set forth in the forward-looking statements section and in Item 1A risk factors in our Annual Reports on Form 10-K as filed with the U.S. Securities and Exchange Commission that could cause actual results to differ from those in the forward-looking statements as contained in this presentation.
- Forward looking statements made herein are summaries of previous public disclosures, do not represent revised guidance, and we do not undertake to revise or update them from the date or dates of previous disclosure.

Strategic Pillars



Q1 2016 Highlights

- Adjusted EBITDA of \$31 million, in line with Q1 2015 and up 39% sequentially
- Adjusted EBITDA margin of 17%, an improvement of 90 basis points year-over-year and 330 basis points sequentially
- Adjusted Diluted EPS of \$0.66, up 3% year-over-year and 106% sequentially
- Cost savings of \$2.5 million due to restructuring program compared to Q3 2015 baseline

Operational Excellence

- Improve supply chain and manufacturing process to increase operational efficiency
- Increased end-to-end supply chain visibility by improving sourcing strategies, enhancing forecasting and planning, and transforming approach to inventory management
- Increased efficiency and adaptability in manufacturing practices to accommodate evolving market trends



Commercial Excellence

- Customer segmentation to identify, understand, and meet needs of customer-base
- Establish pricing discipline and achieve greater focus on margin management
- Investment in sales infrastructure including sales tools, support, and best practices



Strategic Growth

- Completing detailed market analytics to identify external trends and opportunities
- Continuing to actively manage our existing portfolio for opportunities
- Completing competitive analysis on specific markets
- Identifying both market and product adjacencies as well as geographic expansion opportunities
- Identifying strategic M&A opportunities

Building a Strong Management Team



Han Kieftenbeld
SVP and Chief Financial Officer



Amy Hartzell
Vice President, Supply Chain and Purchasing

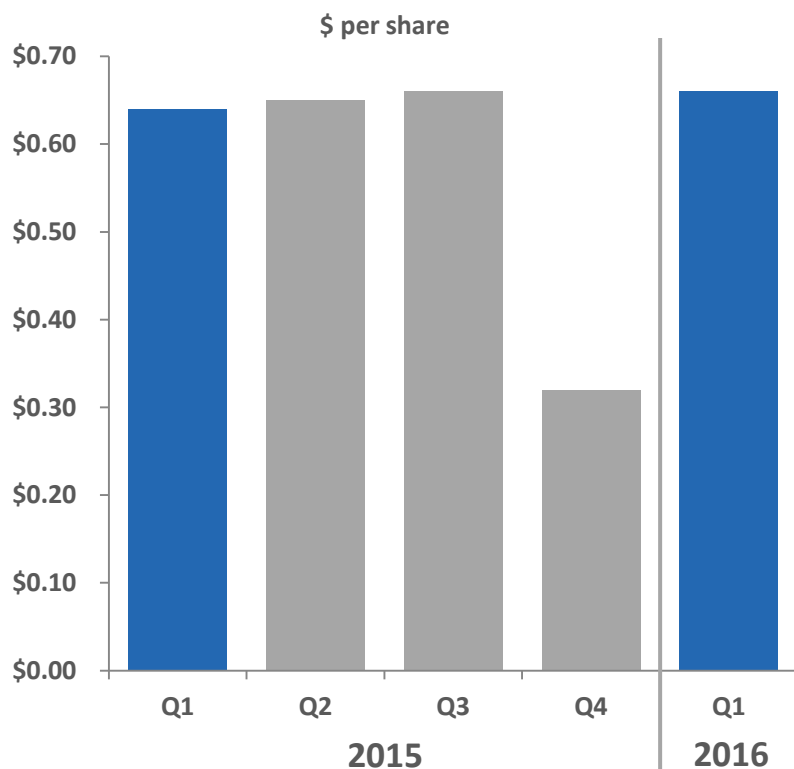
Industry Outlook

- Underlying demand throughout most of the markets served will remain soft
- Volumes in 2016 expected to be slightly down to flat versus 2015
- Pricing expected to remain very competitive
- Raw material costs trending favorably

Take responsibility for controlling what we can control

Q1 2016 Performance

Adjusted Earnings per Share*



Dividend	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
	0.48	0.48	0.48	0.48	0.48

*Excludes charges of \$0.09/sh in Q1 2015, \$0.0/sh in Q2 2015, \$0.38/sh in Q3 2015, \$0.56/sh in Q4 2015, and \$0.0/sh in Q1 2016

Quarter 1	Actual \$m		Variance	
	2016	2015	\$m	%
Sales	190	202	(12)	-6%
Gross Profit Margin%	41 22%	41 20%	-	1% 137 bps
Adj. EBITDA	31	31	-	-1%
Adj. EBITDA%	17%	16%		90 bps
Net Income	13	12	1	8%
Adj. EPS*	0.66	0.64	0.02	3%

Quarterly Comments

- Continued headwinds in Sales, particularly in the US/Canada, partly due to strong USD and generally intensified competition
- Lower YOY selling prices were offset by lower variable costs resulting in a slightly improved gross profit margin
- Fixed manufacturing costs and overheads well controlled. No planned maintenance stoppage in current quarter
- Restructuring savings in line with expectations
- Interest expense in line with expectations. Effective tax rate slightly up

Q1 2016 Estimated EPS Bridge

Earnings per share	\$ per share
Q1 2015 Reported	0.55
Adjustments	0.09
Q1 2015 Adjusted	0.64
YOY Variance	0.02
Q1 2016 Adjusted	0.66
Adjustments	-
Q1 2016 Reported	0.66

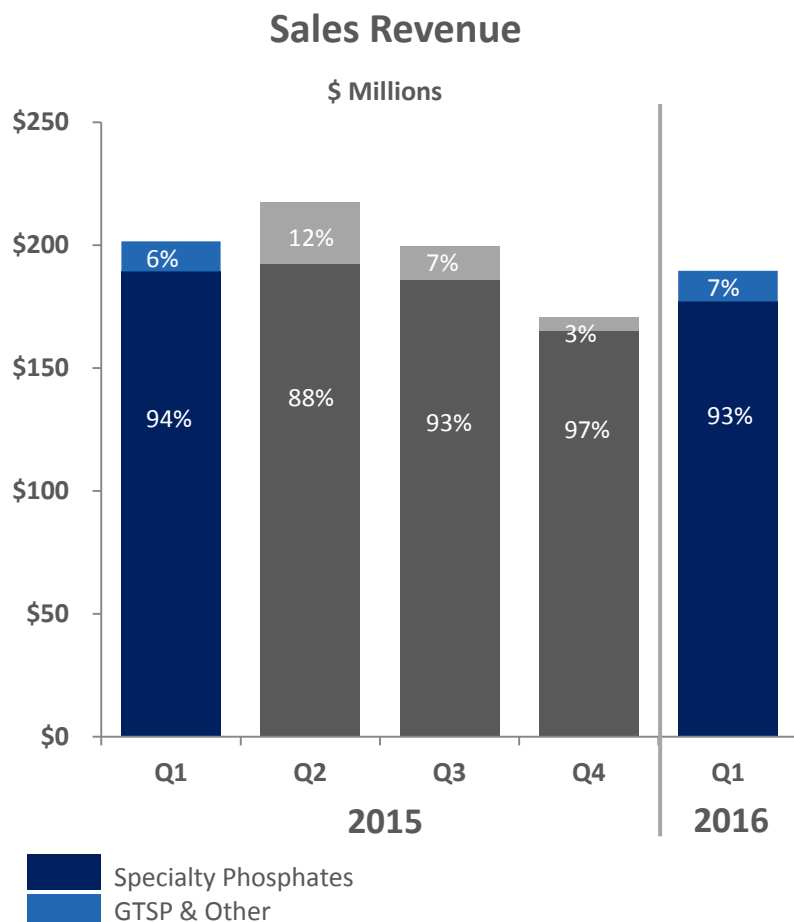
	Variance \$ per share
Volume/mix	(0.16)
Price	(0.07)
Costs	0.15
FX	0.07
Adj. EBITDA	(0.01)

	Variance \$ per share
D&A	0.03
Financing	(0.03)
Tax	(0.01)
Shares outstanding	0.07
Other	(0.03)
Other items	0.03

Q1 2016: 19,430,029 diluted weighted average participating shares
 Q1 2015: 21,501,634 diluted weighted average participating shares

Year-Over-Year Sales Revenue

Q1 2015 → Q1 2016

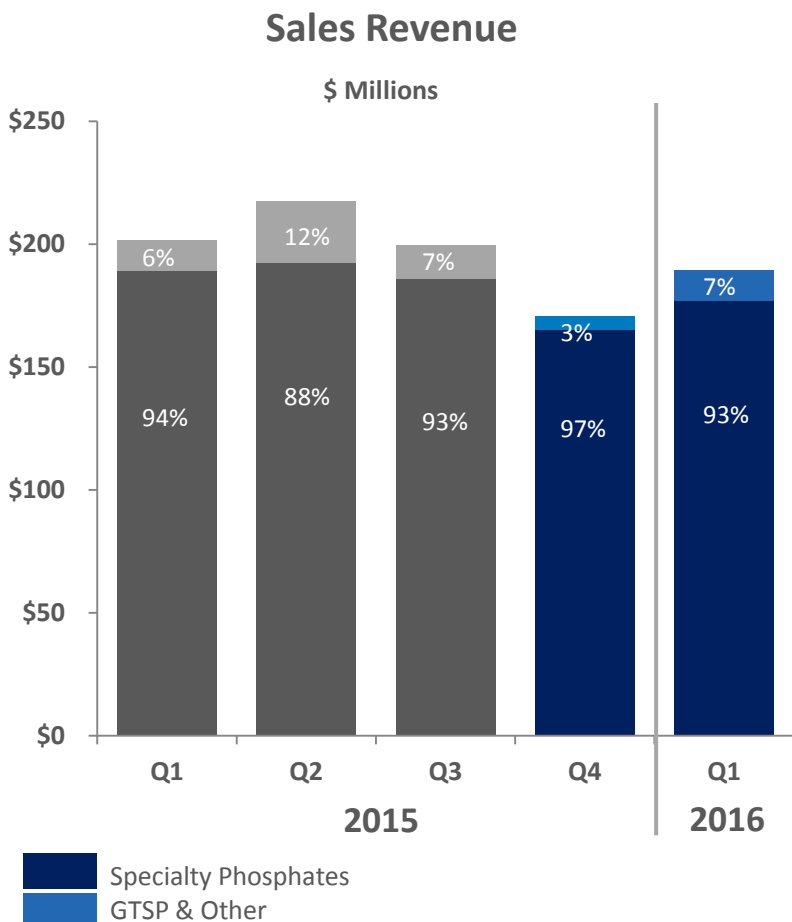


	\$m	%
2015	202	
Volume/Mix	(10)	-5%
Price	(2)	-1%
2016	190	
YOY Variance	(12)	-6%

Quarterly Comments

- Sales Revenue down 6% versus prior year due to unfavorable volume/mix and lower average selling prices
- Specialty Phosphates, 93% of total Sales, down versus prior year in both US/Canada and Mexico. Y-on-Y decline in sales volume predominantly seen in US/Canada, partly offset by improved average selling prices
- GTSP/Other, 7% of total Sales, up 2% versus prior year. Volume/mix improvements mostly offset by reduced average selling prices due to weak fertilizer market conditions

Sequential Sales Revenue Q4 2015 → Q1 2016

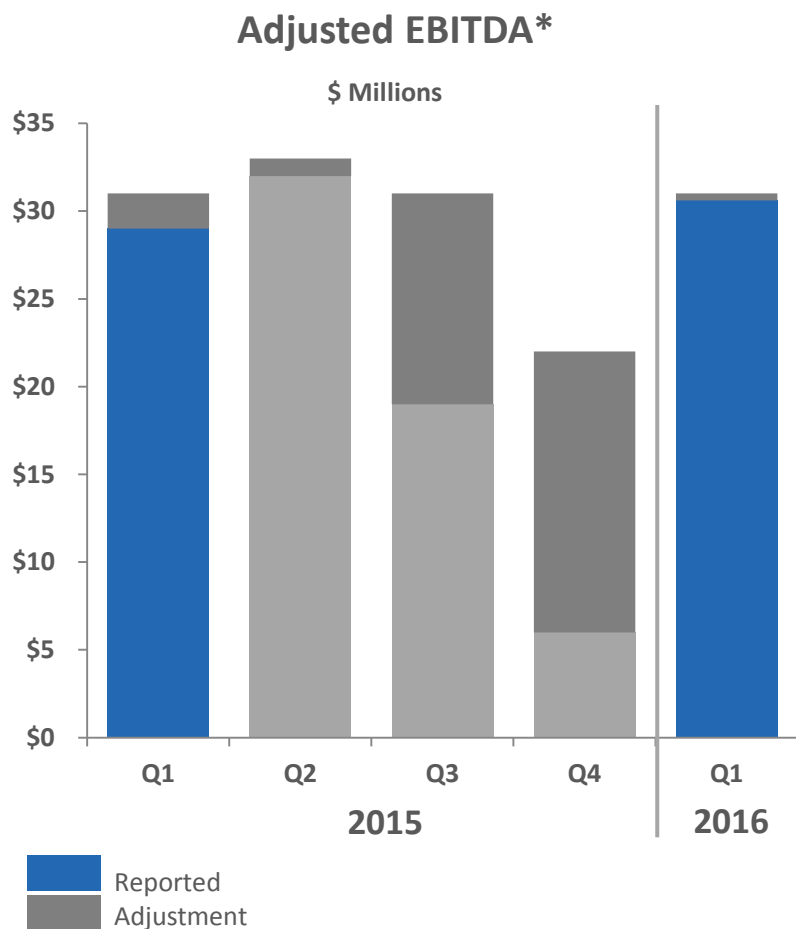


	\$m	%
2015	171	
Volume/Mix	16	9%
Price	3	2%
2016	190	
YOY Variance	19	11%

Quarterly Comments

- Sales Revenue up 11% versus prior quarter driven by improved sales volume due to seasonality
- Specialty Phosphates, 93% of total Sales, up 7% sequentially due to a 5% improvement in volume and 2% in selling prices. Improvement in both US/Canada and Mexico
- GTSP/Other, 7% of total Sales, more than doubled versus quarter 4, which was the lowest sales quarter in 2015

Q1 2016 Adjusted EBITDA



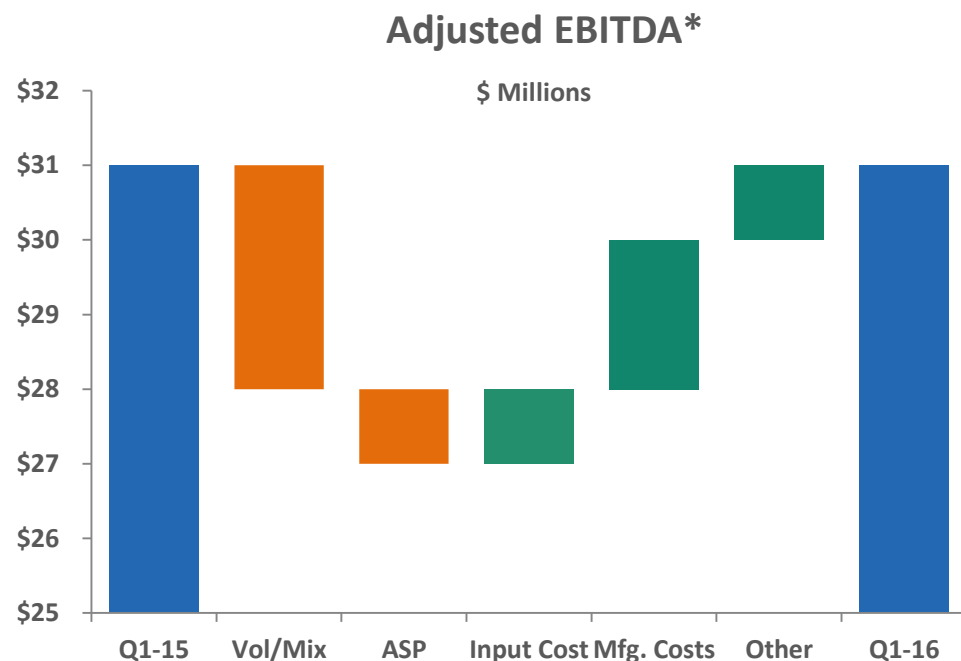
*Excludes charges of \$1m in Q1 2015, \$1m in Q2 2015, \$12m in Q3 2015, \$16m in Q4 2015, and \$0.4m in Q1 2016.

	\$ Millions	%
2015	31	
Volume/Mix	(3)	-10%
Price	(1)	-3%
Input costs	1	3%
Manufacturing	2	6%
SG&A	-	-
FX	1	3%
2016	31	
YOY Variance	-	-

Quarterly Comments

- Adjusted EBITDA flat versus prior year despite lower Sales
- Volume/mix along with average selling prices were below last year. Unfavorable sales offset by lower input costs from rock and sulfur
- Lower manufacturing costs due to cost control measures, restructuring actions and phasing of annual maintenance
- SG&A flat, restructuring savings offset by professional fees, strategy consulting, STIP re-establishment, overlapping CEO costs

Q1 2016 Adjusted EBITDA Bridge



	2015	Vol/ Mix	ASP	Input Costs	Mfg. Costs	Other	2016
Spec Phos	32	(3)	1	(2)	2	1	31
GTSP/Oth	(1)	-	(2)	3	-	0	0
Total	31	(3)	(1)	1	2	1	31

*Excludes charges of \$1m in Q1 2015, \$1m in Q2 2015, \$12m in Q3 2015, \$16m in Q4 2015, and \$0.4m in Q1 2016.

Quarterly Comments

- Total adjusted EBITDA delivery driven by Specialty Phosphates
- Specialty Phosphates generated adjusted EBITDA of \$31m, down \$1m versus prior year mostly due to lower sales volume in US/Canada
- GTSP & Other adjusted EBITDA was break-even, up \$1m versus prior year. Favorable input costs, partly offset by lower selling prices due to weak fertilizer market conditions
- Adjusted EBITDA margin as a percent of Sales improved for both Specialty Phosphates and GTSP & Other

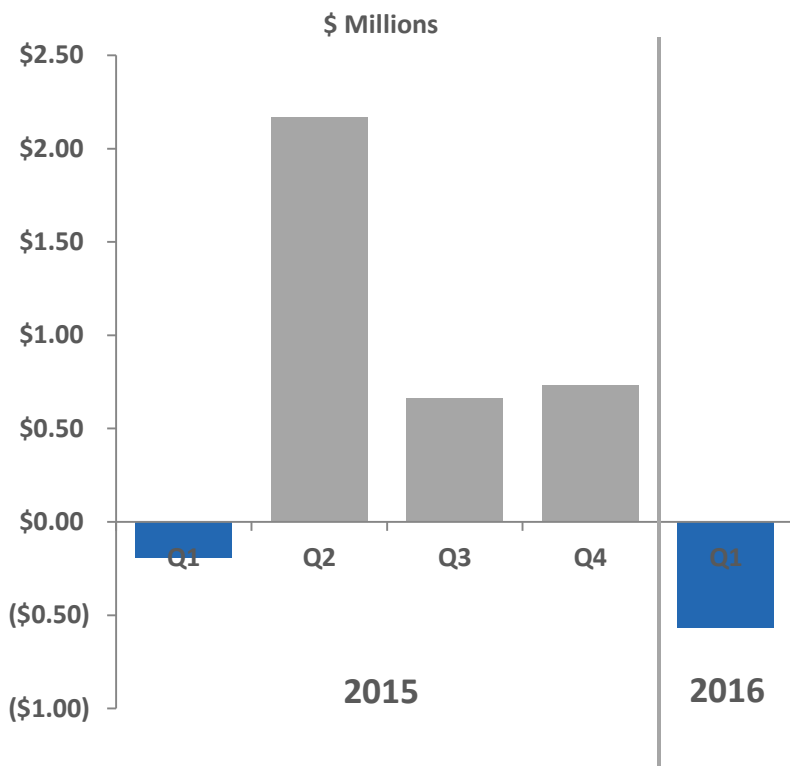
Q1 2016 Other Items

Item	\$m	Comment
Net interest expense	\$2m	In line with expectations
Effective tax rate	35%	Above forecast (32-34%)
Capital expenditure	\$8m	Below plan (\$10m)
Share repurchase		No activity

Net Debt	\$214m	Increased sequentially by \$19m due to tax payments
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Q1 2016 Cash Flow

Free Cash Flow Per Share



Opening	36	57	80	86	18
FCF	(4)	45	13	14	(11)
Financing	25	(22)	(7)	(82)	8
Closing	57	80	86	18	15

Quarter 1	Actual \$m		Variance	
	2016	2015	\$m	%
Adj. EBITDA	31	29	2	7%
Working Cap	(11)	(27)	16	59%
Capex	(8)	(6)	(2)	-33%
Tax	(20)	-	(20)	-
Interest	(2)	(1)	(1)	-100%
Other	(1)	1	(2)	-200%
FCF	(11)	(4)	(7)	-175%

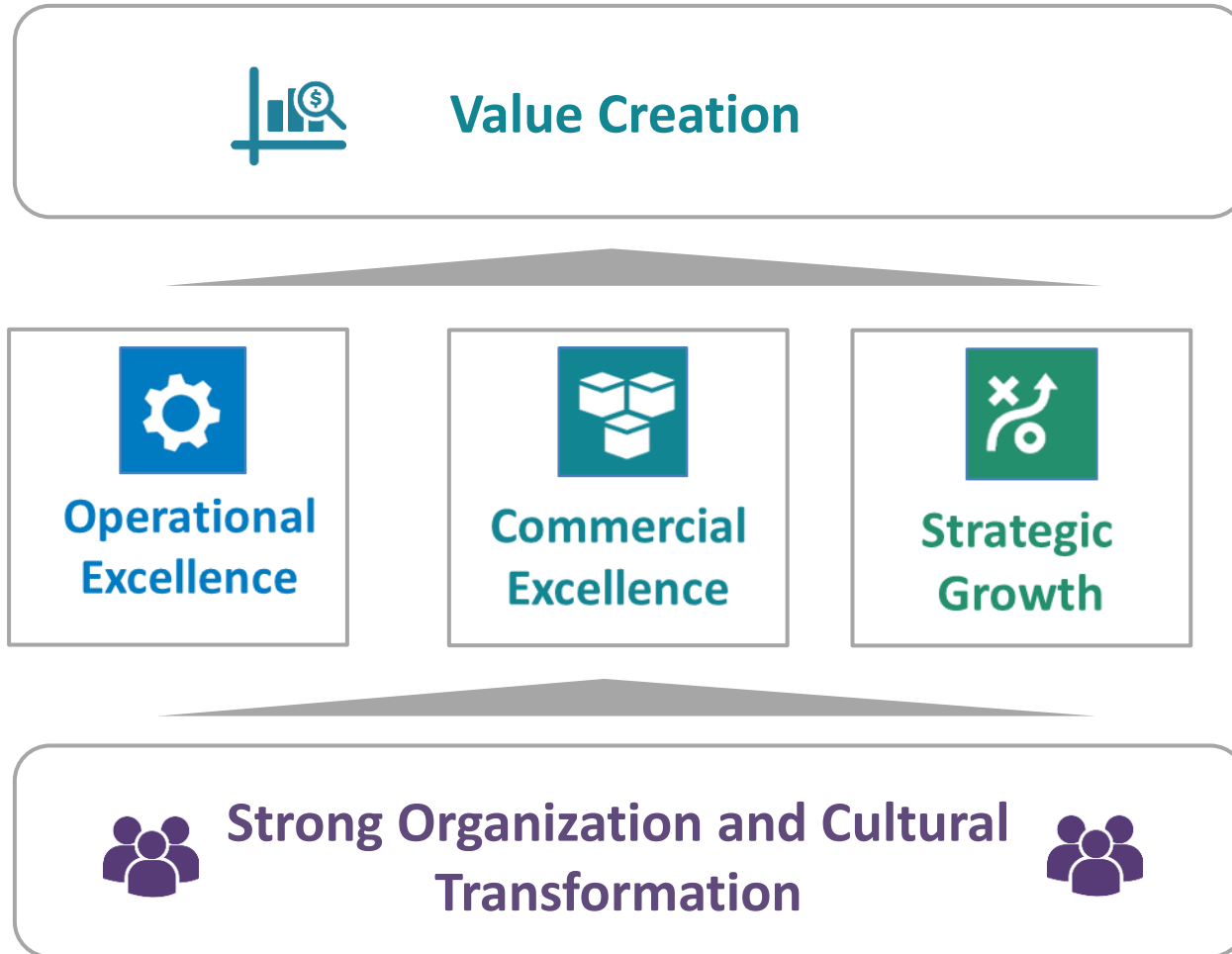
Quarterly Comments

- Free Cash Flow of -\$11m down versus prior year due to tax payments
- \$20m taxes is part of the cash repatriation program
- Excluding \$20m outflow for taxes, FCF improved \$13 million year-over-year largely due to better working capital
- Capex slightly up versus prior year, but below plan

2016 Outlook

- Q2 to be broadly in line with Q1
- Continued headwinds in Sales
- Some softening of input costs to take effect in Q2
- Q2 stoppage maintenance cost expected in \$4m range
- Cost control continues to be a focus

Managing the Present, Planning for the Future





ABOUT THE COMPANY

Innophos (NASDAQ: IPHS) is a leading international producer of performance critical and nutritional specialty ingredients, with applications in food, beverage, dietary supplements, pharmaceutical, oral care, and industrial end markets. Headquartered in Cranbury, New Jersey, Innophos has manufacturing operations across the United States, in Canada, Mexico and China.

For more information please visit www.innophos.com

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