INNOPHOS PRESENTATION AT JEFFERIES GLOBAL INDUSTRIALS CONFERENCE

EDITED TRANSCRIPT

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Corporate Participants

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

Other Participants

Jeffrey Schnell - Analyst, Jefferies Equities Research

MANAGEMENT DISCUSSION SECTION

Jeffrey Schnell - Analyst, Jefferies Equities Research

Good morning everybody. My name is Jeffrey Schnell, the Jefferies Equities Research Team. It's my pleasure to introduce Innophos and their CEO, Randy Gress. So there will be a breakout session immediately following this, right before the keynotes speaker, but we shall have some time for Q&A after Randy's presentation as well.

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

All right, good morning everyone and thank you for your interest in Innophos today. Joining me today are Robert Harrer, Chief Financial Officer; and Mark Feuerbach, Vice President of 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 statement represents a summary of previous public disclosures rather than any updates on guidance as of this date.

First, a brief overview of Innophos. We were formed as an independent company in 2004, in fact today is our 10 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 return of over 500% since our IPO, and roughly 10x since our purchase by Bain. Although our life as an independent entity is relatively short, we have a very long history in Specialty Phosphates, with our origin dating back over 100 years to the creation of the Specialty Phosphates technology, which is really oriented to some of the markets that we still serve today. Rhodia opted to spin out into Innophos just our U.S., Canadian, and the Mexican phosphates assets, so today we are predominantly oriented to the North American market, but we are building a global presence that you will see through this presentation.

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

We have transformed our Specialty Phosphates business including strengthening our supply chain, diversifying our raw material supply, and through consistent focus on higher value added products, transformed our market presence to one primarily oriented to higher margin and more differentiated food and beverage ingredient applications. We continue to evolve our business into attractive adjacencies including our four nutrition businesses acquired over the last two to three years where we're now well positioned within the attractive bioactive mineral ingredient business. All of this has resulted in a step change improvement in profitability from the early IPO days, which we believe is sustainable for the long-term.

We are proud of our financial track record, some highlights of which are shown here, and we believe the strength of our strategic position in an attractive industry will underpin future results. We are the market leader in the North America. We have transformed our Mexico business over recent years to be far more Specialty oriented and we have continued to invest in our supply chain. Even though we have encountered unprecedented volatility in our raw materials over the last six years, our focus on pricing, the value we deliver to customers, and our product offering and service have allowed us to offset significant changes in raw material prices through higher selling prices. We believe we operate in an attractive industry with high barriers to entry, attractive growth opportunities, and relatively stable end markets in which customers are seeking value-add from their suppliers through innovation and technical support.

Our core business is Specialty Phosphates, which represents around 90% of our total 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. And our primary focus, representing approximately two thirds of our total revenue, is our specialty ingredients portfolio, to which we have recently added some non-phosphate technologies, as I will explain shortly.

Our next largest product group is food grade purified phosphoric acid, or PPA, which is primarily converted into the very wide range of specialty ingredients that I just mentioned. But it's also sold directly to end customers for various applications, representing roughly 17% of our revenue. The third Specialty Phosphate product group is now a much less significant piece of our business. Phosphates make excellent builders for laundry and dishwasher detergents, but the environmental impacts of excess phosphates in captive water systems such as 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 and down from about one third 10 years ago.

The chart on the right illustrates the shift over the past six years. We have achieved 6% revenue CAGR, even though our sales of detergents grade products have fallen by almost half. This is due to our tremendous success of our targeted market strategy, achieving 14% revenue CAGR in the consumer oriented applications of food, pharma, beverage and oral care, which represents more than half of our total business. The final product group, which is also split out as a separate reporting segment, is granulated triple super phosphate, or GTSP and other. At 8% of our business by revenue, this is a necessary piece of our economic model and I'll talk a little bit more about that in a little while.

Shown here is our industry leading Specialty Phosphate supply chain. All phosphate manufacturing ultimately traces itself back to mined deposits of phosphate rock. Today, we don't mine our phosphate rock, so our in-house supply chain begins in Mexico with imported phosphate rock. We convert that to fertilizer grade phosphoric acid, but it's at the next stage where our real value-add begins. There are many fertilizer grade phosphoric acid producers, but there are only a handful of companies worldwide with the technology and capability to take this fertilizer grade product and purify it to the very exacting standards required to be successful in our food and beverage markets.

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

This next slide demonstrates the point that I made earlier about our ability to raise Specialty Phosphate selling prices to offset raw material cost inflation. This shows our Specialty Phosphates adjusted operating income per metric ton indexed to the first quarter 2006. During 2006 and 2007, we had stable profits but below where our target levels were. In 2008, there was a fertilizer boom and we raised our selling prices significantly. Due to the fact that approximately 80% of our raw material contracts had lags of a year or more, we had raw material cost that reflected the 2007 market conditions. Therefore, we achieved exceptional profits during 2008.

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

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

Let me now give you more insight to our products and the value that we bring to our markets. The slide shows just a few of the very broad range of applications within which Specialty Phosphates are used. If you're new to the industry, you probably had no idea previously of how valuable and extensive an ingredient phosphate is in forms – in different forms it 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 winning in the market through the value we bring and product performance, the quality of our technical support and our overall service, and we put particular emphasis on innovating our product-line to fit well with consumer trends, for example reducing sodium content of processed foods and increasing nutritional content.

You can see here, we are targeting volume growth rates of 3% to 5% which are 2% to 3% above the long-term weighted average growth rates for the markets we serve today. The two main drivers of the above market growth rate target are innovation and geographic expansion, each expected to contribute 1 to 2 percentage points.

Our success in innovation is driven by our focus on key industry trends for lower sodium in the diet, more active lifestyles, mineral fortification in the foods and beverages we consume and digestive health. Listed here are some of the products aimed at addressing some of these key industry trends. After a few years of trials and qualifications, Cal-Rise® for low sodium baking applications has begun to ramp up with 2013 volumes up more than 60% versus 2012. Our VersaCAL® product line for calcium fortification has also shown good growth with 2013 volumes up more than 80%. We will continue working with our customers to provide innovative solutions to meet emerging market trends.

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 doing bolt-on acquisitions likely sub $50 million in purchase price for nutritional ingredients. We're also in a period of somewhat higher levels of capital expenditure needed to complete our supply chain transformation and support our future growth. We estimate our maintenance capital expenditures to be about $20 million to $25 million per year, well below our depreciation and amortization rate, but for the next two to three years, we anticipate annual expenditures to be averaged around $40 million and we will continue to evaluate attractive organic investment opportunities to support our future business. Our expectation for 2014 capital expenditures is $35 million to $40 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 three and a half years, including a recent 20% increase for the third quarter 2014 payout. We have also repurchased 562,000 shares under our buyback program, which has an authorization of up to $50 million and the flexibility to vary our pace depending on our capital requirements at any point in time. I expect more of the same going forward, although the timing and pace of further increases in cash returns will of course also take into consideration the investment opportunities that we see.

We aim to supplement our organic growth strategy with acquisitions. Attractive targets need to meet either of our two main strategic goals and represent opportunities where we feel we will comfortably earn returns above our cost of capital. The two strategic drivers for acquisitions are to extend our geographic presence in phosphates and to broaden our product portfolio into adjacent technologies and markets where we can build on our existing capability, but increase the range of solutions we can provide to the markets we already serve and 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 most recently CMI. Strong customer and sales channel synergies both domestically and in emerging markets enabled the minerals business to grow twice the market growth rate for 2013. Combined, these businesses represent what I think will be a very valuable extension to our nutritional ingredients platform in what is an attractive market.

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

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

The benefits of calcium and potassium fortification are already well known and we participate in these markets through our calcium and potassium phosphates. However, attention is now increasing being put on the other minerals such as magnesium, chromium, selenium and iron where the phosphates form may not be the best dietary delivery mechanism. With Kelatron, AMT and CMI, we can now manufacture a wide range of minerals in multiple forms with a key being to make them easy to absorb into the body during digestion.

This is a market which has performed well even in the tougher economic conditions over the last two years, and which we think is set for long-term growth in the high single-digits. We also believe strength in these new more products will bring benefits to our core phosphate business. Our position at some specialty manufacturers of sports nutrition, for example, has already strengthened from these acquisitions. Our increased knowledge of these different product technologies is supporting innovation across the business in food and industrial markets.

My next slide gives a bit more specific information on our recent second quarter performance and our 2014 expectations for Specialty Phosphates. We had very good second quarter profitability on improved operations and margins in Mexico. Revenues, however, were up just 1% sequentially and down 2% year-over-year primarily due to timing of STPP sales. We now expect volume growth for 2014 to be at the low-end of our targeted 3% to 5% growth rate. Improved operations at Coatzacoalcos are contributing positively, but headwinds for some of our nutrition business customers exporting to China and weak asphalt market demand due to uncertain federal transportation funding caused a 100 basis points drag on growth rates for the first half of 2014.

Operating income was up $7 million year-over-year and $2 million versus an adjusted prior year due to improved operations for Mexico, where we have recorded five consecutive quarters of sequential improvement in phosphoric acid yields at Coatzacoalcos, and selling price increases achieved ahead of our raw material cost increases due to inventory lags. We expect to deliver 14% to 15% operating income margin for full year 2014 in Specialty Phosphates and achieved 16% for the second quarter of 2014.

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

Usually since the beginning of 2012, the spread has been significantly reduced compared – unusually, since the beginning of 2012, the spread has been significantly reduced compared to the historical levels. Finished fertilizer prices were significantly lower on average in 2012 versus 2011, but market prices for the raw materials did not vary significantly. This is largely explained by supply demand conditions for phosphate rock remaining relatively firm despite soft conditions for finished fertilizers. We think this is temporary phenomenon and there is a significant activity around the world to bring new phosphate rock deposits to market including our own exploration efforts in Mexico.

So we expect supply demand conditions to move more in our favor over the medium term, however it is difficult to predict when these effects start to establish themselves. Market prices fell rapidly in the second half of 2013 and after some rebound in January and February flattened to breakeven prices. We return to breakeven operating income for the second quarter of 2014 and expect to make $1 million profit in the third quarter based on current market selling and raw material prices.

Turning now to balance sheet, you can see a 44% improvement in stockholders equity over the last three and a half years. Net debt increased from 2010 to 2012 mainly to support growth through acquisitions and increase returns to shareholders. Four acquisitions, five dividend increases, $27 million of share buybacks and a stepped-up capital program were almost fully funded by operating cash flow.

As you can see, we had very strong cash generation in the first half of 2014 with net debt decreasing by $29 million or 22% from its year-end 2013 level. I should also note that at the end of 2012, we increased and expanded 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 a summary of the key elements of our strategy which will be the foundation for continued strong performance into the future. We are targeting growth through product innovation and geographic expansion, organically and through acquisition. We will maintain and improve our margins through the value of our products and the strength of our product mix. We will further strengthen our already attractive strategic position, particularly by continuing to enhance our industry leading supply chain, and we expect continued strong cash flows supporting growth investment as well as cash returns to shareholders.

Thank you and then we'll now move for questions in the next room.

Q&A

<Q – Jeffrey Schnell>: We have a minute or so here, if we can answer a couple of questions. I guess I can start it off. On M&A, can you talk about any leverage targets and hurdles rates that you might have and with the geographic expansion where specifically are you looking?

<A – Randolph E. Gress>: Yeah, with the geographic expansion, we're – as a carve out we were just the North American piece and continuing to look in Asia Pacific, Europe, Middle East, Africa and Latin America and probably more heavily in Asia-Pacific and Latin America. As far as what we're looking at acquisitions and certainly a strategic fit and with us supporting the core in geographic growth, but also with the adjacency strategy. As far as some of the hurdles, certainly want to as I said return, that we get a return on the – acceptable return on our cost – above our cost of capital and then leverage rates and we have talked we could go to two to three times on an EBITDA basis.

<<Jeffrey Schnell, Analyst, Jefferies Equities Research>>

Okay, I think we're out of time. Thank you very much Randy for presenting to us. We have a breakout downstairs in the Broadway room. We can continue the conversion. Thanks.

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

Thank you.