INNOPHOS 3Q13 RESULTS CONFERENCE CALL

EDITED TRANSCRIPT

CALL HELD OCTOBER 29, 2013

PARTICIPANTS

Corporate Participants

Mark Feuerbach – Vice President and Chief Financial Officer, Innophos Holdings, Inc.
Randolph E. Gress – Chairman, Chief Executive Officer, President & Director, Innophos Holdings, Inc.

Other Participants

Larry S. Solow – Analyst, CJS Securities, Inc.
Peter Cozzone – Analyst, KeyBanc Capital Markets
Jonathan T. Bloom – Analyst, Fiduciary Management, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Q3 2013 Innophos Earnings Conference Call. My name is John and I'll be your operator for today's call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that the conference is being recorded.

And I will now turn the call over to Mark Feuerbach, Vice President of Investor Relations and currently serving as CFO. You may begin, Mark.

Mark Feuerbach, Vice President and Chief Financial Officer

Good morning. And thank you for joining us today for Innophos' third quarter 2013 results. Joining me on the call today is Randy Gress, Chief Executive Officer. Randy will start with comments on our third quarter performance and progress in executing our strategic initiatives. I will then provide detail on our financial results and a look ahead to the fourth quarter and 2014, Randy will then conclude with some final remarks before we open the call up for your questions.

During the course of this call, management may make or reiterate forward-looking statements made in our October 28 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 statement section and in Item 1A, Risk Factors in our Annual Reports 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 our press release and via webcast available on the company website. In addition, please note that the date of this conference call is October 29, 2013. 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 Randy Gress, CEO of Innophos. Randy?

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

Thanks, Mark, and good morning, everyone. Our third quarter performance reflects good progress on our strategic objectives. In particular, we are pleased with generating stronger year-over-year Specialty Phosphates sales volumes in spite of a challenging market conditions. We delivered improved volumes year-over-year in our U.S. & Canada Specialty Phosphates business, supported by investments in our core business.

We also experienced strength in our recently acquired nutritional ingredients businesses and generated stronger export sales. In Mexico, we took some important steps to enhance our operations by completing a planned maintenance outage and commissioning a new higher-grade food and beverage phosphoric acid, or PPA, operation.

These successes, however, were met with some notable challenges during the third quarter. Although our overall financial results are not where we expected them to be for the quarter, we did achieve what we set out to do for longer term focused improvements and believe we are in a much improved position to grow our profitability going forward.

In our U.S. & Canada segment, our performance in the quarter was affected by several external market factors that reduced our profitability. We continued to face unfavorable mix trends as weak demand from low government spending and flooding in Canada affected our higher margin INNOVALT products for asphalt modification, which were down 27% year-over-year. This resulted in lower year-over-year operating margins and profitability in Specialty Phosphates.

Although our INNOVALT business has been challenged throughout 2013 by many different external factors, we feel positive on the longer term growth prospects for this business and are pleased with three active paving trials underway for state DOT approval, plus a fourth scheduled for 2014; therefore, good progress in four of the remaining nine unapproved states.

Despite the difficult market environment, we continued to make progress on our strategic initiatives by investing in our business, focusing on driving growth and strengthening our product portfolio and market position. Overall, sales for U.S. & Canada Specialty Phosphates were up 6% on 2% higher volumes in our core business. Our recent acquisitions in the nutrition space contributed 5% to our Specialty Phosphates' growth. The negative mix mentioned earlier hurt our top line by 1%.

In Mexico, our Coatzacoalcos operating performance improved significantly on a sequential basis, achieving higher production yields, which were slightly ahead of target; better production rates on the maintained units; and a new quarterly production record for the Specialty Ingredients unit. Due to an increase in scope, the planned maintenance outage took longer to complete than originally expected, which adversely affected profitability by about $2 million.

The delay was caused by the sulfuric acid plant requiring additional repair, which could only be identified when the maintenance staff had full access and was able to get inside the unit for inspection. Given the first half reliability issues that we encountered, we took extra time and effort to ensure the proper repairs were completed, aimed at increasing future reliability. As a result, Mexico Specialty Phosphates profitability was not as strong as anticipated, but volumes and profits were both improved from the year ago period.

Additionally, we successfully commissioned a new higher-grade PPA operation in Mexico this quarter that will provide greater flexibility in that region, further support our U.S. & Canada network and strengthen our product mix in Latin America. For the fourth quarter, while we expect to see greater overall year-over-year Specialty Phosphates volumes and improved efficiencies out of Mexico, intercompany sales to replenish U.S. inventories will result in a year-over-year decrease of trade sales in the Latin American region.

Our GTSP segment incurred a loss as fertilizer market prices declined throughout the quarter and ended 15% to 20% below the 2013 second quarter-end levels. As a result, year-over-year sales were 14% lower in GTSP. Whenever there is a rapid decrease in market selling prices, our GTSP operating income will fall sequentially, but should return to normalized levels once selling prices stabilize, allowing for raw material costs to catch-up.

Although difficult to predict, we believe this business should return back to breakeven by the second quarter of 2014, when we normally see increased demand for fertilizers. Also recall, that at about 10% of our business by revenue, GTSP is a necessary piece of our economic model as it represents a saleable co-product that arises in our Mexico acid purification process. While we are not pleased with recent performance, this is not our core focus of the business.

Overall, we delivered total net sales of $220 million in the second quarter, up 4% from last year. We recorded diluted earnings per share of $0.56 compared to the $0.74 recorded in the prior year period after giving effect to the disclosed adjustments for the current quarter.

I would like to provide an update on a small tuck-in acquisition we made about two weeks ago in which we acquired substantially all the assets of privately-held Chelated Minerals International, or CMI, based in Salt Lake City, Utah. CMI has significant technology and know-how in the manufacture, customer applications and science of chelated minerals supplied to the human nutrition market. The acquisition of CMI strengthens our position in dietary minerals for health, such as calcium, magnesium, and potassium and enables us to supply a broad range of nutrition fortification solutions to our customers.

The acquisition had a purchase price of $5 million, subject to adjustment, and was funded from cash on hand. While the acquisition is modest in size, it further supports our other recently acquired businesses of AMT and Kelatron, which provide high quality custom ingredients in the mineral fortification industry.

Finally, we continue to make progress on our geographic expansion initiatives. Export sales remains strong to the Europe, Middle East and Africa, Latin American and Asia Pacific regions, with year-over-year sales up 16%. This is the highest level of export sales since the first quarter of 2012. We view these regions as strong growth areas, especially for the food and beverage markets.

We have seen increased acceptance for our sodium reduction product, CAL-RISE®, during the quarter. And our sales to Venezuela recovered to normal levels. Going forward, we are confident that our actions have positioned us well for future growth. We've increased our geographic presence, invested in product development and remain committed to eliminating inefficiencies and excess cost, while maximizing shareholder value.

To further illustrate our commitment to reward our shareholders, and as a reflection of our confidence in our future, I am pleased to announce that our Board of Directors has approved a quarterly dividend payment of $0.40 per share to be paid in the fourth quarter. This is an increase of 14% and marks our fourth dividend increase in less than three years.

I will now turn it back over to Mark for some more detail on the financial results in the quarter. Mark?

Mark Feuerbach, Vice President and Chief Financial Officer

Thanks, Randy. Net sales of $220 million for the third quarter of 2013 consisted of $198 million from Specialty Phosphates and $22 million from GTSP & Other. This represents a $9 million increase compared to the third quarter of 2012 with higher Specialty Phosphate sales more than offsetting lower GTSP & Other sales.

Diluted earnings per share for the third quarter 2013 was $0.49 compared to $0.74 for the third quarter 2012. The decline in EPS was primarily due to the following three after-tax effects, when comparing the current quarter against the prior year quarter: first, an increased operating loss in GTSP & Other of $0.10 per share; second, higher planned maintenance outage expenses of $0.09 per share; and lastly, unfavorable currency translation expense of $0.08 per share, due primarily to a gain in the prior year period.

Third quarter 2013 EPS also included $0.07 per share of provisions for uncertain tax positions, with $0.05 recorded in the tax line and $0.02 recorded in the interest expense line. Adjusting for this expense, diluted EPS for the third quarter 2013 would have been $0.56 compared to the $0.74 for the third quarter 2012.

Specialty Phosphates revenue was 7% higher compared to the prior year period with our recent acquisitions contributing a 4% gain. U.S. & Canada Specialty Phosphates recorded sales of $153 million, up 6% from the prior year period with acquisition benefits the primary contributor. While core business volumes were up 2%, much of this growth came from lower margin products. Mexico Specialty Phosphates sales of $45 million were up 9% compared to the third quarter last year with volumes up 5% due to improved operations.

Total Specialty Phosphates generated $25 million of operating income, down $1 million from the third quarter of 2012 and down the same on a sequential basis. The decline was primarily due to unfavorable sales mix in the U.S. & Canada with volume increases realized primarily in lower margin products, while volume decreases were recorded in higher margin products such as INNOVALT, as described by Randy earlier. Additionally, operating income was affected by a planned maintenance outage in Coatzacoalcos that won't repeat in the fourth quarter.

Total costs incurred for the third quarter 2013 planned maintenance outage were approximately $4.5 million with approximately $3.5 million recorded in Mexico Specialty Phosphates and approximately $1 million recorded in GTSP & Other. Operating income margin in Specialty Phosphates overall was 12%, down 120 basis points compared to the prior year period, but down just 10 points sequentially.

Operating income in the third quarter 2013 for U.S. & Canada Specialty Phosphates of $22 million was down $1 million versus the year ago period and down $2 million sequentially. Operating income margin was 14% for the third quarter 2013, down 90 basis points sequentially and 170 basis points from the year ago period, further illustrating the impact of unfavorable mix on our margins.

Operating income for Mexico Specialty Phosphates of $3 million was up $1 million compared to the same period last year and up $2 million sequentially, driven by higher sales volume, reflecting the progress made in improving our operations. Operating income margin was 7% for the third quarter 2013, up 350 basis points sequentially and 90 basis points from the year ago quarter, with margins affected by the planned maintenance outage cost of approximately $2 million.

Turning to GTSP & Other, the rapid decline in selling prices required a $2 million lower of cost or market adjustment on the ending inventory levels, resulting in a greater sequential operating loss at $4 million for the quarter. Our effective tax rate for the third quarter 2013 was 40%, which is above our previous expectations, due solely to the provisions for uncertain tax positions. Adjusting for this expense, our tax rate would have been 34%, in line with expectations. Going forward, we anticipate an effective rate in the 34% to 35% range for the fourth quarter.

Depreciation and amortization was $9 million for the quarter, $2 million lower than a year ago. For the full year, we expect depreciation and amortization to be $5 million less than in 2012, with the benefit split evenly between Specialty Phosphates and GTSP & Other. This decrease in depreciation and amortization resulted from the asset values created at the formation of the company in 2004 reaching the end of their depreciation lives, partly offset by the amortization of intangibles associated with recent acquisitions.

Capital expenditures were $14 million in the third quarter of 2013, higher than previous quarter run rates, as we completed the necessary investments in Coatzacoalcos to improve our operating capability and reliability. We now expect 2013 capital expenditures to be at the high end of our expected $35 million to $40 million range. Net debt decreased sequentially by $10 million in the third quarter 2013 to $126 million as a result of progress made on recovering tax refunds from the Mexican government.

Looking at our strong balance sheet, we remain focused on maximizing value for our shareholders by investing in growth and returning cash to shareholders. As Randy mentioned earlier, our board of directors approved a 14% increase to our quarterly dividend, raising it to $0.40 per share. Our investment priorities continue to focus on supporting our future growth, driven by capital enhancements for U.S., Canada and Mexico Specialty Ingredients facilities. We will also concentrate on further enhancing Mexico's reliability and efficiency to process multiple grades of rock, consistent with the company's supply chain diversification strategy.

Looking ahead to the fourth quarter, we continue to expect moderate market growth. We believe the progress we have made on our growth strategy has positioned us to achieve a 2% to 3% above market growth rate. However, our fourth quarter 2013 Specialty Phosphates year-over-year growth expectation is flat, excluding the benefit of the Triarco acquisition, as expected growth for the U.S. & Canada business should be offset by a decline in the Mexico business.

Mexico's fourth quarter 2013 Specialty Phosphates volumes overall are expected to increase by 8% to 10% compared to the prior year. However, intercompany sales to replenish U.S. inventories that were depleted throughout the year are expected to be double the year ago levels, which will result in a year-over-year decrease of external sales in the Latin American region. Strong performance for our recent acquisitions is expected to continue as the benefit of the Triarco acquisition made at the end of 2012 is expected to contribute an additional 3% of Specialty Phosphates revenue growth for the fourth quarter 2013 in comparison to the prior year period.

Market prices for key raw materials, phosphate rock and sulfur, both declined during the third quarter of 2013 with sulfur showing the most notable drop of approximately one-third from its second quarter level. Lower purchase prices achieved in the third quarter are expected to be realized in the fourth quarter 2013 as we work through our inventory.

With regard to operating income margins, lower Specialty Phosphate margins were caused by unfavorable mix issues in U.S. & Canada during the third quarter and a larger than expected expense for a planned maintenance outage in Coatzacoalcos. For the fourth quarter, we anticipate the benefit of the maintenance outage costs not repeating in the quarter to be partially offset by lower cost leverage from seasonally lower sales volumes. Combined with an expected 100 basis point improvement from raw material cost savings, we expect Specialty Phosphates operating income margin to improve to approximately 14% for the fourth quarter.

On GTSP, market prices are expected to fall further due to continued reduced market demand, so our current expectation is for a similar $4 million operating loss in the fourth quarter as just experienced in the third quarter 2013. Once market prices level off and allow for raw material cost to catch-up, operating income is expected to return to the more recent norms of breakeven.

Now, back to you, Randy.

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

Thanks, Mark. While we continue to operate in a challenging market environment, we remain focused on our strategic initiatives to improve the long-term value of our business and outperform the underlying market growth rate.

For the fourth quarter, we expect to operate in a similar demand environment as the third quarter. However, with the recent maintenance upgrade to our Coatzacoalcos plant, combined with the commissioning of a new higher-grade PPA operation, we are positioned well to offset some of the market weakness should opportunities present themselves. We also continue to build our position in the micronutrient ingredient space following the acquisition of CMI.

Looking ahead to 2014, we expect moderate market growth conditions to continue affecting our performance. That said, in addition to our strategic initiatives, we will continue to invest in our business, focus on driving growth, strengthening our product portfolio and market position, while improving cash returns to shareholders.

Our preliminary 2014 indication for Specialty Phosphates volume growth is in the 3% to 5% range. This is down slightly from previous targets as we now see market demand growing at 1% to 2% rather than 2% to 3%, but we still expect success on our growth initiatives to deliver above market growth rates.

Specialty Phosphates operating income margins are expected to be in the 14% to 15% range and GTSP & Other is expected to return to near breakeven levels. We continue to anticipate challenges in the foreseeable future, but we are confident in our ability to execute and achieve our goals for the remainder of 2013 and beyond.

Thank you for listening. And we will now take your questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] And we have a question from Lawrence Solow from CJS Securities.

<Q – Larry Solow – CJS Securities, Inc.>: Hi. Good morning.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Hi, Larry.

<Q – Larry Solow – CJS Securities, Inc.>: Hi, Randy. I was wondering if you could just – on the manufacturing side it's been sort of several one step forward, two steps back over the last few quarters. If you could sort of discuss where you stand today and are you confident we can sort of move past these manufacturing issues.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, Larry, I think really what's impacted our performance for a good bit of 2013 has been the performance primarily in the Coatzacoalcos facility. And I think we've made some great strides. And I think we have turned the corner in the performance there. I think we are seeing some higher production rates in the sulfuric and MGA area. We're, I think, successfully utilizing multiple rocks certainly more efficiently. We ran into some higher maintenance costs in the first part of the year, but I think have made quite a bit of improvements in investments there to improve – that should have an impact of improving our overall reliability and seeing some effects and some improved yield performances.

So I think we're continuing to focus on investing and maintaining and improving the performance. I think certainly in other areas of the plant, we've driven some improvement with the new PPA operation and some record performance in the Specialty Ingredients plant. So, overall, I think made some great strides, made some investments and have turned the corner and don't expect to have that kind of negative impact going forward.

<Q – Larry Solow – CJS Securities, Inc.>: Okay. And then I think the U.S., which was not quite as good as we would like to have seen, but certainly second quarter in a row where you have gotten at least 2% or 3% organic growth. You mentioned the asphalt product, which I guess was expected to pick up in the seasonally strong Q3 and didn't occur. How about some of your other – your products, calcium, the sodium products? And I know I think last quarter it sounded like you had some momentum with some new orders there, so just your current take on that. And then second question, just sort of what goes into your outlook for next year? 3% to 5% growth I guess is not too much worse than your long-term 4% to 6% target. But coming off of a flat year or even less on an organic basis that was held back by a lot of manufacturing stuff, it doesn't look to be a rather aggressive number, at least for next year. Thanks.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. The impact on the performance for U.S., Canada, certainly, we did have the INNOVALT, which was impacted by the asphalt. And that's – I think with some pent-up demand there, we should see some improvement in the future. I just want to comment also – I mean we've made some improvements also in that product area, which should help. I mentioned in the script there, the opening comments, that we had some improved expectations even at some of the state levels based on some testing to roads going forward. So, I do expect some turnaround there, assuming that the government does increase some of the spending there.

And in the other product areas, we continue to see progress within the sodium reduction, supporting some of the health trends within the business and still also making some progress there with some new product introductions and acceptance. We mentioned that Venezuela has recovered to more normal rates there and I think really showing some good, solid demand across the business and continuing to focus on those new products and new applications there.

So as we look to next year, maybe more of a – a more modest increase within the base area, but still some good progress in that 2% to 3% range overall for the export growth as we achieve some stronger performance in some of the different geographies that we're targeting as well as some of the new growth. It's a little bit hard to put each of those in some different buckets there, whether it's – the geographical growth is driven by new products or just as performing and focusing in that area, but some good progress there for going forward that I'm confident we're going to achieve.

<Q – Larry Solow – CJS Securities, Inc.>: Okay. Great, thanks.

<A – Randy Gress – Innophos Holdings, Inc.>: Thanks, Larry.

Operator: We have a question from Peter Cozzone from KeyBanc Capital Markets. Please go ahead.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Good morning, guys.

<A – Mark Feuerbach – Innophos Holdings, Inc.>: Good morning, Peter.

<A – Randy Gress – Innophos Holdings, Inc.>: Good morning, Peter.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Randy, given some of the lower Specialty Phosphate market outlook heading into 2014 and kind of subpar growth here over the last two years, I'm just wondering if you believe there's been a secular shift or fundamental changes that play from a market demand standpoint. And then maybe as a follow-up, looking at the order book, what's the visibility here, heading into next year in terms of volumes and/or mix?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. For the – the slight reduction we have in the base growth, I mean there is a combination of things as we look at the global growth there. There is the growth within the U.S. and Canadian market, which is more modest. But also looking at some of the geographical growth, which is, one, an area we're targeting in, but the expectation in some of those geographies, it was I think a higher growth rate that we would expect as we're going after those markets with some changes in the spending and the increase in the middle class and the – I think the expected spending in more processed foods.

So, it's a modest decline there, but still some good base growth demand. But then supplement that with the other growth areas and I think, again, some recovery in the asphalt, but also some continued performance in the ingredients side of things, the food and beverage ingredients side of things and the nutrition side of things. As we go forward, I expect to continue to reap some benefits from the investments we're making in the technology and the application side of things.

<Q – Peter Cozzone – KeyBanc Capital Markets>: And then, in terms of the visibility for the order book in terms of volumes or mix in the next year, I mean clearly it's been kind of a – mix has been a headwind this year, but on your visibility there heading to early 2014.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, nothing really seen there in the order books for 2014 there that I can comment on.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Okay. And then could you talk briefly about the new PPA operation that was commissioned in Mexico? How much capacity does this add? Is it significant? Can you fill that up pretty quickly? And then maybe just remind us what the mix now is in Mexico in terms of the higher margin products versus historical levels?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Let me comment a little bit on what that PPA operation does and then I'll let Mark comment a little bit on the impact there on the operations. As far as what it can do, we've continued to improve the capability and make some shifts there within the food ingredients side of things. And the new PPA provides a higher quality, capability to more broadly be used within the food and beverage markets, as well as support our overall network of operations here in the U.S. & Canada. So it's – provide some greater capability and flexibility and increase the acceptance by customers. And, Mark, maybe you can comment on the overall here?

<A – Mark Feuerbach – Innophos Holdings, Inc.>: Yeah. Back when we had done our initial large investment in Mexico three or four years ago to convert what used to be primarily detergent-grade acid to food grade, we said at that time that that investment allowed us to do greater than 50% of the volumes as food grade. And so this investment here is really just allowing us to continue to walk up the ladder, if you will, as far as the quality of the asset. So, it's allowing us to address new markets now that we haven't been able to address before with the levels that we were achieving.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Great. Thank you very much.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Thanks, Peter.

Operator: [Operator Instructions] We have no further questions at this time. Oh, we do have one, sorry, from Jonathan Bloom from Fiduciary. Please go ahead.

<Q – Jon Bloom – Fiduciary Management, Inc.>: Yes, hi. I was wondering how much has the introduction of new phosphate rock sources been a reason that you have had some of these significant manufacturing issues over the last couple years. And maybe you can just talk a bit about what's been the underlying cause and I guess what gives you confidence that you've kind of turned the corner here. I guess it seemed as though you had turned the corner a few other times over the last few years and I guess is there anything this time around that kind of gives you more confidence that you've kind of gotten where you needed to get to?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, Jonathan. I think for the most part, the multiple rocks wasn't the factor and us not being reliable in some of the performance here. And I think what we have done to turn the corner is we've made some investments to improve the performance there. We've replaced a number of the pieces of equipment, where before we had some problems in the MGA or the merchant grade acid area. And we've also improved our, I think, technical capability as well as the process control capability within the site.

We've also invested in these technical resources to support the operation, both inside and outside the operation. So I think we've made significant strides and I think capping it off with the turnaround here. The turnaround was delayed with the sulfuric acid operation where we got into the unit and at that point made the determination that we'd have to do more repairs to increase the reliability. So, I think we have made significant strides, not just in the reliability and capability, but also the mix of products that's coming out of the site, which is a big improvement over time as well.

<Q – Jon Bloom – Fiduciary Management, Inc.>: And perhaps you could just comment for a moment on the increased CapEx levels for next year and how much of that is earmarked for perhaps additional maintenance or improvement efforts? And maybe – I'm not sure if you have a scheduled maintenance outage for this coming year; maybe you might be able to shed some light on that as well.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Mark, do you want to address that, please?

<A – Mark Feuerbach – Innophos Holdings, Inc.>: Yeah. So, Jon, we've typically said that our maintenance capital expenditures would run in the $20 million to $25 million per year range. And we're probably towards the upper end of that range this year. And we'll likely go a bit above the upper end of the range next year. And that is part of the reason why we have that higher amount noted for next year.

As far as outage for next year, we are more on an annual outage basis for Coatza at this point, but next year's outage isn't expected to be as comprehensive as this year's was. It should be more like last year's outage was. So, I think we're sort of in the range of doing them every year with every other year being more significant outage than the offset years.

<Q – Jon Bloom – Fiduciary Management, Inc.>: Thank you.

<A – Randy Gress – Innophos Holdings, Inc.>: Thanks, Jon.

Operator: And we do have a question from Peter Cozzone from KeyBanc Capital Markets.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Hey, guys. Just a quick follow-up. Any update on the CFO search? I mean have you narrowed down a list at least here, whether that be internal, external candidate?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Peter, we have continued the search. And I think some of the length of the search is trying to make sure we get the right person to fill the position. But, again, I think we haven't missed a beat here with Mark stepping in again to fill the role and his vast knowledge and experience here, which has really been important as well as, I think, the strengthening of the overall finance and controller area that we've done over the years here too. So stay tuned on that.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Yeah. Mark is certainly getting good at this.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Thank you.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Thanks, guys.

Operator: And I'll turn it back over to Randy for final remarks.

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

I'd like to thank everyone for joining us today. And we certainly appreciate your interest in Innophos. And we look forward to speaking to you next quarter when we report fourth quarter and full year 2013 results. Thank you.

Operator: Thank you, ladies and gentlemen. That concludes today's call. Thank you for participating. You may all disconnect at this time.