

INNOPHOS 3Q12 RESULTS CONFERENCE CALL

EDITED TRANSCRIPT

CALL HELD NOVEMBER 1, 2012

PARTICIPANTS

Corporate Participants

Mark Feuerbach – Vice President, Investor Relations, Treasury, Financial Planning & Analysis
Randolph Gress – Chairman, President & Chief Executive Officer
Neil Salmon – Chief Financial Officer & Vice President

Other Participants

Peter Cozzone – Analyst, KeyBanc Capital Markets
Edward Hoon Shik Yang – Analyst, Oppenheimer Securities
Christopher W. Butler – Analyst, Sidoti & Co. LLC
Rich Fred Glass – Lead Portfolio Manager, Lockwell Investments LLC
Larry Solow – Analyst, CJS Securities, Inc.
Chris Shaw – Analyst, Monness, Crespi, Hardt & Co., Inc.

— MANAGEMENT DISCUSSION SECTION

Operator: Welcome to the Third Quarter 2012 Innophos Earnings Conference Call. My name is Larisa and I will be your operator for today's call. At this time, all participants are in a listen-only mode. Later, we'll conduct a question-and-answer session. Please note that this conference is being recorded.

I'll now like to turn the call over to Mr. Mark Feuerbach. Mr. Feuerbach, you may begin.

Mark Feuerbach, VP-Treasury, Financial Planning & Analysis

Good morning and thank you for joining us today for Innophos' third quarter 2012 results. Joining me on the call today are Randy Gress, Chief Executive Officer, and Neil Salmon, Chief Financial Officer.

During the course of this call, management may make or reiterate forward-looking statements made in our October 31 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 risk 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 November 1, 2012. 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 Gress, Chairman, President & Chief Executive Officer

Thanks, Mark, and good morning everyone. My opening comments will concentrate on third quarter performance and how we have continued to deliver on our strategic initiatives. Neil will then summarize our financial results and provide a look ahead to the fourth quarter and after which I will conclude with some final remarks and then we will take your questions.

Overall for the company, we achieved net sales of \$211 million in the third quarter, up 5% from last year. Diluted earnings per share were \$0.74 compared to the \$0.92 recorded in the third quarter of 2011 after excluding the previously disclosed adjustments for the prior quarter.

The decline in earnings per share was primarily attributable to lower profitability on sales of our co-product GTSP with the GTSP & Other segment continuing as expected at about a break even earnings level.

Specialty Phosphates revenue was up 4% with the primary contributors being 2% organic volume growth in our U.S. and Canada Specialty Phosphates business, a 3% benefit from the effect of consolidating our recent acquisitions, Kelatron and AMT, and a 5% price improvement as we continue to enjoy the benefit of price increases implemented over the last 12 months.

These gains were partially offset by a disappointing quarter in our Mexico Specialty Phosphates business where revenue was down 15% compared to a strong year ago quarter. Market conditions were similar in the quarter to the generally weak conditions we saw last quarter with demand from end markets similar or moderately lower than a year ago. The 2% organic growth achieved by the U.S. and Canada business represented continued above-market growth through progress in the execution of our growth strategy.

A number of factors contributed to the volume shortfall in Mexico Specialty Phosphates. At the beginning of the quarter, Hurricane Ernesto caused some disruption to local transportation and to plant production. Although, I'm pleased to say our improved contingency plans were successful in reducing the impact of the weather disruption compared to similar events in the past.

We then experienced some manufacturing operating issues, which although successfully rectified, further contributed to a shortfall in production volumes in the first couple of months of the quarter. Normally, we would have been able to catch up on these shortfalls later in the quarter. But in this case, we then went into the planned maintenance outages, which we talked about during the second quarter earnings call, with lower inventory levels than planned, so preventing any catch up ability.

The quarterly result for Mexico was below our expectations, but for specific reasons and we expect to get back to our prior volume run rate in the fourth quarter. However, we are now in the middle of the next phase of our planned maintenance activities. And that will make it difficult to offset the third quarter shortfall with additional growth in the fourth quarter.

Overall, the Mexico business remains in good shape and we continue to make progress in improving the orientation of our product line to more differentiated food and beverage end markets.

Turning now to our growth initiatives, we continue to see strong performance from our first bolt-on acquisition of Kelatron Corporation and are pleased with the initial results from our second bolt-on acquisition of AMT Labs.

I'm also pleased to say that integration is proceeding well and synergy identification is coming in ahead of our projections. However, the more important element from the value creation with these acquisitions is in the revenue benefits we see from the combination of the acquired product lines and sales channels together with the base Innophos business. And so far, results are also ahead of expectation.

Additionally, we continue to build – to deliver on our geographic growth objectives. We've completed construction of our food grade blending facility and food ingredient lab in China and have commissioned the plant. In the last few weeks, we've also significantly increased our commercial resources in the region, both in sales and in technical service.

We intend to submit the application for our China food manufacturing license shortly. And although as we've mentioned in the past, the process for achieving a food ingredient license in China can take some months to complete. We continue to expect commercial sales to start in the first quarter of 2013.

In terms of capital allocation, our solid earnings profile and strong cash flow generation allows us to both invest in our business and increase our cash return to shareholders. I'm therefore pleased to announce that the Board of Directors is increasing our quarterly dividend rate by 30% or \$0.08 per share to \$0.35 per share effective with the fourth quarter payment. With this increase, our third in less than two years, we have more than doubled our dividend since 2010. We also expect to continue a supplemental share repurchase program. And during the third quarter, we bought back 150,000 shares. These initiatives underscore our efforts to maximize value for our shareholders.

While we continue to operate in a challenging broader market environment, we will continue to execute on product line developments that will drive the above-market growth we are targeting. We continue to gain traction with our new products including ingredients providing calcium and other mineral fortification options and those that reduce the sodium content of foods and beverages. And we believe we can leverage these innovative products into long-term growth.

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

Neil Salmon, Chief Financial Officer & Vice President

Thanks, Randy. I will recap Randy's comments on sales and business trends in order to put them in the context of our third quarter results and then provide a few comments on what we see ahead in the fourth quarter.

Net sales for the third quarter of 2012 were \$186 million from Specialty Phosphates and \$25 million from GTSP & Other resulting in a total of \$211 million, a 5% increase over the third quarter of 2011. Compared to the third quarter last year, Specialty Phosphates prices were up 5%, but volumes were down 1%, and volumes included a 3% benefit from the Kelatron and AMT acquisitions.

The U.S. and Canada Specialty Phosphates business recorded an 11% year-over-year increase in sales for the third quarter with prices up 4%. Volumes increased 7% when compared to the year ago period, which included a 4% benefit from Kelatron and AMT.

Operating income for US/Canada at \$23 million was \$1 million above from the year ago period, and \$2 million higher sequentially. Third quarter 2012 operating income margin was 16%, about 180 basis points higher on a sequential basis, but slightly lower by about 60 basis points from year ago levels.

The Mexico Specialty Phosphates business was down 15% from year ago levels with prices up 7%, but volumes lower by 22% versus a strong third quarter of 2011. Operating income for Mexico Specialty Phosphates was \$2 million, \$5 million lower compared to the same period last year, and down \$6 million sequentially, giving an operating margin in the second quarter of 6%, down 900 basis points from year ago levels. But the year-to-date margin of 12% remained above the comparative year ago level.

Overall, Specialty Phosphates operating income for the third quarter of 2012 was \$25 million, \$3 million below the prior year quarter and \$4 million lower sequentially with U.S. and Canada increases, offset by Mexico declines and a \$1.5 million impact from acquisition accounting and acquisition-related expenses in the quarter.

Operating income margin at 14% was down 130 basis points sequentially and 240 basis points below the 2011 third quarter, also attributable to the declines in Mexico and acquisition related expenses.

GTSP & Other revenue was \$25 million compared to revenue of \$22 million in the prior year period. Revenue reflected higher volumes, partially offset by lower market prices. The segment recorded an operating loss of \$0.5 million, \$5 million below the third quarter 2011. The combination of lower phosphate fertilizer market prices and relatively high market raw material costs meant this segment continue to operate at approximately the breakeven level with the operating inefficiencies and scheduled outage effects resulting in the \$0.5 million operating loss.

Our effective tax rate was 33.4% for the third quarter of 2012, in line with our first half's effective rates, after excluding the Rhodia settlement, which was recorded as a discrete item for tax provision purposes. We continue to project a 33% to 34% underlying tax rate for 2012.

Looking ahead to the fourth quarter, we expect the US/Canada Specialty Phosphates business to continue achieving 2% to 3% organic volume growth, despite challenging external conditions. Although on a sequential basis, the fourth quarter is typically 1% to 2% lower than the third quarter for usual seasonal reasons.

Mexico Specialty Phosphates is expected to complete its scheduled maintenance outage activities in the fourth quarter and reserve volumes to a smaller level to the year ago period. However, outage related restrictions will limit the ability of the business to make up for the lower third quarter volumes.

Specialty Phosphates selling prices were 5% higher in the 2012 third quarter versus the same period last year. We're targeting further selling price increases for the fourth quarter 2012 and into the beginning of 2013 in response to ongoing high levels for market raw material prices. Although, new increases will likely be of a smaller magnitude than those achieved in the year ago period, and so the year-over-year benefit of price increases will be somewhat less going forward.

Maintenance spending, primarily for scheduled outages in the U.S. and Mexico, along with mining activities to support the evaluation of our mining concessions in Mexico, were in line with the \$2 million expected, but more weighted towards maintenance. A similar level of expense is expected for the fourth quarter in these areas.

Overall, therefore, management expects Specialty Phosphates operating performance in the 2012 fourth quarter to be similar to the third quarter as Mexico Specialty Phosphate volume increases offsets U.S. and Canada seasonal volume decline. GTSP & Other operating performance should remain near-breakeven.

Turning to cash flow, our net debt in the third quarter of 2012 increased by \$17 million to \$80 million resulting primarily from the \$27 million acquisition of AMT Labs and \$7 million for the company's previously announced stock repurchase program.

Capital expenditures were \$6 million in the 2012 third quarter and management now expects to spend approximately \$25 million for the 2012 full-year period. Investment continues to be focused on debottlenecking US/Canada and Mexico Specialty Ingredients facilities, expanding geographically, including the investments in China, and enhancing Mexico's capability to process multiple grades of rock, consistent with the company's supply chain diversification strategy. Depreciation and amortization was \$11 million for the 2012 third quarter similar to the year ago levels.

For the 2012 full-year, we expect depreciation and amortization to remain in line with 2011 levels as increases from the ERP project should be offset by decreases coming from our 2004 step-up accounting when Innophos was formed.

Now back to you, Randy.

Randolph Gress, Chairman, President & Chief Executive Officer

Thanks, Neil. While we continue to operate in a challenging broader economic environment that is affecting demand trends across our markets, we achieved solid results in our U.S. and Canada specialty phosphates business and made progress on our strategic growth objectives.

We continue to see good progress in developing customer relationships, particularly through our innovative projects around new products while leveraging our technical services expertise. We also continue to gain traction with our new products and remain on schedule with our geographic expansion plans.

Our recent acquisitions into adjacent strategic market segments have performed well so far by expanding our offerings in the micronutrients markets. Kelatron has shown strong performance against the year ago period and AMT is poised for growth. Additionally, they are complementary to our business and we continue to expect synergies in the coming quarters.

We continue to explore additional bolt-on acquisitions opportunities. While we cannot predict the timing of such acquisitions, this remains an important part to our growth strategy. We can assist these businesses in achieving strong growth through Innophos' market presence and with our significant sales channels can achieve benefits for both companies while enhancing operational cost efficiencies.

Finally, our ongoing strong cash flow generation and solid earnings profile has enabled us to continue executing on our capital allocation goals. While our first priority remains to identify and deliver attractive returns from growth projects, we will continue to look for opportunities to return cash to shareholders. And through raising our quarterly dividend and share repurchase strategy, we believe we have and will continue to execute on this objective. As we have previously stated our objective is to continue to grow our dividend over time with our earnings growth.

Before I conclude, let me say a brief word about Hurricane Sandy. And, of course, uppermost in our thoughts are those in our community who have suffered terrible losses as a result of this

storm. For Innophos, we are fortunate and that none of our manufacturing or distribution centers are located in the affected area.

However, our corporate headquarters and R&D center in Cranbury, New Jersey has been without power since Monday night. I am pleased to say that through the dedication of our employees, we have implemented contingency plans, which have been effective in maintaining operations. Shipments have continued to customers and Cranbury-based customer-facing activities, including customer service, were up and operating again at alternative locations as soon as the storm had passed.

It is not yet possible to make a full assessment of the impact of the storm on our fourth quarter results and we do not currently have a sense for the impact on customer demand. But our best estimate as of today is that there should be no material effect on fourth quarter results.

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

QUESTION AND ANSWER SECTION

Operator: Thank you. And I'll begin the question-and-answer session. [Operator Instructions]

Peter Cozzone from KeyBanc Capital Markets is on line with question.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Hey. Good morning, guys. We're [indiscernible] (0:19:42) East Coast here in Cleveland, so...

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

<Q – Peter Cozzone – KeyBanc Capital Markets>: First, has the destocking you started to see in 2Q largely ended? Can you maybe talk a little bit about what you're seeing on an end markets basis or regional basis, and then if you exclude the destructions in Mexico, higher volumes in the base specialty business tracking out as your prior outlook.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, I think as we pretty much expected the demand overall has been fairly flat and stable as we're predicting. I think if you look more at some of the international markets and where we had commented before on some of the destocking, we've, I think for the most part, been stable with our export position. But there was one customer in Latin America where we also saw some destocking there. But overall, we'd expect that to recover.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Great. And then Randy, relative to your long-term financial targets, given base growth has been a little slower this year, what is your confidence in your ability to hit those goals that you've laid out in the past, particularly for the Specialty Phosphates business? And then assuming volumes are maybe a little softer in the current environment, where would the offset have to come in? Is it more primarily in the price mix front?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. For the, I think, near-term, it's pretty hard for us to predict what the overall impact would be on the base demand. But we are expecting it to be fairly stable going forward. And I think what we are looking at is we still expect to deliver on our long-term growth objectives and that's the success with the new products, as well as with the geographic expansion. I think we've a high confidence in delivering on those results going forward.

<Q – Peter Cozzone – KeyBanc Capital Markets>: Good. And then, lastly, could you just give us an update on where rock prices are trending maybe relative to beginning of the year, and where are you in the contractual negotiations for next year? And assuming current prices, would you still expect the contracted portion of that to be [indiscernible] (0:22:14)?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Peter, I'm going to ask Neil to answer that one.

<A – Neil Salmon – Innophos Holdings, Inc.>: Yeah. So, certainly for the first quarter next year against typically the same period in 2012, there will be an effect because the catch up in raw material costs, as you're aware, only came through in the second quarter of this year. More generally, we view market trends in phosphate rock is fairly stable. And it's always difficult to get an exact read from publications and some publications have different views on this.

But I think there may have been some spot pricing at the end of last year at high levels that is not being still down at those same levels today. But if you take out those effects from the underlying pattern and phosphate rock pricing seems to be pretty stable and we see that continuing in the short-term. So, most likely, apart from that first quarter effect, we should be in a fairly stable raw material environment next year. And, as we discussed before, if we do see the beginning of an

upward trend again on raw material cost, we feel we should be able to respond with certain price increases.

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

<A – Neil Salmon – Innophos Holdings, Inc.>: Thanks, Peter.

Operator: Edward Yang from Oppenheimer is on line with questions.

<Q – Edward Yang – Oppenheimer Securities>: Hi guys. And let me echo the earlier sentiment. Hope you guys are hanging in there.

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

<Q – Edward Yang – Oppenheimer Securities>: Randy, you mentioned that you won't recover loss volume in the quarter in Mexico. So, your customers turn to other suppliers during those disruptions and did you sustain any market share loss?

<A – Randy Gress – Innophos Holdings, Inc.>: That was during the third quarter with some of the impact of our operating and production efficiencies as well as the tropical storms. I think what we really have done at this point I think is really return to a more stable environment that we were operating really at the second quarter level.

<Q – Edward Yang – Oppenheimer Securities>: Okay. And but, while you were unable to supply some of your customers during those disruptions, did some of your competitors step in and are those customers coming back to you now that once you get back on track?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. That was, really for the most part, just in the technical type of markets...

<Q – Edward Yang – Oppenheimer Securities>: Okay.

<A – Randy Gress – Innophos Holdings, Inc.>: ...where people may have or some of the competitors may have picked up some of the business.

<Q – Edward Yang – Oppenheimer Securities>: So, it's a less differentiated and the customers were a little bit more able to switch vendors as they needed to?

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

<Q – Edward Yang – Oppenheimer Securities>: Okay. And are you going to see any margin benefit in 2013 versus 2012 as some of this plant turnaround cost roll off? And what's the incremental change going to be in terms of mining costs? I know that was bigger than expected impact in 2012 as well?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah. Neil will address that, Ed.

<A – Neil Salmon – Innophos Holdings, Inc.>: Yeah. So, it is our expectation that the maintenance expense should be moderately less next year versus this year. Although it's not until we completed the work particularly in Mexico through the fourth quarter, then we'll get the results and that will then allow us to recalibrate the lengths of time and what the next maintenance program will be in 2013. So, we should have more to say on that at our next quarterly update. But that should be beneficial next year, so...

<Q – Edward Yang – Oppenheimer Securities>: For the mining [indiscernible] (0:26:14).

<A – Neil Salmon – Innophos Holdings, Inc.>: Yeah. So, mining, we expect to be up at around \$1 million per quarter run rate from next year. So, mining expense will be around – if we continue on current program, around \$2 million to \$3 million higher in 2013 versus this year. But this is a program that we're – every stop along the way, we're – as we passed each milestone, we're reconsidering and recalibrating what the most important next step is to the evaluation.

So, it's not a fixed program that runs for the next 12 months, but one that evolves based on the results we get at each stage. So, again, we'll continue to update you on that as we go through the time period here.

<Q – Edward Yang – Oppenheimer Securities>: And when do you expect GTSP to kind of revert back to normal margin? It's unusual to see you operating break even or a loss there for such a lengthy period of time.

<A – Neil Salmon – Innophos Holdings, Inc.>: Yeah, I agree. That's unusual. And we've commented a little on the underlying factors here before with raw material costs remaining relatively high in comparison to the fertilizer prices. And, we still feel pretty confident that the normal spread between our fertilizer prices and raw material costs will resume.

I think it's unlikely to happen over the next few months though because we're now entering the seasonally weaker period for fertilizer markets. So, and certainly this time last year, we saw some declines as this is typical through December, January, February in phosphate fertilizer prices, and too early to be sure if that will happen again this year. But I think we will remain cautious on GTSP margins at least through the first quarter of next year. But after that, we would hope that more normal margins begin to reassert themselves in that segment.

<Q – Edward Yang – Oppenheimer Securities>: And, finally, very nice to see the dividend increase and the stock buyback. Maybe, provide some insight into the thought process there and do you expect to step up that process, I know you've already increased it by a substantial amount in the last couple of years?

But, Randy, you had a comment there of growing that dividend with earnings. So, are you expecting future dividend increases to be in line with your earnings growth? Are you targeting a payout ratio? And, in the past, you've been very successful with your deleveraging strategy, but you're basically approaching those practical limits there. So, how are you thinking about the balance sheet as well?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, sure, Ed. I'll comment a little about our thought process there. At our annual strategic planned review with the Board, we focused on the progress we were making and delivering against our future growth objectives and the projected cash flow for the business. And then, we said that for some time that we'd be looking for opportunities to increase these cash returns to shareholders through the higher dividend payment.

And, overall, the Board felt confident that we could announce this increase now, while still fully pursuing the growth strategy that we have outlined and continuing to pursue those bolt-on acquisitions and invest in the geographic growth and new products. I think as you said, we'll continue to target increase in dividends with earnings. And, Neil, maybe you can comment a little bit on the balance sheet right now.

<A – Neil Salmon – Innophos Holdings, Inc.>: Yeah. And I think you're right, Ed, that the deleveraging has been successful. We don't see any particular additional value in further deleveraging. But we'll continue to keep under continuous review the best returns for additional cash investment, whether it'd be through the growth strategies as Randy mentioned or through additional cash returns to shareholders. So, certainly, we would expect to grow the dividend with

earnings, but don't consider that to be the upper-end of the possible range of payouts. And we'll continue to keep this on – in review as we go forward here.

<Q – Edward Yang – Oppenheimer Securities>: Okay, got you. Thank you very much.

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

Operator: Christopher Butler from Sidoti is on line with the question.

<Q – Chris Butler – Sidoti & Co. LLC>: Hi. Good morning guys.

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

<A – Neil Salmon – Innophos Holdings, Inc.>: Hi, Chris.

<Q – Chris Butler – Sidoti & Co. LLC>: Just to follow up on that last question, I know that you're targeted increasing the dividend 7% to 10% in line with expected annual operating income growth. Does that still hold true now, or does the big increase take a little bit of that out over the next five years?

<A – Neil Salmon – Innophos Holdings, Inc.>: No, I think that's still – position us the same as it was and that will – from the new base, we expect to increase with earnings and we'll keep the rate under review as well. So, I don't – our stance hasn't changed, and...

<Q – Chris Butler – Sidoti & Co. LLC>: With the – sorry, go ahead.

<A – Neil Salmon – Innophos Holdings, Inc.>: No, you go ahead, Chris.

<Q – Chris Butler – Sidoti & Co. LLC>: With the repurchase, is there a change in tone here? Up until now, I've looked at repurchases offsetting dilution for the most part. Is there a stronger stance towards reducing the share count modestly over time?

<A – Neil Salmon – Innophos Holdings, Inc.>: No. I think our base position is as you described, Chris. But we're not into that position, and – but I think most likely, you described correctly how the share repurchases will play here.

<Q – Chris Butler – Sidoti & Co. LLC>: And you talked about this a little bit. But in the specialty side of the business, you were talking about possibility of increasing prices in response to higher raw material cost going forward. Does that apply as well on the fertilizer side of the business, or does that spread narrow as we go forward and the side note on that is how does the spread normally fix itself? Is it a price that changes, or is it raw material costs kind of fall in line with expectations?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, I think just on the comment on the price increases, they are being implemented, but certainly not significant as those that we implemented during 2011. But are expected to be supportive to our margins and what is expected to be an ongoing, high raw material cost environment. But it's really too early now to be more precise in what we expect.

And I think for the GTSP, I think as Neil commented earlier, with the gap between prices and the raw materials, we expect some slight improvement there. But for those prices, we're really just following in the market for that level.

<Q – Chris Butler – Sidoti & Co. LLC>: And, as far as the acquisition cost, if I'm looking at your segment breakdown, does that entirely in the U.S. and Canada Specialty segment?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, that's right.

<Q – Chris Butler – Sidoti & Co. LLC>: I appreciate your time.

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

Operator: Richard Glass from Lockwell Investments is on line with the question.

<Q – Rich Glass – Lockwell Investments LLC>: Hi, guys. Nice solid quarter by the way. And as someone living in Lower Manhattan, I can commiserate with you.

<A – Randy Gress – Innophos Holdings, Inc.>: [indiscernible] (0:34:16).

<Q – Rich Glass – Lockwell Investments LLC>: Yeah, it's a lot of fun. Two questions, one, relating – sort of building on what was asked already in terms of the dividend increase, which is great. I was wondering does that imply anything about the availability or size of potential future acquisitions. Does it say anything about what's out there to buy?

<A – Randy Gress – Innophos Holdings, Inc.>: No, I don't think you can really read anything into that. I think it's really just in line with what we had expected and where we're expecting our cash flow to be strong. I think what we've said before is still consistent with our plans of looking very hard in the bolt-on acquisitions to support any adjacent areas that are in line with our core specialty business.

<Q – Rich Glass – Lockwell Investments LLC>: All right, it sounds good to me. And the second question is relating to GTSP in terms of whether there's possibilities to move to a sort of different – any different sort of arrangements or exploration of phosphate, I should say. In terms of making that – reducing the volatility to the company, is there any possibilities in that area?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, Neil, could you answer that?

<A – Neil Salmon – Innophos Holdings, Inc.>: Yeah, it's certainly something we keep under review as you'd expect, and I think there's nothing developed enough or imminent enough to give any specific comment about that. But I would agree that, that's something that we would pursue if we saw a value adding route to do so. And but also I would comment that the GTSP business does have a positive value to the business and we would want to make sure we're preserving that value even allowing for its volatility that's always been present in the business.

And I further comment that although we're seeing lower results this year versus last, the amount of the volatility in the GTSP segment is substantially reduced on what it was in prior years. And because of the success we've had with structuring raw material contracts in our supply chain diversification strategy.

<Q – Rich Glass – Lockwell Investments LLC>: Sure. Okay. Thanks a lot. Good luck.

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

<A – Neil Salmon – Innophos Holdings, Inc.>: Thanks.

<A – Randy Gress – Innophos Holdings, Inc.>: Good luck to you.

Operator: Larry Solow from CJS Securities is on line with the question.

<Q – Larry Solow – CJS Securities, Inc.>: Hi, good morning guys. Hope all is well. I missed the beginning of the call there because I cut into it a little bit late. The Mexican – the shortfall in Mexico, did the quantity or did the size of the shortfall sort of surprise you guys because I guess

you knew already about the weather, right, the impact of that tropical storm was early in the quarter, right?

So I guess by mid August or whenever your call was, that was the – sort of the ramifications of that slow down? Or did you think maybe you can make some more of it up than you did? Or, any color to that will be great.

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, I think when we had the last call, we did have the impacts of the weather. But typically for – I think in a normal quarter, we were expected to be able to make that up. But with some of the operational problems that we had and then that extending into our planned maintenance outages, it was difficult to make up the gap there.

<Q – Larry Solow – CJS Securities, Inc.>: Okay. And the U.S., the 3% year-over-year growth, is it fair to say it's mostly a pretty flat environment and just sort of that modest growth you had was really due to – you had a pretty easy comp, and you had some, I know, supply issues or issues with the new IT systems last year, right? Is that correct?

<A – Neil Salmon – Innophos Holdings, Inc.>: That was more of a fourth quarter last year.

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

<A – Neil Salmon – Innophos Holdings, Inc.>: And so I think we do feel that it is also representative of gains, the organic growth we've shown in the market...

<Q – Larry Solow – CJS Securities, Inc.>: Got you.

<A – Neil Salmon – Innophos Holdings, Inc.>: ...and through the growth strategy.

<Q – Larry Solow – CJS Securities, Inc.>: But how about sequentially? Would – if you talked about that earlier in the call, and the volume, Q3 over Q2, was there any...

<A – Neil Salmon – Innophos Holdings, Inc.>: It was pretty flat...

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

<A – Neil Salmon – Innophos Holdings, Inc.>: ...sequentially, yeah.

<Q – Larry Solow – CJS Securities, Inc.>: Right.

<A – Neil Salmon – Innophos Holdings, Inc.>: Which is typical, yeah.

<Q – Larry Solow – CJS Securities, Inc.>: All right. Okay, and then just last question, just on the mining concessions and work there. As we get – enter into 2013, sort of looking at a timeline [indiscernible] (0:38:50) go or a no go decision on – are we sort of entering that – getting close to that, or is it still going to take a couple of more years in sort of research into that?

<A – Randy Gress – Innophos Holdings, Inc.>: It's going to still take some time, Larry. We're continuing to evaluate those concessions. And as Neil alluded to earlier, there are a number of gates or to the points where we'd make the ongoing assessment on whether it makes sense. So, that will continue, but the spending plan, as Neil outlined, is pretty much in line with what we'd expect.

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

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

Operator: [Operator Instructions] Chris Shaw from Monness, Crespi is online with the question.

<Q – Chris Shaw – Monness, Crespi, Hardt & Co., Inc.>: Yeah. Good morning, guys. How you are doing?

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

<Q – Chris Shaw – Monness, Crespi, Hardt & Co., Inc.>: You're definitely not the only one without power, not that great. But to follow up the last one, the fact that the cost for the exploring and mining concessions are going up again next year, [indiscernible] (0:40:05) it's passed the gate so far this year that so far it's looking positive?

<A – Randy Gress – Innophos Holdings, Inc.>: Yes. Mine, we're – based on what we've evaluated thus far, it still makes sense for us to continue to spend time.

<Q – Chris Shaw – Monness, Crespi, Hardt & Co., Inc.>: Great. And then did you, or could you quantify sort of – you said there's a residual effects from the maintenance in Mexico for the fourth quarter. Is there a number that's going to impact 4Q?

<A – Neil Salmon – Innophos Holdings, Inc.>: Well, it's same as we said at the half year and also the same in the third quarter. We'd previously said there would be about \$2 million of additional cost in each of the third and fourth quarters, and that remains the case here. So, yeah, \$2 million of cost in the fourth quarter and that will be a typical run rate for maintenance and the historical run rates for mining.

<Q – Chris Shaw – Monness, Crespi, Hardt & Co., Inc.>: Okay. And then I know it's probably quite premature at this point, but any thoughts about having your largest competitor to be closer in Canada now, or would there be any difference with them integrating, I guess, their big asset operation with ICL?

<A – Randy Gress – Innophos Holdings, Inc.>: Yeah, I think we're certainly keenly aware of the strength and the limitations of our main competitors there in PCS and ICL. And then a possible strategic news, they're attempting – might attempt, but we've seen what's been published there in the press. And at this time, we really think it is speculative and greatly it depends on how the approvals go and including the anti-trust authorities and how they view the transaction. So, I think we're going to really need to continue to monitor this and evaluate it.

<Q – Chris Shaw – Monness, Crespi, Hardt & Co., Inc.>: Yeah, it could be interesting. Great. Thanks, guys.

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

Operator: There are no further questions. Do you have any final remarks?

Randolph Gress, Chairman, President & Chief Executive Officer

Yeah. 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 in the next quarter when we report fourth quarter and full-year results. And in closing, I want to wish all of you a good recovery from the effects of the Hurricane Sandy. Thank you.

Mark Feuerbach, VP-Treasury, Financial Planning & Analysis

And if I could just add, this is Mark Feuerbach, given the spotty phone service that we've been affected with and our site is still down, if anyone wishes to contact me today, the best way would be through email at either investor.relations@innophos.com or mark.feuerbach@innophos.com. Thank you.

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

[Abrupt End]