

Investor Presentation



September 2014



RESPONSIBLE CARE®
OUR COMMITMENT TO SUSTAINABILITY

Forward Looking Statements

The following information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and beliefs, as well as a number of assumptions concerning future events. These statements are subject to risks, uncertainties, assumptions and other important factors. You are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied. Koppers assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This presentation also includes non-GAAP measures.

The New Koppers: a Leading Global Supplier to Infrastructure and Construction Markets



Top producer of carbon compounds, performance chemicals and treated wood products

Unique product portfolio and niche end market focus

Strategic global presence

Long-term relationships with large blue chip customers

Focused on delivering sustainable profitable growth at attractive returns

The New Koppers: Three Core Complementary Business Segments



**Carbon
Materials and
Chemicals
(CMC)**

**2013 Pro Forma
Revenue \$906mm**

**Railroad and
Utility Products
and Services
(RUPS)**

**2013 Pro Forma
Revenue \$628mm**

**Performance
Chemicals
(PC)**

**2013 Pro Forma
Revenue \$334mm**

Unique Product Portfolio and Niche End Market Focus...



Specialty Products/Services Mix:

- Railroad Bridge Services
- Railroad Crossties
- Rail Joint Bars
- Utility Poles
- Wood Preservation Chemicals
- Carbon Pitch
- Creosote
- Naphthalene
- Phthalic Anhydride
- Carbon Black Feedstock

Performance:

- 2013 Pro Forma Sales: \$1,868 mm

Diverse End Markets:

- Railroad
- Utilities
- Construction
- Agricultural
- Aluminum/Steel
- Rubber

Strategic Global Presence:

- North America
- Europe
- Australia and New Zealand
- Emerging Markets
 - Asia
 - Middle East
 - South and Central America

...Generate Stable Cash Flows and Provide Growth Opportunities

Addition of Osmose Enhances Koppers Diversity, Stability and Growth Potential

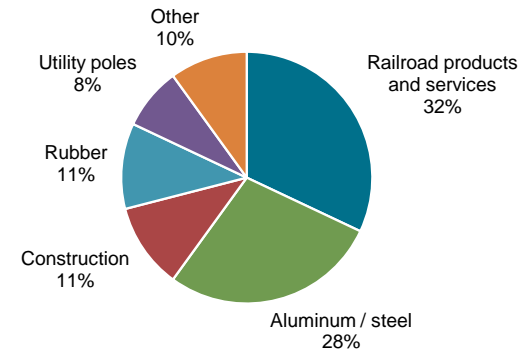
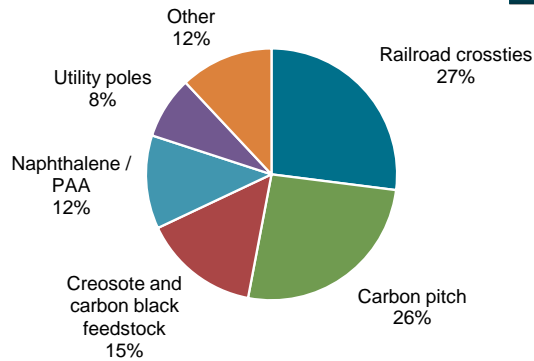


2013 Sales by Product

2013 Sales by End Market

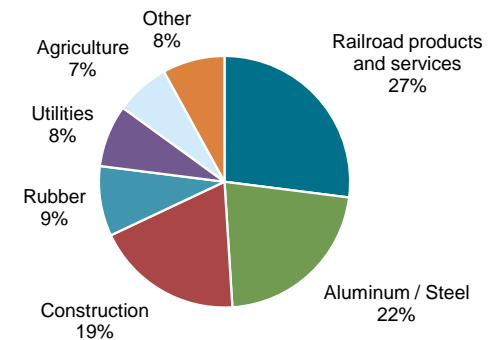
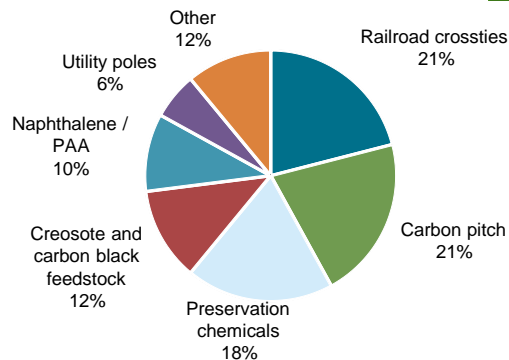
Koppers standalone

\$1,478mm



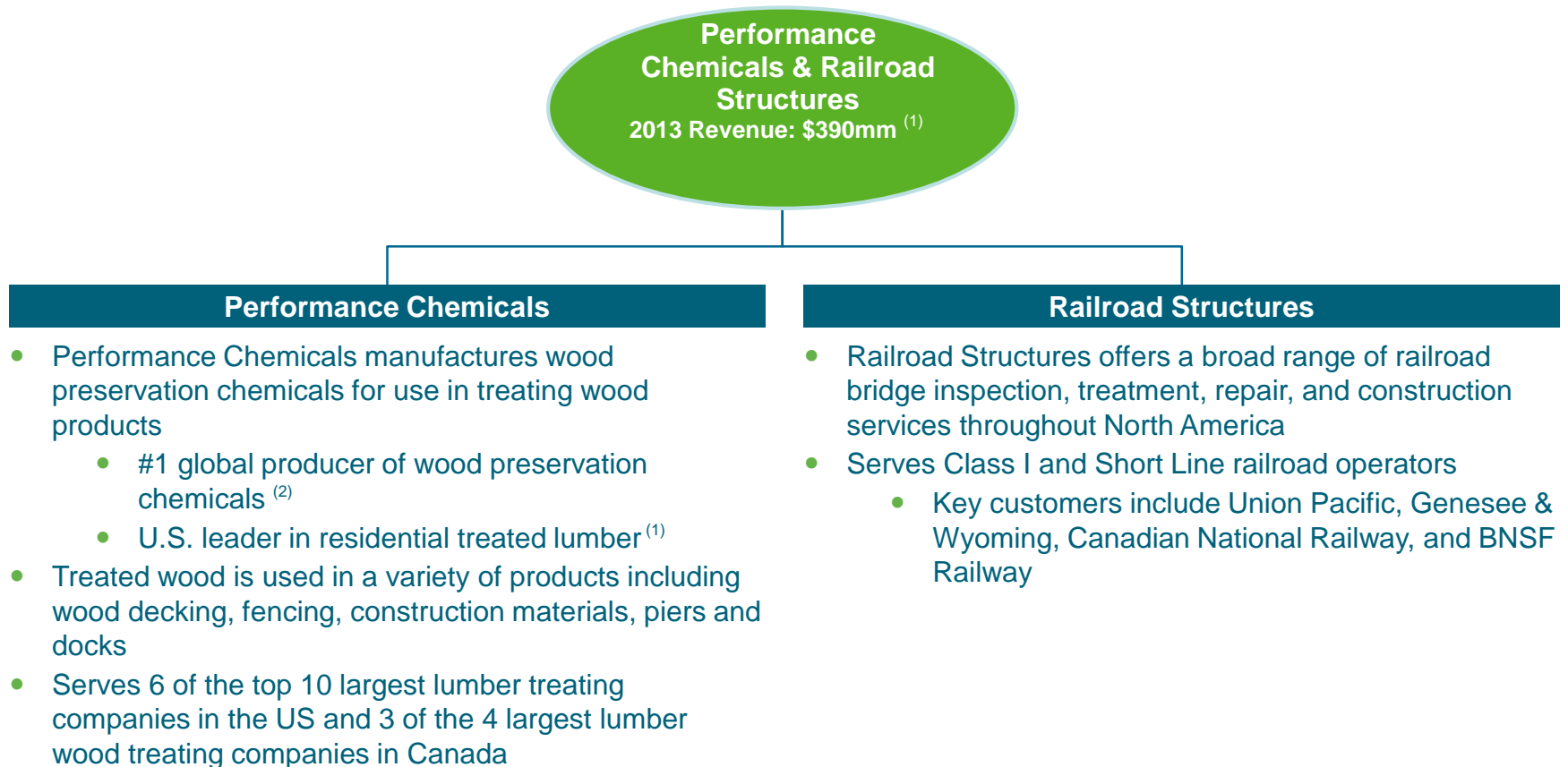
\$1,868mm

Koppers pro forma



Osmose Overview

The acquired Osmose entities are comprised of (i) a global market leader in wood preservative chemicals (Performance Chemicals) and (ii) a service provider to the rail industry (Railroad Structures)



1. Includes \$16 million of residential treated lumber revenues that are added to RUPS

2. Management estimates

Products Fulfill Industry Demand Across Diverse End Markets...



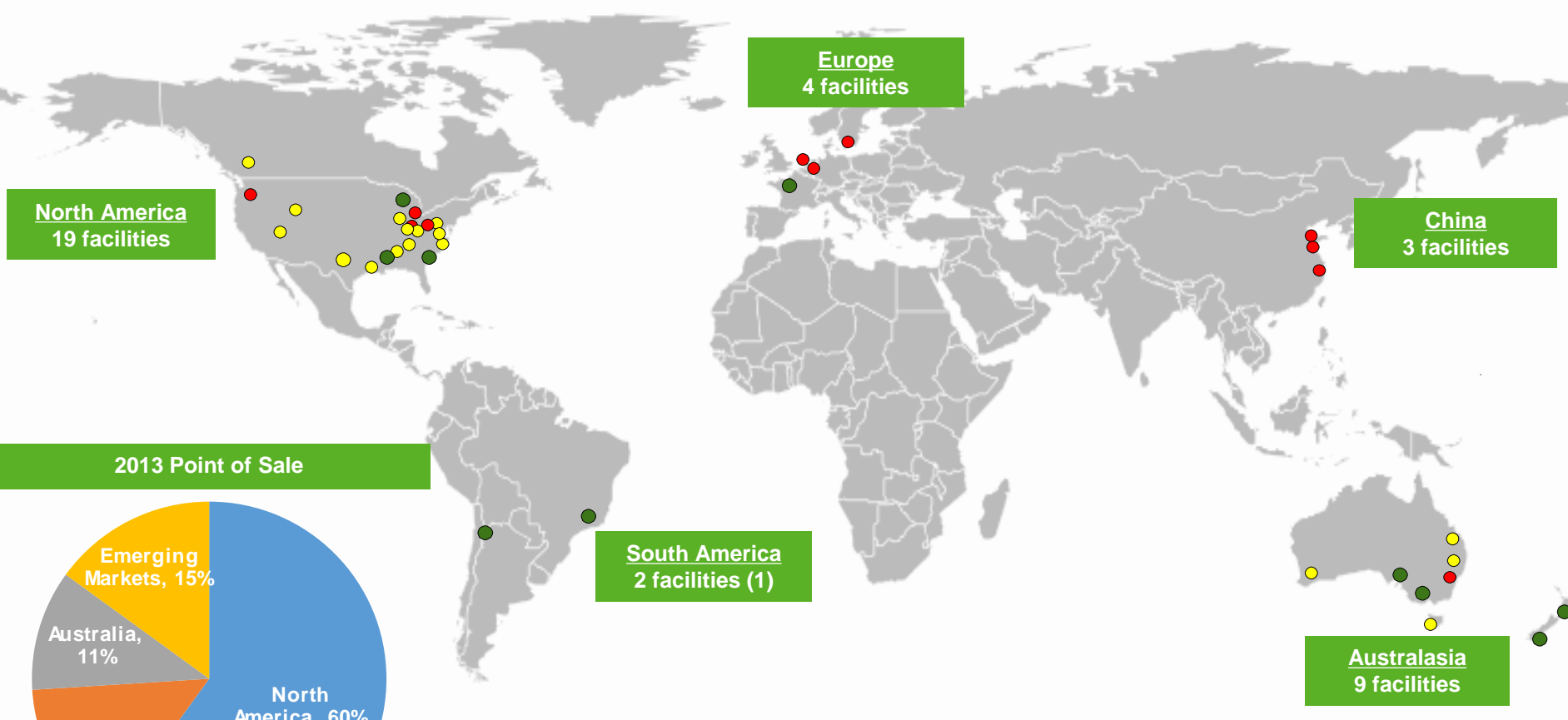
Drivers	Coal Tar	Carbon Pitch	PAA	Naphthalene	CBF	Creosote	Railroad Crossties	Treating Chemicals
BF Steel	✓							
EAF Steel		✓						
Aluminum		✓						
Automotive		✓	✓	✓	✓			
Rubber					✓			
Construction		✓	✓	✓				✓
Class I RR Budgets						✓	✓	
Crosstie Insertions						✓	✓	

...Providing Counter-Cyclical Earnings Stability

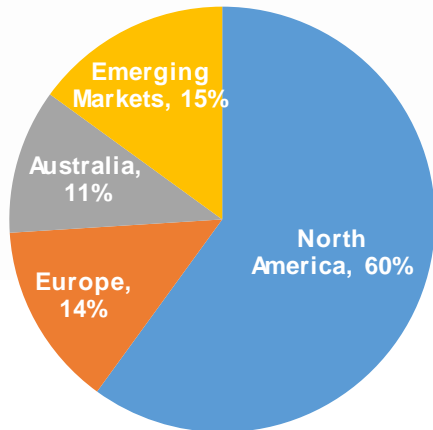
Strategically Located Facilities to Best Serve Clients and Meet Growing Demand



Facilities are well-positioned to capture worldwide growth in demand



2013 Point of Sale



- Carbon Materials and Chemicals
- Railroad and Utility Products and Services
- Performance Chemicals

(1) Toll producing facilities

Long-Term Relationships with Large Blue Chip Customers Create Revenue Visibility



Select Key Customers

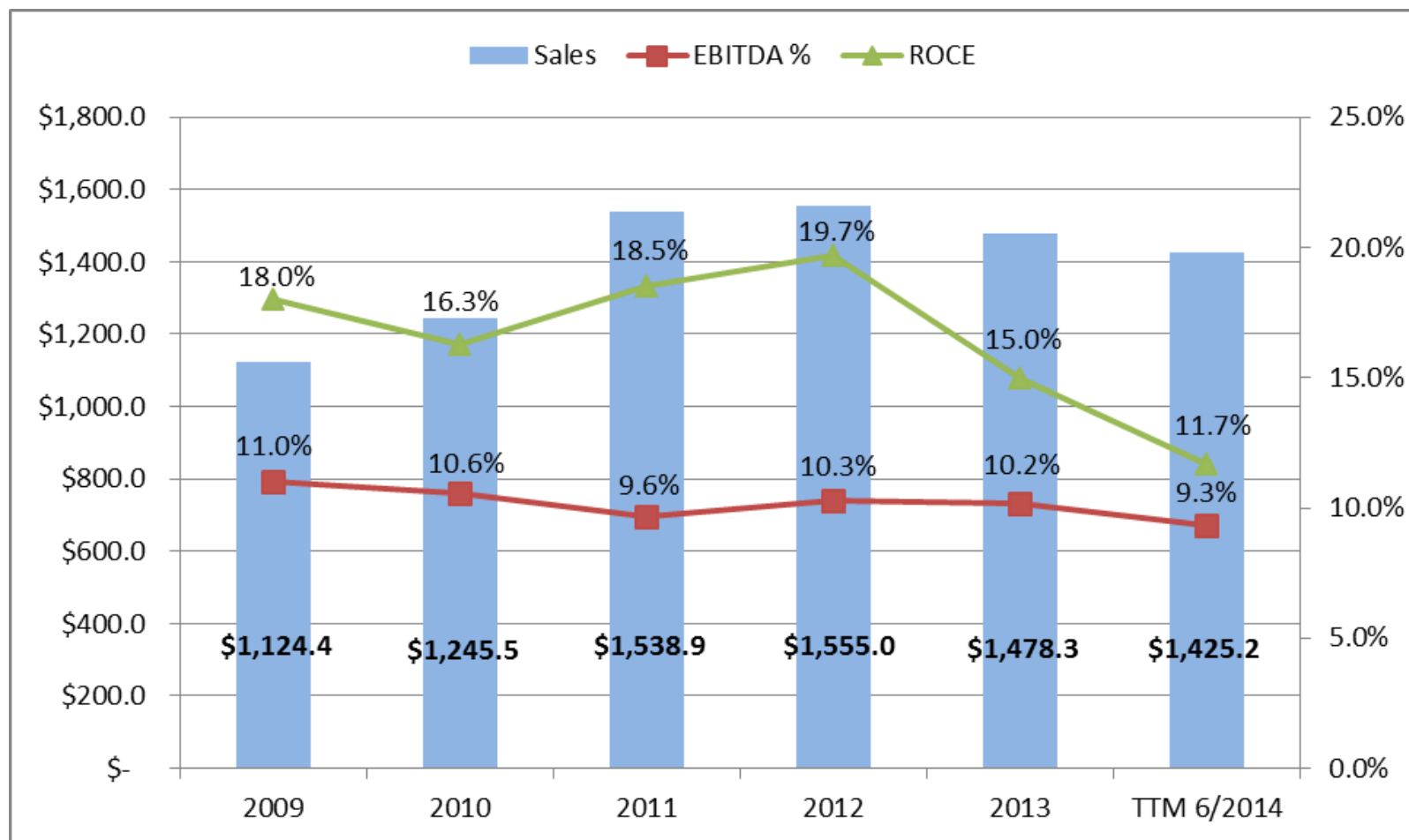


Market Challenges

- **Depressed global aluminum market has resulted in a difficult pricing environment for carbon pitch**
- **Recessionary conditions in Europe have resulted in reduced volumes and pricing for carbon pitch, naphthalene and CBF**
- **North American CMC business continues to be challenged by difficult market conditions**
- **KCCC joint venture in China is being closed as a result of our JV partner being ordered to cease operations at their coke ovens due to pollution concerns**
- **In the Middle East, despite the growth in production in this low energy cost region, competition remains strong and pitch prices continue to be depressed**
- **Railroad business negatively impacted in 2014 due to reduced crosstie availability**

2014: Transitional Year for Koppers

(\$ millions except EPS)



Adjusted EPS \$1.73 \$2.32 \$2.80 \$3.27 \$2.60 \$2.08

(1) Calculations of historical Adjusted EPS can be found in our earnings press releases at www.koppers.com under Investor Relations

Focused on Delivering Long-Term Sustainable Profitable Growth at Attractive Returns



Growth

- ▶ **Achieve above-market sales growth**

Profitability

- ▶ **Improve margins by at least 200 basis points**

**Capital
Deployment**

- ▶ **Maintain ROCE greater than WACC**

Execution of These Priorities Will Deliver Increased Shareholder Value

Decisive Actions Have Been Taken...

Diversified business risk through Osmose acquisition

Completed construction of new distillation facility in China (KJCC)

Added to scale of RUPS business through Ashcroft acquisition

Ceased distillation activities at Uithoorn facility in The Netherlands

Commenced restructuring of North American CMC facilities

Continued investments in structural improvements in RUPS

...to Generate Substantial Sustainable Profit Improvement Beginning in 2015

Osmose Enhances Koppers Strategic Objectives



Koppers Objectives	Commentary
<p><u>Growth</u> Achieve above-market sales growth</p>	<ul style="list-style-type: none"> 2010 – 2013 Sales CAGR of 8.1% exceeds Koppers Sales CAGR of 7.5% over that same period Ability to leverage Osmose geographic footprint to enhance Koppers sales opportunities
<p><u>Profitability</u> Improve margins by at least 200 basis points</p>	<ul style="list-style-type: none"> Acquisition is expected to be accretive to consolidated EBITDA margins, and consistent with the company's goals of achieving at least a 12% EBITDA margin by the end of 2015^(a)
<p><u>Capital Deployment</u> Maintain ROCE higher than WACC</p>	<ul style="list-style-type: none"> IRR exceeds Weighted Average Cost of Capital (WACC) Lower cost financing will reduce WACC
<p><u>Target Market</u> Selective, complementary core and near-adjacent acquisitions in infrastructure space</p>	<ul style="list-style-type: none"> Performance Chemicals business complements Koppers traditional creosote wood treating chemical business Railroad Structures maintenance-of-way business serves same customer base as Koppers Railroad and Utility Products and Services ("RUPS") business
<p><u>Earnings Impact</u> Must be accretive in near term</p>	<ul style="list-style-type: none"> Acquisition is expected to be accretive to earnings by the end of 2015 without \$12 million of estimated synergies

Source: Management estimates.

(a) Koppers and Osmose management estimates do not include synergies.

Strong Cash Flow and Liquidity

Financing Structure at Close of Transaction

- New five year \$500 million revolver (\$230 million drawn) to replace current \$350 million revolver at initial interest rate of 3.25%
- New five year amortizing term loan A of \$300 million at initial interest rate of 3.25%
- Leave the existing senior notes in place and ratably secure with the revolver/term loan
- Pro forma net leverage of ~4x⁽¹⁾ with near-term focus on reduction of net leverage to ~3x
- Will take advantage of market conditions to evaluate long term capital structure options

Advantages to Financing Approach

- Low debt service cost
- Mix of fixed and floating debt
- Pre-payment flexibility at no cost (term loan A)
- Bridge-free financing solution

Transaction Sources and Uses			
Sources of Funds		Uses of Funds	
New Revolver	\$500	Osmose Purchase net of cash acquired	\$467
New Term Loan A	300	Existing RCF Repayment, LCs & Fees	93
		Liquidity	240
Total Sources	\$800	Total Uses	\$800

1. Net leverage defined as net debt (total debt less cash) divided by adjusted EBITDA

Bond Refinancing Opportunity

- **Current outstanding bonds of \$300 million**
- **Coupon @ 7.785% with first call date at 12/1/2014**
- **Call premium approximately \$12 million at call date; earlier call would cost additional \$3-4 million**
- **Expectation is to refinance in 2014 with 175-225 bp reduction**
- **Intention is to upsize the bond issue with portion >\$300 million used to reduce existing term loan**
- **Rate reduction would reduce interest expense and cost of capital**

2015 – Strong Prospects for New Koppers

- **Some industry headwinds beginning to abate**
 - Positive signs of a stronger global aluminum market with higher LME pricing
 - European economy showing signs of recovery
 - Expect crosstie procurement volumes to rebound in the second half of 2014 as sawmill capacity continues to grow in response to increased end-market demand

- **Actions taking hold**
 - Stopped distillation activities at our Uithoorn facility in The Netherlands in April and moved those production volumes to remaining two European facilities
 - Restructuring of our North American CMC facilities is providing cost savings
 - Freezing and funding of US pension plans has reduced pension expense by >\$5 million on an annual basis

- **Osmose synergy and margin expectations**
 - Addition of Osmose should have significant impact on progress towards achieving sustainable 12% EBITDA margins on a consolidated basis and be accretive to existing margins in 2015
 - Synergies from the acquisition of Osmose businesses are expected to reach an annualized run rate of \$12 million by 4Q 2015

The New Koppers: A Leading Global Supplier to Infrastructure and Construction Markets



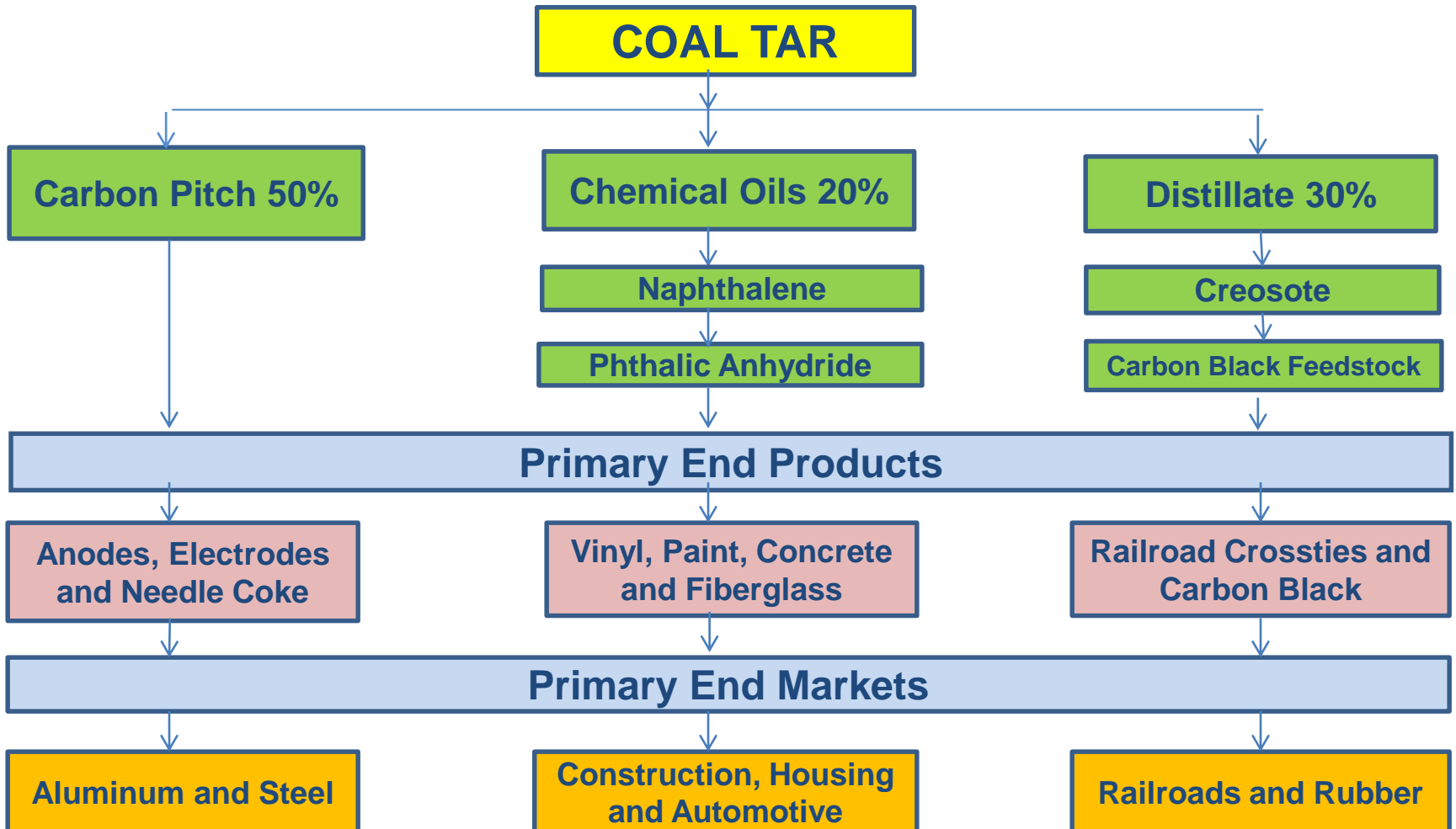
- **Market leadership positions** and long-term customer relationships provide for a **stable base business** and **recurring revenue stream**
- **Diversity** of products, end markets, and locations provides **counter-cyclical earnings stability**
- **Proven track record** of creating shareholder value through strategic investments that generate **high returns on capital**
- Comprehensive long-term **business strategy** with specific actions targeted to **significantly grow** the top and bottom lines
- **Strong cash flow** and liquidity provides **ample capital** for execution of long-term business strategy

Appendix

Vertically Integrated Operations: A Competitive Advantage



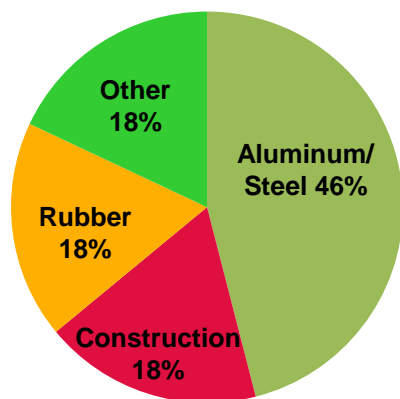
Koppers buys coal tar from over 60 suppliers in 16 countries



Carbon Materials and Chemicals Sales and EBITDA Summary

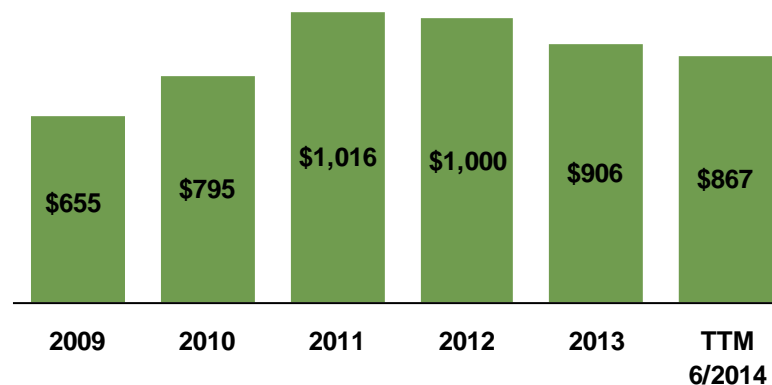


2013 Sales by End Market

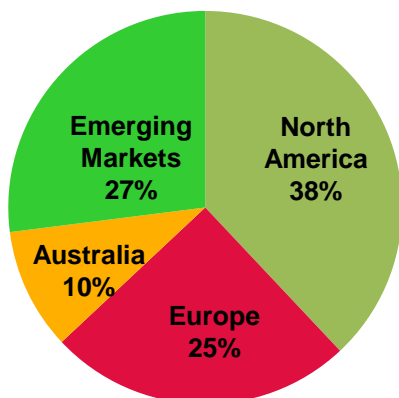


- (1) Other includes refined tar, petroleum pitch, benzole and misc. products.
- (2) Construction includes PAA and naphthalene,

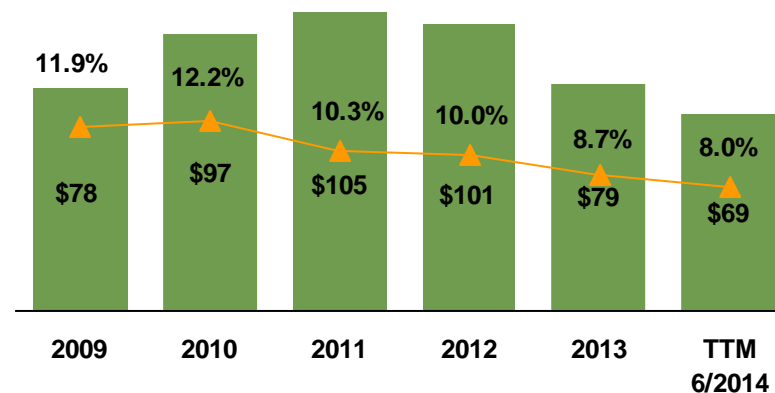
Sales (\$mm)



2013 Point of Sale



Adjusted EBITDA (\$mm)

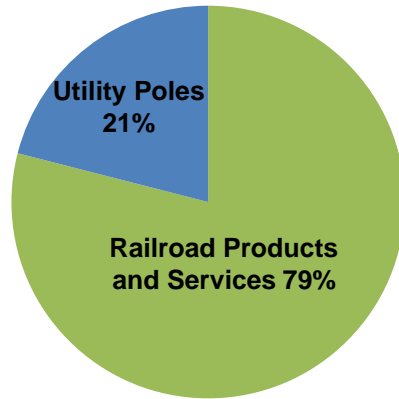


▲ Adjusted EBITDA Margin

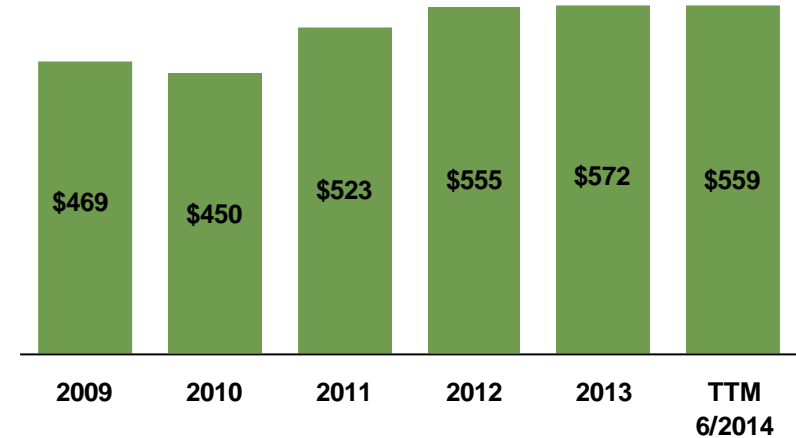
Railroad and Utility Products and Services Sales and EBITDA Summary



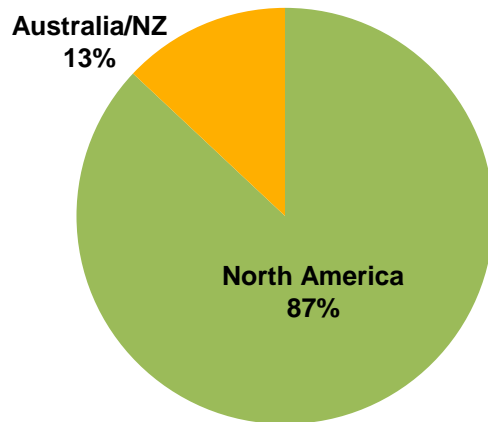
2013 Sales by End Market



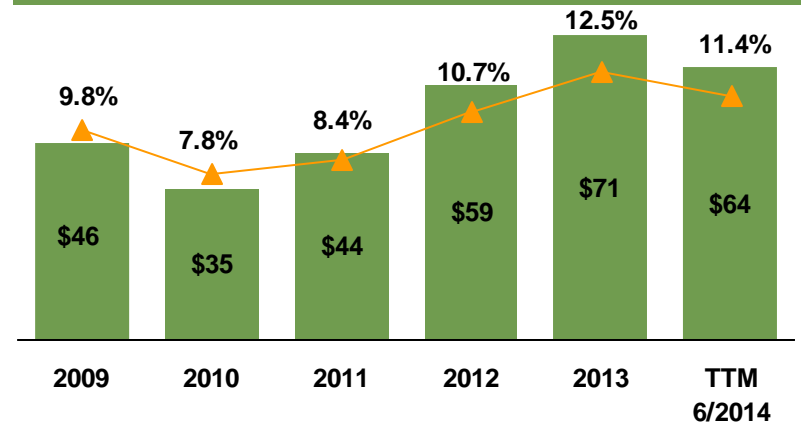
Sales (\$mm)



2013 Point of Sale



Adjusted EBITDA (\$mm)



▲ Adjusted EBITDA Margin

Return On Capital Employed (ROCE)

(not restated for discontinued operations)



(\$ in millions)

Return On Capital Employed

(Prior periods not restated for discontinued operations)

						TTM
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>6/30/2014</u>
Interest expense	\$ 36.3	\$ 27.1	\$ 27.2	\$ 27.9	\$ 26.8	\$ 26.7
Loss/(gain) on debt extinguishment	<u>22.4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total interest expense	\$ 58.7	\$ 27.1	\$ 27.2	\$ 27.9	\$ 26.8	\$ 26.7
<i>US Effective tax rate (including state)</i>	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Tax effected interest	\$ 35.2	\$ 16.3	\$ 16.3	\$ 16.7	\$ 16.1	\$ 16.0
Add: Adjusted net income	<u>37.7</u>	<u>48.0</u>	<u>58.3</u>	<u>68.7</u>	<u>54.1</u>	<u>42.9</u>
A Adjusted Net Operating Profit After Tax (A)	\$ 72.9	\$ 64.3	\$ 74.6	\$ 85.4	\$ 70.2	\$ 58.9
S/T debt and current portion of L/T debt	\$ 0.2	\$ 1.0	\$ -	\$ -	\$ -	\$ -
L/T debt	335.1	295.4	302.1	296.1	303.1	358.4
Stockholders' equity (less minority interest)	43.8	88.7	94.8	150.6	169.8	170.9
Add(Deduct) tax effected net income adjustments	18.6	3.7	21.4	3.0	13.6	23.9
Total Capital Employed	\$ 397.7	\$ 388.8	\$ 418.3	\$ 449.7	\$ 486.5	\$ 553.2
B Average Capital Employed (B)	\$ 404.2	\$ 393.3	\$ 403.6	\$ 434.0	\$ 468.1	\$ 503.8
A/B Return on Invested Capital (A/B)	18.0%	16.3%	18.5%	19.7%	15.0%	11.7%

Sales and EBITDA Reconciliation

(not restated for discontinued operations)

(\$ in millions)

Years Ended December 31	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TTM 6/2014</u>
Net sales	\$1,124.4	\$1,245.5	\$1,538.9	\$1,555.0	\$1,478.3	\$1,425.2
Net income attributable to Koppers	18.8	44.1	36.9	65.6	42.8	21.2
Interest expense including refinancing	58.7	27.1	27.2	27.9	26.8	26.7
Depreciation and amortization	24.8	28.1	48.8	28.2	37.6	41.6
Income tax provision	13.8	29.1	14.9	33.3	36.8	21.2
Discontinued operations	0.3	0.2	–	0.1	0.1	0.2
EBITDA	116.4	128.6	127.8	155.1	144.1	110.9
Non-controlling interest	2.6	0.4	0.7	1.6	1.3	-2.7
EBITDA with noncontrolling interests	119.0	129.0	128.5	156.7	145.4	108.2
Unusual items impacting net income						
Plant closings and restructuring	0.6	0.5	20.8	2.8	4.2	23.7
Plant outages	2.8	–	–	–	–	–
Gain on sale	–	-1.6	-0.9	–	-1.8	-1.8
Acquisition cost write-off	1.6	1.6	–	–	–	–
Incremental 4 th quarter LIFO and LCM	–	1.5	–	–	–	–
Tank and tank car cleaning	–	–	–	–	2.6	2.6
Legal settlements	–	0.9	–	–	–	–
Adjusted EBITDA with noncontrolling interests	\$124.0	\$131.9	\$148.4	\$159.5	\$150.4	\$132.7

Note: Koppers believes that adjusted EBITDA provides information useful to investors in understanding the underlying operational performance of the company, its business and performance trends and facilitates comparisons between periods and with other corporations in similar industries. The exclusion of certain items permits evaluation and a comparison of results for ongoing business operations, and it is on this basis that Koppers management internally assesses the company's performance. Although Koppers believes that this non-GAAP measure enhances investors' understanding of its business and performance, this non-GAAP financial measure should not be considered an alternative to GAAP basis financial measures.

Carbon Materials and Chemicals EBITDA Reconciliation



(prior years not restated for discontinued operations)

(\$ in millions)

Years Ended December 31	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TTM 6/2014</u>
Operating profit	\$58.5	\$77.6	\$45.4	\$83.1	\$43.9	\$13.3
Allocated corporate operating profit	(0.6)	(0.8)	(0.6)	(0.8)	(1.0)	(3.1)
Depreciation and amortization	17.5	18.3	39.8	17.4	30.7	34.5
Allocated other income	(1.3)	2.1	0.2	0.4	1.3	0.4
EBITDA	\$74.1	\$97.2	\$84.8	\$100.1	\$74.9	\$45.1
Unusual items impacting net income						
Plant closings and restructuring	–	–	20.8	–	1.6	21.4
(Gain) on sale of licensing	–	–	(0.9)	–	–	–
Acquisition cost write-off	1.6	1.6	–	–	–	–
Plant outages	2.4	–	–	–	–	–
Tank and tank car cleaning	–	–	–	–	2.6	2.6
(Gain) on legal settlements	–	(2.1)	–	–	–	–
Adjusted EBITDA	\$78.1	\$96.7	\$104.7	\$100.1	\$79.1	\$69.1

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RUPS EBITDA Reconciliation

(prior years not restated for discontinued operations)

(\$ in millions)

Years Ended December 31	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>TTM 6/2014</u>
Operating profit	\$38.2	\$23.0	\$34.8	\$45.1	\$58.3	\$53.4
Allocated corporate operating profit	(1.2)	(0.8)	(0.6)	(0.8)	(0.9)	(2.9)
Depreciation and amortization	7.3	9.8	9.0	10.8	10.9	11.1
Allocated other income	0.6	(0.2)	0.5	1.5	2.2	1.5
EBITDA	\$44.9	\$31.8	\$43.7	\$56.6	\$70.5	\$63.1
Unusual items impacting net income						
Plant closings and restructuring	0.6	0.5	–	2.8	2.6	2.3
(Gain) on sale	–	(1.6)	–	–	(1.8)	(1.8)
Legal settlements	–	3.0	–	–	–	–
Co-generation plant outage	0.4	–	–	–	–	–
Incremental LIFO charges	–	1.5	–	–	–	–
Adjusted EBITDA	\$45.9	\$35.2	\$43.7	\$59.4	\$71.3	\$63.6

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