



**KOPPERS**

INVESTING IN OUR PEOPLE-BASED CULTURE

***Acquisition of Cox Industrial  
April 11, 2018***

# Forward Looking Statement & Non-GAAP Guidance



Certain statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and may include, but are not limited to, statements about sales levels, acquisitions, restructuring, profitability and anticipated synergies, expenses and cash outflows. All forward-looking statements involve risks and uncertainties. All statements contained herein that are not clearly historical in nature are forward-looking, and words such as "believe," "anticipate," "expect," "estimate," "may," "will," "should," "continue," "plans," "potential," "intends," "likely," "outlook," "guidance," "forecast," or other similar words or phrases are generally intended to identify forward-looking statements. Any forward-looking statement contained herein, in press releases, written statements or documents filed with the Securities and Exchange Commission, or in Koppers communications with and discussions with investors and analysts in the normal course of business through meetings, phone calls and conference calls, regarding expectations with respect to sales, earnings, cash flows, operating efficiencies, restructurings, the benefits of acquisitions and divestitures or other matters as well as financings and debt reduction, are subject to known and unknown risks, uncertainties and contingencies. Many of these risks, uncertainties and contingencies are beyond our control, and may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Factors that might affect such forward-looking statements, include, among other things, the impact of changes in commodity prices, such as oil and copper, on product margins; general economic and business conditions; potential difficulties in protecting our intellectual property; the ratings on our debt and our ability to repay or refinance outstanding indebtedness; our ability to operate within the limitations of our debt covenants; potential impairment of our goodwill and/or long-lived assets; demand for Koppers goods and services; competitive conditions; interest rate and foreign currency rate fluctuations; availability of key raw materials and unfavorable resolution of claims against us, as well as those discussed more fully elsewhere in this presentation and in documents filed with the Securities and Exchange Commission by Koppers, particularly our latest annual report on Form 10-K and subsequent filings. Any forward-looking statements in this presentation speak only as of the date of this presentation, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events.

For the company's guidance, adjusted EBITDA and adjusted EPS excludes restructuring, impairment, non-cash LIFO charges, and non-cash mark-to-market commodity hedging. The forecasted amounts for these items cannot be reasonably estimated due to their nature, but may be significant. For that reason, the company is unable to provide GAAP earnings estimates at this time.

# Agenda

- **Strategic Rationale**
- **Transaction Overview**
- **Business Unit Overview**
- **Summary**

# Strategic Rationale

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# Strengthens Market Position as Vertically Integrated Wood Treatment Leader



## Advances Strategic Transformation

- Creates leading utility pole and wood treatment producer; re-entering market as second-largest supplier to U.S. utility pole industry; better scale to compete
- Represents strategic milestone; advances strategy of being a vertically integrated, high-value global supplier of wood-based technologies to infrastructure markets
- Aligned with long-term goal of developing unique end-to-end solutions from wood preservation chemicals, to finished products, to end-of-life disposal

## Maintains Attractive Financial Profile

- Vertically integrated model provides cost savings synergies and incremental sales opportunities; transaction structure provides tax benefits
- Pro-forma net debt to adjusted EBITDA ratio of < 4x; projected at  $\leq 3.5x$  by 12/31/18; goal of 2x-3x net leverage ratio over long-term; not to exceed 4x on pro-forma basis with acquisitions
- Accretive to earnings in 2018; expect additional \$0.15-\$0.20 in adjusted EPS in 2018; annualized run rate of \$0.40-\$0.50 in adjusted EPS in 2019; increased 2018 guidance to ~\$1.9B in sales and ~\$240M in adjusted EBITDA

## Provides Growth Opportunities

- Provides scale in large and attractive U.S. utility pole market; ~\$850M estimated opportunity
- Potential for growth in range of geographies, end-markets and product categories
- Strategically located facilities to enable shipments throughout U.S. and other key markets

## Brings Additional Leadership Capabilities

- Established leaders; culture of growth and innovation
- Strong operational expertise; consistent with Zero Harm focus
- Track record of disciplined execution and value creation

# Combining Industry Leaders in Wood Treatment Market



- Global leader in oil and water-borne preservatives serving many market applications for treated wood
- Largest integrated producer of wood treatment preservatives for N.A. railroad crosstie industry
- Global geographic footprint across North America, South America, Asia, Europe and Australia



- Largest supplier of utility poles in eastern U.S. and major supplier in entire U.S.
- Supplies power distribution and transmission poles and pilings to investor-owned utilities, electric cooperatives and municipalities.
- 8 manufacturing locations, 3 peeling facilities and 19 reload yards in U.S.; market leadership position with further opportunities for growth

**Global Leader in High Value, Vertically Integrated, Wood-Based Solutions Market**

# Transaction Overview

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# Compelling Valuation & Terms

## Consideration

- Acquired Cox Industrial for ~\$200M in cash; funded with debt financing; credit amendment in place; increased revolver to \$600M from \$400M; \$100M secured term loan

## Tax Benefits & Synergies

- Structured as acquisition of stock with mutual 338(h)(10) election, resulting in ~\$24M of Net Present Value tax benefits
- Estimated total synergies of at least \$5M annually from overhead cost savings, along with incremental sales opportunities for PC & CMC businesses through vertically integrated supply relationships

## Attractive Valuation

- ~8x TEV based on Cox Industrial standalone 2018E Adjusted EBITDA of ~\$25M, excluding synergies and discounted future tax benefits
- ~6x TEV, net of synergies and discounted future tax benefits
- Accretive to earnings in 2018; expect acquisition to contribute adjusted EPS of \$0.15-\$0.20 in 2018 and \$0.40-\$0.50 in 2019

## Timing

- Signed and closed acquisition on April 10, 2018



# Growth-Focused, Strategic Investment



## Strategic Criteria

- Directly in or adjacent to core wood protection
- Growth at/above total company or catalyst to achieve
- Strong management; track record of performance
- Good fit for implementing Zero Harm practices
- Complementary to existing businesses
- Leverage existing core competencies

## Target Acquisition Sweet Spot

A diagram consisting of four concentric circles of increasing size and decreasing opacity, centered on a white circle. A blue arrow points from the left towards the center, and a green arrow points from the right towards the center. The text "Target Acquisition Sweet Spot" is positioned above the circles.

## Financial Criteria

- Adjusted EBITDA multiple, net of synergies and tax benefits, < trading multiple for KOP shares
- IRR and ROI > WACC
- Accretive to existing KOP margin; clear path to margin expansion
- Reasonable investment level in R&D and capex
- Strong free cash flows

# **Business Unit Overview: Cox Industrial**

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# Corporate Governance & Operations



## Corporate Governance

- Cox Industrial re-named *Utility and Industrial Products*
- Mikee Johnson as Business Unit Leader
- Reports directly to CEO Leroy Ball
- Joins Koppers Executive Leadership team

## Operations

- Approximately 360 employees
- Current production facilities will remain operational
- Capital investments will be made as needed in areas such as safety, maintenance, productivity and growth

# Strong Presence in Utility Pole Treatment



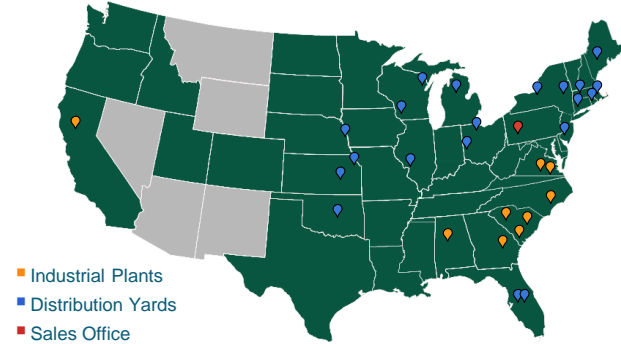
## Key Products

Poles	
Pilings	
Specialty Lumber	

## Value Added Services

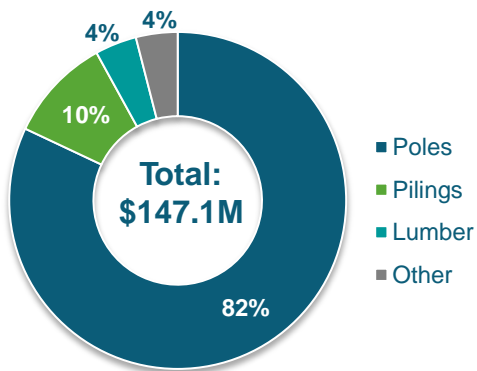
- National Wood Sourcing
- Sustainable Management Systems
- Storm Response
- Recovery Services

## Geographic Footprint

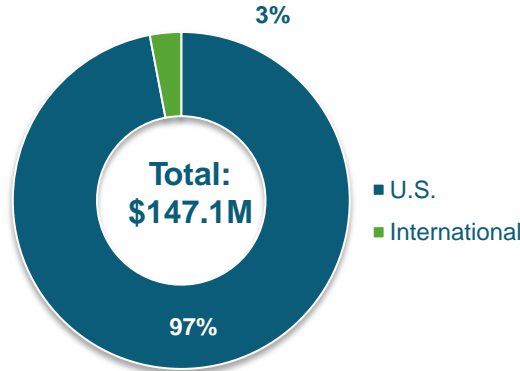


## 2017 Revenues

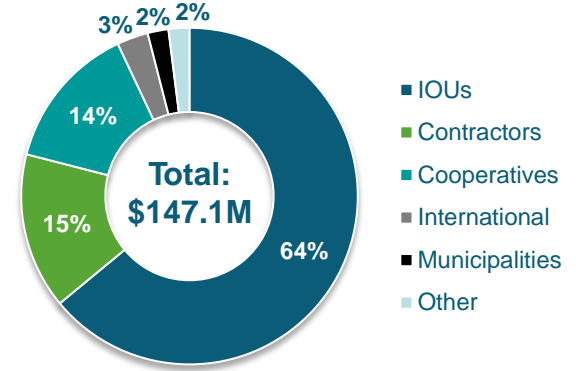
By Product Type



By Geography



By Customer Type



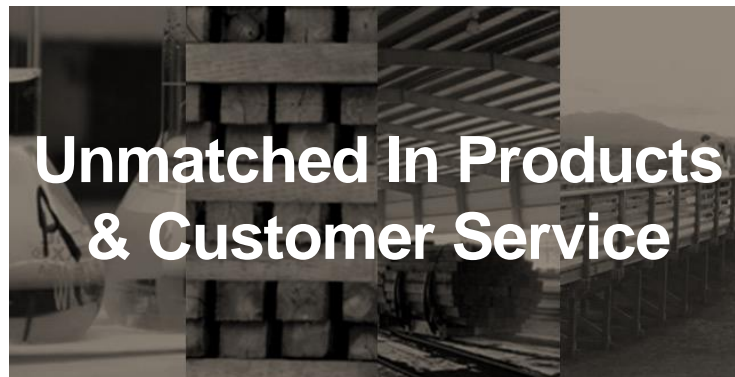
# Leading Utility Pole & Wood Treatment Producer



**National Scale  
& Local Expertise**



**Well Positioned  
For The Future**



**Unmatched In Products  
& Customer Service**



**Additional Growth  
Opportunities For  
Employees**

**Shared Commitment of Excellence and Innovation;  
Strong Focus on Growth and Expansion**

# Summary

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## **Koppers Holdings Inc.**

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Koppers is an integrated global provider of treated wood products, wood treatment chemicals and carbon compounds for the railroad, specialty chemical, utility, residential lumber, agriculture, aluminum, steel, rubber, and construction industries. Headquartered in Pittsburgh, Pennsylvania, we serve our customers through a comprehensive global manufacturing and distribution network, with facilities located in North America, South America, Australasia, China and Europe.

## **Stock Exchange Listing**

NYSE: KOP

## **Investor Relations and Media Information**

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