



Koppers Holdings Inc. Reports Record-First Quarter 2021 Results

May 7, 2021

Sales of \$407.5 Million vs. Prior Year of \$401.9 Million
Operating Profit of \$43.9 Million vs. Prior Year of \$13.6 Million
Net Income Attributable to Koppers of \$25.9 Million vs. Prior Year Net Loss of \$1.4 Million
Adjusted EBITDA of \$55.1 Million vs. Prior Year of \$37.6 Million
Strong Profitability Driven By Performance Chemicals Wood-Treatment Business

PITTSBURGH, May 7, 2021 /PRNewswire/ -- Koppers Holdings Inc. (NYSE: KOP), an integrated global provider of treated wood products, wood treatment chemicals and carbon compounds, today reported net income attributable to Koppers for the first quarter of \$25.9 million, a first-quarter record, or \$1.18 per diluted share, compared to a net loss of \$1.4 million, or \$0.07 per diluted share, in the prior year quarter.



Adjusted net income and adjusted earnings per share (EPS) were \$22.3 million and \$1.02 per share for the first quarter of 2021, compared to \$9.9 million and \$0.47 per share in the prior year quarter, respectively. Adjustments to pre-tax income totaled \$5.2 million of net benefits for the first quarter of 2021, compared with \$10.6 million of net expenses for the first quarter of 2020. The adjustments for both periods primarily reflected non-cash effects related to mark-to-market commodity hedging, restructuring activities and non-cash impacts related to LIFO adjustments.

Consolidated sales, a first-quarter record, were \$407.5 million, an increase of \$5.6 million, or 1.4 percent, compared with \$401.9 million in the prior year quarter. Excluding a \$9.6 million favorable impact from foreign currency translation, sales decreased by \$4.0 million, or 1.0 percent, from the prior year.

The Performance Chemicals (PC) segment continued the trend of achieving strong sales growth and increased profitability due to ongoing strength in consumer spending during the pandemic for home repair and remodeling projects, as well as increased demand in international markets.

The Railroad and Utility Products and Services (RUPS) business reported sales that were similar to prior year, excluding a favorable impact from foreign currency translation. The higher year-over-year profitability reflects a favorable product mix and a more stable operating environment for maintenance-of-way businesses that were most significantly affected in the early stages of the COVID-19 pandemic, partially offset by lower commercial crosstie volumes.

The Carbon Materials and Chemicals (CMC) segment generated lower sales compared with the prior year due to reduced demand as a result of the ongoing pandemic, which had minimal impact on prior year volumes. However, the increase in year-over-year profitability demonstrates the benefits of a lower cost structure, positioning this business for further margin expansion as demand stabilizes.

President and CEO Leroy Ball said, "As expected, the first quarter reflected earnings growth in each of our three business segments. PC continues to be the driving force as the North American home improvement market sees sustained, healthy demand and a strong backlog of projects. While the earnings growth in our RUPS and CMC segments were more modest, their contributions helped to support the strongest first quarter on record. This first-quarter performance previews the inherent strength of the Koppers integrated business model when our three business segments are firing on all cylinders."

First Quarter Financial Performance

- Sales for RUPS of \$191.9 million increased by \$1.9 million, or 1.0 percent, compared to sales of \$190.0 million in the prior year quarter. Excluding a favorable impact from foreign currency translation of \$1.9 million, year-over-year sales were at similar levels. Sales benefited from Class I volume increases, strong demand in the railroad bridge services business and higher activity in the crosstie disposal business, but were offset by year-over-year declines in the commercial crosstie market. Operating profit was \$8.7 million, or 4.5 percent, compared with \$9.2 million, or 4.8 percent, in the prior year quarter. Adjusted EBITDA was \$16.4 million, or 8.5 percent, in the first quarter, compared with \$13.4 million, or 7.1 percent, in the prior year quarter. The increase in year-over-year profitability was primarily driven by a favorable mix related to Class I volumes and maintenance-of-way businesses, partially offset by the slowdown in the commercial crosstie market.

- Sales for PC of \$123.6 million increased by \$12.2 million, or 11.0 percent, compared to sales of \$111.4 million in the prior year quarter. Excluding a favorable impact from foreign currency translation of \$1.5 million, sales increased by \$10.7 million, or 9.6 percent, from the prior year quarter. The sales growth reflects ongoing demand for copper-based preservatives in the U.S. due to a resurgence in home repair and remodeling activities during the pandemic. International markets also reported higher year-over-year volumes as a result of improved industrial and agricultural demand. Operating profit was \$24.8 million, or 20.1 percent, compared with \$4.1 million, or 3.7 percent, in the prior year quarter. Adjusted EBITDA for the first quarter was \$27.8 million, or 22.5 percent, compared with \$17.0 million, or 15.3 percent, in the prior year quarter. The increased profitability was primarily due to increased sales volumes, lower realized raw material costs associated with the company's copper hedging program and improved cost absorption.
- Sales for CMC totaling \$92.0 million decreased by \$8.5 million, or 8.5 percent, compared to sales of \$100.5 million in the prior year quarter. Excluding a favorable impact from foreign currency translation of \$6.2 million, sales decreased by \$14.7 million, or 14.7 percent, from the prior year quarter. The decrease primarily consisted of lower volumes for phthalic anhydride in the U.S., lower pricing and volumes for carbon pitch globally, and lower volumes for carbon black feedstock in Australia. In addition, the prior year benefited from higher phthalic anhydride sales volumes due to supply disruption from a competitor. Operating profit was \$10.8 million, or 11.7 percent, compared with \$0.7 million, or 0.7 percent, in the prior year quarter. Adjusted EBITDA was \$10.4 million, or 11.3 percent, in the first quarter, compared with \$7.0 million, or 7.0 percent, in the prior year quarter. Despite challenging market conditions, the year-over-year increase in profitability was due to lower cost of goods and production efficiencies.
- Operating profit was \$43.9 million, a first-quarter record, or 10.8 percent, compared with \$13.6 million, or 3.4 percent, in the prior year quarter. Adjusted EBITDA, a first-quarter record, was \$55.1 million, or 13.5 percent, compared with \$37.6 million, or 9.4 percent, in the prior year quarter. Operating profit margin and adjusted EBITDA margin are calculated as a percentage of GAAP sales.
- Net income attributable to Koppers, a first-quarter record, was \$25.9 million, compared to a net loss of \$1.4 million in the prior year quarter. Adjusted net income was \$22.3 million for the first quarter, compared to \$9.9 million in the prior year quarter.
- In the first quarter of 2021, items excluded from adjusted EBITDA consisted of \$5.8 million of pre-tax benefits, while adjusted net income and adjusted EPS for the quarter excluded \$5.2 million of pre-tax benefits. Both adjustments consisted of non-cash effects related to mark-to-market commodity hedging, restructuring activities and non-cash impacts related to LIFO adjustments.
- Diluted EPS was \$1.18, compared with a net loss of \$0.07 per share in the prior year quarter. Adjusted EPS for the quarter was \$1.02, compared with \$0.47 for the prior year period.
- Capital expenditures for the three months ended March 31, 2021, were \$24.2 million, compared with \$10.6 million for the prior year period. Net of cash provided from asset sales, capital expenditures were \$19.5 million in the first quarter of 2021. The year-over-year increase is consistent with the company's projections for net capital investments in 2021, primarily driven by growth and productivity projects.
- At March 31, 2021, total debt was \$810.6 million and, net of cash and cash equivalents, the net debt was \$766.4 million, compared with total debt of \$775.9 million and net debt of \$737.4 million at December 31, 2020. Compared to December 31, 2020, total debt was higher by \$34.7 million and net debt was higher by \$29.0 million. Due to higher year-over-year adjusted EBITDA for the twelve months ended March 31, 2021, the net leverage was 3.4 at March 31, 2021, compared with 3.5 at December 31, 2020.

2021 Outlook

Koppers remains committed to driving improvements through the execution of its strategic initiatives and making continued progress toward its long-term financial goals.

Based on current global economic activity and in consideration of the near-term economic uncertainty associated with the pandemic, the company expects that 2021 sales will be approximately \$1.7 billion to \$1.8 billion. By comparison, sales were \$1.67 billion in 2020, excluding Koppers (Jiangsu) Carbon Chemical Company Limited, which was sold on September 30, 2020.

Koppers expects EBITDA, on an adjusted basis, will be approximately \$220 million to \$230 million for 2021, compared with \$211.0 million in the prior year.

The effective tax rate for adjusted net income in 2021 is projected to be approximately 27 percent, compared to the tax rate in 2020, excluding special tax items, of 20.1 percent. The higher 2021 tax rate is primarily due to benefits in the prior year related to the federal Coronavirus Aid, Relief, and Economic Security Act and other tax regulations that are not expected to continue in 2021. Accordingly, the 2021 adjusted EPS is forecasted to be in the range of \$4.35 to \$4.60, compared with adjusted EPS of \$4.12 in the prior year. The higher tax rate anticipated in 2021 is estimated to have a negative impact on adjusted EPS of approximately \$0.45 compared to the prior year.

Koppers does not provide reconciliations of guidance for adjusted EBITDA and adjusted EPS to comparable GAAP measures, in reliance on the unreasonable efforts exception. Koppers is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include restructuring, impairment, non-cash LIFO charges, acquisition-related costs, and non-cash mark-to-market commodity hedging that are difficult to predict in advance in order to include in a GAAP estimate and may be significant.

Koppers expects to invest \$105 million to \$115 million in capital expenditures in 2021. Approximately half of the planned expenditures in 2021 are

aimed at growth and/or cost reduction projects that are estimated to generate \$8 million to \$12 million of EBITDA in 2022. Net of cash received from the sale of closed properties, Koppers expects its net investment in capital expenditures to be between \$80 million to \$90 million.

Commenting on the forecast, Mr. Ball said, "Based on a strong first quarter and increased confidence in an extended home improvement wave, 2021 should generate impressive year-over-year growth, even on the back end of our impressive performance in the prior year during the heart of the pandemic. Furthermore, investments being made this year should add to our successful track record of earnings growth while launching the next phase of our strategy—a path that we believe will create more than \$300 million in EBITDA by the end of 2025."

Investor Conference Call and Webcast

Koppers management will conduct a conference call this morning, beginning at 11:00 a.m. Eastern Time to discuss the company's results for the quarter. Presentation materials will be available at least 15 minutes before the call on www.koppers.com in the Investor Relations section of the company's website.

Interested parties may access the live audio broadcast toll free by dialing 833-366-1128 in the United States and Canada, or 412-902-6774 for international, Conference ID number 10152842. Participants are requested to access the call at least five minutes before the scheduled start time to complete a brief registration.

The conference call will be broadcast live online at: <https://services.choruscall.com/links/koppers210507.html>. (Due to the length of this URL, it may be necessary to copy and paste this hyperlink into the internet browser's URL address field.)

An audio replay will be available approximately two hours after the completion of the call at 877-344-7529 for U.S. toll free, 855-669-9658 for Canada toll free, or 412-317-0088 for international, Conference ID number 10152842. The recording will be available for replay through August 7, 2021.

About Koppers

Koppers, with corporate headquarters in Pittsburgh, Pennsylvania, is an integrated global provider of treated wood products, wood treatment chemicals and carbon compounds. Our products and services are used in a variety of niche applications in a diverse range of end-markets, including the railroad, specialty chemical, utility, residential lumber, agriculture, aluminum, steel, rubber, and construction industries. We serve our customers through a comprehensive global manufacturing and distribution network, with facilities located in North America, South America, Australasia and Europe. The stock of Koppers Holdings Inc. is publicly traded on the New York Stock Exchange under the symbol "KOP." For more information, visit us on the Web: www.koppers.com. Questions concerning investor relations should be directed to Michael Zugay at 412-227-2231 or Quynh McGuire at 412-227-2049.

Non-GAAP Financial Measures

This press release contains certain non-GAAP financial measures. Koppers believes that EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted earnings per share, net debt and net leverage ratio provide information useful to investors in understanding the underlying operational performance of the company, its business and performance trends, and facilitate 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. In addition, the Board of Directors and executive management team use adjusted EBITDA as a performance measure under the company's annual incentive plans.

Although Koppers believes that these non-GAAP financial measures enhance investors' understanding of its business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP basis financial measures and should be read in conjunction with the relevant GAAP financial measure. Other companies in a similar industry may define or calculate these measures differently than the company, limiting their usefulness as comparative measures. Because of these limitations, these non-GAAP financial measures should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP.

See the attached tables for the following reconciliations of non-GAAP financial measures included in this press release: Unaudited Reconciliation of Net Income to EBITDA and Adjusted EBITDA; Unaudited Reconciliation of EBITDA to Adjusted EBITDA by Segment; Unaudited Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA; Unaudited Reconciliation of Net Income Attributable to Koppers and Adjusted Net Income; Unaudited Reconciliation of Diluted Earnings Per Share and Adjusted Earnings Per Share; Unaudited Reconciliation of Total Debt to Net Debt and Net Leverage Ratio; and Unaudited Reconciliation of Net Income to EBITDA and Adjusted EBITDA on a Latest Twelve Month Basis.

For the company's guidance, adjusted EBITDA and adjusted EPS excludes restructuring, impairment, non-cash LIFO charges, acquisition-related costs, and non-cash mark-to-market commodity hedging. As described above, the forecast 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 estimates at this time.

Safe Harbor Statement

Certain statements in this press release 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, declines in the value of Koppers assets and the effect of any resulting impairment charges, profitability and anticipated 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 "outlook," "guidance," "forecast," "believe," "anticipate," "expect," "estimate," "may," "will," "should," "continue," "plan," "potential," "intend," "likely," or other similar words or phrases are generally intended to identify forward-looking statements. Any forward-looking statement contained herein, in other press releases, written statements or other documents filed with the Securities and Exchange Commission, or in Koppers communications 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, divestitures, joint ventures 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; existing and future adverse effects as a result of the coronavirus (COVID-19) pandemic; disruption in the U.S. and global financial markets; potential difficulties

in protecting our intellectual property; the ratings on our debt and our ability to repay or refinance our outstanding indebtedness as it matures; 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 and costs of key raw materials; unfavorable resolution of claims against us, as well as those discussed more fully elsewhere in this release and in documents filed with the Securities and Exchange Commission by Koppers, particularly our latest annual report on Form 10-K and any subsequent filings by Koppers with the Securities and Exchange Commission. Any forward-looking statements in this release speak only as of the date of this release, 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.

KOPPERS HOLDINGS INC.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)**

(Dollars in millions, except per share amounts)

	<i>Three Months Ended March 31,</i>	
	<i>2021</i>	<i>2020</i>
Net sales	\$ 407.5	\$ 401.9
Cost of sales	319.3	340.3
Depreciation and amortization	16.1	13.5
Gain on sale of assets	(7.5)	0.0
Impairment and restructuring charges	1.2	(0.2)
Selling, general and administrative expenses	34.5	34.7
Operating profit	43.9	13.6
Other income, net	1.0	0.5
Interest expense	10.2	14.0
Income from continuing operations before income taxes	34.7	0.1
Income tax provision (benefit)	8.5	(1.8)
Income from continuing operations	26.2	1.9
Loss from discontinued operations, net of tax benefit of \$0.1 and \$0.8	(0.4)	(4.4)
Net income (loss)	25.8	(2.5)
Net loss attributable to noncontrolling interests	(0.1)	(1.1)
Net income (loss) attributable to Koppers	\$ 25.9	\$ (1.4)
Earnings (loss) per common share attributable to Koppers common shareholders:		
Basic -		
Continuing operations	\$ 1.24	\$ 0.09
Discontinued operations	(0.02)	(0.16)
Earnings (loss) per basic common share	\$ 1.22	\$ (0.07)
Diluted -		
Continuing operations	\$ 1.20	\$ 0.09
Discontinued operations	(0.02)	(0.16)
Earnings (loss) per diluted common share	\$ 1.18	\$ (0.07)
Comprehensive income (loss)	\$ 31.8	\$ (51.0)
Comprehensive loss attributable to noncontrolling interests	(0.1)	(1.3)
Comprehensive income (loss) attributable to Koppers	\$ 31.9	\$ (49.7)
Weighted average shares outstanding (in thousands):		
Basic	21,142	20,852
Diluted	21,907	21,315

KOPPERS HOLDINGS INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

(Dollars in millions, except per share amounts)

	<i>March 31, December 31,</i>	
	<i>2021</i>	<i>2020</i>
Assets		
Cash and cash equivalents, including restricted cash	\$ 44.2	\$ 38.5
Accounts receivable, net of allowance of \$3.1 and \$2.6	194.7	175.1
Inventories, net	294.1	295.8
Derivative contracts	54.5	38.5
Other current assets	21.5	16.6
Total current assets	609.0	564.5
Property, plant and equipment, net	416.6	409.1
Operating lease right-of-use assets	103.6	102.5
Goodwill	297.1	297.8
Intangible assets, net	144.6	149.8

Deferred tax assets	17.5	18.4
Non-current derivative contracts	34.7	31.9
Other assets	25.8	24.6
Total assets	\$ 1,648.9	\$ 1,598.6
Liabilities		
Accounts payable	\$ 141.0	\$ 154.1
Accrued liabilities	94.5	106.7
Current operating lease liabilities	21.8	21.2
Current maturities of long-term debt	9.6	10.1
Total current liabilities	266.9	292.1
Long-term debt	801.0	765.8
Accrued postretirement benefits	45.8	46.2
Deferred tax liabilities	24.8	21.3
Operating lease liabilities	81.9	81.3
Other long-term liabilities	47.6	45.9
Total liabilities	1,268.0	1,252.6
Commitments and contingent liabilities		
Equity		
Senior Convertible Preferred Stock, \$0.01 par value per share; 10,000,000 shares authorized; no shares issued	0.0	0.0
Common Stock, \$0.01 par value per share; 80,000,000 shares authorized; 23,879,318 and 23,688,347 shares issued	0.2	0.2
Additional paid-in capital	238.9	234.1
Retained earnings	241.9	215.8
Accumulated other comprehensive loss	(10.0)	(15.9)
Treasury stock, at cost, 2,638,457 and 2,589,803 shares	(94.3)	(92.5)
Total Koppers shareholders' equity	376.7	341.7
Noncontrolling interests	4.2	4.3
Total equity	380.9	346.0
Total liabilities and equity	\$ 1,648.9	\$ 1,598.6

KOPPERS HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in millions)

	<u>March 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash provided by (used in) operating activities:		
Net income (loss)	\$ 25.8	\$ (2.5)
Adjustments to reconcile net cash provided by (used in) operating activities:		
Depreciation and amortization	16.1	14.5
Stock-based compensation	3.5	2.5
Change in derivative contracts	(2.6)	8.4
Non-cash interest expense	0.7	0.7
Gain on sale of assets	(7.5)	0.0
Deferred income taxes	(0.2)	(1.9)
Change in other liabilities	3.2	0.6
Other - net	(0.6)	(1.4)
Changes in working capital:		
Accounts receivable	(21.3)	(21.0)
Inventories	0.0	8.6
Accounts payable	(8.5)	(6.7)
Accrued liabilities	(10.9)	(11.8)
Other working capital	(5.1)	(7.2)
Net cash used in operating activities	(7.4)	(17.2)
Cash (used in) provided by investing activities:		
Capital expenditures	(24.2)	(10.6)
Net cash provided by sale of assets	4.7	0.0
Net cash used in investing activities	(19.5)	(10.6)
Cash provided by (used in) financing activities:		
Net increase in credit facility borrowings	36.6	54.1
Repayments of long-term debt	(2.5)	(2.6)
Issuances of Common Stock	1.1	0.2
Repurchases of Common Stock	(1.8)	(1.2)
Payment of debt issuance costs	0.0	(0.2)
Net cash provided by financing activities	33.4	50.3
Effect of exchange rate changes on cash	(0.8)	(0.9)

Change in cash and cash equivalents of discontinued operations held for sale	0.0	0.3
Net increase in cash and cash equivalents	5.7	21.9
Cash and cash equivalents at beginning of period	38.5	32.3
Cash and cash equivalents at end of period	\$ 44.2	\$ 54.2
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflow from operating leases	\$ 7.9	\$ 7.9
Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 4.8	\$ 0.3
Supplemental disclosure of cash flow information:		
Non-cash investing activities		
Accrued capital expenditures	\$ 5.2	\$ 1.5

UNAUDITED SEGMENT INFORMATION

The following tables set forth certain sales and operating data, net of all intersegment transactions, for the company's businesses for the periods indicated.

	<i>Three Months Ended March 31,</i>	
	2021	2020
<i>(Dollars in millions)</i>		
Net sales:		
Railroad and Utility Products and Services	\$ 191.9	\$ 190.0
Performance Chemicals	123.6	111.4
Carbon Materials and Chemicals ⁽¹⁾	92.0	100.5
Total	\$ 407.5	\$ 401.9
Operating profit (loss):		
Railroad and Utility Products and Services	\$ 8.7	\$ 9.2
Performance Chemicals	24.8	4.1
Carbon Materials and Chemicals ⁽²⁾	10.8	0.7
Corporate Unallocated	(0.4)	(0.4)
Total	\$ 43.9	\$ 13.6
Operating profit margin:		
Railroad and Utility Products and Services	4.5%	4.8%
Performance Chemicals	20.1%	3.7%
Carbon Materials and Chemicals	11.7%	0.7%
Total	10.8%	3.4%
Adjusted EBITDA ⁽³⁾ :		
Railroad and Utility Products and Services	\$ 16.4	\$ 13.4
Performance Chemicals	27.8	17.0
Carbon Materials and Chemicals	10.4	7.0
Corporate Unallocated	0.5	0.2
Total	\$ 55.1	\$ 37.6
Adjusted EBITDA margin ⁽⁴⁾ :		
Railroad and Utility Products and Services	8.5%	7.1%
Performance Chemicals	22.5%	15.3%
Carbon Materials and Chemicals	11.3%	7.0%
Total	13.5%	9.4%

(1) Net sales excludes KJCC discontinued operations of \$9.9 million for the three months ended March 31, 2020.

(2) Operating profit (loss) excludes KJCC discontinued operations of \$5.1 million for the three months ended March 31, 2020.

(3) The tables below describe the adjustments to EBITDA for the quarters ended March 31, 2021 and 2020, respectively.

(4) Adjusted EBITDA as a percentage of GAAP sales.

UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

(In millions)

	<i>Three Months Ended March 31,</i>	
	2021	2020
Net income (loss)	\$ 25.8	\$ (2.5)
Interest expense	10.1	14.0
Depreciation and amortization	16.1	13.5
Income tax provision (benefit)	8.5	(1.8)
Discontinued operations	0.4	4.4

EBITDA with noncontrolling interests	60.9	27.6
Adjustments to arrive at adjusted EBITDA:		
Impairment, restructuring and plant closure (benefits) costs	(4.2)	2.7
Non-cash LIFO expense (benefit)	1.0	(0.6)
Mark-to-market commodity hedging (gains) losses	(2.6)	7.9
Total adjustments	(5.8)	10.0
Adjusted EBITDA	\$ 55.1	\$ 37.6

UNAUDITED RECONCILIATION OF EBITDA TO ADJUSTED EBITDA BY SEGMENT

<i>(Dollars in millions)</i>	<i>Three Months Ended March 31,</i>	
	<i>2021</i>	<i>2020</i>
EBITDA with noncontrolling interests:		
Railroad and Utility Products and Services	\$ 14.7	\$ 13.8
Performance Chemicals	30.4	9.1
Carbon Materials and Chemicals	15.3	4.5
Corporate unallocated	0.5	0.2
Total EBITDA	\$ 60.9	\$ 27.6
Adjusted EBITDA:		
Railroad and Utility Products and Services	\$ 16.4	\$ 13.4
Performance Chemicals	27.8	17.0
Carbon Materials and Chemicals	10.4	7.0
Corporate unallocated	0.5	0.2
Total Adjusted EBITDA	\$ 55.1	\$ 37.6
Adjusted EBITDA margin as a percentage of GAAP sales:		
Railroad and Utility Products and Services	8.5%	7.1%
Performance Chemicals	22.5%	15.3%
Carbon Materials and Chemicals	11.3%	7.0%
Total Adjusted EBITDA margin	13.5%	9.4%

UNAUDITED RECONCILIATION OF OPERATING PROFIT TO EBITDA AND ADJUSTED EBITDA*

(In millions)

	<i>Three Months Ended March 31, 2021</i>				
	<i>RUPS</i>	<i>PC</i>	<i>CMC</i>	<i>Corporate Unallocated</i>	<i>Consolidated</i>
Operating profit (loss)	\$ 8.7	\$ 24.8	\$ 10.8	\$ (0.4)	\$ 43.9
Other income (loss)	(0.3)	0.8	(0.5)	0.9	0.9
Depreciation and amortization	6.3	4.8	5.0	0.0	16.1
EBITDA with noncontrolling interest	\$ 14.7	\$ 30.4	\$ 15.3	\$ 0.5	\$ 60.9
Adjustments to arrive at adjusted EBITDA:					
Impairment, restructuring and plant closure (benefits) costs	1.3	0.0	(5.5)	0.0	(4.2)
Non-cash LIFO expense	0.4	0.0	0.6	0.0	1.0
Mark-to-market commodity hedging gains	0.0	(2.6)	0.0	0.0	(2.6)
Adjusted EBITDA	\$ 16.4	\$ 27.8	\$ 10.4	\$ 0.5	\$ 55.1
<i>Adj. EBITDA % of Consolidated Adj. EBITDA (excluding corporate unallocated)</i>	<i>30.0%</i>	<i>50.9%</i>	<i>19.0%</i>		

UNAUDITED RECONCILIATION OF OPERATING PROFIT TO EBITDA AND ADJUSTED EBITDA*

(In millions)

	<i>Three Months Ended March 31, 2020</i>				
	<i>RUPS</i>	<i>PC</i>	<i>CMC</i>	<i>Corporate Unallocated</i>	<i>Consolidated</i>
Operating profit (loss)	\$ 9.2	\$ 4.1	\$ 0.7	\$ (0.4)	\$ 13.6
Other income (loss)	(0.3)	0.5	(0.3)	0.6	0.5

Depreciation and amortization	4.9	4.5	4.1	0.0	13.5
EBITDA with noncontrolling interest	\$ 13.8	\$ 9.1	\$ 4.5	\$ 0.2	\$ 27.6
Adjustments to arrive at adjusted EBITDA:					
Impairment, restructuring and plant closure costs	0.0	0.0	2.7	0.0	2.7
Non-cash LIFO benefit	(0.4)	0.0	(0.2)	0.0	(0.6)
Mark-to-market commodity hedging losses	0.0	7.9	0.0	0.0	7.9
Adjusted EBITDA	\$ 13.4	\$ 17.0	\$ 7.0	\$ 0.2	\$ 37.6
Adj. EBITDA % of Consolidated Adj. EBITDA (excluding corporate unallocated)	35.8%	45.5%	18.7%		

*A reconciliation of segment net income to adjusted segment EBITDA is not available without unreasonable efforts as we do not measure net income at the segment level or use it as a measure of operating performance.

UNAUDITED RECONCILIATION OF NET INCOME ATTRIBUTABLE TO KOPPERS AND ADJUSTED NET INCOME (In millions)

	Three Months Ended March 31,	
	2021	2020
Net income (loss) attributable to Koppers	\$ 25.9	\$ (1.4)
Adjustments to arrive at adjusted net income:		
Impairment, restructuring and plant closure (benefits) costs	(3.6)	3.3
Non-cash LIFO expense (benefit)	1.0	(0.6)
Mark-to-market commodity hedging (gains) losses	(2.6)	7.9
Total adjustments	(5.2)	10.6
Adjustments to income tax and noncontrolling interests		
Income tax on adjustments to pre-tax income	1.3	(2.6)
Noncontrolling interest	(0.1)	(1.1)
Effect on adjusted net income	(4.0)	6.9
Adjusted net income including discontinued operations	21.9	5.5
Discontinued operations	0.4	4.4
Adjusted net income attributable to Koppers	\$ 22.3	\$ 9.9

UNAUDITED RECONCILIATION OF DILUTED EARNINGS PER SHARE AND ADJUSTED EARNINGS PER SHARE (In millions except share amounts)

	Three Months Ended March 31,	
	2021	2020
Income from continuing operations attributable to Koppers	\$ 26.2	\$ 1.9
Net income (loss) attributable to Koppers	\$ 25.9	\$ (1.4)
Adjusted net income attributable to Koppers	\$ 22.3	\$ 9.9
Denominator for diluted earnings per share (in thousands)	21,907	21,315
Earnings (loss) per share:		
Diluted earnings per share - continuing operations	\$ 1.20	\$ 0.09
Diluted earnings per share - net income	\$ 1.18	\$ (0.07)
Adjusted earnings per share	\$ 1.02	\$ 0.47

UNAUDITED RECONCILIATION OF TOTAL DEBT TO NET DEBT AND NET LEVERAGE RATIO (In millions)

	Twelve Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
Total Debt	\$ 810.6	\$ 775.9	\$ 953.2
Less: Cash	44.2	38.5	54.2
Net Debt	\$ 766.4	\$ 737.4	\$ 899.0
Adjusted EBITDA	\$ 228.5	\$ 211.0	\$ 197.9
Net Leverage Ratio	3.4	3.5	4.5

**UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA
ON A LATEST TWELVE MONTH BASIS**

(In millions)

	<i>Twelve Months Ended</i>		
	<i>March 31, December 31, March 31,</i>		
	<i>2021</i>	<i>2020</i>	<i>2020</i>
Net income	\$ 149.3	\$ 121.0	\$ 52.4
Interest expense	45.0	48.9	59.8
Depreciation and amortization	57.7	56.1	54.3
Income tax provision (benefit)	32.1	21.0	(0.6)
Discontinued operations, net of tax	(31.5)	(31.9)	3.4
EBITDA	252.6	215.1	169.3
Adjustments to arrive at adjusted EBITDA:			
Impairment, restructuring and plant closure costs	4.7	15.7	18.8
Non-cash LIFO (benefit) expense	(12.2)	(13.7)	2.8
Mark-to-market commodity hedging (gains) losses	(19.7)	(9.2)	7.0
Pension settlement	0.1	0.1	0.0
Discretionary incentive	3.0	3.0	0.0
Adjusted EBITDA with noncontrolling interests	\$ 228.5	\$ 211.0	\$ 197.9

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