



Wood Preservative Research



Railroad Tie Treating Facility  
Somerville, TX



Maintenance and Repair of Railroad  
Bridges and Structures - North America



Utility Pole  
Australia



## KeyBanc Capital Markets Basic Materials & Packaging Conference September 13-14, 2016



MicroPro Walkway  
Cuilcagh Mountain, Ireland

*“To be recognized as the standard bearer for safely delivering customer focused solutions primarily through the development and application of technologies to enhance wood.”*

# Senior Management

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# Michael J. Zugay

Chief Financial Officer

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# Thomas D. Loadman

Senior Vice President,  
Railroad Products and Services

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# Forward Looking Statement



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," 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.

*Note: There are non-GAAP amounts in this presentation for which reconciliations to GAAP are provided in the company's quarterly financial news releases, which are posted to the website at [www.koppers.com](http://www.koppers.com) along with this presentation. To access the reconciliations, go to the company's homepage, select "Investor Relations" and then "News Releases".*

# Strategic Overview

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# Investment Thesis

- Transitioning from a business built on producing carbon pitch to serve global aluminum industry into ***an enterprise centered on wood preservation***
- Core competency is understanding and knowledge of wood preservation
- ***Global leader in oil and water-borne preservatives*** serving many market applications for treated wood
  - ✓ Largest producer of creosote—wood treatment preservative—for N.A. railroad crosstie industry
  - ✓ Performance Chemicals wood treatment preservatives serve various industrial, agricultural and residential markets
- ***Wood treatment is at the heart of our value creation model***

# Leading Global Supplier: Infrastructure & Construction Markets



- Integrated global provider of treated wood products, wood treatment chemicals, and carbon compounds
- Three core complementary business segments
- Unique product/service portfolio and niche end market focus

	<b>12/31/2015</b>
Net sales	\$1,627M
Adj. EBITDA	\$150M
% Margin	9.2%
	+170bps YOY

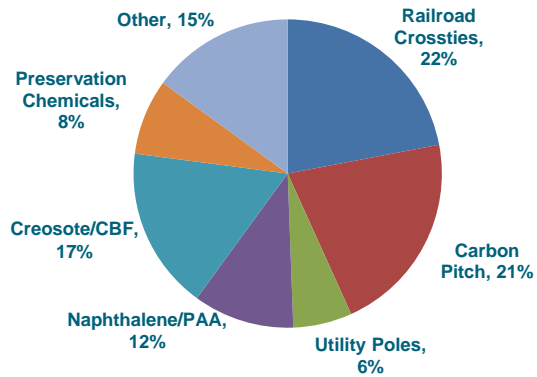
	Railroad and Utility Products and Services (RUPS)	Performance Chemicals (PC)	Carbon Materials and Chemicals (CMC)
2015 Net Sales	\$657 Million	\$357 Million	\$613 Million
Products & Services	<ul style="list-style-type: none"> <li>• Railroad Crossties</li> <li>• Railroad Bridge Services</li> <li>• Rail Joint Bars</li> <li>• Utility Poles</li> </ul>	<ul style="list-style-type: none"> <li>• Wood Preservation Chemicals</li> <li>• Coatings</li> <li>• Water Repellants</li> <li>• Pigmented Stains</li> <li>• Fire Retardants</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon Pitch</li> <li>• Creosote</li> <li>• Carbon Black Feedstock</li> <li>• Naphthalene</li> <li>• Phthalic Anhydride</li> </ul>



# Enhanced Business Profile; 2015 Sales Reflect PC Acquisition



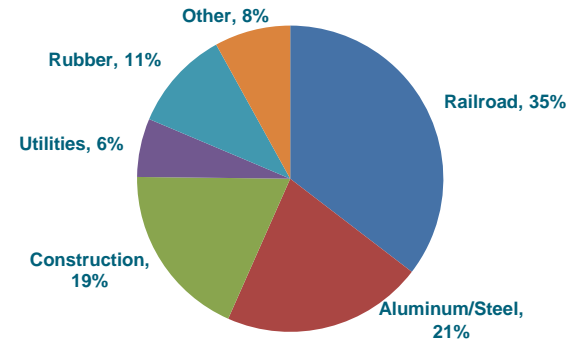
**2014 Sales by Product**



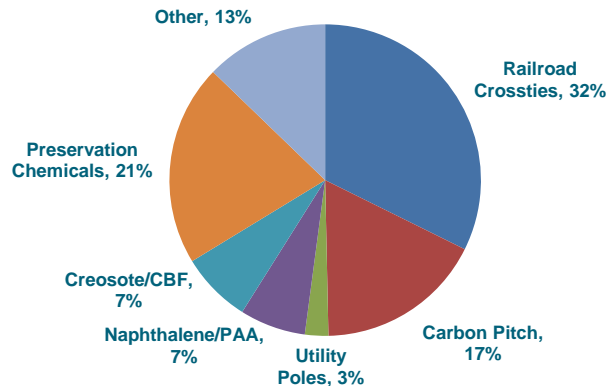
**\$1,555M**

\$ in millions

**2014 Sales by End Market**



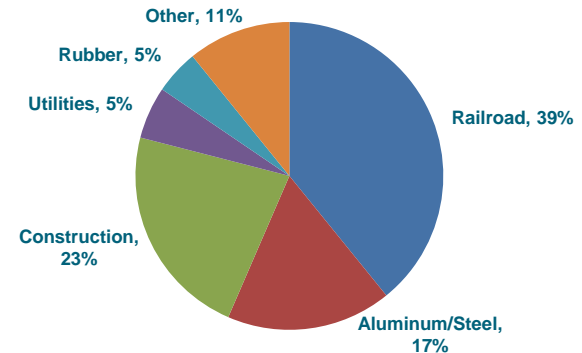
**2015 Sales by Product**



**\$1,627M**

\$ in millions

**2015 Sales by End Market**



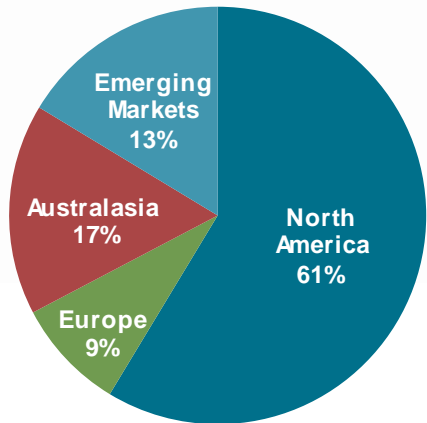
# Global Presence; Serving Customer Demand



Facilities are well-positioned to capture worldwide growth in demand



2015 Sales by Region



(a) Toll producing facilities

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

# Many Initiatives Underway Aimed at Significantly Improving Profitability



Initiative	Description
<b>Aggressively Targeted Debt Reduction</b>	<ul style="list-style-type: none"> <li>• \$128M operating cash flow in 2015; all-time high as a public company</li> <li>• Reduced debt by \$116M in 2015; debt reduction target of \$85M in 2016</li> <li>• Total debt was \$735 million at 12/31/15</li> </ul>
<b>Stabilize &amp; De-emphasize CMC Business</b>	<ul style="list-style-type: none"> <li>• Will have ceased operations or sold 7 of 11 facilities by year-end 2016</li> <li>• CMC revenues decreased from two-thirds to less than ~30% of consolidated sales</li> <li>• Expect to improve profitability to 9-15% adjusted EBITDA through economic cycle by year-end 2018</li> </ul>
<b>Reducing Risk Profile in China</b>	<ul style="list-style-type: none"> <li>• Restructured loan agreements in China</li> <li>• Renegotiated soft pitch agreement with Nippon Steel and received \$30M</li> <li>• Exiting 2 of 3 existing joint ventures in China</li> </ul>
<b>Securing Long-term Business of Key Customer Base</b>	<ul style="list-style-type: none"> <li>• Extended contracts with the BNSF and CSX into 2021</li> <li>• Signed long-term rail joint agreements with NS (2019) &amp; UP (2021) – 2 key railroad customers</li> <li>• Extended supply agreements with 2 largest PC customers into 2017 &amp; 2018, respectively</li> <li>• Signed 2 long-term contracts that are expected to increase phthalic sales volume <math>\geq</math> 20% YOY</li> </ul>
<b>Divested Non-core Businesses</b>	<ul style="list-style-type: none"> <li>• Sold North American utility business (January 2015)</li> <li>• Sold KSA concrete tie joint venture (July 2015)</li> </ul>

# Financial Highlights

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# Q2 2016 Highlights

Q2 outperformance due to extremely strong operating profitability from Performance Chemicals (PC)

- Continued strength in existing home sales and remodeling spending
- Certain retailers shifting to higher retention pressure treated products
- Lower raw material costs

Railroad and Utility Products and Services (RUPS)

- Flattening of demand from Class I customers; lower pricing of treated crossties to commercial market
- Adjusted operating profitability improved from prior year due to positive sales mix more heavily weighted to treatment services

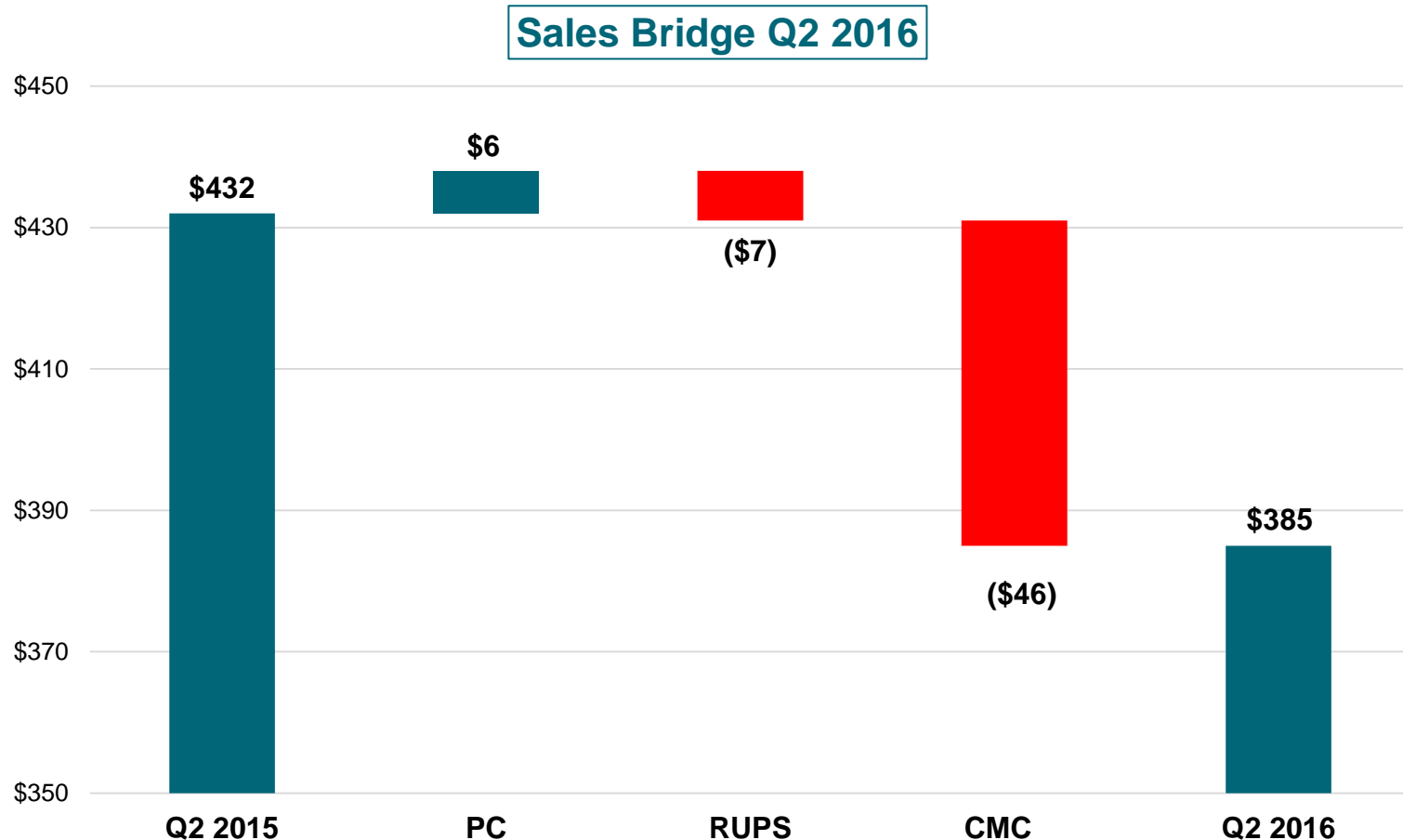
Carbon Materials and Chemicals (CMC)

- Market conditions continued to be challenging; lower sales volumes for carbon pitch, carbon black feedstock and naphthalene
- Adjusted operating profitability increased from the prior year quarter due to restructuring cost savings and lower average raw material costs

# Q2 Sales of \$385M; Reflect CMC Sales Decline



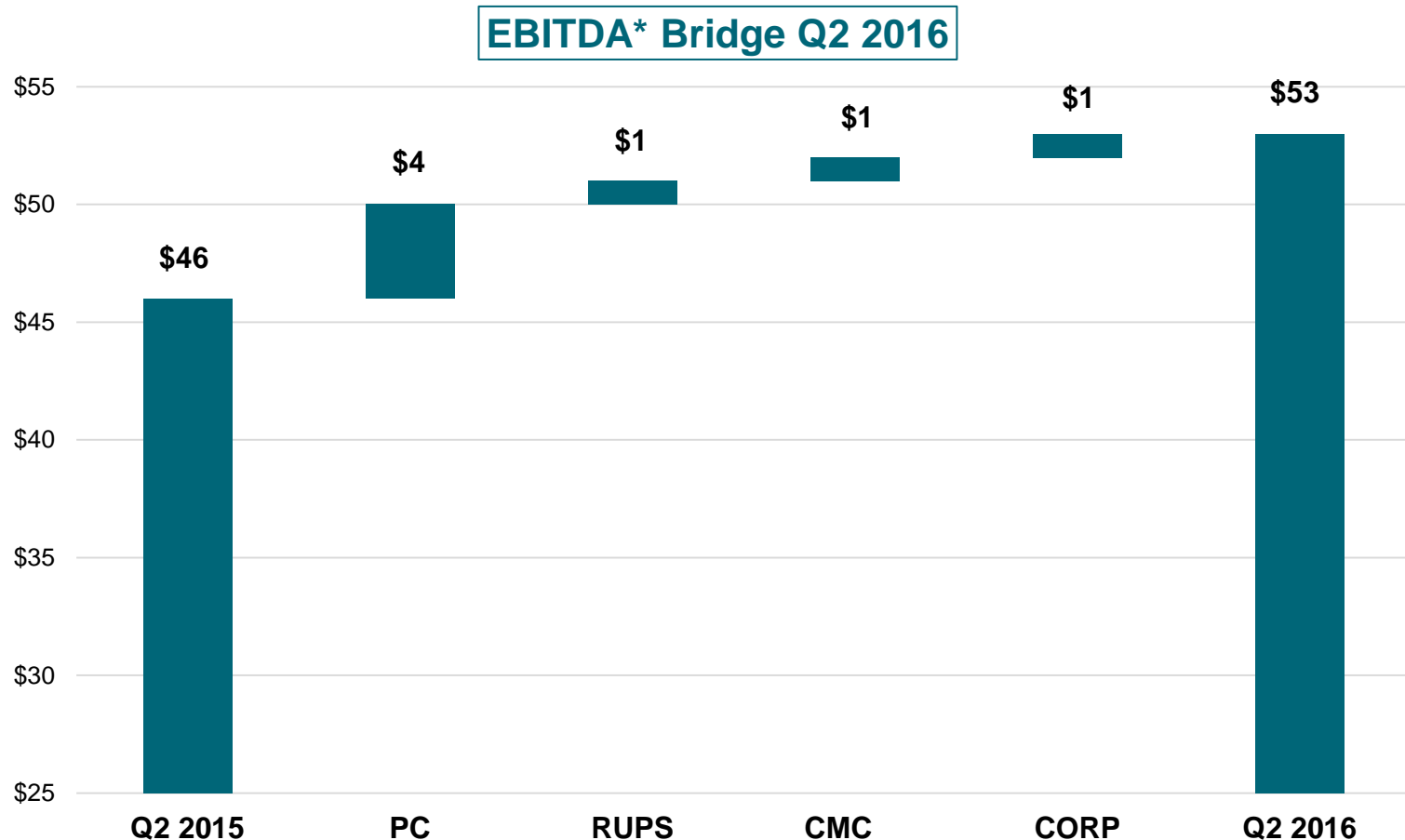
(\$ in millions)



# Q2 EBITDA of \$53M; PC Delivered Strong Profitability



(\$ in millions)



\* Adjusted

# CMC Consolidation Strategy



**By 12/31/16, will have shut down coal tar distillation capacity or sold 7 of 11 facilities over 3-year period; already ceased distillation at 6 locations:**

- Uithoorn, Netherlands stopped producing coal tar products in April 2014
- Follansbee, WV ceased distillation in December 2015
- Port Clarence & Scunthorpe, U.K. facilities, ceased production in February 2016; properties and assets sold to Industrial Chemicals Group Limited in July 2016
- KCCC in China ceased coal tar distillation in March 2016
- Clairton, PA facility ceased coal tar distillation in July 2016

**Plan to exit 1 additional facility in 2016:**

- Having active discussions to sell our 30% interest in TKK JV in China; currently under review by provincial government

**By 1/1/2017, global capacity for coal tar distillation will be reduced by ~50%; remaining 4 CMC facilities have key competitive advantages:**

- Stickney, IL
- Nyborg, DK
- Mayfield, AU
- Jiangsu Province, China



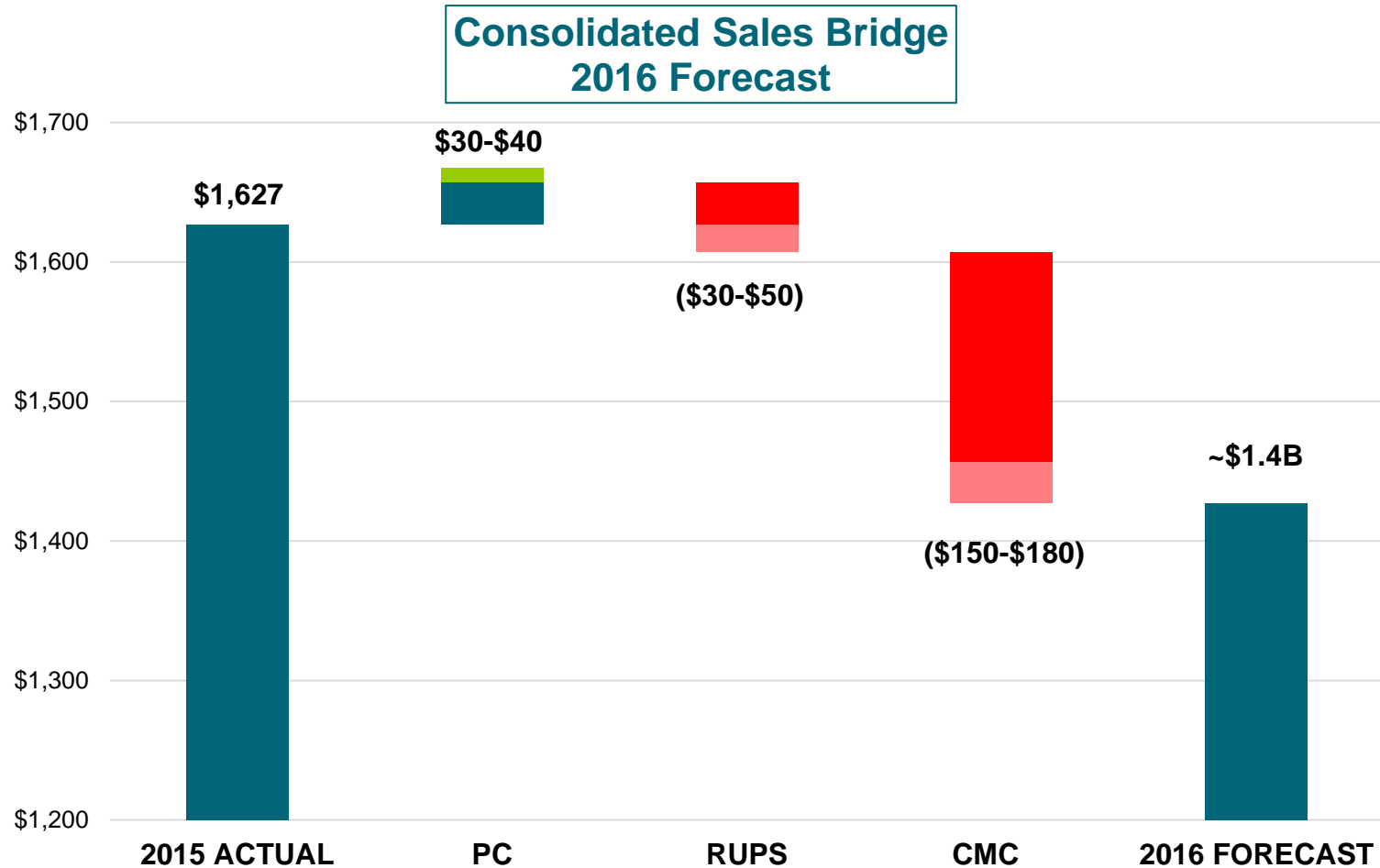
# 2016 Guidance

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# 2016 Sales Forecast of ~\$1.4B



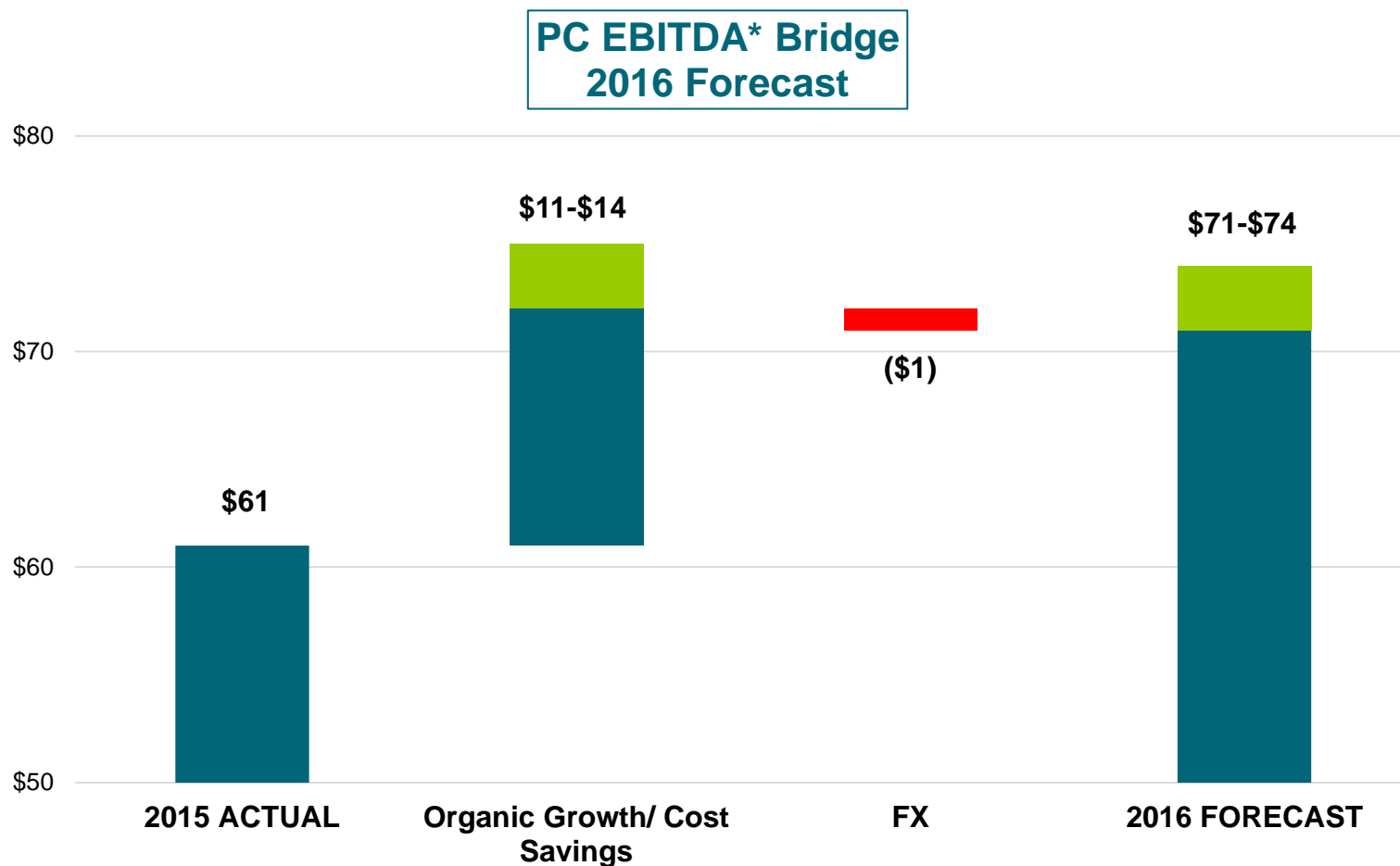
(\$ in millions)



# 2016 EBITDA Forecast: PC Net Improvement of \$10-13M



(\$ in millions)



\* Adjusted

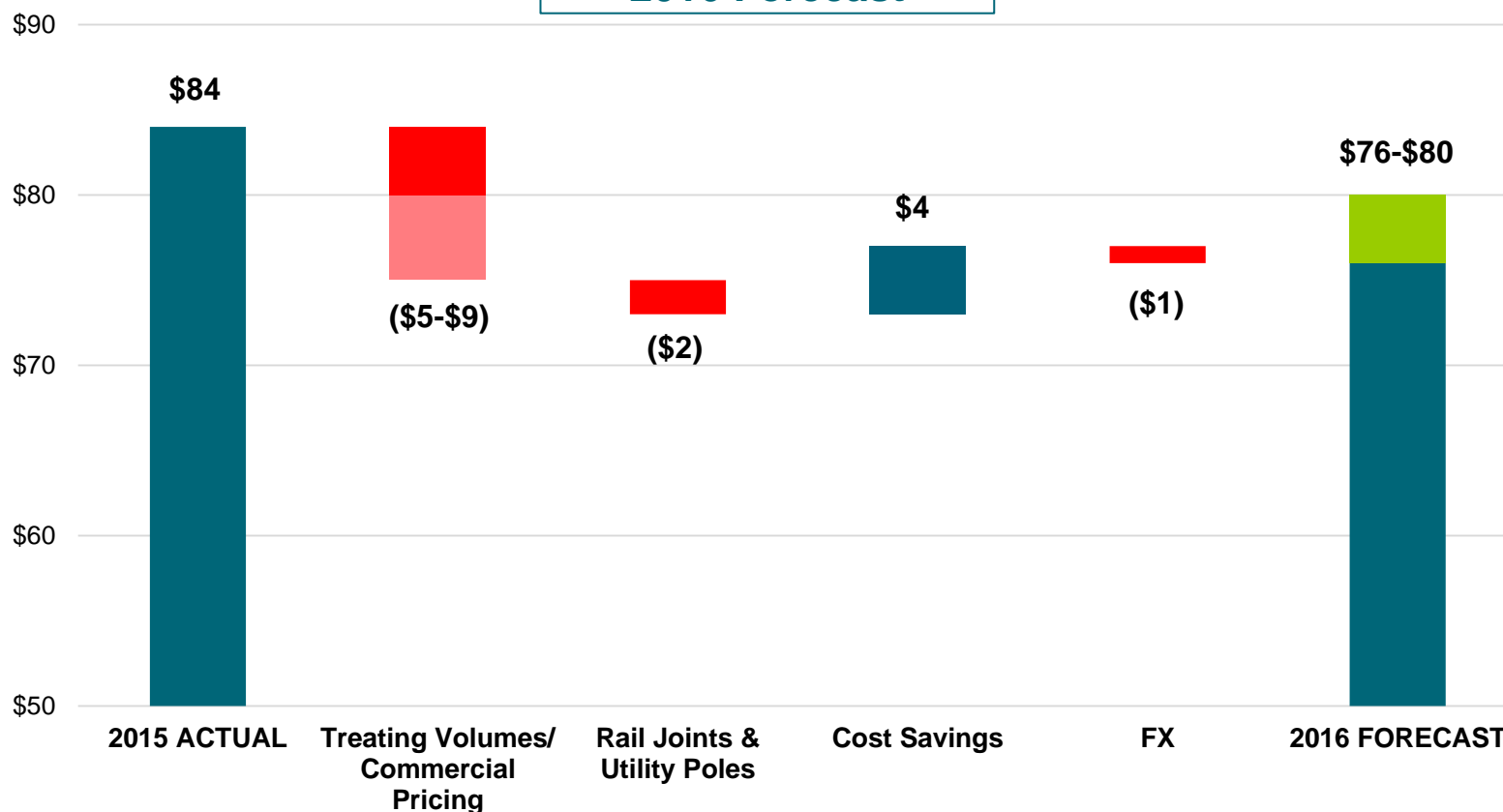
# 2016 EBITDA Forecast: RUPS

## Commercial Softening and Lower Treating Volumes Expected



(\$ in millions)

**RUPS EBITDA\* Bridge  
2016 Forecast**



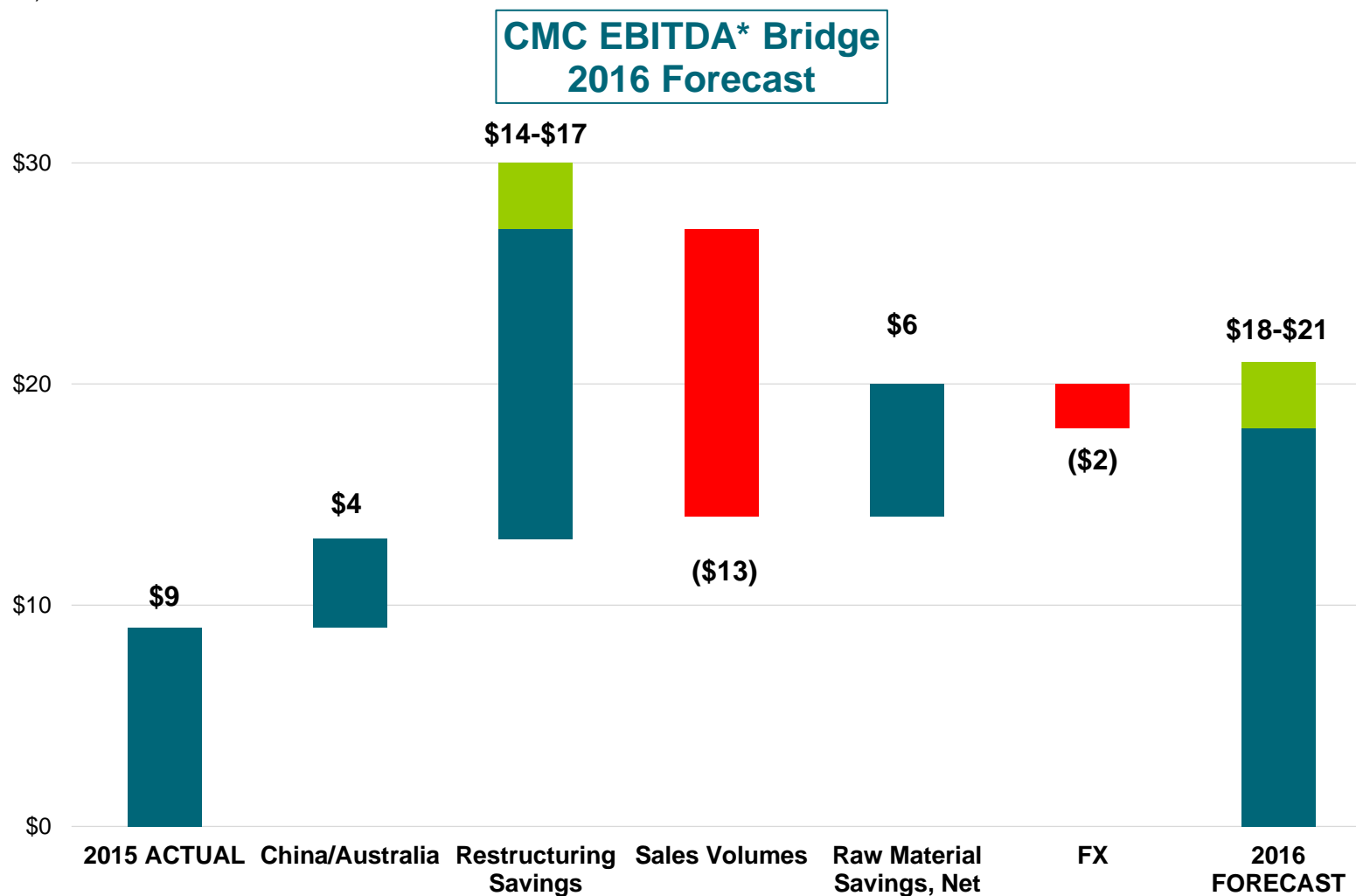
\* Adjusted

# 2016 EBITDA Forecast: CMC

## Increase of \$9-\$12M



(\$ in millions)



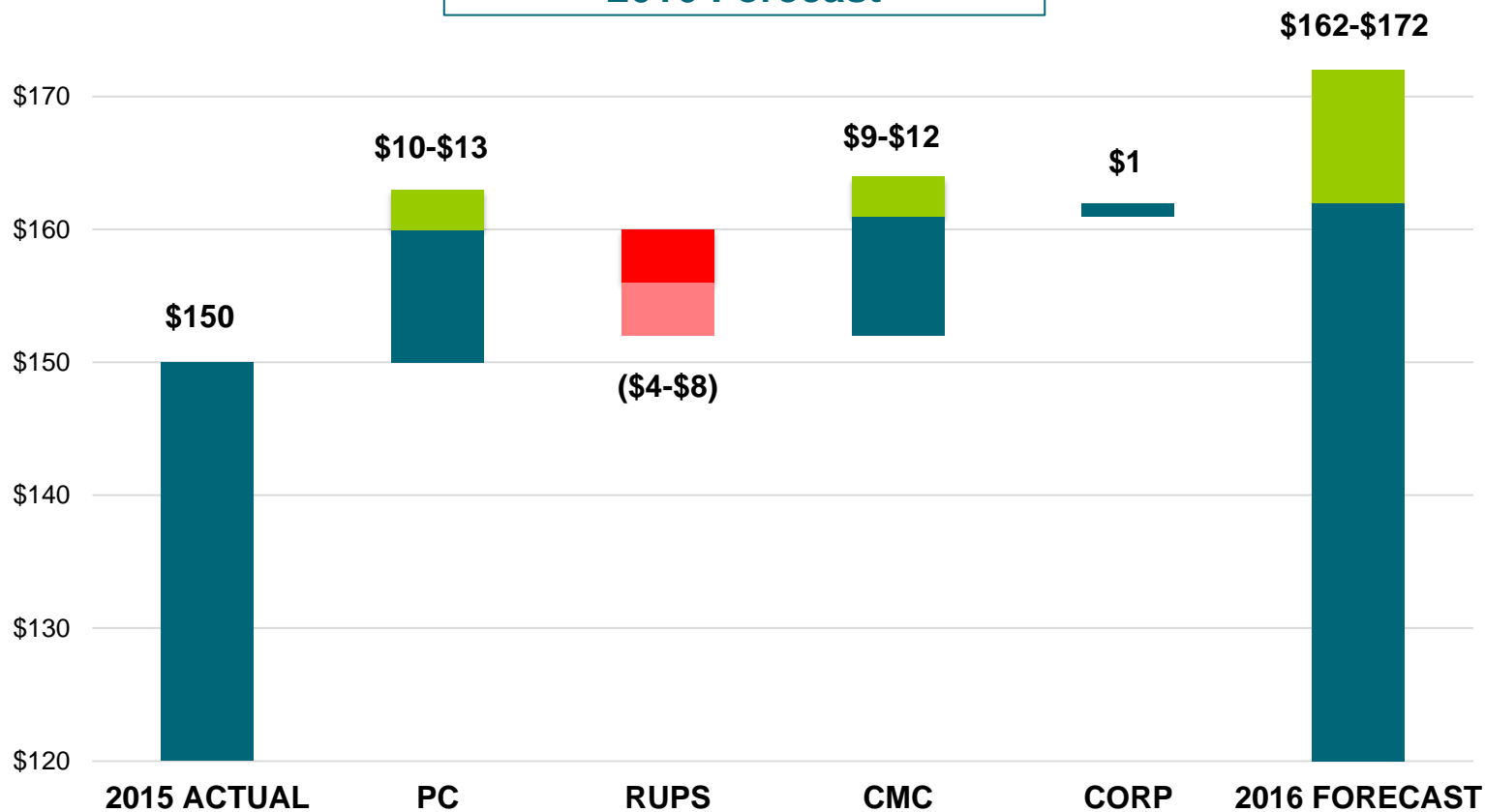
\* Adjusted

# 2016 EBITDA Forecast: Consolidated EBITDA of \$162-\$172M



(\$ in millions)

**Consolidated EBITDA\* Bridge  
2016 Forecast**



\* Adjusted

*Koppers believes that EBITDA, adjusted EBITDA and adjusted EBITDA margin provide 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 these non-GAAP measures enhance investors' understanding of its business and performance, these non-GAAP financial measures should not be considered as alternatives to GAAP basis financial measures.*

*For the company's 2016 guidance, adjusted EBITDA excludes restructuring, impairment, non-cash LIFO charges, and non-cash mark-to-market commodity hedging. The forecasted amounts for these items are not determinable, but may be significant. For that reason, the company is unable to provide GAAP earnings estimates at this time. Final results could also be affected by various other factors that management is unaware of at this time.*

# Debt & Liquidity

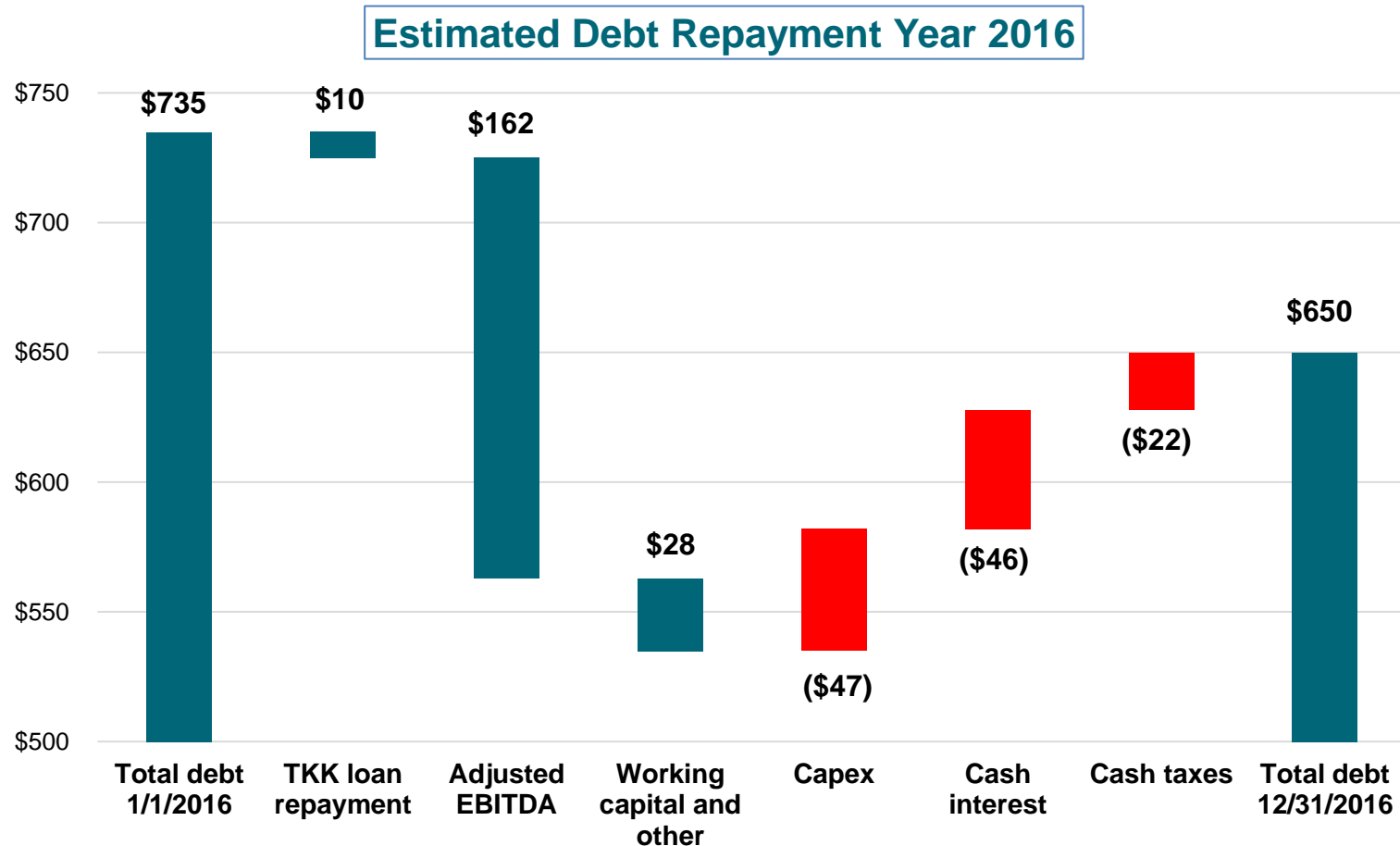
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# 2016 Debt Repayment: \$85M Minimum Target



(\$ in millions)



# U.S. Credit Facility Amendment



## **Credit amendment (April 2016) provides financial flexibility to fully implement restructuring actions**

- Reduce revolving credit facility to \$300M from \$500M; lower revolver interest expense
- Increase leverage covenant ratio for each remaining measurement period of agreement
- Exclude capital expenditures related to N.A. & European CMC restructuring from fixed charge ratio; can advance construction of naphthalene production at Stickney (IL) facility
- Reset \$75M basket to zero for cash or non-cash, non-recurring charges related to sale or discontinuation of businesses
- Additional pricing tier that increases interest rate slightly compared to prior agreement until we reach < 3.5 times leverage

# Zero Harm

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# Zero Harm



Safety Statistics	2015	2014	2013	2012
Days Away (DA)	1.21	0.76	0.90	0.72
Days Away / Restricted Transfer (DART)	1.90	2.03	1.69	1.66
Total Recordable Rate (TRR)	3.45	3.91	3.71	3.99

- ✓ Achieved certification in American Chemistry Council's Responsible Care® initiative across 18 global facilities and corporate headquarters
- ✓ Received awards from BNSF Railway, Canadian National Railway and Union Pacific Railroad for excellence in chemical transportation safety performance
- ✓ 12 operating locations achieved a zero total recordable rate in 2015
  - ✓ Auckland
  - ✓ Christchurch
  - ✓ Darlington
  - ✓ Denver
  - ✓ Geelong
  - ✓ Houston
  - ✓ Hubbell
  - ✓ KCCC
  - ✓ Longford
  - ✓ Millington
  - ✓ Mt. Gambier
  - ✓ Scunthorpe

ZERO IS POSSIBLE



## **Koppers Holdings Inc.**

436 Seventh Avenue  
Pittsburgh, PA 15219-1800

*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.*

## **Stock Exchange Listing**

NYSE: KOP

## **Contact Information**

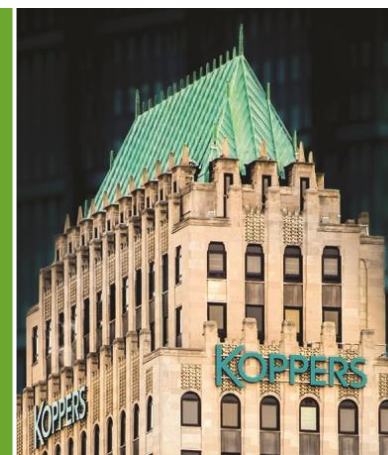
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**Responsible Care®**

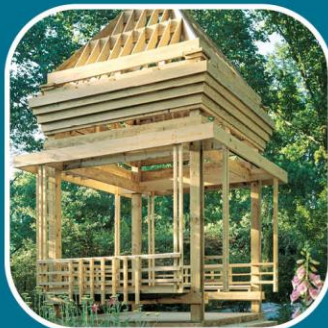
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**KOPPERS**  
**World Headquarters**  
Pittsburgh, Pennsylvania,  
USA





Wood Preservative Research  
Stake Testing



MicroPro Gazebo  
North America



NatureWood Paiva Walkway  
Arouca Geopark, Portugal



Pressure Treated Barn with MicroPro  
Sienna Color Pigment System - Canada

*Creating* safe & environmentally responsible solutions.  
*Solving* our customers' most important challenges.  
*Resulting* in superior performance for our shareholders.

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Railroad Track and Ties