

# EXPAND & OPTIMIZE



## Q4 & 2022 Results

February 27, 2023

# 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," "plan," "potential," "intend," "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, future dividends, 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; 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 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.

# 2022 Summary

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# Q4 2022 Summary of Key Metrics

## HIGHLIGHTS



### Consolidated Sales of \$483M

- ✓ Record Q4 sales

### Adjusted EBITDA of \$52.1M

- ✓ Record Q4 profitability
- ✓ Exceeded prior year Q4 of \$48.8M

### Adjusted EBITDA Margin of 10.8%

### Adjusted Earnings Per Share of \$1.09

- ✓ Exceeded prior year Q4 of \$0.77

### Operating Cash Flow of \$34.9M

### Capital Deployed

- ✓ Capital expenditures \$25.2M
- ✓ Dividends \$1.0M
- ✓ Share repurchases \$5.1M

# Full-Year 2022 Summary of Key Metrics

## HIGHLIGHTS



**Consolidated Sales of \$1.98B**

✓ Record sales year

**Adjusted EBITDA of \$228.1M**

✓ Record profitability year

✓ Exceeded 2021 of \$223.5M

**Adjusted EBITDA Margin of 11.5%**

**Adjusted Earnings Per Share of \$4.14**

**Operating Cash Flow of \$102.3M**

**Capital Deployed**

✓ Capital expenditures \$105.3M

✓ Dividends \$4.2M

✓ Share repurchases \$23.6M

# 2022 Accomplishments

## Portfolio Enhancement

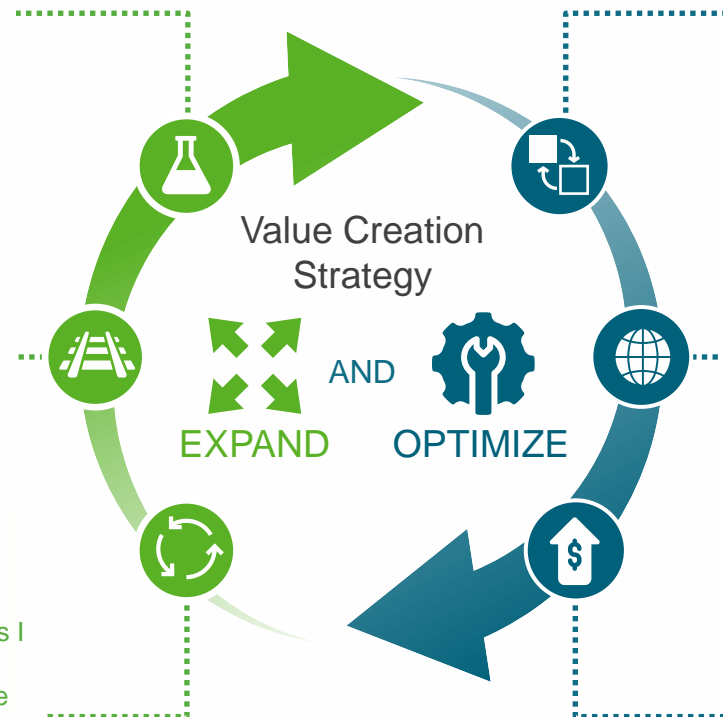
PC achieved ~\$40M new industrial business via transition to CCA or new entry into oil-borne preservative (InPro 23 and InPro 50 DCOI)

## Wood Treatment Expansion

Purchased a 105-acre property in Leesville, LA which will increase peeling and drying capacity for utility pole treatment process

## Cradle-to-Cradle

Recovery Resources business signed new 5-year, \$50M agreement with Class I railroad customer to collect and grade railroad crossties at the end of useful life



## Network Optimization

Continued upgrading facility at N. Little Rock; modernizing processes; improving environmental performance  
Sold utility pole treating facility in Sweetwater, TN

## Strengthen Business Model

Acquired Gross & Janes, largest independent supplier of untreated railroad crossties in N.A.; further strengthening vertically integrated business model

## Balance Sheet Flexibility

Entered into a Credit Agreement for \$800M credit facility  
Declared first quarterly cash dividend since November 2014; paid \$4M total dividends to shareholders  
\$23.6M in share repurchases

- Including 686,366 shares at average price of \$27.30/share under repurchase program
- \$71.9M remains of original authorization of \$100M

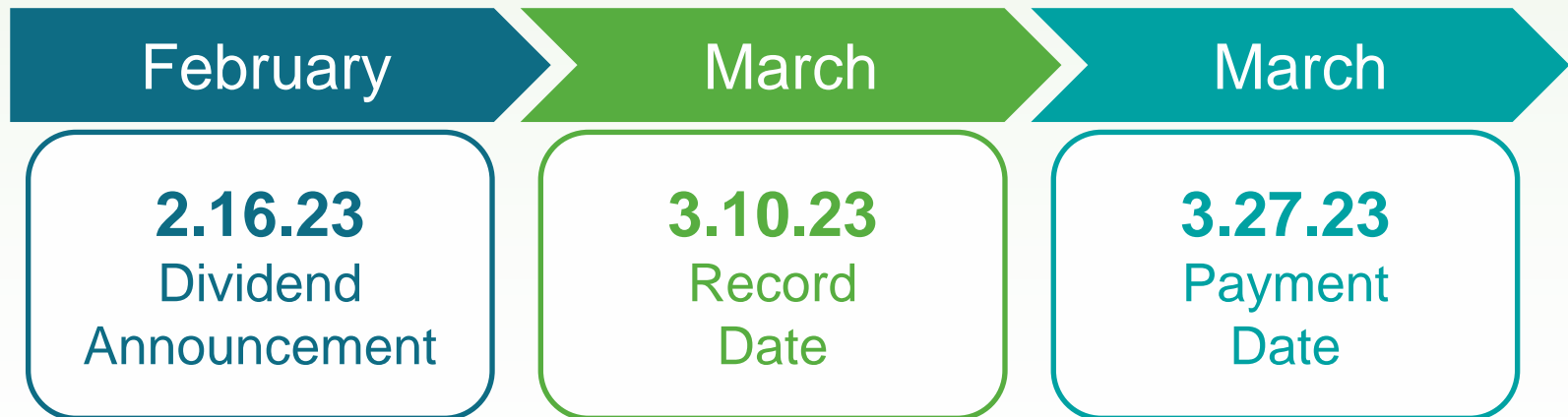
# Dividend Increase

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# Increasing Quarterly Cash Dividend

*effective capital deployment* **maximize**  
*strength and resiliency* **shareholder value**  
**dividend**  
**strategic growth plan** *strong operating cash flows*  
*capital flexibility*

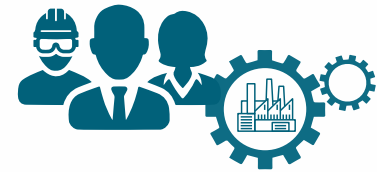


*Board of Directors approved 20% increase in quarterly dividend rate for 2023 to \$0.06 per share of Koppers common stock.*



# Zero Harm

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# Zero Harm 2.0



Re-energize Zero Harm engagement at the frontline and accelerate progress towards Zero

- **More Impactful Frontline Training** – *improving* required compliance training and higher impact Zero Harm training to raise awareness
- **Career Progression and Training for Site Zero Harm Coordinators** – *increasing* the effectiveness of these critical manufacturing site professionals
- **Faster and More Efficient FOCUS Platform** – *elevating* the user experience via faster connectivity and data handling of the Safety, Health and Environmental Management Information System
- **Stronger Governance** – *leveraging* Zero Harm Councils and leadership functions to align people and activities more effectively
- **Pinpoint Communication and Messaging** – *targeting* opportunities in small groups to more effectively engage with hourly employees about their own health and safety

19 out of 46 Facilities Accident-Free in 2022



Incident Rate:

↓ 5%

# Q4 & 2022 Results

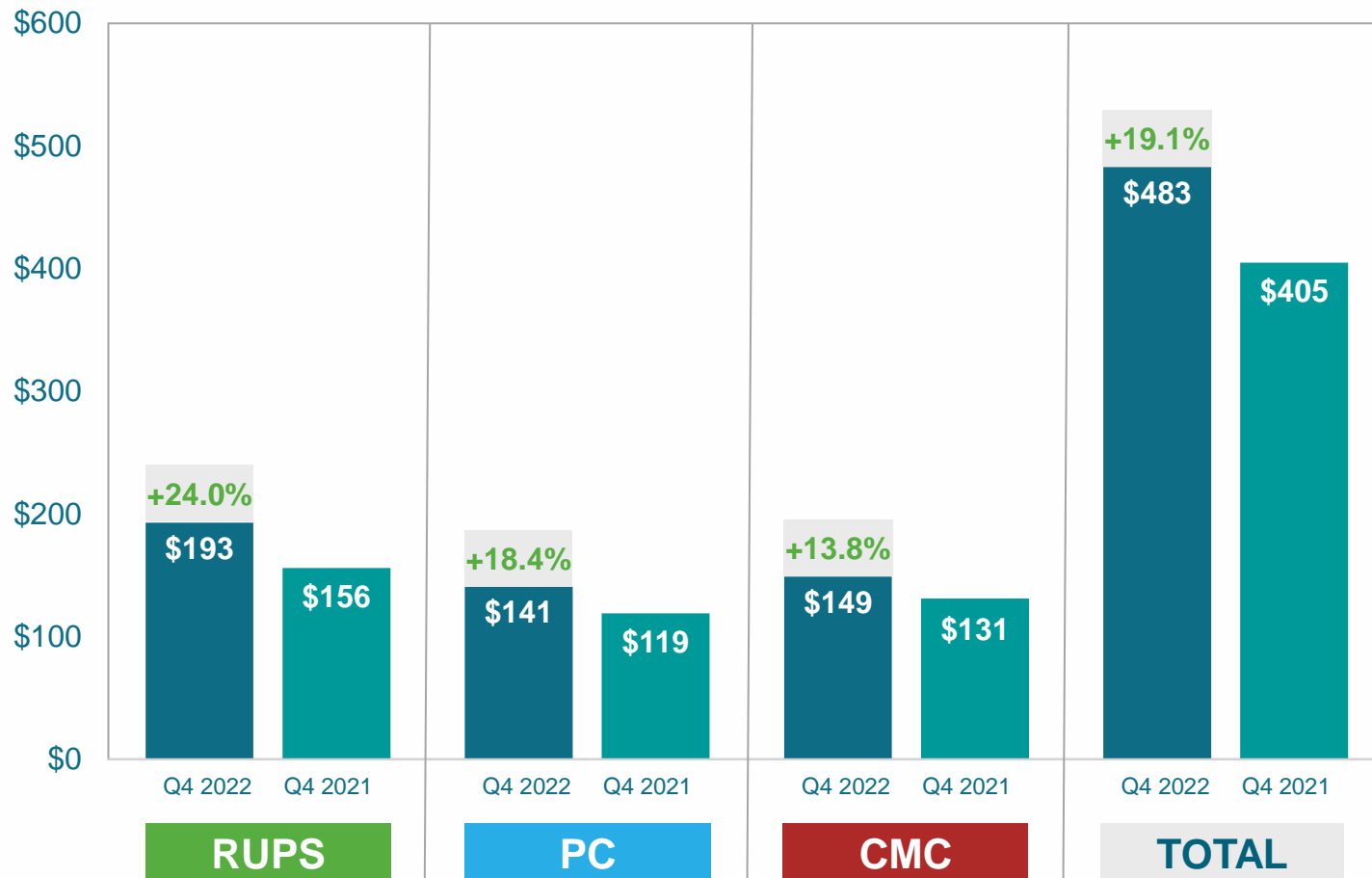
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# Q4: Sales by Segment (Unaudited)

## Q4 2022 Sales vs. Prior Year

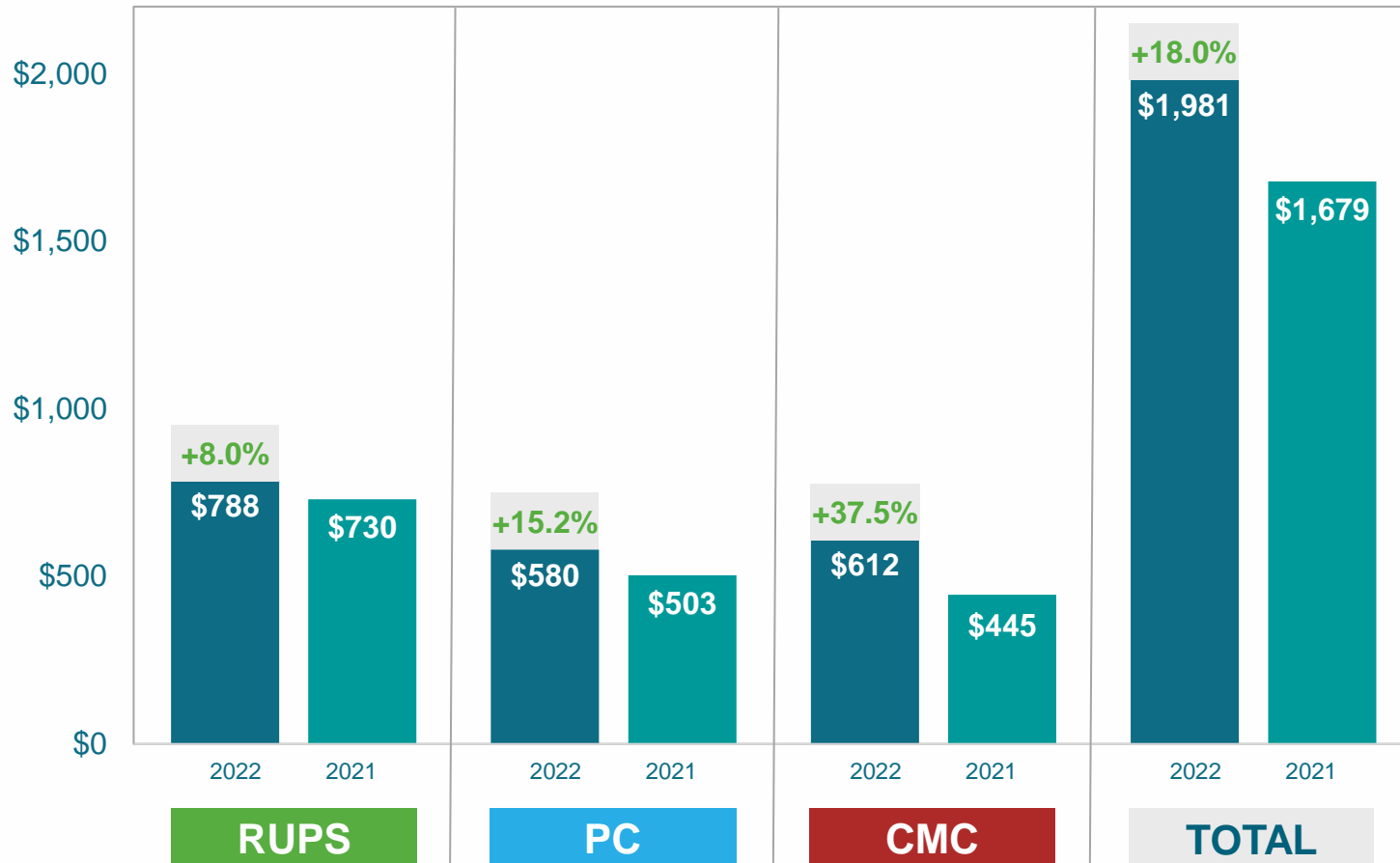
\$ in Millions



# 2022: Sales by Segment (Unaudited)

## 2022 Sales vs. Prior Year

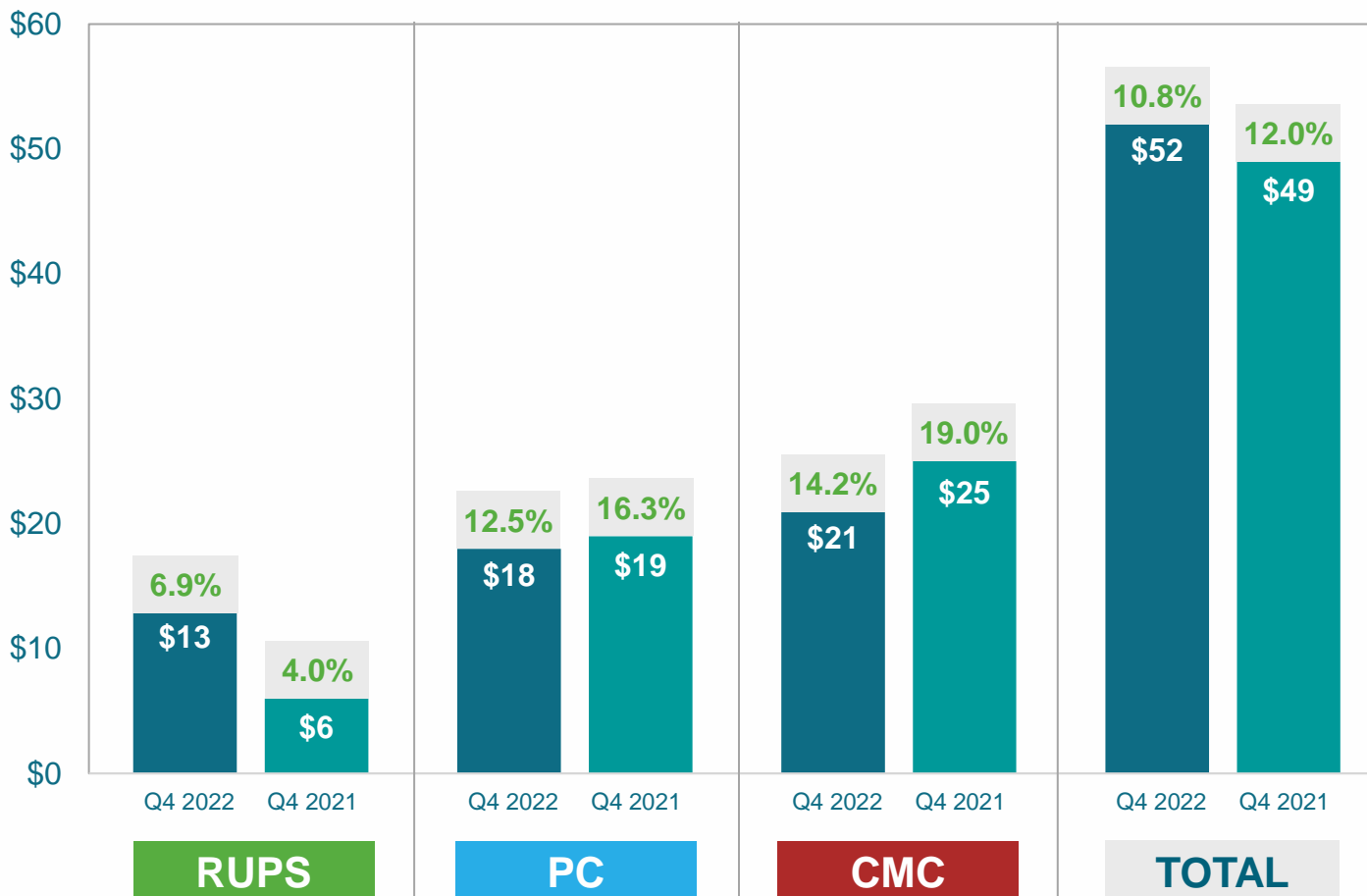
\$ in Millions



# Q4: Adjusted EBITDA by Segment (Unaudited)

## Q4 2022 Adjusted EBITDA \$ and % vs. Prior Year

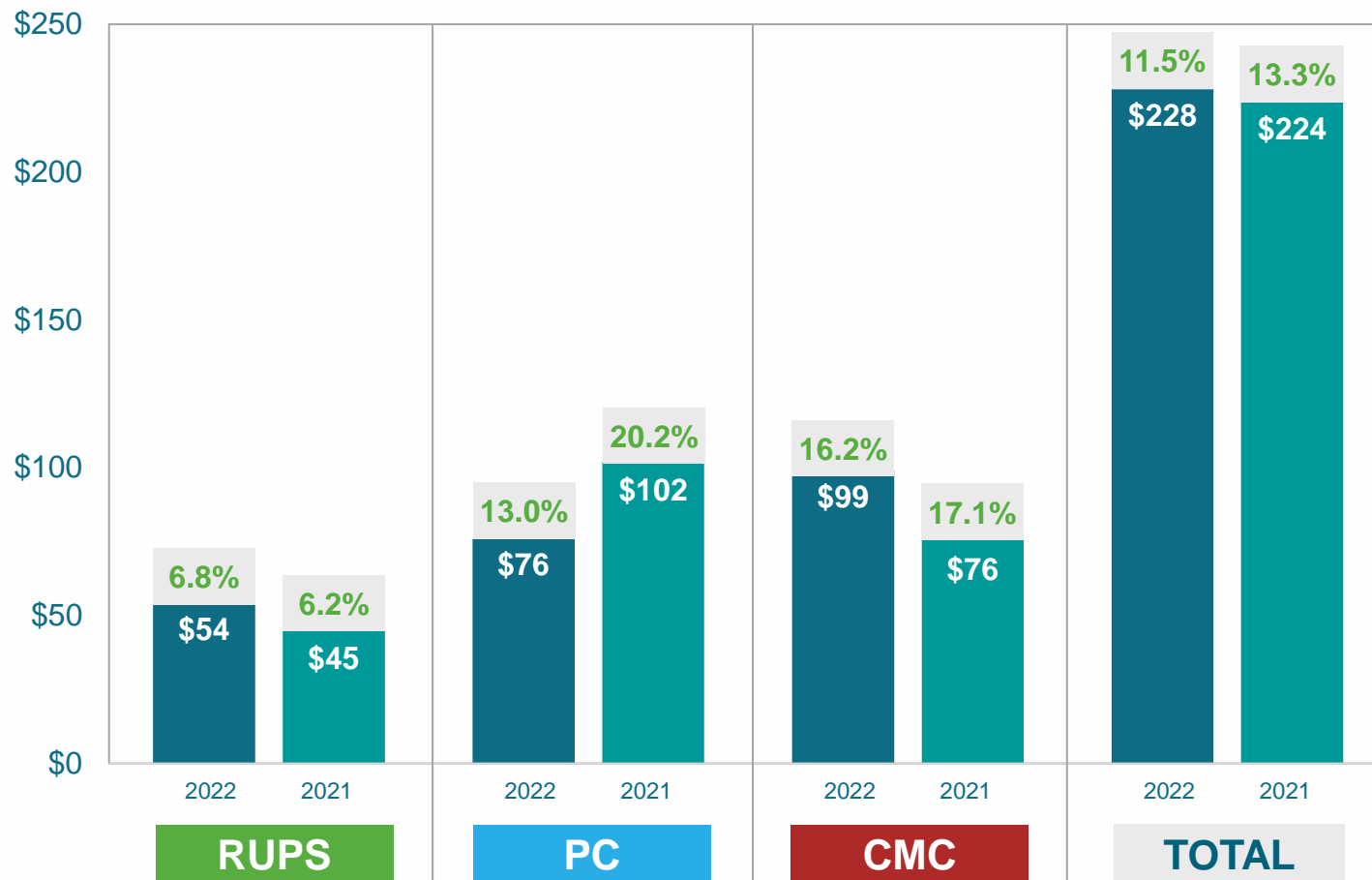
\$ in Millions



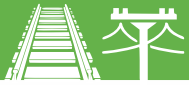
# 2022: Adjusted EBITDA by Segment (Unaudited)

## 2022 Adjusted EBITDA \$ and % vs. Prior Year

\$ in Millions



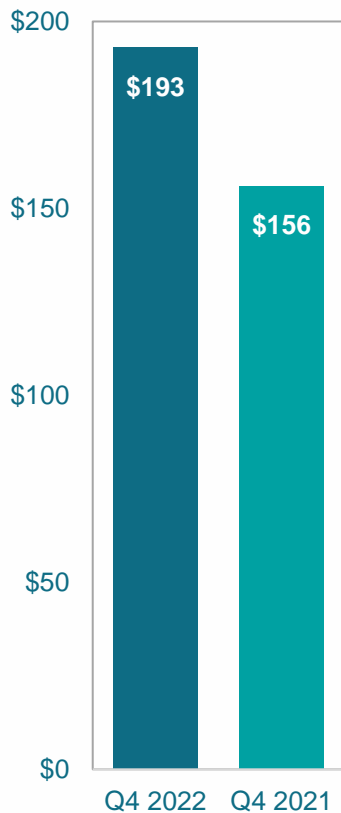
# Q4 2022 RUPS Segment



## RAILROAD AND UTILITY PRODUCTS AND SERVICES

### Sales (Unaudited)

\$ in Millions

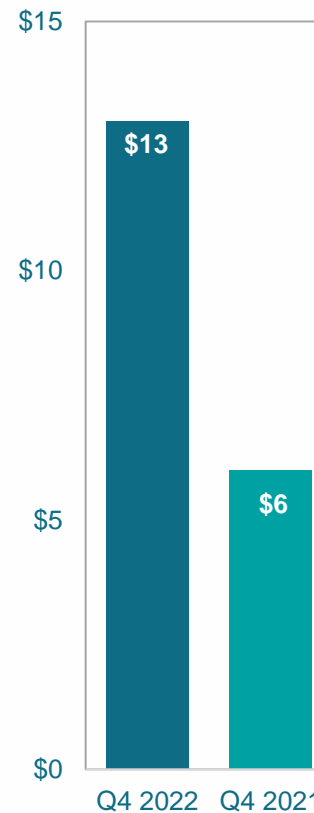


#### Highlights

- Record fourth-quarter sales primarily due to:
  - ✓ Pricing increases, particularly for crossties and utility poles
  - ✓ Higher volumes in commercial crossties
  - ✓ Increased activity in maintenance-of-way businesses
- Market prices for untreated crossties remain at relatively high levels but stabilizing
  - ✓ Q4 crosstie procurement up 60% and crosstie treatment 12% lower than prior year

### Adjusted EBITDA (Unaudited)

\$ in Millions



#### Highlights

- Higher profitability primarily driven by:
  - ✓ Continued price increases
  - ✓ Improved capacity utilization associated with higher crosstie volumes
  - ✓ Partly offset by higher raw material and operating costs
- Continued to see higher procurement volumes of green ties

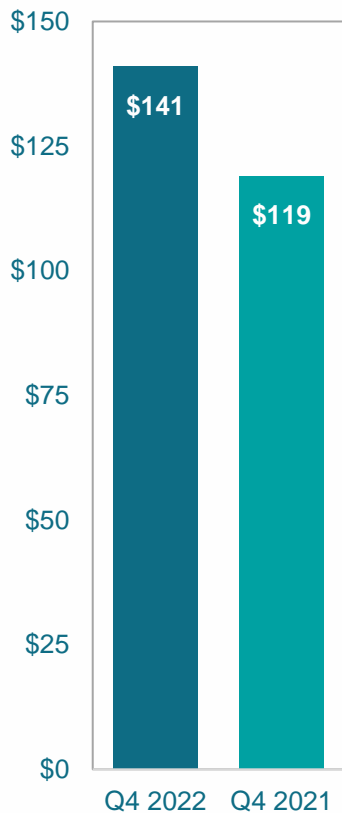


# Q4 2022 PC Segment

## PERFORMANCE CHEMICALS

### Sales (Unaudited)

\$ in Millions

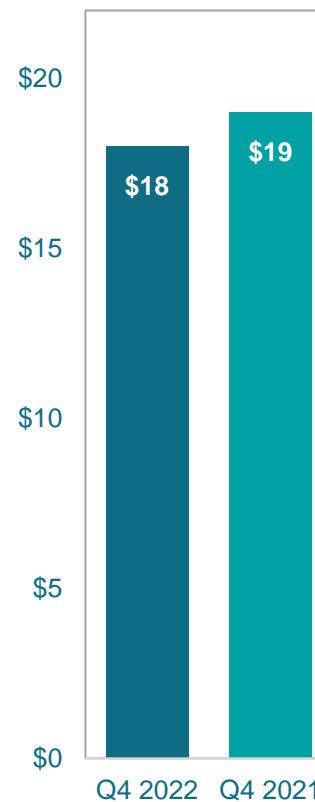


#### Highlights

- Year-over-year sales growth driven by:
  - ✓ Volume increases in the Americas
  - ✓ Price increases implemented globally
  - ✓ Partly offset by volume decreases in Europe and Australasia

### Adjusted EBITDA (Unaudited)

\$ in Millions



#### Highlights

- Profitability continued to be unfavorably impacted by:
  - ✓ Higher overall raw material costs
    - Continued working through higher cost inventory
  - ✓ Partly offset by global price increases

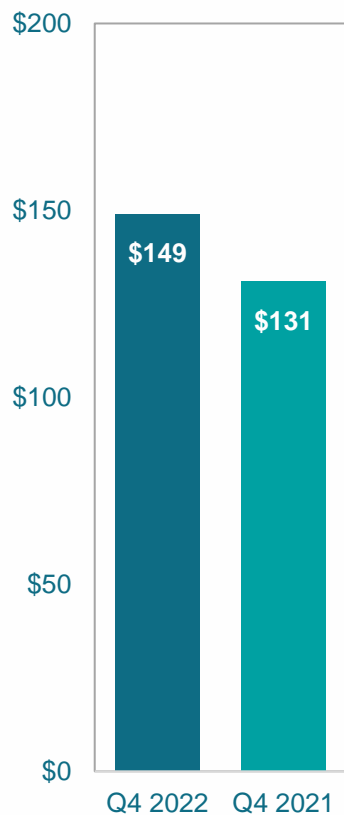
# Q4 2022 CMC Segment



## CARBON MATERIALS AND CHEMICALS

### Sales (Unaudited)

\$ in Millions

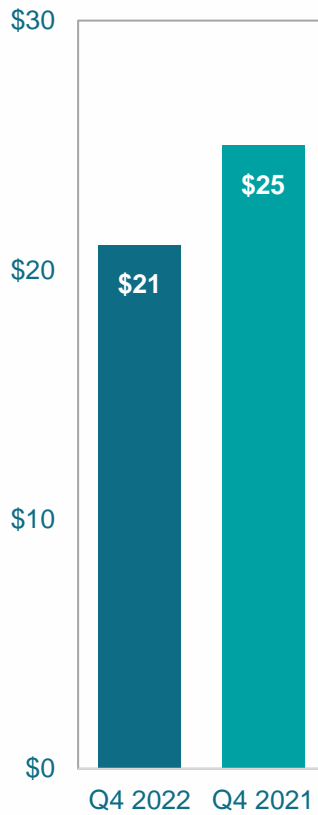


#### Highlights

- Increase in sales primarily driven by:
  - ✓ Higher prices across product lines and geographies
  - ✓ Strong demand in a market environment that has limited supply
  - ✓ Partly offset by volume decreases in Europe and North America

### Adjusted EBITDA (Unaudited)

\$ in Millions



#### Highlights

- Year-over-year decrease in profitability reflects:
  - ✓ Higher raw material costs and other operating expenses
  - ✓ Partly offset by a favorable pricing environment
- Compared with Q3 2022, average pricing of major products 7% lower and average coal tar costs higher by 7%
- Compared with Q4 2021, average pricing of major products increased 40% and average coal tar costs higher by 42%

# Capital Allocation

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# Uses of Cash: Balanced Approach

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- **Investing in our business**
  - ✓ Capital expenditures
- **Returning capital to shareholders**
  - ✓ Reinstated dividends in 2022; declared 4 quarterly dividends of \$0.05/share in 2022
  - ✓ Repurchased shares
- **Reducing leverage<sup>(1)</sup> as appropriate**
  - ✓ \$784M net debt and \$412M available borrowings at 12/31/22; no near-term maturities before 11/2024
  - ✓ NLR 3.4x at 12/31/22
  - ✓ Long-term target of 2x-3x net leverage ratio

**Confident In Ability to Grow and Generate Cash**



(1) Net Leverage Ratio is calculated as net debt divided by adjusted EBITDA for the latest twelve-month period. Net debt represents total debt less cash at the end of a quarter. Net debt and liquidity will fluctuate before, after and throughout the related period based upon the timing of receipts and payables.

# 2022 Capital Expenditures

CapEx by Category	2022
Maintenance	\$49.5M
Zero Harm	20.5
Growth & Productivity	35.2
<b>Total</b>	<b>\$105.3M</b>
<b>Less: Cash Proceeds</b>	<b>(5.2)</b>
<b>Capital Expenditures, Net</b>	<b>\$100.1M</b>

CapEx by Business Unit	Maintenance	Zero Harm	Growth & Productivity	Total
RUPS	\$19.3M	\$1.9M	\$26.1M	\$47.3M
PC	6.4	2.4	1.8	10.6
CMC	22.3	16.2	7.2	45.7
Corporate	1.6	-	0.1	1.7
<b>Total</b>	<b>\$49.5M</b>	<b>\$20.5M</b>	<b>\$35.2M</b>	<b>\$105.3M</b>

# Notable Happenings

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# Awards & Recognition

Koppers recognized among America's Most Responsible Companies by Newsweek.



Leigh Ann Richardson,  
Sr. Manager Regulatory Affairs,  
recognized by  
The Manufacturing Institute.



# Business Sentiment: Keys to Success

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# 2023 Keys to Success



## PERFORMANCE CHEMICALS

### Price increases stick without major loss of volume

- Major price increases went into effect 1/1/23
- Annualized impact > \$60 million
- Some trading of market share

### Residential demand declines less than 10%

- We have modeled a 5-10% year-over-year decline in base volumes; early '23 volumes are trending between 15-20% down but compared to strong Q1 '22
- Existing-home sales in January 0.7% lower than December; 12th consecutive month of decline; lowest reading since October 2010 (*Source: National Association of Realtors*)
- 16.3% year-over-year growth in Q4/2022 in home renovation and repair expenditures; expect 14.1% in Q1/2023 and decelerate to 2.6% in Q4/2023 (*Source: Leading Indicator of Remodeling Activity*)



### Koppers continues to take share of shifting industrial preservative market

- Phase out of major industrial preservative has opened the door for increased share of Koppers products
- Industrial preservative sales volumes grew 33% in 2022; Jan '23 up 40% over Jan '22

# 2023 Keys to Success

## RUPS: UTILITY AND INDUSTRIAL PRODUCTS

### Keep facilities running uninterrupted

- Strong demand industry-wide attracting other short-term players
  - ✓ Federal incentives driving new line construction, i.e., broadband, renewable energy, etc.
  - ✓ Aging infrastructure creating potential liabilities for utilities and driving increased pole replacement rates
  - ✓ More frequent weather events creates continued need for storm response poles (Hurricane Ian = 13,000 UIP poles shipped)
- Seasonally slower month of January '23 was third best profit month ever for UIP



### Get Leesville, LA, facility producing by Q3

- Texas market remains hungry for another supplier; backlog of orders waiting for fulfillment
- Property has been cleared; grading to begin soon; equipment constructed waiting to be installed
- Somerville, TX treating plant remains underutilized until we are shipping dry material from Leesville, LA

# 2023 Keys to Success



## RUPS: RAILROAD PRODUCTS AND SERVICES

### Build dry inventory as soon as possible

- On 7 million annual tie procurement pace compared to 4 million in early 2022
- Inbound tie flow in line with projected demand but needs to increase further to rebuild dry inventory
- Continuing boultonizing to fill demand which limits treating capacity

### Recoup value of preservative

- Cost of raw material exceeds sales price; dynamic cannot be sustained
- Have increased price with several customers; in discussion with others to maintain healthy supply chain

### Finish North Little Rock expansion by mid-year

- Carrying redundant costs while we are in construction through start-up
- New plant should be the most efficient with the best sustainability footprint for safety and the environment



# 2023 Keys to Success



## CARBON MATERIALS AND CHEMICALS

### Manage challenging raw material environment

- Russia Ukraine conflict has reduced European raw material supply by 20%
- Turkish earthquake has knocked more coke capacity off-line which will put further pressure on supply
- US coke production continues to decline as steel producers continue to invest in greener technologies

### Continue to push acceptance of petroleum-blended products

- Blended products have years of industry acceptance and widespread use
- Still working on acceptance of a creosote petroleum blended solution for utility poles

### No recessionary impact to aluminum and steel markets

- We have modeled similar demand as 2022 which should support similar price levels
- Any worsening of raw material markets beyond what is noted above would put additional pressure on costs beyond expected increases



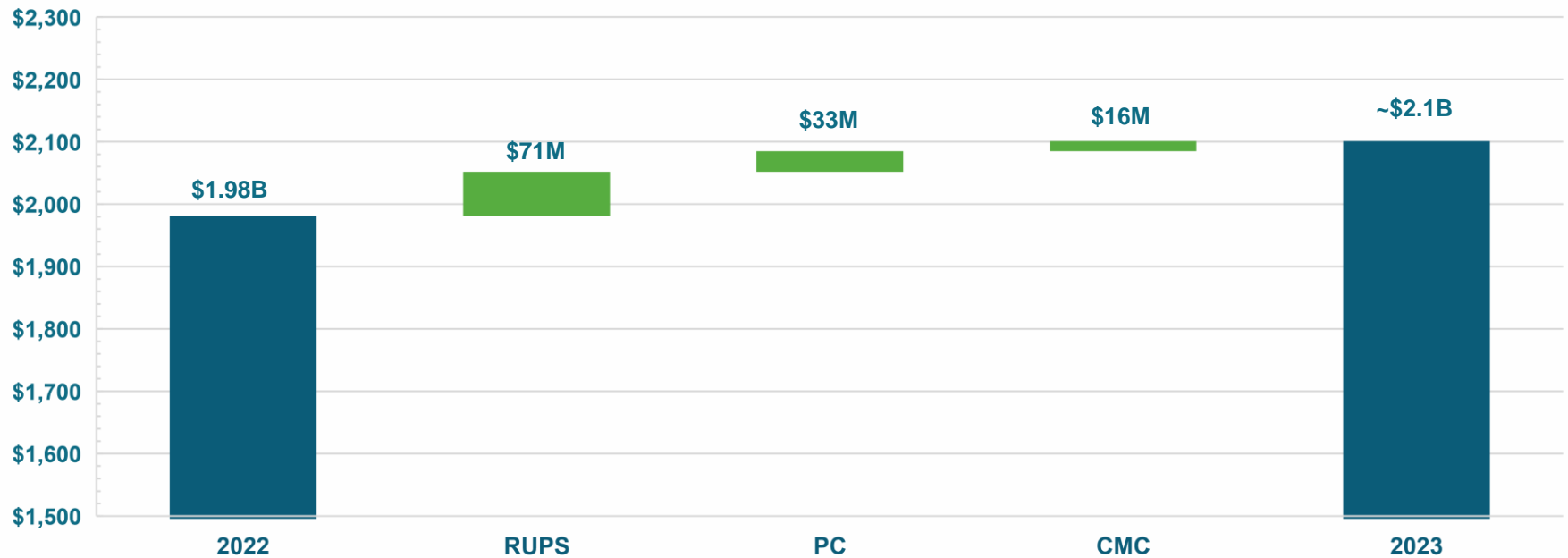
# 2023 Guidance

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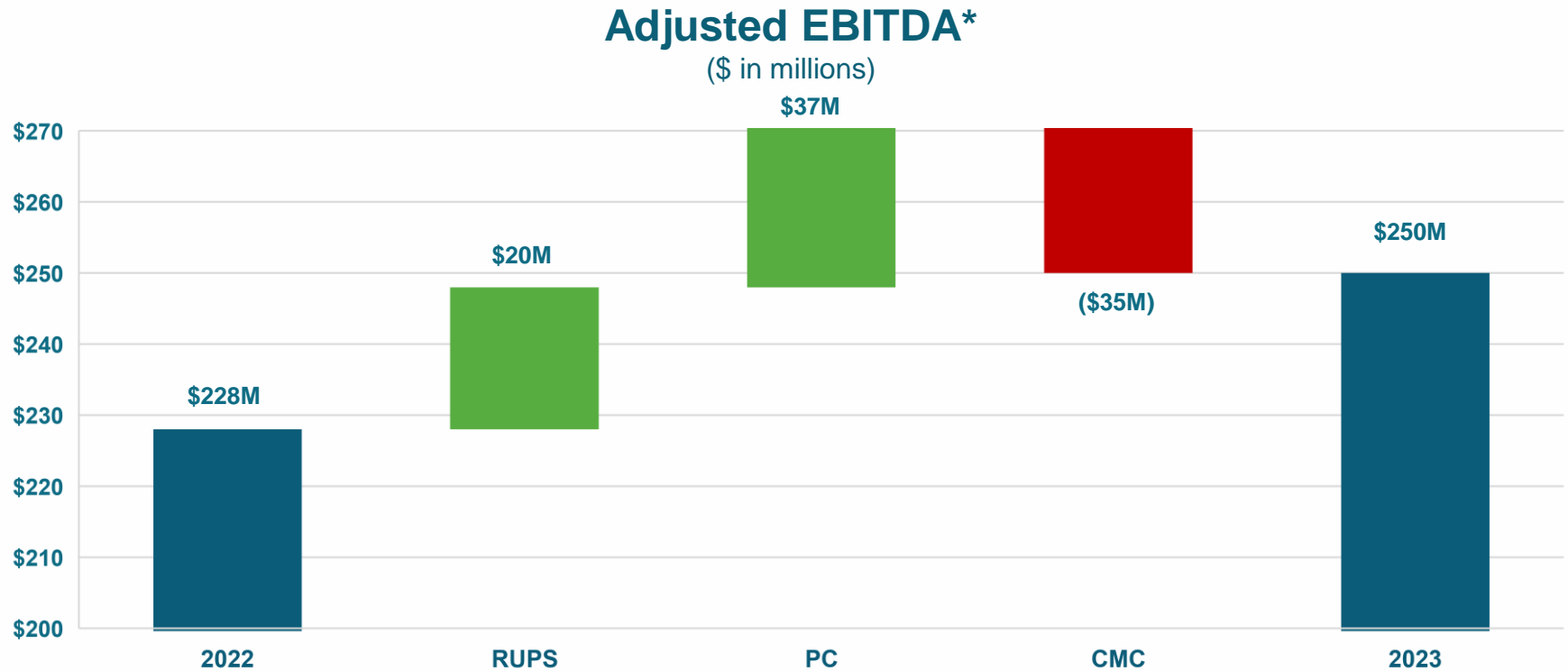


# 2023 Sales Forecast: ~\$2.1B

## Sales (\$ in millions)



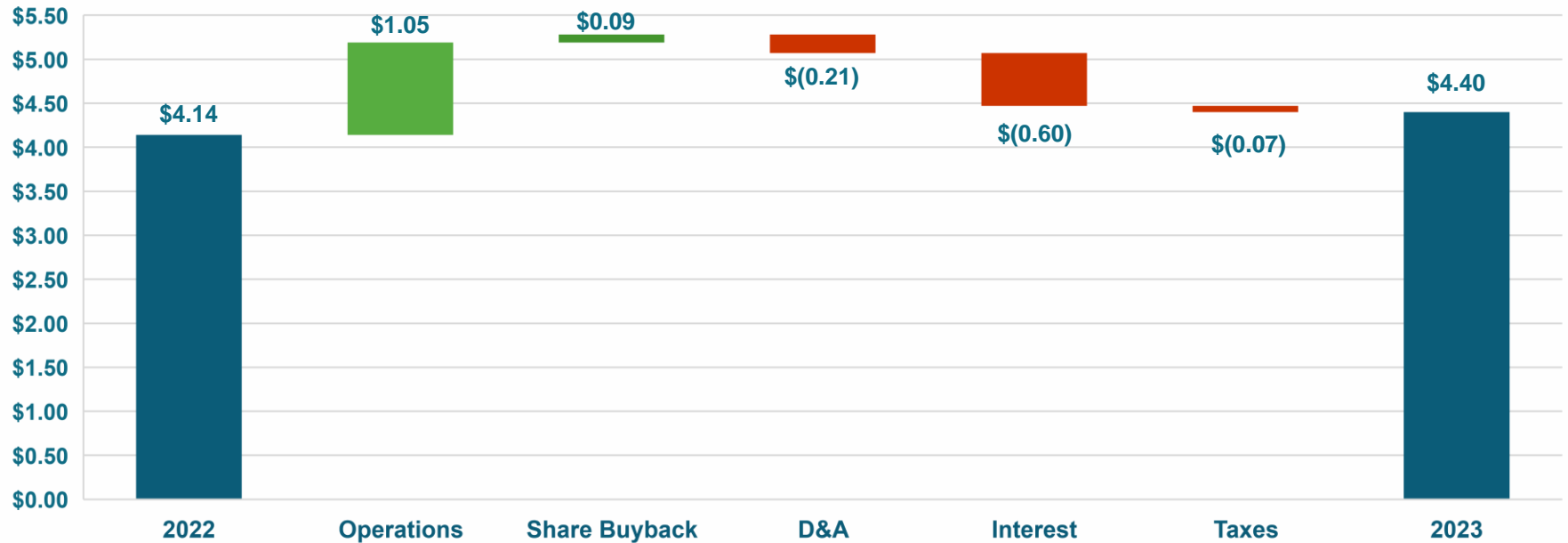
# 2023 Adjusted EBITDA Forecast: \$250M



\* Excluding special charges

# 2023 Adjusted EPS Forecast: \$4.40

## Adjusted EPS\*



\* Excluding special charges



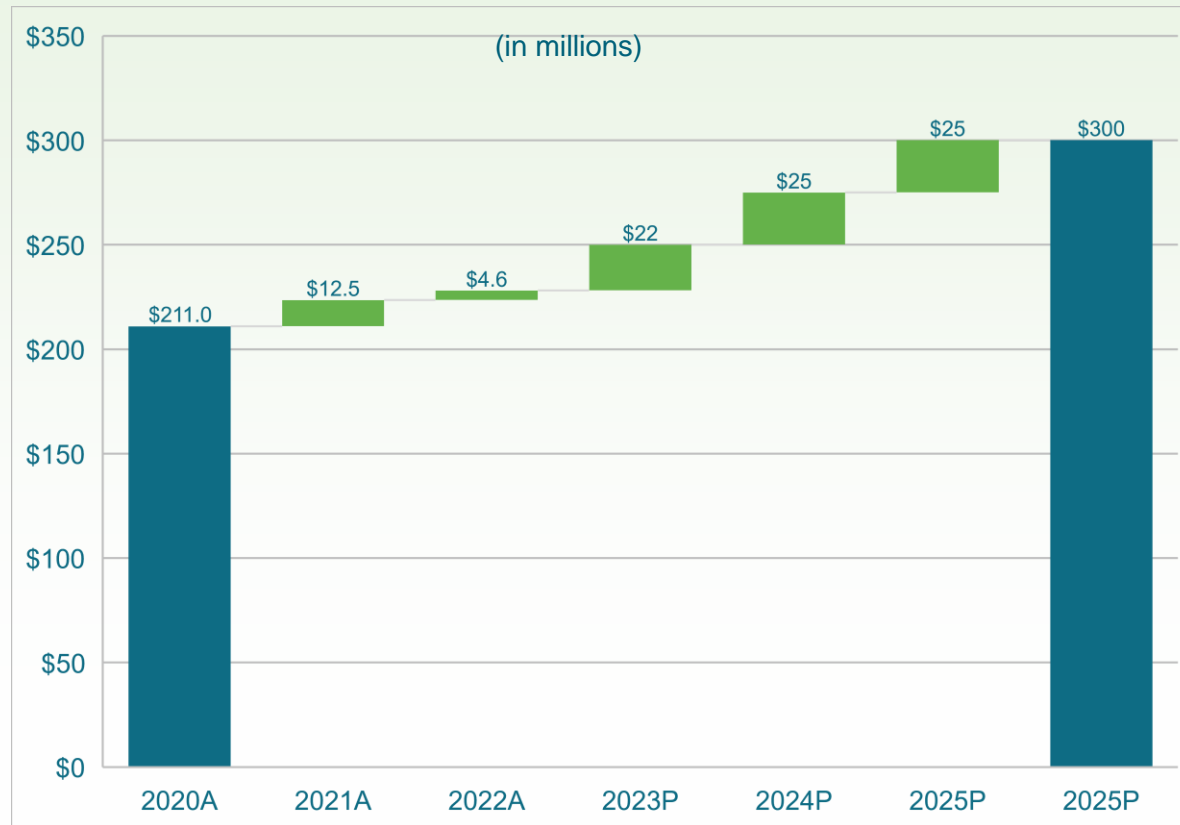
# 2023 Capital Expenditures

CapEx by Category	Amount
Maintenance	\$49M
Zero Harm	16M
Growth & Productivity	40M
<b>Capital Expenditures, Net</b>	<b>\$105M</b>

CapEx by Business Unit	Maintenance	Zero Harm	Growth & Productivity	Total
RUPS	\$13.4	\$2.9	\$16.0	\$32.3
PC	4.6	7.1	6.0	17.7
CMC	29.0	6.0	18.0	53.0
Corporate	2.0	—	—	2.0
<b>Total</b>	<b>\$49.0</b>	<b>\$16.0</b>	<b>\$40.0</b>	<b>\$105.0</b>

# Path to \$300M Adjusted EBITDA By 2025

Adjusted EBITDA Contribution by Year



# Appendix

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# Non-GAAP Measures & Guidance

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*This presentation includes unaudited “non-GAAP financial measures” as defined in Regulation G under the Securities Exchange Act of 1934, including adjusted EBITDA, adjusted EBITDA margin, adjusted EPS, net debt and net leverage ratio. Koppers believes that the presentation of non-GAAP financial measures 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. 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 from, or as substitutes for performance measures calculated in accordance with GAAP.*

*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, but are not limited to, restructuring and impairment charges, acquisition-related costs, mark-to-market commodity hedging, and LIFO adjustments that are difficult to predict in advance in order to include in a GAAP estimate and may be significant.*

*References to historical EBITDA herein means adjusted EBITDA, for which the company has provided calculations and reconciliations in the Appendix.*

# Unaudited Reconciliation of Net Income To Adjusted EBITDA and Margin

	<i>Three Months Ended December 31,</i>		<i>Year Ended December 31,</i>		
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Net income	\$ 13.8	\$ 22.2	\$ 63.2	\$ 84.9	\$ 121.0
Interest expense	12.5	10.0	44.8	40.5	48.9
Depreciation and amortization	11.6	14.3	56.1	57.7	54.1
Depreciation in impairment and restructuring charges	0.0	0.0	0.0	0.7	2.0
Income tax provision	1.9	12.1	31.6	34.5	21.0
Discontinued operations	0.1	0.3	0.6	0.2	(31.9 )
Sub-total	39.9	58.9	196.3	218.5	215.1
Adjustments to arrive at adjusted EBITDA:					
Impairment, restructuring and plant closure costs (benefits)	0.8	(0.1 )	1.1	4.2	15.7
(Gain) on sale of assets	0.0	(23.4 )	(2.5 )	(31.2 )	0.0
LIFO expense (benefit)	12.8	12.2	25.6	28.2	(13.7 )
Mark-to-market commodity hedging losses (gains)	(2.5 )	1.2	6.5	3.8	(9.2 )
Inventory adjustment	1.1	0.0	1.1	0.0	0.0
Pension settlement	0.0	0.0	0.0	0.0	0.1
Discretionary incentive	0.0	0.0	0.0	0.0	3.0
Total adjustments	12.2	(10.1 )	31.8	5.0	(4.1 )
Adjusted EBITDA	\$ 52.1	\$ 48.8	\$ 228.1	\$ 223.5	\$ 211.0
Net sales	\$ 482.6	\$ 405.3	\$ 1,980.5	\$ 1,678.6	\$ 1,669.1
Adjusted EBITDA margin	10.8 %	12.0 %	11.5 %	13.3 %	12.6 %

# Unaudited Reconciliation of Net Income Attributable to Koppers & Adjusted Net Income Attributable to Koppers

(In millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Net income attributable to Koppers	\$ 13.8	\$ 22.2	\$ 63.4	\$ 85.2
Adjustments to arrive at adjusted net income:				
Impairment, restructuring and plant closure costs (benefits)	0.8	(0.1)	1.0	5.5
(Gain) on sale of assets	0.0	(23.4)	(2.5)	(31.2)
LIFO expense	12.8	12.2	25.6	28.2
Mark-to-market commodity hedging losses (gains)	(2.5)	1.2	6.5	3.8
Inventory adjustment	1.1	0.0	1.1	0.0
Total adjustments	12.2	(10.1)	31.7	6.3
Adjustments to income tax and noncontrolling interests:				
Income tax on adjustments to pre-tax income	(3.1)	2.5	(7.6)	(1.4)
Deferred tax adjustments	0.0	(1.5)	0.0	(1.2)
Writeoff of debt issue costs	0.0	3.5	0.4	3.5
Noncontrolling interest	0.0	0.0	(0.2)	(0.3)
Effect on adjusted net income	9.1	(5.6)	24.3	6.9
Adjusted net income including discontinued operations	22.9	16.6	87.7	92.1
Discontinued operations	0.1	0.3	0.6	0.2
Adjusted net income attributable to Koppers	\$ 23.0	\$ 16.9	\$ 88.3	\$ 92.3

# Unaudited Reconciliation of Diluted Earnings Per Share & Adjusted Earnings Per Share

(In millions except share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Income from continuing operations attributable to Koppers	\$ 13.9	\$ 22.5	\$ 64.0	\$ 85.4
Net income attributable to Koppers	\$ 13.8	\$ 22.2	\$ 63.4	\$ 85.2
Adjusted net income attributable to Koppers	\$ 23.0	\$ 16.9	\$ 88.3	\$ 92.3
Denominator for diluted earnings per share (in thousands)	21,224	21,917	21,313	21,925
Earnings per share:				
Diluted earnings per share - continuing operations	\$ 0.66	\$ 1.02	\$ 3.00	\$ 3.90
Diluted earnings per share - net income	\$ 0.65	\$ 1.01	\$ 2.98	\$ 3.88
Adjusted earnings per share	\$ 1.09	\$ 0.77	\$ 4.14	\$ 4.21

# Unaudited Reconciliation of Total Debt To Net Debt and Net Leverage Ratio

	Year Ended December 31,	
	2022	2021
Total Debt	\$ 817.7	\$ 783.5
Less: Cash	33.3	45.5
Net Debt	\$ 784.4	\$ 738.0
Adjusted EBITDA	\$ 228.1	\$ 223.5
Net Leverage Ratio	3.4	3.3



KOPPERS World Headquarters  
Pittsburgh, Pennsylvania, USA



### **Koppers Holdings Inc.**

436 Seventh Avenue  
Pittsburgh, PA 15219-1800

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, and Europe.

### **Stock Exchange Listing**

NYSE: KOP

### **Investor Relations and Media Information**

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