



## Koppers Inc. Reports Third Quarter 2004 Results

November 2, 2004

**PITTSBURGH, Nov. 2 /PRNewswire/** -- Sales for the nine months ended September 30, 2004 were \$720.7 million as compared to \$624.8 million for the first nine months of 2003. The increase in sales of \$95.9 million or 15.3% is a result of increased sales in the US railroad and carbon material and chemical businesses of \$55.6 million as well as higher sales of \$20.2 million from the consolidation of Chinese operations effective January 1, 2004. Earnings before interest and taxes (EBIT) for the first nine months of 2004 were \$50.8 million as compared to \$27.3 million for the same period in 2003 reflecting increased sales and profits in the US and Australasia, of which \$4.0 million relates to operations in China. EBIT for 2003 included \$5.1 million for plant closure, severance charges and a receivable write-off due to bankruptcy.

Net income for the nine months ended September 30, 2004 was \$8.2 million compared to net income before the cumulative effect of accounting changes at September 30, 2003 of \$2.6 million.

Sales and EBIT for the third quarter of 2004 were \$243.8 million and \$18.9 million, respectively, compared to third quarter 2003 sales and EBIT of \$214.4 million and \$10.6 million, respectively. Third quarter 2003 EBIT included \$2.9 million related to plant closure. Net income for the third quarter of 2004 was \$3.5 million compared to breakeven for the third quarter of 2003.

Borrowings, net of cash, at September 30, 2004 were \$366.8 million compared to \$331.1 million at December 31, 2003. Cash flows from operations for the first nine months of 2004 were \$13.8 million compared to cash flows of \$11.4 million in the first nine months of 2003. At September 30, 2004, the Company had \$9.4 million of cash and cash equivalents and \$42.1 million of unused revolving credit availability for working capital purposes and was, and expects to continue to be, in compliance with all applicable debt covenants.

Commenting on the three months ended September 30, 2004, President and CEO Walter W. Turner said, "Overall I am very pleased with the results for the third quarter of 2004 as demonstrated by our increased EBIT to \$18.9 million from \$10.6 million in the third quarter of 2003. Our US Carbon Materials & Chemicals business has continued to benefit from a stronger chemical market for phthalic anhydride and higher sales volumes of coke resulting in increased third quarter profits of \$2.8 million. In addition, Australasian operations contributed higher profits of \$2.1 million from the consolidation of Chinese operations and higher sales volumes of carbon pitch products in Australasia. US operations continue to be constrained by the quality of raw materials and rail car availability in the US. The recent bad weather in the US due to an extraordinary number of hurricanes did not cause significant damage to our operations but did provide enough of a disruption to our supply chain that third quarter results were negatively impacted. Nevertheless, I am committed to the performance improvement targets identified for 2004 and remain confident that they are achievable.

As a result of our continued focus on cash, I am pleased to report that we are below our third quarter target for borrowings, net of cash, which amounted to \$366.8 million. We continue to be driven by our strategy of providing our customers with the highest quality products and services while continuing to focus on safety, health and environmental issues."

### About Koppers

Koppers, with corporate headquarters and a research center in Pittsburgh, Pennsylvania, is a global integrated producer of carbon compounds and treated wood products. Including its joint ventures, Koppers operates 39 facilities in the United States, United Kingdom, Denmark, Australia, the Pacific Rim and South Africa.

For Information:

Brian H. McCurrie  
Vice President, Chief Financial Officer  
(412) 227-2153  
[\(email\)](#)