



## **Koppers Inc. Reports First Quarter 2004 Results**

May 12, 2004

**PITTSBURGH, May 12 --** Sales for the quarter ended March 31, 2004 were \$227.4 million as compared to \$191.0 million for the prior year. The increase in sales of \$36.4 million or 19.1% is a result of increased volumes from the US railroad and carbon materials and chemicals markets as well as higher sales of \$6.7 million from the consolidation of operations in China effective January 1, 2004. Earnings before interest and taxes (EBIT) for the quarter were \$10.8 million as compared to \$6.5 million in 2003. The \$4.3 million or 66% increase in 2004 EBIT compared to 2003 reflects increased profitability from US railroad products and chemical sales of \$4.5 million as well as the consolidation of profits from operations in China of \$1.3 million. These increases were partially offset by lower profits from European operations due to lower volumes and margins.

Net losses for the quarter ended March 31, 2004 were \$0.1 million compared to net income before the cumulative effect of accounting changes at March 31, 2003 of \$0.4 million as increased profits from operations were offset by higher interest expense and increased minority interest in profits.

Borrowings, net of cash, at March 31, 2004 were \$357.8 million compared to \$331.1 million at December 31, 2003. Cash flows from operations for the first quarter of 2004 were \$4.4 million compared to a use of cash of \$3.9 million in the first quarter of 2003, due primarily to lower working capital requirements. A dividend of \$25 million was paid in January 2004.

Commenting on the first quarter, President and CEO Walter W. Turner said, "I am very pleased with the results for the first quarter. They were well above prior year and above our expectations. It was good to see that the restructuring actions taken in 2003 have begun to contribute benefits in 2004. The operating results for the first quarter of 2004 were positively impacted by the strength of sales in the US where we experienced increased volumes and margins from sales to the US railroads, increased profits from our coke operations due to the new long-term contract for supply of coke to ISG and increases in volumes and profits from sales of chemicals. I was also pleased with the results of our Chinese joint venture that contributed \$1.3 million of EBIT for the first quarter and reaffirmed our decision to re-enter the joint venture and our confidence in the strategically important Chinese market. Throughout the first quarter, we struggled with the quality of coal tar in the US and, as a result, we incurred additional costs that negatively impacted our margins. We continue to focus on cost reduction initiatives as a way to improve our competitiveness. Based on our first quarter performance, I believe that we are well positioned to achieve our 2004 targets.

As a result of our continued focus on cash, I am pleased that we achieved our first quarter target for borrowings, net of cash, of \$357.8 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.

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