



Koppers Holdings Inc. Reports Second Quarter 2011 Results

August 4, 2011

Sales Increase 20% for Quarter; Operating Profit Increases 13% Over Prior Year Quarter as Both Segments Show Improved Results; Diluted EPS Increases to \$0.96 per Share Compared to \$0.78 per Share in Prior Year Quarter

PITTSBURGH, PA, Aug 04, 2011 (MARKETWIRE via COMTEX) -- Koppers Holdings Inc. (NYSE: KOP) today announced results for its fiscal 2011 second quarter.

Consolidated sales for the second quarter of 2011 were 20%, or \$66.5 million higher than sales in the prior year quarter. Sales for Carbon Materials and Chemicals (CM&C) increased by 23%, or \$47.8 million over the prior year quarter while sales for Railroad and Utility Products (R&UP) increased by 16%, or \$18.7 million over the prior year quarter. The increase in sales in CM&C was due to higher sales volumes of carbon pitch, carbon black, and creosote combined with higher prices for carbon pitch, phthalic anhydride, and carbon black feedstock. The positive effect of foreign currency translation also resulted in increased sales for CM&C for the quarter. R&UP sales increased due to higher volumes and prices for crossties, which more than offset lower volumes of treating services.

Net income attributable to Koppers for the quarter ended June 30, 2011, was \$19.8 million, or \$0.96 per diluted share as compared to net income attributable to Koppers of \$16.1 million, or \$0.78 per diluted share in the second quarter of 2010. The increases in net income attributable to Koppers and diluted earnings per share for the second quarter of 2011 were due primarily to higher prices for phthalic anhydride, carbon black feedstock, and carbon pitch combined with higher volumes and prices for crossties. A reconciliation of net income to adjusted net income is attached to this press release.

Adjusted EBITDA for the quarter ended June 30, 2011, was \$44.1 million compared to \$39.9 million in the second quarter of 2010. A reconciliation of net income to EBITDA and adjusted EBITDA is attached to this press release.

Consolidated sales for the six months ended June 30, 2011, were 25%, or \$151.3 million higher than sales in the prior year. Sales for CM&C increased by 29%, or \$110.7 million over the prior year while sales for R&UP increased 19%, or \$40.6 million. The increase in sales in CM&C was due to higher foreign currency translation, additional sales from the March 2010 acquisition in The Netherlands, higher sales volumes of carbon pitch and carbon black, and higher prices for phthalic anhydride and carbon black feedstock. R&UP sales were higher than the prior year due to higher volumes and prices for crossties, which more than offset lower volumes of treating services.

Net income attributable to Koppers for the six months ended June 30, 2011, was \$28.7 million, or \$1.39 per diluted share as compared to net income attributable to Koppers of \$23.4 million, or \$1.13 per diluted share in 2010. Adjusted net income and adjusted diluted earnings per share were \$28.0 million and \$1.35 per share for the six months ended June 30, 2011, compared to \$24.5 million and \$1.19 per share for the same period in 2010 after excluding net after-tax gains of \$0.7 million for 2011 and after-tax charges of \$0.9 million for 2010. The increases in adjusted net income and adjusted diluted earnings per share in 2011 were due primarily to the acquisition in The Netherlands, higher prices for phthalic anhydride and carbon black feedstock, and higher volumes and prices for crossties. A reconciliation of net income to adjusted net income is attached to this press release.

Adjusted EBITDA for the six months ended June 30, 2011, was \$70.9 million compared to \$64.8 million for the six months ended June 30, 2010, after excluding \$0.9 million of net gains in 2011. A reconciliation of net income to EBITDA and adjusted EBITDA is attached to this press release.

Commenting on the quarter, President and CEO Walter W. Turner said, "I am pleased with our overall financial performance for the quarter with both business segments reporting stronger results as our end-market product demand continues to increase. Our Railroad and Utility Products business continues to accelerate in both volumes and profitability. The Carbon Materials and Chemicals business also improved significantly compared to the first quarter as well as to last year's second quarter as volumes improved as expected and, more importantly, we were able to obtain price increases that more closely reflect our higher raw material costs. Looking ahead, we expect the upward trends in both business segments to continue through the third quarter and are confident that the second half of the year will be stronger than the first."

Investor Conference Call and Web Simulcast Koppers management will conduct a conference call this morning, August 4, 2011, beginning at 11:00 a.m. EDT to discuss the company's performance. Interested parties may access the live audio broadcast by dialing (877) 941 9205 in the US/Canada or +1 (480) 629 9835 for International. Conference ID number 4452459. Investors are requested to access the call at least five minutes before the scheduled start time in order to complete a brief registration. An audio replay will be available approximately two hours after the call's completion at (800) 406 7325 or +1 (303) 590 3030, Conference ID number 4452459. The recording will be available for replay through August 18, 2011.

The live broadcast of Koppers conference call will be available online: <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=194019&eventID=4142274>. (Due to the length of this URL, it may be necessary to copy and paste this hyperlink into your Internet browser's URL address field.)

If you are unable to participate during the live webcast, the call will be archived on www.koppers.com, www.streetevents.com and www.earnings.com shortly after the live call and continuing through August 18, 2011.

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 facilities in the United States, United Kingdom, Denmark, The Netherlands, Australia and China. 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 Leroy M. Ball at 412 227 2118 or Michael W. Snyder at 412 227 2131.

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, restructuring, 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 "believe," "anticipate," "expect," "estimate," "may," "will," "should," "continue," "plans," "intends," "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 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, product introduction or expansion, the benefits of acquisitions and divestitures or other matters as well as financings and repurchases of debt or equity securities, 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, general economic and business conditions, 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 release and in documents filed with the Securities and Exchange Commission by Koppers, particularly our latest annual report on Form 10-K and quarterly report on Form 10-Q. 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 Consolidated Statement of Operations (Dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net sales	\$ 393.6	\$ 327.1	\$ 752.7	\$ 601.4
Cost of sales (excluding items below)	330.9	272.3	644.5	506.0
Depreciation and amortization	6.9	7.0	13.7	13.4
Selling, general and administrative expenses	18.7	15.0	36.6	32.4
Operating profit	37.1	32.8	57.9	49.6
Other income (loss)	0.1	0.1	0.2	1.8
Interest expense	6.7	6.9	13.6	13.8
Income before income taxes	30.5	26.0	44.5	37.6
Income taxes	10.6	9.7	15.6	13.9
Income from continuing operations	19.9	16.3	28.9	23.7
Loss on sale of discontinued operations, net of tax	--	(0.2)	--	(0.2)
Net income	19.9	16.1	28.9	23.5
Net income attributable to noncontrolling interests	0.1	--	0.2	0.1
Net income attributable to Koppers	\$ 19.8	\$ 16.1	\$ 28.7	\$ 23.4
Earnings per common share:				
Basic-				
Continuing operations	\$ 0.96	\$ 0.79	\$ 1.39	\$ 1.15
Discontinued operations	--	(0.01)	--	(0.01)
Earnings per basic common share	\$ 0.96	\$ 0.78	\$ 1.39	\$ 1.14
Diluted-				
Continuing operations	\$ 0.96	\$ 0.79	\$ 1.39	\$ 1.14
Discontinued operations	--	(0.01)	--	(0.01)
Earnings per diluted common share	\$ 0.96	\$ 0.78	\$ 1.39	\$ 1.13

Weighted average shares				
outstanding (in thousands):				
Basic	20,603	20,558	20,596	20,516
Diluted	20,739	20,643	20,731	20,659
Dividends declared per common share	\$ 0.22	\$ 0.22	\$ 0.44	\$ 0.44

Koppers Holdings Inc
Unaudited Condensed Consolidated Balance Sheet
(Dollars in millions, except per share amounts)

	June 30, 2011	December 31, 2010
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Assets		
Cash and cash equivalents	\$ 53.6	\$ 35.3
Accounts receivable, net of allowance of \$0.9 and \$0.1	187.6	128.9
Income tax receivable	1.9	11.9
Inventories, net	162.1	165.4
Deferred tax assets	5.9	5.9
Other current assets	27.1	23.0
	-----	-----
Total current assets	438.2	370.4
Equity in non-consolidated investments	23.7	4.7
Property, plant and equipment, net	172.4	168.2
Goodwill	74.6	72.1
Deferred tax assets	22.9	26.1
Other assets	29.3	27.7
	-----	-----
Total assets	\$ 761.1	\$ 669.2
	=====	=====
Liabilities		
Accounts payable	\$ 103.9	\$ 87.9
Accrued liabilities	64.9	55.4
Related party guarantee obligation	18.9	--
Dividends payable	5.2	5.1
Short-term debt and current portion of long-term debt	--	1.0
	-----	-----
Total current liabilities	192.9	149.4
Long-term debt	310.0	295.4
Other long-term liabilities	121.7	124.5
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Total liabilities	624.6	569.3
Commitments and contingent liabilities		
Equity		
Senior Convertible Preferred Stock, \$0.01 par value per share; 10,000,000 shares authorized; no shares issued	--	--
Common Stock, \$0.01 par value per share; 40,000,000 shares authorized; 21,309,310 and 21,278,480 shares issued	0.2	0.2
Additional paid-in capital	139.7	137.0
Retained earnings (deficit)	7.8	(11.7)
Accumulated other comprehensive income (loss)	2.0	(12.3)
Treasury stock, at cost; 706,161 and 700,203 shares	(24.8)	(24.5)
	-----	-----
Total Koppers stockholders' equity	124.9	88.7
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Noncontrolling interests		11.6		11.2
		-----		-----
Total equity	\$	136.5	\$	99.9
		-----		-----
Total liabilities and equity	\$	761.1	\$	669.2
		=====		=====

Koppers Holdings Inc
Unaudited Condensed Consolidated Statement of Cash Flows
(Dollars in millions)

		Six Months Ended June 30, 2011		Six Months Ended June 30, 2010
		-----		-----
Cash provided by (used in) operating activities:				
Net income	\$	28.9	\$	23.5
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization		13.7		13.4
Loss (gain) on sale of fixed assets		--		(1.3)
Deferred income taxes		2.2		0.7
Equity income, net of dividends received		(0.1)		--
Change in other liabilities		0.2		(2.4)
Non-cash interest expense		0.8		0.8
Stock-based compensation		2.2		1.8
Other		(3.0)		0.7
(Increase) decrease in working capital:				
Accounts receivable		(54.7)		(35.7)
Inventories		7.3		0.6
Accounts payable		14.8		14.8
Accrued liabilities and other working capital		13.5		15.7
		-----		-----
Net cash provided by operating activities	\$	25.8	\$	32.6
Cash provided by (used in) investing activities:				
Capital expenditures	\$	(12.2)	\$	(7.7)
Acquisitions		(1.0)	\$	(22.3)
Net cash proceeds from divestitures and asset sales		0.1		1.7
		-----		-----
Net cash used in investing activities	\$	(13.1)	\$	(28.3)
Cash provided by (used in) financing activities:				
Borrowings of revolving credit	\$	117.5	\$	96.4
Repayments of revolving credit		(103.0)		(122.4)
Repayments on long-term debt		(1.0)		(0.1)
Issuances of Common Stock		0.2		--
Repurchases of Common Stock		(0.2)		(0.9)
Payment of deferred financing costs		(0.5)		(0.4)
Dividends paid		(9.1)		(14.0)
		-----		-----
Net cash provided by (used in) financing activities	\$	3.9	\$	(41.4)
Effect of exchange rate changes on cash		1.7		(3.2)
		-----		-----
Net increase (decrease) in cash and cash equivalents	\$	18.3	\$	(40.3)
Cash and cash equivalents at beginning of year		35.3		58.4
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Cash and cash equivalents at end of year	\$	53.6	\$	18.1
	=====		=====	

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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
(Dollars in millions)				
Net sales:				
Carbon Materials & Chemicals	\$ 256.2	\$ 208.4	\$ 492.4	\$ 381.7
Railroad & Utility Products	137.4	118.7	260.3	219.7
Total	\$ 393.6	\$ 327.1	\$ 752.7	\$ 601.4
Operating profit:				
Carbon Materials & Chemicals	\$ 24.5	\$ 21.4	\$ 38.1	\$ 32.1
Railroad & Utility Products	12.8	11.9	20.3	18.6
Corporate	(0.2)	(0.5)	(0.5)	(1.1)
Total	\$ 37.1	\$ 32.8	\$ 57.9	\$ 49.6
Operating margin:				
Carbon Materials & Chemicals	9.6%	10.3%	7.7%	8.4%
Railroad & Utility Products	9.3%	10.0%	7.8%	8.5%
Total	9.4%	10.0%	7.7%	8.2%
Adjusted operating profit (1):				
Carbon Materials & Chemicals	\$ 24.5	\$ 21.4	\$ 37.2	\$ 33.7
Railroad & Utility Products	12.8	11.9	20.3	18.6
All Other	(0.2)	(0.5)	(0.5)	(1.1)
Total	\$ 37.1	\$ 32.8	\$ 57.0	\$ 51.2
Adjusted operating margin:				
Carbon Materials & Chemicals	9.6%	10.3%	7.6%	8.8%
Railroad & Utility Products	9.3%	10.0%	7.8%	8.5%
Total	9.4%	10.0%	7.6%	8.5%

(1) Cost of sales for CM&C for the six months ended June 30, 2011 includes a gain of \$0.9 million for the licensing of certain technology in China. S, G&A for CM&C for the six months ended June, 2010 includes \$1.6 million of expensed acquisition costs

Koppers believes that adjusted net income, adjusted operating profit and adjusted EBITDA 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 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income attributable to Koppers	\$ 19.8	\$ 16.1	\$ 28.7	\$ 23.4

Charges impacting pre-tax income (1)				
Gain on sale of Thornton	--	--	--	(1.6)
Acquisition costs expensed (not deductible)	--	--	--	1.6
Sale of technology	--	--	(0.9)	--
	=====	=====	=====	=====
Total charges above impacting pre-tax income	--	--	(0.9)	--
Charges impacting net income, net of tax benefit	--	--	(0.7)	0.9
	=====	=====	=====	=====
Adjusted net income including discontinued operations	\$ 19.8	\$ 16.1	\$ 28.0	\$ 24.3
	=====	=====	=====	=====
Discontinued operations	--	0.2	--	0.2
	=====	=====	=====	=====
Adjusted net income	\$ 19.8	\$ 16.3	\$ 28.0	\$ 24.5
	=====	=====	=====	=====

(1) Cost of sales for CM&C for the six months ended June 30, 2011 includes a gain of \$0.9 million for the licensing of certain technology in China. S, G&A for CM&C for the six months ended June, 2010 includes \$1.6 million of expensed acquisition costs. Other income for R&UP for the six months ended June 30, 2010 includes \$1.6 million for the gain on sale of the company's wood treating facility in Thornton, NSW, Australia.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income attributable to Koppers	\$ 19.8	\$ 16.1	\$ 28.7	\$ 23.4
	=====	=====	=====	=====
Adjusted net income including discontinued operations (from above)	\$ 19.8	\$ 16.1	\$ 28.0	\$ 24.3
	=====	=====	=====	=====
Adjusted net income (from above)	\$ 19.8	\$ 16.3	\$ 28.0	\$ 24.5
	=====	=====	=====	=====
Denominator for diluted earnings per share (000s)	20,739	20,643	20,731	20,659
Earnings per share:				
Diluted earnings per share	\$ 0.96	\$ 0.78	\$ 1.39	\$ 1.13
Adjusted diluted earnings per share including discontinued operations	\$ 0.96	\$ 0.78	\$ 1.35	\$ 1.18
Adjusted diluted earnings per share	\$ 0.96	\$ 0.79	\$ 1.35	\$ 1.19

UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA
(In millions except share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income (loss)	\$ 19.9	\$ 16.1	\$ 28.9	\$ 23.5
Interest expense including refinancing costs	6.7	6.9	13.6	13.8
Depreciation and amortization	6.9	7.0	13.7	13.4
Income tax provision	10.6	9.7	15.6	13.9
Discontinued operations	--	0.2	--	0.2
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EBITDA with noncontrolling interests	44.1	39.9	71.8	64.8
Unusual items impacting net income (1)				
Gain on sale of Thornton	--	--	--	(1.6)
Acquisition costs expensed	--	--	--	1.6
Sale of technology	--	--	(0.9)	--
	-----	-----	-----	-----
Adjusted EBITDA with noncontrolling interests	\$ 44.1	\$ 39.9	\$ 70.9	\$ 64.8
	=====	=====	=====	=====

(1) Cost of sales for CM&C for the six months ended June 30, 2011 includes a gain of \$0.9 million for the licensing of certain technology in China. S, G & A for CM&C for the six months ended June, 2010 includes \$1.6 million of expensed acquisition costs. Other income for R&UP for the six months ended June 30, 2010 includes \$1.6 million for the gain on sale of the company's wood treating facility in Thornton, NSW, Australia

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SOURCE: Koppers Holdings Inc.

<http://www2.marketwire.com/mw/emailprcntct?id=022773840089391C>