



Koppers Holdings Inc. Reports Second Quarter 2012 Results

August 9, 2012

Aug 09, 2012 (Marketwire via COMTEX) --Koppers Holdings Inc. (NYSE: KOP) today announced results for its fiscal 2012 second quarter. Consolidated sales of \$411.3 million for the second quarter of 2012 were 10%, or \$36.8 million higher than sales in the prior year quarter. Sales for Carbon Materials and Chemicals (CMC) totaling \$266.7 million increased by 12%, or \$29.6 million over the prior year quarter while sales for Railroad and Utility Products and Services (RUPS) of \$144.6 million increased by 5%, or \$7.2 million over the prior year quarter. The increase in sales in CMC was due primarily to higher sales volumes and prices for our major products other than naphthalene, which more than offset lower naphthalene prices and approximately \$11 million of lower sales due to foreign currency translation. RUPS sales increased due mainly to higher sales prices for railroad crossties due in part to higher volumes of creosote-borate treated crossties, which was partially offset by lower sales volumes for railroad crossties.

Net income attributable to Koppers for the quarter ended June 30, 2012, was \$20.4 million, or \$0.98 per diluted share as compared to net income attributable to Koppers of \$19.8 million, or \$0.96 per diluted share in the second quarter of 2011. The increases in net income attributable to Koppers and diluted earnings per share for the second quarter of 2012 were due mainly to sales price increases in both business segments, which were partially offset by lower profitability from European operations. Adjusted net income and adjusted earnings per share for the quarter ended June 30, 2012, were \$22.1 million and \$1.05 per share compared to \$20.3 million and \$0.98 per share in the prior year quarter after excluding \$0.7 million of after-tax charges and \$0.8 million of tax expense in the second quarter of 2012, and after excluding the impact of discontinued operations for both periods.

Adjusted EBITDA for the quarter ended June 30, 2012, was \$49.2 million compared to \$44.8 million in the second quarter of 2011 after excluding \$0.5 million of closure costs in the second quarter of 2012 for our wood treating plant in Grenada, Mississippi.

Consolidated sales of \$792.2 million for the six months ended June 30, 2012, were 11%, or \$76.2 million higher than the prior year period. Sales for CMC for the first six months of 2012 increased by 13%, or \$60.5 million, over the prior year period while sales for RUPS increased by 6%, or \$15.7 million, over the prior year period. The increase in sales in CMC was due to higher prices for our major products other than naphthalene, which more than offset lower prices for naphthalene and approximately \$10 million of lower sales from foreign currency translation. Sales for RUPS increased due mainly to higher prices for railroad crossties and higher volumes for utility poles, which were partially offset by lower volumes for railroad crossties.

Net income attributable to Koppers and diluted earnings per share for the six months ended June 30, 2012, were \$36.0 million and \$1.72 per share, respectively as compared to net income attributable to Koppers of \$28.7 million and \$1.39 per diluted share for the six months ended June 30, 2011. Adjusted net income and adjusted earnings per share were \$37.6 million and \$1.80 per share for the six months ended June 30, 2012, compared to \$28.7 million and \$1.38 per share for the same period in 2011 after excluding \$0.5 million of after-tax charges and \$0.8 million of tax expense for 2012, \$0.7 million of after-tax gains for 2011, and after excluding the impact of discontinued operations for both periods.

Adjusted EBITDA for the six months ended June 30, 2012, was \$85.9 million compared to \$71.6 million for the six months ended June 30, 2011, after excluding \$0.5 million of plant closure costs in 2012 and \$0.9 million of gains for the sale of technology in 2011.

Commenting on the results, Walter W. Turner, president and CEO of Koppers, said, "Given the economic downturn in Europe which has impacted our Carbon Materials and Chemicals business, I am, overall, pleased with the second quarter results. The North American Railroad and Utility Products and Services product demand continues to be quite strong as well as the Carbon Materials and Chemicals business in other regions of the world. Due to our diversity of products and global operations, our outlook for the balance of the year continues to be positive and we remain on pace to achieve significant earnings improvement over 2011."

The following reconciliations are attached to this press release: Unaudited Reconciliation of Net Income Attributable to Koppers and Adjusted Net Income; Unaudited Reconciliation of Diluted Earnings Per Share and Adjusted Earnings Per Share; and Unaudited Reconciliation of Net Income to EBITDA and Adjusted EBITDA.

Investor Conference Call and Web Simulcast

Koppers management will conduct a conference call this morning, August 9, 2012, 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 0844 in the US/Canada or +1 (480) 629 9835 for International, Conference ID number 4547466. 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 4547466. The recording will be available for replay through August 23, 2012.

The live broadcast of Koppers conference call will be available online: <http://phx.corporate-ir.net/phoenix.zhtml?p=irol-eventDetails&c=194019&eventID=4794678>. (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 23, 2012.

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

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, declines in the value of Koppers assets and the effect of any resulting impairment charges, 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," "potential," "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 Income
(Dollars in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	\$ 411.3	\$ 374.5	\$ 792.2	\$ 716.0
Cost of sales (excluding items below)	344.9	311.3	671.8	607.4
Depreciation and amortization	7.6	6.4	14.4	12.8
Selling, general and administrative expenses	18.1	18.5	36.1	36.2
Operating profit	40.7	38.3	69.9	59.6
Other income	0.4	0.1	1.1	0.1
Interest expense	7.0	6.7	13.9	13.6
Income before income taxes	34.1	31.7	57.1	46.1
Income taxes	13.0	11.3	20.2	16.5
Income from continuing operations	21.1	20.4	36.9	29.6
Loss on sale of discontinued operations, net of tax	(0.2)	(0.5)	(0.1)	(0.7)
Net income	20.9	19.9	36.8	28.9
Net income attributable to noncontrolling interests	0.5	0.1	0.8	0.2
Net income attributable to Koppers	\$ 20.4	\$ 19.8	\$ 36.0	\$ 28.7
Earnings per common share:				
Basic-				
Continuing operations	\$ 1.00	\$ 0.99	\$ 1.74	\$ 1.43
Discontinued operations	(0.01)	(0.03)	--	(0.04)
Earnings per basic common share	\$ 0.99	\$ 0.96	\$ 1.74	\$ 1.39
Diluted-				
Continuing operations	\$ 0.99	\$ 0.99	\$ 1.72	\$ 1.43
Discontinued operations	(0.01)	(0.03)	--	(0.04)
Earnings per basic common share	\$ 0.98	\$ 0.96	\$ 1.72	\$ 1.39

Weighted average shares outstanding *(in thousands)*:

Basic	20,764	20,603	20,717	20,596
Diluted	20,959	20,739	20,943	20,731

Dividends declared per common share	\$ 0.24	\$ 0.22	\$ 0.48	\$ 0.44
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Koppers Holdings Inc.
Unaudited Condensed Consolidated Balance Sheet
(Dollars in millions, except per share amounts)

	June 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents	\$ 50.3	\$ 54.1
Accounts receivable, net of allowance of \$3.4 and \$0.3	193.5	160.9
Income tax receivable	0.7	10.6
Inventories, net	188.3	159.0
Deferred tax assets	9.6	9.3
Loan to related party	11.7	11.7
Other current assets	19.7	21.8
Total current assets	473.8	427.4
Equity in non-consolidated investments	5.7	4.9
Property, plant and equipment, net	150.6	155.6
Goodwill	71.7	72.1
Deferred tax assets	38.4	44.3
Other assets	25.0	26.4
Total assets	\$ 765.2	\$ 730.7
Liabilities		
Accounts payable	\$ 113.2	\$ 102.1
Accrued liabilities	56.1	63.1
Dividends payable	5.6	5.2
Total current liabilities	174.9	170.4
Long-term debt	314.3	302.1
Other long-term liabilities	141.2	151.0
Total liabilities	630.4	623.5
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; 21,519,622 and 21,309,210 shares issued	0.2	0.2
Additional paid-in capital	146.9	142.9
Retained earnings	32.5	6.7
Accumulated other comprehensive loss	(31.4)	(30.2)
Treasury stock, at cost; 750,613 and 706,161 shares	(26.5)	(24.8)
Total Koppers shareholders' equity	121.7	94.8
Noncontrolling interests	13.1	12.4
Total equity	134.8	107.2
Total liabilities and equity	\$ 765.2	\$ 730.7

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

	<u>Six Months Ended June 30, 2012</u>	<u>Six Months Ended June 30, 2011</u>
Cash provided by (used in) operating activities:		
Net income	\$ 36.8	\$ 28.9
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	14.4	13.7
Deferred income taxes	4.4	2.2
Equity income, net of dividends received	(0.8)	(0.1)
Change in other liabilities	(4.8)	0.2
Non-cash interest expense	0.8	0.8
Stock-based compensation	3.2	2.2
Other	(1.0)	(3.0)
(Increase) decrease in working capital:		
Accounts receivable	(34.7)	(54.7)
Inventories	(31.0)	7.3
Accounts payable	12.5	14.8
Accrued liabilities and other working capital	<u>3.6</u>	<u>13.5</u>
Net cash provided by operating activities	\$ 3.4	\$ 25.8
Cash provided by (used in) investing activities:		
Capital expenditures	\$ (9.3)	\$ (12.2)
Acquisitions, net of cash acquired	--	\$ (1.0)
Net cash proceeds from divestitures and asset sales	<u>0.4</u>	<u>0.1</u>
Net cash used in investing activities	\$ (8.9)	\$ (13.1)
Cash provided by (used in) financing activities:		
Borrowings of revolving credit	\$ 169.0	\$ 117.5
Repayments of revolving credit	(157.0)	(103.0)
Repayments on long-term debt	--	(1.0)
Issuances of Common Stock	0.6	0.2
Repurchases of Common Stock	(1.7)	(0.2)
Payment of deferred financing costs	--	(0.5)
Dividends paid	<u>(9.5)</u>	<u>(9.1)</u>
Net cash provided by financing activities	\$ 1.4	\$ 3.9
Effect of exchange rate changes on cash	<u>0.3</u>	<u>1.7</u>
Net increase (decrease) in cash and cash equivalents	\$ (3.8)	\$ 18.3
Cash and cash equivalents at beginning of year	<u>54.1</u>	<u>35.3</u>
Cash and cash equivalents at end of year	<u>\$ 50.3</u>	<u>\$ 53.6</u>

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.

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<i>(Dollars in millions)</i>			
Net sales:				
Carbon Materials and Chemicals	\$ 266.7	\$ 237.1	\$ 516.2	\$ 455.7

Railroad and Utility Products and Services	<u>144.6</u>	<u>137.4</u>	<u>276.0</u>	<u>260.3</u>
Total	\$ 411.3	\$ 374.5	\$ 792.2	\$ 716.0
Operating profit:				
Carbon Materials and Chemicals	\$ 26.2	\$ 25.7	\$ 46.7	\$ 39.8
Railroad and Utility Products and Services	15.0	12.8	24.1	20.3
Corporate	<u>(0.5)</u>	<u>(0.2)</u>	<u>(0.9)</u>	<u>(0.5)</u>
Total	\$ 40.7	\$ 38.3	\$ 69.9	\$ 59.6
Operating margin:				
Carbon Materials and Chemicals	9.8 %	10.8 %	9.0 %	8.7 %
Railroad and Utility Products and Services	<u>10.4 %</u>	<u>9.3 %</u>	<u>8.7 %</u>	<u>7.8 %</u>
Total	9.9 %	10.2 %	8.8 %	8.3 %
Adjusted operating profit ⁽¹⁾:				
Carbon Materials and Chemicals	\$ 26.2	\$ 25.7	\$ 46.7	\$ 38.9
Railroad and Utility Products and Services	16.1	12.8	25.2	20.3
All Other	<u>(0.5)</u>	<u>(0.2)</u>	<u>(0.9)</u>	<u>(0.5)</u>
Total	\$ 41.8	\$ 38.3	\$ 71.0	\$ 58.7
Adjusted operating margin:				
Carbon Materials and Chemicals	9.8 %	10.8 %	9.0 %	8.5 %
Railroad and Utility Products and Services	<u>11.1 %</u>	<u>9.3 %</u>	<u>9.1 %</u>	<u>7.8 %</u>
Total	10.2 %	10.2 %	9.0 %	8.2 %

- (1) Cost of sales for RUPS for the three and six months ended June 30, 2012 includes \$0.5 million of plant closing charges related to our wood treating plant in Grenada, Mississippi, and depreciation and amortization for RUPS for the three and six months ended June 30, 2012 includes \$0.6 million of impairment charges for our co-generation plant located in Muncy, Pennsylvania. Cost of sales for CMC for the six months ended June 30, 2011 includes a gain of \$0.9 million for the licensing of certain technology in China. These amounts have been excluded for purposes of calculating adjusted net income. These amounts have been excluded for purposes of calculating adjusted operating profit.

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,	
	2012	2011	2012	2011
Net income attributable to Koppers	\$ 20.4	\$ 19.8	\$ 36.0	\$ 28.7
Items impacting pre-tax income ⁽¹⁾				
Impairment and closure costs	1.1	--	1.1	--
Sale of technology	--	--	--	(0.9)
Total items above impacting pre-tax income	1.1	--	1.1	(0.9)
Items impacting net income, net of tax	0.7	--	0.7	(0.7)
Income tax provision for European consolidation	<u>0.8</u>	<u>--</u>	<u>0.8</u>	<u>--</u>
Adjusted net income including discontinued operations	\$ 21.9	\$ 19.8	\$ 37.5	\$ 28.0
Discontinued operations	<u>0.2</u>	<u>0.5</u>	<u>0.1</u>	<u>0.7</u>
Adjusted net income	<u>\$ 22.1</u>	<u>\$ 20.3</u>	<u>\$ 37.6</u>	<u>\$ 28.7</u>

- (1) Cost of sales for RUPS for the three and six months ended June 30, 2012 includes \$0.5 million of plant closing charges related to our wood treating plant in Grenada, Mississippi, and depreciation and amortization for RUPS for the three and six months ended June 30, 2012 includes \$0.6 million of impairment charges for our co-generation plant located in Muncy, Pennsylvania. Income taxes for the three and six months ended June 30, 2012 includes \$0.8 million of expense related to the Company's European consolidation project. Cost of sales for CMC for the six months ended June 30, 2011 includes a gain of \$0.9 million for the licensing of certain technology in China. These amounts have been excluded for purposes of calculating adjusted net income. These amounts have been excluded for purposes of calculating adjusted net income.

**UNAUDITED RECONCILIATION OF DILUTED EARNINGS PER SHARE AND
ADJUSTED EARNINGS PER SHARE**

(In millions except share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income attributable to Koppers	\$ 20.4	\$ 19.8	\$ 36.0	\$ 28.7
Adjusted net income including discontinued operations (from above)	\$ 21.9	\$ 19.8	\$ 37.5	\$ 28.0
Adjusted net income (from above)	\$ 22.1	\$ 20.3	\$ 37.6	\$ 28.7
Denominator for diluted earnings per share (000s)	20,959	20,739	20,943	20,731
Earnings (loss) per share:				
Diluted earnings (loss) per share	\$ 0.97	\$ 0.95	\$ 1.72	\$ 1.38
Adjusted earnings per share including discontinued operations	\$ 1.04	\$ 0.95	\$ 1.79	\$ 1.35
Adjusted earnings per share	\$ 1.05	\$ 0.98	\$ 1.80	\$ 1.38

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,	
	2012	2011	2012	2011
Net income	\$ 20.9	\$ 19.9	\$ 36.8	\$ 28.9
Interest expense	7.0	6.7	13.9	13.6
Depreciation and amortization	7.6	6.4	14.4	12.8
Income tax provision	13.0	11.3	20.2	16.5
Discontinued operations	0.2	0.5	0.1	0.7
EBITDA with noncontrolling interests	48.7	44.8	85.4	72.5
Unusual items impacting net income ⁽¹⁾				
Closure costs	0.5	--	0.5	--
Sale of technology	--	--	--	(0.9)
Adjusted EBITDA with noncontrolling interests	\$ 49.2	\$ 44.8	\$ 85.9	\$ 71.6

- (1) Cost of sales for RUPS for the three and six months ended June 30, 2012 includes \$0.5 million of plant closing charges related to our wood treating plant in Grenada, Mississippi. Cost of sales for CMC for the six months ended June 30, 2011 includes a gain of \$0.9 million for the licensing of certain technology in China. These amounts have been excluded for purposes of calculating adjusted net income. These

amounts have been excluded for purposes of calculating adjusted EBITDA.

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