



PROTECTING WHAT MATTERS. PRESERVING THE FUTURE.



INNOVATION + TECHNOLOGY SUSTAINABILITY  
GLOBAL INFRASTRUCTURE GROWTH-FOCUSED  
RESEARCH EXPERTISE EMPLOYEE ENGAGEMENT  
PRODUCT PORTFOLIO INCLUSION + DIVERSITY  
VERTICAL INTEGRATION COMMUNITY IMPACT  
PROFITABILITY ENVIRONMENTAL STEWARDSHIP

**Q3 2020 Preliminary Results**  
**October 26, 2020**

# 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, 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; existing and future adverse effects as a result of the coronavirus (COVID-19) pandemic; 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.

# Our Place in the 'Essential' Business Landscape

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# ESSENTIAL TO OUR WORLD



## RAILROAD PRODUCTS & SERVICES

Rail Ties, Joints, Maintenance

Keep railroads safe and operational to deliver **ESSENTIAL** goods:



Retail products from fruits to toilet paper



Chemicals required for medical supplies



Chlorine-based disinfectants for treating water



## UTILITY & INDUSTRIAL PRODUCTS

Utility Poles

Provide families and businesses with **ESSENTIAL** electricity and telecommunications needs:



Keeping lights on



Connecting to Internet/TV



Air-conditioning and heating



## CARBON MATERIALS & CHEMICALS

Coal Tar Distillation;  
Creosote Supplier (to RPS)

Produce carbon materials and chemicals **ESSENTIAL** for:



Creosote for treating railroad ties and utility poles



Aluminum and steel for infrastructure needs



Aluminum, plastics and rubber for medical uses and food packaging



## PERFORMANCE CHEMICALS

Wood Treatment Chemicals

Produce chemicals **ESSENTIAL** for treating:



Utility poles for electricity and telecommunications



Pressure treated wood for essential home repairs



Agriculture and farming



# Employee Health & Wellbeing

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# Applying Zero Harm Principles: Current Status



## Employees Affected by COVID-19



- 72 employees (~3%) tested positive for COVID-19, in total
  - 4 Koppers locations have cases that were transmitted inside plant
  - To date, 3 employees were hospitalized and have since been discharged (1 person returned to work; 2 recovering at home)
- 20 employees (~1%) currently in self-quarantine
- Cumulatively, ~37% of employees self-identified as having symptoms

## Staying Vigilant & Staying Healthy



- Requiring face coverings as PPE at all North America facilities (distributed company-provided masks to employees)
- Enhancing social distancing/screening practices; maintaining COVID-19 hygiene protocols
- Using self-administered saliva test kits for COVID-19 at facilities and office locations in North America
  - Reduced test turnaround time by 1 day
- Conducted flu clinics for HQ (Pittsburgh) employees (October 2020); scheduling upcoming flu clinics at other locations

## Ongoing Communications through Virtual Chats & Weekly Videos

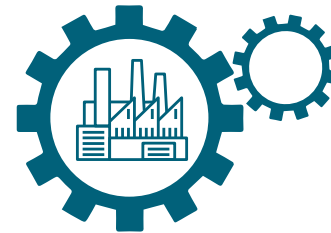


- Upcoming quarterly all-employee meetings in 3 time zones (United States; Europe; Australia/New Zealand)
- CEO Virtual Chats with plant and remote-work employees
- CEO video updates to employees available on Koppers Facebook page (@koppersinc) and on [www.koppers.com](http://www.koppers.com)



# Operations Continuity

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# Operations & Planning:

## Current Status



### Operations



- Worldwide, Koppers manufacturing facilities remain operational
- No employees currently furloughed or laid off
- Employees able to travel if essential for business, effective June 7, 2020
- Continuing select plant visits by senior management to reinforce importance of health and hygiene protocols

### Office Re-entry



- Strongly encouraging employees to continue working remotely
- Postponing return to office until January 4, 2021, at earliest
- Requiring use of face coverings and social distancing for employees that must come into office

### Technology Capabilities



- Using multiple technology solutions to enable virtual facility visits; connecting employees globally via *OneKoppers* channels
- Deploying contact-tracing solution for HQ employees (Pittsburgh) by recording employee movement data from physical access security system
- Company truck drivers using third-party app for electronic scale tickets; allow employees to stay in truck and maintain social distance
- Using Microsoft HoloLens technology for virtual global ISO 9001 audit and virtual facility visits; testing for virtual training and engineering holograms



# Awards & Recognitions

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# CSO Leslie Hyde Receives STEP Ahead Award from The Manufacturing Institute



- Annual award celebrating women from across all levels of manufacturing industry who have demonstrated excellence and leadership in their careers
- Since joining Koppers in 1999, Leslie has played a key role in our growing Sustainability Program. Accomplishments that have helped move our company forward include:
  - ✓ ISO14001 standard
  - ✓ Responsible Care Management System©
  - ✓ *Koppers Cares* employee volunteer program



## Safety Awards

- Koppers recently received two awards from Class I railroads in North America for safe rail shipping in 2019 – proving that our Zero Harm culture remains strong
  - ✓ **Chemical Safety Excellence Award (CSX)**  
which is awarded to customers who ship more than 600 carloads of hazardous materials or hazardous waste without experiencing a non-accident release during the entire year.
  - ✓ **Pinnacle Award (Union Pacific)**  
which honors customers who implement release prevention protocols, corrective action plans and have zero non-accident releases (NARs) of regulated hazardous materials shipments.

**ZERO**  
*harm*

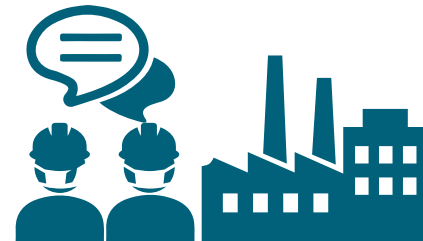


**BUILDING AMERICA®**



# In-Person Facility Visits

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# North Little Rock, AR: *Groundbreaking Ceremony*



## RAILROAD PRODUCTS AND SERVICES

- Koppers broke ground at our North Little Rock site to celebrate the first step in our \$23 million plant expansion and modernization
- Ceremony included exceptional support from the Central Arkansas community, including Governor Asa Hutchinson, County Judge Barry Hyde and Mayor Joe Smith





# Hubbell, MI: *Wood Preservatives Facility*



PERFORMANCE CHEMICALS



Hubbell, MI





# Stickney, IL: *Coal Tar Distillation Facility*



**CARBON MATERIALS AND CHEMICALS**



Stickney, IL



# Engaging Our People

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# Observing Martin Luther King Jr. Day: *Paid Company Holiday Beginning 2021*



- Martin Luther King Jr. (MLK) Day will be a paid company holiday for U.S. employees, beginning in 2021
- Another step on our path toward creating a more equitable, inclusive organization and community

The graphic features a black and white portrait of Dr. Martin Luther King Jr. on the right side, looking thoughtfully to the left with his hands clasped. On the left side, there is a dark rectangular area containing the KOPPERS logo at the top, followed by three quotes in different colors: "We may have all come on different ships, but we're in the same boat now." in teal, "I have decided to stick with love. Hate is too great a burden to bear." in orange, and "I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin, but by the content of their character." in green. At the bottom, a teal banner contains the text "Dr. Martin Luther King Jr. Day" in orange, "AN ANNUAL PAID HOLIDAY" in white, and "Monday, January 18, 2021" in white.

KOPPERS

*"We may have all come on different ships,  
but we're in the same boat now."*

*"I have decided to stick with love.  
Hate is too great a burden to bear."*

*"I have a dream that my four little children  
will one day live in a nation where they  
will not be judged by the color of their skin,  
but by the content of their character."*

**Dr. Martin Luther King Jr. Day**  
**AN ANNUAL PAID HOLIDAY**  
Monday, January 18, 2021

# Connecting Employees

- Virtual **KopTalk Series**
  - ✓ Solicit continual feedback from employees
  - ✓ Conversations focus on specific topics to improve our organization
- Virtual **KAFFEBAR**
  - ✓ Informal gathering space
  - ✓ Visit with colleagues worldwide
- Digital Signage Boards
  - ✓ Reinforce safety communications and local/corporate messaging
  - ✓ Deployed at 84% of locations worldwide (32 in U.S.; 10 international)

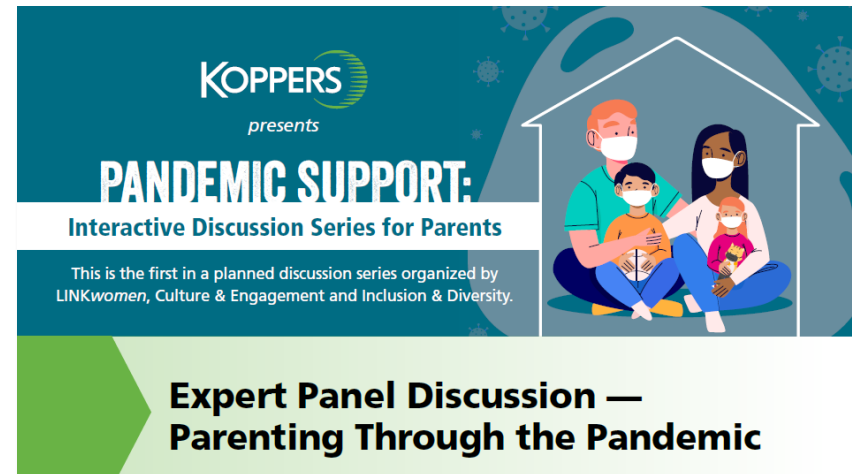


Take a Break.  
Talk with Someone New.



# Bringing Working Parents Together

- Started **Interactive Discussion Series** with expert panelists from medical and education communities
- Added **Working Parents channel to *OneKoppers* Team App** to provide a space for parents to connect
- Establishing a **Working Parents Employee Resource Group** where employees can support one another and help Koppers better understand challenges they are facing



# Supporting Our Communities During COVID-19 Crisis

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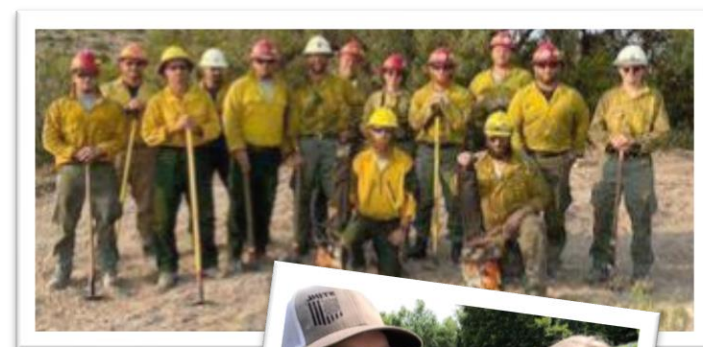




# Saving Lives & Giving Back

- **Roanoke Employee Fights Fires on Frontlines**

- ✓ Josh Orr, a Boiler Technician and volunteer with Roanoke County Fire & Rescue Services as well as Virginia Dept. of Forestry, deployed to Southwest Texas for two weeks to help fight challenging forest fires in 100+ degree weather.



- **Newcastle Helps Helicopter Rescue Service**

- ✓ Employees in Newcastle, Australia, are helping to keep Westpac Rescue Helicopter Service in the air. By generously giving a few dollars a week out of their pay, they have donated more than **\$25,000** since 2015.
- ✓ Plant Manager Nick Moretti and Plant Operator Joshua Merlo recently visited the service to mark five years of the workplace giving partnership.



# Advancing Leading-Edge Research

- **Leukemia & Lymphoma Society's Light the Night Walk**
  - ✓ Pittsburgh employees celebrated the virtual walk as a team during a Zoom social event that included a trivia contest, a scavenger hunt and messages from employees impacted by the cause.
- **American Diabetes Association's Tour de Cure**
  - ✓ Pittsburgh employees supported the event virtually this year with donations and some riders choosing to chart their own safe and socially-distant 30-mile course.



# Q3 2020 Preliminary Results:

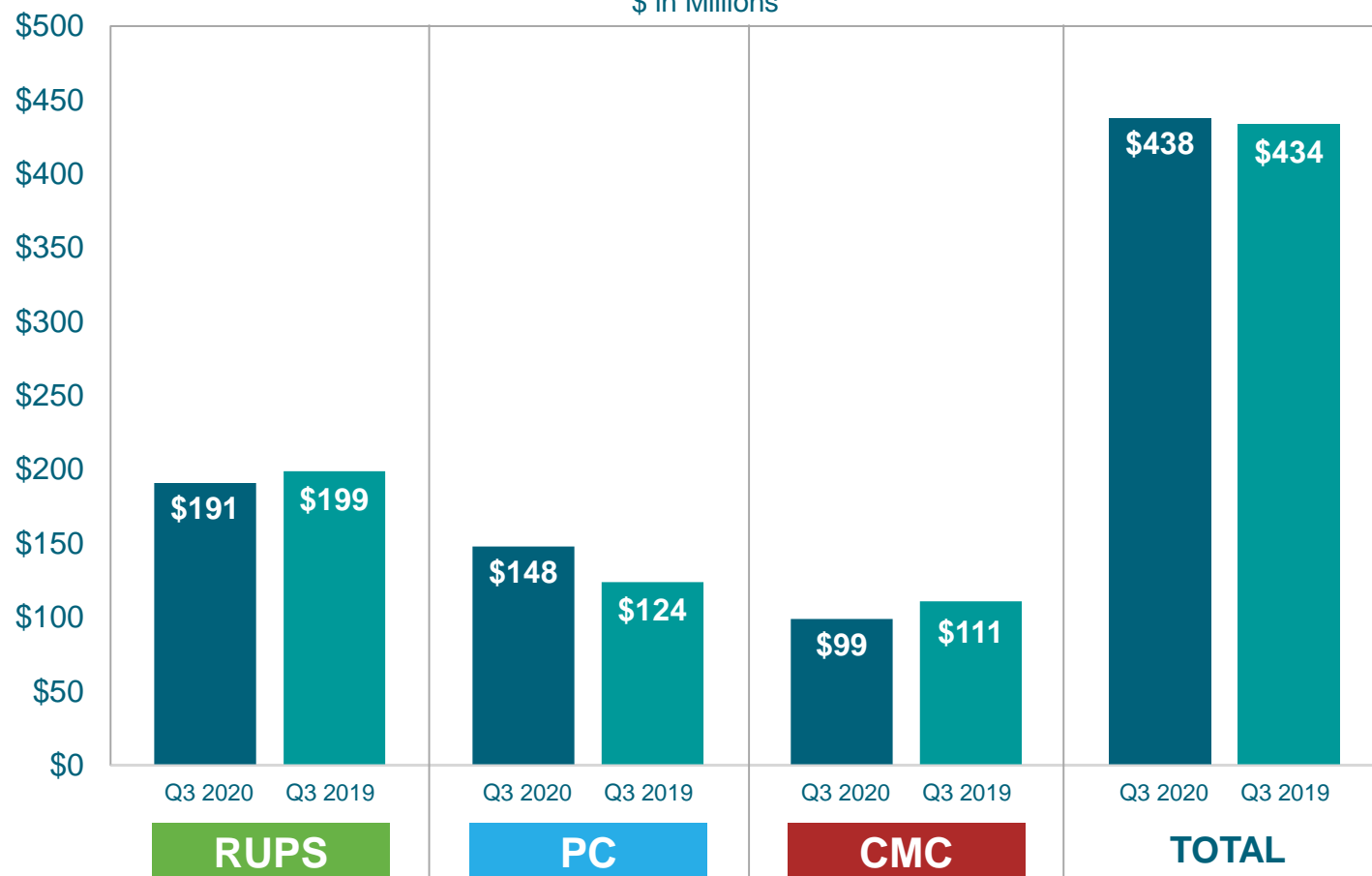
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# Sales by Segment (Unaudited)

## Q3 2020 vs Prior Year

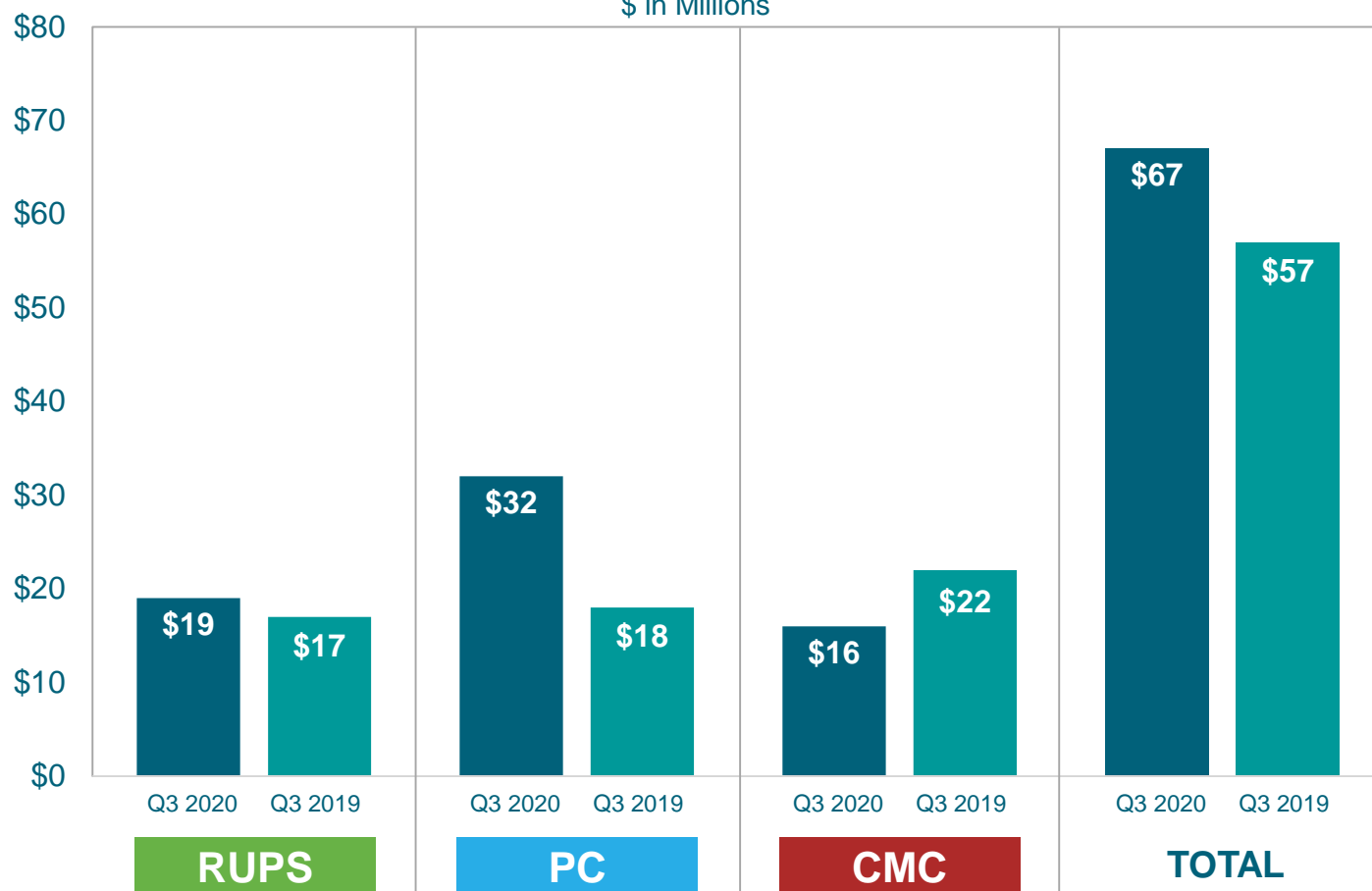
\$ in Millions



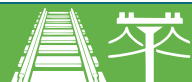
# Adjusted EBITDA by Segment (Unaudited)

## Q3 2020 vs Prior Year

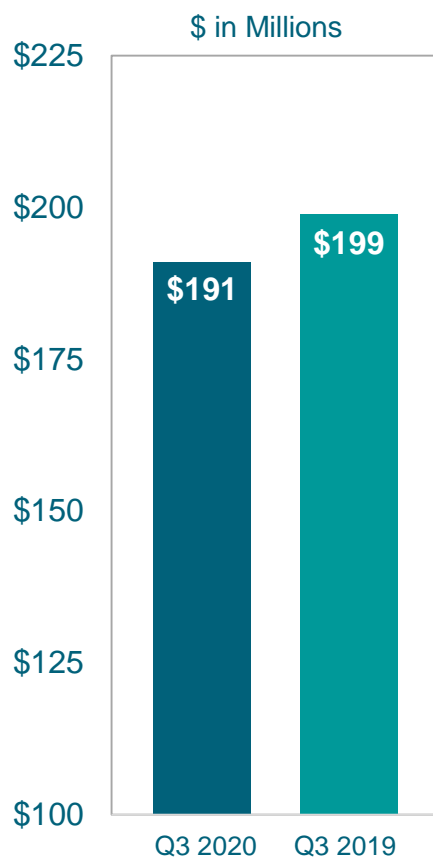
\$ in Millions



# RUPS Sales (Unaudited)



## RAILROAD AND UTILITY PRODUCTS AND SERVICES



**RUPS**

### Q3 Highlights

- Sales decreased from prior year primarily due to:
  - ✓ Crosstie volumes lower in commercial market; pricing discounts for select customers
  - ✓ Utility poles in U.S. seeing steady year-over-year demand
  - ✓ Partly offset by increased demand for utility poles in Australia and Recovery Resources crosstie disposal services in U.S.
- Crosstie Procurement up 10% YTD
- Crosstie Treatment up 4% YTD



# Adjusted RUPS EBITDA (Unaudited)



## RAILROAD AND UTILITY PRODUCTS AND SERVICES



**RUPS**

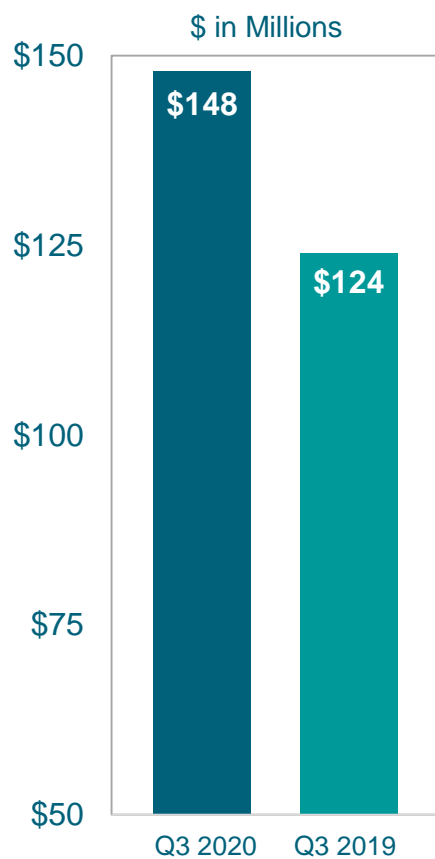
### Q3 Highlights

- Higher year-over-year EBITDA driven by:
  - ✓ Higher profitability in Class I sales due to favorable product/service mix
  - ✓ Higher profitability in crosstie disposal business
  - ✓ Lower selling, general and administrative costs

# PC Sales (Unaudited)



## PERFORMANCE CHEMICALS



PC

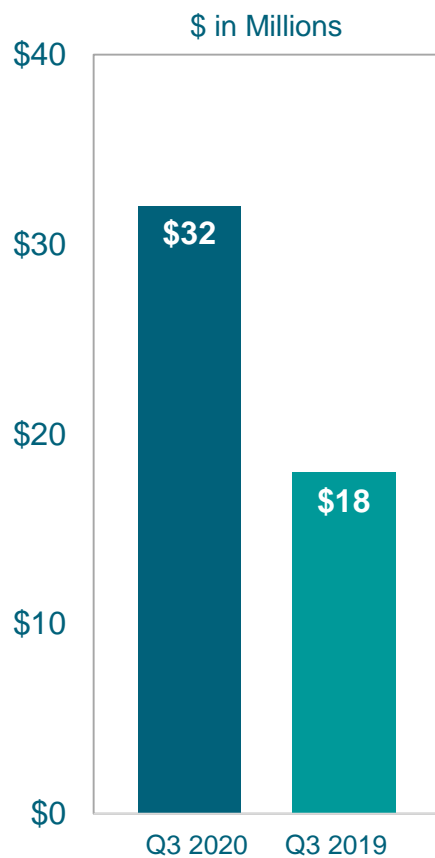
### Q3 Highlights

- Record sales quarter
- Continued demand for copper-based preservatives in U.S. driven by:
  - ✓ Strength in home repair and remodeling markets in U.S.
  - ✓ International markets benefiting from pent-up demand following several months of restrictions due to pandemic

# Adjusted PC EBITDA (Unaudited)



## PERFORMANCE CHEMICALS



PC

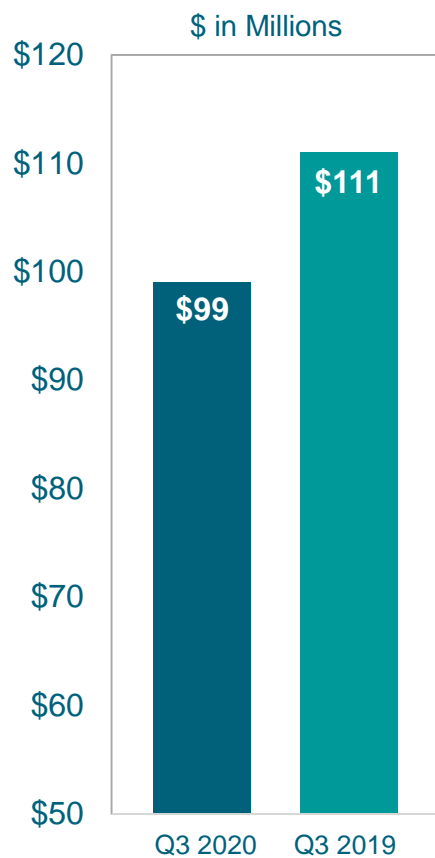
### Q3 Highlights

- Record quarter EBITDA, driven by:
  - ✓ Higher sales volumes
  - ✓ Lower average raw material costs
  - ✓ Favorable product mix
  - ✓ Better absorption on higher production volumes

# CMC Sales (Unaudited)



## CARBON MATERIALS AND CHEMICALS



**CMC**

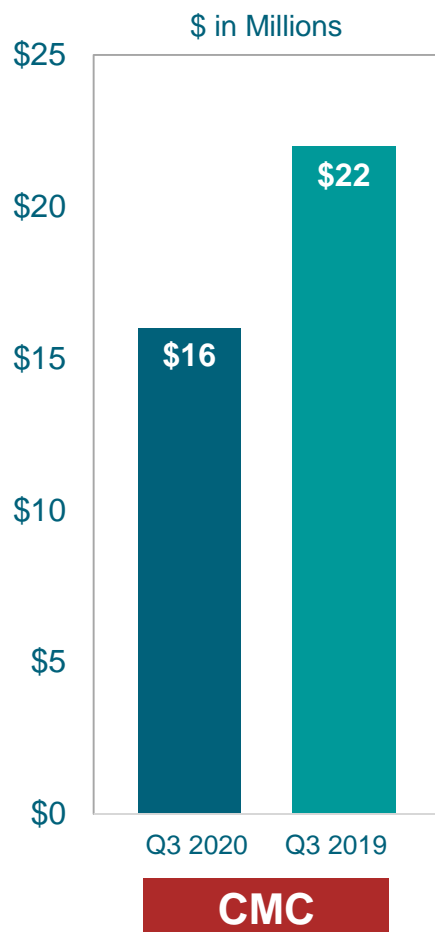
### Q3 Highlights

- Each region except Australia was lower than prior year, in line with expectations
- Lower average oil prices and market slowdown during pandemic resulted in:
  - ✓ Lower pricing for carbon pitch globally
  - ✓ Lower pricing for phthalic anhydride in North America
  - ✓ Lower demand for CBF globally
- Partly offset by higher volumes of carbon pitch in Australia and phthalic anhydride in North America

# Adjusted CMC EBITDA (Unaudited)



## CARBON MATERIALS AND CHEMICALS



### Q3 Highlights

- Year-over-year decline in EBITDA; ongoing demand weakness in its end markets
- Lower profitability as expected; Q3 reflects margin recovery
  - ✓ Compared with Q2, average pricing of major products up 1%, while average coal tar costs declined 4%
  - ✓ Compared with Q3/2019, average pricing of major products down 14%, while average coal tar costs declined 21%
- Sequential improvement compared with first half 2020

# **Q3 2020 Record Performance**

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# Record Performance Despite Pandemic

## Record Quarter (Preliminary)

Consolidated diluted EPS from continuing operations of **\$1.83**

Consolidated adjusted EPS of **\$1.64**

Consolidated operating profit of **\$58.6M**

Consolidated adjusted EBITDA of **\$66.7M**

PC sales of **\$147.9M**

PC adjusted EBITDA of **\$31.5M**

# Debt & Liquidity

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# No Near-Term Debt Maturities; Cash Events Providing Liquidity Cushion



- **9/30/20 Status**

- ✓ In compliance with all debt covenants
- ✓ No current plans to amend credit facility (i.e. covenant relief)
- ✓ \$770.3M net debt; \$97M Q3 debt paydown
- ✓ \$ 342.9 M available liquidity

- **\$125M Debt Reduction in 2020 (Projected)**

- ✓ KJCC divestiture net proceeds (\$65M)
- ✓ Cash income/other Working Capital (\$30M)
- ✓ Lower cash taxes and interest (\$16M)
  - \$11M lower at 9/30/20 vs. prior year
- ✓ Lower capital expenditures (\$8M) vs. 2020 Program
  - \$8M lower at 9/30/20 vs. 2020 Program
- ✓ Deferred payroll taxes (\$6M)

## No Significant Debt Maturities Pre-2024

*\$ in Millions*

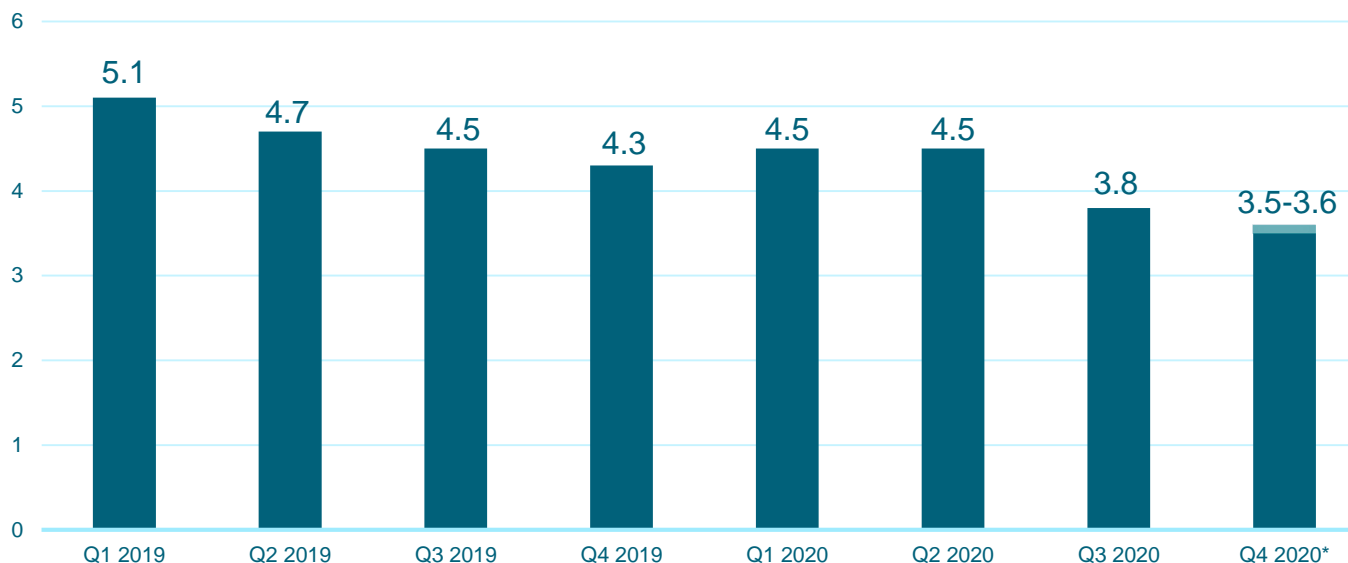
2020	\$2.5
2021	\$10.0
2022	\$10.0
2023	\$10.0
2024	\$286.5
Thereafter	\$500.0
<b>Total Debt</b>	<b>\$819.0</b>

# Debt Reduction Focus:

*Debt Paydown \$82M in 2019; \$125M Expected in 2020*



## Net Leverage Ratio, excluding KJCC EBITDA



\* Projected

### Net Leverage

*LT Goal: 2x-3x*

- Proven track record of disciplined debt reduction
- Reduced debt by \$82M in 2019
- **Expect to reduce debt by minimum of \$125M in 2020\*\***

\*\* Includes proceeds already received from sale of KJCC

# Financial Details of KJCC Sale

## Gain on Sale:

Cash Proceeds from Sale	\$ 107.0
x 75%	
Koppers share of proceeds	<u>\$ 80.3</u>
Post-closing adjustments	(5.2)
Transaction fees and expense	<u>(3.8)</u>
Net Proceeds Before Tax	\$ 71.3
Less:	
Koppers net investment in KJCC	<u>27.2</u>
Gain on Sale of KJCC	\$ 44.1
Tax expense on gain	<u>(8.3)</u>
<b>Net Gain on Sale of KJCC</b>	<b><u>\$ 35.8</u></b>
<b>Impact on Disc Ops EPS</b>	<b>\$ 1.67</b>

## Cash Proceeds:

Cash Proceeds from Sale	\$ 107.0
x 75%	
Koppers share of proceeds	<u>\$ 80.3</u>
Post-closing adjustments	(5.2)
Cash taxes	(6.1)
Transaction fees and expense	<u>(3.8)</u>
<b>Net Cash to Koppers</b>	<b><u>\$ 65.2</u></b>

# Business Sentiment: Customers & Suppliers

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# Customers & Suppliers



## UTILITY AND INDUSTRIAL PRODUCTS

### Overall Business

- Strong focus on customer service; trend of investments in broadband infrastructure; electrical and network connectivity critical to support increase in remote working
- Continue to work with utilities on using CCA and creosote as treatment alternatives to penta preservative; customers conducting tests on sample poles
- UIP on track for best year since acquired by Koppers; long-term fundamentals remain solid

### Utilities

- Providing storm response service to customers; near-term slowing from postponed projects or lack of crews due to hurricanes
- Recent wins with some multi-year contract extensions; continue to evaluate opportunities for share gains

### Piling

- Improving as restrictions lifted for construction projects; gaining new customers/business

### Recovery

- Targeting investor-owned utilities; opportunity for synergies with Rail Structures projects

### Supply Chain

- Wood flow slowing at some facilities due to wet weather conditions
- Seeing some increases in transportation costs

# Customers & Suppliers



## RAILROAD PRODUCTS AND SERVICES

### Overall Business

- Crosstie business remains solid with improved margin mix for Class I; commercial markets slowing and more competitive pricing
- Savings from Denver/North Little Rock consolidation will help offset any demand softness
- Expect trend of year-over-year improvement in quarterly EBITDA to continue

### Crossties

- For October 17, 2020 YTD vs. prior year period, U.S. railroads reported cumulative volumes lower by 14.9%; intermodal units declined 5.1%; total combined U.S. traffic decreased 9.8% (*American Association of Railroads*)
- Class I railroads and transit agencies taking advantage of reduced track time to continue or expedite maintenance programs resulting in earlier purchases/demand than typical (*American Association of Railroads*)

### Maintenance-of-Way

- Ongoing demand and improved profitability in Rail Structures and Recovery Resources; expect some weakness in Q4 for Rail Joints

### Supply Chain

- Reducing crosstie purchases as inventories stabilizing; third party providing dry ties for certain customers; challenges at sawmills due to lower demand in other industries

# Customers & Suppliers



## PERFORMANCE CHEMICALS

### Overall Business

- Despite pandemic, anticipate continuing strong demand in North America for 2020; expect elevated demand for international markets to continue in Q4
- Treating market currently short on chemicals and expected to improve in Q4
- On track to deliver record full-year EBITDA in 2020 (previous record high at \$88M in 2017)

### North America

- Retail sales accelerated their rate of growth in September, according to the Census Bureau; building materials continued to show strength
- Market forecasts continue to vary:
  - ✓ Leading Indicator of Remodeling Activity projects growth of 4.1% in renovation and repair spending by Q1/2021 then softening to 1.7% by Q3/2021; surge in DIY and small project activity lifting remodeling market
  - ✓ Consumer Confidence Index® increased in September to 101.8, after declining in August to 86.3; remains below pre-pandemic levels
  - ✓ National Association of Realtors® reports total existing-home sales grew in September for 4th consecutive month; increased 9.4% from August; up 20.9 % from prior year; attributed to record-low interest rates and buyers willing to relocate given flexibility to work remotely

# Customers & Suppliers



## PERFORMANCE CHEMICALS

### International

- Germany seeing increased demand; Nordic region benefiting from favorable mix; U.K./Ireland outlook uncertain heading into Brexit
- Australia capturing market share gains; favorable market conditions expected to continue through Q1/2021; Melbourne remains on lockdown, but restrictions may ease soon
- New Zealand reporting high volumes across the board; expect demand to continue through year-end 2020
- Brazil/Chile experiencing strong production volumes

### Supply Chain

- Copper hedges for 2021-2022 at lower average costs than 2020; no additional benefit in 2020 related to lower copper prices due to being fully hedged
- Strong demand outstripping internal production capacity; sourcing through external suppliers for certain intermediates; higher input costs; expecting some relief in Q4
- Moving forward on several initiatives to expand capacity for intermediates
- Lumber prices declining; treaters waiting for market to stabilize before taking inventory position for 2021

# Customers & Suppliers



## CARBON MATERIALS AND CHEMICALS

### Overall Business

- Demand lower but beginning to recover; expect year-over-year demand/volumes to be at similar levels for 2nd half 2020
- Strong focus on cost containment; mitigate impact from softer market conditions
- 2<sup>nd</sup> half 2020 EBITDA should be nearly double 1<sup>st</sup> half; expect double-digit margin for 2020

### North America

- Lower utilization and higher tar costs due to having to more imported supply

### Europe

- In best shape of the 3 regions due to supplementing U.S. tar and creosote supply
- Lower year-over-year demand/production levels; lower coal tar prices; lower avg. pricing

### Australia

- Strong sales volumes; favorable raw materials and production costs

### Supply Chain

- Overcapacity at tar distillers; expect tar production to remain depressed through 2021
- Reduced coal tar availability in N.A.; recovery in 2021 dependent on steel industry

# Current Guidance for 2020 Now Tops Original Guidance Issued Pre-Pandemic



## History of 2020 Guidance

**Current 2020 Adjusted EBITDA Guidance: \$204 - \$210 million**

**Current 2020 Continuing Ops Adjusted EPS Guidance: \$3.65 - \$3.95/share**

Prior 2020 Adjusted EBITDA Guidance: \$196 - \$204 million

Prior 2020 Continuing Ops Adjusted EPS Guidance: \$3.25 - \$3.50/share

Initial 2020 Adjusted EBITDA Guidance\*: \$200 - \$210 million

Initial 2020 Continuing Ops Adjusted EPS Guidance\*: \$3.00 - \$3.30/share

\*Initial Guidance Provided February 2020



# Actions Taken & Additional Opportunities

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# Actions Taken: *Mitigating Impact of COVID-19*



## SG&A Cost Savings (excluding Specials)

- \$12M-\$14M of SG&A savings in 2020, compared with 2019 SG&A expenses
  - ✓ Incentive comp higher than expected at beginning of pandemic
  - ✓ Additional headcount and merit increases for front-line salaried employees
- \$9M savings realized September YTD

## Cost Reduction Summary September YTD

	<u>\$ Millions</u>
• Compensation & Benefits	\$2.0
• Travel & Entertainment	\$4.0
• Legal & Consulting	<u>\$3.0</u>
Total	<u>\$9.0</u>

# Initiatives & Opportunities: *Emerge Stronger after Pandemic*



## Initiatives In Progress:

- Market Share Gains
  - ✓ RPS
  - ✓ PC
  - ✓ UIP
  - ✓ KRR
- New Products
- New Processes
- New Markets
- Network Optimization

## Other Cash Opportunities:

- Sale of other non-core businesses
- Sale of closed properties and associated assets
- Nearing completion of major site closing costs

# Q&A Session

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# Appendix

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# Non-GAAP Measures and Guidance

*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 net income, adjusted earnings per share, 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 restructuring, impairment, non-cash LIFO charges, acquisition-related costs, and non-cash mark-to-market commodity hedging 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 Segment Information



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
(Dollars in millions)	(Preliminary)		(Preliminary)	
Net sales:				
Railroad and Utility Products and Services	\$ 191.0	\$ 198.8	\$ 590.9	\$ 564.0
Performance Chemicals	147.9	123.9	396.4	343.7
Carbon Materials and Chemicals	98.6	111.5	288.7	347.2
Total	\$ 437.5	\$ 434.2	\$ 1,276.0	\$ 1,254.9
Operating profit (loss):				
Railroad and Utility Products and Services	\$ 15.0	\$ 11.3	\$ 40.4	\$ 31.8
Performance Chemicals	30.4	11.7	67.1	38.5
Carbon Materials and Chemicals	13.7	14.0	15.9	30.3
Corporate Unallocated	(0.5)	(0.4)	(1.5)	(1.7)
Total	\$ 58.6	\$ 36.6	\$ 121.9	\$ 98.9
Operating profit (loss) margin:				
Railroad and Utility Products and Services	7.9%	5.7%	6.8%	5.6%
Performance Chemicals	20.6%	9.4%	16.9%	11.2%
Carbon Materials and Chemicals	13.9%	12.6%	5.5%	8.7%
Total	13.4%	8.4%	9.6%	7.9%
Depreciation and amortization:				
Railroad and Utility Products and Services	\$ 4.9	\$ 4.8	\$ 14.8	\$ 14.4
Performance Chemicals	4.3	4.5	13.2	14.0
Carbon Materials and Chemicals	3.7	4.0	11.7	11.0
Total	\$ 12.9	\$ 13.3	\$ 39.7	\$ 39.4
Adjusted EBITDA <sup>(1)</sup> :				
Railroad and Utility Products and Services	\$ 18.5	\$ 16.9	\$ 55.1	\$ 50.1
Performance Chemicals	31.5	17.8	77.7	54.2
Carbon Materials and Chemicals	16.5	22.6	30.6	57.8
Corporate Unallocated	0.2	(0.2)	0.5	(1.0)
Total	\$ 66.7	\$ 57.1	\$ 163.9	\$ 161.1
Adjusted EBITDA margin <sup>(2)</sup> :				
Railroad and Utility Products and Services	9.7%	8.5%	9.3%	8.9%
Performance Chemicals	21.3%	14.4%	19.6%	15.8%
Carbon Materials and Chemicals	16.7%	20.3%	10.6%	16.6%
Total	15.2%	13.2%	12.8%	12.8%

(1) The tables below describe the adjustments to EBITDA for the three and nine months ended September 30, 2020 and 2019, respectively.

(2) Adjusted EBITDA as a percentage of GAAP sales.

# Unaudited Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA



(In millions)

Three Months Ended September 30, 2020

	RUPS	PC	CMC	Corporate Unallocated	Consolidated
					(Preliminary)
Operating profit (loss)	\$ 15.0	\$ 30.4	\$ 13.7	\$ (0.5)	\$ 58.6
Other income (loss)	(0.3)	0.7	(0.2)	0.7	0.9
Depreciation and amortization	4.9	4.3	3.7	0.0	12.9
Depreciation in impairment and restructuring charges	1.3	0.0	0.0	0.0	1.3
EBITDA with noncontrolling interest	\$ 20.9	\$ 35.4	\$ 17.2	\$ 0.2	\$ 73.7
Unusual items impacting EBITDA:					
CMC restructuring	0.0	0.0	1.4	0.0	1.4
Non-cash LIFO benefit	(2.9)	0.0	(2.1)	0.0	(5.0)
RUPS treating plant closures	0.5	0.0	0.0	0.0	0.5
Mark-to-market commodity hedging	0.0	(3.9)	0.0	0.0	(3.9)
Adjusted EBITDA	\$ 18.5	\$ 31.5	\$ 16.5	\$ 0.2	\$ 66.7
Adj. EBITDA % of Consolidated Adj. EBITDA (excluding corporate unallocated)	27.8%	47.4%	24.8%		

(In millions)

Three Months Ended September 30, 2019

	RUPS	PC	CMC	Corporate Unallocated	Consolidated
Operating profit (loss)	\$ 11.3	\$ 11.7	\$ 14.0	\$ (0.4)	\$ 36.6
Other income (loss)	(0.6)	0.3	0.0	0.2	(0.1)
Depreciation and amortization	4.8	4.5	4.0	0.0	13.3
Depreciation in impairment and restructuring charges	0.0	0.0	1.3	0.0	1.3
EBITDA with noncontrolling interest	\$ 15.5	\$ 16.5	\$ 19.3	\$ (0.2)	\$ 51.1
Unusual items impacting EBITDA:					
CMC restructuring	0.0	0.0	3.3	0.0	3.3
Non-cash LIFO expense	1.2	0.0	0.0	0.0	1.2
RUPS treating plant closures	0.2	0.0	0.0	0.0	0.2
Mark-to-market commodity hedging	0.0	1.3	0.0	0.0	1.3
Adjusted EBITDA	\$ 16.9	\$ 17.8	\$ 22.6	\$ (0.2)	\$ 57.1
Adj. EBITDA % of Consolidated Adj. EBITDA (excluding corporate unallocated)	29.5%	31.1%	39.4%		

\*A reconciliation of segment net income to adjusted segment EBITDA is not available without unreasonable efforts as we do not measure net income at the segment level or use it as a measure of operating performance.

# Unaudited Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA



(In millions)

	Nine Months Ended September 30, 2020				
	RUPS	PC	CMC	Corporate Unallocated	Consolidated
					(Preliminary)
Operating profit (loss)	\$ 40.4	\$ 67.1	\$ 15.9	\$ (1.5)	\$ 121.9
Other income (loss)	(0.9)	1.6	(0.8)	2.0	1.9
Depreciation and amortization	14.8	13.2	11.7	0.0	39.7
Depreciation in impairment and restructuring charges	2.0	0.0	0.0	0.0	2.0
EBITDA with noncontrolling interest	\$ 56.3	\$ 81.9	\$ 26.8	\$ 0.5	\$ 165.5
Unusual items impacting net income:					
CMC restructuring	0.0	0.0	7.4	0.0	7.4
Non-cash LIFO benefit	(5.2)	0.0	(3.6)	0.0	(8.8)
RUPS treating plant closures	4.0	0.0	0.0	0.0	4.0
Mark-to-market commodity hedging	0.0	(4.2)	0.0	0.0	(4.2)
Adjusted EBITDA	\$ 55.1	\$ 77.7	\$ 30.6	\$ 0.5	\$ 163.9
Adj. EBITDA % of Consolidated Adj. EBITDA (excluding corporate unallocated)	33.7%	47.6%	18.7%		

(In millions)

	Nine Months Ended September 30, 2019				
	RUPS	PC	CMC	Corporate Unallocated	Consolidated
Operating profit (loss)	\$ 31.8	\$ 38.5	\$ 30.3	\$ (1.7)	\$ 98.9
Other income (loss)	(1.1)	1.8	(1.0)	0.7	0.4
Depreciation and amortization	14.4	14.0	11.0	0.0	39.4
Depreciation in impairment and restructuring charges	0.0	0.0	2.6	0.0	2.6
EBITDA with noncontrolling interest	\$ 45.1	\$ 54.3	\$ 42.9	\$ (1.0)	\$ 141.3
Unusual items impacting net income:					
CMC restructuring	0.0	0.0	14.6	0.0	14.6
Non-cash LIFO expense	4.6	0.0	0.3	0.0	4.9
RUPS treating plant closures	0.4	0.0	0.0	0.0	0.4
Mark-to-market commodity hedging	0.0	(0.1)	0.0	0.0	(0.1)
Adjusted EBITDA	\$ 50.1	\$ 54.2	\$ 57.8	\$ (1.0)	\$ 161.1
Adj. EBITDA % of Consolidated Adj. EBITDA (excluding corporate unallocated)	30.9%	33.4%	35.7%		

\*A reconciliation of segment net income to adjusted segment EBITDA is not available without unreasonable efforts as we do not measure net income at the segment level or use it as a measure of operating performance.

# Unaudited Reconciliation of Net Income to EBITDA and Adjusted EBITDA



	<i>In millions)</i>			
	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>(Preliminary)</i>		<i>(Preliminary)</i>	
Net income	\$ 75.5	\$ 20.5	\$ 102.4	\$ 47.2
Interest expense	11.8	15.4	38.6	47.3
Depreciation and amortization	12.9	13.3	39.7	39.4
Depreciation in impairment and restructuring charges	1.3	1.3	2.0	2.6
Income taxes	8.6	2.9	14.8	9.7
Discontinued operations	(36.4)	(2.2)	(32.0)	(5.0)
EBITDA with noncontrolling interests	73.7	51.2	165.5	141.2
Unusual items impacting net income				
Impairment, restructuring and plant closure costs	1.8	3.5	11.3	15.0
Non-cash LIFO (benefit) expense	(4.9)	1.1	(8.7)	5.0
Mark-to-market commodity hedging	(3.9)	1.3	(4.2)	(0.1)
Total adjustments	(7.0)	5.9	(1.6)	19.9
Adjusted EBITDA	\$ 66.7	\$ 57.1	\$ 163.9	\$ 161.1

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



	(In millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020 (Preliminary)	2019	2020 (Preliminary)	2019
Net income attributable to Koppers	\$ 75.6	\$ 19.9	\$ 103.4	\$ 46.0
Unusual items impacting net income				
Impairment, restructuring and plant closure costs	3.3	5.8	14.7	20.3
Non-cash LIFO (benefit) expense	(4.7)	1.2	(8.7)	4.9
Mark-to-market commodity hedging	(3.9)	1.2	(4.2)	(0.1)
Total adjustments	(5.3)	8.2	1.8	25.1
Adjustments to income tax and noncontrolling interests				
Income tax on adjustments to pre-tax income	1.3	(2.1)	(0.4)	(7.6)
Noncontrolling interest	(0.1)	0.6	(1.0)	1.2
Effect on adjusted net income	(4.1)	6.7	0.4	18.7
Adjusted net income including discontinued operations	71.5	26.6	103.8	64.7
Discontinued operations	(36.4)	(2.2)	(32.0)	(5.0)
Adjusted net income attributable to Koppers	\$ 35.1	\$ 24.4	\$ 71.8	\$ 59.7

# Unaudited Reconciliation of Diluted EPS and Adjusted EPS



*(In millions except share amounts)*

	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>(Preliminary)</i>		<i>(Preliminary)</i>	
Income from continuing operations attributable to Koppers	\$ 39.1	\$ 18.3	\$ 70.4	\$ 42.2
Net income attributable to Koppers	\$ 75.6	\$ 19.9	\$ 103.4	\$ 46.0
Adjusted net income attributable to Koppers	\$ 35.1	\$ 24.4	\$ 71.8	\$ 59.7
Denominator for diluted earnings per share (in thousands)	21,380	21,030	21,227	20,908
Earnings per share:				
Diluted earnings per share - continuing operations	\$ 1.83	\$ 0.86	\$ 3.33	\$ 2.02
Diluted earnings per share - net income	\$ 3.53	\$ 0.94	\$ 4.88	\$ 2.20
Adjusted earnings per share	\$ 1.64	\$ 1.16	\$ 3.38	\$ 2.86



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



(In millions)

	September 30, 2020 (Preliminary)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	Twelve months ended	
						June 30, 2019	March 31, 2019
Total Debt	\$ 809.8	\$ 907.1	\$ 953.2	\$ 901.2	\$ 959.1	\$ 1,001.0	\$ 1,002.7
Less: Cash	39.5	33.0	54.2	32.3	30.8	38.1	32.7
Net Debt	\$ 770.3	\$ 874.1	\$ 899.0	\$ 868.9	\$ 928.3	\$ 962.9	\$ 970.0
Adjusted EBITDA	\$ 203.7	\$ 194.2	\$ 197.9	\$ 201.1	\$ 206.6	\$ 203.4	\$ 191.5
Net Leverage Ratio	3.8	4.5	4.5	4.3	4.5	4.7	5.1

# Unaudited Reconciliation of Net Income to EBITDA and Adjusted EBITDA on LTM Basis



(In millions)							
	September 30, 2020 (Preliminary)	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	Twelve months ended	
						June 30, 2019	March 31, 2019
Net income	\$ 119.5	\$ 67.4	\$ 52.4	\$ 67.4	\$ 44.8	\$ 31.4	\$ 18.0
Interest expense	52.9	56.6	59.8	61.9	63.4	62.2	60.2
Depreciation and amortization	54.4	54.9	54.3	54.6	53.5	52.0	52.6
Income tax provision	8.1	(0.6)	(0.6)	0.0	11.9	17.7	15.5
Discontinued operations, net of tax	(30.6)	3.6	3.4	(3.7)	(5.7)	(1.4)	(3.4)
EBITDA	204.3	181.9	169.3	180.2	167.9	161.9	142.9
Unusual items impacting net income:							
Impairment, restructuring and plant closure	16.8	18.5	18.8	20.4	26.1	27.2	23.5
Non-cash LIFO (benefit) expense	(9.2)	(3.1)	2.8	4.5	11.2	11.6	12.0
Mark-to-market commodity hedging	(8.2)	(3.1)	7.0	(4.0)	1.3	1.1	0.3
Acquisition and exit activity related costs	0.0	0.0	0.0	0.0	0.1	1.6	12.8
Adjusted EBITDA with noncontrolling interests	\$ 203.7	\$ 194.2	\$ 197.9	\$ 201.1	\$ 206.6	\$ 203.4	\$ 191.5



### Koppers Holdings Inc.

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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, China and Europe.

### Stock Exchange Listing

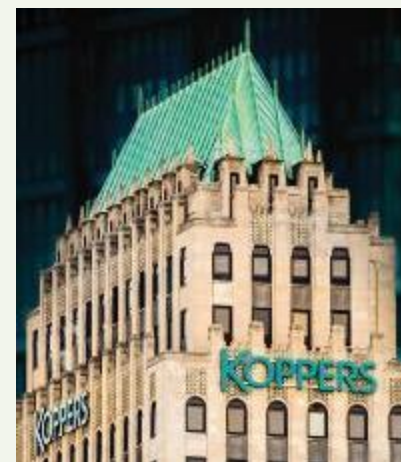
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