



Q2 Fiscal 2025 Financial Results

November 8, 2024



Management Presenters

Scott Barbour

President and Chief Executive Officer

Scott Cottrill

Executive Vice President, Chief Financial Officer

Mike Higgins

Vice President, Corporate Strategy & Investor Relations

Forward Looking Statements and Non-GAAP Financial Metrics

Forward Looking Statements

Certain statements in this press release may be deemed to be forward-looking statements. These statements are not historical facts but rather are based on the Company's current expectations, estimates and projections regarding the Company's business, operations and other factors relating thereto. Words such as "may," "will," "could," "would," "should," "anticipate," "predict," "potential," "target," "outlook," "continue," "expects," "intends," "plans," "projects," "believes," "estimates," "confident" and similar expressions or the negative of those terms are used to identify these forward-looking statements. Factors that could cause actual results to differ from those reflected in forward-looking statements relating to our operations and business include: fluctuations in the price and availability of resins and other raw materials and our ability to pass any increased costs of raw materials on to our customers in a timely manner; disruption or volatility in general business and economic conditions in the markets in which we operate; cyclical and seasonality of the non-residential and residential construction markets and infrastructure spending; the risks of increasing competition in our existing and future markets; uncertainties surrounding the integration and realization of anticipated benefits of acquisitions; the effect of weather or seasonality; the loss of any of our significant customers; the risks of doing business internationally; the risks of conducting a portion of our operations through joint ventures; our ability to expand into new geographic or product markets; the risk associated with manufacturing processes; the effect of global climate change; our ability to protect against cybersecurity risks incidents and disruptions or failures of our IT systems; our ability to assess and monitor the effects of artificial intelligence, machine learning, and robotics on our business and operations; our ability to manage our supply purchasing and customer credit policies; our ability to control labor costs and to attract, train and retain highly-qualified employees and key personnel; our ability to protect our intellectual property rights; changes in laws and regulations, including environmental laws and regulations; our ability to appropriately address any environmental, social or governance concerns that may arise from our activities; the risks associated with our current levels of indebtedness, including borrowings under our existing credit agreement and outstanding indebtedness under our existing senior notes; and other risks and uncertainties described in the Company's filings with the SEC. New risks and uncertainties emerge from time to time and it is not possible for the Company to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this press release. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the Company's expectations, objectives or plans will be achieved in the timeframe anticipated or at all. Investors are cautioned not to place undue reliance on the Company's forward-looking statements and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financial Measures

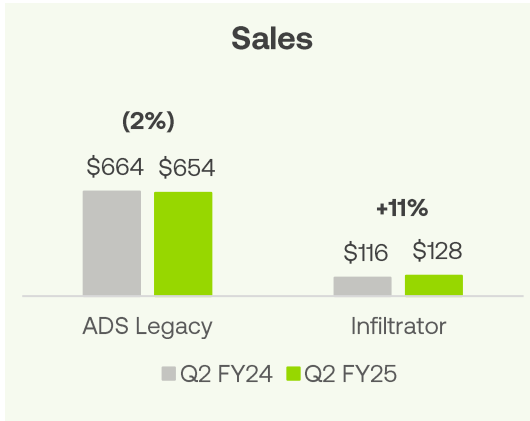
This presentation includes references to Adjusted EBITDA and Free Cash Flow, non-GAAP financial measures. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP. These measures are not intended to be substitutes for those reported in accordance with GAAP. Adjusted EBITDA and Free Cash Flow may be different from non-GAAP financial measures used by other companies, even when similar terms are used to identify such measures.

EBITDA and Adjusted EBITDA are non-GAAP financial measures that comprise net income before interest, income taxes, depreciation and amortization, stock-based compensation, non-cash charges and certain other expenses. The Company's definition of Adjusted EBITDA may differ from similar measures used by other companies, even when similar terms are used to identify such measures. Adjusted EBITDA is a key metric used by management and the Company's board of directors to assess financial performance and evaluate the effectiveness of the Company's business strategies. Accordingly, management believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as the Company's management and board of directors. In order to provide investors with a meaningful reconciliation, the Company has provided reconciliations of Adjusted EBITDA to net income.

Free Cash Flow is a non-GAAP financial measure that comprises cash flow from operating activities less capital expenditures. Free Cash Flow is a measure used by management and the Company's board of directors to assess the Company's ability to generate cash. Accordingly, management believes that Free Cash Flow provides useful information to investors and others in understanding and evaluating our ability to generate cash flow from operations after capital expenditures.

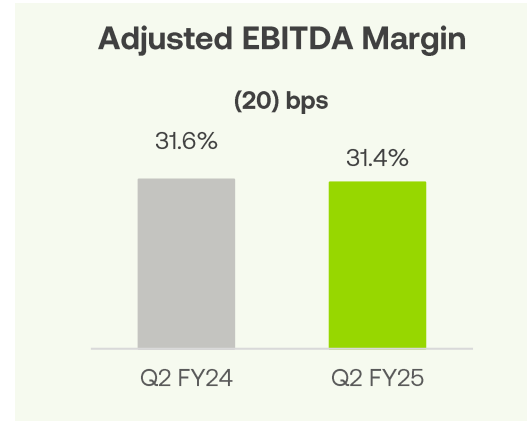
CEO Highlights

Q2 Fiscal 2025 Revenue



- Residential and Infrastructure end markets continue to perform well.
- Non-residential market remains choppy, slightly behind expectations.
- Overall pricing environment remains largely in line with expectations.

Q2 Fiscal 2025 Profitability



- Second quarter Adjusted EBITDA Margin of 31.4% demonstrates resiliency of business model.
- Margin benefitted from volume growth in residential and infrastructure markets, growth at Infiltrator and favorable manufacturing costs.
- Profitability impacted by rising material cost.

Fiscal 2025 Demand Environment



Business Updates

- Announced the acquisition of Orenco Systems Inc., a leader in advanced wastewater treatment. Acquisition closed in Q3 Fiscal 2025 and will rollup in Infiltrator segment.
- Hosted Grand Opening of the Engineering & Technology Center in Hilliard, OH.
- Four consecutive quarters of volume growth in construction end markets despite non-residential choppiness.
- Hurricane impacts expected to be approximately \$40 million for full year (including Q2 impact).

Existing Water Infrastructure is Not Sufficient to Address Today's Climate

EPA Clean Water Needs Survey 2022

Estimated \$630 billion needed over 20 years to address water quality objectives of the Clean Water Act



WASTEWATER

\$346
Billion



STORMWATER

\$115
Billion



NONPOINT SOURCE CONTROL

\$94
Billion



DECENTRALIZED

\$75
Billion

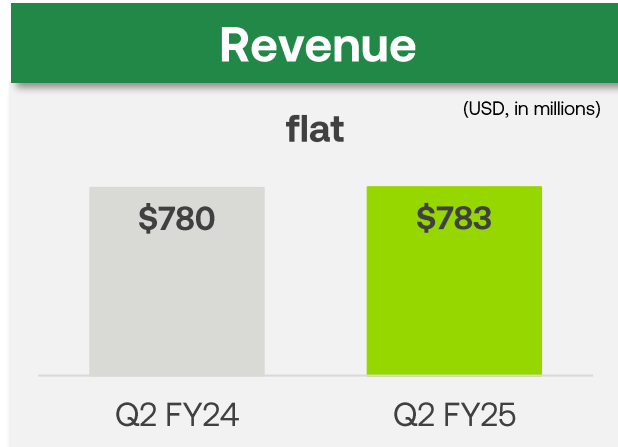
Engineering and Technology Center Grand Opening



World's largest and most advanced stormwater research and engineering center

- Material science
- Product design
- Tooling design
- Manufacturing process engineering
- Product testing

Q2 Fiscal 2025 Financial Performance



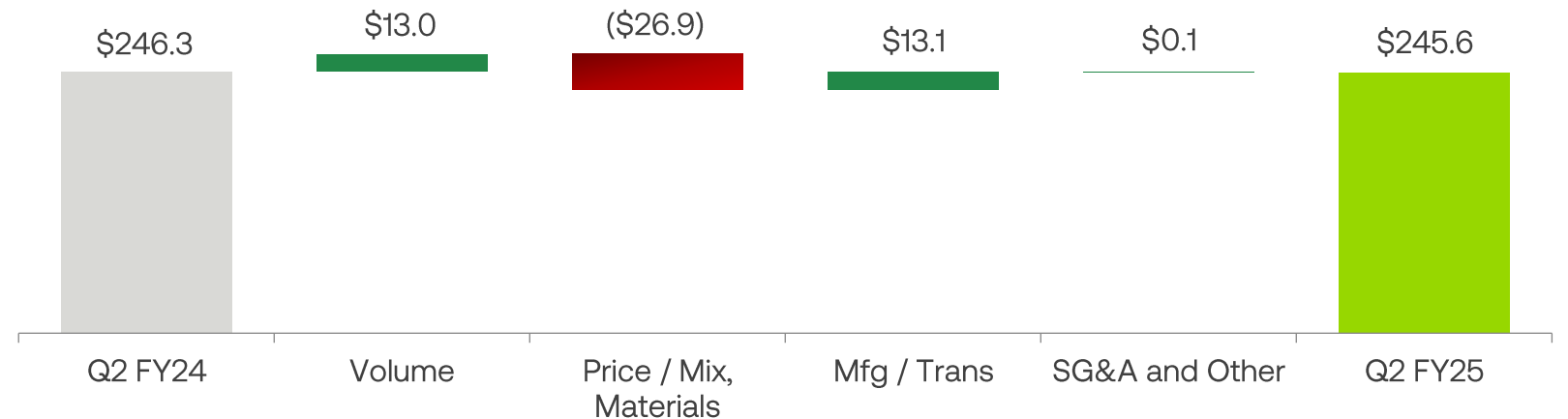
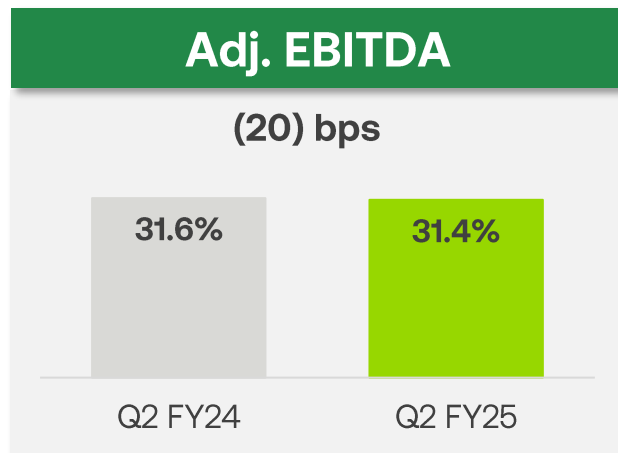
Revenue Performance

By Business

- ADS Legacy	(1%)
- Pipe	(3%)
+ Allied Products	+2%
+ Infiltrator	+11%

Domestic Markets

+ Construction	+2%
- Non-Residential	(2%)
+ Residential	+6%
+ Infrastructure	+7%
- Agriculture	(6%)



Free Cash Flow and Capital Structure

Free Cash Flow ⁽¹⁾

	FY 2025	FY 2024	Δ
Consolidated Adjusted EBITDA	\$521	\$528	\$(7)
Working capital ⁽²⁾	(42)	48	(90)
Cash tax	(84)	(78)	(6)
Cash interest	(44)	(34)	(10)
Transaction costs ⁽³⁾	(3)	(2)	(1)
Other	2	(3)	5
Consolidated cash flow from operations	\$350	\$459	\$(109)
Capital expenditures	(112)	(83)	(29)
Consolidated Free Cash Flow	\$238	\$376	\$(138)

Debt & Capital Leases

(in millions)	September 30, 2024	March 31, 2024
Term Loan Facility	\$ 417	\$ 420
Senior Notes	850	850
Revolving Credit Facility	-	-
Total debt	\$ 1,267	\$ 1,270
Finance leases & Equipment financing	\$ 125	\$ 91
Leverage	0.8x	0.9x

Liquidity

(in millions)	September 30, 2024
Unrestricted Cash	\$ 613
Availability under Revolving Credit Facility	590
Total Liquidity	\$ 1,203

Note: all figures in USD, \$mm. Figures may not add due to rounding.

1. Operating Cash Flow less capital expenditures
2. Inventory, Trade Receivables, Accounts Payable
3. Legal, accounting and other professional fees incurred in connection with business or asset acquisitions and dispositions

Disciplined Approach to Capital Allocation

	1H Fiscal 2025	1H Fiscal 2024
1 Organic Capital Expenditures	\$112M	\$83M
2 Acquisitions	\$250M*	\$-
Subtotal: Cash reinvested in business	\$362M	\$83M
3 Dividends	\$25M	\$22M
4 Share Repurchases	\$70M	\$102M
Subtotal: Cash returned to shareholders	\$95M	\$124M
Total Cash Allocated	\$457M	\$206M
<i>Adjusted EBITDA Margin</i>	32.6%	33.9%

Fiscal Year 2025 Guidance

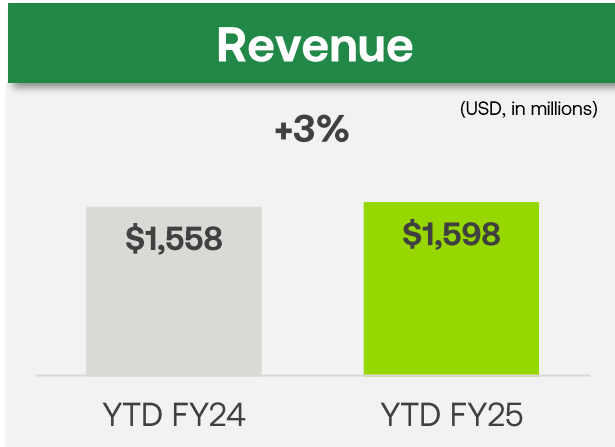
Fiscal 2025 Expectations			
Key Metric	FY 2024	FY 2025	Y-o-Y Change
Net Sales (in Millions)	\$2,874	\$2,900 - \$2,975	+1% to +4%
Adj. EBITDA (in Millions)	\$923	\$880 - \$920	(5%) to flat
Adj. EBITDA Margin	32.1%	30.3% - 30.9%	(120) to (180) basis points



Q&A

Appendix

YTD Fiscal 2025 Financial Performance



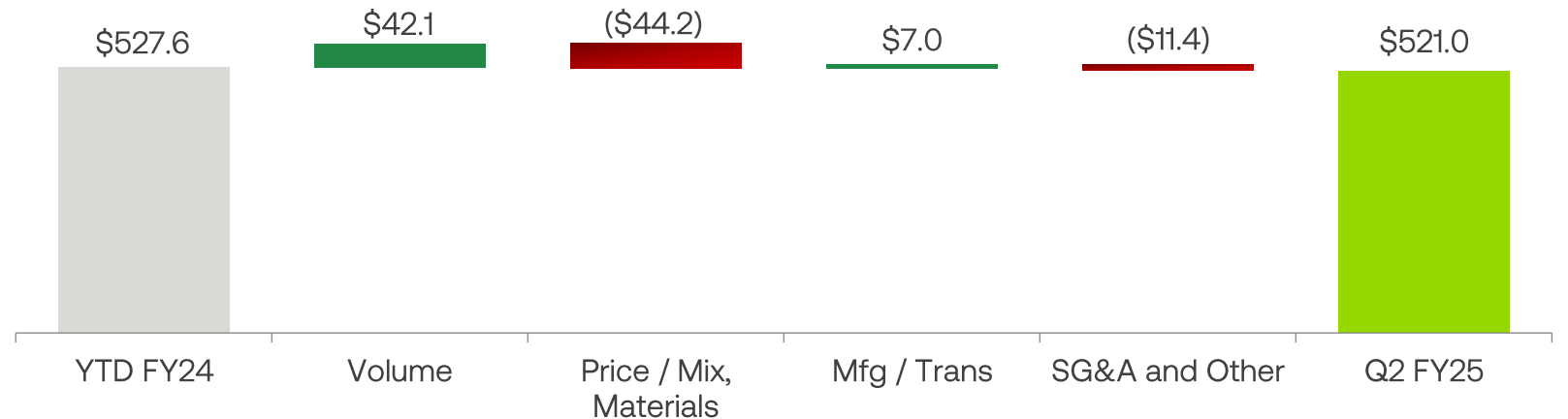
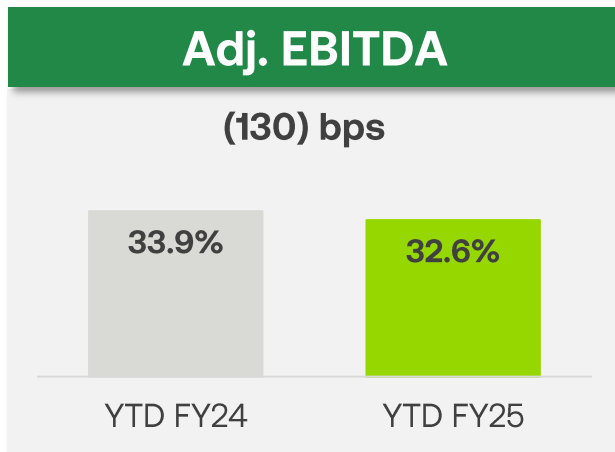
Revenue Performance

By Business

+ ADS Legacy	+2%
+ Pipe	+0%
+ Allied Products	+5%
+ Infiltrator	+8%

Domestic Markets

+ Construction	+4%
+ Non-Residential	+2%
+ Residential	+5%
+ Infrastructure	+13%
- Agriculture	(14%)



Reconciliations

Three Months Ended

	September 30, 2024			September 30, 2023		
	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
(In thousands)						
Pipe	\$ 425,099	\$ (14,611)	\$ 410,488	\$ 427,997	\$ (12,284)	\$ 415,713
Infiltrator Water Technologies	148,690	(20,198)	128,492	133,731	(17,553)	116,178
International						
International - Pipe	44,445	(3,437)	41,008	52,407	(3,284)	49,123
International - Allied Products & Other	15,613	(68)	15,545	17,025	(14)	17,011
Total International	60,058	(3,505)	56,553	69,432	(3,298)	66,134
Allied Products & Other	191,114	(4,037)	187,077	185,696	(3,501)	182,195
Intersegment Eliminations	(42,351)	42,351	-	(36,636)	36,636	-
Total Consolidated	\$ 782,610	\$ -	\$ 782,610	\$ 780,220	\$ -	\$ 780,220

Six Months Ended

	September 30, 2024			September 30, 2023		
	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
(In thousands)						
Pipe	\$ 871,278	\$ (29,365)	\$ 841,913	\$ 856,569	\$ (20,043)	\$ 836,526
Infiltrator Water Technologies	303,720	(45,010)	258,710	275,217	(36,131)	239,086
International						
International - Pipe	88,372	(7,290)	81,082	89,585	(3,799)	85,786
International - Allied Products & Other	33,292	(116)	33,176	32,623	(26)	32,597
Total International	121,664	(7,406)	114,258	122,208	(3,825)	118,383
Allied Products & Other	391,687	(8,622)	383,065	369,141	(4,870)	364,271
Intersegment Eliminations	(90,403)	90,403	-	(64,869)	64,869	-
Total Consolidated	\$ 1,597,946	\$ -	\$ 1,597,946	\$ 1,558,266	\$ -	\$ 1,558,266

Reconciliations

(Amounts in thousands)	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Segment adjusted gross profit				
Pipe	\$ 115,422	\$ 125,856	\$ 257,659	\$ 286,505
Infiltrator	86,135	73,663	172,550	147,927
International	17,445	21,339	37,108	37,368
Allied Products & Other	107,324	106,239	221,191	212,424
Intersegment Eliminations	(394)	(454)	(1,569)	(2,509)
Total Segment Adjusted Gross Profit	325,932	326,643	686,939	681,715
Depreciation and amortization	30,536	22,622	57,748	45,421
Stock-based compensation expense	1,455	1,344	2,796	2,157
Total Gross Profit	\$ 293,941	\$ 302,677	\$ 626,395	\$ 634,137

(Amounts in thousands)	Three Months Ended September 30,		Six Months Ended September 30,	
	2024	2023	2024	2023
Net income	\$ 131,174	\$ 137,027	\$ 293,496	\$ 310,932
Depreciation and amortization	44,807	36,721	85,905	73,961
Interest expense	23,156	21,941	45,980	43,653
Income tax expense	40,920	47,476	90,806	102,534
EBITDA	240,057	243,165	516,187	531,080
Loss (gain) on disposal of assets and costs from exit and disposal activities	617	123	909	(13,181)
Stock-based compensation expense	6,983	9,331	13,960	16,234
Transaction costs (a)	2,685	52	2,695	2,024
Interest income	(7,368)	(5,137)	(13,933)	(8,626)
Other adjustments (b)	2,576	(1,284)	1,230	32
Adjusted EBITDA	\$ 245,550	\$ 246,250	\$ 521,048	\$ 527,563

Notes:

- Represents expenses recorded related to legal, accounting and other professional fees incurred in connection with business or asset acquisitions and dispositions.
- Includes derivative fair value adjustments, foreign currency transaction (gains) losses, the proportionate share of interest, income taxes, depreciation and amortization related to the South American Joint Venture, which is accounted for under the equity method of accounting and executive retirement expense (benefit).