



# Q1 Fiscal 2025 Financial Results

August 8, 2024



# Management Presenters

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**Scott Barbour**

President and Chief Executive Officer

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**Scott Cottrill**

Executive Vice President, Chief Financial Officer

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**Mike Higgins**

Vice President, Corporate Strategy & Investor Relations

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# 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

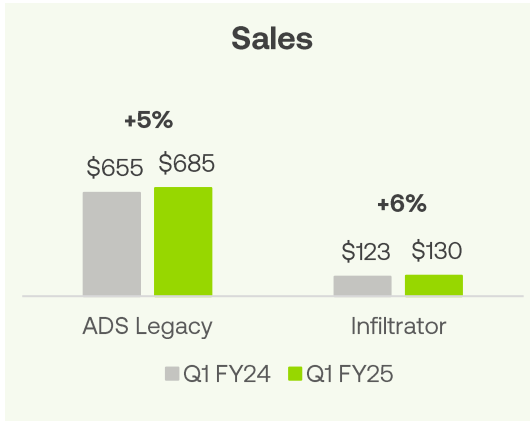
This presentation includes references to Adjusted EBITDA and Free Cash Flow, non-GAAP financial measures. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP. These measures are not intended to be substitutes for those reported in 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.

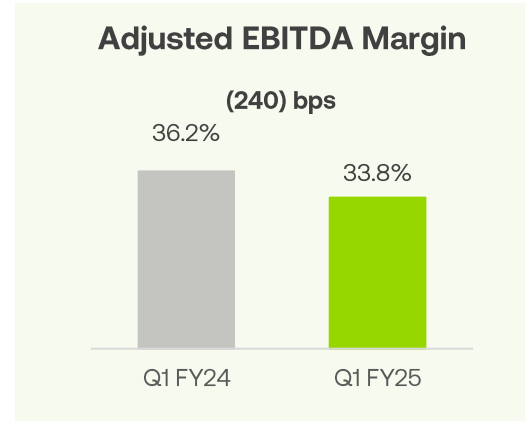
# CEO Highlights

## Q1 Fiscal 2025 Revenue



- Construction markets performed well, in line with expectations.
- Agriculture market impacted by wet weather, early breaking-winter and market sentiment.
- Overall pricing environment remains in line with expectations.

## Q1 Fiscal 2025 Profitability



- First quarter Adjusted EBITDA Margin of 33.8%, (240) basis points vs. prior year.
- Increased volume drove a stronger mix, as Allied and Infiltrator grew faster than pipe.
- Transportation costs unfavorable due to investments in customer service.

## Business Updates

- Solid first quarter results demonstrate the strength of business model and highly-relevant water management solutions.
- Capital Expenditures to remain elevated in Fiscal 2025 as we continue investing in growth, productivity, automation and recycling capacity.
- Engineering and Technology Center opened in June 2024.
- Fiscal 2024 Sustainability Report out now!







## Our Fiscal 2024 Sustainability Highlights

### Environment

**540M**

pounds of recycled materials processed

**54%**

pipe revenue derived from recycled products

### Operational

**\$15.3M**

investment in capital projects related to environmental, health and safety projects to mitigate risk across our manufacturing network



Approaching completion of our Engineering and Technology Center in Hilliard, OH

### Social & Governance

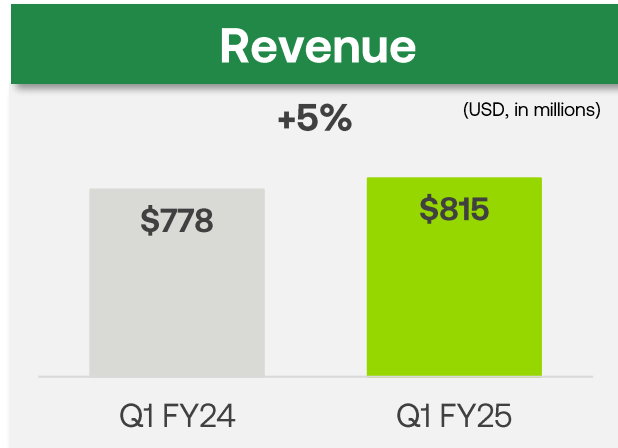
**73.5K**

training hours provided to our workforce

**↑ 19%**

improvement in our total recordable injury rate

# Q1 Fiscal 2025 Financial Performance



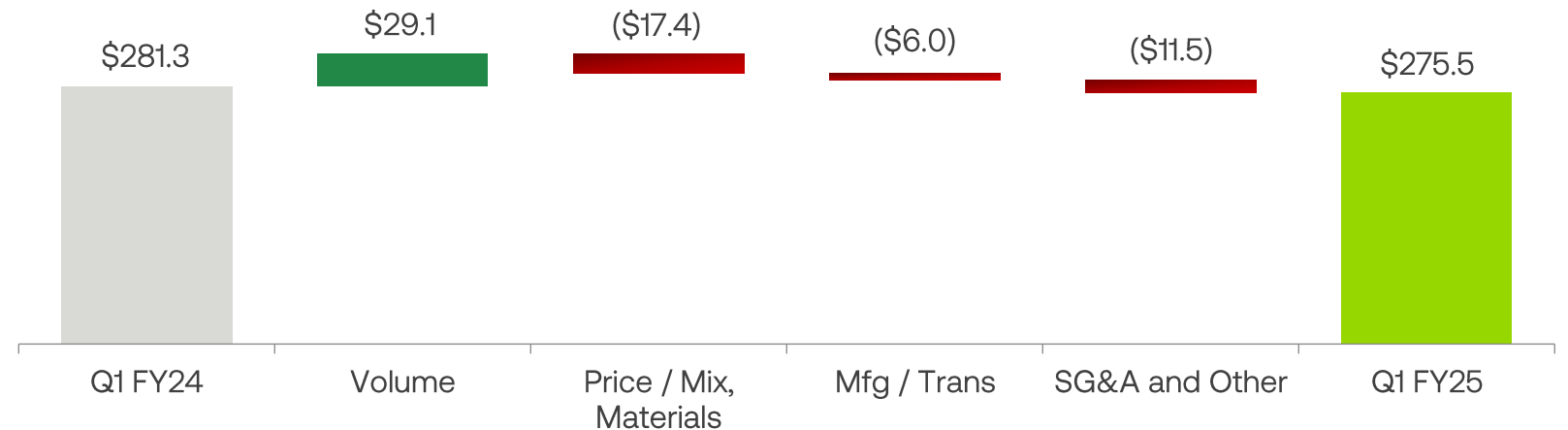
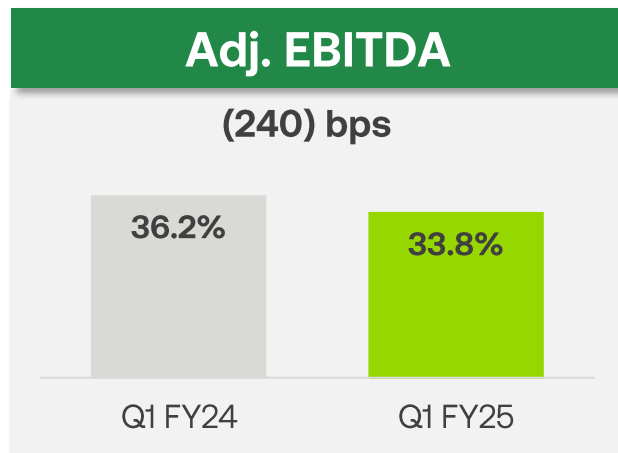
## Revenue Performance

### By Business

+ ADS Legacy	+5%
+ Pipe	+3%
+ Allied Products	+8%
+ Infiltrator	+6%

### Domestic Markets

+ Construction	+6%
+ Non-Residential	+5%
+ Residential	+4%
+ Infrastructure	+19%
- Agriculture	(25%)



# Free Cash Flow and Capital Structure

## Free Cash Flow <sup>(1)</sup>

	FY 2025	FY 2024	Δ
Consolidated Adjusted EBITDA	\$275	\$281	\$(6)
Working capital <sup>(2)</sup>	(64)	(11)	(53)
Cash tax	(1)	(2)	1
Cash interest	(10)	(9)	(1)
Transaction costs <sup>(3)</sup>	0	(2)	2
Other	(17)	(13)	(4)
Consolidated cash flow from operations	\$183	\$244	\$(61)
Capital expenditures	(57)	(42)	(15)
Consolidated Free Cash Flow	\$126	\$202	\$(76)

## Debt & Capital Leases

(in millions)	June 30, 2024	March 31, 2024
Term Loan Facility	\$ 419	\$ 420
Senior Notes	850	850
Revolving Credit Facility	-	-
Total debt	\$ 1,269	\$ 1,270
Finance leases & Equipment financing	\$ 112	\$ 91
Leverage	0.9x	0.9x

## Liquidity

(in millions)	June 30, 2024
Unrestricted Cash	\$ 542
Availability under Revolving Credit Facility	590
Total Liquidity	\$ 1,132

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

# Fiscal Year 2025 Guidance

Fiscal 2025 Expectations			
Key Metric	FY 2024	FY 2025	Y-o-Y Change
<b>Net Sales</b> (in Millions)	\$2,874	\$2,925 - \$3,025	+2% to +5%
<b>Adj. EBITDA</b> (in Millions)	\$923	\$940 - \$980	+2% to +6%
<b>Adj. EBITDA Margin</b>	32.1%	32.1% - 32.4%	flat to +30 basis points





# Q&A



# Appendix

# Reconciliations

(In thousands)	Three Months Ended					
	June 30, 2024			June 30, 2023		
	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
Pipe	\$ 446,179	\$ (14,754)	\$ 431,425	\$ 428,572	\$ (7,759)	\$ 420,813
Infiltrator Water Technologies	155,030	(24,812)	130,218	141,486	(18,578)	122,908
International						
International - Pipe	43,927	(3,853)	40,074	37,178	(515)	36,663
International - Allied Products & Other	17,679	(48)	17,631	15,598	(12)	15,586
Total International	61,606	(3,901)	57,705	52,776	(527)	52,249
Allied Products & Other	200,573	(4,585)	195,988	183,445	(1,369)	182,076
Intersegment Eliminations	(48,052)	48,052	-	(28,233)	28,233	-
<b>Total Consolidated</b>	<b>\$ 815,336</b>	<b>\$ -</b>	<b>\$ 815,336</b>	<b>\$ 778,046</b>	<b>\$ -</b>	<b>\$ 778,046</b>

# Reconciliations

(Amounts in thousands)	Three Months Ended June 30,	
	2024	2023
<b>Segment adjusted gross profit</b>		
Pipe	\$ 142,237	\$ 160,649
Infiltrator	86,415	74,264
International	19,663	16,029
Allied Products & Other	113,867	106,185
Intersegment Eliminations	(1,175)	(2,055)
<b>Total Segment Adjusted Gross Profit</b>	<b>361,007</b>	<b>355,072</b>
Depreciation and amortization	27,212	22,799
Stock-based compensation expense	1,341	813
<b>Total Gross Profit</b>	<b>\$ 332,454</b>	<b>\$ 331,460</b>

(Amounts in thousands)	Three Months Ended June 30,	
	2024	2023
<b>Net income</b>	\$ 162,322	\$ 173,905
Depreciation and amortization	41,098	37,240
Interest expense	22,824	21,712
Income tax expense	49,886	55,058
<b>EBITDA</b>	<b>276,130</b>	<b>287,915</b>
Loss (gain) on disposal of assets and costs from exit and disposal activities	292	(13,304)
Stock-based compensation expense	6,977	6,903
Transaction costs (a)	10	1,972
Interest income	(6,565)	(3,489)
Other adjustments (b)	(1,346)	1,316
<b>Adjusted EBITDA</b>	<b>\$ 275,498</b>	<b>\$ 281,313</b>

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).