



Q3 Fiscal 2021 Financial Results

February 4, 2021



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

Certain statements in this presentation 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," "continue," "expects," "intends," "plans," "projects," "believes," "estimates," "confident" and similar expressions 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; volatility in general business and economic conditions in the markets in which we operate, including the adverse impact on the U.S. and global economy of the COVID-19 global pandemic, and the impact of COVID-19 in the near, medium and long-term on our business, results of operations, financial position, liquidity or cash flows, and other factors relating to availability of credit, interest rates, fluctuations in capital and business and consumer confidence; 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, including competition from both manufacturers of high performance thermoplastic corrugated pipe and manufacturers of products using alternative materials; uncertainties surrounding the integration of acquisitions and similar transactions, including the acquisition of Infiltrator Water Technologies and the integration of Infiltrator Water Technologies; our ability to realize the anticipated benefits from the acquisition of Infiltrator Water Technologies; risks that the acquisition of Infiltrator Water Technologies and related transactions may involve unexpected costs, liabilities or delays; our ability to continue to convert current demand for concrete, steel and polyvinyl chloride ("PVC") pipe products into demand for our high performance thermoplastic corrugated pipe and Allied Products; the effect of any claims, litigation, investigations or proceedings; the effect of weather or seasonality; the loss of any of our significant customers; the risks of doing business internationally; our ability to remediate the material weakness in our internal control over financial reporting, including remediation of the control environment for our joint venture affiliate ADS Mexicana, S.A. de C.V.; the risks of conducting a portion of our operations through joint ventures; our ability to expand into new geographic or product markets, including risks associated with new markets and products associated with our recent acquisition of Infiltrator Water Technologies; our ability to achieve the acquisition component of our growth strategy; the risk associated with manufacturing processes; our ability to manage our assets; the risks associated with our product warranties; our ability to manage our supply purchasing and customer credit policies; the risks associated with our self-insured programs; 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 project product mix; the risks associated with our current levels of indebtedness, including borrowings under our existing credit agreement and outstanding indebtedness under our existing senior notes; fluctuations in our effective tax rate; our ability to meet future capital requirements and fund our liquidity needs; the risk that additional information may arise that would require the Company to make additional adjustments or revisions or to restate the financial statements and other financial data for certain prior periods and any future periods; any delay in the filing of any filings with the Securities and Exchange Commission ("SEC"); the review of potential weaknesses or deficiencies in the Company's disclosure controls and procedures, and discovering weaknesses of which we are not currently aware or which have not been detected; additional uncertainties related to accounting issues generally; and the 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.

Q3 Fiscal 2021 Revenue Highlights

1

Consolidated net sales grew 24% driven by 21% growth in Legacy ADS business and 37% growth in Infiltrator business.

2

Non-residential sales increased 17%, driven by strong performance in key growth states, material conversion strategy, diversified geographic mix and exposure to horizontal construction.

3

Residential sales increased 36%, driven by favorable dynamics and material conversion in new home construction, home improvement and on-site septic.

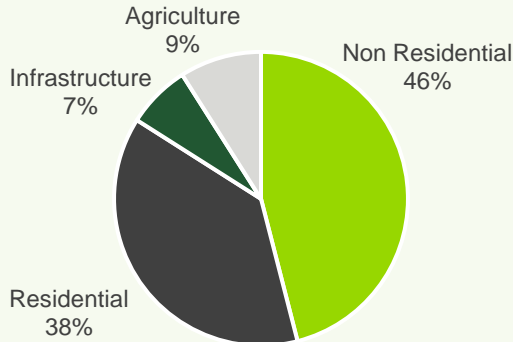
4

Infiltrator Water Technologies results exceeded expectations, driven by growth across the product portfolio as well as strong demand in both residential and repair/remodel end markets.

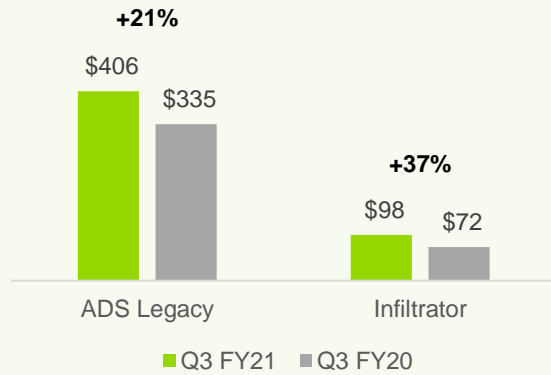
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Demand and business activity remain solid into calendar 2021. End market demand looks similar to calendar 2020.

YTD FY21 Domestic End Market Sales Mix



Q3 FY21 Sales Growth



Q3 Fiscal 2021 Highlights



1

Consolidated Adjusted EBITDA increased 52%, driven by 49% increase in the Legacy ADS business and 56% increase in Infiltrator business.

2

Legacy ADS Adjusted EBITDA growth driven by leverage from sales growth in both pipe and allied products, favorable pricing and material cost and operational improvements offsetting inflationary costs.

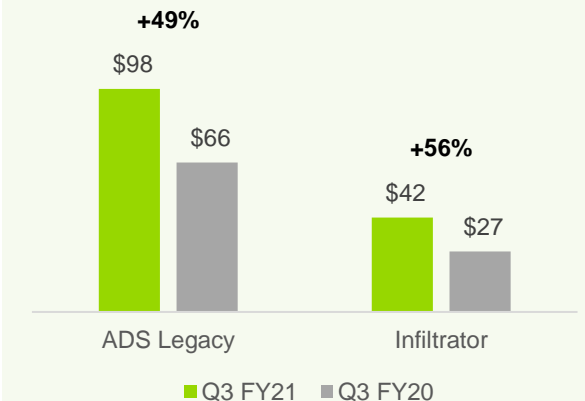
3

Infiltrator profitability driven by strong demand, favorable material costs, impact from synergy programs and continued execution of proven business model.

4

Solid Adjusted EBITDA driving strong free cash flow conversion. Favorable liquidity of \$563 million and 1.1x leverage ratio.

Q3 FY21 Adj. EBITDA Growth

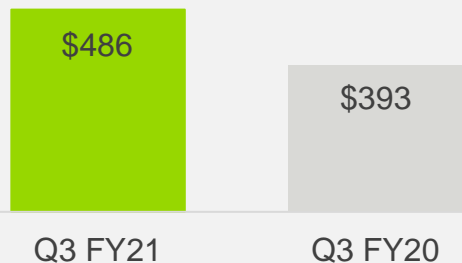


Q3 Fiscal 2021 Financial Performance

Revenue

(USD, in millions)

+23.6%



ADS Legacy +21%

ADS Legacy Revenue Performance

By Geography

+ Domestic	+23%
+ Pipe	+22%
+ Allied	+23%
+ International	+18%
+ Pipe	+19%
+ Allied	+15%

By Application

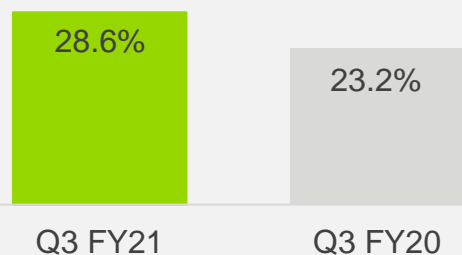
+ Pipe	+21%
+ Allied	+23%

Domestic Markets

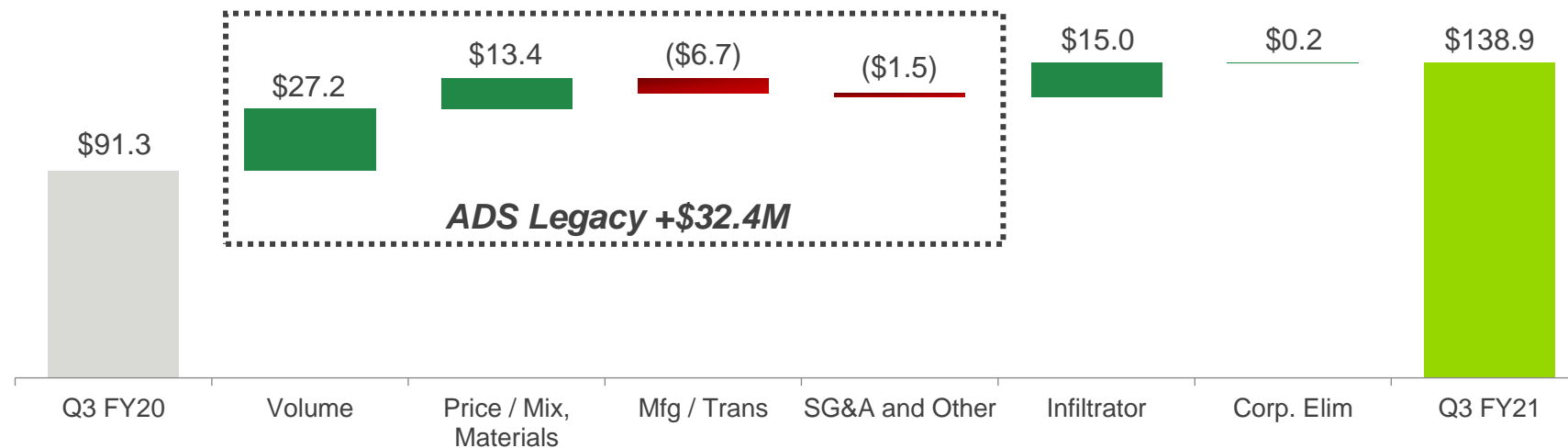
+ Construction	+21%
+ Non-Residential	+17%
+ Residential	+36%
+ Infrastructure	+14%
+ Agriculture	+33%

Adj. EBITDA

+540 bps



ADS Legacy +460 bps



Free Cash Flow and Capital Structure

Free Cash Flow ⁽¹⁾

	FY 2021	FY 2020	Δ
Consolidated Adjusted EBITDA	\$472	\$290	\$182
Working capital ⁽²⁾	57	62	(5)
Cash tax	(64)	(9)	(55)
Cash interest	(25)	(24)	(1)
Transaction costs ⁽³⁾	(1)	(21)	20
Other	10	(2)	12
Consolidated Cash flow from operations	\$449	\$296	\$153
Capital expenditures	(58)	(46)	(12)
Consolidated Free cash flow	\$391	\$250	\$141

Debt & Capital Leases

(in millions)	December 31, 2020	March 31, 2020
Term Loan Facility	\$ 443	\$ 648
Senior Notes	350	350
Revolving Credit Facility	–	100
Equipment financing	–	1
Total debt	\$ 793	\$ 1,099
Finance leases	\$ 53	\$ 65
Leverage	1.1x	2.7x
TTM Proforma Leverage	N/A	2.5x

Liquidity

(in millions)	December 31, 2020
Cash	\$ 224
Availability under Revolving Credit Facility	339
Total Liquidity	\$ 563

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. Advisory, legal, and consulting fees related to acquisition of Infiltrator Water Technologies

Updated Fiscal Year 2021 Guidance

Fiscal 2021 Expectations			
Key Metric	FY 2020	Updated FY 2021	Y-o-Y Change
Net Sales (in Millions)	\$1,674	\$1,915 - \$1,950	Up 14% to 17%
Adj. EBITDA (in Millions)	\$362	\$550 - \$565	Up 52% to 56%
Adj. EBITDA Margin	21.6%	28.7% - 29.0%	+710 to +740 basis points



Q&A

Closing Remarks

1

Employee health and safety will remain our highest priority.

2

Project quotes, order rate and backlog remain positive year-over-year. Demand and business activity remain solid into calendar 2021.

3

Continue to focus on disciplined execution, favorable pricing, level loading facilities, operational productivity initiatives, recycling programs and capital deployment initiatives as we build on strong year-to-date results.

4

Strong profitability and free cash flow conversion expected to continue to enable investments in working capital, growth, productivity and safety.

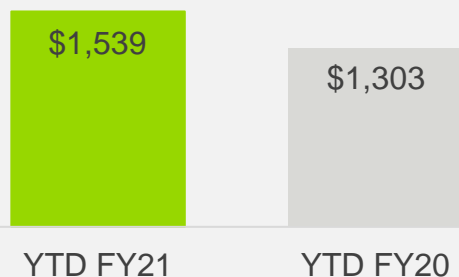


Appendix

YTD Fiscal 2021 Financial Performance

Revenue

+18.1% (USD, in millions)



ADS Legacy +8%

ADS Legacy Revenue Performance

By Geography

+ Domestic	+9%
+ Pipe	+9%
+ Allied	+9%
+ International	+4%
+ Pipe	+4%
+ Allied	+3%

By Application

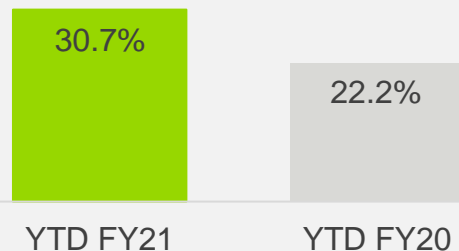
+ Pipe	+8%
+ Allied	+9%

Domestic Markets

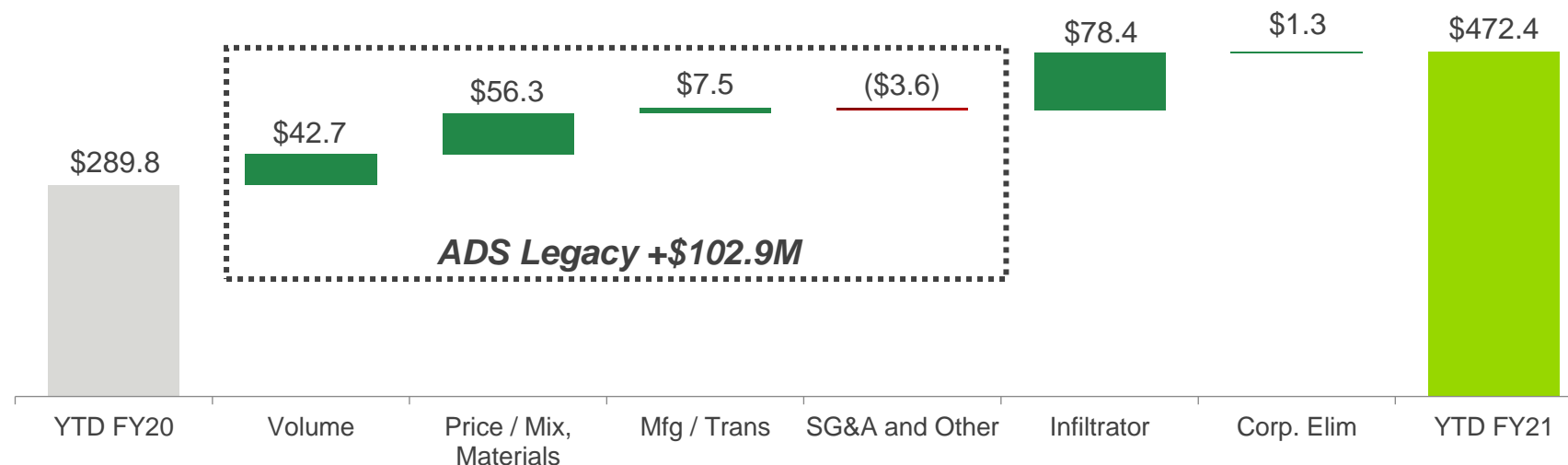
+ Construction	+8%
+ Non-Residential	+4%
+ Residential	+20%
+ Infrastructure	+5%
+ Agriculture	+20%

Adj. EBITDA

+850 bps



ADS Legacy +640 bps



Reconciliations

Three Months Ended

	December 31, 2020			December 30, 2019		
	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
Pipe	\$ 254,209	\$ (1,311)	\$ 252,898	\$ 207,897	\$ (342)	\$ 207,555
Infiltrator Water Technologies	98,409	(17,188)	81,221	72,083	(13,549)	58,534
International						
International - Pipe	33,729	(2,970)	30,759	28,340	—	28,340
International - Allied Products	11,648	—	11,648	10,114	—	10,114
Total International	45,377	(2,970)	42,407	38,454	—	38,454
Allied Products & Other	109,619	—	109,619	88,881	—	88,881
Intersegment Eliminations	(21,469)	21,469	—	(13,891)	13,891	—
Total Consolidated	\$ 486,145	\$ —	\$ 486,145	\$ 393,424	\$ —	\$ 393,424

Nine Months Ended

	December 31, 2020			December 30, 2019		
	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
Pipe	\$ 819,994	\$ (4,793)	\$ 815,201	\$ 751,483	\$ (684)	\$ 750,799
Infiltrator Water Technologies	306,548	(53,948)	252,600	136,972	(25,738)	111,234
International						
International - Pipe	96,271	(3,866)	92,405	92,242	—	92,242
International - Allied Products	34,233	—	34,233	33,330	—	33,330
Total International	130,504	(3,866)	126,638	125,572	—	125,572
Allied Products & Other	344,532	—	344,532	315,432	—	315,432
Intersegment Eliminations	(62,607)	62,607	—	(26,422)	26,422	—
Total Consolidated	\$ 1,538,971	\$ —	\$ 1,538,971	\$ 1,303,037	\$ —	\$ 1,303,037

Reconciliations

<i>(Amounts in thousands)</i>	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Net income (loss)	\$ 54,041	\$ 23,659	\$ 205,314	\$ (195,330)
Depreciation and amortization	35,762	31,172	107,321	74,432
Interest expense	8,433	13,191	27,763	70,787
Income tax expense	20,264	4,032	79,291	22,855
EBITDA	118,500	72,054	419,689	(27,256)
Loss on disposal of assets and costs from exit and disposal activities	980	1,755	3,254	4,466
ESOP and stock-based compensation expense	18,325	11,283	45,413	27,365
ESOP special dividend compensation	-	-	-	246,752
Transaction costs	54	1,814	1,428	22,649
Inventory step up related to Infiltrator Water Technologies acquisition	-	2,107	-	7,880
Strategic growth and operational improvement initiatives	573	1,735	2,689	4,631
COVID-19 related expenses ^(a)	-	-	806	-
Other adjustments ^(b)	431	566	(872)	3,287
Adjusted EBITDA	\$ 138,863	\$ 91,314	\$ 472,407	\$ 289,774

<i>(Amounts in thousands)</i>	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Legacy ADS Adjusted EBITDA				
Pipe Adjusted Gross Profit	\$ 78,651	\$ 61,025	\$ 269,746	\$ 192,764
International Adjusted Gross Profit	12,986	9,066	38,976	29,134
Allied Products & Other Adjusted Gross Profit	55,158	42,818	176,006	157,626
Unallocated corporate and selling expenses	(48,726)	(47,257)	(141,819)	(139,489)
Legacy ADS Adjusted EBITDA	98,069	65,652	342,909	240,035
Legacy Infiltrator Water Technologies Adjusted EBITDA				
Infiltrator Water Technologies	48,518	34,735	149,551	64,879
Unallocated corporate and selling expenses	(6,994)	(8,192)	(19,525)	(13,281)
Legacy Infiltrator Water Technologies Adjusted EBITDA	\$ 41,524	\$ 26,543	\$ 130,026	\$ 51,598
Intersegment Eliminations	(730)	(881)	(528)	(1,859)
Consolidated Adjusted EBITDA	\$ 138,863	\$ 91,314	\$ 472,407	\$ 289,774

a) Includes expenses directly related to our response to the COVID-19 pandemic, including adjustments to our pandemic pay program and expenses associated with our 3rd party crisis management vendor.

b) 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. The other adjustments in fiscal 2020 also includes expenses related to the ADS Mexicana's investigation.

Reconciliations

<i>(Amounts in thousands)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Segment Adjusted Gross Profit				
Pipe	\$ 78,651	\$ 61,025	\$ 269,746	\$ 192,764
International	12,986	9,066	38,976	29,134
Infiltrator Water Technologies	48,518	34,735	149,551	64,879
Allied Products & Other	55,158	42,818	176,006	157,626
Intersegment Elimination	(932)	(881)	(918)	(1,859)
Total Segment Adjusted Gross Profit	194,381	146,763	633,361	442,544
Depreciation and amortization	16,432	16,025	49,318	45,417
ESOP and stock-based compensation expense	9,444	5,273	20,981	12,913
ESOP special dividend compensation	-	-	-	168,610
COVID-19 related expenses	-	-	197	-
Inventory step up related to Infiltrator Water Technologies acquisition	-	2,107	-	7,880
Total Gross Profit	\$ 168,505	\$ 123,358	\$ 562,865	\$ 207,724