Q3 Fiscal 2024 Financial Results

February 8, 2024



Management Presenters

Scott Barbour
President and Chief Executive Officer

Scott Cottrill
Executive Vice President, Chief Financial Officer

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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," "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; disruption or volatility in general business and economic conditions in the markets in which we operate; cyclicality 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; cybersecurity risks; 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; 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.

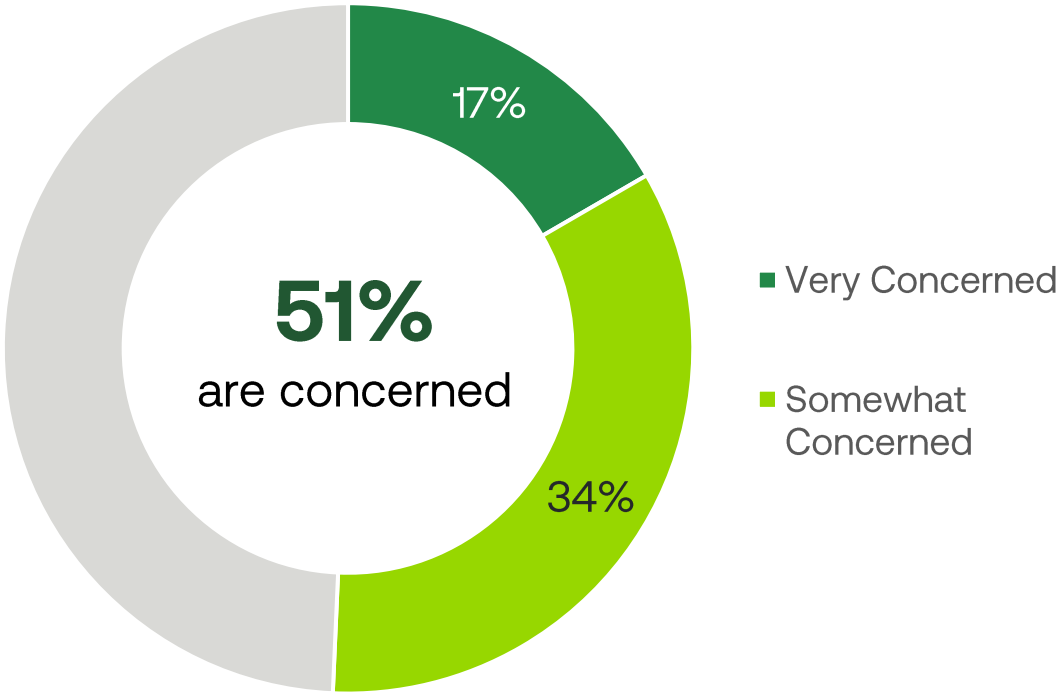
Free Cash Flow is a non-GAAP financial measure that comprises cash flow from operating activities less capital expenditures. Free Cash Flow is a measure used by management and the Company's board of directors to assess the Company's ability to generate cash. Accordingly, management believes that Free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

PUT SIMPLY /// OUR PROMISE

To protect and manage water, the world's most precious resource, safeguarding our environment and communities.

Harris Poll Results – Framing the Problem

How concerned are you about the stormwater management infrastructure where you live?



I am concerned about how stormwater in my area is managed to ensure sustainability

58% Agree

I worry about flooding in/around my home

51% Agree

The stormwater management in my area is not keeping up with climate change

43% Agree

This survey was conducted online by The Harris Poll on behalf of Advanced Drainage Systems, Inc. November 14-16, 2023, among 2,061 U.S. adults 18+. For this study, the sample data is accurate to within +/- 2.7 percentage points using a 95% confidence level. For survey results, visit www.adspipe.com/harrispoll.

Where ADS plays a role

51% of Americans are concerned with stormwater management

Flooding



Resiliency



Reclamation and Water Scarcity



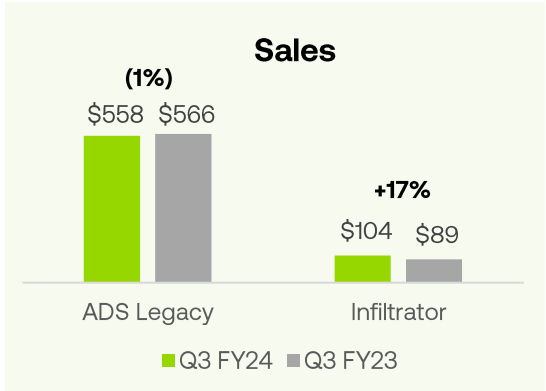
ADS' products and solutions are uniquely positioned to address stormwater concerns

Q3 Fiscal 2024 Highlights

Demand

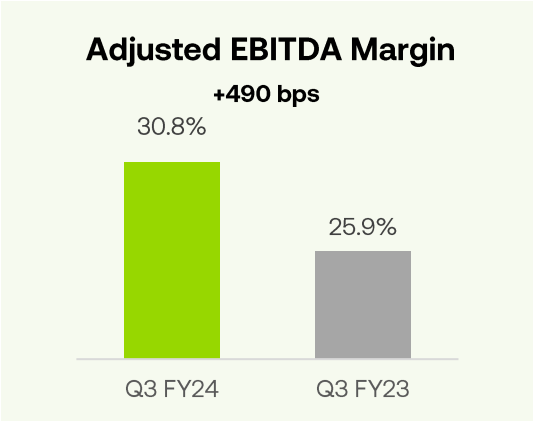
- Pipe market demand remains largely in line with expectations.
- Infrastructure activity picking up on locally funded public projects and airports.
- Non-residential construction outlook remains uncertain, residential outlook has stabilized with improving home starts.
- Business Development team continues focus on establishing relationships upstream in important markets: ex. residential, warehouses and data centers, mega projects, regional growth opportunities.

Revenue



- Infiltrator business and Allied products portfolio continued to perform better than expectations.
- Legacy ADS pipe business remains in line with expectations.
- Overall pricing is in line with expectations.

Profitability



- Third quarter Adjusted EBITDA Margin of 30.8%, +490 basis points vs. prior year.
- Price/cost favorable year-over-year.
- Manufacturing costs improved due to better fixed cost absorption and productivity from capital investments.

Business Updates

- New partnerships with Rainwater Management Solutions (RMS) as well as plastic crate manufacturer (stormwater storage) and trench drain manufacturer (stormwater capture).
- Infiltrator launched new active treatment product, ECOPOD-NX, and expanded plastic tank offering by 50%.
- ADS Honors:
  - Named to America's Most Responsible Companies 2024 by Newsweek.
  - Recognized by Ohio EPA for Encouraging Environmental Excellence 2023 Award.



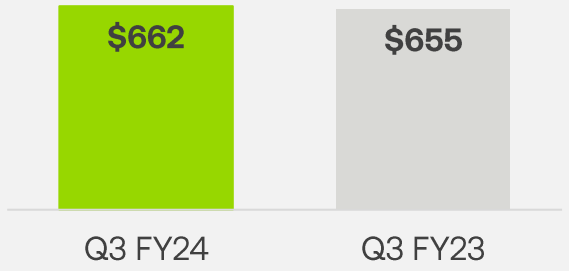
Note: Revenue is based on net sales to external customers. See appendix for reconciliation.

Q3 Fiscal 2024 Financial Performance

Revenue

+1%

(USD, in millions)



Revenue Performance

By Business

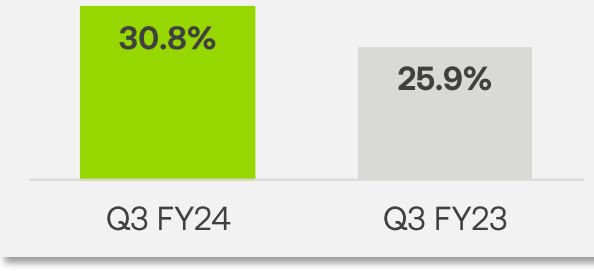
– ADS Legacy	(1%)
– Pipe	(4%)
+ Allied Products	+5%
+ Infiltrator	+17%

Domestic Markets

+ Construction	+2%
– Non-Residential	(3%)
+ Residential	+5%
+ Infrastructure	+22%
– Agriculture	(5%)

Adj. EBITDA

+490 bps





Note: Revenue performance is based on net sales to external customers. See appendix for reconciliation.

Free Cash Flow and Capital Structure

Free Cash Flow [1]

	FY 2024	FY 2023	Δ
Consolidated Adjusted EBITDA	$732	$732	$0
Working capital[2]	123	82	41
Cash tax	(115)	(136)	21
Cash interest	(52)	(25)	(27)
Transaction costs[3]	(3)	(3)	0
Other	15	10	5
Consolidated cash flow from operations	$700	$660	$40
Capital expenditures	(136)	(126)	(10)
Consolidated Free Cash Flow	$564	$534	$30

Debt & Capital Leases

(in millions)	December 31, 2023	March 31, 2023
Term Loan Facility	$ 422	$ 427
Senior Notes	850	850
Revolving Credit Facility	-	-
Total debt	$ 1,272	$ 1,277
Finance leases & Equipment financing	$ 63	$ 59
Leverage	0.8x	1.2x

Liquidity

(in millions)	December 31, 2023
Unrestricted cash	$ 561
Availability under Revolving Credit Facility	589
Total Liquidity	$ 1,150

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

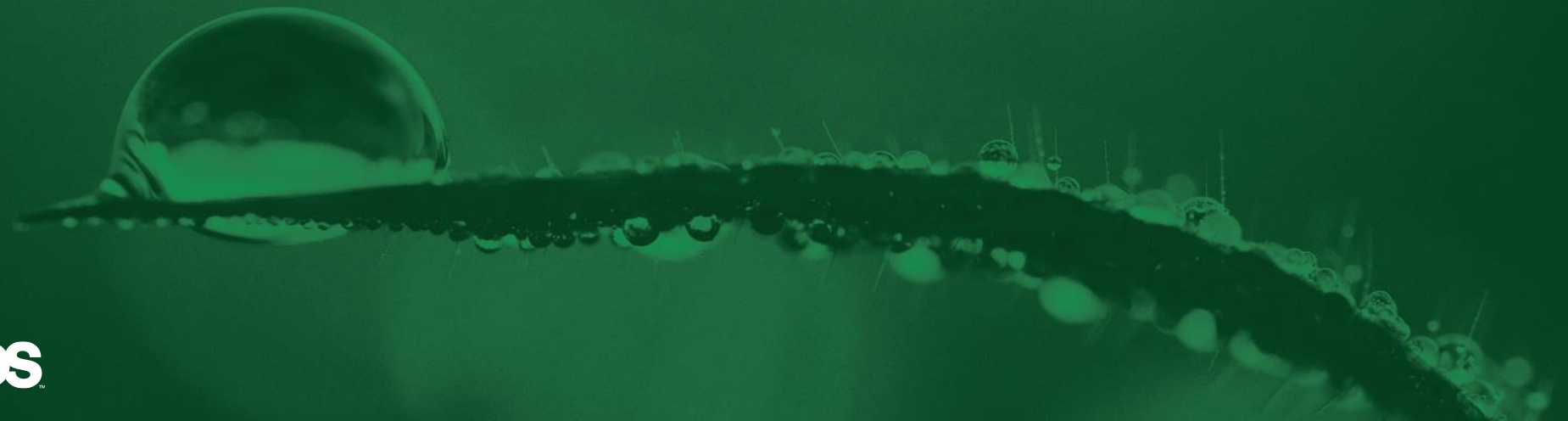
1. Operating Cash Flow less capital expenditures
2. Inventory, Trade Receivables, Accounts Payable
3. Legal, accounting and other professional fees incurred in connection with business or asset acquisitions and dispositions

Updated Fiscal Year 2024 Guidance

Fiscal 2024 Expectations			
Key Metric	**FY 2023**	**FY 2024**	**Y-o-Y Change**
Net Sales (in Millions)	$3,071	$2,800 - $2,850	(9%) to (7%)
Adj. EBITDA (in Millions)	$904	$880 - $910	(3%) to +1%
Adj. EBITDA Margin	29.4%	31.4% - 31.9%	+200 to +250 basis points

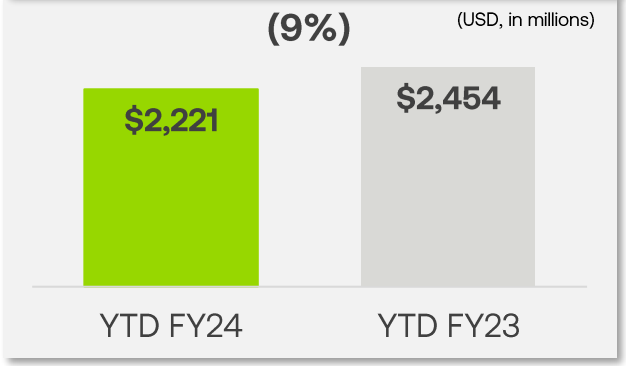

Q&A

Appendix



Year-to-Date Fiscal 2024 Financial Performance

Revenue



Revenue Performance

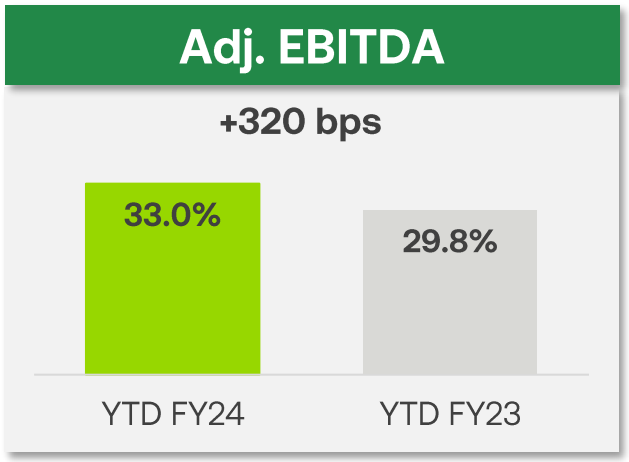
By Business

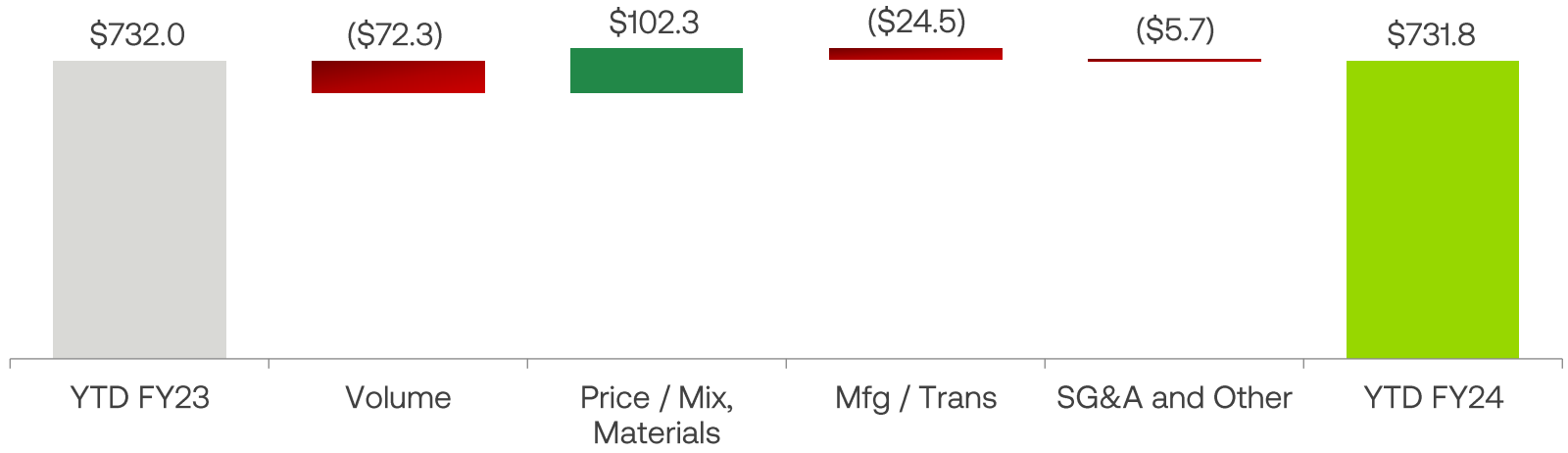
- ADS Legacy (11%)
  - Pipe (13%)
  - Allied Products (4%)
- Infiltrator (3%)

Domestic Markets

- Construction (10%)
  - Non-Residential (12%)
  - Residential (9%)
  - Infrastructure +6%
- Agriculture (11%)

Adj. EBITDA





Note: Revenue performance is based on net sales to external customers. See appendix for reconciliation.

Reconciliations

	Three Months Ended					
	December 31, 2023			December 31, 2022		
(In thousands)	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
Pipe	$ 360,733	$ (14,680)	$ 346,053	$ 375,719	$ (10,839)	$ 364,880
Infiltrator Water Technologies	131,144	(27,273)	103,871	103,895	(14,961)	88,934
International						
International - Pipe	44,203	(2,369)	41,834	44,882	(5,311)	39,571
International - Allied Products & Other	14,166	(1)	14,165	14,075	-	14,075
Total International	58,369	(2,370)	55,999	58,957	(5,311)	53,646
Allied Products & Other	159,162	(2,718)	156,444	149,044	(1,337)	147,707
Intersegment Eliminations	(47,041)	47,041	-	(32,448)	32,448	-
Total Consolidated	**$ 662,367**	**$ -**	**$ 662,367**	**$ 655,167**	**$ -**	**$ 655,167**

	Nine Months Ended					
	December 31, 2023			December 31, 2022		
(In thousands)	Net Sales	Intersegment Net Sales	Net Sales from External Customers	Net Sales	Intersegment Net Sales	Net Sales from External Customers
Pipe	$ 1,217,302	$ (36,974)	$ 1,180,328	$ 1,401,554	$ (31,483)	$ 1,370,071
Infiltrator Water Technologies	406,361	(63,405)	342,956	420,920	(66,317)	354,603
International						
International - Pipe	133,787	(3,917)	129,870	154,762	(18,509)	136,253
International - Allied Products & Other	46,789	(27)	46,762	49,172	-	49,172
Total International	180,576	(3,944)	176,632	203,934	(18,509)	185,425
Allied Products & Other	528,303	(7,586)	520,717	550,153	(6,690)	543,463
Intersegment Eliminations	(111,909)	111,909	-	(122,999)	122,999	-
Total Consolidated	**$ 2,220,633**	**$ -**	**$ 2,220,633**	**$ 2,453,562**	**$ -**	**$ 2,453,562**

Reconciliations

(Amounts in thousands)	Three Months Ended December 30, 2023	Three Months Ended December 30, 2022	Nine Months Ended December 30, 2023	Nine Months Ended December 30, 2022
Segment adjusted gross profit				
Pipe	$ 115,621	$ 106,279	$ 402,126	$ 421,011
Infiltrator	68,392	46,497	216,319	193,569
International	14,012	13,342	51,380	51,456
Allied Products & Other	88,150	78,401	300,574	293,472
Intersegment Eliminations	(1,922)	714	(4,431)	329
Total Segment Adjusted Gross Profit	284,253	245,233	965,968	959,837
Depreciation and amortization	23,088	20,573	68,509	61,675
Stock-based compensation expense	1,316	743	3,473	2,175
Total Gross Profit	**$ 259,849**	**$ 223,917**	**$ 893,986**	**$ 895,987**

(Amounts in thousands)	Three Months Ended December 30, 2023	Three Months Ended December 30, 2022	Nine Months Ended December 30, 2023	Nine Months Ended December 30, 2022
Net income	$ 106,880	$ 83,182	$ 417,812	$ 425,041
Depreciation and amortization	38,053	35,846	112,014	107,346
Interest expense	22,331	20,001	65,984	49,334
Income tax expense	30,131	26,068	132,665	128,641
EBITDA	197,395	165,097	728,475	710,362
Loss (gain) on disposal of assets and costs from exit and disposal activities	2,512	(348)	(10,669)	(147)
Stock-based compensation expense	7,402	6,179	23,636	19,912
Transaction costs	1,030	1,334	3,054	3,417
Interest income	(6,515)	(3,834)	(15,141)	(5,942)
Other adjustments (a)	2,382	1,309	2,414	4,380
Adjusted EBITDA	**$ 204,206**	**$ 169,737**	**$ 731,769**	**$ 731,982**

Notes:

a) 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.