



Advanced Drainage Systems

Baird 2019 Global Industrial Conference

November 2019

Forward Looking Statements and Non-GAAP Financial Metrics

Certain statements in this presentation may be deemed to be forward-looking statements. Such statements include, but are not limited to, statements regarding the anticipated timing for the issuance of additional historic and future financial information and related filings. 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, without limitation, factors relating to availability of credit, interest rates, fluctuations in capital and business and consumer confidence; cyclicity 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 recently completed 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 acquisitions of Infiltrator Water Technologies and related transactions may involve unexpected costs, liabilities and delays; our ability to continue to convert current demand for concrete, steel and PVC pipe products into demand for our high performance thermoplastic corrugated pipe and Allied Products; 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. as described in "Item 9A Controls and Procedures" of our Annual Report Form 10-K for the year ended March 31, 2019; 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; uncertainties surrounding the integration of acquisitions and similar transactions, including the recently completed 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; 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; fluctuations in our effective tax rate, including from the recently enacted Tax Cuts and Jobs Act; changes to our operating results, cash flows and financial condition attributable to the recently enacted Tax Cuts and Jobs Act; our ability to meet future capital requirements and fund our liquidity needs; the risk that additional information may arise during the course of the Company's ongoing accounting review 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; a conclusion that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) were ineffective; the review of potential weaknesses or deficiencies in the Company's disclosure controls and procedures, and discovering further weaknesses of which we are not currently aware or which have not been detected; additional uncertainties related to accounting issues generally and other risks and uncertainties described in the Company's filings with the Securities and Exchange Commission. 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.

This presentation includes certain non-GAAP financial measures to describe the Company's performance. The reconciliation of those measures to GAAP measures are provided within the appendix of the presentation. Those disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Business Overview



Key Themes



Sales Growth

ADS is an industrial growth story with a large market opportunity and long runway for growth



Margin Expansion

ADS has significant margin upside potential and action plans in place to achieve superior results



Cash Flow Generation

Successful execution will result in significant cash generation over the next several years

Fiscal 2021 Targets – Legacy ADS



Sales
+4% to 6% CAGR



Adjusted EBITDA Margin
18% to 19%



Free Cash Flow Conversion
> 50% of Adjusted EBITDA

See appendix for definitions and reconciliations of Non-GAAP items.

ADS' Distinct Market Leadership



Leading player in the storm water management industry with a track record of gaining market share



Consistent above-market growth driven by material conversion strategy and complete solutions package



Best-in-class sales force, technical expertise and distribution & logistics network creates barriers to entry and positions ADS as the supplier of choice



Large and growing end-markets with favorable tailwinds from regulatory changes and increased focus on sustainability

Advanced Drainage Systems at a Glance

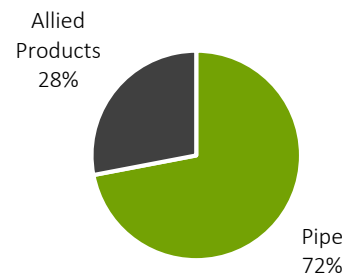
A market leader in storm water management solutions

ADS Overview

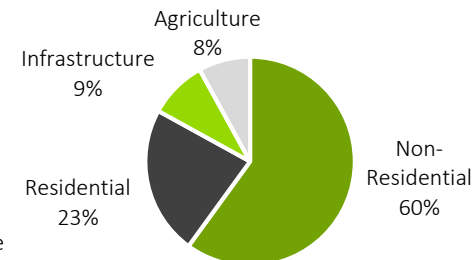
- ADS is the leading manufacturer of high performance thermoplastic corrugated pipe, providing storm water management products and drainage solutions for construction, infrastructure and agriculture end-markets
- Core products include thermoplastic corrugated pipe, fittings, plastic chambers, PVC drainage structures and other related storm water management products
- ADS drives market share gains by displacing traditional materials to ADS' cost effective, lighter, and recycled products
- Serves customers across all 50 U.S. states through 56 manufacturing plants and 32 distribution centers
- FY2019 net sales were 88% domestic and 12% international
- ADS has been serving the storm water industry for over 50 years and the Company has over 8.5 billion feet of pipe in service around the world
- ~10x larger than nearest domestic HDPE competitor based on net sales
- ADS has a proven track record of deleveraging over time
 - Leverage⁽¹⁾ has decreased from 2.3x at FYE 2017 to 1.4x at FYE 2019

FY 2019 Business Mix

Net Sales by Product

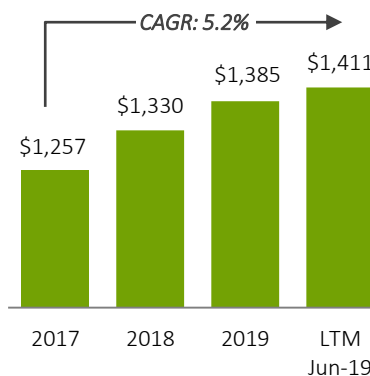


Net Sales by End-Market

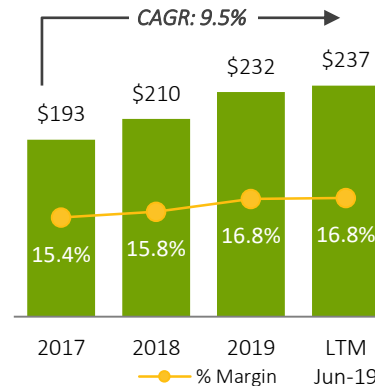


Historical Financial Summary (\$mm)

Net Sales



Adj. EBITDA and Margin




Source: ADS SEC filings.

1. Leverage is equal to total debt less cash (including capital leases) / Adjusted EBITDA.

Innovative Management of a Precious Resource

ADS' solutions are managing billions of gallons of storm water runoff, protecting bodies of water, making cities more livable and improving quality of life



ADS provides innovative water management solutions, protecting a precious natural resource, while keeping millions of pounds of plastic out of landfills each year

Commitment to Sustainability

Committed to being a good local partner to our communities

Management of a Precious Resource

- Our portfolio of innovative products help communities efficiently and safely manage storm and waste water
- ADS' solutions are aiding in protecting regional water supplies, allowing for cost-effective use of land and creating valuable green space
- Storm water runoff is a major source of pollution for many types of water bodies

Our **StormTech**
chambers have managed
>1.7B gallons
of storm water runoff

&

Our **Barracuda**
water quality units treat
>180,000 gallons
of water per minute
during storm events

Recycling

- ADS is an industry leader in investing in environmentally-sound solutions, all while realizing cost efficiencies without sacrificing performance
- Through Green Line Polymers, we self-processed 91% of the company's non-virgin plastics in fiscal 2019, and we are one of the top ten largest recycling companies in North America



400 million
Pounds of plastic recycled
annually by ADS



One of the
Top 5 Largest
Recycling
Companies in
North America

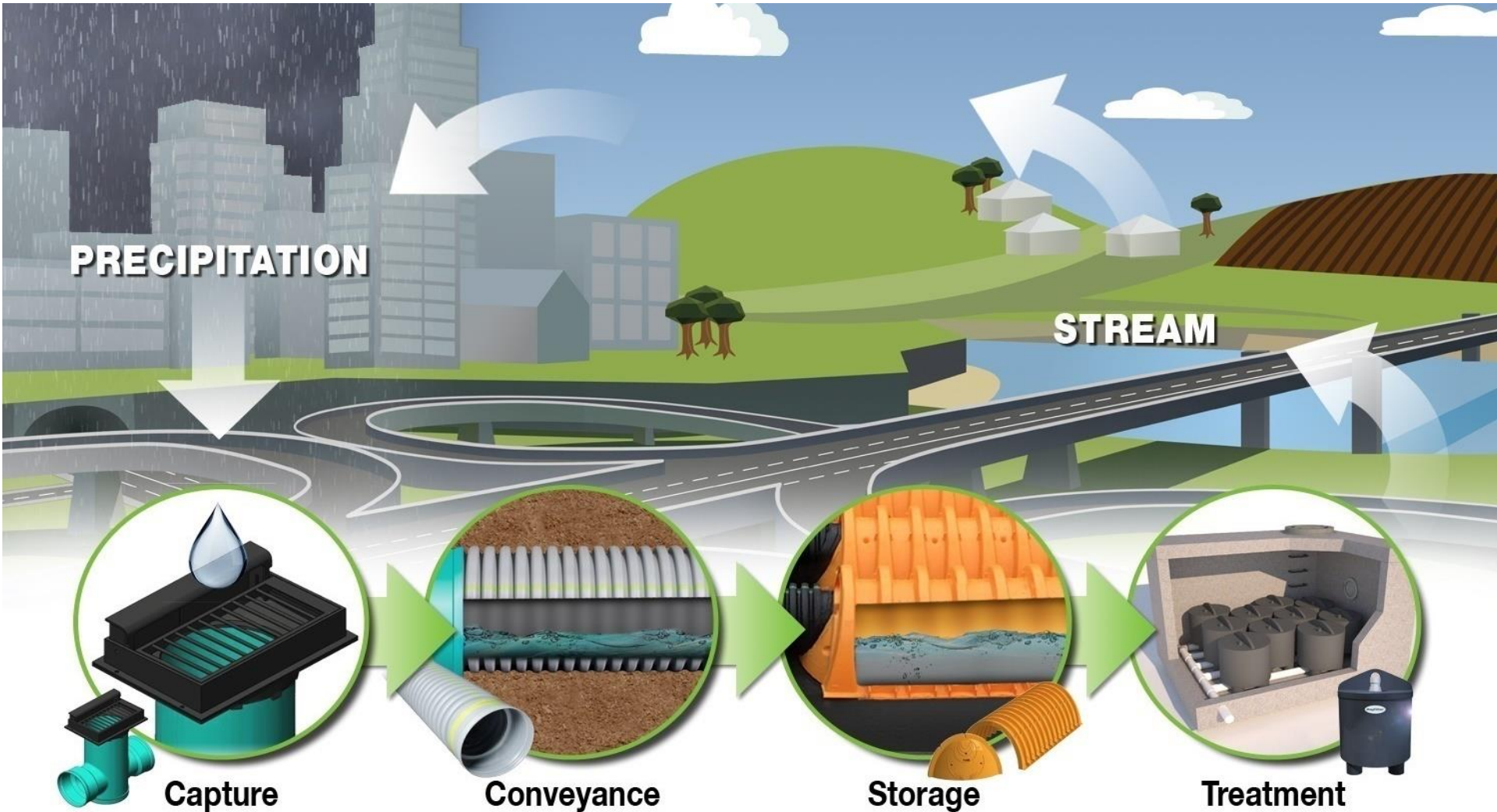


60%
Recycled content
in our HDPE pipe



Innovative Water Management Solutions

ADS has demonstrated its commitment to management of a precious resource as a complete solutions provider



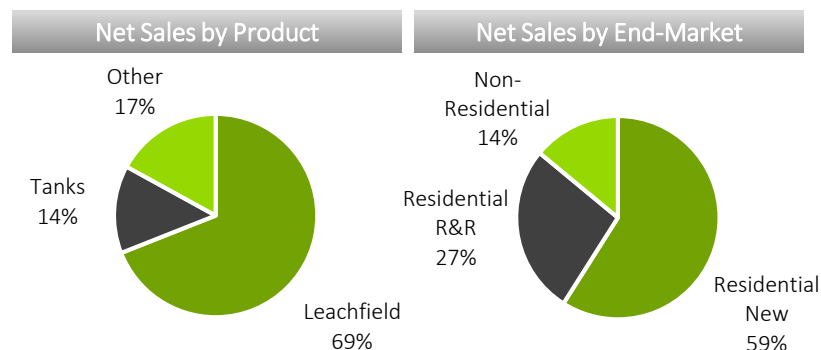
Infiltrator Water Technologies at a Glance

A high-growth, high-margin platform with proven track record of innovation and conversion-driven share gains

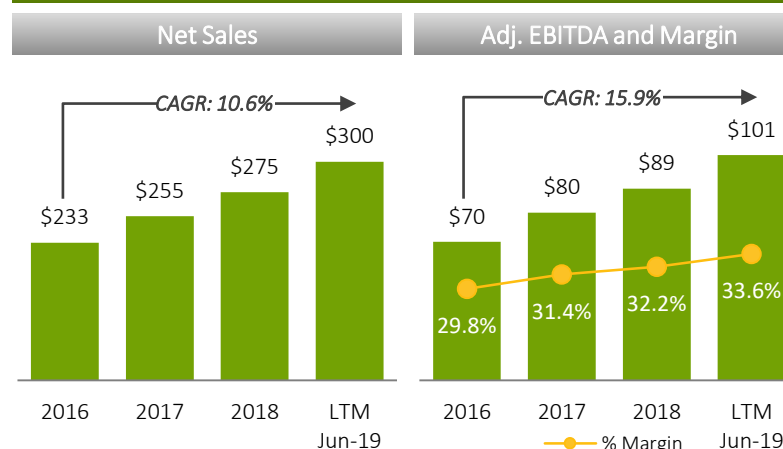
Infiltrator Overview

- Headquartered in Old Saybrook, CT, Infiltrator is a leading provider of plastic leachfield chambers and systems, septic tanks and accessories, and manufacturer of storm water chambers
- Leverages a broad product portfolio to deliver solutions for the wastewater and storm water management industries
 - Wastewater: manufactures and markets plastic leachfield chambers, synthetic aggregate leachfields, and plastic septic tanks designed to replace traditional stone-and-pipe and concrete systems
 - Storm water: manufactures plastic storm water chamber systems designed to replace traditional management methods, such as concrete or corrugated steel pipe
- Maintains leading market position in each of its core product offerings, including tanks and leachfields
- Sophisticated and scaled internal recycling capabilities complementary to ADS
 - One of the largest consumers of post-industrial plastic in U.S.

CY 2018 Business Mix

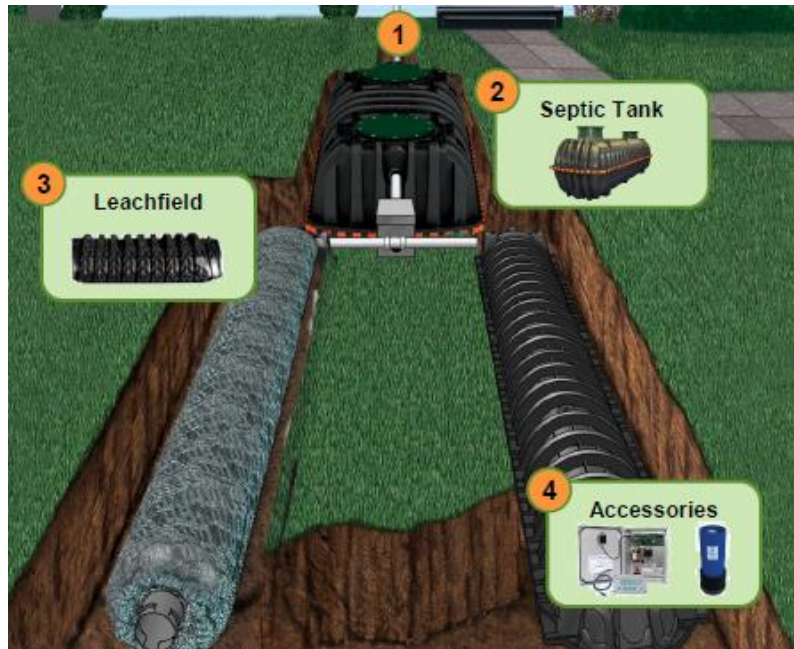


Historical Financial Summary (\$mm)



On-Site Wastewater Industry Overview

On-Site Wastewater System Overview



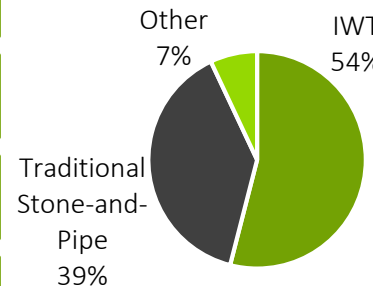
- 1 Piping / Transfer:** wastewater is fed through piping systems into an underground tank located outside of the home
- 2 Septic Tank (Primary Treatment):** stores and treats solids while releasing clarified effluent into the leach field
- 3 Leach field (Secondary Treatment):** stores and allows infiltration of effluent into soil; naturally treated and returned to local aquifer
- 4 Controls:** flow control units and devices can be incorporated to better treat the effluent on sites with poor soil conditions

Commentary

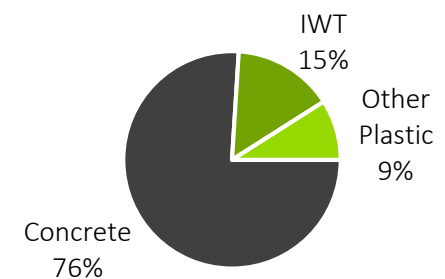
- The On-site wastewater industry was an estimated \$1.2 billion in 2018
 - Approximately 30% of new North American single-family homes utilize septic systems
 - Replacement systems make up approximately one third of overall demand
- Traditionally, wastewater systems have been comprised of pipe and stone leach fields and concrete septic tanks
 - Plastic leach field products have captured approximately 60% of the leach field market
 - Septic tank plastic conversion (24%) is at a much earlier stage – new development in the last ~10 years

Industry Market Share

Leach field Systems



Tanks



A Market Leader in Water Management Solutions



Leader in storm water management

Industry leading go-to-market model

Expansive distribution network

Owned logistics fleet

Cost effective and well positioned manufacturing network

- ✓ Leading positions in storm water and septic markets
- ✓ Innovative products displacing traditional materials
- ✓ Distribution network poised for cross-selling
- ✓ Strengthened platform to penetrate agencies
- ✓ Leaders in plastics recycling
- ✓ Shared commitment to safety, operational excellence and sustainability

Leader in the on-site septic market



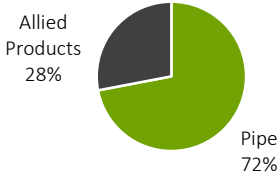


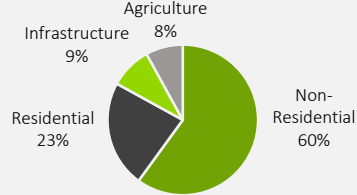
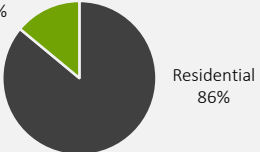
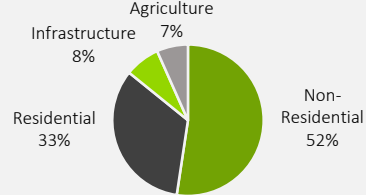
Strong distribution network in southern crescent of US

Significant recycled PP sourcing capabilities

Specialized regulatory and legislative team drive industry acceptance / approval

Attractive margin profile and cash flow conversion

Compelling Strategic Combination Yielding Enhanced Diversification, Profitability, and Growth

			<i>Combined</i> ⁽¹⁾
Net Sales (LTM 6/30/19)	\$1,411 million	\$300 million	\$1,643 million ⁽²⁾
Adjusted EBITDA (LTM 6/30/19)	\$237 million	\$101 million	\$338 million ⁽³⁾
Adjusted EBITDA Margin (LTM 6/30/19)	16.8%	33.6%	20.6% ⁽³⁾
Manufacturing Facilities ⁽⁴⁾	56	7	63
Distribution Facilities	32	-	32
Number of Employees	4,400	480	4,880
Product Mix (LTM 3/31/19)			
End Market Mix (LTM 3/31/19)			

Source: ADS SEC filings, which include IWT Regulation S-X financials.

1. Combined figures reflect the sum of key operating metrics, for the relevant period, for ADS and Infiltrator and do not reflect any pro forma adjustments for the Acquisition and certain other transactions.
2. Excludes \$68 million in inter-company sales.
3. Excludes \$20-25 million of run-rate pro forma cost savings which are expected to be realized in the first three years.
4. Manufacturing facilities include facilities related to ADS joint ventures.

Evolution of a Strong, Long-standing Partnership with Infiltrator

ADS and Infiltrator have been partners for over 15 years

2003

The companies formed a joint venture called StormTech LLC

- ✓ Infiltrator designed and manufactured the chambers for the Retention/Detention application
- ✓ ADS managed sales, marketing and field engineering support

2012

Infiltrator acquired assets of ADS' septic chamber business

- ✓ ADS entered a long-term, non-exclusive distribution agreement to continue to market and sell its Arc and BioDiffuser product lines

Partnering for Success in Storm Water and On-Site Septic

2010

ADS acquired Infiltrator's interest in StormTech LLC

- ✓ Infiltrator retained exclusive manufacturing right

2019

ADS acquires Infiltrator to drive the next phase of growth and innovation

Comprehensive Portfolio of Products Driving Solutions

Acquisition of Infiltrator enhances ADS' portfolio of water management solutions (increases Allied Products to 40% of net sales) and expands its addressable opportunity into attractive on-site septic market

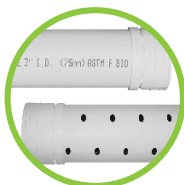
Conveyance



N-12



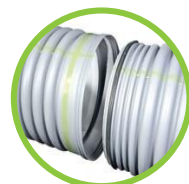
Single Wall



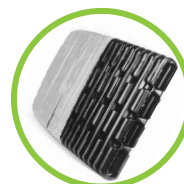
Triple Wall



PolyFlex



HP



AdvanEDGE



InsertaTee

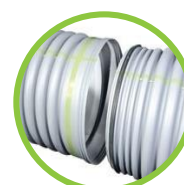


Fittings

Storage



StormTech



HP



N-12

Treatment



Water Quality



Arc Chambers



EZFlow

Capture



Nyloplast



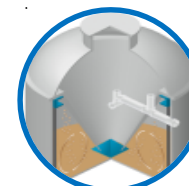
Duraslot



**Quick4
Chambers**



Tanks



Delta

- ADS Products
- IWT Products

Superior Product Attributes



Easier Installation

- Reduced labor and equipment
- Lighter weight and longer length

3x
faster installation



Installed Cost Benefits

- Fewer deliveries per project
- Safer to handle

20%
less installed cost



Superior Performance

- Fewer, higher quality joints
- Chemical and abrasion resistant

100-year
design service life



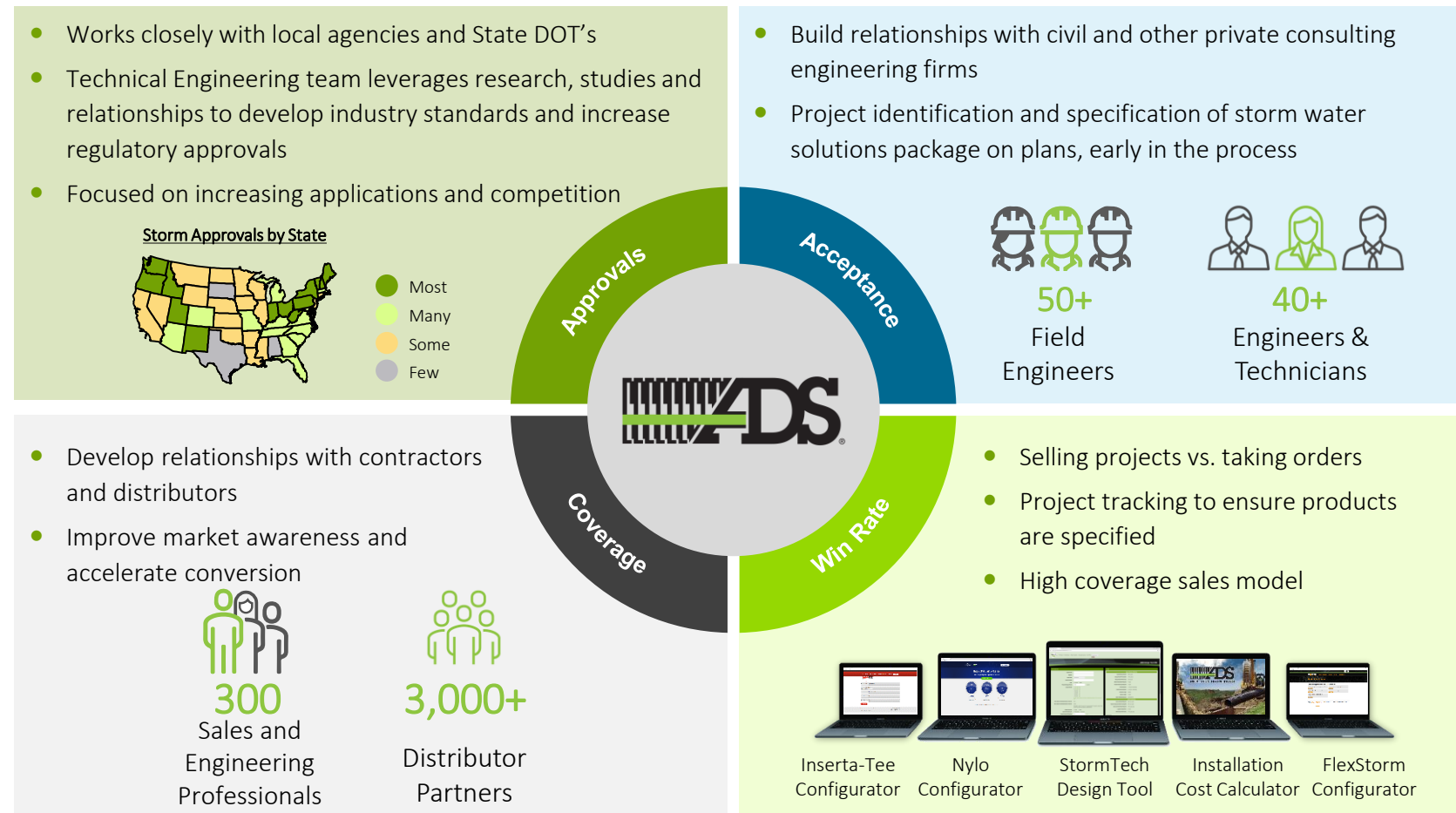
Quality Ensured



Our products perform better, are easier to install and are more cost effective than traditional materials

Market Share Model Accelerates Conversion and Supports Industry Leadership

Proven market share model leverages best-in-class sales force, technical expertise, and distribution & logistics network to deliver above-market growth and position ADS as the supplier of choice



Sales, Distribution and Logistic Capabilities

Our vast sales and engineering force and distribution footprint coupled with our company owned fleet ensures we have the right products at the right site at the right time to meet customer needs

Our vast capabilities allow us to serve the customer



300+
Sales and
Engineering
Professionals



50+
Field
Engineers



48
US & Canada
Manufacturing
Facilities



26
US & Canada
Distribution
Centers



**Company-
Owned Fleet**
700 Trucks & 1,250 Trailers

ADS also partners with 3,000+ distribution partners, including

FERGUSON

CORE & MAIN

WinWholesale
THE WIN GROUP OF COMPANIES

FORTILINE
WATERWORKS

TDG
THE DISTRIBUTION GROUP

THE HOME DEPOT

CORIX
Water Products

Do it Best Corp.

LOWE'S
Home Improvement Warehouse

SiteOne
LANDSCAPE SUPPLY

ACE



LBM Advantage
Better. Stronger. Together.

True Value
COMPANY



EWING

Omni

Horizon

ORGILL
Hydraulic Distribution & Rental Services

Virtualrain

LMC

EQUITY

EG
EMBASSY GROUP LTD.

Why Solutions Are Important

Pipe Manufacturer

\$50K
Opportunity



Solutions Provider

\$150K
Opportunity




Nyloplast®


StormTech®
Detention • Retention • Water Quality


Barracuda

Providing solutions increases our share of wallet with our customers

Opportunity amounts above are for illustrative purposes only and may not be indicative of actual project value.

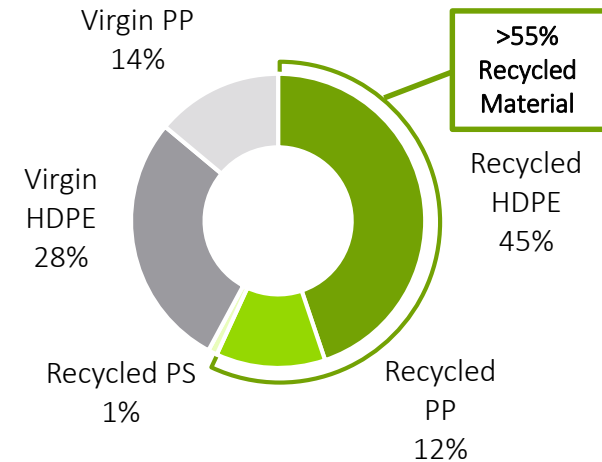
Differentiated Recycling Capabilities Drive Low-Cost Operating Position

Differentiated recycled plastic expertise and capabilities increase raw material price stability, reduce all-in product costs and enhance profitability

Leadership in Recycling

- ADS and Infiltrator have a long-track record of continuously refining their raw material processing capabilities to increase the recycled content in their products, significantly reducing input costs and increasing margins
 - Infiltrator manufactured the first chamber from 100% recycled materials in 1991
 - Established “Green Line Polymers,” a wholly-owned recycling subsidiary in 2012. The business procures and processes recycled raw materials to be used in the manufacturing of products that ADS sells
- Recycled materials are less expensive and historically have been significantly less volatile in price as compared to virgin material
- ADS is poised to continue to leverage its scale and existing capabilities and Infiltrator’s expertise to expand its recycled inputs and continue to reduce its costs
 - Adding depth and expertise in material science, engineering, processing, and procurement

Combined Raw Material Purchases Overview



Dedicated Raw Material Sourcing and Processing

- Infiltrator launched a dedicated raw material sourcing and processing operation in 1995
 - One of the largest purchasers of post-industrial / consumer recycled plastic in North America
- Infiltrator sources consistent materials, ranging from post-industrial resins to used carpet, at attractive prices

Operations Overview



Raw Material Strategy

Optimize our material blending to reduce cost and maximize throughput while meeting industry standards for pipe performance

SALES



TRADE DELIVERY



DISTRIBUTION & LOGISTICS



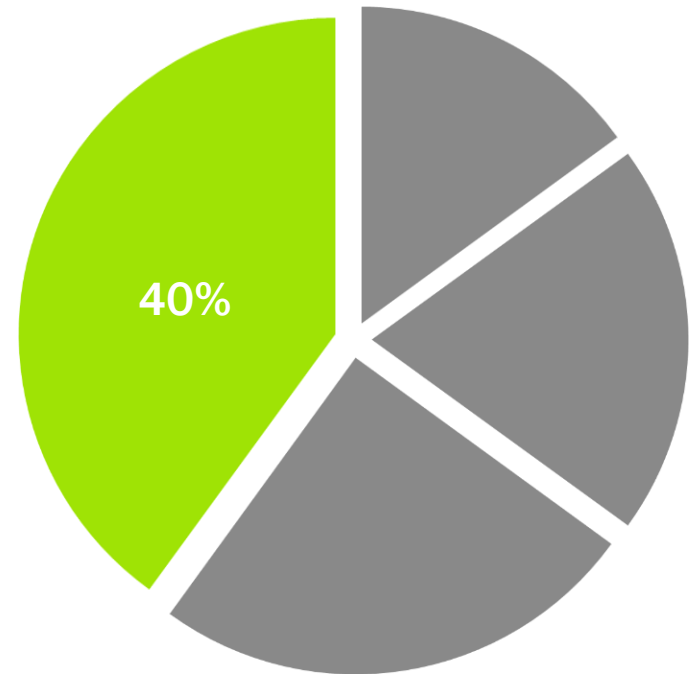
CONVERSION



RAW MATERIAL

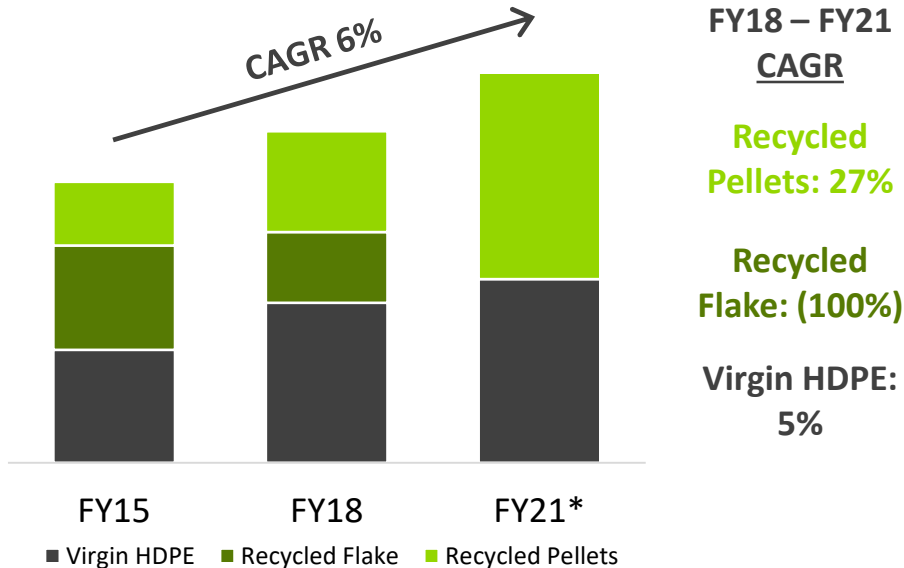


Cost of Goods Sold



Raw Material Initiatives

HDPE: Increase Consumption of Recycled Material



- Improving production rate and reducing scrap by investing in:

- High Efficiency Blending
- Pelletizing Capacity
- Capacity Expansion

**IRR
>20%**

Polypropylene: Cost Reduction Initiatives



HP



StormTech®

- Current Activity:
 - Investments in tooling to optimize profile design and material content
 - Develop additional sources for polypropylene material purchasing
- Beginning Development Work:
 - Evaluate additives and expand range of material formulations for our products
 - Develop a polypropylene material recycling strategy

Conversion Improvement Strategy

Through SPP, drive continuous improvement within four wall manufacturing while optimizing manufacturing network

SALES



TRADE DELIVERY



DISTRIBUTION & LOGISTICS



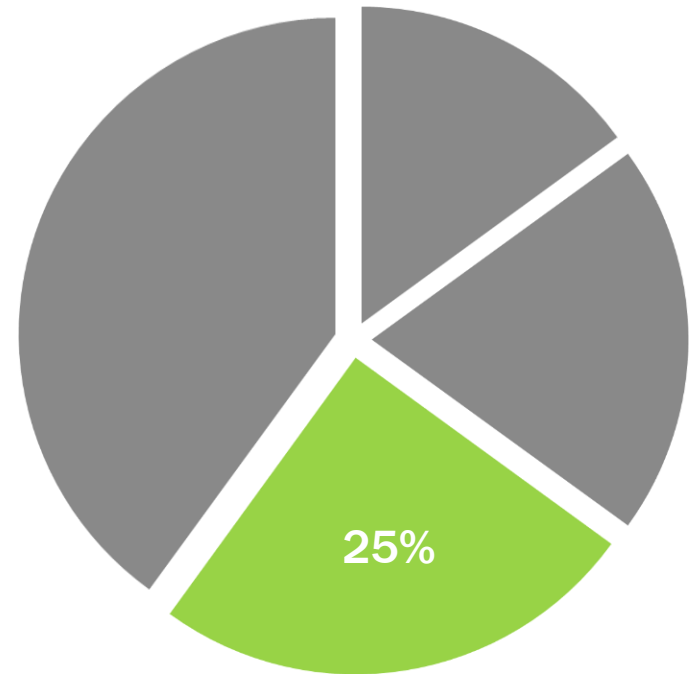
CONVERSION



RAW MATERIAL



Cost of Goods Sold



Conversion Improvement Strategy

Inside the Four Walls



- Continuous Improvement
 - Startups & Changeovers
 - Machine Maintenance & Upgrades
 - Automation

Manufacturing Network Optimization



- Network Rationalization
- Integrated Supply Chain Planning
- Tooling & Capacity Investments

Logistics & Transportation

Optimize the use of our fleet assets and national footprint to provide high-quality, cost effective and efficient service to customers

SALES



TRADE DELIVERY



DISTRIBUTION & LOGISTICS



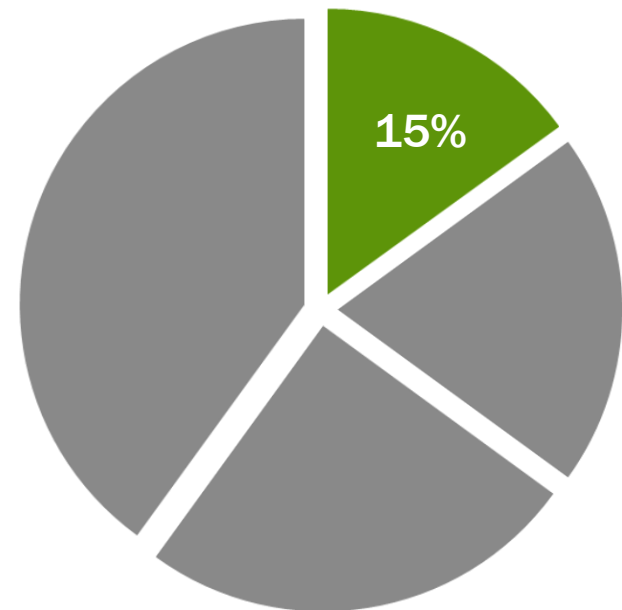
CONVERSION



RAW MATERIAL



Cost of Goods Sold



Logistics & Transportation Initiatives



People

- Increase driver capacity
- Internal driver development programs
- Delivery-centric vs. Driver-centric model



Process

- Optimize fleet composition and increase velocity of trips per day
- Centralize planning and dispatching
- Optimize inter-plant freight methods



Technology

- Better metrics and information velocity
- Add optimized load building functionality to Transportation Management System
- Roll-out order management model and network improvements

Appendix



Special Dividend / ESOP

Special Dividend

- \$1.00 Special Dividend paid on June 14, 2019 to all shareholders of record on June 3, 2019
- \$75M aggregate payment
 - \$63M to Common Shareholders
 - \$12M to Preferred Shareholders (ESOP)

ESOP

Background: The Company established the ESOP in 1993, funded by an existing tax-qualified profit sharing retirement plan and 30-year term loan from ADS. The plan expires in March 2023, at which time the loan is also due.

- The ESOP used the \$12M proceeds from the Special Dividend to paydown a portion of the loan from ADS
- The loan repayment triggered an allocation of 11.6 million preferred shares (previously unallocated) to participant accounts, as well as an associated non-cash stock-based compensation expense.
- ESOP preferred shares convert to common shares at a rate of 0.7692 at plan maturity in March 2023.

ESOP Preferred Shares (in millions)	Before Loan Payment	After Loan Payment
Allocated to participants	7.6	19.3
Unallocated shares	14.5	2.8
Total ESOP Shares	22.1	22.1

	Three Months Ended June 30, 2019
Associated non-cash stock-based compensation expense	
Cost of goods sold - ESOP special dividend compensation	\$168.6
Selling, general and administrative - ESOP special dividend compensation	\$78.1
Total ESOP special dividend compensation	\$246.7

Financial Definitions

Adjusted EBITDA: Net income before interest, income taxes, depreciation and amortization, stock-based compensation expense, non-cash charges and certain other expenses.

Adjusted EBITDA Margin: Adjusted EBITDA calculated as a percentage of net sales.

Compound Annual Growth Rate (“CAGR”): Growth rate from the initial value to ending value assuming the value is compounding over the time period. Calculated as $(\text{Ending Value} / \text{Beginning Value})^{1/\text{Number of Years}-1}$.

Free Cash Flow (“FCF”): Cash flow from operations less capital expenditures.

Free Cash Flow Conversion: Free cash flow calculated as a percentage of Adjusted EBITDA.

Working Capital: Accounts Receivable plus Inventory reduced by Accounts Payable.

ADS EBITDA and Free Cash Flow Reconciliation

(Fiscal Year Ended March 31st)

	Fiscal Year Ended		
	2019	2018	2017
<i>(Amounts in thousands)</i>			
Net income (loss)	\$81,466	\$64,792	\$35,908
Depreciation and amortization	71,900	75,003	72,355
Interest expense	18,618	15,262	17,467
Income tax expense	30,049	11,411	24,615
EBITDA	\$202,033	\$166,468	\$150,345
Derivative fair value adjustments	634	(443)	(10,921)
Foreign currency transaction (gains) losses	314	(1,748)	(1,629)
Loss (gain) on disposal of assets or businesses	3,647	15,003	8,509
Unconsolidated affiliates interest, taxes, depreciation and amortization	1,463	2,692	2,751
Contingent consideration remeasurement	(6)	39	(265)
Stock-based compensation expense (benefit)	6,532	7,121	8,307
ESOP deferred stock-based compensation	15,296	11,724	9,568
Executive retirement expense (benefit)	(178)	1,473	1,092
Inventory step up related to PTI acquisition	-	-	525
Bargain purchase gain on PTI acquisition	-	-	(609)
Restatement-related costs	(1,924)	4,227	24,026
Legal Settlement	-	2,000	-
Impairment of investment in unconsolidated affiliate	-	312	1,300
Strategic growth and operational improvement initiatives	3,450	-	-
Transaction costs	699	1,362	372
Adjusted EBITDA	\$231,960	\$210,230	\$193,371
Adjusted EBITDA Margin	16.8%	15.8%	15.4%

	Fiscal Year Ended		
	2019	2018	2017
Cash flow from Operations	\$151,678	\$137,120	\$104,239
Capital Expenditures	(43,412)	(41,709)	(46,676)
Free Cash Flow	\$108,266	\$95,411	\$57,563
Free Cash Flow Conversion ⁽¹⁾	46.7%	45.4%	29.8%

Source: ADS SEC filings.

1. Free Cash Flow Conversion defined as Free Cash Flow / Adjusted EBITDA.

ADS EBITDA and Free Cash Flow Reconciliation (Cont'd)

(Fiscal Year Ended March 31st)

	Twelve Months Ended March 31, 2019	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Twelve Months Ended June 30, 2019
<i>(Amounts in thousands)</i>				
Net income (loss)	\$81,466	\$33,651	(\$227,451)	(\$179,636)
Depreciation and amortization	71,900	17,827	16,694	70,767
Interest expense	18,618	3,802	5,264	20,080
Income tax expense	30,049	14,284	22,370	38,135
EBITDA	\$202,033	\$69,564	(\$183,123)	(\$50,654)
Loss (gain) on disposal of assets or businesses	3,647	1,104	707	3,250
ESOP and Stock-based compensation expense	21,828	5,580	7,425	23,673
ESOP special dividend compensation	-	-	246,752	246,752
Other adjustments	303	(1,361)	2,095	3,759
Strategic growth and operational improvement initiatives	3,450	-	2,195	5,645
Transaction costs	699	256	4,245	4,688
Adjusted EBITDA	\$231,960	\$75,143	\$80,296	\$237,113
Adjusted EBITDA Margin	16.8%			16.8%
	Twelve Months Ended March 31, 2019	Three Months Ended June 30, 2018	Three Months Ended June 30, 2019	Twelve Months Ended June 30, 2019
Cash flow from Operations	\$151,678	\$9,831	\$62,840	\$204,687
Capital Expenditures	(43,412)	(6,874)	(9,723)	(46,261)
Free Cash Flow	\$108,266	\$2,957	\$53,117	\$158,426
Free Cash Flow Conversion ⁽¹⁾	46.7%			66.8%

Source: ADS SEC filings.

1. Free Cash Flow Conversion defined as Free Cash Flow / Adjusted EBITDA.

IWT EBITDA and Free Cash Flow Reconciliation

(Fiscal Year Ended December 31st)

	Calendar Year		
	2018	2017	2016
<i>(Amounts in thousands)</i>			
Net income (loss)	\$9,820	\$42,804	(\$6,386)
Depreciation and amortization	47,198	52,024	51,555
Interest expense	19,580	23,707	24,260
Income taxes	3,334	(40,142)	(86)
EBITDA	\$79,932	\$78,393	\$69,343
Loss on disposal of assets and costs from exit and disposal activities	23	82	-
Contingent consideration measurement	39	931	-
Stock-based compensation expense	936	733	283
Legal settlement	7,500	-	-
Transaction costs	252	-	-
Adjusted EBITDA	\$88,682	\$80,139	\$69,626
Adjusted EBITDA Margin	32.2%	31.4%	29.8%

	Calendar Year		
	2018	2017	2016
Cash Flow from Operations	\$60,889	\$51,497	\$31,325
Capital Expenditures	(12,361)	(10,652)	(13,877)
Free Cash Flow	\$48,528	\$40,845	\$17,448
Free Cash Flow Conversion ⁽¹⁾	54.7%	51.0%	25.1%

Source: ADS SEC filings that include IWT Regulation S-X financials.

1. Free Cash Flow Conversion defined as Free Cash Flow / Adjusted EBITDA.

IWT EBITDA and Free Cash Flow Reconciliation (Cont'd)

(Fiscal Year Ended December 31st)

	Twelve Months Ended December 28, 2018	Six Months Ended June 29, 2018	July 5, 2019	Twelve Months Ended July 5, 2019
<i>(Amounts in thousands)</i>				
Net income (loss)	\$9,820	\$6,920	\$16,712	\$19,612
Depreciation and amortization	47,198	23,361	21,947	45,784
Interest expense	19,580	9,648	11,074	21,006
Income taxes	3,334	2,670	4,018	4,682
EBITDA	\$79,932	\$42,599	\$53,751	\$91,084
Loss on disposal of assets and costs from exit and disposal activities	23	23	-	-
Stock-based compensation expense	936	350	447	1,033
Legal settlement	7,500	-	-	7,500
Contingent consideration measurement	39	39	-	-
Transaction costs	252	252	1,165	1,165
Adjusted EBITDA	\$88,682	\$43,263	\$55,363	\$100,782
Adjusted EBITDA Margin	32.2%			33.6%
	Twelve Months Ended December 28, 2018	Six Months Ended June 29, 2018	July 5, 2019	Twelve Months Ended July 5, 2019
Cash flow from Operations	\$60,889	\$20,532	\$14,480	\$54,837
Capital Expenditures	(12,361)	(5,948)	(11,963)	(18,376)
Free Cash Flow	\$48,528	\$14,584	\$2,517	\$36,461
Free Cash Flow Conversion ⁽¹⁾	54.7%			36.2%

Source: ADS SEC filings that include IWT Regulation S-X financials.

1. Free Cash Flow Conversion defined as Free Cash Flow / Adjusted EBITDA.