



Advanced Drainage Systems Investor Presentation

November 2022



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; the risks related to the COVID-19 pandemic or other pandemics in the future; disruption or volatility in general business and economic conditions in the markets in which we operate; 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; uncertainties surrounding the integration and realization of anticipated benefits of; 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 a non-GAAP financial measures. This non-GAAP financial measures is used in addition to and in conjunction with results presented in accordance with GAAP. Non-GAAP measures are not intended to be substitutes for those reported in accordance with GAAP. Adjusted EBITDA 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.

Key Discussion Topics

FY23 Guidance Updates⁽¹⁾

Revenue – reduced midpoint 5%

- Weakness in housing starts driven by significant interest rate increases
- Residential weakness in housing market hit us 1-2 quarters ahead of expectations, primarily due to inventory destocking at onsite septic distributors
- Non-residential end market choppiness in certain geographies that were experiencing elevated activity in prior year

Adjusted EBITDA – no change

- Offsetting reduction in revenue guidance by maintaining favorable pricing and sequentially improving material costs

Adjusted EBITDA Margin +130 bps at midpoint

Destocking Impact

- Distributor destocking risk predominantly limited to **Infiltrator onsite septic business and ADS retail business.**
- Channel checks indicate inventory levels are **at lower levels**
- **Predominantly felt in Leachfield products at Infiltrator;** Tanks continue to sell through well and **ADS retail not impacted thus far**
- Expected to wrap up in Q3

ADS remains well-positioned to generate above market growth

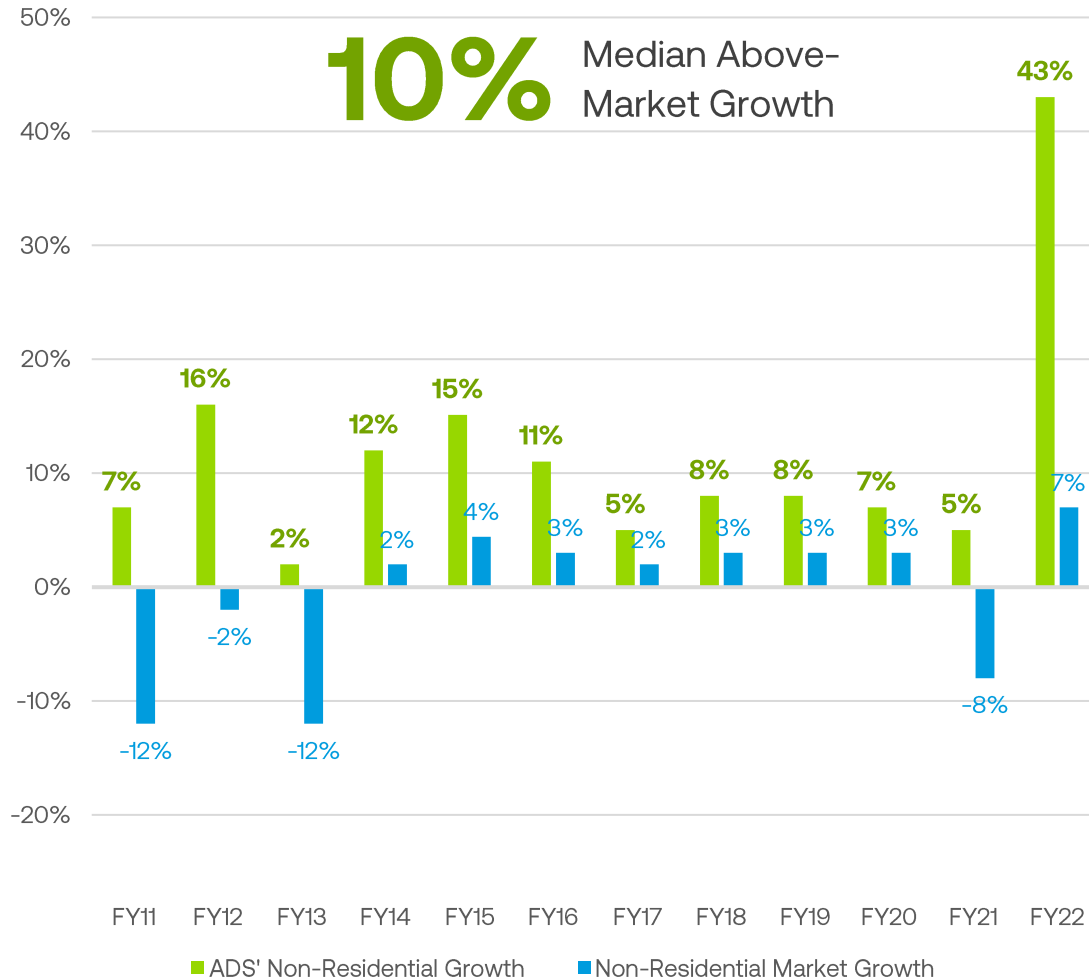
- Our material conversion story **remains intact**
- ADS has demonstrated ability to **outperform through all cycles**



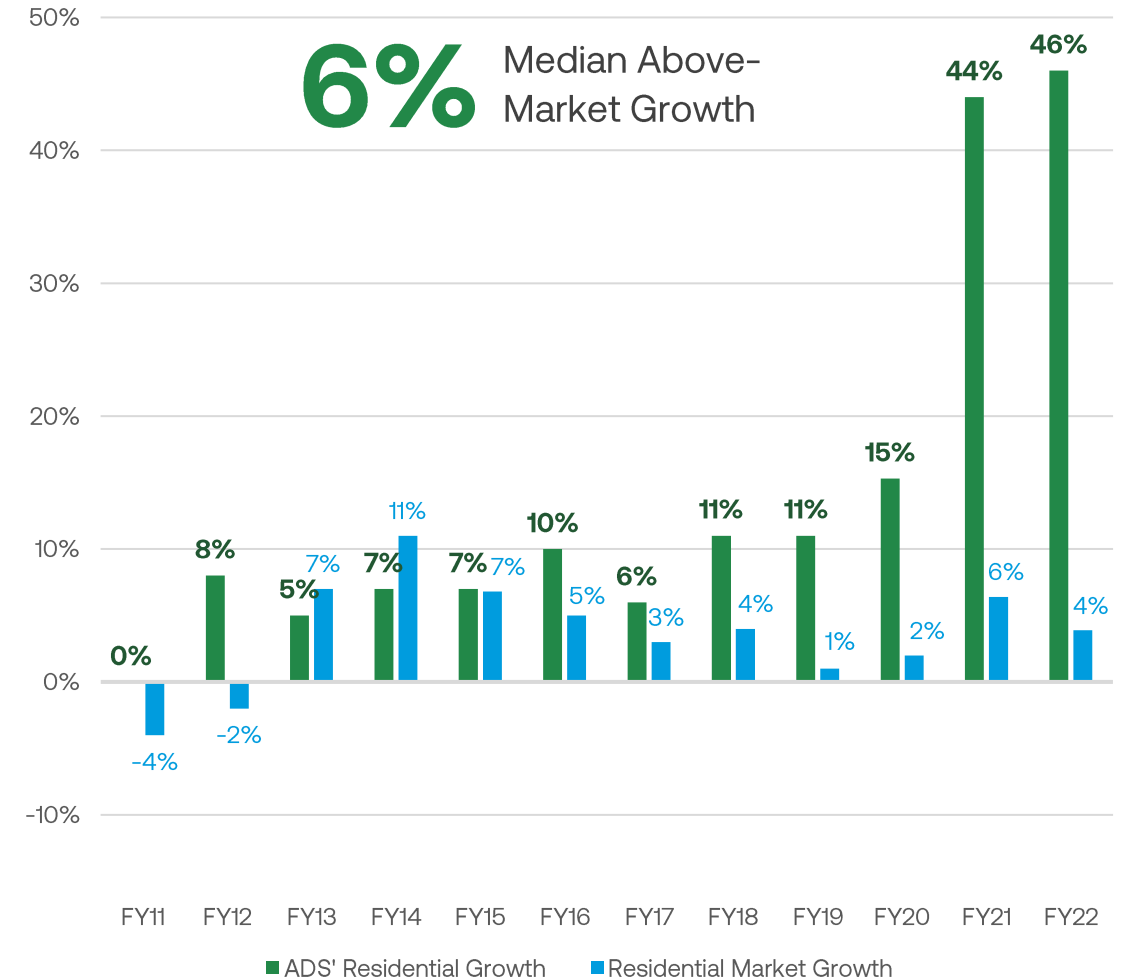
1. Updated guidance issued on November 3, 2022.

Demonstrated Ability to Outperform End Markets

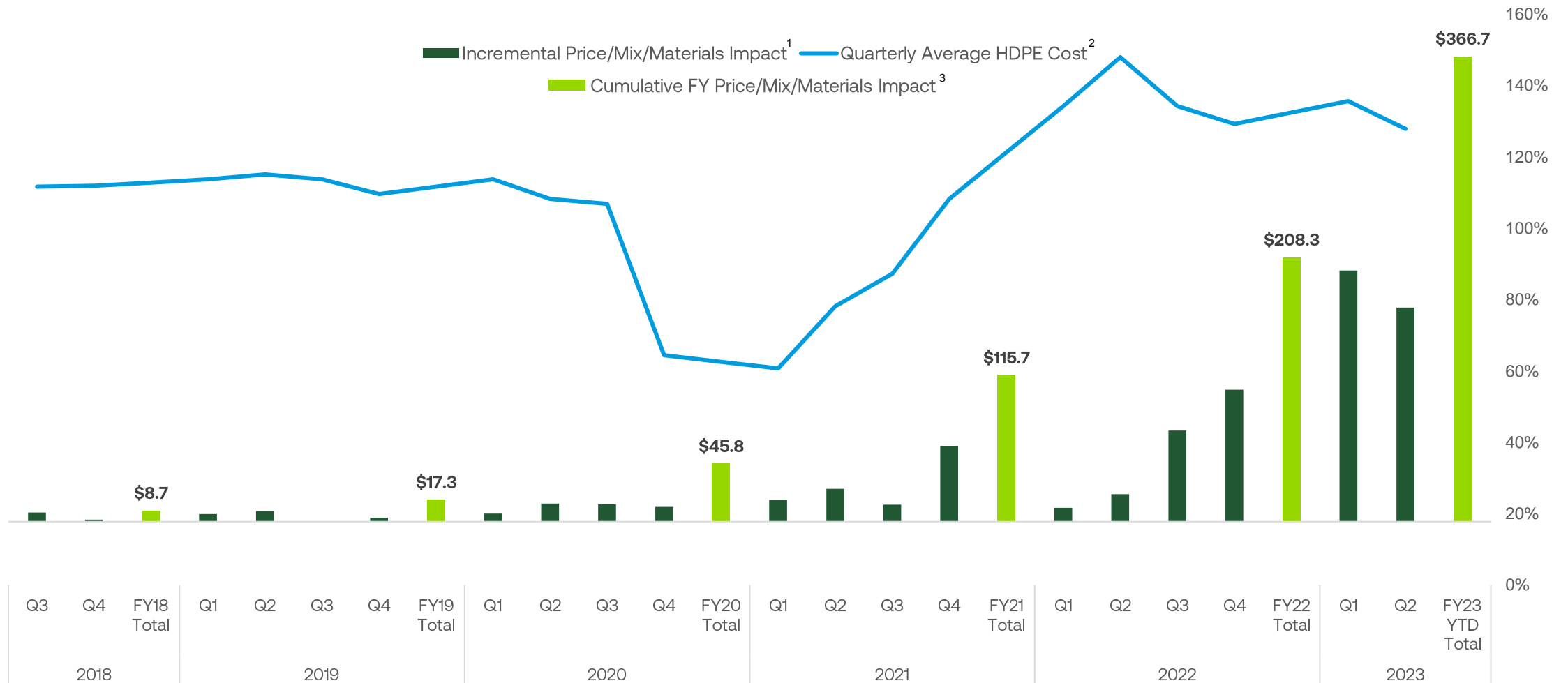
Non-Residential Growth



Residential Growth



Demonstrated Ability to Achieve Favorable Price / Mix / Materials



1. Represents the impact on the price/mix given varying HDPE cost levels.

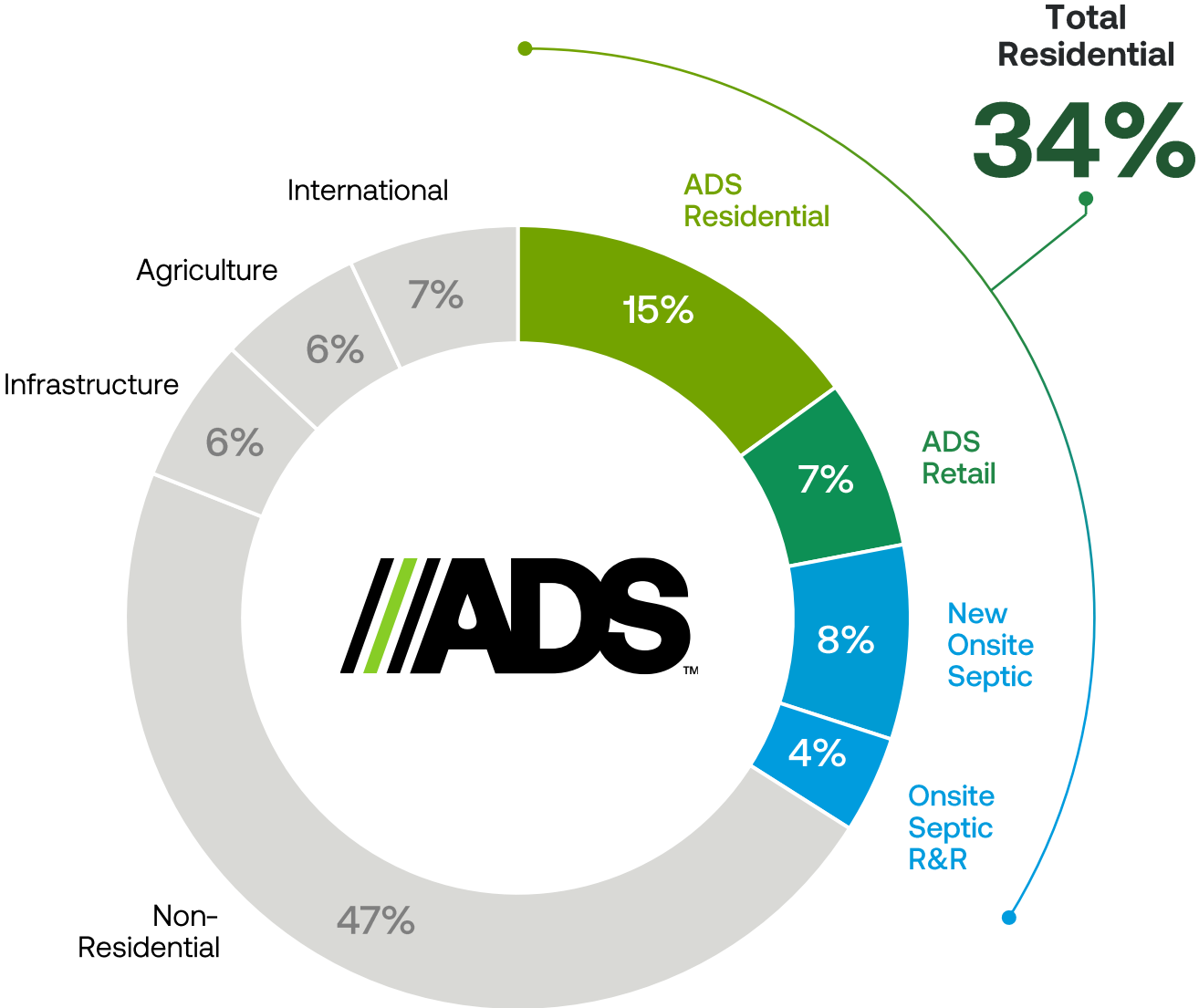
2. Represents HDPE cost levels as a % indexed to 1QFY18.

3. FY Ends represent **cumulative** incremental price/mix/materials impact.

Source: Barclays Building Products Price-Cost Tracker



Consolidated End Market Mix: Residential Details



ADS Residential – 15%

- Products sold on front-end of subdivision and multi-family developments
- Large opportunity for continued share gains
- Expanding partnerships with homebuilders
- Growth strategies focused on states that account for ~70% of U.S. housing activity
- Multi-family exposure ~35% of ADS residential sales

Infiltrator Residential – 12%

- Products typically installed 6 months after housing starts
- Products are stocked at distribution
- Opportunity for continued share gains and further market penetration
- Over 50% of onsite septic systems are in the southern geographies of the U.S.

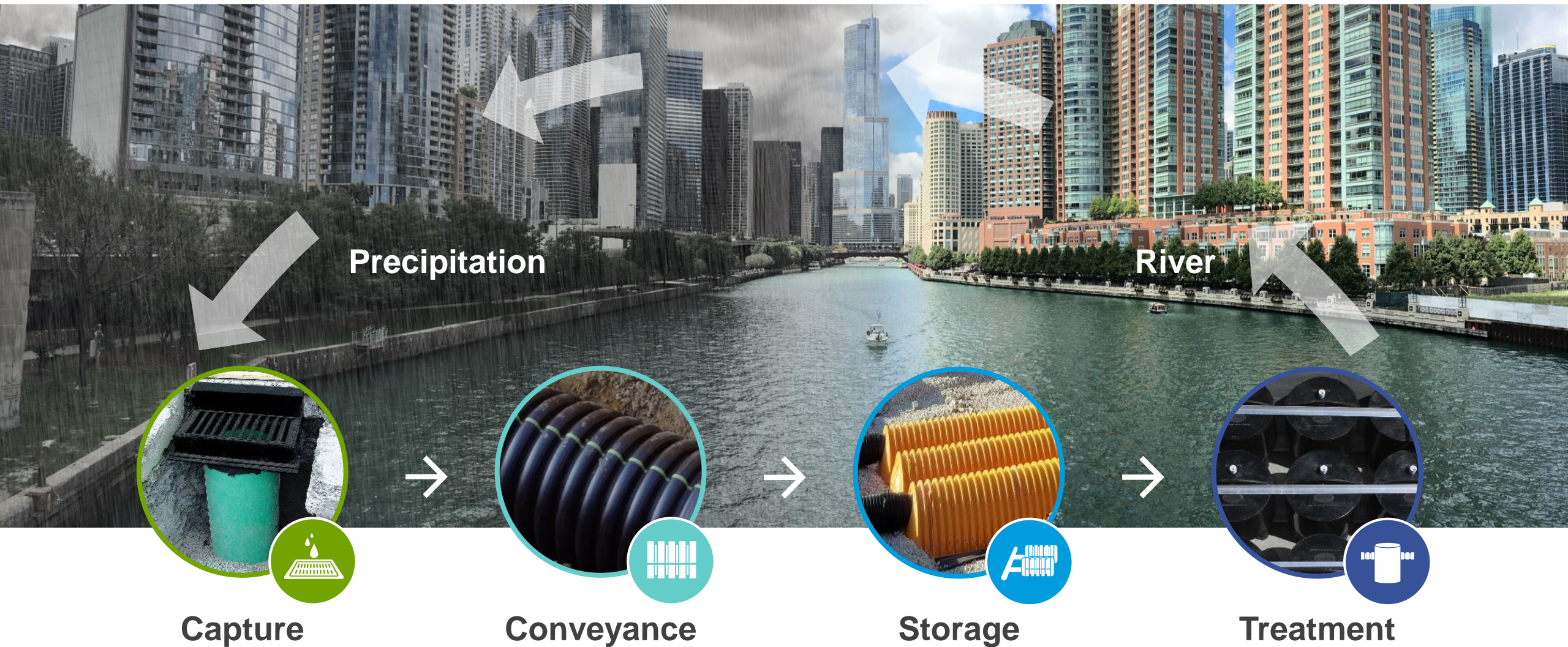
Company Overview

PUT SIMPLY /// OUR PROMISE

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

Innovative Water Management Solutions

Advancing quality of life through sustainable solutions to water management challenges.



Onsite Septic Wastewater **Solutions**

Passive



1

Conveyance

Wastewater is fed through piping systems into an underground tank located outside of the home

2

Primary Treatment

Septic tank stores and treats solids while releasing clarified effluent into the leachfield

3

Secondary Treatment

Leachfield stores and allows infiltration of effluent into soil; naturally filtered and returned to local aquifer

Active



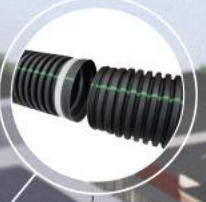
4

Active Treatment Systems

Additional higher-level effluent treatment prior to dispersal



StormTech
CHAMBERS



N-12
DUAL WALL PIPE



HP Storm
DUAL WALL PIPE



ADS
WATER QUALITY



Nyloplast
DRAIN BASIN



Single Wall
PIPE



Nyloplast
DRAIN BASIN



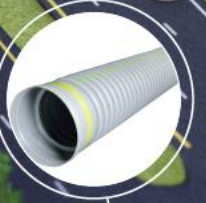
Single Wall
PIPE



N-12
DUAL WALL PIPE



Quick4 Series
SEPTIC CHAMBER



HP Storm
DUAL WALL PIPE



Infiltrator
SEPTIC TANK

Improving Quality of Life

FY22 Sustainability Highlights

Environmental



602 million

Pounds of plastic recycled annually



31% decrease

In GHG emissions intensity



59%

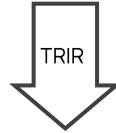
Of pipe revenue derived from re-manufactured products



22% decrease

In energy intensity

Operational



15% improvement

In total recordable incident rate (TRIR)



3% increase

In miles per gallon



13% reduction

In fuel consumption



Partnership

Established in 2022

Social & Governance



\$2 million

Contributed to charitable organizations



50%

Of FY22 director hires and promotions were diverse candidates



Sustainability Committee

Established in 2022 by Board of Directors



Partnership

Established in 2022

Furthering our Commitment **Through 10-Year Goals**



Recycling

- **1 billion pounds** of recycled material used annually by FY32

Environmental Impact Reduction

- **Science-Based Targets** in line with 1.5°C

Accountability

- Continued transparency in reporting annual progress towards goals
- Implementation of supplier sustainability program

Social Purpose

- Continued good work through the ADS Foundation and community partnerships
- Increase execution on Diversity, Equity & Inclusion

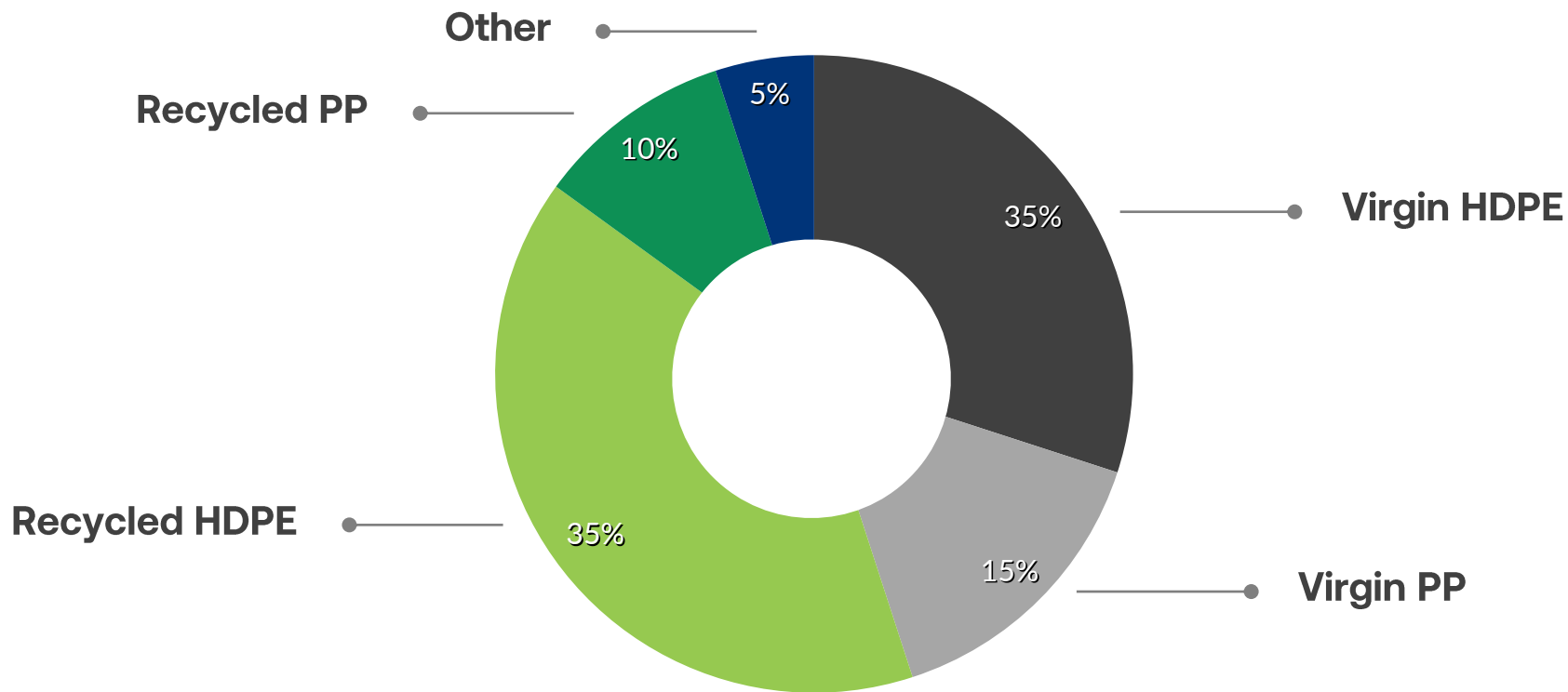
Operational Excellence

- **Reduce TRIR to 1.0** by FY32
- Commit to **Operation Clean Sweep**
- Implement **closed-loop water recycling** at 100% of manufacturing locations

News

- **Keep lines of communication open and transparent** and share news of our progress

Differentiated Recycling Capabilities



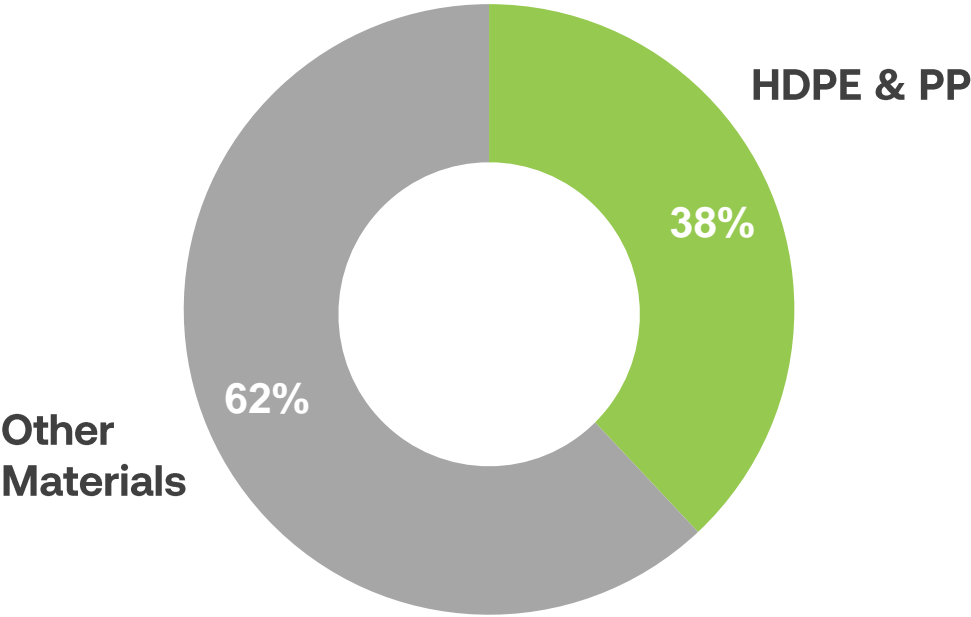
Leaders in Material Science

- Vertically integrated recycling operations that process over 600 million pounds of plastic annually, making ADS the largest plastic recycler in North America
- Track record of refining raw material processing capabilities to increase recycled content in products, significantly reducing plastic landfill waste
- Acquired Jet Polymer in FY22
- Recycled plastic is less expensive and historically less volatile in price compared to virgin material
- Initiatives in place to leverage material science capabilities at Infiltrator and incorporate into ADS products

Material Conversion **Accelerating Growth**

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

Share of Storm Sewer Market



ADS & Infiltrator Products Outperform Traditional Materials

Installs 2x-3x Faster

- Reduced labor and equipment due to lighter weight and longer length

20% Less Installed Cost

- Fewer deliveries per project
- Safer to handle

Resilient

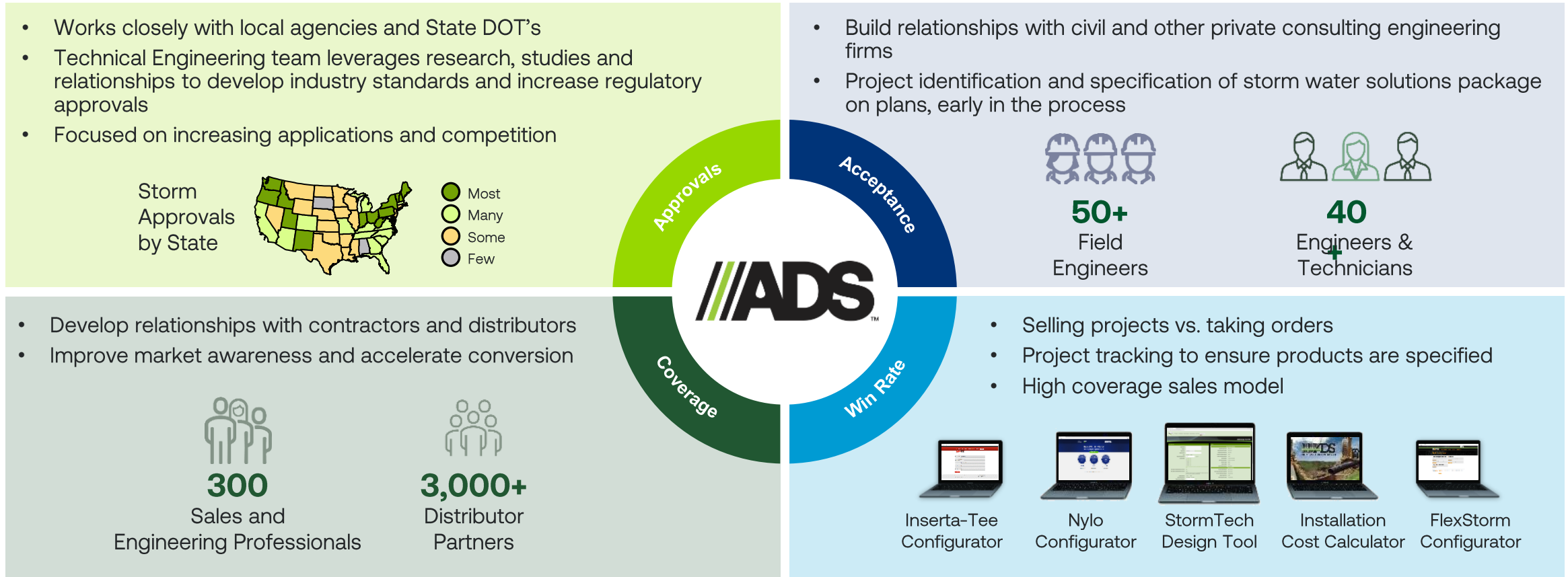
- Resistant to chemicals and abrasion
- Performs in all situations

Superior Performance

- High quality ensured by national standards
- Fewer, higher quality joints

Market Share Model Accelerates Conversion

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



Our Value Proposition Drives Growth of our Conversion and Water Management Solutions

The ADS customer value proposition sets us apart from our competition and makes us the partner of choice.



Comprehensive Portfolio of Products for Water Management Solutions

Our leading product position in the storm water and onsite septic wastewater management industries allow us to **drive conversion** and sell the whole package

Capture



Nyloplast



Duraslot

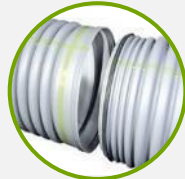
Conveyance



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Single Wall



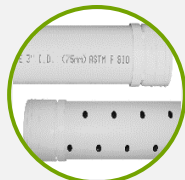
HP



InsertaTee



Fittings



Triple Wall

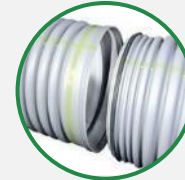


PolyFlex

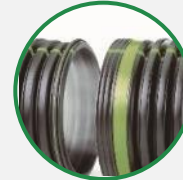
Storage



StormTech



HP



N-12

Treatment



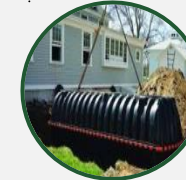
Water Quality



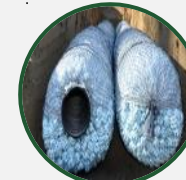
Arc Chambers



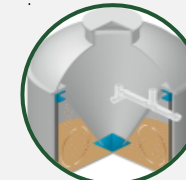
Quick4
Chambers



Tanks



EZFlow



Delta

Sales, Distribution and Logistics Capabilities to Serve the Water Works Industry

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

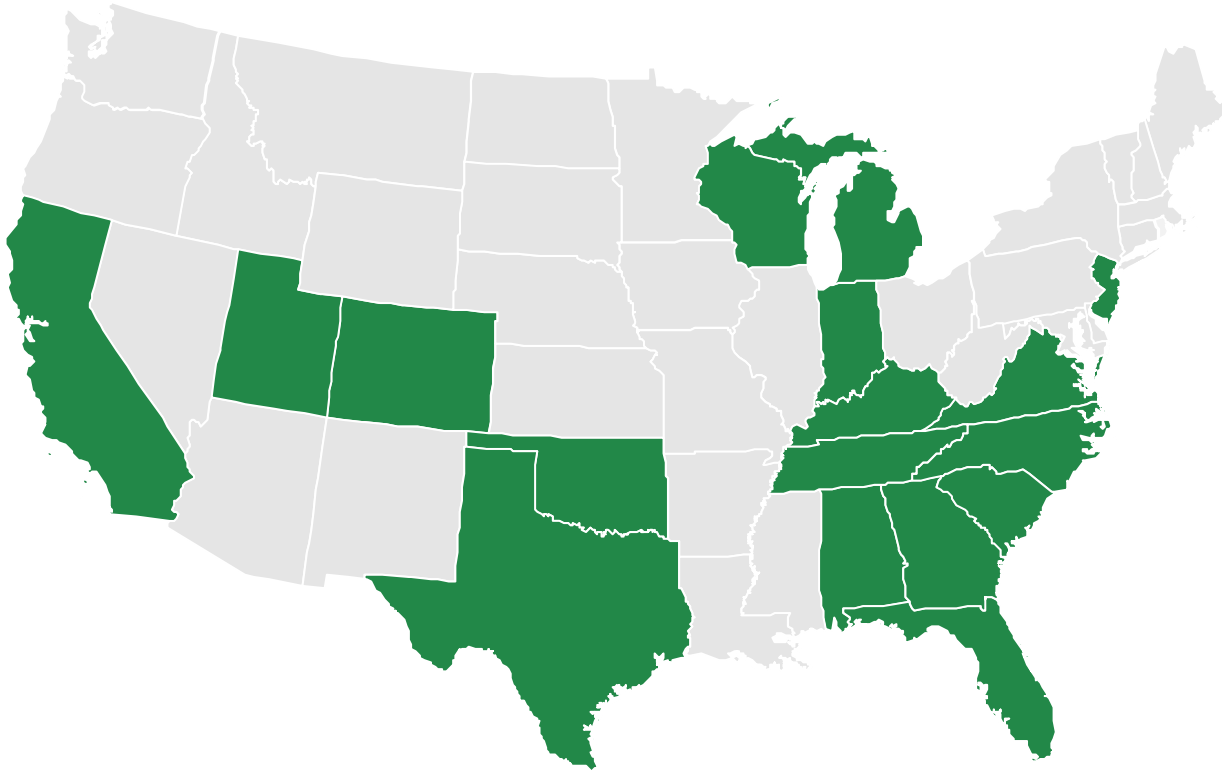


Company-Owned Fleet
700 Trucks & 1,250 Trailers

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



Winning in Priority States



Market Context

Priority states represent ~60% of construction activity in the U.S.

Represent ~55% of non-residential activity

~70% of overall housing starts

~60% of streets & highways activity

Construction activity forecasted to grow at 7% CAGR from CY21 to CY25

Residential Homebuilder Programs

Focusing on building partnerships with the top homebuilders – estimated 30% of market opportunity is with the top 20 homebuilders

In 2019, began allocating key sales and engineering talent to focus on this segment

Driving the ADS value proposition

- Footprint in key geographies
- Delivery and service model
- Product depth and breadth
- Technical support
- National distribution partnerships
- Future investments to support growth and customer demand

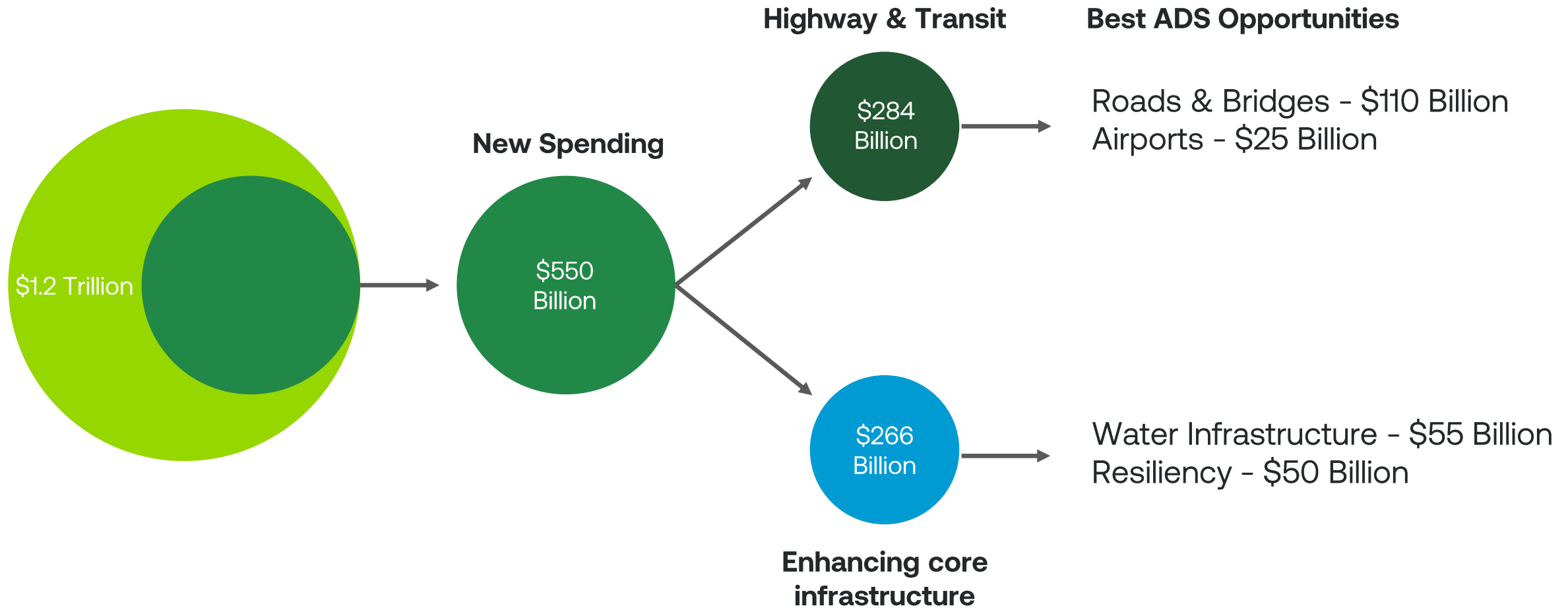
National programs with 7 of the top 20 homebuilders

Local relationships with the 13 other top 20 builders

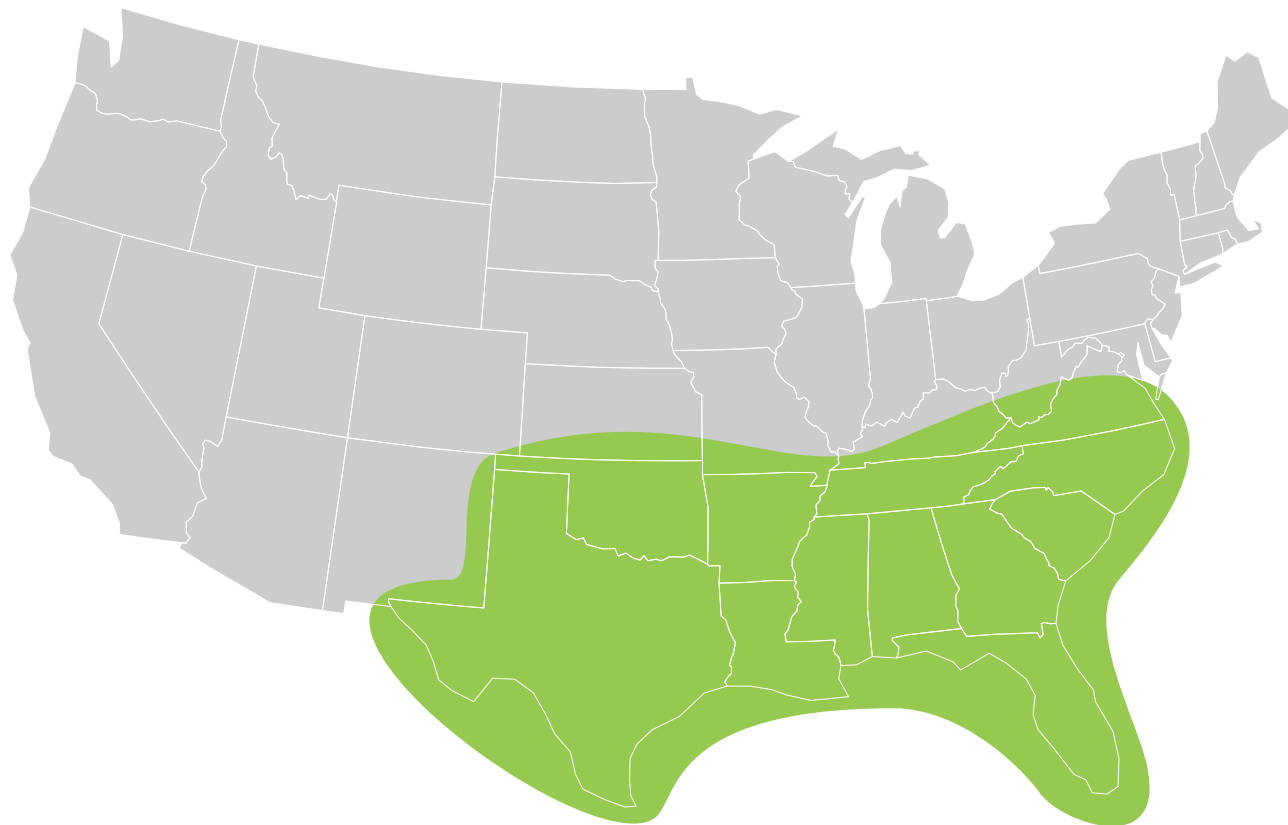


Infrastructure Investment & Jobs Act (IIJA)

\$1.2T over 5 years, including \$550B in incremental new funding



Geographical Spread of Onsite Septic Use



~1/3

of new single-family homes built in the U.S. use onsite wastewater treatment systems

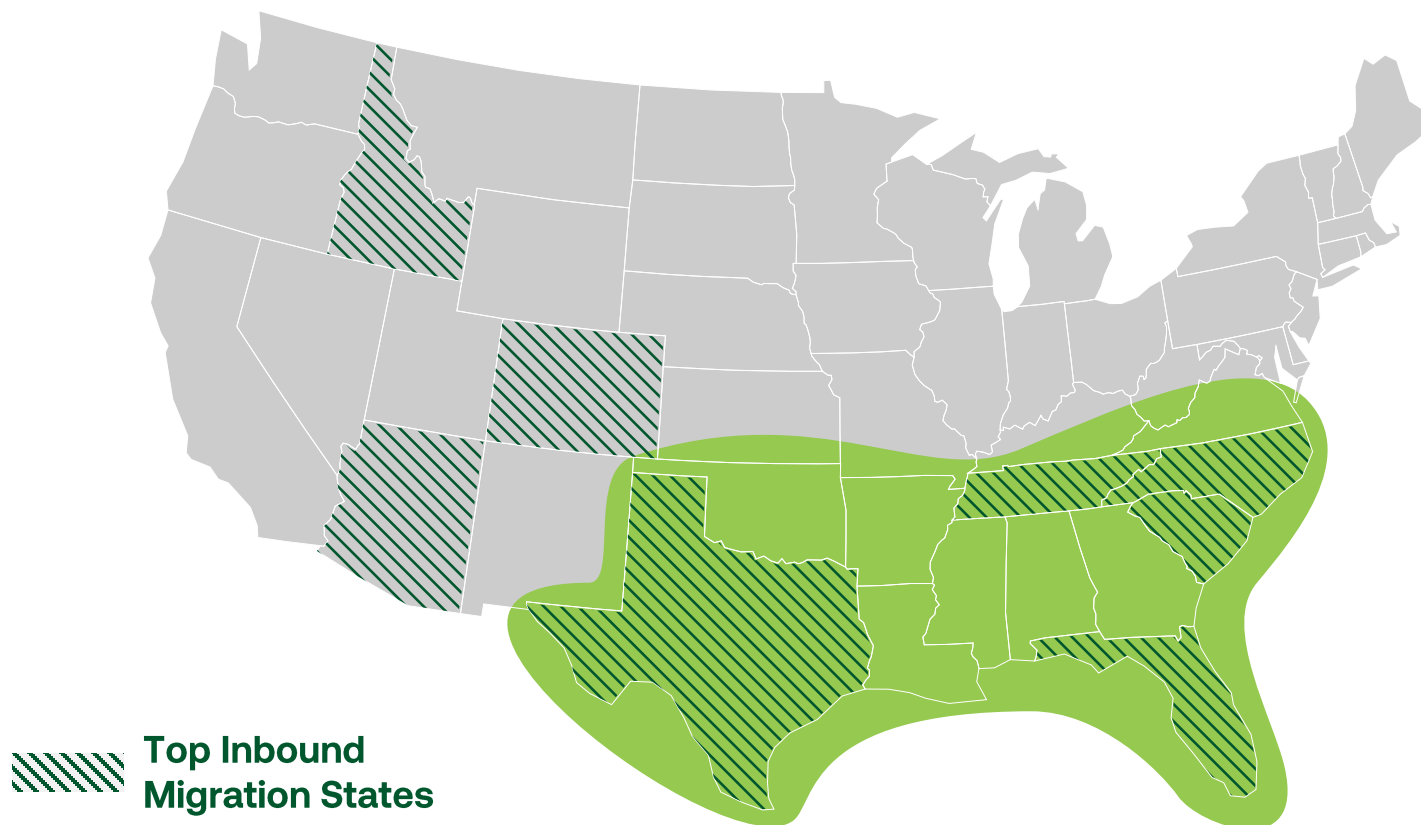
~54%

of Infiltrator onsite wastewater treatment system sales are in the southern crescent of the U.S.

Strong and durable market trends underpin the onsite septic market

Infiltrator Well Positioned For Growth

Benefits from Migration Shift



Demand for single-family homes has increased due to **population migration from high density areas to suburban and rural areas.**

These migration trends are particularly evident **in states along the southern crescent of the U.S.**

Wastewater management systems in these areas are **often served by septic systems.**

Migration out of densely populated areas is further supporting demand for onsite septic systems