

## First Quarter Fiscal 2017 Financial Results

LEADERSHIP • GROWTH • MOMENTUM

THROUGH STRENGTH

## **Joe Chlapaty**

Chairman and Chief Executive Officer

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## **Scott Cottrill**

Executive Vice President, Chief Financial Officer, Secretary and Treasurer

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## **Mike Higgins**

Director, Investor Relations & Business Strategy

Certain statements in this presentation may be deemed to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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; 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; 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; the risks of conducting a portion of our operations through joint ventures; our ability to expand into new geographic or product markets; 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; 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 further 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.

1

Solid first quarter performance driven by successful execution of our conversion strategy.

2

Continued growth in core domestic construction markets offset weaker than expected performance in the agriculture market and Mexico.

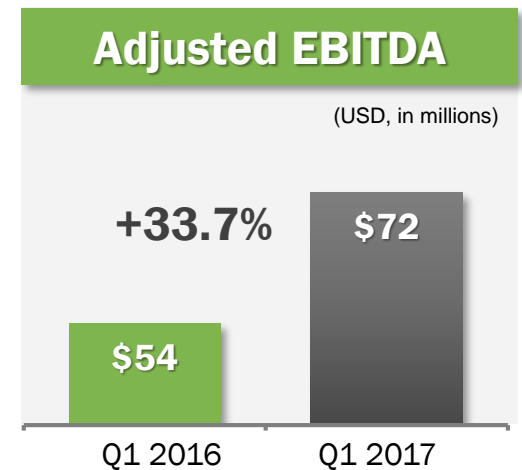
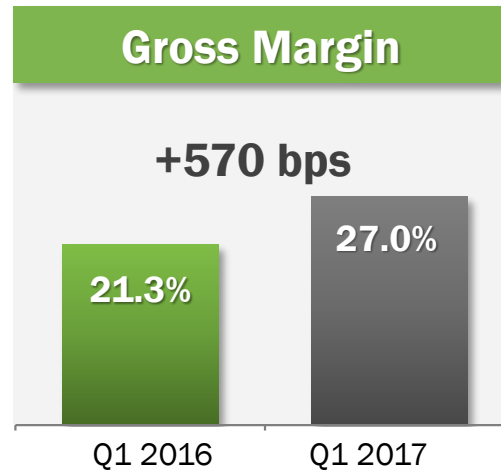
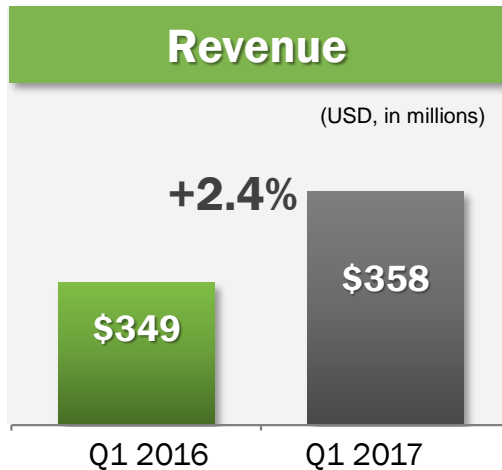
3

Strong profits driven by lower raw material costs and effective price management.

4

Favorable cash flow generation supporting debt reduction and growth investments.

# Q1 2017 Financial Performance



### Revenue

### Adjusted EBITDA

#### Geographies

- + Domestic 5%
- International (12%)

#### Domestic Markets

- + Residential 1%
- + Non-Residential 11%
- + Infrastructure 7%
- Agriculture (16%)



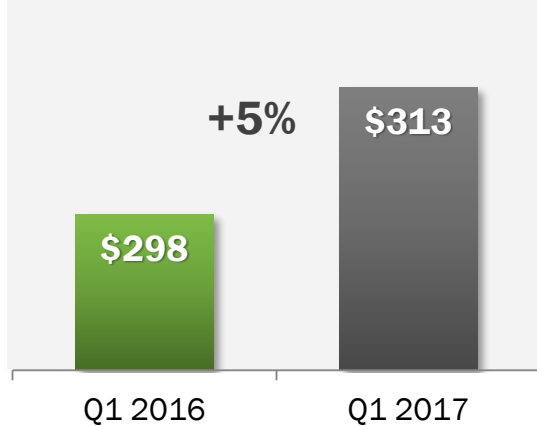
**Strong results driven by strength in construction markets and favorable cost environment.**



# Q1 2017 Domestic Performance

## Revenue

(USD, in millions)



## Revenue Growth

### By Application

+ Pipe	1%
+ Allied Products	15%

### By End Market

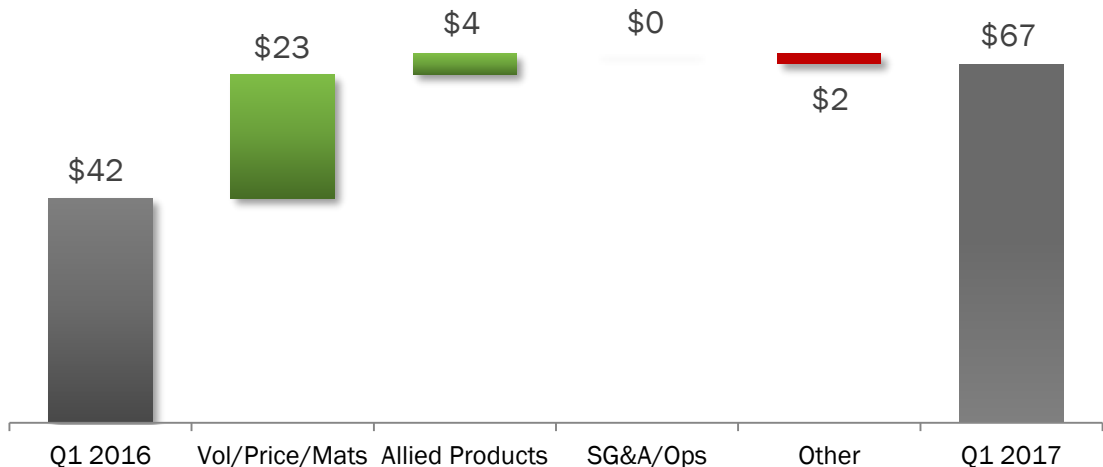
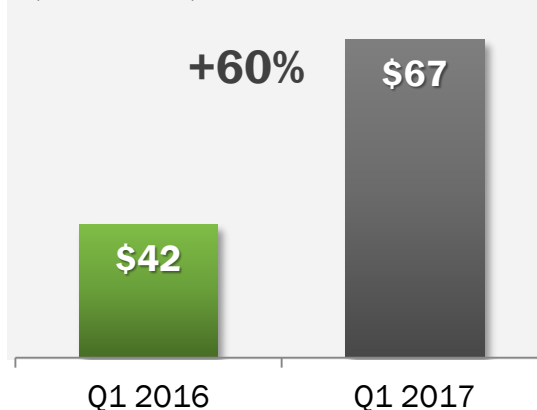
+ Construction	8%
+ Non-Residential	11%
+ Residential	1%
+ Infrastructure	7%
- Agriculture	(16%)

## Q1 Performance Highlights

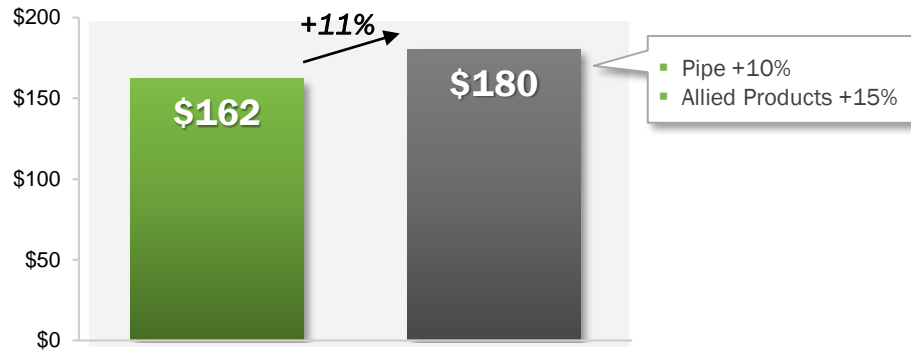
- Domestic sales up 5.0% YoY driven primarily by continued strength in Allied Products & HP
- Domestic construction markets overall increased high single digits
- Early start to planting season caused weaker-than-expected performance in agriculture

## Adjusted EBITDA

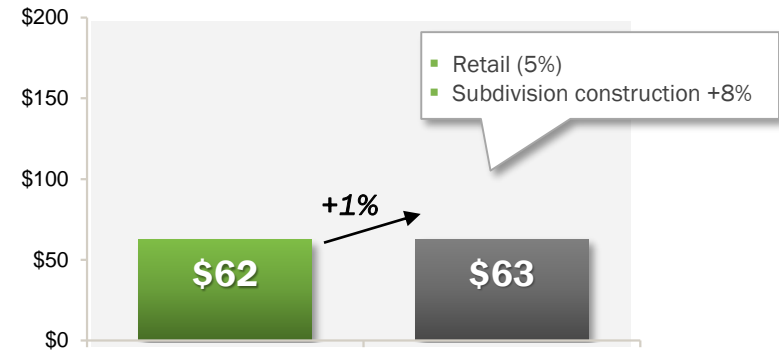
(USD, in millions)



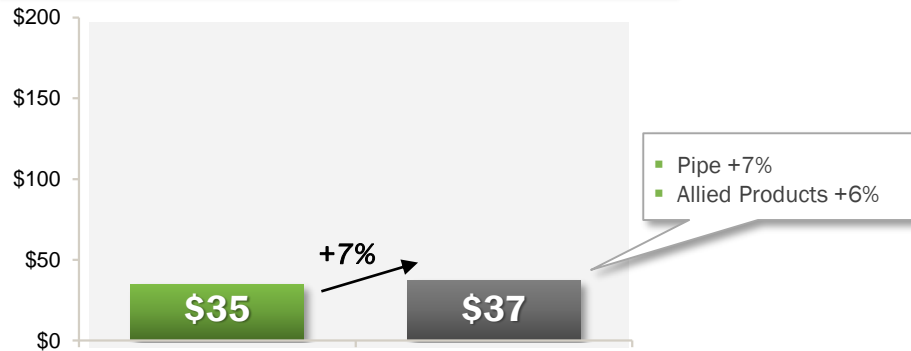
## Non-Residential



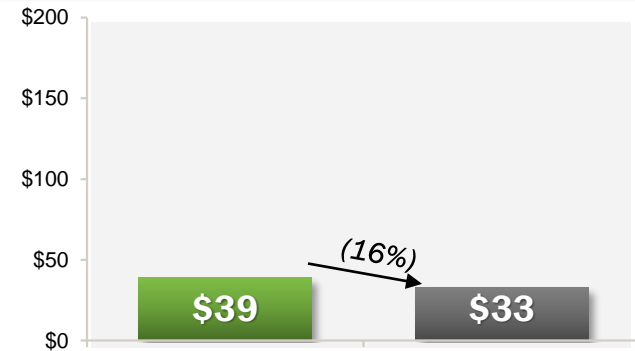
## Residential



## Infrastructure



## Agriculture



■ Q1 2016

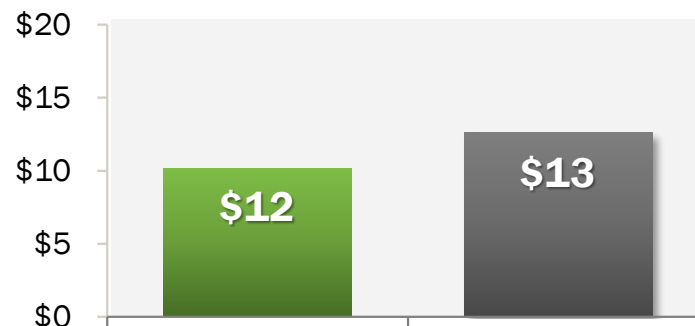
■ Q1 2017

**Solid growth in core construction markets driven by strong conversion.**

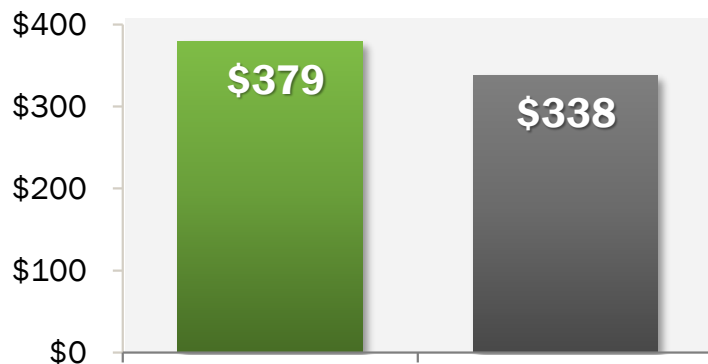
## Free Cash Flow<sup>1</sup>

	Q1 2017	Q1 2016	Change
Adjusted EBITDA	\$72	\$54	\$18
Working Capital	\$(40)	\$(67)	\$27
Cash Tax	\$(2)	\$(7)	\$4
Cash Interest	\$(5)	\$(4)	\$(1)
Restatement related costs	\$(16)	\$0	\$(16)
Other	\$(8)	\$6	\$(14)
Cash flow from operating activities	\$(0)	\$(18)	\$18
Cap Ex	\$(13)	\$(12)	\$(1)
FCF	\$(13)	\$(30)	\$17

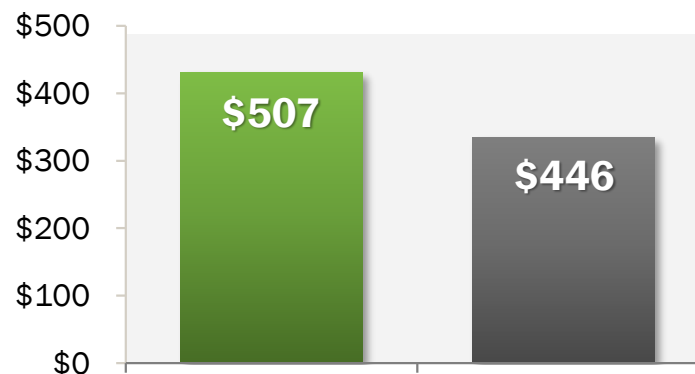
## CapEx



## Working Capital<sup>2</sup>



## Net Debt<sup>3</sup>



Three months ended June 30, 2015

Three months ended June 30, 2016

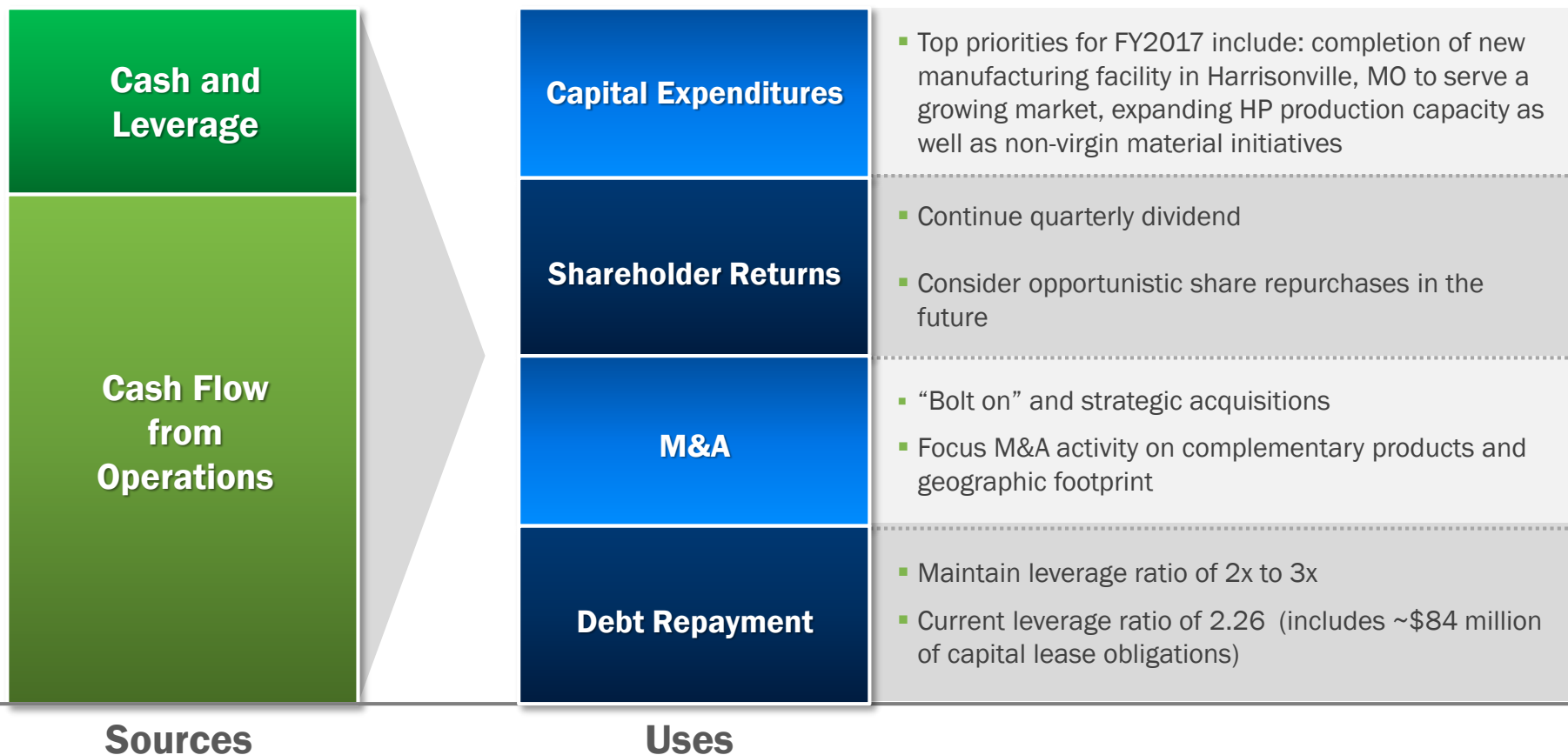
All figures in USD, mm

<sup>1</sup>Operating Cash Flow less CapEx (see appendix for GAAP/non-GAAP reconciliation)

<sup>2</sup>Inventory, Accounts Receivable, Accounts Payable

<sup>3</sup>Total debt less cash (includes capital leases)






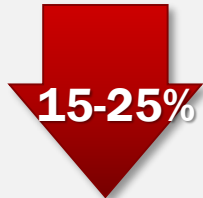




## Fiscal Year 2017 Expectations

Key Metric	Previous Guidance*	Current Guidance	Comments
<b>Net Sales</b> (in Billions)	\$1,330 - \$1,380	\$1,270 - \$1,310	Flat compared to FY2016
<b>Adj. EBITDA</b> (in Millions)	\$205 - \$230	\$200 - \$225	\$5M change on low and high end of range
<b>Adj. EBITDA Margin</b>	15.3% - 16.7%	15.7% - 17.2%	+45 bps (midpoint to midpoint)

\*As provided on June 7, 2016

## Fiscal Year 2017 Market Outlook (Prior vs. Current)

Market	Previous Outlook*	Current Outlook	Comments
<b>Domestic Construction End Markets</b>			ADS anticipates mid-single digit growth in domestic construction markets
<b>Agriculture End Market</b>			Softness expected to continue throughout FY2017
<b>International End Market</b>			Continued weakness in Mexico, Canada expected to be flat to slightly up

\*As provided on June 7, 2016

**Q1 FY17 Form 10-Q to be filed by end of October 2016.**

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**Q2 FY17 Form 10-Q expected between late November and early December 2016.**

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**Q3 FY17 Form 10-Q expected to be timely filed by due date of February 9, 2017.**

# Q&A Session

1

Solid net sales growth in domestic construction markets, partially offset by softness in agriculture and international.

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2

Underlying fundamentals of the business remain strong with significant opportunity ahead to continue driving above-market growth.

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3

Favorable adjusted EBITDA trends expected to continue throughout the remainder of FY2017.

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4

Well positioned to execute on conversion strategies from traditional materials to yield above-market growth.

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# Appendix

# EBITDA Reconciliation

*(Amounts in thousands)*

	Fiscal Quarter Ended June 30	
	2016	2015
Net income	\$ 25,351	\$ 12,912
Depreciation and amortization	\$ 18,026	\$ 18,639
Interest expense	\$ 4,784	\$ 4,286
Income tax expense	\$ 16,909	\$ 8,148
<b>EBITDA<sup>1</sup></b>	<b>\$ 65,070</b>	<b>\$ 43,985</b>
Derivative fair value adjustments	(4,907)	3,761
Foreign currency transaction losses (gains)	(1,762)	317
Loss on disposal of assets	202	866
Unconsolidated affiliates interest, taxes, depreciation and amortization	778	870
Contingent Consideration remeasurement	24	55
Stock-based compensation	454	725
ESOP deferred stock-based compensation	2,738	3,125
Restatement related costs	9,212	-
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$ 71,809</b>	<b>\$ 53,704</b>

1) EBITDA as net income before interest, taxes, depreciation and amortization.

2) Adjusted EBITDA as EBITDA before stock based compensation expense, non-cash charges and certain other expenses

*(Amounts in thousands)*

**Cash flow from operating activities**

Capital Expenditures

**Free cash flow**

## Fiscal Quarter Ended June 30

	2016	2015
\$	(132)	\$ (18,142)
	(12,595)	(11,535)
\$	(12,727)	\$ (29,677)