

Unaudited Reconciliations of Non-GAAP Financial Measures

This report contains certain non-GAAP financial measures. Koppers believes that adjusted EBITDA, adjusted earnings per share and net leverage ratio provide information useful to investors in understanding the underlying operational performance of the company, its business and performance trends, and facilitates comparisons between periods and with other corporations in similar industries. The exclusion of certain items permits evaluation and a comparison of results for ongoing business operations, and it is on this basis that Koppers management internally assesses the company's performance. In addition, the Board of Directors and executive management team uses adjusted EBITDA as a performance measure under the company's annual incentive plans.

Although Koppers believes that these non-GAAP financial measures enhance investors' understanding of its business and performance, these non-GAAP financial measures should not be considered an alternative to GAAP basis financial measures and should be read in conjunction with the relevant GAAP financial measure. Other companies in a similar industry may define or calculate these measures differently than the company, limiting their usefulness as comparative measures. Because of these limitations, these non-GAAP financial measures should not be considered in isolation or as substitutes for performance measures calculated in accordance with GAAP.

See the attached tables for the following reconciliations of non-GAAP financial measures referenced in this report: Unaudited Reconciliation of Net Income to EBITDA and Adjusted EBITDA, Unaudited Reconciliation of Operating Profit to EBITDA and Adjusted EBITDA and Unaudited Reconciliation of Total Debt to Net Debt and Net Leverage Ratio.

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UNAUDITED RECONCILIATION OF NET INCOME TO EBITDA AND ADJUSTED EBITDA

	Year Ended December 31,	
	2019	2018
<i>(In millions)</i>		
Net income	\$ 67.4	\$ 29.2
Interest expense	62.5	56.3
Depreciation and amortization	55.1	54.8
Depreciation in impairment and restructuring charges	3.4	0.0
Income taxes	1.4	26.0
Income (loss) from discontinued operations	0.1	(0.4)
EBITDA with noncontrolling interests	189.9	165.9
Unusual items impacting net income		
Impairment, restructuring and plant closure costs	20.5	23.5
Non-cash LIFO expense	4.5	12.6
Mark-to-market commodity hedging	(4.1)	6.9
UIP inventory purchase accounting adjustment	0.0	6.0
Acquisition closing costs	0.0	3.1
Contract buyout	0.0	1.6
Sale of land	0.0	1.1
Sale of specialty chemical business	0.0	0.9
Total adjustments	20.9	55.7
Adjusted EBITDA	\$210.8	\$221.6
Adjusted EBITDA margin	11.9%	13.0%

UNAUDITED RECONCILIATION OF OPERATING PROFIT TO EBITDA AND ADJUSTED EBITDA

	Year Ended December 31, 2019				
	RUPS	PC	CMC	Corporate Unallocated	Consolidated
<i>(In millions)</i>					
Net Sales	\$733.5	\$448.3	\$591.0	\$ 0.0	\$1,772.8
Operating profit (loss)	\$ 35.8	\$ 52.1	\$ 45.0	\$(2.1)	\$ 130.8
Other income (loss)	(1.1)	2.2	(1.4)	0.9	0.6
Depreciation and amortization	19.4	18.3	17.4	0.0	55.1
Depreciation in impairment and restructuring charges	0.0	0.0	3.4	0.0	3.4
EBITDA with noncontrolling interest	\$ 54.1	\$ 72.6	\$ 64.4	\$(1.2)	\$ 189.9
Unusual items impacting net income:					
CMC restructuring	0.0	0.0	19.8	0.0	19.8
Non-cash LIFO expense	5.6	0.0	(1.0)	0.0	4.6
RUPS treating plant closures	0.5	0.0	0.0	0.0	0.5
Mark-to-market commodity hedging	0.0	(4.0)	0.0	0.0	(4.0)
Adjusted EBITDA	\$ 60.2	\$ 68.6	\$ 83.2	\$(1.2)	\$ 210.8
Adjusted EBITDA Margin %	8.2%	15.3%	14.1%		

UNAUDITED RECONCILIATION OF TOTAL DEBT TO NET DEBT AND NET LEVERAGE RATIO

	Year Ended December 31,		
	2019	2018 Proforma ⁽¹⁾	2018
<i>(In millions, except ratio)</i>			
Total Debt	\$901.2	\$990.4	\$990.4
Less: Cash	33.0	40.6	40.6
Net Debt	\$868.2	\$949.8	\$949.8
Adjusted EBITDA	\$210.8	\$225.7	\$221.6
Net Leverage Ratio	4.1	4.2	4.3

(1) Relates to 2018 acquisitions.