atkore INTERNATIONAL

Atkore International Group Inc. Announces Third Quarter 2018 Results

08.07.18

- Diluted earnings per share increased by $0.29 to $0.70; Adjusted net income per diluted share increased by $0.37 to $0.86
- Net income increased by $6.7 million to $34.2 million; Adjusted EBITDA increased by $14.6 million to $76.7 million
- Full-year Adjusted EBITDA guidance updated to $265.0 million - $272.0 million
- Full-year Adjusted net income per diluted share guidance updated to $2.65 - $2.70

HARVEY, Ill.--(BUSINESS WIRE)-- Atkore International Group Inc. (the "Company" or "Atkore") (NYSE: ATKR) announced earnings for its fiscal 2018 third quarter ended June 29, 2018.

"I'm pleased to report that Atkore continues to deliver strong performance with double digit growth in Net sales, Adjusted EBITDA and Earnings per share on a year over year basis," commented John Williamson, Atkore President and Chief Executive Officer.

"Atkore's recent performance has enabled us to increase our full year guidance, with discipline that enables successful pass-through of increased raw material costs, delivery of quality products to the market, and focus on driving greater value for our customers, employees and shareholders."

2018 Third Quarter Results

	Three months ended			
(in thousands)	June 29, 2018	June 30, 2017	Change	% Change
Net sales				
Electrical Raceway	$370,333	$288,277	$ 82,056	28.5%
Mechanical Products & Solutions	128,239	109,664	18,575	16.9%
Eliminations	(558)	(196)	(362)	184.7%
Consolidated operations	$498,014	$397,745	$100,269	25.2%
Adjusted EBITDA				
Electrical Raceway	$ 74,461	$ 49,661	$ 24,800	49.9%
Mechanical Products & Solutions	12,013	17,363	(5,350)	(30.8)%
Unallocated	(9,810)	(4,991)	(4,819)	96.6%
Consolidated operations	$ 76,664	$ 62,033	$ 14,631	23.6%

Net sales increased by $100.3 million, or 25.2% to $498.0 million for the three months ended June 29, 2018 compared to $397.7 million for the prior-year period. Net sales increased by $31.9 million due to the acquisitions of Marco Cable Management, Flexicon Limited, Calpipe Industries, LLC and Cii during fiscal 2017 and fiscal 2018, partially offset by a decrease in net sales of $5.6 million resulting from the divestiture of Flexhead

Industries, Inc. and SprinkFLEX, LLC (together "Flexhead"). Additionally, net sales increased by $56.0 million due to higher net average selling prices resulting from the pass-through impact of higher average input costs of copper, steel and freight, and increased average market prices for Metal and PVC electrical conduit and fittings product categories. Lastly, net sales increased by $15.2 million due to higher volume of products from the mechanical pipe and metal framing and fittings product categories sold within the Mechanical Products & Solutions segment, partially offset by lower volume of products from the armored cable and fittings and flexible electrical conduit and fittings product categories sold within the Electrical Raceway segment.

Gross profit increased by $27.8 million, or 30.1% to $120.3 million for the three months ended June 29, 2018, as compared to $92.5 million for the prior-year period. Gross margins increased to 24.2% for the three months ended June 29, 2018, as compared to 23.3% for the prior-year period. Gross margins increased primarily due to increased average market prices for the Metal and PVC electrical conduit and fittings product categories, partially offset by the pass-through impact of higher average input costs of copper, steel and freight costs.

Net income increased by $6.7 million, or 24.5% to $34.2 million for the three months ended June 29, 2018 compared to $27.5 million for the prior-year period primarily due to higher operating income of $10.7 million and lower income tax expense of $1.1 million, partially offset by higher interest expense of $6.6 million.

Adjusted EBITDA increased by $14.6 million, or 23.6% to $76.7 million for the three months ended June 29, 2018 compared to $62.0 million for the three months ended June 30, 2017. The increase was primarily due to incremental Adjusted EBITDA from acquisitions during fiscal 2017 and fiscal 2018, increased average market prices for the Metal and PVC electrical conduit and fittings product categories and increased volume of products sold across most product categories, partially offset by higher average input costs of copper, steel and freight, higher incentive-based compensation expense and the Flexhead divestiture.

Diluted earnings per share were $0.70 for the three months ended June 29, 2018, as compared to $0.41 in the prior-year period. Adjusted net income per diluted share increased by $0.37 to $0.86 for the three months ended June 29, 2018, as compared to $0.49 for the prior-year period.

Segment Results

Electrical Raceway

Electrical Raceway Net sales increased by $82.1 million, or 28.5%, to $370.3 million for the three months ended June 29, 2018 compared to $288.3 million for the three months ended June 30, 2017. The increase was primarily due to the pass-through impact of higher average input costs of copper, steel and freight and increased average market prices for the Metal and PVC electrical conduit and fittings product categories of $50.3 million. Additionally, Net sales increased by $31.9 million resulting from acquisitions during fiscal 2017 and fiscal 2018. The increase in Net sales was partially offset by lower volume of products sold of $2.9 million primarily from the armored cable and fittings and flexible electrical conduit and fittings product categories.

Electrical Raceway Adjusted EBITDA for the three months ended June 29, 2018 increased by $24.8 million, or 49.9%, to $74.5 million from $49.7 million for the three months ended June 30, 2017. Adjusted EBITDA margins increased to 20.1% for the three months ended June 29, 2018 compared to 17.2% for the three months ended June 30, 2017. The increase in Adjusted EBITDA was largely due to the pass-through impact of higher average input costs of copper and steel, increased average market prices for the Metal and PVC electrical conduit and fittings product categories and incremental Adjusted EBITDA resulting from acquisitions. The increase in EBITDA was partially offset by an increase in freight costs and lower volume of products from the armored cable and fittings and flexible electrical conduit and fittings product categories sold.

Mechanical Products & Solutions ("MP&S")

MP&S Net sales increased by $18.6 million, or 16.9%, for the three months ended June 29, 2018 to $128.2 million compared to $109.7 million for the three months ended June 30, 2017. The increase was primarily due to $18.3 million of higher volume of products sold within the mechanical pipe and metal framing and fittings product categories as well as higher average selling prices, partly offset by a decrease in Net sales of $5.6 million resulting from the Flexhead divestiture.

MP&S Adjusted EBITDA decreased by $5.4 million, or 30.8%, to $12.0 million for the three months ended June 29, 2018 compared to $17.4 million for the three months ended June 30, 2017. Adjusted EBITDA margins decreased to 9.4% for the three months ended June 29, 2018 compared to 15.8% for the three months ended June 30, 2017. Adjusted EBITDA decreased due to an increase in average input costs, which exceeded the increase in average selling prices, and as a result of the Flexhead divestiture, partially offset by higher volume of product categories sold.

Full-Year 2018 Guidance

The Company is updating its expectation of fiscal year 2018 Adjusted EBITDA to be in the range of $265.0 - $272.0 million and its expectation of fiscal year 2018 Adjusted net income per diluted share to be in the range of $2.65 - $2.70.

Reconciliations of the forward-looking full-year 2018 outlook for Adjusted EBITDA and Adjusted net income per diluted share are not being provided as the Company does not currently have sufficient data to accurately estimate the variables and individual adjustments for such reconciliations.

Conference Call Information

Atkore management will host a conference call today, August 7, 2018, at 8 a.m. Eastern time, to discuss the Company's financial results. The conference call may be accessed by dialing (877) 407-0789 (domestic) or (201) 689-8562 (international). The call will be available for replay until August 21, 2018. The replay can be accessed by dialing (844) 512-2921, or for international callers, (412) 317-6671. The passcode for the live call and the replay is 13681780.

Interested investors and other parties can also listen to a webcast of the live conference call by logging onto the Investor Relations section of the Company's website at http://investors.atkore.com. The online replay will be available on the same website immediately following the call.

To learn more about the Company, please visit the company's website at http://investors.atkore.com.

About Atkore International Group Inc.

Atkore International Group Inc. is a leading manufacturer of Electrical Raceway products primarily for the non-residential construction and renovation markets and Mechanical Products & Solutions for the construction and industrial markets. The Company manufactures a broad range of end-to-end integrated products and solutions that are critical to its customers' businesses and employs approximately 3,600 people at 58 manufacturing and distribution facilities worldwide. The Company is headquartered in Harvey, Illinois.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Federal Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements relating to financial outlook. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or other comparable terms. Forward-looking statements include, without limitation, all matters that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if our results of operations, financial condition and cash flows, and the development of the market in which we operate, are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

A number of important factors, including, without limitation, the risks and uncertainties discussed under the caption "Risk Factors" in our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission ("SEC") on November 29, 2017, in our Quarterly Report on Form 10-Q filed with the SEC on February 6, 2018 and our Quarterly Report on Form 10-Q filed with the SEC on August 7, 2018, could cause actual results and outcomes to differ materially from those reflected in the forward-looking statements. Additional factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation: declines in, and uncertainty regarding, the general business and economic conditions in the United States and international markets in which we operate; weakness or another downturn in the United States non-residential construction industry; changes in prices of raw materials; pricing pressure, reduced profitability, or loss of market share due to intense competition; availability and cost of third-party freight carriers and energy; high levels of imports of products similar to those manufactured by us; changes in federal, state, local and international governmental regulations and trade policies; adverse weather conditions; failure to generate sufficient cash flow from operations or to raise sufficient funds in the capital markets to satisfy existing obligations and support the development of our business; increased costs relating to future capital and operating expenditures to maintain compliance with environmental, health and safety laws; reduced spending by, deterioration in the financial condition of, or other adverse developments with respect to, one or more of our top customers; increases in our working capital needs, which are substantial and fluctuate based on economic activity and the market prices for our main raw materials, including as a result of failure to collect, or delays in the collection of, cash from the sale of manufactured products; work stoppage or other interruptions of production at our facilities as a result of disputes under existing collective bargaining agreements with labor unions or in connection with negotiations of new collective bargaining agreements, as a result of supplier financial distress, or for other reasons; challenges attracting and retaining key personnel or high-quality employees; changes in our financial obligations relating to pension plans that we maintain in the United States; reduced production or distribution capacity due to interruptions in the operations of our facilities or those of our key suppliers; loss of a substantial number of our third-party agents or distributors or a dramatic deviation from the amount of sales they generate; security threats, attacks, or other disruptions to our information systems, or failure to comply with complex network security, data privacy and other legal obligations or the failure to protect sensitive information; possible impairment of goodwill or other long-lived assets as a result of future triggering events, such as declines in our cash flow projections or customer demand; safety and labor risks associated with the manufacture and in the testing of our products; product liability, construction defect and warranty claims and litigation relating to our various products, as well as government inquiries and investigations, and consumer, employment, tort and other legal proceedings; our ability to protect our intellectual property and other material proprietary rights; risks inherent in doing business internationally; our inability to introduce new products effectively or implement our innovation strategies; the inability of our customers to pay off the credit lines extended to them by us in a timely manner and the negative impact on customer relations resulting from our collections efforts with respect to non-paying or slow-paying customers; our inability to continue importing raw materials, component parts and/or finished goods; changes as a result of comprehensive tax reform; the incurrence of liabilities and the issuance of additional debt or equity in connection with acquisitions, joint ventures or divestitures; failure to manage acquisitions successfully, including identifying, evaluating, and valuing acquisition targets and integrating acquired companies, businesses or assets; the incurrence of liabilities in connection with violations of the U.S. Foreign Corrupt Practices Act and similar foreign anti-corruption laws; the incurrence of additional expenses, increase in complexity of our supply chain and potential damage to our reputation with customers resulting from regulations related to "conflict minerals"; disruptions or impediments to the receipt of sufficient raw materials resulting from various anti-terrorism security measures; restrictions contained in our debt agreements; failure to generate cash sufficient to pay the principal of, interest on, or other amounts due on our debt; and other factors described from time to time in documents that we file with the SEC. The Company assumes no obligation to update the information contained herein, which speaks only as of the date hereof.

Non-GAAP Financial Information

This press release includes certain financial information, not prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). Because not all companies calculate non-GAAP financial information identically (or at all), the presentations herein may not be comparable to other similarly titled measures used by other companies. Further, these measures should not be considered substitutes for the performance measures derived in accordance with GAAP. See non-GAAP reconciliations below in this press release for a reconciliation of these measures to the most directly comparable GAAP financial measures.

Adjusted EBITDA and Adjusted EBITDA Margin

We use Adjusted EBITDA and Adjusted EBITDA Margin in evaluating the performance of our business, and we use each in the preparation of our annual operating budgets and as indicators of business performance and profitability. We believe Adjusted EBITDA and Adjusted EBITDA Margin allow us to readily view operating trends, perform analytical comparisons and identify strategies to improve operating performance.

We define Adjusted EBITDA as net income (loss) before: depreciation and amortization, interest expense, net, loss (gain) on extinguishment of debt, income tax expense (benefit), restructuring and impairments, stock-based compensation, consulting fees, multi-employer pension withdrawal, certain legal matters, transaction costs, gain on sale of a business, gain on sale of joint venture and other items, such as inventory reserves and adjustments and realized or unrealized gain (loss) on foreign currency transactions. We believe Adjusted EBITDA, when presented in conjunction with comparable accounting principles generally accepted in the United States of America ("GAAP") measures, is useful for investors because management uses Adjusted EBITDA in evaluating the performance of our business.

We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of Net sales.

Adjusted Net Income and Adjusted Net Income per Share

We use Adjusted net income and Adjusted net income per share in evaluating the performance of our business and profitability. Management believes that these measures provide useful information to investors by offering additional ways of viewing the Company's results that, when reconciled to the corresponding GAAP measure provide an indication of performance and profitability excluding the impact of unusual and or non-cash items. We define Adjusted net income as net income before consulting fees, loss on extinguishment of debt, stock-based compensation, intangible asset amortization, gain on sale of joint venture, certain legal matters and other items. We define Adjusted net income per share as basic and diluted earnings per share excluding the per share impact of consulting fees, loss on extinguishment of debt, stock-based compensation, intangible asset amortization, gain on sale of joint venture, certain legal matters and other items. Beginning in March 2018, the Company has excluded the impact of intangible asset amortization from the calculation of Adjusted Net income. Adjusted net income prepared for periods prior to March 2018 have also been adjusted to reflect this change.

Leverage Ratio - Net debt/Adjusted EBITDA

We define leverage ratio as the ratio of net debt (total debt less cash and cash equivalents) to Adjusted EBITDA on a trailing twelve month ("TTM") basis. We believe the leverage ratio is useful to investors as an alternative liquidity measure.

ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended		Nine months ended	
(in thousands, except per share data)	June 29, 2018	June 30, 2017 As Adjusted*	June 29, 2018	June 30, 2017 As Adjusted*
Net sales	$498,014	$ 397,745	$1,357,572	$ 1,108,127
Cost of sales	377,685	305,260	1,031,219	836,369
Gross profit	120,329	92,485	326,353	271,758
Selling, general and administrative	57,482	42,491	169,195	138,143
Intangible asset amortization	7,694	5,546	24,146	16,628
Operating income	55,153	44,448	133,012	116,987
Interest expense, net	12,442	5,811	28,322	20,872
Loss on extinguishment of debt	—	—	—	9,805
Other income, net	(1,840)	(259)	(27,516)	(6,785)
Income before income taxes	44,551	38,896	132,206	93,095
Income tax expense	10,352	11,431	28,260	29,313
Net income	$ 34,199	$ 27,465	$ 103,946	$ 63,782

Net income per share

Basic	$	0.73	$	0.43	$	1.92	$	1.01
Diluted	$	0.70	$	0.41	$	1.84	$	0.96

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* Adjusted due to the adoption of Accounting Standards Update 2017-07 Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.

ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)	June 29, 2018	September 30, 2017
Assets		
Current Assets:		
Cash and cash equivalents	$ 109,519	$ 45,718
Accounts receivable, less allowance for doubtful accounts of $1,547 and $1,239, respectively	260,564	224,427
Inventories, net	207,535	200,003
Prepaid expenses and other current assets	26,854	35,611
Total current assets	604,472	505,759
Property, plant and equipment, net	212,585	208,619
Intangible assets, net	300,406	344,289
Goodwill	170,340	147,716
Deferred tax assets	—	1,657
Non-trade receivables	6,452	7,052
Total Assets	$1,294,255	$1,215,092
Liabilities and Equity		
Current Liabilities:		

Short-term debt and current maturities of long-term debt	$ 7,630	$ 4,215
Accounts payable	154,331	125,618
Income tax payable	1,808	2,581
Accrued compensation and employee benefits	29,997	26,387
Other current liabilities	59,111	53,036
Total current liabilities	252,877	211,837
Long-term debt	898,509	571,863
Deferred tax liabilities	19,100	17,464
Other long-term tax liabilities	6,544	6,771
Pension liabilities	23,200	25,239
Other long-term liabilities	20,262	21,047
Total Liabilities	1,220,492	854,221
Equity:		
Common stock, $0.01 par value, 1,000,000,000 shares authorized, 45,972,141 and 63,305,434 shares issued and outstanding, respectively	461	634
Treasury stock, held at cost, 260,900 and 260,900 shares, respectively	(2,580)	(2,580)
Additional paid-in capital	443,918	423,232
Accumulated deficit	(348,455)	(42,433)
Accumulated other comprehensive loss	(19,581)	(17,982)
Total Equity	73,763	360,871
Total Liabilities and Equity	$1,294,255	$1,215,092

ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Nine months ended June 29, 2018	Nine months ended June 30, 2017
Operating activities:		
Net income	$ 103,946	$ 63,782
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49,255	40,242
Deferred income taxes	(4,354)	(1,748)
Gain on sale of a business	(27,575)	—
Loss on extinguishment of debt	—	9,805
Stock-based compensation	9,828	9,368
Other adjustments to net income	4,642	(2,457)
Changes in operating assets and liabilities, net of effects from acquisitions		
Accounts receivable	(40,160)	(16,481)
Inventories	(18,038)	(17,486)
Accounts payable	29,420	2,918
Other, net	13,614	(22,160)
Net cash provided by operating activities	120,578	65,783
Investing activities:		
Capital expenditures	(26,314)	(15,284)
Divestiture of business	42,631	—
Acquisition of businesses, net of cash acquired	(3,350)	(19,606)
Proceeds from sale of assets held for sale	—	3,024
Other, net	1,475	74
Net cash provided by (used in) investing activities	14,442	(31,792)
Financing activities:		
Borrowings under credit facility	309,000	—

Repayments under credit facility	(394,000)	—
Repayments of short-term debt	(5,850)	(4,200)
Repayments of long-term debt	(1,217)	(639,850)
Issuance of long-term debt	426,217	498,750
Payment for debt financing costs and fees	(5,801)	(4,375)
Issuance of common stock	10,874	12,069
Repurchase of common stock	(410,157)	—
Other, net	(114)	(15)
Net cash used for financing activities	(71,048)	(137,621)
Effects of foreign exchange rate changes on cash and cash equivalents	(171)	(449)
Increase (decrease) in cash and cash equivalents	63,801	(104,079)
Cash and cash equivalents at beginning of period	45,718	200,279
Cash and cash equivalents at end of period	$ 109,519	$ 96,200
Supplementary Cash Flow information		
Capital expenditures, not yet paid	$ 363	$ 90

ATKORE INTERNATIONAL GROUP INC.
ADJUSTED EBITDA

The following table presents reconciliations of Adjusted EBITDA to net income for the periods presented:

	Three months ended		Nine months ended	
(in thousands)	June 29, 2018	June 30, 2017	June 29, 2018	June 30, 2017
Net income	$ 34,199	$ 27,465	$ 103,946	$ 63,782
Interest expense, net	12,442	5,811	28,322	20,872
Income tax expense	10,352	11,431	28,260	29,313

Depreciation and amortization	16,192	13,341	49,255	40,242
Loss on extinguishment of debt	—	—	—	9,805
Restructuring and impairments	407	(101)	1,245	700
Stock-based compensation	3,494	3,064	9,828	9,368
Certain legal matters	—	—	2,286	7,501
Transaction costs	768	845	2,676	2,543
Gain on sale of a business	(838)	—	(27,575)	—
Gain on sale of joint venture	—	—	—	(5,774)
Other [(a)]	(352)	177	2,249	(10,306)
Adjusted EBITDA	$ 76,664	$ 62,033	$ 200,492	$ 168,046

(a) Represents other items, such as inventory reserves and adjustments, realized or unrealized gain (loss) on foreign currency transactions and release of certain indemnified uncertain tax positions.

ATKORE INTERNATIONAL GROUP INC.
SEGMENT INFORMATION

The following tables represent reconciliations of Net sales and calculations of Adjusted EBITDA Margin by segment for the periods presented:

	Three months ended					
	June 29, 2018			June 30, 2017		
(in thousands)	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin
Electrical Raceway	$370,333	$ 74,461	20.1%	$288,277	$49,661	17.2%
Mechanical Products &						

Solutions	128,239	$ 12,013	9.4%	109,664	$17,363	15.8%
Eliminations	(558)			(196)		
Consolidated operations	$498,014			$397,745		

	Nine months ended					
	June 29, 2018			June 30, 2017		
(in thousands)	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin
Electrical Raceway	$1,011,643	$187,025	18.5%	$ 801,657	$138,465	17.3%
Mechanical Products & Solutions	347,123	$ 39,544	11.4%	307,525	$ 48,601	15.8%
Eliminations	(1,194)			(1,055)		
Consolidated operations	$1,357,572			$1,108,127		

ATKORE INTERNATIONAL GROUP INC.
ADJUSTED NET INCOME PER SHARE

The following table presents reconciliations of Adjusted net income to net income for the periods presented:

	Three months ended		Nine months ended	
(in thousands, except per share data)	June 29, 2018	June 30, 2017 As Adjusted*	June 29, 2018	June 30, 2017 As Adjusted*
Net income	$34,199	$ 27,465	$103,946	$ 63,782
Stock-based compensation	3,494	3,064	9,828	9,368
Intangible asset amortization	7,694	5,546	24,146	16,628
Gain on sale of a business	(838)	—	(27,575)	—

Loss on extinguishment of debt	—	—	—	9,805
Gain on sale of joint venture	—	—	—	(5,774)
Certain legal matters	—	—	2,286	7,501
Other [(a)]	(352)	177	2,249	(10,306)
Pre-tax adjustments to net income	9,998	8,787	10,934	27,222
Tax effect	(2,599)	(3,147)	(2,844)	(9,142)
Adjusted net income	$41,598	$ 33,105	$112,036	$ 81,862
Weighted-Average Diluted Common Shares Outstanding	48,412	66,890	56,015	66,585
Net income per diluted share	$ 0.70	$ 0.41	$ 1.84	$ 0.96
Adjusted net income per diluted share[(b)]	$ 0.86	$ 0.49	$ 2.00	$ 1.23

* Adjusted due to the adoption of Accounting Standards Update 2017-07 Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.

(a) Represents other items, such as inventory reserves and adjustments, realized or unrealized gain (loss) on foreign currency transactions and release of certain indemnified uncertain tax positions.

(b) Beginning in March 2018, the Company has excluded the impact of intangible asset amortization from the calculation of Adjusted net income. Adjusted net income prepared for periods prior to March 2018 have also been adjusted to reflect this change.

ATKORE INTERNATIONAL GROUP INC.
LEVERAGE RATIO

The following table presents reconciliations of Net debt to Total debt for the periods presented:

($ in thousands)	June 29, 2018	September 30, 2017	September 30, 2016	September 25, 2015	September 26, 2014
Short-term debt and current maturities of long-term debt	$ 7,630	$ 4,215	$ 1,267	$ 2,864	$ 42,887

Long-term debt	898,509	571,863	629,046	649,344	649,980
Total debt	906,139	576,078	630,313	652,208	692,867
Less cash and cash equivalents	109,519	45,718	200,279	80,598	33,360
Net debt	$796,620	$530,360	$430,034	$571,610	$659,507
TTM Adjusted EBITDA	$260,054	$227,608	$235,002	$163,949	$126,597
Total debt/TTM Adjusted EBITDA	3.5 x	2.5 x	2.7 x	4.0 x	5.5 x
Net debt/TTM Adjusted EBITDA	3.1 x	2.3 x	1.8 x	3.5 x	5.2 x

ATKORE INTERNATIONAL GROUP INC.
TRAILING TWELVE MONTHS ADJUSTED EBITDA

The following table presents a reconciliation of Adjusted EBITDA for the trailing twelve months ended June 29, 2018:

	TTM	Three months ended			
(in thousands)	June 29, 2018	June 29, 2018	March 30, 2018	December 29, 2017	September 30, 2017
Net income	$124,803	$ 34,199	$ 42,558	$ 27,189	$ 20,857
Interest expense, net	34,048	12,442	9,286	6,594	5,726
Income tax expense	40,433	10,352	15,392	2,516	12,173
Depreciation and amortization	63,740	16,192	15,853	17,210	14,485
Restructuring and impairments	1,801	407	576	262	556
Stock-based compensation	13,248	3,494	2,770	3,564	3,420
Certain legal matters	2,336	—	2,286	—	50
Transaction costs	4,911	768	1,263	645	2,235

Gain on sale of a business	**(27,575)**	**(838)**	**(26,737)**	**—**	**—**
Other	**2,309**	**(352)**	**2,094**	**507**	**60**
Adjusted EBITDA	**$260,054**	**$ 76,664**	**$ 65,341**	**$ 58,487**	**$ 59,562**

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