

atkore INTERNATIONAL

Third Quarter 2019 Earnings Presentation

August 7, 2019

Cautionary Statements

This presentation contains forward-looking statements that are subject to known and unknown risks and uncertainties, many of which are beyond our control. All statements other than statements of historical fact included in this presentation are forward-looking statements. Forward-looking statements appearing throughout this presentation include, without limitation, statements regarding our intentions, beliefs, assumptions or current expectations concerning, among other things, financial position; results of operations; cash flows; prospects; growth strategies or expectations; customer retention; the outcome (by judgment or settlement) and costs of legal, administrative or regulatory proceedings, investigations or inspections, including, without limitation, collective, representative or any other litigation; and the impact of prevailing economic conditions. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" and other comparable terms. 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 presentation. 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 presentation, 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 captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K and the Quarterly Report on Form 10-Q filed with the U.S. Securities and Exchange Commission, could cause actual results and outcomes to differ materially from those reflected in the forward-looking statements. Because of these risks, we caution that you should not place undue reliance on any of our forward-looking statements. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Further, any forward-looking statement speaks only as of the date on which it is made. We undertake no obligation to revise the forward-looking statements in this presentation after the date of this presentation.

Market data and industry information used throughout this presentation are based on management's knowledge of the industry and the good faith estimates of management. We also relied, to the extent available, upon management's review of independent industry surveys, forecasts and publications and other publicly available information prepared by a number of third party sources. All of the market data and industry information used in this presentation involves a number of assumptions and limitations which we believe to be reasonable, and you are cautioned not to give undue weight to such estimates. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. While we believe the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

We present Adjusted EBITDA, Adjusted EBITDA margin (Adjusted EBITDA over Net Sales), Net debt (total debt less cash and cash equivalents), Adjusted Net Income Per Share, and Leverage ratio (net debt or total debt less cash and cash equivalents, over Adjusted EBITDA on trailing twelve month ("TTM") basis) to help us describe our operating and financial performance. Adjusted EBITDA, Adjusted EBITDA margin, Net debt (total debt less cash and cash equivalents), Adjusted Net Income Per Share, and Leverage ratio are non-GAAP financial measures commonly used in our industry and have certain limitations and should not be construed as alternatives to net income, net sales and other income data measures (as determined in accordance with generally accepted accounting principles in the United States, or GAAP), or as better indicators of operating performance. Adjusted EBITDA, Adjusted EBITDA margin, Net debt, Adjusted Net Income Per Share, and Leverage ratio, as defined by us may not be comparable to similar non-GAAP measures presented by other issuers. Our presentation of such measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. See the appendix to this presentation for a reconciliation of Adjusted EBITDA to net income, Adjusted EBITDA Margin, Adjusted Net Income Per Share to Net Income Per Share, net debt to total debt, and Leverage Ratio.

Fiscal Periods - The Company has a fiscal year that ends on September 30th. It is the Company's practice to establish quarterly closings using a 4-5-4 calendar. The Company's fiscal quarters end on the last Friday in December, March and June.

Consolidated Atkore Q3 2019 Highlights

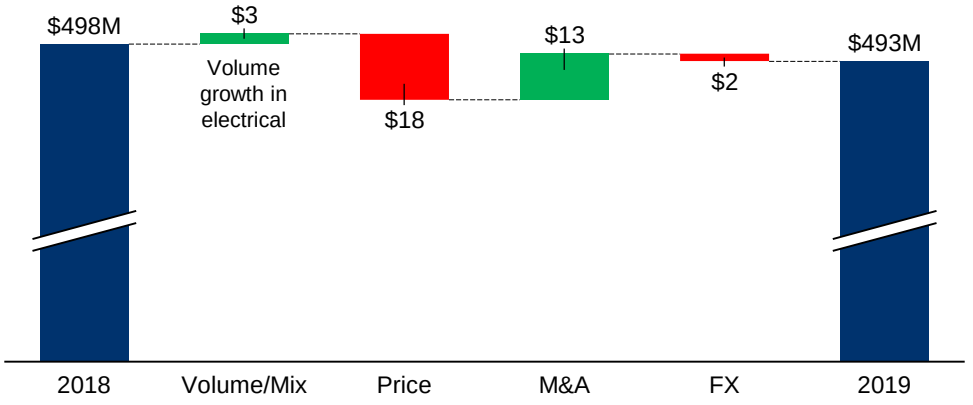
Delivered Adjusted EBITDA above prior guidance range

Solid volume growth in key electrical focus categories offset by project delays in mechanical business

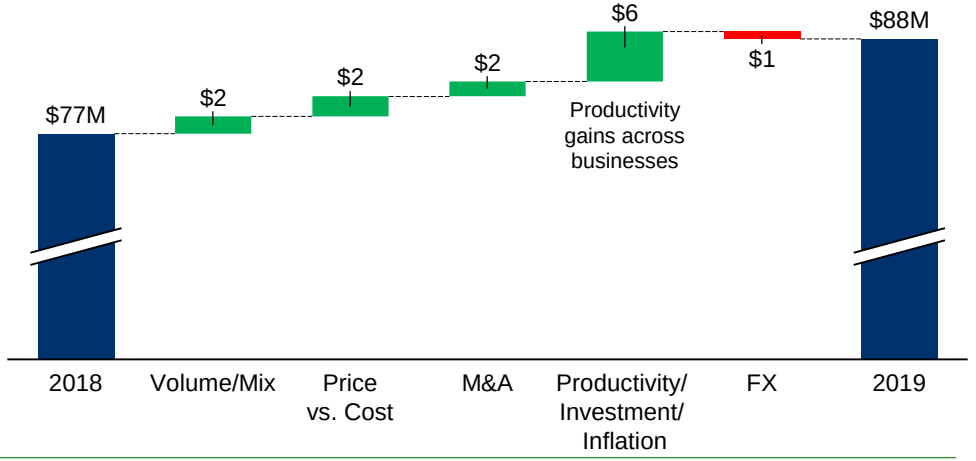
Increasing full year Adjusted EBITDA outlook

Acquired the assets of United Structural Products (“US Tray”), to strengthen Atkore’s position as a leader in the cable tray industry

Q3 Net Sales Bridge



Q3 Adjusted EBITDA Bridge



Consolidated Atkore Q3 2019 Financial Summary

($'s in millions)	Q3 2019	Q3 2018	Y/Y Change
Net Sales	$493.5	$498.0	(0.9%)
Operating Income	$59.2	$55.2	+7.4%
Net Income	$36.6	$34.2	+6.9%
Adjusted EBITDA(1)	$88.5	$76.7	+15.4%
Net Income Margin	7.4%	6.9%	+50 bps
Adjusted EBITDA Margin(2)	17.9%	15.4%	+250 bps
Net Income per Share (Diluted)	$0.75	$0.70	+7.1%
Adjusted Net Income per Share(1) (Diluted)	$1.04	$0.86	+20.9%

Net Sales Growth	
Organic Growth	(3.1%)
Acquisitions/Divestitures	+2.5%
FX	(0.3%)
Total	(0.9%)

(1) See non-GAAP reconciliation in appendix
(2) Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of Net sales

Electrical Raceway Q3 Highlights

Earnings growth driven by productivity improvements and operational efficiency gains

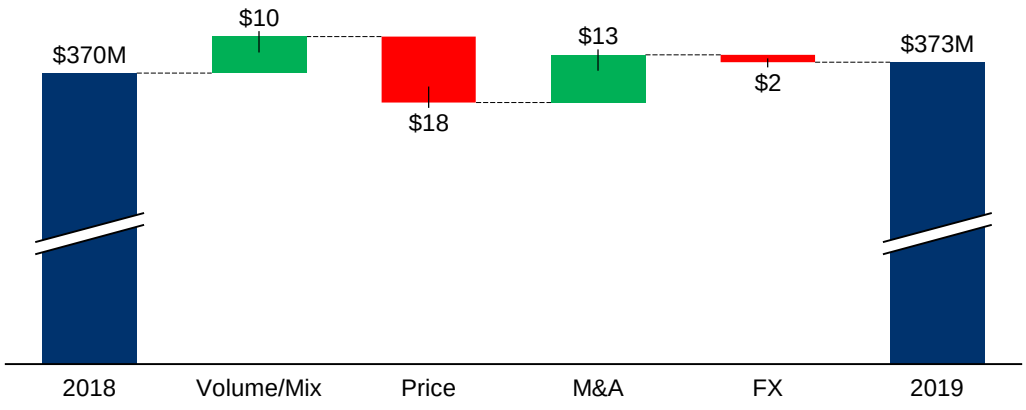
Two new product introductions in the quarter; solid volume growth from focus categories

Integration plan for US Tray on track

Market activity continues to support 2%+ growth expectations

($'s in millions)	Q3 2019	Q3 2018	Y/Y Change
Net Sales	$373.2	$370.3	+0.8%
Adjusted EBITDA	$76.7	$74.5	+3.0%
Adjusted EBITDA Margin	20.6%	20.1%	+50 bps

Q3 Net Sales Bridge



Mechanical Products & Solutions Q3 Highlights

Adjusted EBITDA margin up 770 basis points from third quarter 2018

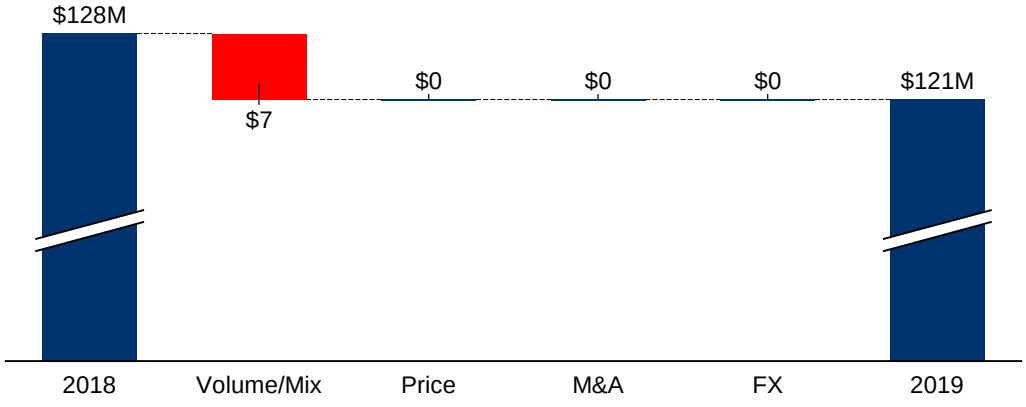
Focus on margin management

Operational improvement initiatives driving sustainable productivity gains

Several large renewable energy projects just starting to ramp volume after experiencing previous delays

($'s in millions)	Q3 2019	Q3 2018	Y/Y Change
Net Sales	$120.6	$128.2	(6.0%)
Adjusted EBITDA	$20.6	$12.0	+71.4%
Adjusted EBITDA Margin	17.1%	9.4%	+770 bps

Q3 Net Sales Bridge

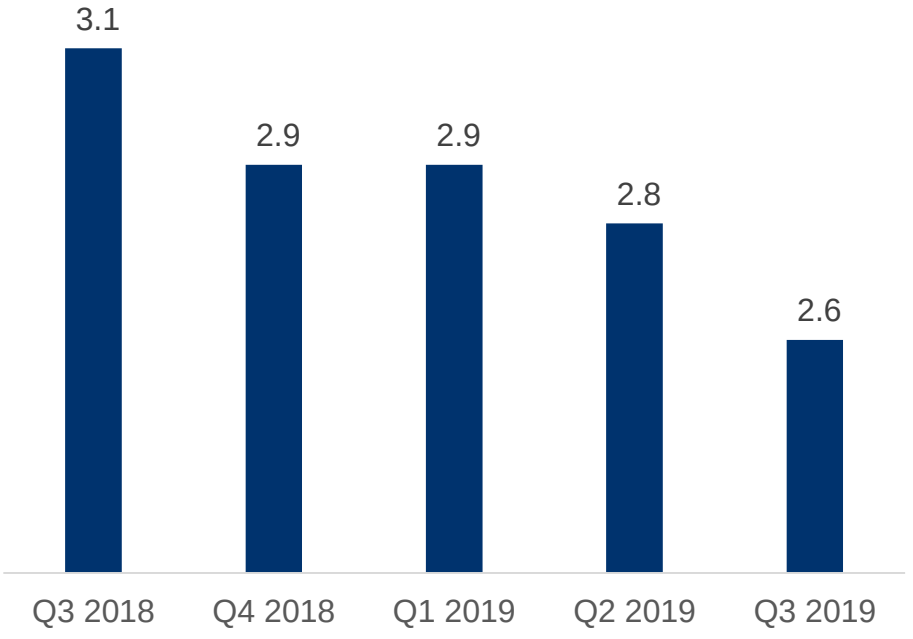


Key Balance Sheet and Cash Flow Metrics

Metrics

($'s in millions)	6/28/2019
Cash and cash equivalents	$100.7
Total Debt	$884.5
Net Debt	$783.8
YTD Net cash from operating activities	$120.2
TTM Adjusted EBITDA(1)	$306.7
Leverage Ratio(1)	
Total debt / TTM Adjusted EBITDA(1)	2.9
Net debt / TTM Adjusted EBITDA(1)	2.6

Leverage Ratio(1)



Leverage ratio continues to improve; approaching long-term target of ~2x

(1) Leverage ratio and TTM Adjusted EBITDA reconciliations for all periods above can be found either in the appendix, Exhibit 99.1 to form 8-K filed May 7, 2019, Exhibit 99.1 to form 8-K filed February 6, 2019, Exhibit 99.1 to form 8-K filed November 28, 2018 or Exhibit 99.1 to form 8-K filed August 7, 2018.

2019 Financial Outlook Summary

		Q4 2019	Updated FY19	Changes to FY19
Electrical Raceway Segment	Volume		+2%	- / (2%)
	Adjusted EBITDA*	$74 - $79M	$287 - $292M	+$7M / +$2M
Mechanical Products & Solutions Segment	Volume		(1%) - flat	(1%) / (2%)
	Adjusted EBITDA*	$13 - $17M	$62 - $66M	+$5M / +$4M
Consolidated Atkore	Adjusted EBITDA*	$81 - $86M	$317 - $322M	+$17M / +$12M
	Adjusted EPS*	$0.94 - $1.02	$3.55 - $3.63	+$0.30 / +$0.23
	Interest Expense	$13M	$52M	-
	Tax Rate	25%	25%	-
	Capital Expenditures	$10 - $15M	$32 - $37M	($3M) / ($3M)
	Diluted Shares**	47	47	(1)

* Reconciliation of the forward-looking full-year 2019 outlook for Adjusted EBITDA and Adjusted EPS is not being provided as the Company does not currently have sufficient data to accurately estimate the variables and individual adjustments for such reconciliation.
** Represents weighted-average shares outstanding in millions used in calculation of Adjusted EPS guidance.

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Appendix

Segment Information

	Three months ended					
	June 28, 2019			June 29, 2018		
(in thousands)	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin
Electrical Raceway	$ 373,229	$ 76,721	20.6 %	$ 370,333	$ 74,461	20.1 %
Mechanical Products & Solutions	120,596	20,595	17.1 %	128,239	12,013	9.4 %
Eliminations	(334)			(558)		
Consolidated operations	$ 493,491			$ 498,014		

	Nine months ended					
	June 28, 2019			June 29, 2018		
(in thousands)	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin	Net sales	Adjusted EBITDA	Adjusted EBITDA Margin
Electrical Raceway	$ 1,070,149	$ 212,585	19.9 %	$ 1,011,643	$ 187,025	18.5 %
Mechanical Products & Solutions	345,599	48,903	14.2 %	347,123	39,544	11.4 %
Eliminations	(920)			(1,194)		
Consolidated operations	$ 1,414,828			$ 1,357,572		

Adjusted Earnings Per Share Reconciliation

Consolidated Atkore International Group Inc.

	Three months ended		Nine months ended	
(in thousands, except per share data)	**June 28, 2019**	**June 29, 2018**	**June 28, 2019**	**June 29, 2018**
Net income	$ 36,550	$ 34,199	$ 93,054	$ 103,946
Stock-based compensation	4,120	3,494	8,936	9,828
Intangible asset amortization	7,868	7,694	24,278	24,146
Gain on sale of a business	—	(838)	—	(27,575)
Certain legal matters	—	—	—	2,286
Other [(a)]	5,371	(352)	8,213	2,249
Pre-tax adjustments to net income	17,359	9,998	41,427	10,934
Tax effect	(4,253)	(2,599)	(10,150)	(2,843)
Adjusted net income	$ 49,656	$ 41,598	$ 124,331	$ 112,037
Weighted-Average Diluted Common Shares Outstanding	47,557	48,412	47,735	56,015
Net income per diluted share	$ 0.75	$ 0.70	$ 1.90	$ 1.84
Adjusted net income per diluted share	$ 1.04	$ 0.86	$ 2.60	$ 2.00

(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.

Net Income to Adjusted EBITDA Reconciliation

Consolidated Atkore International Group Inc.

(in thousands)	Three months ended		Nine months ended	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Net income	$ 36,550	$ 34,199	$ 93,054	$ 103,946
Interest expense, net	12,789	12,442	38,277	28,322
Income tax expense	11,106	10,352	29,513	28,260
Depreciation and amortization	17,760	16,192	54,061	49,255
Restructuring and impairments	709	407	3,181	1,245
Stock-based compensation	4,120	3,494	8,936	9,828
Certain legal matters	—	—	—	2,286
Transaction costs	76	768	363	2,676
Gain on sale of a business	—	(838)	—	(27,575)
Other [(a)]	5,371	(352)	8,213	2,249
Adjusted EBITDA	$ 88,481	$ 76,664	$ 235,598	$ 200,492

(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.

Net Income to Adjusted EBITDA Reconciliation

Consolidated Atkore International Group Inc.

(in thousands)	TTM June 28, 2019	Three months ended June 28, 2019	March 29, 2019	December 28, 2018	September 30, 2018
Net income	$ 125,753	$ 36,550	$ 29,555	$ 26,949	$ 32,699
Interest expense, net	50,649	12,789	13,328	12,160	12,372
Income tax expense	30,960	11,106	10,253	8,154	1,447
Depreciation and amortization	71,698	17,760	18,280	18,021	17,637
Restructuring and impairments	3,785	709	1,085	1,387	604
Stock-based compensation	13,772	4,120	1,834	2,982	4,836
Certain legal matters	(7,119)	—	—	—	(7,119)
Transaction costs	7,001	76	123	164	6,638
Gain on sale of a business	—	—	—	—	—
Other[(a)]	10,157	5,371	2,636	206	1,944
Adjusted EBITDA	$ 306,656	$ 88,481	$ 77,094	$ 70,023	$ 71,058

(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.

Net Debt to Total Debt and Leverage Ratio

Consolidated Atkore International Group Inc.

($ in thousands)	June 28, 2019	March 29, 2019	December 28, 2018	September 30, 2018	June 29, 2018
Short-term debt and current maturities of long-term debt	$ —	$ —	$ 26,561	$ 26,561	$ 7,630
Long-term debt	884,503	884,095	878,094	877,686	898,509
Total debt	884,503	884,095	904,655	904,247	906,139
Less cash and cash equivalents	100,734	51,498	75,919	126,662	109,519
Net debt	$ 783,769	$ 832,597	$ 828,736	$ 777,585	$ 796,620
TTM Adjusted EBITDA	$ 306,656	$ 294,839	$ 283,086	$ 271,549	$ 260,054
Total debt/TTM Adjusted EBITDA	2.9 x	3.0 x	3.2 x	3.3 x	3.5 x
Net debt/TTM Adjusted EBITDA	2.6 x	2.8 x	2.9 x	2.9 x	3.1 x