

atkore INTERNATIONAL

First Quarter 2020 Earnings Presentation

February 4, 2020

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, Free Cash Flow (cash flow from operating activities less capital expenditures) 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.

Q1 2020 Highlights and Financial Summary

Delivered Net Income of $35M

Increased Adjusted EBITDA by 11%, or $7.7M in year over year improvement

Reduced Net Debt/TTM Adjusted EBITDA to 2.1x

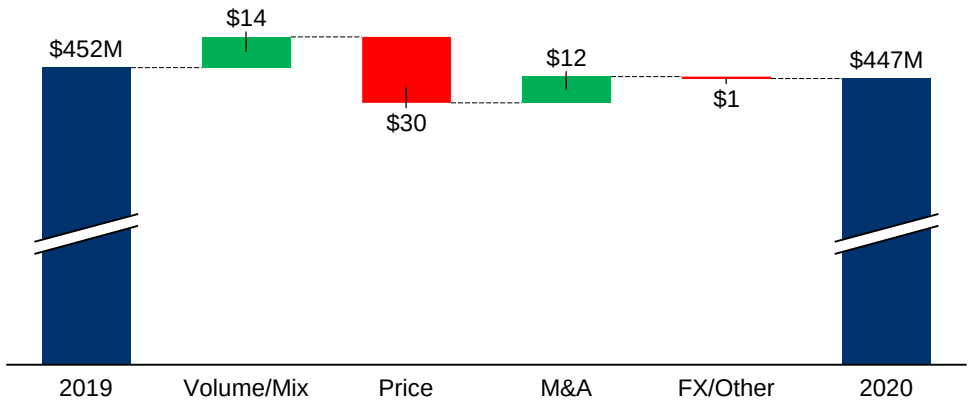
Operating Cash Flow of $52M; Free Cash Flow(1) of $42M, up 27% versus prior year

($'s in millions)	Q1 2020	Q1 2019	Y/Y Change
Net Sales	$447.4	$452.0	(1.0%)
Operating Income	$52.5	$45.7	15.0%
Net Income	$34.8	$26.9	29.1%
Adjusted EBITDA(1)	$77.7	$70.0	11.0%
Adjusted EBITDA Margin(2)	17.4%	15.5%	+190 bps
Net Income per Share (Diluted)	$0.71	$0.54	31.5%
Adjusted Net Income per Share(1) (Diluted)	$0.94	$0.74	27.0%

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

Consolidated Atkore Q1 2020 Bridges

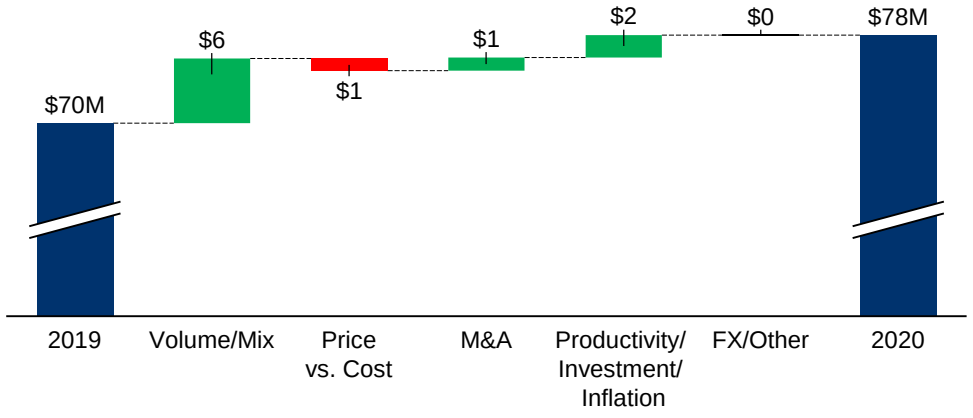
Q1 Net Sales Bridge



Net Sales Growth

Volume/Mix	+3.1%
Price	(6.6%)
Acquisitions/Divestitures	+2.7%
FX/Other	(0.2%)
Total	(1.0%)

Q1 Adjusted EBITDA Bridge



Highlights

- 3% volume growth with contributions from both segments
- Adjusted EBITDA gains driven by profitable volume growth and operational improvement initiatives

Electrical Raceway Q1 Highlights

Volume growth of 2% led by PVC products

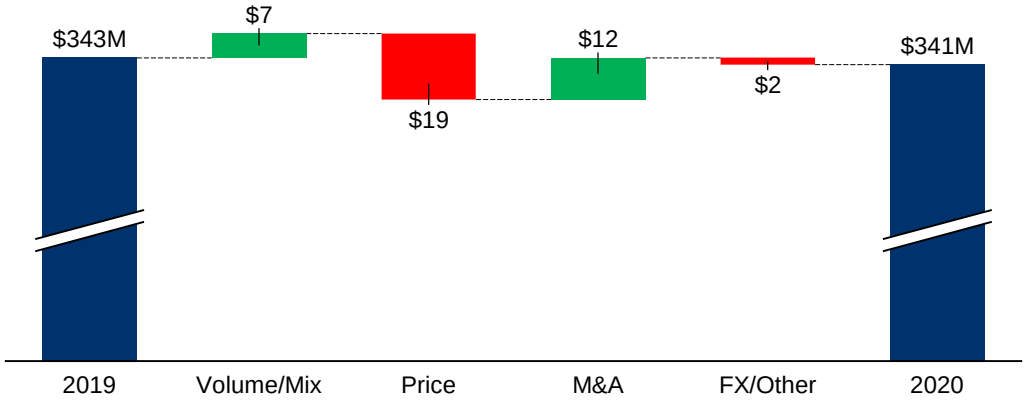
Launched three new product lines of diecast fittings

Continue to see above market growth from our focused product categories

Adjusted EBITDA margins increased 70 bps to 20.6%

($'s in millions)	Q1 2020	Q1 2019	Y/Y Change
Net Sales	$341.4	$343.4	(0.6%)
Adjusted EBITDA	$70.2	$68.5	2.5%
Adjusted EBITDA Margin	20.6%	19.9%	+70 bps

Q1 Net Sales Bridge



Mechanical Products & Solutions Q1 Highlights

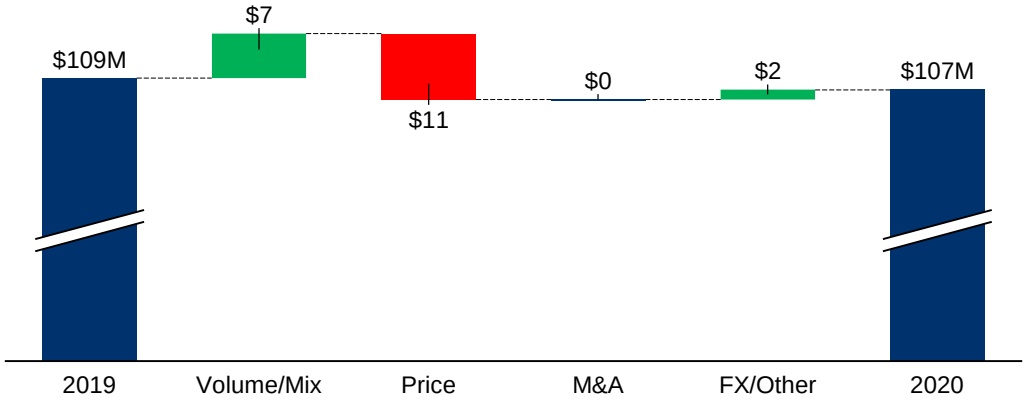
Strong volume growth of ~7% led by continued ramp of large renewable projects and solid execution across the portfolio

Adjusted EBITDA margins increased 560 bps up to 15.6%

Focused on expanding product offerings as well as selling value-add solutions to customers

($'s in millions)	Q1 2020	Q1 2019	Y/Y Change
Net Sales	$106.7	$108.8	(2.0%)
Adjusted EBITDA	$16.7	$10.9	53.0%
Adjusted EBITDA Margin	15.6%	10.0%	+560 bps

Q1 Net Sales Bridge

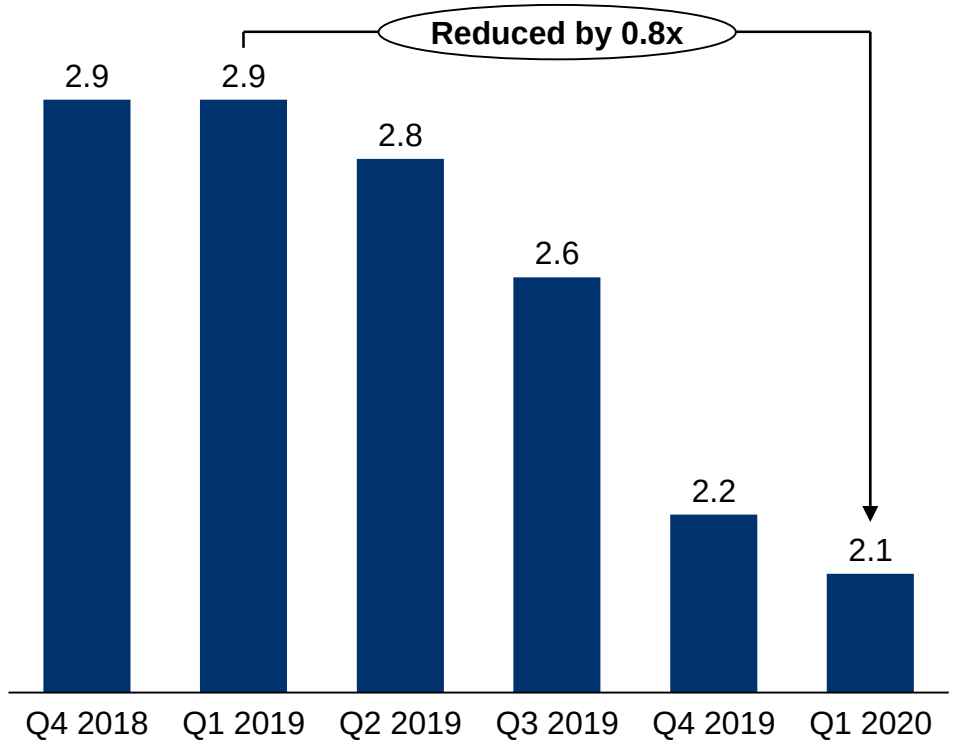


Key Balance Sheet and Cash Flow Metrics

Metrics

($'s in millions)	12/27/2019
Cash and cash equivalents	$164.1
Total Debt	$845.2
Net Debt	$681.1
YTD Net cash from operating activities	$52.2
YTD Capital expenditures	$9.8
YTD Free cash flow(1)	$42.4
TTM Adjusted EBITDA(2)	$332.1
Leverage Ratio(1)	
Total debt / TTM Adjusted EBITDA(2)	2.5
Net debt / TTM Adjusted EBITDA(2)	2.1

Leverage Ratio(2)



Reduced leverage ratio by 0.8x versus prior year

(1) Free Cash Flow defined as Net cash from operating activities less capital expenditures.
(2) Leverage ratio and TTM Adjusted EBITDA reconciliations for all periods above can be found either in the appendix, or in Exhibit 99.1 to form 8-K filed on February 4, 2020, November 22, 2019, August 8, 2019, May 7, 2019, February 6, 2019, or November 28, 2018.

Financial Outlook Summary

		Q2 2020	FY 2020	Changes to FY 2020
Electrical Raceway Segment	Volume		+1 to 2%	-
	Adjusted EBITDA*	$72 - $77M	$308 - $318M	+$5M / +$5M
Mechanical Products & Solutions Segment	Volume		+1 to 3%	-
	Adjusted EBITDA*	$15 - $19M	$70 - $75M	-
Consolidated Atkore	Adjusted EBITDA*	$80 - $85M	$340 - $350M	+$5M / +$5M
	Adjusted EPS*	$0.90 - $0.95	$3.95 - $4.05	+$0.15 / +$0.15
	Interest Expense	$11 - $12M	$43 - $47M	-
	Tax Rate	~25%	~25%	-
	Capital Expenditures	$12 - $14M	$40 - $45M	-
	Diluted Shares**	~48	~48	(1)

* Reconciliation of the forward-looking full-year 2020 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 outlook.

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Appendix

Segment Information

(in thousands)	Three months ended December 27, 2019 Net sales	Adjusted EBITDA	Adjusted EBITDA Margin	Three months ended December 28, 2018 Net sales	Adjusted EBITDA	Adjusted EBITDA Margin
Electrical Raceway	$ 341,376	$ 70,193	20.6 %	$ 343,406	$ 68,489	19.9 %
Mechanical Products & Solutions	106,660	16,654	15.6 %	108,813	10,887	10.0 %
Eliminations	(588)			(191)		
Consolidated operations	$ 447,448			$ 452,028		

Adjusted Earnings Per Share Reconciliation

Consolidated Atkore International Group Inc.

(in thousands, except per share data)	Three months ended December 27, 2019	Three months ended December 28, 2018
Net income	$ 34,790	$ 26,949
Stock-based compensation	3,123	2,982
Intangible asset amortization	8,113	8,214
Other [(a)]	2,836	206
Pre-tax adjustments to net income	14,072	11,402
Tax effect	(3,518)	(2,793)
Adjusted net income	$ 45,344	$ 35,558
Weighted-Average Diluted Common Shares Outstanding	47,999	48,283
Net income per diluted share	$ 0.71	$ 0.54
Adjusted net income per diluted share	$ 0.94	$ 0.74

(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 December 27, 2019	Three months ended December 28, 2018
Net income	$ 34,790	$ 26,949
Interest expense, net	10,620	12,160
Income tax expense	7,340	8,154
Depreciation and amortization	18,730	18,021
Restructuring charges	220	1,387
Stock-based compensation	3,123	2,982
Transaction costs	51	164
Other [(a)]	2,836	206
Adjusted EBITDA	$ 77,710	$ 70,023

(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.

Trailing Twelve Month Adjusted EBITDA Reconciliation

Consolidated Atkore International Group Inc.

(in thousands)	TTM December 27, 2019	Three months ended December 27, 2019	September 30, 2019	June 28, 2019	March 29, 2019
Net income	$ 146,892	$ 34,790	$ 45,997	$ 36,550	$ 29,555
Interest expense, net	48,933	10,620	$ 12,196	12,789	13,328
Income tax expense	44,804	7,340	$ 16,105	11,106	10,253
Depreciation and amortization	73,056	18,730	$ 18,286	17,760	18,280
Restructuring charges	2,637	220	$ 623	709	1,085
Stock-based compensation	11,939	3,123	$ 2,862	4,120	1,834
Transaction costs	1,087	51	$ 837	76	123
Gain on purchase of a business	(7,384)	—	$ (7,384)	—	—
Other[(a)]	10,131	2,836	$ (712)	5,371	2,636
Adjusted EBITDA	$ 332,095	$ 77,710	$ 88,810	$ 88,481	$ 77,094

(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)	December 27, 2019	September 30, 2019	June 28, 2019	March 29, 2019	December 28, 2018	September 30, 2018
Short-term debt and current maturities of long-term debt	$ —	$ —	$ —	$ —	$ 26,561	$ 26,561
Long-term debt	845,243	845,317	884,503	884,095	878,094	877,686
Total debt	845,243	845,317	884,503	884,095	904,655	904,247
Less cash and cash equivalents	164,135	$ 123,415	100,734	51,498	75,919	$ 126,662
Net debt	$ 681,108	$ 721,902	$ 783,769	$ 832,597	$ 828,736	$ 777,585
TTM Adjusted EBITDA [(a)]	$ 332,095	$ 324,408	$ 306,656	$ 294,839	$ 283,086	$ 271,549
Total debt/TTM Adjusted EBITDA	2.5 x	2.6 x	2.9 x	3.0 x	3.2 x	3.3 x
Net debt/TTM Adjusted EBITDA	2.1 x	2.2 x	2.6 x	2.8 x	2.9 x	2.9 x

(a) TTM Adjusted EBITDA is equal to the sum of Adjusted EBITDA for the trailing four quarter period. The reconciliation of Adjusted EBITDA for the quarter ended June 28, 2019 can be found in Exhibit 99.1 to form 8-K filed August 7, 2019 and is incorporated by reference herein. The reconciliation of Adjusted EBITDA for the quarter ended March 29, 2019 can be found in Exhibit 99.1 to form 8-K filed May 7, 2019 and is incorporated by reference herein. The reconciliation of Adjusted EBITDA for the quarter ended December 28, 2018 can be found in Exhibit 99.1 to form 8-K filed February 6, 2019 and is incorporated by reference herein. The reconciliation of Adjusted EBITDA for the years ended September 30, 2019 and September 30, 2018 can be found in Exhibit 99.1 to form 8-K filed November 22, 2019 and is incorporated by reference herein.

Free Cash Flow Reconciliation

Consolidated Atkore International Group Inc.

(in thousands)	Three months ended December 27, 2019	Three months ended December 28, 2018
Net cash provided by operating activities	$ 52,173	$ 40,277
Capital Expenditures	(9,809)	(6,875)
Free Cash Flow	$ 42,364	$ 33,402