Forterra Announces Definitive Agreement with Thompson Pipe Group

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Thompson Pipe Group to Acquire Forterra's U.S. Concrete and Steel Pressure Pipe Assets

Forterra to Acquire Thompson Pipe's Drainage Pipe & Products Manufacturing Facility with a Strategic Position in Houston Market

IRVING, Texas, June 26, 2017 (GLOBE NEWSWIRE) -- Forterra, Inc. ("Forterra" or the "Company") (Nasdaq:FRTA), a leading manufacturer of water infrastructure pipe and products in the United States and Eastern Canada, today announced it has entered into a definitive agreement to sell the U.S. concrete and steel pressure pipe assets of its Water Pipe and Products business segment to Thompson Pipe Group. The transaction is subject to customary closing conditions and is expected to close in the third quarter of 2017.

Under the terms of the agreement, an affiliate of Thompson Pipe Group will acquire assets related to five Forterra manufacturing facilities and a fittings facility. Forterra will receive approximately $23.2 million in cash, exclusive of fees and expenses, as well as assets relating to a drainage pipe and products manufacturing facility located in Conroe, Texas, which primarily serves the Houston market. The Company intends to use the net proceeds from the transaction to pay down debt. The transaction is expected to be immediately accretive to the Company's earnings, margins and cash flows.

"After a review of strategic alternatives to enhance shareholder value, we are pleased to reach this agreement with Thompson Pipe Group," said Jeff Bradley, CEO of Forterra. "We believe this transaction, which includes not only the divestiture of non-core assets, but also the acquisition of a drainage pipe and products facility in the large Houston market, will enable us to sharpen our focus on our core business and high-margin growth opportunities and more efficiently allocate capital to execute our strategic objectives."

Key Transaction Rationale

• Expected to be immediately accretive to Forterra's earnings, margins and cash flows:

- Eliminates significant working capital requirements associated with contracts with uncertain delivery schedules; and
- Reduces expected maintenance capital expenditure requirements.

• Acquisition of Houston-area plant bolsters Forterra's strategic position in a large and growing market, and will become part of Forterra's Drainage Pipe and Products business segment.

• With the asset sale, Forterra will focus on its core drainage and ductile iron pipe product lines with favorable end-market fundamentals:

- The Company's U.S. concrete and steel pressure pipe assets have minimal synergies with the remaining core business due to limited customer overlap, separate manufacturing facilities and a different manufacturing process.

• Exits a business with unfavorable market dynamics in the United States:

- Long-term projects subject to customer delays can create earnings volatility; and
- Narrow market segment with significant competition and limited near-term catalysts for improvement in demand.

Financial Summary

The following is a summary of certain financial information for the U.S. Concrete and Steel Pressure Pipe assets to be sold in the transaction:

• For the year ended December 31, 2016, net sales were $99.7 million, net loss was $1.6 million and Adjusted EBITDA[1] was $1.4 million

• For the quarter ended March 31, 2016 as compared to the quarter ended March 31, 2017, net sales declined from $30.0 million to $27.7 million, net income of $1.0 million declined to a net loss of $6.1 million and Adjusted EBITDA[1] of $1.9 million declined to a loss of $5.5 million

About Forterra

Forterra, Inc. (Nasdaq:FRTA) is a leading manufacturer of water and drainage pipe and products in the U.S. and Eastern Canada for a variety of water-related infrastructure applications, including water transmission, distribution, drainage and stormwater management. Based in Irving, Texas, Forterra's product breadth and scale help make it a one-stop shop for water-related pipe and products, and a preferred supplier to a wide variety of customers, including contractors, distributors and municipalities. For more information on Forterra, visit forterrabp.com.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements. Forward-looking statements may be identified by the use of words such as "anticipate", "believe", "expect", "estimate", "plan", "outlook", and "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on historical information available at the time the statements are made and are based on management's reasonable belief or expectations with respect to future events, and are subject to risks and uncertainties, many of which are beyond the Company's control, that could cause actual performance or results to differ materially from the belief or expectations expressed in or suggested by the forward-looking statements. Forward-looking statements speak only as of the date on which they are made and the Company undertakes no obligation to update any forward-looking statement to reflect future events, developments or otherwise, except as may be required by applicable law. Investors are referred to the Company's filings with the Securities and Exchange Commission for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed in any forward-looking statement.

[1] Adjusted EBITDA is a non-GAAP measure. See Appendix A for how we define this measure, a discussion of why we believe it is useful and reconciliation thereof to the most directly comparable GAAP financial measure.

Appendix A

Reconciliation of Non-GAAP Measure (Unaudited)

In addition to results calculated under generally accepted accounting principles in the United States ("GAAP"), in this press release we also present adjusted EBITDA. Adjusted EBITDA is a non-GAAP measure and has been presented in this press release as a supplemental measure of financial performance that is not required by, or presented in accordance with GAAP. We calculate adjusted EBITDA as net income (loss) before interest expense, income tax benefit (expense), depreciation and amortization and before impairment and restructuring charges, (gains)/losses on the sale of property, plant and equipment and certain other income and expenses, such as transaction costs, carve-out costs related to our separation from HeidelbergCement and costs associated with disposed sites.

Adjusted EBITDA is presented in this press release because it is an important metric used by management as one of the means by which it assesses our financial performance. Adjusted EBITDA is also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We use adjusted EBITDA as a supplement to GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, to allocate resources and to compare our performance relative to our peers. Adjusted EBITDA is also an important measure for assessing our operating results and evaluating operating performance on a consistent basis, by excluding the impacts of depreciation, amortization, income tax expense, interest expense and other items not indicative of ongoing operating performance. Additionally, this measure, when used in conjunction with related GAAP financial measures, provides investors with additional financial analytical framework which management uses, in addition to historical operating results, as the basis for financial, operational and planning decisions and present measurements that third parties have indicated are useful in assessing the Company and its results of operations.

Adjusted EBITDA has certain limitations. Adjusted EBITDA should not be considered as an alternative to net income or as a substitute for any other measure of financial performance calculated in accordance with GAAP. This measure also should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items for which these non-GAAP measures make adjustments. Adjusted EBITDA is not intended to be a liquidity measure because of certain limitations such as: (i) it does not reflect cash outlays for capital expenditures or future contractual commitments; (ii) it does not reflect changes in, or cash requirements for, working capital; (iii) it does not reflect interest expense, or the cash requirements necessary to service interest, or principal payments, on indebtedness; (iv) it does not reflect income tax expense or the tax necessary to pay income taxes; and (v) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and this non-GAAP measure does not reflect cash requirements for such replacements.

Other companies, including other companies in our industry, may not use this measure or may calculate this measure differently than as presented in this press release, limiting its usefulness as a comparative measure. In evaluating adjusted EBITDA, you should be aware that in the future we will incur expenses that are the same as or similar to some of the adjustments made in the calculations below and the presentation of adjusted EBITDA should not be construed to mean that our future results will be unaffected by such adjustments. Management compensates for these limitations by using adjusted EBITDA as a supplemental financial metric and in conjunction with results prepared in accordance with GAAP.

Forterra's U.S. Concrete and Steel Pressure Pipe Assets

Reconciliation of net income (loss) to adjusted EBITDA

($ in thousands)

	Three months ended March 31,		Year ended December 31,
	2017	**2016**	**2016**
	unaudited		
Net income (loss)	$ (6,071)	$ 956	$ (1,594)
Interest expense	6	-	931
Depreciation and amortization	750	985	3,639
Income tax expense	-	-	1,828
EBITDA	(5,315)	1,941	4,804
(Gain) loss on sale of property, plant & equipment, net[1]	358	-	(129)
Non-cash compensation[2]	19	-	-
Other (gains) expenses[3]	(538)	-	(3,263)
Adjusted EBITDA	$ (5,476)	$ 1,941	$ 1,412

[1] (Gain) loss on sale of property, plant and equipment, primarily related to the disposition of manufacturing facilities.

[2] Non-cash equity compensation expense.

[3] Other (gains) losses, such as gain on insurance proceeds related to the destruction of property.

CONTACT:

Matt Brown
Executive Vice President, Chief Financial Officer
Forterra, Inc.
469.299.9113
IR@forterrabp.com

Forterra, Inc.