



Value Times Three

Grant's Spring Conference
April 7, 2015



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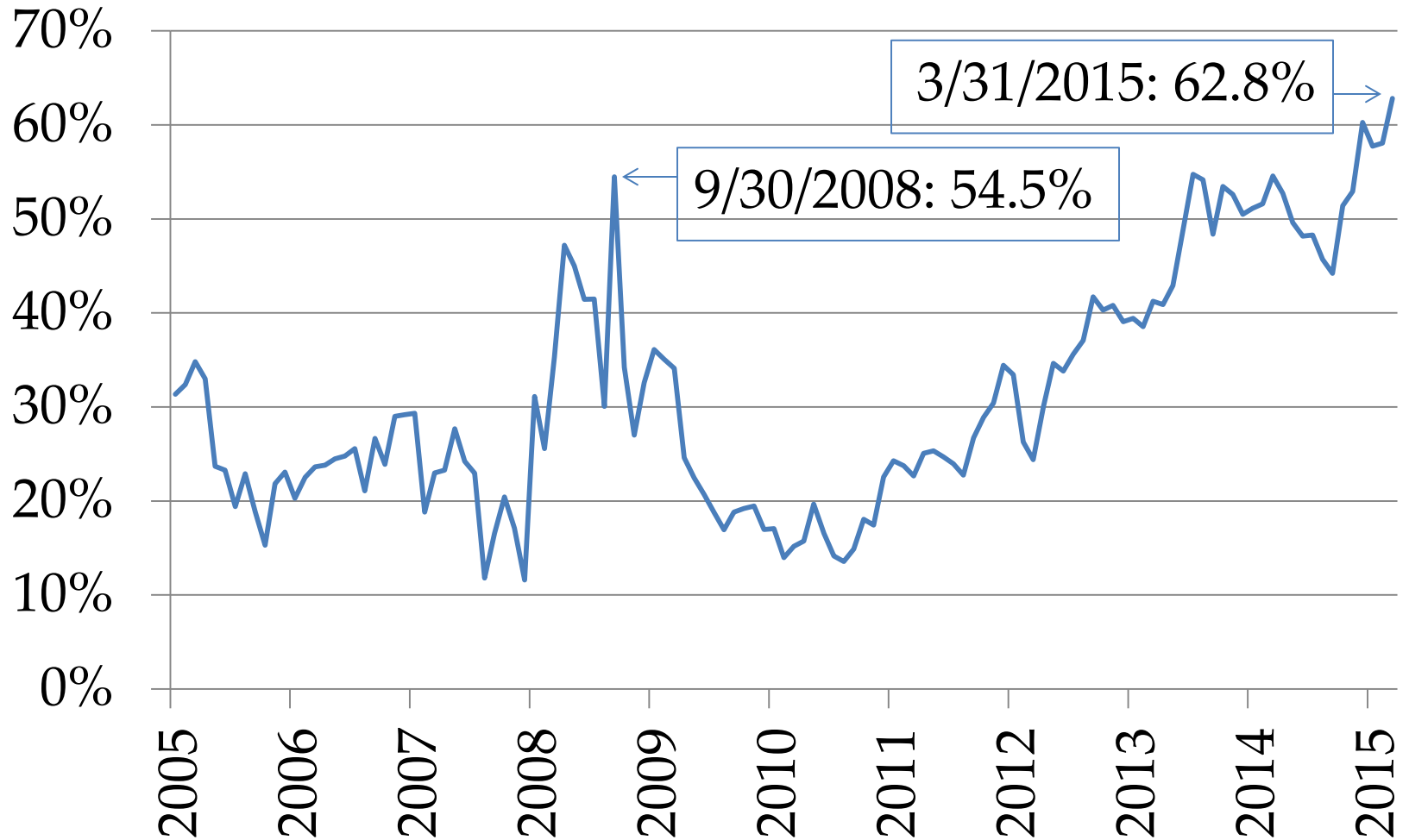
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Mountain Lake Partners

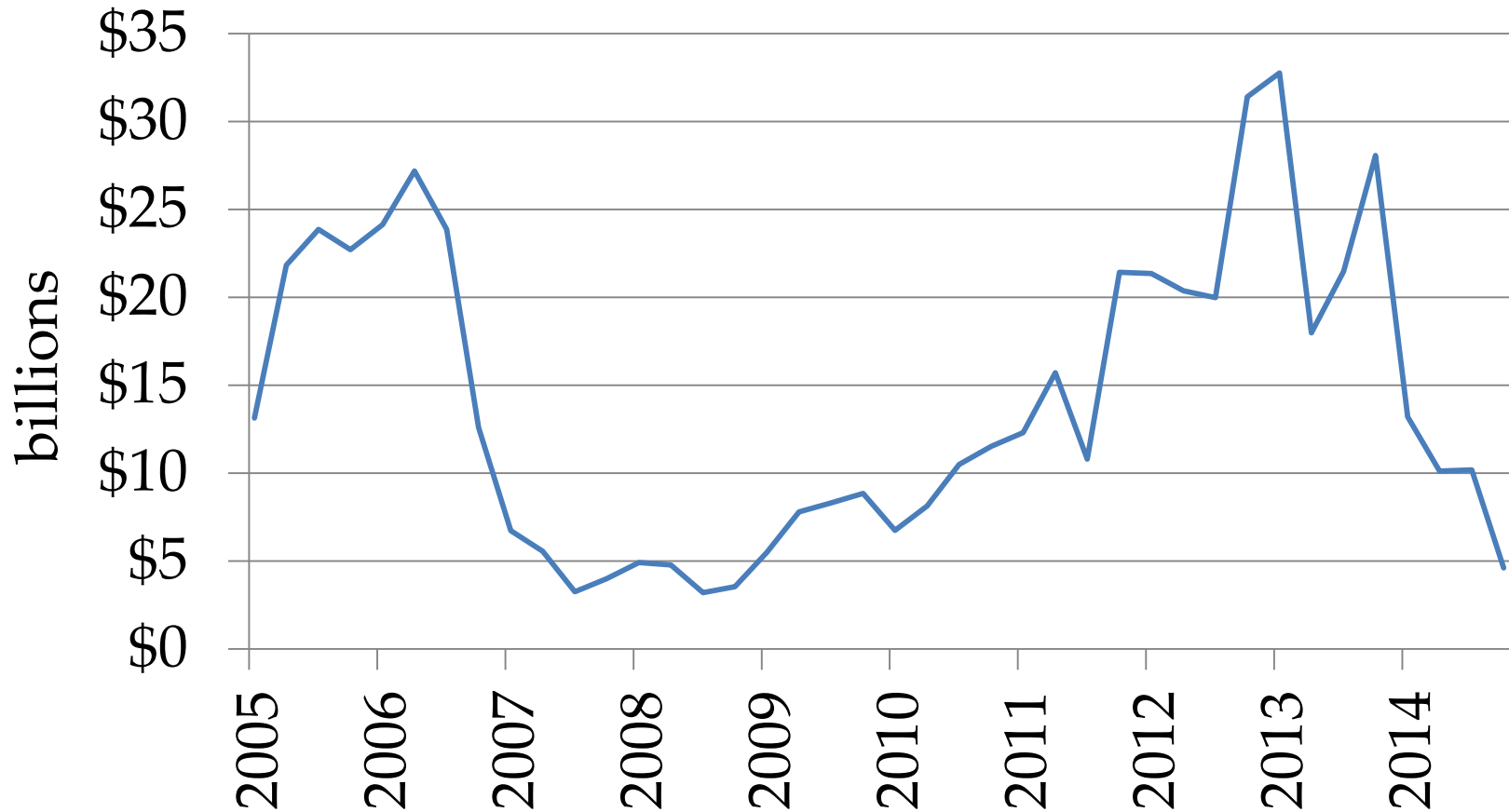
Cash Position





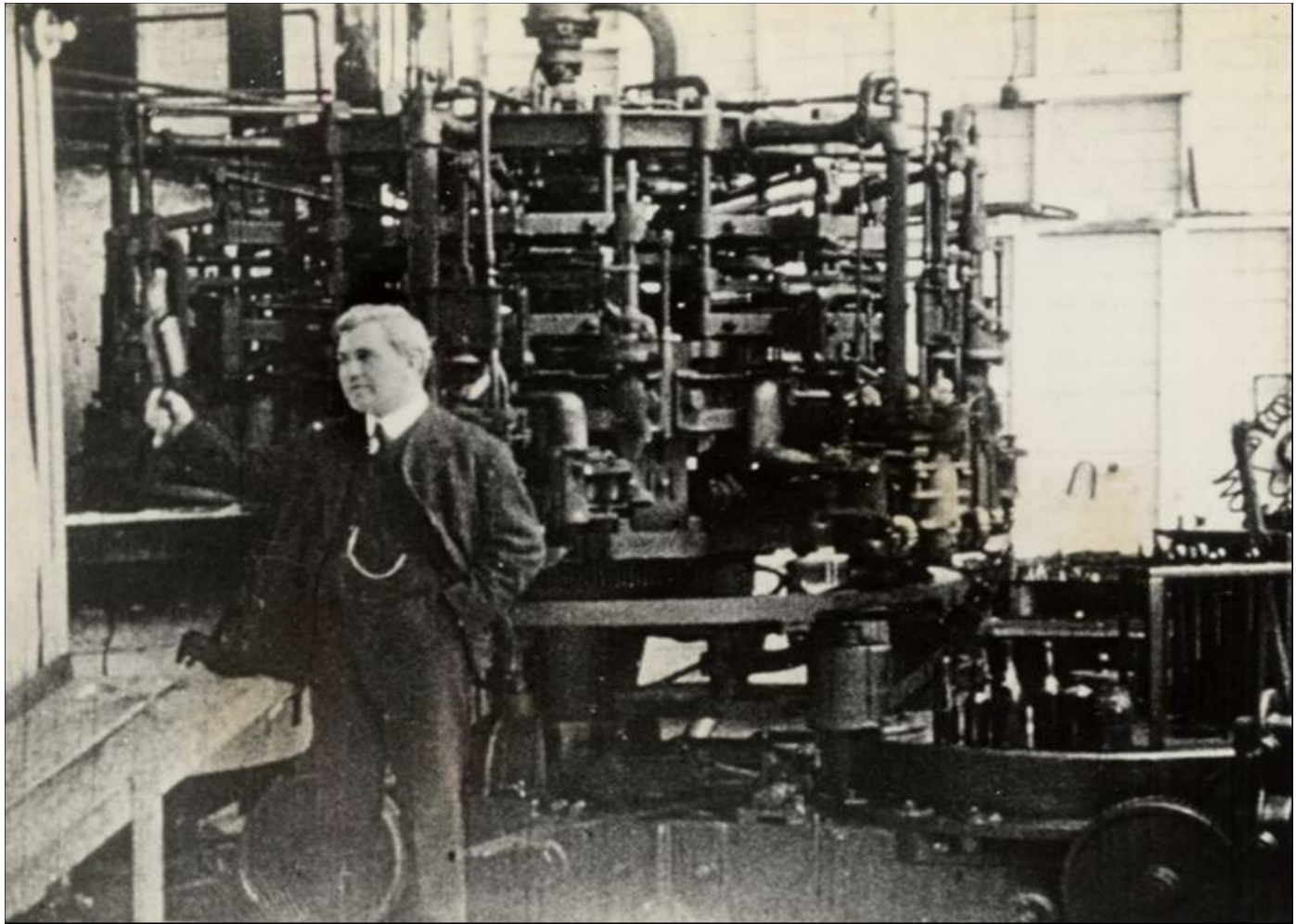
Mountain Lake Partners

Weighted Median Market Cap of Equity Investments





Owens-Illinois



3/31/2015 Market Capitalization = \$3.8 billion



Owens-Illinois

Corporate History

- 1903 Michael Owens completes the automated bottle blowing machine and forms Owens Bottle Machine Company.
- 1929 Owens-Illinois was formed after the acquisition of Illinois Glass.
- 1958 Owens-Illinois sells Kaylo, its asbestos containing insulation unit, to Owens Corning. During the 10 years of ownership, aggregate sales are less than \$40 million.



Owens-Illinois

Corporate History

- 1987 KKR leveraged buyout for \$3.7 billion
- 1988 With the acquisition of Brockway Glass, Owens-Illinois' domestic market share is greater than 40%
- 1991 Initial public offering
- 2014 Asbestos related payments total \$4.4 billion
- 2015 Current market capitalization is \$3.8 billion



Owens-Illinois

Recent Decade of Nothing

Stock Price



Source: Bloomberg



Owens-Illinois

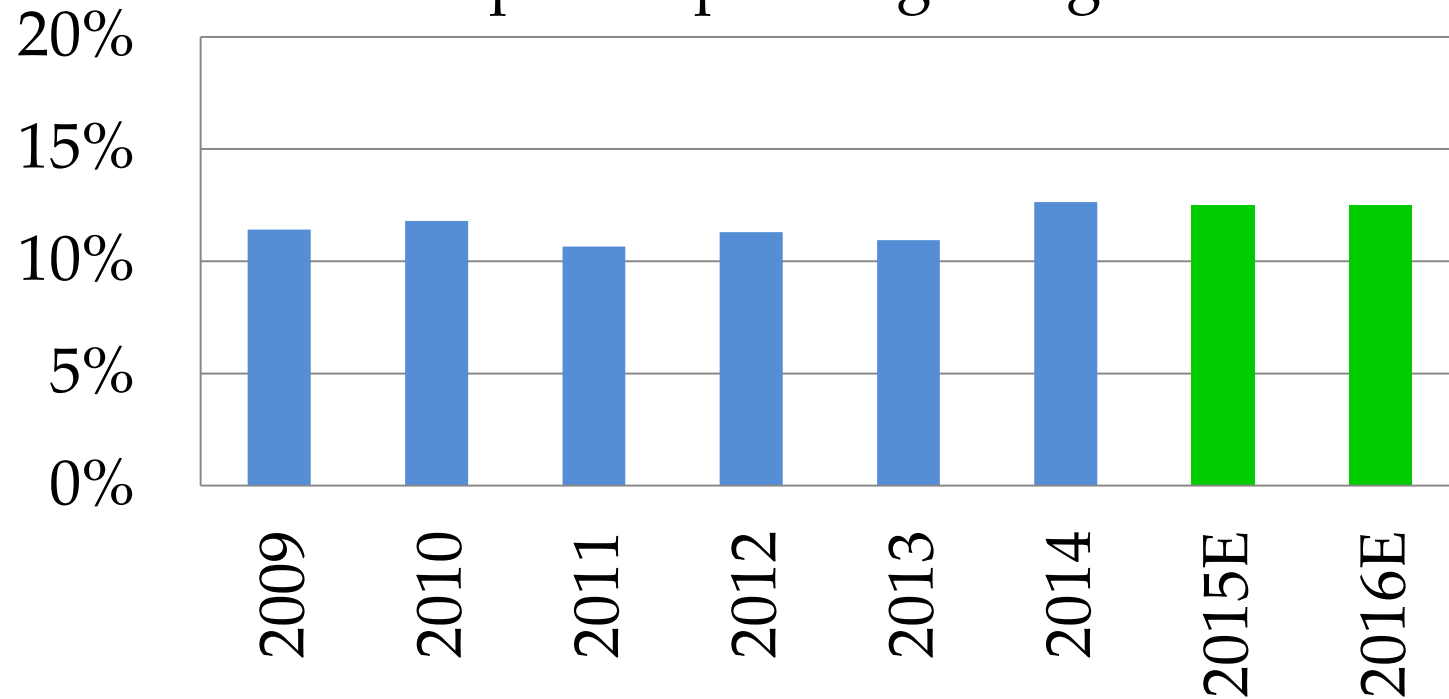
Glass Bottle Industry Dynamics

- High fixed costs
- Consolidated market
- Barriers to entry
- Steady demand
- Limited growth
- Generates lots of cash



Owens-Illinois

European Operating Margin



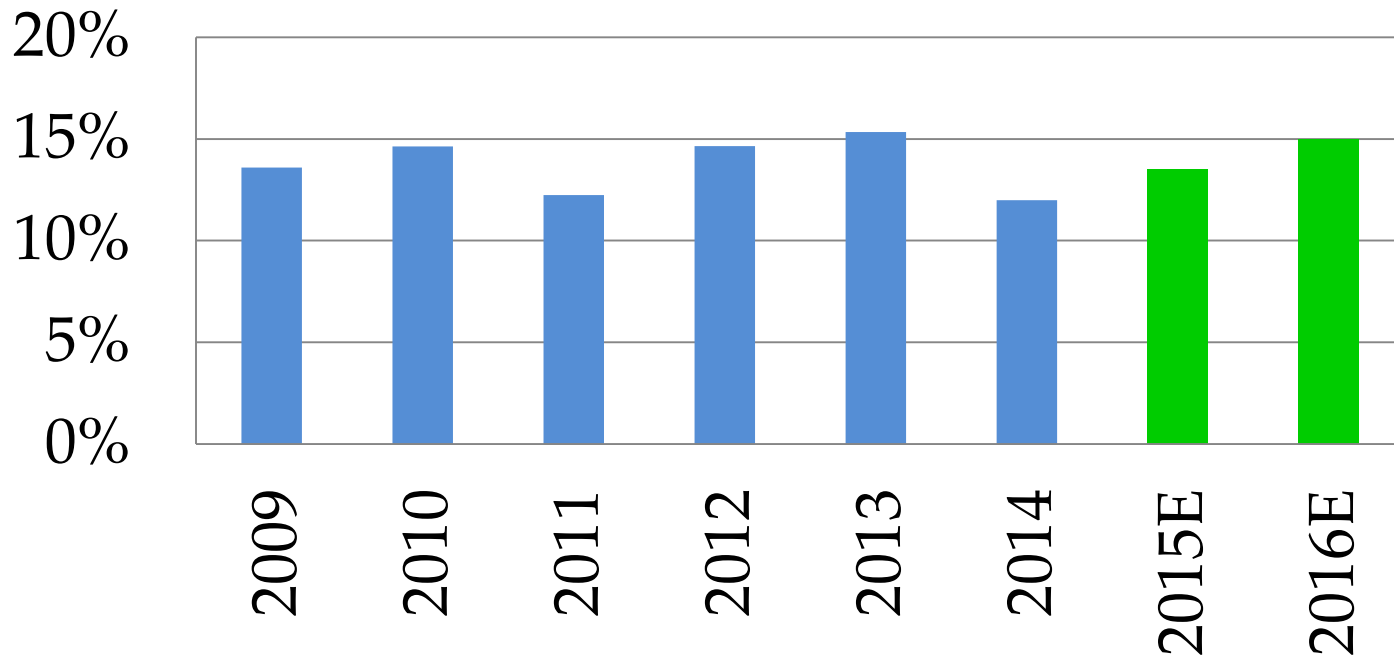
- In Europe, Owens-Illinois has 25% market share.
- The top three firms have 67% market share.
- Normal margins are 12.5%.

Source: Company reports and Mountain Lake estimates



Owens-Illinois

North American Operating Margin



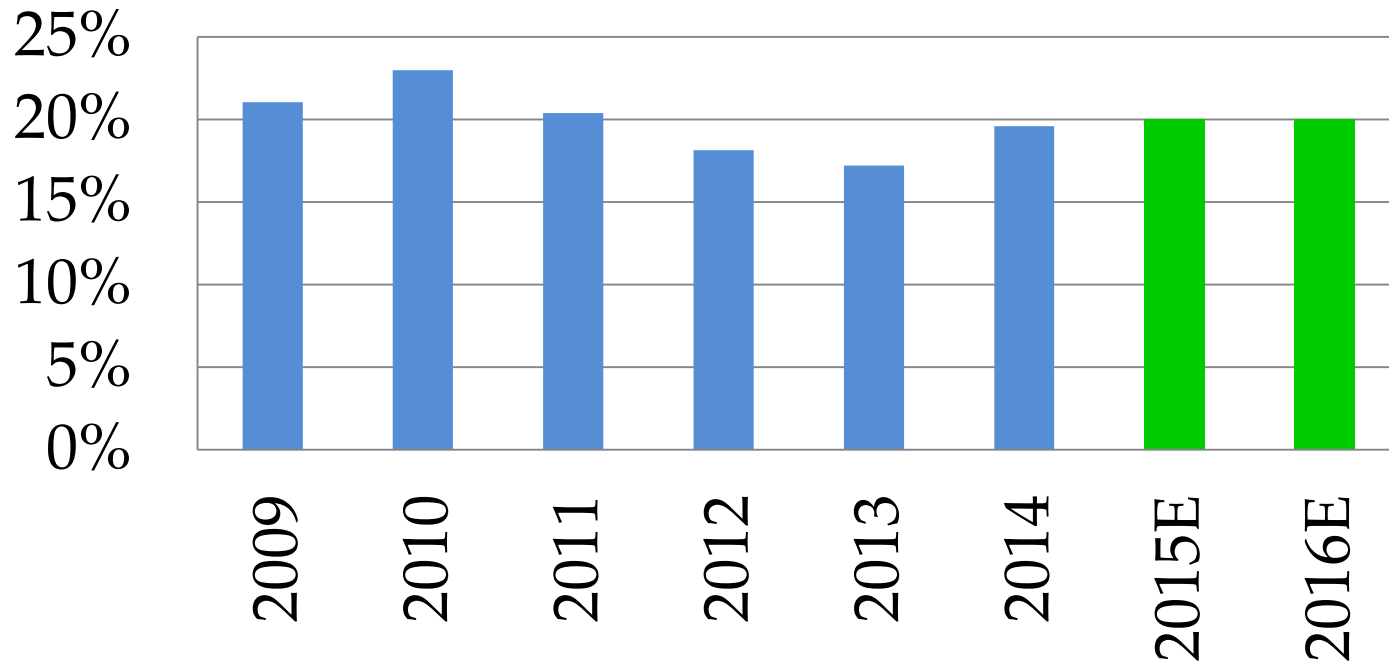
- In North America, Owens-Illinois has 40% market share.
- The top three firms have 85% market share.
- Normal margins are 15%.

Source: Company reports and Mountain Lake estimates



Owens-Illinois

South American Operating Margin



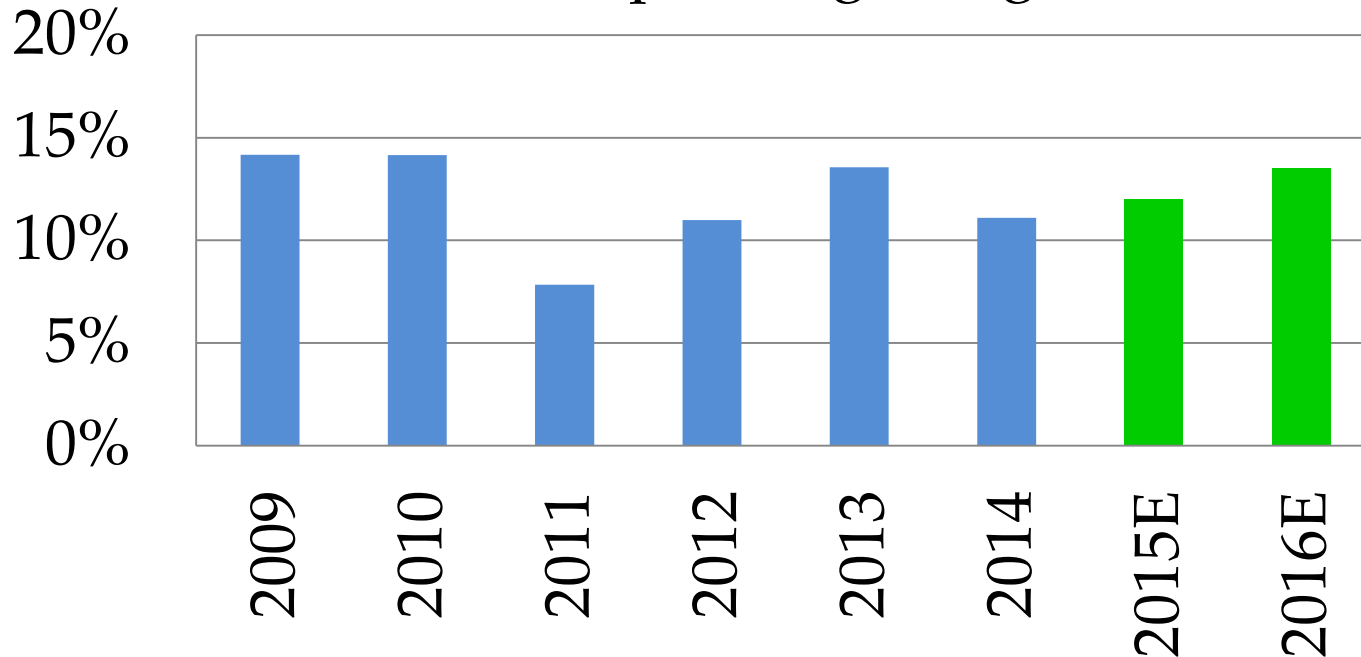
- In Brazil, Owens-Illinois has 65% market share.
- In Peru, Ecuador and Columbia, Owens-Illinois has 100% market share.
- Normal margins are 20%.

Source: Company reports and Mountain Lake estimates



Owens-Illinois

Asia Pacific Operating Margin

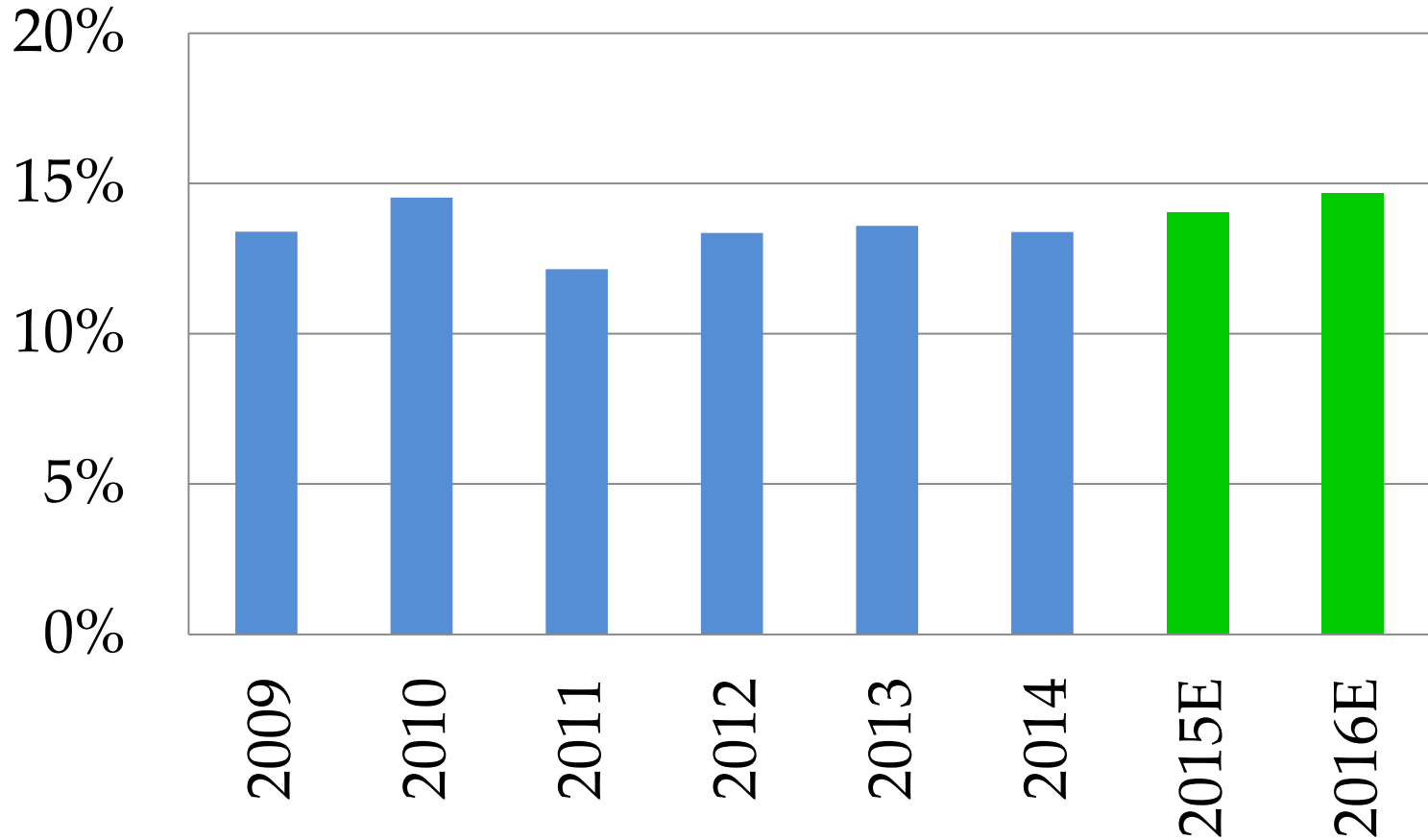


- In China, Owens-Illinois has about a 2% market share with a 0% margin.
- In Australia and New Zealand, Owens-Illinois has 70% market share. Normal margins are 15%.



Owens-Illinois

All Regions Operating Margin

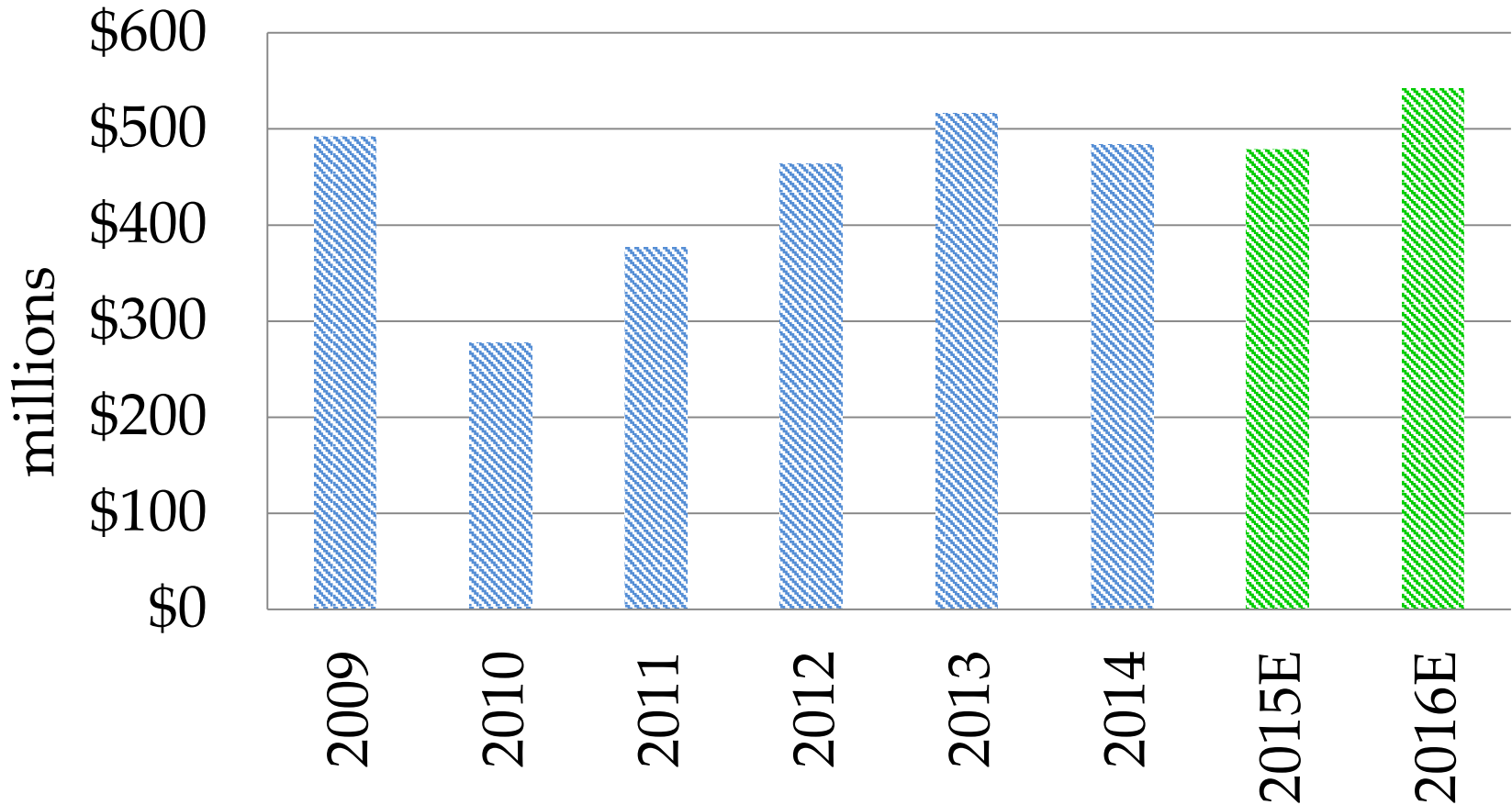


Source: Company reports and Mountain Lake estimates



Owens-Illinois

Pretend Free Cash Flow*



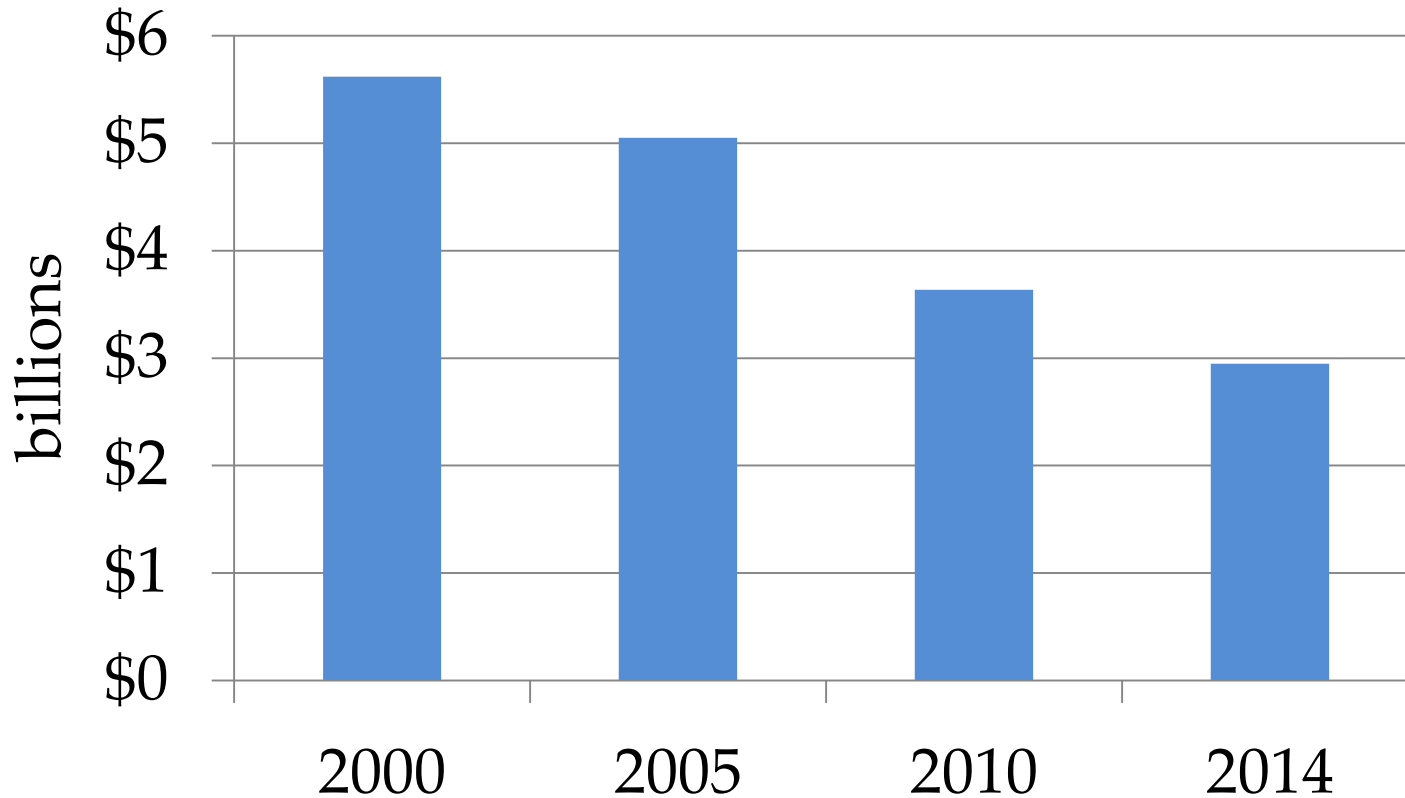
*excluding payments for asbestos and restructuring

Source: Company reports and Mountain Lake estimates



Owens-Illinois

Net Debt



Cash used since 2000: \$191 million per year

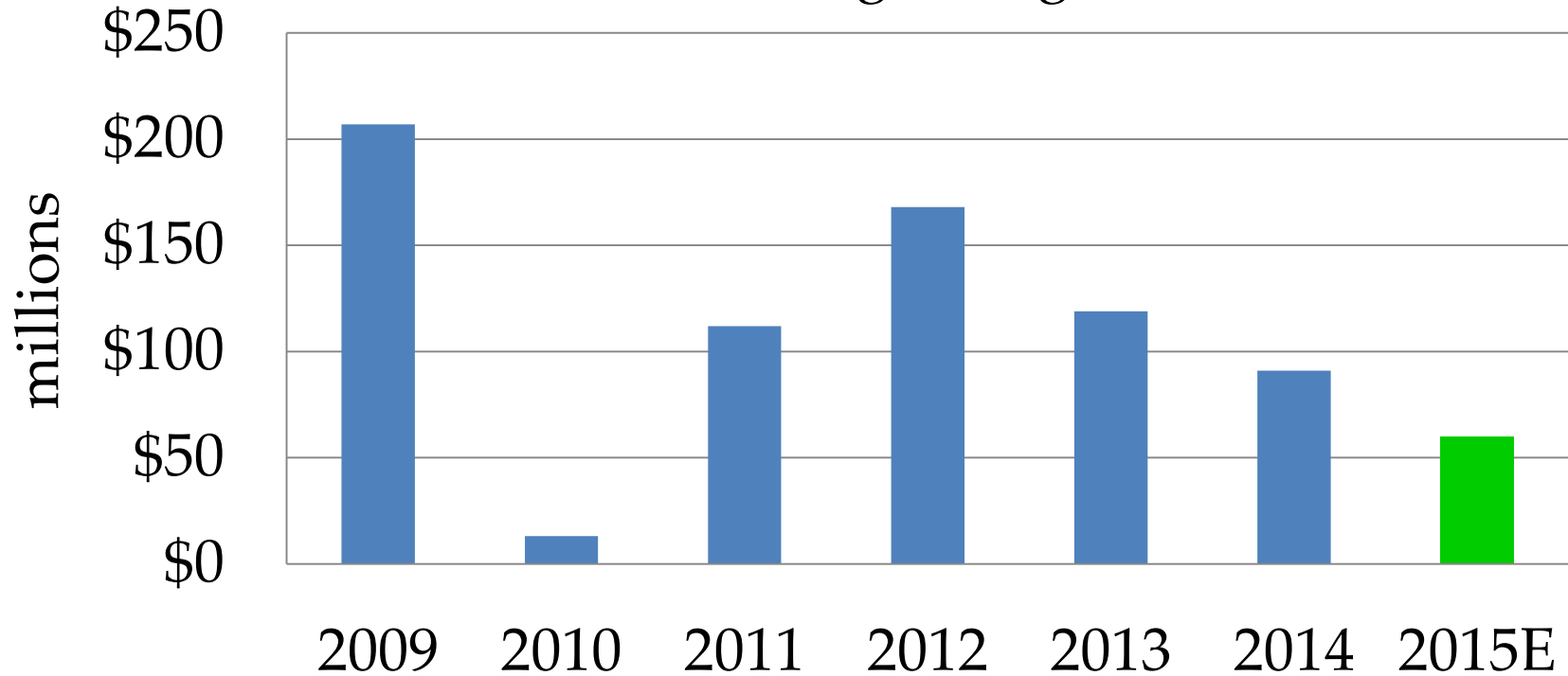
Current leverage ratio: 2.4

Source: Company reports



Owens-Illinois

Restructuring Charges



Asian and European restructurings completed in 2009 and 2015

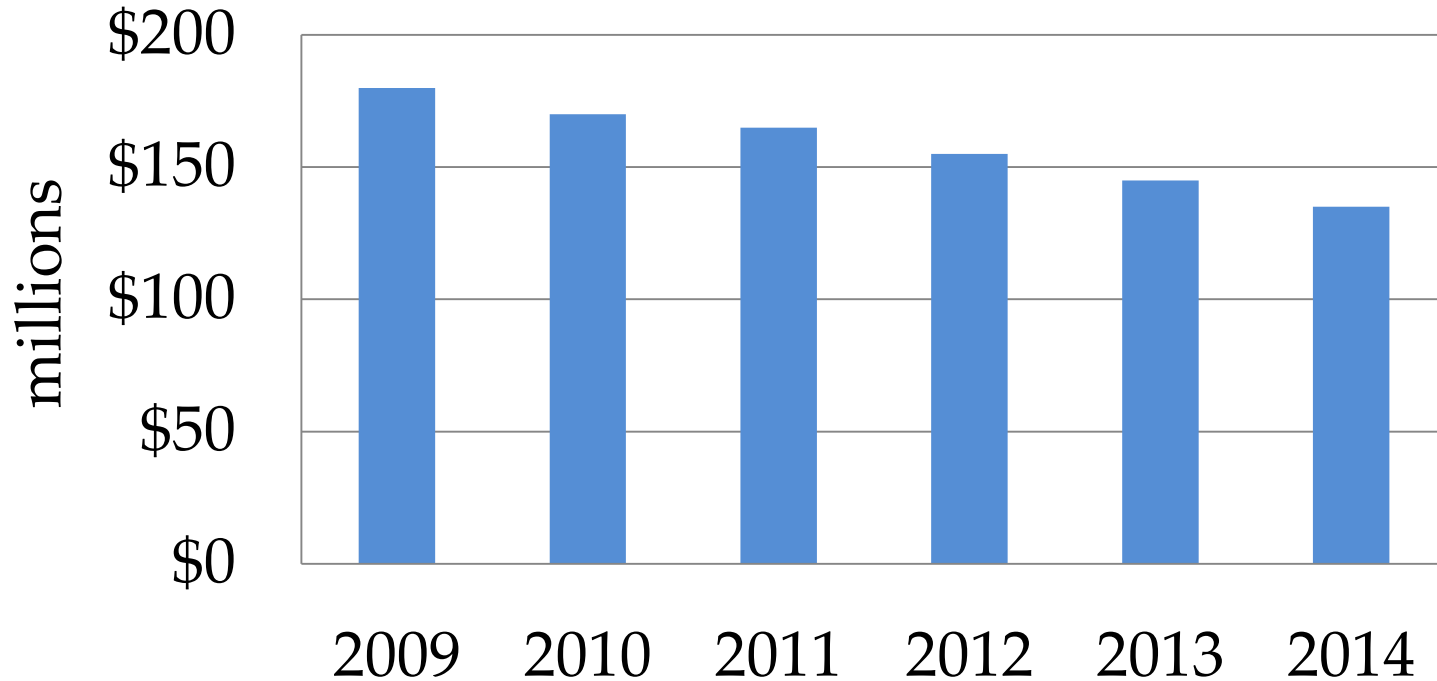
Cash use since 2009: \$114 million per year

Source: Company reports and Mountain Lake estimates



Owens-Illinois

Asbestos Charges

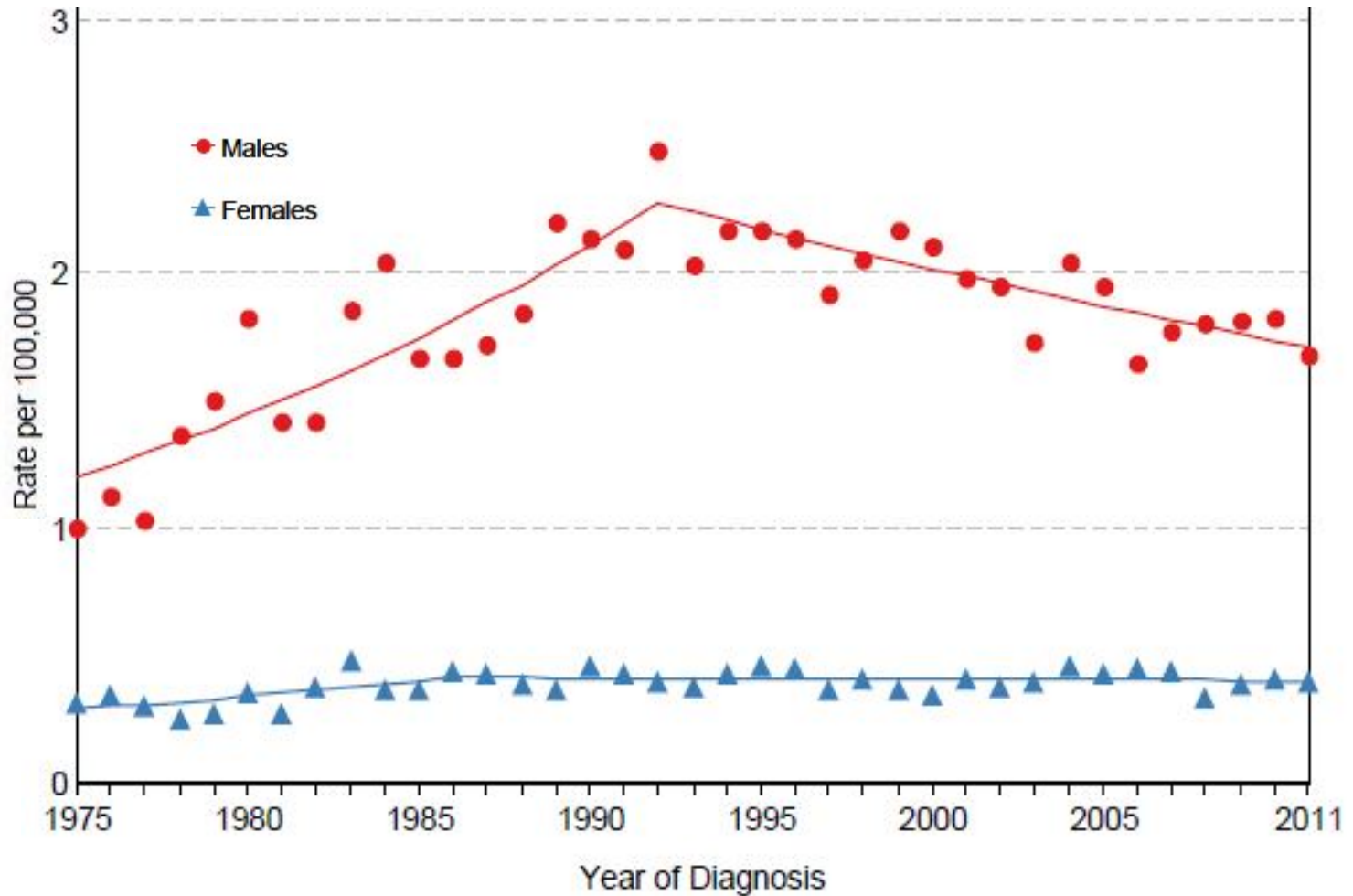


Cash used since 2009: \$158 million per year



Owens-Illinois

Mesothelioma Incidence



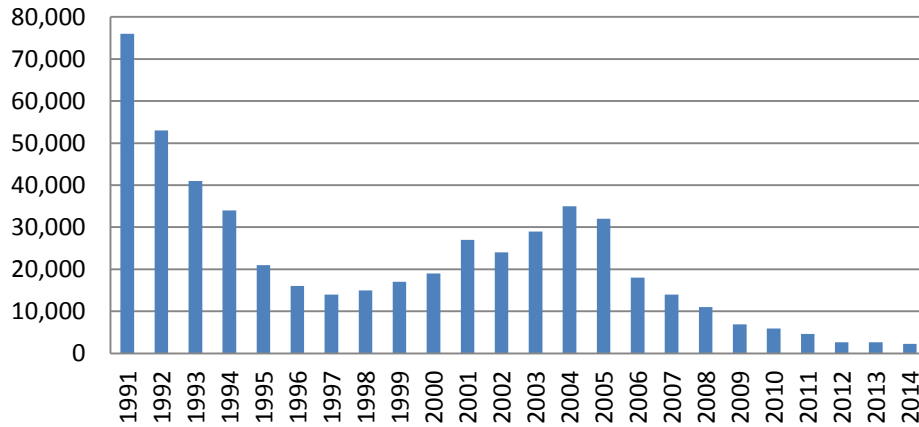
Source: National Cancer Institute



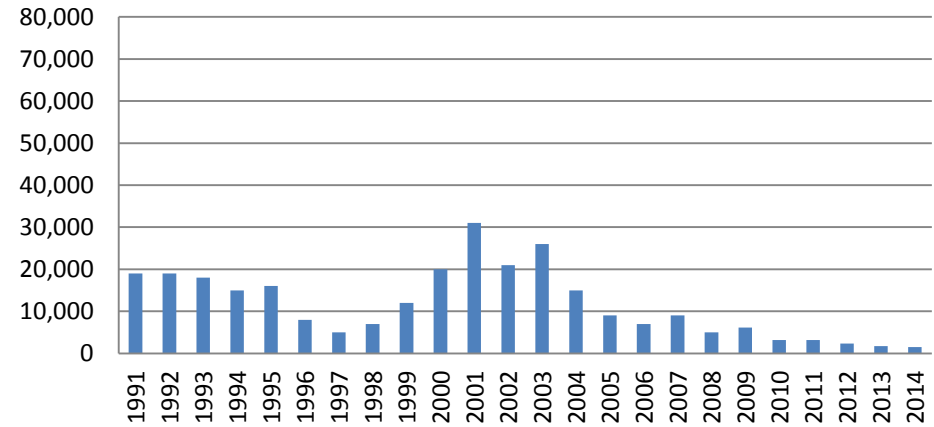
Owens-Illinois

Core Competency in Asbestos Litigation

Asbestos Claims Pending



Asbestos Claims Filed

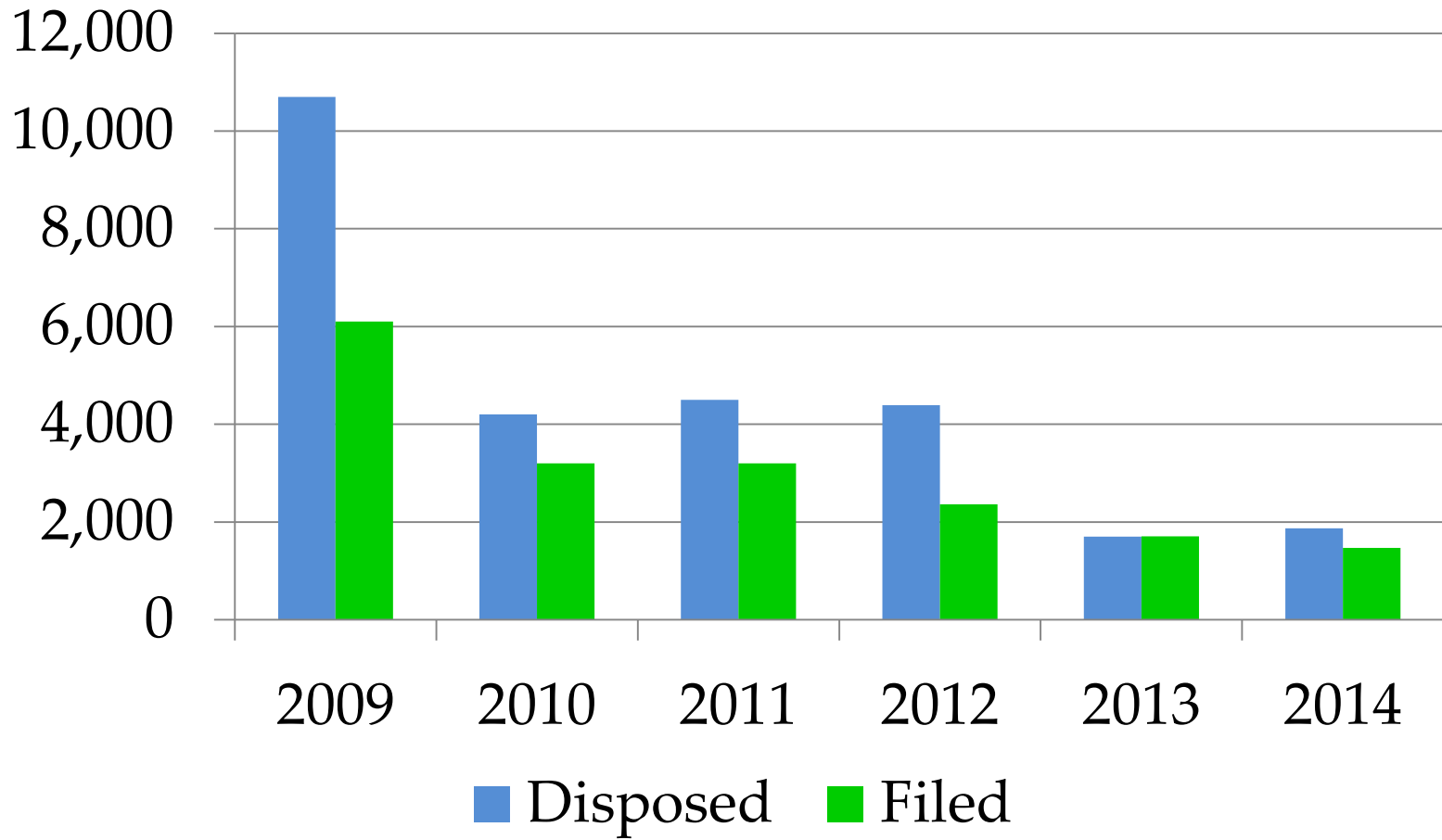


Source: Company reports



Owens-Illinois

Recent Claims Activity

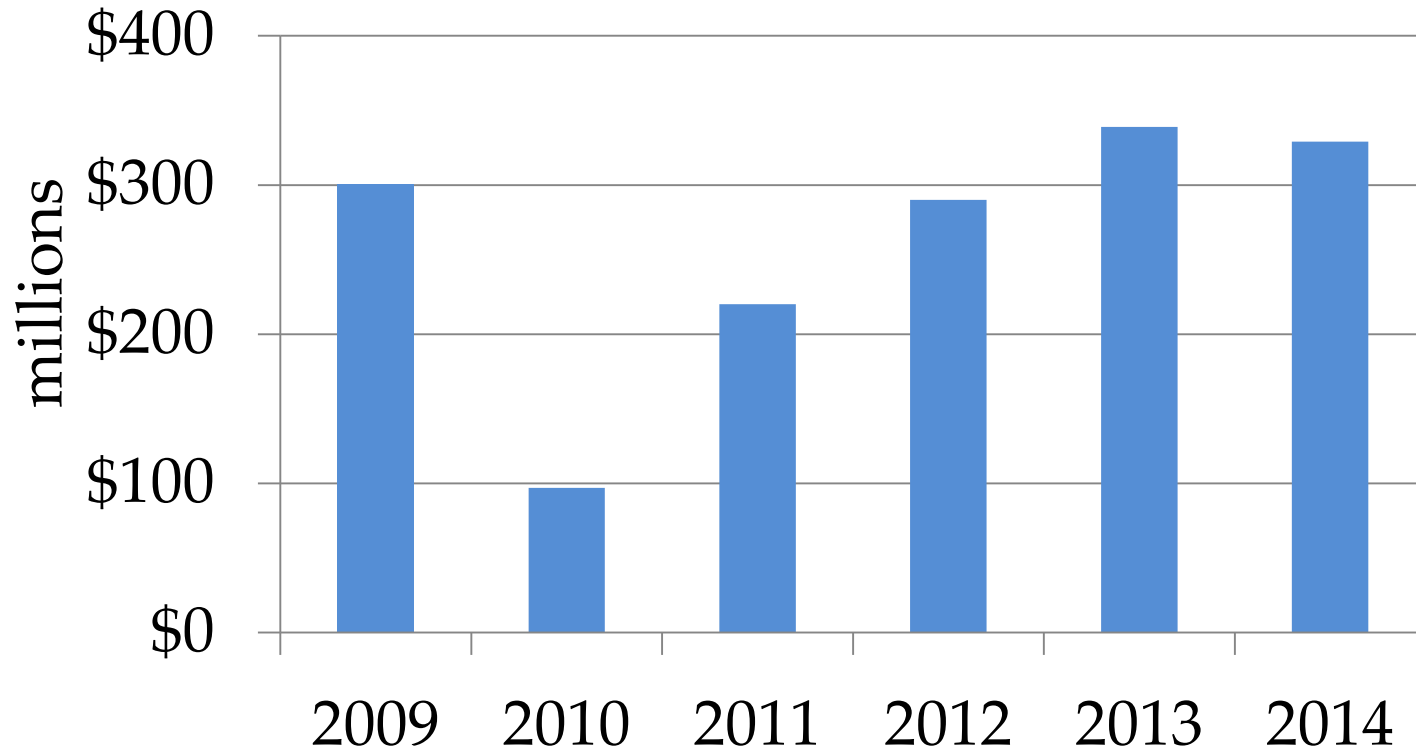


Source: Company reports



Owens-Illinois

Reported Free Cash Flow



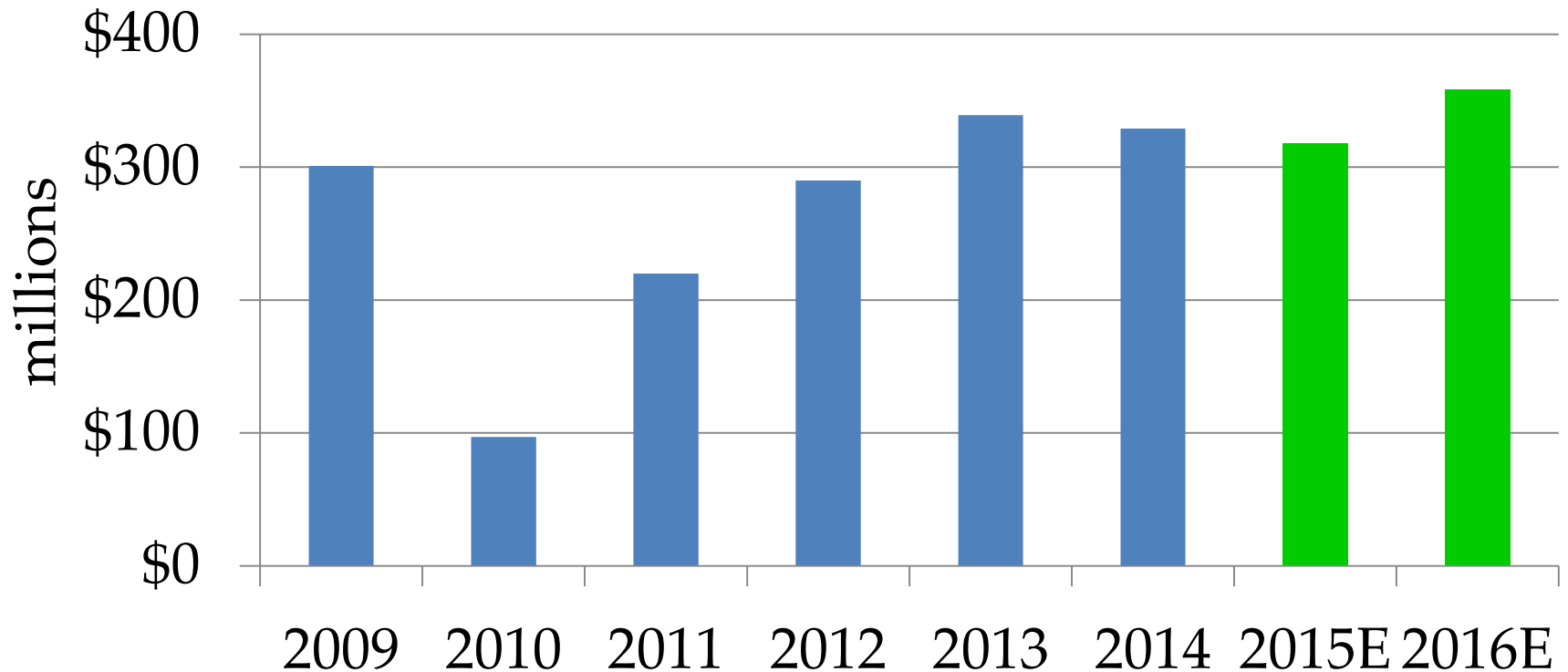
The impact in 2014 from the strong USD was \$40 million.

Source: Company reports



Owens-Illinois

Reported Free Cash Flow with Estimates

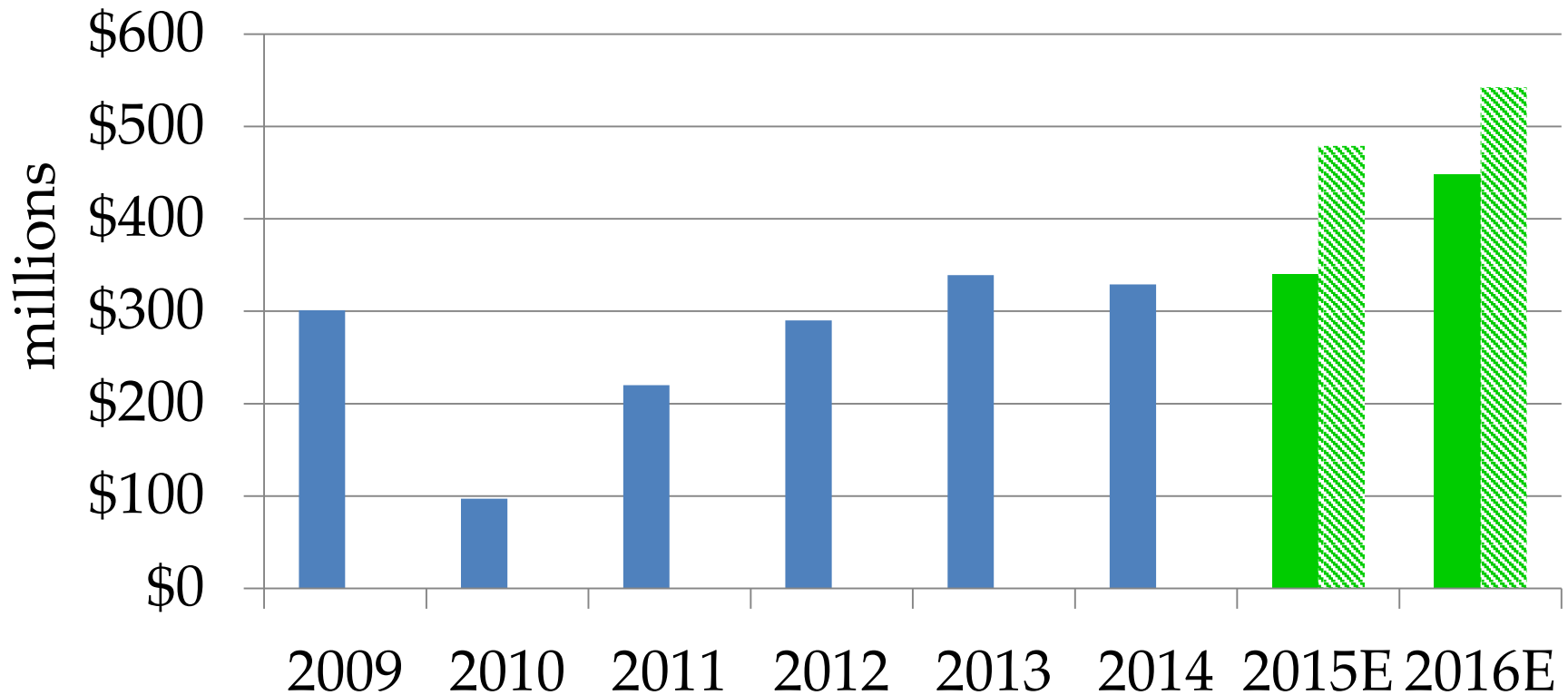


Source: Company reports and Mountain Lake estimates



Owens-Illinois

Reported Free Cash Flow with Estimates and Adjusted Estimates*



*excluding payments for asbestos and restructuring

Source: Company reports and Mountain Lake estimates



Koppers Holdings



3/31/2015 Market Capitalization = \$403 million



Koppers Holdings

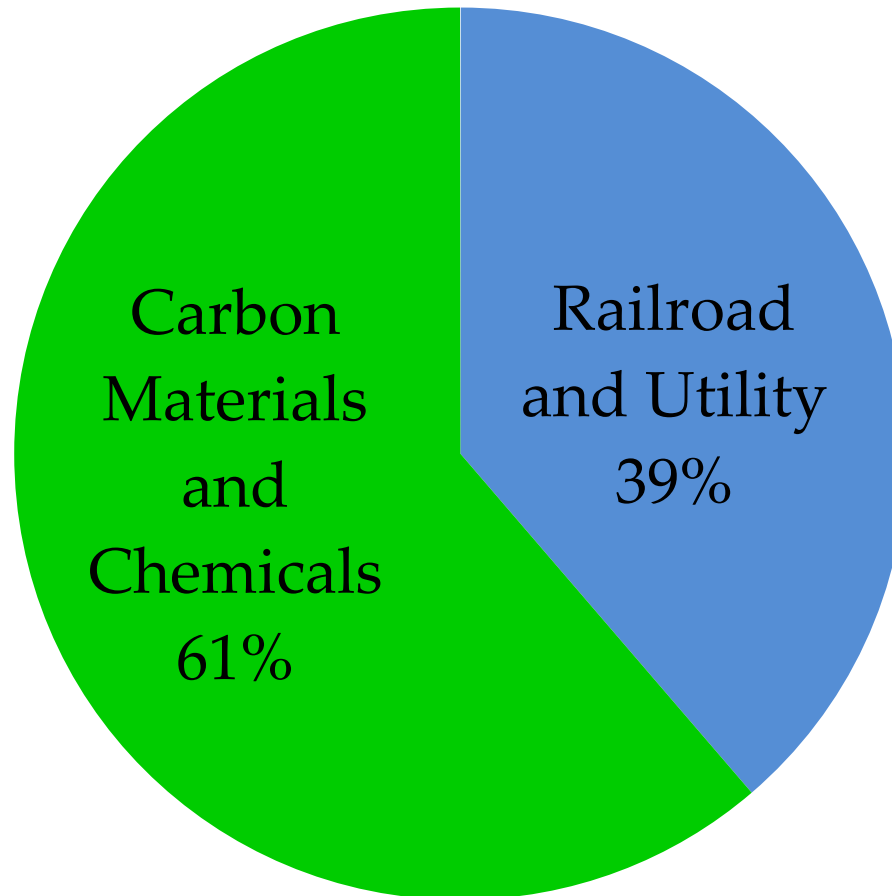
Corporate History

- 1914 Heinrich Koppers sells patents for by-product coke ovens to Andrew Mellon for \$300,000. Koppers Inc. reorganizes in Pittsburg.
- 1960 Fletcher Byrom focuses the company on end products.
- 1988 Beazer plc led an LBO
- 1997 Hansen plc, who acquired Beazer in 1991, wanted control. Management exercised right of first refusal.
- 2007 Streamlined company producing carbon materials and wood products has IPO.



Koppers Holdings

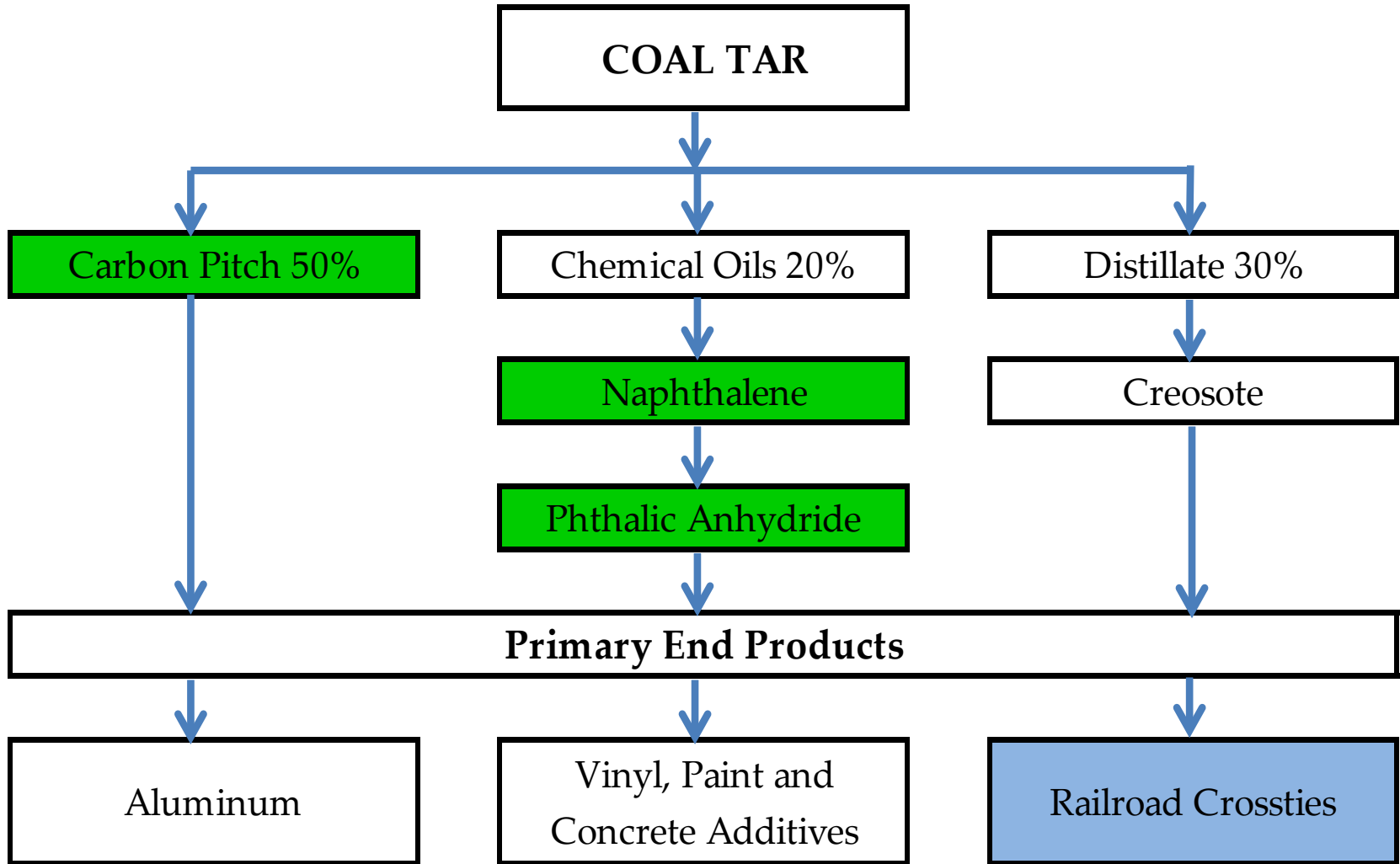
2013 Revenues \$1.5 billion



Source: Company reports



Koppers Holdings

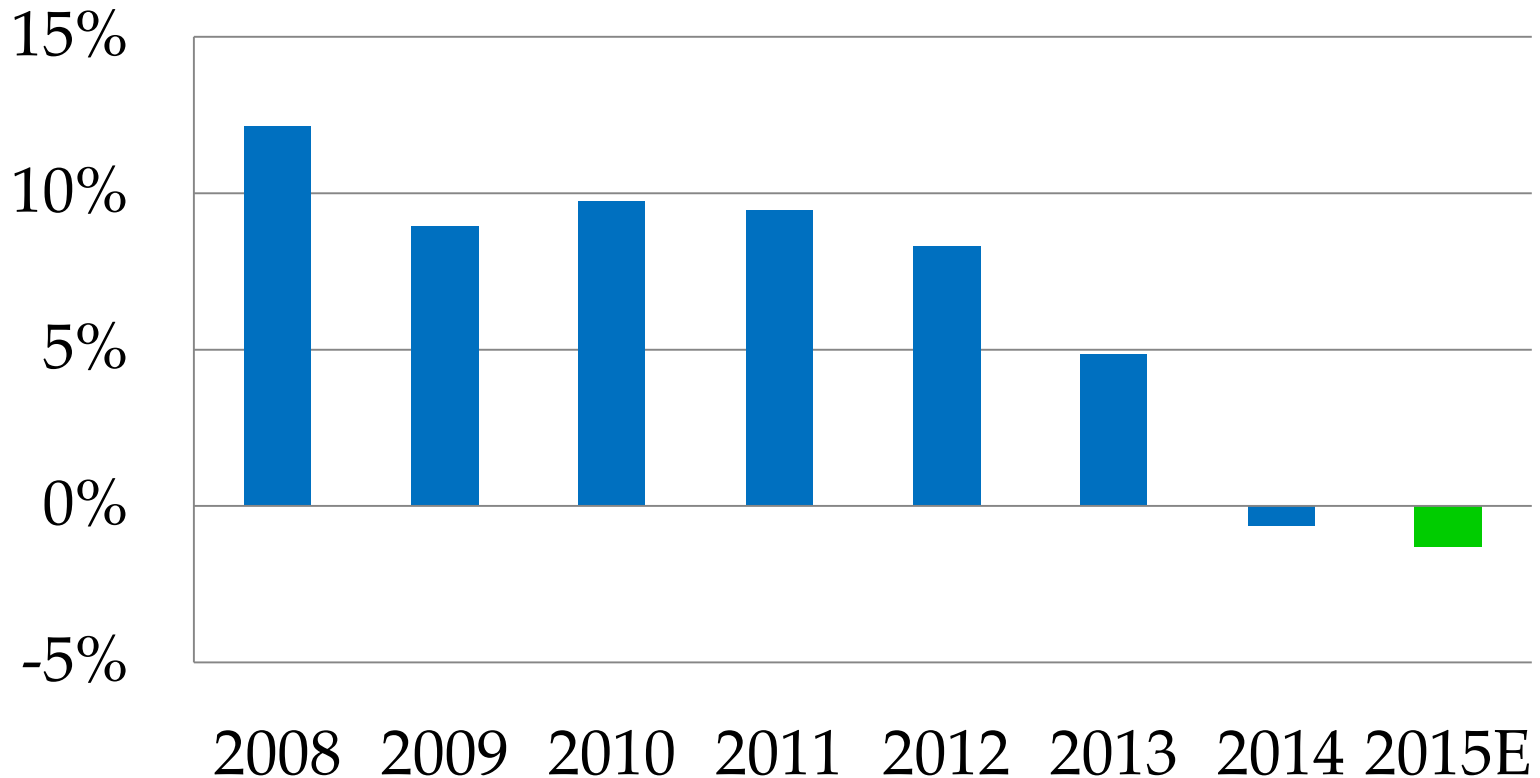


Source: Company reports



Koppers Holdings

Carbon Materials and Chemicals Operating Margins

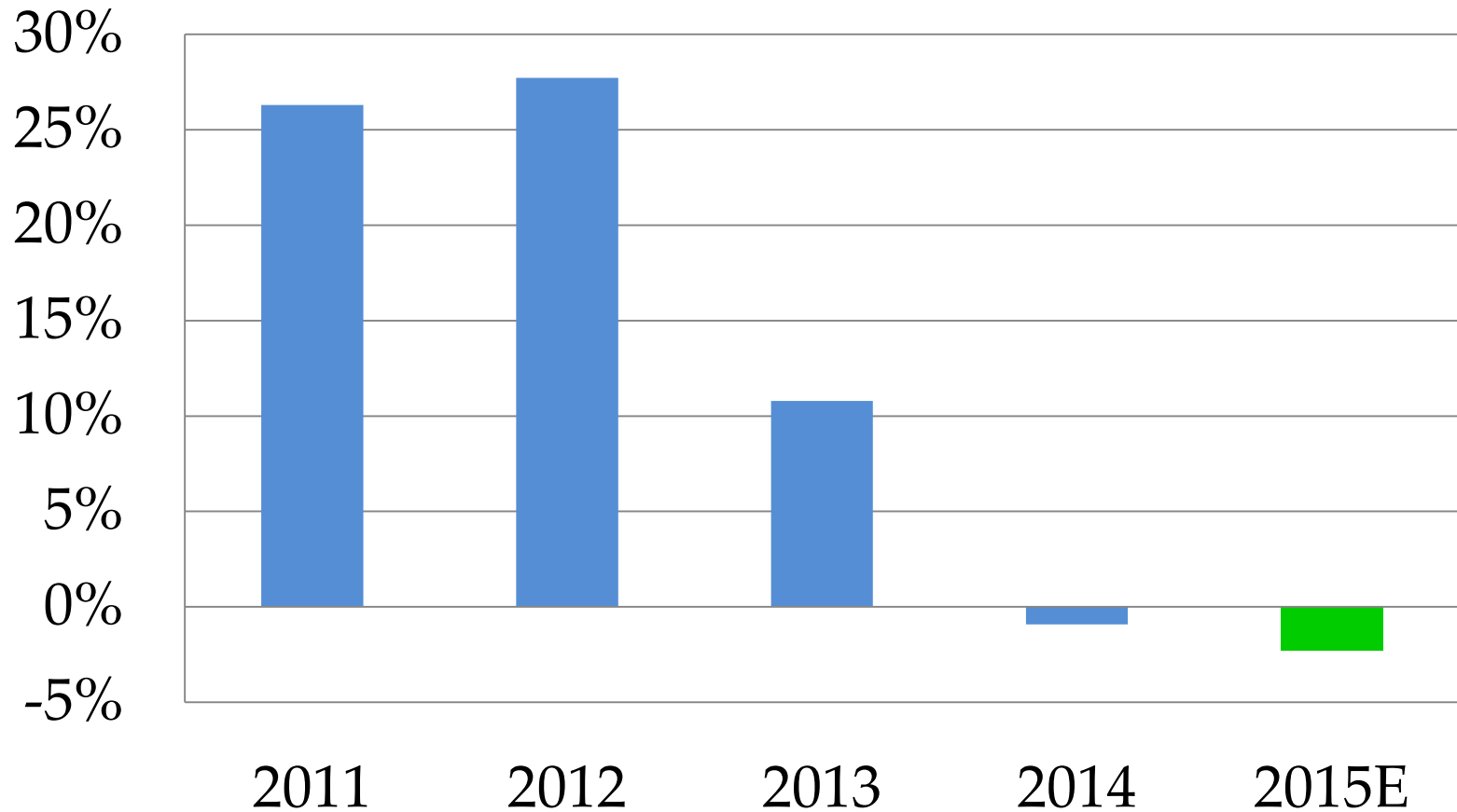


Source: Company reports and Mountain Lake estimates



Koppers Holdings

Carbon Materials and Chemicals Return on Invested Capital

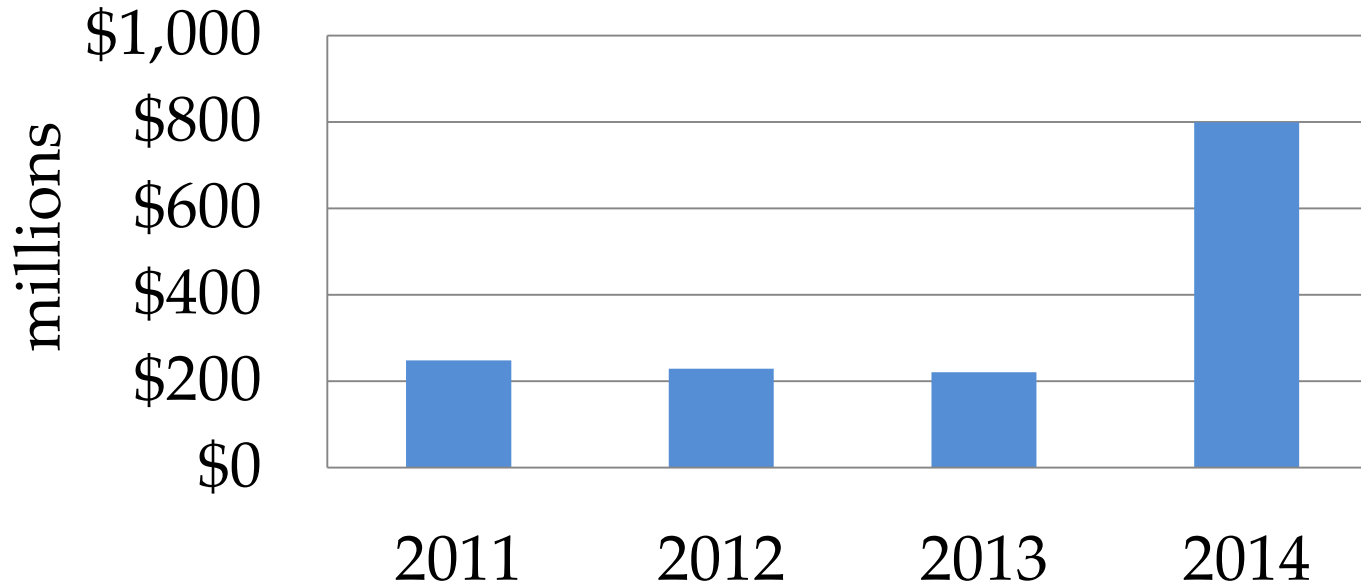


Source: Company reports and Mountain Lake estimates



Koppers Holdings

Net Debt



<u>Date</u>	<u>Acquisition</u>	<u>Product or Service</u>	<u>Price</u>
8/15/2014	Osmose	Wood preservation	\$491 M
1/20/2014	Ashcroft	Crosstie treating	\$29.8 M

Source: Company reports



Koppers Holdings

- 11/7/2014 Walt Turner resigns, Leroy Ball appointed CEO
- 1/14/2015 Company announces delay of low cost naphthalene plant to preserve cash
- 1/22/2015 Attempt to refinance high cost debt fails
- 2/26/2015 Company misses earnings guidance for 8th quarter in a row
- 2/26/2015 Company announces \$200mn-\$250mn debt reduction target
- 2/26/2015 Board of Directors suspends dividend



Koppers Holdings

Stock Price



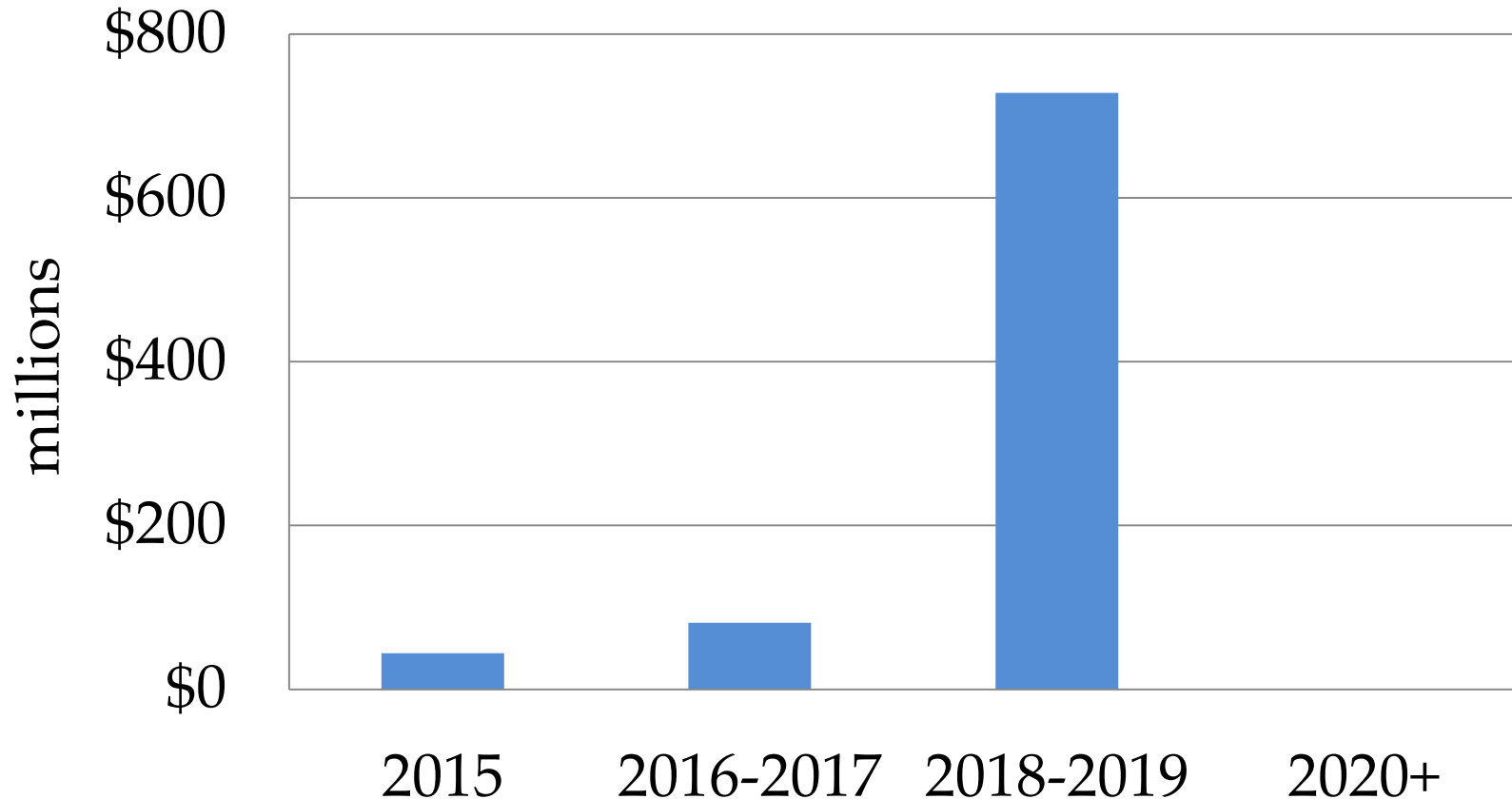
2014 Year End Shares = 20.5 million

Source: Bloomberg



Koppers Holdings

Debt Maturities

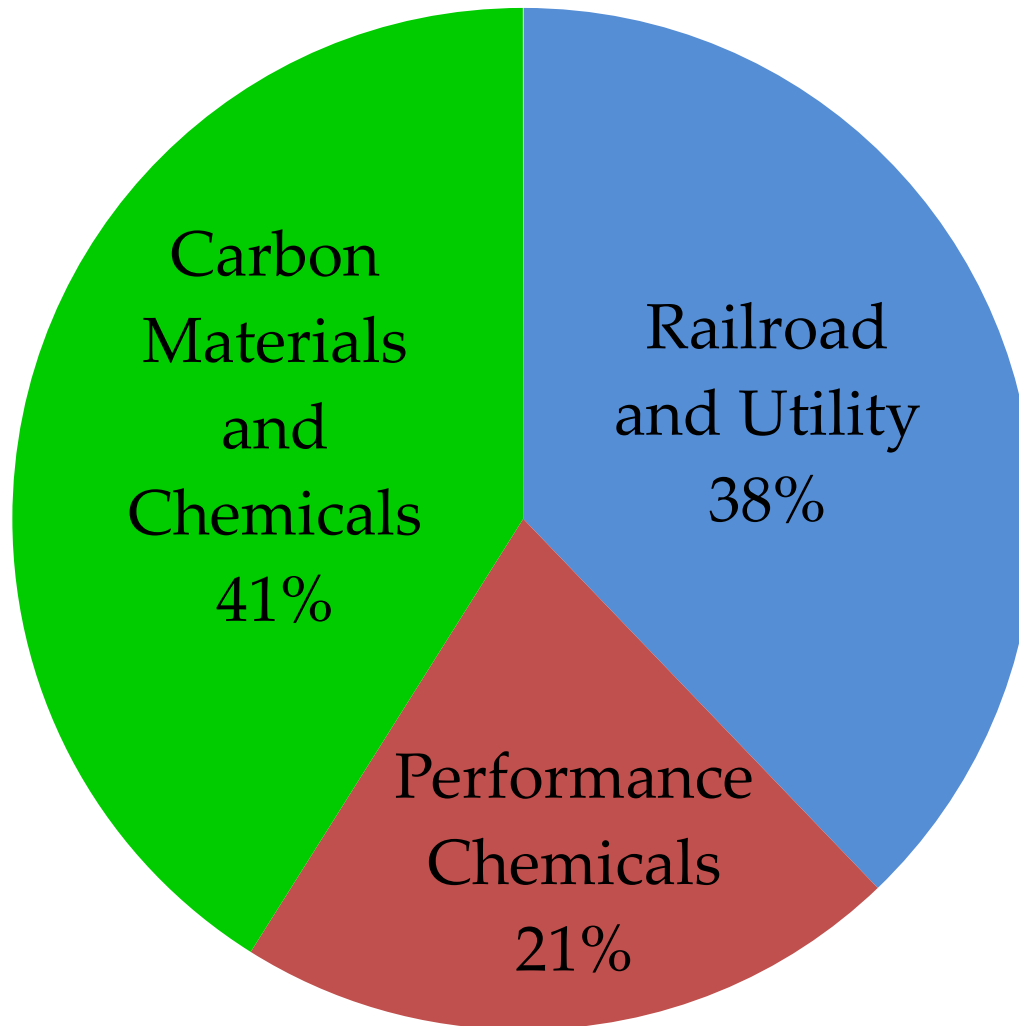


Source: Company reports



Koppers Holdings

2015 Revenues \$1.8 billion

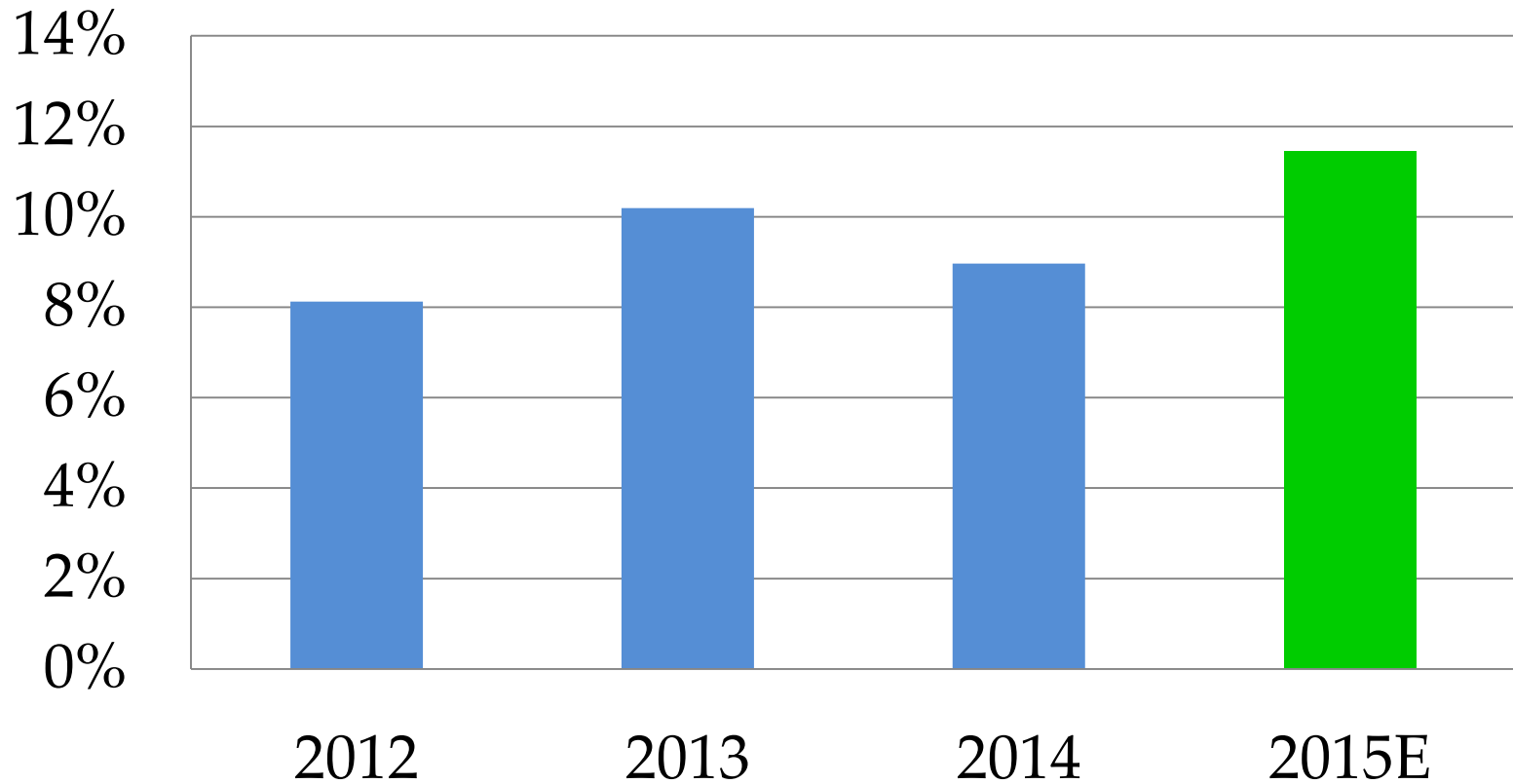


Source: Company reports



Koppers Holdings

Railroad and Utility Operating Margins



Source: Company reports and Mountain Lake estimates



Koppers Holdings

Railroad and Utility is a Good Business

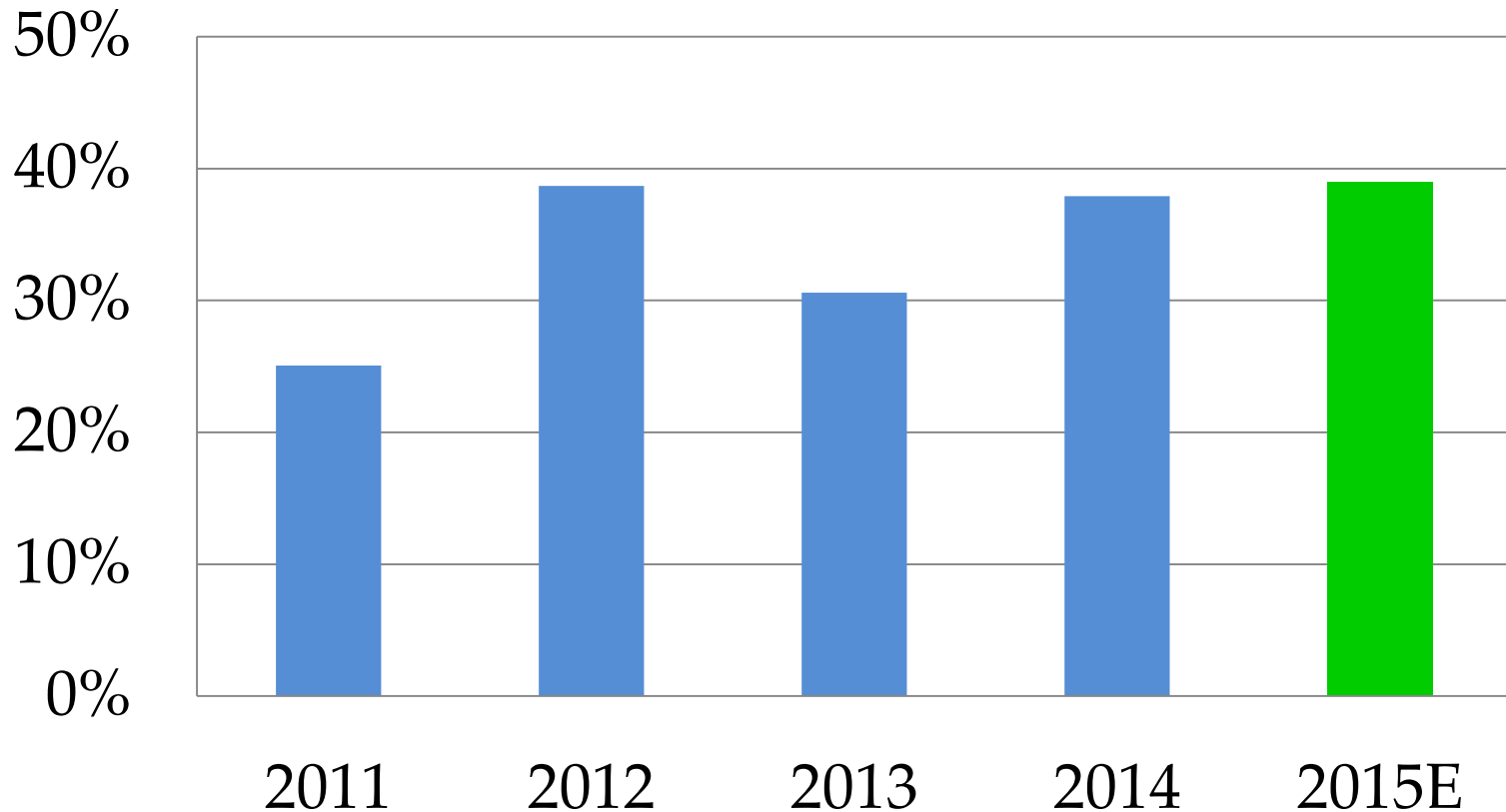
- Largest supplier of railroad ties to North American railroads
- Two firm concentration is about 80%
- Steady replacement market demand – 600 million railroad ties wear out; over 20 million replaced every year
- Long-term contracts with cost-plus pricing
- Minimal capital investment
- Margin opportunity from process improvements



Koppers Holdings

Railroad and Utility

Return on Invested Capital



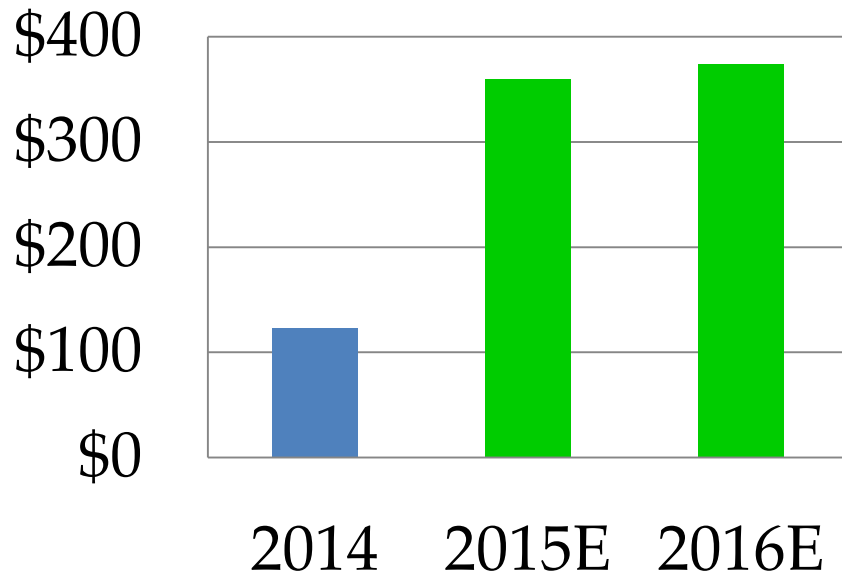
Source: Company reports and Mountain Lake estimates



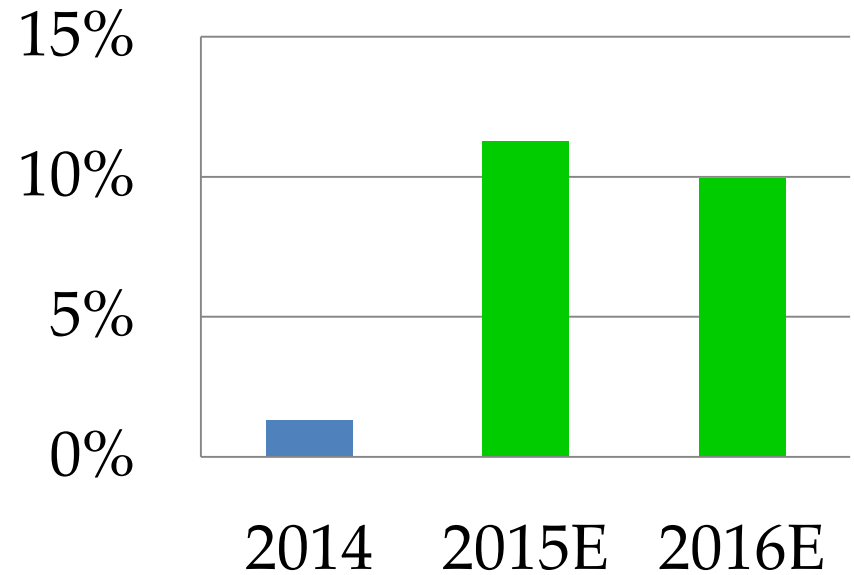
Koppers Holdings

Performance Chemicals

Revenues



Operating Margins



Source: Company reports and Mountain Lake estimates



Koppers Holdings

Performance Chemicals is a Good Business

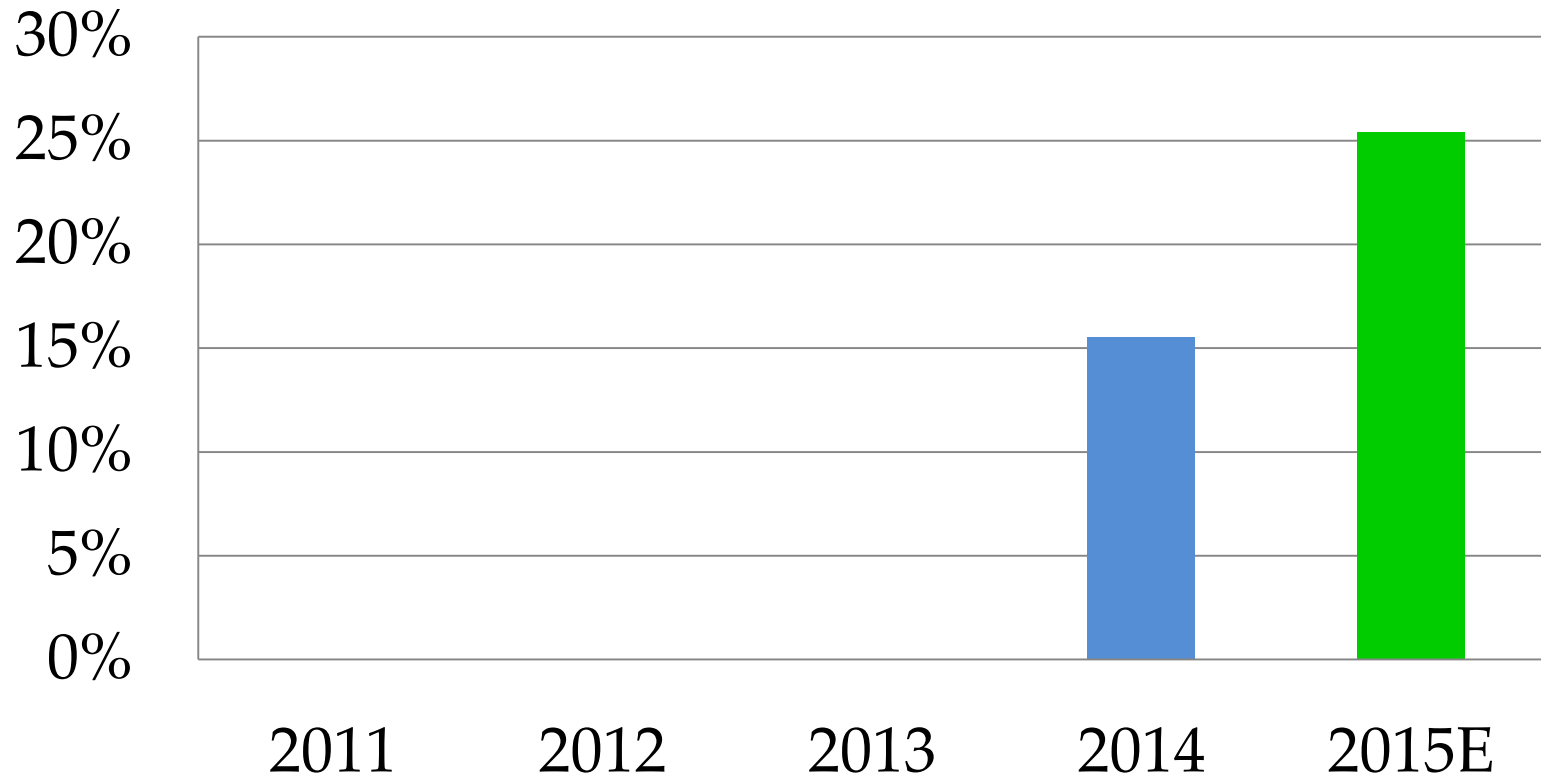
- Wood treatments for outdoors decks
- They are a dominant provider, still gaining market share
- High IP content; patent protection
- Not capital intensive
- Sell to wood treaters who in turn sell to big box stores, contractors and small stores
- Housing starts is a small percent of demand; driven by remodels



Koppers Holdings

Performance Chemicals

Return on Invested Capital



Source: Company reports and Mountain Lake estimates



Koppers Holdings

Operating Income by Segment

In millions	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015E</u>	<u>2016E</u>
Carbon Materials and Chemicals	\$89.1	\$83.1	\$43.9	-\$5.3	-\$9.1	\$6.5
Railroad and Utility	\$34.8	\$45.1	\$58.3	\$53.6	\$73.8	\$72.6
Performance Chemicals	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$1.6</u>	<u>\$40.6</u>	<u>\$37.2</u>
Total Segment Operating Income	\$123.9	\$128.2	\$102.2	\$49.9	\$105.3	\$116.3

Source: Company reports and Mountain Lake estimates



Koppers Holdings

Free Cash Flow

In millions	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015E</u>	<u>2016E</u>
Net Income	\$37.6	\$67.2	\$40.1	-\$39.4	\$37.2	\$46.4
Depreciation and Amortization	\$48.8	\$27.6	\$29.7	\$44.0	\$65.0	\$61.0
Capital Expenditures	<u>-\$33.2</u>	<u>-\$28.9</u>	<u>-\$72.9</u>	<u>-\$83.8</u>	<u>-\$45.0</u>	<u>-\$44.0</u>
Free Cash Flow	\$53.2	\$65.9	-\$3.1	-\$79.2	\$57.2	\$63.4

Source: Company reports and Mountain Lake estimates



Koppers Holdings

In millions	Stella Jones	Koppers Holdings	Koppers without CMC
Date	3/31/2015	3/31/2015	3/31/2015
Market Capitalization	\$2,161	\$403	\$403
Enterprise Value	\$2,548	\$1,217	\$1,217
2015E Revenues	\$1,138	\$1,705	\$1,005
2015E Operating Income	\$142	\$105	\$114
2015E Operating Margin	12.5%	6.2%	11.4%

Source: Bloomberg and Mountain Lake estimates



Tidewater

Big Floating Trucks



3/313/2015 Market Capitalization = \$898 million



Tidewater

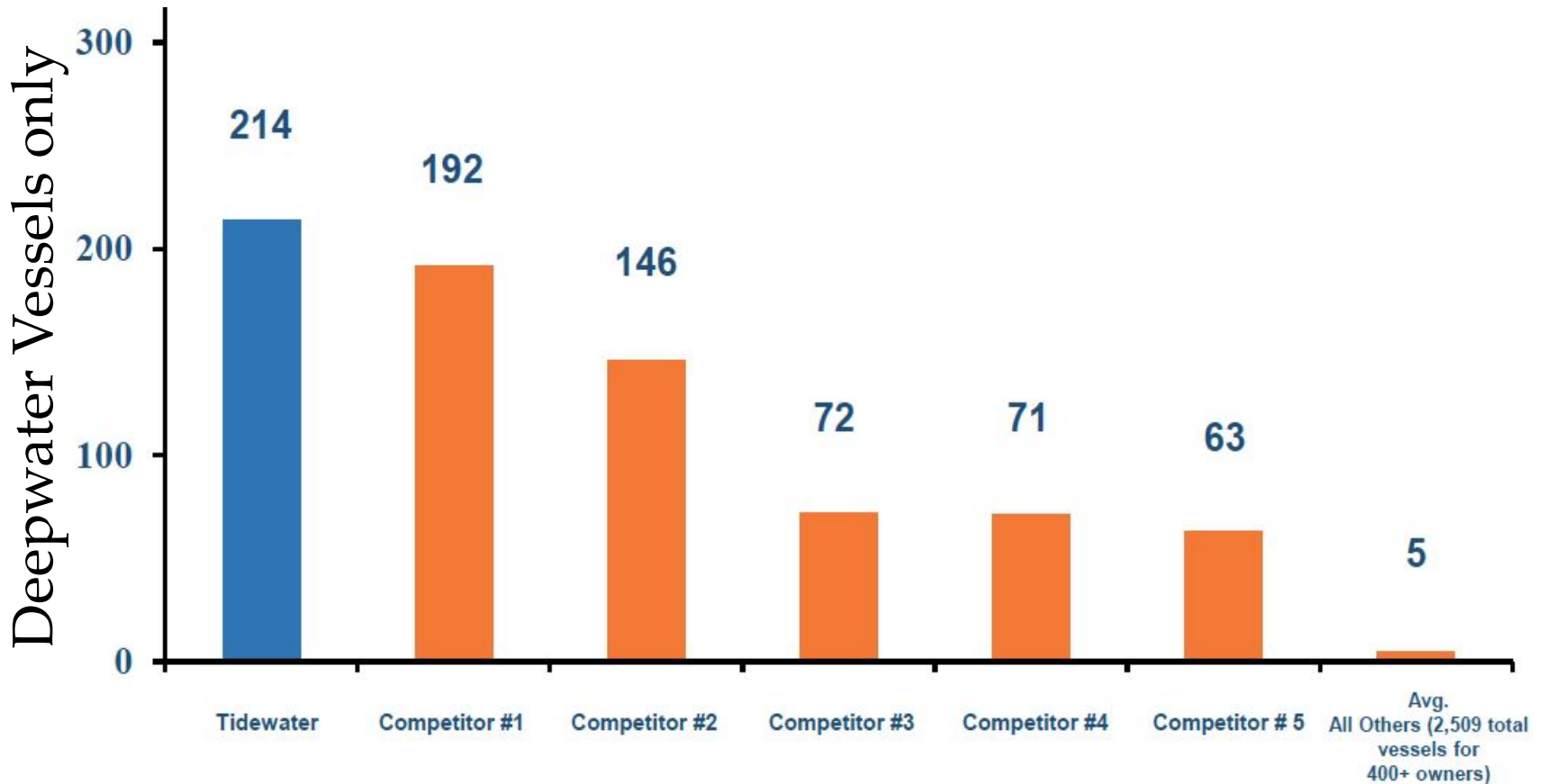
Big Floating Trucks with a Bow for Extra Beauty

- Safe, efficient and compliant operations
- New vessels that service all water depths
- Geographic diversity
- Strong customer base, relationships and contracting



Tidewater

Vessel Population by Owner



Source: Company reports



Tidewater

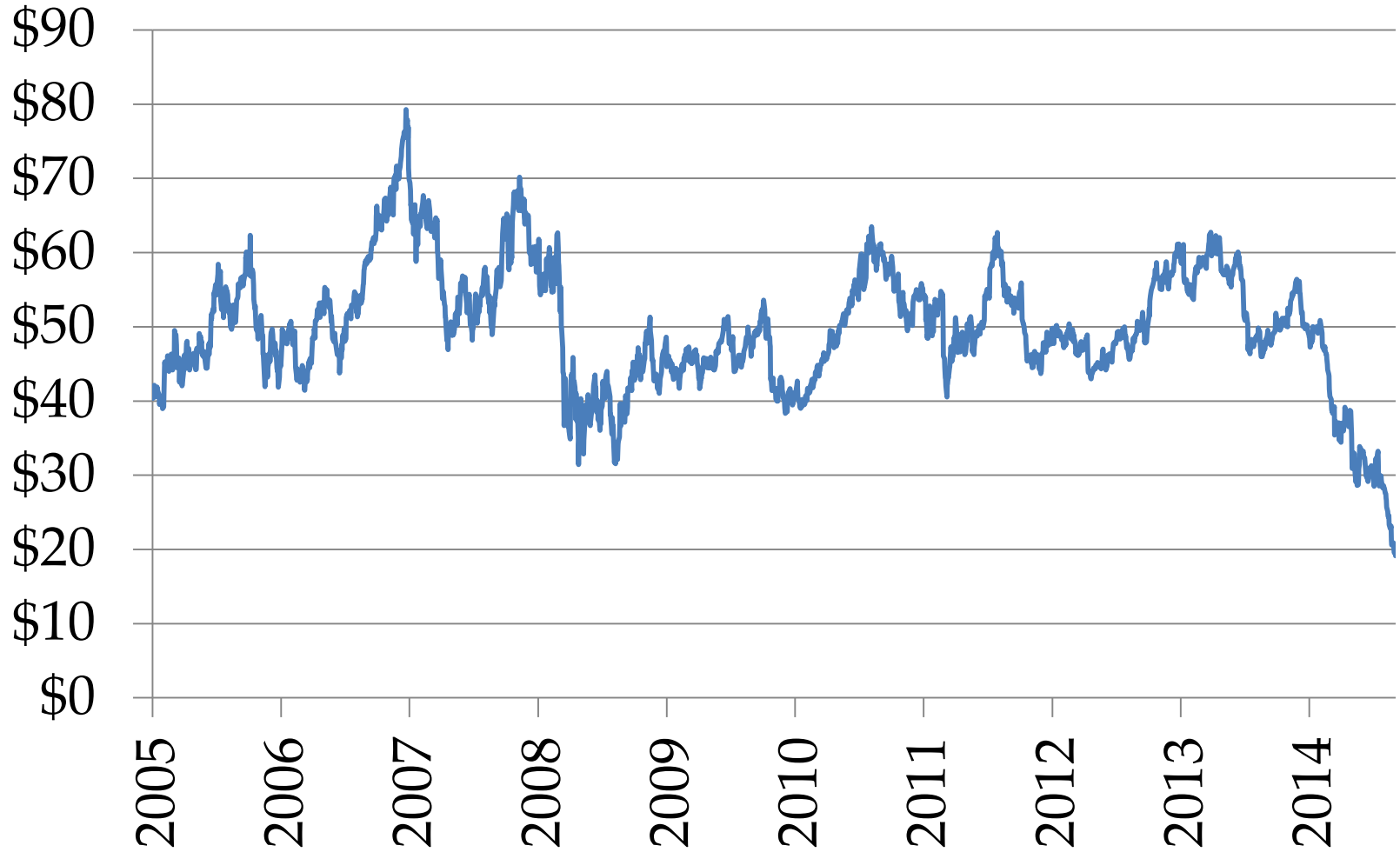
Vessel Commitments Jan. 2000 – Dec. 2014	<u>Vessel Count</u>	<u>Total Cost</u>
Deepwater PSVs	102	\$2,900m
Deepwater AHTSs	12	\$387m
Towing Supply/Supply	111	\$1,667m
Other	53	\$227m
Totals	278	\$5,181m

Source: Company reports



Tidewater

Stock Price



Source: Bloomberg



Tidewater

12/31/2014 Balance Sheet Items

(in Billions)

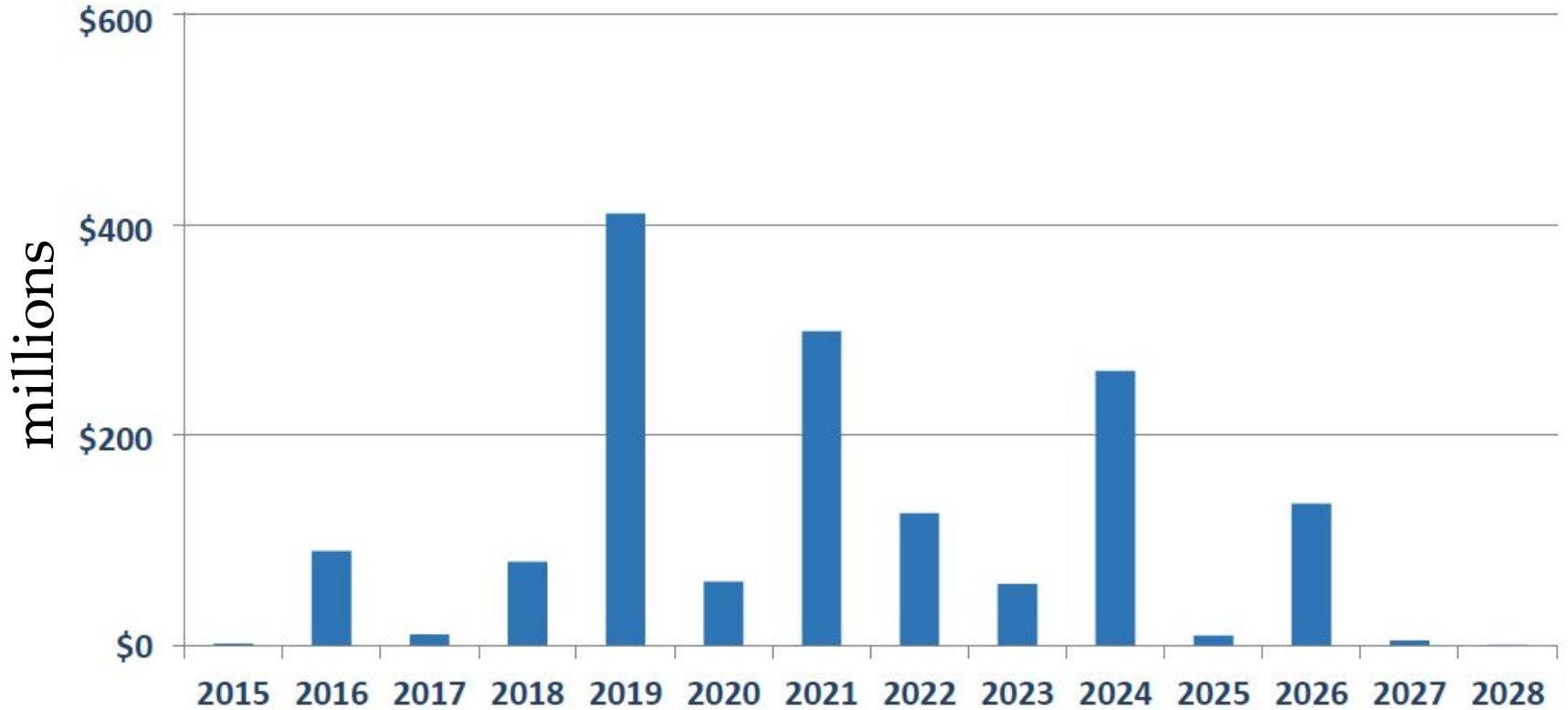
Vessel and Related Equipment	\$4.63
Net PP&E	\$3.67
Goodwill	\$0.00
Net Debt	\$1.41
Equity	\$2.51
Shares	46.9 M
Book Value per Share	\$53.50
Stock price as of 3/31/2015	\$19.14
Market cap as of 3/31/2015	\$897 M

Source: Company reports and Bloomberg



Tidewater

Debt Maturities



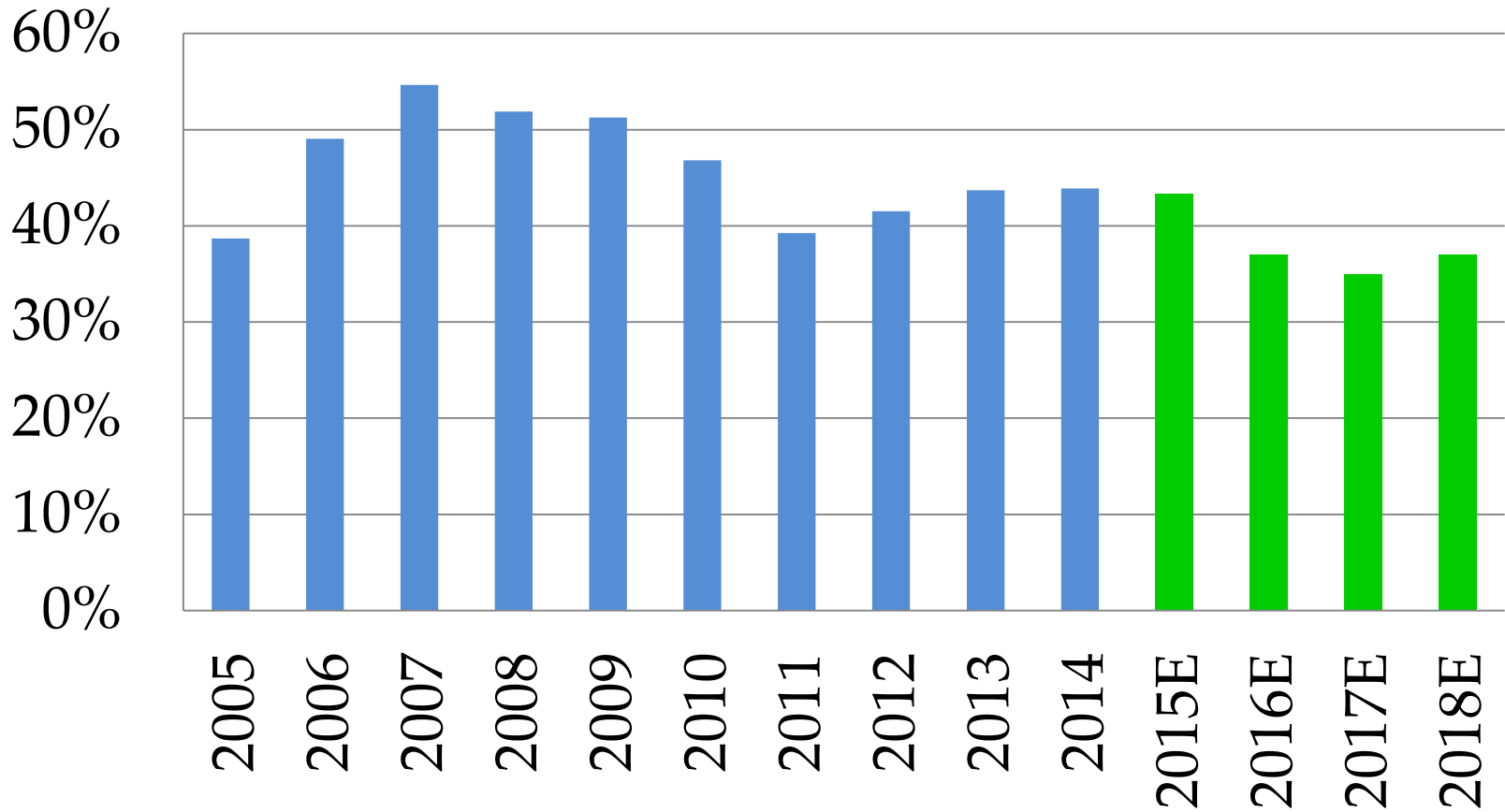
Fiscal Year ending March 31

Source: Company reports



Tidewater

Vessel Cash Operating Margin



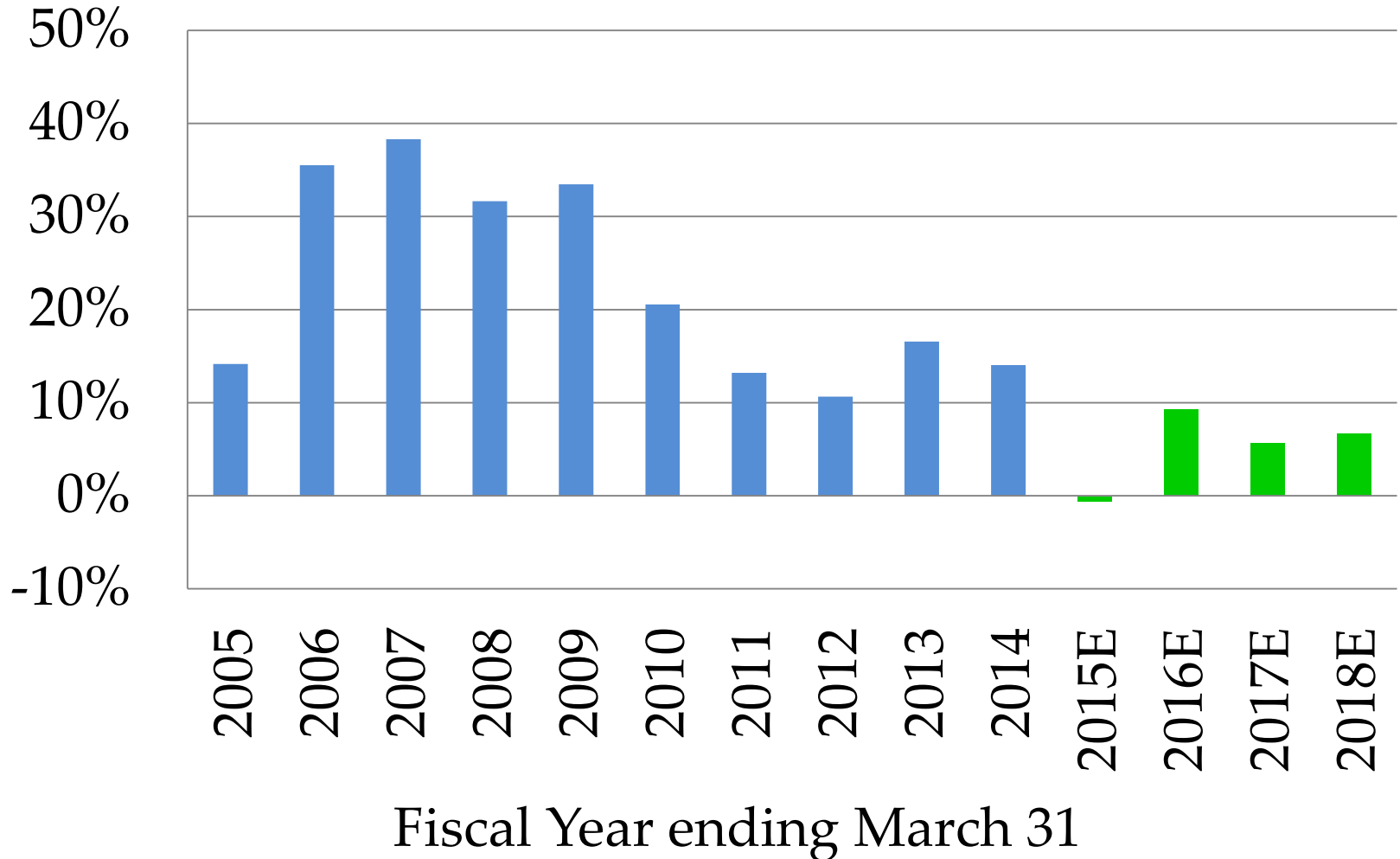
Fiscal Year ending March 31

Source: Company reports and Mountain Lake estimates



Tidewater

Operating Margin

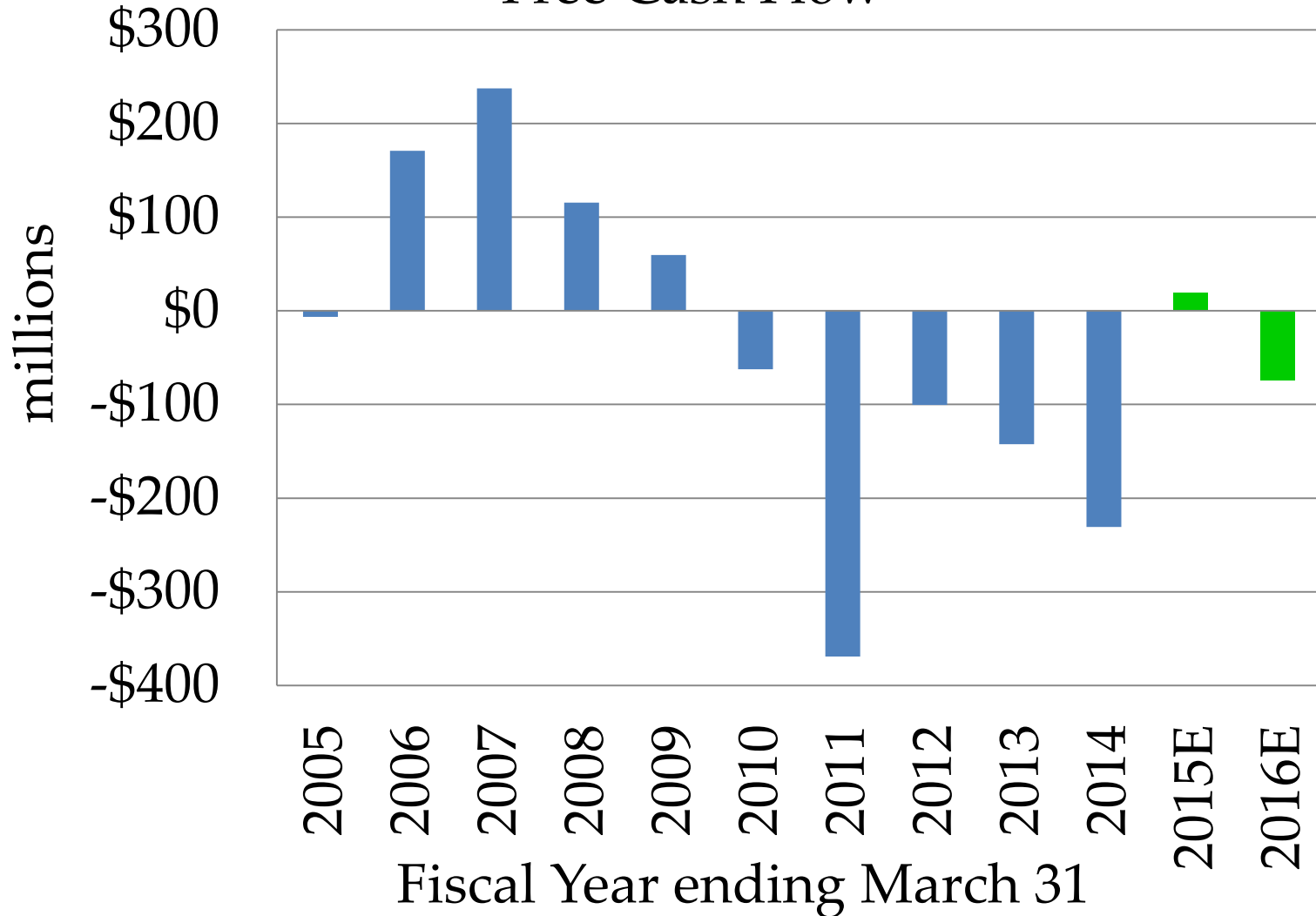


Source: Company reports and Mountain Lake estimates



Tidewater

Free Cash Flow

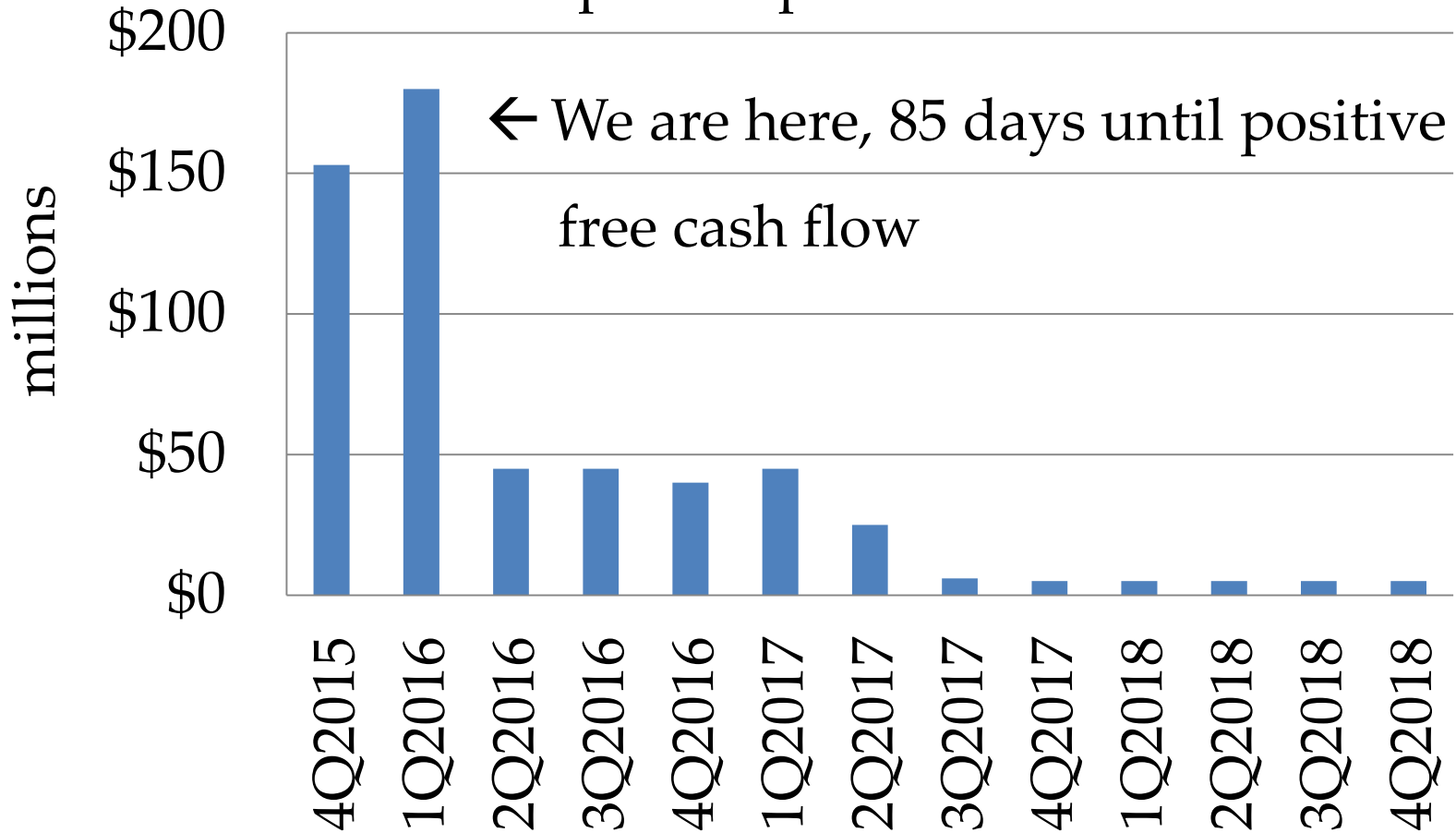


Source: Company reports and Mountain Lake estimates



Tidewater

Capital Expenditures



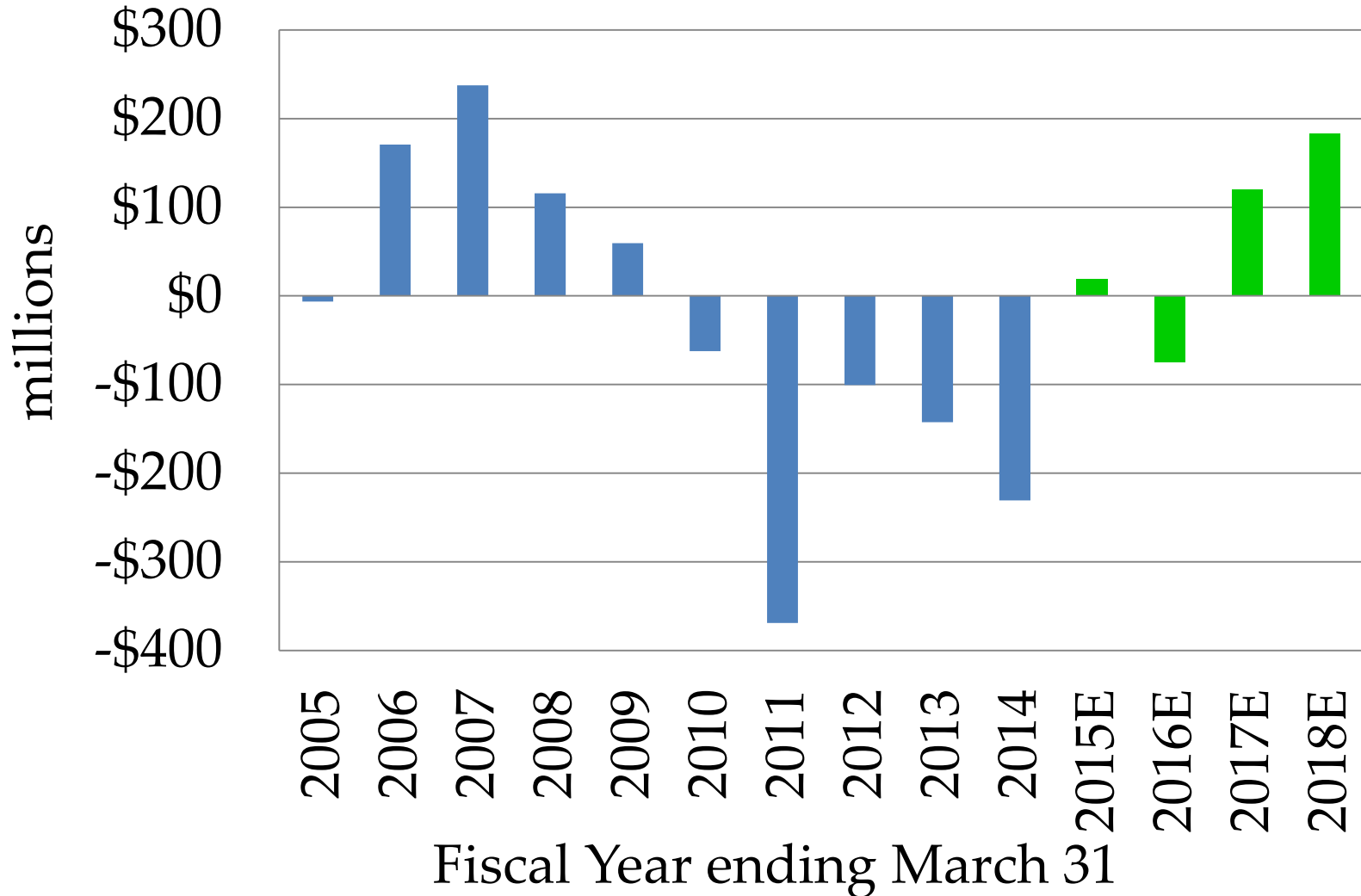
Fiscal Year ending March 31

Source: Company reports and Mountain Lake estimates



Tidewater

Free Cash Flow



Source: Company reports and Mountain Lake estimates



Mountain Lake
Investment Management LLC