

ADVANCED DRAINAGE SYSTEMS, INC.

Form 424B4

July 28, 2014

Table of Contents

Filed Pursuant to Rule 424(b)(4)
Registration No. 333-194980

PROSPECTUS

14,500,000 Shares

Advanced Drainage Systems, Inc.

Common Stock

This is the initial public offering of common stock of Advanced Drainage Systems, Inc.

We are offering 5,289,474 shares of common stock in this offering. The selling stockholders identified in this prospectus are offering 9,210,526 shares of common stock in this offering. We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders. Prior to this offering, there has been no public market for our common stock.

The initial public offering price per share is \$16.00. Our common stock has been approved for listing on the New York Stock Exchange under the symbol WMS.

Investing in our common stock involves risks. See Risk Factors beginning on page 19 of this prospectus.

	Per Share	Total
Price to the public	\$ 16.00	\$ 232,000,000
Underwriting discounts and commissions ⁽¹⁾	\$ 1.04	\$ 15,080,000
Proceeds to us (before expenses)	\$ 14.96	\$ 79,130,531
Proceeds to the selling stockholders (before expenses)	\$ 14.96	\$ 137,789,469

(1) We refer you to Underwriting beginning on page 164 of this prospectus for additional information regarding total underwriter compensation.

The underwriters also may purchase up to 2,175,000 additional shares of common stock from the selling stockholders at the initial public offering price less the underwriting discounts and commissions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock on or about July 30, 2014.

Barclays

Deutsche Bank Securities

Citigroup

RBC Capital Markets

BofA Merrill Lynch

Fifth Third Securities
Prospectus dated July 24, 2014

PNC Capital Markets LLC

Table of Contents

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Trademarks</u>	ii
<u>Market and Industry Data</u>	ii
<u>Presentation of Information</u>	ii
<u>Presentation of Certain Financial Measures</u>	iii
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	19
<u>Special Note Regarding Forward-Looking Statements And Information</u>	41
<u>Use of Proceeds</u>	43
<u>Dividend Policy</u>	44
<u>Capitalization</u>	45
<u>Dilution</u>	47
<u>Selected Historical Consolidated Financial Data</u>	49
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	54
<u>Industry</u>	81
<u>Business</u>	91
<u>Management</u>	111
<u>Executive Compensation</u>	121
<u>Principal and Selling Stockholders</u>	141
<u>Certain Relationships and Related-Party Transactions</u>	144
<u>Description of Employee Stock Ownership Plan</u>	145
<u>Description of Capital Stock</u>	147
<u>Shares of Common Stock Eligible for Future Sale</u>	153
<u>Description of Certain Indebtedness</u>	155
<u>Material U.S. Federal Tax Considerations for Non-U.S. Holders</u>	160
<u>Underwriting (Conflicts of Interest)</u>	164
<u>Legal Matters</u>	171
<u>Where You Can Find More Information</u>	171
<u>Experts</u>	171
<u>Index to Consolidated Financial Statements</u>	F-1

We, the selling stockholders and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby but only in circumstances and in jurisdictions where it is lawful to do so.

Table of Contents

TRADEMARKS

We use various trademarks, service marks and brand names that we deem particularly important to the marketing activities and operation of our various lines of business, and some of these marks are registered in the United States and, in some cases, other jurisdictions. This prospectus also refers to the brand names, trademarks or service marks of other companies. All brand names and other trademarks or service marks referenced in this prospectus, including N-12[®], SaniTite[®], StormTech[®], Nyloplast[®], Inserta Tee[®], BaySeparator, BayFilter and FleXstorm, are the property of their respective holders. Solely for convenience, we refer to trademarks, service marks and brand names in this prospectus without SM and [®] symbols. We do not intend our use or display of other parties' trademarks, service marks or brand names to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

MARKET AND INDUSTRY DATA

This prospectus includes estimates regarding market and industry data and forecasts, which are based on publicly-available information, industry publications and surveys, reports from government agencies, reports by market research firms and our own estimates based on our management's knowledge of and experience in the market sectors in which we compete. These estimates and forecasts are based on data from third-party sources, including certain market and industry data provided on a subscription basis by the Freedonia Group, Inc., an independent research firm and industry consultant based in Cleveland, Ohio, which we refer to as Freedonia. We also base certain estimates and forecasts related to stormwater retention/detention and water quality on a special study that we commissioned for a fee specifically for the purpose of this offering by Freedonia Custom Research, Inc., an affiliate of Freedonia, which we refer to in this prospectus as the Freedonia Special Report. We have not independently verified market and industry data provided by Freedonia, or by other third-party sources such as McGraw Hill, the U.S. Environmental Protection Agency, Reed Construction Data, the American Institute of Architects, the U.S. Census Bureau, the National Association of Realtors, the St. Louis Federal Reserve, HIRI / IHS Global Insight, The Ohio State University and the U.S. Department of Agriculture, although we believe such market and industry data included in this prospectus is reliable. This information cannot always be verified with complete certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in surveys of market size.

PRESENTATION OF INFORMATION

Unless the context otherwise indicates or requires, as used in this prospectus, the terms we, our, us, ADS and the Company refer to Advanced Drainage Systems, Inc. and its directly- and indirectly-owned subsidiaries as a combined entity, except where it is clear that the terms mean only Advanced Drainage Systems, Inc. exclusive of its subsidiaries.

Because our fiscal year ends on March 31, any reference to a fiscal year means the fiscal year ended March 31 of the same calendar year. For example, references to fiscal year 2014 mean the fiscal year ending March 31, 2014 and references to fiscal year 2013, fiscal year 2012 and fiscal year 2011 mean the fiscal years ended March 31, 2013, March 31, 2012 and March 31, 2011, respectively.

Our consolidated financial statements include our ownership interests in various consolidated joint ventures through which we conduct operations in Mexico and Central America. We also have an ownership interest in an unconsolidated joint venture through which we conduct operations in South America, which we refer to in this prospectus as our South American Joint Venture, and an unconsolidated joint venture through which we conduct certain operations in the United States, which we refer to in this prospectus as our BaySaver Joint Venture. Our equity interest in the operating results of both the South American Joint Venture and the BaySaver Joint Venture

Table of Contents

is presented in our consolidated financial statements as equity in net (income) loss of unconsolidated affiliates in accordance with U.S. generally accepted accounting principles, or GAAP. Although not consolidated under GAAP, we treat the South American Joint Venture and the BaySaver Joint Venture as if they are consolidated subsidiaries for internal reporting purposes. Throughout this prospectus, when we refer to our financial results or operations, we are referring to our financial results and operations as presented in our consolidated financial statements under GAAP, which do not consolidate our South American Joint Venture or our BaySaver Joint Venture, unless the context otherwise indicates.

We also sponsor a tax-qualified employee stock ownership plan, or ESOP, that covers our employees who meet certain service requirements. The ESOP was originally funded with a 30-year term loan from us as well as shares of our convertible preferred stock through a transfer of assets from our profit sharing retirement plan. The loan is secured by a pledge of unallocated shares of convertible preferred stock purchased by the ESOP that has not yet been released from the pledge and allocated to ESOP accounts. The 2.50% Cumulative Convertible Voting Preferred Stock held by the ESOP is referred to in this prospectus as our convertible preferred stock. The ESOP operates as a leveraged ESOP and was designed to enable eligible employees to acquire stock ownership interests in their accounts under the ESOP. See [Description of Employee Stock Ownership Plan](#) for a description of the ESOP.

Unless otherwise indicated, all information in this prospectus assumes the following:

the 4.707-for-1 stock split that was effected on July 11, 2014;

no exercise by the underwriters of their option to purchase additional shares; and

the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the closing of this offering.

PRESENTATION OF CERTAIN FINANCIAL MEASURES

For purposes of calculating the weighted average number of shares outstanding and net income per share in this prospectus, we divide net income available to common stockholders by the weighted average number of shares of common stock outstanding. These items are described below in [Summary Consolidated Financial Data](#) and [Selected Historical Consolidated Financial Data](#).

We refer in this prospectus to Redeemable Common Stock, which represents shares of our common stock that are held by certain stockholders who hold in excess of 15% of our common stock. These stockholders entered into an amended and restated stockholders' agreement, which provides such stockholders with the right to cause the shares to be repurchased by us at fair value in certain specified circumstances as described in Note 16 to our consolidated financial statements included elsewhere in this prospectus. As this right is considered for purposes of GAAP to be a redemption right, which is outside our control, we have classified the shares of common stock held by such stockholders in the mezzanine section of our consolidated balance sheets and changes in fair value are recorded in retained earnings. We anticipate that the stockholders' agreement will be terminated upon completion of this offering and the rights associated with these shares, which require them to be classified in mezzanine equity, will no longer be in effect. Accordingly, we anticipate reclassifying these balances to total stockholders' equity upon the completion of this offering. Our Redeemable Common Stock is also described below in [Summary Consolidated Financial Data](#) and [Selected Historical Consolidated Financial Data](#).

We also refer in this prospectus to Redeemable Convertible Preferred Stock, which represents our convertible preferred stock held by our ESOP. Prior to this offering, the trustee of our ESOP has the ability to

- iii -

Table of Contents

require us to repurchase the shares of convertible preferred stock at fair value in the event that it needs cash to pay for distributions, pre-retirement diversification, or other expenses, causing the shares to be repurchased at the option of the holder as described in Note 16 to our consolidated financial statements included elsewhere in this prospectus. As this right is considered for purposes of GAAP to be a redemption right, which is outside our control, we have classified the shares of convertible preferred stock in the mezzanine section of our consolidated balance sheets and changes in fair value are recorded in retained earnings. Upon completion of this offering, the rights associated with these shares, which require them to be classified in mezzanine equity, will no longer be in effect. Accordingly, we anticipate reclassifying these balances to total stockholders' equity upon completion of this offering. Our Redeemable Convertible Preferred Stock is also described below in Summary Consolidated Financial Data and Selected Historical Consolidated Financial Data.

Certain financial measures presented in this prospectus, such as System-Wide Net Sales, Net Income Per Share As Adjusted Basic and Diluted, EBITDA, Adjusted EBITDA, Segment EBITDA and Segment Adjusted EBITDA, are not recognized under GAAP. For definitions of System-Wide Net Sales, Net Income Per Share As Adjusted Basic and Diluted, EBITDA, Adjusted EBITDA, Segment EBITDA and Segment Adjusted EBITDA and reconciliations of those measures to the most directly comparable GAAP measures, see Selected Historical Consolidated Financial Data and Management's Discussion and Analysis of Financial Condition and Results of Operations Components of Results of Operations.

Table of Contents

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the information set forth under Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, and the financial statements and notes included elsewhere in this prospectus, before making an investment decision.

Our Company

We are the leading manufacturer of high performance thermoplastic corrugated pipe, providing a comprehensive suite of water management products and superior drainage solutions for use in the construction and infrastructure marketplace. Our innovative products are used across a broad range of end markets and applications, including non-residential, residential, agriculture and infrastructure applications. We have established a leading position in many of these end markets by leveraging our national sales and distribution platform, our overall product breadth and scale and our manufacturing excellence. In North America, our national footprint combined with our strong local presence and broad product offering makes us the leader in an otherwise highly fragmented sector comprised of many smaller competitors. We believe the markets we serve in the United States represent approximately \$10.1 billion of annual revenue opportunity. In addition, we believe the increasing acceptance of thermoplastic pipe products in international markets represents an attractive growth opportunity. For the fiscal year ended March 31, 2014, we generated net sales of \$1,069.0 million, net income of \$12.9 million and Adjusted EBITDA of \$147.0 million and, as of March 31, 2014, we had \$454.0 million of total outstanding debt. For a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, see Selected Historical Consolidated Financial Data.

Our products are generally lighter, more durable, more cost effective and easier to install than comparable alternatives made with traditional materials. Following our entrance into the non-residential construction market with the introduction of N-12 corrugated polyethylene pipe in the late 1980s, our pipe has been displacing traditional materials, such as reinforced concrete, corrugated steel and polyvinyl chloride, or PVC, across an ever expanding range of end markets. This has allowed us to consistently gain share and achieve above market growth throughout economic cycles. We expect to continue to drive conversion to our products from traditional products as contractors, civil design engineers and municipal agencies increasingly acknowledge the superior physical attributes and compelling value proposition of our thermoplastic products. In addition, we believe that overall demand for our products will benefit as the regulatory environment continues to evolve.

Our broad product line includes corrugated high density polyethylene (or HDPE) pipe, polypropylene (or PP) pipe and related water management products. Building on our core drainage businesses, we have aggressively pursued attractive ancillary product categories such as storm and septic chambers, PVC drainage structures, fittings and filters, and water quality filters and separators. We refer to these ancillary product categories as Allied Products. Given the scope of our overall sales and distribution platform, we have been able to drive growth within our Allied Products and believe there are significant growth opportunities going forward.

We have an extensive domestic network of 48 manufacturing plants and 19 distribution centers allowing us to effectively serve all major markets in the United States, which we define as the largest 100 metropolitan statistical areas based on population. The effective shipping radius for our pipe products is approximately 200 miles, thus competition in our industry tends to be on a regional and local basis with minimal competition from distant markets and imports. We are the only supplier of high performance thermoplastic corrugated pipe in our industry with a national footprint, thereby allowing us to efficiently service those customers that value having one source of supply throughout their entire distribution network. We believe our extensive national footprint creates a cost and service

advantage versus our HDPE pipe producing competitors, the largest of which has only 10 domestic HDPE pipe manufacturing plants. Internationally, we have two manufacturing plants and three distribution centers in Canada, four manufacturing plants in Mexico, four manufacturing plants and five distribution centers in South America and one distribution center in Europe.

- 1 -

Table of Contents

We have long-standing distribution relationships with many of the largest national and independent waterworks distributors, including Ferguson, HD Supply and WinWholesale, who sell primarily to the storm sewer and sanitary sewer markets. We also utilize a network of hundreds of small to medium-sized independent distributors across the United States. We have strong relationships with major national retailers that carry drainage products, including The Home Depot, Lowes, Ace Hardware, Menards and Do it Best, and also sell to buying groups and co-ops in the United States that serve the plumbing, hardware, irrigation and landscaping markets. The combination of our large sales force, long-standing retail and contractor customer relationships and extensive network of manufacturing and distribution facilities complements and strengthens our broad customer and market coverage.

We believe the ADS brand has long been associated with quality products and market-leading performance. Our trademarked green stripe, which is prominently displayed on many of our products, serves as clear identification of our commitment to the customers and markets we serve.

As illustrated in the charts below, we provide a broad range of high performance thermoplastic corrugated pipe and related water management products to a highly diversified set of end markets and geographies.

Table of Contents

Our Strengths

We believe that we benefit significantly from the following competitive strengths:

Market leader with unmatched scale. We are the leading manufacturer of high performance thermoplastic corrugated pipe and a leading manufacturer of related water management products. We believe our extensive national footprint of 48 manufacturing plants and 19 distribution centers creates a cost and service advantage versus our HDPE pipe producing competitors, the largest of which has only 10 domestic HDPE pipe manufacturing plants. We maintain an in-house fleet of approximately 625 tractor-trailers and approximately 1,100 trailers that are specially designed to haul our lightweight pipe and fittings products. Our effective shipping radius is approximately 200 miles from one of our manufacturing plants or distribution centers. Our world-class manufacturing expertise and extensive national distribution and fleet network allow us to service customers across the United States on a cost-effective and timely basis. Our long-standing customer relationships also provide us with visibility to attractive market opportunities.

Well positioned to drive continued material conversion. Our products are generally lighter, more durable, more cost effective and easier to install than comparable alternatives made with traditional materials. For example, concrete pipe generally weighs more than 20 times as much per foot as our thermoplastic pipe, resulting in the significant handling advantages that our product line enjoys during installation by contractors. These advantages typically provide our thermoplastic pipe with an installed cost advantage of approximately 20% over concrete pipe. High performance thermoplastic corrugated pipe represented approximately 25% of the total storm sewer market in 2012, up from what we believe was less than 10% ten years ago and less than 1% twenty years ago. We believe the penetration rate will continue to increase over time, as contractors, engineers and municipal agencies increasingly acknowledge the superior attributes and compelling value proposition of our thermoplastic products. We believe the recent introduction of our PP pipe products will also help accelerate this conversion given the additional applications for which our PP pipe products can be used. We continue to drive this material conversion through extensive sales force training and education of our customers. We have been at the forefront of educating an industry undergoing significant change in the regulatory environment, while pushing for expanded approvals of our products in new markets and geographies. Since 2006, 32 states have enhanced their approval of our pipe products, and an average of approximately 60 state, county and municipal approvals have been added or enhanced each year over the past five years.

Broad portfolio of Allied Products. Our Allied Products include storm and septic chambers, PVC drainage structures, fittings and filters and water separators. These products complement our pipe product lines and allow us to offer a comprehensive water management solution to our customers and drive organic growth. We have a long history of leveraging our broad distribution platform to develop or acquire, and market, complementary Allied Products that provide new technologies and product capabilities. Given our strong brand recognition, network of customer and distributor relationships and large team of trained salespeople, we believe we are the acquirer of choice for many providers of ancillary products who wish to partner with an industry leader. Our broad product line and reputation for quality provide our sales force with a competitive advantage in sourcing new opportunities and cross-selling products.

Industry-leading manufacturing and technical expertise. We believe we have developed a reputation in the industry for products that deliver technically-superior performance with lower installation and maintenance costs versus competing products. Our products are lightweight and flexible, strong, resistant to corrosion and resistant to abrasion. These characteristics allow for easy and low-cost installation, provide strength comparable to much heavier materials (as a result of the corrugated profile design of our thermoplastic pipe products) and provide an excellent service life expectancy. Our significant investment in custom-designed mold and die tooling (\$173 million investment over the last nine years) allows us to manufacture a variety of corrugated pipe sizes and provides us with the flexibility to meet demand fluctuations in local regions. In addition, we rotate these setups across our network of manufacturing plants as needed to meet demand, which provides us with a unique

Table of Contents

competitive advantage. We employ proprietary resin blending technology to minimize raw material cost and optimize production efficiency, while maintaining a consistent level of product performance. Utilizing this technology has allowed us to increase our ratio of recycled resin as a percent of total resin from approximately 24% in fiscal year 2005 to approximately 58% in fiscal year 2014, resulting in significant cost savings and reduced exposure to fluctuations in raw material costs.

Long-term customer relationships. We believe we have the largest and most experienced sales force in the industry, which allows us to maintain strong, long-standing relationships with key distributors, contractors and engineers. The combination of our technical expertise, product selection and customer delivery capabilities allows us to meet our customers' critical installation schedules and positions us as a strategic partner. We strive to educate the regulatory and design community while offering the distributor and contractor network a comprehensive product suite. Our products are manufactured, assembled, delivered and serviced from a network of plants and yards that are strategically positioned in close proximity to most major domestic geographic markets. Our national scale combined with our local presence, dedication to service and broad product offering has enabled us to maintain our long-standing customer relationships.

Highly diversified across end markets, channels and geographies. We are strategically diversified across a broad range of end markets, distribution channels and geographies. Our products are used globally in a diverse range of end markets across non-residential construction, residential construction, agriculture and infrastructure. These end markets include storm sewer systems, agriculture, retail, stormwater retention/detention, on-site septic systems and structures. We maintain and service these end markets through strong product distribution relationships with many of the largest national and independent waterworks distributors, a network of hundreds of small to medium-sized distributors across the United States, major national retailers that carry drainage products and a broad variety of buying groups and co-ops in the United States. We serve our customers in all 50 U.S. states as well as approximately 90 other countries. Our domestic sales, which represented approximately 88% of our net sales in fiscal year 2014, are diversified across all regions of the United States. Approximately 12% of our net sales in fiscal year 2014 were generated outside of the United States.

Experienced management team with successful operating record and significant equity ownership. Our management team, led by our Chief Executive Officer, Joe Chlapaty, has an average of over 23 years of industry experience. We have a long history of generating profitable growth, attractive margins and cash flow. During periods of weaker economic conditions, we believe we have benefitted from an increased market focus on our products as a cost effective alternative to traditional materials. In stronger economic cycles, we have delivered profitable growth and an ability to leverage our scale and excess production capacity to meet rapid increases in demand.

After the completion of this offering, our management and directors will own approximately 17.9% of our common stock on a fully-converted basis. In addition, after the completion of this offering, the convertible preferred stock held by our ESOP will account for approximately 27.5% of our common stock on a fully-converted basis. This high level of management and employee ownership ensures that incentives are closely aligned with equity holders.

Table of Contents

Our Business Strategy

We intend to grow our net sales, improve our profitability and enhance our position as the leading provider of high performance thermoplastic corrugated pipe and related water management products by executing on the following strategies.

Continue to drive conversion to our products. Our products are generally lighter, more durable, more cost effective and easier to install than comparable alternatives made with traditional materials such as concrete, steel and PVC. We intend to continue to drive conversion to our products from traditional products as contractors, engineers and municipal agencies increasingly acknowledge the superior attributes and compelling value proposition of our thermoplastic products. Expanded regulatory approvals allow for their use in new markets and geographies, and we continue to invest heavily in industry education. We believe we are the industry leader in these efforts as regulatory approvals are essential to the specification and acceptance of these product lines.

Expand our product offering and markets served. Our strong market position provides us with insight into the evolving needs of our customers, which has allowed us to proactively develop and deliver comprehensive water management solutions. The strength of our overall sales and distribution platform has allowed us to acquire new Allied Products and deliver solution-based product portfolios that typically result in significantly higher net sales post-acquisition than the products generated before the addition to our product portfolio. Our ability to further develop our offering of Allied Products represents an attractive opportunity to capture additional growth and improve our overall margins. We will continue to focus on enhancing our core products and expanding our Allied Products through cross-selling opportunities in order to further penetrate untapped markets and customers. We also expect to continue to enter into selective adjacent new markets that leverage our sales and engineering capabilities, customer relationships and national distribution network and provide more water management solutions to our customers.

Expand our presence in attractive new geographies. Outside of the United States, we believe thermoplastic corrugated pipe represents a small part of the overall market. We further believe there is significant opportunity to convert new geographies based on the overall performance and value of our products, similar to what continues to occur in our existing markets. To date, in order to increase our speed to market, we have expanded internationally primarily through joint ventures with best-in-class local partners. Our existing joint ventures provide us with access to markets such as Brazil, Chile, Argentina, Mexico, Peru and Colombia. Combining a local partner's customer relationships, brand recognition and local management talent, with our world-class manufacturing and process expertise, broad product portfolio and innovation, creates a strong platform with additional opportunities for international expansion. In the future, we will continue to identify new geographies to access markets through joint venture relationships with domestic partners in targeted areas.

Capitalize on growth related to the recovery in our primary end markets. We believe we are well positioned to take advantage of renewed growth and recovery in the non-residential and residential construction and infrastructure markets in the United States. Additionally, we believe we have the potential to capitalize on a substantial backlog of deferred infrastructure spending in the United States as a result of upgrades and repairs that were delayed in the recent economic downturn. Spending on the replacement of aging water drainage and sewer infrastructure (estimated to cost approximately \$298 billion between 2013 and 2033, according to the American Society of Civil Engineers, or ASCE) and stricter U.S. Environmental Protection Agency, or EPA, guidelines for stormwater and wastewater management will drive additional demand for our products.

Continue our focus on operational excellence. Our focus on continuously improving operating efficiencies, reducing costs and improving product quality has enabled us to improve our position as a leading low-cost provider. We constantly strive to achieve operating and cost efficiencies across all facets of our business. For

Table of Contents

example, we employ sophisticated resin blending technology to minimize raw material costs and optimize production efficiency, while maintaining a high level of product quality and performance. We believe this and our other initiatives, combined with continued prudent management of our overhead, and our ability to increase our sales without the requirement of increased capital expenditures will allow us to maximize profitability as we continue to grow.

Selectively pursue strategic acquisitions. By utilizing our customer relationships and sales force, we have a demonstrated ability to identify and integrate numerous strategic acquisitions. We believe our strong reputation for product growth, as well as our strong brand recognition, network of customer and distributor relationships, and large team of trained salespeople, has allowed us to become the acquirer of choice, as demonstrated by our ability to identify new technologies and product capabilities and thereafter acquire such technologies and products. The acquisitions of strategic product lines such as BaySaver, FleXstorm, Nyloplast, Inserta Tee and StormTech have strengthened our market position while enhancing long-term growth and profitability and are examples of our ability to complete and integrate acquisition opportunities. We have remained one of the strongest and best capitalized companies in the industry throughout the recent economic cycle and are well positioned to capitalize on current market dynamics to selectively acquire key products and technologies. We have strong industry relationships and maintain an active acquisition pipeline.

Industry Overview and Trends

We serve a broad range of end markets across non-residential construction, residential construction, agriculture and infrastructure. We are the leading manufacturer of high performance thermoplastic corrugated pipe and a leading manufacturer of related water management products. We compete against other HDPE pipe producers, as well as pipe manufacturers selling products made from traditional materials such as concrete, corrugated steel and PVC on a national, regional and local basis. We compete primarily in the United States and Canada; however, we have also expanded internationally in Mexico, Central America and South America through our joint ventures. We believe the markets we serve in the United States represent approximately \$10.1 billion of annual revenue opportunity. In addition, we believe the increasing acceptance of thermoplastic pipe products in international markets represents an attractive growth opportunity.

Core Product Categories

Pipe Market

Demand for our products is largely driven by residential and non-residential construction, transportation and related water drainage infrastructure spending and the repair and replacement of aging stormwater management infrastructure. Freedonia estimates that demand for large diameter pipe (defined as 15" diameter or larger depending on industry standards by material type) in the United States will increase at an average of 6.2% per year from approximately 146 million feet in 2011, to 197 million feet in 2016. We compete in the storm sewer, drainage, sanitary sewer and irrigation markets, which collectively represent approximately 70% of the overall large diameter pipe market in the United States. According to Freedonia, sanitary and storm sewers, which represent approximately 50% of the total large diameter pipe market demand, are expected to continue to drive growth for the large diameter pipe market through 2016. Additionally, Freedonia estimates that the largest expected growth in the forecast period will come from the drainage market, as non-residential and residential construction continues to rebound. According to Freedonia, HDPE, the primary material in our products, is projected to become a larger portion of the overall large diameter pipe market as states and municipalities are expected to continue to adopt this product as a result of its superior attributes and approve its use in a broader range of applications.

Table of Contents

Source: Freedonia

Positive end market trends in the non-residential construction, residential construction, agricultural and infrastructure markets are also expected to drive increased demand for pipe products in Canada. Growth in fixed investment spending is expected to result in a higher number of sewer and drainage infrastructure projects. Housing starts in Canada are forecasted to grow from 185,000 in 2012 to 215,000 by 2017, according to Freedonia. We believe the large industry around forestry, minerals, petroleum and natural gas markets in Canada provide opportunity for pipe applications.

The GDP in Mexico is forecasted to expand at 3.7% annually through 2017. Construction growth in Mexico is driven by demand for housing, non-residential property and additional investment in public infrastructure. Freedonia forecasts HDPE pipe demand to grow 8% annually through 2017 in Mexico, to 50,000 metric tons, the fastest growth rate of any plastic resin.

The largest pipe markets in South America are Brazil and Chile. Other South American countries such as Argentina, Colombia, Ecuador and Peru are also forecasted to see strong growth in construction. Brazil has large infrastructure investment occurring related to the country hosting the 2014 FIFA World Cup and 2016 Summer Olympics. HDPE pipe is taking market share from concrete and PVC pipe in drainage and sewer applications in these markets. In Argentina, primary end markets for HDPE pipe are construction, natural resources and agriculture.

Related Water Management Solutions Market

We also offer a wide range of Allied Products to meet our customers' water management requirements across various markets. The demand for these products is largely driven by residential and non-residential construction, transportation and related water drainage infrastructure spending and the replacement of aging stormwater management infrastructure.

Table of Contents

Stormwater Retention/Detention

Current EPA regulations require any development of one acre or larger to retain stormwater on site and gradually release it over time. This requirement is met by either using natural solutions, such as retention ponds, or structural solutions, which include systems constructed underground. According to the Freedonia Special Report, demand in this market is forecasted to grow 7.5% annually from 2013 to 2016. Growth of structural solutions is forecasted to grow 8.5% over this period, compared to 5.4% for natural solutions.

On-Site Septic

According to the EPA, an estimated 20% of total U.S. housing units depend upon on-site septic systems for the treatment and disposal of household sewage. An on-site septic system allows for effluent to be leached into the soil for treatment. The market is driven by new residential construction and, to a lesser extent, the repair and replacement of existing systems. Our plastic septic chamber products perform their septic treatment functions with gravel, reducing the cost to the contractor and homeowner over traditional pipe and stone systems that are also used for these systems.

Structures

Drainage structures are used in all major storm projects and are used to move surface-collected stormwater vertically down to pipe conveyance systems. The predominant products used today are concrete structures. We compete in this market with our Nyloplast product line, an engineered drainage structure made from PVC. Our Nyloplast product reduces construction cost and increases speed of installation compared to traditional precast concrete structures.

Water Quality

EPA regulations also limit the amount of sediment or other pollutants in discharged water. Similar to stormwater management, these requirements are met through the use of either natural or structural solutions. Freedonia forecasts that demand for these solutions will increase 10.1% annually through 2016, with natural and structural solutions growing at nearly the same rate. We provide structural solutions for water quality through our BaySaver and FlexStorm product lines.

Geosynthetics

We offer geosynthetic products through resale agreements with leading suppliers. Geosynthetics are used in a wide range of environmental and civil engineering applications to promote drainage, retain soils, control the flow of liquids and construct natural soil structures. Demand in this market is primarily driven by trends in non-residential and transportation construction activity. According to a December 2013 study by Freedonia on world geosynthetics demand, U.S. geosynthetic demand is forecasted to grow 6.5% annually through 2017.

Core End Markets

Non-Residential Construction (51% of Domestic Net Sales in Fiscal Year 2014)

For fiscal year 2014, our net sales in the U.S. non-residential construction market were \$480.1 million, which represented 51% of our domestic net sales. Reed Construction Data is forecasting U.S. non-residential construction, consisting of commercial, institutional, manufacturing and warehouse construction, to grow 6.6% annually from 2013 to 2016 and increase 8.2% in 2014 over 2013.

Table of Contents

Residential Construction (21% of Domestic Net Sales in Fiscal Year 2014)

For fiscal year 2014, our net sales in the U.S. residential construction market were \$194.4 million, which represented 21% of our domestic net sales. U.S. residential new construction has begun to recover since reaching historic lows during the recent economic downturn. While new housing starts demonstrated an annual growth rate of 16% from 2010 to 2013, current levels remain substantially below the long-term average of 1.5 million starts since the U.S. Census Bureau began reporting the data in 1959. According to McGraw Hill, residential new housing is expected to increase to 1.11 million starts, or 14%, in 2014, and increase to 1.33 million starts, or 20%, in 2015. As of September 2013, the Home Improvement Research Institute projects that U.S. sales of repair, renovation and improvement products will grow at a rate of 5.4% in 2013, 6.8% in 2014 and 7.0% in 2015, driven by the improving economy, rising home prices and greater consumer confidence.

Agriculture (19% of Domestic Net Sales in Fiscal Year 2014)

For fiscal year 2014, our net sales in the U.S. agriculture market were \$176.4 million, which represented 19% of our domestic net sales. U.S. and global demand for corn and soybeans, net farm income and corn use for ethanol are significant drivers of our agriculture business and are leading indicators in regards to our product demand. According to the U.S. Department of Agriculture, agricultural exports were a record \$140.9 billion in 2013 and are forecasted to increase 1% in 2014. According to the U.S. Department of Agriculture, net farm income increased to \$130.5 billion in 2013, up from \$85.0 billion in 2008. The U.S. Department of Agriculture estimates that 40% of corn production in the United States is consumed by ethanol production, with requirements not expected to decline in the near future.

Infrastructure (9% of Domestic Net Sales in Fiscal Year 2014)

For fiscal year 2014, our net sales in the U.S. infrastructure market were \$84.6 million, which represented 9% of our domestic net sales. The main drivers of our products in the infrastructure market include the construction of streets and highways, storm and sanitary sewers, airports and railroads. ASCE rated the overall U.S. infrastructure a grade of D+ in its recent 2013 report card, and estimates that \$298 billion is needed over the next 20 years to replace and upgrade the existing wastewater infrastructure in the United States. ASCE's primary concern is the need to address sanitary and combined sewer overflows. Citing the 2008 Clean Watersheds Needs Survey, the ASCE report states \$64 billion is needed to address combined sewer overflows and stormwater management over the 20-year period. There are four million miles of public roads and highways in the United States, primarily constructed over 50 years ago. The Federal Highway Administration estimates that \$170 billion is needed annually to improve the condition of the nation's roads and highways, a significant increase from the \$101 billion that is needed to just maintain their current condition.

Table of Contents

Ownership and Corporate Information

We have a long history of employee ownership as well as ownership by financial sponsors. Our current ownership is comprised of members of our management team and other non-employee stockholders, ASP ADS Investco, LLC, an affiliate of American Securities LLC, or American Securities, and our ESOP in which our employees participate. For more information regarding our ESOP, see Description of Employee Stock Ownership Plan.

The following chart illustrates our ownership and organizational structure, including stock ownership percentages, after giving effect to this offering (assuming no exercise of the underwriters' option to purchase additional shares):

- (1) Excludes (on a post-stock split basis) 2.8 million shares of common stock issuable upon exercise of options outstanding as of March 31, 2014 at a weighted average exercise price of \$12.29 per share.
- (2) ASP ADS Investco, LLC is an affiliate of American Securities.
- (3) The ESOP currently holds all outstanding shares of our convertible preferred stock, which converts at the election of the ESOP into shares of our common stock as further described below under Description of Employee Stock Ownership Plan. The percentage ownership for the ESOP is on an as-converted basis.
- (4) ADS Worldwide, Inc. is our wholly-owned subsidiary through which we hold interests in the various international joint ventures through which we operate in Mexico, Central America and South America.

Table of Contents

Summary of Risk Factors

Our business is subject to a number of risks of which you should be aware and carefully consider before making an investment decision. These risks are discussed in Risk Factors, and include but are not limited to the following:

fluctuations in the price and availability of resins, our principal raw material, and our inability to pass on resin price increases to customers;

our inability to obtain adequate supplies of resins from suppliers;

disruption or volatility in general business and economic conditions in the markets in which we operate, such as non-residential and residential construction, agriculture and infrastructure markets;

our ability to convert current demand for competitive products into demand for our products;

effect of weather or seasonality;

loss of any of our significant customers;

failure to collect monies owed from customers;

exposure of our international operations to political, economic and regulatory risks;

risks associated with conducting a portion of our operations through joint ventures;

our ability to successfully expand into new geographic or product markets;

risks associated with acquisitions;

risks associated with increased fuel and energy prices;

risks associated with manufacturing process, construction defect and product liability and legal proceedings;

our current levels of indebtedness and related restrictions and limitations imposed on us;

securities or industry analysts may not publish research or may publish misleading or unfavorable research about our business; and

fulfilling our obligations incident to being a public company.

Recent Developments

Set forth below is preliminary net sales and income from operations data that we expect to report for our first quarter ended June 30, 2014. We have provided a range for the preliminary estimates described below primarily because our financial closing procedures for the three months ended June 30, 2014 are not yet complete.

While we currently expect that our final net sales and income from operations will be within the ranges described below, it is possible that our final net sales or our income from operations will not be within the ranges we currently estimate due to the completion of our financial closing procedures, final adjustments, completion of the review of our financial statements and other developments that may arise between now and the time the financial statements are completed. Estimates of results are inherently uncertain and subject to change. See Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policy and Estimates, Risk Factors Risks Relating to Our Business and Special Note Regarding Forward-Looking Statements and Information.

Table of Contents

The following are preliminary estimates for the three months ended June 30, 2014:

For the three months ended June 30, 2014, we expect to report net sales in the range of \$320.0 million to \$330.0 million, an increase of 10.7% at the midpoint of the range as compared to \$293.5 million for the three months ended June 30, 2013. The estimated increase in net sales is primarily due to volume growth in both Domestic Pipe and Allied Products categories.

For the three months ended June 30, 2014, we expect to report income from operations in the range of \$28.6 million to \$30.6 million as compared to \$33.2 million for the three months ended June 30, 2013. Adjusting for one time audit fees related to this offering of \$0.7 million and non-cash share based compensation of \$0.8 million related to the issuance of stock options, our expected range of adjusted income from operations for the three months ended June 30, 2014 is between \$30.1 million to \$32.1 million, an increase of 10.2% at the midpoint of the expected range as compared to an adjusted income from operations of \$28.2 million for the three months ended June 30, 2013 (excluding a gain on the sale of assets/business of \$4.8 million resulting from our DrainTech product line which occurred during the three months ended June 30, 2013).

Deloitte & Touche LLP has not audited, reviewed, compiled or performed any procedures and does not express an opinion or any other form of assurance with respect to these preliminary estimates.

Corporate Information

We were founded in 1966 and are a Delaware corporation. Our principal executive offices are located at 4640 Trueman Boulevard, Hilliard, Ohio 43026, and our telephone number at that address is (614) 658-0050. Our corporate website is www.ads-pipe.com. Information on, and which can be accessed through, our website is not part of, and is not incorporated by reference in this prospectus.

Table of Contents

The Offering

Common stock offered by us	5,289,474 shares.
Common stock offered by the selling stockholders	9,210,526 shares (11,385,526 shares if the underwriters exercise in full their option to purchase additional shares).
Common stock outstanding immediately after this offering	52,748,211 shares.
Option to purchase additional shares of common stock	The underwriters have a 30-day option to purchase up to an additional 2,175,000 shares of common stock from the selling stockholders.
Reserved Shares	At our request, the underwriters have reserved for sale, at the initial public offering price, up to 2% of the shares offered by this prospectus for sale to certain of our directors, officers, employees and other persons selected by us. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.
New York Stock Exchange symbol	WMS.
Use of proceeds	We intend to use the net proceeds from this offering to repay at least \$72.8 million of outstanding indebtedness under the revolving portion of our credit facility. We intend to use the remaining proceeds (if any) for general corporate purposes. We will not receive any proceeds from the sale of shares by the selling stockholders. See Use of Proceeds.
Conflicts of Interest	The net proceeds from this offering will be used to repay borrowings under the revolving portion of our credit facility. Because an affiliate of Fifth Third Securities, Inc. and PNC Capital Markets LLC are lenders under our revolving credit facility and each will receive 5% or more of the net proceeds of this offering, Fifth Third Securities, Inc. and PNC Capital Markets LLC are each deemed to have a conflict of interest under Rule 5121 of the Financial Industry Regulatory Authority, Inc., or FINRA. As a result, this offering will be conducted in accordance with FINRA Rule 5121. Pursuant to that rule, the appointment of a qualified

independent underwriter is not required in connection with this offering as the members primarily responsible for managing the public offering do not have a conflict of interest, are not affiliates of any member that has a conflict of interest and meet the requirements of paragraph (f)(12)(E) of FINRA Rule 5121. See Use of Proceeds and Underwriting (Conflicts of Interest).

Table of Contents

Risk factors See Risk Factors and other information included in this prospectus for a discussion of factors that you should carefully consider before deciding whether to invest in shares of our common stock.

Dividend policy We have a history of paying dividends to our stockholders when sufficient cash is available, and we currently intend to pay dividends in the future after this offering. Any determination to pay dividends on our capital stock in the future will be at the discretion of our board of directors, subject to applicable laws and the provisions of our amended and restated certificate of incorporation (including those relating to the payment of dividends on our convertible preferred stock), and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors considers relevant. In addition, the terms of our credit facilities contain restrictions on our ability to pay dividends. See Dividend Policy.

The number of shares of common stock to be outstanding immediately following this offering gives effect to the 4.707-for-1 stock split that was effected on July 11, 2014, and includes (i) 47,458,737 shares of our common stock outstanding as of March 31, 2014, and (ii) 5,289,474 shares of common stock offered by us in connection with this offering, and excludes (on a post-stock split basis):

0.3 million shares of restricted stock outstanding as of March 31, 2014 under our 2008 Restricted Stock Plan;

0.9 million shares of common stock issuable upon exercise of options outstanding as of March 31, 2014 at a weighted average exercise price of \$9.48 per share under our 2000 Incentive Stock Option Plan;

1.9 million shares of common stock issuable upon exercise of options outstanding as of March 31, 2014 at a weighted average exercise price of \$13.64 per share under our 2013 Stock Option Plan; and

0.3 million, 1.2 million and 0.4 million shares of common stock reserved for future issuance as of March 31, 2014 under our 2008 Restricted Stock Plan, our 2000 Incentive Stock Option Plan and our 2013 Stock Option Plan, respectively.

Unless otherwise indicated, all information in this prospectus assumes the following:

the 4.707-for-1 stock split that was effected on July 11, 2014;

no exercise by the underwriters of their option to purchase additional shares; and

the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated bylaws immediately prior to the closing of this offering.

Table of Contents**Summary Consolidated Financial Data**

The summary consolidated financial data presented below as of March 31, 2013 and 2014 and for fiscal years 2012, 2013 and 2014 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial data presented below as of March 31, 2012 have been derived from our audited consolidated financial statements which are not included in this prospectus.

The results indicated below and elsewhere in this prospectus are not necessarily indicative of our future performance. You should read this data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the related notes included elsewhere in this prospectus. Outstanding shares and per share amounts have been retrospectively amended to reflect the 4.707-for-1 stock split which became effective on July 11, 2014.

(Amounts in thousands, except per share data)	Fiscal Year Ended March 31,		
	2012	2013	2014
Consolidated statement of income data:			
Net sales	\$ 1,013,756	\$ 1,017,041	\$ 1,069,009
Cost of goods sold	818,398	807,730	856,118
Gross profit	195,358	209,311	212,891
Selling expenses	67,625	69,451	75,024
General and administrative expenses	65,927	67,712	78,478
Gain on sale of assets/ business	(44,634)	(2,210)	(5,338)
Intangibles amortization	11,387	11,295	11,412
Income from operations	95,053	63,063	53,315
Interest expense	21,837	16,095	16,141
Other miscellaneous expense, net	2,425	283	133