



Trex[®]

Trex Company Investor Presentation

NYSE: TREX

May 2012

Safe Harbor Statement

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are subject to risks and uncertainties that could cause the Company’s actual operating results to differ materially from those contemplated by the forward-looking statements. For further information on risk factors affecting the Company’s business, please refer to our most recent annual and quarterly reports filed with the Securities and Exchange Commission. The Company expressly disclaims any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.



Who is Trex®?



- \$300MM manufacturer of wood-alternative decking, railing, porches, deck substructures and trim
- Best-in-class product platform
- Unsurpassed channel position: ~ 6,000 retail outlets
- Strong brand identity
- World-class low-cost manufacturing
- Eco-friendly product – 95% recycled raw material
- Strong management team

Why Trex®?



- Leading brand
- Proven performance backed by a strong warranty
- Network of company-employed sales reps throughout the country
- Environmentally friendly products
- Providing innovative new products

Environmentally Friendly



Trex uses recycled plastic and reclaimed wood to create environmentally-friendly products

- Keeping more than 400 million pounds of plastic and wood scrap out of landfills annually
- Trex recycles all forms of polyethylene plastic: shrink wrap, shopping bags, etc.

More than Just Decking

Complete outdoor system:

- Decking and Porch flooring
- Railing
- Steel deck framing
- Deck lighting
- Trim

And even extras like:

- Outdoor furniture
- Pergola kits
- Deck drainage systems



Trex® Pergola

Trex® Deck Lighting

Trex® Transcend®
DECKING & RAILING SYSTEM

Trex® RainEscape®
DECK DRAINAGE SYSTEM

Trex® Trim

Trex® Outdoor Furniture



Unsurpassed Domestic Channel Position

- Stocked in approximately 6,000 retail locations
- Two-Step/Pro Lumber Yards
 - 90 distributor locations in North America
 - Servicing 3,000 dealer locations
 - Added or expanded presence in ~500 dealers in 2011/2012
- Big Box/DIY
 - The Home Depot
 - Stocked in 1,300+ stores
 - Lowe's
 - Stocked in 1,500+ stores
 - National special order program offered through both companies
- Leading presence with home builders and national accounts



Trex® Transcend®

DECKING & RAILING SYSTEM

Unparalleled Beauty

- High-definition wood grain in seven rich colors to mix, match and mingle

Hassle-Free

- Easy soap & water cleanup

Fade, Stain, Scratch & Mold Resistant

- Maintains beauty and color through changing seasons, messy barbecues, and active lifestyles

Earth-Friendly

- Made from 95% recycled materials

25-Year Limited Fade & Stain Warranty

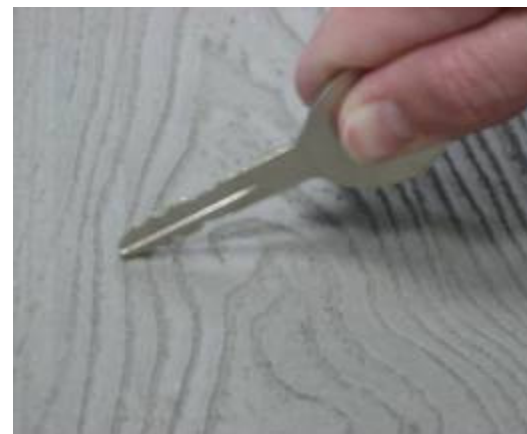
- A guarantee unheard of for any other kind of decking



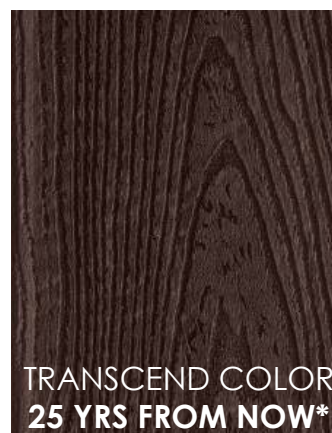
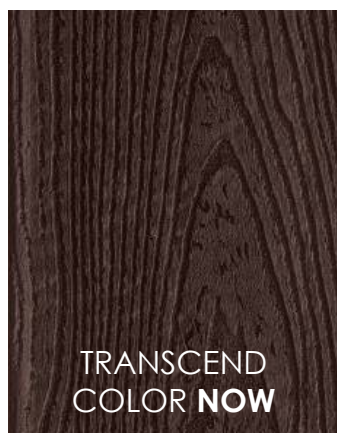
Transcend Performance Properties



Stain Resistant



Scratch Resistant

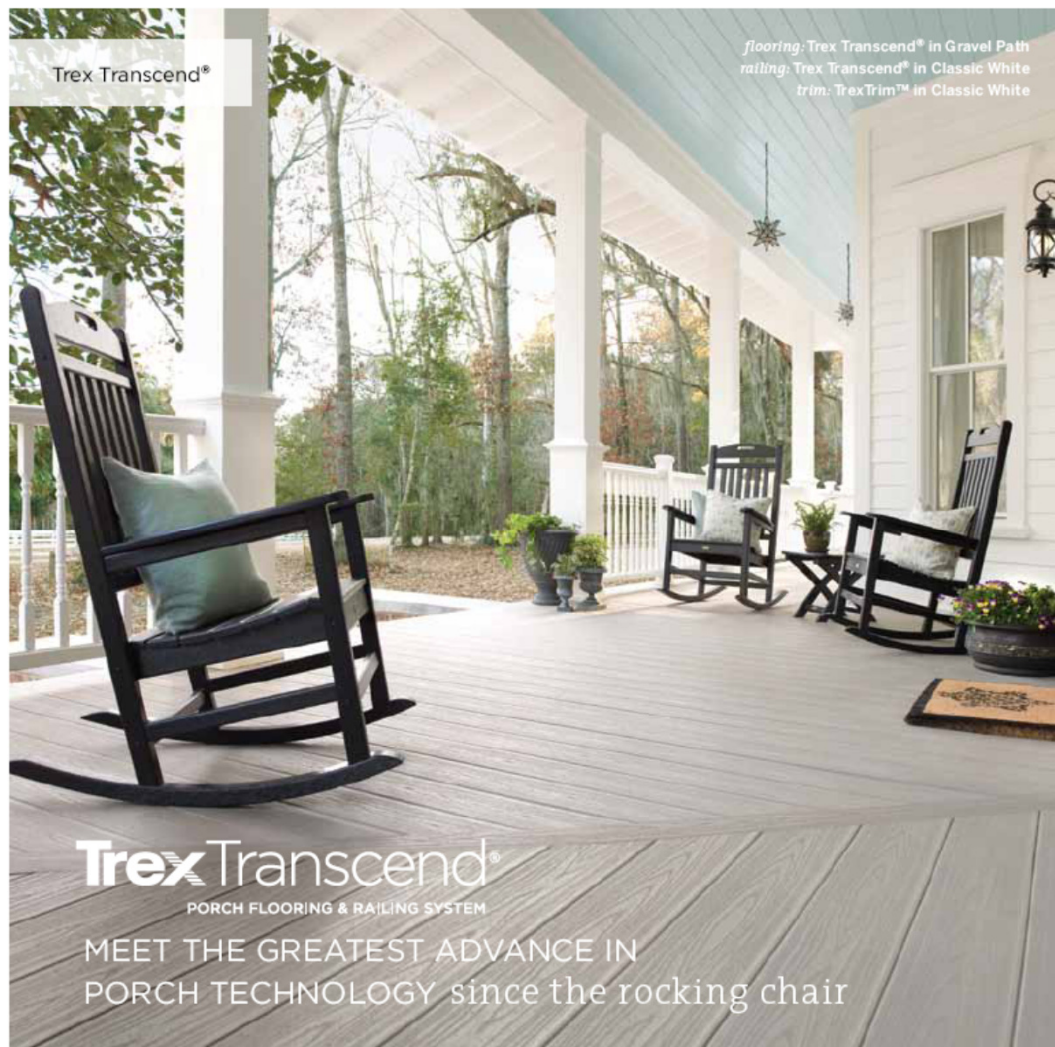


Fade Resistant

** Will not change more than 5
Delta E (CIE) units (virtually
imperceptible to the eye)*

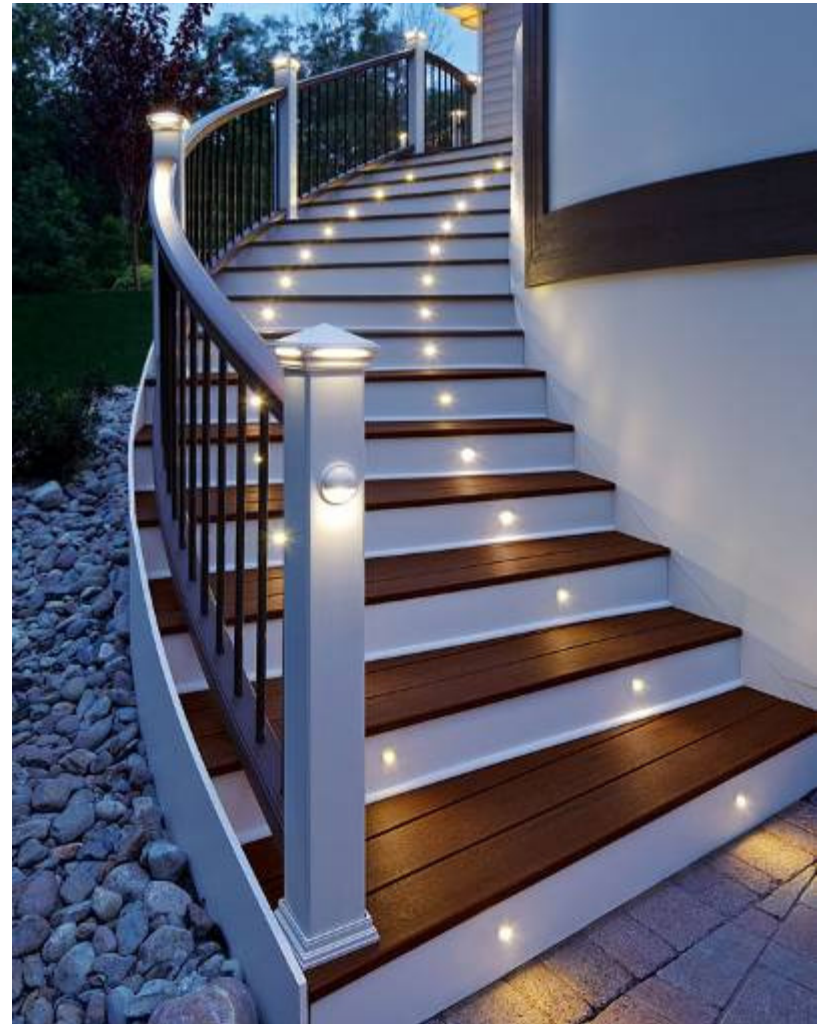
Trex® Transcend®

PORCH FLOORING & RAILING SYSTEM



Trex® Deck Lighting™

- Durable low-voltage, LED lighting
- Operates up to 40,000 hours
- Uses 75% less energy than incandescent



TrexTrim™



- Low-maintenance
- Cuts, routs, fastens and paints easily
- Release film protects during shipping and throughout construction



Trex Elevations™

STEEL DECK FRAMING

- Stronger
 - Fewer posts/more flexible designs, longer spans
- Straighter
 - Consistent dimensions
 - Dimensionally stable
 - Flat finished surface
- Safer
 - Non-combustible
 - Class 1A Fire Rating
 - Termite resistant
- Smarter
 - Long-lasting
 - 25-year warranty
 - Lighter than wood/less physically taxing



Licensed Product Offerings



Trex® Pergola™



Trex®
Composite Saw Blades



Trex® RainEscape®
DECK DRAINAGE SYSTEM



Trex®
Outdoor Furniture™



Trex® CustomCurve™
HEATING & BENDING SOLUTION

Markets and Competitive Landscape



Markets

- \$170 billion residential home improvement market⁽¹⁾
- Trex residential markets: \$7.3 billion
 - Decking & Railing \$3.2 billion
 - Deck substructure \$2.0 billion
 - Porch \$1.0 billion
 - Exterior Trim \$1.1 billion

Market Drivers

Trend to outdoor living
Superior aesthetics
Lower maintenance
Eco-friendly

Economic Drivers

Repair & remodeling activity
Sale of existing homes
Consumer confidence
Disposable income

Sources

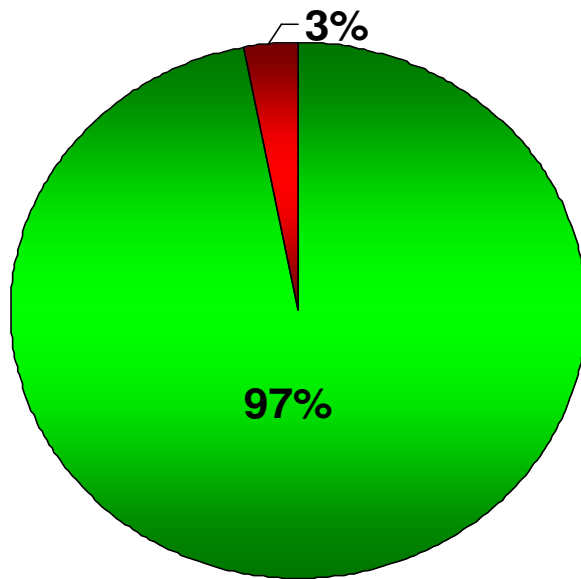
(1) Joint Center for Housing Studies of Harvard University
Principia Partners Home Improvement Research Institute

Decking & Railing Market: \$3.2B

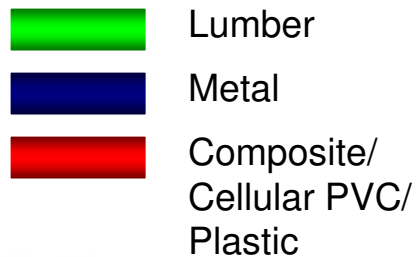
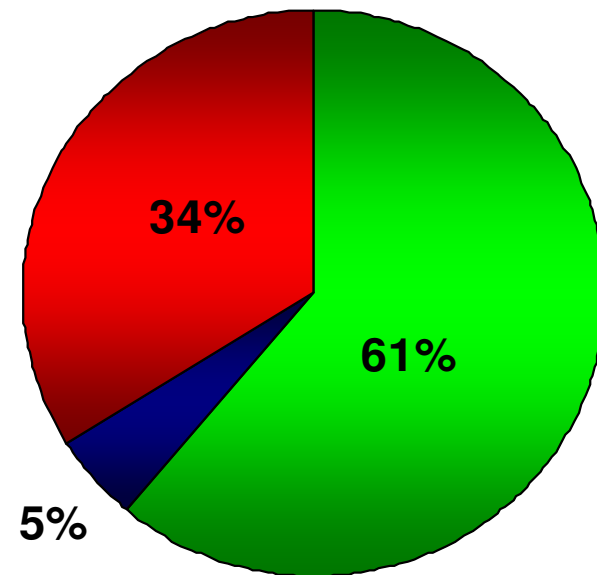
- Primary driver: residential remodeling activity
 - 2.8MM residential decks built in 2010
 - 95% as additions to existing homes or replacing older decks
- Significant replacement potential in installed base of 40MM decks nationwide
- Low-cost method of adding living space
 - Deck additions rank in top five remodeling projects for resale value
- Favorable underlying trends
 - Outdoor living
 - Green building
 - Brand value

Decking & Railing Composite Residential Market Penetration

1999



2010



- Composite products rapidly gaining market share
- Offer better aesthetics, functionality and durability than wood
- Composite market share increased 31% from 1999 to 2010

Decking & Railing Competitive Landscape

Industry-Leading 35% Share
Up 5 Share Points in 2010

Decking & Railing Composites Market Share

	2008	2009	2010
Trex	30%	30%	35%
Timbertech	16%	16%	14%
Fiberon	12%	12%	14%
Azek	6%	10%	13%
AERT	9%	8%	7%
Tamko	8%	7%	5%
UFPI	7%	6%	5%
GAF*	2%	3%	3%
All Others	10%	8%	4%
	100%	100%	100%

Composites Market

Composite residential sales (\$MM)	\$930	\$757	\$784
Composite non-residential sales incl. Porch (\$MM)	\$128	\$107	\$106
Total Composite Sales (\$MM)	\$1,058	\$864	\$890

Since 2006 several composite manufacturing companies have exited the marketplace

1. *Q3 2011 GAF DuraLife product line (formerly CorrectDeck and ELK CrossTimbers)
2. Monarch -- John A. Biewer Co, Inc.
3. Green Tree
4. LP Building Products (WeatherBest)
5. Brite Manufacturing
6. Carney Timber
7. CPI (Eon)
8. CertainTeed (Boardwalk)

Fallout could continue as a result of competitive and economic factors



2012 Product for Every Segment

Accents

“Natural Beauty”



\$2.50/FT

- Good Looks
 - Natural Wood Grain
 - 4 Rich Colors
- Good Performance
- Soft, Splinter-Less Comfort
- Earth Friendly
 - 95% Recycled
- Standard Warranty – 25Years

Enhance

“Enriched Beauty & Performance”

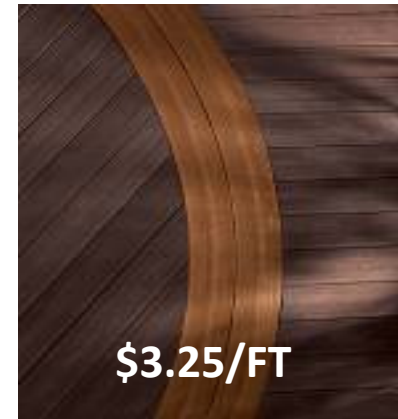


\$2.89/FT

- Better Looks
 - 2 Natural, Earth-Tone Colors
- Better Performance
 - Good Scratch, Stain, Fade & Mold Resistance
 - Proprietary Shell Technology
 - Cleans with Soap & Water
- Earth Friendly
 - 95% Recycled
- 20 Year Fade & Stain Warranty

Transcend

“Unsurpassed Beauty & Performance”



\$3.25/FT

- Excellent Looks
 - Distinctive, High Definition Wood -Grain Pattern
 - 5 Rich Earth Tone Colors
 - 2 Tropical Colors
 - 5 Matching Railings
- Excellent Performance
 - Superior Scratch, Stain, Fade & Mold Resistance
 - Proprietary Shell Technology
 - Cleans with Soap & Water
 - Class B Fire Rating
- Earth Friendly
 - 95% Recycled
- 25 Year Fade & Stain Warranty

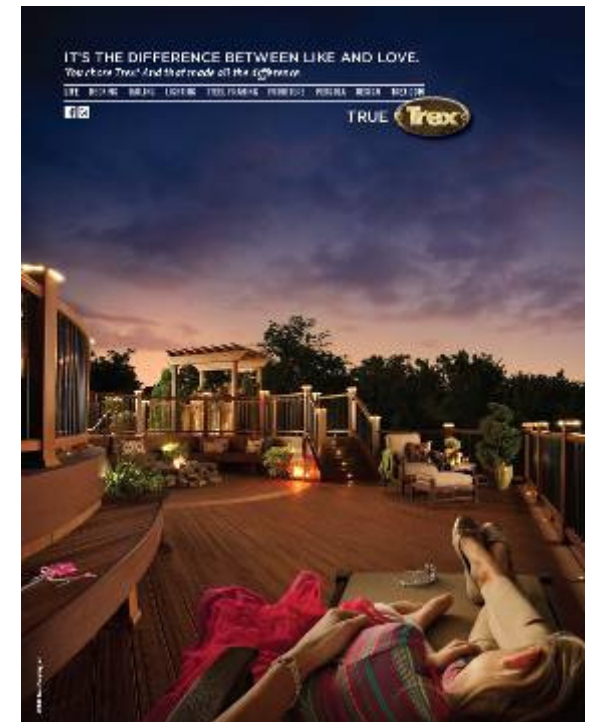
Advertising

- Trex runs national advertising in TV, print and online during the peak decking season
- Sponsors showcase opportunities, such as the *Southern Living* Idea House



2011 Idea House - Texas

Print Ads



Merchandising



Presentation
Kits



Countertop Display



Banner



Samples

Color Guide

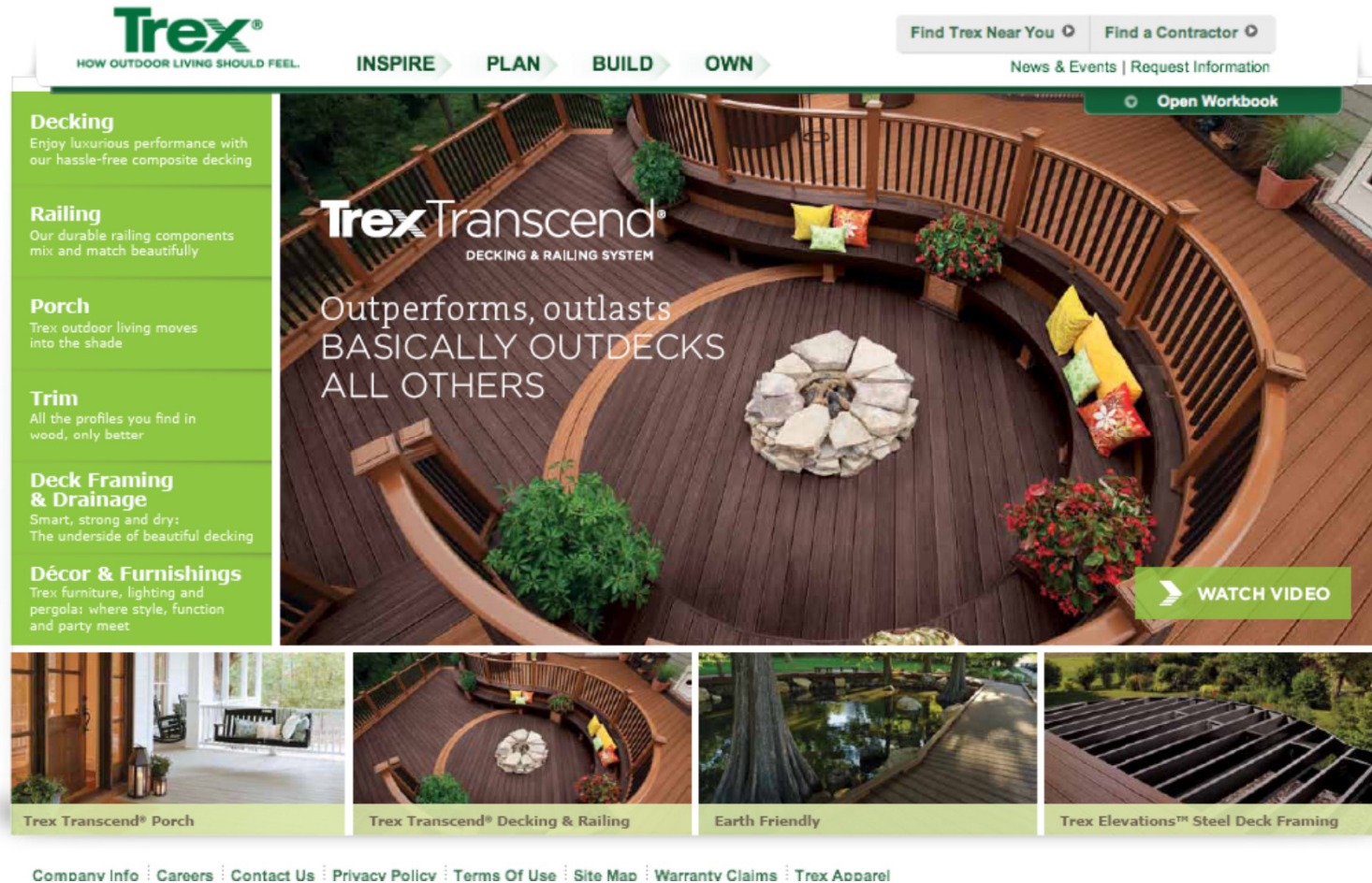


Tower Display



Floor Stand Display

Website



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Management Achievements



Achievements

December 31, 2007 to Present

- Stabilized bank relations; more favorable \$100MM 3-year credit facility put in place January 2012
- Generated \$87MM free cash flow (2008 thru 2011)
- Increased (pro-forma) gross margin by 7% (2007 thru 2011) despite a significant reduction in capacity utilization, which was down 43%
- Introduced game-changing technology (Transcend)
- Increased market share to 35% (up 5% in 2010)
- Expanded best-in-class product platform
- Attained world-class manufacturing status
- Built the strongest management team in the industry
- Building a global sales presence

Executive Officers

Ron Kaplan: 4 years with Trex

President, CEO & Chairman of the Board

- CEO of Continental Global Group
- 26 years in senior positions with Harsco

Jim Cline: 4 years with Trex

Vice President & CFO

- President of Harsco GasServ
- 11 years in senior positions with Harsco
- 18 years in senior finance positions with Huffy

Tim Reese: 4 years with Trex

Vice President, Operations

- Operations Director for Dupont Teijin Films
- 29 years with DuPont in senior operations positions

Mitch Cox: 6 years with Trex

Vice President, Sales

- 24 years with Kraft Foods in senior sales positions

Adam Zambanini: 6 years with Trex

Vice President, Marketing

- 6 years with Rubbermaid, a manufacturer of plastic products, in senior marketing positions

Bill Gupp: 10 years with Trex

Chief Administrative Officer, General Counsel and Secretary

- 8 years with Harsco in senior legal positions

Current Initiatives & Strategic Objectives

Current Initiatives

- New product development
- Continued increase in market share
- Further cost reductions through world-class manufacturing methods and new technologies
- International expansion
- Expand reach through efficient branding programs

Strategic Objectives

- Continued organic growth: 50% market share
- Acquisitions/business combinations that capitalize on brand, distribution and/or technology
- Strategic alliances (e.g., licensing agreements)

Continued International Expansion

- The Trex brand has “Global Reach”
- Began international distributor development in 2010
 - Went from 2 countries in 2010 to 22 countries in 2011
- Strong presence in Europe, South America, Asia and Australia
- Global sales force focusing on further international expansion opportunities



World-Class Manufacturing Methods

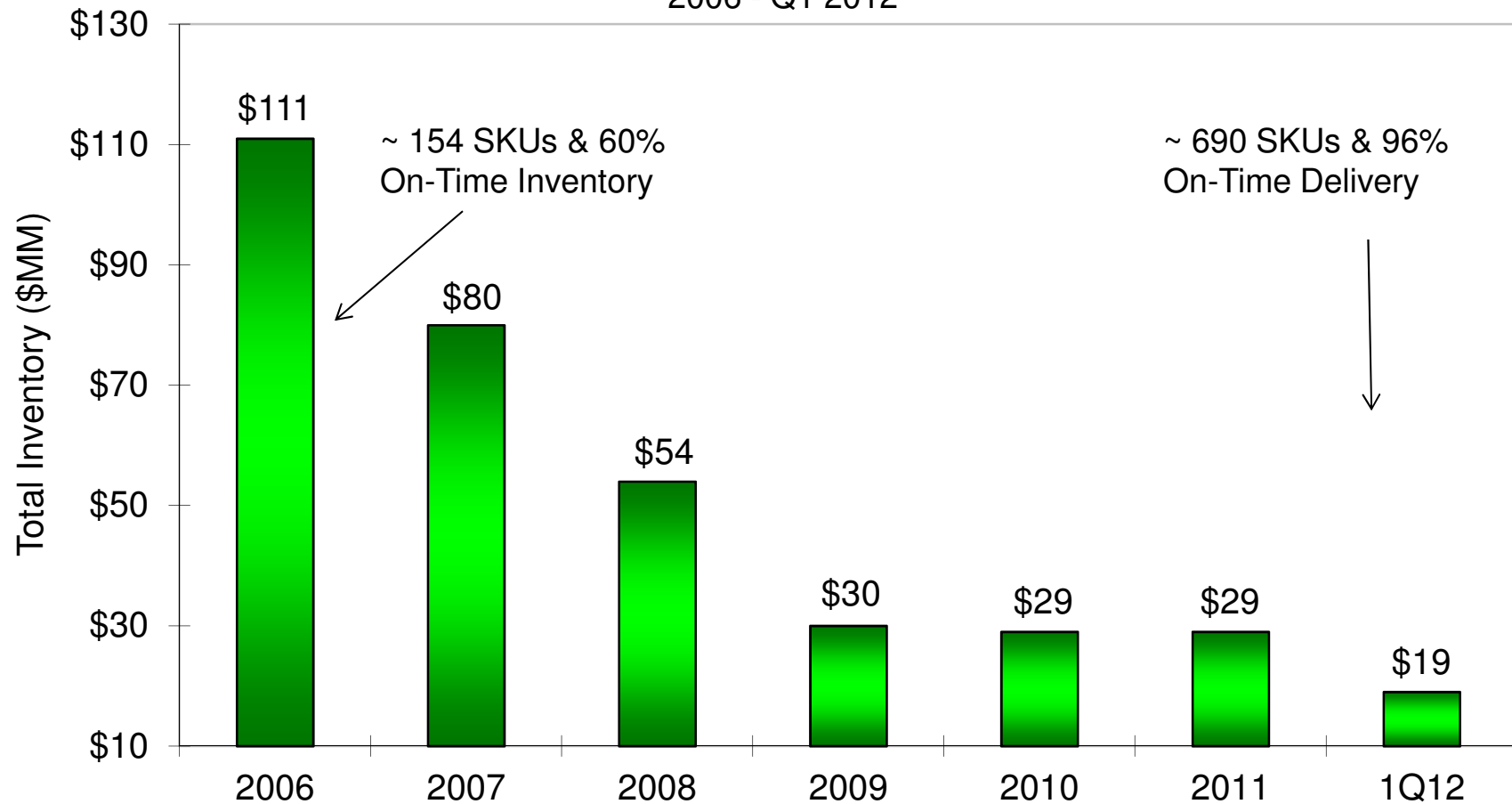
- Collective “team accountability,” shop floor to top floor
- Pay-for-performance incentives – with monthly payout hurdles
- Real-time plant performance tracking / analysis
- Speed and quality of execution
 - Driving continuous productivity improvement through Lean & Six Sigma for “engineered” solutions
 - Improved manufacturing yields and line rates increased productivity 17% since 2007
- Computer modeling / process mapping for best financial results
- Supply Chain Best Practices
 - Lean Sigma / MRP inventory management / SCOR benchmarking
 - True statistical forecasting for scheduling production



Inventory Management

Trex Total Inventory Dollars

2006 - Q1 2012



Utilizing Advanced Technologies

- Planalytics® Business Weather Intelligence
 - Weather plays a key role in the timing of the purchase decision
 - Predictive weather forecasts assists with key sales, promotional and production decisions
 - Planalytics® weather data has ~ 80% accuracy looking out 11 months, updated weekly

Planalytics®

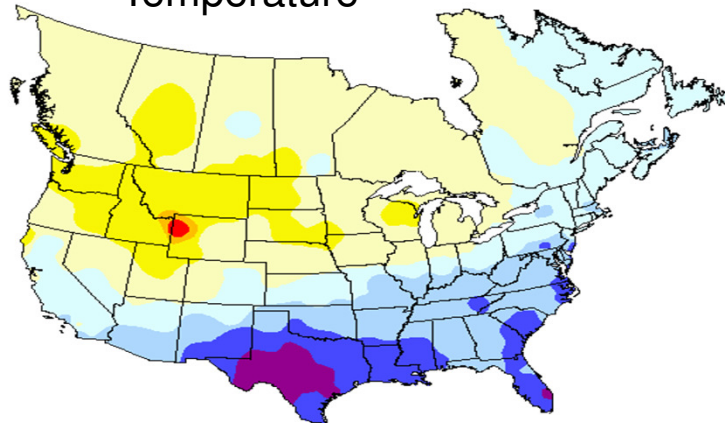
April 2012 Forecast vs. April 2011

Temp: Warmer in the North, colder in the South

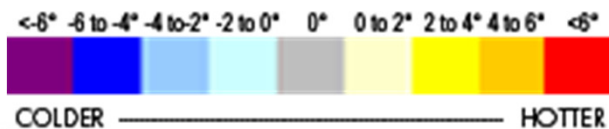
Precipitation: Drier in the North, wetter in the South

April Outlook 2012 vs. 2011

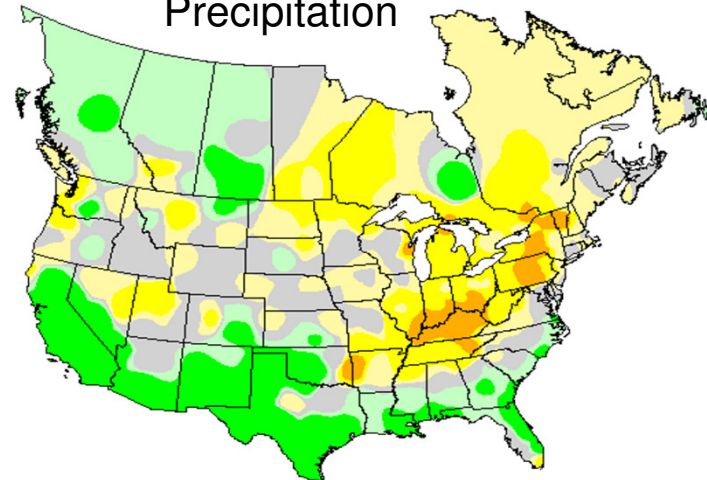
Temperature



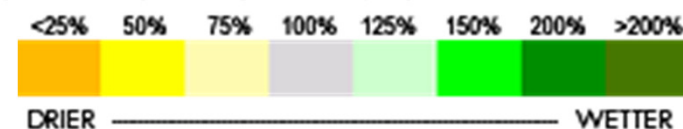
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Precipitation



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Investment Highlights

- Continuous stream of innovative new product introductions
- Expanding distribution channels, domestic and international
- Achieving significant market share gains
- Compelling marketing campaign driving brand awareness
- Continued focus on eco-friendly product offering
- Low-cost manufacturer, advancing cost-competitive advantage
- Operating leverage opportunities
 - FY 2011 27% gross margin at only 30% capacity utilization



Financial Performance



Financial Trends

New Management Team

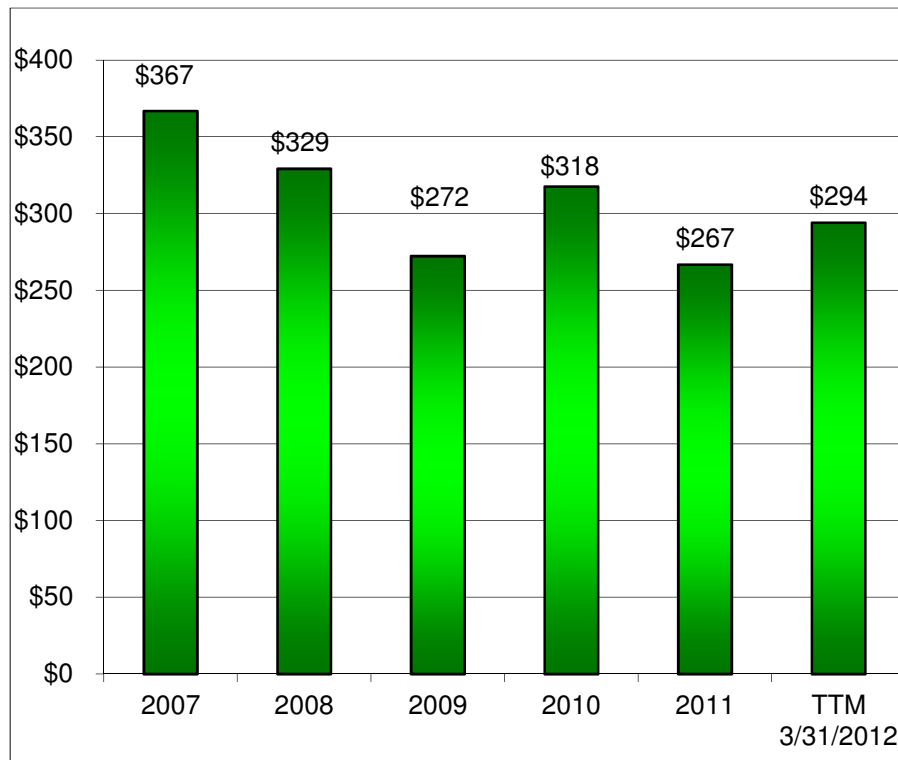
(\$ in MMs)	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽²⁾</u>	<u>2011</u>	<u>TTM 3/31/12</u>
Net Sales	\$366.8	\$329.2	\$272.3	\$317.7	\$266.8	\$293.9
Gross Margin	20.6%	27.7%	29.6%	28.9%	27.3%	29.0%
Operating Income	(\$0.8)	\$26.6	\$15.3	\$26.4	\$12.1	\$22.6
EBITDA	\$21.8	\$51.5	\$38.2	\$46.0	\$30.6	\$40.6
EBITDA % of Sales	5.9%	15.6%	14.0%	14.5%	11.5%	13.8%
Net Debt <small>(ex APB 14-1)</small>	\$133.9	\$110.6	\$81.5	\$73.1	\$50.4	\$98.9
Net Debt <small>(GAAP)</small>	\$98.0	\$80.4	\$58.1	\$57.8	\$44.9	\$96.0

(1) Financial Trends exclude certain unusual charges as referenced in the Company's SEC filings

(2) 2010 includes \$17.5MM of Transcend startup costs

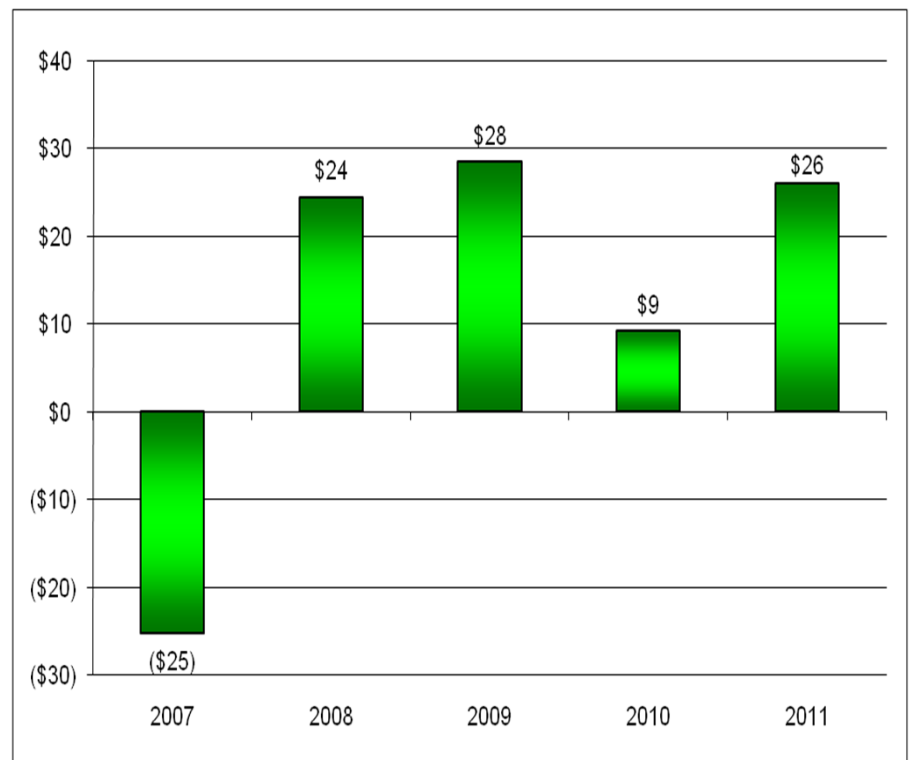
Revenues and Free Cash Flow

Revenues \$MM⁽¹⁾



Solid revenue performance through
"The Great Recession"

Free Cash Flow \$MM

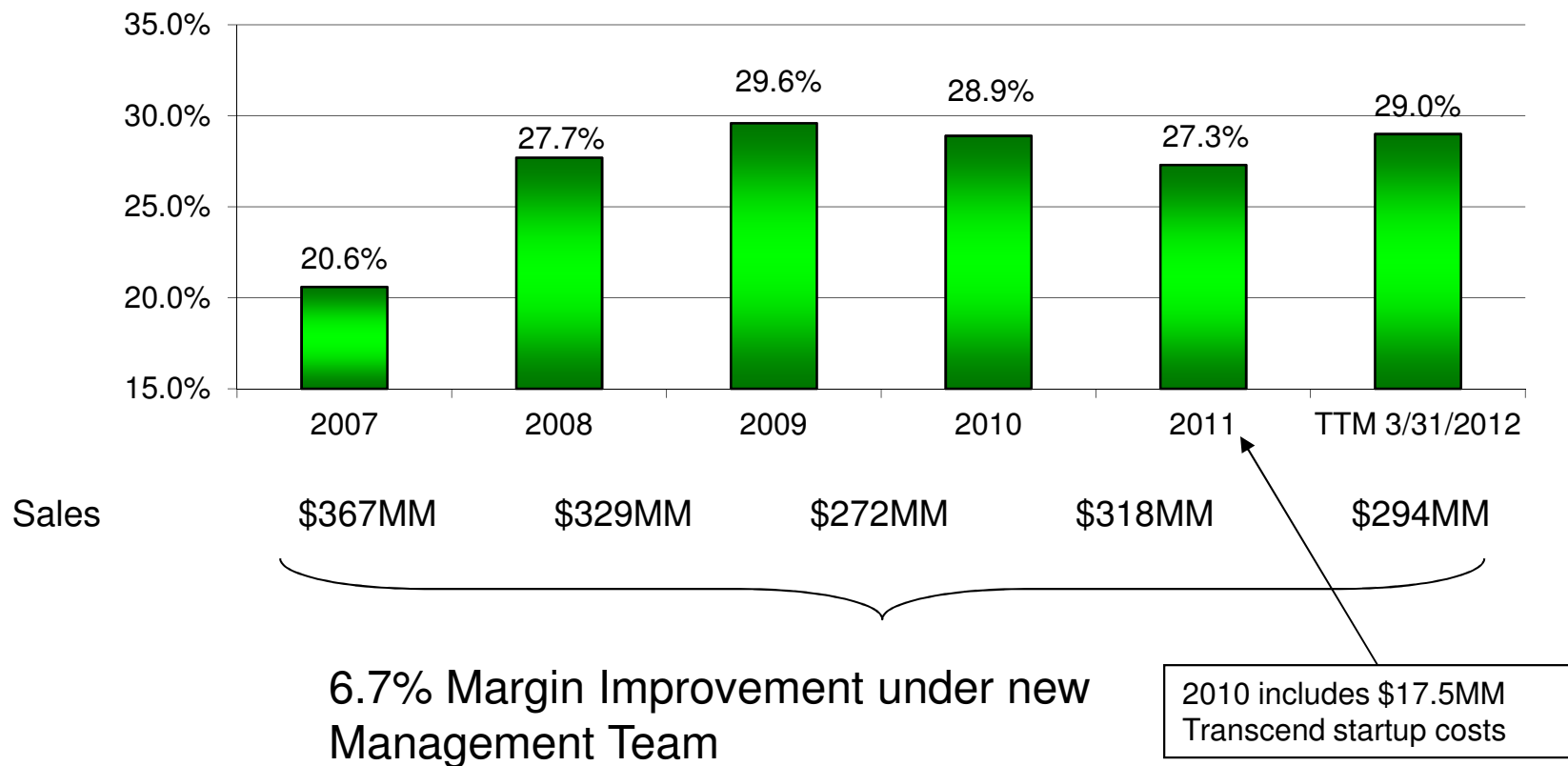


Generated \$87MM of free cash flow
2008-2011

(1) 2007 Revenue excludes certain unusual charges as referenced in the Company's SEC filings

Significant Gross Margin Improvement

Underlying Gross Margin



Note: Sales and Underlying Gross Margin exclude certain unusual charges as referenced in the Company's SEC filings

FY 2011 Underlying Financial Results

	2012 Q 1 Actual	2011 Q 1 Actual	Variance to Prior Year	% Variance
Net Trade Sales	\$96,100	\$69,006	\$27,094	39.3%
Cost of Goods Sold	\$60,681	\$45,977	(\$14,703)	-32.0%
Gross Profit	\$35,419	\$23,029	\$12,390	53.8%
<i>% of Net Trade Sales</i>	<i>36.9%</i>	<i>33.4%</i>	<i>3.5%</i>	
SG&A Expenses	\$18,601	\$16,657	(\$1,945)	-11.7%
<i>% of Net Trade Sales</i>	<i>19.4%</i>	<i>24.1%</i>	<i>4.8%</i>	
Operating Income	\$16,818	\$6,372	\$10,446	163.9%
<i>% of Net Trade Sales</i>	<i>17.5%</i>	<i>9.2%</i>	<i>8.3%</i>	
Net Interest	4,411	3,963	(448)	-11.3%
Earnings Before Taxes	\$12,407	\$2,409	\$9,998	415.1%
Income Taxes	96	(74)	(170)	-230.0%
Net Income	\$12,311	\$2,483	\$9,829	395.9%
<i>% of Net Trade Sales</i>	<i>12.8%</i>	<i>3.6%</i>	<i>9.2%</i>	
EPS \$	\$0.74	\$0.15	\$0.59	390.9%
EBITDA	\$20,987	\$10,988	\$9,999	91.0%

Q1 2012 revenue favorably impacted by shift in volume from Q4 to Q1 (no pricing changes for 2012), new product launches and favorable weather.

Gross margin improved due to focus on continuous improvement in manufacturing efficiencies offsetting reduced capacity utilization

Note: 2011 Excludes \$2.6 MM favorable resolution of uncertain tax positions.

Balance Sheet

<u>\$ Millions</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>03/31/2012</u>
Cash	\$ 27.3	\$ 41.5	\$ 29.8
Accounts Receivable	53.3	29.2	103.4
Inventories	29.0	28.9	18.7
Net PP&E	126.9	115.2	112.2
Other	11.3	13.3	13.5
Total Assets	\$ 247.8	\$ 228.1	\$ 277.6
Warranty Reserve	\$ 14.5	\$ 16.3	\$ 14.9
Total Debt	85.1	86.4	125.9
Other Liabilities	45.3	32.9	32.4
Stockholders' Equity	102.9	92.5	104.4
Total Liabilities and Equity	\$ 247.8	\$ 228.1	\$ 277.6
Net Debt to Total Capitalization	36.0%	32.7%	47.9%



NYSE: TREX

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