



Trex[®]

Trex Company Investor Presentation
NYSE: TREX
September 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.



Trex is a \$300MM leader in alternative outdoor living products

Trex[®]
HOW OUTDOOR LIVING SHOULD FEEL.



Markets



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

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

Key Success Factors



- Unique Strategic Positioning
- Innovative and Valuable Technologies
- Superior Operations
- Strong Financial Profile

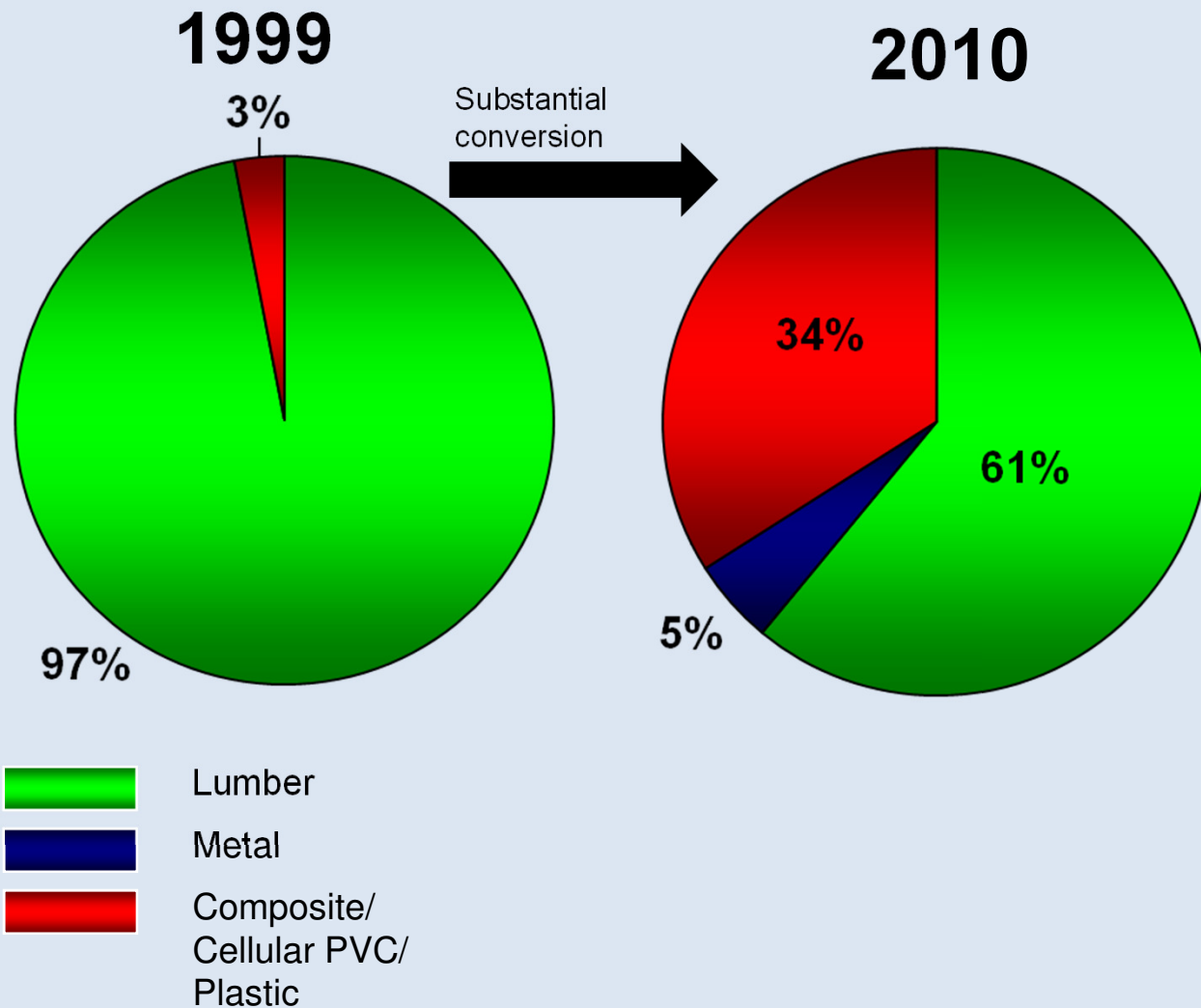


Unique Strategic Positioning



- Market leader in composite decking and railing
 - Product portfolio also includes porches, deck substructures, lighting and trim
- Un-paralleled channel position
- Premium brand positioning
- Macro trends include “green” & outdoor living
- Compelling growth opportunities
- Outstanding management team with history of success

Residential Decking & Railing Market



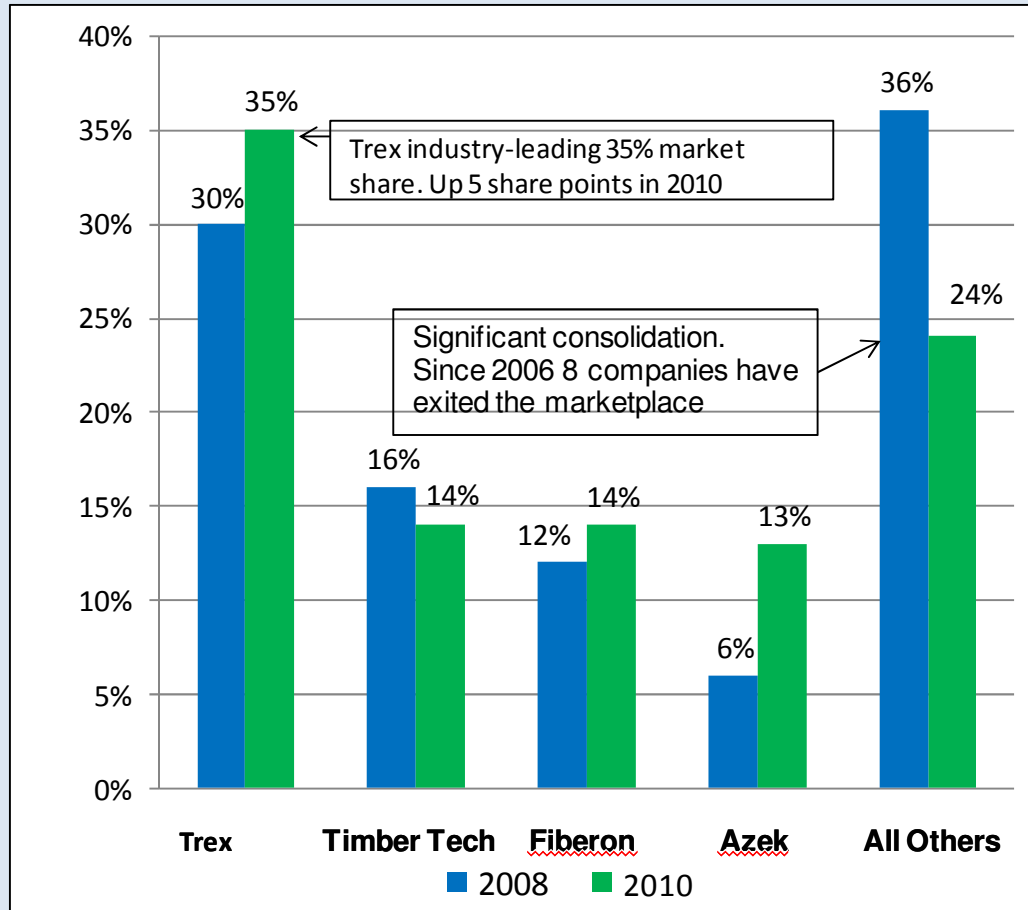
- ▶ Residential Decking & Railing sales \$3.2B in 2010
- ▶ Composites rapidly gaining market share
- ▶ Composites offer better aesthetics, functionality and durability than wood
- ▶ Trex innovative shelled ultra-low-maintenance product technology will contribute to further share gains

Composites Decking & Railing Competitive Landscape

Composites Market Share

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Source: Principia Partners

Expanding Product Portfolio

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HOW OUTDOOR LIVING SHOULD FEEL.

Complete outdoor system:

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

Complementary Accessories:

- Outdoor furniture
- Pergola kits
- Deck drainage systems



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



Growing Global Footprint

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HOW OUTDOOR LIVING SHOULD FEEL.

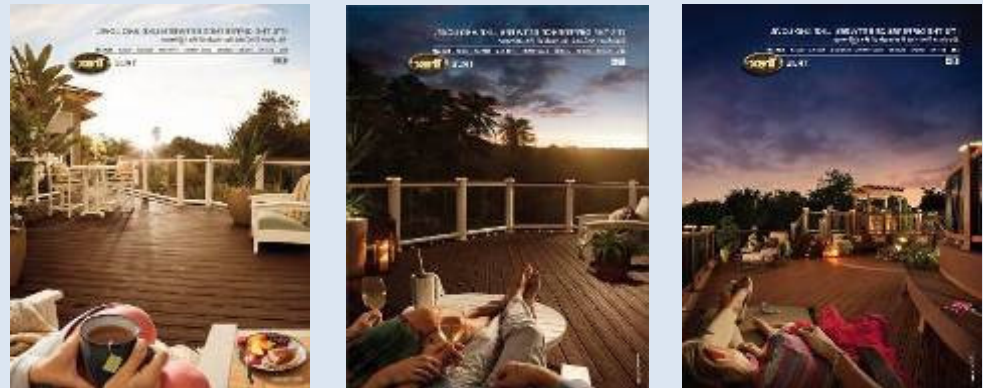
- ▶ The Trex® brand has “Global Reach”
- ▶ Began international distributor development in 2010
 - ▶ Went from 3 countries in 2008 to 26 today
- ▶ Strong presence in:
 - ▶ Europe
 - ▶ South America
 - ▶ Asia
 - ▶ Australia
- ▶ Global sales force focusing on further international development opportunities



Advertising & Media

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HOW OUTDOOR LIVING SHOULD FEEL.

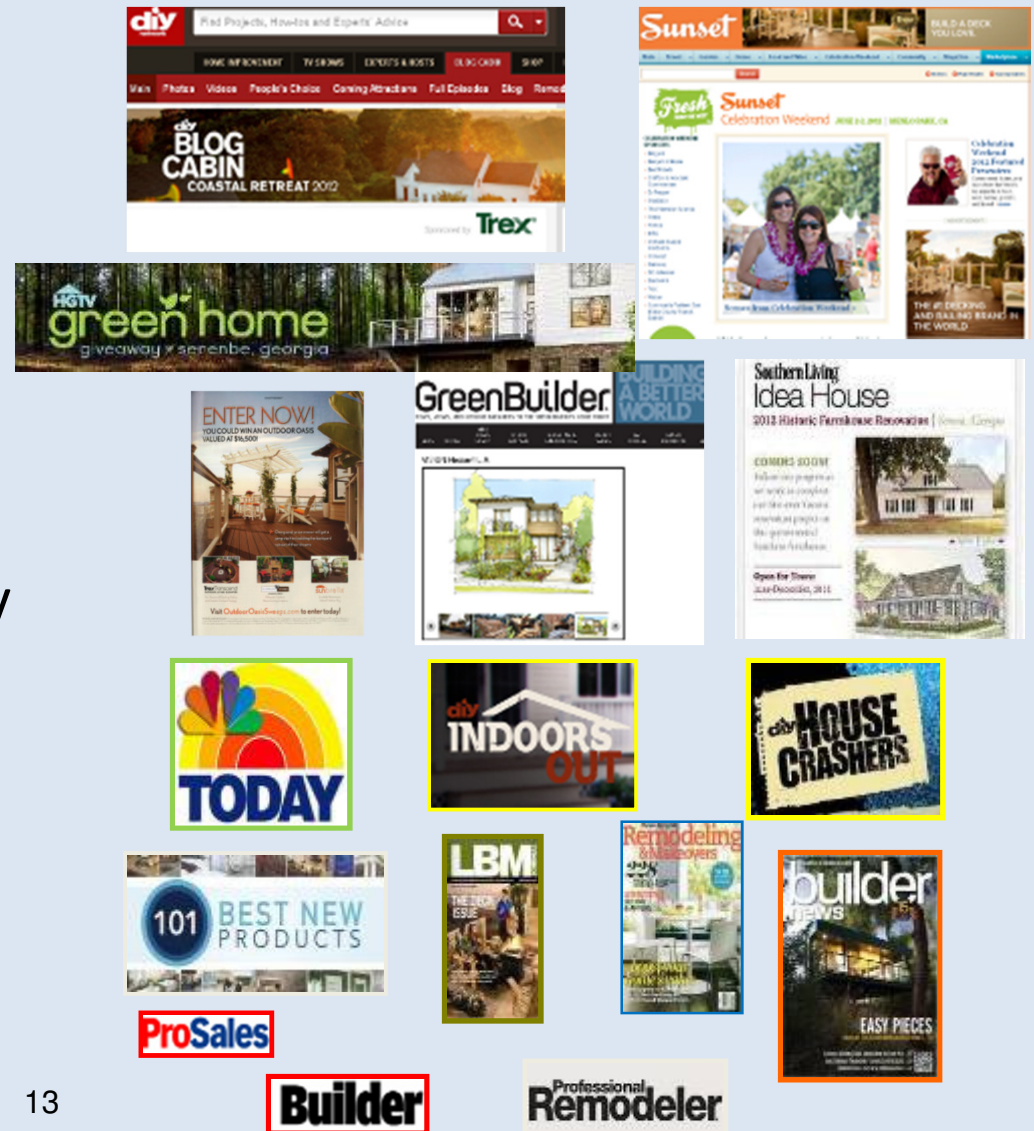
- Trex runs national consumer advertising (TV/print/online) during the peak decking season.
- Additionally, Trex provides local dealers and contractors with tagged advertising that they run locally or regionally.
- Trade advertising (print and online) runs throughout the year.



Public Relations & Sponsorships



- High-visibility sponsorships to extend awareness and brand alignment
- Additional 300MM earned media impressions annually

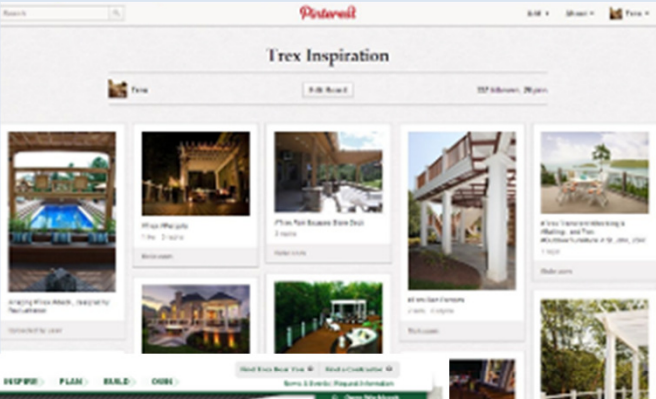


Digital Footprint



HOW OUTDOOR LIVING SHOULD FEEL.

- Strong presence online (website/social media) to interact with consumers and contractors



Merchandising/Collateral/Tradeshows



Literature



Trade Shows



Presentation Kits



Countertop Display



Banners



Samples



Floor Stand Display

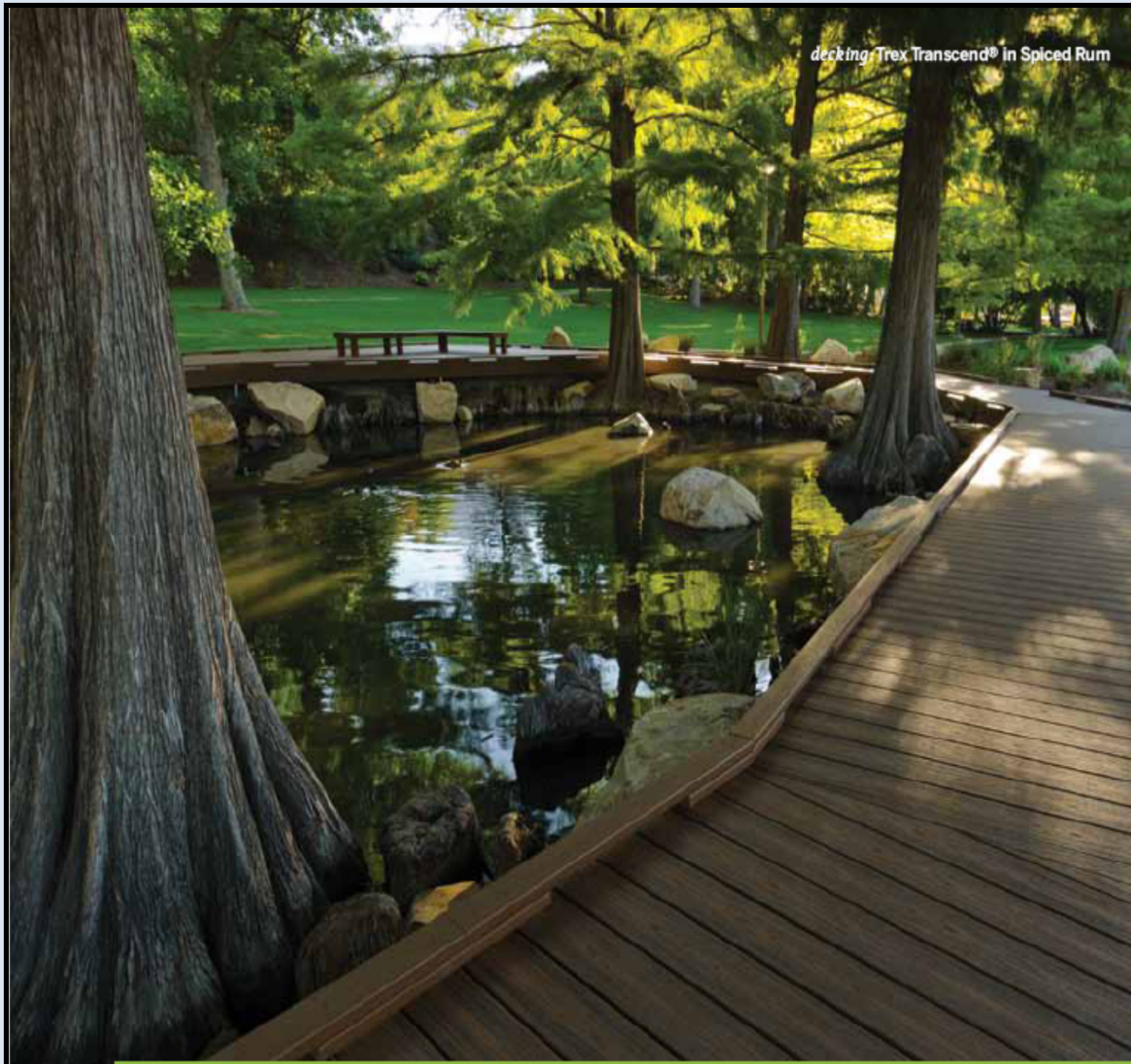
Color Guide



Our “Green Story”

Trex[®]

HOW OUTDOOR LIVING SHOULD FEEL.



- Trex[®] decking products contain 95% recycled content
- We are one of the largest plastic scrap recyclers in the U.S.
- We keep **400MM** pounds of plastic and wood scrap out of landfills every year
- **3.1B** plastic bags recycled in 2011
- **Zero** trees cut down to manufacture Trex products

Strong Executive Team



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

Chris Gerhard: 6 years with Trex

Vice President, Sales

- 5 years with Kraft Foods in senior sales positions

Adam Zambanini: 7 years with Trex

Vice President, Marketing

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

Bill Gupp: 11 years with Trex

Chief Administrative Officer, General Counsel and Secretary

- 8 years with Harsco in senior legal positions

Innovative and Valuable Technologies

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HOW OUTDOOR LIVING SHOULD FEEL.

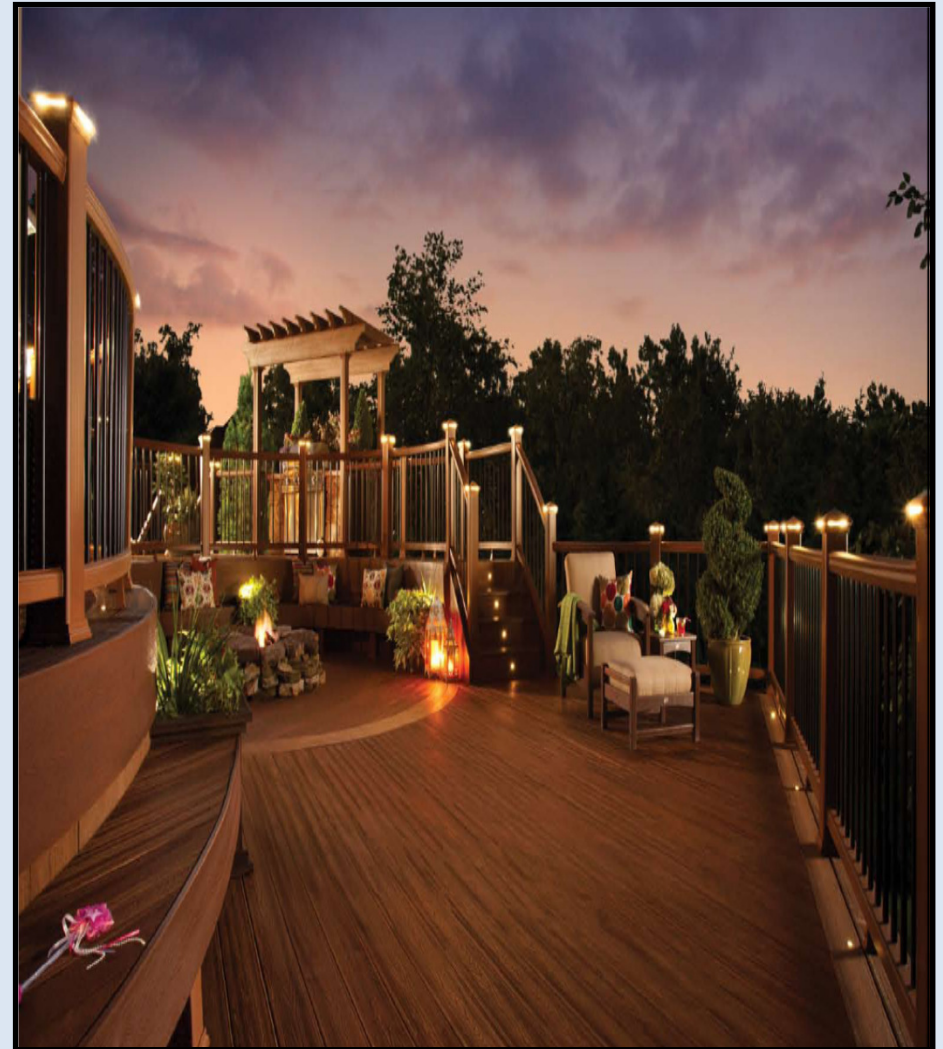
- Strong R&D track record
- Sustained investment in new product development
- History of industry leading innovation
- 2010 game-changing product introduction



Trex Transcend® Decking & Railing

Trex®
HOW OUTDOOR LIVING SHOULD FEEL.

- 2010 game-changing product introduction
- Outperforms wood, traditional composites and PVC for decades
- Unparalleled durability and wear-resistance
- High-definition wood grain
- Offered in 8 lush colors including tropical shades
- 95% recycled content
- Industry leading 25-year limited fade and stain warranty



Trex Transcend® Porch Flooring



- The first fully packaged porch system on the market
 - With coordinating posts and railing
- Offers the durability and aesthetics from our Trex Transcend technology
- Virtually gap-free flooring
- High-definition wood grain
- Available in 3 rich colors



Trex Elevations®

Trex®
HOW OUTDOOR LIVING SHOULD FEEL.

- Deck framing system manufactured of dual-coated galvanized steel
- Offers superior durability and stability vs wood
- Increases the lifespan of any deck
- 25-year limited warranty complements Transcend decking's warranty
- Reduces substructure construction time
- Increases homeowner satisfaction



® Other Innovative Products -- Licensing Agreements

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HOW OUTDOOR LIVING SHOULD FEEL.

▶ Trex Outdoor Furniture™



▶ Trex RainEscape®



▶ Trex Pergola™



▶ Trex CustomCurve®





Superior Operations

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HOW OUTDOOR LIVING SHOULD FEEL.

- Continual operations improvement through the economic downturn
 - Implemented world-class manufacturing methods
 - 30% increase in productivity since 2007
 - Significant improvement in working capital
- Utilize low-cost recycled plastic
 - Significant competitive advantage
- Employing advanced technology



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 and analysis
- Speed and quality of execution
- Computer modeling / process mapping for best financial results

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HOW OUTDOOR LIVING SHOULD FEEL.



Employing Advanced Technologies



HOW OUTDOOR LIVING SHOULD FEEL.

- ▶ 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

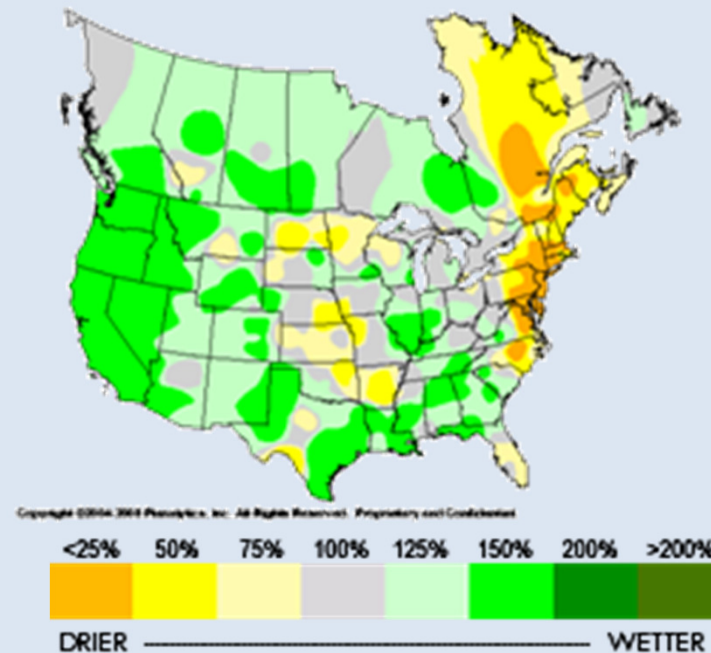
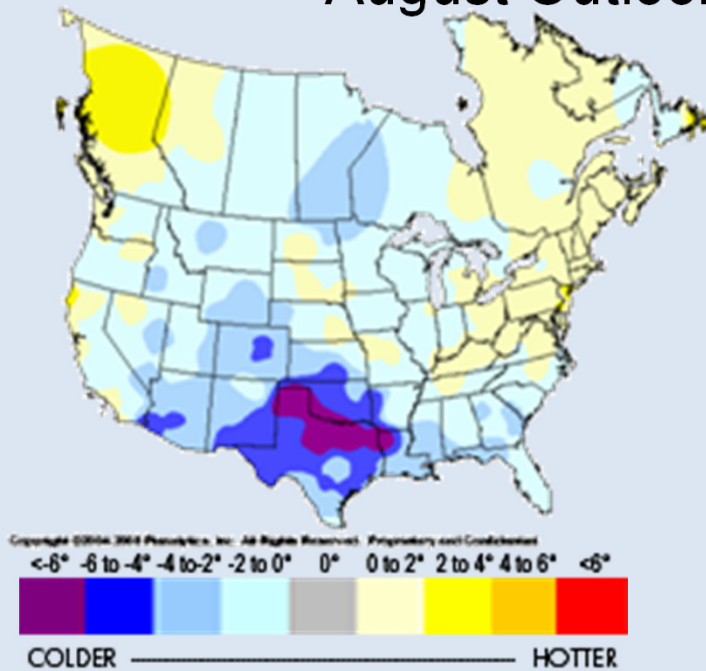
Planalytics®

August 2012 Forecast vs. August 2011

Temp: Slightly warmer in the North, colder in the South (esp. TX, OK)

Precipitation: Drier in the North, wetter in the South and West

August Outlook 2012 vs. 2011

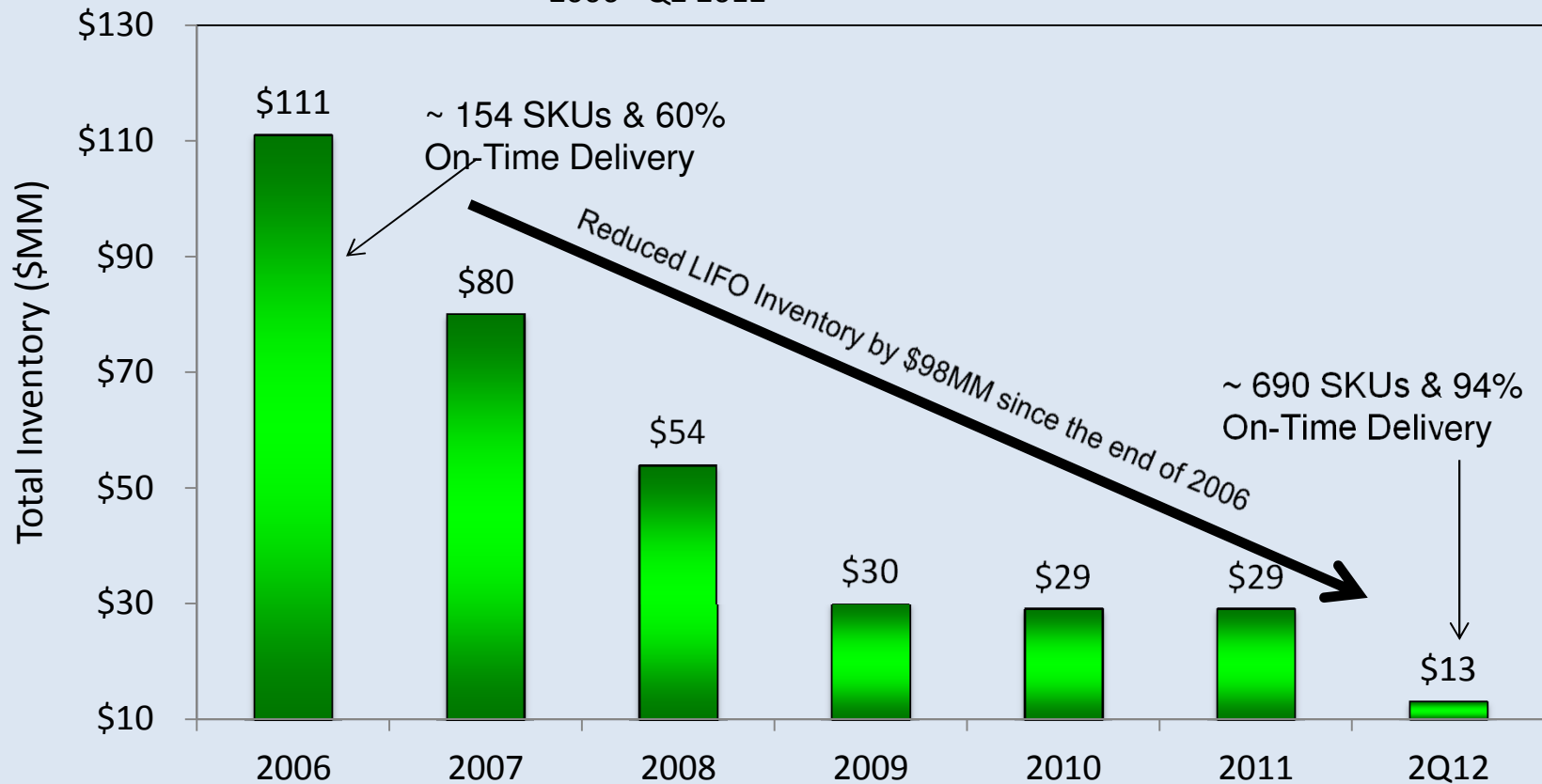


Working Capital Improvement



Trex Inventory

2006 - Q2 2012



Recent Achievements



- Stabilized bank relations; more favorable \$100MM 3-year credit facility put in place January 2012
- Generated \$120MM free cash flow (Jan 2008 – June 2012) and reduced debt. Our net-debt to capital ratio is 15%.
- Increased (pro-forma) gross margin by 11% (2007 – TTM Q2 2012) despite a 47% reduction in capacity utilization
- 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
- Expanded our global sales presence

Growth Opportunities

Current Initiatives

- ▶ New product development
- ▶ Growing distribution presence
- ▶ International expansion
- ▶ Expand reach through compelling branding programs

Strategic Objectives

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



Strong Financial Profile

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HOW OUTDOOR LIVING SHOULD FEEL.



Financial Trends⁽¹⁾



Current Management Team

(\$ in MMs)	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽²⁾</u>	<u>2011</u>	<u>TTM 06/30/12</u>
Net Sales	\$366.8	\$329.2	\$272.3	\$317.7	\$266.8	\$309.7
Gross Margin	20.6%	27.7%	29.6%	28.9%	27.3%	31.2%
Operating Income	(\$0.8)	\$26.6	\$15.3	\$26.4	\$12.1	\$31.3
EBITDA	\$21.8	\$51.5	\$38.2	\$46.0	\$30.6	\$48.8
EBITDA % of Sales	5.9%	15.6%	14.0%	14.5%	11.5%	15.7%
Net Debt <small>(ex APB 14-1)</small>	\$133.9	\$110.6	\$81.5	\$73.1	\$50.4	\$20.4
Net Debt <small>(GAAP)</small>	\$98.0	\$80.4	\$58.1	\$57.8	\$44.9	\$20.4

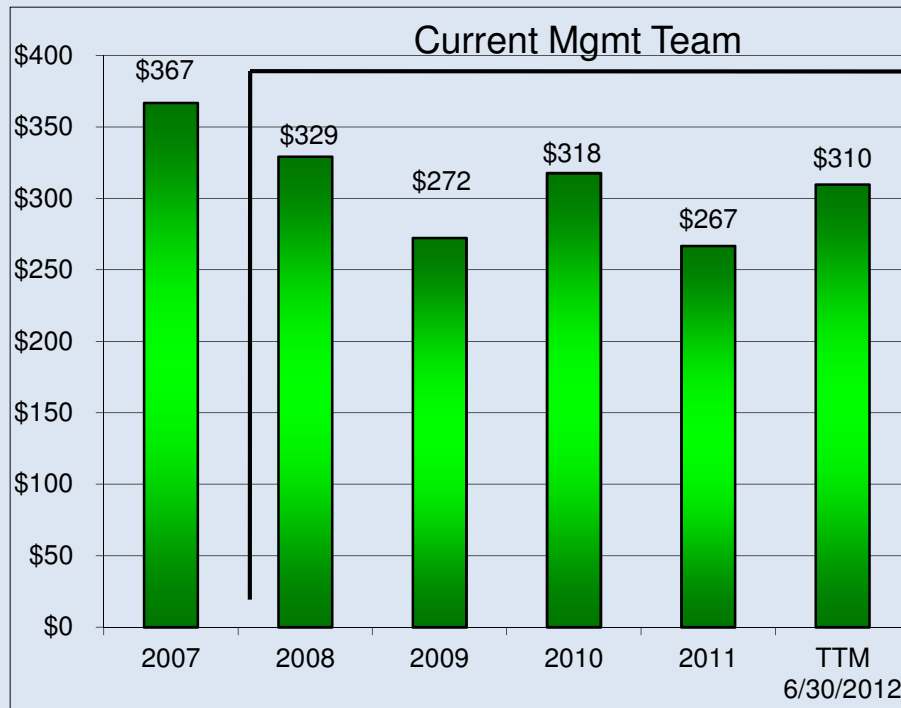
(1) Financial Trends exclude certain unusual charges as detailed in the Company's SEC filings

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

Revenues and Underlying Gross Margin

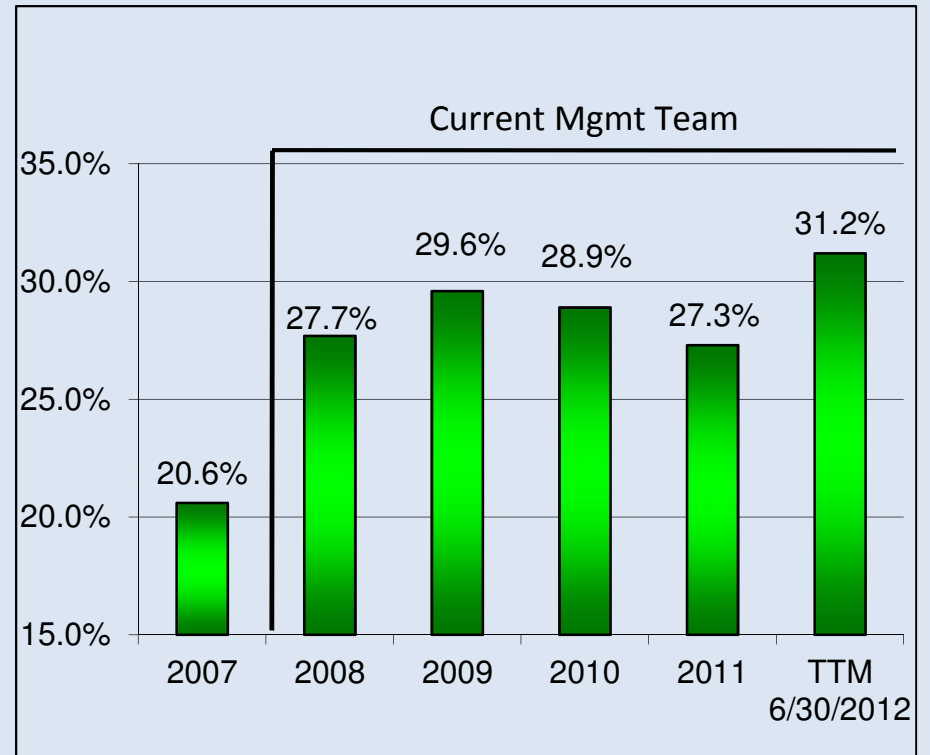


Revenues \$MM



Solid revenue performance through "The Great Recession"

Underlying Gross Margin %

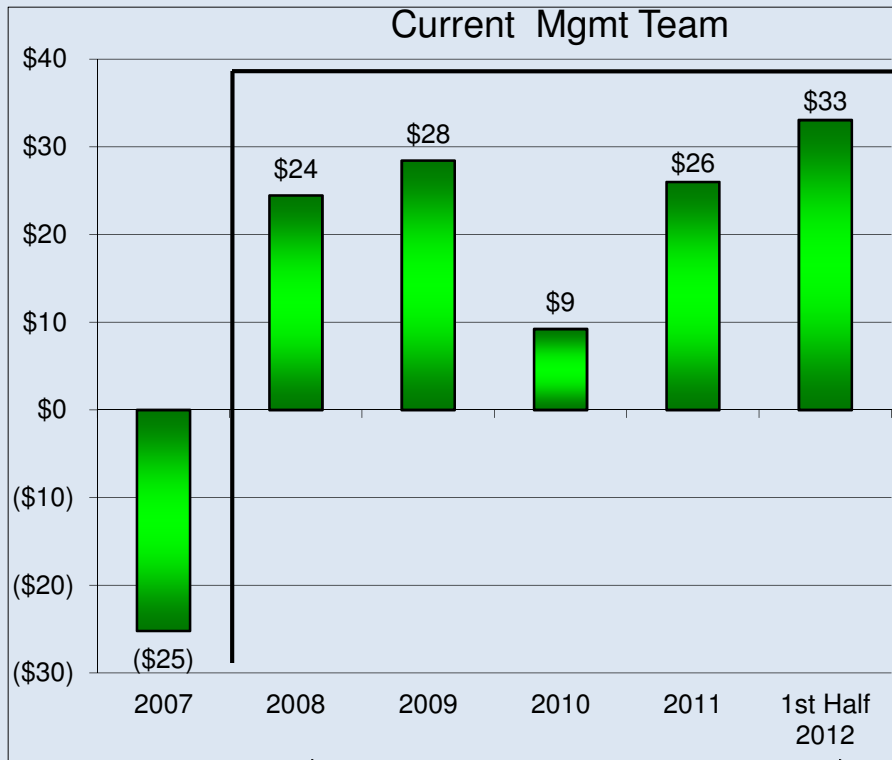


10.6% margin improvement under new management team

Free Cash Flow and Net Debt

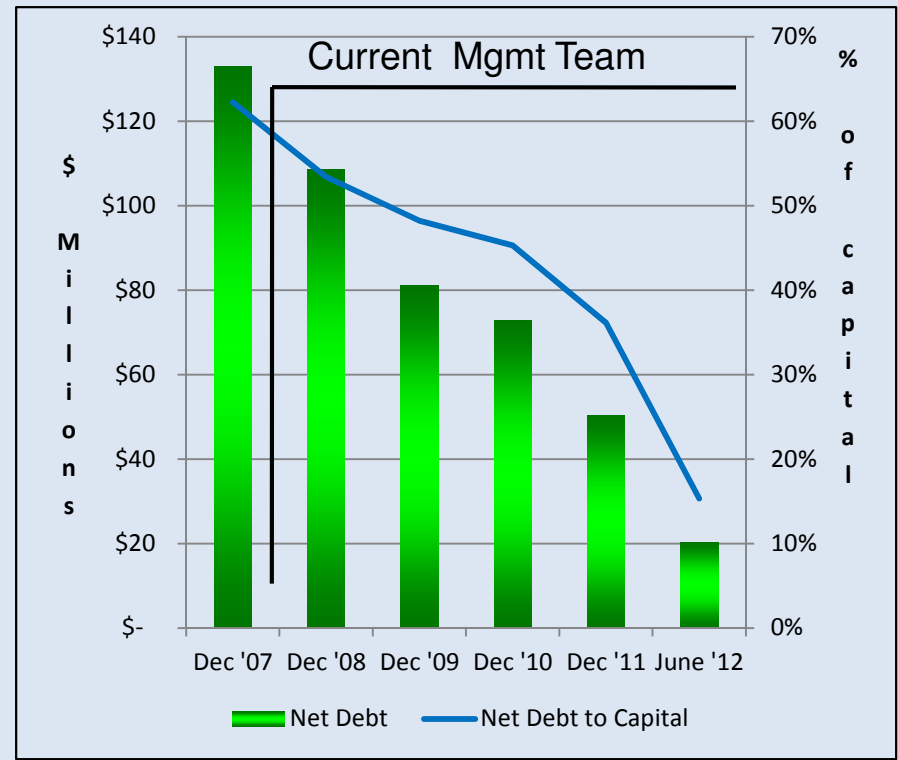


Free Cash Flow \$MM



Generated \$120MM of free cash flow 2008 through June 2012

Net Debt



Reduced net debt \$113MM and net debt to capital 47% since Dec '07

YTD June 2012 Financial Results



HOW OUTDOOR LIVING SHOULD FEEL.

	Pro-Forma <u>2011</u>	Pro-Forma <u>2012</u>	<u>Variance</u>	<u>% Variance</u>
Net sales	\$147,412	\$190,379	\$42,967	29%
Cost of sales	\$100,840	\$119,882	(\$19,042)	-19%
Gross Profit	\$46,572	\$70,497	\$23,925	51%
<i>% of Net sales</i>	<i>31.6%</i>	<i>37.0%</i>	<i>5.4%</i>	
SG&A Expenses	\$34,021	\$38,794	(\$4,773)	-14%
<i>% of Net sales</i>	<i>23.1%</i>	<i>20.4%</i>	<i>2.7%</i>	
Income from operations	\$12,551	\$31,703	\$19,152	153%
<i>% of Net sales</i>	<i>8.5%</i>	<i>16.7%</i>	<i>8.1%</i>	
Interest expense, net	\$7,974	\$8,710	(\$736)	-9%
Earnings Before Taxes	\$4,577	\$22,993	\$18,416	402%
Income taxes	(\$12)	\$182	(\$194)	-1617%
Net income	\$4,589	\$22,811	\$18,222	397%
<i>% of Net sales</i>	<i>3.1%</i>	<i>12.0%</i>	<i>8.9%</i>	
EPS	\$0.27	\$1.34	\$1.07	396%
EBITDA	\$21,822	\$40,010	\$18,188	83%

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

Gross margin improved due to manufacturing efficiencies offsetting reduced capacity utilization

Pro-Forma financial results exclude certain unusual charges as detailed in the Company's SEC filings

Balance Sheet



HOW OUTDOOR LIVING SHOULD FEEL.

<u>\$ Millions</u>	<u>12/31/2010</u>	<u>12/31/2011</u>	<u>06/30/2012</u>
Cash	\$ 27.3	\$ 41.5	\$ 96.5
Accounts Receivable	53.3	29.2	48.9
Inventories	29.0	28.9	13.4
Net PP&E	126.9	115.2	109.8
Other	11.3	13.3	14.0
Total Assets	\$ 247.8	\$ 228.1	\$ 282.6
Warranty Reserve	\$ 14.5	\$ 16.3	\$ 13.9
Total Debt	85.1	86.4	116.9
Other Liabilities	45.3	32.9	39.3
Stockholders' Equity	102.9	92.5	112.5
Total Liabilities and Equity	\$ 247.8	\$ 228.1	\$ 282.6
Net Debt to Total Capitalization	36.0%	32.7%	15.3%

Investment Highlights

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HOW OUTDOOR LIVING SHOULD FEEL.

- 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





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