



Trex Company Investor Presentation

November 2017



Safe Harbor / Non-GAAP Measures



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 U.S. 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.

This presentation refers to certain financial measures not prepared in accordance with generally accepted accounting principles (GAAP), including adjusted net sales, adjusted gross margin, adjusted earnings before interest, taxes, depreciation, amortization (EBITDA), adjusted operating income, adjusted diluted earnings per share (EPS), free cash flow, and net debt. We believe that the use of non-GAAP measures helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the Company’s performance, especially when comparing such results to previous periods or forecasts. The non-GAAP measures included in this presentation are not meant to be considered superior to or a substitute for our GAAP results. Reconciliations of the non-GAAP measures to the most directly comparable GAAP measures are available in the appendix to this presentation.

The Company at a Glance

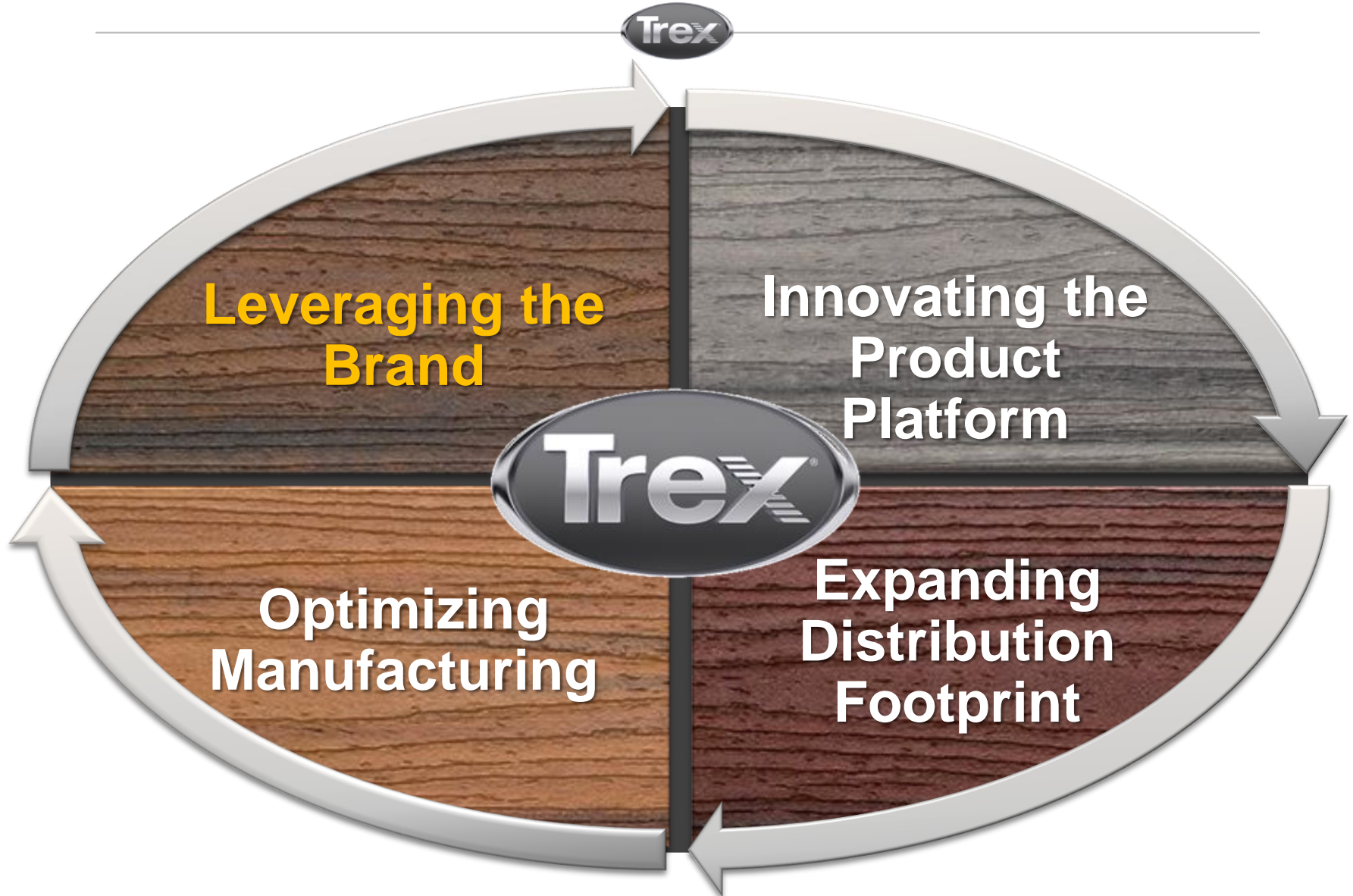


- Products designed to create unique outdoor living experiences
- World's leading and best known brand in outdoor living
- Largest manufacturer of high-performance composite decking and railing
- 24% CAGR in Adjusted EBITDA over the last four years
- Future organic growth will be driven by continued market share gains from composite and wood competitors, engineering improvements, and operating efficiencies

Financial Snapshot

	2017 Q3		2017 Q3 TTM	
Net Sales	\$140M	+32%	\$538M	+14%
Adjusted Gross Margin	39.4%	+190bps	42.8%	+250bps
Adjusted EBITDA	\$35M	+47%	\$152M	+26%
Adjusted Diluted EPS	\$0.68	+34%	\$3.03	+28%

The Power of the Brand



“Engineering What’s Next In Outdoor Living”[®]

Brand Leadership



- “Engineering What’s Next in Outdoor Living”[®]
 - Reinforces Trex’s leading presence in the premium decking market
- Award-winning campaign – Multi-faceted strategy
 - Targeting multiple endpoints: dealers, contractors, and consumers
- New multi-year consumer campaign to drive conversion from wood
 - Leading the “What’s Next” for the next phase of industry growth
- Rated as “Greenest” decking product by Green Building Magazine
- Honored as Environmental Vendor of the Year by The Home Depot



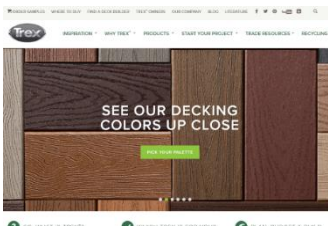
#1 Consumer Awareness
Consumer Search
Website Traffic
Social Media
Sales
Market Share

Customer Engagement at Trex.com



Makes it easy for homeowners to select and build with Trex

Inspiration @Trex.com



Material Cost Estimator

Country Estimate: USA • Canada

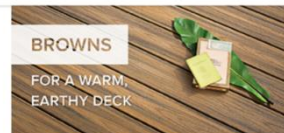
DECKING L (25 FT.)
X W (20 FT.) = 500 SQ. FT.
MATERIAL ESTIMATE= \$2,740.00 USD

ESTIMATE ONLY: This deck cost calculator estimates material costs only. Labor and installation costs are not included. Actual material costs and install costs can vary based upon geographic area, site location, accessibility, design complexity, whether the product is stocked locally, and additional features such as stairs, hidden fasteners, fascia, angles, curves, lightings, etc. Please contact your local Trex dealer or TrexPro® deck builder for a more accurate quote.

TREX® DECK MATERIAL COST
CALCULATOR

Obtain Samples

ShopTrex®



Best Sellers

New Arrivals

Plan Your Deck

OUTDOOR DECK PLANNING BASICS

Whether you're planning your deck for big family BBQs or a quiet afternoon lounge, Trex makes it easy to design, draw up deck building plans and budget accordingly.

COMPONENTS - GET TO KNOW DECK BUILDING BLOCKS



Find Dealer & Contractor

FIND TREX RESULTS

115 Dealers found for
Address = "New York, New York (US)" within 25
miles,
searching for the following Trex products:

Any Trex Product

(Some items may need to be special ordered)
Note: Miles are calculated from point to point in a straight line from the center of a zip
code. Actual driving distance may vary.

38 Local Dealers

1. **ABBE LUMBER HQ**
16.49 Miles
200 Avenel Street
Avenel, NJ 07001
Phone
Get Driving Directions

2. **KUIKEN BROTHERS
COMPANY INC**
17.40 Miles
14 Eisenhower Pkwy
Roseland, NJ 07068
Phone

SEARCH AGAIN

77 Home Improvement Retailers

1. **THE HOME DEPOT**
189 Miles
180 Twelfth Street
Jersey City, NJ 07310
Phone
Get Driving Directions

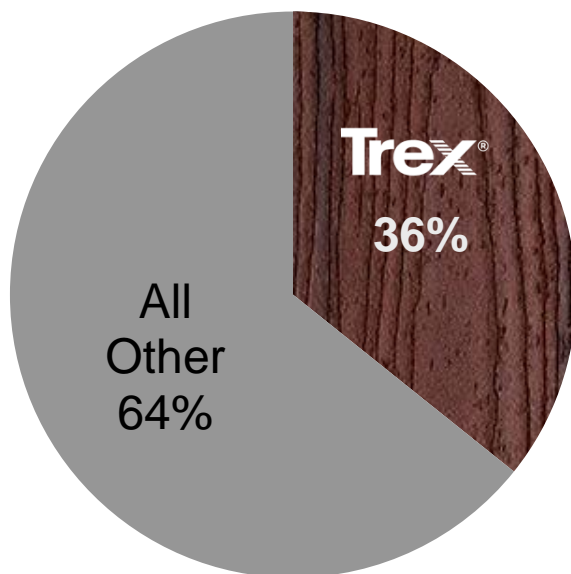
2. **LOWE'S**
1.93 Miles
635-641 6th Avenue
New York, NY 10011
Phone
Get Driving Directions

Tools driving growth in all
Trex.com purchase indicators

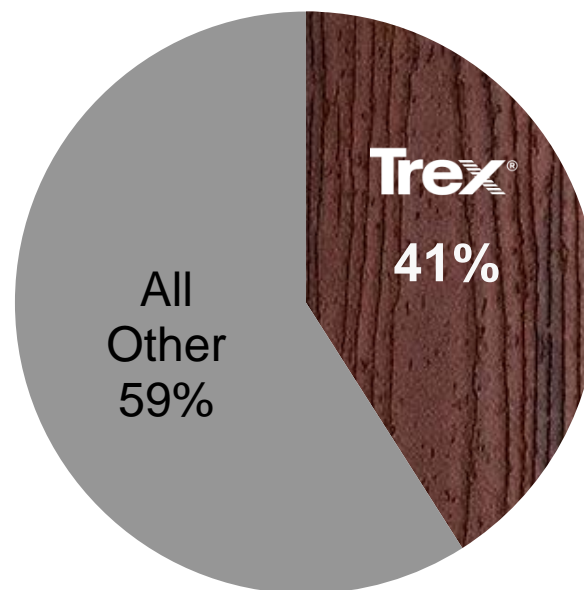
Composite Market Share: 2012 - 2014



Market Share - 2012



Market Share - 2014

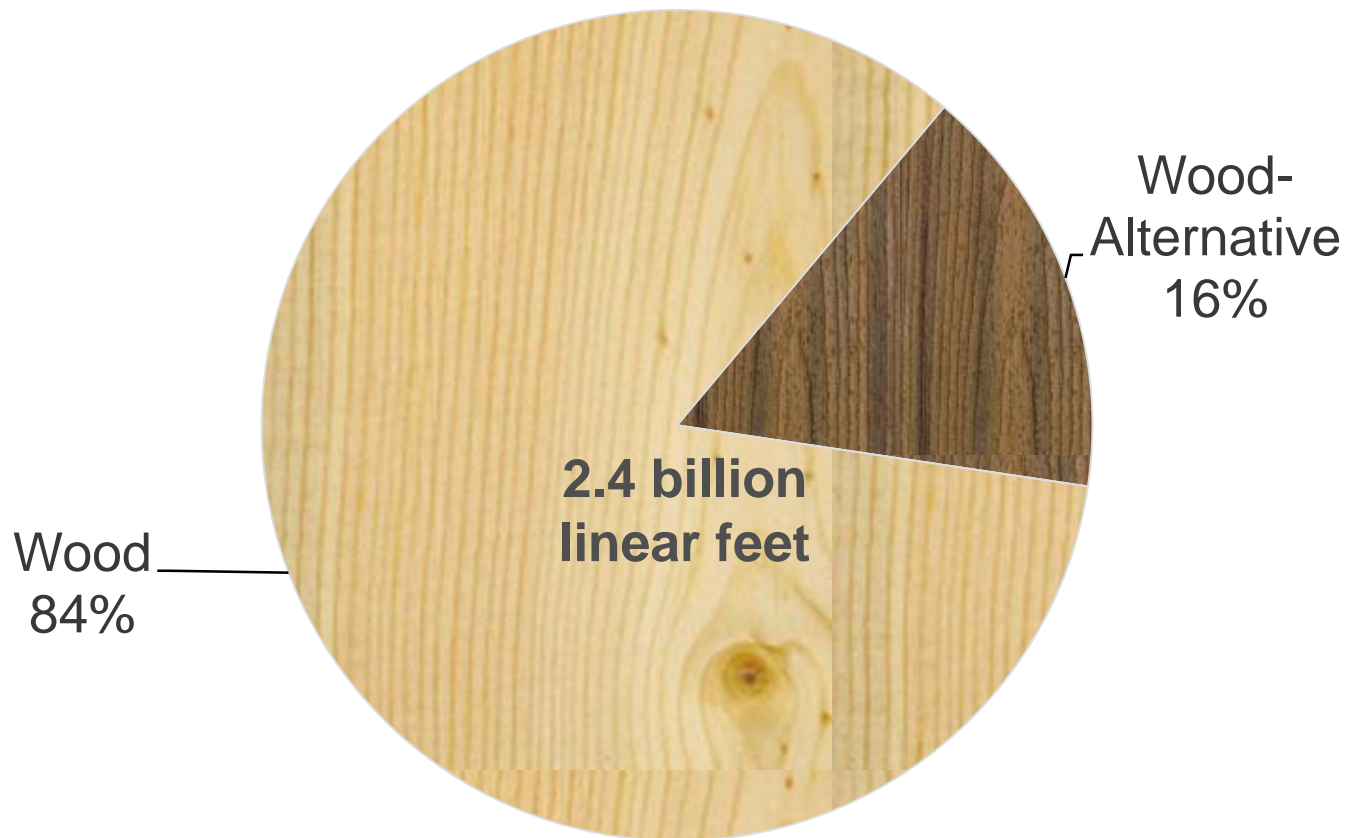


- Consistent market share gains in the composite decking industry

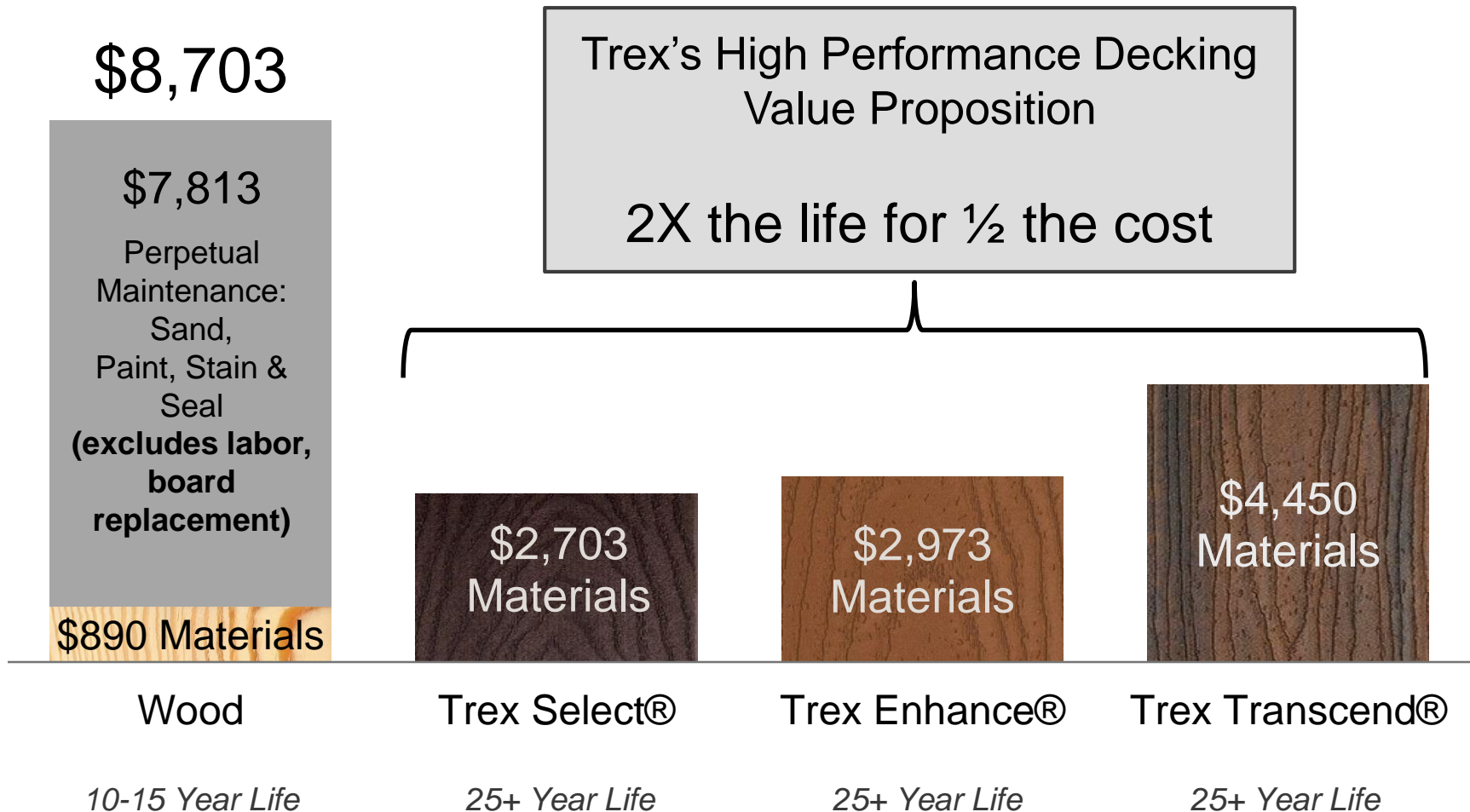
Upgrading to High Performance Decking



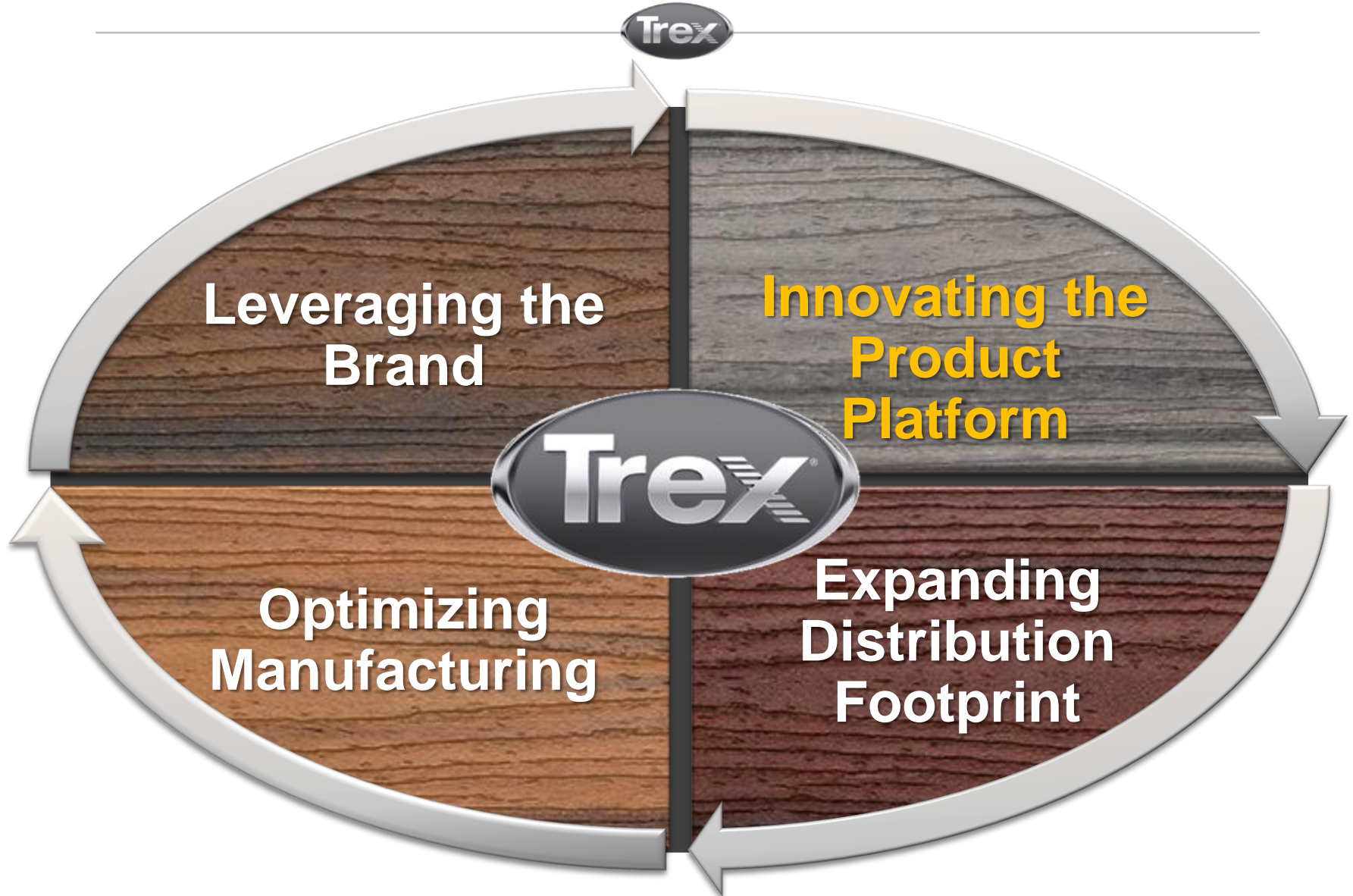
Substantial Growth Opportunity



Attractive Lifetime Economics



Superior Product Platform



“Engineering What’s Next In Outdoor Living”[®]

Consumer Retail Pricing



Decking

\$2.25/LF Retail

GOOD
Trex Select®

\$2.50/LF Retail

BETTER
Trex Enhance®

\$4.00/LF Retail

BEST
Trex Transcend®

Railing

\$23/LF Retail

GOOD
Trex Select®

\$39/LF Retail

BETTER
Trex Reveal®

\$40/LF Retail

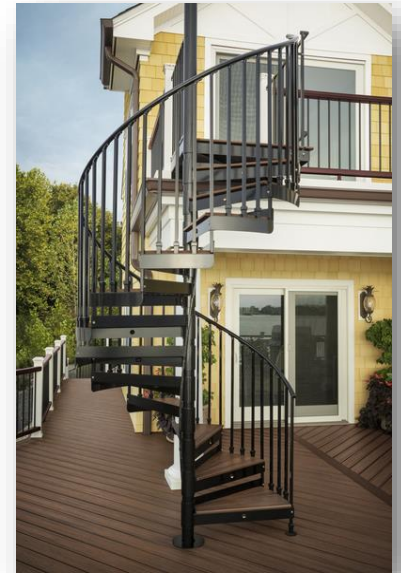
BEST
Trex Transcend®

Full Suite of Outdoor Living Products



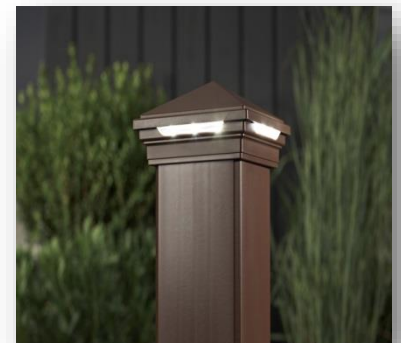
➤ Other Trex Products

- Elevations®
 - Steel Substructure
- Hidden Fasteners
- Outdoor Lighting

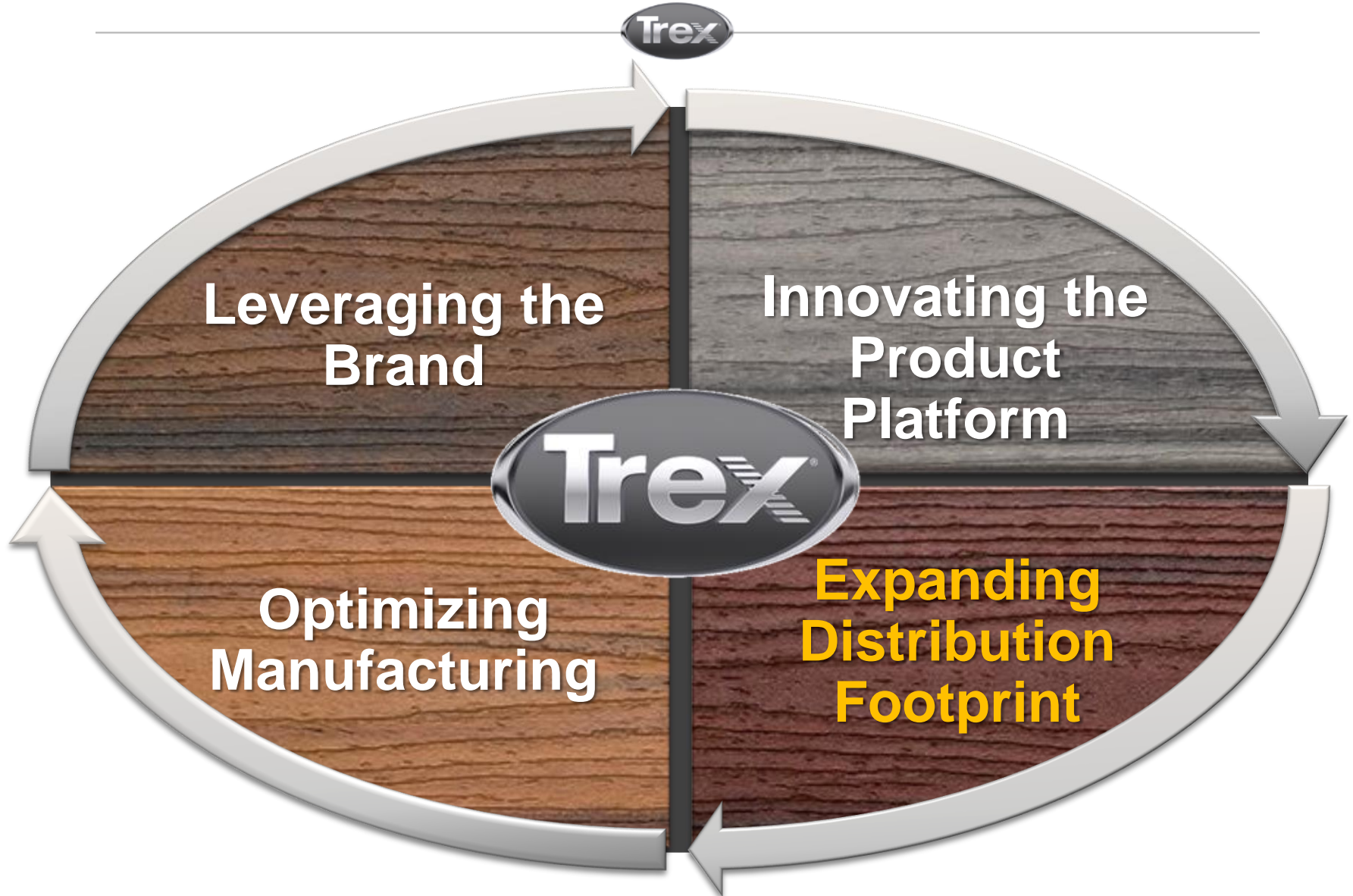


➤ Licensed Products

- Outdoor furniture
- Outdoor storage/kitchen
- Pergolas
- RainEscape®
- Saw Blades
- Spiral stairs



Unmatched Distribution Footprint



“Engineering What’s Next In Outdoor Living”[®]

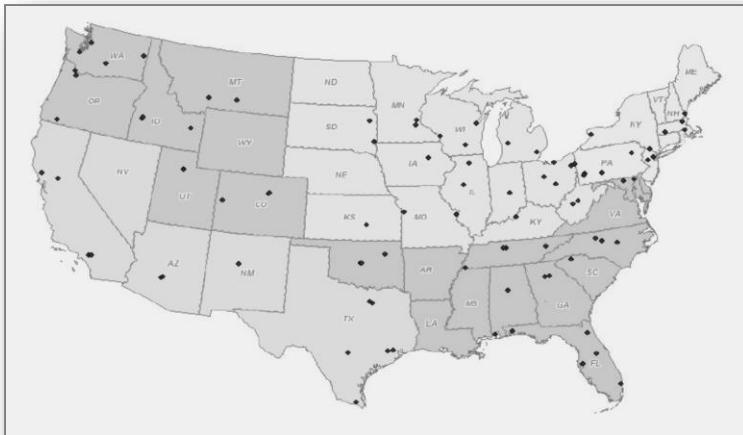
Expansive National Footprint



Major Retailers



Distribution Partner Locations



Pro Lumber Yards



Geographic Expansion



The Sun Never Sets on a Trex Deck



North America



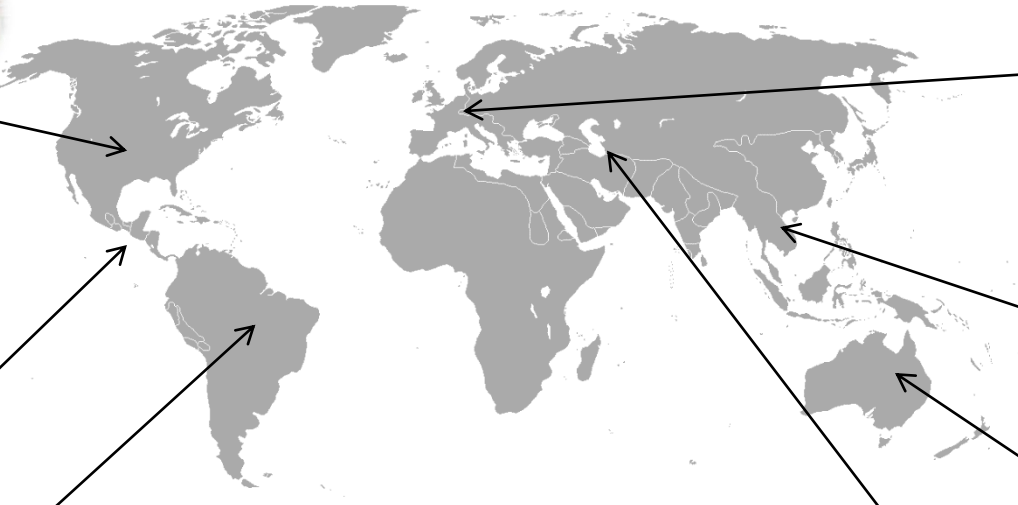
Europe



Central America



South America



Asia



Australia

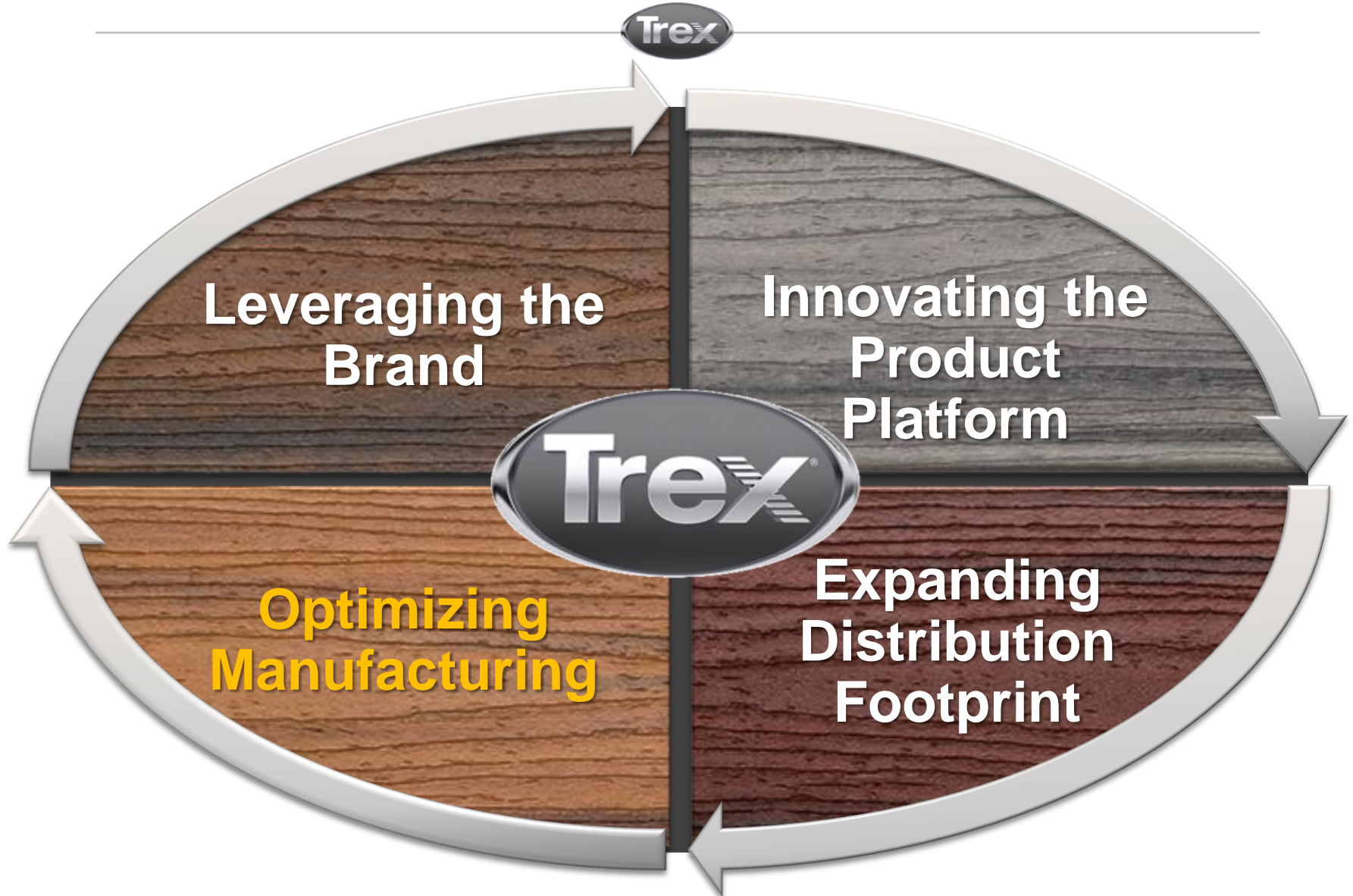


Middle East

Targeted approach to new market entry

- Focus on markets with higher GDP, personal income and desire for outdoor living solutions
- Applying Trex marketing capabilities to new market opportunities
 - TV advertising, online adds, and paid search
 - Development of TrexPro network

Manufacturing Excellence



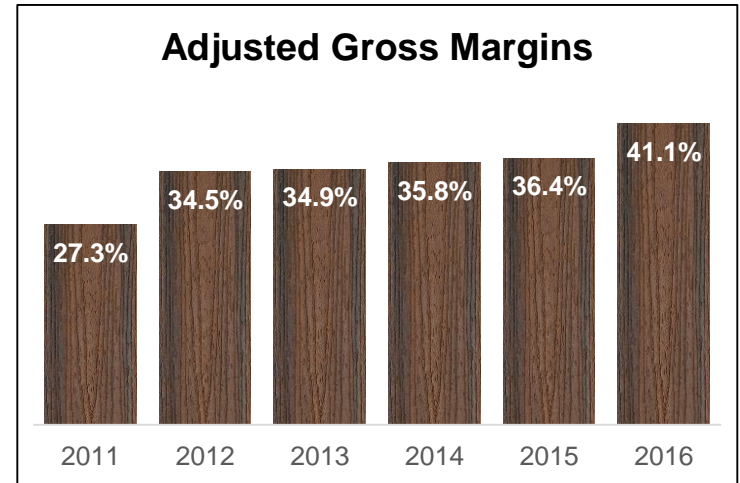
“Engineering What’s Next In Outdoor Living”[®]

Track Record of Improving Productivity



- History of expanding gross margins through increased production capabilities and added scale

- Cost Reduction Initiatives
- Lean/Six Sigma Programs
- Improving Capacity Utilization



- Made from 95% recycled content; Expansive recycling network
 - Cost advantage from recycled raw materials
- Established culture of safety & quality
- Focused on improving inventory/cash position

Trex Commercial Products



- Trex Commercial Products subsidiary formed by the acquisition of SC Company for \$71.5 million on July 31, 2017
- Enhances Trex presence in the Commercial Railing Market
- Makes Trex the Market Leader in Stadium Railing
 - Only national footprint
- Projected 2017 sales of \$56 million
 - Faster growth than core Trex sales



Trex Commercial Products



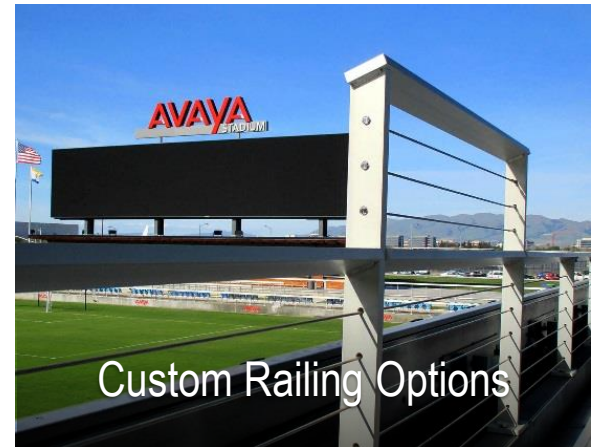
SC Railing offers premium custom railing solutions, which are prevalent in stadium and arena facilities, as well as its more standardized architectural and aluminum railing systems, which target commercial and high-rise applications



Architectural Railing Systems



Aluminum Railing Systems



Custom Railing Options

Trex Commercial Products



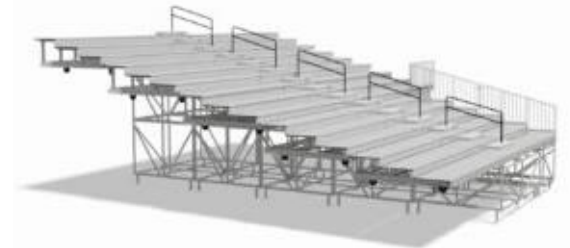
Staging Concepts is one of the leading suppliers of staging equipment for the global performing arts, sports and event production/rental markets



Aria™ Acoustical Shell



Uplift® Stage



SC Pro Riser

Looking Ahead



Market Opportunity



- Growing desire for unique outdoor living spaces
 - Alternative materials to wood decking are projected to experience above average annual gains in demand through 2020⁽¹⁾
 - 1% of market share gain from wood = +\$50 million annual revenue
- Outdoor living remains a leading home improvement market segment
 - Repair and remodeling projected to grow by 6.9% through Q4 2017⁽²⁾
 - Exterior property improvements capture 34% of home improvement spending
- Core Markets (North America)
 - U.S. Residential⁽²⁾ \$6 Billion
 - U.S. Commercial Railing \$1 Billion
- Rapid business growth outside of North America



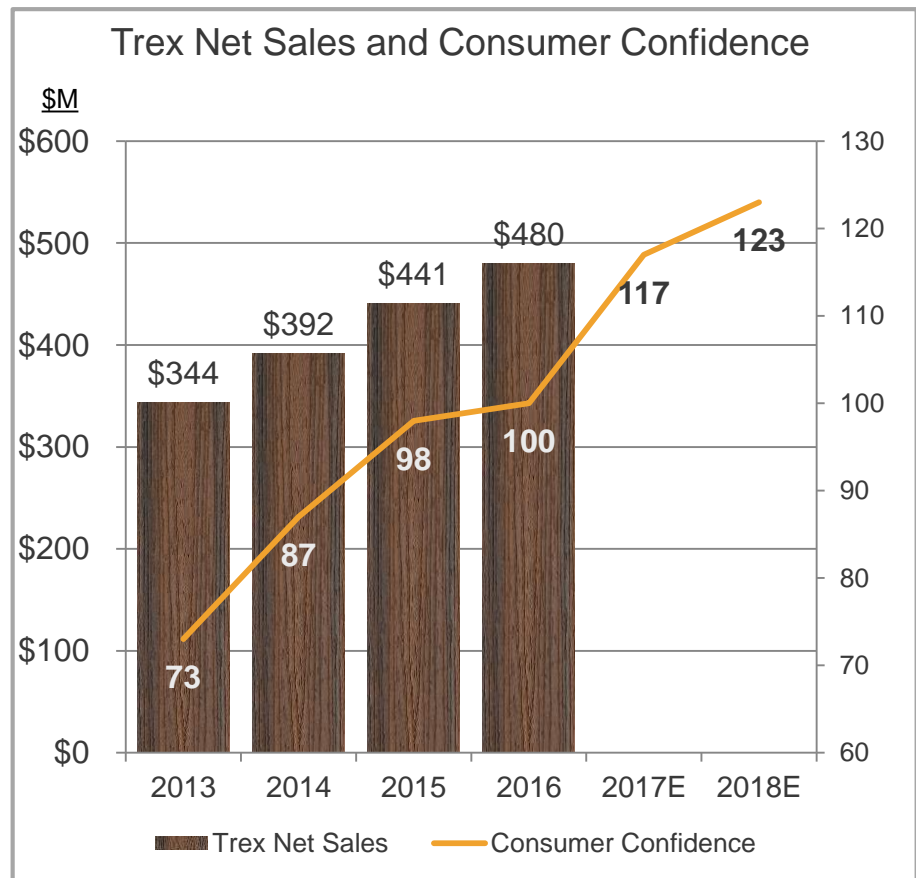
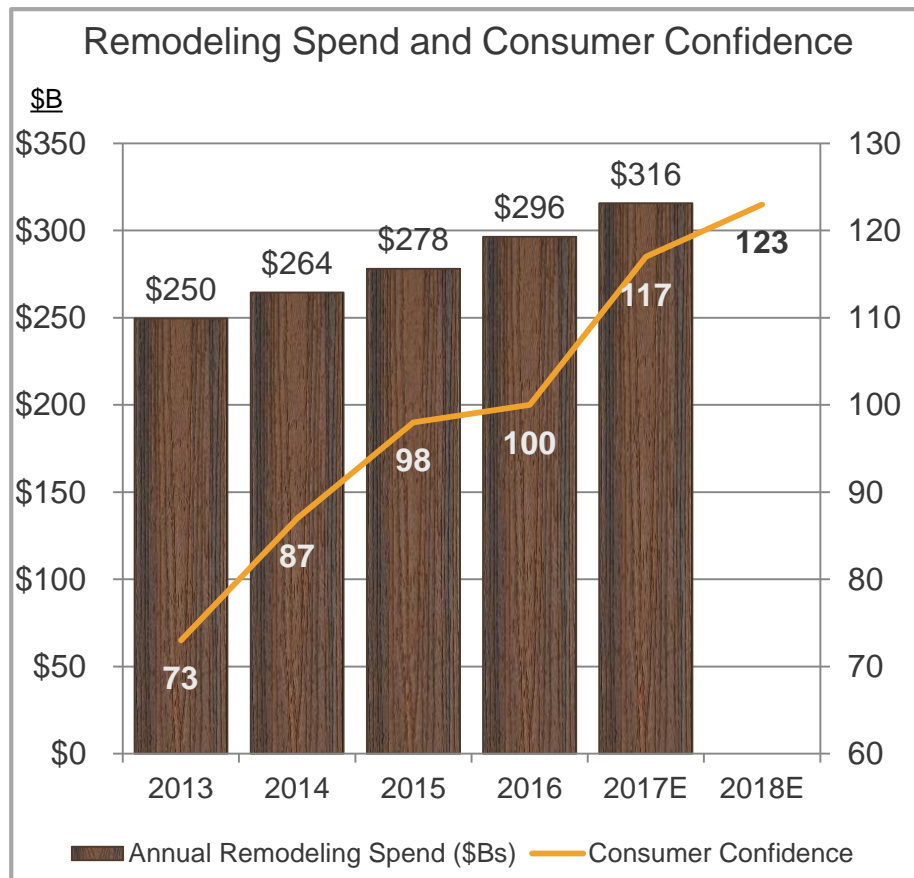
(1) Principia report on wood and competitive decking

(2) Joint Center for Housing Studies

Key Economic Indicators



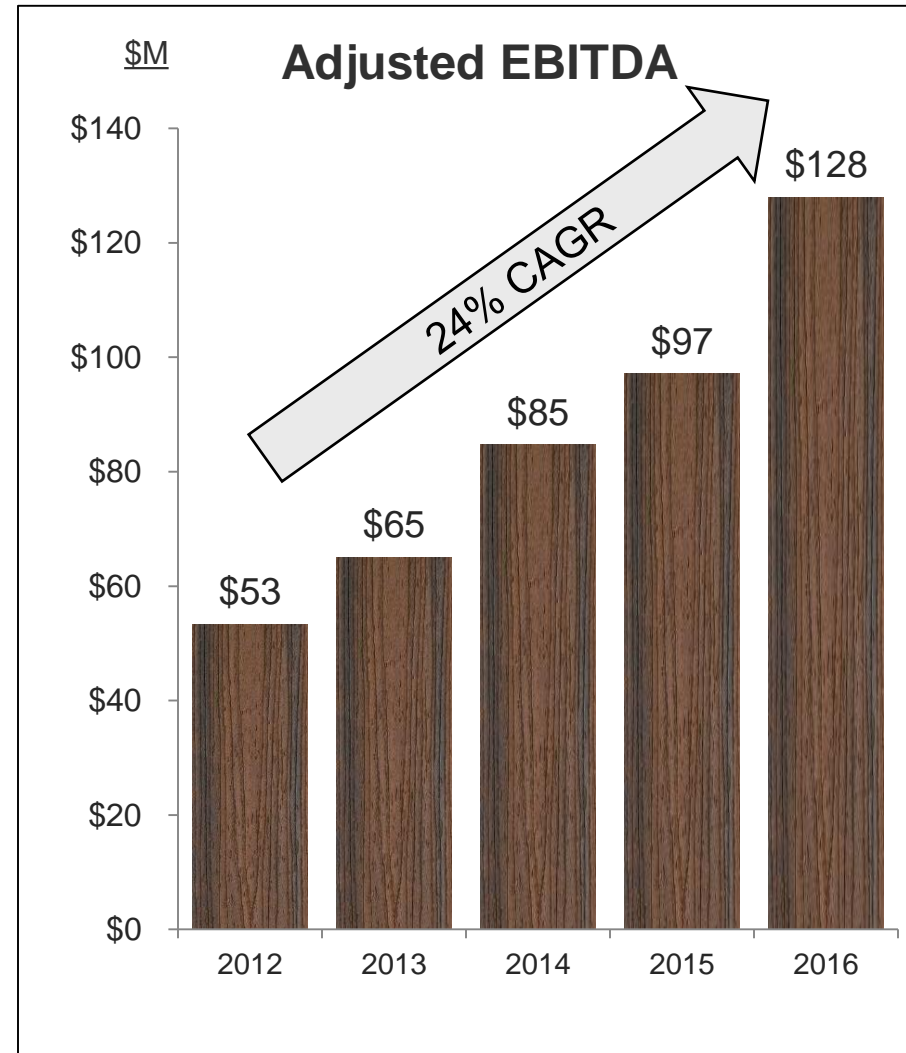
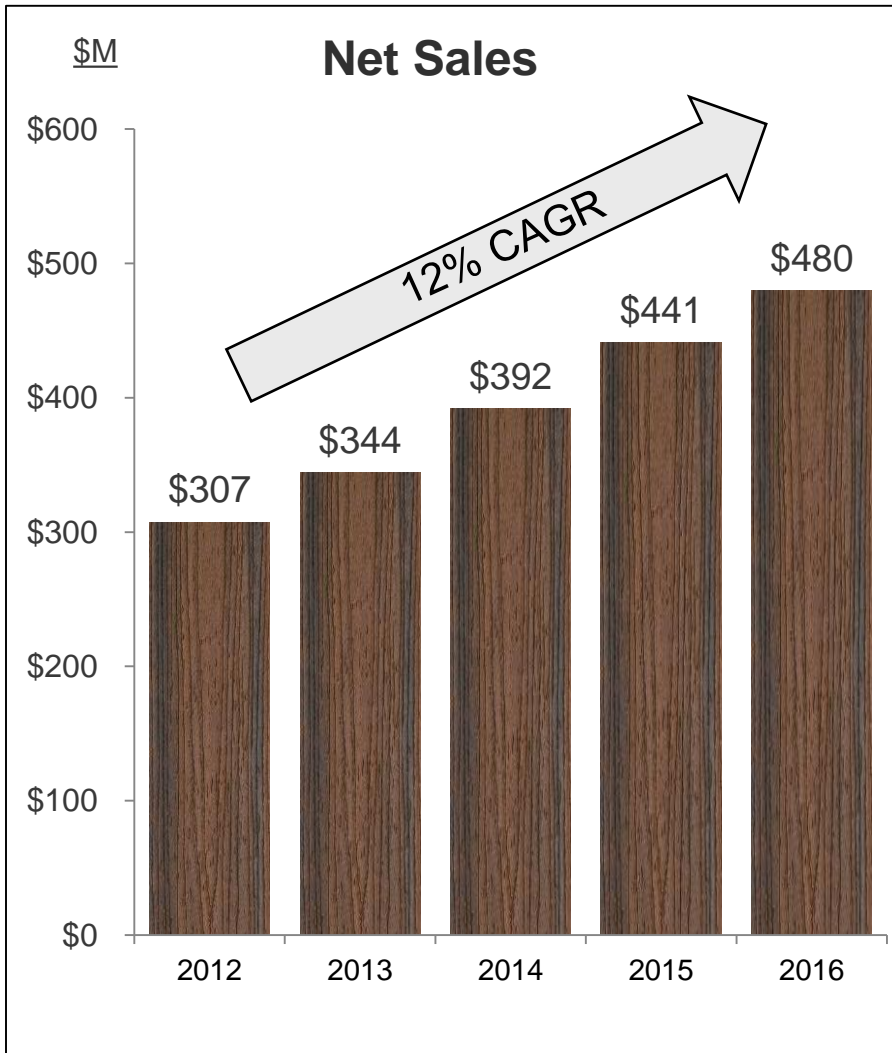
Consumer Confidence and Remodeling Spending correlate with Trex Revenue:
Indicators signal continued growth for 2017 and 2018



Financial Performance



Consistent Growth Performance

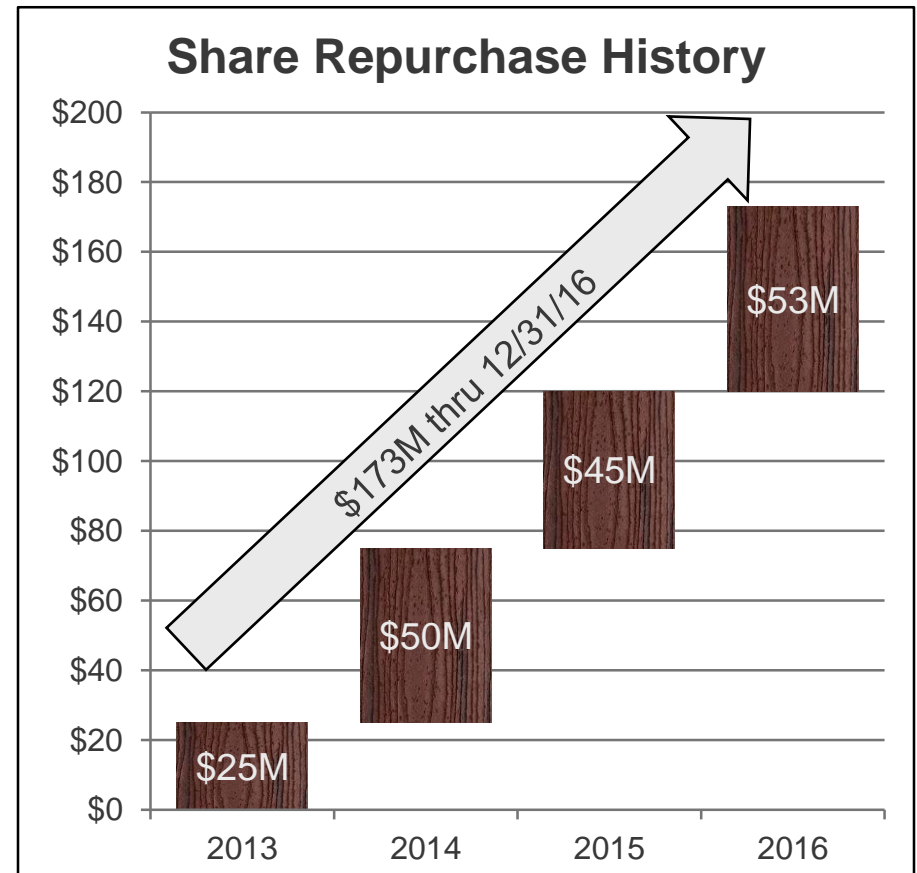


Capital Allocation Strategy



Putting Free Cash Flow to work through Investment in Core Business and Strategic Opportunities

- \$71M capital expenditures since 2013
 - 830bps gross margin expansion
- \$173M in return of capital to shareholders since 2013
 - 3.0M additional share repurchases authorized
- Acquisition of SC Company providing brand and product extension into commercial railing market



Investment Summary



- Addresses one of the fastest growing markets for attractively-designed, customized outdoor living spaces
 - Brand Leader in the Industry
 - Consistent Market Share Gains
 - National Footprint in Commercial Railing Market
- Continuous engineering and manufacturing improvements drive significant operating leverage
 - Low-cost Manufacturer; Capacity to Increase Utilization
 - Cost Reduction Initiatives are driving significant savings and expanding margins
 - Sustainability built into the Business; “Greenest” composite manufacturer
- Focus on new product development
 - SC opportunities to expand Trex sales into commercial segment, new consumer products, and cost savings from other synergies
- Strong Balance Sheet and Cash Generation
 - Invest in internal growth opportunities
 - Fund future acquisitions
 - Return capital to shareholders

Summary Financials



\$ Millions	2012	2013	2014	2015	2016	2017 Q3 TTM
Net Sales	\$307	\$344	\$392	\$441	\$480	\$538
Adjusted Gross Profit	\$106	\$120	\$140	\$160	\$197	\$231
<i>Adjusted Gross Margin %</i>	34.5%	34.9%	35.8%	36.4%	41.1%	42.8%
Adjusted SG&A	\$70	\$71	\$70	\$77	\$83	\$94
<i>% of Net Sales</i>	23%	21%	18%	18%	17%	17%
Adjusted Oper Income	\$36	\$49	\$70	\$83	\$114	\$137
<i>% of Net Sales</i>	12%	14%	18%	19%	24%	25%
Depreciation	\$17	\$16	\$15	\$14	\$14	\$16
Adjusted EBITDA	\$53	\$65	\$85	\$97	\$128	\$152
<i>% of Net Sales</i>	17%	19%	22%	22%	27%	28%
Free Cash Flow	\$53	\$33	\$46	\$39	\$75	\$6
Net Debt	\$3	-\$4	-\$10	\$1	-\$19	-\$26
Inventory Turns	8.7	11.2	10.9	12.0	10.9	n/c
Adjusted ROIC	19.5%	31.0%	42.6%	47.2%	61.5%	n/c

"n/c" = not comparable

APPENDIX

Non-GAAP Reconciliations

\$ Millions	2012	2013	2014	2015	2016	Q3 2016	Q3 2017	Q3 2016 TTM	Q3 2017 TTM
GAAP Gross Profit	\$85	\$99	\$140	\$155	\$187	\$30	\$55	\$181	\$231
Legacy Product Warranty Reserve *	\$21	\$21		\$5	\$10	\$10		\$10	
Adjusted Gross Profit	\$106	\$120	\$140	\$160	\$197	\$40	\$55	\$191	\$231
<i>Adjusted Gross Margin</i>	<i>34.5%</i>	<i>34.9%</i>	<i>35.8%</i>	<i>36.4%</i>	<i>41.1%</i>	<i>37.5%</i>	<i>39.4%</i>	<i>40.3%</i>	<i>42.8%</i>
GAAP Operating Income	\$13	\$25	\$68	\$77	\$104	\$11	\$30	\$97	\$137
Legacy Product Warranty Reserve *	\$21	\$21		\$5	\$10	\$10		\$10	
Non-recurring S&GA charges	\$2	\$3	\$2						
Adjusted Operating Income	\$36	\$49	\$70	\$83	\$114	\$20	\$30	\$107	\$137
GAAP Net Income	\$3	\$35	\$42	\$48	\$68	\$8	\$20	\$63	\$89
GAAP Income Tax	\$1	-\$11	\$25	\$29	\$35	\$3	\$10	\$33	\$47
GAAP Net Interest	\$9	\$1	\$1	\$1	\$1	\$0	\$0	\$1	\$1
GAAP Depreciation/Amortization	\$17	\$16	\$15	\$14	\$14	\$3	\$5	\$14	\$16
Legacy Product Warranty Reserve *	\$21	\$21		\$5	\$10	\$10		\$10	
Non-recurring S&GA charges	\$2	\$3	\$2						
Adjusted EBITDA	\$53	\$65	\$85	\$97	\$128	\$24	\$35	\$121	\$152
GAAP Operating Cash Flows	\$60	\$45	\$59	\$63	\$85	\$67	\$93	\$134	\$95
GAAP Investing Cash Flows	-\$7	-\$13	-\$13	-\$23	-\$10	-\$3	-\$76	-\$9	-\$88
Free Cash Flow	\$53	\$33	\$46	\$39	\$75	\$64	\$17	\$125	\$6
GAAP Debt	\$5	\$0	\$0	\$7	\$0	\$0	\$0	\$0	\$0
Less: GAAP Cash	-\$2	-\$4	-\$10	-\$6	-\$19	-\$23	-\$26	-\$23	-\$26
Net Debt	\$3	-\$4	-\$10	\$1	-\$19	-\$23	-\$26	-\$23	-\$26
GAAP EPS	\$0.08	\$1.01	\$1.27	\$1.52	\$2.29	\$0.26	\$0.68	\$2.13	\$3.03
Impact of Adjustments to OI (net of tax)	\$0.69	\$0.40	\$0.04	\$0.11	\$0.22	\$0.24	\$0.00	\$0.23	\$0.00
Adjusted EPS	\$0.77	\$1.41	\$1.31	\$1.63	\$2.51	\$0.51	\$0.68	\$2.37	\$3.03

Certain totals may not foot due to rounding

* Legacy product warranty reserve related to the surface flaking issue that affected a portion of products produced at our Nevada plant before 2007



**Engineering What's Next
in Outdoor Living®**

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NYSE: TREX**

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