



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

NYSE:TREX

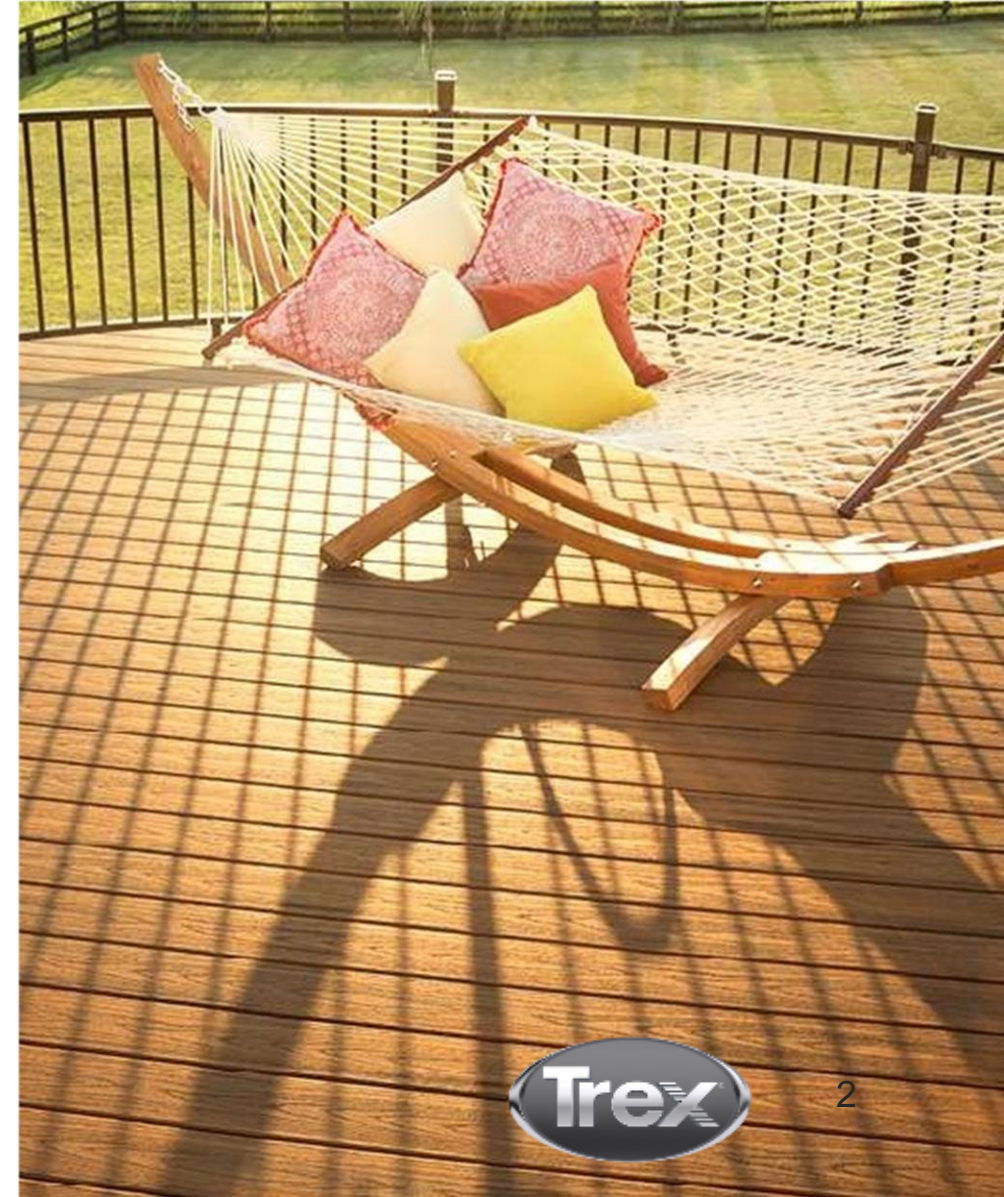
Investor Presentation

November 2020

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 U.S. generally accepted accounting principles (GAAP), including adjusted net sales, adjusted gross margin, adjusted earnings before interest, taxes, depreciation and 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.



25 Years and Counting of Brand Leadership

Engineering what's next in outdoor living®

- Reinforcing Trex leading presence in the decking market

Drive conversion from wood

- Utilizing marketing, product, and lead generation
- Decks.com to target wood buyers

Make the Trex® decision that's right for you™

- Having more products that meet the needs of more segments allows for targeting of multiple endpoints including consumers, dealers, and contractors

Decking Made from 95% Recycled Content

Continued Industry Recognition and Awards

- Fortune's 100 Fastest Growing Companies of 2020
- 2020 Sustainability Leadership Award by the Business Intelligence Group
- Top honors from Builder's Magazine Brand Use Study for "brand familiarity", "brand used in the past two years", "brand used most" and "highest in overall quality".
- Awarded "greenest decking" by the Green Builder Media Readers' Choice Awards
- Received the best Brand Index score for the decking category – a new addition to the Green Builder program for 2020
- Ascent® Windscreen System captured top honors in the 2019 Glass Magazine Awards as the year's "Best Product Hardware or System"

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



Trex Company Strategic Growth Drivers

Disciplined investment strategies driving consistent profitable growth

Leveraging the Trex Brand

- Consumer engagement
- Channel presence
- Licensing
- Wood conversion

Expanding Reach

- Strong distribution network
- Contractor
- DIY
- Geographic
- Trex Commercial Products

Optimizing Operations

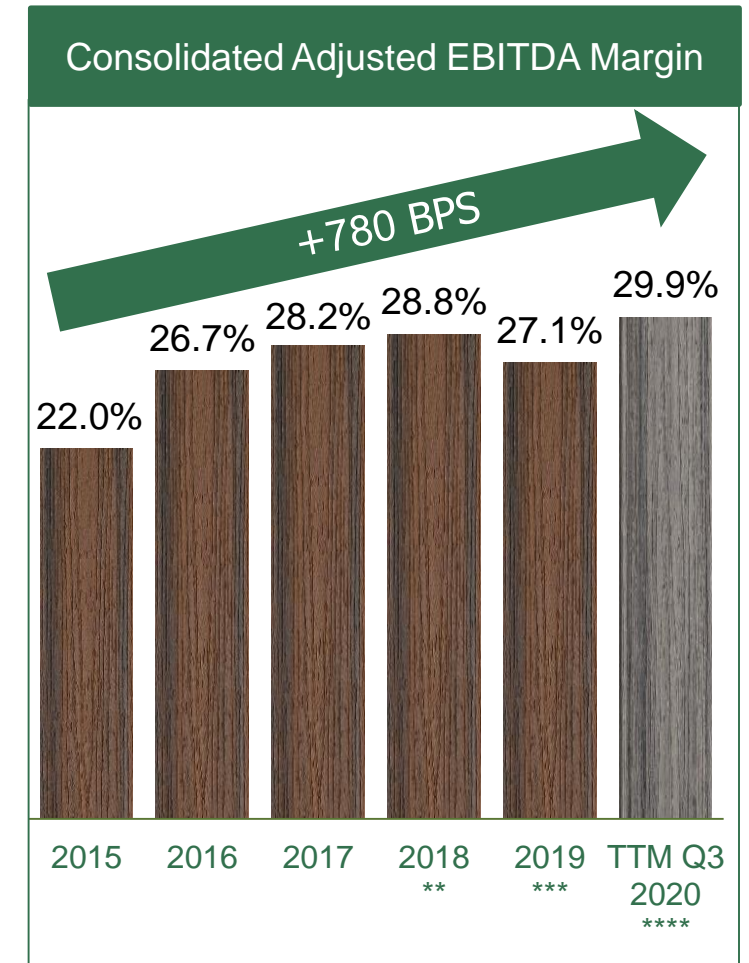
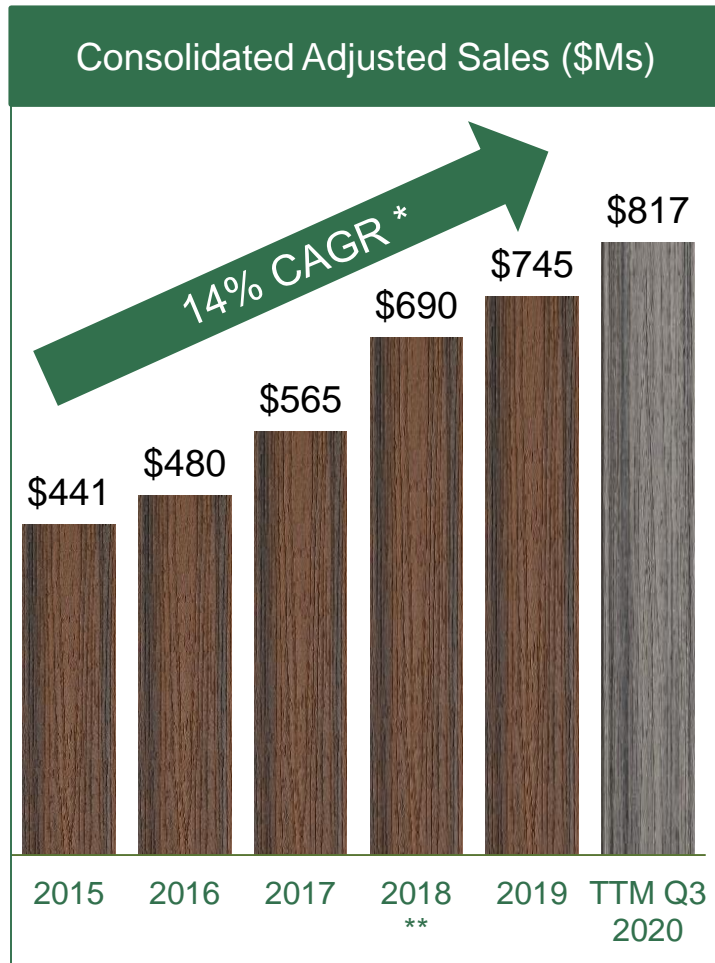
- Unique recycling business model
- Vertical integration
- Cost reduction
- Manufacturing throughput increase

Capital Allocation

- Reinvesting in the business
- Capacity expansion
- Share repurchases
- M&A opportunities & integration



Solid Long Term Results



* Calculations based on full year results through 2019
 ** 2018 results exclude \$6M non-recurring sales charge
 *** 2019 results include \$16M of startup and other manufacturing costs related to Enhance product launch
 **** TTM Q3 2020 results exclude \$6.5M legacy surface flaking charge



Residential Market Opportunity

Growing desire for unique outdoor living spaces

- Alternative materials to wood decking are projected to experience above average annual gains in demand ⁽¹⁾
- Core market size \$6 billion ⁽³⁾

Outdoor living remains a leading home improvement market segment

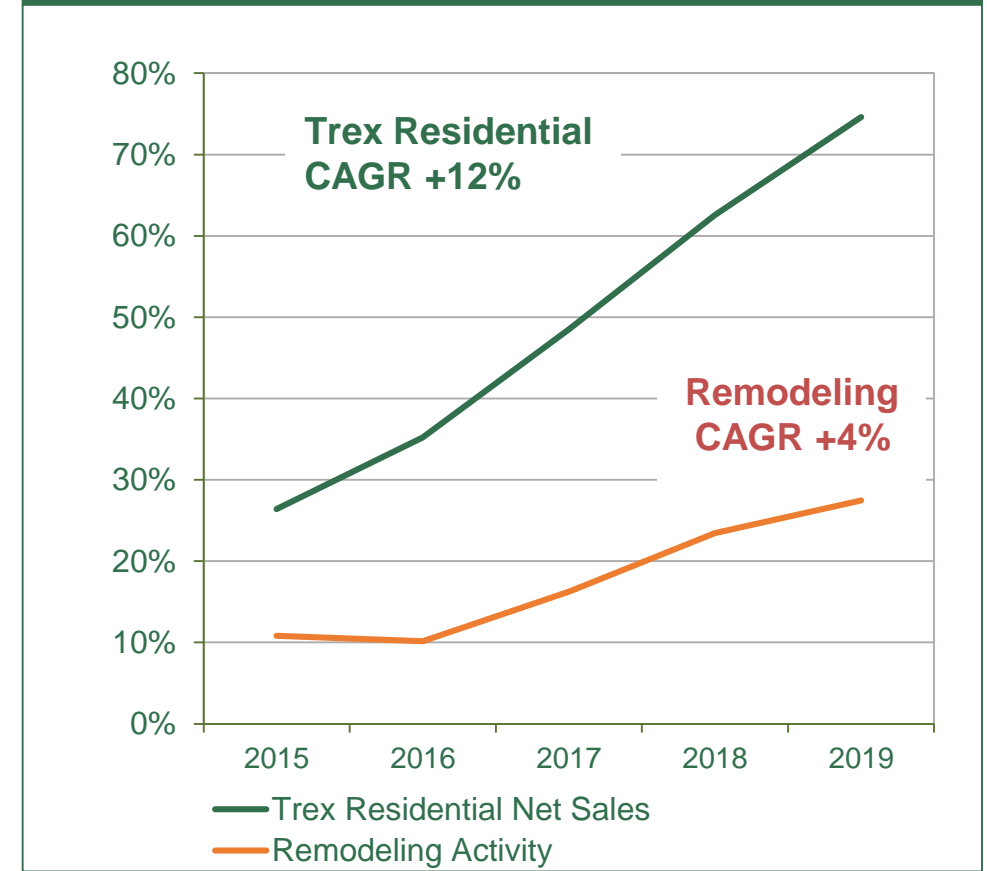
- Exterior property improvements capture 34% of home improvement spending

Increasing conversion from wood to composites

- 1% of market share gain from wood = \$50 million annual composite sales

Residential cumulative sales growth significantly outpaced gains in remodeling activity

Cumulative Trex Residential Net Sales⁽²⁾ and Remodeling Activity⁽³⁾ Growth



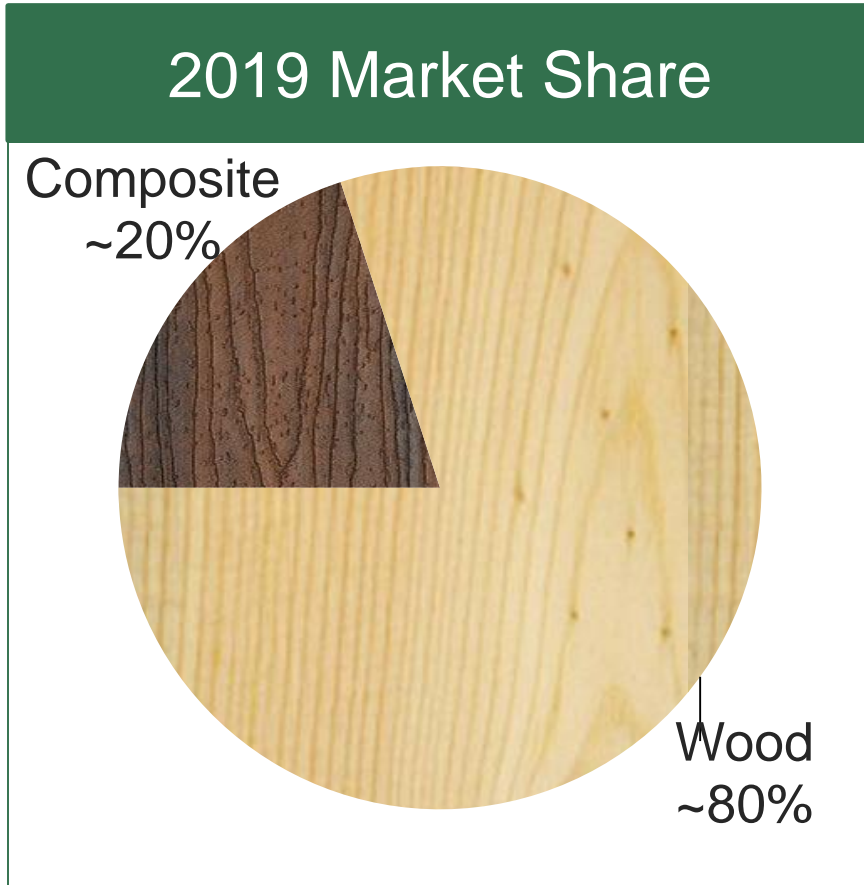
(1) Principia report on wood and competitive decking

(2) Residential adjusted sales

(3) Joint Center for Housing Studies (US Residential)



Wood is our #1 Competitor



2019 market share data based on company estimate.

TREX OUTPERFORMS WOOD

Our high-performance composite deck boards are engineered to resist fading, scratches and stains, and eliminate time-consuming maintenance so you'll never step foot in the stain aisle again.



Unlike wood, Trex composite decking won't:

- ✓ ROT, WARP OR SPLINTER
- ✓ NEED SEASONAL PAINTING, SEALING OR STAINING
- ✓ FADE OR STAIN
- ✓ BECOME FOOD FOR TERMITES

**+1% Market Share increase =
\$50M in annual composite sales**



New Products, New Consumers

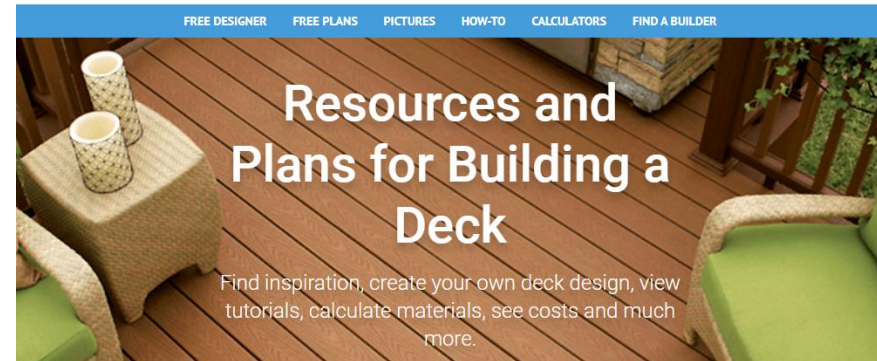
Do-It-Yourself Consumers

- Incremental focus for Trex
- ~60% of deck market
- Practical, thrifty
- Decisions driven by price & maintenance
- Products available in Pro & Retail Channels
- Lightweight boards for easy installation
- Leverage decks.com to reach new consumers

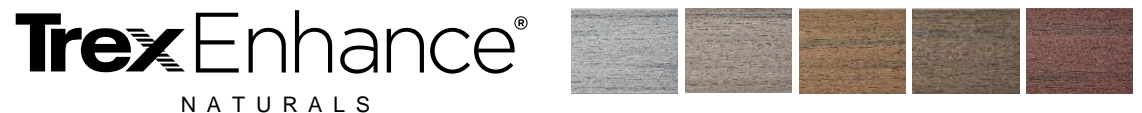


REGISTER LOGIN

What are you searching today?



- Trex quality, priced for cost conscious consumers
 - \$1.75/LF (2x price of wood)
- Designed to accelerate conversion from wood

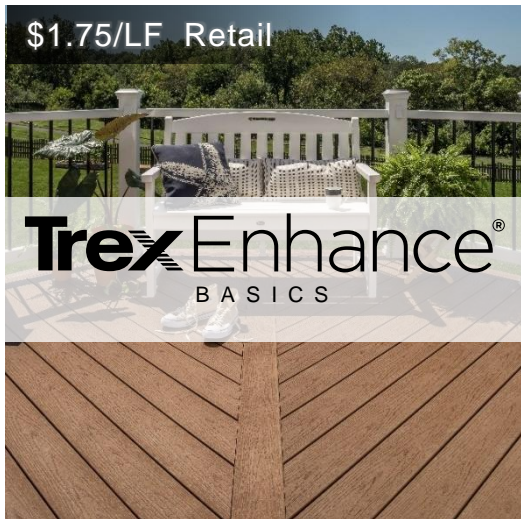


- Tropical looks, attractively priced
 - \$2.50/LF
- Trade-up opportunity from “Basic” wood buyers



2020 Decking Product Platform

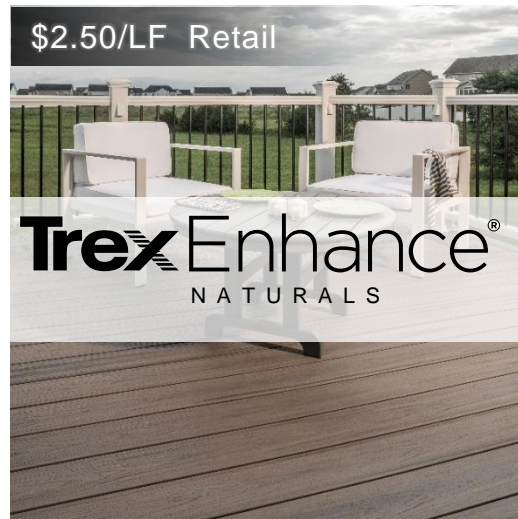
NEW in 2019



Priced to take share
from treated lumber

Low-cost tier

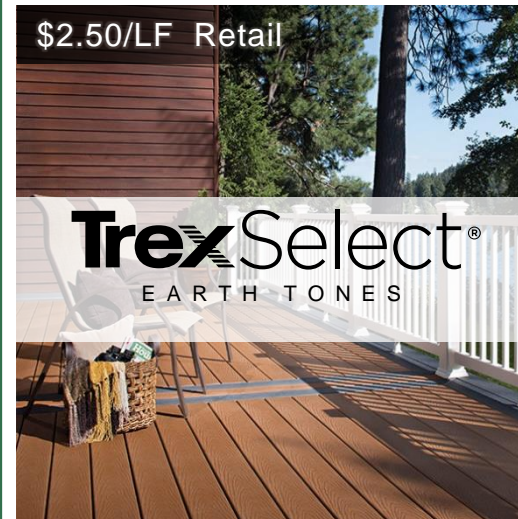
*We've engineered cost
out of the equation*



The beauty of wood
with the ease of
composite

Middle tier

(wood trade-up opportunity)



The perfect pairing
of price and minimal
maintenance

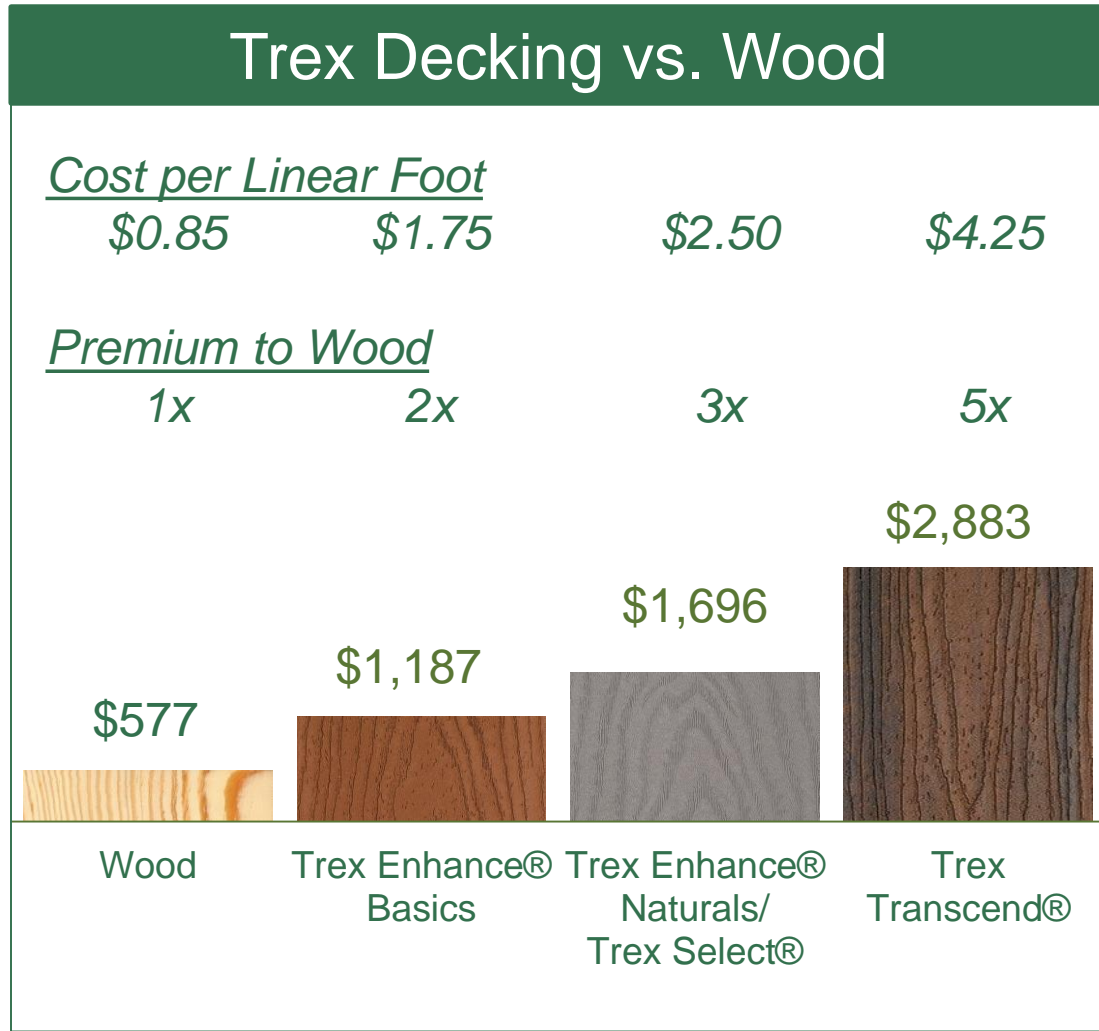


Elevated aesthetics
paired with the
highest level of
performance

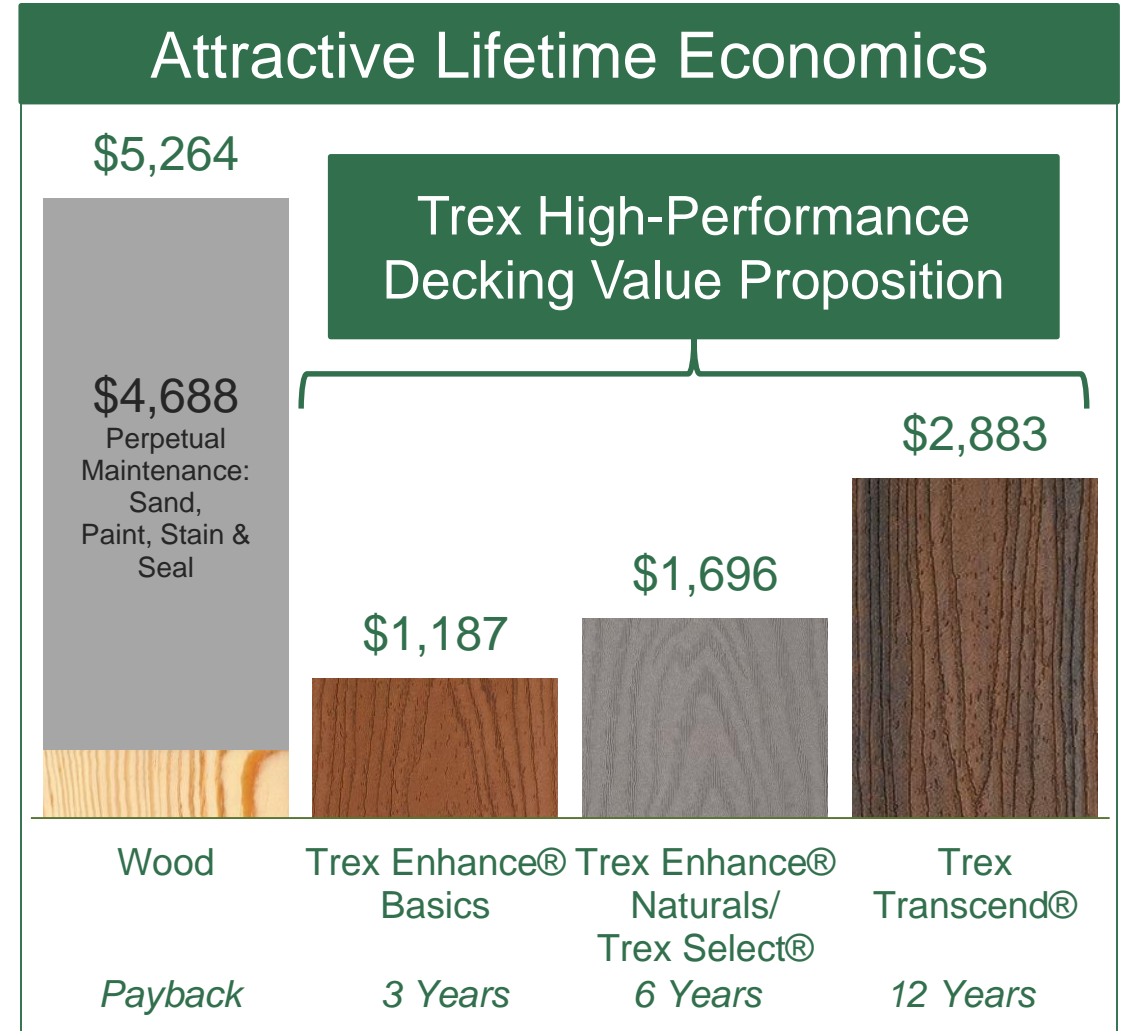
Premium tier



TREX: A Superior Value



Estimated Decking Cost for a 16' x 20' (or 30 m²) deck. Installation costs for 16' x 20' deck estimated at \$10,200. Based on Company findings.

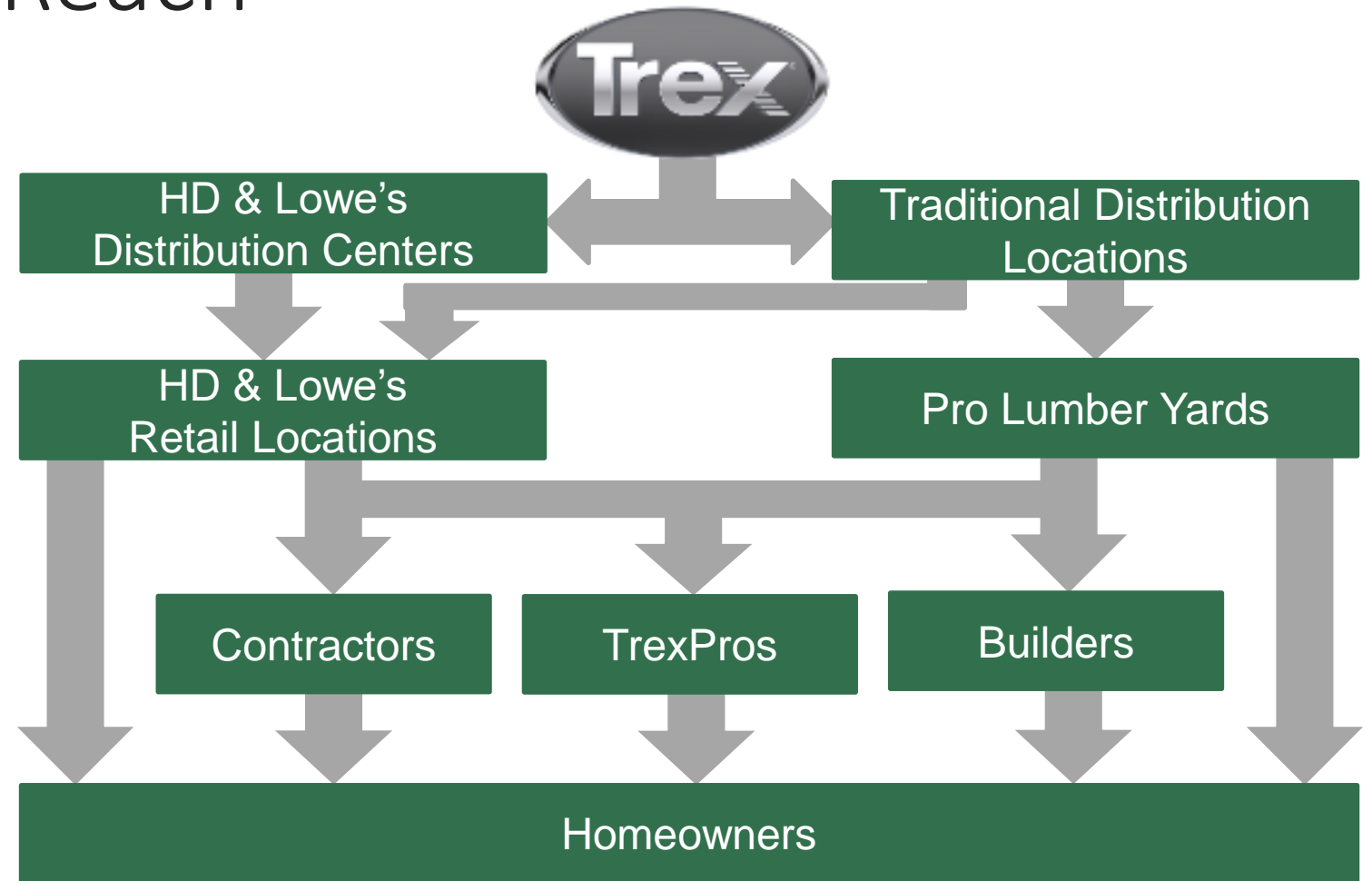


Estimated Decking Costs and Maintenance Material Costs for a 16' x 20' (or 30 m²) deck over 25 years.



Industry Leading Reach

- Over 6,700 stocking locations
- Strongest distribution channel in industry
- Well-positioned to take on wood nationally



Full Suite of Outdoor Living Products



Licensed Products



International Growth

- Establish distributors in key markets
- Roll-outs in markets with higher GDP, personal income and desire for outdoor living solutions
- Apply Trex marketing capabilities to key target market opportunities
 - TV advertising, online ads, and paid search
 - Develop TrexPro network
- New products offer competitive value proposition against other composites and wood
- Building global brand recognition
- Opportunity to expand as capacity becomes available



Trex Commercial Products



Commercial Products

- Enhances Trex presence in the Commercial Railing Market
 - Core market size \$1 billion
- Market Leader in Stadium Railing
 - Soccer Stadium presence
 - Ascent[®] product awarded Best New Product by Glass Magazine
- Diversifies Trex into growing commercial and multi-family markets
- Leverages relationships with developers, architects and contractors to grow market in less complex environments
 - Provides access to the specifier, architect and construction contract markets
- Offers Trex synergy and growth opportunities
 - Three railing lines to date have been engineered by Commercial Products and commercialized by Residential Products
 - Railing line co-developed – manufactured by Residential Products and marketed by Commercial Products



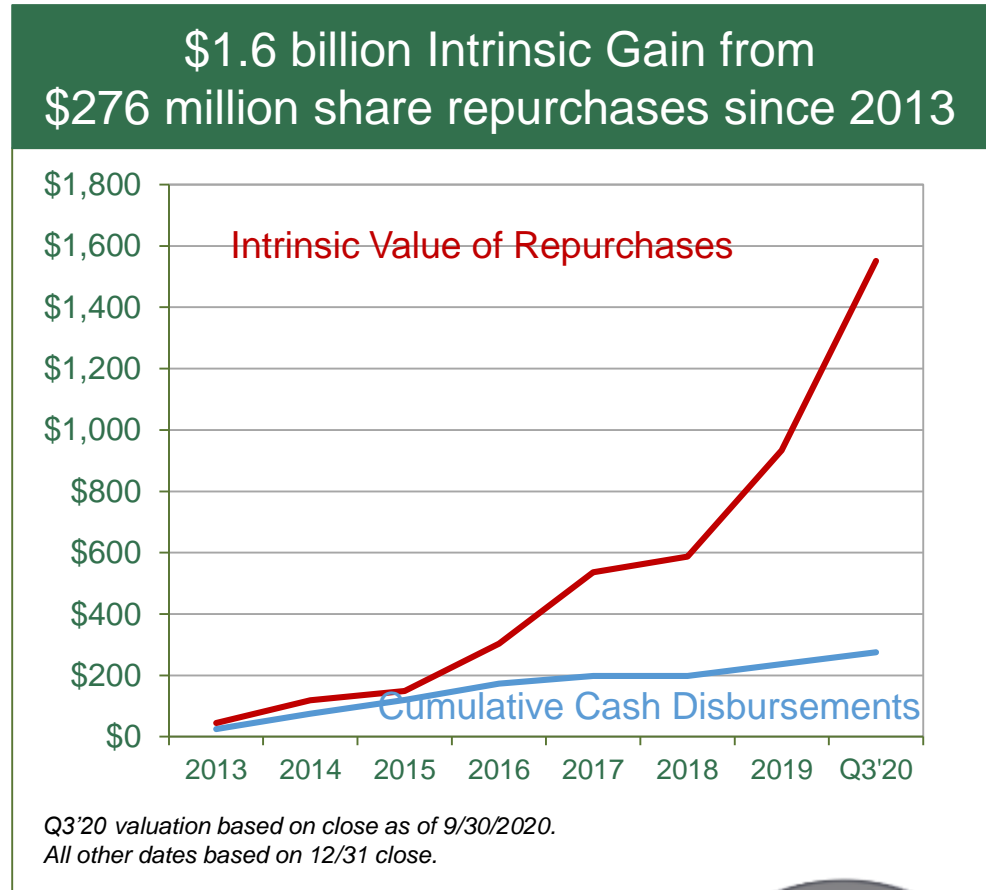
Major Projects



Capital Allocation Strategy

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

- \$319M capital expenditures since 2015
- Current projects include \$200M capacity expansion program to meet higher demand levels
- 780 bps consolidated EBITDA margin expansion since 2015
- \$348M in investments since 2013 funded from free cash flow
 - \$276M in share repurchases
- 8.8M remaining share repurchases authorized



ESG Leadership & Recognition



Trex Signature Glass and Mesh Railing selected as a **2020 Golden Hammer Award** winner by HBS Dealer. Honoring the best-of-the-best in home improvement, the judging for the Golden Hammer was based on innovation, value and shelf appeal.



For the 13th consecutive year, in 2020 Trex earned the top spot across three key performance areas for the composite/PVC decking category including “**brand familiarity**,” “**brand used the most**” and “**brand used in the past two years**”.



For the tenth consecutive year, in 2020 Trex was selected as the “**greenest decking**,” receiving nearly three times as many votes as the closest competitor.



Trex ranked #1 in all four key performance areas: “**brand familiarity**,” “**brand used the most**,” “**brand used in the past two years**” and “**quality**”.



Trex Enhance®, Trex CustomCurve® and Trex RainEscape® were among the **2019 Remodelers' Choice 100**, representing the products that drove the most reader inquiries over the course of a year (April 2018-March 2019).



Trex was recognized by Green Builder as a **2019 Eco-Leader in the Building Industry**. Trex was selected by the Green Builder editorial team in recognition of its ongoing company-wide commitment to sustainability.



Trex earned a “**Best of Houzz**” design award in 2020, representing the 6th consecutive year for this recognition



ESG Highlights

Sustainability-Driven Innovation

- One of the largest recyclers of polyethylene film in North America
- Decking is made from 95% recycled content; expansive recycling network
 - Estimated annual recycled plastic film and reclaimed wood fiber used: 800+ million pounds per year
- Essentially all internally generated scrap products from manufacturing operations are recycled internally
- A minimum of 50% of aluminum used is from recycled sources
- Investment in plant exhaust scrubber systems for greater output with reduced volatile organic compounds

Manufacturing Highlights

~99%

Water saved annually with closed-loop cooling systems across our manufacturing network

8% Energy Savings

Resource reduction initiatives driving annual savings

Trex vs. wood Lifecycle

42% FEWER
GHG Emissions

48% FEWER
Air Pollutants

54% LESS
Smog

86% LESS
Acidification

90% LESS
Ecological Toxicity

See Full 2019 Environmental, Social and Governance Report: https://documents.trex.com/is/content/Trex/trex-sustainability-report-catalog_d15-ssp.pdf



ESG Highlights

Building Better Teams

- **Competitive Benefits**
 - Health care wellness programs, generous 401(k) match, employee stock purchase program, incentives to encourage employee retention and engagement
- **Training and Development**
 - Enhanced training to equip and develop future leaders
 - 100% tuition reimbursement, engineering internship program, maintenance technical trainee development programs in partnership with local college
- **Leadership Opportunities**
 - 22% female leaders and 22% female Board of Directors members
 - Leadership development training programs with over 1,600 person hours of training
- **Safety First Culture**
 - Design for Safety program driving Low LTIR and RIR rates
- **Communication**
 - Expanded internal channels for information and feedback
- **Trex Residential Products President's Award for Teamwork**
 - Launched in 2019
- **Corporate Governance**
 - Strong and effective governance
 - Our directors and officers hold more than 3X their required minimum stock holdings
 - All principles and policies are reviewed, approved and overseen by our executive management team

Sharing and Caring in Our Communities

- **Community Engagement**
 - **United Way**
 - ✓ 11 years as the most successful employee-led campaign in our local community with Trex and its employees contributing over \$1 million during the last six years alone
 - **Feeding America**
 - **City of Winchester and the Museum of the Shenandoah Valley**
 - **Yellow Ribbon Fund**
- **Recycling Programs**
 - **Plastic Film Recycling Challenges**
 - ✓ More than 1,500 K-12 schools, universities and communities participating nationwide in various challenges
 - **NexTrex™**
 - ✓ Premier circular model for polyethylene film recycling



Response to COVID-19

Protecting our Colleagues	Helping our Communities	Supporting our Channels/Customers	Optimizing our Business
Safeguard health and wellness	Monetary donations both locally and nationally	All facilities fully operational	Implementing business continuity plans
Physical distancing at all facilities		Open communication with distributors and dealers	Protecting against short-term supply chain disruptions
New sanitary procedures	Supporting local hospitals through fabrication of face shields	Proceeding with capacity expansion plans	Focus on operational excellence
Remote working			



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** against wood and within the composite industry
- **National Footprint** in commercial railing market

Continuous engineering and manufacturing improvements drive significant operating leverage

- **Low-cost Manufacturer**; targeted investments to improve line throughput
- **Cost Reduction Initiatives** are driving savings
- **Sustainability** built into the Business; “Greenest” decking manufacturer
- **Recycling** – a strategic and cost advantage

Focus on new product development

- **Sales Expansion** of legacy Trex products into commercial segment, development of commercial products for the consumer market, and cost savings from other synergies
- **New Products** tailored to reach new consumer segments

Strong Balance Sheet and Cash Generation

- Invest in **Internal Growth** opportunities
- Fund future **Acquisitions**
- **Return Capital to Shareholders**





Appendix

Summary Financials

\$ Millions	2015	2016	2017	2018	2019	TTM Q3 2020
Adjusted Sales	\$441	\$480	\$565	\$690	\$745	\$817
Adjusted Gross Profit	\$160	\$197	\$243	\$301	\$307	\$345
<i>Adjusted Gross Margin %</i>	36.4%	41.1%	43.1%	43.6%	41.1%	42.2%
Adjusted SG&A	\$77	\$83	\$101	\$118	\$118	\$117
<i>% of Net Sales</i>	18%	17%	18%	17%	16%	14%
Adjusted Oper Income	\$83	\$114	\$142	\$183	\$188	\$228
<i>% of Net Sales</i>	19%	24%	25%	26%	25%	28%
Depreciation	\$14	\$14	\$17	\$16	\$14	\$16
Adjusted EBITDA	\$97	\$128	\$159	\$199	\$202	\$244
<i>% of Net Sales</i>	22%	27%	28%	29%	27%	30%
Free Cash Flow	\$39	\$75	\$87	\$104	\$89	-\$58
Net Debt	\$1	-\$19	-\$31	-\$106	-\$149	-\$20
Adjusted ROIC	56.1%	73.3%	67.5%	62.6%	52.5%	n/c

2019 results include \$16M of startup and other manufacturing costs related to Enhance product launch
n/c = not comparable



Non-GAAP Reconciliations

\$ Millions	2015	2016	2017	2018	2019	Q3 2019	Q3 2020	TTM Q3 2019	TTM Q3 2020
GAAP Sales	\$441	\$480	\$565	\$684	\$745	\$195	\$231	\$721	\$817
2018 Net Sales charge for product repositioning				\$6					
Adjusted Sales	\$441	\$480	\$565	\$690	\$745	\$195	\$231	\$721	\$817
GAAP Gross Profit	\$155	\$187	\$243	\$295	\$307	\$82	\$85	\$295	\$338
Legacy product warranty reserve for pre-2008 Nevada production	\$5	\$10					\$6		\$6
2018 Net Sales charge for product repositioning				\$6					
Adjusted Gross Profit	\$160	\$197	\$243	\$301	\$307	\$82	\$91	\$295	\$345
<i>Adjusted Gross Margin</i>	36.4%	41.1%	43.1%	43.6%	41.1%	42.4%	39.5%	41.0%	42.2%
GAAP Operating Income	\$77	\$104	\$142	\$177	\$188	\$55	\$57	\$174	\$222
Legacy product warranty reserve for pre-2008 Nevada production	\$5	\$10					\$6		\$6
2018 Net Sales charge for product repositioning				\$6					
Adjusted Operating Income	\$83	\$114	\$142	\$183	\$188	\$55	\$63	\$174	\$228
GAAP Net Income	\$48	\$68	\$95	\$135	\$145	\$42	\$43	\$134	\$168
GAAP Income Tax	\$29	\$35	\$47	\$42	\$45	\$14	\$14	\$41	\$55
GAAP Net Interest	\$1	\$1	\$0	-\$0	-\$2	-\$1	-\$0	-\$1	-\$2
GAAP Depreciation/Amortization	\$14	\$14	\$17	\$17	\$14	\$4	\$5	\$14	\$16
Legacy product warranty reserve for pre-2008 Nevada production	\$5	\$10					\$6		\$6
2018 Net Sales charge for product repositioning				\$6					
Adjusted EBITDA	\$97	\$128	\$159	\$199	\$202	\$59	\$68	\$188	\$244
GAAP Operating Cash Flows	\$63	\$85	\$102	\$138	\$156	\$56	\$45	\$122	\$70
GAAP Investing Cash Flows	-\$23	-\$10	-\$87	-\$34	-\$67	-\$18	-\$37	-\$49	-\$128
Add back Acquisitions			\$72						
Free Cash Flow	\$39	\$75	\$87	\$104	\$89	\$38	\$8	\$73	-\$58
GAAP Debt	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less: GAAP Cash	-\$6	-\$19	-\$31	-\$106	-\$149	-\$133	-\$20	-\$133	-\$20
Net Debt	\$1	-\$19	-\$31	-\$106	-\$149	-\$133	-\$20	-\$133	-\$20
GAAP Diluted EPS *	\$0.38	\$0.57	\$0.81	\$2.29	\$1.23	\$0.36	\$0.37	\$1.14	\$1.44
Impact of Adjustments to OI (net of tax)	\$0.43	\$0.05	\$0.00	-\$1.11	\$0.00	\$0.00	\$0.04	\$0.00	\$0.04
Adjusted Diluted EPS *	\$0.81	\$0.63	\$0.81	\$1.18	\$1.23	\$0.36	\$0.41	\$1.14	\$1.48

* Prior Period EPS and Adjusted EPS restated for impact of June 18, 2018 2-for-1 stock split and September 14, 2020 2-for-1 stock split.





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in Outdoor Living®**

Trex Company, Inc.
NYSE: TREX

Contacts:

Vicky Nakhla (vicky.nakhla@advisiry.com)

AdvisIRy Partners
646-625-4800

or

Dennis Schemm
Vice President and CFO
540-542-6300

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