



FOR IMMEDIATE RELEASE

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Trex Company Reports Record First Quarter 2018 Results

- **Fifth Consecutive Quarter of Record Revenue and Net Income –**
- **First Quarter Performance Marks Strong Start to 2018 –**
- **Second Quarter Sales Expected to Increase 21%, with Organic Growth of 10% –**
- **Company Declares 2-For-1 Stock Split –**

First Quarter Highlights

- Consolidated net sales increased 18% to \$171 million
- Consolidated gross margin of 44.8%
- Consolidated earnings increased 32% to \$1.25 per share

WINCHESTER, VA. — May 7, 2018 — Trex Company, Inc. (NYSE:TREX), the world's number-one brand of decking and railing and leader in high-performance, low-maintenance outdoor living products, and the leading national provider of custom-engineered railing systems, today reported financial results for the first quarter ended March 31, 2018.

First Quarter 2018 Results

Consolidated net sales for the first quarter of 2018 were \$171 million, an 18% year-over-year increase. Trex Residential Products net sales were up 7% to \$155 million, with Trex Commercial Products contributing an additional \$16 million. Consolidated gross margin for the quarter was 44.8%. Trex Residential Products gross margin expanded 260 basis points to 47.6%. Trex Commercial Products gross margin showed significant improvement over the fourth quarter levels. SG&A was \$29 million, or 16.9% of sales. Exclusive of \$1.2 million in amortization of intangibles associated with the acquisition of SC Company, SG&A was 16.2% of sales, 10 basis points above last year's level.

Net income for the first quarter of 2018 was \$37 million, or \$1.25 per diluted share, up 33% and 32%, respectively, from the net income of \$28 million, or \$0.95 per diluted share reported for last year's first quarter. The first quarter tax rate of 22% was below the Company's expected annual 25% rate due to tax benefits realized on the vesting of stock compensation.

“First quarter results demonstrated positive sales momentum, thanks to a strong early buy season for Trex Residential Products and the contribution from Trex Commercial Products. The significant expansion in gross margin for Trex Residential Products reflected lower input costs, manufacturing cost savings and increased capacity utilization. Additionally, Trex Commercial Products gross margin performance improved significantly, supporting our expectation for continued progress in the coming quarters as we execute our strategy to improve the segment’s profitability,” noted James E. Cline, President and Chief Executive Officer.

Recent Recognitions

For the 11th year in a row – an unprecedented streak achieved by no other manufacturer – Trex was honored as the “brand used most” and “brand used most in the past two years” for the composite/PVC decking category in the 2018 Builder Brand Use Study. Trex also took the top position in the “quality” category in this year’s study.

Summary and Outlook

“Excellent brand positioning in a growing category and strong early season demand underpin our confidence heading into 2018. In addition to our proven ability to gain share from the large wood market and the composite sector, we are pleased with the cross-product development and cross-selling opportunities that are emerging between our Residential and Commercial operations. Since entering the commercial market in mid-2017 with the acquisition of SC Company, we have introduced one new commercially-inspired railing product into the residential market that has garnered very positive feedback from consumers and the trade, and additional products are under development. At the same time, we continue to drive gross margin improvement in both our residential and commercial product categories, which we expect will continue as we progress in 2018.

“Reflecting our positive outlook, Trex Board of Directors has approved a 2-for-1 stock split of the Company’s common shares. The stock split will be in the form of a stock dividend to be distributed on June 18, 2018 to shareholders of record on May 23, 2018. Additionally, in the 2018 first quarter Trex repurchased 50,000 common shares for a total expenditure of \$5 million as part of our share buyback program approved by the Board of Directors in February 2018.

“For the second quarter of 2018, we expect consolidated net sales of \$191 million, comprised of approximately \$174 million from Trex Residential Products and \$17 million from Trex Commercial Products. Our projected effective tax rate for the year remains at approximately 25%. We forecast our full year 2018 incremental margin to remain at approximately 45% to 50%,” Mr. Cline concluded.

First Quarter 2018 Conference Call and Webcast Information

Trex will hold a conference call to discuss its first quarter 2018 results and other corporate matters on Monday, May 7, 2018 at 5:00 p.m. ET. To participate on the day of the call, dial 1-844-792-3734, or internationally 1-412-317-5126, approximately ten minutes before the call and tell the operator you wish to join the Trex Company Conference Call.

A live webcast of the conference call will be available in the Investor Relations section of the Trex Company website at [1Q18 Earnings Webcast](#). For those who cannot listen to the live broadcast, an audio replay of the conference call will be available on the Trex website for 30 days.

Forward-Looking Statements

The statements in this press release regarding the Company's expected future performance and condition constitute "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. Such risks and uncertainties include the extent of market acceptance of the Company's products; the costs associated with the development and launch of new products and the market acceptance of such new products; the sensitivity of the Company's business to general economic conditions; the impact of seasonal and weather-related demand fluctuations on inventory levels in the distribution channel and sales of the Company's products; the availability and cost of third-party transportation services for the Company's products; the Company's ability to obtain raw materials at acceptable prices; the Company's ability to maintain product quality and product performance at an acceptable cost; the level of expenses associated with product replacement and consumer relations expenses related to product quality; the highly competitive markets in which the Company operates; and cyber-attacks, security breaches, or other security vulnerabilities. Documents filed with the Securities and Exchange Commission by the Company, including in particular its latest annual report on Form 10-K and quarterly reports on Form 10-Q, discuss some of the important factors that could cause the Company's actual results to differ materially from those expressed or implied in these forward-looking statements. 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.

About Trex Company

Trex Company is the world's largest manufacturer of high performance wood-alternative decking and railing, with more than 25 years of product experience. Stocked in more than 6,700 retail locations worldwide, Trex outdoor living products offer a wide range of style options with fewer ongoing maintenance requirements than wood, as well as a truly environmentally responsible choice. Also, Trex is a leading national provider of custom-engineered railing, staging, acoustical and seating systems for the commercial and multi-family market, including performing arts venues and sports stadiums. For more information, visit www.trex.com.