

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 26, 2007

TREX COMPANY, INC.

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(Exact Name of Registrant as Specified in Charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

001-14649  
(Commission File Number)

54-1910453  
(IRS Employer  
Identification No.)

160 Exeter Drive  
Winchester, Virginia  
(Address of Principal Executive Offices)

22603-8605  
(ZIP Code)

Registrant's telephone number, including area code: (540) 542-6300

Not Applicable

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(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On March 26, 2007, Trex Company, Inc. issued a press release announcing financial results for the quarter ended December 31, 2006. A copy of such press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information contained in this report on Form 8-K shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section.

Item 9.01 Financial Statements and Exhibits

(d) Trex Company herewith files the following exhibit:

| Exhibit | Description of Exhibit             |
|---------|------------------------------------|
| 99.1    | Press release dated March 26, 2007 |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TREX COMPANY, INC.

Date: March 26, 2007

/s/ Anthony Cavanna

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Anthony Cavanna  
Chairman and Chief Executive Officer

## Trex Company Announces Fourth-Quarter and Year-End 2006 Results

WINCHESTER, Va.--(BUSINESS WIRE)--March 26, 2007--Trex Company, Inc. (NYSE: TWP), manufacturer of Trex(R) decking and railing, today announced financial results for the fourth quarter and fiscal year ended December 31, 2006.

Net sales for the fourth quarter of 2006 totaled \$32.1 million, compared to net sales of \$44.0 million for the fourth quarter of 2005. The Company reported a net loss for the 2006 fourth quarter of \$13.8 million, or \$0.93 per diluted share, compared to a net loss of \$10.9 million, or \$0.73 per diluted share, for the 2005 fourth quarter.

For the full 2006 year, Trex reported net sales of \$337.0 million, compared to net sales of \$294.1 million for 2005, which represented a 14.6% increase. Income from operations for 2006 was \$6.1 million, compared to income from operations of \$2.9 million for 2005. Net income for 2006 was \$2.3 million, or \$0.16 per diluted share, compared to net income of \$2.3 million, or \$0.15 per diluted share, for 2005.

"Revenues for the fourth quarter, our seasonally slow period, slightly exceeded our expectations, even as distributors and dealers remained cautious about spending in a weakening building products market," commented Chairman and Chief Executive Officer Anthony J. Cavanna. "Considering the soft market conditions, we are particularly pleased with our full-year top line growth, which illustrates the success we have achieved in raising our product quality; the strength of the Trex(R) brand, backed by our well-established reputation for product innovation; the expansion of our distribution network; and the initial traction we have gained with our newly introduced Trex Seclusions(R) fencing product line."

Mr. Cavanna continued, "Even though we produced strong top line results, we fell short of our net income goals for the quarter and the year. Higher manufacturing costs, reflecting increases in the cost of plastic raw materials, increased plant overhead expenses and lower plant productivity negatively impacted our bottom-line results. In particular, we incurred higher plant labor costs, increased packaging costs and lower production yields as we implemented our product quality program.

"Although we succeeded in improving product quality, our corresponding goal of improving manufacturing efficiencies is taking longer than anticipated. Delays in installing new equipment and in improving processes are contributing to the extended timetable. In 2007, we are investing approximately \$25 million in equipment to improve manufacturing efficiencies and lower product cost. While we still expect to begin realizing the benefits of these initiatives in the second half of 2007, we expect to obtain the full impact in 2008."

Mr. Cavanna concluded, "Positive responses to our quality programs combined with our broad product offering and solid channel relationships, position Trex for growth despite persistent weakness in the home remodeling and renovation market. New products, including Trex Contours(TM) and improved Trex Brasilia(R), in addition to our recently introduced Trex Seclusions(R) product line, will contribute to 2007 revenue growth. Finally, in 2007 we will continue to broaden our distribution by having Trex(R) decking and railing products stocked nationally in Home Depot and Lowe's stores as a complement to the effective professional distribution channel we have developed over the past 10 years. By being broadly represented in all distribution channels, we can best continue to expand the market for composite decking, build awareness for the Trex(R) brand and increase our Company's sales.

"In 2007, we believe market conditions will remain soft. As a result, we are revising our 2007 guidance and now expect net sales in the range of \$350 to \$370 million and earnings per diluted share between \$0.80 and \$0.90. For the first half of 2007, we expect net sales to be between \$225 and \$235 million and earnings per diluted share in the range of \$0.70 to \$0.80."

Trex will hold a conference call to discuss its 2006 fourth-quarter results on Monday, March 26 at 1:00 p.m. ET. A live webcast of the conference call will be available to all investors at the Trex Company website at [www.trex.com](http://www.trex.com). The call will also be simulcast at [www.streetevents.com](http://www.streetevents.com).

For those who cannot listen to the live broadcast, an audio replay

of the call will be available on these websites for 30 days. A telephone replay of the call will also be available for 7 days, beginning at 4:00 p.m. ET on March 26. To listen to the telephone replay, dial 706-645-9291 and enter conference ID #2584734.

#### About Trex Company

Trex Company is the nation's largest manufacturer of composite decking and railing, with over 14 years of product experience. Products are marketed under the brand name Trex(R). Made from a unique formulation of reclaimed wood and plastic, combined through a proprietary process, Trex decking and railing offer significant design flexibility with fewer ongoing maintenance requirements than wood. For more information, visit the Company's website, [www.trex.com](http://www.trex.com). Trex(R), Trex Contours(TM), Trex Seclusions(R) and Trex Brasilia(R) are trademarks of Trex Company, Inc., Winchester, Va.

The statements in this press release regarding the Company's expected sales performance and operating results, its projections of net sales, net income, earnings per share and costs, its anticipated financial condition and its business strategy 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 sensitivity of the Company's business to general economic conditions, the Company's ability to obtain raw materials at acceptable prices, the Company's ability to increase production levels to meet increasing demand for its products, and the highly competitive markets in which the Company operates. The Company's report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2006 and its subsequent filings on Form 10-K/A, and Forms 10-Q and 10-Q/A for the first three quarters of 2006 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.

TREX COMPANY, INC.  
Condensed Consolidated Statements of Operations  
(In thousands, except share and per share data)  
(Unaudited)

|  | Three Months Ended |             | Year Ended   |            |
|--|--------------------|-------------|--------------|------------|
|  | December 31,       |             | December 31, |            |
|  | 2005               | 2006        | 2005         | 2006       |
| Net sales  | \$ 43,993          | \$ 32,107   | \$ 294,133   | \$ 336,956 |
| Cost of sales                                      | 45,129             | 36,743      | 213,897      | 257,671    |
| Gross profit (loss)                                | (1,136)            | (4,636)     | 80,236       | 79,285     |
| Selling, general<br>and administrative<br>expenses | 16,117             | 16,485      | 77,378       | 73,223     |
| Income (loss) from<br>operations                   | (17,253)           | (21,121)    | 2,858        | 6,062      |
| Interest expense,<br>net                           | 762                | 860         | 2,626        | 3,011      |
| Income (loss)<br>before income<br>taxes            | (18,015)           | (21,981)    | 232          | 3,051      |
| Provision (benefit)<br>for income taxes            | (7,146)            | (8,190)     | (2,019)      | 708        |
| Net income (loss)                                  | \$ (10,869)        | \$ (13,791) | \$ 2,251     | \$ 2,343   |

|   |    |            |    |            |    |            |    |            |
|---|----|------------|----|------------|----|------------|----|------------|
| Diluted earnings<br>(loss) per share              | \$ | (0.73)     | \$ | (0.93)     | \$ | 0.15       | \$ | 0.16       |
| =====   |    |            |    |            |    |            |    |            |
| Diluted weighted<br>average shares<br>outstanding |    | 14,791,975 |    | 14,843,318 |    | 14,879,661 |    | 14,892,966 |
| =====   |    |            |    |            |    |            |    |            |

TREX COMPANY, INC.  
Condensed Consolidated Balance Sheets  
(In thousands, except share data)  
(unaudited)

|  | 31-Dec-05 | 31-Dec-06 |
|--|-----------|-----------|
|  | -----     | -----     |
| <b>ASSETS</b>  |           |           |
| Current assets:  |           |           |
| Cash and cash equivalents  | \$ 1,395  | \$ 672    |
| Accounts receivable  | 12,364    | 18,164    |
| Inventories  | 56,931    | 111,434   |
| Prepaid expenses and other assets  | 3,750     | 3,201     |
| Income taxes receivable  | 8,200     | 6,480     |
| Deferred income taxes  | 1,711     | 3,180     |
|  | -----     | -----     |
| Total current assets   | 84,351    | 143,131   |
|  | -----     | -----     |
| Property, plant and equipment, net   | 191,083   | 198,525   |
| Goodwill   | 6,837     | 6,837     |
| Debt-related derivatives   | 292       | 359       |
| Other assets   | 3,151     | 3,489     |
|  | -----     | -----     |
| Total assets   | \$285,714 | \$352,341 |
| =====  |           |           |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |           |           |
| Current liabilities:   |           |           |
| Accounts payable and accrued expenses  | \$ 31,189 | \$ 60,325 |
| Line of credit   | 4,070     | 44,132    |
| Current portion of long-term debt  | 9,031     | 9,115     |
|  | -----     | -----     |
| Total current liabilities  | 44,290    | 113,572   |
|  | -----     | -----     |
| Deferred income taxes  | 15,158    | 17,217    |
| Debt-related derivatives   | 1,053     | 747       |
| Long-term debt, net of current portion   | 60,505    | 51,390    |
|  | -----     | -----     |
| Total liabilities  | 121,006   | 182,926   |
| -----  |           |           |
| Stockholders' equity:  |           |           |
| Preferred stock, \$0.01 par value, 3,000,000<br>shares authorized; none issued and outstanding   | --        | --        |
| Common stock, \$0.01 par value, 40,000,000<br>shares authorized; 14,889,674 and 14,913,889<br>shares issued and outstanding at December 31,<br>2005 and 2006, respectively | 149       | 149       |
| Additional paid-in capital   | 61,901    | 62,986    |
| Deferred compensation  | (1,076)   | --        |
| Accumulated other comprehensive loss   | (481)     | (278)     |
| Retained earnings  | 104,215   | 106,558   |
|  | -----     | -----     |
| Total stockholders' equity   | 164,708   | 169,415   |
|  | -----     | -----     |
| Total liabilities and stockholders' equity   | \$285,714 | \$352,341 |
| =====  |           |           |

TREX COMPANY, INC.  
Condensed Consolidated Statements of Cash Flows  
(In thousands)  
(Unaudited)

Twelve Months Ended  
December 31,  
2005      2006  
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OPERATING ACTIVITIES

|  |             |             |
|--|-------------|-------------|
| Net income   | \$ 2,251    | \$ 2,343    |
| Adjustments to reconcile net income to net cash<br>provided by operating activities: |             |             |
| Depreciation and amortization  | 16,139      | 20,262      |
| Other non-cash charges, net  | 2,959       | 2,255       |
| Changes in operating assets and liabilities  | (10,115)    | (28,898)    |
|  | -----       | -----       |
| Net cash provided by (used in) operating activities                                  | \$ 11,234   | \$ (4,038)  |
|  | -----       | -----       |
| INVESTING ACTIVITIES   | \$ (29,374) | \$ (27,743) |
|  | -----       | -----       |
| FINANCING ACTIVITIES   | \$ (4,432)  | \$ 31,058   |
|  | -----       | -----       |
| Net decrease in cash and cash equivalents  | \$ (22,572) | \$ (723)    |
| Cash and cash equivalents at beginning of period                                     | \$ 23,967   | \$ 1,395    |
|  | -----       | -----       |
| Cash and cash equivalents at end of period   | \$ 1,395    | \$ 672      |
|  | =====       | =====       |

CONTACT: Trex Company, Inc.  
Paul Fletcher, 540-542-6300  
Chief Financial Officer  
or  
Lippert/Heilshorn & Assoc.  
Harriet Fried, 212-838-3777