

**UNITED STATES**  
**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): July 31, 2017

**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)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act

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))

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**Item 2.02. Results of Operations and Financial Condition.**

On July 31, 2017 Trex Company, Inc. issued a press release announcing financial results for the quarterly period ended June 30, 2017. 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, Inc. herewith files the following exhibit:

<b>Exhibit</b>	<b>Description of Exhibit</b>
99.1	Press release dated July 31, 2017

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## 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: July 31, 2017

/s/ Bryan H. Fairbanks  
Bryan H. Fairbanks  
Vice President and Chief Financial Officer

**Trex Company Reports Second Quarter 2017 Results**

*– Another Quarter of Record Revenue and Net Income –*

*–Trex Enters Commercial Market with Acquisition of SC Company –*

**Second Quarter Highlights**

**--Net Sales increased 8% to record \$158 million**

**--Gross Margin expanded 370 basis points to 45.6%**

**--Diluted EPS increased 21% to \$0.97**

**Third Quarter Revenue Guidance: \$126 million, Inclusive of \$9 million Contribution from SC Company**

WINCHESTER, Va.--(BUSINESS WIRE)--July 31, 2017--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, today reported financial results for the second quarter ended June 30, 2017.

**Second Quarter 2017 Results**

Net sales for the second quarter of 2017 reached record \$157.9 million, 8% above the \$146.5 million reported in last year's second quarter. Gross margin was 45.6%, a 370 basis point expansion from the 41.9% reported in the second quarter of 2016. The Company reported net income of \$28.8 million, or \$0.97 per diluted share, representing growth of 22% and 21%, respectively, from the \$23.7 million, or \$0.80 per diluted share, reported in last year's second quarter. 2016 figures have been adjusted to reflect the adoption of the new FASB standard related to deduction of stock compensation.

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“In the second quarter, we continued to execute effectively across the organization, building brand recognition that converted into market share gains and implementing programs and processes that lowered production costs. This resulted in another period of record performance for Trex, in which earnings per share increased 21% from last year’s record levels on 8% revenue growth,” commented James E. Cline, President and Chief Executive Officer.

“Trex core decking and railing product sales increased 10% in the second quarter, as we sold significantly less excess polyethylene, using it internally to accommodate strong demand. Our analytics indicate that the marketing campaigns we launched in early 2016 to target the large wood decking market continue to gain traction in the replacement market as well as with consumers seeking out 'green building' alternatives. At the same time, we are investing in R&D to remain a leader in product innovation, and are funding fast-return projects that drive operating leverage.”

### **First Half 2017 Results**

Net sales for the first half of 2017 were \$302.7 million, 9% above the \$278.1 million reported for the comparable period in 2016. First half 2017 gross margin was 45.3%, 250 basis points greater than the 42.8% reported in the first half of 2016. Net income for the first six months of 2017 was \$56.7 million, or \$1.92 per diluted share, up 20% year-over-year. Net income of \$47.4 million, or \$1.60 per diluted share for the first six months of 2016 was adjusted to reflect the adoption of the new FASB standard related to deduction of stock compensation.

### **Summary and Outlook**

“First half results have positioned Trex for another strong year in 2017. Market dynamics are favorable, and our ongoing investments in branding, marketing, R&D and production efficiencies are expected to continue to result in meaningful operating leverage,” Mr. Cline noted.

“We are very pleased to have completed the acquisition of SC Company that we announced today and is detailed in a separate release. SC Company has successfully built a leadership position in the large, fragmented commercial and architectural railing and staging markets through a commitment to quality, deep engineering capabilities and innovative design.

“For the 2017 third quarter, we expect our consolidated revenues to be \$126 million, comprised of \$117 million from our legacy Trex operations and a two month revenue contribution from SC Company, which is expected to amount to approximately \$9 million,” Mr. Cline said.

Details with respect to the Company’s acquisition of SC Company are contained in a separate release issued today, simultaneously with this earnings release.

### **Second Quarter 2017 Conference Call and Webcast Information**

Trex will hold a conference call to discuss its second-quarter 2017 results and other corporate matters on Monday, July 31st, 2017 at 5:00 PM ET. To participate on the day of the call, dial 1-888-349-0106 or internationally, 1-412-902-0131 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 <http://investor.trex.com/phoenix.zhtml?c=86979&p=iro-irhome>. 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.

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## **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 weather-related demand fluctuations on inventory levels in the distribution channel and sales of 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; and the highly competitive markets in which the Company operates. Documents filed with the U.S. 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. For more information, visit [trex.com](http://trex.com).

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TREX COMPANY, INC.

**Condensed Consolidated Statements of Comprehensive Income**  
(In thousands, except share and per share data)  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net sales	\$ 157,941	\$ 146,450	\$ 302,747	\$ 278,126
Cost of sales	<u>85,927</u>	<u>85,040</u>	<u>165,563</u>	<u>159,089</u>
Gross profit	72,014	61,410	137,184	119,037
Selling, general and administrative expenses	<u>27,221</u>	<u>24,795</u>	<u>50,490</u>	<u>45,407</u>
Income from operations	44,793	36,615	86,694	73,630
Interest expense, net	<u>251</u>	<u>458</u>	<u>456</u>	<u>1,030</u>
Income before income taxes	44,542	36,157	86,238	72,600
Provision for income taxes	<u>15,760</u>	<u>12,432</u>	<u>29,506</u>	<u>25,170</u>
Net income	<u>\$ 28,782</u>	<u>\$ 23,725</u>	<u>\$ 56,732</u>	<u>\$ 47,430</u>
Basic earnings per common share	<u>\$ 0.98</u>	<u>\$ 0.81</u>	<u>\$ 1.93</u>	<u>\$ 1.61</u>
Basic weighted average common shares outstanding	<u>29,389,458</u>	<u>29,264,362</u>	<u>29,376,407</u>	<u>29,481,042</u>
Diluted earnings per common share	<u>\$ 0.97</u>	<u>\$ 0.80</u>	<u>\$ 1.92</u>	<u>\$ 1.60</u>
Diluted weighted average common shares outstanding	<u>29,550,418</u>	<u>29,477,870</u>	<u>29,555,985</u>	<u>29,694,081</u>
Comprehensive income	<u>\$ 28,782</u>	<u>\$ 23,725</u>	<u>\$ 56,732</u>	<u>\$ 47,430</u>

TREX COMPANY, INC.

Condensed Consolidated Balance Sheets  
(In thousands, except share data)

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,576	\$ 18,664
Accounts receivable, net	129,881	48,039
Inventories	26,941	28,546
Prepaid expenses and other assets	2,675	10,400
Total current assets	<u>168,073</u>	<u>105,649</u>
Property, plant and equipment, net	101,620	103,286
Goodwill and other intangibles	10,523	10,523
Other assets	2,313	1,972
Total assets	<u>\$ 282,529</u>	<u>\$ 221,430</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 15,137	\$ 10,767
Accrued expenses and other liabilities	36,271	34,693
Accrued warranty	5,925	5,925
Line of credit	—	—
Total current liabilities	<u>57,333</u>	<u>51,385</u>
Deferred income taxes	894	894
Non-current accrued warranty	30,735	31,767
Other long-term liabilities	2,880	3,223
Total liabilities	<u>91,842</u>	<u>87,269</u>
Stockholders' equity:		
Preferred stock, \$0.01 par value, 3,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value, 80,000,000 shares authorized; 34,899,586 and 34,894,233 shares issued and 29,405,905 and 29,400,552 shares outstanding at June 30, 2017 and December 31, 2016, respectively	349	349
Additional paid-in capital	119,876	120,082
Retained earnings	243,974	187,242
Treasury stock, at cost, 5,493,681 shares at June 30, 2017 and December 31, 2016, respectively	<u>(173,512)</u>	<u>(173,512)</u>
Total stockholders' equity	<u>190,687</u>	<u>134,161</u>
Total liabilities and stockholders' equity	<u>\$ 282,529</u>	<u>\$ 221,430</u>



TREX COMPANY, INC.

Condensed Consolidated Statements of Cash Flows

(In thousands)  
(Unaudited)

	Six Months Ended June 30,	
	2017	2016
<b>Operating Activities</b>		
Net income	\$ 56,732	\$ 47,430
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,513	7,417
Stock-based compensation	2,876	2,945
Loss (Gain) on disposal of property, plant and equipment	1,343	(204)
Other non-cash adjustments	(405)	(285)
Changes in operating assets and liabilities:		
Accounts receivable	(81,842)	(48,268)
Inventories	1,604	4,348
Prepaid expenses and other assets	3,701	(67)
Accounts payable	4,370	(161)
Accrued expenses and other liabilities	(5,680)	(7,901)
Income taxes receivable/payable	9,907	11,188
Net cash provided by operating activities	<u>119</u>	<u>16,442</u>
<b>Investing Activities</b>		
Expenditures for property, plant and equipment	(7,125)	(5,182)
Proceeds from sales of property, plant and equipment	-	4,349
Net cash used in investing activities	<u>(7,125)</u>	<u>(833)</u>
<b>Financing Activities</b>		
Borrowings under line of credit	163,000	194,000
Principal payments under line of credit	(163,000)	(158,000)
Repurchases of common stock	(3,271)	(54,703)
Financing costs	-	(485)
Proceeds from employee stock purchase and option plans	189	137
Net cash used in financing activities	<u>(3,082)</u>	<u>(19,051)</u>
Net decrease in cash and cash equivalents	(10,088)	(3,442)
Cash and cash equivalents at beginning of period	18,664	5,995
Cash and cash equivalents at end of period	<u>\$ 8,576</u>	<u>\$ 2,553</u>
Supplemental Disclosure:		
Cash paid for interest	\$ 364	\$ 696
Cash paid for income taxes, net	\$ 19,600	\$ 13,982

CONTACT:

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or

MBS Value Partners

Lynn Morgen/Viktoriiia Nakhla

212-750-5800