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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K/A**

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**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): May 7, 2012**

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**TREX COMPANY, INC.**

**(Exact Name of Registrant as Specified in Charter)**

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**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**

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

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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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EXPLANATORY NOTE: This amended report on Form 8-K/A is being filed to include the transcript of the earnings call by Trex Company, Inc. on held on May 7, 2012 as Exhibit 99.2.

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

On May 7, 2012 Trex Company, Inc. issued a press release announcing financial results for the quarter ended March 31, 2012. Also on May 7, 2012, Trex Company, Inc. held an earnings call to discuss the financial results for the quarter ended March 31, 2012. The press release is attached hereto as Exhibit 99.1 and the transcript for the earnings call is attached as Exhibit 99.2. Both the press release and the transcript for the earnings call are incorporated herein by reference.

The information contained in this report on Form 8-K/A 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:

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press release dated May 7, 2012
99.2	Transcript of earnings call on May 7, 2012

SIGNATURE

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

TREX COMPANY, INC.

Date: May 11, 2012

/s/ James E. Cline

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James E. Cline  
Chief Financial Officer



FOR IMMEDIATE RELEASE

Contact: James Cline  
Chief Financial Officer  
540-542-6300

Harriet Fried  
LHA  
212-838-3777

**Trex Company Announces First-Quarter 2012 Sales of \$96.1 Million  
and EPS of \$0.74**

***New Product Introductions and Manufacturing Improvements Contribute to Strong Performance***

**WINCHESTER, Va. – May 7, 2012** – Trex Company, Inc. (NYSE: TREX), the world’s largest manufacturer of wood-alternative decking and railing products, today announced financial results for the first quarter ended March 31, 2012.

Net sales for the first quarter of 2012 totaled \$96.1 million compared to net sales of \$69.0 million for the 2011 first quarter, an increase of 39%. As described in the 2011 fourth quarter press release, the Company did not increase prices in 2012. This led to a more normal product demand in the 2012 quarter. The Company reported net income of \$12.3 million, or \$0.74 per diluted share, for the 2012 period compared to net income of \$5.1 million, or \$0.30 per diluted share, for the prior-year period. The Company’s 2011 results reflected a favorable resolution of uncertain tax positions that positively impacted income taxes by \$2.6 million. Excluding that adjustment, net income in the 2011 first quarter was \$2.5 million, or \$0.15 per diluted share.

Chairman, President and CEO Ronald W. Kaplan commented, “Our first quarter sales were 7% above guidance. Our best-in-class product platform, combined with market share gains, helped us exceed our revenue target. Today’s results also represent the second highest first-quarter EPS performance since the Company went public in 1999.

“Demand for our 2011 new product introductions, particularly Trex Enhance™ and Trex Transcend® Porch, contributed significantly to our strong showing. Our expansion into the international arena also gained momentum, with a substantial year-over-year sales increase. Our manufacturing and productivity initiatives continued to deliver important benefits, contributing to our gross margin of 36.9%, up 350 basis points from the 2011 period.”

Mr. Kaplan concluded, “We continue to see a strong shift in the market towards ultra-low-maintenance wood alternative products. With our expanding ultra-low-maintenance product offering, utilizing Transcend technology, we are off to a great start for the year. Based on the market demand we are currently seeing, we expect net sales of approximately \$90 million for the second quarter of 2012, an increase of 15% from last year’s period.”

## **First-Quarter 2012 Conference Call and Webcast Information**

Trex will hold a conference call to discuss its first-quarter 2012 results on Monday, May 7, 2012 at 10:00 a.m. ET. To participate in the live call by telephone, please dial 706-634-1218 or 888-803-7566 and reference conference ID #70002443. A live webcast of the conference call will also be available in the Investor Relations section of the Trex Company website at [trex.com](http://trex.com).

For those who cannot listen to the live broadcast, the webcast will be available on Trex's website for 30 days. A telephone replay of the call will also be available for seven days, beginning at approximately 1:00 p.m. ET on Monday, May 7, 2012. To listen to the telephone replay, dial 404-537-3406 and enter conference ID #70002443.

## **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 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 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 wood-alternative decking and railing, with more than 20 years of product experience. Stocked in more than 5,500 retail locations throughout the world, 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).

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

	Three Months Ended March 31, 2012	2011
Net sales	\$ 96,100	\$ 69,006
Cost of sales	<u>60,681</u>	<u>45,977</u>
Gross profit	35,419	23,029
Selling, general and administrative expenses	<u>18,601</u>	<u>16,657</u>
Income from operations	16,818	6,372
Interest expense, net	<u>4,411</u>	<u>3,963</u>
Income before income taxes	12,407	2,409
Provision (benefit) for income taxes	<u>96</u>	<u>(2,648)</u>
Net income	<u>\$ 12,311</u>	<u>\$ 5,057</u>
Basic income per common share	<u>\$ 0.80</u>	<u>\$ 0.33</u>
Basic weighted average common shares outstanding	<u>15,473,777</u>	<u>15,292,959</u>
Diluted income per common share	<u>\$ 0.74</u>	<u>\$ 0.30</u>
Diluted weighted average common shares outstanding	<u>16,717,987</u>	<u>16,823,788</u>
Comprehensive income	<u>\$ 12,311</u>	<u>\$ 5,241</u>

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

	<u>31-Mar-12</u>	<u>31-Dec-11</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,831	\$ 4,526
Restricted cash	25,000	37,000
Accounts receivable, net	103,381	29,192
Inventories	18,665	28,896
Prepaid expenses and other assets	1,681	2,118
Income taxes receivable	328	322
Total current assets	<u>153,886</u>	<u>102,054</u>
Property, plant and equipment, net	112,214	115,212
Goodwill and other intangibles	10,556	10,558
Other assets	969	266
Total assets	<u>\$277,625</u>	<u>\$228,090</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 11,908	\$ 11,892
Accrued expenses	15,797	16,187
Accrued warranty	5,700	6,000
Deferred income taxes	124	124
Line of credit	36,700	—
Current portion of long-term debt	89,150	86,425
Total current liabilities	<u>159,379</u>	<u>120,628</u>
Deferred income taxes	2,819	2,819
Accrued taxes	38	60
Non-current accrued warranty	9,225	10,345
Other long-term liabilities	1,728	1,739
Total liabilities	<u>173,189</u>	<u>135,591</u>
Stockholders' equity:		
Preferred stock, \$0.01 par value, 3,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value, 40,000,000 shares authorized; 15,683,837 and 15,602,132 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively	157	156
Additional paid-in capital	99,510	99,885
Retained earnings (deficit)	4,769	(7,542)
Total stockholders' equity	<u>104,436</u>	<u>92,499</u>
Total liabilities and stockholders' equity	<u>\$277,625</u>	<u>\$228,090</u>

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

	Three Months Ended March 31,	
	<u>2012</u>	<u>2011</u>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 12,311	\$ 5,057
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,120	7,218
Other non-cash charges	752	929
Changes in operating assets and liabilities	<u>(65,572)</u>	<u>(22,613)</u>
Net cash used in operating activities	<u>\$ (45,389)</u>	<u>\$ (9,409)</u>
<b>INVESTING ACTIVITIES</b>		
	<u>\$ (1,167)</u>	<u>\$ (2,248)</u>
<b>FINANCING ACTIVITIES</b>		
	<u>\$ 46,861</u>	<u>\$ (3,599)</u>
Net increase (decrease) in cash and cash equivalents	\$ 305	\$ (15,256)
Cash and cash equivalents at beginning of period	<u>\$ 4,526</u>	<u>\$ 27,270</u>
Cash and cash equivalents at end of period	<u>\$ 4,831</u>	<u>\$ 12,014</u>



THOMSON REUTERS STREETEVENTS

TREX - Q1 2012 Trex Company Earnings Conference Call

EVENT DATE/TIME: MAY 07, 2012 / 02:00PM GMT

## **CORPORATE PARTICIPANTS**

**Harriet Fried** *Lippert/Heilshorn & Associates - IR*

**Bill Gupp** *Trex Company - CAO, General Counsel & Secretary*

**Ron Kaplan** *Trex Company - Chairman, President & CEO*

**Jim Cline** *Trex Company - VP and CFO*

## **CONFERENCE CALL PARTICIPANTS**

**B.G. Dickey** *Stephens Inc. - Analyst*

**Keith Hughes** *SunTrust Robinson Humphrey - Analyst*

**Morris Ajzenman** *Griffin Securities, Inc. - Analyst*

**Robert Kelly** *Sidoti & Company - Analyst*

**Jeff Bernstein** *AH Lisanti Capital - Analyst*

**Jack Kasprzak** *BB&T Capital Markets - Analyst*

**Dillard Watt** *Stifel Nicolaus - Analyst*

**Alan Mitrani** *Sylvan Lake Management - Analyst*

**Kenneth Smith** *Lenox Financial Services - Analyst*

## **PRESENTATION**

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### **Operator**

Welcome to the Trex Company first-quarter 2012 earnings conference call. At this time all participants are in a listen-only mode. Following management's prepared remarks we will hold a Q&A session. (Operator Instructions). As a reminder this conference is being recorded today, May 7, 2012. I would now like to turn the conference over to Harriet Fried of LHA. Please go ahead, ma'am.

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### **Harriet Fried - Lippert/Heilshorn & Associates - IR**

Thank you, everyone, for joining us today. With us on the call are Ron Kaplan, Chairman President and Chief Executive Officer, and Jim Cline, Chief Financial Officer. Joining Ron and Jim are Brad McDonald, Controller, Brian Bertaux, Director of Financial Planning and Analysis, and Bill Gupp, General Counsel.

The company issued a press release this morning containing financial results for the first quarter of 2012. This release is available on the company's website as well as on various financial websites. The call is also being webcast on the investor relations page of the company's website, where it will be available for 30 days. I would now like turn the call over to Bill Gupp, Trex's General Counsel. Bill.

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### **Bill Gupp - Trex Company - CAO, General Counsel & Secretary**

Thank you, Harriet. Before we begin let me remind everyone that statements on this call regarding the company's expected future performance and conditions 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 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 relating to product quality in the highly competitive markets in which the company operates. 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.

With that introduction I'll turn the call over to Ron Kaplan.

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Good morning, everyone, and thanks for joining today's call. We are pleased with our first-quarter results. We grew sales by 39%, which is our highest Q1 sales level since 2008. Our manufacturing and productivity initiatives continued to take hold, helping us deliver a gross margin of almost 37%. All of this resulted in recognizing EPS of \$0.74, Trex's best first-quarter bottom-line performance since the company went public 13 years ago.

We are executing a multi-year strategy that enables us to grow our business even when the overall economy is tepid. The merit of that business plan continues to be proven out. This year's early buy sales program has been effective, and our distributors' response has been excellent. Our strong showing reflects our best-in-class product platform and solid execution.

In addition, Q1 sales were favorably influenced by the following factors. Sales in our first quarter of 2011 reflected customers buying Transcend in late 2010 in advance of the 2011 price increase; favorable weather conditions; and stronger demand in the marketplace for our products.

We're especially pleased that our 2011 product introductions contributed to our results, validating the effectiveness of our growth strategies. Trex Enhance, the high-performance board that carries the middle position of our good, better, best decking lineup, has taken off and our porch offering aimed at giving us entree into a new \$1 billion market is also off to a good start. We continue to produce positive returns with even stronger potential from Trex Elevations, our steel decking substructure.

Our expansion into the international arena has been gaining momentum as well, with a substantial year-over-year sales increase. As we move into the core deck building season, our brand building efforts are now underway with ad campaigns in print and on five different TV networks, all designed to drive sales by enabling Trex to gain even more recognition as the preeminent brand franchise in the outdoor living market. Our TV campaign will run through June.

Our new commercial, Come Home to Trex, drives home the carefree comfort Trex products bring to the outdoor living space. I encourage you to look at the commercial on our website.

We also announced another licensing agreement last month, our fifth since 2010. This time we've partnered with Freud America, a world leader in the carbide cutting tools industry, to introduce the first saw blade specifically designed for composite decking materials. Our agreement will expand Trex's brand presence in the tool departments at retailers across North America. The Trex Diablo blade will be available in July.

I'll close my remarks by giving you our outlook for the second quarter. Building on our strong start to the year we're expecting another strong performance in Q2 with net sales of approximately \$90 million. This would be a 15% over last year's second quarter. Jim?

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**Jim Cline - Trex Company - VP and CFO**

Thank you, Ron, good morning. As you know the press release with Trex's first-quarter financial results was issued this morning. The company recognized net sales of \$96 million in the first quarter of 2012, a 39% increase compared to 2011.

The increase in net sales was attributable to a 35% increase in sales volume and a 3% increase in the average price per unit. The increase in the average price per unit is a result of a shift to higher-priced ultra-low maintenance products, including our new enhanced products.

The company recorded net income of \$12 million or \$0.74 a share in the first quarter of 2012, compared to net income of \$5 million or \$0.30 per share in 2011. The company's 2011 results reflected a favorable resolution of uncertain tax positions that positively impacted income taxes by \$2.6 million. Excluding this favorable tax adjustment, earnings per share was \$0.15.

The company's results for the first quarter of 2012 and 2011 included \$2.7 million and \$2.3 million, respectively, of non-cash interest related to our convertible debt. This reduced earnings per share by \$0.16 and \$0.14, respectively.

Gross margin was 36.9% in the first quarter of 2012, a 350 basis point improvement from 2011. Improved manufacturing efficiencies contributed 5% to gross margin. This was partially offset by lower year-over-year capacity utilization, which reduced gross margin by 3%. In addition, we recognized a LIFO liquidation benefit in 2012 that contributed 1% to gross margin.

SG&A was \$18.6 million compared to \$16.7 million in 2011. The increase in selling, general and administrative expenses in 2012 was primarily related to an increase in incentive and sales compensation, as well as increased research and development spending. As a percentage of net sales, total selling, general and administrative expenses for the quarter decreased to 19% in 2012 from 24% in 2011.

Net interest was \$4.4 million in 2012, a \$400,000 increase from 2011. The increase was due to non-cash interest related to our convertible debt.

The first-quarter 2012 effective income tax rate remains low as a result of the valuation allowance against the deferred tax asset.

At March 31, 2012, the company had \$30 million of cash. Borrowing on our revolving line of credit was \$37 million. Total net debt to total capitalization at March 31, 2012, was 48% compared to 40% at March 1, 2011. At the end of April the company had no borrowing on our revolver.

Inventory was \$19 million at March 31, 2012, a \$21 million year-over-year decrease. Cash used from operating activities for the 2012 quarter was \$45 million compared to \$9 million in 2011. A \$36 million increase in cash used in operating activities was primarily driven by a \$74 million year-over-year increase in accounts receivable at March 31. The unfavorable effects of accounts receivable was partially offset by the reduction in inventory and increased income in 2012. Capital expenditures for the first quarter of 2011 were \$1.2 million and — a \$1.1 million decrease compared to 2011.

Operator, we would now like to open the call up for questions, after which Ron will provide his closing statement.

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#### QUESTION AND ANSWER

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##### Operator

(Operator Instructions). Trey Grooms, Stephens Inc.

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##### B.G. Dickey - Stephens Inc. - Analyst

Thank you, this is actually B.G. Dickey sitting in for Trey. Congratulations, guys, on a very nice quarter. Can you just real quick give me what the utilization rates were for you guys in 1Q?

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##### Ron Kaplan - Trex Company - Chairman, President & CEO

It was about 35%, 36%.

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##### B.G. Dickey - Stephens Inc. - Analyst

And that was in line with — I think you had guided to that number before, right?

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##### Ron Kaplan - Trex Company - Chairman, President & CEO

Right.

**B.G. Dickey - Stephens Inc. - Analyst**

In 35%? So given that your inventory level dropped pretty substantially sequentially I was wondering, given the expectation for your \$90 million in sales for 2Q, again, a good job of pulling down inventory. What kind of utilization rates does that imply for you guys in 2Q?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Well our utilization rates are going to be reflective of the level of demand that we incur. The demand so far is supportive of the \$90 million forecast, and we will adjust our capacity utilization as we see fit. We're making sure that we get our deliveries out within three weeks. That's about all the guidance we are going to give about that.

I said our inventories are low, and we've taken it from \$80 million down to \$19 million since we've been working together here. And so you can figure out what the capacity utilization will be based on that.

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**B.G. Dickey - Stephens Inc. - Analyst**

Okay. And then maybe just a little bit differently, you were obviously successful in selling into the distributor channel in 1Q, but just could you talk a bit about what you're seeing now with respect to sales through the channel at the distributor level? Has it been strong or what are your thoughts there?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

I can tell you a couple of things. Number one, we know that our inventory of the distributor channel is lower than last year. And we know that the sales off the distributor's shelf — off the dealers' shelves are up quite substantially.

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**B.G. Dickey - Stephens Inc. - Analyst**

Okay. So do you guys have any sense of how much weather impacted results in 1Q?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Well, clearly it had some. We can't try to quantify how much was attributable to weather versus economics versus market share, but clearly weather has been a help.

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**B.G. Dickey - Stephens Inc. - Analyst**

Great. I'll hop back in queue. Thank you.

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Thank you.

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**Operator**

Keith Hughes, SunTrust.

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**Keith Hughes - SunTrust Robinson Humphrey - Analyst**

Thank you. Just looking at the interest expense with the converts coming due on July 1, after that would I be looking at a cash interest expense of roughly what was on this quarter of \$1.7 million?

**Jim Cline - Trex Company - VP and CFO**

No, it would be significantly less than that.

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**Keith Hughes - SunTrust Robinson Humphrey - Analyst**

Do you have an estimate you could give us?

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**Jim Cline - Trex Company - VP and CFO**

It would be in the magnitude of a few hundred thousand dollars.

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**Keith Hughes - SunTrust Robinson Humphrey - Analyst**

Okay. And have you already had some of the bonds convert?

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**Jim Cline - Trex Company - VP and CFO**

No. People who convert the bonds this early — there's really no advantage to them to convert this early.

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**Keith Hughes - SunTrust Robinson Humphrey - Analyst**

Right.

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**Jim Cline - Trex Company - VP and CFO**

So there have been no conversions to date.

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**Keith Hughes - SunTrust Robinson Humphrey - Analyst**

Okay. And Ron, just very — the last question on the competitive dynamics — have you seen any changes in the last several months? Anyone more or less aggressive, anyone seems to be tailing off [the [marco]]?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Yes. We have seen that. I'm really reluctant to use any names; I've got competitors listening to this phone call. But the lineup that I saw three or four years ago is not the same lineup today. Trex is still clearly number one, in strength and it's number one in position, but the fight between two and three seems to be flipping around a little bit.

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**Keith Hughes - SunTrust Robinson Humphrey - Analyst**

All right. Thank you.

**Operator**

Morris Ajzenman, Griffin Securities.

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**Morris Ajzenman - Griffin Securities, Inc. - Analyst**

Hey, guys. A quick question for Jim. What should we assume is the tax rate going forward?

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**Jim Cline - Trex Company - VP and CFO**

Morris, for the rest of this year, the tax rate will be de minimis. And next year we will be closer to coming out of the valuation allowance, and we aren't prepared to give guidance at this point, but next year, is probable the tax rate will go up significantly.

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**Morris Ajzenman - Griffin Securities, Inc. - Analyst**

And a quick follow-up, Accounts Receivable — clearly funding customers' needs. Does that track down materially as the year plays out?

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**Jim Cline - Trex Company - VP and CFO**

It will, Morris. We really developed the early buy program to support our initiatives that we have this year; they worked well for us. As you could tell by the fact that we are out of the revolver at the end of April, a lot of those receivables have come in already. And certainly you will see a very solid cash flow in the second quarter.

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**Morris Ajzenman - Griffin Securities, Inc. - Analyst**

And any stab at what the cash flow generation you think can be for the full year?

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**Jim Cline - Trex Company - VP and CFO**

No; we really don't do projections on cash flow, Morris.

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**Morris Ajzenman - Griffin Securities, Inc. - Analyst**

Oh. I could ask. Last question here — international, you talk about it being up substantially, I guess off a very low base. Will there be any point in the future we can put some dollar signs on that?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

When the SEC requires us to break it out separately, that will be the time we do that.

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**Morris Ajzenman - Griffin Securities, Inc. - Analyst**

Thank you, guys.

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**Operator**

Robert Kelly, Sidoti.

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**Robert Kelly - Sidoti & Company - Analyst**

Good morning. If you could, could you just give us an idea of how the sales played out on a monthly basis January, February, March, April — sales trends, sales growth?

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**Jim Cline - Trex Company - VP and CFO**

Well, it is a very typical month for the early buy. The sales are relatively flat across the quarter and absent that we really don't want to get into any further details at this time.

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**Robert Kelly - Sidoti & Company - Analyst**

How about this way. With 2Q I guess representing a more normal comparison, not really but better than I guess 1Q with all the pull forward at the end of 2010, is 15% the growth rate of Trex? And what kind of market growth can we infer from the 15% year-over-year growth you're seeing in 2Q?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Well we are not sure how much the market is growing. We know how much our share is growing. We know how much our customers are asking from us. The actual size of the market usually is measured by an outside agency, and they will give out the report later this year. We just know that the demand for our products is fairly robust as compared to the prior year. We are taking market share and we are introducing new products. The sum of those three is why our sales are going up.

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**Robert Kelly - Sidoti & Company - Analyst**

And then just as far as the brand — you talked about the brand building beginning for the selling period here. What should we assume for SG&A for maybe 2Q and the balance of 2012? Do you expect that to flex up sequentially from 2Q, and what will it look like on a full-year basis?

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**Jim Cline - Trex Company - VP and CFO**

Yes; you ought to expect that the SG&A will increase in the second quarter. We had projected that it was going to be a little bit higher than what it actually came in for the first quarter. Some of those expenses ended up moving into the second. So you ought to be in rough numbers about \$20 million in the second quarter, give or take a little bit. We really don't get into projecting the full-year SG&A spend, but I think it's fair to say it will be typical of the spend that we've had over the last couple of years in the latter half of the year.

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**Robert Kelly - Sidoti & Company - Analyst**

Okay. Thank you.

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**Operator**

Jeff Bernstein, AH Lisanti.

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**Jeff Bernstein - AH Lisanti Capital - Analyst**

Hi. It's a real nice quarter, guys. A couple of questions for you. One, any other changes in warranty reserving, or is that essentially now completely behind us?

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**Jim Cline - Trex Company - VP and CFO**

We will make changes in the warranty reserve as we identify changes both for the delamination issue as well as any current product production. Any changes we expect going forward we believe will be de minimis.



**Jeff Bernstein - AH Lisanti Capital - Analyst**

Okay. And then just refresh us on where you are on NOLs at this point.

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**Jim Cline - Trex Company - VP and CFO**

About \$60 million at the beginning of the year, roughly.

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**Jeff Bernstein - AH Lisanti Capital - Analyst**

And that's federal?

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**Jim Cline - Trex Company - VP and CFO**

Yes.

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**Jeff Bernstein - AH Lisanti Capital - Analyst**

Okay. And then just looking back a little bit historically, and obviously there's some noise in there with economic trends, etc. It looks like Q2 is usually up from Q1. Is there — are you guys being conservative or is there a particular reason why you would see it down sequentially? I understand you had an easy year-to-year comp in Q1, but just purely looking on a sequential basis.

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

We keep this fairly simple. We take the orders that we got in hand year to date and we sort of pro-rate it. That's what we see. To the best of our knowledge and belief, that's our forecast for this quarter. It could be high, it could be low, but we try to make it a fairly simple calculation, and that's what it indicates right now.

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**Jeff Bernstein - AH Lisanti Capital - Analyst**

That's fine. And lastly, just on Enhance, I guess there's been some question about whether there would be any cannibalization, etc. It sounds like you guys think that Enhance has been a net positive for growth. Can you just talk about sort of how Enhance is shaking out among product offerings, both internally and externally in the market?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Well there is a fairly robust demand for Enhance. It's being loaded into the shelves fairly aggressively. If it's cannibalizing anything it looks like it's probably Accents. And so we are pleased with where it is right now. The strategy of the good, better, best is playing out as we had hoped it would.

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**Jeff Bernstein - AH Lisanti Capital - Analyst**

That's great. Thanks very much.

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**Operator**

Jack Kasprzak, BB&T.

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**Jack Kasprzak - BB&T Capital Markets - Analyst**

Thanks; good morning, guys. I wanted to ask just some general questions around pricing, because last quarter I think there was a discussion that some competitors were out with some price increases, and maybe in an effort to pass along some higher raw materials costs you guys were not out with pricing increases. Is that still the case, where you're seeing pricing successful out there in the marketplace? Do you think that's been giving you guys an opportunity, or is that not part of some of the success you had in the quarter?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Well, I think it is part of our success. Our pricing strategy is flat for the time being. We will review the matter again in October at our distributor conference. But our cost structure certainly enables us to keep costs flat for the remainder of this buying season. I'm not sure that's true for our competitors.

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**Jack Kasprzak - BB&T Capital Markets - Analyst**

Okay. While I got you two, you mentioned — Jim mentioned a minimum amount of CapEx for the quarter. But for the year can you just refresh us on the budget?

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**Jim Cline - Trex Company - VP and CFO**

Yes, we are still anticipating a spend of approximately \$15 million. I wouldn't expect any more than that.

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**Jack Kasprzak - BB&T Capital Markets - Analyst**

Okay. Okay, great. Thanks a lot.

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**Operator**

Dillard Watt, Stifel Nicolaus.

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**Dillard Watt - Stifel Nicolaus - Analyst**

My questions have been answered.

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**Operator**

Alan Mitrani, Sylvan Lake Asset Management.

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**Alan Mitrani - Sylvan Lake Management - Analyst**

Hi, thank you. Could you just remind us, —after the convert is converted, you're going to have a little over 20 million shares outstanding all in? Is that right?

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**Jim Cline - Trex Company - VP and CFO**

Well, it depends on the share price. So if, for example, the share price were \$30 a share, the dilution related to that would be an additional \$1.2 million — shares issued. So it would be well less than 20 million shares.

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**Alan Mitrani - Sylvan Lake Management - Analyst**

Okay. But somewhere between 19 and 20 something, right, several million shares above where you stand now?

**Jim Cline - Trex Company - VP and CFO**

No, no. One of the things you got to remember is that we do reflect in the share count about 700 and some thousand shares at the end of the first quarter that diluted the earnings per share already.

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**Alan Mitrani - Sylvan Lake Management - Analyst**

Okay. Okay, we'll work that off off-line then, thank you.

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**Jim Cline - Trex Company - VP and CFO**

Okay.

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**Alan Mitrani - Sylvan Lake Management - Analyst**

Could you just remind me? I may have missed one of the questions — on the branding side, did you say how much of your branding that you spent in this quarter?

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**Jim Cline - Trex Company - VP and CFO**

We did not.

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**Alan Mitrani - Sylvan Lake Management - Analyst**

Can you talk about what percent of your budget roughly was spent this quarter?

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**Jim Cline - Trex Company - VP and CFO**

Any detailed information like that, we really don't disclose on the conference calls.

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**Alan Mitrani - Sylvan Lake Management - Analyst**

Okay, thank you.

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**Operator**

(Operator Instructions). Kenneth Smith, Lenox Equity Research.

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**Kenneth Smith - Lenox Financial Services - Analyst**

Thank you. Two questions. Ron, what are you seeing regionally in terms of your sales? Last year, particularly in the second quarter, you saw some real softness from the wet, wet spring. I'm wondering how that's going this year.

And then secondly, can you talk about your ad campaign? It sounds like it's going to be a little bit later this year relative to last year. Is that correct? And I know you don't want to give detailed numbers, you said, but just in terms of order of magnitude is going to amount to a similar kind of campaign? And are you doing anything notably different in terms of the channels for your advertising?

**Ron Kaplan - Trex Company - Chairman, President & CEO**

Well, in terms of the regionality or regional dispersion, sales are robust across the board. It is a nationwide surge in demand.

Our branding program, our television commercial might be running a little bit later. We have a new TV commercial; if you haven't seen it I recommend you do. You can get it on our website. But it's on five TV networks and I think runs through the first week in June.

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**Kenneth Smith - Lenox Financial Services - Analyst**

Okay. Thank you.

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**Operator**

Keith Hughes, SunTrust.

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**Keith Hughes - SunTrust Robinson Humphrey - Analyst**

All of my questions have been answered. Thank you.

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**Operator**

Morris Ajzenman, Griffin Securities.

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**Morris Ajzenman - Griffin Securities, Inc. - Analyst**

Just a follow-up question. Ron, you touched on — I mean you've obviously articulated in the past no price increase for this year. Your competition probably all have seen price increases. Can you just — best estimate of what do you think the average price increases you're seeing out there by competition, what's that coming in at about?

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

I'd say somewhere between 5% and 10%.

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**Morris Ajzenman - Griffin Securities, Inc. - Analyst**

Ron, thank you.

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Thank you.

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**Ron Kaplan - Trex Company - Chairman, President & CEO**

Any more questions out there?

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**Operator**

There are no further questions at this time. Please proceed with your presentation or any closing remarks.

**Ron Kaplan - Trex Company - Chairman, President & CEO**

Thanks for participating this morning. In our year-end conference call in February I laid out in some detail our overall growth strategy and how we position Trex to advance (technical difficulty) this industry-leading market share and increase shareholder wealth.

I've kept my remarks short today because the numbers speak for themselves. We are seeing the fruit that comes from the rigorous execution of a sound business strategy. We continue to be the innovation leader in our category. We continue to build our market share, expand our international footprint as well as growing in strategically sound adjacent categories.

I want to take this moment to thank the employees of Trex whose smarts and hard work enable our results for our shareholders. We look forward to talking to you again in July when we'll host our 2Q earnings call. Good bye.

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**Operator**

Ladies and gentlemen, that concludes your conference call for today. We thank you for your participation and ask that you please disconnect your lines.

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