



# 2020 Third Quarter Financial Results

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November 23, 2020

# Forward-Looking Statements

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Certain statements contained in this presentation are forward-looking statements. Pursuant to federal securities regulations, we have set forth cautionary statements relating to those forward-looking statements in our Annual Report on Form 10-K for the year ended December 31, 2019, in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2020, and in other filings with the Securities and Exchange Commission. We urge readers to review and carefully consider these cautionary statements and the other disclosures we make in our filings with the SEC.

This presentation contains financial measures that are not determined in accordance with U.S. generally accepted accounting principles (“GAAP”). These non-GAAP financial measures should not be considered in isolation, as an alternative to, or more meaningful than measures of financial performance determined in accordance with GAAP. A reconciliation of those financial measures to GAAP financial measures is included under “Supplemental Information” in this presentation and is available on the company’s website at [www.tredegar.com](http://www.tredegar.com) under “Investors.”

*The report speaks as of the date thereof. Tredegar is not, and should not be deemed to be, updating or reaffirming any information contained therein. We do not undertake, and expressly disclaim any duty, to update any forward-looking statements made in this presentation to reflect any change in management’s expectations or any change in conditions, assumptions or circumstances on which such statements are based.*

# Tredegar Corporation

## 2020 Third Quarter and Year-to-Date Results

(in millions, except per share data)	3Q 2020	3Q 2019	YTD 2020	YTD 2019
Net Sales <sup>1</sup>	177.9	\$198.9	\$543.5	\$606.6
Net Income from Ongoing Operations <sup>2</sup>	\$13.2	\$13.3	\$41.1	\$37.6
Diluted EPS from Ongoing Operations <sup>2</sup>	\$0.39	\$0.40	\$1.22	\$1.12

“Despite COVID-19-related lower volume, Bonnell Aluminum's EBITDA from ongoing operations during the third quarter was essentially flat with last year. It continues to outperform our expectations. The PE Films segment experienced a decline in profitability during the third quarter versus last year due to previously disclosed customer product transitions in the Surface Protection component that had been delayed. Our Surface Protection team has been making progress in generating sales from new products, applications and customers to help offset the expected future adverse impact of the transitions. Regarding Terphane, our flexible packaging films business, its performance has been a great story since 2017, but especially in 2020 with EBITDA from ongoing operations doubling in 2020 versus 2019.”

“We had strong cash flow during the third quarter with net cash in excess of debt as of September 30, 2020 of \$28.0 million, up from \$5.9 million as of June 30, 2020, which excludes the net cash proceeds expected from the sale of the Personal Care business of \$45 to \$50 million.”

“I'd like to thank again all of our employees for their hard work and dedication during these unprecedented times.”

-- *John Steitz, CEO and President (Third Quarter 2020 Earnings Release)*

See the **Third Quarter 2020 Results** press release dated November 9, 2020 (*beginning on page 1*) for detailed information on the impact of COVID-19 to Tredegar.

# Tredegar Corporation

## *Sale of Personal Care Business*

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On August 24, 2020, the Company entered into a definitive agreement to sell its Personal Care Films business ("Personal Care business"), which excludes the packaging film lines and related operations located at the Pottsville, Pennsylvania manufacturing site ("Pottsville Packaging"). The Company completed this divestiture at the end of October and received gross proceeds of \$60.5 million. Net cash proceeds from the sale, after future deductions for transaction costs, purchase price adjustments and transition services after September 30, 2020, are estimated at \$45 to \$50 million. Net cash income tax costs or benefits relating to the transaction are expected to be negligible. All historical results for the Personal Care business have been presented as discontinued operations. The surface protection component of the PE Films segment now includes Pottsville Packaging.

# Aluminum Extrusions (Bonnell Aluminum)

## 2020 Third Quarter and Year-to-Date Results

Third Quarter Performance				Year-to-Date Performance			
(in millions)	QTD 20	QTD 19	▲	(in millions)	YTD 20	YTD 19	▲
Volume (lbs.)	48.9	51.4	(5)%	Volume (lbs.)	140.0	158.7	(12)%
Net Sales <sup>1</sup>	\$115.6	\$129.5	(11)%	Net Sales <sup>1</sup>	\$339.6	\$405.3	(16)%

<i>Ongoing Operations:</i>			
EBITDA	\$16.5	\$16.4	---
Less: D&A	<u>(\$4.2)</u>	<u>(\$4.3)</u>	
EBIT <sup>2</sup>	\$12.3	\$12.1	1%

<i>Ongoing Operations:</i>			
EBITDA	\$41.5	\$51.2	(19)%
Less: D&A	<u>(\$12.6)</u>	<u>(\$12.4)</u>	
EBIT <sup>2</sup>	\$28.9	\$38.8	(26)%

### Third Quarter Financial Highlights

- EBITDA from ongoing operations was relatively flat versus 3Q19;
- Lower sales volume (\$2.4M) and higher labor and employee-related costs (\$0.4M), partially offset by higher pricing (\$1.0M) and lower freight costs (\$0.5M); and
- The timing of the flowthrough under the first-in first-out method of aluminum raw materials costs, previously acquired at lower prices in a quickly rising commodity pricing environment, resulted in a benefit of \$1.5M in 3Q20 vs. a charge of \$0.3M in 3Q19.

### Other Highlights

- Non-residential B&C shipments increased 2.5% in the third quarter of 2020 versus the third quarter of 2019, but the Company expects a decline in its shipments for this end market, potentially beginning at the end of 2020, as a result of COVID-19-related reduced demand. However, overall the Company believes that volume results for Bonnell Aluminum in the third quarter of 2020 and year-to-date have outperformed the industry, and performance to date during the COVID-19 environment has exceeded the Company's expectations.
- See the Third Quarter 2020 Results press release dated Nov. 9, 2020 (*beginning on page 1*) for detailed information on the impact of COVID-19 to Tredegar.

# PE Films (Surface Protection, Polyethylene Overwrap Films & Films for Other Markets)

## 2020 Third Quarter and Year-to-Date Results



Third Quarter Performance				Year-to-Date Performance			
(in millions)	3Q 20	3Q 19	▲	(in millions)	YTD 20	YTD 19	▲
Volume (lbs.)	9.6	11.1	(14)%	Volume (lbs.)	33.3	31.9	4%
Net Sales <sup>1</sup>	\$26.4	\$34.5	(23)%	Net Sales <sup>1</sup>	\$103.4	\$99.3	4%

<i>Ongoing Operations:</i>				<i>Ongoing Operations:</i>			
EBITDA	\$6.0	\$10.3	(41)%	EBITDA	\$33.9	\$30.5	11%
Less: D&A	<u>\$(1.8)</u>	<u>\$(1.5)</u>		Less: D&A	<u>\$(4.9)</u>	<u>\$(4.4)</u>	
EBIT <sup>2</sup>	\$4.2	\$8.8	(52)%	EBIT <sup>2</sup>	\$29.0	\$26.1	11%

### Third Quarter Financial Highlights

- EBITDA from ongoing operations decreased vs. 3Q 2019 primarily due to the customer product transitions in Surface Protection, inclusive of some inventory corrections (\$4.4M) and higher manufacturing costs and selling, general and administrative expenses (\$0.5M), partially offset by higher contribution from sales not impacted by the customer transitions (\$0.5M).

### Other Highlights

- Net sales declined in 3Q20 vs. 3Q19 primarily due to customer product transitions in Surface Protection, inclusive of some cyclical customer inventory corrections (\$6.8M), and COVID-19-related factors in other product segments within PE Films (\$1.3M).
- For more information on the previously announced customer product transitions, see “Customer Product Transitions in Surface Protection” on page 6.
- See the Third Quarter 2020 Results press release dated Nov. 9, 2020 (*beginning on page 1*) for detailed information on the impact of COVID-19 to Tredegar.

# PE Films

## *Customer Product Transitions in Surface Protection*

The Surface Protection component of PE Films supports manufacturers of optical and other specialty substrates used in flat panel display products. These films are primarily used by customers to protect components of displays in the manufacturing and transportation processes and then discarded.

The Company previously reported the risk that a portion of its film products used in surface protection applications will be made obsolete by possible future customer product transitions to less costly alternative processes or materials. These transitions principally relate to one customer. The Company believes that previously reported delays in this customer's transitions were recently resolved by the customer and much of the remaining transitions could occur by the end of 2021. Under this scenario, the Company estimates that the contribution to EBITDA from ongoing operations for PE Films could decline due to the remaining customer product transitions by \$18 million in 2021 versus 2020 and \$4 million in 2022 versus 2021. To offset the potential adverse impact, the Company is aggressively pursuing and making progress in generating contribution from sales from new surface protection products, applications and customers. Annual contribution to EBITDA from ongoing operations for PE Films on surface protection products unrelated to the customer product transitions has increased since 2018 by approximately \$11 million.

# Flexible Packaging Films (Terphane)

## 2020 Third Quarter and Year-to-Date Results

Third Quarter Performance				Year-to-Date Performance			
(in millions)	3Q20	3Q19	▲	(in millions)	YTD 20	YTD 19	▲
Volume (lbs.)	30.1	27.9	8%	Volume (lbs.)	85.1	79.8	7%
Net Sales <sup>1</sup>	\$35.9	\$34.9	3%	Net Sales <sup>1</sup>	\$100.5	\$102.0	(1)%

<i>Ongoing Operations:</i>				<i>Ongoing Operations:</i>			
EBITDA	\$9.5	\$4.4	117%	EBITDA	\$22.6	\$10.5	116%
Less: D&A	<u>(0.4)</u>	<u>(0.4)</u>		Less: D&A	<u>(1.3)</u>	<u>(1.1)</u>	
EBIT <sup>2</sup>	\$9.1	\$4.0	128%	EBIT <sup>2</sup>	\$21.3	\$9.4	127%

### Third Quarter Financial Highlights

- Higher EBITDA from ongoing operations vs. 3Q 2019 primarily as a result:
- Lower raw material costs, net of lower selling prices (\$0.9 million), higher sales volume (\$0.9 million), favorable product mix (\$1.0 million), and lower fixed (\$1.2 million) and variable costs (\$0.4 million);
- Net favorable foreign currency translation of Real-denominated operating costs (\$0.6 million); and
- Foreign currency transaction gains of \$0.5 million in 2020 versus gains of \$0.3 million in 2019.

### Other Highlights

- Net sales in 3Q 2020 increased versus 3Q 2019 primarily due to higher sales volume and favorable product mix, partially offset by lower selling prices from the pass-through of lower resin costs.
- Terphane has experienced strong demand in all of its markets, including Brazil, U.S. and export markets, and especially in the U.S. for value-added products, driven by the need for safe packaged food and cleaning products during the COVID-19 environment. See the Third Quarter 2020 Results press release dated Nov. 9, 2020 (*beginning on page 1*) for detailed information on the impact of COVID-19 to Tredegar.

# Tredegar Corporation

## 2020 Year-to-Date Financial Highlights

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(\$ in millions)

<b>Cash Flows from Operations</b>	\$66.3
<b>Capital Expenditures</b>	\$13.4
<b>Dividends Paid</b>	\$12.0
<b>Net Debt (Cash)<sup>1</sup></b>	\$(28.0)
<b>Leverage ratio<sup>2</sup></b>	0.07x

<sup>1</sup> As of 9/30/2020. Excludes the net cash proceeds expected from the sale of the Personal Care business of \$45 to \$50 million. See Note 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

<sup>2</sup> As defined under Tredegar's credit agreement. See Tredegar's Form 10-Q for the quarter ended Sept. 30, 2020 (page 44) for more information on this non-GAAP financial measure.



## Appendix

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Major Product Groups	Primary End Markets	Customers	Competitors
<b>Aluminum Extrusions</b> Custom aluminum extrusion profile, custom-designed and manufactured, with value-added service options including anodizing, painting and fabricating for key markets of: <ul style="list-style-type: none"><li>• <b>Building and Construction</b></li><li>• <b>Automotive</b></li><li>• <b>Specialty Markets</b>, including consumer durables, machinery and equipment, electrical, distribution</li></ul>	<p><b>Building and Construction:</b> Curtain walls and storefronts, commercial windows &amp; doors, commercial canopies and walkway covers, commercial atriums, geodesic domes, skylights and space frame structures, demountable wall and panel systems, shower and tub enclosures, storm shutters, flooring trims (Edgetek™)</p> <p><b>Automotive/Transportation:</b> Structural components and crash management systems, suspension arms, noise vibration harshness components, truck grills</p> <p><b>Specialty Markets:</b> Furniture and appliances, pleasure craft, refrigerators and freezers, appliances, sporting and fitness equipment, modular framing (TSLOTS™), conveyor systems and linear motion equipment, medical equipment and apparatus, solar panels, LED lighting, electronic devices, electrical conduit, industrial modular assemblies, medical equipment, industrial fans, automation systems</p>	Glazing contractors and fabricators  Tier suppliers to Automotive OEMs  Consumer durables, machinery and equipment, and electrical OEMs; distributors and metal service centers	Hydro North America, Kaiser Aluminum, Pannex, Magnode, Sierra, Western Extrusions Corp, Keymark Aluminum Corp.
<b>PE Films</b> <b>Surface Protection:</b> Single and multilayer surface protection films for high technology applications during the manufacturing and transportation process  <b>Bright View Technologies:</b> Advanced film-based components that provide specialized functionality for the global engineered optics market	High-value components of flat panel displays, including liquid crystal display ("LCD") and Organic Light Emitting Diodes ("OLED") displays used in televisions, monitors, notebooks, smartphones, tablets, e-readers and digital signage  LED-based applications in lighting, electronics, automotive	Major manufacturers of flat panel display components  Global and regional leaders in LED-based applications	Toray, Sekisui, Hanjin, Ihlshin  Luminit, WhiteOptics, VIAVI Solutions, Jungbecker
<b>Flexible Packaging Films</b> Specialized polyester ("PET") films for use in packaging and industrial applications	Perishable and non-perishable food packaging; non-food packaging and industrial applications	Food and consumer goods packaging, converters and industrial producers	OPP (Oben Group), DuPont Teijin Films (Indorama), Toray Plastics America, Mitsubishi Polyester Film, JBF Group, Jindal Poly Films, Uflex Packaging Films

# Tredegar's Global Presence

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# Tredegar at a Glance

## *Business Strengths*

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### **Aluminum Extrusions**

- Industry-leading position in nonresidential building and construction and value-added OEM components in North American extrusions market
- Market-focused manufacturing operations and world-class capabilities in extrusion and finishing services (fabrication, painting and anodizing) in five U.S. facilities

### **PE Films**

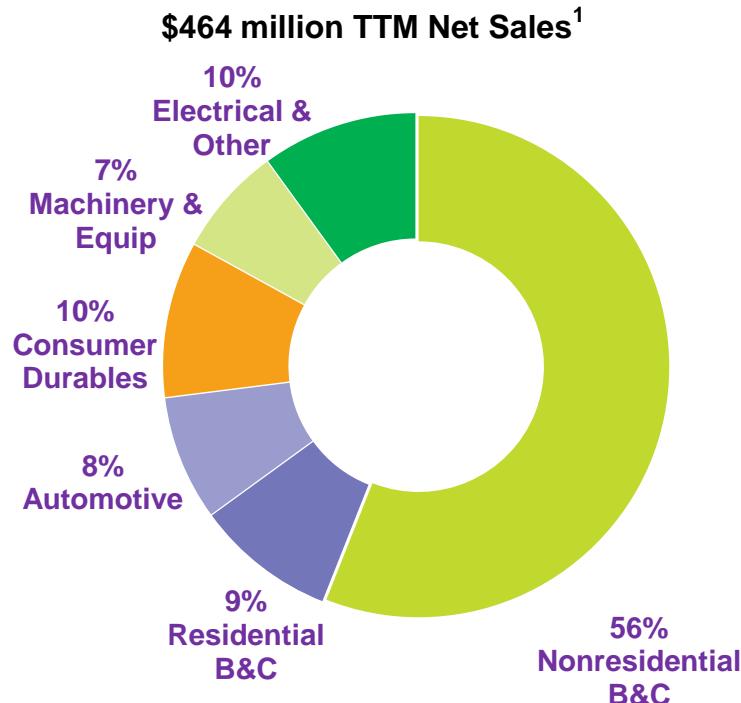
- Global technology and quality leader of highly specialized films which protect extremely sensitive surfaces of critical components of optical displays and engineered surfaces; key component of display industry supply chain
- Positive market trends and shifting dynamics of the workforce driving growth in key end-use markets

### **Flexible Packaging Films**

- Industry-leading position in Brazilian and Latin American flexible packaging market with strong long-term relationships with diverse customer base
- Market-focused manufacturing operations in Brazil and U.S. with short lead times and excellent customer service; in Brazil, sole domestic supplier of innovative value-added products

# Aluminum Extrusions

## Business Profile



### Key Market Drivers

- Strong demand for finished products, including anodized and painted products and fabricated components
- Growing aluminum content in vehicles, driven by CAFE (corporate average fuel economy) standards

### Customers

- Glazing contractors and fabricators
- Tier I and II suppliers to automotive OEMs
- Consumer durables, machinery and equipment, and electrical OEMs; distributors and metal service centers

### Primary End Use Markets

- Curtain wall, store fronts and entrances, doors, windows, wall panels, flooring trims (Futura Transitions™) and other building components
- Automobile and light truck structural components and crash management systems; truck grills
- Furniture and appliances, pleasure craft, modular framing (TSLOTS™), material handling equipment, solar panels, LED lighting, electrical conduit

<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Aluminum Extrusions

*Key Markets -- B&C/Automotive/Specialty*



# Aluminum Extrusions

## *Automotive Aluminum Extrusion Applications*

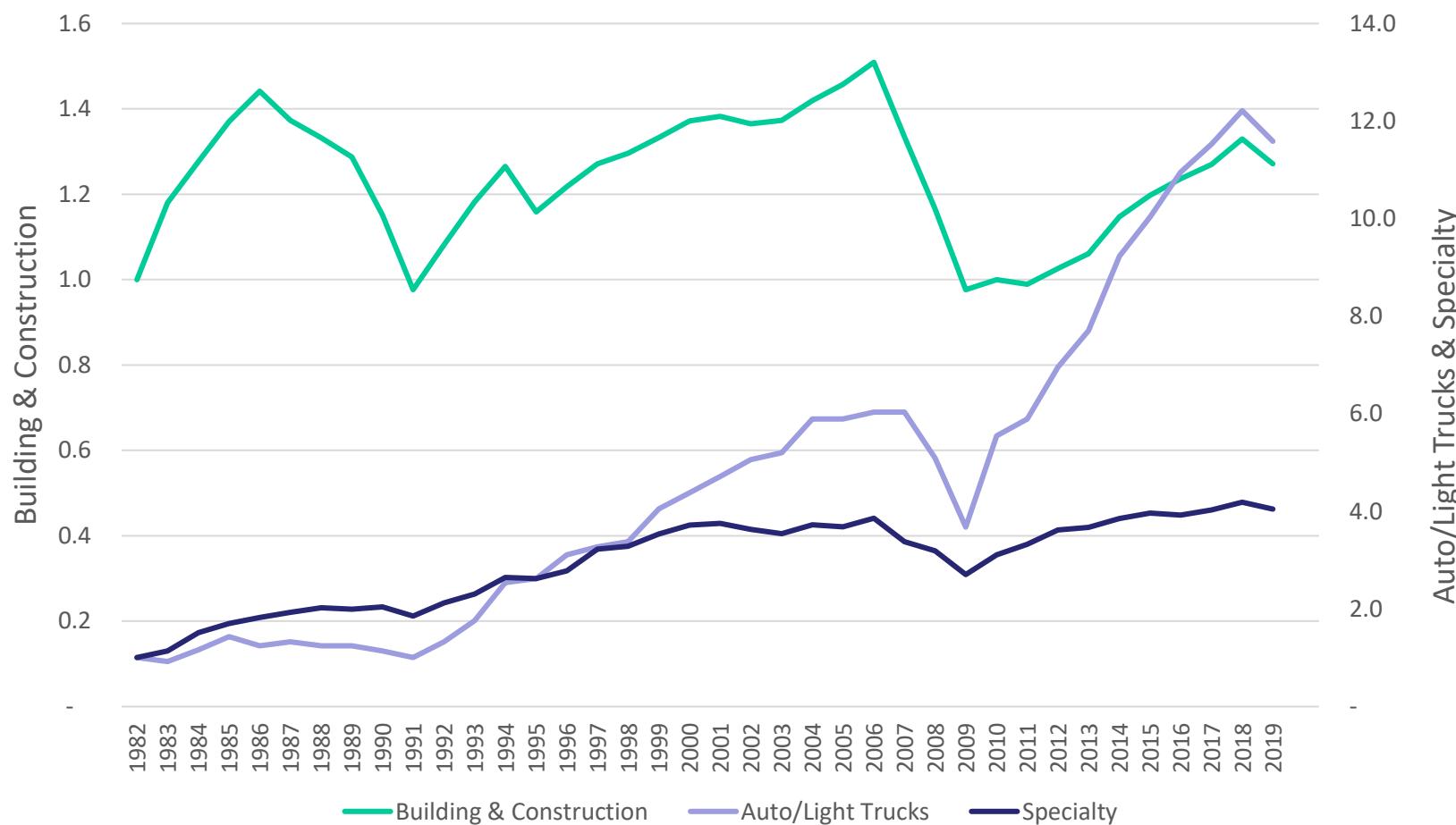
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- Crash management systems
  - beams and mounting plates, crush cans
- Engine mounts and cradles
- Roof rails
- Electrical battery trays
- Air conditioner tube connectors



# Aluminum Extrusions

*Index of North American Industry Volume for Bonnell's Key Markets*

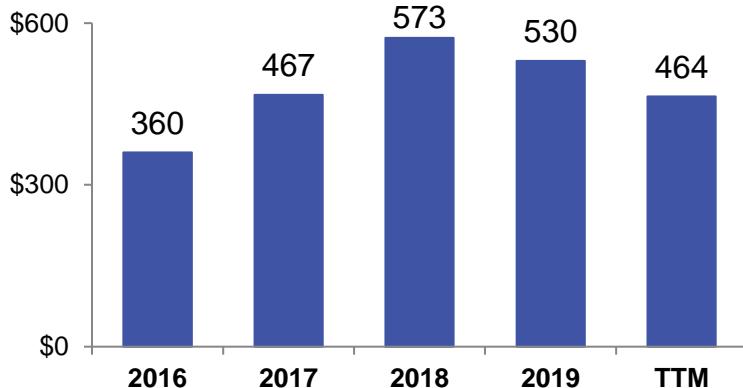


Note: Index computations based on Aluminum Association data (1982=1.0). Specialty includes aluminum extrusions sold to consumer durables, electrical and machinery markets.

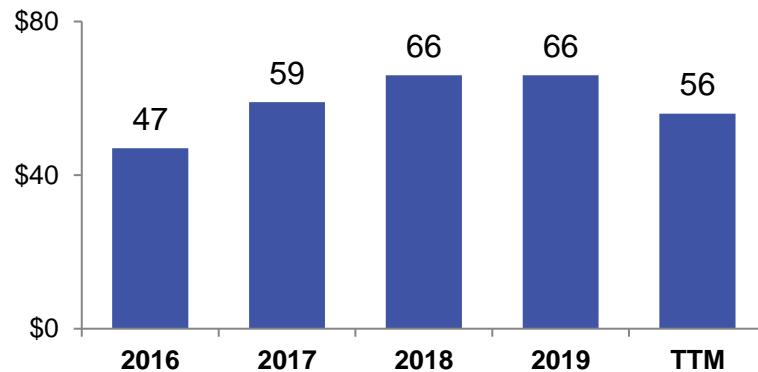
# Aluminum Extrusions

## Annual Historical Financials

Net Sales<sup>1</sup> (\$ in millions)



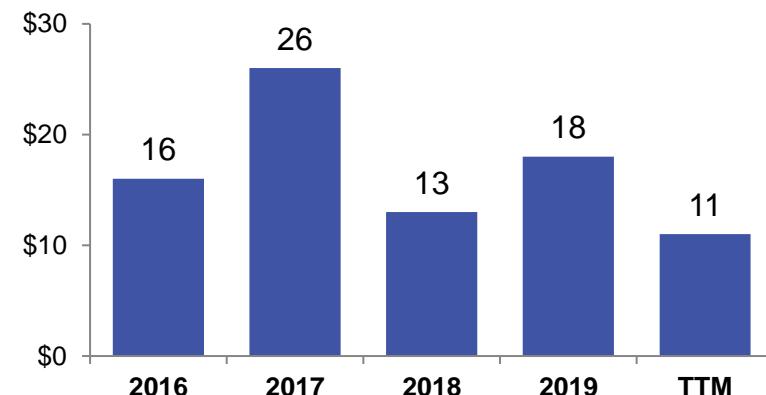
EBITDA from Ongoing Ops (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



Reflects inclusion of Futura, subsequent to its acquisition date (2/15/2017).

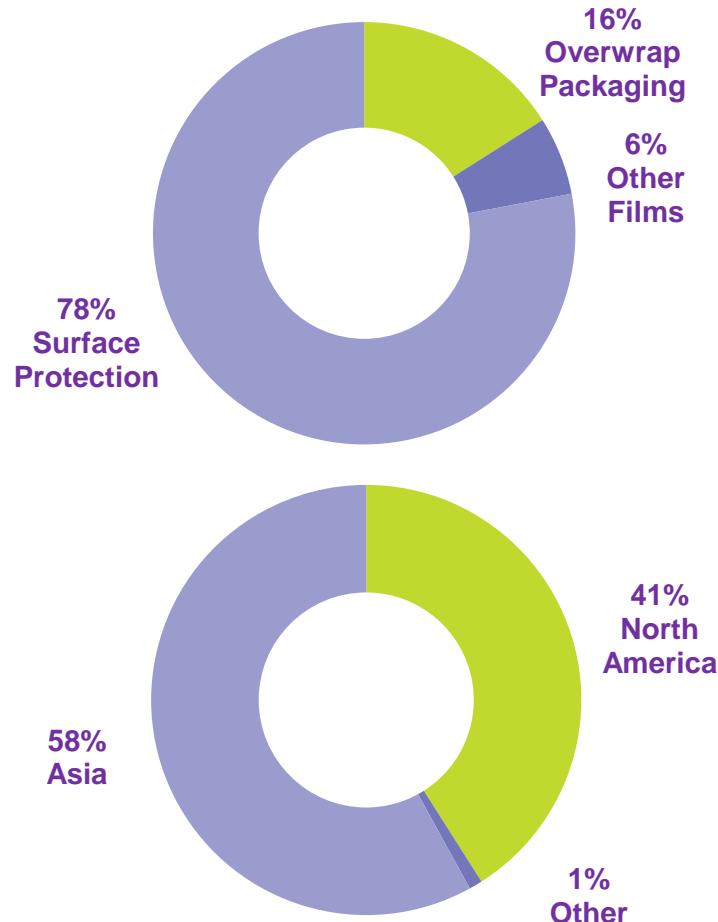
<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# PE Films

## Business Profile



\$138 million TTM Net Sales<sup>1</sup>



### Key Growth Drivers

- “Internet of Things” leading to greater connectivity and more displays
- Thinner devices with increasing resolution and screen size

### Customers

- Major manufacturers of flat panel display components
- Global and regional leaders in LED-based applications

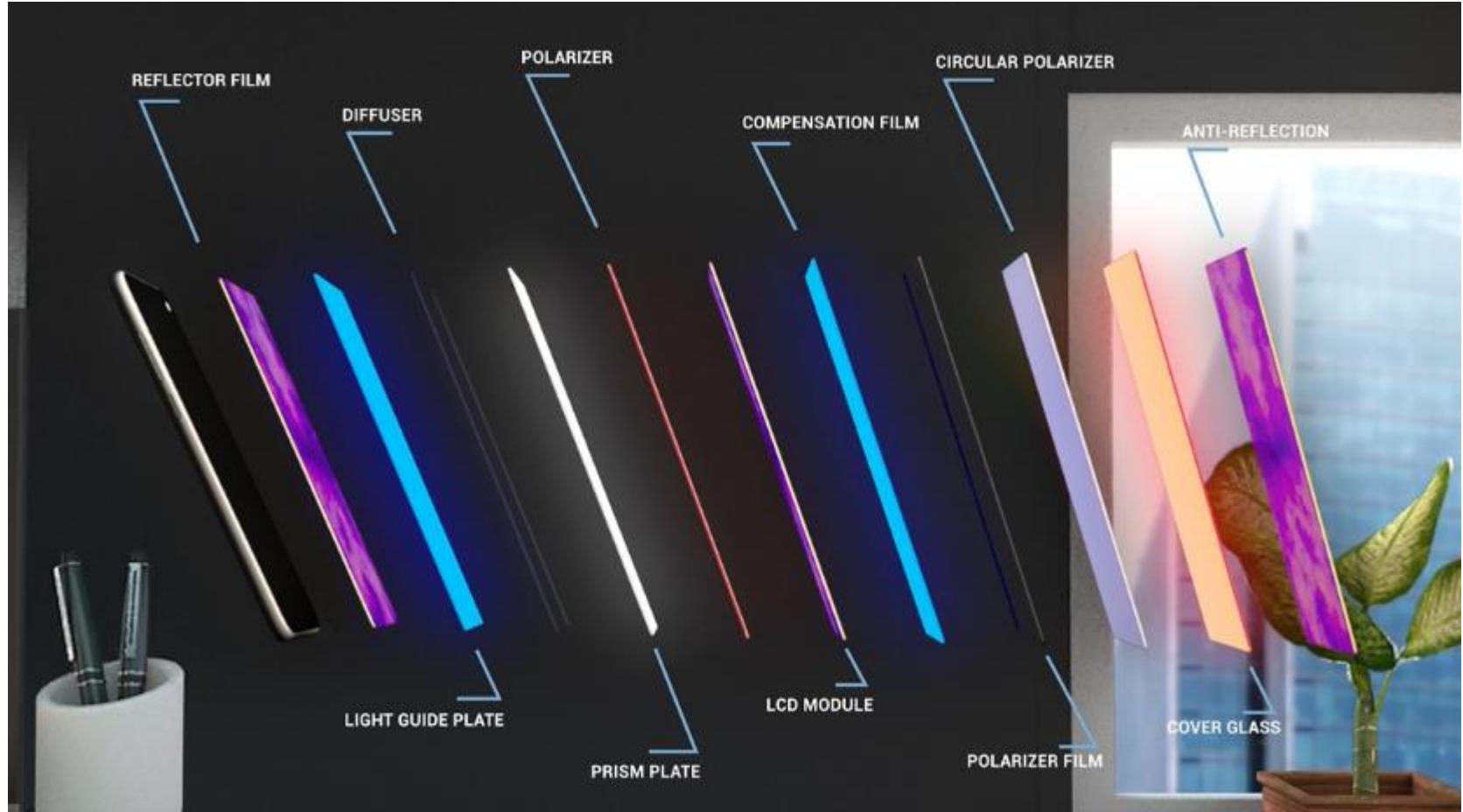
### Primary End Use Markets

- High-value components of flat panel displays, including LCD and OLED televisions, monitors, notebooks, smartphones, tablets and digital signage
- LED-based applications in lighting, electronics, automotive

# PE Films

## Surface Protection Overview

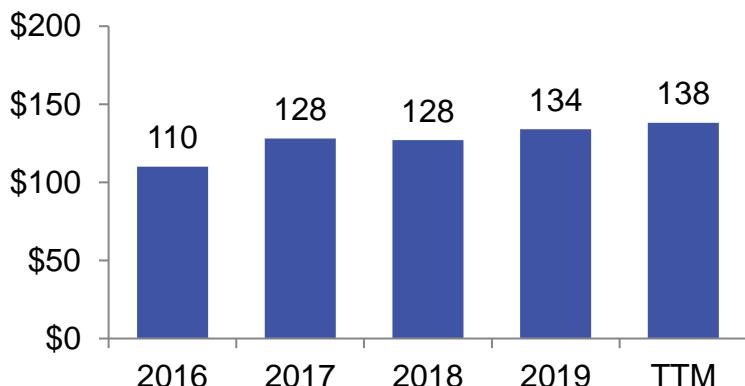
*Typical LCD Optical Stack (examples: TVs, Smartphones)*



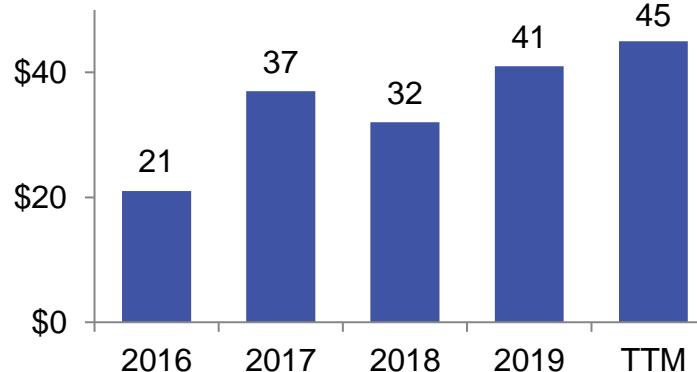
# PE Films

## Annual Historical Financials

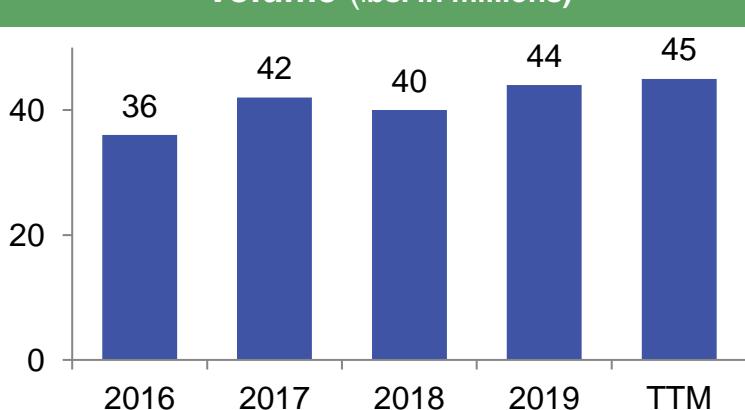
Net Sales<sup>1</sup> (\$ in millions)



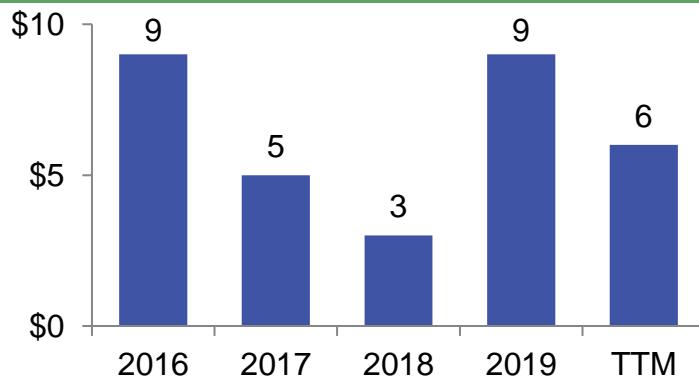
EBITDA from Ongoing Ops (\$ in millions)



Volume (lbs. in millions)



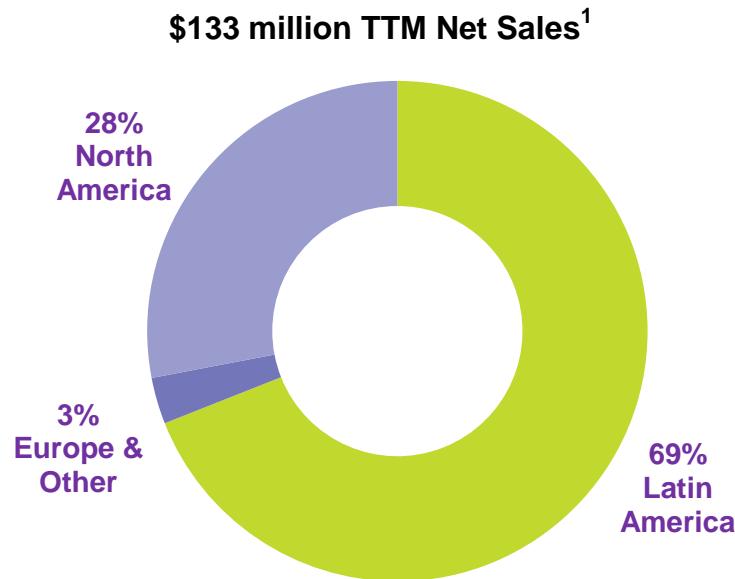
Capital Expenditures (\$ in millions)



<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Flexible Packaging Films

## Business Profile



### Key Growth Drivers

- Growing end-user demand for convenience foods, lighter packaging and branded consumer products
- Packaging innovation driving demand for flexible packaging

### Customers

- Global and regional food and consumer goods packaging producers, converters and industrial producers

### Primary End Use Markets

- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Flexible Packaging Films

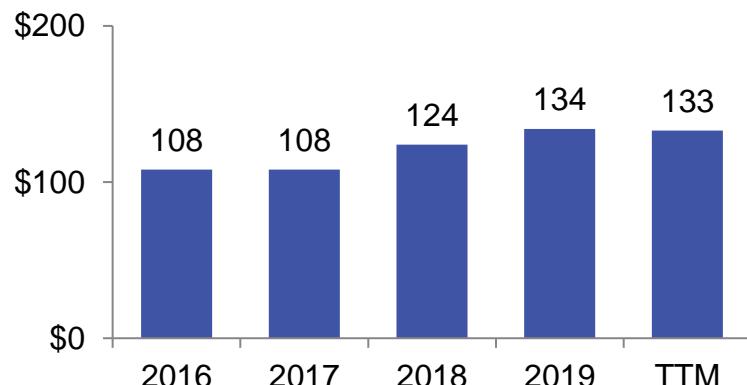
## *End-Use and Value-Add Products*



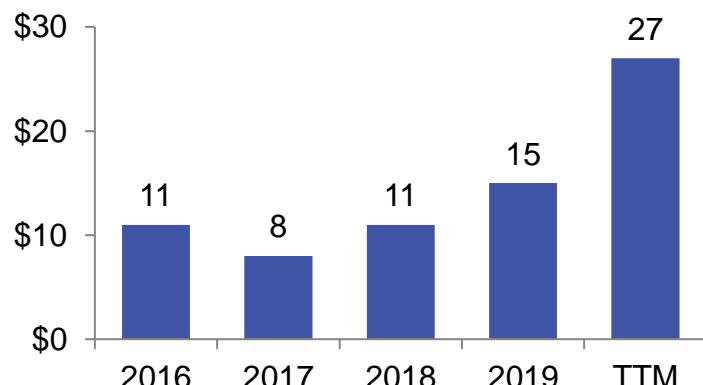
# Flexible Packaging Films

## *Annual Historical Financials*

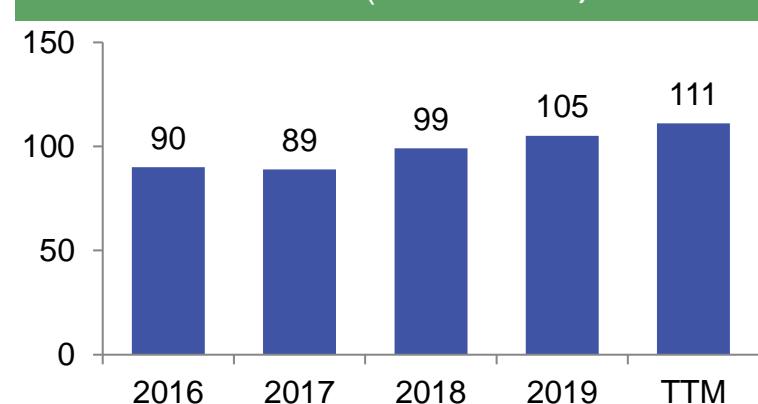
**Net Sales<sup>1</sup> (\$ in millions)**



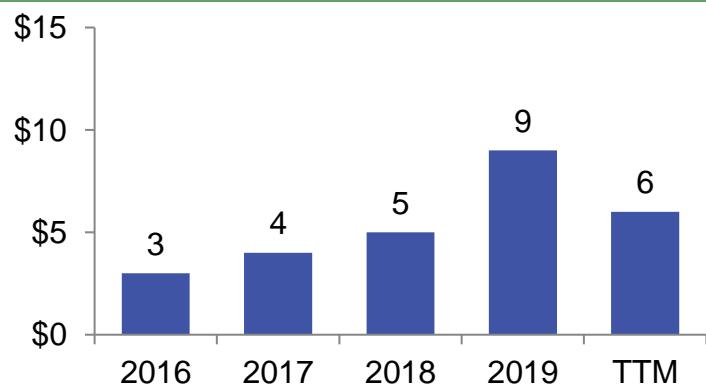
**EBITDA from Ongoing Ops (\$ in millions)**



**Volume (lbs. in millions)**



**Capital Expenditures (\$ in millions)**



<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Tredegar Corporation

## *Capital Expenditures – History & Projections*

(\$ in millions)	2016	2017	2018	2019	2020 Projection <sup>2</sup>
Aluminum Extrusions	\$15.9	\$25.7	\$13.0	\$17.9	\$11
PE Films	9.4	4.6	2.5	8.6	8
Flexible Packaging	3.4	3.6	5.4	8.9	5
Corporate	0.4	0.1	0.4	0.2	-
<b>Total</b>	<b>\$29.1</b>	<b>\$34.0</b>	<b>\$21.3</b>	<b>\$35.6</b>	<b>\$24</b>
% Net Sales <sup>1</sup>	5.0%	4.8%	2.6%	4.5%	

2020 Capital Expenditures Projections include:

- For Aluminum Extrusions: Infrastructure upgrades at Newnan, GA and Carthage, TN facilities (\$2M).
- For PE Films: \$2M to complete a new scale-up line in Surface Protection to improve development and speed to market for new products.
- For Flexible Packaging Films: New capacity for value-add products and productivity projects (\$1M).
- Capital expenditures to support continuity of current operations planned at approximately \$9M for Aluminum Extrusions, \$6M for PE Films, and \$4M for Flexible Packaging Films.

<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

<sup>2</sup> Represents management's current expectation, which is subject to change.

# Tredegar Corporation

## Consolidated Cash Flow

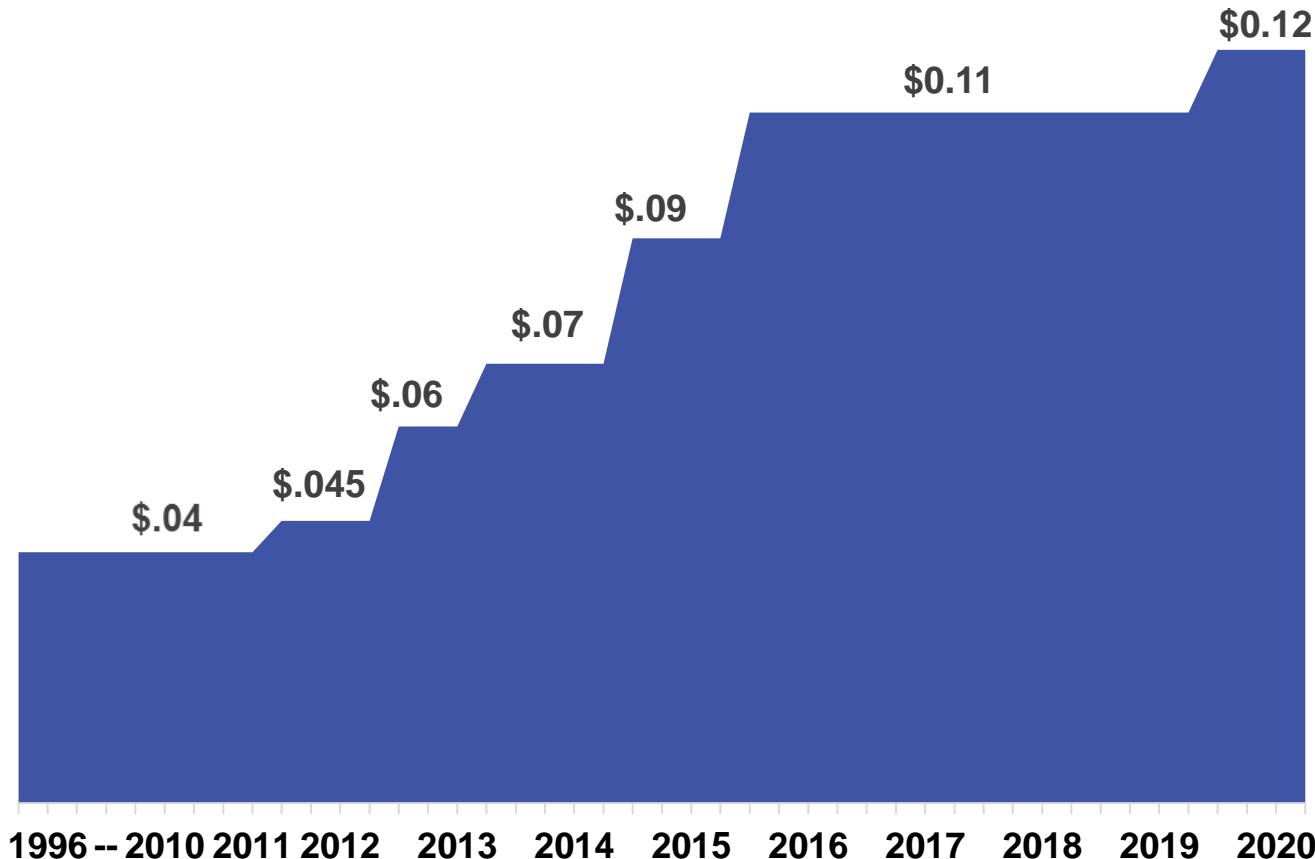


(\$ in millions)	2013	2014	2015	2016	2017	2018	2019
Cash Flows from Operations	\$77	\$51	\$74	\$49	\$88	\$98	\$116
Capital Expenditures	80	45	33	45	44	41	51
Free Cash Flow <sup>1</sup>	(3)	6	41	4	44	57	65
Dividends	9	11	14	14	15	15	15
Acquisitions	0	0	0	0	87	0	0

<sup>1</sup> Free cash flow represents cash flows from operations less capital expenditures.

# Tredegar Corporation

## *Quarterly Cash Dividend History*



Dividend increase of \$0.01/share per quarter declared on 8/2/2019.  
A special dividend of \$.75 per share was paid in 2012.



# GAAP to Non-GAAP Reconciliations

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# GAAP to Non-GAAP Reconciliations

Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## Notes:

- Net sales represent sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level. Net sales on a consolidated basis is a financial measure that is not calculated in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and it is not intended to represent sales as defined by U.S. GAAP. A reconciliation of net sales from continuing operations on a consolidated basis to sales is shown below:

(In millions)	QTD Q3 2019	QTD Q4 2019	QTD Q1 2020	QTD Q2 2020	QTD Q3 2020
Aluminum Extrusions	\$129.5	\$124.3	\$117.9	\$106.1	\$115.6
PE Films	34.5	34.5	36.8	40.2	26.4
Flexible Packaging Films	34.9	32.0	30.6	34.1	35.9
Net sales on a consolidated basis	198.9	190.8	185.3	180.4	177.9
Add back freight	7.1	7.5	6.9	5.9	6.5
Sales as shown in consolidated statements of income	<b>\$206.0</b>	<b>\$198.3</b>	<b>\$192.2</b>	<b>\$186.3</b>	<b>\$184.4</b>

(In millions)	2016	2017	2018	2019	TTM 2020
Aluminum Extrusions	\$360.1	\$466.8	\$573.1	\$529.6	\$463.9
PE Films	109.7	128.4	127.7	133.8	137.9
Flexible Packaging Films	108.0	108.3	123.8	133.9	132.5
Net sales on a consolidated basis	<b>577.8</b>	<b>703.5</b>	<b>824.6</b>	<b>797.3</b>	<b>734.3</b>
Add back freight	17.9	22.3	27.2	29.0	26.8
Sales as shown in consolidated statements of income	<b>\$595.7</b>	<b>\$725.8</b>	<b>\$851.8</b>	<b>\$826.3</b>	<b>\$761.1</b>

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

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### 2. Summary Financial Information (continued)

#### Notes:

(a) Tredegar's presentation of segment earnings before interest, taxes, depreciation and amortization from ongoing operations ("EBITDA from ongoing operations") aligns with key metrics used by the Chief Operating Decision Maker under Accounting Standards Codification 280. For additional information, refer to Note 5, Business Segments, of the Notes to Financial Statements in Tredegar's Annual Report on Form 10-K for the year ended December 31, 2019.

(b) Tredegar's presentation of Consolidated EBITDA from ongoing operations and net income from ongoing operations are non-GAAP financial measures that exclude the effects of special items, which Tredegar defines for this purpose as gains or losses associated with plant shutdowns, asset impairments and restructurings, gains or losses from the sale of assets, goodwill impairment charges and other items (which includes unrealized gains and losses for an investment accounted for under the fair value method). Consolidated EBITDA from ongoing operations also excludes net interest expense, income taxes, depreciation & amortization and stock option-based compensation costs.

Consolidated EBITDA from ongoing operations and net income from ongoing operations are key financial and analytical measures used by management to gauge the operating performance of Tredegar's ongoing operations, its borrowing capacity and its estimated enterprise value. They are not intended to represent the stand-alone results for Tredegar's ongoing operations under GAAP and should not be considered as an alternative to cash flow or net income as defined by GAAP. A reconciliation is provided above of these ongoing non-GAAP measures to net income as reported under GAAP.

### 3. EBIT (earnings before interest and taxes) from ongoing operations is a non-GAAP financial measure included in the reconciliation of segment financial information to consolidated results for the Company. It is not intended to represent the stand-alone results for Tredegar's ongoing operations under GAAP and should not be considered as an alternative to net income as defined by GAAP. EBIT is a widely understood and utilized metric that is meaningful to certain investors. We believe that including this financial metric in the reconciliation of management's performance metric, as shown on page 33 of the 2020 Form 10-Q, EBITDA from ongoing operations, provides useful information to those investors that primarily utilize EBIT to analyze the Company's core operations.

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

### Notes (continued):

4. Tredegar's presentation of net income (loss) and diluted earnings per share from ongoing operations are non-GAAP financial measures that exclude the effects of gains or losses associated with plant shutdowns, asset impairments and restructurings, gains or losses from the sale of assets, goodwill impairment charges, discontinued operations and other items (which includes unrealized gains and losses for an investment accounted for under the fair value method) which have been presented separately and removed from net income (loss) from continuing operations and diluted earnings per share as reported under GAAP. Net income and diluted earnings (loss) per share from ongoing operations are key financial and analytical measures used by management to gauge the operating performance of Tredegar's ongoing operations. They are not intended to represent the stand-alone results for Tredegar's ongoing operations under GAAP and should not be considered as an alternative to net income (loss) from continuing operations or earnings (loss) per share as defined by GAAP. They exclude items that management believes do not relate to Tredegar's ongoing operations. A reconciliation is shown below:

(in millions, except per share data)

	3 Months Ended September 30,		9 Months Ended September 30,		Year Ended December 31, 2019		TTM 2020
	2020	2019	2020	2019	2019	2020	
Net income (loss) from continuing operations as reported under GAAP	\$ (17.0)	\$ 15.1	\$ (23.3)	\$ 57.5	\$ 58.5	\$ (22.3)	
After tax effects of:							
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	-	0.1	0.1	0.5	0.6	0.2	
(Gains) losses from sale of assets and other	30.2	(3.8)	53.8	(22.3)	(19.3)	56.8	
Trade name accelerated amortization	-	1.9	-	1.9	7.8	5.9	
Goodwill impairment	-	-	10.5	-	-	10.5	
Net income (loss) from ongoing operations	\$ 13.2	\$ 13.3	\$ 41.1	\$ 37.6	\$ 47.6	\$ 51.1	
Earnings (loss) per share for continuing operations under GAAP (diluted)	\$ (0.51)	\$ 0.45	\$ (0.70)	\$ 1.73	\$ 1.76	\$ (0.67)	
After-tax effects per diluted share of:							
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	-	-	-	0.01	0.02	0.01	
(Gains) losses from sale of assets and other	0.90	(0.10)	1.60	(0.71)	(0.58)	1.73	
Trade name accelerated amortization	-	0.05	-	0.09	0.23	0.14	
Goodwill impairment	-	-	0.32	-	-	0.32	
Earnings (loss) per share from ongoing operations (diluted)	\$ 0.39	\$ 0.40	\$ 1.22	\$ 1.12	\$ 1.43	\$ 1.53	

# GAAP to Non-GAAP Reconciliations

Notes (continued):

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Notes (continued):

5. Net debt (cash) is a non-GAAP financial measure that is not intended to represent debt as defined by GAAP, but is utilized by management in evaluating financial leverage and equity valuation. A calculation of net debt is shown below:

(In millions)	September 30, 2020
Debt	\$ 7.0
Less: Cash and cash equivalents	(35.0)
<b>Net debt (cash)</b>	<b>\$ (28.0)</b>