



# 2019 Third Quarter Financial Results

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November 6, 2019

# 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, 2018, in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, 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 non-GAAP financial measures that are not determined in accordance with United States 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 United States GAAP. A reconciliation of those financial measures to United States 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

## 2019 Third Quarter and First Nine Months Year Financial Results

(in millions, except per share data)

	3Q 2019	3Q 2018	YTD 2019	YTD 2018
Net Sales <sup>1</sup>	\$234.2	\$257.9	\$713.0	\$763.1
Net Income from Ongoing Operations <sup>2</sup>	\$11.4	\$8.6	\$30.4	\$33.1
Diluted EPS from Ongoing Operations <sup>2</sup>	\$.34	\$.26	\$.91	\$1.00

<sup>1</sup> See Note 1 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

<sup>2</sup> See Note 3 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

“The aluminum extrusions industry and Bonnell Aluminum continue to experience softness in sales volume, with higher selling prices at Bonnell helping to offset the adverse impact on profits. The Surface Protection component of PE Films is on track to achieving record profitability this year, while continuing to focus on obtaining new business and productivity improvements to offset a previously disclosed customer product transition.

Our Personal Care component of PE Films is challenged with achieving sales growth and cost reductions to return to profitability. At Terphane, future profit growth will mostly depend on our ability to continue to increase our value-added product sales and customer service levels.

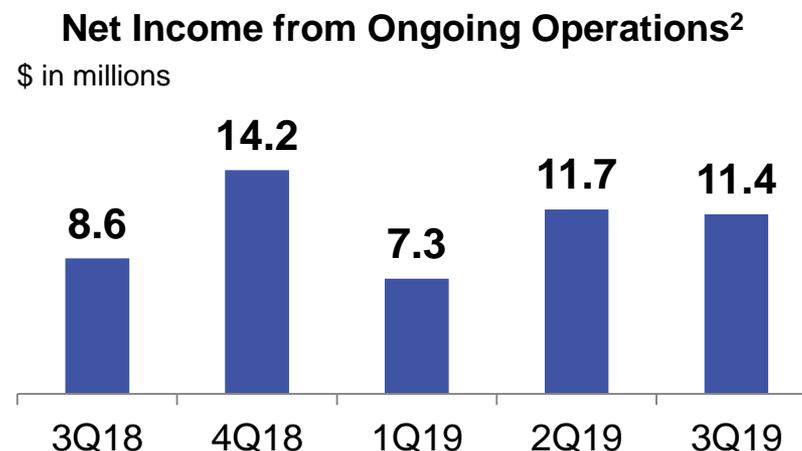
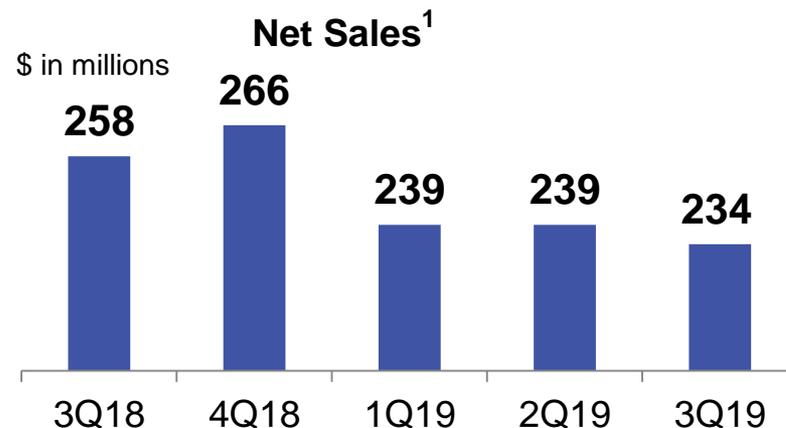
Lastly, Tredegar’s overall cash generation for the first nine months of 2019 was exceptional with debt net of cash declining by \$36 million.” **John Steitz, CEO and President (third quarter 2019 earnings release)**

# Tredegar Corporation

## 2019 Third Quarter Net Sales and Net Income

### Financial Highlights

- Combined segment operating profit from ongoing operations<sup>3</sup> of \$23.0M in third quarter of 2019:
- Bonnell Aluminum operating profit of \$12.1M; up \$0.4M Y-O-Y and down \$2.4M sequentially
- PE Films operating profit of \$6.9M; up \$2.7M Y-O-Y and down \$0.9M sequentially
- Flexible Packaging (Terphane) operating profit of \$4.0M; up \$0.4M Y-O-Y and up \$1.5M sequentially



<sup>1</sup> See Note 1 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

<sup>2</sup> See Note 3 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

<sup>3</sup> See Note 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

# Aluminum Extrusions (Bonnell Aluminum)

## 2019 Third Quarter and Full Year Results

### Third Quarter Performance

(in millions)	3Q 19	3Q 18	▲
Volume (lbs.)	51.4	56.6	(9)%
Net Sales <sup>1</sup>	\$129.5	\$147.7	(12)%
Operating Profit <sup>2</sup>	\$12.1	\$11.7	4%
Adj. EBITDA <sup>3</sup>	\$16.5	\$16.0	3%

### Third Quarter Financial Highlights

- Higher operating profit increased versus 3Q 2018 due to higher pricing (\$7.7M), partially offset by lower volume (\$3.5M), higher labor and employee-related expenses (\$2.3M), higher supplies, maintenance and other operating costs (\$1.1M) and higher freight (\$0.4M)

### First Nine Months Performance

(in millions)	2019	2018	▲
Volume (lbs.)	158.7	163.2	(3)%
Net Sales <sup>1</sup>	\$405.3	\$420.5	(4)%
Operating Profit <sup>2</sup>	\$38.8	\$35.1	10%
Adj. EBITDA <sup>3</sup>	\$51.2	\$47.6	8%

### Other Highlights

- Volume decreased 9% versus 3Q 2018. This volume decline, in addition to booking and backlog information for Bonnell and industry data, indicates softness across all key end-use markets.
- In Oct. 2019 Bonnell announced a price increase beginning Jan. 6, 2020 of \$0.035 per lb. and 5% on fabrication and finishing services to offset increased operating costs (see pages 32-33 in *Form 10-Q* for additional details).
- Capital expenditures were \$11.8M in the first nine months of 2019 and are projected to be \$15M for 2019 (see *Capital Expenditures – History and Projections* on page 26 for additional details)

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# PE Films (includes Personal Care, Surface Protection & Films for Other Markets)



## 2019 Third Quarter and Year-to-Date Results

### Third Quarter Performance

(in millions)	3Q 19	3Q 18	▲
Volume (lbs.)	26.4	29.6	(11)%
Net Sales <sup>1</sup>	\$69.8	\$76.5	(9)%
Operating Profit <sup>2</sup>	\$6.9	\$4.1	66%
Adj. EBITDA <sup>3</sup>	\$10.6	\$7.8	36%

### Third Quarter Financial Highlights

- Lower operating profit vs. 3Q 2018 primarily as a result of:
  - Higher contribution from Surface Protection of \$7.5M, primarily due to higher volume and selling prices (\$4.3M) and quality issues in 2018 that did not recur in 2019 (\$2.4M), improved operating efficiencies (\$0.5M) and favorable resin prices (\$0.5M)
  - Lower contribution from Personal Care of \$4.4M, primarily due to lower volume (\$5.2M), unfavorable mix and pricing (\$2.0M), unfavorable production efficiencies (\$0.8M), and unfavorable foreign exchange impact (\$0.3M), partially offset by the unfavorable timing in the passthrough of changes in resin cost (\$1.0M) and lower fixed manufacturing (\$2.2M) and SG&A costs (\$0.7M)
  - An unfavorable variance in other components of PE Films (\$0.4M)

### First Nine Months Performance

(in millions)	2019	2018	▲
Volume (lbs.)	77.7	94.5	(18)%
Net Sales <sup>1</sup>	\$205.8	\$252.2	(18)%
Operating Profit <sup>2</sup>	\$17.6	\$26.9	(34)%
Adj. EBITDA <sup>3</sup>	\$28.3	\$38.1	(26)%

### Other Highlights

- Net sales decline in Personal Care resulted from lower volume in most product categories due to competitive pressures, including a large portion associated with the previously disclosed customer transition (further discussed in *Customer Transitions in Personal Care and Surface Protection* on page 6)
- Net sales in Surface Protection increased versus 3Q 2018 due to higher volume and selling prices and quality claims in 2018 that did not recur in 2019
- Capital expenditures for PE Films were \$19.5M for the first nine months of 2019 and are projected to be \$27M for 2019 (see *Capital Expenditures – History and Projections* on page 26 for additional details)

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# PE Films

## *Customer Transitions in Surface Protection and Personal Care*

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- The Company previously reported the risk that a portion of its film products used in surface protection applications could be made obsolete by possible future customer product transitions to less costly alternative processes or materials. These transitions principally relate to one customer. The full transition continues to encounter delays, resulting in higher than expected sales to this customer in 2019.
- The Company estimates that during the next four quarters the adverse impact on operating profit from this customer shift versus the last four quarters ended September 30, 2019 could possibly be \$14 million. To offset the potential adverse impact, the Company is aggressively pursuing and making progress generating sales from new surface protection products, applications and customers.
- The Company previously reported a significant customer product transition that is underway in the Personal Care component of PE Films. The annual sales for this product for Personal Care in 2018 was approximately \$70 million. During 2019, the Company expects sales for the product of \$30 to \$35 million. The timing of the possible future loss of these remaining sales is uncertain.
- Personal Care had operating profit from ongoing operations plus depreciation and amortization of \$3.1 million in the fourth quarter of 2018 and \$0.5 million in the first nine months of 2019 and expects negative \$1.3 million during the fourth quarter of 2019. Competitive pressures have led Personal Care to miss its sales and margin goals in 2019. Management continues to focus on new business development and cost reduction initiatives.

# Flexible Packaging Films (Terphane)

## 2019 Third Quarter and Full Year Results

### Third Quarter Performance

(in millions)	3Q 19	3Q 18	▲
Volume (lbs.)	27.9	27.3	2%
Net Sales <sup>1</sup>	\$34.9	\$33.7	3%
Operating Profit <sup>2</sup>	\$4.0	\$3.6	11%
Adj. EBITDA <sup>3</sup>	\$4.4	\$3.9	13%

### First Nine Months Performance

(in millions)	2019	2018	▲
Volume (lbs.)	79.8	74.3	8%
Net Sales <sup>1</sup>	\$102.0	\$90.5	13%
Operating Profit <sup>2</sup>	\$9.4	\$6.6	42%
Adj. EBITDA <sup>3</sup>	\$10.5	\$7.5	40%

### Third Quarter Financial Highlights

- Higher operating profit vs. 3Q 2018 primarily as a result:
  - Higher volume (\$0.3M) and higher selling price (\$1.0M), partially offset by higher fixed and variable costs (\$0.9M)
  - Net unfavorable foreign currency translation of Real-denominated operating costs (\$0.4M),
  - Foreign currency transaction gains of \$0.3M in 2019 versus losses of \$0.1M in 2018.

### Other Highlights

- Higher YTD sales volumes are associated with increased production capacity for Terphane's Brazilian operations. An idled line was restarted in June 2018.
- Capital expenditures were \$5.7M for the first nine months of 2019 and are projected to be \$10M for 2019 (see *Capital Expenditures – History and Projections* on page 26 for additional details)

<sup>1</sup> See Note 1 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

7 <sup>2</sup> See Note 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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# Tredegar Corporation

## 2019 First Nine Months Financial Highlights

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(\$ in millions)

**Cash Flows from Operations** **\$86.3**

**Capital Expenditures** **\$37.2**

**Dividends Paid** (quarterly dividend increased from  
\$.11/share to \$.12/share approved in August 2019) **\$11.3**

**Net Debt<sup>1</sup>** **\$31.1**

**Total Debt to Adjusted EBITDA<sup>2</sup>** **0.6x**  
(LTM as of 9/30/2019)

<sup>1</sup> As of 9/30/2019. See Note 4 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, 2019 (page 43) for more information on this non-GAAP financial measure.



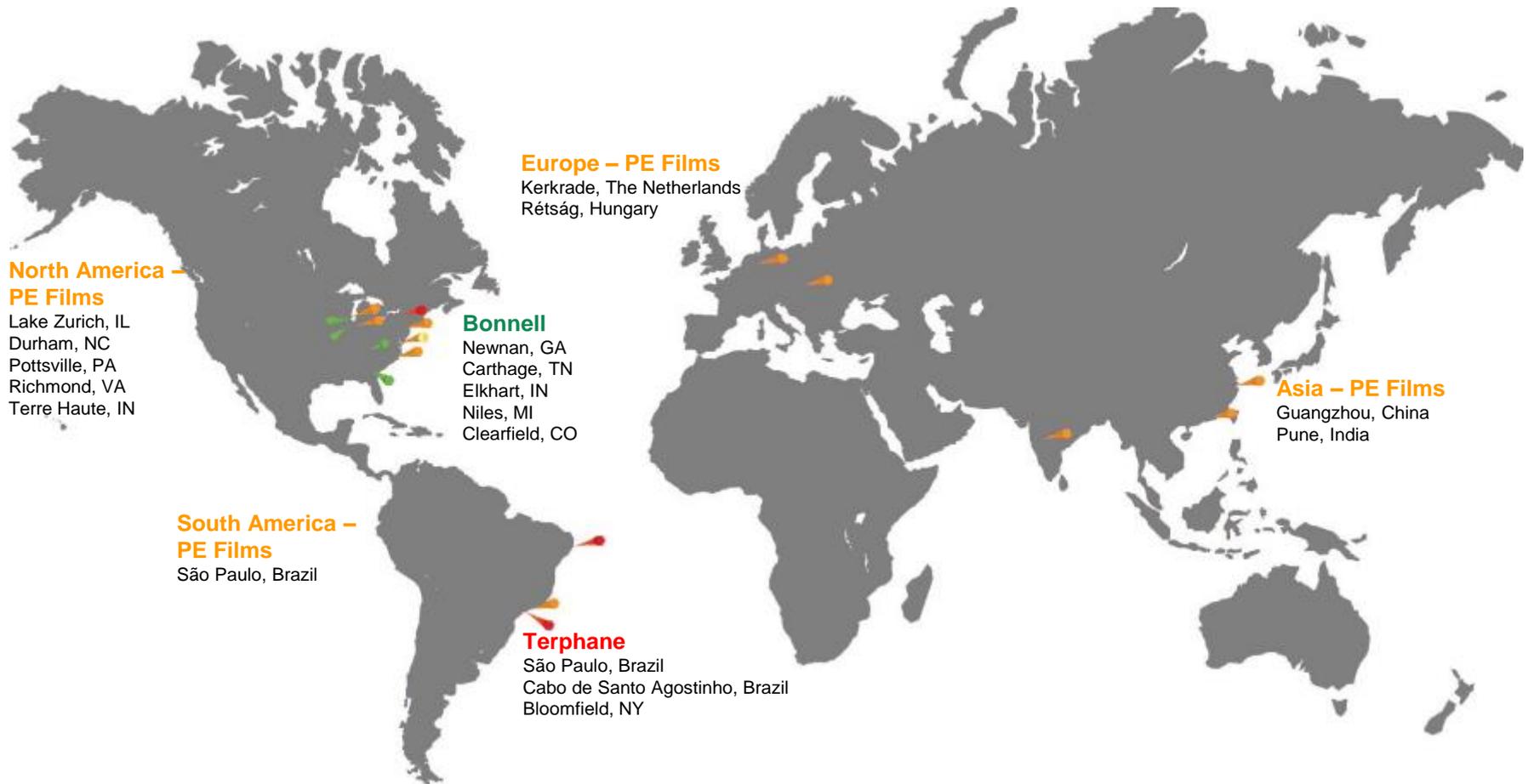
# Appendix

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# Tredegar at a Glance

Major Product Groups	Primary End Markets	Customers	Competitors
<p><b><u>Aluminum Extrusions</u></b> Custom aluminum extrusion profile, custom-designed and manufactured, with value-added service options including anodizing, painting and fabricating for key markets of:</p> <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>	<p>Glazing contractors and fabricators</p> <p>Tier suppliers to Automotive OEMs</p> <p>Consumer durables, machinery and equipment, and electrical OEMs; distributors and metal service centers</p>	<p>Hydro North America, Kaiser Aluminum, Pannex, Magnode, Sierra, Western Extrusions Corp, Keymark Aluminum Corp.</p>
<p><b><u>PE Films</u></b> <b>Personal Care:</b> Apertured, elastic and embossed films and laminate materials for personal care markets <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</p>	<p>Feminine hygiene products, baby diapers and adult incontinence products</p> <p>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</p> <p>LED-based applications in lighting, electronics, automotive</p>	<p>Global and regional consumer care producers</p> <p>Major manufacturers of flat panel display components</p> <p>Global and regional leaders in LED-based applications</p>	<p>Berry Global, Mondi, Aplix, Pantex, RKW, Yanjan, Koester</p> <p>Toray, Sekisui, Hanjin, Ihlshin</p> <p>Luminit, WhiteOptics, VIAVI Solutions, Jungbecker</p>
<p><b><u>Flexible Packaging Films</u></b> Specialized polyester (“PET”) films for use in packaging and industrial applications</p>	<p>Perishable and non-perishable food packaging; non-food packaging and industrial applications</p>	<p>Food and consumer goods packaging, converters and industrial producers</p>	<p>OPP (Oben Group), DuPont Teijin Films (Indorama), Toray Plastics America, Mitsubishi Polyester Film, JBF Group, Jindal Poly Films, Uflex Packaging Films</p>

# Tredegar's Global Presence



# 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
- Positive long-term dynamics and growth trends in key markets of building and construction, automotive and specialty

### **PE Films**

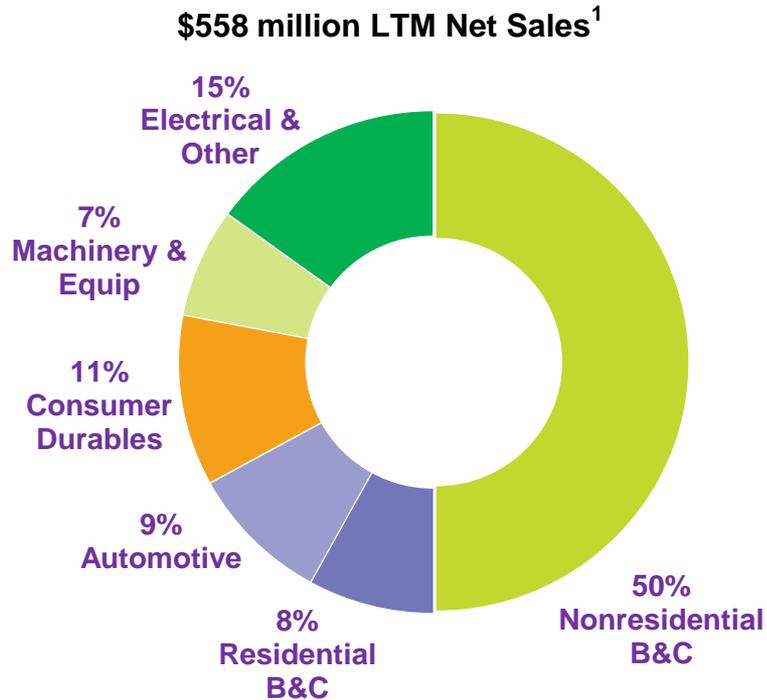
- Broad capabilities in high-performance plastic films, elastics, and laminate material technologies
- Global footprint, producing to the highest quality standards, with local supply and service capabilities
- Positive market dynamics and favorable demographic trends in multiple end-use markets

### **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 strong 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 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 represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

# Aluminum Extrusions

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



# Aluminum Extrusions

## *Automotive Aluminum Extrusion Applications*

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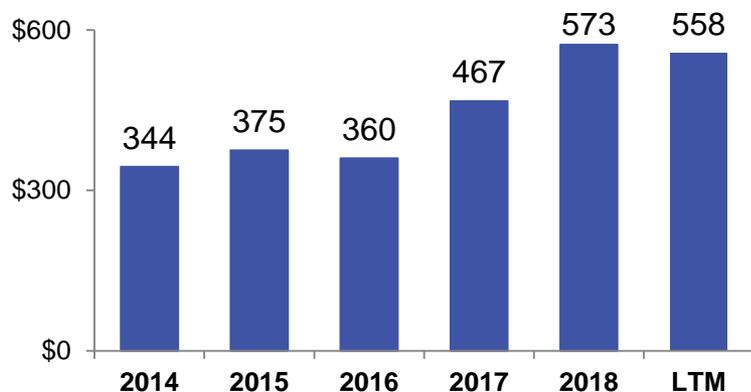
- Crash management systems  
– beams and mounting plates, crush cans
- Engine mounts and cradles
- Roof rails
- Electrical battery trays
- Air conditioner tube connectors



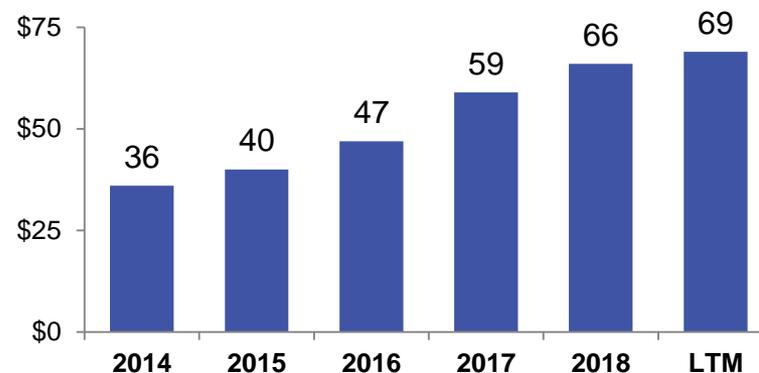
# Aluminum Extrusions

## Annual Historical Financials

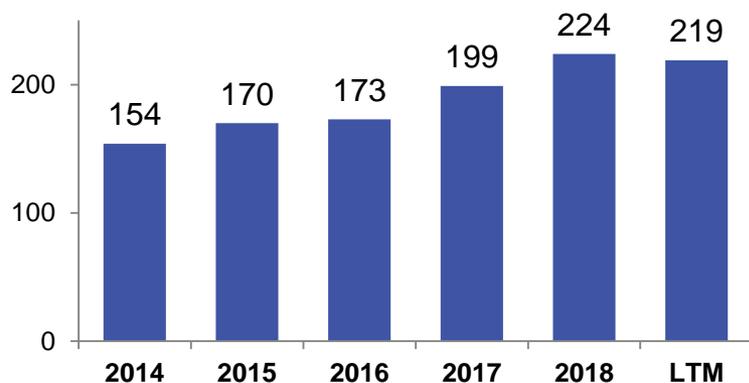
### Net Sales<sup>1</sup> (\$ in millions)



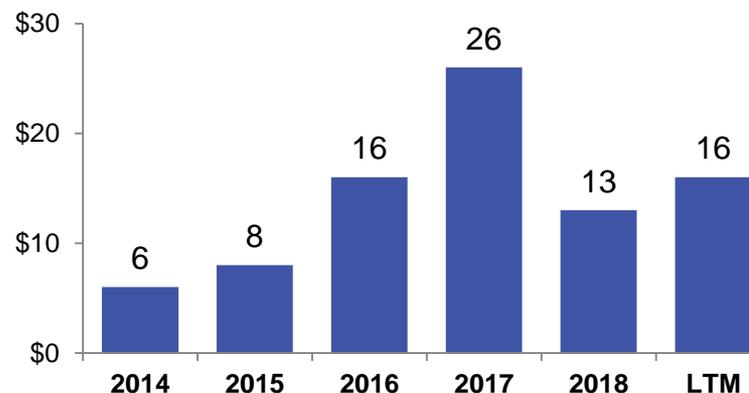
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)



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

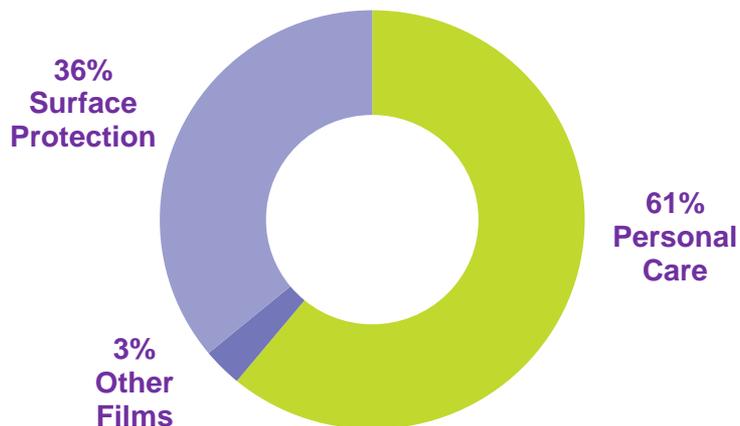
<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

# PE Films

## Business Profile

\$286 million LTM Net Sales<sup>1</sup>



### Key Growth Drivers

- Electronics and display market expanding
- Aging baby boomers in developed markets
- Growth of middle class in emerging markets

### Customers

- Global and regional consumer care producers
- Major manufacturers of flat panel display components

### Primary End Use Markets

- Personal care products – feminine hygiene, baby diapers and adult incontinence products
- High-value components of flat panel displays, including LCD and OLED televisions, monitors, notebooks, smartphones, tablets and digital signage

<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

# PE Films

## Key Market Drivers

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### Key Drivers for Surface Protection Films

- Displays will continue to grow due to “Internet of Things”
- Flat panel display area growth of 4 - 5% CAGR through 2022<sup>1</sup>:
  - TVs represent highest % of total display area (70%) and are growing at 4% - 5% CAGR as consumer shift to larger screen models<sup>1</sup>
    - Panel size growing at 1”-2” per year<sup>1</sup>
    - Mobile phone screen size growing along with trends for full screens
- Expanded use of touch screen technology, automotive, flexible and OLED displays, and wearables
- As devices become thinner with higher resolution, quality demands are increasing to meet high-performance specifications – Surface Protection high quality masking films improve customer process yields and minimize quality rejects during in-process and shipment applications

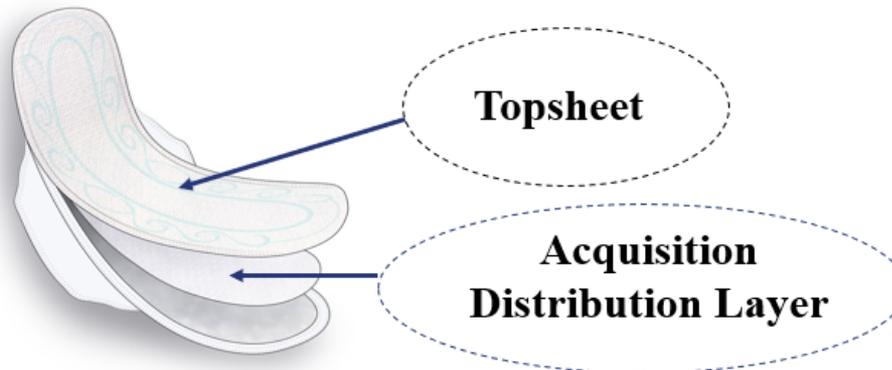
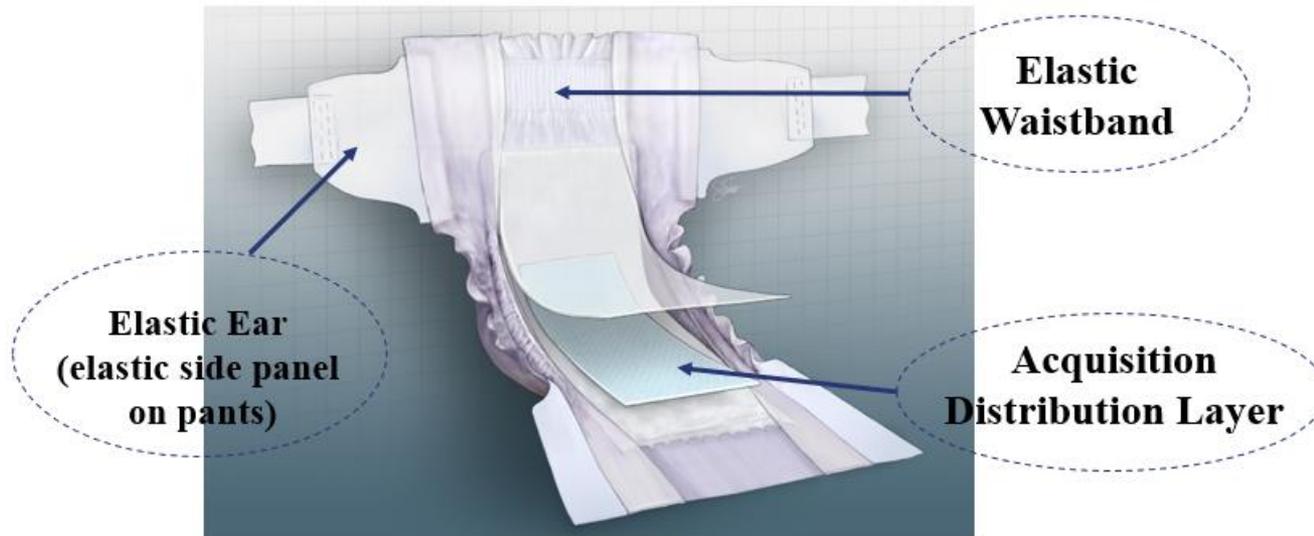
### Key Drivers for Personal Care Films

- Positive global market growth trends for absorbent products expected through 2023, driven by gains in adult incontinence products around the world and emerging markets growth in baby diapers:
  - Global market growth of ~ 3.5% per year, driven by emerging market growth<sup>2</sup>
  - Baby diapers expected to grow ~ 3.5%<sup>2</sup>
  - Feminine hygiene expected to grow ~ 2.5%<sup>2</sup>
  - Adult incontinence products expected to grow ~ 9.5%<sup>2</sup>
- Rapid growth in adult incontinence driven by aging populations and product improvements

<sup>1</sup> IHS – various reports 2018

<sup>2</sup> Price Hanna Consultants, Feb 2019

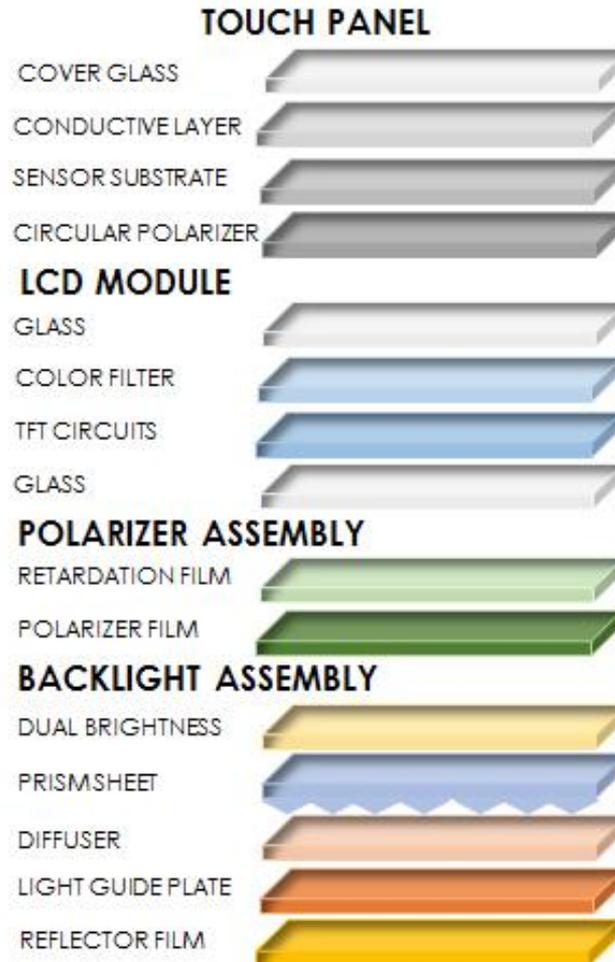
# Personal Care – Components for Baby Diapers, Adult Incontinence and Feminine Hygiene Pads



# PE Films

## Surface Protection Overview

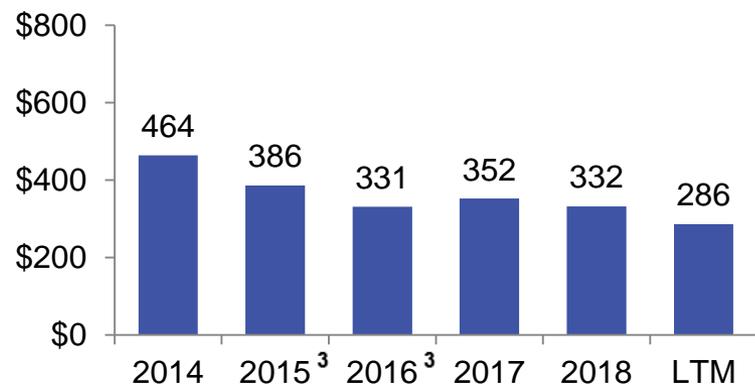
### Typical LCD Optical Stack (examples: TVs, Smartphones)



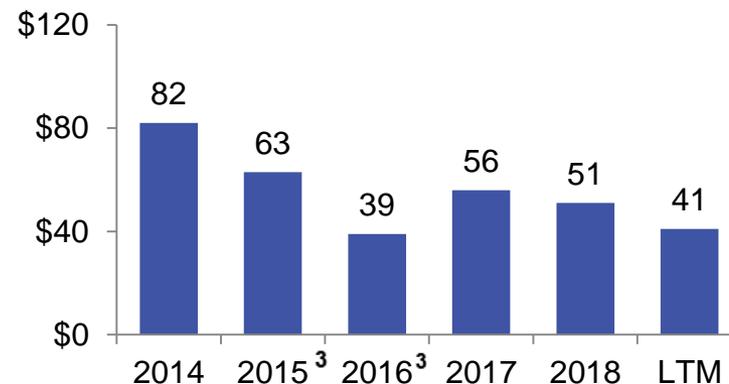
# PE Films

## Annual Historical Financials

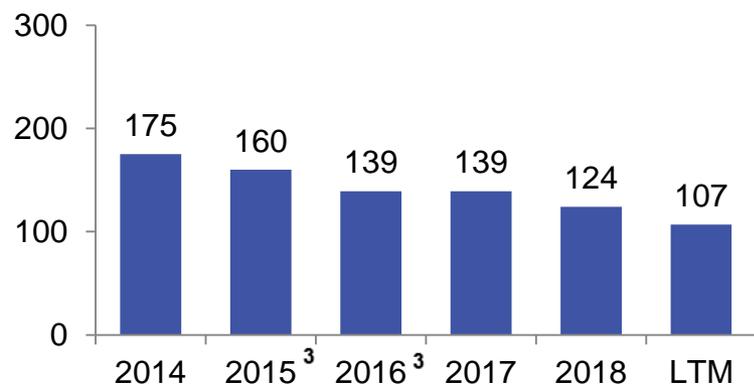
### Net Sales<sup>1</sup> (\$ in millions)



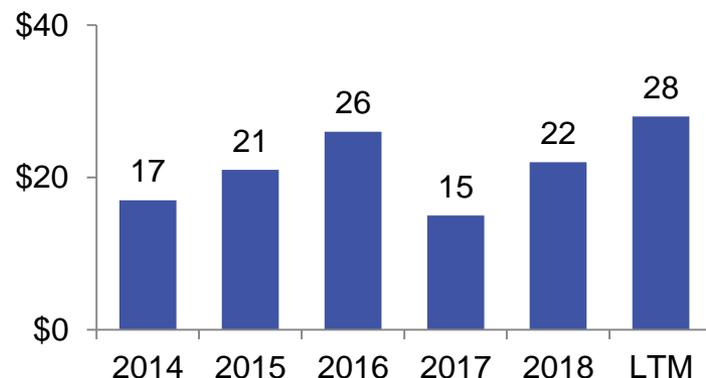
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)



<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

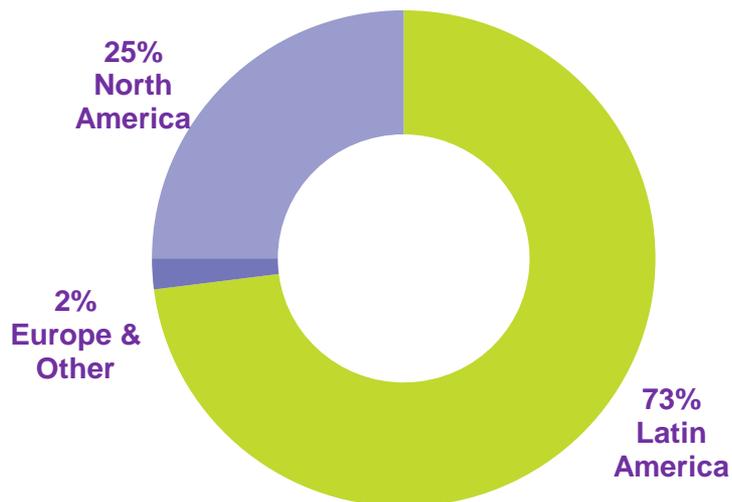
<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

<sup>3</sup> Includes sales associated with lost business and product transitions for certain personal care materials. Excluding these sales, pro forma estimates for sales, adjusted EBITDA and volume are net sales of \$347M, adjusted EBITDA of \$53M and volume of 150M lbs. in 2015 and net sales of \$322M, adjusted EBITDA of \$40M and volume of 137M lbs. in 2016.

# Flexible Packaging Films

## Business Profile

\$135 million LTM Net Sales<sup>1</sup>



### 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 represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

# Flexible Packaging Films

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

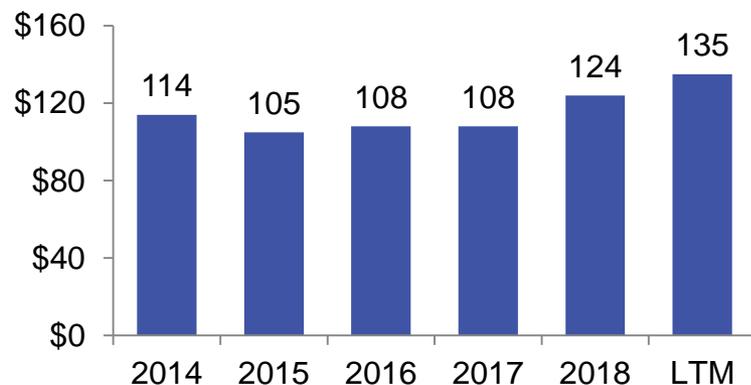
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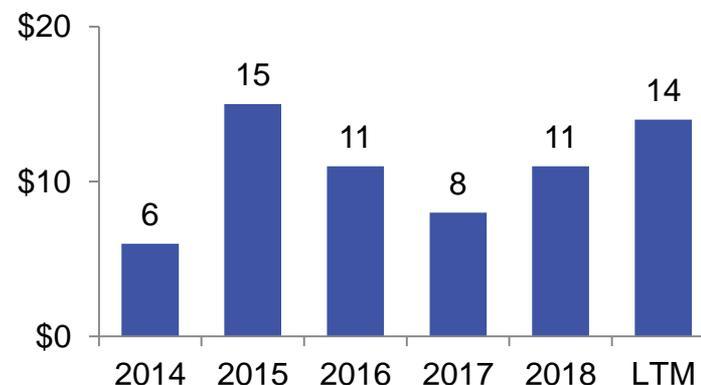
# Flexible Packaging Films

## Annual Historical Financials

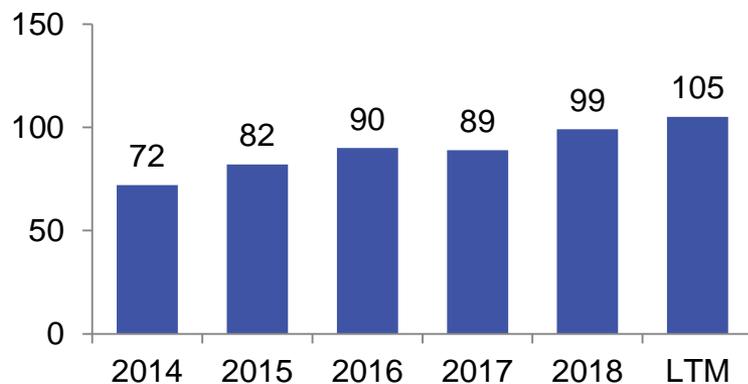
### Net Sales<sup>1</sup> (\$ in millions)



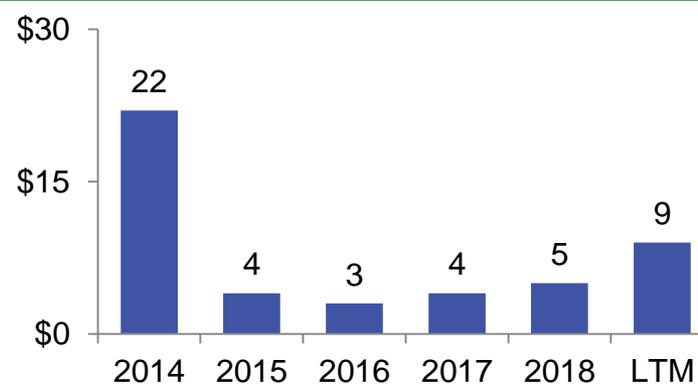
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)



<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

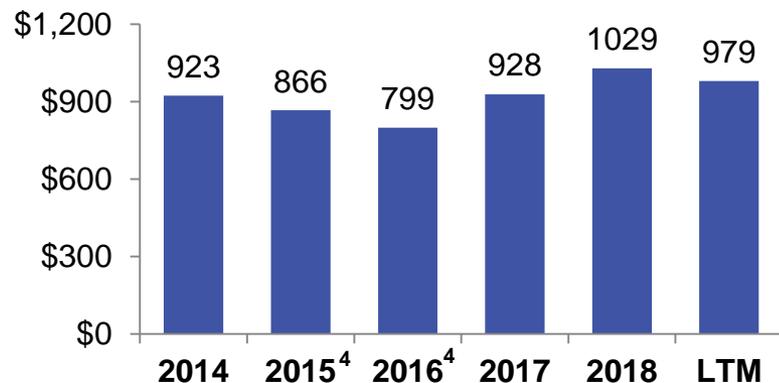
<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

# Tredegar Corporation

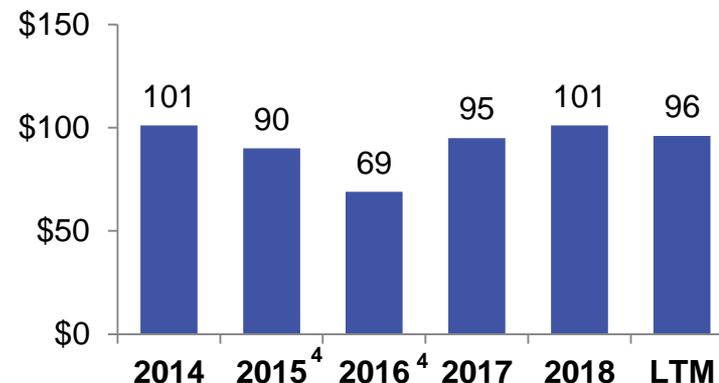
## Annual Historical Financials



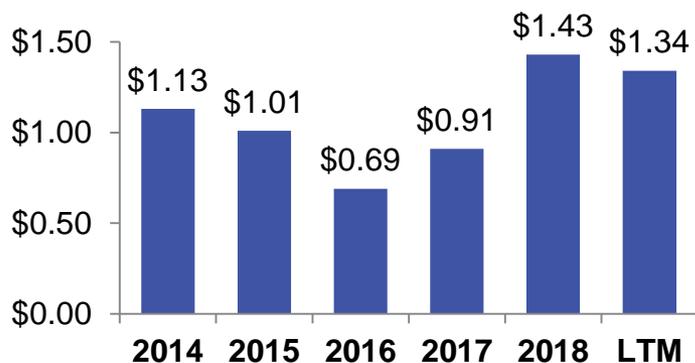
### Net Sales<sup>1</sup> (\$ in millions)



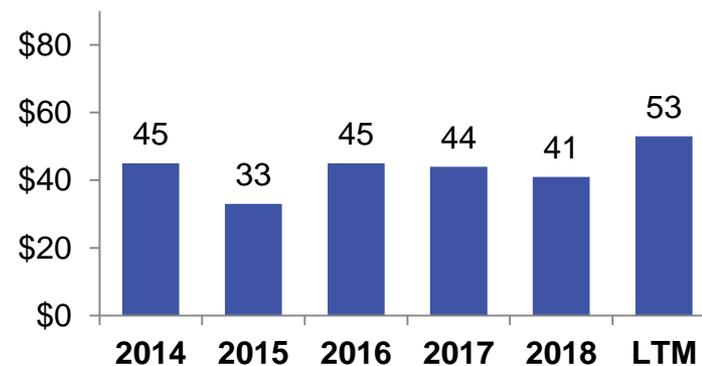
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Earnings Per Share from Ongoing Ops<sup>3</sup>



### Capital Expenditures (\$ in millions)



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

<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

<sup>3</sup> Diluted earnings per share from ongoing operations. See Note 3 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

<sup>4</sup> See PE Films Annual Historical Financials (pg.21) for additional information on impacts to adjusted EBITDA and net sales.

# Tredegar Corporation

## Capital Expenditures – History & Projections

(\$ in millions)						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 Projection<sup>2</sup></u>
Aluminum Extrusions	\$6.1	\$8.1	\$15.9	\$25.7	\$13.0	\$15
PE Films	17.0	21.2	25.8	15.0	22.0	27
Flexible Packaging	21.8	3.5	3.4	3.6	5.4	10
Corporate	-	-	0.4	0.1	0.4	-
<b>Total</b>	<b>\$44.9</b>	<b>\$32.8</b>	<b>\$45.5</b>	<b>\$44.4</b>	<b>\$40.8</b>	<b>\$52</b>
% Net Sales <sup>1</sup>	4.9%	3.8%	5.7%	4.8%	4.0%	

### 2019 Capital Expenditures Projections include:

- For Aluminum Extrusions: Infrastructure upgrades at Carthage, TN facility and productivity projects (\$6M) and fabrication and automation capabilities (\$2M)
- For PE Films: \$12M to complete capacity expansion for North American elastics (total of \$25M); \$4M for a new scale-up line in Surface Protection to improve development and speed to market for new products; \$4M for other development projects
- For Flexible Packaging Films: New capacity for value-add products and productivity projects (\$5M)
- Capital expenditures to support continuity of current operations planned at approximately \$7M for Aluminum Extrusions, \$10M for PE Films, and \$5M for Flexible Packaging Films

<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

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

# Tredegar Corporation

## Cash Flow

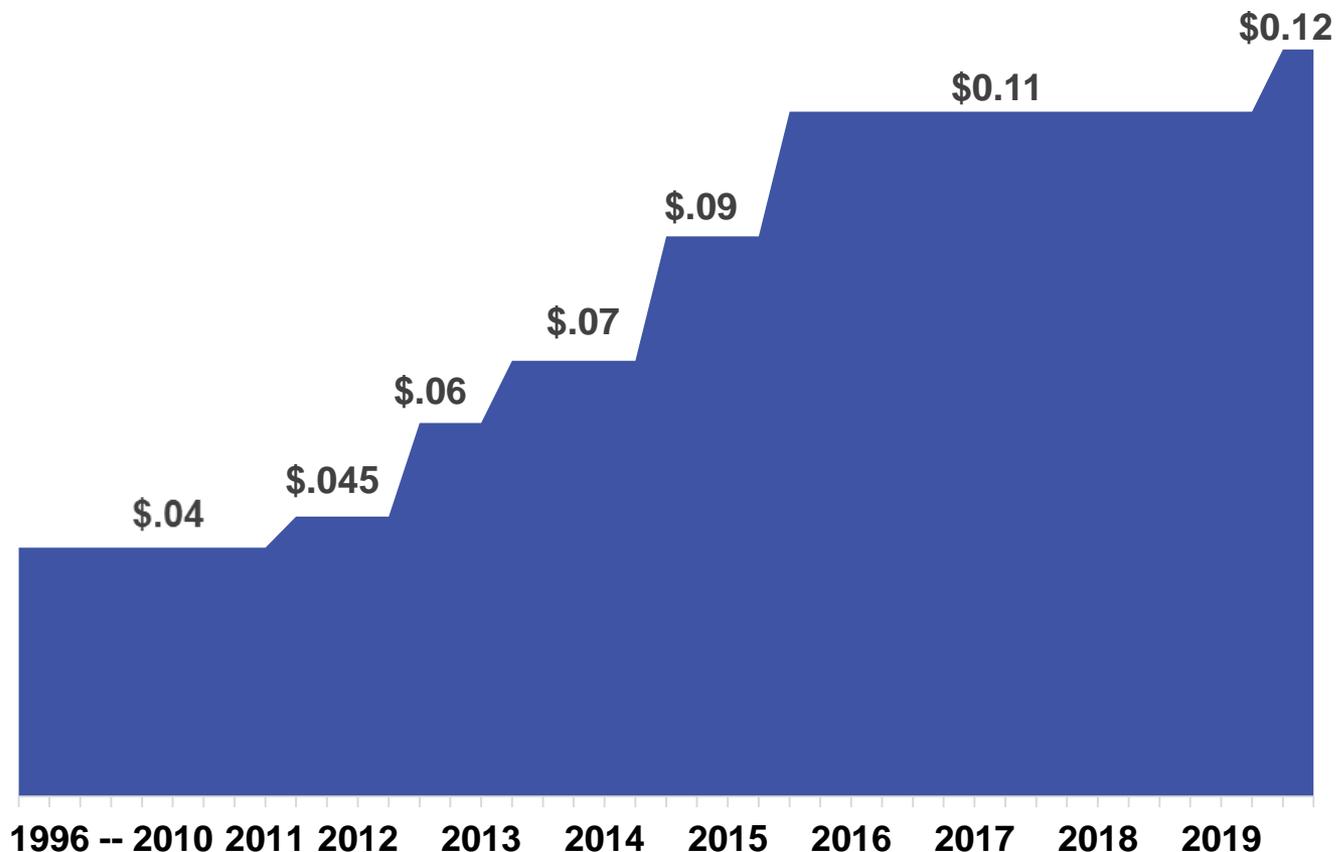


(\$ in millions)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cash Flows from Operations	\$77	\$51	\$74	\$49	\$88	\$98
Capital Expenditures	80	45	33	45	44	41
Free Cash Flow <sup>1</sup>	(3)	6	41	4	44	57
Dividends	9	11	14	14	15	15
Acquisitions	0	0	0	0	87	0

<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 announced on 8/2/2019. A special dividend of \$0.75 per share was paid in 2012.



# GAAP to Non-GAAP Reconciliations

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# GAAP to Non-GAAP Reconciliations

PE Films includes personal care materials, surface protection films, polyethylene overwrap films and films for other markets. Flexible Packaging Films is comprised of our polyester films business, Terphane Holdings LLC. Aluminum Extrusions results includes the acquisition of Futura Industries Corporation on February 15, 2017. 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. Net sales 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. Net sales is a key measure used by the chief operating decision maker of each segment for purposes of assessing performance. A reconciliation of net sales to sales is shown below:

(In millions)	QTD	QTD	QTD	QTD	QTD
	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Aluminum Extrusions	\$147.7	\$152.7	\$139.0	\$136.8	\$129.5
PE Films	76.5	80.3	66.8	69.2	69.8
Flexible Packaging Films	33.7	33.4	33.6	33.4	34.9
Total net sales	<b>257.9</b>	<b>266.3</b>	<b>239.4</b>	<b>239.4</b>	<b>234.2</b>
Add back freight	9.4	9.4	9.0	8.9	9.0
Sales as shown in consolidated statements of income	<b>\$267.3</b>	<b>\$275.7</b>	<b>\$248.5</b>	<b>\$248.2</b>	<b>\$243.2</b>

(In millions)						LTM
	2014	2015	2016	2017	2018	Q3 2019
Aluminum Extrusions	\$344.3	\$375.5	\$360.1	\$466.8	\$573.1	\$558.0
PE Films	464.3	385.6	331.1	352.5	332.5	286.1
Flexible Packaging Films	114.3	105.3	108.0	108.3	123.8	135.3
Total net sales	<b>923.0</b>	<b>866.3</b>	<b>799.2</b>	<b>927.6</b>	<b>1,029.4</b>	<b>979.4</b>
Add back freight	28.8	29.8	29.1	33.7	36.0	36.3
Sales as shown in consolidated statements of income	<b>\$951.8</b>	<b>\$896.1</b>	<b>\$828.3</b>	<b>\$961.3</b>	<b>\$1,065.5</b>	<b>\$1,015.6</b>

- Adjusted EBITDA represents net income (loss) from continuing operations before interest, taxes, depreciation, amortization, unusual items, goodwill impairments, gains or losses associated with plant shutdowns, asset impairments and restructurings, gains or losses from the sale of assets, investment write-downs or write-ups, charges related to stock option awards accounted for under the fair value-based method, goodwill impairment charges and other items. Adjusted EBITDA is a non-GAAP financial measure that is not intended to represent net income (loss) or cash flow from operations as defined by U.S. GAAP and should not be considered as either an alternative to net income (loss) (as an indicator of operating performance) or to cash flow (as a measure of liquidity). Tredegar uses Adjusted EBITDA as a measure of unlevered (debt-free) operating cash flow.

Tredegar also uses it when comparing relative enterprise values of manufacturing companies and when measuring debt capacity. When comparing the valuations of a peer group of manufacturing companies, Tredegar expresses enterprise value as a multiple of Adjusted EBITDA. They believe Adjusted EBITDA is preferable to operating profit and other GAAP measures when applying a comparable multiple approach to enterprise valuation because it excludes the items noted above, measures of which may vary among peer companies.

A reconciliation of ongoing operating profit (loss) from continuing operations to Adjusted EBITDA is shown on the next page. Amounts relating to corporate overhead for the prior years have been reclassified to conform with the current year's presentation. Adjusted EBITDA in the first, second and third quarters of 2017 and the full years of 2017 and 2016 include adjustments of \$0.2 million, \$0.1 million, less than \$0.1 million, \$0.6 million and \$0.3 million, respectively, for accelerated depreciation associated with the consolidation of PE Films manufacturing facilities in North America. Adjusted EBITDA in the second, third and fourth quarters of 2018 includes adjustments of \$0.1 million, \$0.4 million and \$0.1 million, respectively, for accelerated depreciation associated with the planned shutdown of a plant in Shanghai, China. Adjusted EBITDA in the second and third quarter of 2019 includes adjustments of \$0.3 million and \$0.5 million, respectively, for accelerated depreciation associated with the planned shutdown of a plant in Lake Zurich, Illinois. Depreciation and amortization expense for Aluminum Extrusions in the third quarter of 2019 includes accelerated amortization of \$2.5 million related to the rebranding of the Bonnell Aluminum name and discontinuation of the trade names AACOA and Futura.

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

(In millions)

	Aluminum Extrusions	PE Films	Flexible Packaging Films	Total
<b>2018</b>				
Operating profit (loss) from ongoing operations	\$ 48.6	\$ 36.2	\$ 9.9	\$ 94.7
Add back depreciation & amortization	16.9	15.5	1.3	33.6
Less accelerated depreciation associated with plant consolidation	-	(0.6)	-	(0.6)
Adjusted EBITDA before corporate overhead	65.5	51.1	11.2	127.7
Corporate overhead	-	-	-	(26.7)
Adjusted EBITDA	\$ 65.5	\$ 51.1	\$ 11.2	\$ 101.0
<b>2017</b>				
Operating profit (loss) from ongoing operations	\$ 43.5	\$ 41.5	\$ (2.6)	\$ 82.4
Add back depreciation & amortization	15.0	14.7	10.4	40.1
Less accelerated depreciation associated with plant consolidation	-	(0.3)	-	(0.3)
Adjusted EBITDA before corporate overhead	58.5	55.9	7.8	122.2
Corporate overhead	-	-	-	(26.8)
Adjusted EBITDA	\$ 58.5	\$ 55.9	\$ 7.8	\$ 95.4
<b>2016</b>				
Operating profit (loss) from ongoing operations	\$ 37.8	\$ 26.3	\$ 1.8	\$ 65.9
Add back depreciation & amortization	9.2	13.6	9.5	32.3
Less accelerated depreciation associated with plant consolidation	-	(0.6)	-	(0.6)
Adjusted EBITDA before corporate overhead	47.0	39.3	11.3	97.6
Corporate overhead	-	-	-	(28.9)
Adjusted EBITDA	\$ 47.0	\$ 39.3	\$ 11.3	\$ 68.7
<b>2015</b>				
Operating profit (loss) from ongoing operations	\$ 30.4	\$ 48.3	\$ 5.5	\$ 84.2
Add back depreciation & amortization	9.7	15.5	9.7	34.9
Less accelerated depreciation associated with plant shutdown	-	(0.4)	-	(0.4)
Adjusted EBITDA before corporate overhead	40.1	63.4	15.2	118.7
Corporate overhead	-	-	-	(28.6)
Adjusted EBITDA	\$ 40.1	\$ 63.4	\$ 15.2	\$ 90.1
<b>2014</b>				
Operating profit (loss) from ongoing operations	\$ 25.7	\$ 61.0	\$ (2.9)	\$ 83.8
Add back depreciation & amortization	9.9	21.4	9.3	40.6
Less accelerated depreciation associated with plant shutdown	-	-	-	-
Adjusted EBITDA before corporate overhead	35.6	82.4	6.4	124.4
Corporate overhead	-	-	-	(23.5)
Adjusted EBITDA	\$ 35.6	\$ 82.4	\$ 6.4	\$ 100.9

# GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)

	Aluminum Extrusions	PE Films	Flexible Packaging Films	Total
<b>Quarter Ended September 30, 2019</b>				
Operating profit (loss) from ongoing operations	\$ 12.1	\$ 6.9	\$ 4.0	\$ 23.0
Add back depreciation & amortization	6.8	4.2	0.4	11.5
Less accelerated depreciation associated with plant consolidation	(2.5)	(0.5)	-	(3.0)
Adjusted EBITDA before corporate overhead	16.5	10.6	4.4	31.5
Corporate overhead	-	-	-	(7.7)
Adjusted EBITDA	\$ 16.5	\$ 10.6	\$ 4.4	\$ 23.8
<b>Quarter Ended September 30, 2018</b>				
Operating profit (loss) from ongoing operations	\$ 11.7	\$ 4.1	\$ 3.6	\$ 19.5
Add back depreciation & amortization	4.2	4.0	0.3	8.6
Less accelerated depreciation associated with plant consolidation	-	(0.4)	-	(0.4)
Adjusted EBITDA before corporate overhead	16.0	7.8	3.9	27.6
Corporate overhead	-	-	-	(6.5)
Adjusted EBITDA	\$ 16.0	\$ 7.8	\$ 3.9	\$ 21.1
<b>Nine Months Ended September 30, 2019</b>				
Operating profit (loss) from ongoing operations	\$ 38.8	\$ 17.6	\$ 9.4	\$ 65.7
Add back depreciation & amortization	15.0	11.5	1.1	27.6
Less accelerated depreciation associated with plant consolidation	(2.5)	(0.8)	-	(3.3)
Adjusted EBITDA before corporate overhead	51.2	28.3	10.5	90.1
Corporate overhead	-	-	-	(22.2)
Adjusted EBITDA	\$ 51.2	\$ 28.3	\$ 10.5	\$ 67.8
<b>Nine Months Ended September 30, 2018</b>				
Operating profit (loss) from ongoing operations	\$ 35.1	\$ 26.9	\$ 6.6	\$ 68.6
Add back depreciation & amortization	12.6	11.7	0.9	25.2
Less accelerated depreciation associated with plant consolidation	-	(0.5)	-	(0.5)
Adjusted EBITDA before corporate overhead	47.6	38.1	7.5	93.3
Corporate overhead	-	-	-	(20.7)
Adjusted EBITDA	\$ 47.6	\$ 38.1	\$ 7.5	\$ 72.6
<b>Last Twelve Months Ended September 30, 2019</b>				
Operating profit (loss) from ongoing operations	\$ 52.3	\$ 26.9	\$ 12.7	\$ 91.9
Add back depreciation & amortization	19.3	15.3	1.4	36.0
Less accelerated depreciation associated with plant consolidation	(2.5)	(0.9)	-	(3.4)
Adjusted EBITDA before corporate overhead	69.1	41.3	14.1	124.5
Corporate overhead	-	-	-	(28.2)
Adjusted EBITDA	\$ 69.1	\$ 41.3	\$ 14.1	\$ 96.3

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

3. The after-tax effects of losses associated with plant shutdowns, asset impairments and restructurings and gains or losses from the sale of assets and other items (which includes unrealized gains and losses for an investment accounted for under the fair value method) have been presented separately and removed from income (loss) and earnings (loss) per share from continuing operations as reported under U.S. GAAP to determine Tredegar's presentation of net income and earnings per share from ongoing operations. Net income and earnings per share from ongoing operations are key financial and analytical measures used by Tredegar to gauge the operating performance of its 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 or earnings per share from continuing operations as defined by U.S. GAAP. They exclude items that we believe do not relate to Tredegar's ongoing operations. A reconciliation is shown below:

(in millions, except per share data)

	2014	2015	2016	2017	2018	LTM Q3 2019
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 36.0	\$ (32.1)	\$ 24.5	\$ 38.3	\$ 24.8	\$ 77.6
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	2.0	3.0	3.1	1.4	3.8	(1.0)
(Gains) losses from sale of assets and other	(1.2)	17.7	(4.9)	(96.8)	(19.5)	(32.0)
Goodwill impairment charge	-	44.5	-	-	38.2	-
Terphane asset impairment loss	-	-	-	87.2	-	-
Net income from ongoing operations	\$ 36.8	\$ 33.1	\$ 22.7	\$ 30.1	\$ 47.3	\$ 44.6
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 1.11	\$ (0.99)	\$ 0.75	\$ 1.16	\$ 0.75	\$ 2.34
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.06	0.09	0.09	0.04	0.12	(0.04)
(Gains) losses from sale of assets and other	(0.04)	0.54	(0.15)	(2.94)	(0.59)	(0.96)
Goodwill impairment charge	-	1.37	-	-	1.15	-
Terphane asset impairment loss	-	-	-	2.65	-	-
Earnings per share from ongoing operations (diluted)	\$ 1.13	\$ 1.01	\$ 0.69	\$ 0.91	\$ 1.43	\$ 1.34

(in millions, except per share data)

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ (34.2)	\$ 26.2	\$ 19.8	\$ 14.5	\$ 17.1
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	2.0	1.2	0.8	1.1	(4.2)
(Gains) losses from sale of assets and other	2.6	(13.2)	(13.3)	(3.9)	(1.6)
Goodwill impairment charge	38.2	-	-	-	-
Terphane asset impairment loss	-	-	-	-	-
Net income from ongoing operations	\$ 8.6	\$ 14.2	\$ 7.3	\$ 11.7	\$ 11.4
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ (1.03)	\$ 0.79	\$ 0.60	\$ 0.44	\$ 0.51
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.06	0.04	0.02	0.03	(0.13)
(Gains) losses from sale of assets and other	0.08	(0.40)	(0.40)	(0.12)	(0.04)
Goodwill impairment charge	1.15	-	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.26	\$ 0.43	\$ 0.22	\$ 0.35	\$ 0.34

# GAAP to Non-GAAP Reconciliations

Notes (continued):

4. Net debt 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, 2019
Debt	\$ 68.0
Less: Cash and cash equivalents	(36.9)
Net debt	\$ 31.1

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

5. Operating profit from ongoing operations is used by management to assess profitability. A reconciliation of operating profit from ongoing operations to net income is show below:

Operating profit (loss): (in thousands)	2014	2015	2016	2017	2018	Q3 2018	Q3 2019	Q3 YTD 2018	Q3 YTD 2019
Aluminum Extrusions:									
Ongoing operations	\$ 25,664	\$ 30,432	\$ 37,794	\$ 43,454	\$ 48,613	\$ 11,730	\$ 12,147	\$ 35,086	\$ 38,751
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(976)	(708)	(741)	321	(505)	(297)	(610)	(396)	(667)
Trade names accelerated amortization	-	-	-	-	-	-	(2,510)	(2,510)	(2,510)
PE Films:									
Ongoing operations	60,971	48,275	26,312	41,546	36,181	4,145	6,889	26,857	17,606
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(12,238)	(4,180)	(4,602)	(4,905)	(5,905)	(2,355)	3,834	(4,542)	933
Goodwill impairment charge	-	-	-	-	(46,792)	(46,792)	-	(46,792)	-
Flexible Packaging Films:									
Ongoing operations	(2,917)	5,453	1,774	(2,626)	9,892	3,609	4,000	6,617	9,376
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(589)	(185)	(214)	(89,398)	(45)	-	-	-	-
Goodwill impairment charge	-	(44,465)	-	-	-	-	-	-	-
<b>Total</b>	<b>69,915</b>	<b>34,622</b>	<b>60,323</b>	<b>(11,608)</b>	<b>41,439</b>	<b>(29,960)</b>	<b>23,750</b>	<b>16,830</b>	<b>63,489</b>
Interest income	588	294	261	209	369	6	56	290	163
Interest expense	2,713	3,502	3,806	6,170	5,702	1,318	859	4,539	3,354
Gain (loss) on sale of investment property	1,208	-	-	-	(38)	-	-	-	-
Unrealized loss on investment property	-	-	(1,032)	-	(186)	(186)	-	(186)	-
Gain (loss) on investment in kaléo accounted for under the fair value method	2,000	(20,500)	1,600	33,800	30,600	(2,100)	4,300	11,900	28,482
Stock option-based compensation costs	1,272	483	56	264	1,221	415	807	806	2,121
Corporate expenses, net	24,310	33,638	29,607	30,879	28,893	6,926	9,350	21,668	26,840
Income (loss) from continuing operations before income taxes	45,416	(23,207)	27,683	(14,912)	36,368	(40,899)	17,090	1,821	59,819
Income taxes	9,387	8,928	3,217	(53,163)	11,526	(6,699)	(43)	3,135	8,424
Income (loss) from continuing operations	36,029	(32,135)	24,466	38,251	24,842	(34,200)	17,133	(1,314)	51,395
Income (loss) from discontinued operations, net of tax	850	-	-	-	-	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 36,879</b>	<b>\$ (32,135)</b>	<b>\$ 24,466</b>	<b>\$ 38,251</b>	<b>\$ 24,842</b>	<b>\$ (34,200)</b>	<b>\$ 17,133</b>	<b>\$ (1,314)</b>	<b>\$ 51,395</b>