



2017 First-Quarter Financial Results

May 2, 2017

Forward-Looking Statements

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, 2016, as amended, in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, and 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 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

2017 First Quarter and Full Year Financial Results



(in millions, except per share data)

	1Q 2017	1Q 2016
Net Sales ¹	\$212.7	\$200.3
Net Income from Ongoing Operations ²	\$6.0	\$7.5
Diluted EPS from Ongoing Operations ²	\$.18	\$.23

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

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

Earnings were down for the quarter compared to last year primarily due to continued volatile results for Terphane, which has been impacted by industry excess capacity and a poor economic environment in Brazil. In our personal care business unit, we're encouraged that our product development efforts are delivering new materials that we believe will be value-enhancing for our customers. Our surface protection business unit beat prior year results. We remain focused on expanding our customer base."

"Our aluminum extrusions business had another quarter of significant profit growth. The acquisition of Futura brings product and geographic diversification as well as a strong management team. We're excited about its prospects for adding to future profit growth."

John Gottwald, CEO and President (first quarter 2017 earnings release)

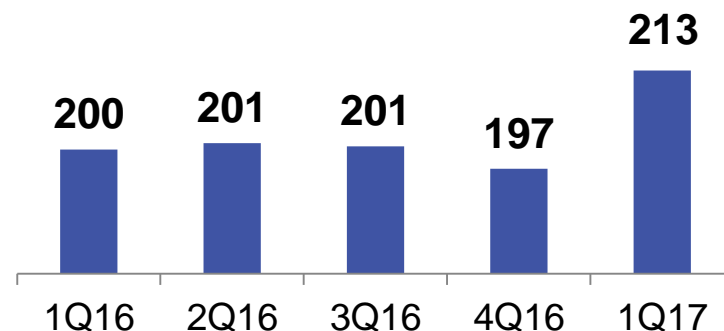
Tredegar Corporation

First Quarter Net Sales and Net Income

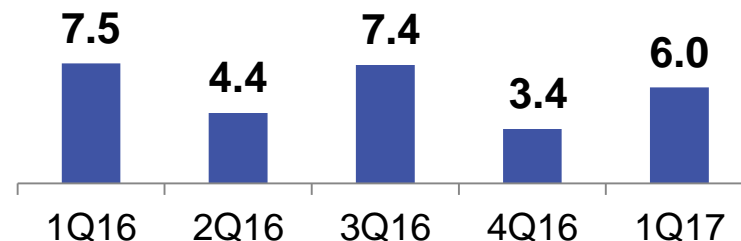
Financial Highlights

- Combined segment operating profit from ongoing operations³ of \$16.9M in first quarter of 2017:
 - PE Films operating profit of \$9.0M; down \$1.2M Y-O-Y and up \$6.3M sequentially
 - Flexible Packaging (Terphane) operating loss of \$2.0M; an unfavorable change of \$4.0M Y-O-Y and \$2.6M sequentially
 - Bonnell Aluminum operating profit of \$9.8M; up \$2.3M Y-O-Y and down \$0.2M sequentially, including operating profit of \$0.9M contributed by Futura (acquired 2/15/2017)
- Non-cash pension expense for full-year is projected to be \$10.4M, which is \$0.5M favorable to prior year

Net Sales¹
(\$ in millions)



Net Income from Ongoing Operations²
(\$ in millions)



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³ See Note 6 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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

2017 First Quarter Results



1st Quarter Performance

(in millions)	1Q 17	1Q 16	▲
Volume (lbs.)	35.1	37.9	(7)%
Net Sales ¹	\$86.4	\$88.5	(2)%
Operating Profit ²	\$9.0	\$10.2	(12)%
Adj. EBITDA ³	\$12.3	\$13.5	(8)%

Financial Highlights

- Lower operating profit for first quarter versus last year primarily as a result of:
 - Lower contribution from known lost business and product transitions in personal care materials (\$1.3M)
 - Higher contribution from surface protection films (\$0.5M), primarily due to favorable sales mix
 - Favorable lag in pass-through of resin costs of \$0.2M in 1Q17 vs. favorable lag of \$0.7M in 1Q16

Other Highlights

- North American facility consolidation is expected to be completed in the second half of 2017 (*see Management Discussion in Form 10-Q, starting on pg. 10, for additional information*)
- Additional product transitions in personal care could occur after 2018 which could result in adverse profit impact, but at this time the impact, if any, is uncertain.
- The product development process for personal care materials, which spans from idea inception to product commercialization, is typically 24 to 48 months
- Possible future customer product transitions to less costly alternative processes or materials in surface protection could result in annual adverse profit impact of up to \$5 - \$10M; timing and ultimate amount of transitions is unclear
- R&D spending in PE Films has increased significantly in recent years; R&D spending in 2017 is projected to be comparable to 2016 spending of ~\$19 million.
- Capital expenditures of \$30M are projected for 2017, including capacity expansion for elastics and acquisition distribution layer materials, in addition to other growth and strategic projects, and \$10M to support operations

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² See Note 6 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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

Flexible Packaging Films (Terphane)

2017 First Quarter Results



1st Quarter Performance

(in millions)	1Q 17	1Q 16	▲
Volume (lbs.)	22.1	20.7	7%
Net Sales ¹	\$26.7	\$26.4	1%
Operating Profit ²	\$(2.0)	\$2.0	NA
Adj. EBITDA ³	\$0.6	\$4.2	(85)%

Other Highlights

- Unfavorable economic conditions in Brazil and ongoing excess global capacity in market expected to continue
- Terphane's future operating results are expected to be volatile until its business environment improves
- Capital expenditures of \$4M are projected for 2017

Financial Highlights

- Lower operating profit in first quarter versus last year primarily as a result:
 - Lower margins from competitive pricing pressures tied to excess global capacity, unfavorable economic conditions in Brazil and inefficiencies from lower-than-planned production, partially offset by higher volume (\$1.0M)
 - Higher costs and expenses (\$2.2M) primarily related to adverse impact of high inflation in Brazil and appreciation of Brazilian currency relative to US\$
 - Unfavorable lag in resin pass-through of \$1.2M in 1Q17 versus favorable lag of \$1.0M in 1Q16
 - Foreign currency transaction losses of \$0.3M in 1Q17 versus \$1.7M in 1Q16

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

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

Aluminum Extrusions (Bonnell Aluminum)

2017 First Quarter Results



1st Quarter Performance

(in millions)	1Q 17	1Q 16	▲
Volume (lbs.)	45.0	41.5	8%
Net Sales ¹	\$99.6	\$85.5	17%
Operating Profit ²	\$9.8	\$7.5	31%
Adj. EBITDA ³	\$12.7	\$9.8	30%

Financial Highlights

- Higher operating profit versus last year due:
 - Higher sales volume in automotive and specialty markets (\$0.4M)
 - Higher operational efficiencies (\$1.0M) from cost reduction initiatives and other efforts
 - Futura, which was acquired on 2/15/2017, contributed \$0.9M to operating profit

Other Highlights

- Industry volume growth projected in all major markets in 2017
- Lower building & construction volume attributed to downtime required to upgrade a paint line during the first quarter of 2017
- Cast house in Newnan plant expected to be back in production by the end of 2Q 2017 (*see Management Discussion in Form 10-K, starting on pg. 26, for additional information*)
- Capital expenditures of \$23M are projected in 2017, including:
 - \$9M for new capacity project in Niles (\$18M total project with planned start-up in mid 2017, which adds ~15 million pounds of capacity on annualized basis)
 - \$2M for Newnan cast house not covered by insurance reimbursement, \$9M to support operations, and \$2M to support operations at Futura, acquired in Feb. 2017

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

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Tredegar Corporation

Year-to-Date 2017 Financial Highlights (as of 3/31/2017)

\$ in millions

Cash Flows from Operations	\$3.6
Acquisitions	\$87.0
Capital Expenditures	\$12.7
Dividends Paid (quarterly dividend \$.11/share)	\$3.6
Net Debt¹	\$164.1
Total Debt to Adjusted EBITDA² (LTM as of 3/31/2017)	2.4x

¹ As of 3/31/2017. See Note 4 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

² As defined under Tredegar's credit agreement. See Tredegar's Form 10-Q for the quarter ended March 31, 2017 (page 31) for more information on this non-GAAP financial measure.



Appendix

Tredegar At A Glance



Major Product Groups	Primary End Markets	Customers	Competitors
<p>PE Films Personal Care: Apertured, breathable, elastic and embossed films and laminate materials for personal care markets</p> <p>Surface Protection: Single and multilayer surface protection films for high technology applications during the manufacturing and transportation process</p> <p>Bright View Technologies: Highly advanced optical management products which combine microstructure expertise with films capabilities</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”) televisions, monitors, notebooks, smartphones, tablets, e-readers and digital signage</p> <p>LED lighting</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 lighting</p>	<p>Clopay, Nordenia, Aplix, Pantex, RKW</p> <p>Toray, Sekesui, Hitachi</p> <p>Luminit, Fusion Optix, DuPont</p>
<p>Flexible Packaging Films Specialized polyester (“PET”) films for use in packaging applications</p>	<p>Perishable and non-perishable food packaging; non-food packaging and industrial applications</p>	<p>Major food packaging converters and producers</p>	<p>DuPont Teijin Films, Toray Plastics America, Mitsubishi</p>
<p>Aluminum Extrusions 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"> • Building and Construction • Automotive • Specialty Markets, including consumer durables, machinery and equipment, electrical, distribution 	<p>Building and Construction: Curtain walls and storefronts, commercial windows & 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</p> <p>Automotive/Transportation: Structural components and crash management systems, suspension arms, noise vibration harshness components, truck grills</p> <p>Specialty Markets: Furniture and appliances, pleasure craft, refrigerators and freezers, appliances, sporting and fitness equipment, TSLOTS™ (modular framing), conveyor systems and linear motion equipment, medical equipment and apparatus, solar panels, LED lighting, electronic devices, electrical conduit Conveyors and conveying systems, 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>Sapa North America, Kaiser Aluminum, Western Extrusions Corp., Keymark Aluminum Corp.</p>

Tredegar at a Glance

Business Strengths

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 growth trends in multiple end-use markets

Flexible Packaging Films

- Industry-leading position in Brazilian 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
- High-value specialty PET (polyethylene terephthalate) film offers technical advantages, such as temperature resistance, high dimensional stability and barrier properties

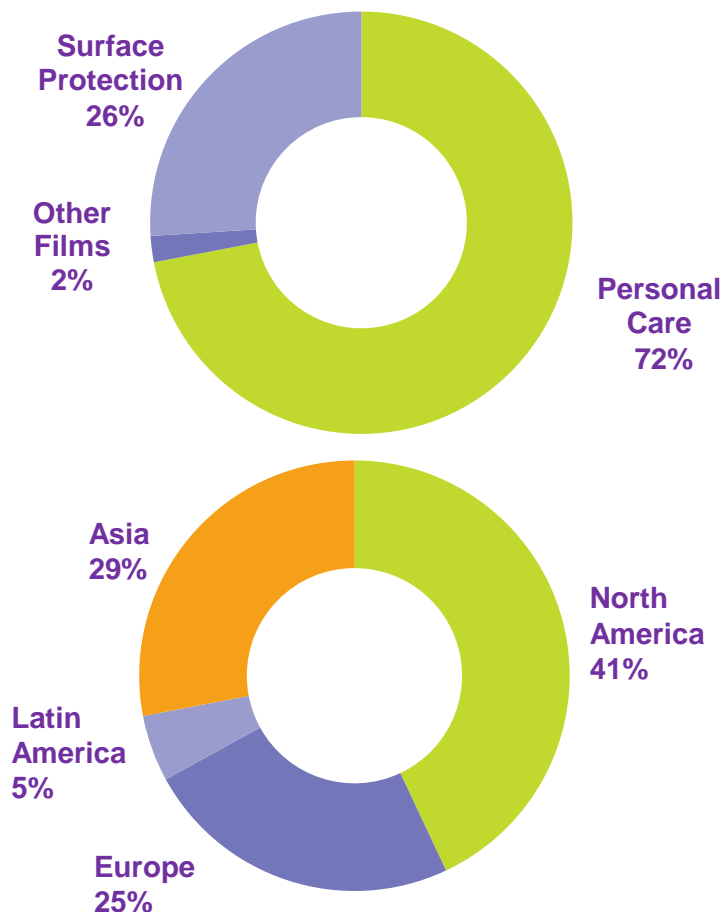
Aluminum Extrusions

- Industry-leading position in nonresidential building and construction sector of North American extrusions market with four U.S. manufacturing locations
- Market-focused manufacturing operations and world-class capabilities in extrusion and finishing services – fabrication, painting and anodizing
- Positive dynamics and growth trends in key markets of building and construction, automotive and specialty are driving demand

PE Films

Business Profile

(\$329 million LTM Net Sales¹)



Key Growth Drivers

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

Customers

- Global and regional consumer care producers
- Major manufacturers of flat panel display components
- Global and regional leaders in LED lighting

Primary End Use Markets

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

¹ 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

Key Drivers for Surface Protection Films

- New technologies for high-end TVs, tablets, notebooks and smartphones are driving growth
 - Expanded use of touch screen technology, automotive, flexible and OLED displays, and wearables
 - Screens getting larger (1" per year); flat panel display area projected to grow 4-6% through 2020.¹
 - Unit growth in TVs expected as consumers upgrade (ex. 4KUHD and QDEF color technology)
- Increasing quality demands to meet high-performance specifications – Surface Protection 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 2021, driven by gains in adult incontinence products around the world and emerging markets growth in baby diapers:
 - Global market growth of ~ 3.7% per year, driven by emerging market growth²
 - Baby diapers expected to grow ~ 3.7%²
 - Feminine hygiene expected to grow ~ 3.0%²
 - Adult incontinence products expected to grow ~ 8.3%²
- Rapid growth in adult incontinence driven by aging populations and product improvements

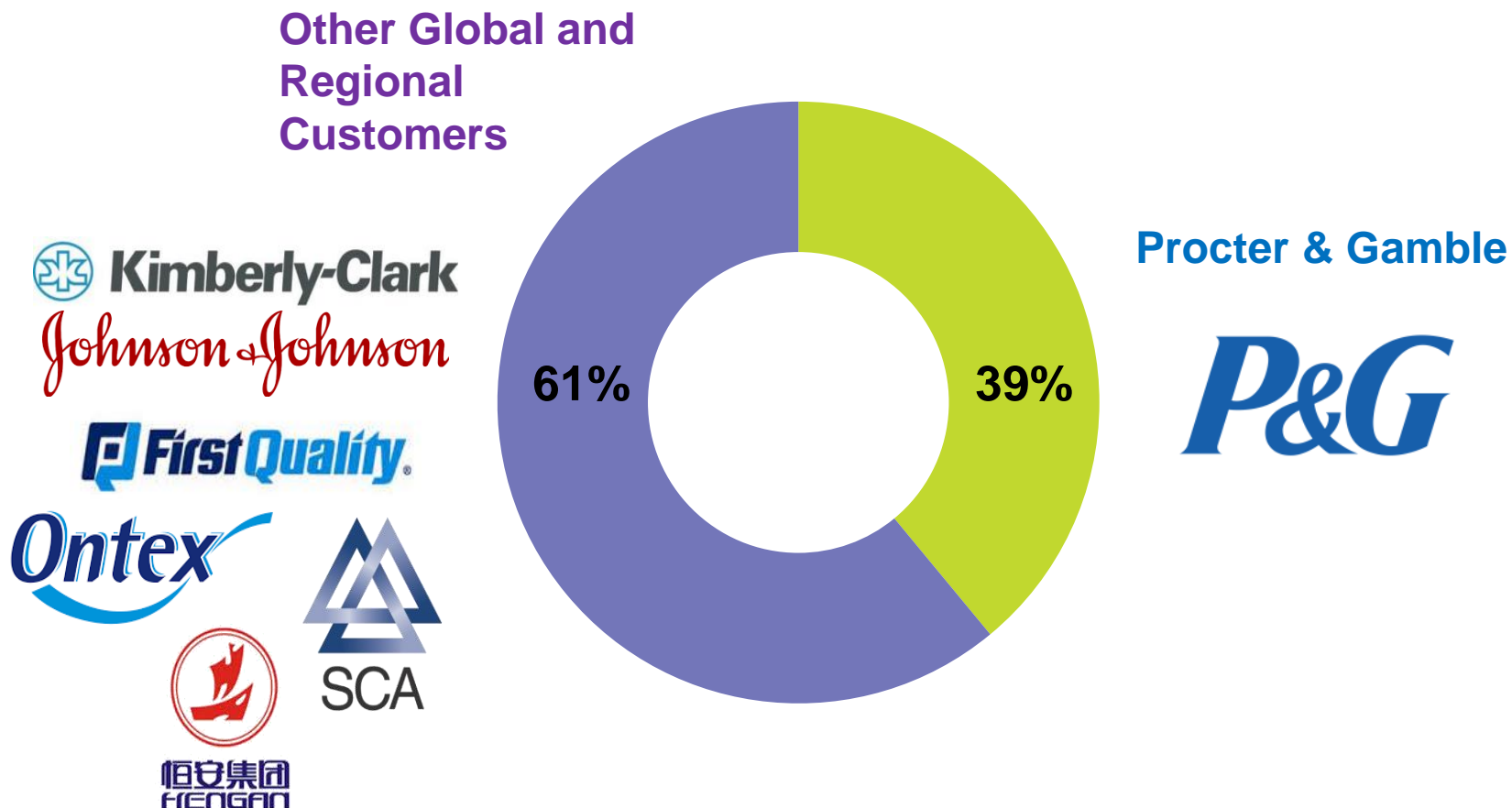
¹ IHS April 2016

² Price Hanna Consultants, June 2016

PE Films

Personal Care Customer Base

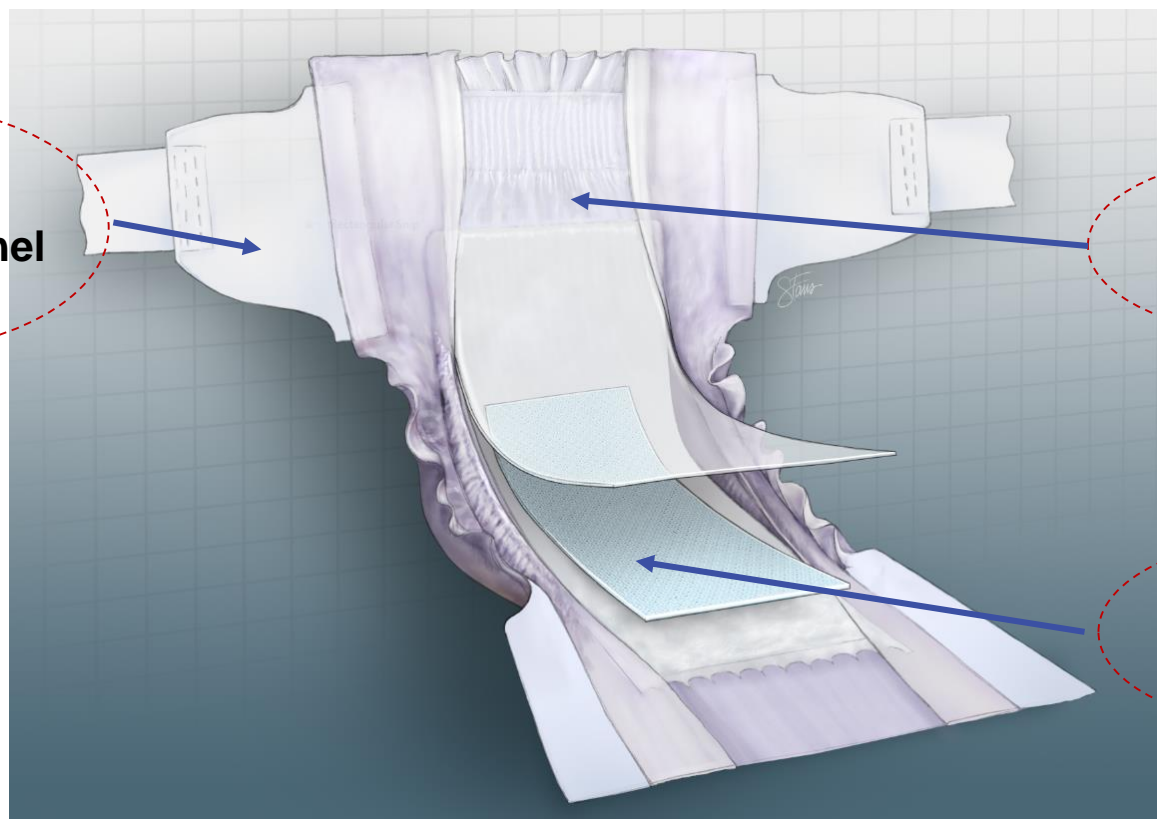
(PE Films 2016 Net Sales¹ \$331 million)



PE Films

Personal Care Product Development

Baby Diaper and Adult Incontinence Areas of Development



**Elastic Ear
(elastic side panel
on pants)**

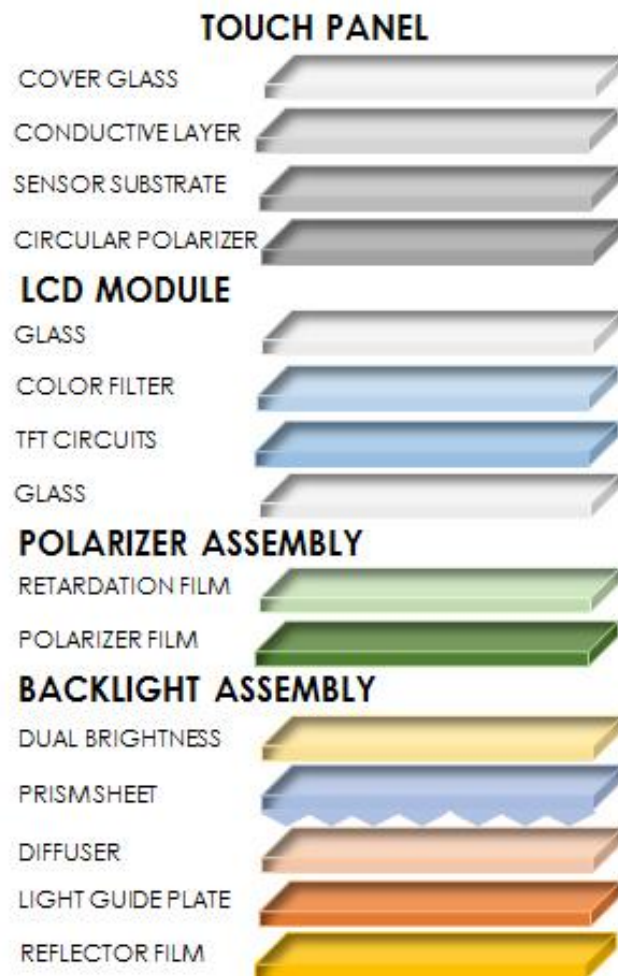
**Elastic
Waistband**

**Acquisition
Distribution
Layer**

PE Films

Surface Protection Overview

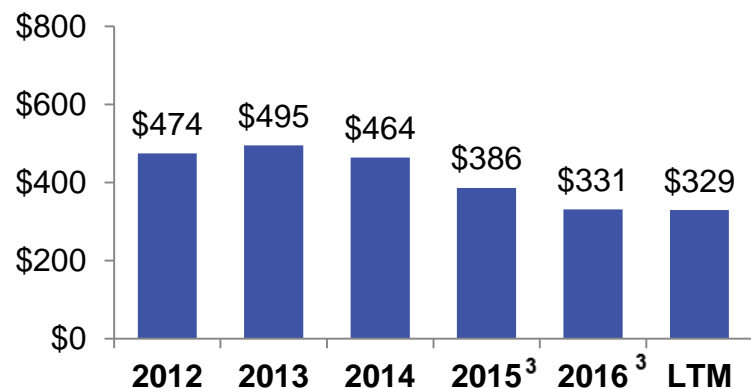
Typical LCD Optical Stack (examples: TVs, Smartphones)



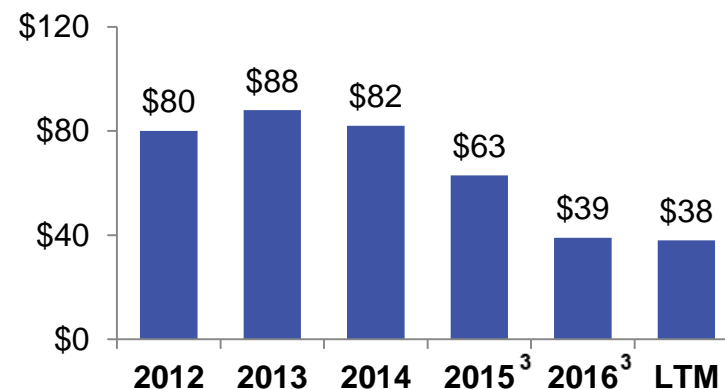
PE Films

Annual Historical Financials

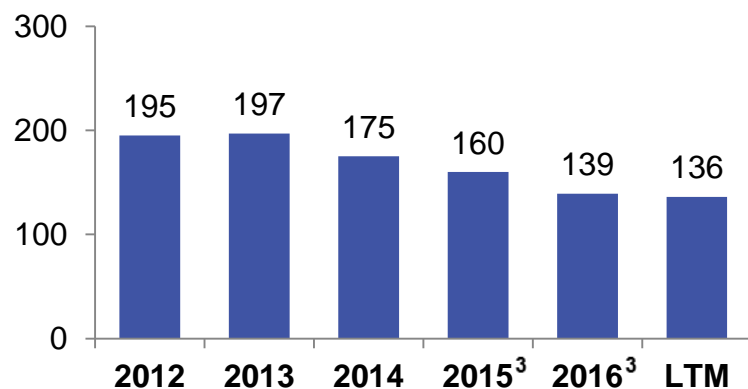
Net Sales¹ (\$ in millions)



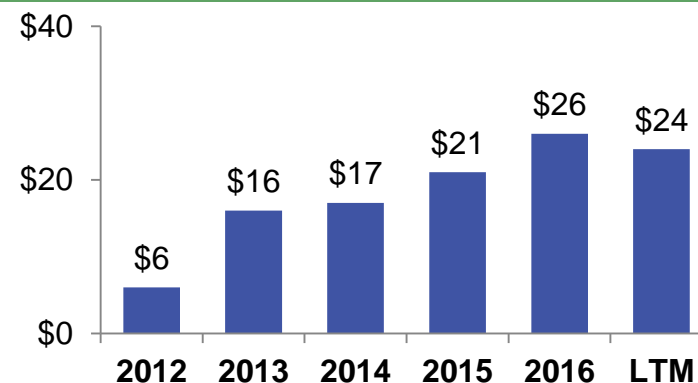
Adjusted EBITDA² (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



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

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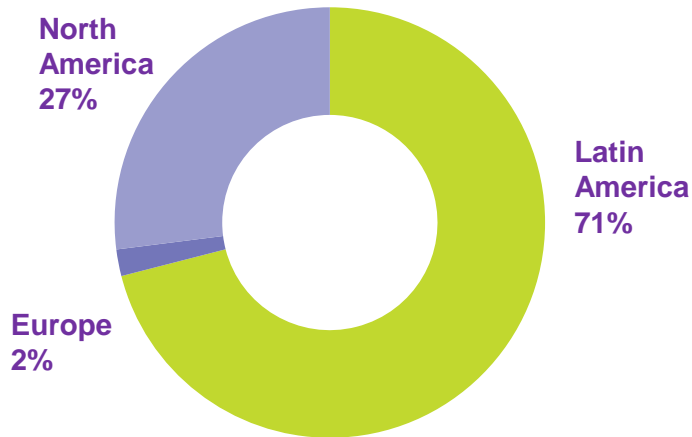
³ Includes sales associated with lost business and product transitions for certain personal care materials. Excluding these sales, pro forma estimates for sales, adjusted EBITDA and volume are net sales of \$347M, adjusted EBITDA of \$53M and volume of 150M lbs. in 2015 and net sales of \$322M, adjusted EBITDA of \$40M and volume of 137M lbs. in 2016. See Note 7 in GAAP to Non-GAAP Reconciliations for more information on these non-GAAP measures.

Flexible Packaging (PET) Films

Business Profile



(\$108 million LTM Net Sales¹)



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 packaging producers and converters

Primary End Use Markets

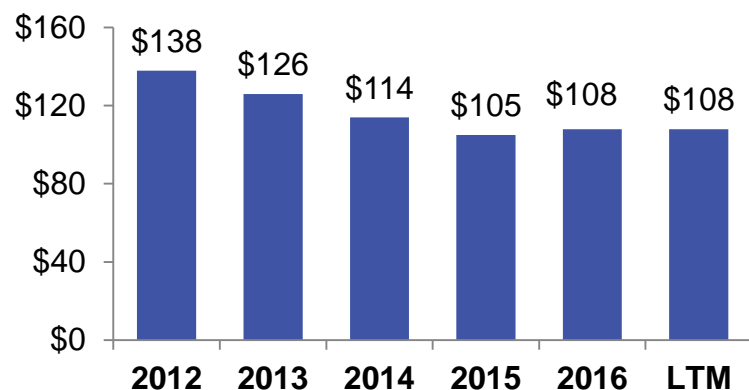
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

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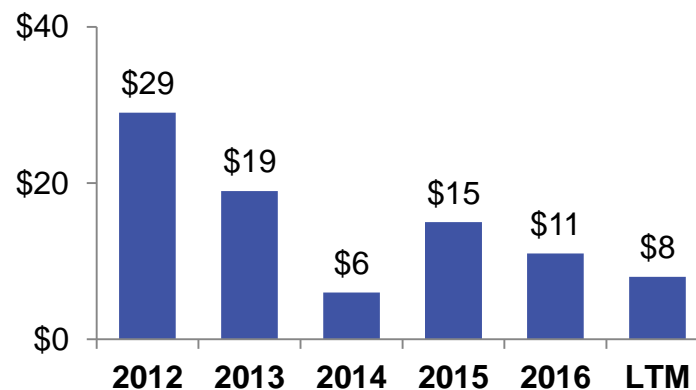
Flexible Packaging (PET) Films

Annual Historical Financials

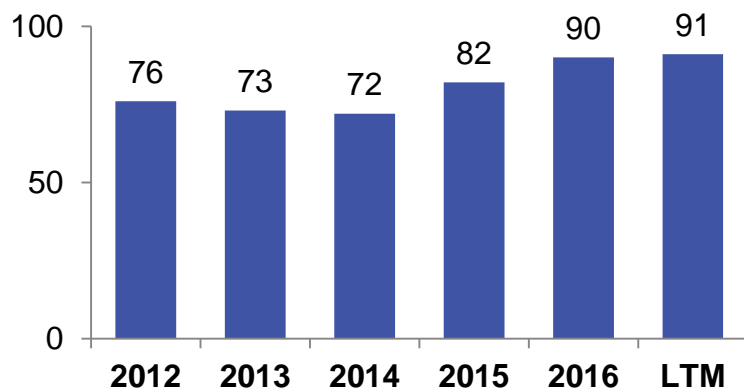
Net Sales¹ (\$ in millions)



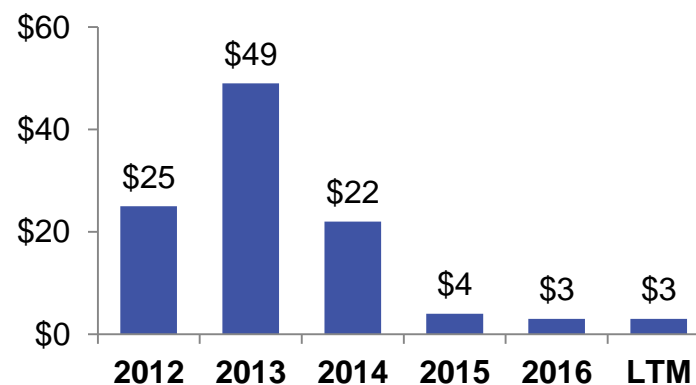
Adjusted EBITDA² (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)

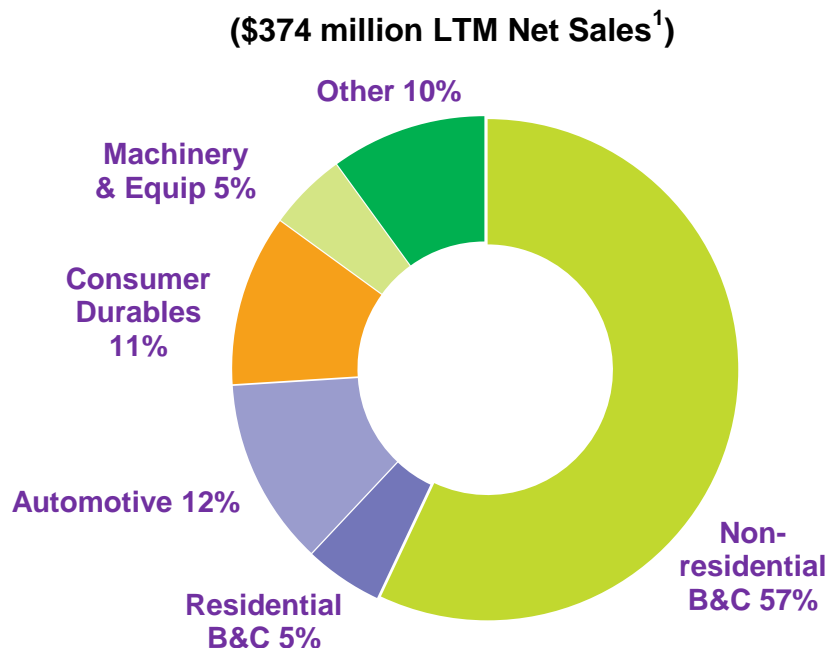


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² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

Aluminum Extrusions

Business Profile



Key Market Drivers

- Nonresidential building and construction recovery with industry growth projected through 2019
- 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, TSLOTS™ (modular framing), material handling equipment, solar panels, LED lighting, electrical conduit

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

Bonnell Aluminum

Futura Acquisition

Background on Acquisition

- On February 15, 2017, Bonnell Aluminum acquired 100% of the stock of Futura Industries Corporation (Futura) for \$92 million
 - Initial funding amount of \$87 million which was funded using Tredegar's existing credit facility, (additional \$5 million in earnout escrow)
 - Futura had 2016 EBITDA of approximately \$13.6 million
 - Futura will operate as a division of Bonnell Aluminum

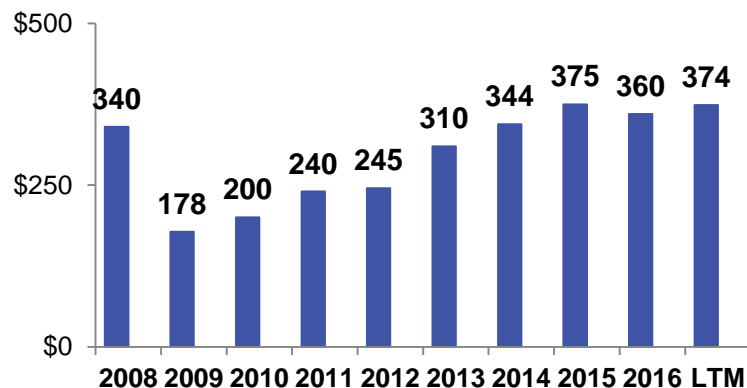
Futura Industries

- Headquartered in Clearfield, Utah, Futura has a national sales presence with particular strength in western U.S.
 - Focused on manufacturing finished components for commercial, transportation, solar, OEM, and structural aluminum framing systems (TSLOT) markets; finished products include branded flooring trim and TSLOT™
 - Reputation for reliability, quick turnaround, product quality and lean manufacturing
- Strong management team and operating philosophy guiding Futura's 350 employees

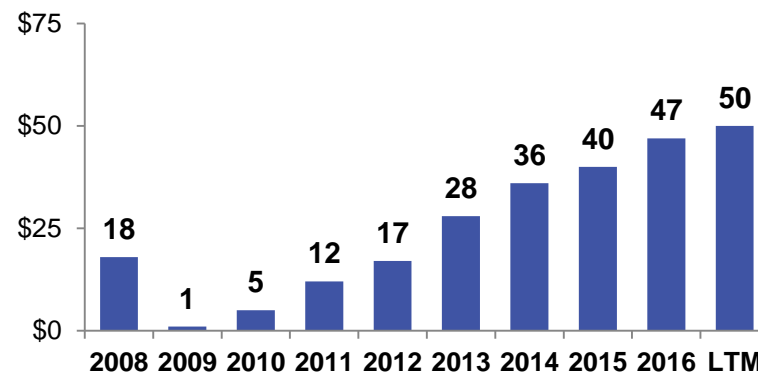
Aluminum Extrusions

Annual Historical Financials

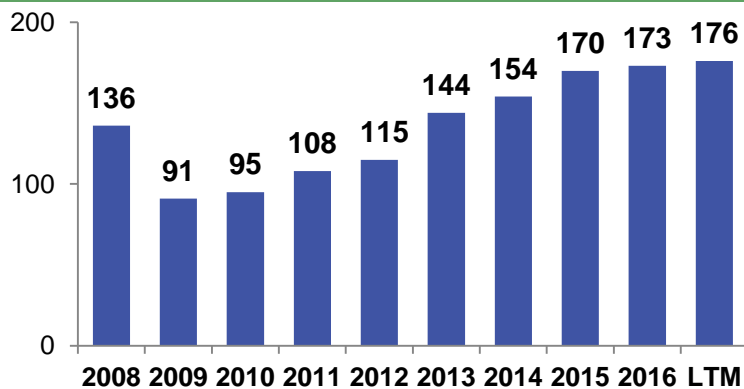
Net Sales¹ (\$ in millions)



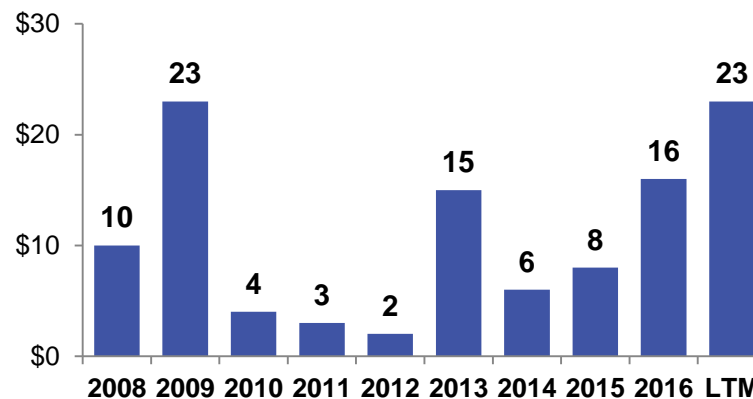
Adjusted EBITDA² (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



Reflects inclusion of Bonnell's operating divisions subsequent to their acquisition dates: AACOA (10/1/2012) and Futura (2/15/2017).

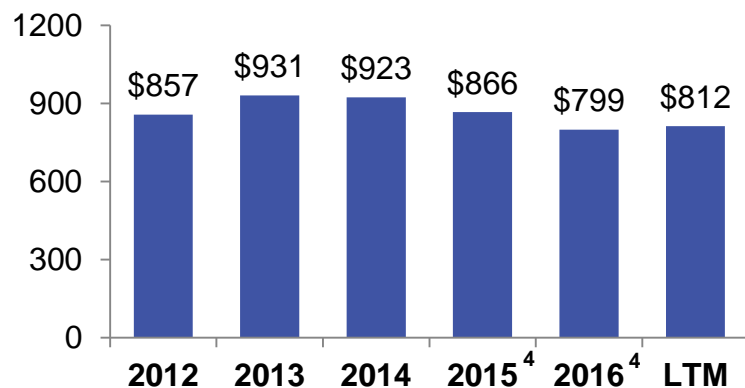
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² See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

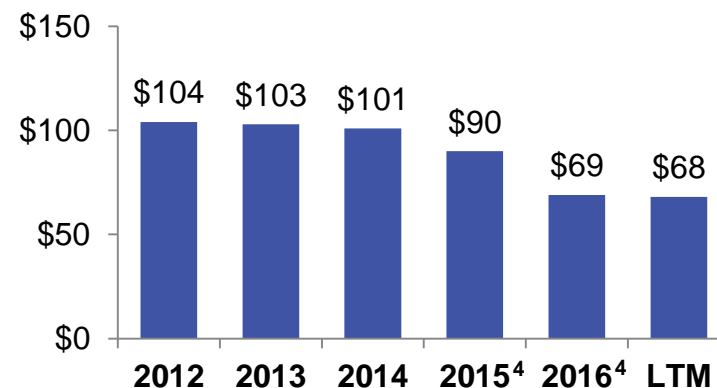
Tredegar Corporation

Annual Historical Financials

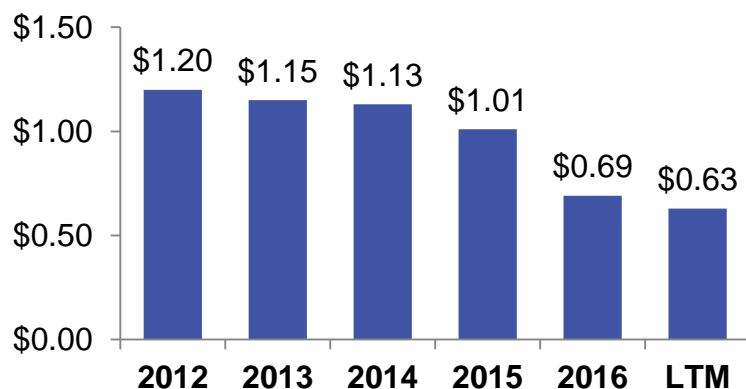
Net Sales¹ (\$ in millions)



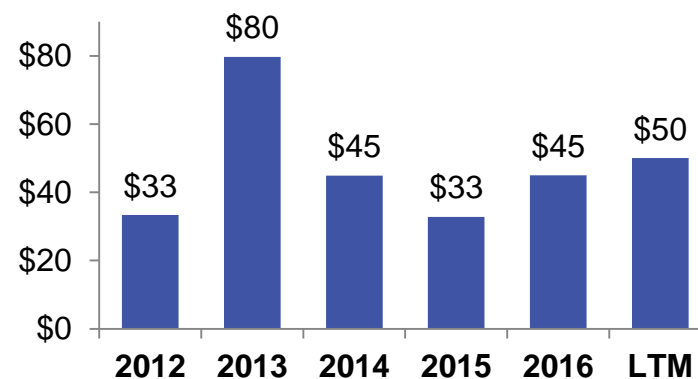
Adjusted EBITDA² (\$ in millions)



Earnings Per Share from Ongoing Ops³



Capital Expenditures (\$ in millions)



Reflects inclusion of acquisitions subsequent to their respective acquisition dates: Terphane (10/24/11) and AACOA (10/1/12) and Futura (2/15/2017).

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

³ 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.

⁴ See PE Films Annual Historical Financials (pg. 16) for additional information on impacts to adjusted EBITDA and net sales.

Tredegar Corporation

Capital Expenditures History

(\$ in millions)						
Capital Expenditures	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 Projection²</u>
PE Films	6.0	15.6	17.0	21.2	25.8	30
Flexible Packaging	24.5	49.3	21.8	3.5	3.4	4
Aluminum Extrusions	2.3	14.7	6.1	8.1	15.9	23
Corporate	0.5	0.1	-	-	0.4	-
Total	33.3	79.7	44.9	32.8	45.5	57
<i>% Net Sales¹</i>	3.9%	8.6%	4.9%	3.8%	5.7%	

2017 capital expenditures are expected to include:

- For PE Films: capacity expansion for elastics and acquisition distribution layer materials and other growth and strategic projects
- Added capacity in Niles, MI for Aluminum Extrusions (\$9M of total expected spending of \$18M; projected completion in mid 2017) and \$2M for Newnan cast house (not covered by insurance reimbursements)
- Routine capital expenditures of approximately \$10M for PE Films, \$3M for Flexible Packaging Films and \$9M for Aluminum Extrusions and \$2M for Futura Industries (acquired in 2/15/2017)

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

² Represents management's current expectation, which is subject to change.

Tredegar Corporation

Cash Flow

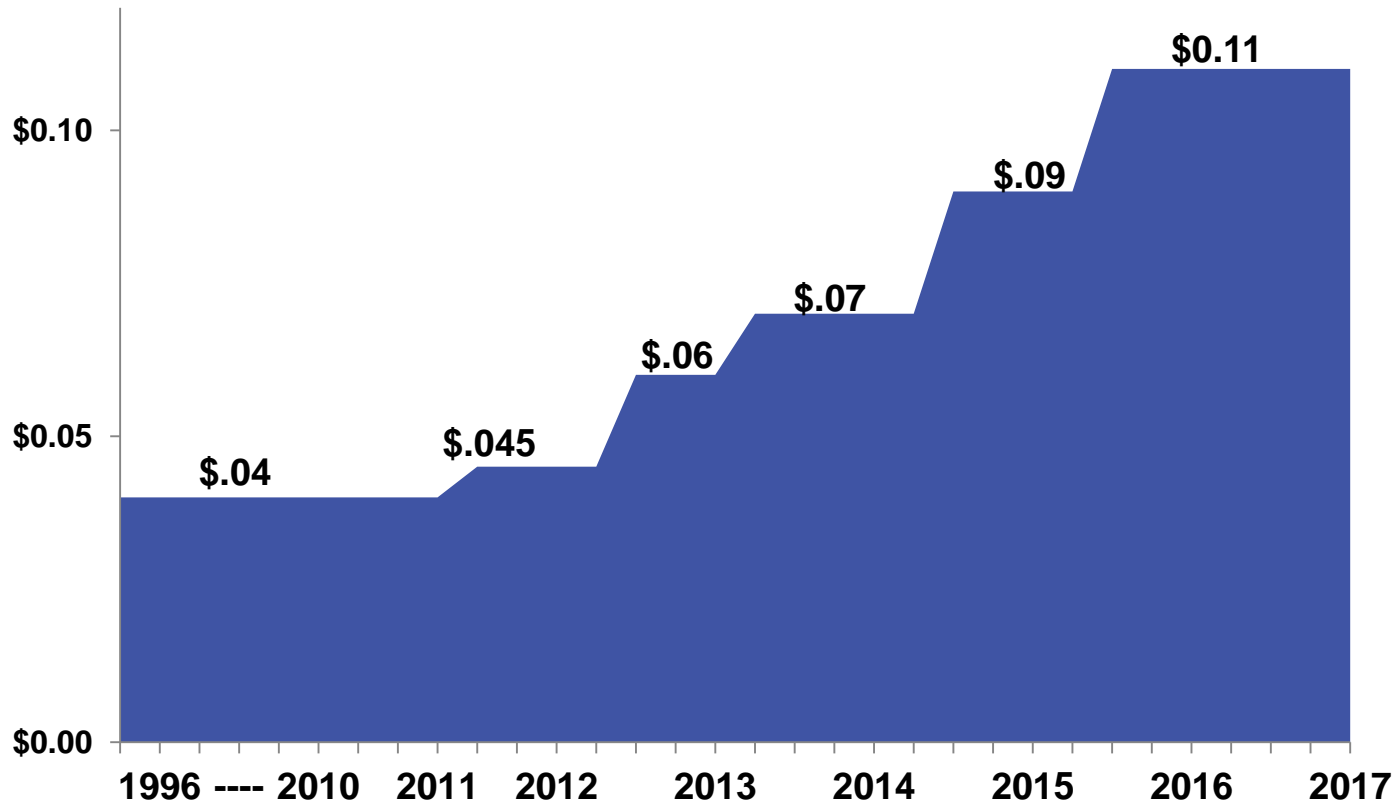


(\$ in millions)	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash Flows from Operations	\$72	\$83	\$77	\$51	\$74	\$49
Capital Expenditures	16	33	80	45	33	45
Free Cash Flow¹	56	50	(3)	6	41	4
Dividends	6	31	9	11	14	14
Acquisitions	181	58	0	0	0	0

¹ Free cash flow represents cash flows from operations less capital expenditures.

Tredegar Corporation

Quarterly Cash Dividend History



A special dividend of \$.75 per share was paid in 2012



GAAP to Non-GAAP Reconciliations

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 include the acquisitions of AACOA, Inc. on October 1, 2012 and 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 Q4 2015	QTD Q1 2016	QTD Q2 2016	QTD Q3 2016	QTD Q4 2016	QTD Q1 2017
PE Films	\$93.3	\$88.5	\$80.8	\$82.2	\$79.7	\$86.4
Flexible Packaging Films	28.0	26.4	27.2	27.3	27.1	26.7
Aluminum Extrusions	88.8	85.4	93.4	91.1	90.1	99.6
Total net sales	210.1	200.3	201.5	200.5	196.9	212.7
Add back freight	6.9	7.0	7.1	7.2	7.9	8.3
Sales as shown in consolidated statements of income	\$217.0	\$207.3	\$208.5	\$207.7	\$204.8	\$221.0

(In millions)	2012	2013	2014	2015	2016	LTM Q1 2017
PE Films	\$473.9	\$495.4	\$464.3	\$385.6	\$331.1	\$329.1
Flexible Packaging Films	138.0	125.8	114.3	105.3	108.0	108.3
Aluminum Extrusions	245.5	309.5	344.3	375.5	360.1	374.2
Total net sales	857.4	930.7	923.0	866.3	799.2	811.6
Add back freight	24.8	28.6	28.8	29.8	29.1	30.4
Sales as shown in consolidated statements of income	\$882.2	\$959.3	\$951.8	\$896.1	\$828.3	\$842.0

- 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.

We also use 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, we express enterprise value as a multiple of Adjusted EBITDA. We 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 quarter of 2017 and the full years of 2016 and 2015 include adjustments of \$0.2 million, \$0.6 million and \$0.4 million, respectively, for accelerated depreciation associated with the consolidation of PE Films manufacturing facilities in North America. Adjusted EBITDA for Aluminum Extrusions in 2012 includes an adjustment of \$2.4 million for accelerated depreciation associated with the shutdown of its manufacturing facility in Kentland, IN. Accelerated depreciation associated with the shutdown of the Kentland manufacturing facility was excluded from operating profit from ongoing operations. This amount has therefore been subtracted from the amount of depreciation expense added back in calculating Adjusted EBITDA.

GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
2016				
Operating profit (loss) from ongoing operations	\$ 26.3	\$ 1.8	\$ 37.8	\$ 65.9
Add back depreciation & amortization	13.6	9.5	9.2	32.3
Less accelerated depreciation associated with plant consolidation	(0.6)			(0.6)
Adjusted EBITDA before corporate overhead	39.3	11.3	47.0	97.6
Corporate overhead	-	-	-	(28.9)
Adjusted EBITDA	\$ 39.3	\$ 11.3	\$ 47.0	\$ 68.7
2015				
Operating profit (loss) from ongoing operations	\$ 48.3	\$ 5.5	\$ 30.4	\$ 84.2
Add back depreciation & amortization	15.5	9.7	9.7	34.9
Less accelerated depreciation associated with plant shutdown	(0.4)	-	-	(0.4)
Adjusted EBITDA before corporate overhead	63.4	15.2	40.1	118.7
Corporate overhead	-	-	-	(28.6)
Adjusted EBITDA	\$ 63.4	\$ 15.2	\$ 40.1	\$ 90.1
2014				
Operating profit (loss) from ongoing operations	\$ 61.0	\$ (2.9)	\$ 25.7	\$ 83.8
Add back depreciation & amortization	21.4	9.3	9.9	40.6
Less accelerated depreciation associated with plant shutdown	-	-	-	-
Adjusted EBITDA before corporate overhead	82.4	6.4	35.6	124.4
Corporate overhead	-	-	-	(23.5)
Adjusted EBITDA	\$ 82.4	\$ 6.4	\$ 35.6	\$ 100.9
2013				
Operating profit (loss) from ongoing operations	\$ 61.9	\$ 9.1	\$ 18.3	\$ 89.3
Add back depreciation & amortization	25.6	9.7	9.2	44.5
Less accelerated depreciation associated with plant shutdown	-	-	-	-
Adjusted EBITDA before corporate overhead	87.5	18.8	27.5	133.8
Corporate overhead	-	-	-	(31.3)
Adjusted EBITDA	\$ 87.5	\$ 18.8	\$ 27.5	\$ 102.5
2012				
Operating profit (loss) from ongoing operations	\$ 50.8	\$ 19.2	\$ 9.0	\$ 79.0
Add back depreciation & amortization	29.0	10.2	10.0	49.2
Less accelerated depreciation associated with plant shutdown	-	-	(2.4)	(2.4)
Adjusted EBITDA before corporate overhead	79.8	29.4	16.6	125.8
Corporate overhead	-	-	-	(22.3)
Adjusted EBITDA	\$ 79.8	\$ 29.4	\$ 16.6	\$ 103.5

GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
Quarter Ended March 31, 2017				
Operating profit (loss) from ongoing operations	\$ 9.0	\$ (2.0)	\$ 9.8	\$ 16.9
Add back depreciation & amortization	3.5	2.6	2.8	8.9
Less accelerated depreciation associated with plant consolidation	(0.2)	-	-	(0.2)
Adjusted EBITDA before corporate overhead	12.3	0.6	12.7	25.6
Corporate overhead	-	-	-	(5.9)
Adjusted EBITDA	\$ 12.3	\$ 0.6	\$ 12.7	\$ 19.7
Net sales (b)	\$ 86.4	\$ 26.7	\$ 99.6	\$ 212.7
Adjusted EBITDA margin [(a) / (b)]	14.3%	2.3%	12.7%	12.0%
Capital expenditures (d)	\$ 4.3	\$ 0.5	\$ 8.0	\$ 12.7
Adjusted EBITDA less capital expenditures [(c) - (d)]	8.1	0.1	4.7	6.9
Quarter Ended March 31, 2016				
Operating profit (loss) from ongoing operations	\$ 10.2	\$ 2.0	\$ 7.5	\$ 19.7
Add back depreciation & amortization	3.4	2.2	2.3	7.9
Less accelerated depreciation associated with plant consolidation	(0.1)	-	-	(0.1)
Adjusted EBITDA before corporate overhead	13.5	4.2	9.8	27.5
Corporate overhead	-	-	-	(7.5)
Adjusted EBITDA	\$ 13.5	\$ 4.2	\$ 9.8	\$ 20.0
Net sales (b)	\$ 88.5	\$ 26.4	\$ 85.4	\$ 200.3
Adjusted EBITDA margin [(a) / (b)]	15.3%	15.9%	11.5%	13.7%
Capital expenditures (d)	\$ 6.3	\$ 0.7	\$ 0.9	\$ 7.9
Adjusted EBITDA less capital expenditures [(c) - (d)]	7.2	3.5	8.9	12.1
Last Twelve Months Ended March 31, 2017				
Operating profit (loss) from ongoing operations	\$ 25.1	\$ (2.2)	\$ 40.1	\$ 63.1
Add back depreciation & amortization	13.7	9.9	9.7	33.3
Less accelerated depreciation associated with plant consolidation	(0.7)	-	-	(0.7)
Adjusted EBITDA before corporate overhead (a)	38.1	7.7	49.9	95.7
Corporate overhead	-	-	-	(27.3)
Adjusted EBITDA (c)	\$ 38.1	\$ 7.7	\$ 49.9	\$ 68.4
Net sales (b)	\$ 329.1	\$ 108.3	\$ 374.3	\$ 811.7
Adjusted EBITDA margin [(a) / (b)]	11.6%	7.1%	13.3%	11.8%
Capital expenditures (d)	\$ 23.7	\$ 3.2	\$ 23.0	\$ 50.3
Adjusted EBITDA less capital expenditures [(c) - (d)]	14.4	4.5	26.9	18.1

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 Tredugar'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 Tredugar to gauge the operating performance of its ongoing operations. They are not intended to represent the stand-alone results for Tredugar'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 Tredugar's ongoing operations. A reconciliation is shown below:

(in millions, except per share data)

	2012	2013	2014	2015	2016	LTM Q1 2017
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 43.2	\$ 35.9	\$ 36.0	\$ (32.1)	\$ 24.5	\$ 20.9
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	3.2	0.9	2.0	3.0	3.1	3.1
(Gains) losses from sale of assets and other	(7.9)	0.5	(1.2)	17.7	(4.9)	(2.7)
Goodwill impairment charge	-	-	-	44.5	-	-
Net income from ongoing operations	\$ 38.5	\$ 37.3	\$ 36.8	\$ 33.1	\$ 22.7	\$ 21.3
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 1.34	\$ 1.10	\$ 1.11	\$ (0.99)	\$ 0.75	\$ 0.63
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.10	0.03	0.06	0.09	0.09	0.09
(Gains) losses from sale of assets and other	(0.24)	0.02	(0.04)	0.54	(0.15)	(0.09)
Goodwill impairment charge	-	-	-	1.37	-	-
Earnings per share from ongoing operations (diluted)	\$ 1.20	\$ 1.15	\$ 1.13	\$ 1.01	\$ 0.69	\$ 0.63

(in millions, except per share data)

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 7.3	\$ 3.4	\$ 12.0	\$ 1.7	\$ 3.7
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.7	0.9	1.1	0.5	0.6
(Gains) losses from sale of assets and other	(0.5)	0.1	(5.7)	1.2	1.7
Goodwill impairment charge	-	-	-	-	-
Net income from ongoing operations	\$ 7.5	\$ 4.4	\$ 7.4	\$ 3.4	\$ 6.0
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.22	\$ 0.10	\$ 0.37	\$ 0.05	\$ 0.11
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.02	0.03	0.03	0.01	0.02
(Gains) losses from sale of assets and other	(0.01)	-	(0.18)	0.04	0.05
Goodwill impairment charge	-	-	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.23	\$ 0.13	\$ 0.22	\$ 0.10	\$ 0.18

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)	March 31, 2017
Debt	\$ 193.0
Less: Cash and cash equivalents	(28.9)
Net debt	<u>\$ 164.1</u>

5. Net debt-to-capitalization is a non-GAAP financial measure that is used by management in evaluating financial leverage and equity valuation. The calculation is Net Debt divided by Total Capitalization. A reconciliation of net debt-to-capitalization is shown below :

(In millions except percentages)	March 31, 2017
Net debt (see note 4) (a)	\$ 164.1
Shareholders' equity (b)	318.8
Net debt-to-capitalization [(a) / (a+b)]	<u>34.0%</u>

GAAP to Non-GAAP Reconciliations

Notes (continued):

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

Operating profit (loss): (in thousands)	2012	2013	2014	2015	2016	Q1 2016	Q1 2017
PE Films:							
Ongoing operations	\$ 50,814	\$ 61,866	\$ 60,971	\$ 48,275	\$ 26,312	\$ 10,235	\$ 9,031
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	1,011	(671)	(12,238)	(4,180)	(4,602)	(1,135)	(2,068)
Flexible Packaging Films:							
Ongoing operations	19,136	9,100	(2,917)	5,453	1,774	2,032	(1,998)
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(1,120)	-	(589)	(185)	(214)	-	-
Goodwill impairment charge				(44,465)			
Aluminum Extrusions:							
Ongoing operations	9,037	18,291	25,664	30,432	37,794	7,499	9,829
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(5,427)	(2,748)	(976)	(708)	(741)	(7)	(4,341)
Total	73,451	85,838	69,915	34,622	60,323	18,624	10,453
Interest income	418	594	588	294	261	37	74
Interest expense	3,590	2,870	2,713	3,502	3,806	1,085	1,180
Gain on sale of investment property	-	-	1,208				
Unrealized loss on investment property	-	(1,018)	-		(1,032)		
Gain (loss) from an investment accounted for under the fair value method	16,100	3,400	2,000	(20,500)	1,600	800	3,300
Stock option-based compensation costs	1,432	1,155	1,272	483	56	(37)	3
Corporate expenses, net	23,443	31,857	24,310	33,638	29,607	7,916	6,523
Income (loss) from continuing operations before income taxes	61,504	52,932	45,416	(23,207)	27,683	10,497	6,121
Income taxes	18,319	16,995	9,387	8,928	3,217	3,216	2,418
Income (loss) from continuing operations	43,185	35,937	36,029	(32,135)	24,466	7,281	3,703
Income (loss) from discontinued operations, net of tax	(14,934)	(13,990)	850	-	-	-	-
Net income (loss)	\$ 28,251	\$ 21,947	\$ 36,879	\$ (32,135)	\$ 24,466	\$ 7,281	\$ 3,703

GAAP to Non-GAAP Reconciliations

Notes (continued):

7. Sales volumes in 2016 and Q1 2017 declined as a result of the wind down of shipments for certain personal care materials due to various known product transitions and business lost, primarily with PE Films' largest customer. In addition, efforts to consolidate domestic manufacturing facilities commenced in the third quarter of 2015. This restructuring project is not expected to be completed until the second half of 2017, and once complete, annual pre-tax cash cost savings are expected to be \$5-6 million. The tables below summarize the pro forma sales volume, net sales and operating profit from ongoing operations for the quarters ended March 31, 2017 and 2016, the year ended December 31, 2016 and the twelve month period ended March 31, 2017 had the impact of these events noted above been fully realized:

	Quarter Ended		Year Ended	LTM
	March 31,	March 31,	December 31,	March 31,
	2017	2016	2016	2017
Volume (lbs)	35,056	37,886	139,020	136,190
Volume associated with known product transitions & other losses (lbs)	214	1,348	2,440	1,306
Pro forma volume (lbs)	34,842	36,538	136,580	134,884
Net Sales	\$ 86,411	\$ 88,481	\$ 331,146	\$ 329,076
Net sales associated with known product transitions & other losses	868	4,728	8,892	5,032
Pro forma net sales	\$ 85,543	\$ 83,753	\$ 322,254	\$ 324,044
Operating profit from ongoing operations, as reported	\$ 9,031	\$ 10,235	\$ 26,312	\$ 25,108
Contributions to operating profit from ongoing operations associated with known product transitions & other losses before restructurings & fixed cost reduction	257	1,543	2,995	1,709
Operating profit from ongoing operations, net of the impact of business that will be fully eliminated in future periods	8,774	8,692	23,317	23,399
Estimated future benefit of North American facility consolidation	1,300	1,300	5,200	5,200
Pro forma estimated operating profit from ongoing operations	\$ 10,074	\$ 9,992	\$ 28,517	\$ 28,599
Add: Depreciation & amortization expense*	3,334	3,319	13,037	13,052
Less: Depreciation & amortization associated with future benefit of North American facility consolidation	(229)	(410)	(1,373)	(1,192)
Pro forma Adjusted EBITDA	\$ 13,179	\$ 12,901	\$ 40,181	\$ 40,459

*Excludes accelerated depreciation recorded in Maverick restructuring