



Engineering What's Next
in Outdoor Living®



INVESTOR PRESENTATION

NYSE:TREX

February 2021



SAFE HARBOR / NON-GAAP MEASURES

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are subject to risks and uncertainties that could cause the Company’s actual operating results to differ materially from those contemplated by the forward-looking statements. For further information on risk factors affecting the Company’s business, please refer to our most recent annual and quarterly reports filed with the U.S. Securities and Exchange Commission. The Company expressly disclaims any obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation refers to certain financial measures not prepared in accordance with U.S. generally accepted accounting principles (GAAP), including adjusted net sales, adjusted gross margin, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted operating income, adjusted diluted earnings per share (EPS), free cash flow, and net debt. We believe that the use of non-GAAP measures helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the Company’s performance, especially when comparing such results to previous periods or forecasts. The non-GAAP measures included in this presentation are not meant to be considered superior to or a substitute for our GAAP results. Reconciliations of the non-GAAP measures to the most directly comparable GAAP measures are available in the appendix to this presentation.





25 YEARS AND COUNTING OF LEADERSHIP

Engineering what's next in Outdoor Living®

- Full suite of Outdoor Living products
- Strongest industry recognition and awards from home builders, consumers and contractors
- Sustainable product innovation is in our DNA

Driving conversion from wood

- New products for incremental consumers and fueling the DIY spirit
- Trex.com and Decks.com command nearly 70% of category web traffic

Leading distributor and dealer network

- Strongest distribution channel in the industry
- Over 6700 stocking locations

Strong environmental credentials

- Decking made from 95% recycled and reclaimed materials
- Creates a circular economy solution for LDPE waste film
- 42% lower climate impact than pressure-treated wood

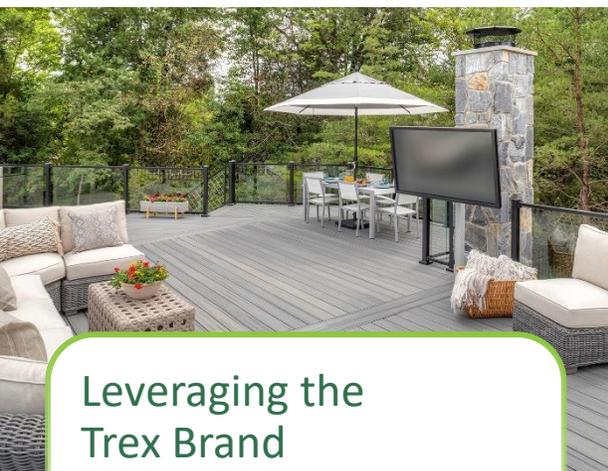
#1 Consumer Awareness
Consumer Search
Website Traffic
Social Media
Sales
Market Share





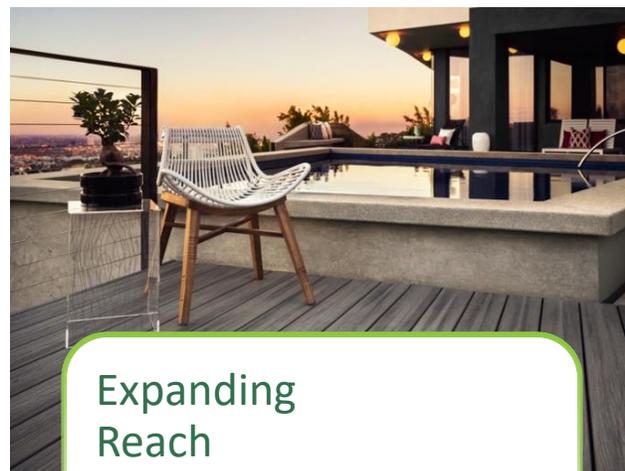
TREX COMPANY STRATEGIC GROWTH DRIVERS

Disciplined investment strategies driving consistent profitable growth



Leveraging the Trex Brand

- › Consumer engagement
- › Channel presence
- › Licensing
- › Wood conversion



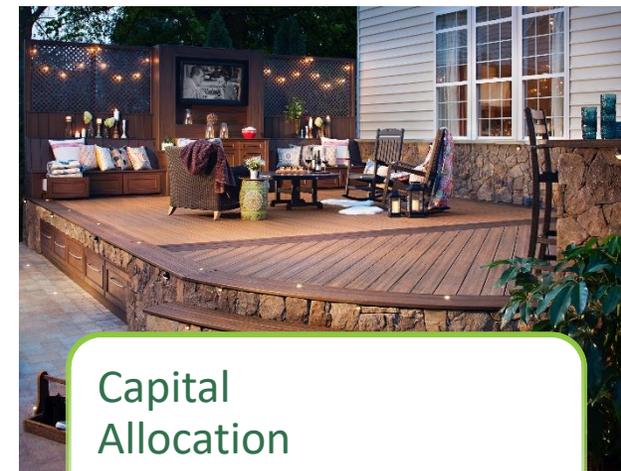
Expanding Reach

- › Unparalleled distribution network
- › Contractor
- › DIY
- › Geographic
- › Trex Commercial Products



Optimizing Operations

- › Unique recycling business model
- › Vertical integration
- › Cost reduction
- › Consistent improvement in manufacturing throughput



Capital Allocation

- › Reinvesting in the business
- › Capacity expansion
- › Share repurchases
- › M&A opportunities & integration

CAPACITY EXPANSION MILESTONE

Startup of new Virginia production facility

- 200,000 square foot facility dedicated to producing Trex decking
- Proprietary technology focused on quality and energy-efficient systems
- Full production capability in 1H'21

\$200 million capital expansion

- Investments at both Virginia and Nevada sites
- Production capacity increase of 70%
- Adding approximately 350 new jobs

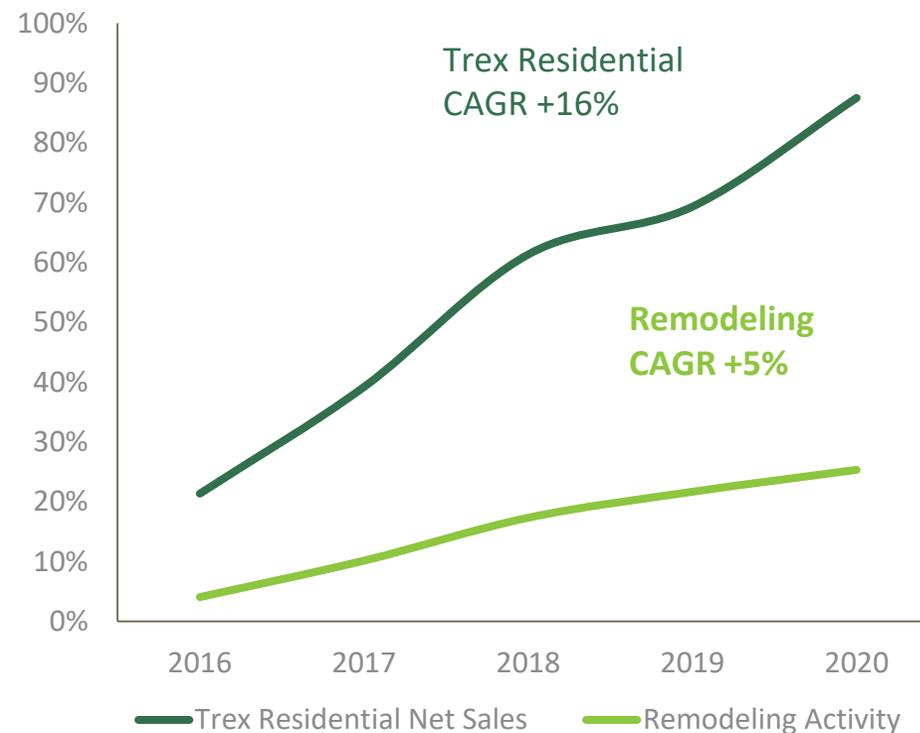




RESIDENTIAL MARKET OPPORTUNITY

Growing desire for unique outdoor living spaces	Alternative materials to wood decking are projected to experience above average annual gains in demand ⁽¹⁾ Core market size: \$6 billion ⁽³⁾ and growing
Outdoor living remains a leading home improvement market segment	Exterior property improvements capture 38% of home improvement spending
Increasing conversion from wood to composites	1% market share gain from wood > \$50M annual composite sales
Residential cumulative sales growth	Significantly outpaced gains in remodeling activity

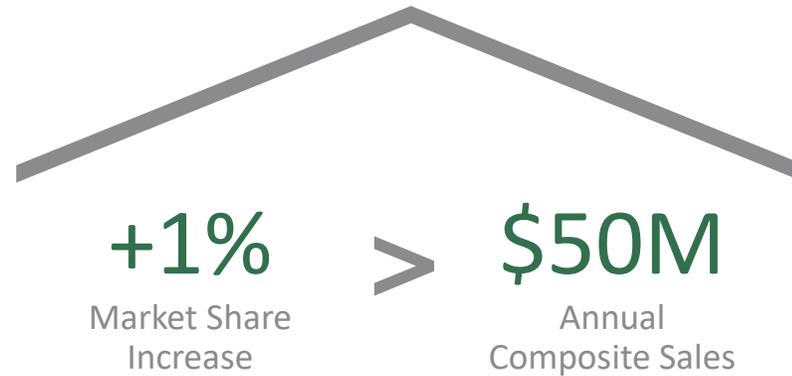
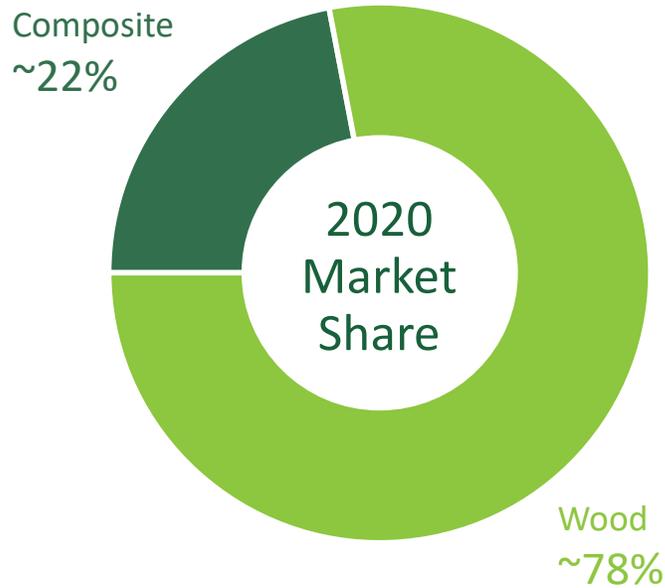
Cumulative Trex Residential Net Sales⁽²⁾ and Remodeling Activity⁽³⁾ Growth



(1) Principia report on wood and competitive decking
(2) Residential adjusted sales
(3) Joint Center for Housing Studies (US Residential)



WOOD IS OUR #1 COMPETITOR



Trex Outperforms Wood

Our high-performance composite deck boards are engineered to resist fading, scratches and stains, and eliminate time-consuming maintenance so you'll never step foot in the stain aisle again.



Unlike wood, Trex composite decking won't:

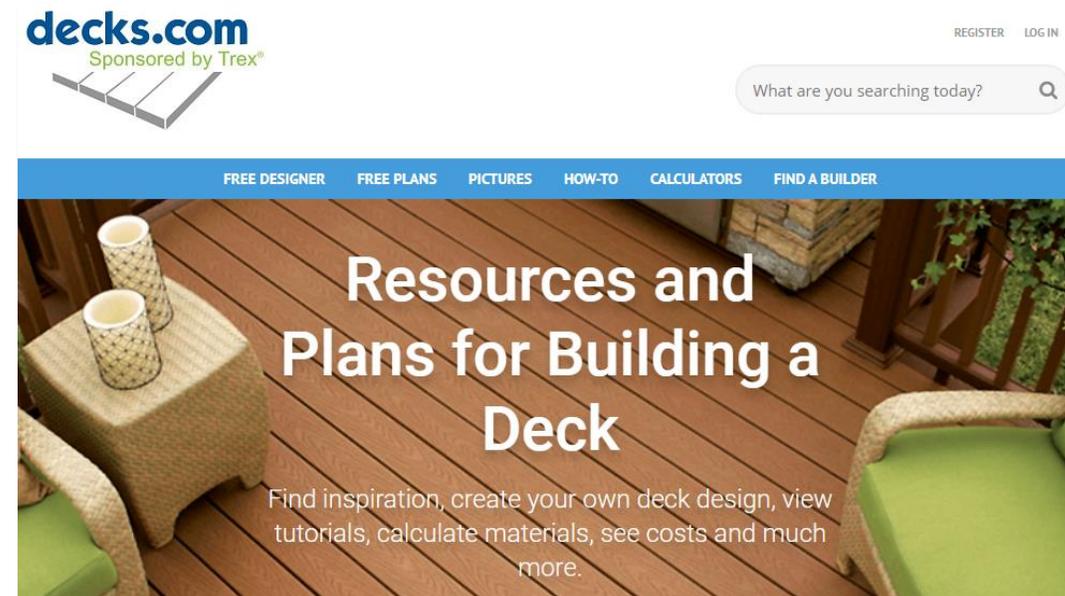
- ROT, WARP OR SPLINTER
- NEED SEASONAL PAINTING, SEALING OR STAINING
- FADE OR STAIN
- BECOME FOOD FOR TERMITES



NEW PRODUCTS, NEW CONSUMERS

Do-It-Yourself Consumers

- Incremental focus for Trex
- ~60% of deck market
- Practical, thrifty
- Decisions driven by price & maintenance
- Products available in Pro & Retail Channels
- Lightweight boards for easy installation
- Leverage decks.com to reach new consumers



Trex Enhance[®]

BASICS



- Trex quality, new lower price point
– \$1.75/LF (2x price of wood)
- Designed to accelerate conversion from wood

Trex Enhance[®]

NATURALS



- Tropical looks, attractively priced
– \$2.50/LF
- Trade-up opportunity from “Basic” wood buyers



2021 DECKING PRODUCT PLATFORM

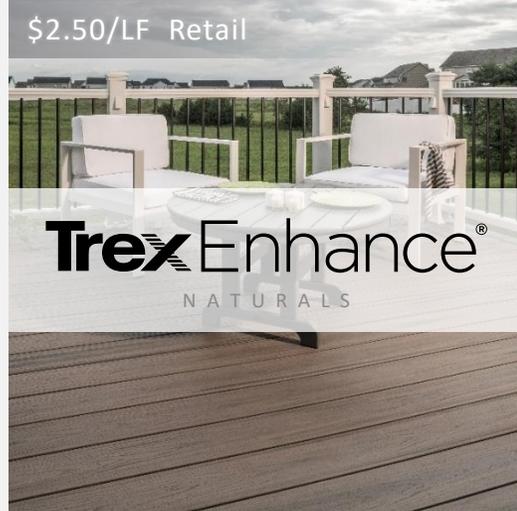
\$1.75/LF Retail



Priced to take share from treated lumber

Low-cost tier
We've engineered cost out of the equation

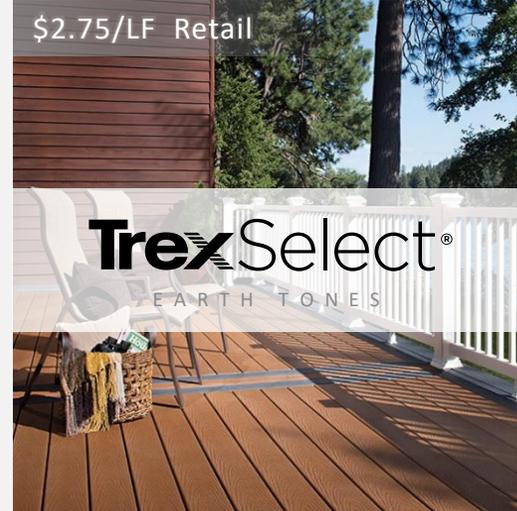
\$2.50/LF Retail



The beauty of wood with the ease of composite

Middle tier
(wood trade-up opportunity)

\$2.75/LF Retail



The perfect pairing of price and minimal maintenance

\$4.50/LF Retail



Elevated aesthetics paired with the highest level of performance

Premium tier
(wood trade-up opportunity)



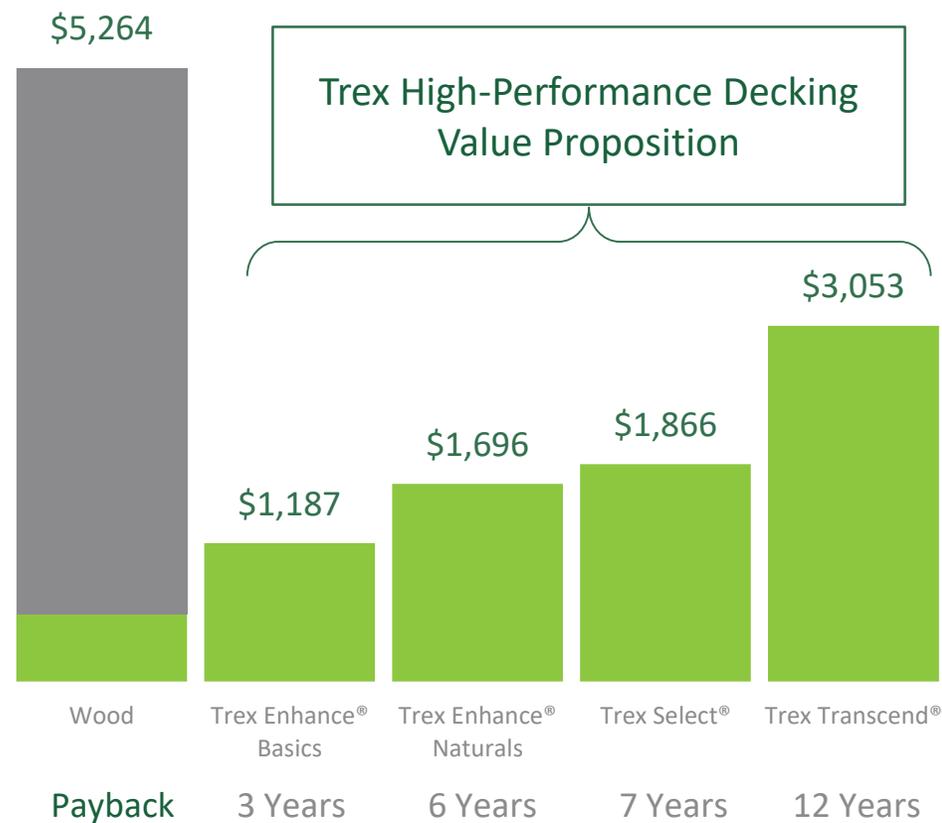
TREX: A SUPERIOR VALUE

Trex Decking vs. Wood



Estimated Decking Cost for a 16' x 20' (or 30 m²) deck. Installation costs for 16' x 20' deck estimated at \$10,200. Based on Company findings.

Attractive Lifetime Economics



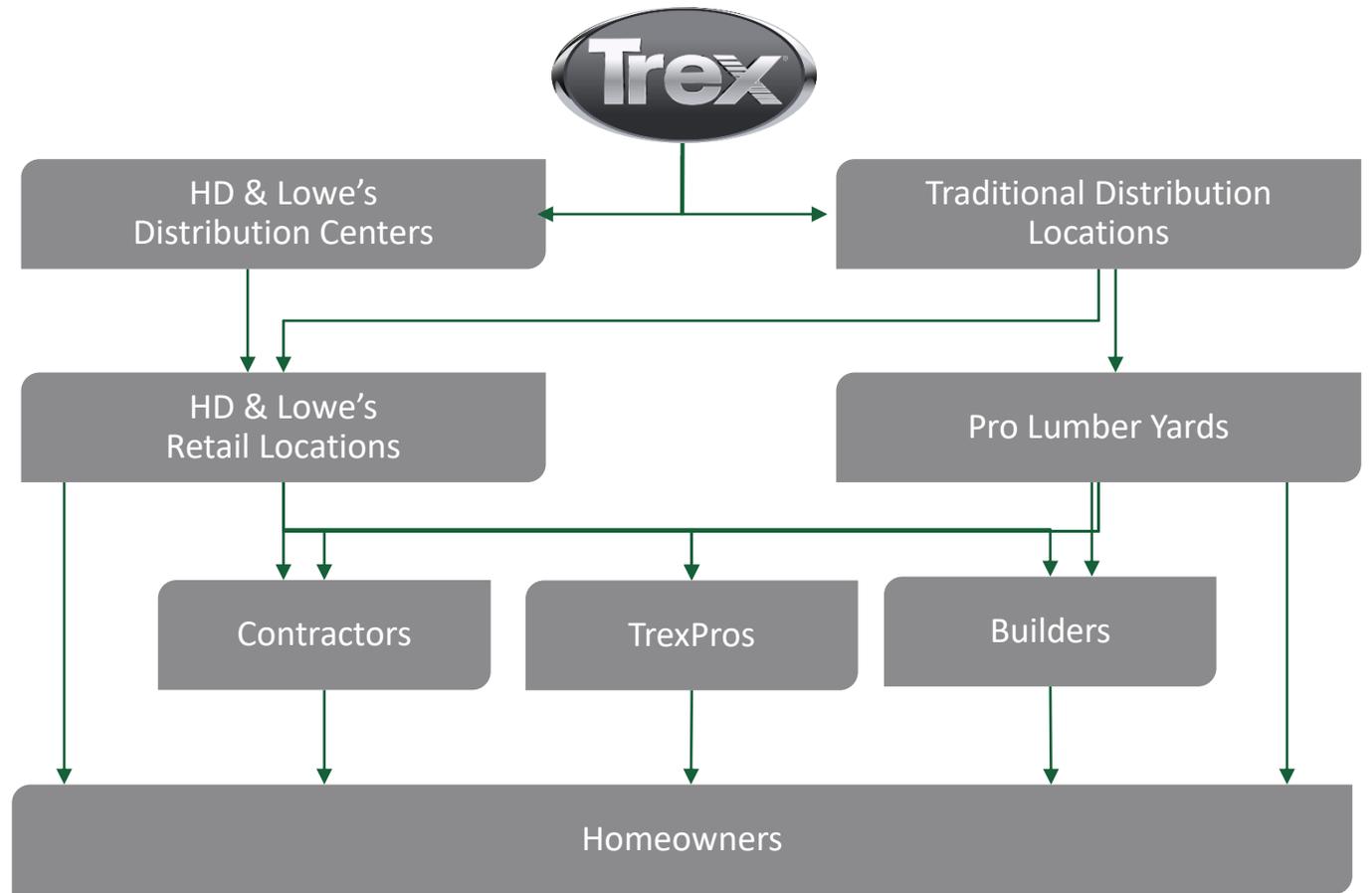
Estimated Decking Costs and Maintenance Material Costs for a 16' x 20' (or 30 m²) deck over 25 years.



INDUSTRY LEADING REACH

- Over 6,700 stocking locations
- Strongest distribution channel in industry
- Well-positioned to take on wood nationally

Distribution Partner Locations





FULL SUITE OF OUTDOOR LIVING PRODUCTS



Trex Protect™

Trex LatticeWorks™

Trex Spiral Stairs™

Trex Cornhole™

Trex Blade™
APPROVED COMPOSITE DECKING BLADE

Trex Glass

Trex Fencing

THE SUN NEVER SETS ON A TREX DECK

- Targeted approach to new international markets
- Establish distributors in key markets
- Roll-outs in markets with higher GDP, personal income and desire for outdoor living solutions
- Apply Trex marketing capabilities to key target market opportunities
 - TV advertising, online ads, and paid search
 - Develop TrexPro network
- New products offer competitive value proposition against other composites and wood
- Building global brand recognition





TREX COMMERCIAL PRODUCTS

- Enhances Trex presence in the Commercial Railing Market
 - Core market size \$1 billion
- Market Leader in Stadium Railing
 - Soccer Stadium presence
 - Ascent® product awarded Best New Product by Glass Magazine
- Diversifies Trex into growing commercial and multi-family markets
- Leverages relationships with developers, architects and contractors to grow market in less complex environments
 - Provides access to the specifier, architect and construction contract markets
- Offers Trex synergy and growth opportunities
 - Three railing lines to date have been engineered by Commercial Products and commercialized by Residential Products
 - Railing line co-developed – manufactured by Residential Products and marketed by Commercial Products



Major Projects



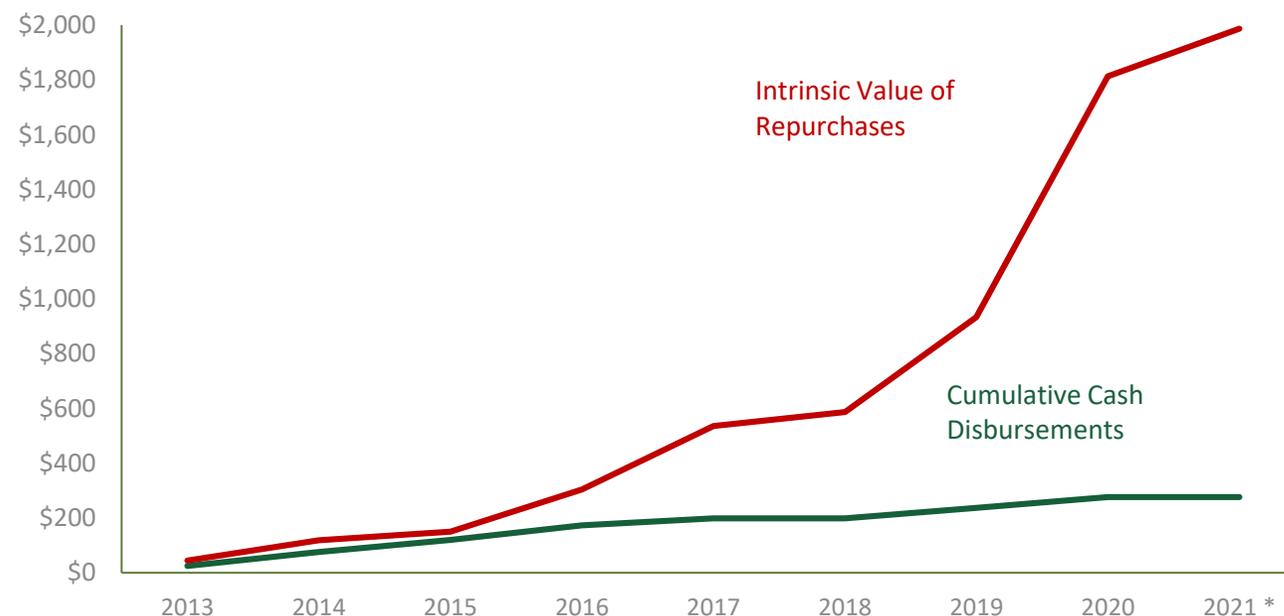


CAPITAL ALLOCATION STRATEGY

Putting Free Cash Flow to work through Investment in Core Business and Strategic Opportunities

- \$297M capital expenditures since 2016
- Current projects include \$200M capacity expansion program to meet higher demand levels
- 260 bps consolidated EBITDA margin expansion since 2016
- \$348M in investments since 2013 funded from free cash flow
 - \$276M in share repurchases
 - \$72M for SC Company acquisition
- 8.8M remaining share repurchases authorized

**\$1.7 Billion Intrinsic Gain from
\$276 Million Share Repurchases Since 2013**

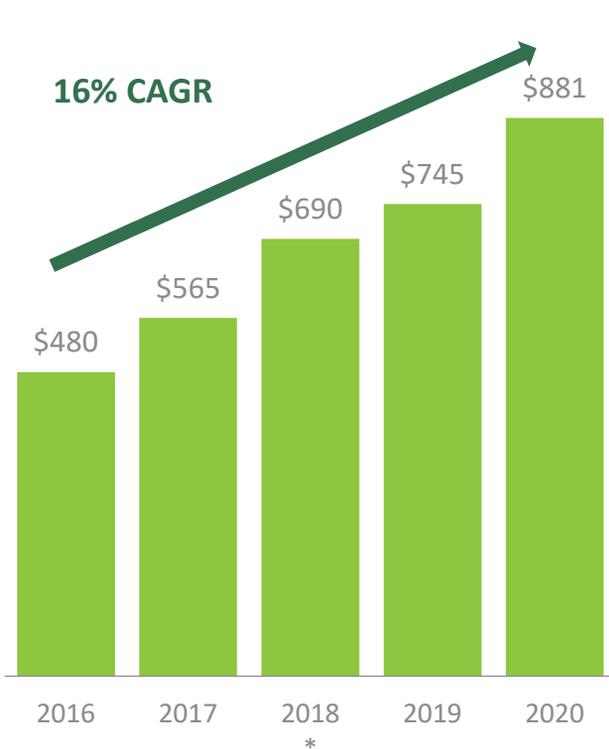


* 2021 based on 1/29/21 closing. All other dates based on 12/31 close.



SOLID LONG-TERM RESULTS

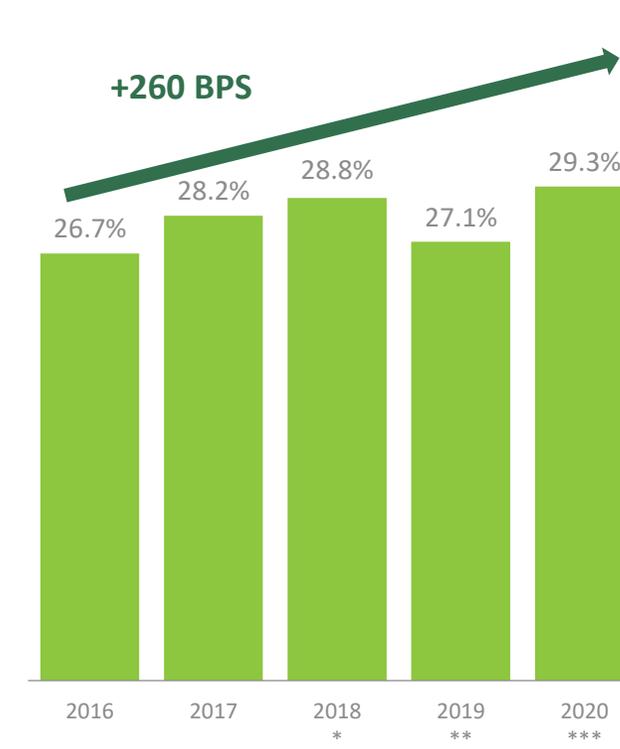
Consolidated Adjusted Sales
(\$Ms)



Consolidated Adjusted EBITDA
(\$Ms)



Consolidated Adjusted
EBITDA Margin



* 2018 results exclude \$6M non-recurring Sales charge
** 2019 results include \$16M of startup and other costs related to new Enhance product launch
*** 2020 results exclude \$6.5M legacy surface flaking charge

LEADERSHIP & RECOGNITION



Trex was ranked #57 in Fortune magazine's list of **100 Fastest Growing Companies in 2020**, marking the company's debut in that lineup.



Trex was named to the Forbes 2021 America's Best Mid-size Companies list, capturing the 12th spot on the list.



For the 13th consecutive year, in 2020 Trex earned the top spot across three key performance areas for the composite/PVC decking category including "brand familiarity," "brand used the most" and "brand used in the past two years."



For the tenth consecutive year, in 2020 Trex was selected as the "greenest decking," receiving nearly three times as many votes as the closest competitor.



Trex ranked #1 in all four key performance areas: "brand familiarity," "brand used the most", "brand used in the past two years" and "quality."



Trex Enhance[®], Trex CustomCurve[®] and Trex RainEscape[®] were among the **2019 Remodelers' Choice 100**, representing the products that drove the most reader inquiries over the course of a year (April 2018-March 2019).



Trex was recognized by Green Builder as a **2019 Eco-Leader in the Building Industry**. Trex was selected by the Green Builder editorial team in recognition of its ongoing company-wide commitment to sustainability.



Trex was honored with the **2020 Sustainability Leadership Award** by the Business Intelligence Group, for ongoing commitment to sustainability, via manufacturing process, commercial and community recycling programs, and measurable impact.

ESG - ENVIRONMENTAL

Sustainability

is built-in to our products, and we continually seek ways to strengthen our ESG performance

Product Life-Cycle Footprint



A Product Life-Cycle Assessment found that Trex decking has significant environmental advantages over our main competitor - ACQ treated lumber. The comparison is made on a like for like basis (per million board feet)

42%

LESS CLIMATE IMPACT

90%

LESS WATER EUTROPHICATION IMPACT

86%

LESS ACIDIFICATION IMPACT

Environmental Stewardship

ENERGY EFFICIENCY

~8% energy savings from 2017 to 2019 despite production increase

PROCESS WASTE RECYCLING

~100% production scrap recycled internally

WATER CONSERVATION

~99% Water saved annually with closed-loop cooling systems across our manufacturing network

CLEAN AIR TECHNOLOGIES

In 2019 our Virginia facility achieved a 30% facility-wide drop in state regulated air emissions





ESG - SOCIAL

Investing in Our People

GENEROUS BENEFITS

Health care wellness programs, generous 401(k) match, employee stock purchase program, incentives to encourage employee retention and engagement

DIVERSITY, EQUITY AND INCLUSION

Diversity, equity and inclusion enriches our organization and contributes to our long-term value creation. Engaged in diversity, equity and inclusion training. Implementing approaches to foster diversity, equity and inclusion.

TRAINING AND DEVELOPMENT

Over 1,600 person hours of training, 100% tuition reimbursement, internship program, maintenance technical trainee development programs

22%

WOMEN IN
WORKFORCE

22%

WOMEN IN
MANAGEMENT

22%

WOMEN ON
BOARD OF
DIRECTORS

Community Engagement

RECYCLING PROGRAMS

- > More than 750 communities and schools participate in our recycling programs
- > Our programs educate young people, their parents and communities about recycling
- > Connects us to churches, schools and community organizations who collect LDPE packaging waste for Trex
- > From 2011 to 2019 over 2 million pounds of polyethylene waste was diverted from landfills
- > In return we make Trex product donations to schools and community organizations

LOCAL COMMUNITY INVESTMENT

- > Record breaking United Way campaign
- > Feeding America
- > City of Winchester and the Museum of the Shenandoah Valley
- > Yellow Ribbon Fund

\$1.7 Million

COMMUNITY INVESTMENT BY TREX
AND ITS EMPLOYEES OVER THE
LAST SIX YEARS



ESG - GOVERNANCE

Board of Directors

STRONG BLEND OF STABILITY, EXPERIENCE AND DIVERSE PERSPECTIVES

- › Separate CEO and Chairman
- › Seven current or former Chief Executive Officers
- › 22% female directors and a female Lead Independent Director
- › Seven independent directors
- › Four board members with experience serving on other public company boards

Executive Compensation

THE CORE PRINCIPLES OF THE COMPANY'S EXECUTIVE COMPENSATION PROGRAM

- › Pay competitively
- › Pay-for-performance
- › Utilize a Total Compensation Perspective
- › Create an ownership culture - align executive officers' interests with those of our stockholders
- › Improved financial performance

Directors and Officers Hold Significantly More Than Their Required Minimum Stock Holdings

	Executive Officers	Directors
Required Shares	62,014	32,082
Shares Owned and Held	260,163	106,022
Multiple of Requirement Held	4.20	3.30



RESPONSE TO COVID-19

Protecting Our Colleagues

Prioritizing health and safety

Physical distancing at all facilities

New sanitary procedures

Remote working

Supporting Our Channels/Customers

All facilities fully operational

Open communication with distributors and dealers

Proceeding with capacity expansion plans

Helping Our Communities

Monetary donations both locally and nationally

Supporting local hospitals through production of face shields

Optimizing Our Business

Implementing business continuity plans

Protecting against short-term supply chain disruptions

Focus on operational excellence



INVESTMENT SUMMARY

Addresses one of the fastest growing markets for attractively-designed, customized outdoor living spaces

- › **Brand Leader** in the industry
- › **Consistent Market Share Gains** against wood and within the composite industry
- › **National Footprint**
- › **Invested over \$200M in Capacity Expansion** to support growth

Continuous engineering and manufacturing improvements drive significant operating leverage

- › **Low-cost Manufacturer**; targeted investments to improve line throughput
- › **Cost Reduction Initiatives** are driving savings
- › **Sustainability** built into the business; “Greenest” decking manufacturer
- › **Recycling** – a strategic and cost advantage

Focus on new product development

- › **Expand Offering** of eco-friendly decking and railing products for a breadth of audiences, leverage commercial segment to develop products for the consumer market, and continually drive cost savings from other synergies
- › **New Products** tailored to reach new consumer segments

Strong Balance Sheet and Cash Generation

- › Invest in Internal Growth and Profit Improvement opportunities
- › **Return Capital** to Shareholders
- › Fund future **Acquisitions**





Engineering What's Next
in Outdoor Living®

APPENDIX





SUMMARY FINANCIALS

\$ Millions	2016	2017	2018	2019	2020
Adjusted Sales	\$480	\$565	\$690	\$745	\$881
Adjusted Gross Profit	\$197	\$243	\$301	\$307	\$366
<i>Adjusted Gross Margin %</i>	<i>41.1%</i>	<i>43.1%</i>	<i>43.6%</i>	<i>41.1%</i>	<i>41.5%</i>
Adjusted SG&A	\$83	\$101	\$118	\$118	\$126
<i>% of Net Sales</i>	<i>17%</i>	<i>18%</i>	<i>17%</i>	<i>16%</i>	<i>14%</i>
Adjusted Oper Income	\$114	\$142	\$183	\$188	\$240
<i>% of Net Sales</i>	<i>24%</i>	<i>25%</i>	<i>26%</i>	<i>25%</i>	<i>27%</i>
Depreciation	\$14	\$17	\$16	\$14	\$18
Adjusted EBITDA	\$128	\$159	\$199	\$202	\$258
<i>% of Net Sales</i>	<i>27%</i>	<i>28%</i>	<i>29%</i>	<i>27%</i>	<i>29%</i>
Free Cash Flow	\$75	\$87	\$104	\$89	\$17
Net Debt	-\$19	-\$31	-\$106	-\$149	-\$122
Adjusted ROIC	73.3%	67.5%	62.6%	52.5%	46.9%



NON-GAAP RECONCILIATIONS

<u>\$ Millions</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
GAAP Sales	\$480	\$565	\$684	\$745	\$881
2018 Net Sales charge for product repositioning			\$6		
Adjusted Sales	\$480	\$565	\$690	\$745	\$881
GAAP Gross Profit	\$187	\$243	\$295	\$307	\$359
Legacy product warranty reserve for Nevada production prior to 2007	\$10				\$6
2018 Net Sales charge for product repositioning			\$6		
Adjusted Gross Profit	\$197	\$243	\$301	\$307	\$366
<i>Adjusted Gross Margin</i>	<i>41.1%</i>	<i>43.1%</i>	<i>43.6%</i>	<i>41.1%</i>	<i>41.5%</i>
GAAP Operating Income	\$104	\$142	\$177	\$188	\$234
Legacy product warranty reserve for Nevada production prior to 2007	\$10				\$6
2018 Net Sales charge for product repositioning			\$6		
Adjusted Operating Income	\$114	\$142	\$183	\$188	\$240
GAAP Net Income	\$68	\$95	\$135	\$145	\$176
GAAP Income Tax	\$35	\$47	\$42	\$45	\$59
GAAP Net Interest	\$1	\$0	-\$0	-\$2	-\$1
GAAP Depreciation/Amortization	\$14	\$17	\$17	\$14	\$18
Legacy product warranty reserve for Nevada production prior to 2007	\$10				\$6
2018 Net Sales charge for product repositioning			\$6		
Adjusted EBITDA	\$128	\$159	\$199	\$202	\$258
GAAP Operating Cash Flows	\$85	\$102	\$138	\$156	\$187
GAAP Investing Cash Flows	-\$10	-\$87	-\$34	-\$67	-\$171
Add back Acquisitions		\$72			
Free Cash Flow	\$75	\$87	\$104	\$89	\$17
GAAP Debt	\$0	\$0	\$0	\$0	\$0
Less: GAAP Cash	-\$19	-\$31	-\$106	-\$149	-\$122
Net Debt	-\$19	-\$31	-\$106	-\$149	-\$122
GAAP Diluted EPS *	\$0.57	\$0.81	\$1.15	\$1.23	\$1.51
Impact of Adjustments to OI (net of tax)	\$0.05	\$0.00	\$0.03	\$0.00	\$0.04
Adjusted Diluted EPS *	\$0.63	\$0.81	\$1.18	\$1.23	\$1.55

* Prior Period EPS and Adjusted EPS restated for impact of June 18, 2018 and September 15, 2020 2-for-1 stock splits.



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Trex Company, Inc.

NYSE: TREX

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