



# 2017 Second-Quarter Financial Results

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August 1, 2017

# 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, 2016, as amended, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 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](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



## 2017 Second Quarter and Year-to-Date Financial Results

(in millions, except per share data)

	2Q 2017	2Q 2016	YTD 2017	YTD 2016
Net Sales <sup>1</sup>	\$239.4	\$201.5	\$452.2	\$401.8
Net Income from Ongoing Operations <sup>2</sup>	\$8.3	\$4.4	\$14.3	\$11.9
Diluted EPS from Ongoing Operations <sup>2</sup>	\$.25	\$.13	\$.43	\$.37

<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.

John Gottwald, Tredegar's president and chief executive officer, said, "Earnings per share from ongoing operations in the second quarter were 12 cents higher than 2016 largely due to strong performance from our surface protection component of our polyethylene films segment, driven by an improvement in the flat panel display market. We're still cautious about surface protection's future prospects given the previously disclosed risk of possible customer product transitions to less costly alternative processes or materials."

Mr. Gottwald further stated, "Our aluminum extrusions business showed profit improvement due to the acquisition of Futura earlier this year, somewhat offset by lower profits in the legacy Bonnell business. Terphane continues to struggle with profitability as a result of industry excess capacity, particularly in Latin America."

Drew Edwards, Tredegar's chief financial officer, further commented on second quarter 2017 results, "We had several significant special income items impacting our results reported under U.S. GAAP. Based on recent favorable results and projections, our approximately 20% ownership interest in kaléo, which is accounted for under the fair value method, was written up during the quarter by \$21.5 million or 47 cents per share after taxes. kaléo's stock is not publicly traded. The valuation estimate in this situation is more of an art than a science and, while performed in good faith, is based on projection assumptions that have a wide range of possible outcomes. Ultimately, the true value of our ownership interest in kaléo will be determined if and when a liquidity event occurs."

Mr. Edwards continued, "Our U.S. GAAP earnings for the quarter also include two other significant non-operating income items. We recognized a gain of \$11.9 million or 36 cents per share after taxes from the settlement of an outstanding escrow arrangement. In addition, following established tax law, we recorded a tax benefit of \$8.1 million or 25 cents per share associated with an ordinary tax loss from the write-off of the tax basis of the stock of one of our U.S. subsidiaries."

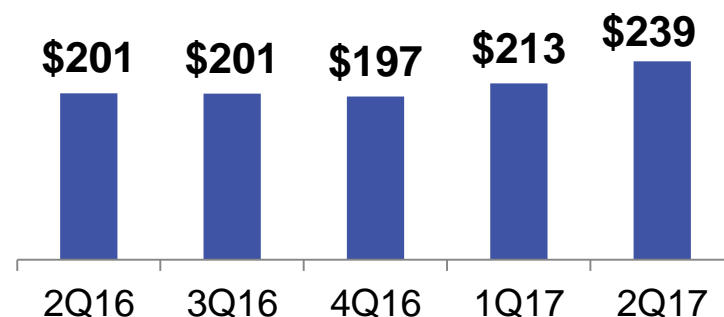
# Tredegar Corporation

## Second Quarter 2017 Net Sales and Net Income

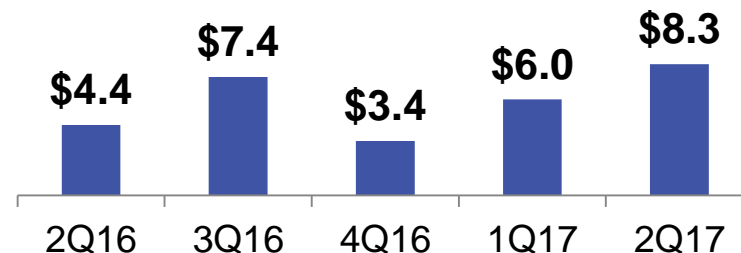
### Financial Highlights

- Combined segment operating profit from ongoing operations<sup>3</sup> of \$22.1M in second quarter of 2017:
  - PE Films operating profit of \$10.7M; up \$6.4M Y-O-Y and up \$1.7M sequentially
  - Flexible Packaging (Terphane) operating loss of \$0.3M; a favorable change of \$0.6M Y-O-Y and \$1.7M sequentially
  - Bonnell Aluminum operating profit of \$11.8M; up \$0.9M Y-O-Y and \$2.0M sequentially, including operating profit of \$2.8M contributed by Futura (acquired 2/15/2017)
- Pension expense for full-year is projected to be \$10.4M, which is \$0.5M favorable to prior year (minimum cash contribution of \$6M for year expected)

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



**Net Income from Ongoing Operations<sup>2</sup>**  
(\$ in millions)



<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.

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

## 2017 Second Quarter and Year-to-Date Results

### Second Quarter Performance

(in millions)	2Q 17	2Q 16	▲
Volume (lbs.)	34.2	34.6	(1)%
Net Sales <sup>1</sup>	\$89.6	\$80.8	11%
Operating Profit <sup>2</sup>	\$10.7	\$4.3	149%
Adj. EBITDA <sup>3</sup>	\$14.1	\$7.4	91%

### Year-to-Date Performance

(in millions)	2017	2016	▲
Volume (lbs.)	69.2	72.5	(5)%
Net Sales <sup>1</sup>	\$176.1	\$169.3	4%
Operating Profit <sup>2</sup>	\$19.7	\$14.6	35%
Adj. EBITDA <sup>3</sup>	\$26.5	\$21.0	26%

### Financial Highlights: 2Q17 vs 2Q16

- Higher operating profit for second quarter versus last year primarily as a result of:
  - Higher contribution from surface protection films (\$5.5M) due to higher volume, favorable sales mix and production efficiencies
  - Higher contribution from personal care films (\$1.8M), primarily due to higher volume in elastics and ADLs, partially offset by lost business and product transitions
  - Higher selling and general expenses (\$1.2M), primarily associated with hiring and employee incentive costs

### Other Highlights

- North American facility consolidation is expected to be completed in the fourth quarter of 2017 (see *Management Discussion in Form 10-Q, starting on pg. 24, 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 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 \$26M 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

<sup>1</sup> 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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# Flexible Packaging Films (Terphane)

## 2017 Second Quarter and Year-to-Date Results

### Second Quarter Performance

(in millions)	2Q 17	2Q 16	▲
Volume (lbs.)	22.0	22.4	(2)%
Net Sales <sup>1</sup>	\$26.6	\$27.2	(2)%
Operating Profit <sup>2</sup>	\$(0.3)	\$(0.9)	67%
Adj. EBITDA <sup>3</sup>	\$2.3	\$1.4	64%

### Financial Highlights: 2Q17 vs. 2Q16

- Net sales in 2Q 2017 decreased vs. 2Q 2016 due to lower volume and lower prices in a competitive market
- Higher operating profit in second quarter versus last year primarily as a result:
  - Foreign currency transaction gains of \$0.2M in 2Q17 versus losses of \$(1.6)M in 2Q16
  - Unfavorable lag in resin pass-through of \$1.0M in 2Q17 versus favorable lag of \$0.2M in 2Q16

### Year-to-Date Performance

(in millions)	2017	2016	▲
Volume (lbs.)	44.0	43.0	2%
Net Sales <sup>1</sup>	\$53.3	\$53.6	(1)%
Operating Profit <sup>2</sup>	\$(2.3)	\$1.1	NA
Adj. EBITDA <sup>3</sup>	\$2.9	\$5.6	(48)%

### Other Highlights

- Excess global capacity and competitive dynamics in Latin America expected to continue
- Terphane's future operating results are expected to be volatile until its business environment improves.
- Additional capacity from a competitor in Latin America is expected come on-line in the third quarter of 2017. Depending on expectations of future prospects of this business, a non-cash impairment charge associated with trade name intangibles could be triggered (balance of \$6.3M at 6/30/2017).
- Capital expenditures of \$3M are projected for 2017

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# Aluminum Extrusions (Bonnell Aluminum)

## 2017 Second Quarter and Year-to-Date Results

### Second Quarter Performance

(in millions)	2Q 17	2Q 16	▲
Volume (lbs, excl.Futura)	45.0	44.9	--%
Net Sales <sup>1</sup>	\$123.2	\$93.4	32%
Operating Profit <sup>2</sup>	\$11.8	\$10.9	8%
Adj. EBITDA <sup>3</sup>	\$15.6	\$13.1	19%

### Year-to-Date Performance

(in millions)	2017	2016	▲
Volume (lbs, excl.Futura)	87.4	86.3	1%
Net Sales <sup>1</sup>	\$222.8	\$178.9	25%
Operating Profit <sup>2</sup>	21.6	\$18.4	18%
Adj. EBITDA <sup>3</sup>	\$28.2	\$22.9	23%

### Financial Highlights: 2Q17 vs. 2Q16

- Higher operating profit in 2Q 2017 versus last year due to:
  - Futura, which was acquired on 2/15/2017, had sales of \$22.5M and contributed \$2.8M to operating profit
  - Higher operating costs, including higher supplies & maintenance, utilities and employee-related costs, partially offset by higher inflation-related prices (\$0.8M)
  - Inefficiencies associated with transition to new extrusion line at Niles (\$1.0M)

### Other Highlights

- Higher volume in specialty markets largely offset by lower volume in building & construction and automotive markets for 2Q 2017 vs. 2Q 2016; lower volume in 2Q 2017 attributed to timing of customer orders
- Cast house in Newnan plant expected to be back in production in 3Q 2017 (see *Management Discussion in Form 10-K, on pg. 29, for additional information*)
- Capital expenditures of \$25M are projected in 2017, including:
  - \$9M for new capacity project in Niles that started up in 2Q 2017 (expected to add ~15 million pounds of capacity on annualized basis)
  - \$2M for Newnan cast house not covered by insurance reimbursement, \$11M to support operations, including \$2M for Futura, acquired in Feb. 2017

<sup>1</sup> 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 6/30/2017)

*\$ in millions*

<b>Cash Flows from Operations</b>	<b>\$22.0</b>
<b>Acquisitions</b>	<b>\$87.1</b>
<b>Capital Expenditures</b>	<b>\$26.7</b>
<b>Dividends Paid</b> (quarterly dividend \$.11/share)	<b>\$7.3</b>
<b>Net Debt<sup>1</sup></b>	<b>\$163.3</b>
<b>Total Debt to Adjusted EBITDA<sup>2</sup></b> (LTM as of 6/30/2017)	<b>1.99x</b>

<sup>1</sup> As of 6/30/2017. 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 June 30, 2017 (page 36) 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>PE Films</b>  <b>Personal Care:</b> Apertured, breathable, elastic and embossed films and laminate materials for personal care markets</p> <p><b>Surface Protection:</b> Single and multilayer surface protection films for high technology applications during the manufacturing and transportation process</p> <p><b>Bright View Technologies:</b> 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><b>Flexible Packaging Films</b>  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><b>Aluminum Extrusions</b>  Custom aluminum extrusion profile, custom-designed and manufactured, with value-added service options including anodizing, painting and fabricating for key markets of:</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</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, 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*

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### **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

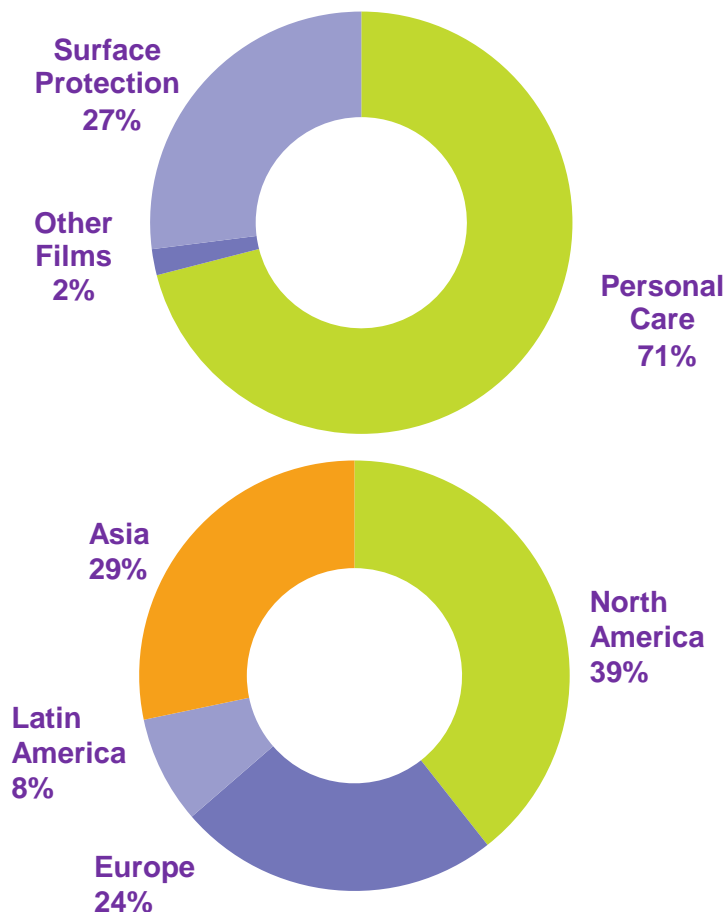
### **Aluminum Extrusions**

- 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 dynamics and growth trends in key markets of building and construction, automotive and specialty are driving demand; Futura acquisition builds presence in OEM, solar, and branded extrusion products

# PE Films

## Business Profile

(\$338 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
- 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

<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

- Flat panel display area growth of 5% CAGR through 2022 <sup>1</sup>:
  - TVs represent highest % of total display area (70%) and are growing at 5% CAGR as consumer shift to larger screen models.<sup>1</sup>
    - Panel size growing at 1"-2" per year <sup>1</sup>
- 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 2022, driven by gains in adult incontinence products around the world and emerging markets growth in baby diapers:
  - Global market growth of ~ 3.8% per year, driven by emerging market growth<sup>2</sup>
  - Baby diapers expected to grow ~ 4.2%<sup>2</sup>
  - Feminine hygiene expected to grow ~ 2.7%<sup>2</sup>
  - Adult incontinence products expected to grow ~ 9.0%<sup>2</sup>
- Rapid growth in adult incontinence driven by aging populations and product improvements

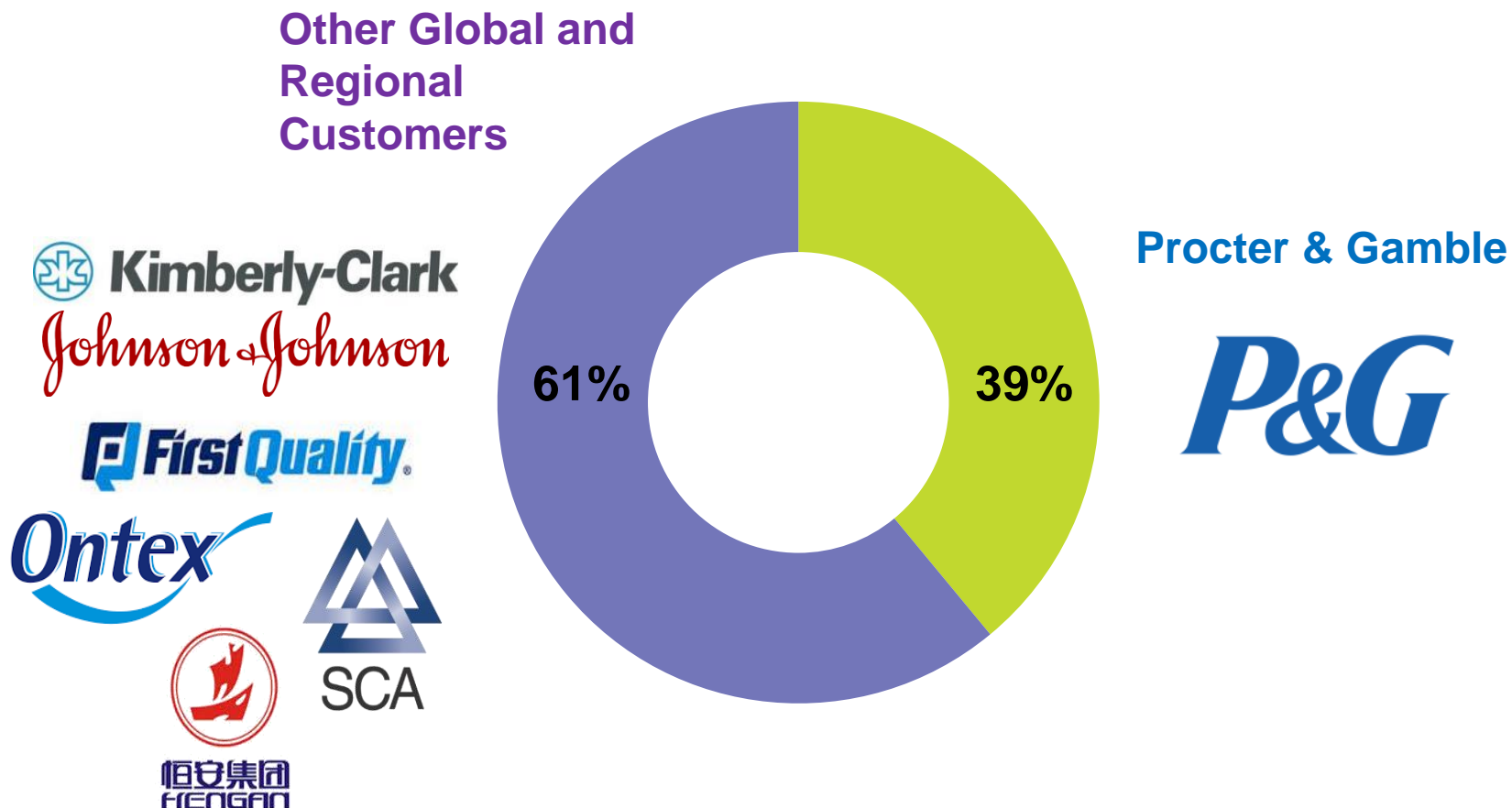
<sup>1</sup> IHS Q1 2017

<sup>2</sup> Price Hanna Consultants, July 2017

# PE Films

## Personal Care Customer Base

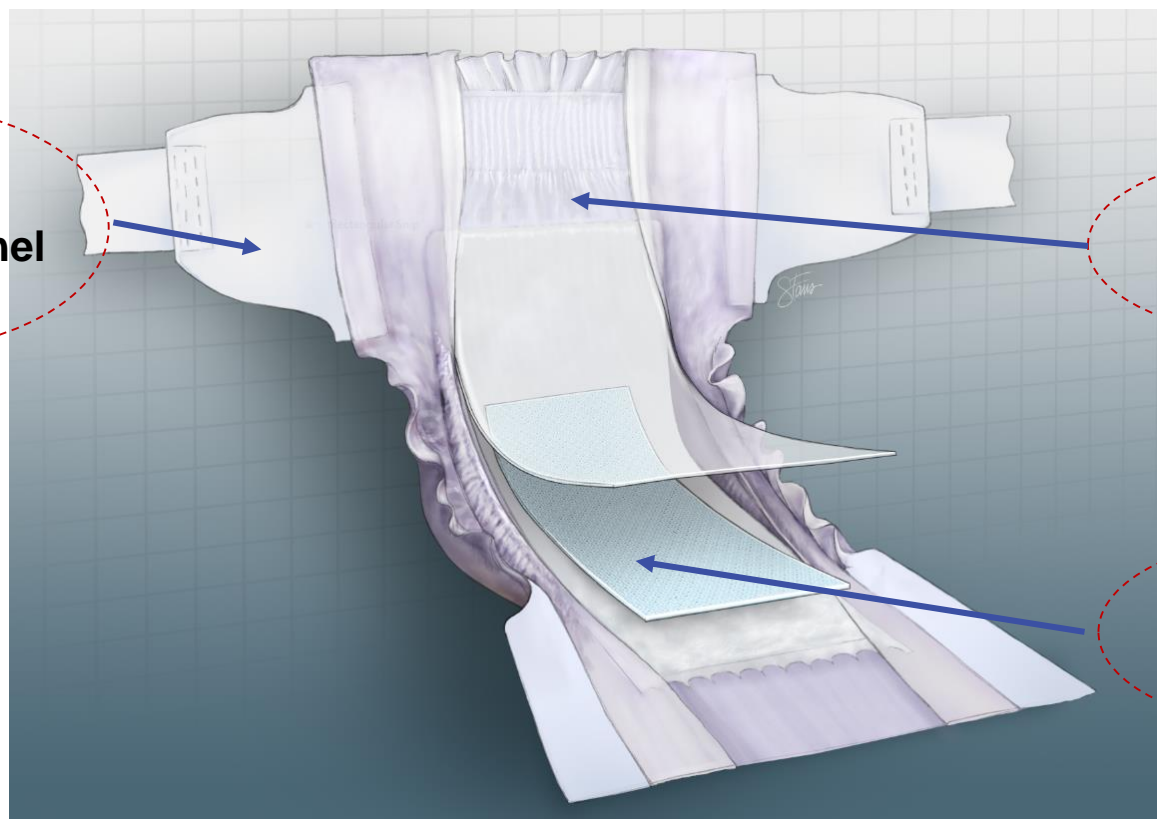
(PE Films 2016 Net Sales<sup>1</sup> \$331 million)



# PE Films

## Personal Care Product Development

### Baby Diaper and Adult Incontinence Areas of Development



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

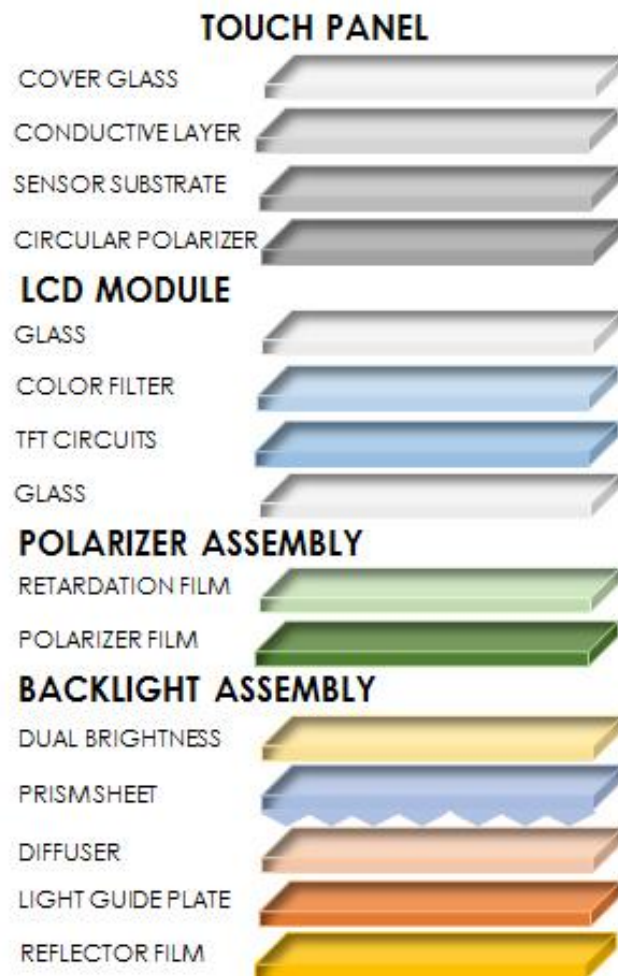
**Elastic  
Waistband**

**Acquisition  
Distribution  
Layer**

# PE Films

## Surface Protection Overview

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

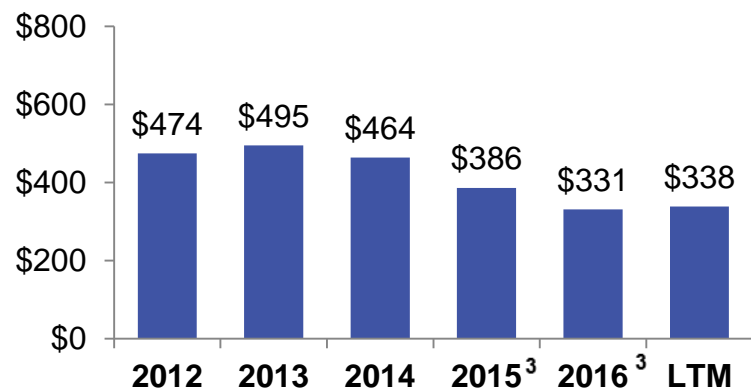




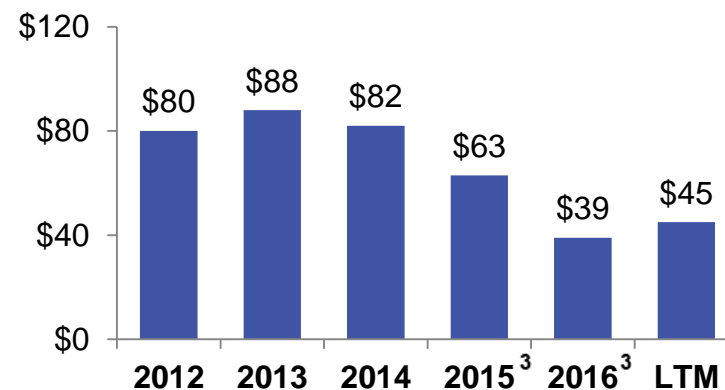
# PE Films

## Annual Historical Financials

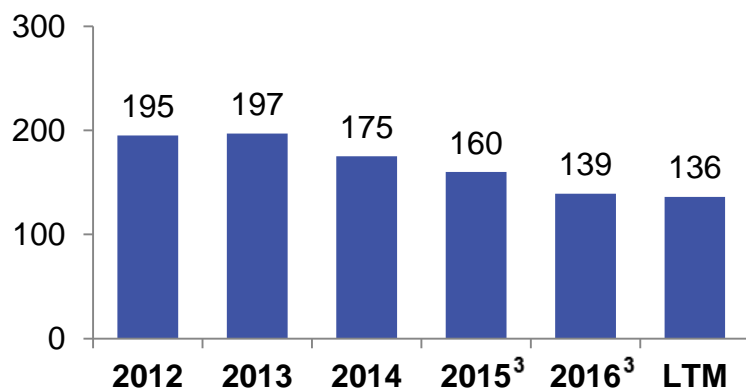
### Net Sales<sup>1</sup> (\$ in millions)



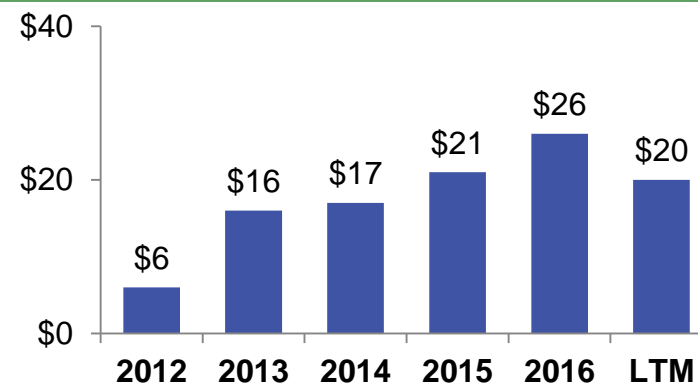
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### 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.

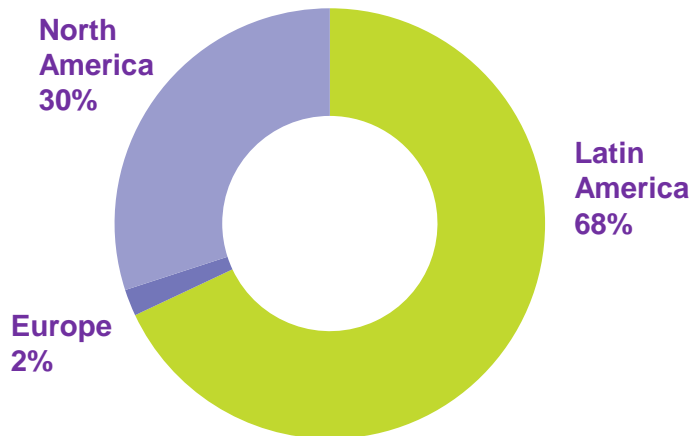
<sup>3</sup> Includes sales associated with lost business and product transitions for certain personal care materials. Excluding these sales, pro forma estimates for sales, adjusted EBITDA and volume are net sales of \$347M, adjusted EBITDA of \$53M and volume of 150M lbs. in 2015 and net sales of \$322M,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

# Flexible Packaging (PET) Films

## Business Profile



(\$108 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 packaging producers and converters

### Primary End Use Markets

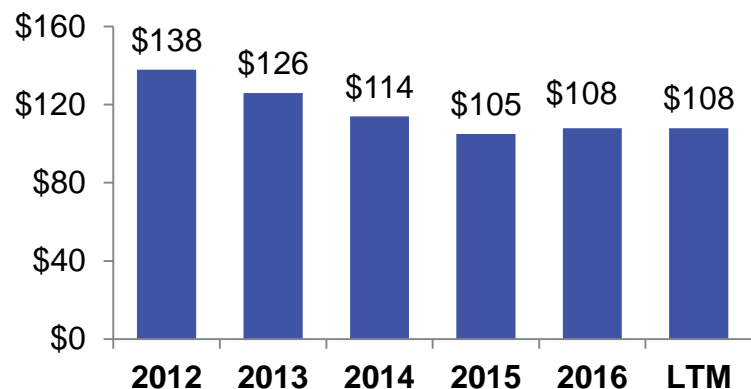
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

<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.

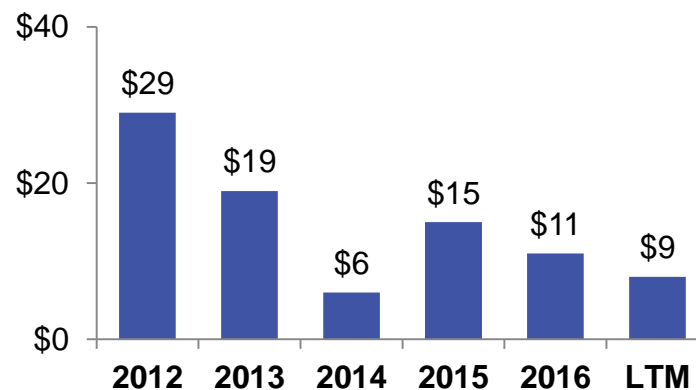
# Flexible Packaging (PET) Films

## Annual Historical Financials

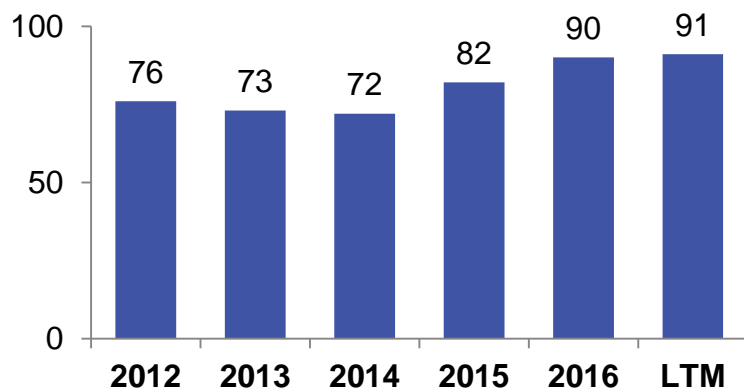
### Net Sales<sup>1</sup> (\$ in millions)



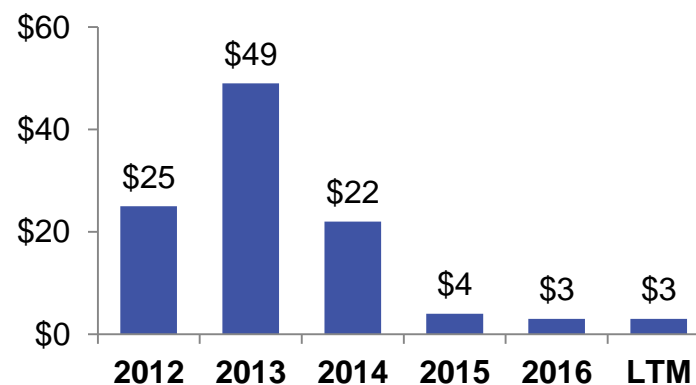
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### 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.

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# Aluminum Extrusions

## Business Profile

### Key Market Drivers

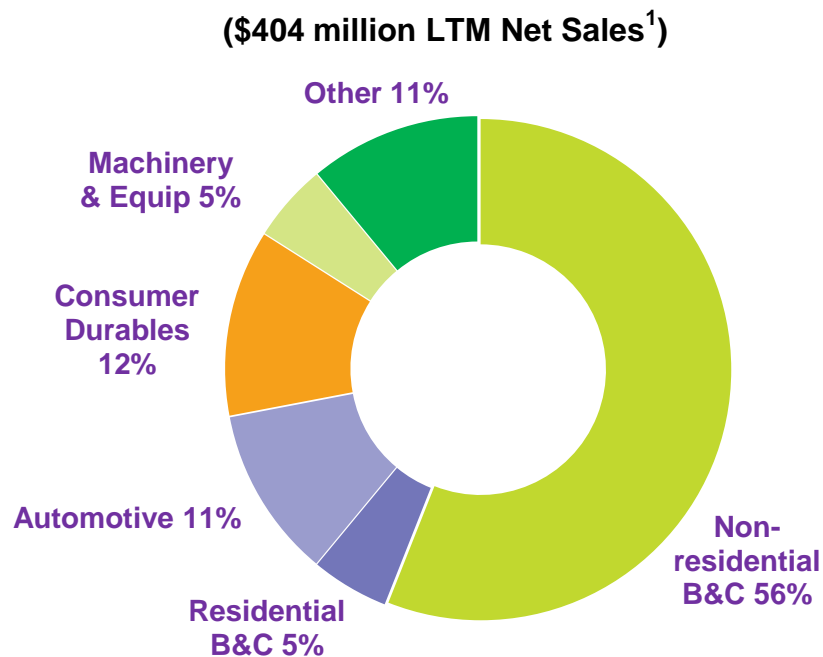
- Nonresidential building and construction recovery with industry growth projected through 2019
- Strong demand for finished products, including anodized and painted products and fabricated components
- Growing aluminum content in vehicles, driven by CAFE (corporate average fuel economy) standards

### 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



<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. Reflects inclusion of Futura as of acquisition date of 2/15/2017.

# Bonnell Aluminum

## *Futura Acquisition*

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### *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 is operating as a division of Bonnell Aluminum

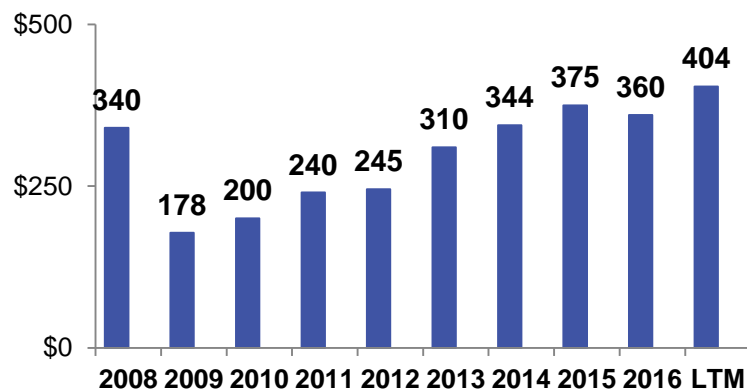
### *Futura Industries*

- 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 (T SLOT™) markets; finished products include branded flooring trim (Edgetek™)
  - Reputation for reliability, quick turnaround, product quality and lean manufacturing
- Strong management team and operating philosophy guiding Futura's 350 employees

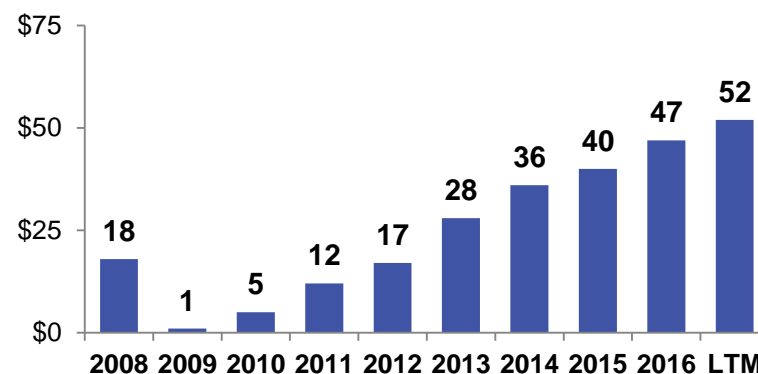
# Aluminum Extrusions

## Annual Historical Financials

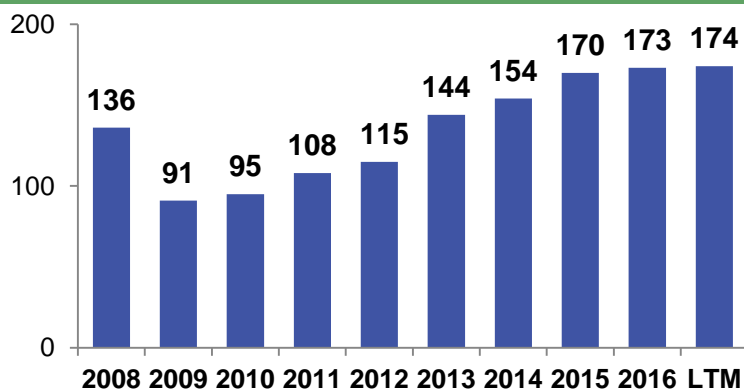
### Net Sales<sup>1</sup> (\$ in millions)



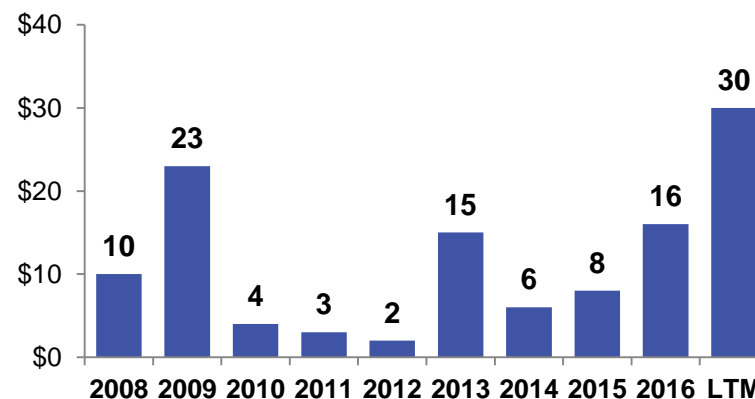
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### 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), except for volume.

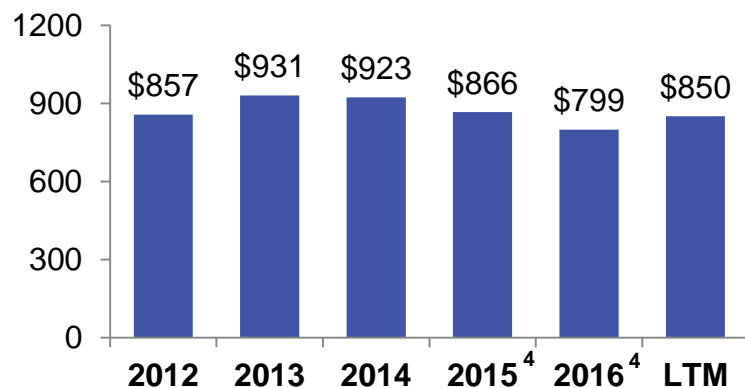
<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

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

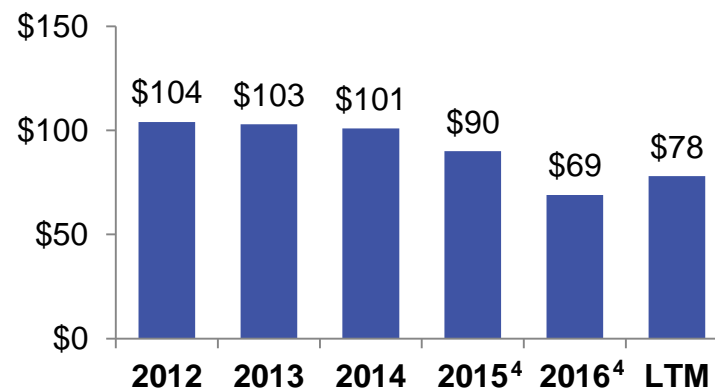
# Tredegar Corporation

## Annual Historical Financials

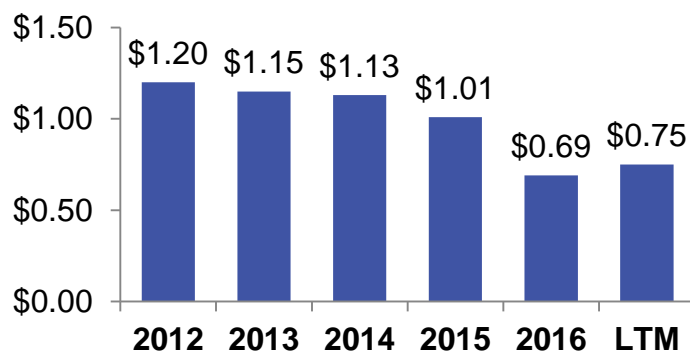
### Net Sales<sup>1</sup> (\$ in millions)



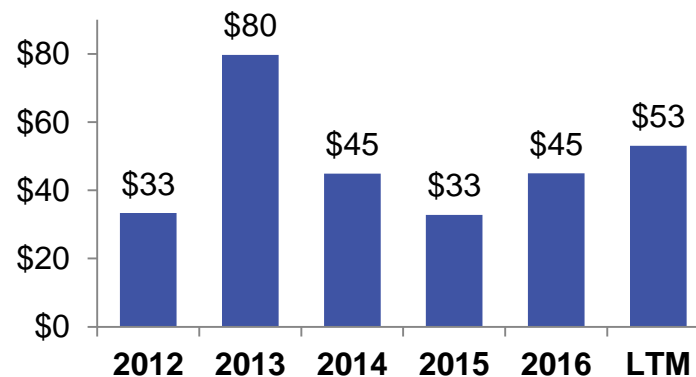
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



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



### Capital Expenditures (\$ in millions)



Reflects inclusion of acquisitions subsequent to their respective acquisition dates: Terphane (10/24/11) and AACOA (10/1/12) and Futura (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. 16) for additional information on impacts to adjusted EBITDA and net sales.

# Tredegar Corporation

## Capital Expenditures History

(\$ in millions)						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 Projection<sup>2</sup></u>
PE Films	\$6.0	\$15.6	\$17.0	\$21.2	\$25.8	\$26
Flexible Packaging	24.5	49.3	21.8	3.5	3.4	3
Aluminum Extrusions	2.3	14.7	6.1	8.1	15.9	25
Corporate	0.5	0.1	-	-	0.4	-
<b>Total</b>	<b>33.3</b>	<b>79.7</b>	<b>44.9</b>	<b>32.8</b>	<b>45.5</b>	<b>54</b>
<i>% Net Sales<sup>1</sup></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
- For Aluminum Extrusions: Added capacity in Niles, MI for Aluminum Extrusions (\$9M of total spending of \$18M; project completed in 2Q 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 \$11M for Aluminum Extrusions, including \$2M for Futura Industries (acquired in 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> Represents management's current expectation, which is subject to change.



# Tredegar Corporation

## Cash Flow

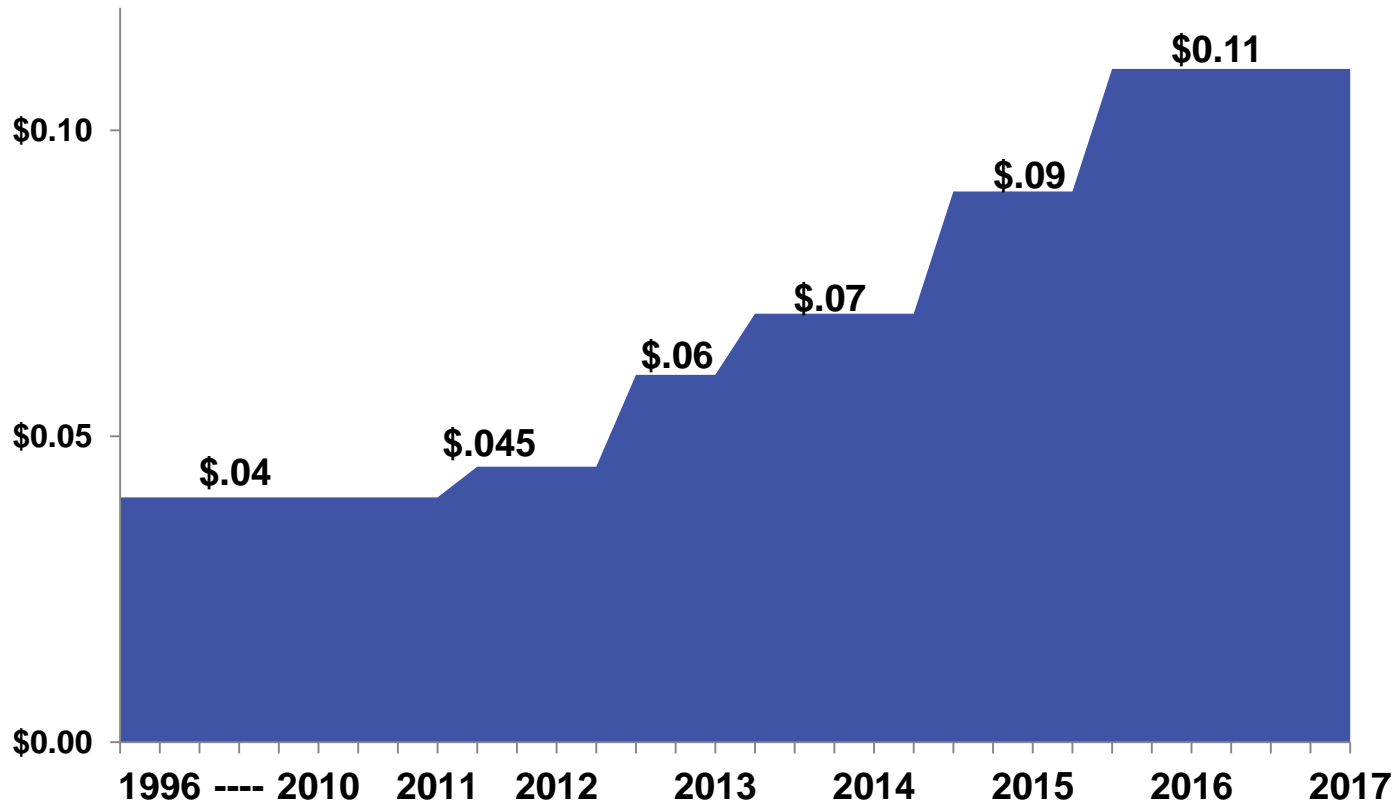


(\$ in millions)	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash Flows from Operations	\$72	\$83	\$77	\$51	\$74	\$49
Capital Expenditures	16	33	80	45	33	45
<b>Free Cash Flow<sup>1</sup></b>	56	50	(3)	6	41	4
Dividends	6	31	9	11	14	14
Acquisitions	181	58	0	0	0	0

<sup>1</sup> 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

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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 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 Q1 2016	QTD Q2 2016	QTD Q3 2016	QTD Q4 2016	QTD Q1 2017	QTD Q2 2017
PE Films	\$88.5	\$80.8	\$82.2	\$79.7	\$86.4	\$89.6
Flexible Packaging Films	26.4	27.2	27.3	27.1	26.7	26.6
Aluminum Extrusions	85.4	93.4	91.1	90.1	99.6	123.2
Total net sales	<b>200.3</b>	<b>201.5</b>	<b>200.5</b>	<b>196.9</b>	<b>212.7</b>	<b>239.4</b>
Add back freight	7.0	7.1	7.2	7.9	8.3	7.9
Sales as shown in consolidated statements of income	<b>\$207.3</b>	<b>\$208.5</b>	<b>\$207.7</b>	<b>\$204.8</b>	<b>\$221.0</b>	<b>\$247.3</b>

(In millions)	2012	2013	2014	2015	2016	LTM Q2 2017
PE Films	\$473.9	\$495.4	\$464.3	\$385.6	\$331.1	\$337.9
Flexible Packaging Films	138.0	125.8	114.3	105.3	108.0	107.7
Aluminum Extrusions	245.5	309.5	344.3	375.5	360.1	404.0
Total net sales	<b>857.4</b>	<b>930.7</b>	<b>923.0</b>	<b>866.3</b>	<b>799.2</b>	<b>849.6</b>
Add back freight	24.8	28.6	28.8	29.8	29.1	31.3
Sales as shown in consolidated statements of income	<b>\$882.2</b>	<b>\$959.3</b>	<b>\$951.8</b>	<b>\$896.1</b>	<b>\$828.3</b>	<b>\$880.9</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.

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 and second quarters of 2017 and the full years of 2016 and 2015 include adjustments of \$0.2 million, \$0.1 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
<b>2016</b>				
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
<b>2015</b>				
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
<b>2014</b>				
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
<b>2013</b>				
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
<b>2012</b>				
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
<b>Quarter Ended June 30, 2017</b>				
Operating profit (loss) from ongoing operations	\$ 10.7	\$ (0.3)	\$ 11.8	\$ 22.1
Add back depreciation & amortization	3.5	2.6	3.8	9.9
Less accelerated depreciation associated with plant consolidation	(0.1)	-	-	(0.1)
Adjusted EBITDA before corporate overhead	14.1	2.3	15.6	31.9
Corporate overhead	-	-	-	(6.9)
Adjusted EBITDA	\$ 14.1	\$ 2.3	\$ 15.6	\$ 25.1
<b>Quarter Ended June 30, 2016</b>				
Operating profit (loss) from ongoing operations	\$ 4.3	\$ (0.9)	\$ 10.9	\$ 14.2
Add back depreciation & amortization	3.2	2.3	2.3	7.9
Less accelerated depreciation associated with plant consolidation	(0.1)	-	-	(0.1)
Adjusted EBITDA before corporate overhead	7.4	1.4	13.1	22.0
Corporate overhead	-	-	-	(7.0)
Adjusted EBITDA	\$ 7.4	\$ 1.4	\$ 13.1	\$ 15.0
<b>Six Months Ended June 30, 2017</b>				
Operating profit (loss) from ongoing operations	\$ 19.7	\$ (2.3)	\$ 21.6	\$ 39.0
Add back depreciation & amortization	7.0	5.2	6.6	18.8
Less accelerated depreciation associated with plant consolidation	(0.2)	-	-	(0.2)
Adjusted EBITDA before corporate overhead	26.5	2.9	28.2	57.6
Corporate overhead	-	-	-	(12.8)
Adjusted EBITDA	\$ 26.5	\$ 2.9	\$ 28.2	\$ 44.8
<b>Six Months Ended June 30, 2016</b>				
Operating profit (loss) from ongoing operations	\$ 14.6	\$ 1.1	\$ 18.4	\$ 34.0
Add back depreciation & amortization	6.7	4.5	4.6	15.7
Less accelerated depreciation associated with plant consolidation	(0.2)	-	-	(0.2)
Adjusted EBITDA before corporate overhead	21.0	5.6	22.9	49.5
Corporate overhead	-	-	-	(14.5)
Adjusted EBITDA	\$ 21.0	\$ 5.6	\$ 22.9	\$ 35.1
<b>Last Twelve Months Ended June 30, 2017</b>				
Operating profit (loss) from ongoing operations	\$ 31.5	\$ (1.6)	\$ 41.0	\$ 70.9
Add back depreciation & amortization	13.9	10.2	11.3	35.4
Less accelerated depreciation associated with plant consolidation	(0.6)	-	-	(0.6)
Adjusted EBITDA before corporate overhead	44.8	8.6	52.3	105.7
Corporate overhead	-	-	-	(27.2)
Adjusted EBITDA	\$ 44.8	\$ 8.6	\$ 52.3	\$ 78.4

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

(in millions, except per share data)

	2012	2013	2014	2015	2016	LTM Q2 2017
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 43.2	\$ 35.9	\$ 36.0	\$ (32.1)	\$ 24.5	\$ 61.7
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	3.2	0.9	2.0	3.0	3.1	2.2
(Gains) losses from sale of assets and other	(7.9)	0.5	(1.2)	17.7	(4.9)	(38.7)
Goodwill impairment charge	-	-	-	44.5	-	-
Net income from ongoing operations	\$ 38.5	\$ 37.3	\$ 36.8	\$ 33.1	\$ 22.7	\$ 25.2
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 1.34	\$ 1.10	\$ 1.11	\$ (0.99)	\$ 0.75	\$ 1.87
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.10	0.03	0.06	0.09	0.09	0.06
(Gains) losses from sale of assets and other	(0.24)	0.02	(0.04)	0.54	(0.15)	(1.18)
Goodwill impairment charge	-	-	-	1.37	-	-
Earnings per share from ongoing operations (diluted)	\$ 1.20	\$ 1.15	\$ 1.13	\$ 1.01	\$ 0.69	\$ 0.75

(in millions, except per share data)

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 3.4	\$ 12.0	\$ 1.7	\$ 3.7	\$ 44.2
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.9	1.1	0.5	0.6	-
(Gains) losses from sale of assets and other	0.1	(5.7)	1.2	1.7	(35.9)
Goodwill impairment charge	-	-	-	-	-
Net income from ongoing operations	\$ 4.4	\$ 7.4	\$ 3.4	\$ 6.0	\$ 8.3
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.10	\$ 0.37	\$ 0.05	\$ 0.11	\$ 1.34
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.03	0.03	0.01	0.02	-
(Gains) losses from sale of assets and other	-	(0.18)	0.04	0.05	(1.09)
Goodwill impairment charge	-	-	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.13	\$ 0.22	\$ 0.10	\$ 0.18	\$ 0.25

# GAAP to Non-GAAP Reconciliations

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**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)	June 30, 2017
Debt	\$ 187.3
Less: Cash and cash equivalents	(24.0)
Net debt	\$ 163.3



# 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 shown below:

<b>Operating profit (loss):</b> (in thousands)	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Q2 2016</b>	<b>Q2 2017</b>	<b>Q2 YTD 2016</b>	<b>Q2 YTD 2017</b>
PE Films:									
Ongoing operations	\$ 50,814	\$ 61,866	\$ 60,971	\$ 48,275	\$ 26,312	\$ 4,318	\$ 10,682	\$ 14,553	\$ 19,713
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	1,011	(671)	(12,238)	(4,180)	(4,602)	(1,356)	(904)	(2,491)	(2,972)
Flexible Packaging Films:									
Ongoing operations	19,136	9,100	(2,917)	5,453	1,774	(942)	(319)	1,090	(2,317)
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(1,120)	-	(589)	(185)	(214)	-	11,856	-	11,856
Goodwill impairment charge	-	-	-	(44,465)	-	-	-	-	-
Aluminum Extrusions:									
Ongoing operations	9,037	18,291	25,664	30,432	37,794	10,859	11,772	18,359	21,601
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(5,427)	(2,748)	(976)	(708)	(741)	(558)	1,571	(565)	(2,769)
<b>Total</b>	<b>73,451</b>	<b>85,838</b>	<b>69,915</b>	<b>34,622</b>	<b>60,323</b>	<b>12,321</b>	<b>34,658</b>	<b>30,946</b>	<b>45,112</b>
Interest income	418	594	588	294	261	51	55	88	129
Interest expense	3,590	2,870	2,713	3,502	3,806	947	1,642	2,032	2,822
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	300	21,500	1,100	24,800
Stock option-based compensation costs	1,432	1,155	1,272	483	56	31	38	(7)	41
Corporate expenses, net	23,443	31,857	24,310	33,638	29,607	6,969	7,502	14,886	14,026
Income (loss) from continuing operations before income taxes	61,504	52,932	45,416	(23,207)	27,683	4,725	47,031	15,223	53,152
Income taxes	18,319	16,995	9,387	8,928	3,217	1,317	2,827	4,533	5,246
Income (loss) from continuing operations	43,185	35,937	36,029	(32,135)	24,466	3,408	44,204	10,690	47,906
Income (loss) from discontinued operations, net of tax	(14,934)	(13,990)	850	-	-	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 28,251</b>	<b>\$ 21,947</b>	<b>\$ 36,879</b>	<b>\$ (32,135)</b>	<b>\$ 24,466</b>	<b>\$ 3,408</b>	<b>\$ 44,204</b>	<b>\$ 10,690</b>	<b>\$ 47,906</b>