



# 2018 Fourth Quarter Financial Results

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March 18, 2019

# Forward-Looking Statements

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Certain statements contained in this presentation are forward-looking statements. Pursuant to federal securities regulations, we have set forth cautionary statements relating to those forward-looking statements in our Annual Report on Form 10-K for the year ended December 31, 2018 and in other filings with the Securities and Exchange Commission. We urge readers to review and carefully consider these cautionary statements and the other disclosures we make in our filings with the SEC.

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

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

# Tredegar Corporation

## 2018 Fourth Quarter and Full Year Financial Results



(in millions, except per share data)

	4Q 2018	4Q 2017	2018	2017
Net Sales <sup>1</sup>	\$266.3	\$237.0	\$1,029.4	\$927.6
Net Income from Ongoing Operations <sup>2</sup>	\$14.2	\$6.4	\$47.3	\$30.1
Diluted EPS from Ongoing Operations <sup>2</sup>	\$.43	\$.20	\$1.43	\$.91

<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.

“Tredegar’s earnings for the fourth quarter and 2018 were solid. Going forward, I’m pleased with the strategies, actions and outlook for Bonnell, Bright View, Surface Protection and Terphane. The near-term uncertainty relates to Personal Care’s transition from one large customer to new products with new customers, especially in elastic films. We know we’ll see a large negative income impact in 2019 and 2020 during this transition, but I am hopeful that a more diversified and profitable business will emerge. John Steitz’s expertise will be particularly helpful in supporting Personal Care through this transition. I have great confidence in John’s ability to lead Tredegar forward.”

**(John Gottwald, CEO and President)**

On February 28, 2019, the Company announced that Mr. Gottwald was retiring as its president and chief executive officer. He will continue to be a member of Tredegar’s board of directors. Tredegar’s board of directors elected John M. Steitz to succeed Mr. Gottwald as president and chief executive officer effective March 18, 2019. Mr. Steitz has been a director of Tredegar since 2017.

**(Excerpts from Fourth Quarter and Full Year 2018 earnings release)**

# Tredegar Corporation

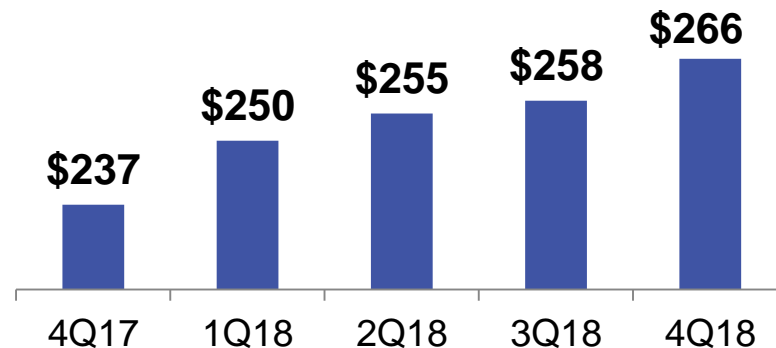
## Fourth Quarter 2018 Net Sales and Net Income

### Financial Highlights

- Combined segment operating profit from ongoing operations<sup>3</sup> of \$26.1M in fourth quarter of 2018:
  - PE Films operating profit of \$9.3M; down \$1.3M Y-O-Y and up \$5.2M sequentially
  - Flexible Packaging (Terphane) operating profit of \$3.3M; up \$2.5M Y-O-Y and down \$0.3M sequentially
  - Bonnell Aluminum operating profit of \$13.5M; up \$4.3M Y-O-Y and \$1.8M sequentially
  - Pension expense for full-year 2018 was \$10.3M, which was \$0.2M unfavorable to prior year; pension expense is projected to be \$9.6M in 2019

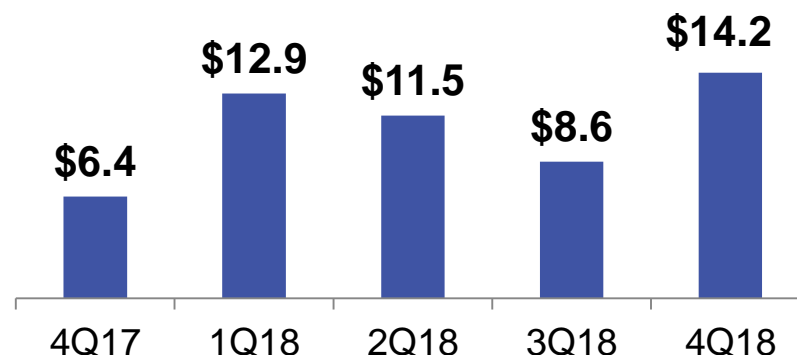
### Net Sales<sup>1</sup>

\$ 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)*



## 2018 Fourth Quarter and Year-to-Date Results

### Fourth Quarter Performance

(in millions)	4Q 18	4Q 17	▲
Volume (lbs.)	29.1	35.1	(17)%
Net Sales <sup>1</sup>	\$80.3	\$86.7	(7)%
Operating Profit <sup>2</sup>	\$9.3	\$10.6	(12)%
Adj. EBITDA <sup>3</sup>	\$13.0	\$14.4	(10)%

### Fourth Quarter Financial Highlights

- Lower operating profit vs. 4Q 2017 primarily as a result of:
  - Lower contribution from Personal Care, primarily due to lower volume and unfavorable product mix (\$3.8M), partially offset by the net favorable impact of the timing of resin cost passthroughs (\$0.7M), productivity improvements (\$0.6M) and lower SG&A (\$0.5M)
  - Slightly higher contribution from Surface Protection, primarily due to a one-time benefit from replacement sales associated with prior quality claims (\$1.9M), partially offset by lower volume net of volume-based higher selling prices (net unfavorable impact of \$1.6M)
  - Realized cost savings from North American facility consolidation completed in 3Q17 (\$0.5M)

### Full Year Performance

(in millions)	2018	2017	▲
Volume (lbs.)	123.6	139.0	(11)%
Net Sales <sup>1</sup>	\$332.5	\$352.4	(6)%
Operating Profit <sup>2</sup>	\$36.2	\$41.5	(13)%
Adj. EBITDA <sup>3</sup>	\$51.1	\$55.9	(9)%

### Other Highlights

- During Oct. 2018, the Personal Care component of PE Films completed negotiations with its customer regarding a previously disclosed significant product transition. The total annual sales that will be adversely impacted is ~\$70 million. During 2019, the Company expects sales for the product of \$30 - \$35 million with the potential for no sales thereafter.
- The Personal Care component of PE Films had operating profit from ongoing operations plus depreciation and amortization of \$3.1 million in 4Q 2018. As a result of the decline in sales from the significant product transition, the Company expects negative operating profit plus depreciation and amortization of \$1.5 million during the first half of 2019.
- The Company previously reported the risk that a portion of its film used in surface protection applications will be made obsolete by possible future customer product transitions to less costly alternative processes or materials. These transitions could possibly be fully implemented by the fourth quarter of 2019. When fully implemented, the Company estimates that the annualized adverse impact on future profit from this customer shift will be approximately \$11 million.

<sup>4</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)

## 2018 Fourth Quarter and Full Year Results

### Fourth Quarter Performance

(in millions)	4Q 18	4Q 17	▲
Volume (lbs.)	24.7	23.7	5%
Net Sales <sup>1</sup>	\$33.4	\$28.4	17%
Operating Profit <sup>2</sup>	\$3.3	\$0.8	NA%
Adj. EBITDA <sup>3</sup>	\$3.6	\$3.4	5%

### Fourth Quarter Financial Highlights

- Higher operating profit vs. 4Q 2017 primarily as a result:
  - Significantly lower depreciation and amortization of \$2.2M resulting from the \$101M non-cash impairment loss in 4Q 2017
  - Higher volume (\$1.4M) and favorable tax incentives (\$0.6M), partially offset by unfavorable mix and higher resin costs, net of higher selling prices (\$0.2M)
  - Higher fixed and other manufacturing costs and SG&A expense related to higher volume (\$1.2M)
  - Favorable foreign currency translation of Real-denominated operating costs (\$0.7M), offset by \$0.5M loss on foreign currency forward contracts that partially hedged Real-denominated operating costs
  - Unfavorable net foreign currency transaction impact (\$0.6M) -- foreign currency transaction losses of \$0.4M in 4Q18 and gains of \$0.2M in 4Q17.

### Full Year Performance

(in millions)	2018	2017	▲
Volume (lbs.)	99.0	89.3	11%
Net Sales <sup>1</sup>	\$123.8	\$108.4	14%
Operating Profit <sup>2</sup>	\$9.9	\$(2.6)	NA%
Adj. EBITDA <sup>3</sup>	\$11.2	\$7.8	43%

### Other Highlights

- Terphane's quarterly financial results have been volatile, and the Company expects continued uncertainty and volatility until industry capacity utilization and the competitive dynamics in Latin America improve.
- Higher sales volumes are associated with increased production capacity for Terphane's Brazilian operations. An idled line was restarted in June 2018.
- Capital expenditures were \$5.4M in 2018 (including \$1M for line re-start project referenced above) and are projected to be \$13M for 2019, including \$7 million for new capacity for value-added products.

<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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# Aluminum Extrusions (Bonnell Aluminum)

## 2018 Fourth Quarter and Full Year Results

### Fourth Quarter Performance

(in millions)	4Q 18	4Q 17	▲
Volume (lbs.)	60.7	50.6	20%
Net Sales <sup>1</sup>	\$152.7	\$121.9	25%
Operating Profit <sup>2</sup>	\$13.5	\$9.3	46%
Adj. EBITDA <sup>3</sup>	\$17.8	\$13.3	34%

### Fourth Quarter Financial Highlights

- Higher operating profit vs. 4Q 2017 primarily as a result of:
  - Higher sales volume (\$5.1M), slightly offset by less favorable mix associated with inefficiencies at the Niles, Michigan facility (\$0.6M)
  - A benefit for inventories accounted for under the LIFO method in 4Q18 (\$1.0M) versus a charge in 4Q17 (\$1.3M)
  - Higher costs associated with externally-sourced metal purchases (\$0.9M) due to cast house maintenance
  - Higher headcount for manufacturing management associated with high volume (\$0.8M) and higher freight and SG&A (\$0.8M)

### Full Year Performance

(in millions)	2018	2017	▲
Volume (lbs. excl. Futura)	190.7	176.3	8%
Net Sales <sup>1</sup>	\$573.1	\$466.8	23%
Operating Profit <sup>2</sup>	\$48.6	\$43.5	12%
Adj. EBITDA <sup>3</sup>	\$65.5	\$58.5	12%

### Other Highlights

- Volume increased in all three of Bonnell's primary markets (B&C, automotive and specialty). Bookings and backlog remained strong at the end of 2018.
- Market outlooks for building & construction, automotive and specialty anticipate continued growth through 2019 with no growth in 2020 (see chart on page 21).
- Capital expenditures were \$13.0M in 2018 and are projected to be \$18M for 2019, including \$9M for infrastructure upgrades at the Carthage, TN facility and other productivity projects.

<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 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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

# Tredegar Corporation

## *Full Year 2018 Financial Highlights*

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(\$ in millions)

<b>Cash Flows from Operations</b>	<b>\$97.8</b>
<b>Capital Expenditures</b>	<b>\$40.8</b>
<b>Dividends Paid</b> (quarterly dividend \$.11/share)	<b>\$14.6</b>
<b>Net Debt<sup>1</sup></b>	<b>\$67.1</b>
<b>Total Debt to Adjusted EBITDA<sup>2</sup></b> <i>(as of 12/31/2018)</i>	<b>1.03x</b>

<sup>1</sup> As of 12/31/2018. 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-K for the year ended Dec. 31, 2018 (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><u>PE Films</u></b>  <b>Personal Care:</b> Apertured, 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>            Advanced film-based components that provide specialized functionality for the global engineered optics market</p>	<p>Feminine hygiene products, baby diapers and adult incontinence products</p> <p>High-value components of flat panel displays, including liquid crystal display (“LCD”) and Organic Light Emitting Diodes (“OLED”) displays used in televisions, monitors, notebooks, smartphones, tablets, e-readers and digital signage</p> <p>LED-based applications in lighting, electronics, automotive</p>	<p>Global and regional consumer care producers</p> <p>Major manufacturers of flat panel display components</p> <p>Global and regional leaders in LED-based applications</p>	<p>Berry Global, Mondi, Aplix, Pantex, RKW, Yanjan, Koester</p> <p>Toray, Sekisui, Hanjin, Ihlshin</p> <p>Luminit, WhiteOptics, VIAVI Solutions, Jungbecker</p>
<p><b><u>Flexible Packaging Films</u></b>            Specialized polyester (“PET”) films for use in packaging and industrial applications</p>	<p>Perishable and non-perishable food packaging; non-food packaging and industrial applications</p>	<p>Food and consumer goods packaging, converters and industrial producers</p>	<p>OPP (Oben Group), DuPont Teijin Films (Indorama), Toray Plastics America, Mitsubishi Polyester Film, JBF Group, Jindal Poly Films, Uflex Packaging Films</p>
<p><b><u>Aluminum Extrusions</u></b>            Custom aluminum extrusion profile, custom-designed and manufactured, with value-added service options including anodizing, painting and fabricating for key markets of:</p> <ul style="list-style-type: none"> <li>• <b>Building and Construction</b></li> <li>• <b>Automotive</b></li> <li>• <b>Specialty Markets</b>, including consumer durables, machinery and equipment, electrical, distribution</li> </ul>	<p><b>Building and Construction:</b> Curtain walls and storefronts, commercial windows &amp; doors, commercial canopies and walkway covers, commercial atriums, geodesic domes, skylights and space frame structures, demountable wall and panel systems, shower and tub enclosures, storm shutters, flooring trims (Edgetek™)</p> <p><b>Automotive/Transportation:</b> Structural components and crash management systems, suspension arms, noise vibration harshness components, truck grills</p> <p><b>Specialty Markets:</b>            Furniture and appliances, pleasure craft, refrigerators and freezers, appliances, sporting and fitness equipment, modular framing (TSLOTS™), conveyor systems and linear motion equipment, medical equipment and apparatus, solar panels, LED lighting, electronic devices, electrical conduit, industrial modular assemblies, medical equipment, industrial fans, automation systems</p>	<p>Glazing contractors and fabricators</p> <p>Tier suppliers to Automotive OEMs</p> <p>Consumer durables, machinery and equipment, and electrical OEMs; distributors and metal service centers</p>	<p>Hydro North America, Kaiser Aluminum, Pannex, Magnode, Sierra, Western Extrusions Corp, Keymark Aluminum Corp.</p>

# 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 favorable demographic trends in multiple end-use markets

### **Flexible Packaging Films**

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

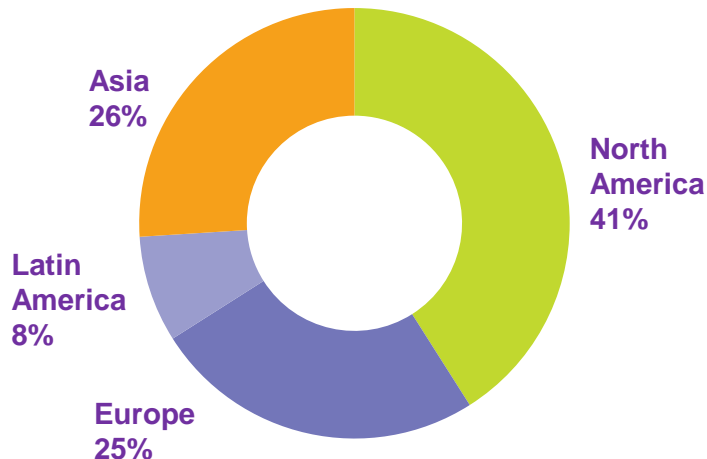
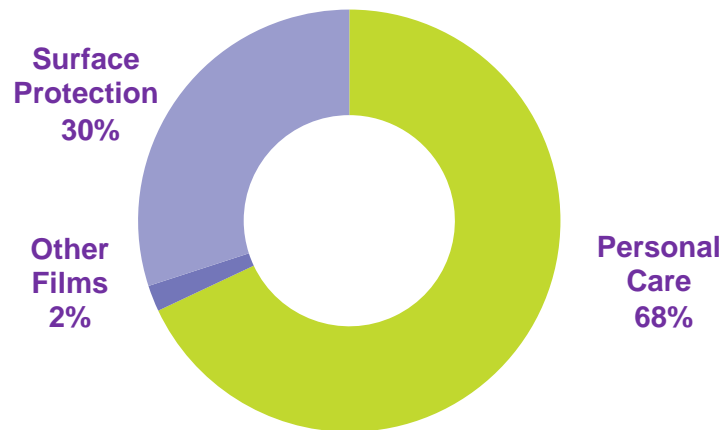
### **Aluminum Extrusions**

- 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; Futura acquisition builds presence in OEM, solar, and branded extrusion products

# PE Films

## Business Profile

\$332 million 2018 Net Sales<sup>1</sup>



### Key Growth Drivers

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

### Customers

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

### Primary End Use Markets

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

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

# PE Films

## Key Market Drivers

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### Key Drivers for Surface Protection Films

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

### Key Drivers for Personal Care Films

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

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

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

# PE Films Net Sales

## Customer Base

Other Global and  
Regional  
Customers

 **Kimberly-Clark**

*Johnson & Johnson*

 **First Quality**

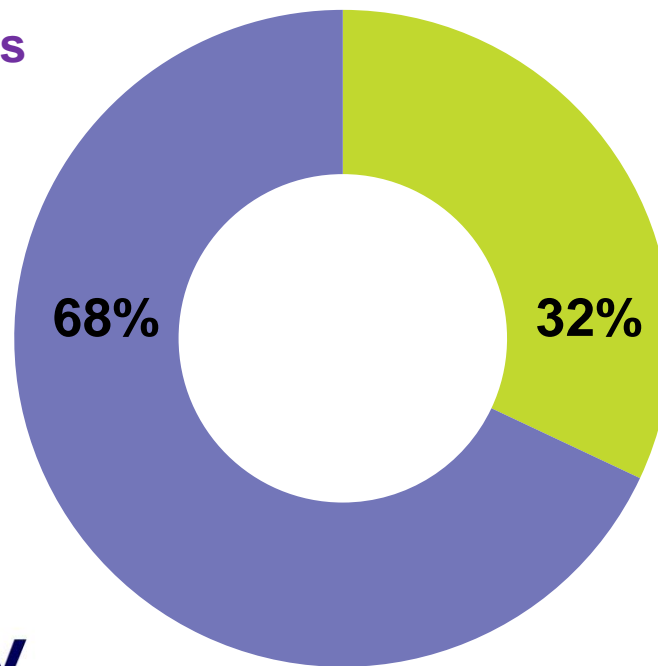
**Ontex**



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TECHNOLOGIES



Procter & Gamble

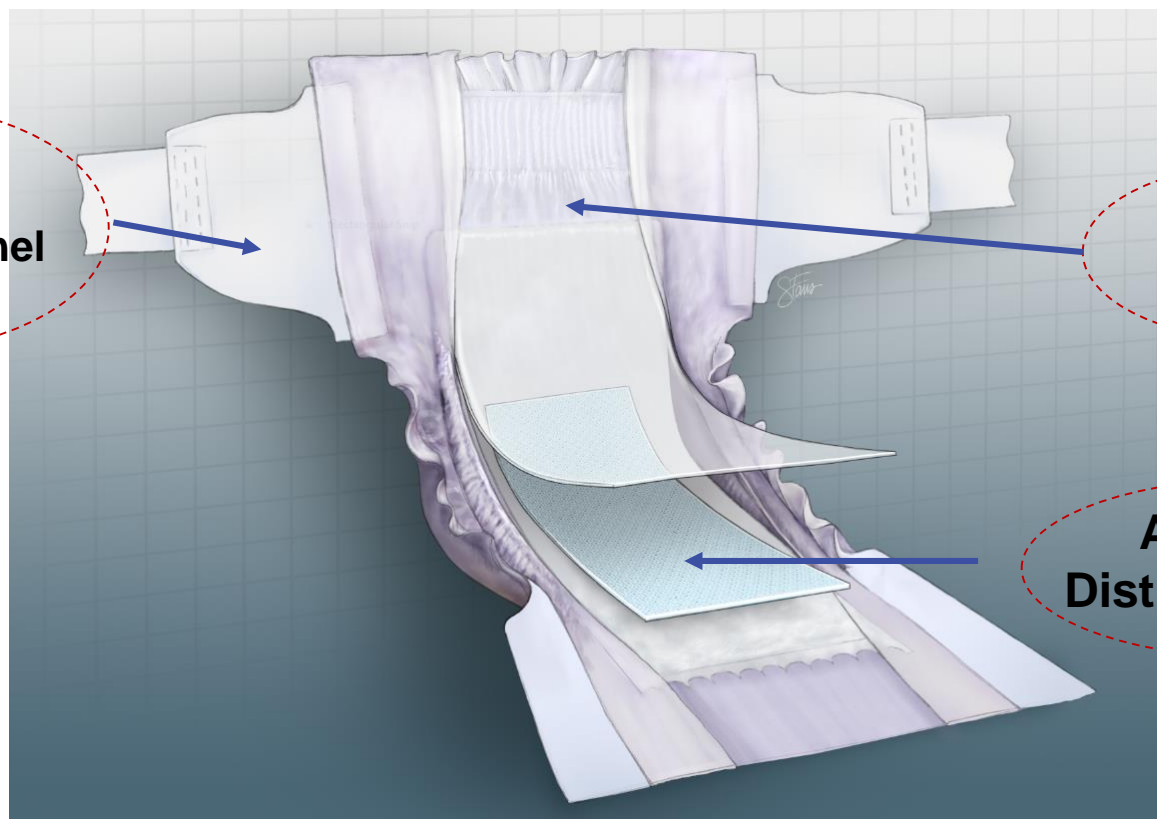
**P&G**

(Based on PE Films 2018 Net Sales<sup>1</sup> \$332 million)

# PE Films

## Personal Care Product Development

### Baby Diaper and Adult Incontinence Areas of Development



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

**Elastic  
Waistband**

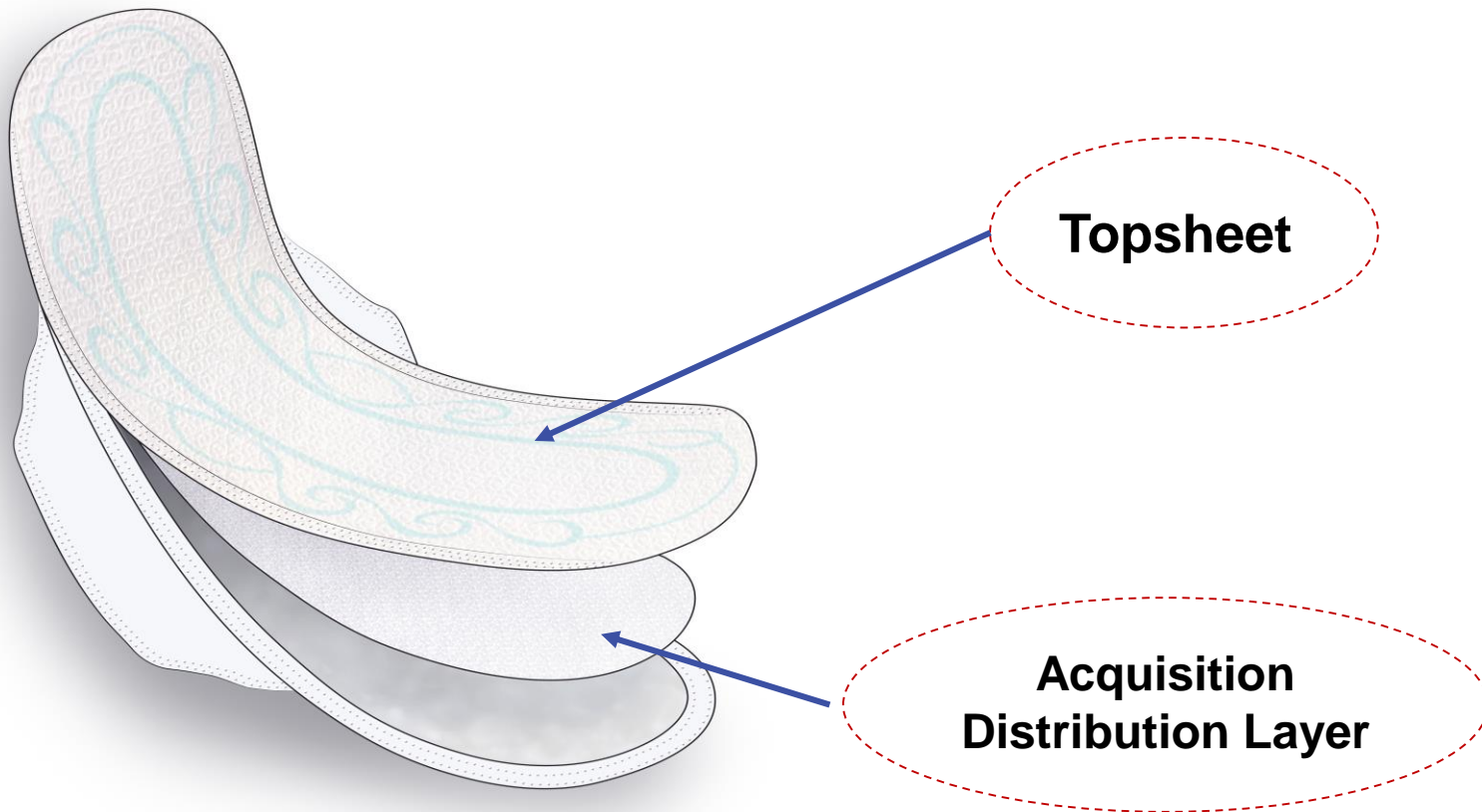
**Acquisition  
Distribution Layer**

# PE Films

## *Personal Care Product Development*

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### Feminine Care Areas of Development

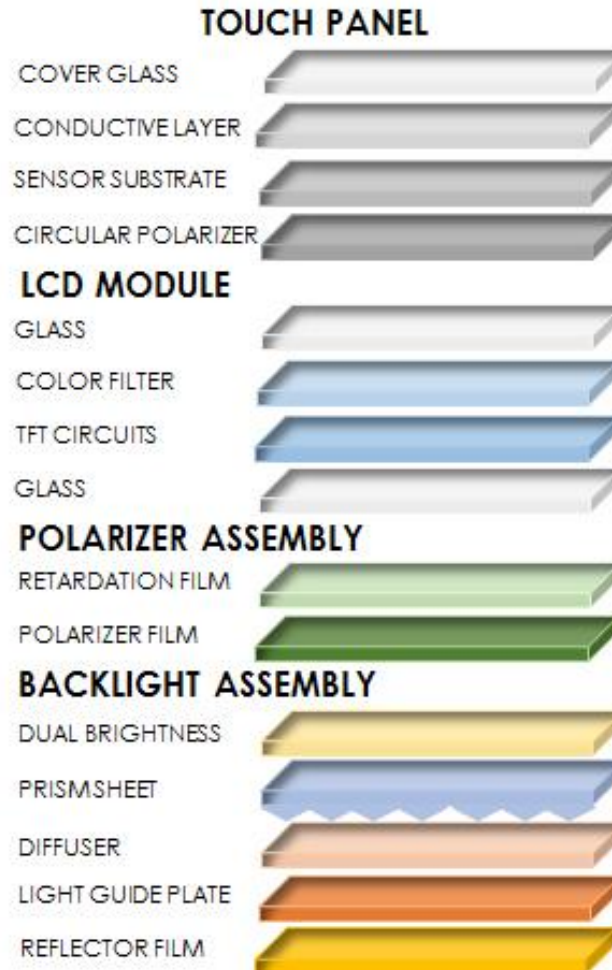




# PE Films

## Surface Protection Overview

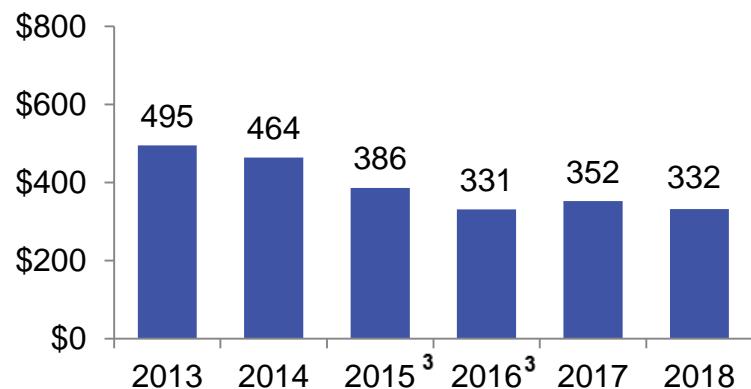
### Typical LCD Optical Stack (examples: TVs, Smartphones)



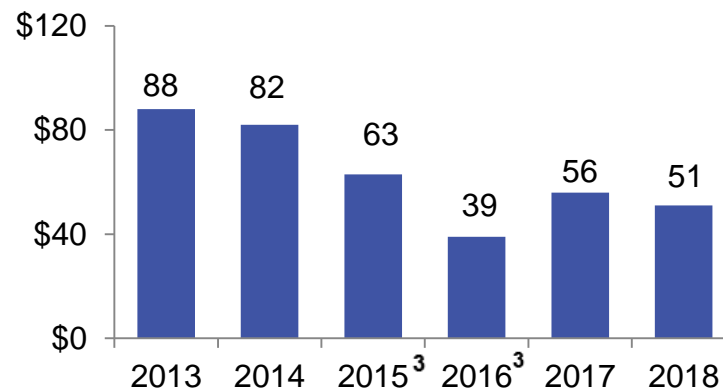
# PE Films

## Annual Historical Financials

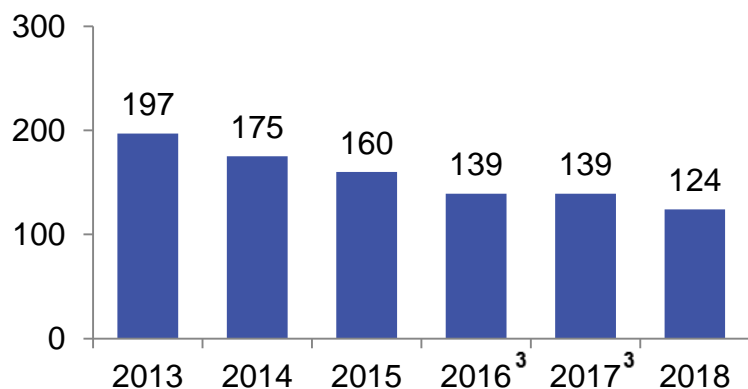
### Net Sales<sup>1</sup> (\$ in millions)



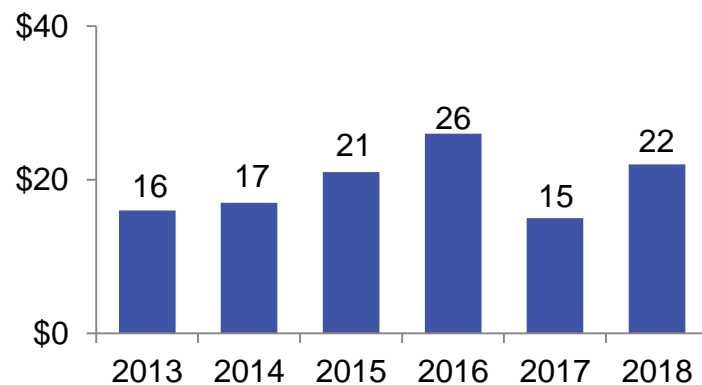
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)



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

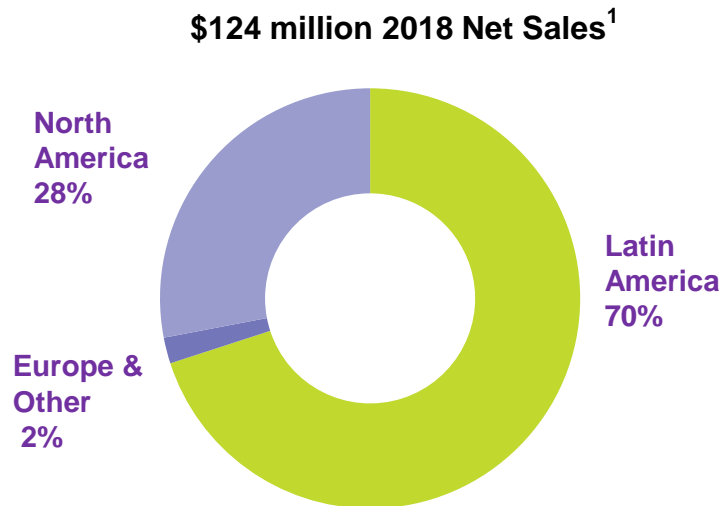
<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

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

# Flexible Packaging Films

## Business Profile

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### Key Growth Drivers

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

### Customers

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

### Primary End Use Markets

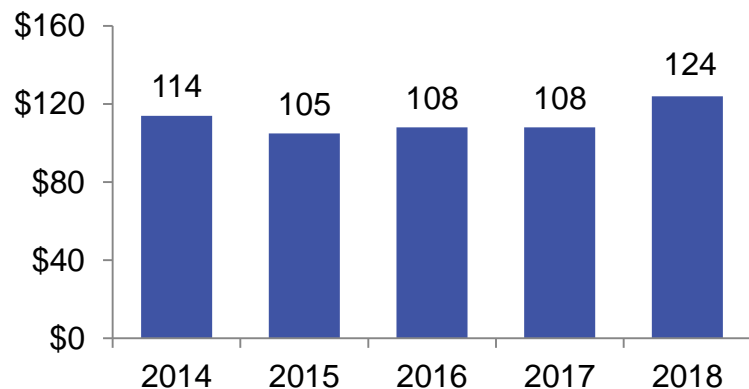
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

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

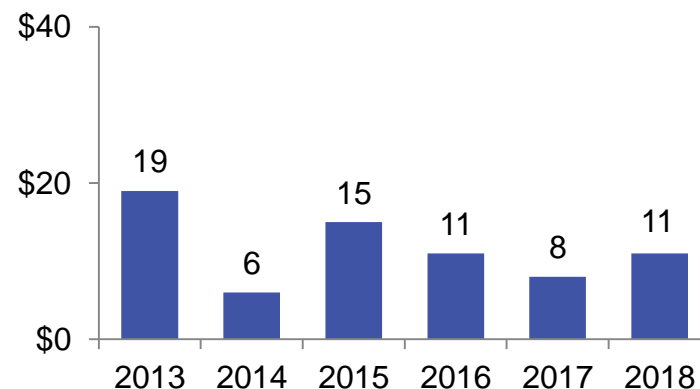
# Flexible Packaging Films

## Annual Historical Financials

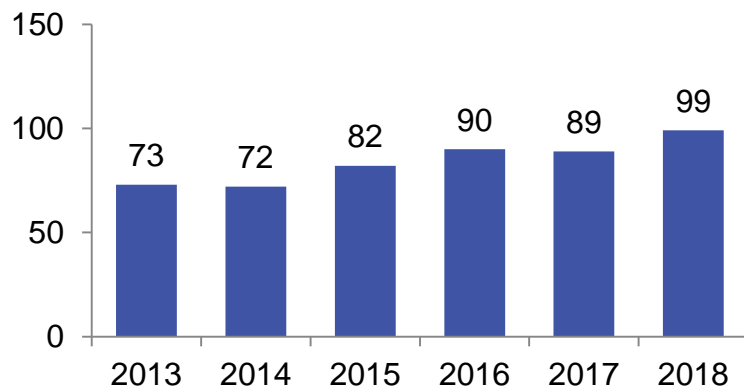
### Net Sales<sup>1</sup> (\$ in millions)



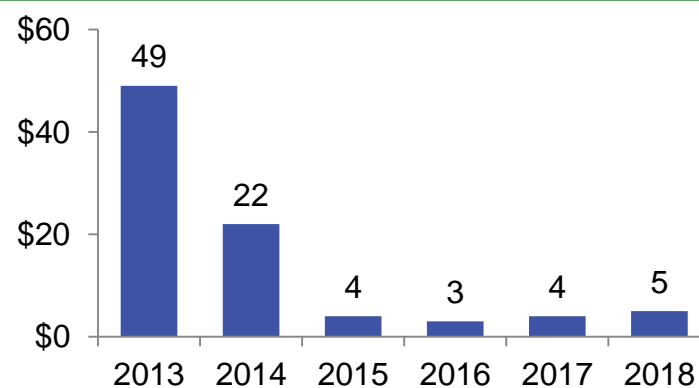
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)

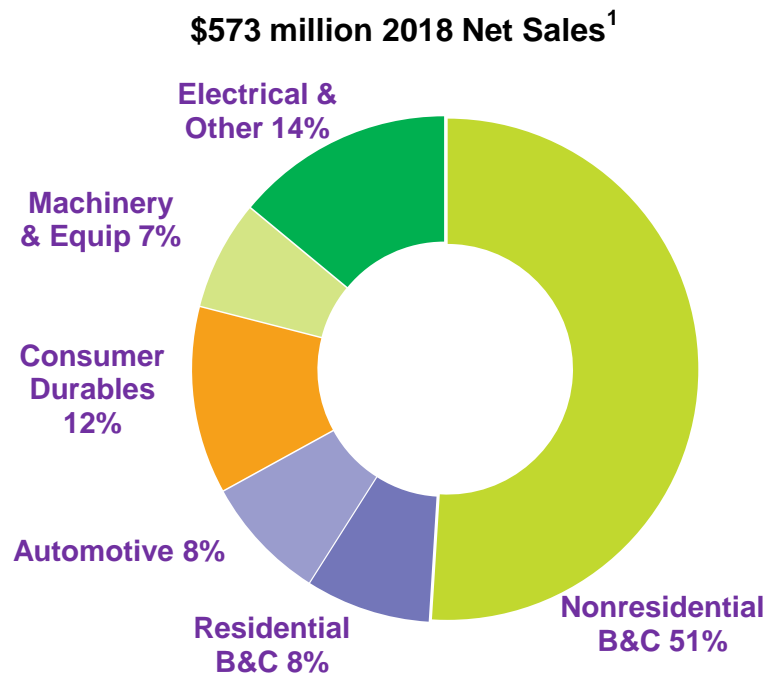


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<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

# Aluminum Extrusions

## Business Profile



### Key Market Drivers

- Nonresidential building and construction 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

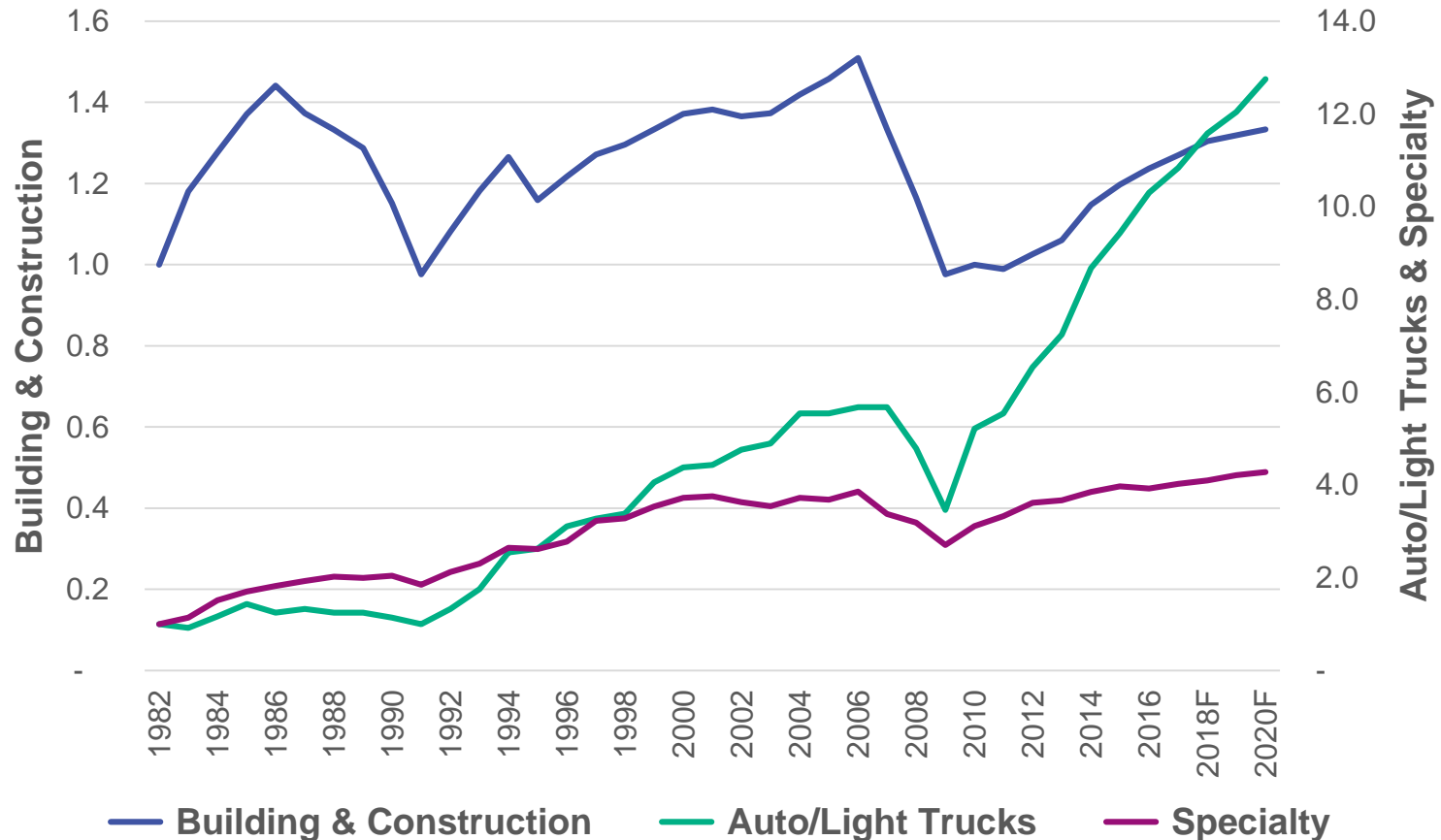
### Primary End Use Markets

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

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

# Bonnell Aluminum

## Key Markets



Note: Index computations based on Aluminum Association data (2017) and CRU Extruded Shapes Market Update, Feb 2019. 2018 year-end industry data is not yet available. Specialty includes aluminum extrusions sold to consumer durables, electrical and machinery markets. Actual results could be materially different from forecasted results shown.

# Bonnell Aluminum

## *Automotive Aluminum Extrusion Applications*

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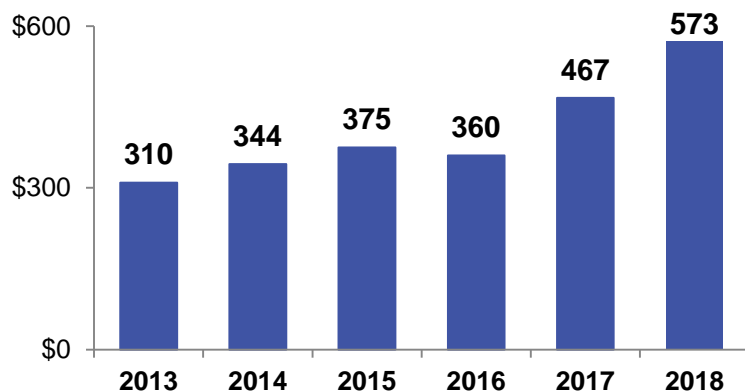
- Crash management system – beams and mounting plates, crush cans
- Suspension – cut-to-length lineal profile supporting customer forging operation for finished part
- Body and engine mounts – precision cut-to-length
- Roof rails
- Structural body profiles
- Machined parts for structural body applications
- Battery structures



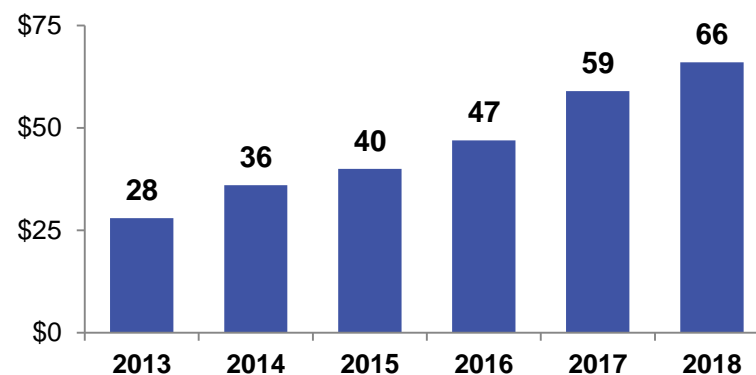
# Aluminum Extrusions

## Annual Historical Financials

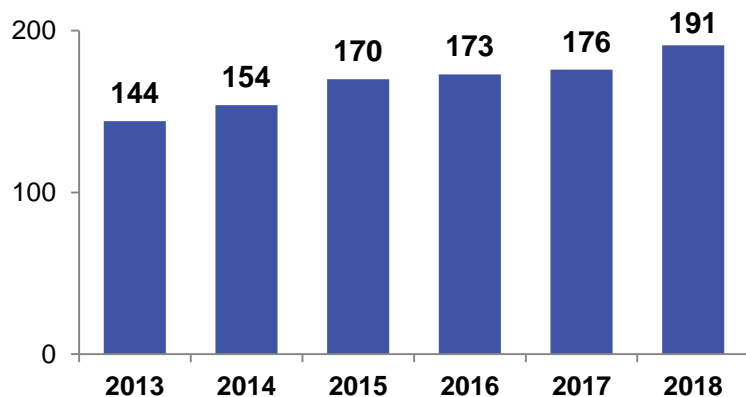
### Net Sales<sup>1</sup> (\$ in millions)



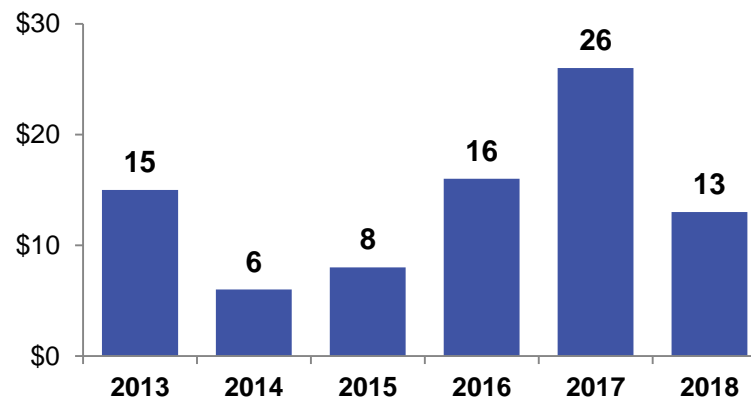
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions, excluding Futura)



### Capital Expenditures (\$ in millions)



Reflects inclusion of Bonnell's operating division, Futura, subsequent its acquisition date (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.

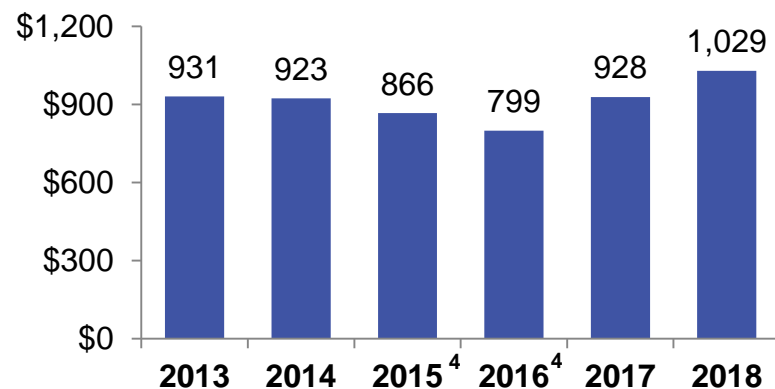


# Tredegar Corporation

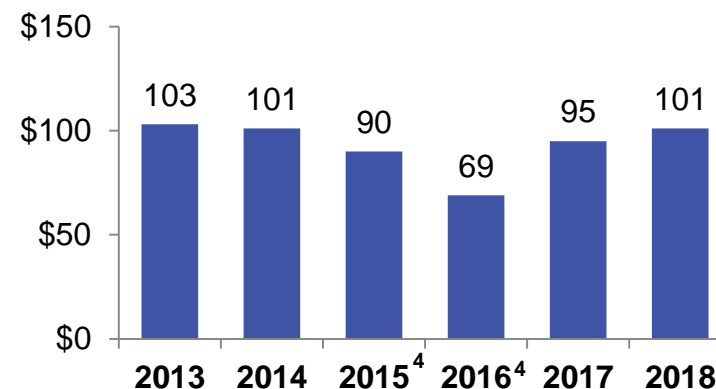
## Annual Historical Financials



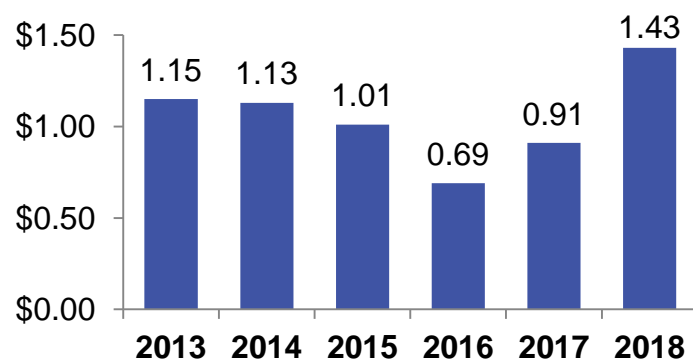
### Net Sales<sup>1</sup> (\$ in millions)



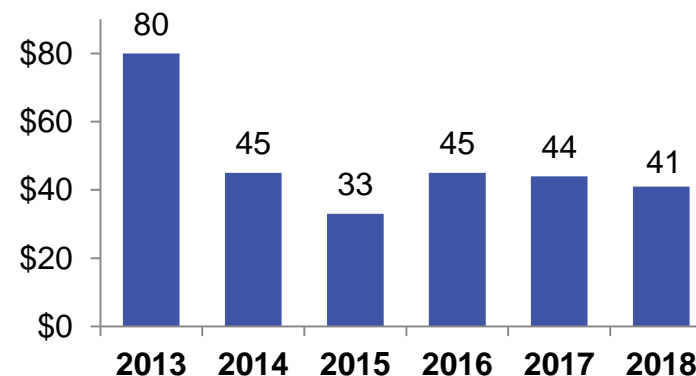
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



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



### Capital Expenditures (\$ in millions)



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

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

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

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

<sup>4</sup> See PE Films Annual Historical Financials (pg. 17) for additional information on impacts to adjusted EBITDA and net sales.

# Tredegar Corporation

## Capital Expenditures – History & Projections

(\$ in millions)						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 Projection<sup>2</sup></u>
PE Films	\$17.0	\$21.2	\$25.8	\$15.0	\$22.0	\$45
Flexible Packaging	21.8	3.5	3.4	3.6	5.4	13
Aluminum Extrusions	6.1	8.1	15.9	25.7	13.0	18
Corporate	-	-	0.4	0.1	0.4	-
<b>Total</b>	<b>\$44.9</b>	<b>\$32.8</b>	<b>\$45.5</b>	<b>\$44.4</b>	<b>\$40.8</b>	<b>\$76</b>
% Net Sales <sup>1</sup>	4.9%	3.8%	5.7%	4.8%	4.0%	

### 2019 Business Plans include capital expenditures of:

- PE Films: \$12M to complete capacity expansion for North American elastics (total of \$25M); \$9M for next generation elastic products and \$5M for topsheet products in Personal Care; \$4M for a new scale-up line in Surface Protection to improve development and speed to market for new products; \$5M for other development projects
- For Aluminum Extrusions: Infrastructure upgrades at Carthage, TN facility and productivity projects (\$9M)
- For Flexible Packaging Films: New capacity for value-add products and productivity projects (\$7M)
- Routine capital expenditures of approximately \$10M for PE Films, \$6M for Flexible Packaging Films and \$8M for Aluminum Extrusions
- From 2016 to 2018, the Company spent on average ~ \$15M less than originally planned for capital expenditures; actual spending in 2019 will depend on approval of specific project requests and will consider progress towards replacing lost business with new products and business in Personal Care.

# Tredegar Corporation

## Cash Flow

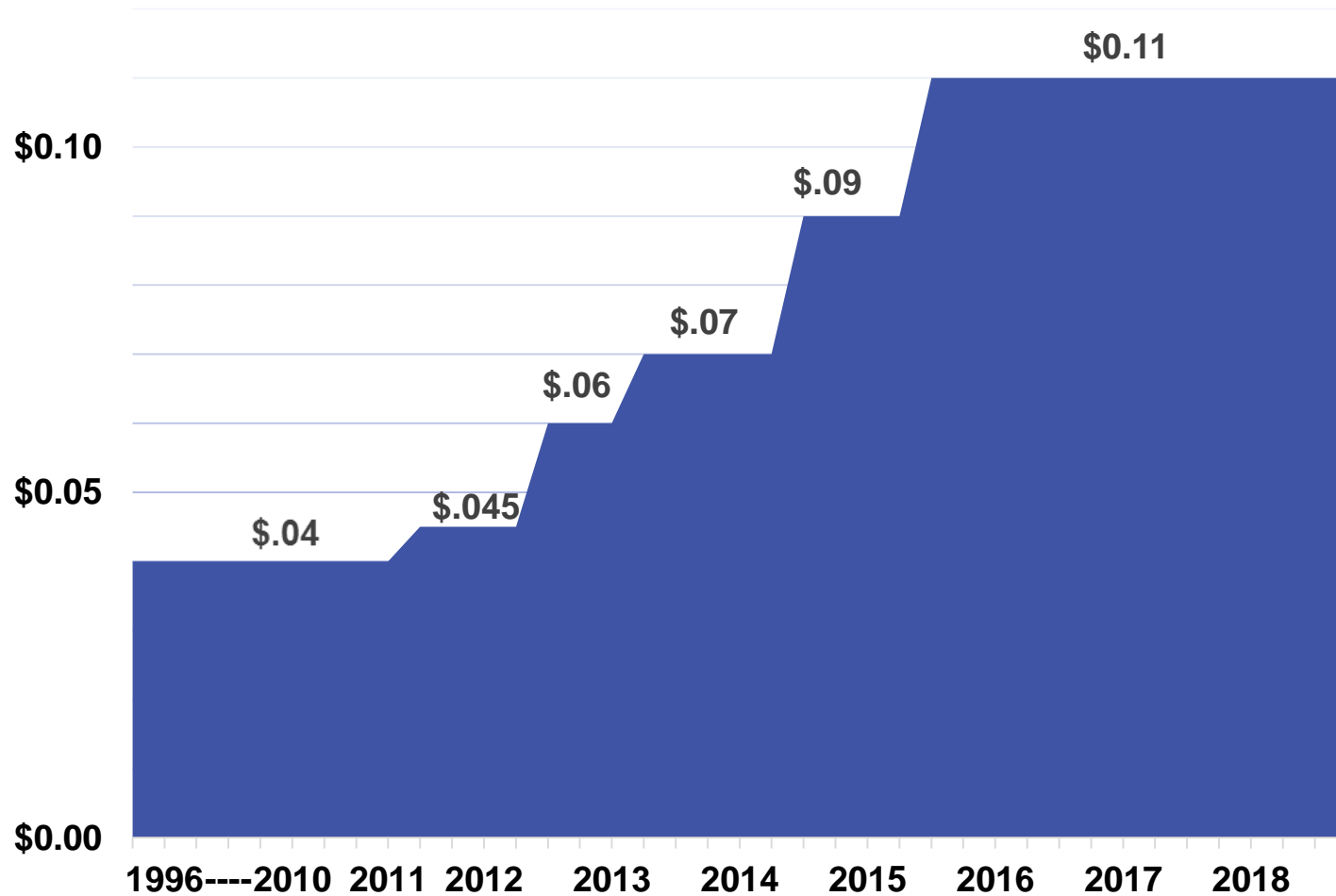


(\$ in millions)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cash Flows from Operations	\$77	\$51	\$74	\$49	\$88	\$98
Capital Expenditures	80	45	33	45	44	41
Free Cash Flow <sup>1</sup>	(3)	6	41	4	44	57
Dividends	9	11	14	14	15	15
Acquisitions	0	0	0	0	87	0

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

# Tredegar Corporation

## Quarterly Cash Dividend History



*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 includes the acquisition of Futura Industries Corporation on February 15, 2017. Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## Notes:

- Net sales represent sales less freight. Net sales is a financial measure that is not calculated in accordance with U.S. generally accepted accounting principles (U.S. GAAP), and it is not intended to represent sales as defined by U.S. GAAP. Net sales is a key measure used by the chief operating decision maker of each segment for purposes of assessing performance. A reconciliation of net sales to sales is shown below:

(In millions)	QTD Q4 2017	QTD Q1 2018	QTD Q2 2018	QTD Q3 2018	QTD Q4 2018
PE Films	\$86.7	\$93.2	\$82.5	\$76.5	\$80.3
Flexible Packaging Films	28.4	28.4	28.3	33.7	33.4
Aluminum Extrusions	121.9	128.2	144.6	147.7	152.7
Total net sales	237.0	249.9	255.3	257.9	266.3
Add back freight	8.8	8.8	8.4	9.4	9.4
Sales as shown in consolidated statements of income	\$245.8	\$258.7	\$263.8	\$267.3	\$275.7

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

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

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

A reconciliation of ongoing operating profit (loss) from continuing operations to Adjusted EBITDA is shown on the next page. Amounts relating to corporate overhead for the prior years have been reclassified to conform with the current year's presentation. Adjusted EBITDA in the first, second and third quarters of 2017 and the full years of 2017 and 2016 include adjustments of \$0.2 million, \$0.1 million, less than \$0.1 million, \$0.6 million and \$0.3 million, respectively, for accelerated depreciation associated with the consolidation of PE Films manufacturing facilities in North America. Adjusted EBITDA in the second, third and fourth quarters of 2018 includes adjustments of \$0.1 million, \$0.4 million and \$0.1 million, respectively, for accelerated depreciation associated with the planned shutdown of a plant in Shanghai, China.

# GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
<b>2018</b>				
Operating profit (loss) from ongoing operations	\$ 36.2	\$ 9.9	\$ 48.6	\$ 94.7
Add back depreciation & amortization	15.5	1.3	16.9	33.6
Less accelerated depreciation associated with plant consolidation	(0.6)	-	-	(0.6)
Adjusted EBITDA before corporate overhead	51.1	11.2	65.5	127.7
Corporate overhead	-	-	-	(26.7)
Adjusted EBITDA	\$ 51.1	\$ 11.2	\$ 65.5	\$ 101.0
<b>2017</b>				
Operating profit (loss) from ongoing operations	\$ 41.5	\$ (2.6)	\$ 43.5	\$ 82.4
Add back depreciation & amortization	14.7	10.4	15.0	40.1
Less accelerated depreciation associated with plant consolidation	(0.3)	-	-	(0.3)
Adjusted EBITDA before corporate overhead	55.9	7.8	58.5	122.2
Corporate overhead	-	-	-	(26.8)
Adjusted EBITDA	\$ 55.9	\$ 7.8	\$ 58.5	\$ 95.4
<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

# GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
<b>Quarter Ended December 31, 2018</b>				
Operating profit (loss) from ongoing operations	\$ 9.3	\$ 3.3	\$ 13.5	\$ 26.1
Add back depreciation & amortization	3.8	0.3	4.3	8.4
Less accelerated depreciation associated with plant consolidation	(0.1)	-	-	(0.1)
Adjusted EBITDA before corporate overhead	13.0	3.6	17.8	34.4
Corporate overhead	-	-	-	(5.9)
Adjusted EBITDA	\$ 13.0	\$ 3.6	\$ 17.8	\$ 28.5
<b>Quarter Ended December 31, 2017</b>				
Operating profit (loss) from ongoing operations	\$ 10.6	\$ 0.8	\$ 9.3	\$ 20.6
Add back depreciation & amortization	3.9	2.7	4.1	10.6
Less accelerated depreciation associated with plant consolidation	-	-	-	-
Adjusted EBITDA before corporate overhead	14.4	3.4	13.3	31.2
Corporate overhead	-	-	-	(7.3)
Adjusted EBITDA	\$ 14.4	\$ 3.4	\$ 13.3	\$ 23.9



# GAAP to Non-GAAP Reconciliations

## Notes (continued):

(in millions, except per share data)

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

(in millions, except per share data)

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ (17.9)	\$ 18.2	\$ 14.7	\$ (34.2)	\$ 26.2
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.5	0.1	0.6	2.0	1.2
(Gains) losses from sale of assets and other	(63.4)	(5.3)	(3.8)	2.6	(13.2)
Goodwill impairment charge	-	-	-	38.2	-
Terphane asset impairment loss	87.2	-	-	-	-
Net income from ongoing operations	\$ 6.4	\$ 12.9	\$ 11.5	\$ 8.6	\$ 14.2
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ (0.54)	\$ 0.55	\$ 0.44	\$ (1.03)	\$ 0.79
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.01	-	0.02	0.06	0.04
(Gains) losses from sale of assets and other	(1.92)	(0.16)	(0.11)	0.08	(0.40)
Goodwill impairment charge	-	-	-	1.15	-
Terphane asset impairment loss	2.7	-	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.20	\$ 0.39	\$ 0.35	\$ 0.26	\$ 0.43

# 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)	December 31, 2018
Debt	\$ 101.5
Less: Cash and cash equivalents	(34.4)
Net debt	\$ 67.1

# GAAP to Non-GAAP Reconciliations

Notes (continued):

Operating profit (loss): (in thousands)	2014	2015	2016	2017	Q4 2017	Q4 2018	2018
PE Films:							
Ongoing operations	\$ 60,971	\$ 48,275	\$ 26,312	\$ 41,546	\$ 10,581	\$ 9,324	\$ 36,181
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(12,238)	(4,180)	(4,602)	(4,905)	(1,015)	(1,363)	(5,905)
Goodwill Impairment charge	-	-	-	-	-	-	(46,792)
Flexible Packaging Films:					766		
Ongoing operations	(2,917)	5,453	1,774	(2,626)		3,274	9,892
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(589)	(185)	(214)	(89,398)	(101,254)	(45)	(45)
Goodwill Impairment charge	-	(44,465)	-	-	-	-	-
Aluminum Extrusions:							
Ongoing operations	25,664	30,432	37,794	43,454	9,253	13,527	48,613
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(976)	(708)	(741)	321	3,468	(109)	(505)
<b>Total</b>	<b>69,915</b>	<b>34,622</b>	<b>60,323</b>	<b>(11,608)</b>	<b>(78,201)</b>	<b>24,608</b>	<b>41,439</b>
Interest income	588	294	261	209	39	79	369
Interest expense	2,713	3,502	3,806	6,170	1,591	1,163	5,702
Gain (loss) on sale of investment property	1,208	-	-	-	-	(38)	(38)
Unrealized loss on investment property	-	-	(1,032)	-	-	-	(186)
Gain (loss) on investment in kaléo accounted for under the fair value method	2,000	(20,500)	1,600	33,800	9,000	18,700	30,600
Stock option-based compensation costs	1,272	483	56	264	111	415	1,221
Corporate expenses, net	24,310	33,638	29,607	30,879	9,895	7,223	28,893
Income (loss) from continuing operations before income taxes	45,416	(23,207)	27,683	(14,912)	(80,759)	34,548	36,368
Income taxes	9,387	8,928	3,217	(53,163)	(62,830)	8,391	11,526
Income (loss) from continuing operations	36,029	(32,135)	24,466	38,251	(17,929)	26,157	24,842
Income (loss) from discontinued operations, net of tax	850	-	-	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 36,879</b>	<b>\$ (32,135)</b>	<b>\$ 24,466</b>	<b>\$ 38,251</b>	<b>\$ (17,929)</b>	<b>\$ 26,157</b>	<b>\$ 24,842</b>