



# 2019 First Quarter Financial Results

---

May 9, 2019

# Forward-Looking Statements

---

Certain statements contained in this presentation are forward-looking statements. Pursuant to federal securities regulations, we have set forth cautionary statements relating to those forward-looking statements in our Annual Report on Form 10-K for the year ended December 31, 2018, in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, and in other filings with the Securities and Exchange Commission. We urge readers to review and carefully consider these cautionary statements and the other disclosures we make in our filings with the SEC.

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

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

# Tredegar Corporation

## 2019 First Quarter Financial Results



(in millions, except per share data)

	1Q 2019	1Q 2018
Net Sales <sup>1</sup>	\$239.4	\$249.9
Net Income from Ongoing Operations <sup>2</sup>	\$7.3	\$12.9
Diluted EPS from Ongoing Operations <sup>2</sup>	\$0.22	\$0.39

<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.

“Our PE Films business units are very focused on generating sales from new products and customers, while our Flexible Packaging Films business continued its improved performance that started in 2018.

In Aluminum Extrusions, volume grew in building and construction and automotive market segments while specialty segment volume was flat compared to 2018. We continue to watch for signs of a cyclical downturn.

We’re also pleased to report that we recently received our first dividend on our kaléo investment in the amount of \$17.6 million.”

**John Steitz, CEO and President (first quarter 2019 earnings release)**

# Tredegar Corporation

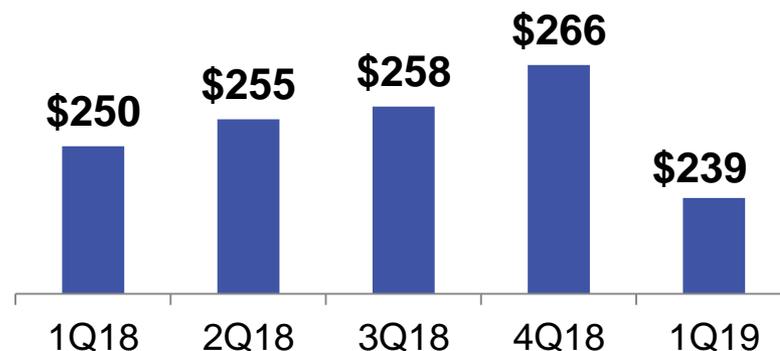
## First Quarter 2019 Net Sales and Net Income

### Financial Highlights

- Combined segment operating profit from ongoing operations<sup>3</sup> of \$17.9M in first quarter of 2019:
  - PE Films operating profit of \$3.0M; down \$11.1M Y-O-Y and \$6.4M sequentially
  - Flexible Packaging (Terphane) operating profit of \$2.9M; up \$1.2M Y-O-Y and down \$0.4M sequentially
  - Bonnell Aluminum operating profit of \$12.1M; up \$1.9M Y-O-Y and down \$1.4M sequentially
  - Pension expense was \$2.4M, which was \$0.2M favorable to prior year; pension expense is projected to be \$9.7M 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)

## 2019 First Quarter Results



### 1st Quarter Performance

(in millions)	1Q 19	1Q 18	▲
Volume (lbs.)	25.8	34.8	(26)%
Net Sales <sup>1</sup>	\$66.8	\$93.3	(28)%
Operating Profit <sup>2</sup>	\$3.0	\$14.0	(79)%
Adj. EBITDA <sup>3</sup>	\$6.5	\$17.9	(64)%

### Financial Highlights

- Lower operating profit vs. 1Q 2018 primarily as a result of:
  - Lower contribution from Personal Care, primarily due to lower volume and unfavorable product mix (\$5.9M), unfavorable pricing (\$0.9M) and unfavorable production cost variances (\$1.4M), partially offset by the net favorable impact of the timing of resin cost passthroughs (\$2.0M), lower SG&A costs (\$1.1M), and favorable foreign exchange impact (\$0.2M)
  - Lower contribution from Surface Protection, primarily due to lower volume, partially offset by volume-based higher selling prices (net unfavorable impact of \$4.5M), unfavorable mix (\$1.2M), higher R&D (\$0.3M) and obsolete inventory expense (\$0.2M)

### Other Highlights

- Net sales decline in Personal Care was primarily related to lower sales of topsheet materials used in feminine hygiene products, including a large portion associated with the previously disclosed customer transition discussed in *Customer Transitions in Personal Care and Surface Protection* on page 5
- Net sales declined in Surface Protection versus particularly strong sales in 1Q 2018, which was a continuation of a strong market in the second half of 2017. The Company believes that lower sales volume and an unfavorable mix resulted from a customer's inventory build in the first half of 2018 and a slowdown in mobile phone sales in the first quarter of 2019. The Company estimates that the previously disclosed customer product transition to alternative processes or materials, as discussed in *Customer Transitions in Personal Care and Surface Protection* on page 5, had little impact on sales as lower volume was offset by volume-based higher selling prices.
- Capital expenditures for PE Films were \$6.7 million in 1Q19 and are projected at \$33 million (see *Capital Expenditures – History and Projections* on page 29 for additional details)

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

<sup>2</sup> See Note 6 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.

# PE Films

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

---

- 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 ~\$70M. During 2019, the Company expects sales for the product of \$30 - \$35M 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 \$0.8M vs \$3.1M 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 \$0.5M during the first half of 2019 and expects it to be positive in the second half of 2019, assuming productivity improvement and sales growth targets are hit.
- 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 principally relate to one customer. The Company previously believed the transitions could possibly be implemented by 4Q19; however, the transitions by the customer continue to encounter delays. If fully implemented, the Company estimates that the annualized adverse impact on future profit from this customer shift will be approximately \$11M.

# Flexible Packaging Films (Terphane)

## 2019 First Quarter Results

### 1st Quarter Performance

(in millions)	1Q19	1Q 18	▲
Volume (lbs.)	25.5	23.3	9%
Net Sales <sup>1</sup>	\$33.6	\$28.4	18%
Operating Profit <sup>2</sup>	\$2.9	\$1.7	67%
Adj. EBITDA <sup>3</sup>	\$3.2	\$2.2	45%

### Financial Highlights

- Higher operating profit vs. 1Q 2019 primarily as a result:
  - The benefit from higher volume (\$1.6M) was fully offset by higher production, operating and selling, general and administrative costs
  - Favorable foreign currency translation of Real-denominated operating costs (\$1.1M), offset by \$0.1M loss on foreign currency forward contracts that partially hedged Real-denominated operating costs
  - Benefit from net foreign currency transaction gain of \$0.1M (minimal gains in 2019 versus losses of \$0.1M in 2018)

### 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 \$1.7 million in 1Q19 and are projected to be \$12M for 2019 (see *Capital Expenditures – History and Projections* on page 29 for additional details)

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

<sup>2</sup> See Note 6 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.

# Aluminum Extrusions (Bonnell Aluminum)

## 2019 First Quarter Results

### 1st Quarter Performance

(in millions)	1Q19	1Q18	
Volume (lbs)	53.6	51.5	4%
Net Sales <sup>1</sup>	\$139.0	\$128.2	8%
Operating Profit <sup>2</sup>	\$12.1	\$10.2	19%
Adj. EBITDA <sup>3</sup>	\$16.2	\$14.4	13%

### Financial Highlights

- Higher operating profit versus 1Q18 due to:
  - Higher volume and pricing partially offset by higher freight and die costs (\$8.5M net impact)
  - Higher expenses for labor primarily related to headcount for manufacturing operations associated with anticipated demand (\$3.8M), higher supplies and maintenance costs (\$2.2M) and higher SG&A expenses (\$0.6M)

### Other Highlights

- Volume increased 4% versus 1Q 2018 due to higher volume in building & construction and automotive markets (specialty volume was flat).
- The operating profit at the facility in Niles, MI was approximately \$1M below expectations and continues to suffer from inefficiencies.
- Capital expenditures were \$4.4 million in 1Q19 and are projected at \$18M for 2019 (see *Capital Expenditures – History and Projections* on page 29 for additional details)

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

<sup>2</sup> See Note 6 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

## *First Quarter 2019 Financial Highlights*

---

(\$ in millions)

<b>Cash Flows from Operations</b>	<b>\$11.1</b>
<b>Capital Expenditures</b>	<b>\$12.9</b>
<b>Dividends Paid</b> (quarterly dividend \$.11/share)	<b>\$3.7</b>
<b>Net Debt<sup>1</sup></b>	<b>\$73.7</b>
<b>Total Debt to Adjusted EBITDA<sup>2</sup></b> (LTM as of 3/31/2019)	<b>1.21x</b>

<sup>1</sup> As of 3/31/2019. See Note 4 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

<sup>2</sup> As defined under Tredegar's credit agreement. See Tredegar's Form 10-Q for the year ended March 31, 2019 (page 32) for more information on this non-GAAP financial measure.



# Appendix

---

# 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*

---

### **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

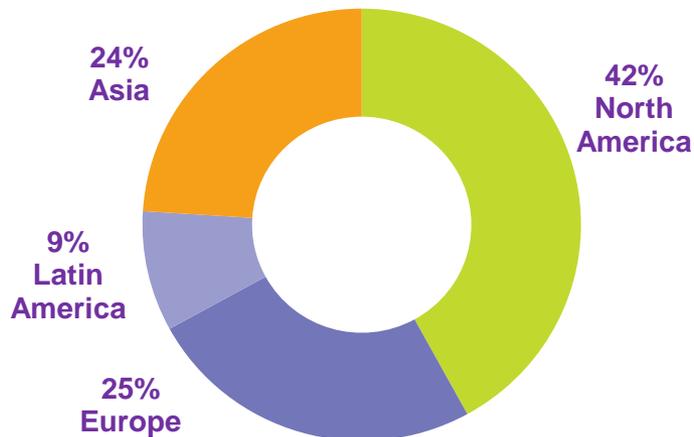
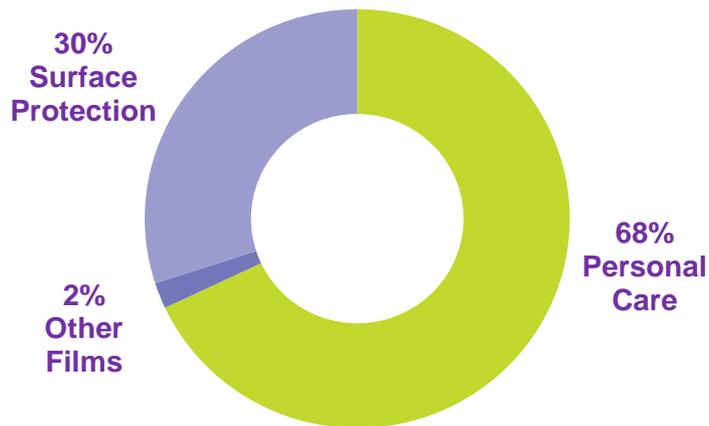
### **Aluminum Extrusions**

- 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

\$306 million LTM Net Sales<sup>1</sup>



### Key Growth Drivers

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

### Customers

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

### Primary End Use Markets

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

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

# PE Films

## Key Market Drivers

---

### 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**

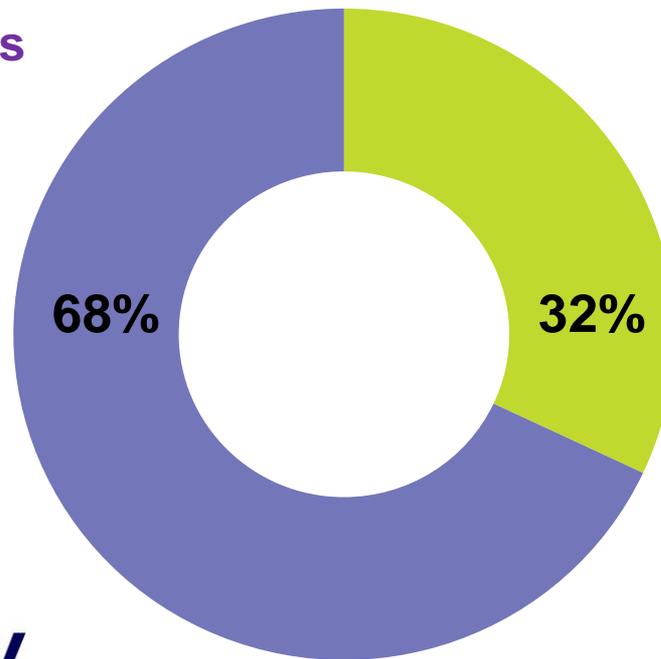
**Ontex**



恒安集团  
FENGAN

 **essity**

 **drylock**  
TECHNOLOGIES



Procter & Gamble

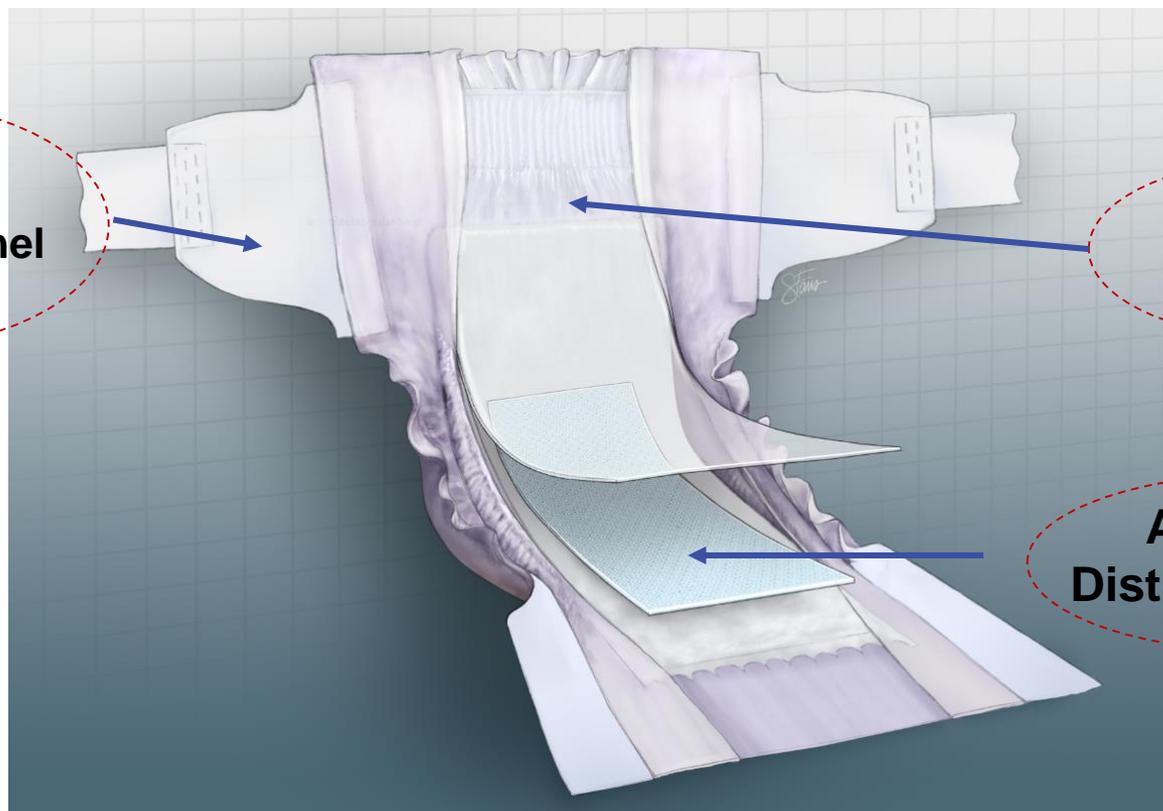
**P&G**

(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**

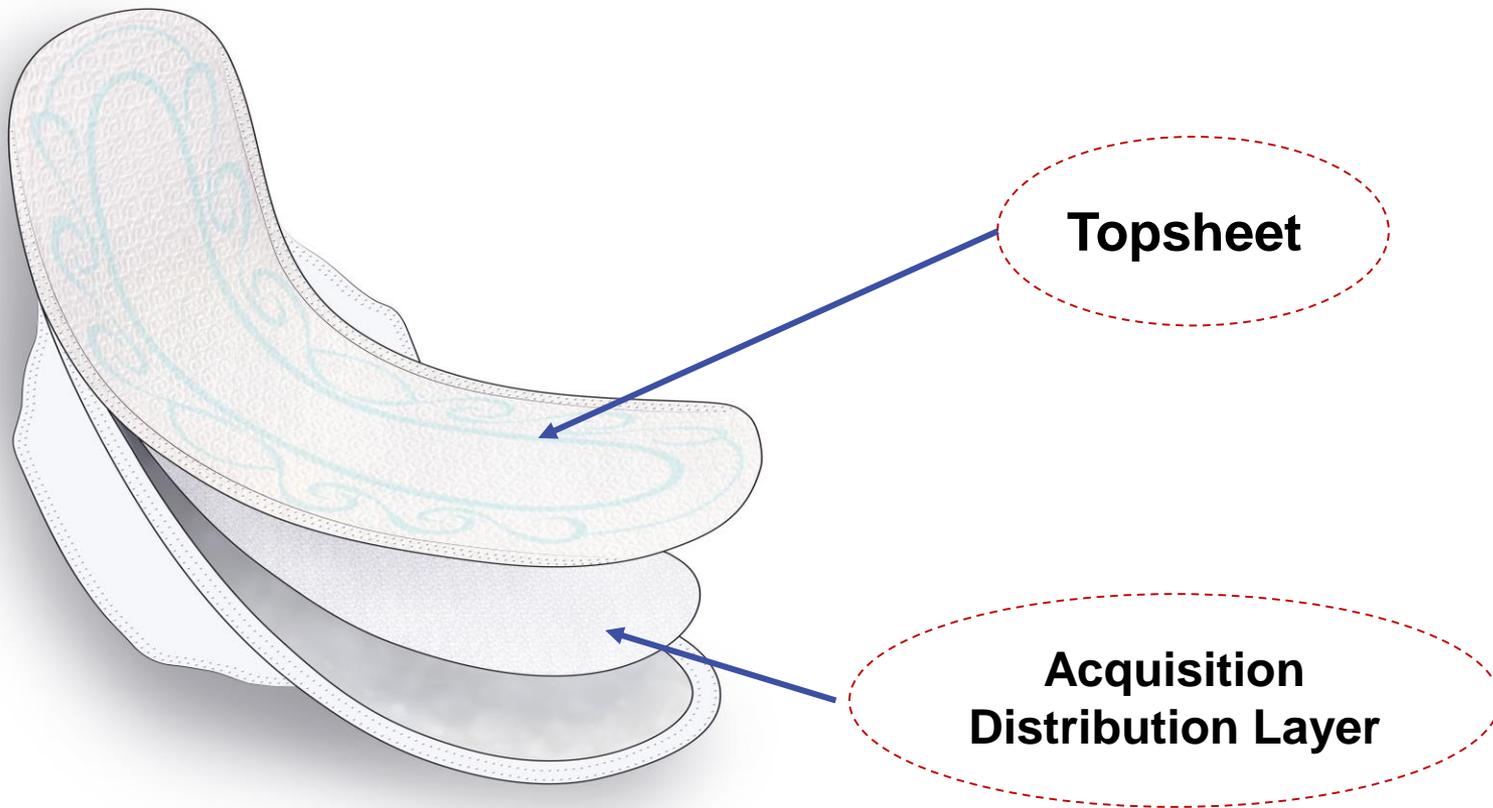
**Acquisition  
Distribution Layer**

# PE Films

## *Personal Care Product Development*

---

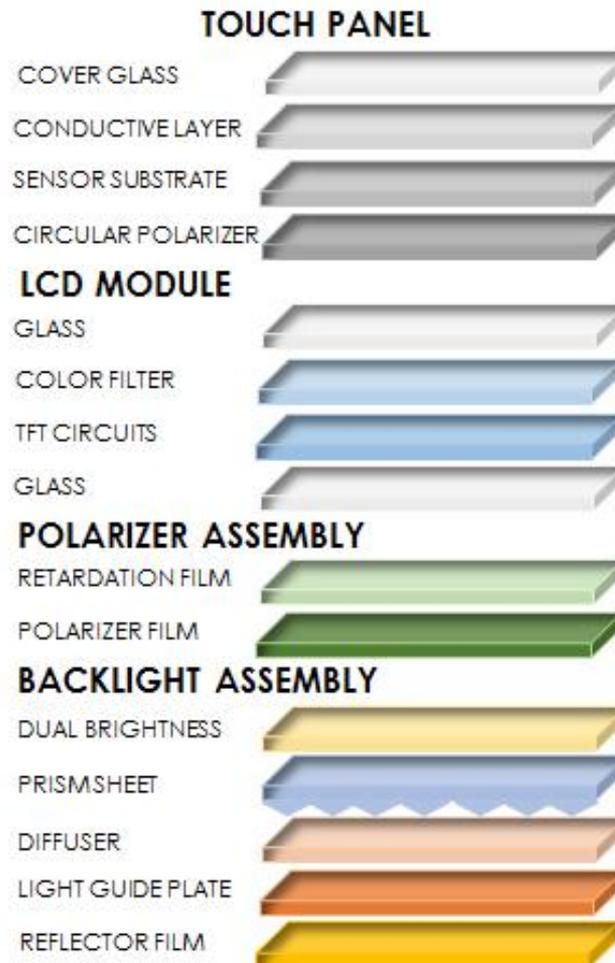
### Feminine Care Areas of Development



# PE Films

## Surface Protection Overview

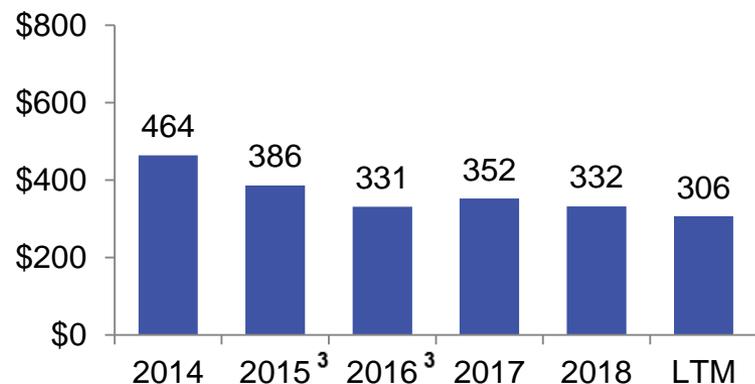
### Typical LCD Optical Stack (examples: TVs, Smartphones)



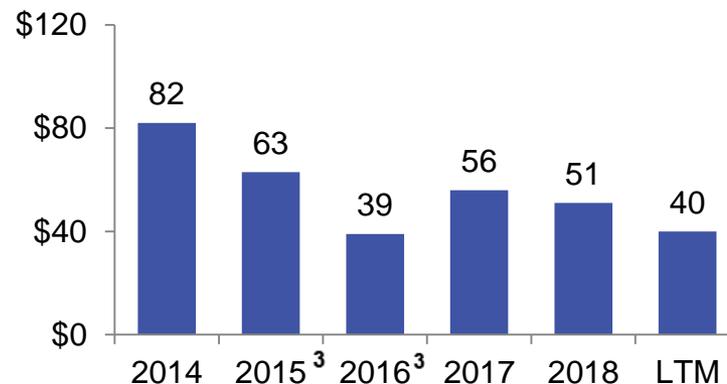
# PE Films

## Annual Historical Financials

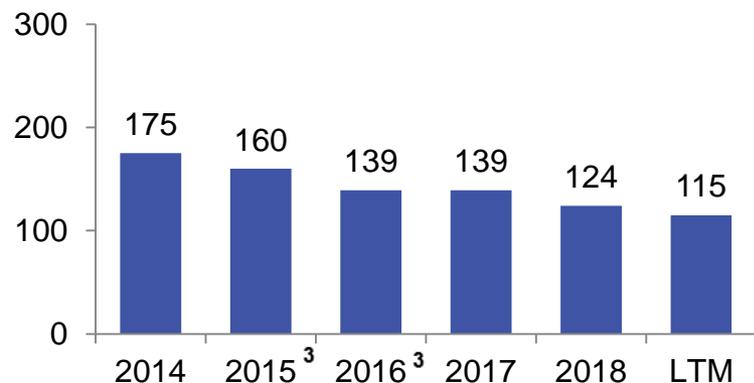
### Net Sales<sup>1</sup> (\$ in millions)



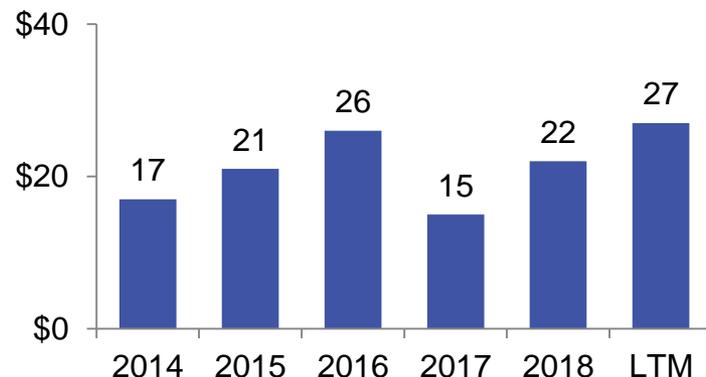
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### 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.

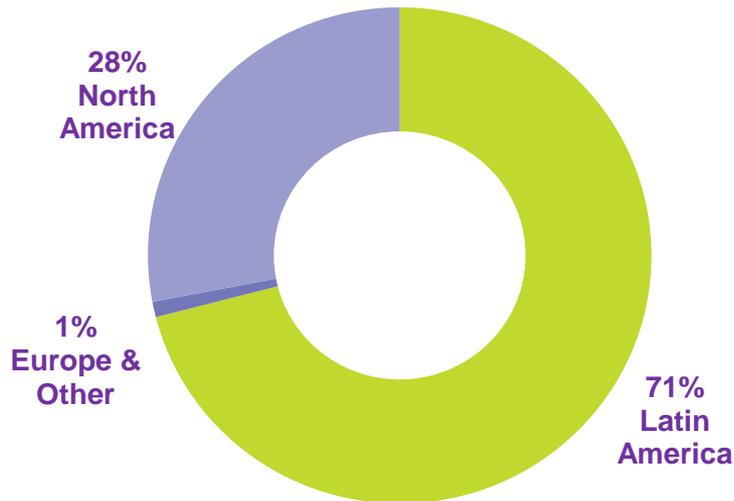
<sup>3</sup> Includes sales associated with lost business and product transitions for certain personal care materials. Excluding these sales, pro forma estimates for sales, adjusted EBITDA and volume are net sales of \$347M, adjusted EBITDA of \$53M and volume of 150M lbs. in 2015 and net sales of \$322M,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

# Flexible Packaging Films

## Business Profile

---

\$129 million LTM Net Sales<sup>1</sup>



### Key Growth Drivers

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

### Customers

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

### Primary End Use Markets

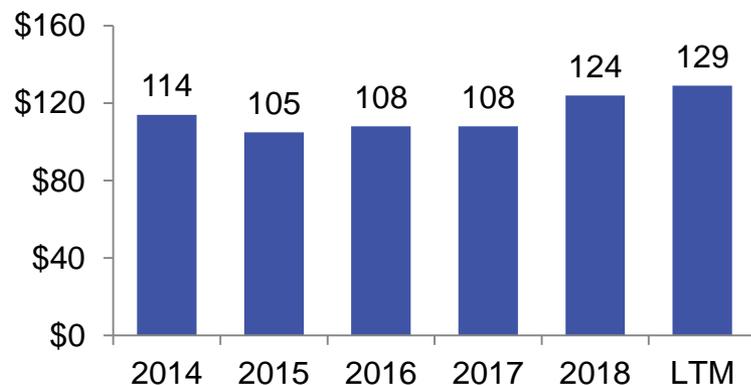
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

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

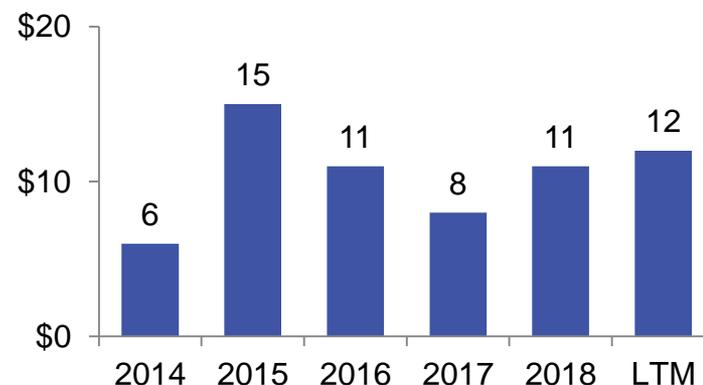
# Flexible Packaging Films

## Annual Historical Financials

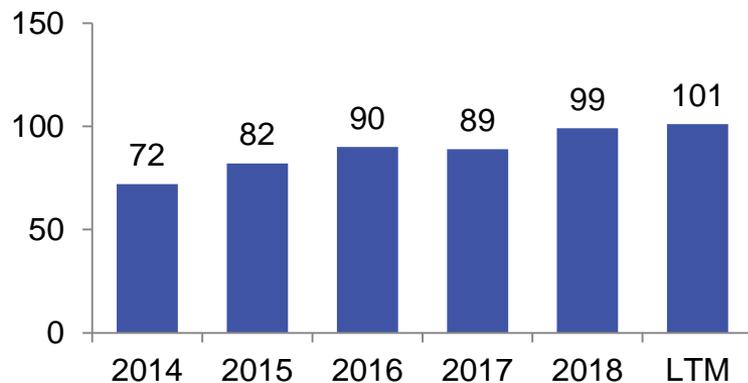
### Net Sales<sup>1</sup> (\$ in millions)



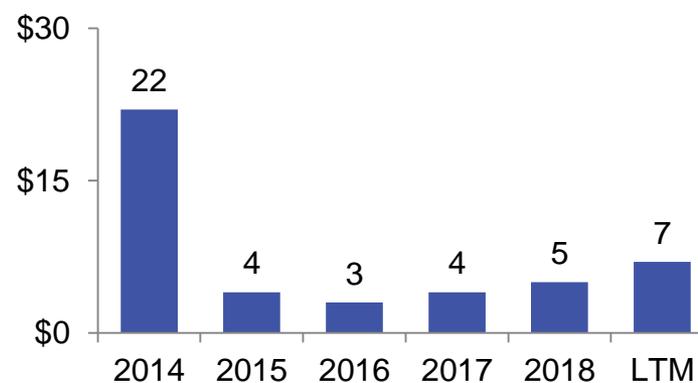
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)

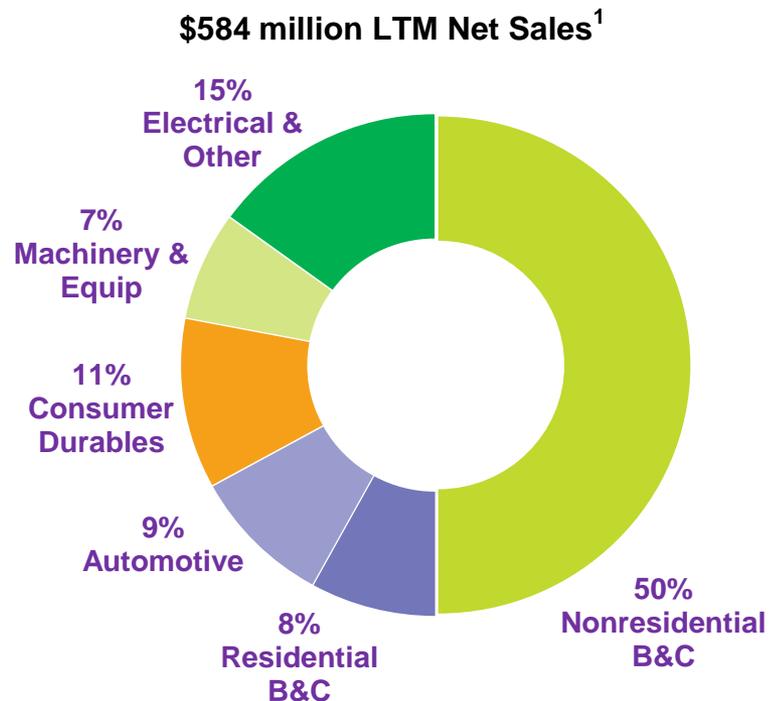


<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

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

# 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

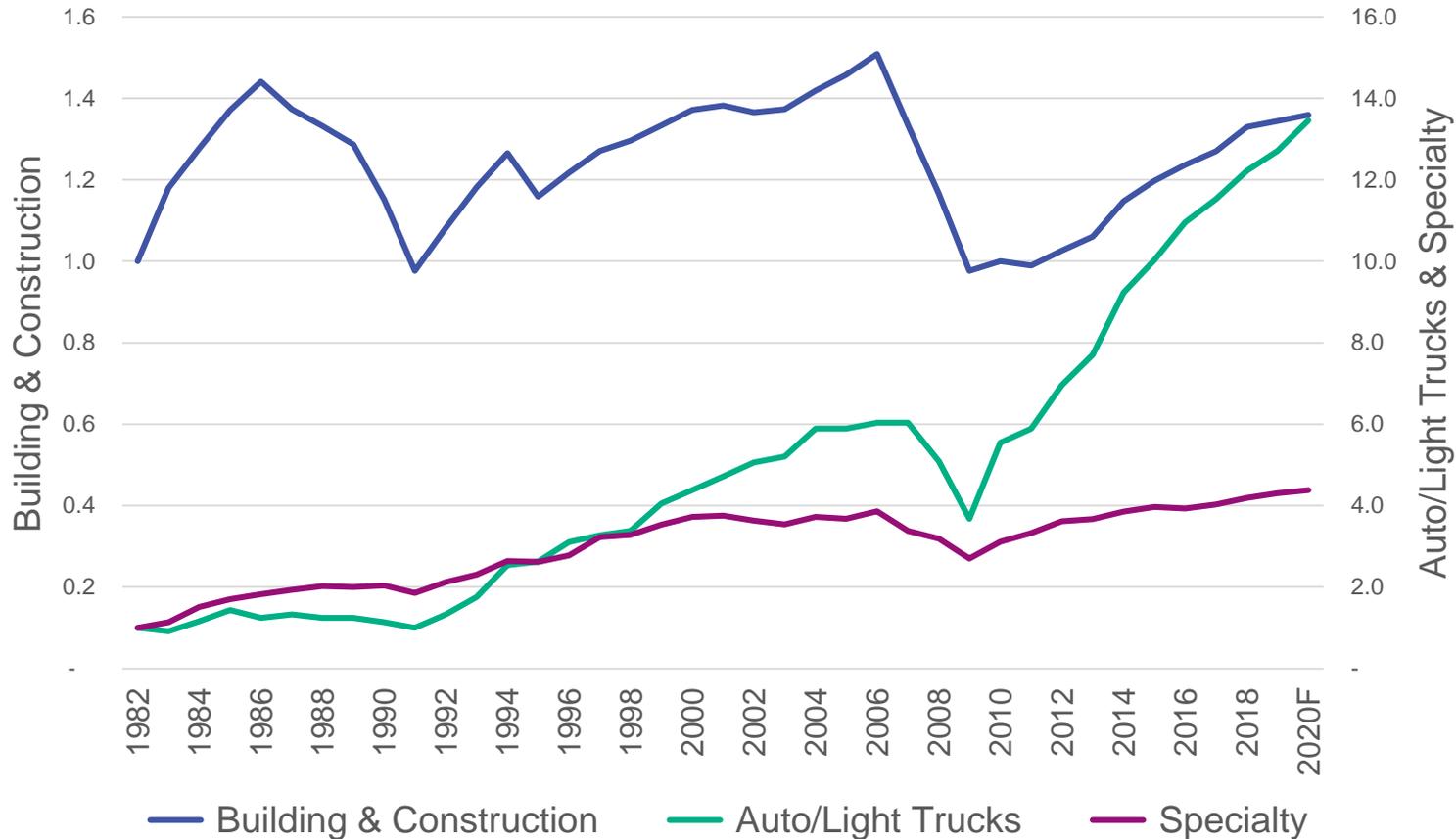
### Primary End Use Markets

- 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 (2018) and CRU Extruded Shapes Market Update, Feb 2019. 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*

---

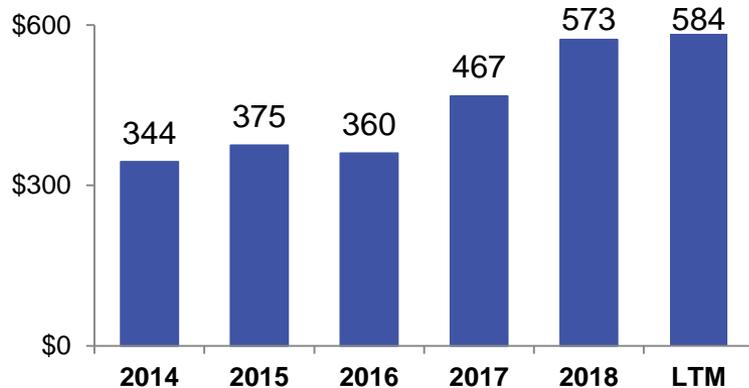
- Crash management systems  
– beams and mounting plates, crush cans
- Engine mounts and cradles
- Roof rails
- Electrical battery trays
- Air conditioner tube connectors



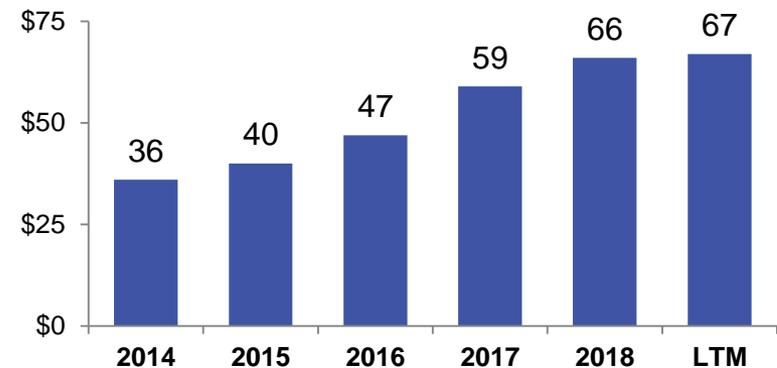
# Aluminum Extrusions

## Annual Historical Financials

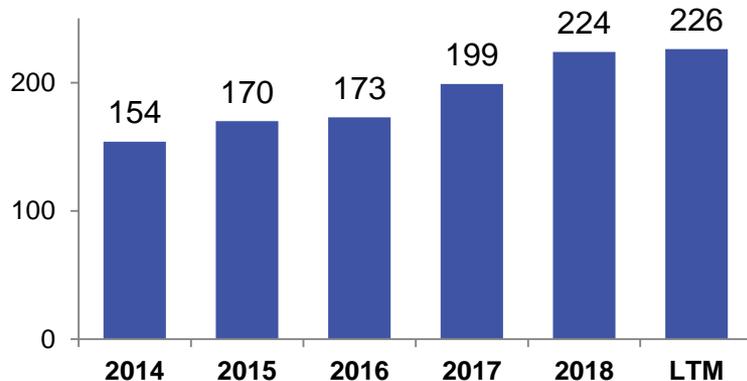
### Net Sales<sup>1</sup> (\$ in millions)



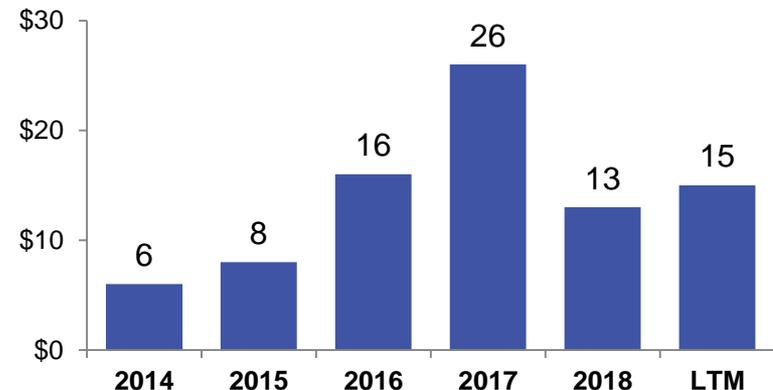
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)



Reflects inclusion of Bonnell's operating division, 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.

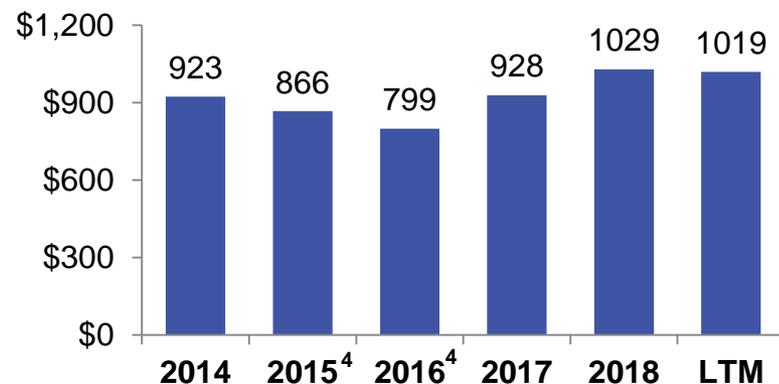
<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

# Tredegar Corporation

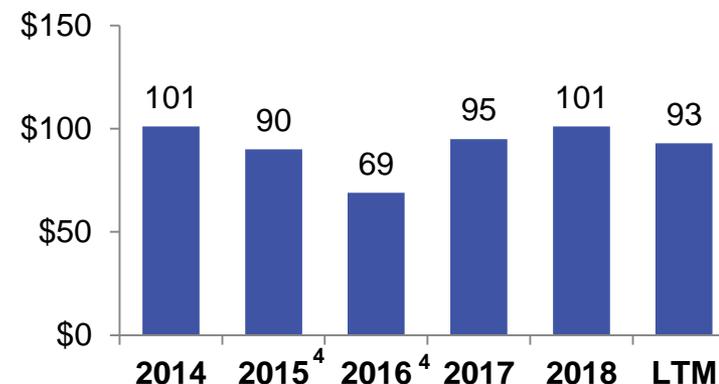
## Annual Historical Financials



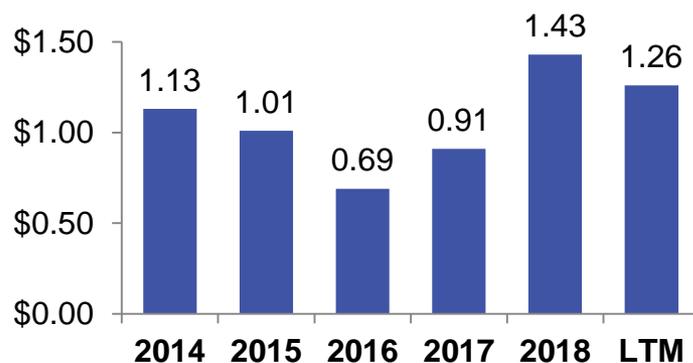
### Net Sales<sup>1</sup> (\$ in millions)



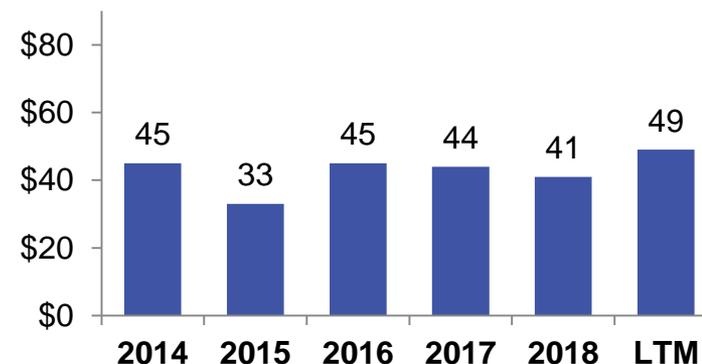
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### 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	\$33
Flexible Packaging	21.8	3.5	3.4	3.6	5.4	12
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>\$63</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); \$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 Flexible Packaging Films: New capacity for value-add products and productivity projects (\$7M)
- For Aluminum Extrusions: Infrastructure upgrades at Carthage, TN facility and productivity projects (\$8M)
- Capital expenditures to support continuity of current operations planned at approximately \$10M for PE Films, \$5M for Flexible Packaging Films and \$10M for Aluminum Extrusions

# Tredegar Corporation

## Cash Flow

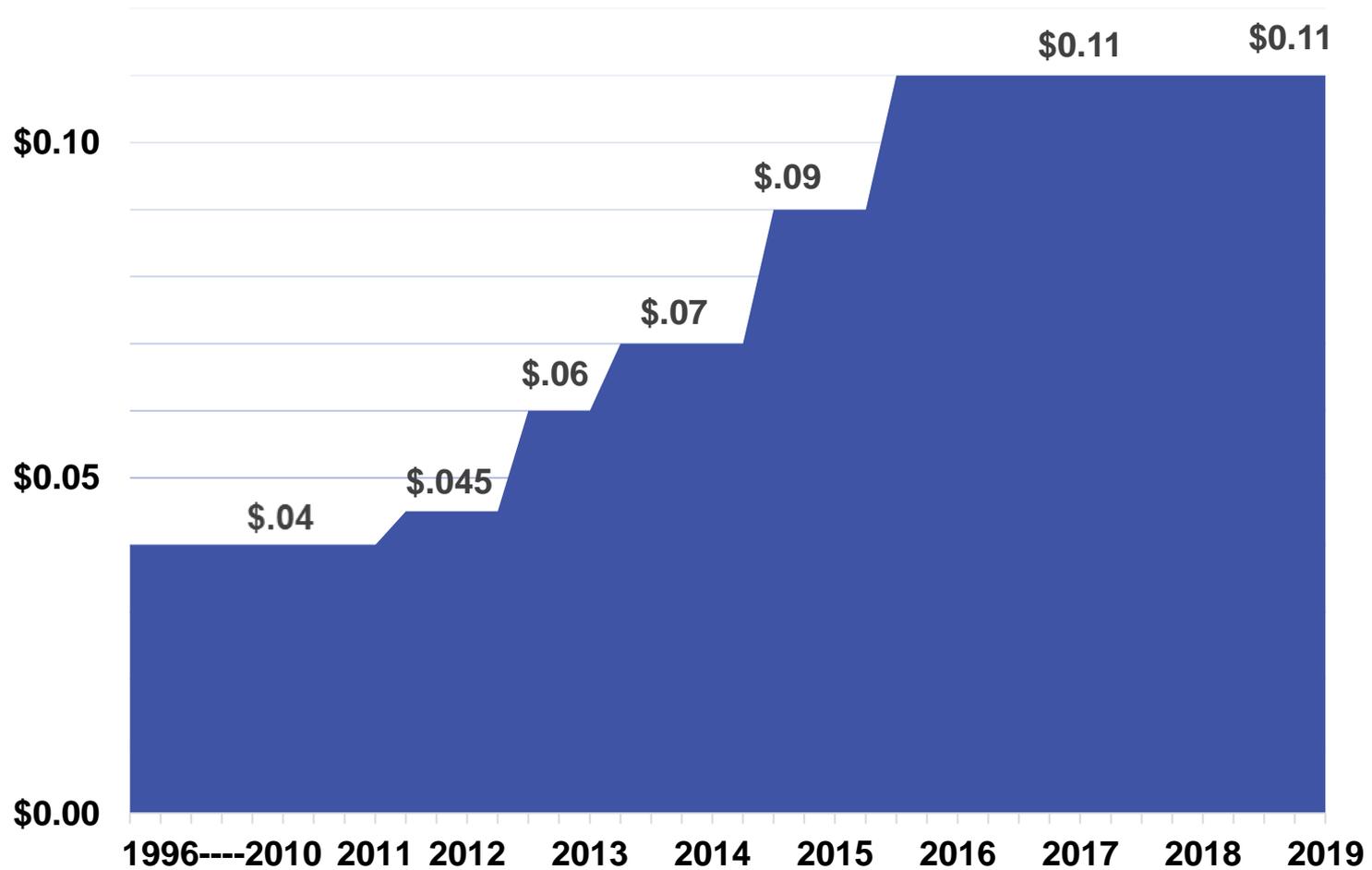


(\$ in millions)	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cash Flows from Operations	\$77	\$51	\$74	\$49	\$88	\$98
Capital Expenditures	80	45	33	45	44	41
Free Cash Flow <sup>1</sup>	(3)	6	41	4	44	57
Dividends	9	11	14	14	15	15
Acquisitions	0	0	0	0	87	0

<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

---

# GAAP to Non-GAAP Reconciliations

PE Films includes personal care materials, surface protection films, polyethylene overwrap films and films for other markets. Flexible Packaging Films is comprised of our polyester films business, Terphane Holdings LLC. Aluminum Extrusions results includes the acquisition of Futura Industries Corporation on February 15, 2017. Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## Notes:

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

(In millions)	QTD	QTD	QTD	QTD	QTD
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
PE Films	\$93.2	\$82.5	\$76.5	\$80.3	\$66.8
Flexible Packaging Films	28.4	28.3	33.7	33.4	33.6
Aluminum Extrusions	128.2	144.6	147.7	152.7	139.0
Total net sales	<b>249.9</b>	<b>255.3</b>	<b>257.9</b>	<b>266.3</b>	<b>239.4</b>
Add back freight	8.8	8.4	9.4	9.4	9.0
Sales as shown in consolidated statements of income	<b>\$258.7</b>	<b>\$263.8</b>	<b>\$267.3</b>	<b>\$275.7</b>	<b>\$248.5</b>

(In millions)						LTM
	2014	2015	2016	2017	2018	Q1 2019
PE Films	\$464.3	\$385.6	\$331.1	\$352.5	\$332.5	\$306.0
Flexible Packaging Films	114.3	105.3	108.0	108.3	123.8	129.0
Aluminum Extrusions	344.3	375.5	360.1	466.8	573.1	583.9
Total net sales	<b>923.0</b>	<b>866.3</b>	<b>799.2</b>	<b>927.6</b>	<b>1,029.4</b>	<b>1,019.0</b>
Add back freight	28.8	29.8	29.1	33.7	36.0	36.3
Sales as shown in consolidated statements of income	<b>\$951.8</b>	<b>\$896.1</b>	<b>\$828.3</b>	<b>\$961.3</b>	<b>\$1,065.5</b>	<b>\$1,055.2</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). Tredgar uses Adjusted EBITDA as a measure of unlevered (debt-free) operating cash flow.

Tredgar 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, Tredgar 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

# GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
<b>Quarter Ended March 31, 2019</b>				
Operating profit (loss) from ongoing operations	\$ 3.0	\$ 2.9	\$ 12.1	\$ 17.9
Add back depreciation & amortization	3.6	0.3	4.1	8.0
Less accelerated depreciation associated with plant consolidation	-	-	-	-
Adjusted EBITDA before corporate overhead	6.5	3.2	16.2	25.9
Corporate overhead	-	-	-	(7.2)
Adjusted EBITDA	\$ 6.5	\$ 3.2	\$ 16.2	\$ 18.7
<b>Quarter Ended March 31, 2018</b>				
Operating profit (loss) from ongoing operations	\$ 14.0	\$ 1.7	\$ 10.2	\$ 25.9
Add back depreciation & amortization	3.9	0.4	4.2	8.5
Less accelerated depreciation associated with plant consolidation	-	-	-	-
Adjusted EBITDA before corporate overhead	17.9	2.2	14.4	34.4
Corporate overhead	-	-	-	(7.6)
Adjusted EBITDA	\$ 17.9	\$ 2.2	\$ 14.4	\$ 26.8
<b>Last Twelve Months Ended March 31, 2019</b>				
Operating profit (loss) from ongoing operations	\$ 25.1	\$ 11.1	\$ 50.5	\$ 86.7
Add back depreciation & amortization	15.2	1.2	16.7	33.2
Less accelerated depreciation associated with plant consolidation	(0.6)	-	-	(0.6)
Adjusted EBITDA before corporate overhead	39.7	12.2	67.2	119.2
Corporate overhead	-	-	-	(26.3)
Adjusted EBITDA	\$ 39.7	\$ 12.2	\$ 67.2	\$ 93.0

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

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

(in millions, except per share data)

	2014	2015	2016	2017	2018	LTM Q1 2019
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 36.0	\$ (32.1)	\$ 24.5	\$ 38.3	\$ 24.8	\$ 26.4
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	2.0	3.0	3.1	1.4	3.8	4.7
(Gains) losses from sale of assets and other	(1.2)	17.7	(4.9)	(96.8)	(19.5)	(27.7)
Goodwill impairment charge	-	44.5	-	-	38.2	38.2
Terphane asset impairment loss	-	-	-	87.2	-	-
Net income from ongoing operations	\$ 36.8	\$ 33.1	\$ 22.7	\$ 30.1	\$ 47.3	\$ 41.6
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 1.11	\$ (0.99)	\$ 0.75	\$ 1.16	\$ 0.75	\$ 0.80
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.06	0.09	0.09	0.04	0.12	0.14
(Gains) losses from sale of assets and other	(0.04)	0.54	(0.15)	(2.94)	(0.59)	(0.83)
Goodwill impairment charge	-	1.37	-	-	1.15	1.15
Terphane asset impairment loss	-	-	-	2.65	-	-
Earnings per share from ongoing operations (diluted)	\$ 1.13	\$ 1.01	\$ 0.69	\$ 0.91	\$ 1.43	\$ 1.26

(in millions, except per share data)

	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 18.2	\$ 14.7	\$ (34.2)	\$ 26.2	\$ 19.8
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.1	0.6	2.0	1.2	0.8
(Gains) losses from sale of assets and other	(5.3)	(3.8)	2.6	(13.2)	(13.3)
Goodwill impairment charge	-	-	38.2	-	-
Terphane asset impairment loss	-	-	-	-	-
Net income from ongoing operations	\$ 12.9	\$ 11.5	\$ 8.6	\$ 14.2	\$ 7.3
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.55	\$ 0.44	\$ (1.03)	\$ 0.79	\$ 0.60
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	-	0.02	0.06	0.04	0.02
(Gains) losses from sale of assets and other	(0.16)	(0.11)	0.08	(0.40)	(0.40)
Goodwill impairment charge	-	-	1.15	-	-
Terphane asset impairment loss	-	-	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.39	\$ 0.35	\$ 0.26	\$ 0.43	\$ 0.22

# GAAP to Non-GAAP Reconciliations

Notes (continued):

4. Net debt is a non-GAAP financial measure that is not intended to represent debt as defined by GAAP, but is utilized by management in evaluating financial leverage and equity valuation. A calculation of net debt is shown below:

(In millions)	March 31, 2019
Debt	\$ 110.0
Less: Cash and cash equivalents	(36.3)
Net debt	<u>\$ 73.7</u>

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

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

Operating profit (loss): (in thousands)	2014	2015	2016	2017	2018	Q1 2018	Q1 2019
<b>PE Films:</b>							
Ongoing operations	\$ 60,971	\$ 48,275	\$ 26,312	\$ 41,546	\$ 36,181	\$ 14,034	\$ 2,951
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	(12,238)	(4,180)	(4,602)	(4,905)	(5,905)	(1,052)	(1,378)
Goodwill Impairment charge	-	-	-	-	(46,792)	-	-
<b>Flexible Packaging Films:</b>							
Ongoing operations	(2,917)	5,453	1,774	(2,626)	9,892	1,715	2,859
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	(589)	(185)	(214)	(89,398)	(45)	-	-
Goodwill Impairment charge	-	(44,465)	-	-	-	-	-
<b>Aluminum Extrusions:</b>							
Ongoing operations	25,664	30,432	37,794	43,454	48,613	10,199	12,085
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	(976)	(708)	(741)	321	(505)	(53)	(40)
<b>Total</b>	<b>69,915</b>	<b>34,622</b>	<b>60,323</b>	<b>(11,608)</b>	<b>41,439</b>	<b>24,843</b>	<b>16,477</b>
Interest income	588	294	261	209	369	56	59
Interest expense	2,713	3,502	3,806	6,170	5,702	1,644	1,232
Gain (loss) on sale of investment property	1,208	-	-	-	(38)	-	-
Unrealized loss on investment property	-	-	(1,032)	-	(186)	-	-
Gain (loss) on investment in kaléo accounted for under the fair value methc	2,000	(20,500)	1,600	33,800	30,600	8,200	17,082
Stock option-based compensation costs	1,272	483	56	264	1,221	86	415
Corporate expenses, net	24,310	33,638	29,607	30,879	28,893	7,918	8,160
Income (loss) from continuing operations before income taxes	45,416	(23,207)	27,683	(14,912)	36,368	23,451	23,811
Income taxes	9,387	8,928	3,217	(53,163)	11,526	5,287	4,026
Income (loss) from continuing operations	36,029	(32,135)	24,466	38,251	24,842	18,164	19,785
Income (loss) from discontinued operations, net of tax	850	-	-	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 36,879</b>	<b>\$ (32,135)</b>	<b>\$ 24,466</b>	<b>\$ 38,251</b>	<b>\$ 24,842</b>	<b>\$ 18,164</b>	<b>\$ 19,785</b>