



# 2016 Fourth-Quarter Financial Results

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February 22, 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 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

## 2016 Fourth Quarter and Full Year Financial Results



(in millions, except per share data)

	4Q 2016	4Q 2015	2016	2015
Net Sales <sup>1</sup>	\$196.9	\$210.1	\$799.2	\$866.3
Net Income from Ongoing Operations <sup>2</sup>	\$3.4	\$11.0	\$22.7	\$33.1
Diluted EPS from Ongoing Operations <sup>2</sup>	\$.10	\$.34	\$.69	\$1.01

<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 aluminum extrusions unit, Bonnell, turned in another excellent quarter, while PE Films’ results were weak. Multiple transitions are taking place in our films business, which will continue for several more quarters. Terphane continues to face difficult market conditions due to large industry excess capacity.

Earlier this month we announced Bonnell’s acquisition of Futura Industries. I am optimistic that this acquisition will contribute meaningfully to Tredegar’s growth and diversification.”

**John Gottwald, CEO and President (fourth quarter 2016 earnings release)**

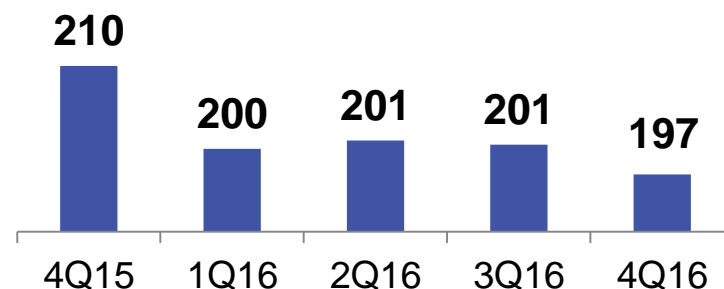
# Tredegar Corporation

## Fourth Quarter Net Sales and Net Income

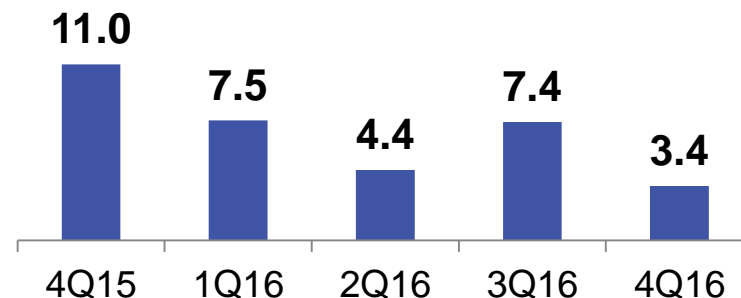
### Financial Highlights

- Combined segment operating profit from ongoing operations<sup>3</sup> of \$13.3M in fourth quarter 2016:
  - PE Films operating profit of \$2.7M (down \$9.7M Y-O-Y and \$6.3M sequentially)
  - Flexible Packaging (Terphane) operating profit of \$0.6M (down \$3.1M Y-O-Y and up \$0.5M sequentially)
  - Bonnell Aluminum operating profit of \$10.0M (up \$0.4M Y-O-Y and \$0.6M sequentially)
- Non-cash pension expense of \$10.9M in 2016, \$1.5M favorable to prior year

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

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

## 2016 Fourth Quarter Results



### Fourth Quarter Performance

(in millions)	4Q 16	4Q 15	▲
Volume (lbs.)	32.8	38.4	(15)%
Net Sales <sup>1</sup>	\$79.7	\$93.3	(15)%
Operating Profit <sup>2</sup>	\$2.7	\$12.4	(78)%
Pro forma Op. Profit <sup>4</sup>	\$3.9	\$11.0	(65)%
Adj. EBITDA <sup>3</sup>	\$6.1	\$15.5	(61)%
Pro forma Adj. EBITDA <sup>4</sup>	\$7.0	\$13.7	(49)%

### Full Year Performance

(in millions)	2016	2015	▲
Volume (lbs.)	139.0	160.3	(13)%
Net Sales <sup>1</sup>	\$331.1	\$385.6	(14)%
Operating Profit <sup>2</sup>	\$26.3	\$48.3	(46)%
Pro forma Op. Profit <sup>2</sup>	\$28.5	\$40.1	(29)%
Adj. EBITDA <sup>3</sup>	\$39.3	\$63.4	(38)%
Pro forma Adj. EBITDA <sup>3</sup>	\$40.2	\$53.0	(24)%

### Financial Highlights

- Lower operating profit for fourth quarter versus last year primarily as a result of:
  - Wind down of volume related to lost business in personal care materials (\$2.6M)
  - Lower contribution from surface protection films due to lower volumes (\$2.1M)
  - Lower productivity due to operational inefficiencies in personal care films (\$2.0), primarily due to sourcing elastics for European customers from Lake Zurich, IL site
  - Unfavorable lag in pass-through of resin costs (\$0.2M) in 4Q16 vs. favorable lag (\$2.0M) in 4Q15

### Other Highlights

- Pro forma estimates reflect operating profit assuming sales from lost business for personal care that have been eliminated<sup>3</sup> and the Company's efforts to consolidate domestic manufacturing facilities had been completed; actual completion expected in the second half of 2017 (see Management Discussion in Form 10-K, starting on pg. 20, for additional information)
- Additional product transitions in personal care expected to occur after 2018 would result in additional annual adverse profit impact of \$10M
- 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
- Capital expenditures of \$36M are planned for 2017, including capacity expansion for elastics and acquisition distribution layer materials and 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.

<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.

<sup>4</sup> See Note 7 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

# Flexible Packaging Films (Terphane)

## 2016 Fourth Quarter Results



### Fourth Quarter Performance

(in millions)	4Q 16	4Q 15	▲
Volume (lbs.)	23.5	22.4	5%
Net Sales <sup>1</sup>	\$27.1	\$28.0	(3)%
Operating Profit <sup>2</sup>	\$0.6	\$3.7	(84)%
Adj. EBITDA <sup>3</sup>	\$3.1	\$5.9	(47)%

### Full Year Performance

(in millions)	2016	2015	▲
Volume (lbs.)	89.7	82.3	(9)%
Net Sales <sup>1</sup>	\$108.0	\$105.3	3%
Operating Profit <sup>2</sup>	\$1.8	\$5.4	(67)%
Adj. EBITDA <sup>3</sup>	\$11.3	\$15.2	(26)%

### Financial Highlights

- Lower operating profit in fourth quarter versus last year primarily as a result:
  - Higher costs and expenses (\$1.7M) primarily related to adverse impact of high inflation in Brazil and appreciation of Brazilian currency relative to US\$
  - Favorable lag in resin pass-through (\$0.8M) in 4Q15 (none in 4Q16)
  - Favorable settlement of loss contingencies (\$0.6M) in 4Q15 (none in 4Q16)

### Other Highlights

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

<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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<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)

## 2016 Fourth Quarter Results



### Fourth Quarter Performance

(in millions)	4Q 16	4Q 15	▲
Volume (lbs.)	43.1	42.9	1%
Net Sales <sup>1</sup>	\$90.1	\$88.8	1%
Operating Profit <sup>2</sup>	\$10.0	\$9.6	5%
Adj. EBITDA <sup>3</sup>	\$12.3	\$12.0	3%

### Full Year Performance

(in millions)	2016	2015	▲
Volume (lbs.)	173.0	170.0	2%
Net Sales <sup>1</sup>	\$360.1	\$375.4	(4)%
Operating Profit <sup>2</sup>	\$37.8	\$30.4	24%
Adj. EBITDA <sup>3</sup>	\$47.0	\$40.1	17%

### Financial Highlights

- Higher operating profit versus last year primarily as a result of lower materials, supply and other net costs (\$0.4M)
- For full year, higher operating profit versus 2015 as a result of higher volume (\$0.9M), lower materials, supply and other net costs (\$2.6M) and improved management of freight logistics and utility costs (\$2.2M) and other efficiencies (\$1.8M)

### Other Highlights

- Newnan plant incurred an explosion in late June 2016 which injured five employees and caused significant damage to cast house. Casting line not currently operational but expected to be back in production by end of 2Q17 – extrusion and finishing lines were not affected (see *Management Discussion in Form 10-K, starting on pg. 20, for additional information*)
- Capital expenditures of \$27M are projected in 2017, including \$9M for new capacity project in Niles (\$18M total project with planned start-up in mid 2017, which adds ~16 million pounds of capacity on annualized basis), \$2M for Newnan cast house not covered by insurance reimbursement, \$15M to support operations, including \$6M to support operations at 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.

<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

## Year-End 2016 Financial Highlights (as of 12/31/2016)

\$ in millions

<b>Cash Flows from Operations</b>	<b>\$48.9</b>
<b>Capital Expenditures</b>	<b>\$45.5</b>
<b>Dividends Paid (quarterly dividend \$0.11/share)</b>	<b>\$14.5</b>
<b>Net Debt<sup>1</sup></b>	<b>\$65.5</b>
<b>Pro Forma Net Debt with Futura Acquisition<sup>3</sup></b>	<b>\$157.5</b>
<b>Total Debt to Adjusted EBITDA<sup>2</sup></b>	<b>1.39x</b>
<b>Pro Forma Total Debt to Adjusted EBITDA<sup>3</sup></b>	<b>2.25x</b>

<sup>1</sup> As of 12/31/2016. 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 December 31, 2016 (page 36) for more information on this non-GAAP financial measure.

<sup>3</sup> Pro forma as if the Futura acquisition, which was purchased on February 15, 2017, occurred at December 31, 2016, using a purchase price of \$92 million and 2016 Futura EBITDA of \$13.6 million (unaudited).





# Appendix

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# Tredegar At A Glance

Major Product Groups	Primary End Markets	Customers	Competitors
<p><b>PE Films:</b></p> <p><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> Films combining multiple technology platforms for application-specific functionality, including optical management</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 profiles supplied in various finishing and value-added service options including mill (unfinished), anodized, painted, fabricated, machined, cut-to-length, assembled, custom packed and labeled for:</p> <ul style="list-style-type: none"> <li>• <b>Building and Construction</b></li> <li>• <b>Automotive</b></li> <li>• <b>Specialty Markets</b>, inclusive of consumer durables, machinery and equipment, electrical, distribution</li> </ul>	<p><b>Building and Construction:</b> Doors, windows, pre-engineered structures, wall panels, partitions and interior enclosures, ducts, louvers and vents, curtain wall (commercial/architectural/monumental), store fronts and entrances, walkway covers, shower and tub enclosures, storm shutters</p> <p><b>Automotive:</b> Automobile/light truck structural components, recreational vehicles, trim parts, after-market accessories</p> <p><b>Specialty Markets:</b></p> <p><b>Consumer Durables:</b> Furniture, pleasure boats, refrigerators and freezers, appliances, sporting goods</p> <p><b>Machinery and Equipment:</b> Conveyors and conveying systems, industrial modular assemblies, medical equipment, industrial fans, automation systems</p> <p><b>Electrical:</b> Lighting fixtures, solar panels, electronic apparatus, rigid and flexible conduits</p> <p><b>Distribution:</b> Various custom and standard profiles</p>	<p>Glazing contractors and fabricators</p> <p>Tier suppliers to Automotive OEMs</p> <p>Consumer durables, machinery and equipment, and electrical OEMs</p> <p>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
- High-value specialty PET (polyethylene terephthalate) film offers technical advantages, such as temperature resistance, high dimensional stability and barrier properties

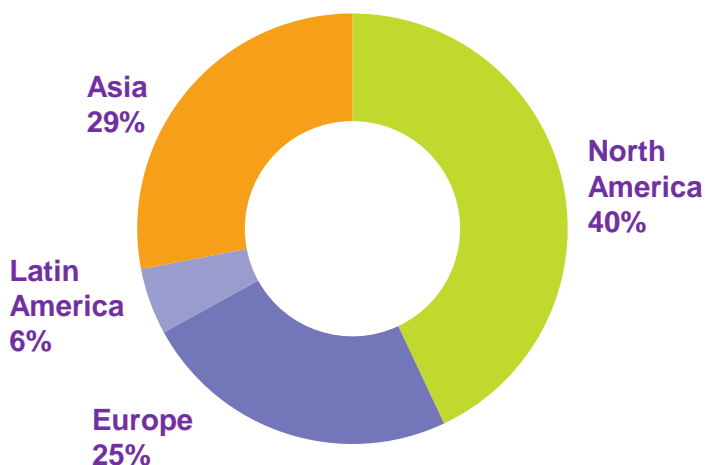
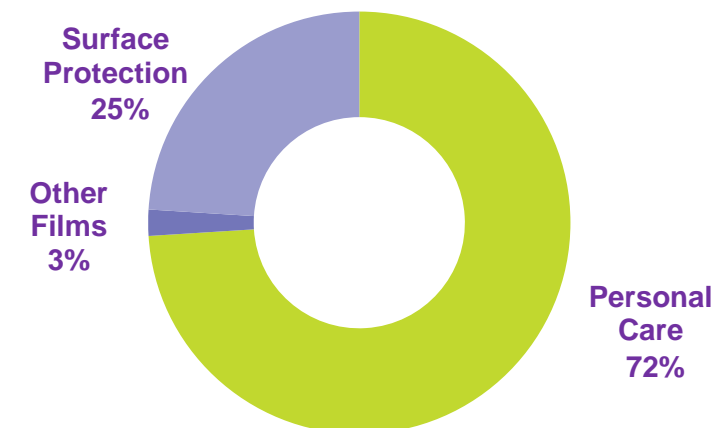
### **Aluminum Extrusions**

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

# PE Films

## Business Profile

(\$331 million 2016 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

- New technologies for high-end TVs, tablets, notebooks and smartphones are driving growth
  - Expanded use of touch screen technology, automotive, flexible and OLED displays, and wearables
    - Screens getting larger (1" per year); flat panel display area projected to grow 4-6% through 2020.<sup>1</sup>
  - Unit growth in TVs expected as consumers upgrade (ex. 4KUHD and QDEF color technology)
- Increasing quality demands to meet high-performance specifications – Surface Protection films improve customer process yields and minimize quality rejects during in-process and shipment applications

### Key Drivers for Personal Care Films

- Positive global market growth trends for absorbent products expected through 2021, driven by gains in adult incontinence products around the world and emerging markets growth in baby diapers:
  - Global market growth of ~ 3.7% per year, driven by emerging market growth<sup>2</sup>
  - Baby diapers expected to grow ~ 3.7%<sup>2</sup>
  - Feminine hygiene expected to grow ~ 3.0%<sup>2</sup>
  - Adult incontinence products expected to grow ~ 8.3%<sup>2</sup>
- Rapid growth in adult incontinence driven by aging populations and product improvements

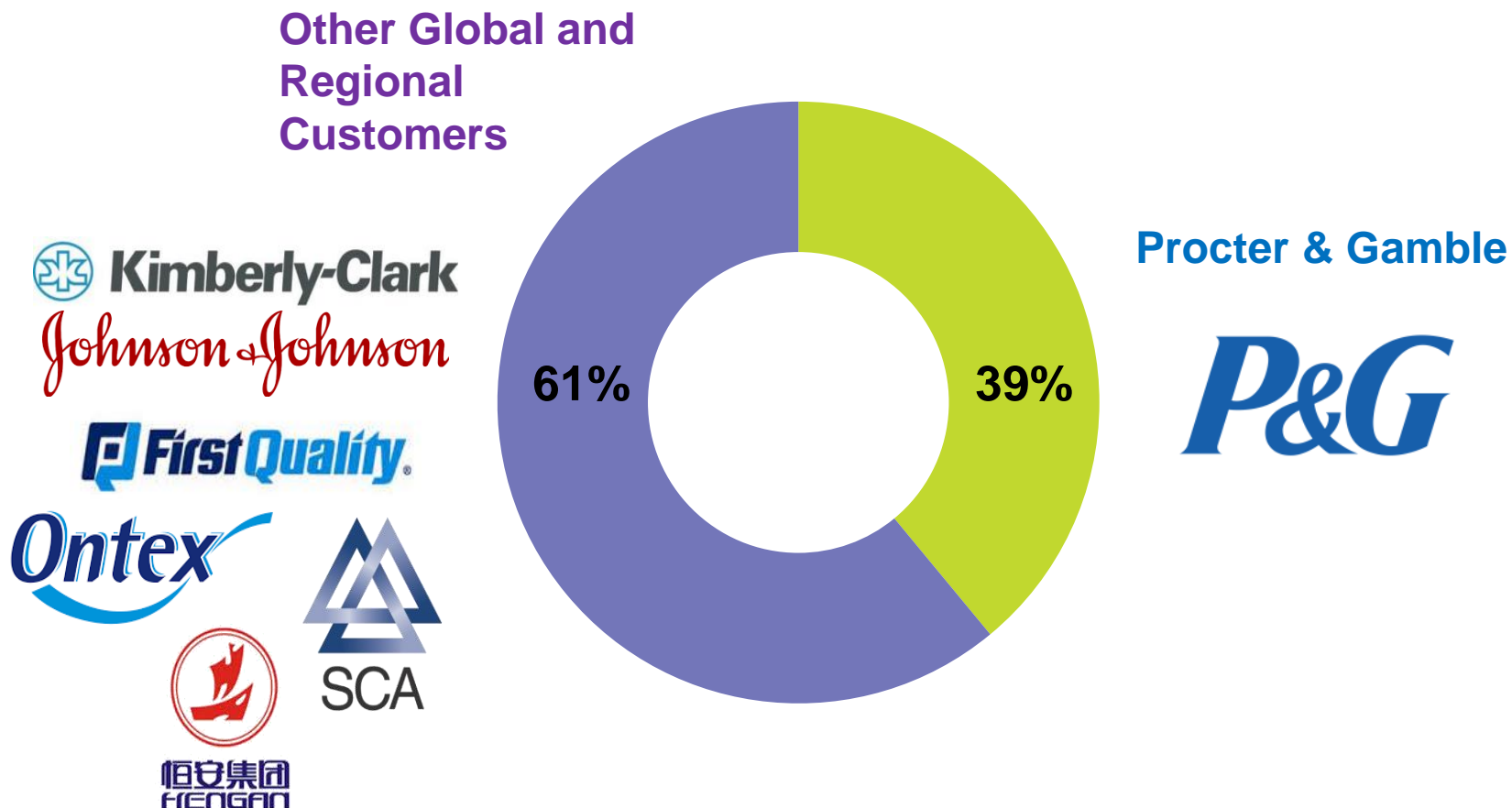
<sup>1</sup> IHS April 2016

<sup>2</sup> Price Hanna Consultants, June 2016

# PE Films

## Personal Care Customer Base

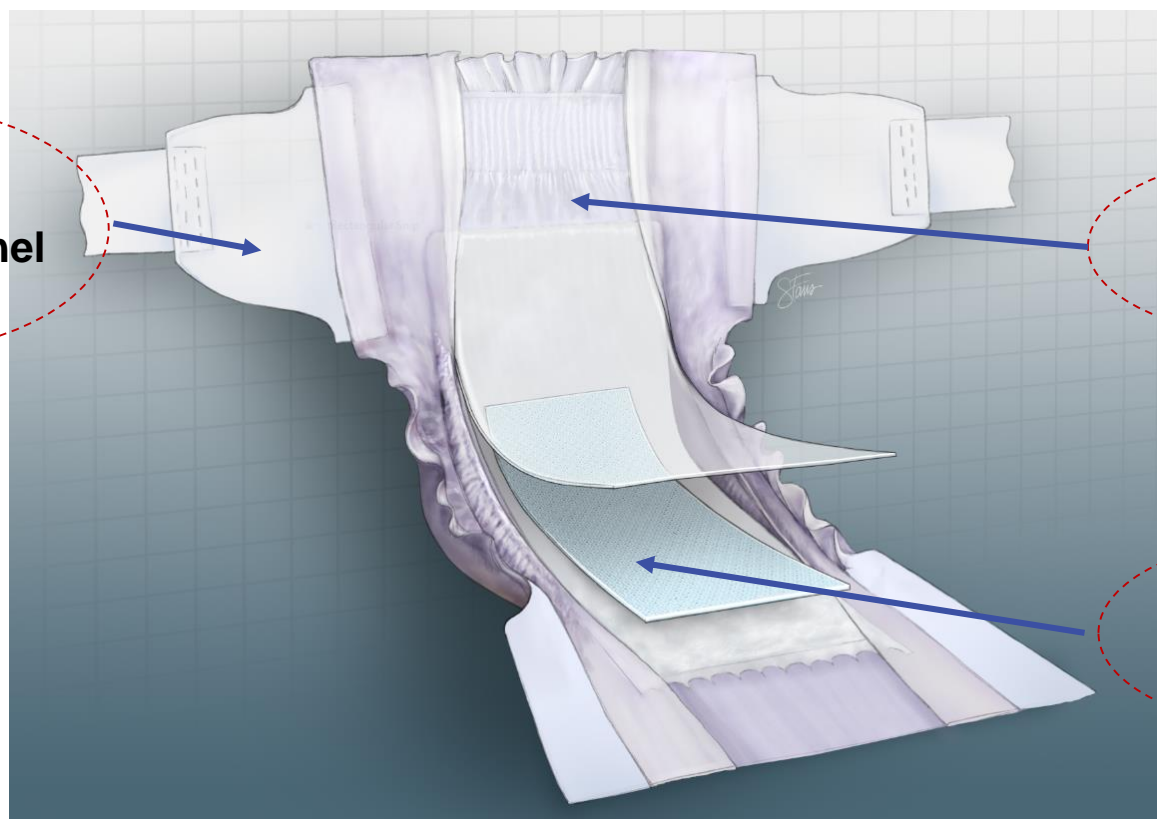
(PE Films 2016 Net Sales<sup>1</sup> \$331 million)



# PE Films

## Personal Care Product Development

### Baby Diaper and Adult Incontinence Areas of Development



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

**Elastic  
Waistband**

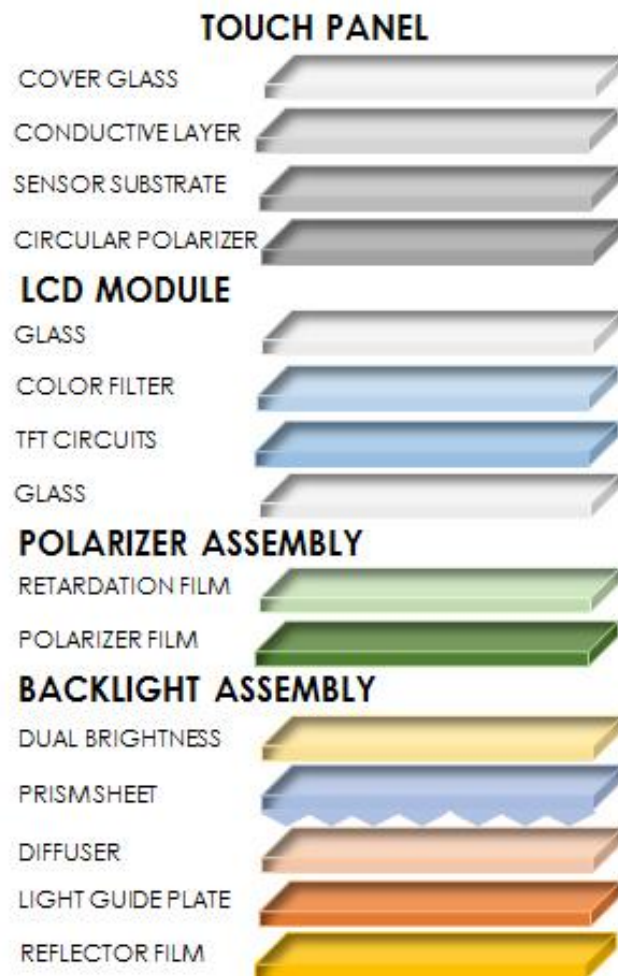
**Acquisition  
Distribution  
Layer**

# PE Films

## Surface Protection Overview

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

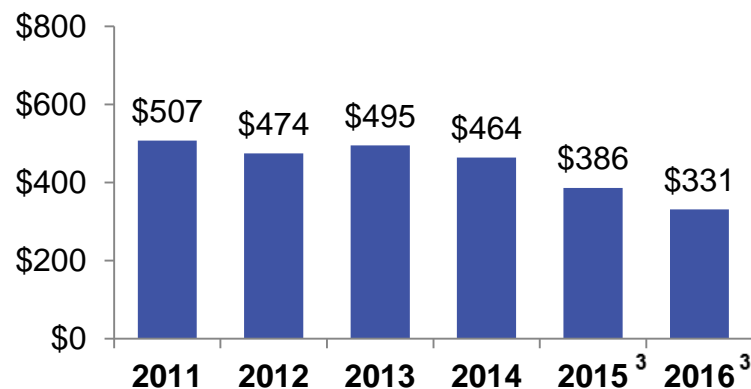




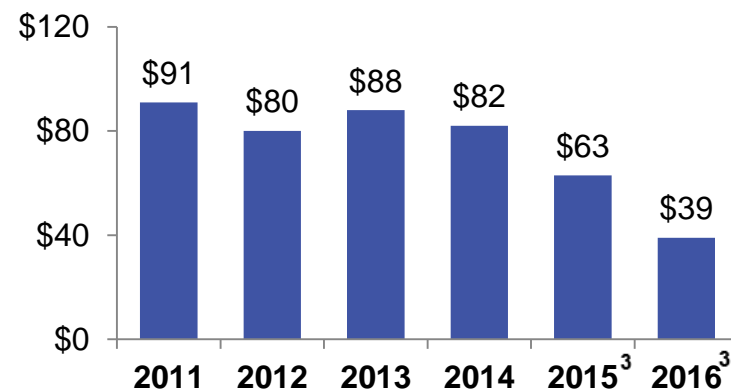
# PE Films

## Annual Historical Financials

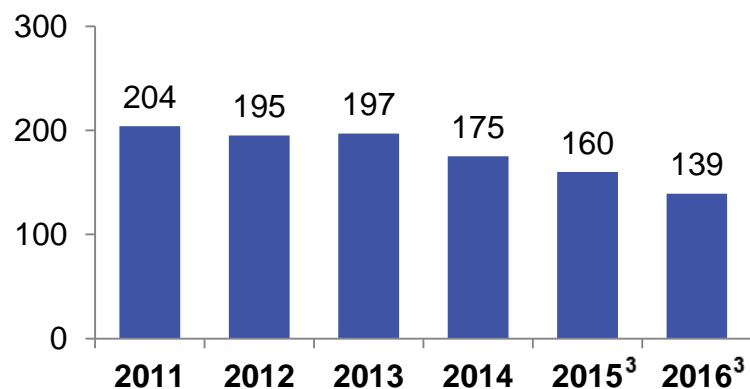
### Net Sales<sup>1</sup> (\$ in millions)



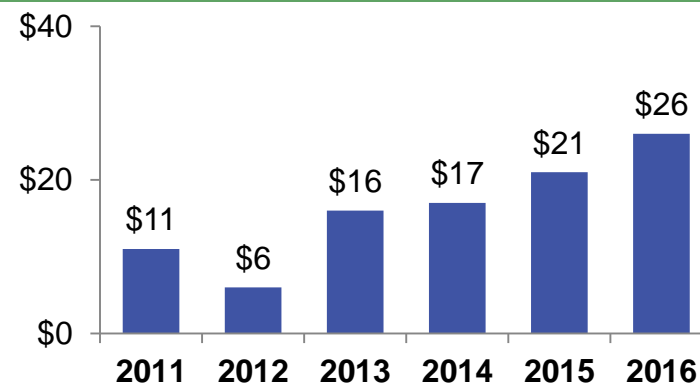
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### 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.

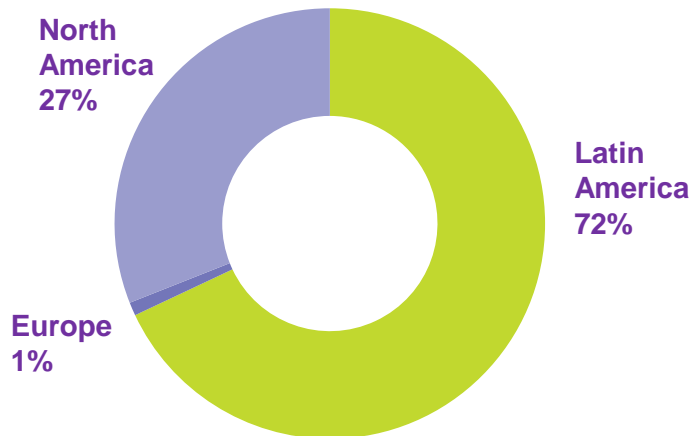
<sup>3</sup> Includes sales associated with lost business and product transitions for certain personal care materials. Excluding these sales, pro forma estimates for sales, adjusted EBITDA and volume are net sales of \$347M, adjusted EBITDA of \$53M and volume of 150M lbs. in 2015 and net sales of \$322M,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

# Flexible Packaging (PET) Films

## Business Profile



(\$108 million 2016 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

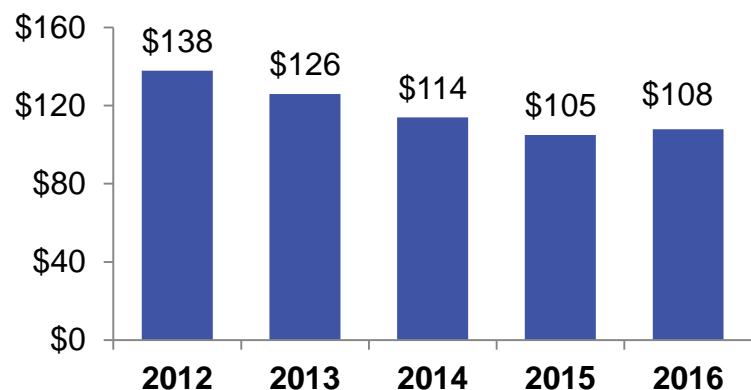
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

<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.

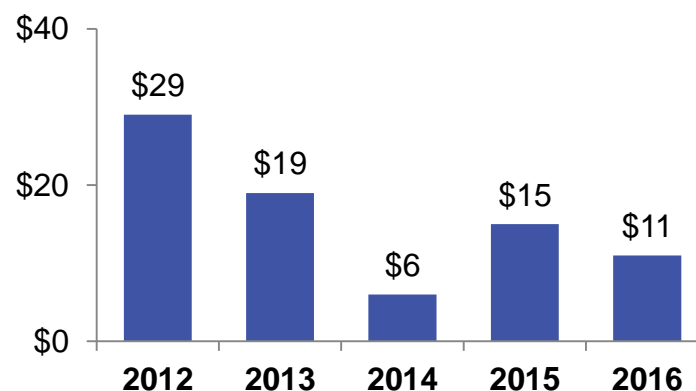
# Flexible Packaging (PET) Films

## Annual Historical Financials

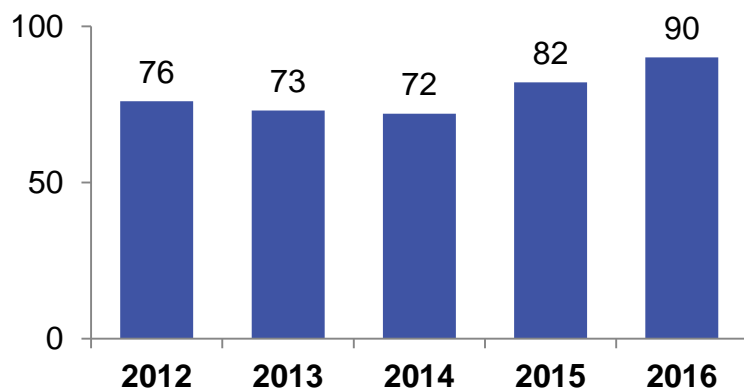
### Net Sales<sup>1</sup> (\$ in millions)



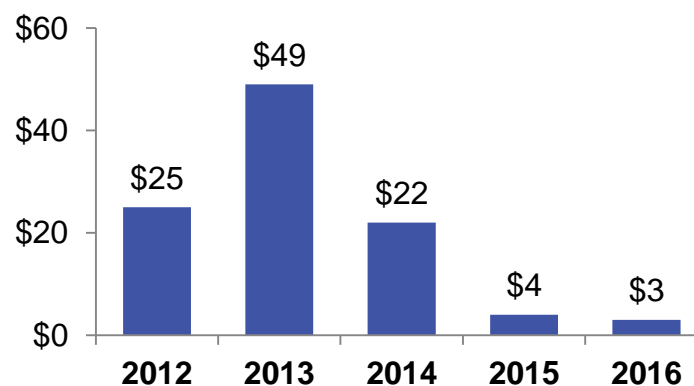
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)



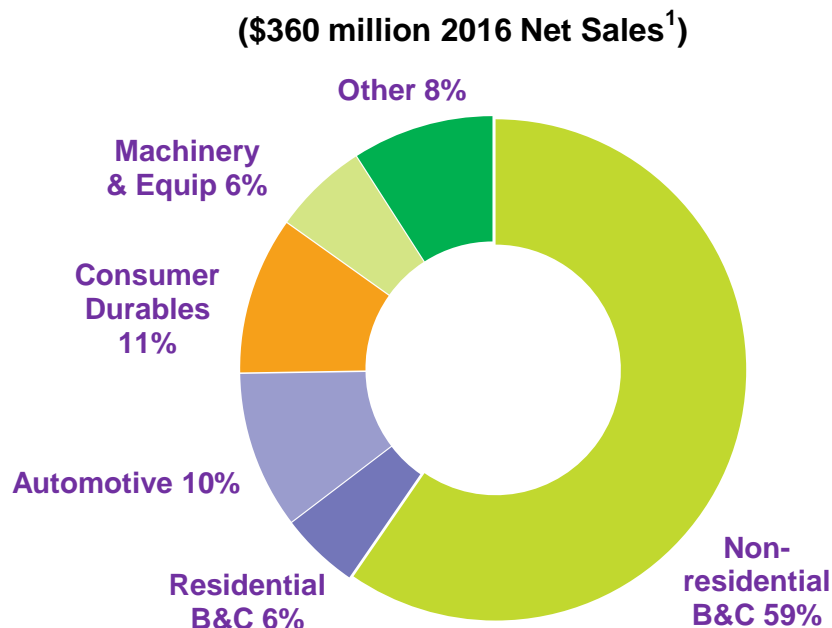
Reflects acquisition of Terphane subsequent to acquisition date of 10/24/11.

<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.

# Bonnell Aluminum

## 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

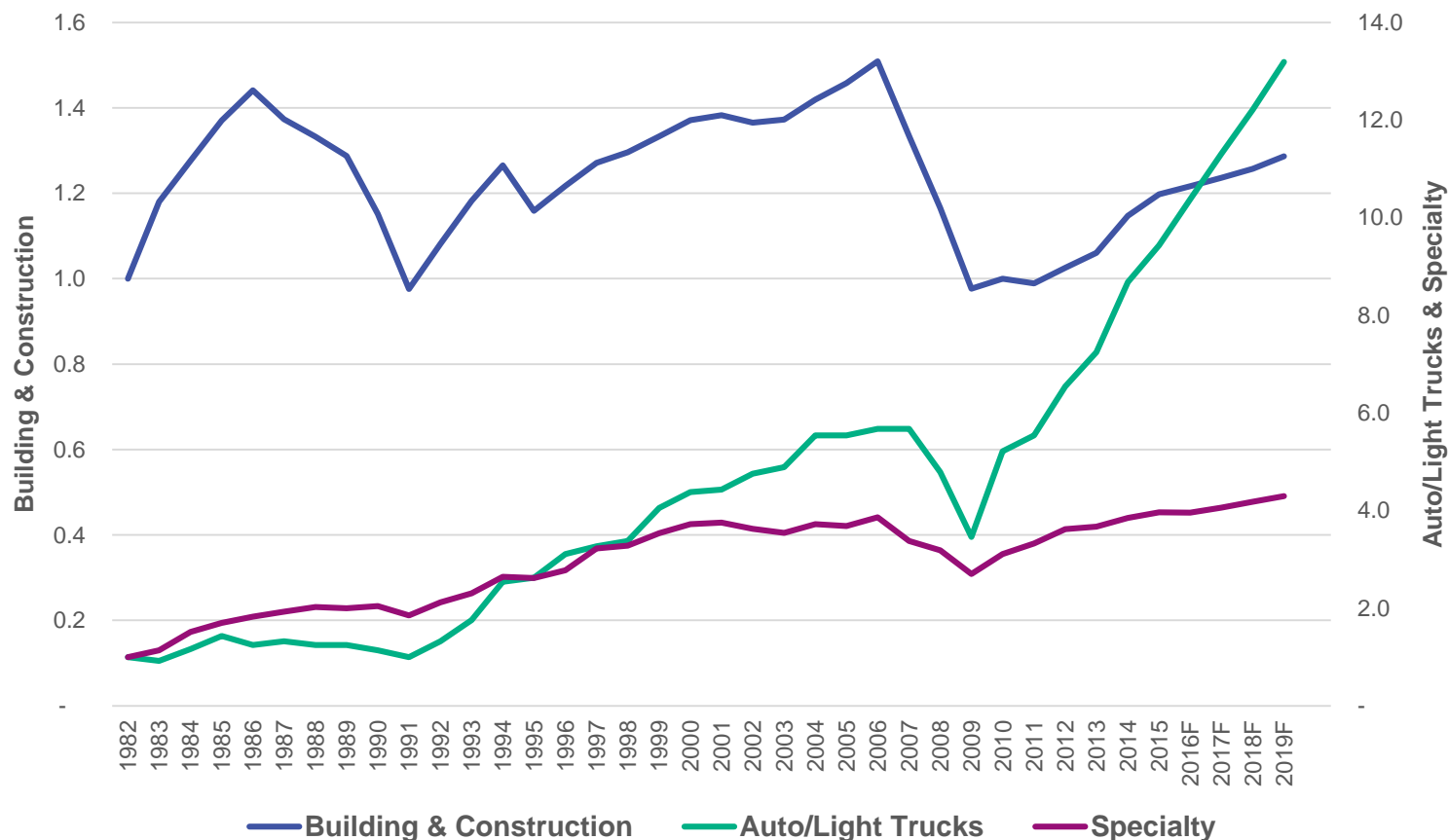
### Primary End Use Markets

- Curtain wall, store fronts and entrances, doors, windows, wall panels and other building components
- Automobile and light truck structural components
- Consumer durables such as major appliances, pleasure boats and recreational watercraft, office and institutional furniture
- Material handling equipment, linear motion and conveying systems, modular framing

<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

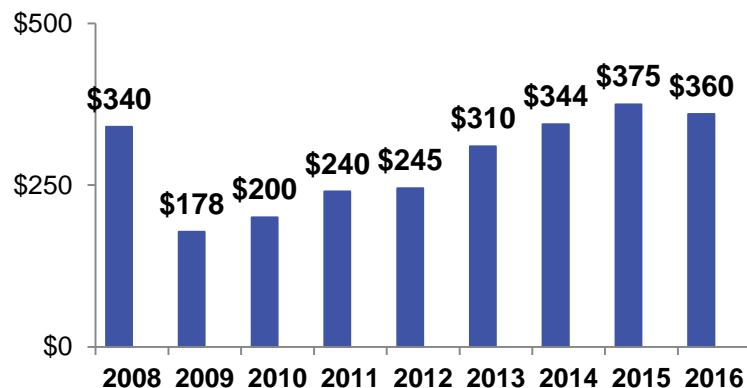


Note: Index computations based on Aluminum Association data (2015) and Lawrence Capital Quarterly Downstream Aluminum Outlook, December 2016. Specialty includes aluminum extrusions sold to consumer durables, electrical and machinery markets. Actual results could be materially different from forecasted results shown.

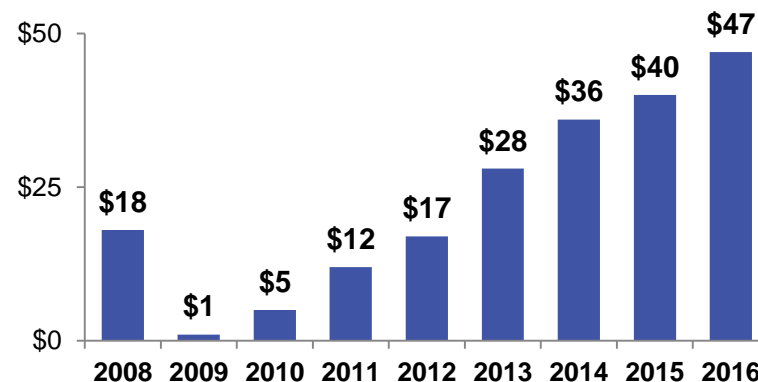
# Bonnell Aluminum

## Annual Historical Financials

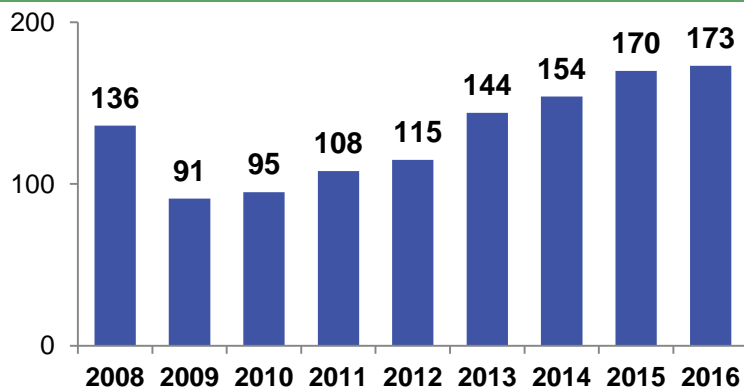
### Net Sales<sup>1</sup> (\$ in millions)



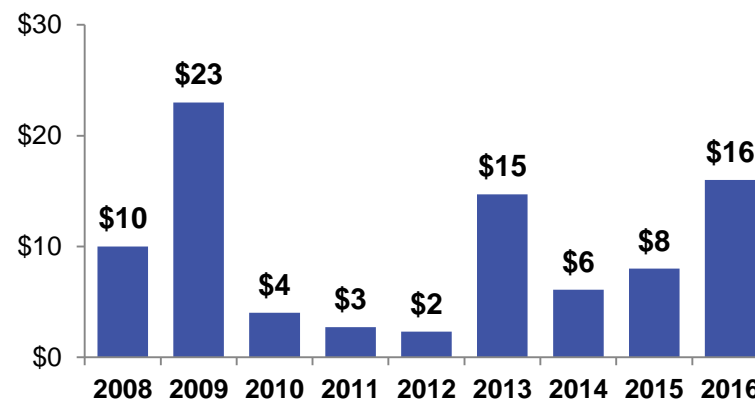
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)



Reflects inclusion of AACOA subsequent to acquisition date of 10/1/2012. Excludes Futura Industries, acquired for \$92 million on 2/15/2017, which had EBITDA in 2016 of \$13.6 million (unaudited).

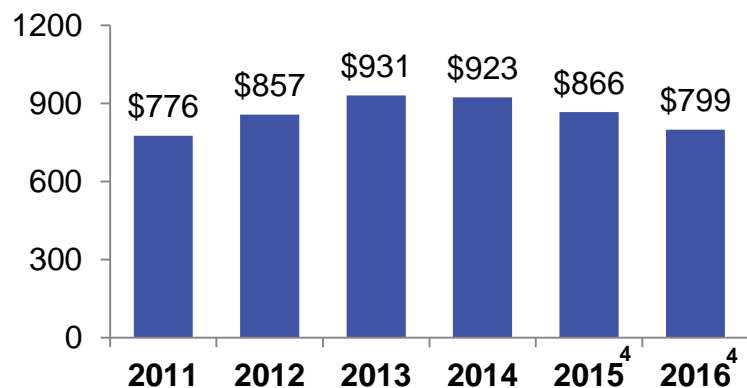
<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

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

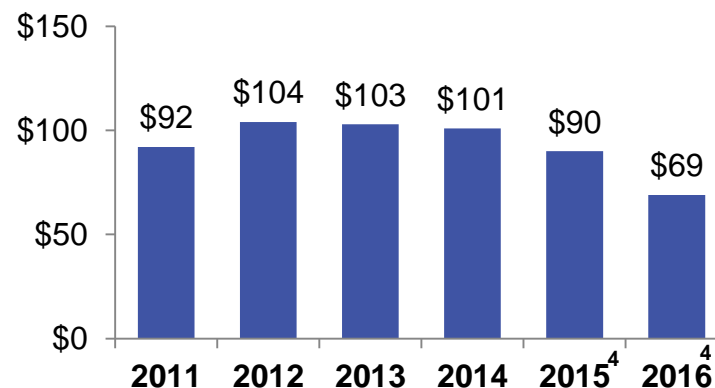
# Tredegar Corporation

## Annual Historical Financials

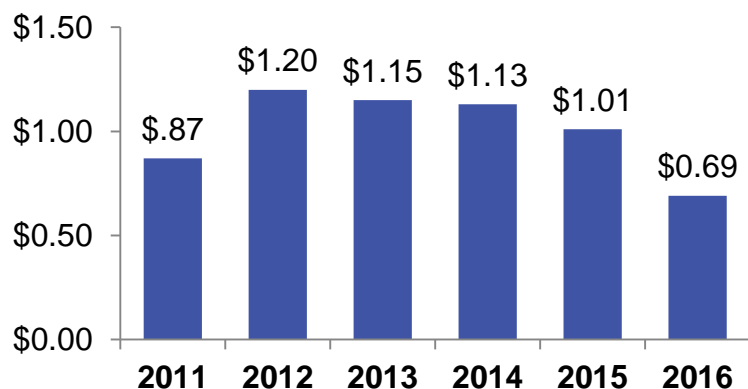
### Net Sales<sup>1</sup> (\$ in millions)



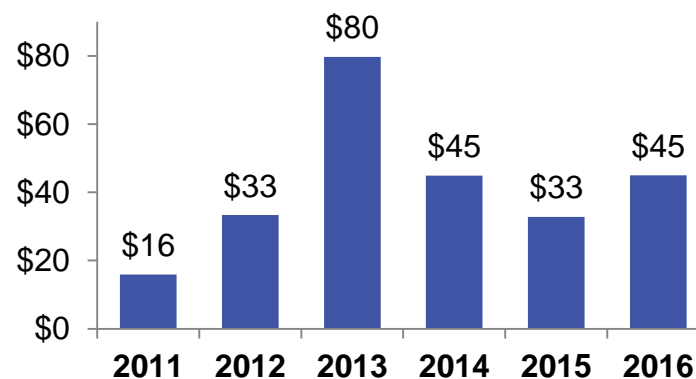
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



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



### Capital Expenditures (\$ in millions)



Reflects inclusion of acquisitions of Terphane (subsequent to the acquisition date of 10/24/11) and ACOA (subsequent to the acquisition date of 10/1/12).

<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 adj. EBITDA and net sales.

# Tredegar Corporation

## Capital Expenditures History

(\$ in millions)						
Capital Expenditures	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 Projection<sup>2</sup></u>
PE Films	6.0	15.6	17.0	21.2	25.8	36
Flexible Packaging	24.5	49.3	21.8	3.5	3.4	4
Aluminum Extrusions	2.3	14.7	6.1	8.1	15.9	27
Corporate	0.5	0.1	-	-	0.4	0
<b>Total</b>	<b>33.3</b>	<b>79.7</b>	<b>44.9</b>	<b>32.8</b>	<b>45.5</b>	<b>67</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
- Added capacity in Niles, MI for Aluminum Extrusions (\$9M of total expected spending of \$18M; projected completion in mid 2017) and \$2M for Newnan cast house (not covered by insurance reimbursements)
- Routine capital expenditures of approximately \$10M for PE Films, \$3M for Flexible Packaging Films and \$15M for Aluminum Extrusions, including \$6M for Futura Industries (acquired in 2/2017)

<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

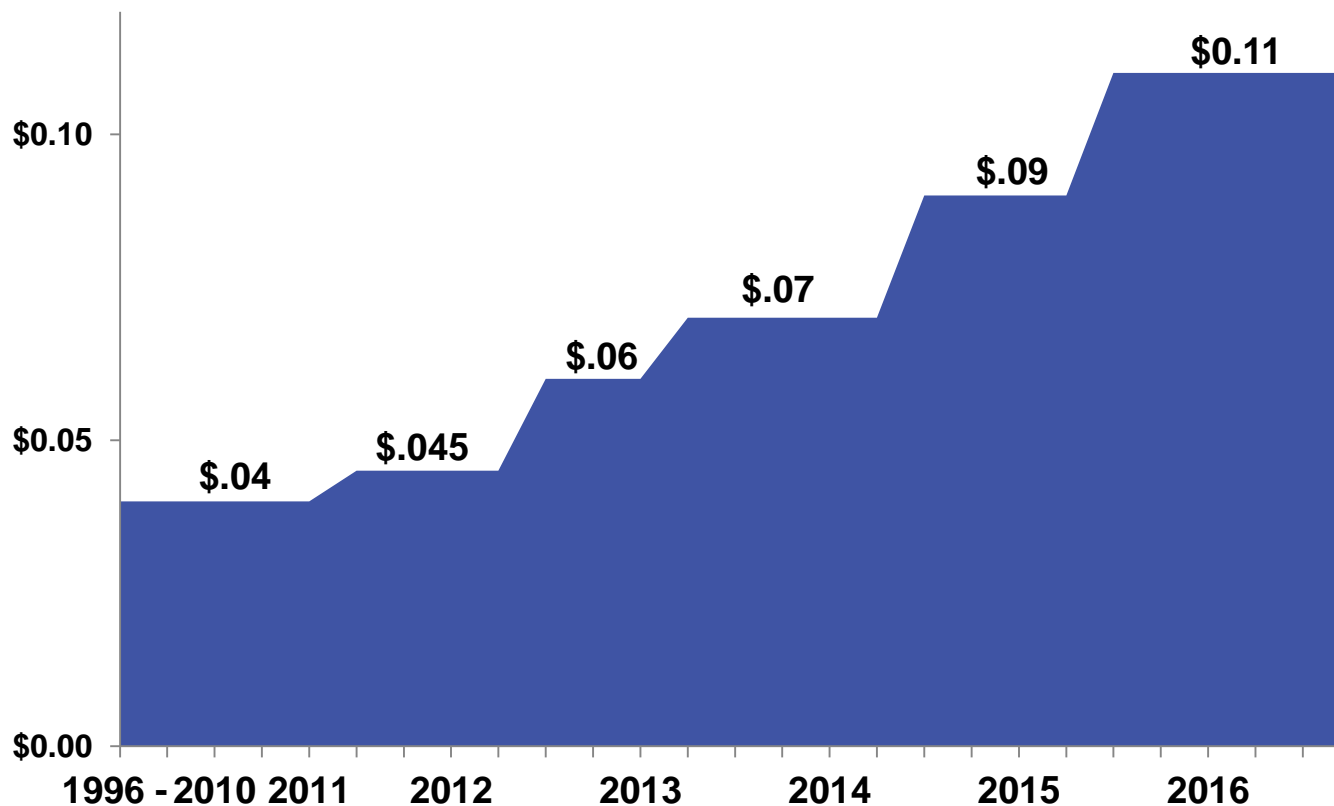


(\$ in millions)	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash Flows from Operations	\$72	\$83	\$77	\$51	\$74	\$49
Capital Expenditures	16	33	80	45	33	45
<b>Free Cash Flow<sup>1</sup></b>	56	50	(3)	6	41	4
Dividends	6	31	9	11	14	14
Acquisitions	181	58	0	0	0	0

<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. Bonnell Aluminum results include the acquisition of AACOA, Inc. on October 1, 2012. Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

## Notes:

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

(In millions)	QTD Q4 2015	QTD Q1 2016	QTD Q2 2016	QTD Q3 2016	QTD Q4 2016
PE Films	\$93.3	\$88.5	\$80.8	\$82.2	\$79.7
Flexible Packaging Films	28.0	26.4	27.207	27.3	27.1
Aluminum Extrusions	88.8	85.4	93.4	91.068	90.1
Total net sales	<b>210.1</b>	<b>200.3</b>	<b>201.5</b>	<b>200.5</b>	<b>196.9</b>
Add back freight	6.9	7.0	7.1	7.2	7.9
Sales as shown in consolidated statements of income	<b>\$217.0</b>	<b>\$207.3</b>	<b>\$208.5</b>	<b>\$207.7</b>	<b>\$204.8</b>

(In millions)	2012	2013	2014	2015	2016
PE Films	\$473.9	\$495.4	\$464.3	\$385.6	\$331.1
Flexible Packaging Films	138.0	125.8	114.3	105.3	108.0
Aluminum Extrusions	245.5	309.5	344.3	375.5	360.1
Total net sales	<b>857.4</b>	<b>930.7</b>	<b>923.0</b>	<b>866.3</b>	<b>799.2</b>
Add back freight	24.8	28.6	28.8	29.8	29.1
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>

- 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, second, third and fourth quarters of 2016 and the full year 2015 include adjustments of \$0.1 million, \$0.1 million, \$0.1 million, \$0.3 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):

<b>Quarter Ended December 31, 2016</b>								
Operating profit (loss) from ongoing operations	\$	2.7	\$	0.6	\$	10.0	\$	13.3
Add back depreciation & amortization		3.6		2.5		2.3		8.4
Less accelerated depreciation associated with plant consolidation		(0.3)						(0.3)
Adjusted EBITDA before corporate overhead		6.1		3.1		12.3		21.5
Corporate overhead		-		-		-		(7.4)
Adjusted EBITDA	\$	6.1	\$	3.1	\$	12.3	\$	14.1
<b>Quarter Ended December 31, 2015</b>								
Operating profit (loss) from ongoing operations	\$	12.4	\$	3.7	\$	9.6	\$	25.7
Add back depreciation & amortization		3.3		2.2		2.4		7.9
Less accelerated depreciation associated with plant consolidation		(0.2)		-		-		(0.2)
Adjusted EBITDA before corporate overhead		15.5		5.9		12.0		33.4
Corporate overhead		-		-		-		(8.0)
Adjusted EBITDA	\$	15.5	\$	5.9	\$	12.0	\$	25.4

# 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 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)

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

(in millions, except per share data)

	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ (5.9)	\$ 7.3	\$ 3.4	\$ 12.0	\$ 1.7
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	1.4	0.7	0.9	1.1	0.5
(Gains) losses from sale of assets and other	15.5	(0.5)	0.1	(5.7)	1.2
Goodwill impairment charge	-	-	-	-	-
Net income from ongoing operations	\$ 11.0	\$ 7.5	\$ 4.4	\$ 7.4	\$ 3.4
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ (0.18)	\$ 0.22	\$ 0.10	\$ 0.37	\$ 0.05
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.04	0.02	0.03	0.03	0.01
(Gains) losses from sale of assets and other	0.48	(0.01)	-	(0.18)	0.04
Goodwill impairment charge	-	-	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.34	\$ 0.23	\$ 0.13	\$ 0.22	\$ 0.10

# 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, 2016
Debt	\$ 95.0
Less: Cash and cash equivalents	(29.5)
Net debt	<u>\$ 65.5</u>

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

(In millions except percentages)	December 31, 2016
Net debt (see note 4) (a)	\$ 65.5
Shareholders' equity (b)	310.8
Net debt-to-capitalization [(a) / (a+b)]	<u>17.4%</u>



# GAAP to Non-GAAP Reconciliations

**Notes (continued):**

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

<b>Operating profit (loss):</b> (in thousands)	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Q4 2015</b>	<b>Q4 2016</b>
<b>PE Films:</b>							
Ongoing operations	\$ 50,814	\$ 61,866	\$ 60,971	\$ 48,275	\$ 26,312	\$ 12,426	\$ 2,748
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	1,011	(671)	(12,238)	(4,180)	(4,602)	(2,129)	(924)
<b>Flexible Packaging Films:</b>							
Ongoing operations	19,136	9,100	(2,917)	5,453	1,774	3,660	591
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	(1,120)	-	(589)	(185)	(214)	-	(214)
Goodw ill Impairment charge				(44,465)		-	
<b>Aluminum Extrusions:</b>							
Ongoing operations	9,037	18,291	25,664	30,432	37,794	9,569	10,008
Plant shutdown ns, asset impairments and restructurings, gain from sale of assets and other items	(5,427)	(2,748)	(976)	(708)	(741)	(344)	(1,582)
<b>Total</b>	<b>73,451</b>	<b>85,838</b>	<b>69,915</b>	<b>34,622</b>	<b>60,323</b>	<b>23,182</b>	<b>10,627</b>
Interest income	418	594	588	294	261	47	103
Interest expense	3,590	2,870	2,713	3,502	3,806	823	888
Gain on sale of investment property	-	-	1,208				
Unrealized loss on investment property	-	(1,018)	-		(1,032)		(1,032)
Gain (loss) from an investment accounted for under the fair value method	16,100	3,400	2,000	(20,500)	1,600	(20,500)	1,800
Stock option-based compensation costs	1,432	1,155	1,272	483	56	(88)	32
Corporate expenses, net	23,443	31,857	24,310	33,638	29,607	8,006	7,497
Income (loss) from continuing operations before income taxes	61,504	52,932	45,416	(23,207)	27,683	(6,012)	3,081
Income taxes	18,319	16,995	9,387	8,928	3,217	(136)	1,353
Income (loss) from continuing operations	43,185	35,937	36,029	(32,135)	24,466	(5,876)	1,728
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>\$ (5,876)</b>	<b>\$ 1,728</b>

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

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

	Quarter Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Volume (lbs)	32,806	38,417	139,020	160,283
Volume associated with known product transitions & other losses (lbs)	290	1,604	2,440	10,742
Pro forma volume (lbs)	32,516	36,813	136,580	149,541
Net Sales	\$ 79,672	\$ 93,291	\$ 331,146	\$ 385,550
Net sales associated with known product transitions & other losses	1,086	6,489	8,892	38,542
Pro forma net sales	\$ 78,586	\$ 86,802	\$ 322,254	\$ 347,008
Operating profit from ongoing operations, as reported	\$ 2,748	\$ 12,426	\$ 26,312	\$ 48,275
Contributions to operation profit from ongoing operations associated with known product transitions & other losses before restructurings & fixed cost reduction	108	2,712	2,995	13,349
Operating profit from ongoing operations, net of the impact of business that will be fully eliminated in future periods	2,640	9,714	23,317	34,926
Estimated future benefit of North American facility consolidation	1,300	1,300	5,200	5,200
Pro forma estimated operating profit from ongoing operations	\$ 3,940	\$ 11,014	\$ 28,517	\$ 40,126
Add: Depreciation & amortization expense*	3,354	3,145	13,037	15,124
Less: Depreciation & amortization associated with future benefit of North American facility consolidation	(316)	(483)	(1,373)	(2,207)
Pro forma Adjusted EBITDA	\$ 6,978	\$ 13,676	\$ 40,181	\$ 53,043

\*Excludes accelerated depreciation recorded in the North American facility consolidation restructuring