



# 2021 Second Quarter Financial Results

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August 13, 2021

# 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, 2020, in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2021, 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

## 2021 Second Quarter and First Six Months Results



(in millions, except per share data)	2Q 2021	2Q 2020	YTD 2021	YTD 2020
Net Sales <sup>1</sup>	204.1	\$180.4	\$382.7	\$365.6
Net Income from Ongoing Operations <sup>2</sup>	\$16.1	\$16.0	\$26.2	\$27.9
Diluted EPS from Ongoing Operations <sup>2</sup>	\$0.48	\$0.48	\$0.78	\$0.85

<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.

“Bonnell’s performance in the second quarter improved considerably over last year with current bookings and backlog at record levels. Labor shortages at manufacturing facilities continue to be an issue. As anticipated and previously disclosed, operating results in PE Films suffered from a significant customer product transition. Terphane’s profitability increased due to improvement in costs and product mix, despite volume declines from temporary resin supply issues and customer inventory corrections.

Debt net of cash, which fell below \$100 million as of June 30, declined by \$22 million during the second quarter as a result of strong cash generation.”

*John Steitz, CEO and President (Second Quarter 2021 Earnings Release)*

# Aluminum Extrusions (Bonnell Aluminum)

## 2021 Second Quarter and First Six Months Results

### Second Quarter Performance

(in millions)	2Q 21	2Q 20	▲
Volume (lbs.)	49.0	43.8	12%
Net Sales <sup>1</sup>	\$139.3	\$106.1	31%

#### Ongoing Operations:

EBITDA	\$19.7	\$13.3	49%
Less: D&A	<u>\$(4.0)</u>	<u>\$(4.3)</u>	
EBIT <sup>2</sup>	\$15.7	\$9.0	74%

### Second Quarter Financial Highlights

- EBITDA from ongoing operations increased by \$6.4M versus 2Q 2020 due to:
  - A \$5.2M favorable variance from the timing of the flow through of aluminum raw materials costs under the FIFO inventory method, which was due to aluminum raw materials previously acquired at lower prices in a quickly rising pricing environment (benefit of \$3.1M in 2Q21 vs. charge of \$2.1M in 2Q20); and
  - Higher volume (\$3.9M) and higher pricing (\$3.3M) were partially offset by higher labor and other operating costs (\$3.3M), higher SG&A (\$1.8M) and higher freight (\$0.8)

### First Six Months Performance

(in millions)	2021	2020	▲
Volume (lbs.)	93.4	91.1	3%
Net Sales <sup>1</sup>	\$257.4	\$223.9	15%

#### Ongoing Operations:

EBITDA	\$33.0	\$25.0	32%
Less: D&A	<u>\$(8.1)</u>	<u>\$(8.4)</u>	
EBIT <sup>2</sup>	\$24.9	\$16.6	50%

### Other Highlights

- Bonnell Aluminum volume in non-residential B&C started to decline in the fourth quarter of 2020 after the fulfillment of contracts that existed at the start of the COVID-19 pandemic. Bonnell continued to experience weakness in non-residential B&C during the second quarter of 2021, with related volume declining 10.2% versus the second quarter of 2020. In addition, a portion of the decline was due to pandemic-related production inefficiencies and labor constraints.
- See “*The Impact of COVID-19 and Related Financial Considerations*” in the Second Quarter 2021 Results press release dated August 6, 2021 (*beginning on page 1*) for detailed information on the impact of COVID-19 to Tredegar.

# PE Films (Surface Protection, Polyethylene Overwrap Films & Films for Other Markets)



## 2021 Second Quarter and First Six Months Results

### Second Quarter Performance

(in millions)	2Q 21	2Q 20	▲
Volume (lbs.)	10.5	11.6	(9)%
Net Sales <sup>1</sup>	\$31.4	\$40.2	(22)%

#### Ongoing Operations:

EBITDA	\$9.0	\$15.5	(42)%
Less: D&A	<u>\$(1.7)</u>	<u>\$(1.6)</u>	
EBIT <sup>2</sup>	\$7.3	\$13.9	(47)%

### First Six Months Performance

(in millions)	2021	2020	▲
Volume (lbs.)	20.8	23.8	(13)%
Net Sales <sup>1</sup>	\$59.4	\$77.0	(23)%

#### Ongoing Operations:

EBITDA	\$16.2	\$27.9	(42)%
Less: D&A	<u>\$(3.1)</u>	<u>\$(3.1)</u>	
EBIT <sup>2</sup>	\$13.1	\$24.8	(47)%

### Second Quarter Financial Highlights

- EBITDA from ongoing operations decreased \$6.5M vs. 2Q 2020 primarily due to:
  - A \$5.7M decrease in Surface Protection related to lower sales associated with the customer product transitions in Surface Protection (\$7.2M) and higher resin costs, net of existing index based pricing (\$1.0M), partially offset by higher sales of products unrelated to the customer product transitions (\$0.9M), higher productivity (\$0.7M), lower R&D expenses (\$0.4M) and lower other operating costs (\$0.5M).
  - A \$0.6M decrease from Pottsville Packaging primarily related to higher resin costs.

### Other Highlights

- Net sales declined versus 2Q 2020 primarily due to lower volume and unfavorable mix associated with the previously disclosed customer product transitions in Surface Protection. *For more information, see page 5.*
- Significant resin cost increases since the second quarter of 2020 have adversely impacted PE Films results, due to margin compression for products with customers that were not covered by resin pass-through arrangements. The quarterly lag between the timing of changes in resin costs and selling prices on existing pass-through arrangements also affected PE Films' results.
- See "*The Impact of COVID-19 and Related Financial Considerations*" in the Second Quarter 2021 Results press release dated August 6, 2021 (*beginning on page 1*) for detailed information on the impact of COVID-19 to Tredegar.

<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

<sup>2</sup> See Note 1 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

# PE Films

## *Customer Product Transitions in Surface Protection*

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The Surface Protection component of PE Films supports manufacturers of optical and other specialty substrates used in flat panel display products. These films are primarily used by customers to protect components of displays in the manufacturing and transportation processes and then discarded.

The Company previously reported the risk that a portion of its film products 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 believes that previously reported delays in this customer's transitions have been resolved by the customer and much of the remaining transitions are expected to occur by the end of 2021. Under this scenario, the Company estimates that the contribution to EBITDA from ongoing operations for PE Films could decline due to the remaining customer product transitions by \$18 million in 2021 versus 2020 (of which approximately \$13 million occurred during the first six months of 2021) and \$4 million in 2022 versus 2021. To offset the expected adverse impact, the Company is aggressively pursuing and making progress in generating contribution from sales from new surface protection products, applications and customers and implementing cost savings measures. Annual contribution to EBITDA from ongoing operations for PE Films on surface protection products unrelated to the customer product transitions increased approximately \$12 million during the past two years.

# Flexible Packaging Films (Terphane)

## 2021 Second Quarter and First Six Month Results

### Second Quarter Performance

(in millions)	2Q 21	2Q 20	▲
Volume (lbs.)	24.3	29.2	(17)%
Net Sales <sup>1</sup>	\$33.4	\$34.1	(2)%

#### Ongoing Operations:

EBITDA	\$8.3	\$6.5	27%
Less: D&A	<u>(0.5)</u>	<u>(0.4)</u>	
EBIT <sup>2</sup>	\$7.8	\$6.1	28%

### Second Quarter Financial Highlights

- EBITDA from ongoing operations increased \$1.8M vs. 2Q 2020 primarily due to:
  - Lower sales volume (\$2.8 million), partially offset by favorable product mix (\$0.7 million), lower fixed (\$0.5 million) and variable (\$0.2 million) costs, higher selling prices from the pass-through of higher resin costs (\$0.5 million) and lower selling and general administration expenses (\$0.6 million);
  - Net favorable foreign currency translation of Real-denominated operating costs (\$2.2 million); and
  - Higher foreign currency transaction losses of \$0.1 million in the second quarter of 2021 versus the second quarter of 2020.

### First Six Months Performance

(in millions)	2021	2020	▲
Volume (lbs.)	51.6	55.0	(6)%
Net Sales <sup>1</sup>	\$65.9	\$64.7	2%

#### Ongoing Operations:

EBITDA	\$17.9	\$13.1	37%
Less: D&A	<u>(1.0)</u>	<u>(0.9)</u>	
EBIT <sup>2</sup>	\$16.9	\$12.2	39%

### Other Highlights

- Demand has been strong during the COVID-19 pandemic for Terphane's flexible packaging films, however sales volume in 2Q 2021 declined versus 2Q 2020, primarily due to temporary resin supply issues impacting production and lower demand, which the Company believes was related to customer inventory corrections in Brazil.
- See "The Impact of COVID-19 and Related Financial Considerations" in the Second Quarter 2021 Results press release dated August 6, 2021 (beginning on page 1) for detailed information on the impact of COVID-19 to Tredegar.

# Tredegar Corporation

## *2021 First Six Months Financial Highlights*

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(\$ in millions)

<b>Cash Flows from Operations</b>	<b>\$41.5</b>
<b>Capital Expenditures</b>	<b>\$11.3</b>
<b>Dividends Paid</b>	<b>\$8.1</b>
<b>Net Debt (Cash)<sup>1</sup></b>	<b>\$98.7</b>
<b>Leverage ratio<sup>2</sup></b>	<b>1.14x</b>

*1 As of 6/30/2021. See Note 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.*

*2 As defined under Tredegar's credit agreement. See Tredegar's Form 10-Q or the quarter ended June 30, 2021 (page 38) for more information on this non-GAAP financial measure.*





# Appendix

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Major Product Groups	Primary End Markets	Customers	Competitors
<p><b><u>Aluminum Extrusions</u></b>  Custom designed, fabricated and finished aluminum extrusions; value-added service options include fabricating, machining, anodizing, painting and thermal enhancements for key segments 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, storefront entrances, commercial windows &amp; doors, commercial canopies and walkway covers, commercial atriums, skylights, demountable wall and panel systems, shower and tub enclosures, storm shutters, flooring trims (Futura Transitions by Bonnell Aluminum)</p> <p><b>Automotive/Transportation:</b> Structural components, crash management systems, EV battery trays, truck grills</p> <p><b>Specialty Markets:</b> Furniture, appliances, pleasure craft, commercial refrigerators and freezers, sporting and fitness equipment, medical equipment, solar, LED lighting, electronic, electrical conduits and fittings, industrial ventilation systems, modular framing (TSLOTS by Bonnell Aluminum)</p>	<p>Glazing contractors and fabricators  Floor covering distributor network (Futura Transitions)</p> <p>Tier I and II suppliers to Automotive OEMs</p> <p>Various industrial manufacturers, OEMs, metal service centers</p>	<p>Hydro Extrusions North America, Kaiser Aluminum, Pennex Aluminum, Magnode (a Shape Corp Company), Sierra Aluminum, Western Extrusions Corp, Keymark Aluminum Corp.</p>
<p><b><u>PE Films</u></b>  <b>Surface Protection:</b> Single and multilayer surface protection films for high technology applications during the manufacturing and transportation process</p>	<p>High-value components of flat panel and flexible displays, including liquid crystal display (“LCD”) and Organic Light Emitting Diodes (“OLED”) displays; used in televisions, monitors, notebooks, smartphones, tablets, automotive displays, semiconductors, and digital signage</p>	<p>Major manufacturers of flat panel and flexible display components</p>	<p>Toray, Sekisui, Hanjin, Ihlshin</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>

# Tredegar's Global Presence



# Tredegar at a Glance

## *Business Strengths*

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### **Aluminum Extrusions**

- Industry-leading position in non-residential 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, anodizing, thermal enhancement) in five U.S. facilities

### **PE Films**

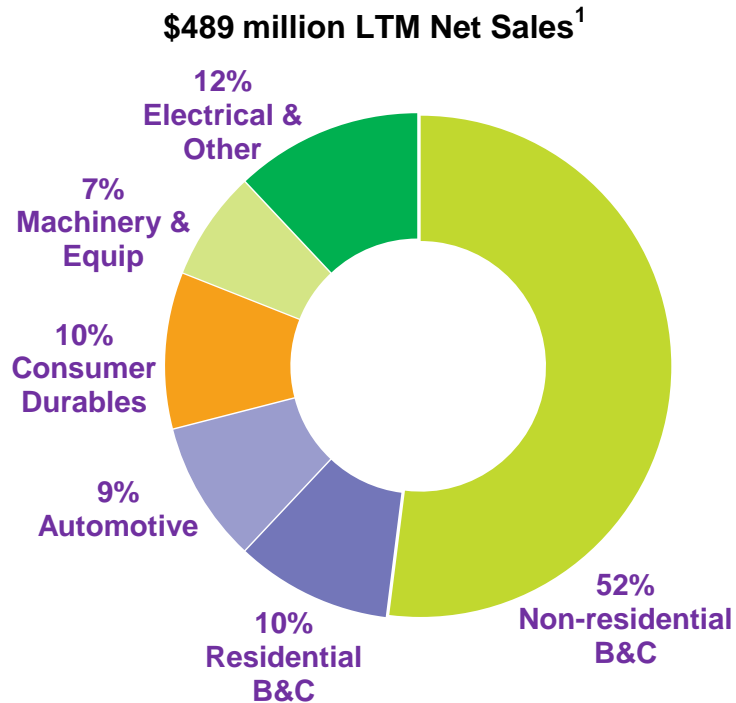
- Global technology and quality leader of highly specialized films which protect extremely sensitive surfaces of critical components of optical displays and engineered surfaces; key component of display industry supply chain
- Positive market trends, including proliferation of “Internet of Things (IOT),” requiring more displays and shifting dynamics of the workforce driving growth in key 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 excellent customer service; in Brazil, sole domestic supplier of innovative value-added products

# Aluminum Extrusions

## Business Profile



### Key Market Drivers

- 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, storefronts and entrances, doors, windows, wall panels, flooring trims (Futura Transitions by Bonnell Aluminum) and other building components
- Automobile and light truck structural components, crash management systems, truck grills
- Furniture, appliances, pleasure craft, medical equipment, solar panel bracketry, LED lighting, electrical conduits and fittings, modular framing (TSLOTS by Bonnell Aluminum)

<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Aluminum Extrusions

*Key Markets - B&C/Automotive/Specialty*



# Aluminum Extrusions

## *Automotive Aluminum Extrusion Applications*

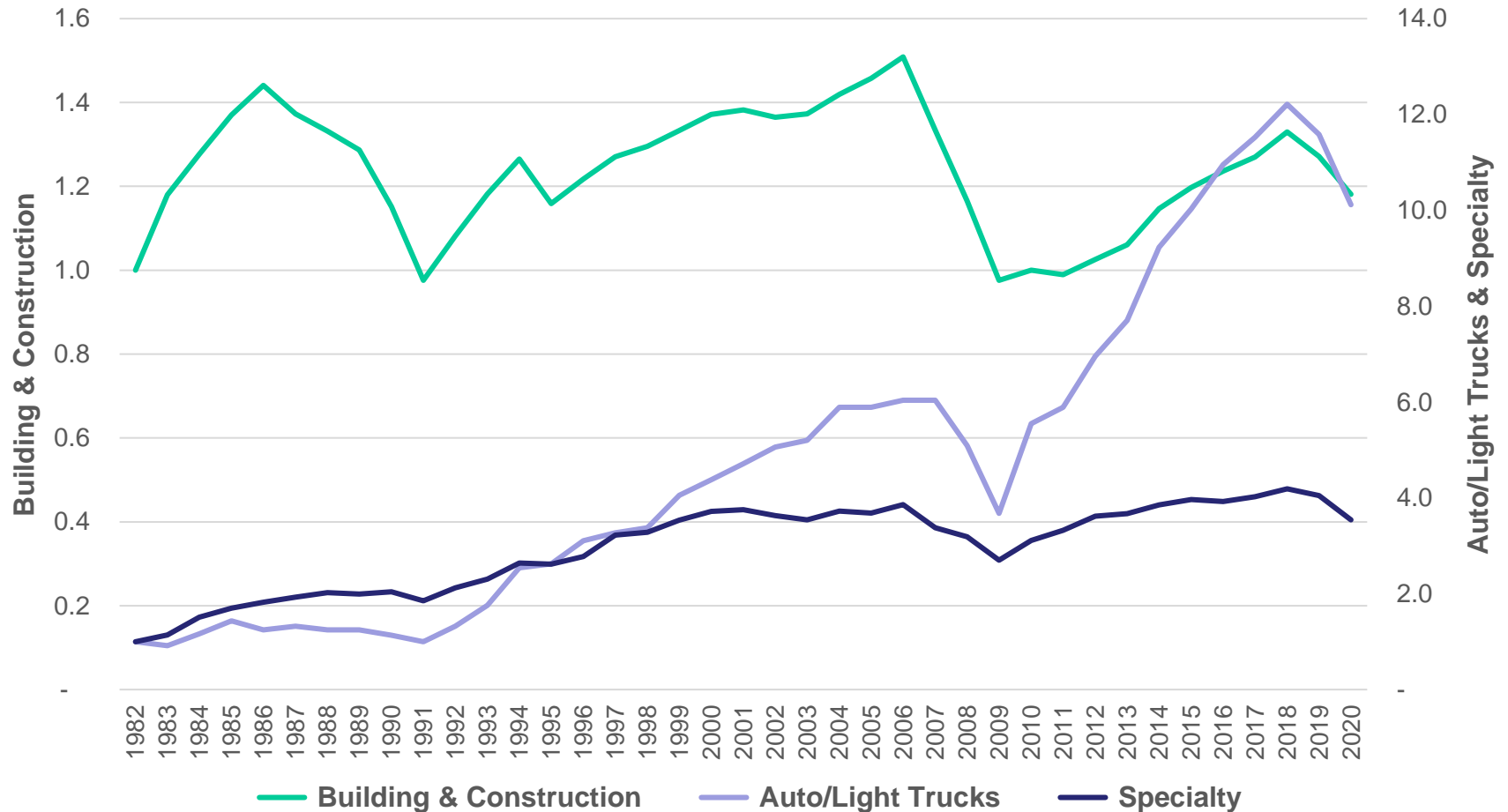
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- Crash management systems  
– beams and mounting plates, crush cans
- Roof rails
- Electrical battery trays
- Air conditioner tube connectors



# Aluminum Extrusions

## Index of North American Industry Volume for Bonnell's Key Markets



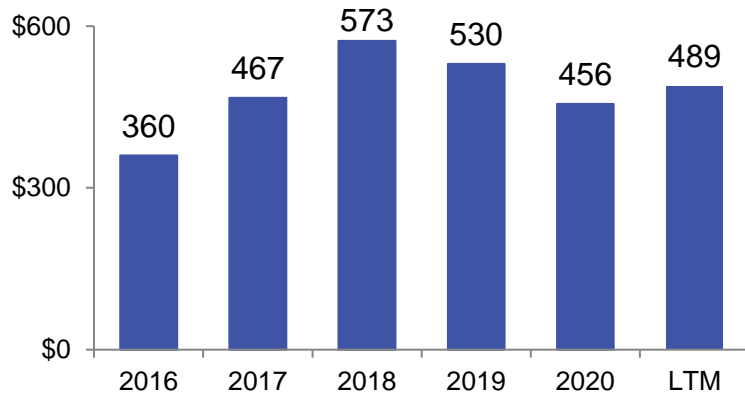
Note: Index computations based on Aluminum Association data (1982=1.0) through 2020. Specialty includes aluminum extrusions sold to consumer durables, electrical and machinery markets.



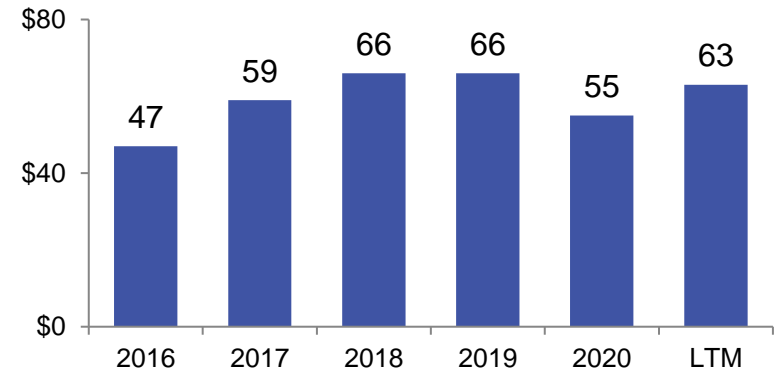
# Aluminum Extrusions

## Annual Historical Financials

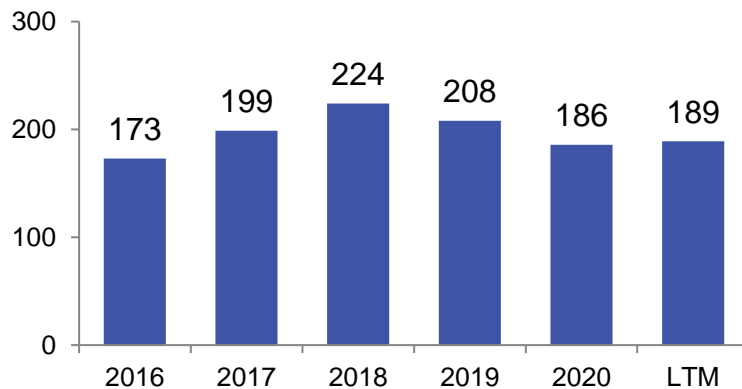
Net Sales<sup>1</sup> (\$ in millions)



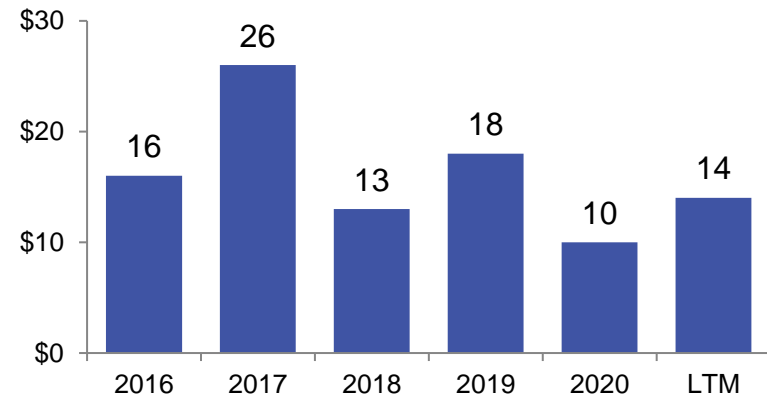
EBITDA from Ongoing Ops (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



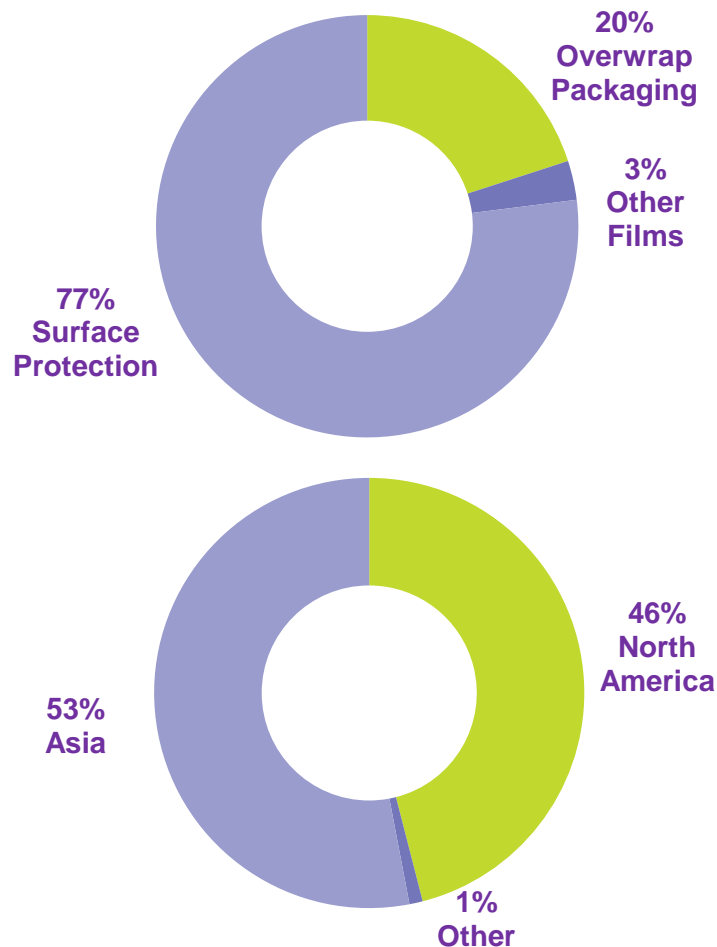
Reflects inclusion of Futura, subsequent to its acquisition date (2/15/2017).

<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# PE Films

## Business Profile

\$122 million LTM Net Sales<sup>1</sup>



### Key Growth Drivers

- “Internet of Things” leading to greater connectivity and more displays
- Thinner devices with increasing resolution and larger screen size
- Demographic and workplace trends shifting to greater tele-/video communications

### Customers

- Major manufacturers of flat panel and flexible display components and specialty plastic substrates
- Global and regional leaders in LCD, LED, OLED and QLED and display glass-based applications

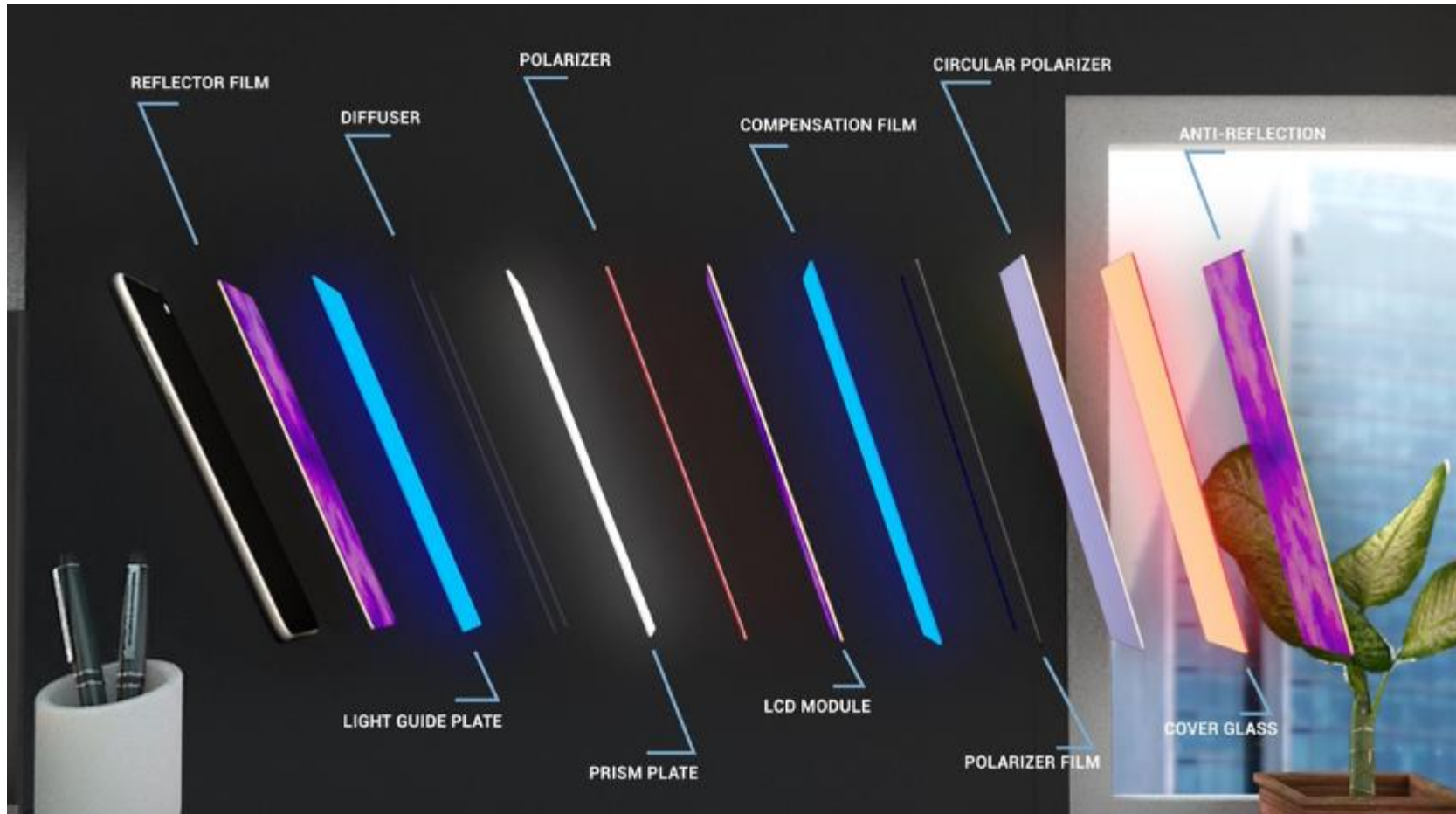
### Primary End Use Markets

- High-value components of flat panel and flexible displays, including LCD and OLED televisions, monitors, notebooks, smartphones, tablets, automotive displays, semiconductors and digital signage

# PE Films

## Surface Protection Overview

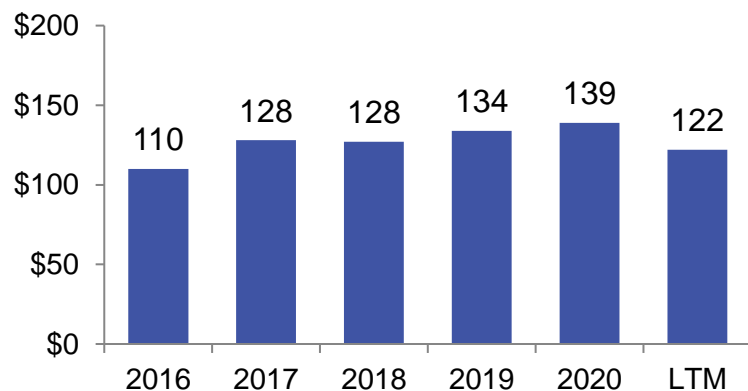
### Typical LCD Optical Stack (examples: TVs, Smartphones)



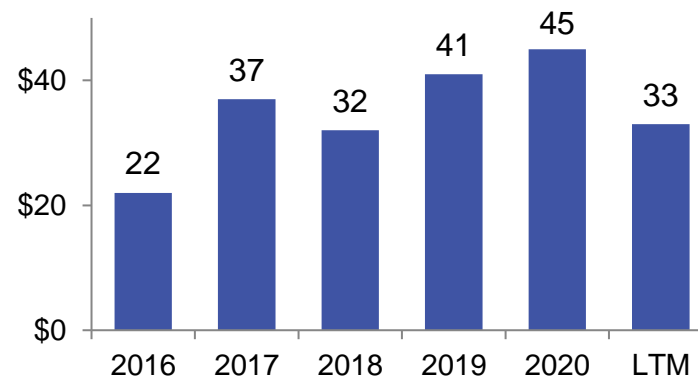
# PE Films

## Annual Historical Financials

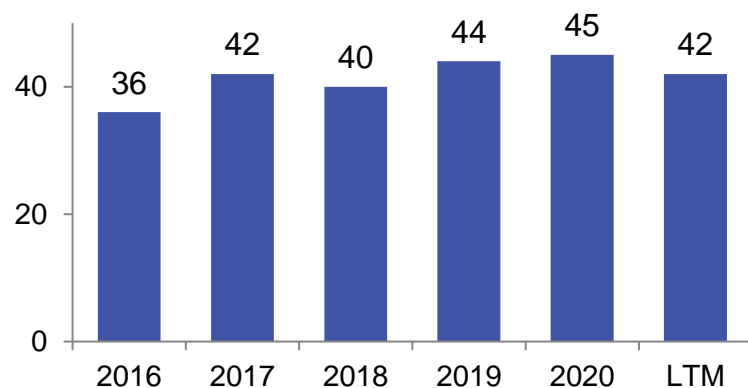
**Net Sales<sup>1</sup> (\$ in millions)**



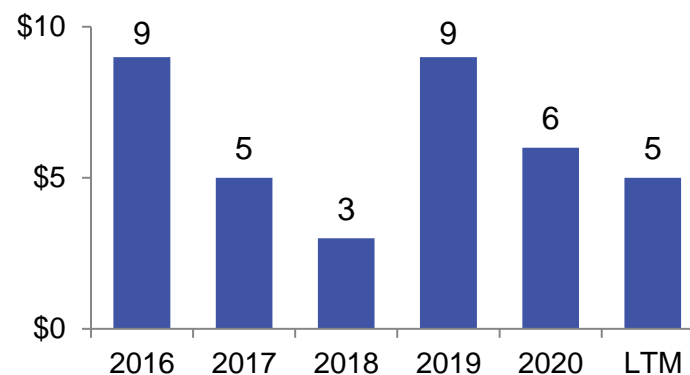
**EBITDA from Ongoing Ops (\$ in millions)**



**Volume (lbs. in millions)**



**Capital Expenditures (\$ in millions)**

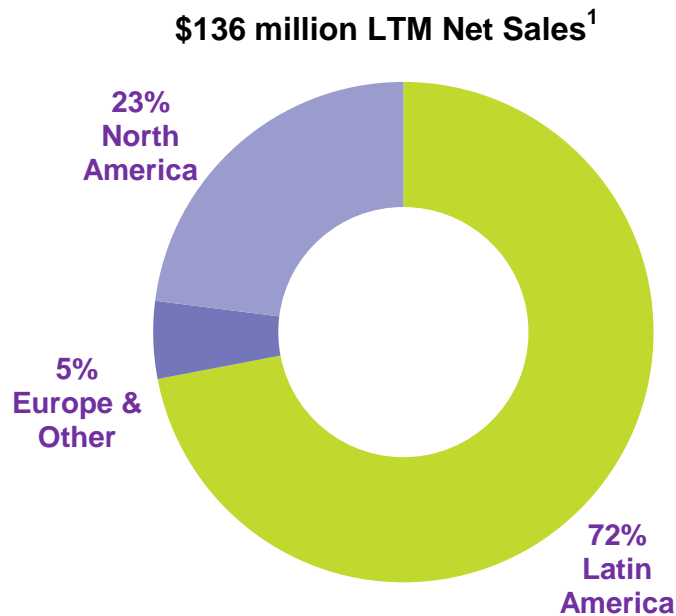


<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Flexible Packaging Films

## Business Profile

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### Key Growth Drivers

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

### Customers

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

### Primary End Use Markets

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

<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Flexible Packaging Films

## *End-Use and Value-Add Products*

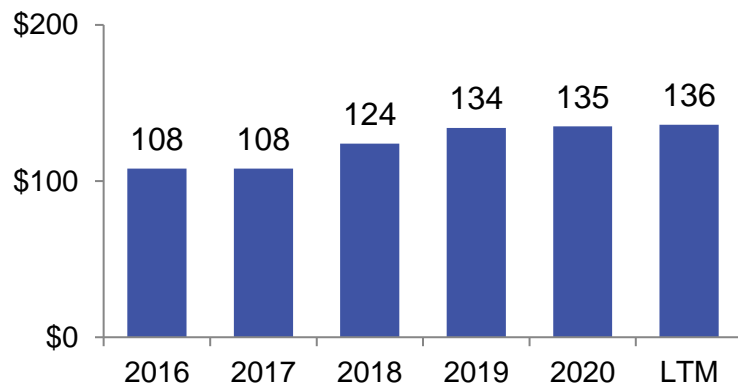
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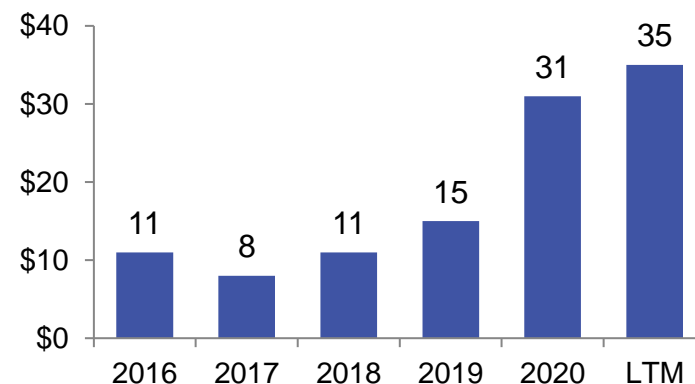
# Flexible Packaging Films

## Annual Historical Financials

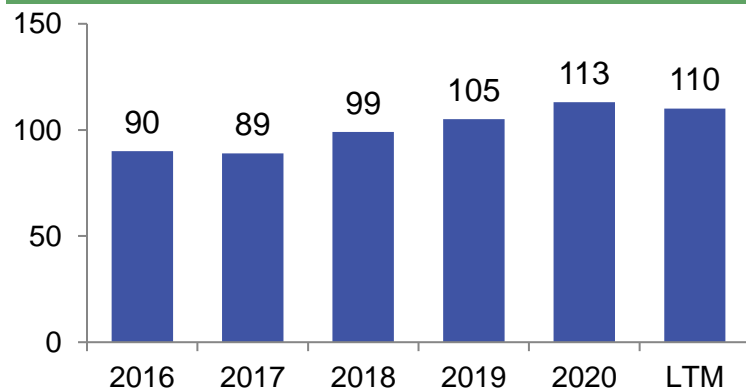
Net Sales<sup>1</sup> (\$ in millions)



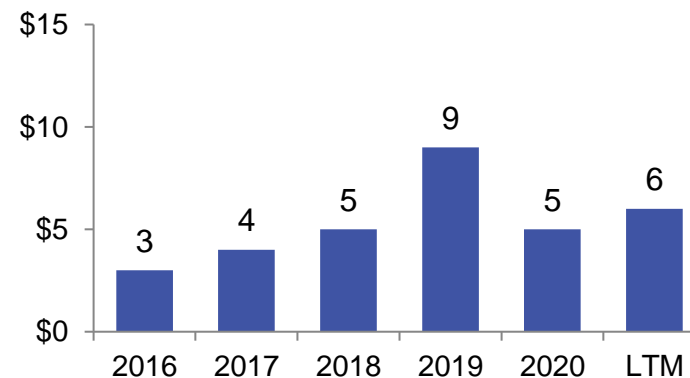
EBITDA from Ongoing Ops (\$ in millions)



Volume (lbs. in millions)



Capital Expenditures (\$ in millions)



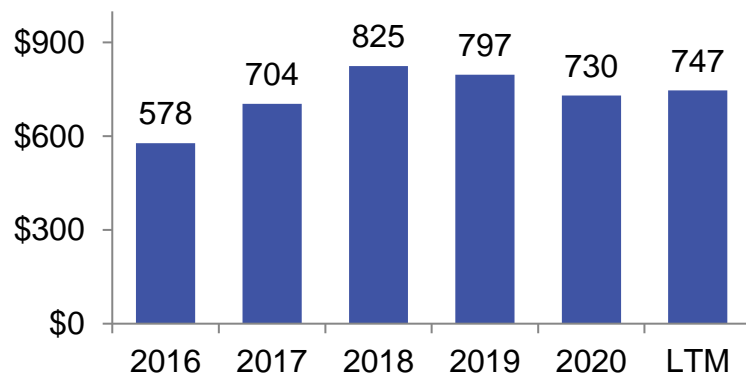
<sup>1</sup> Net sales represents gross sales less freight. The Company uses net sales as its measure of revenues from external customers at the segment level.

# Tredegar Corporation

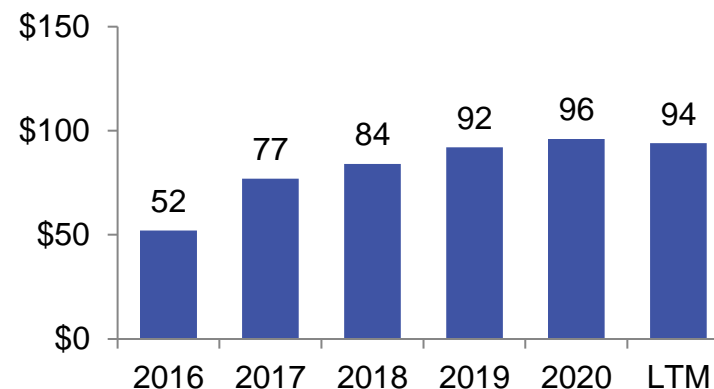
## Annual Historical Financials



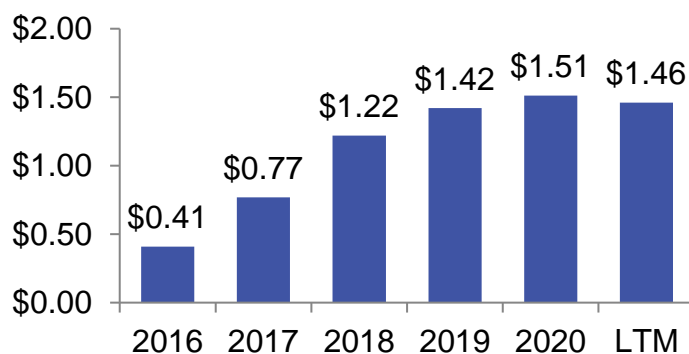
### Net Sales<sup>1</sup> (\$ in millions)



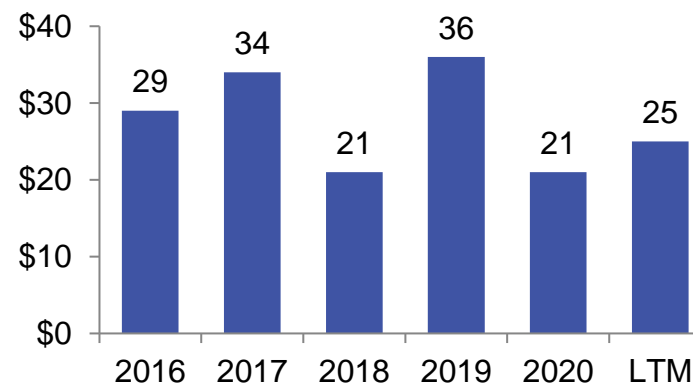
### Consolidated EBITDA from Ongoing Ops<sup>2</sup> (\$ in millions)



### 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> 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 4 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.



# Tredegar Corporation

## Capital Expenditures – History & Projections

(\$ in millions)						
	2016	2017	2018	2019	2020	2021 Projection <sup>2</sup>
Aluminum Extrusions	\$15.9	\$25.7	\$13.0	\$17.9	\$10.3	\$21
PE Films <sup>1</sup>	9.4	4.6	2.5	8.6	6.0	4
Flexible Packaging	3.4	3.6	5.4	8.9	5.0	8
Corporate	0.4	0.1	0.4	0.2	0.2	1
<b>Total</b>	<b>\$29.1</b>	<b>\$34.0</b>	<b>\$21.3</b>	<b>\$35.6</b>	<b>\$21.5</b>	<b>\$34</b>

2021 Capital Expenditures Projections include:

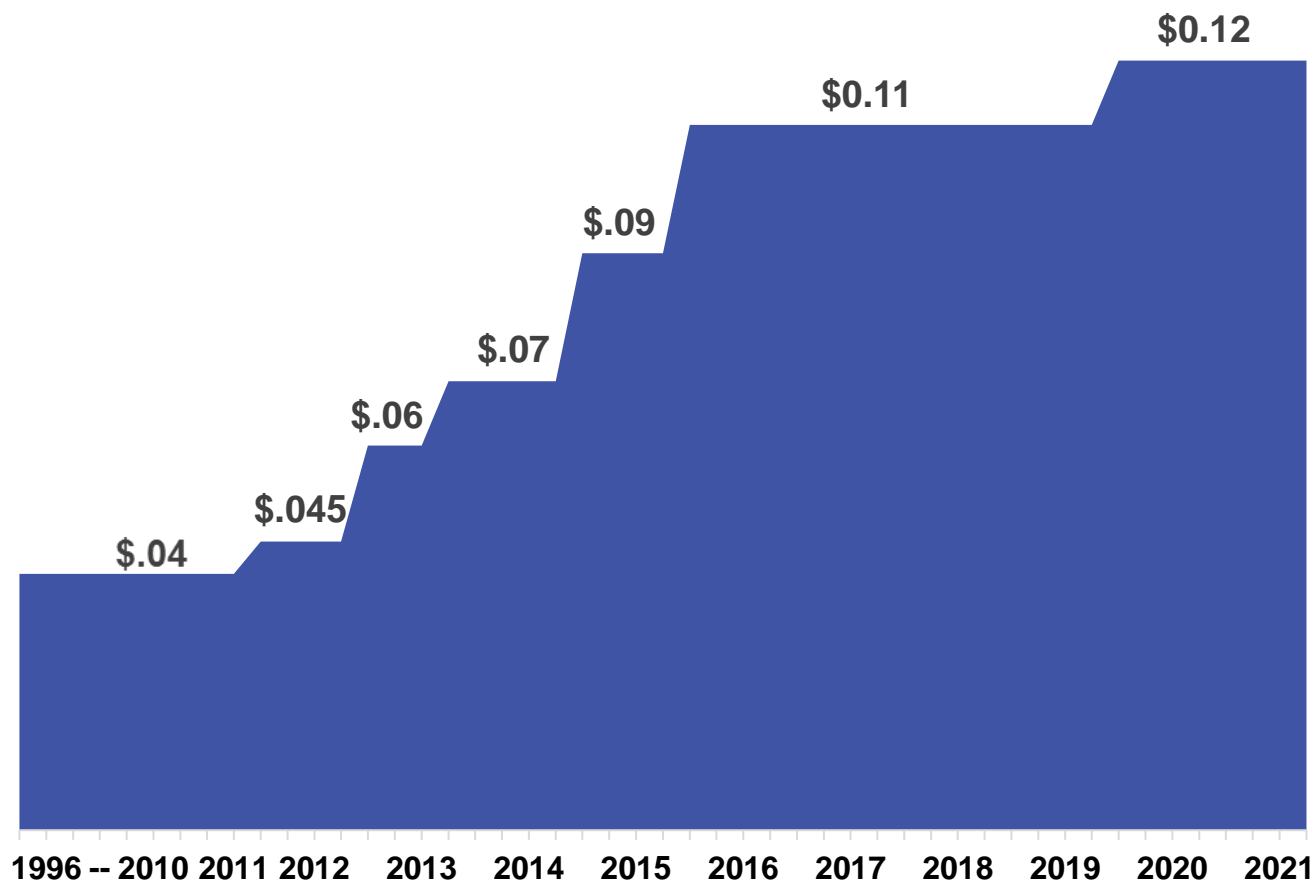
- For Aluminum Extrusions: Infrastructure upgrades at Newnan, GA and Carthage, TN facilities (\$3M), roof replacement at Elkhart (\$1M), \$4M for strategic projects
- For PE Films: \$2M for productivity projects
- For Flexible Packaging Films: New capacity for value-add products and productivity projects (\$5M)
- Capital expenditures to support continuity of current operations planned at approximately \$13M for Aluminum Extrusions, \$2M for PE Films, and \$3M for Flexible Packaging Films.

<sup>1</sup> Capital Expenditures for PE Films are presented on a continuing operations basis, and therefore exclude spend activity related to the divested Personal Care business.

<sup>2</sup> Represents management's current expectation, which is subject to change.

# Tredegar Corporation

## Quarterly Cash Dividend History



*Special dividends of \$5.97 per share in 2020 and \$0.75 per share in 2012*



# GAAP to Non-GAAP Reconciliations

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# GAAP to Non-GAAP Reconciliations

On October 30, 2020, the Company completed the sale of its personal care films business, which was part of its PE Films segment. The transaction excluded the packaging film lines and related operations located at the Pottsville, Pennsylvania manufacturing site, which are now being reported within the Surface Protection component of PE Films. All historical results for Personal Care Films have been presented as discontinued operations.

On December 31, 2020, the Company completed the sale of Bright View Technologies, which was part of its PE Films segment. The sale did not represent a strategic shift nor did it have a major effect on the Company's historical and ongoing operations, thus all financial information for Bright View Technologies has been presented in continuing operations.

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. The Company uses net sales as its measure of revenues from external customers at the segment level. Net sales on a consolidated basis 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. A reconciliation of net sales on a consolidated basis to sales is shown below:

(In millions)	QTD Q2 2020	QTD Q3 2020	QTD Q4 2020	QTD Q1 2021	QTD Q2 2021
Aluminum Extrusions	\$106.1	\$115.6	\$116.1	\$118.1	\$139.3
PE Films	40.2	26.4	35.8	28.0	31.4
Flexible Packaging Films	34.1	35.9	34.1	32.5	33.4
Net sales on a consolidated basis	<b>180.4</b>	<b>177.9</b>	<b>186.1</b>	<b>178.6</b>	<b>204.1</b>
Add back freight	5.9	6.5	6.5	6.2	7.0
Sales as shown in consolidated statements of income	<b>\$186.3</b>	<b>\$184.4</b>	<b>\$192.5</b>	<b>\$184.8</b>	<b>\$211.1</b>

(In millions)	2016	2017	2018	2019	2020	LTM 2021
Aluminum Extrusions	\$360.1	\$466.8	\$573.1	\$529.6	\$455.7	\$489.2
PE Films	109.7	128.4	127.7	133.8	139.3	121.6
Flexible Packaging Films	108.0	108.4	123.8	133.9	134.6	135.9
Net sales on a consolidated basis	<b>577.8</b>	<b>703.6</b>	<b>824.6</b>	<b>797.3</b>	<b>729.6</b>	<b>746.7</b>
Add back freight	17.9	22.3	27.2	29.0	25.7	26.1
Sales as shown in consolidated statements of income	<b>\$595.7</b>	<b>\$725.9</b>	<b>\$851.8</b>	<b>\$826.3</b>	<b>\$755.3</b>	<b>\$772.8</b>

# GAAP to Non-GAAP Reconciliations

Notes (continued):

## 2. Summary Financial Information

(in millions)	Years Ended December 31					LTM
	2016	2017	2018	2019	2020	2021
Income and expense relating to ongoing operations:						
Total EBITDA for segments (a)	\$ 79.8	\$ 103.4	\$ 109.0	\$ 121.5	\$ 130.8	\$ 132.1
Pension expense	(10.9)	(10.1)	(10.4)	(9.6)	(14.6)	(14.6)
Corporate expenses	(16.7)	(16.1)	(14.5)	(20.2)	(20.4)	(23.3)
Consolidated EBITDA from ongoing operations ("Consolidated EBITDA") (b)	52.2	77.2	84.1	91.7	95.8	94.2
Depreciation and amortization	(24.5)	(31.8)	(24.5)	(24.3)	(26.4)	(26.4)
Stock option-based compensation costs	(0.1)	(0.2)	(1.2)	(2.8)	(2.1)	(2.0)
Interest income	0.1	0.1	0.1	0.1	-	-
Interest expense	(3.8)	(6.2)	(5.7)	(4.1)	(2.6)	(3.2)
Income taxes	(10.4)	(13.8)	(12.3)	(13.0)	(13.9)	(13.4)
Net income from ongoing operations (b)	13.5	25.3	40.5	47.6	50.8	49.2
After-tax effects of special items:						
Gains (losses) associated with plant shutdowns, assets impairments & restructuring	(0.2)	(0.6)	(0.3)	(0.6)	(1.2)	(1.6)
Unrealized gain (loss) on investment in kaléo	1.4	24.0	23.9	8.5	(47.6)	(27.6)
Cash dividend received from investment in kaléo	-	-	-	14.9	-	0.3
Terphane asset impairment loss	-	(87.2)	-	-	-	-
One-time tax credit in Brazil for unemployment/social security insurance non-income taxes	-	-	-	-	-	6.6
Goodwill impairment charge (2020) and accelerated trade name amortization (2019)	-	-	-	(7.8)	(10.5)	-
Loss on sale of Bright View Technologies	-	-	-	-	(1.8)	(1.8)
Tax benefits from Terphane worthless stock deductions	-	61.4	-	-	-	-
Other	3.4	14.6	(2.5)	(4.1)	(6.5)	(5.3)
Net income (loss) from continuing operations as reported under GAAP	\$ 18.1	\$ 37.5	\$ 61.6	\$ 58.5	\$ (16.8)	\$ 19.8

See footnotes on the next page.

# GAAP to Non-GAAP Reconciliations

Notes (continued):

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2. Summary Financial Information (continued)

Notes:

- (a) Tredegar's presentation of segment earnings before interest, taxes, depreciation and amortization from ongoing operations ("EBITDA from ongoing operations") aligns with key metrics used by the Chief Operating Decision Maker under Accounting Standards Codification 280. For additional information, refer to Note 5, Business Segments, of the Notes to Financial Statements in Tredegar's Annual Report on Form 10-K for the year ended December 31, 2020.
- (b) Tredegar's presentation of Consolidated EBITDA from ongoing operations and net income from ongoing operations are non-GAAP financial measures that exclude the effects of special items, which Tredegar defines for this purpose as gains or losses associated with plant shutdowns, asset impairments and restructurings, gains or losses from the sale of assets, goodwill impairment charges, discontinued operations, and other items (which includes unrealized gains and losses for an investment accounted for under the fair value method). Consolidated EBITDA from ongoing operations also excludes net interest expense, income taxes, depreciation & amortization and stock option-based compensation costs.

Consolidated EBITDA from ongoing operations and net income from ongoing operations are key financial and analytical measures used by management to gauge the operating performance of Tredegar's ongoing operations, its borrowing capacity and its estimated enterprise value. 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 cash flow or net income from continuing operations as defined by GAAP. A reconciliation is provided above of these ongoing non-GAAP measures to net income from continuing operations as reported under GAAP.

- 3. EBIT (earnings before interest and taxes) from ongoing operations is a non-GAAP financial measure included in the reconciliation of segment financial information to consolidated results for the Company. It is 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 from continuing operations as defined by GAAP. EBIT is a widely understood and utilized metric that is meaningful to certain investors. We believe that including this financial metric in the reconciliation of management's performance metric, as shown on page 21 of the Q2 2021 Form 10-Q, EBITDA from ongoing operations, provides useful information to those investors that primarily utilize EBIT to analyze the Company's core operations.

# GAAP to Non-GAAP Reconciliations

## Notes (continued):

4. 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 net 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 financial 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)

	2016	2017	2018	2019	2020	LTM 2021
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 18.1	\$ 37.5	\$ 61.6	\$ 58.5	\$ (16.8)	\$ 19.8
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.2	0.6	0.3	0.6	1.2	1.6
(Gains) losses from sale of assets and other	(4.8)	(38.6)	(21.4)	(19.3)	55.9	34.4
One-time tax credit in Brazil for unemployment/social security insurance non-income taxes	-	-	-	-	-	(6.6)
Goodwill impairment charge (2020) and accelerated trade name amortization (2019)	-	-	-	7.8	10.5	-
Terphane asset impairment loss	-	87.2	-	-	-	-
Tax benefits from Terphane worthless stock deductions	-	(61.4)	-	-	-	-
Net income from ongoing operations	\$ 13.5	\$ 25.3	\$ 40.5	\$ 47.6	\$ 50.8	\$ 49.2
Earnings (loss) per share from continuing operations under GAAP (diluted)	\$ 0.55	\$ 1.14	\$ 1.86	\$ 1.76	\$ (0.51)	\$ 0.59
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.01	0.01	0.01	0.02	0.04	0.04
(Gains) losses from sale of assets and other	(0.15)	(1.17)	(0.65)	(0.59)	1.66	1.03
One-time tax credit in Brazil for unemployment/social security insurance non-income taxes	-	-	-	-	-	(0.20)
Goodwill impairment charge (2020) and accelerated trade name amortization (2019)	-	-	-	0.23	0.32	-
Terphane asset impairment loss	-	2.65	-	-	-	-
Tax benefits from Terphane worthless stock deductions	-	(1.86)	-	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.41	\$ 0.77	\$ 1.22	\$ 1.42	\$ 1.51	\$ 1.46
	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 14.3	\$ (17.0)	\$ 6.5	\$ 9.6	\$ 20.7	
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	-	-	1.2	0.2	0.1	
(Gains) losses from sale of assets and other	1.7	30.2	2.0	0.3	1.9	
One-time tax credit in Brazil for unemployment/social security insurance non-income taxes	-	-	-	-	(6.6)	
Net income from ongoing operations	\$ 16.0	\$ 13.2	\$ 9.7	\$ 10.1	\$ 16.1	
Earnings (loss) per share under GAAP (diluted)	\$ 0.43	\$ (0.51)	\$ 0.19	\$ 0.29	\$ 0.61	
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	-	-	0.04	-	-	
(Gains) losses from sale of assets and other	0.05	0.90	0.06	0.01	0.07	
One-time tax credit in Brazil for unemployment/social security insurance non-income taxes	-	-	-	-	(0.20)	
Earnings per share from ongoing operations (diluted)	\$ 0.48	\$ 0.39	\$ 0.29	\$ 0.30	\$ 0.48	

# GAAP to Non-GAAP Reconciliations

Notes (continued):

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

(In millions)	June 30, 2021	December 31, 2020
Debt	\$ 117.0	\$ 134.0
Less: Cash and cash equivalents	(18.3)	(11.8)
Net debt	<u>\$ 98.7</u>	<u>\$ 122.2</u>