



# 2018 Third Quarter Financial Results

---

November 9, 2018

# 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, 2017, in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, and in other filings with the Securities and Exchange Commission. We urge readers to review and carefully consider these cautionary statements and the other disclosures we make in our filings with the SEC.

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

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

# Tredegar Corporation

## 2018 Third Quarter and Year-to-Date Financial Results



(in millions, except per share data)

	3Q 2018	3Q 2017	YTD 2018	YTD 2017
Net Sales <sup>1</sup>	\$257.9	\$237.0	\$763.1	\$690.7
Net Income from Ongoing Operations <sup>2</sup>	\$8.6	\$9.4	\$33.1	\$23.6
Diluted EPS from Ongoing Operations <sup>2</sup>	\$.26	\$.28	\$1.00	\$.72

<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 has provided disclosures over the past three years related to significant risks of lost business in the Personal Care and Surface Protection business units of our PE Films segment, and both of these exposures have become clearer this quarter. We anticipate pre-tax operating profit in 2019 to be impacted by \$21 million or more. Furthermore, Personal Care’s goodwill of \$47 million has been written off. Both business units have increased R&D and capital spending to develop new customers and products. It is premature to forecast the impact of these efforts”

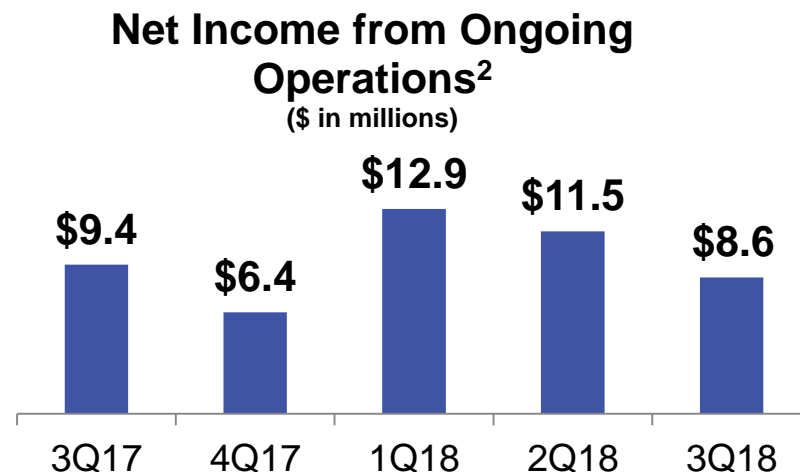
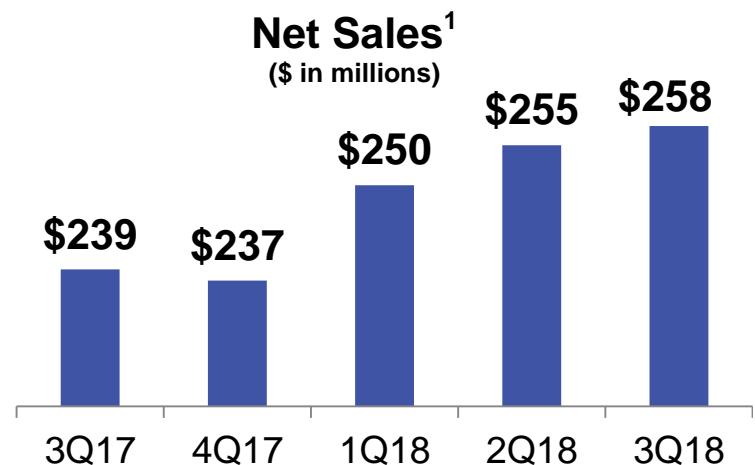
**John Gottwald, CEO and President (excerpted from third quarter 2018 earnings release)**

# Tredegar Corporation

## Third Quarter 2018 Net Sales and Net Income

### Financial Highlights

- Combined segment operating profit from ongoing operations<sup>3</sup> of \$19.5M in third quarter of 2018:
  - PE Films operating profit of \$4.1M; down \$7.1M Y-O-Y and \$4.5M sequentially
  - Flexible Packaging (Terphane) operating profit of \$3.6M; a favorable change of \$4.7M Y-O-Y and \$2.3M sequentially
  - Bonnell Aluminum operating profit of \$11.7M; down \$0.9M Y-O-Y and \$1.4M sequentially
  - Pension expense for full-year is projected to be \$10.4M, which is \$0.2M unfavorable to prior year



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

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

<sup>3</sup> See Note 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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



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

### Third Quarter Performance

(in millions)	3Q 18	3Q 17	▲
Volume (lbs.)	29.6	34.7	(15)%
Net Sales <sup>1</sup>	\$76.5	\$89.7	(15)%
Operating Profit <sup>2</sup>	\$4.1	\$11.3	(64)%
Adj. EBITDA <sup>3</sup>	\$7.8	\$15.0	(48)%

### Financial Highlights: 3Q18 vs 3Q17

- Lower operating profit vs. 3Q 2017 primarily as a result of:
  - Lower contribution from surface protection films, primarily due to lower sales that the Company believes was due to customer inventory corrections and the previously disclosed customer product transitions (\$1.9M in total, of which \$0.3M the Company estimates is due to product transitions), a sales return reserve for a quality claim (\$2.4M) and related increased production costs (\$0.9M), higher freight (\$0.5M), and higher R&D spending (\$0.6M)
  - Lower contribution from personal care films, primarily due to lower volume in topsheet, net of favorable mix (\$2.2M), partially offset by improved pricing (\$0.7M)
  - Realized cost savings from North American facility consolidation completed in 3Q17 (\$0.5M)

### Year-to-Date Performance

(in millions)	2018	2017	▲
Volume (lbs.)	94.5	103.9	(9)%
Net Sales <sup>1</sup>	\$252.2	\$265.8	(5)%
Operating Profit <sup>2</sup>	\$26.9	\$31.0	(13)%
Adj. EBITDA <sup>3</sup>	\$38.1	\$41.5	(8)%

### Other Highlights

- In Oct. 2018, the Personal Care component of PE Films completed negotiations with its customer regarding a previously disclosed significant product transition. The total annual sales that will be adversely impacted is ~\$70 million. During 2019, the Company expects sale for the product of \$30 - \$35 million with the potential for no sales thereafter.
- The Company previously reported the risk over the next few years 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. The Company anticipates that the customer product transitions will be fully implemented by the fourth quarter of 2019. The Company estimates that the adverse profit impact in 3Q 2018 was \$0.3M. When fully implemented, the Company estimates that the annualized adverse impact on future profit from this customer shift will be approximately \$11 million.
- In June 2018, the Company announced plans to close its Shanghai manufacturing facility. For additional details, see Note 3 in the Quarterly Report in the Form 10-Q

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

<sup>2</sup> See Note 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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

# Flexible Packaging Films (Terphane)

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

### Third Quarter Performance

(in millions)	3Q 18	3Q 17	▲
Volume (lbs.)	27.3	21.6	26%
Net Sales <sup>1</sup>	\$33.7	\$26.6	27%
Operating Profit <sup>2</sup>	\$3.6	\$(1.1)	NA
Adj. EBITDA <sup>3</sup>	\$3.9	\$1.5	160%

### Year-to-Date Performance

(in millions)	2018	2017	▲
Volume (lbs.)	74.3	65.7	13%
Net Sales <sup>1</sup>	\$90.5	\$79.9	13%
Operating Profit <sup>2</sup>	\$6.6	\$(3.4)	NA
Adj. EBITDA <sup>3</sup>	\$7.5	\$4.4	70%

### Financial Highlights: 3Q18 vs 3Q17

- Higher operating profit vs. 3Q 2017 primarily as a result:
  - Significantly lower depreciation and amortization of \$2.2M resulting from the \$101M non-cash impairment loss recognized in 4Q 2017
  - Benefit of \$3.3M resulting from higher volume, partially offset by unfavorable mix and higher resin costs (\$2.0M)
  - Favorable foreign currency translation of Real-denominated operating costs (\$1.7M), offset by \$0.8M loss on foreign currency forward contracts
  - Lower foreign currency transaction losses of \$0.2M (losses of \$0.1M in 2018 vs. losses of \$0.3M in 2017)

### 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. It restarted an idled line in June 2018 and will spend ~\$1.8M (\$1M of capex and project expenses of ~\$0.8M) in 2018
- Capital expenditures were \$2.3M in the first nine months of 2018 and are projected to be \$5M for 2018 (including \$1M for project referenced above)

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

<sup>2</sup> See Note 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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

# Aluminum Extrusions (Bonnell Aluminum)

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

### Third Quarter Performance

(in millions)	3Q 18	3Q 17	▲
Volume (lbs.)	56.6	52.0	9%
Net Sales <sup>1</sup>	\$147.7	\$122.1	21%
Operating Profit <sup>2</sup>	\$11.7	\$12.6	(7)%
Adj. EBITDA <sup>3</sup>	\$16.0	\$17.0	(6)%

### Year-to-Date Performance

(in millions)	2018	2017	▲
Volume (lbs. excl. Futura)	139.1	132.6	5%
Net Sales <sup>1</sup>	\$420.5	\$345.0	22%
Operating Profit <sup>2</sup>	\$35.1	\$34.2	3%
Adj. EBITDA <sup>3</sup>	\$47.6	\$45.2	5%

### Financial Highlights: 3Q18 vs 3Q17

- Lower operating profit vs. 3Q 2017 primarily as a result of:
  - Additional operating costs, including employee-related expenses (\$1.1M), higher supplies and dies (\$1.6M) and higher freight (\$0.6M), partially offset by higher sales volume (\$0.9M), favorable mix (\$1.3M) and lower healthcare costs (\$0.8M)
  - Higher costs as noted above were partially the result of continued inefficiencies at Bonnell's Niles, MI facility.

### Other Highlights

- Volume increased in all three of Bonnell's primary markets (B&C, automotive and specialty). Bookings and backlog remain strong.
- Market outlooks for building & construction, automotive and specialty anticipate continued growth through 2020 (see chart on page 20)
- Capital expenditures were \$8.9M in the first nine months of 2018 and are projected at \$15M for 2018, including \$7M for infrastructure upgrades and expanded fabrication and machining capabilities, and \$8M for routine items 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 5 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

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

# Tredegar Corporation

## Year-to-Date 2018 Financial Highlights (as of 9/30/2018)

---

*\$ in millions*

<b>Cash Flows from Operations</b>	<b>\$93.0</b>
<b>Capital Expenditures</b>	<b>\$25.1</b>
<b>Dividends Paid</b> (quarterly dividend \$.11/share)	<b>\$10.9</b>
<b>Net Debt<sup>1</sup></b>	<b>\$54.2</b>
<b>Total Debt to Adjusted EBITDA<sup>2</sup></b> (LTM as of 9/30/2018)	<b>0.9x</b>

<sup>1</sup> As of 9/30/2018. See Note 4 in GAAP to Non-GAAP Reconciliations for more information and a reconciliation of this non-GAAP financial measure.

<sup>2</sup> As defined under Tredegar's credit agreement. See Tredegar's Form 10-Q for the quarter ended Sept. 30, 2018 (page 37) 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> Highly advanced optical management products which combine microstructure expertise with films capabilities</p>	<p>Feminine hygiene products, baby diapers and adult incontinence products</p> <p>High-value components of flat panel displays, including liquid crystal display ("LCD") and Organic Light Emitting Diodes ("OLED") displays used in 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>Berry Global, Nordenia, Aplix, Pantex, RKW, Yanjan, Koester</p> <p>Toray, Sekisui, Hanjin, Ihshin</p> <p>Luminit, Fusion Optix, DuPont</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 growth 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

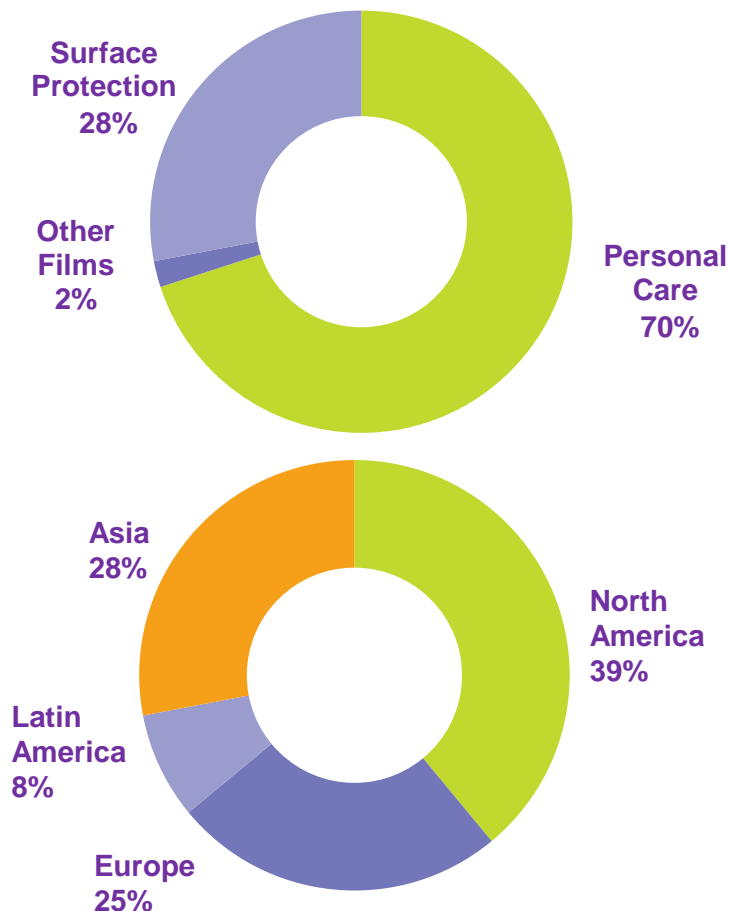
### **Aluminum Extrusions**

- 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

\$339 million LTM Net Sales<sup>1</sup>



### Key Growth Drivers

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

### Customers

- Global and regional consumer care producers
- Major manufacturers of flat panel display components
- Global and regional leaders in LED lighting

### Primary End Use Markets

- Personal care products – feminine hygiene, baby diapers and adult incontinence products
- High-value components of flat panel displays, including LCD and OLED 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

---

### Key Drivers for Surface Protection Films

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

### Key Drivers for Personal Care Films

- Positive global market growth trends for absorbent products expected through 2022, driven by gains in adult incontinence products around the world and emerging markets growth in baby diapers:
  - Global market growth of ~ 3.8% per year, driven by emerging market growth<sup>2</sup>
  - Baby diapers expected to grow ~ 4.2%<sup>2</sup>
  - Feminine hygiene expected to grow ~ 2.7%<sup>2</sup>
  - Adult incontinence products expected to grow ~ 9.0%<sup>2</sup>
- Rapid growth in adult incontinence driven by aging populations and product improvements

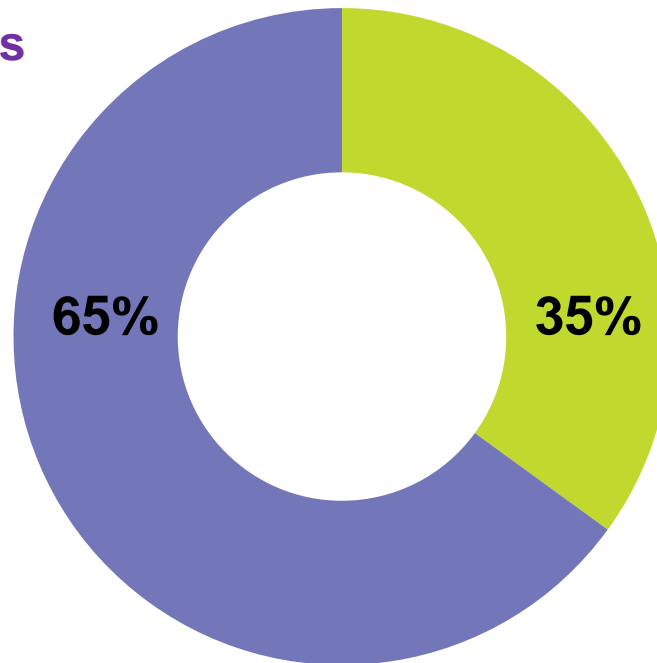
<sup>1</sup> IHS Display Long Term Demand Forecast Tracker – Q3 2017

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

# PE Films

## Customer Base

Other Global and  
Regional  
Customers



Procter & Gamble

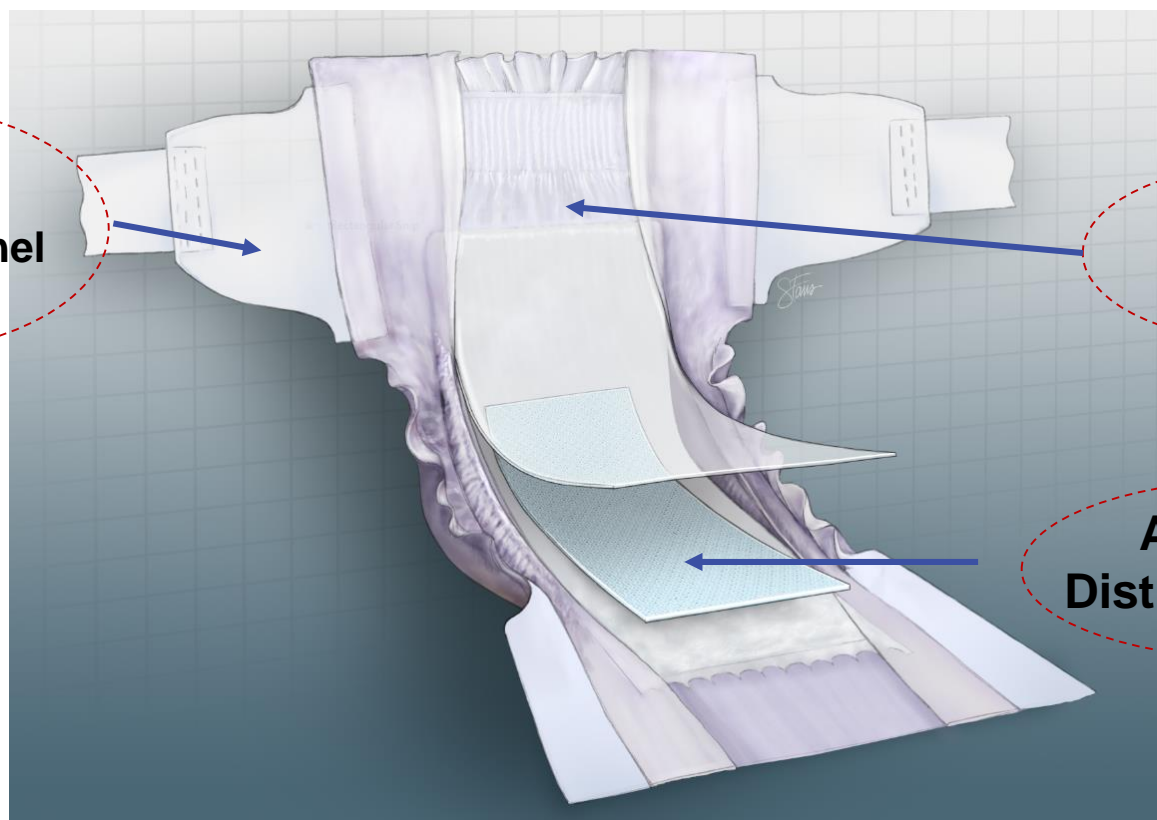


**(Based on PE Films 2017 Net Sales<sup>1</sup> \$352 million)**

# PE Films

## *Personal Care Product Development*

### Baby Diaper and Adult Incontinence Areas of Development



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

**Elastic  
Waistband**

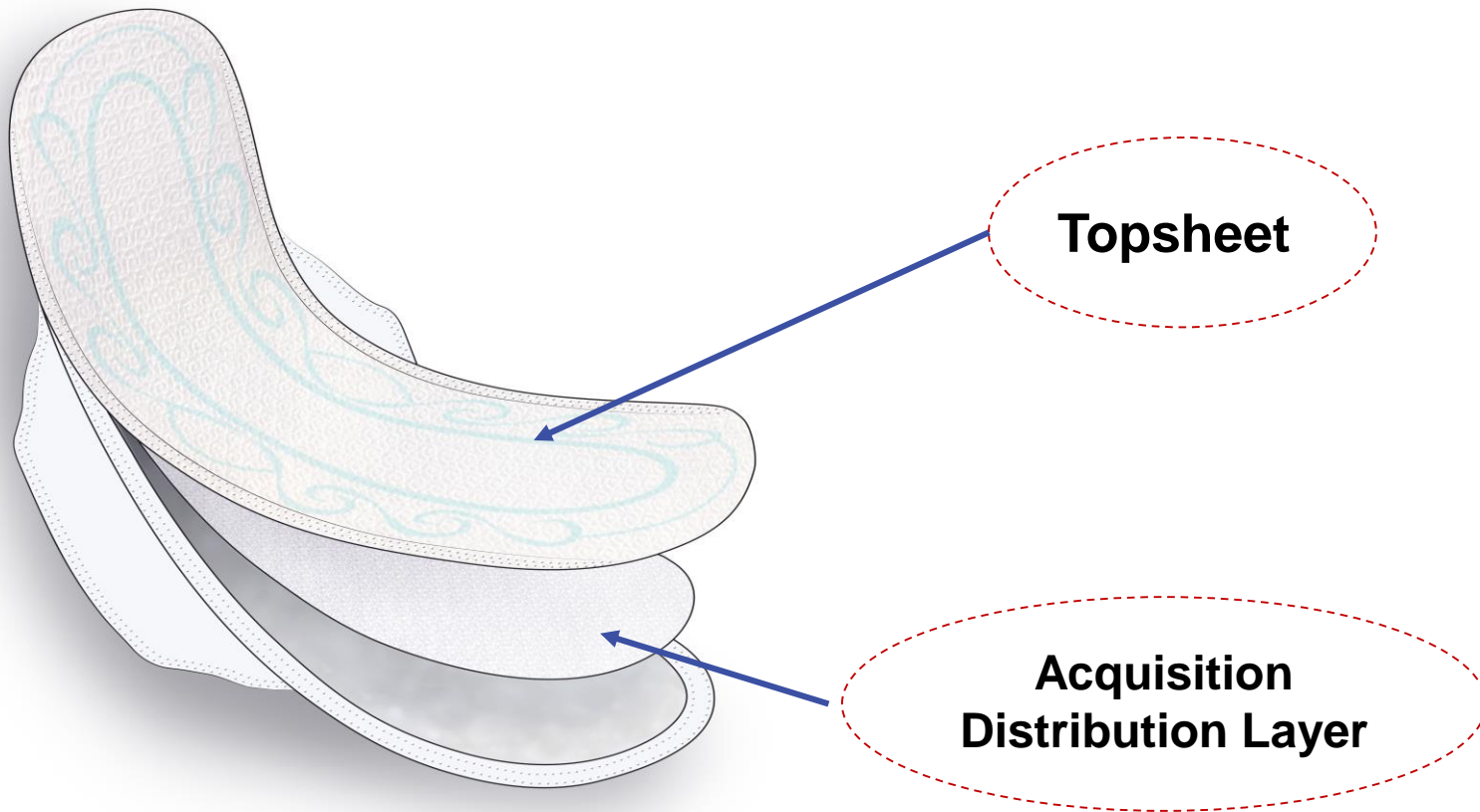
**Acquisition  
Distribution Layer**

# PE Films

## *Personal Care Product Development*

---

### Feminine Care Areas of Development

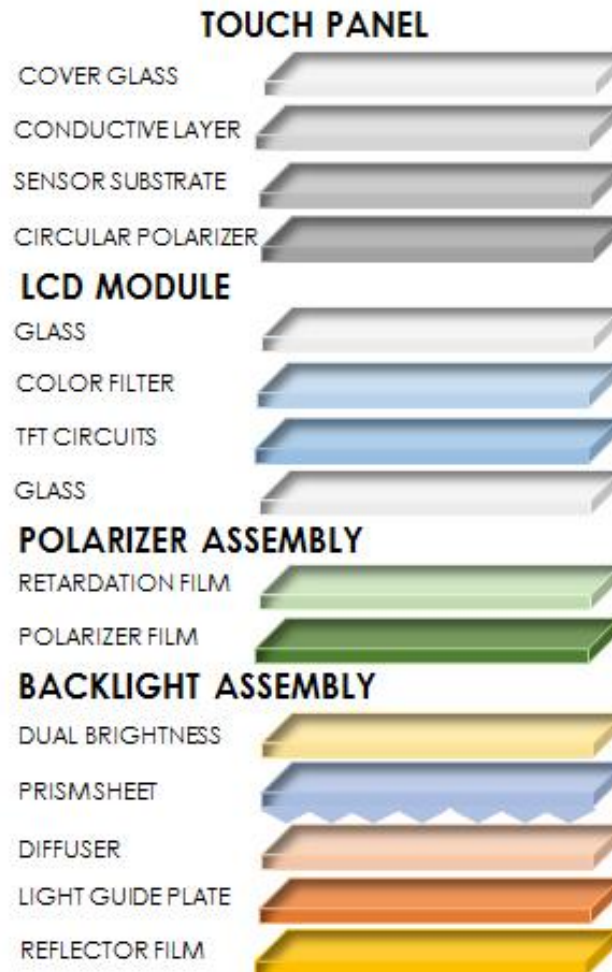




# PE Films

## Surface Protection Overview

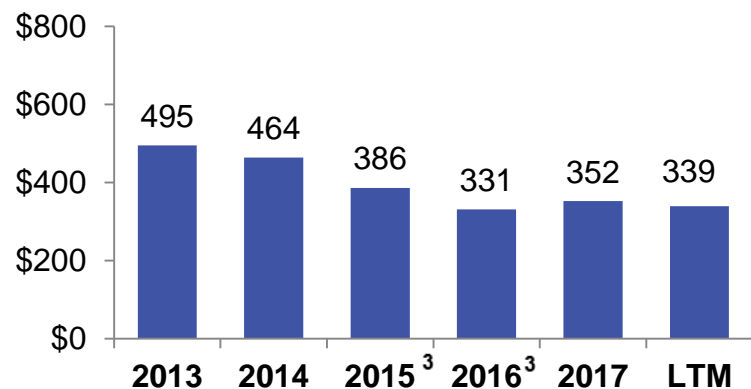
### Typical LCD Optical Stack (examples: TVs, Smartphones)



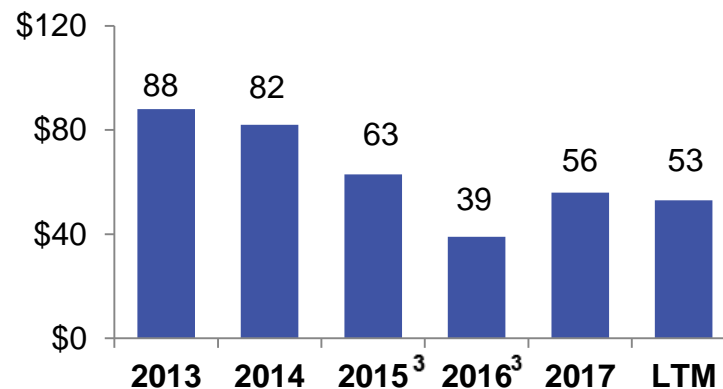
# PE Films

## Annual Historical Financials

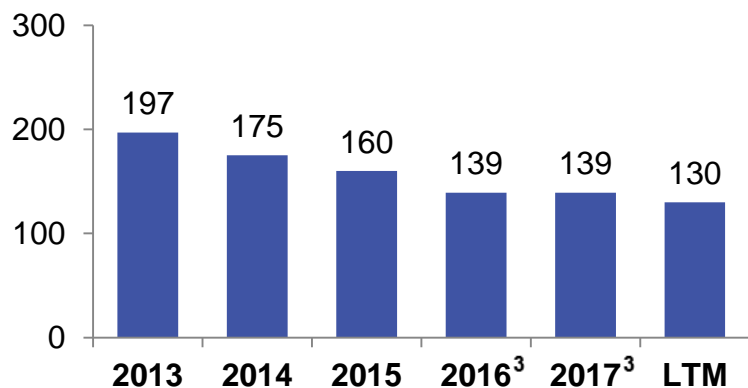
### Net Sales<sup>1</sup> (\$ in millions)



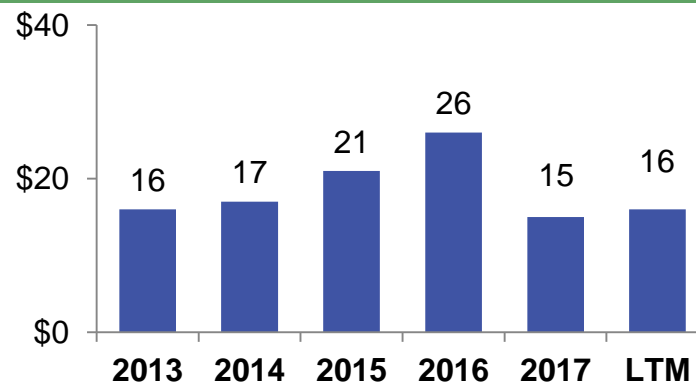
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### 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.

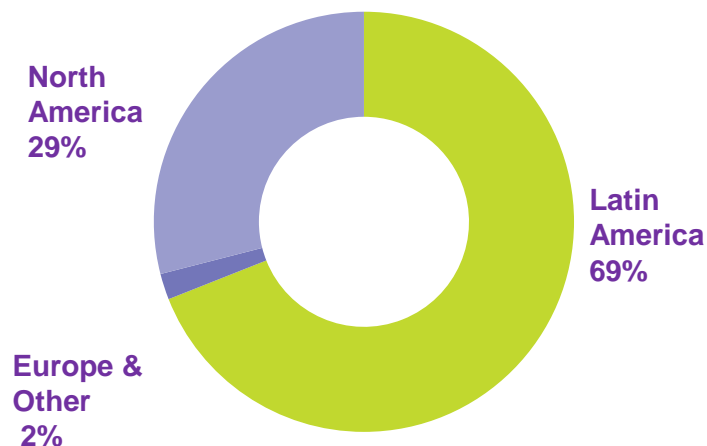
<sup>2</sup> See Note 2 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

<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

\$119 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

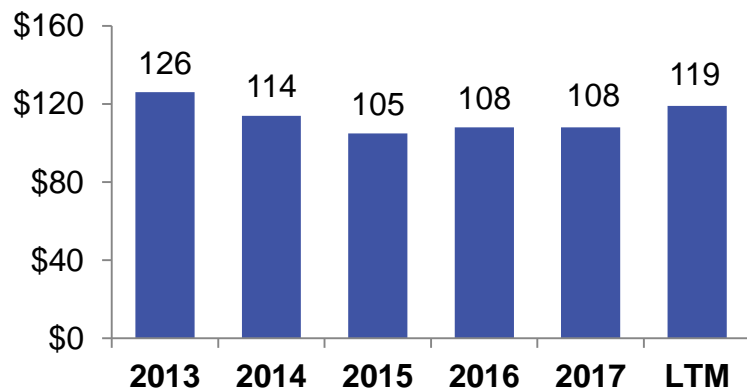
- Perishable and non-perishable food packaging
- Non-food packaging and industrial applications

<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.

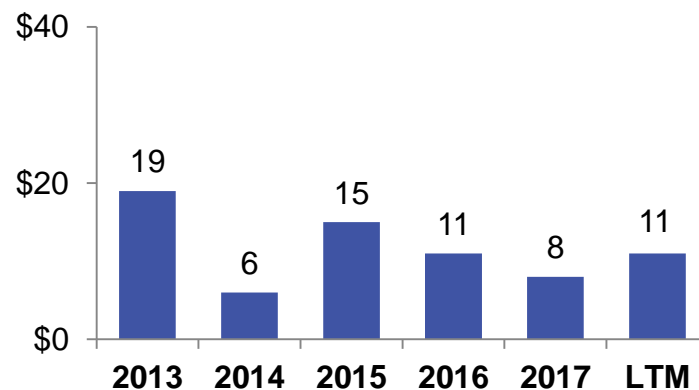
# Flexible Packaging Films

## Annual Historical Financials

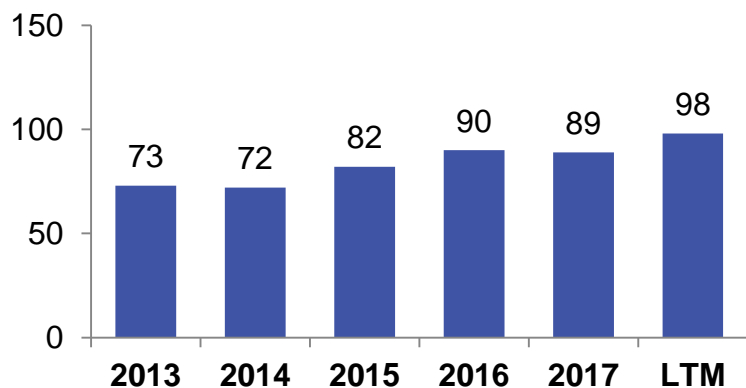
### Net Sales<sup>1</sup> (\$ in millions)



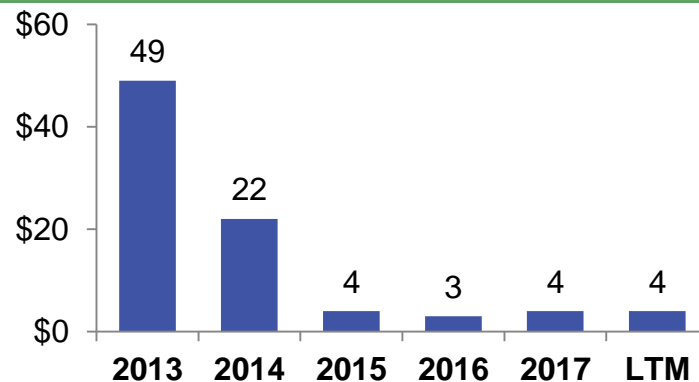
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



### Volume (lbs. in millions)



### Capital Expenditures (\$ in millions)

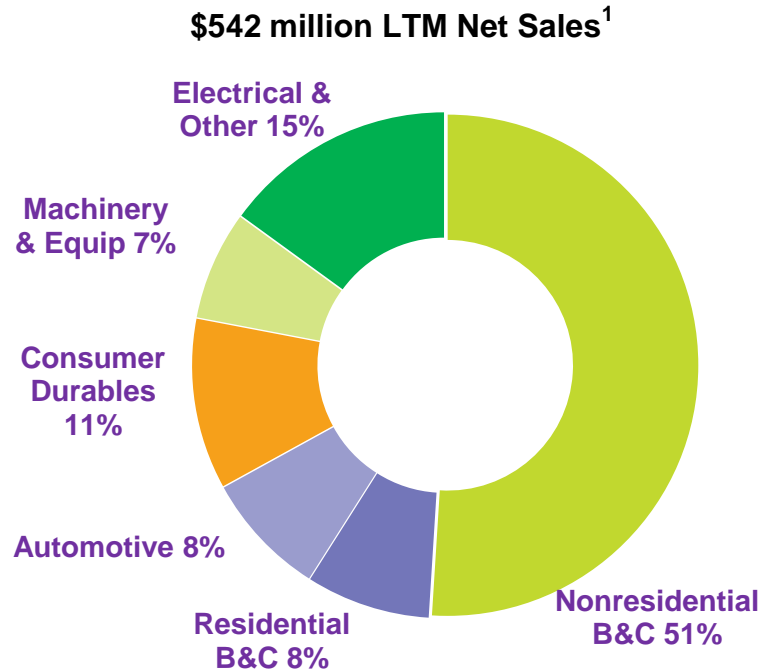


<sup>1</sup> Net sales represent sales less freight. See Note 1 in GAAP to Non-GAAP Reconciliations for more information on this non-GAAP financial measure.

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

### Customers

- Glazing contractors and fabricators
- Tier I and II suppliers to automotive OEMs
- Consumer durables, machinery and equipment, and electrical OEMs; distributors and metal service centers

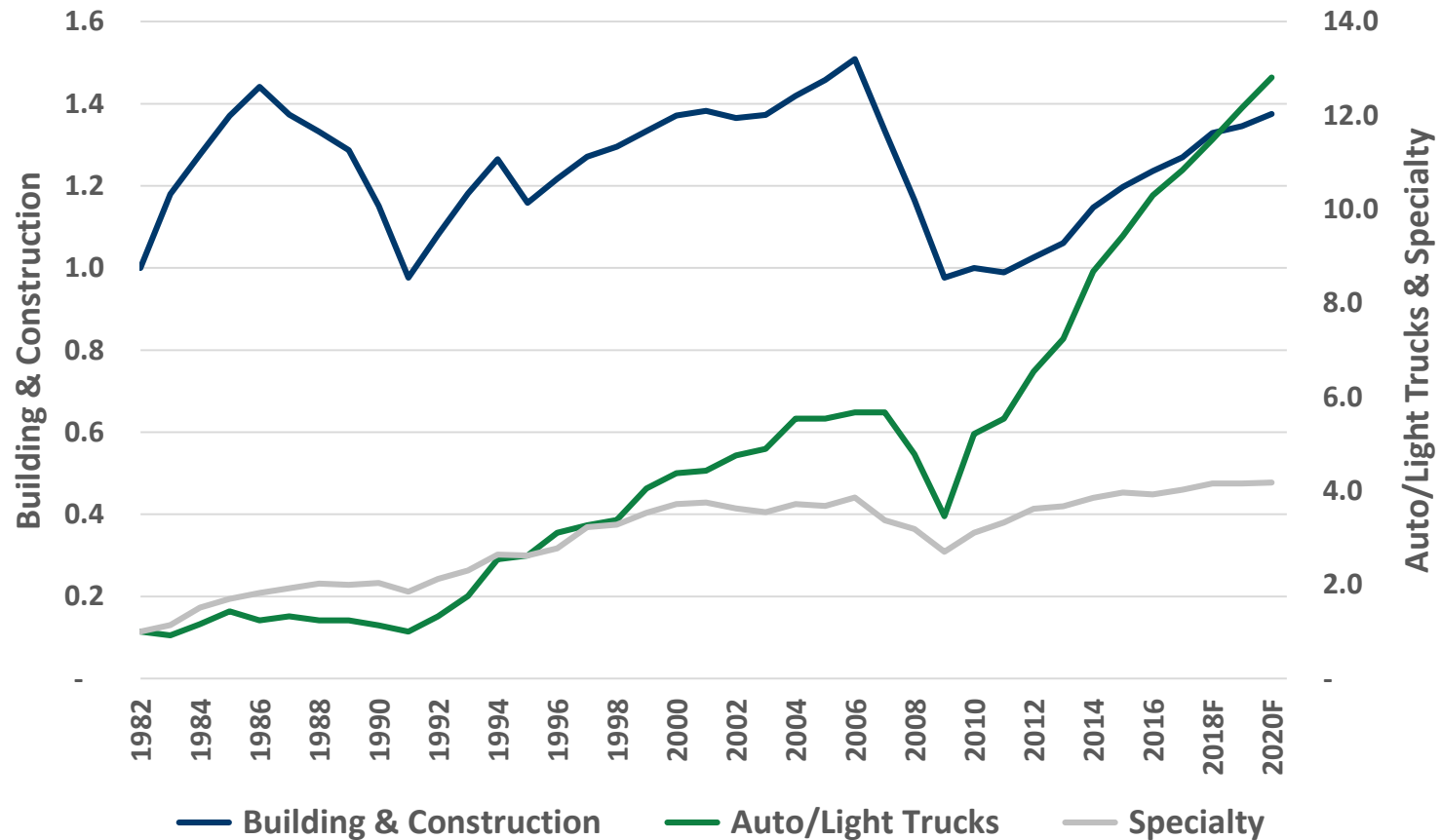
### Primary End Use Markets

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

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

# Bonnell Aluminum

## Key Markets



Note: Index computations based on Aluminum Association data (2017) and CRU Extruded Shapes Market Update, Sept 2018. 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*

---

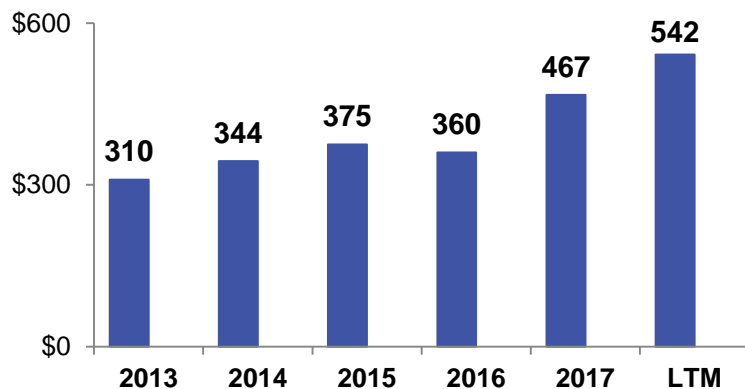
- Crash management system – beams and mounting plates, crush cans
- Suspension – cut-to-length lineal profile supporting customer forging operation for finished part
- Body and engine mounts – precision cut-to-length
- Roof rails
- Structural body profiles
- Machined parts for structural body applications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



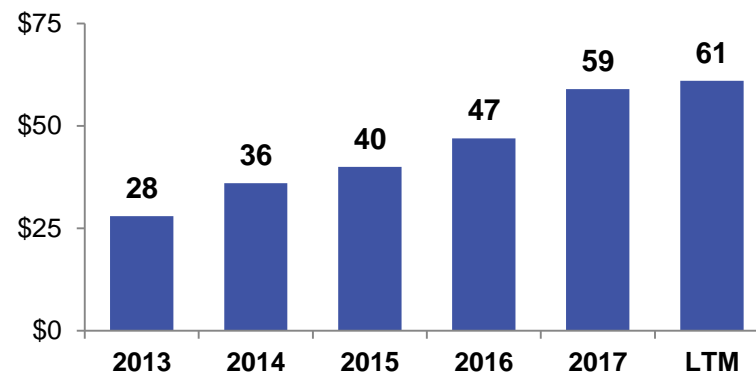
# Aluminum Extrusions

## Annual Historical Financials

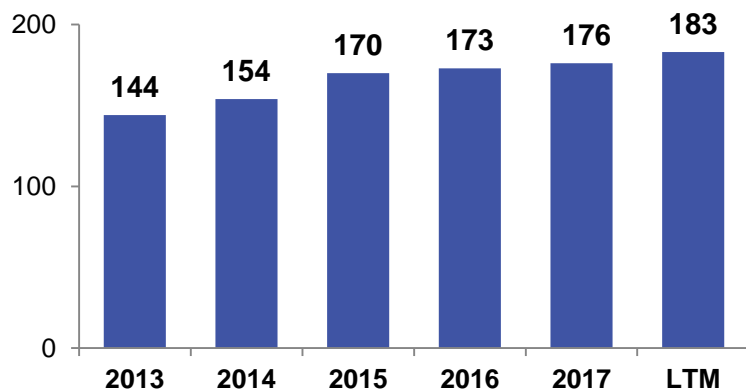
### Net Sales<sup>1</sup> (\$ in millions)



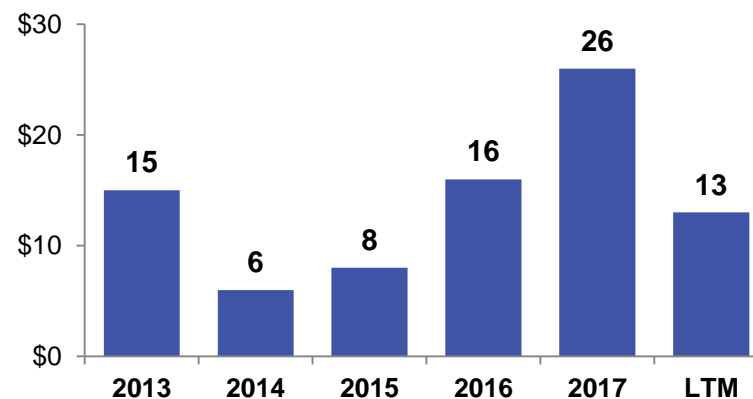
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



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



### Capital Expenditures (\$ in millions)



Reflects inclusion of Bonnell's operating division, Futura, subsequent its acquisition date (2/15/2017), except for volume.

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

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

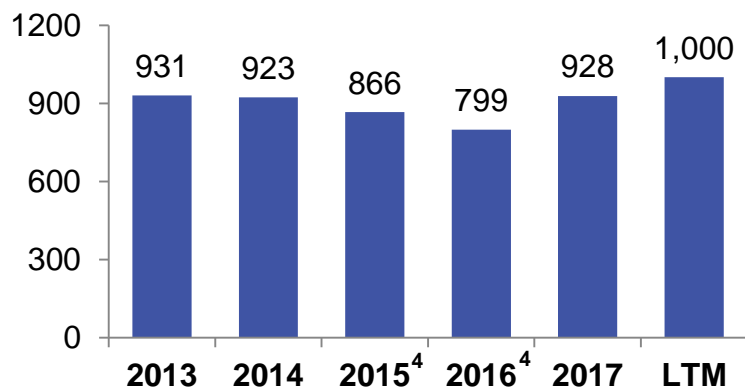


# Tredegar Corporation

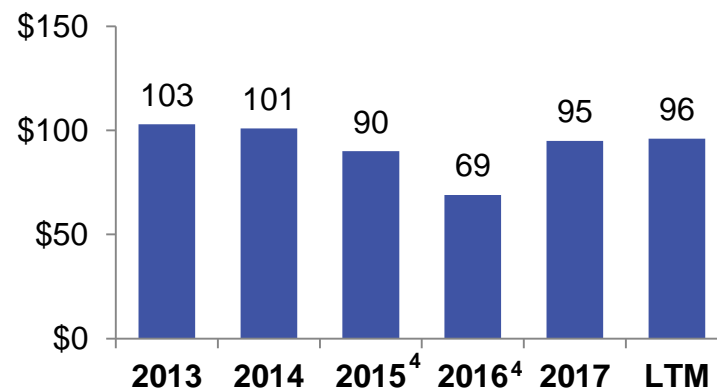
## Annual Historical Financials



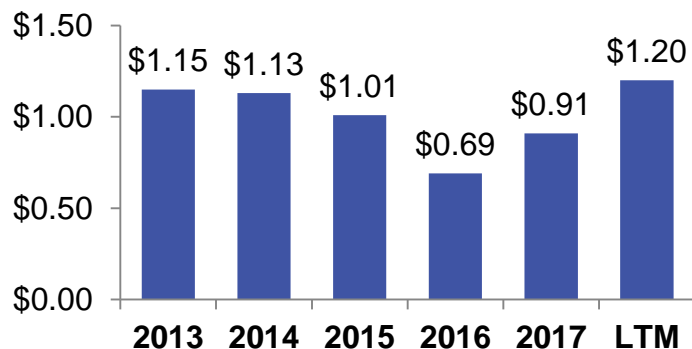
### Net Sales<sup>1</sup> (\$ in millions)



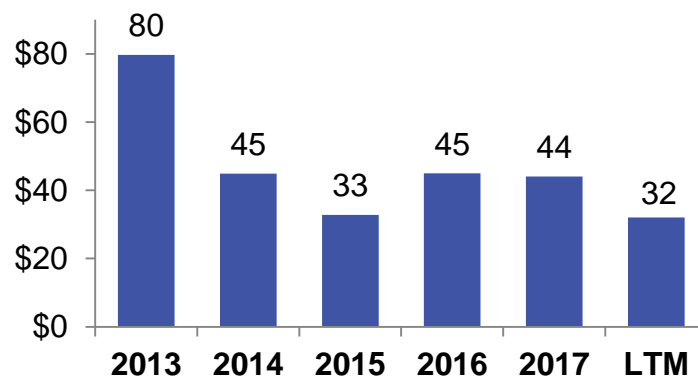
### Adjusted EBITDA<sup>2</sup> (\$ in millions)



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



### Capital Expenditures (\$ in millions)



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

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

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

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

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

# Tredegar Corporation

## Capital Expenditures – History & Projections

(\$ in millions)						
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 Projection<sup>2</sup></u>
PE Films	\$15.6	\$17.0	\$21.2	\$25.8	\$15.0	\$26
Flexible Packaging	49.3	21.8	3.5	3.4	3.6	5
Aluminum Extrusions	14.7	6.1	8.1	15.9	25.7	15
Corporate	0.1	-	-	0.4	0.1	-
<b>Total</b>	<b>79.7</b>	<b>44.9</b>	<b>32.8</b>	<b>45.5</b>	<b>44.4</b>	<b>46</b>
<i>% Net Sales<sup>1</sup></i>	8.6%	4.9%	3.8%	5.7%	4.8%	

2018 capital expenditures are expected to include:

- For PE Films: capacity expansion for North American elastics (\$15M of total \$25M expected); upgrades for next generation surface protection products (\$3M)
- For Aluminum Extrusions: Infrastructure upgrades and expansion of fabrication and machining capabilities (\$7M)
- For Flexible Packaging Films: Re-start of idled production line in Brazil (\$1M)
- Routine capital expenditures of approximately \$8M for PE Films, \$4M for Flexible Packaging Films and \$8M for Aluminum Extrusions

<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

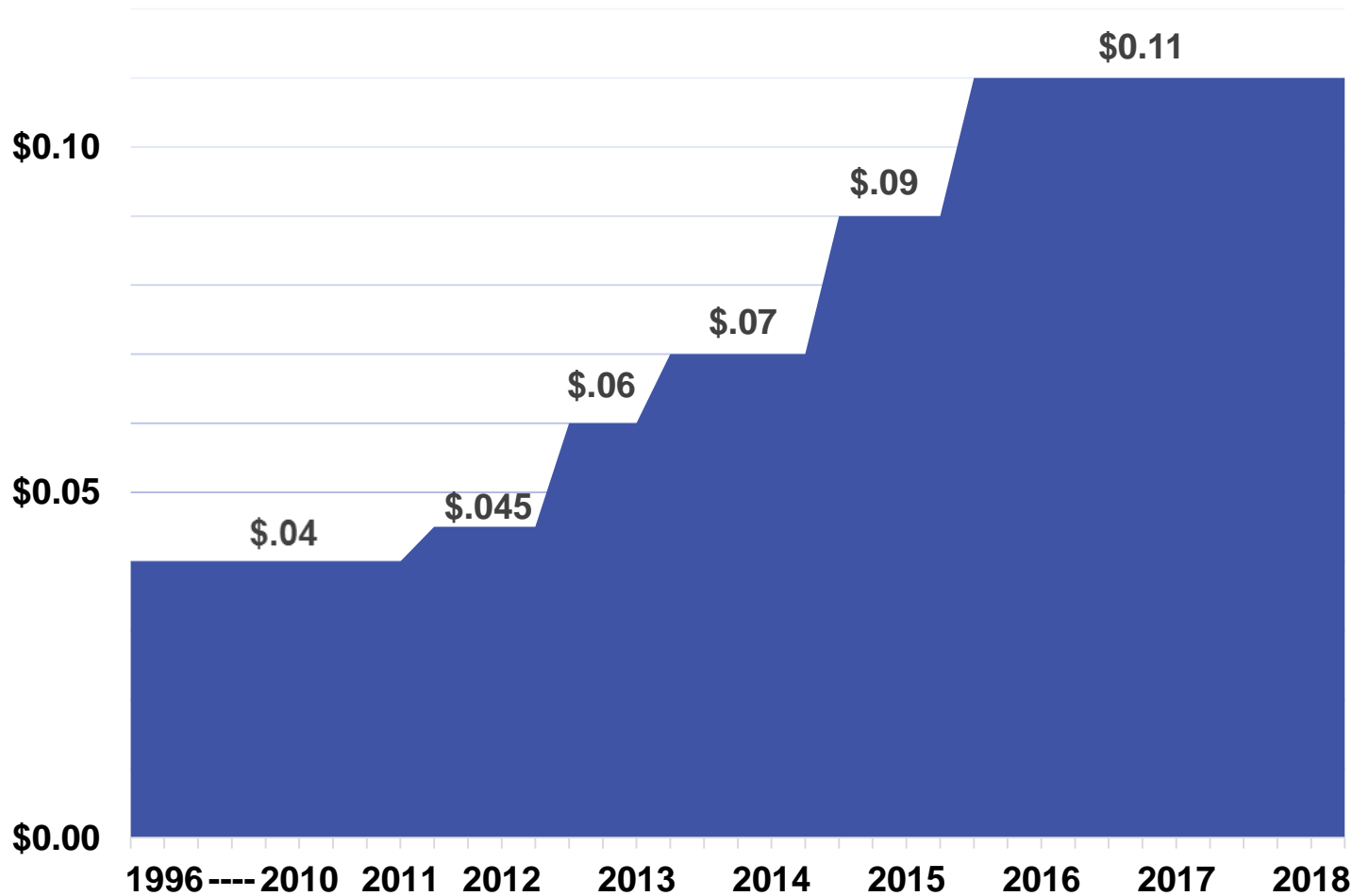


(\$ in millions)	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cash Flows from Operations	\$83	\$77	\$51	\$74	\$49	\$88
Capital Expenditures	33	80	45	33	45	44
Free Cash Flow <sup>1</sup>	50	(3)	6	41	4	44
Dividends	31	9	11	14	14	15
Acquisitions	58	0	0	0	0	87

<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 Q3 2017	QTD Q4 2017	QTD Q1 2018	QTD Q2 2018	QTD Q3 2018
PE Films	\$89.7	\$86.7	\$93.2	\$82.5	\$76.5
Flexible Packaging Films	26.6	28.4	28.4	28.3	33.7
Aluminum Extrusions	122.2	121.9	128.2	144.6	147.7
Total net sales	<b>238.5</b>	<b>237.0</b>	<b>249.9</b>	<b>255.3</b>	<b>257.9</b>
Add back freight	8.6	8.8	8.8	8.4	9.4
Sales as shown in consolidated statements of income	<b>\$247.1</b>	<b>\$245.8</b>	<b>\$258.7</b>	<b>\$263.8</b>	<b>\$267.3</b>

(In millions)	2013	2014	2015	2016	2017	LTM Q3 2018
PE Films	\$495.4	\$464.3	\$385.6	\$331.1	\$352.5	\$338.9
Flexible Packaging Films	125.8	114.3	105.3	108.0	108.3	118.9
Aluminum Extrusions	309.5	344.3	375.5	360.1	466.8	542.4
Total net sales	<b>930.7</b>	<b>923.0</b>	<b>866.3</b>	<b>799.2</b>	<b>927.6</b>	<b>1,000.1</b>
Add back freight	28.6	28.8	29.8	29.1	33.7	35.5
Sales as shown in consolidated statements of income	<b>\$959.3</b>	<b>\$951.8</b>	<b>\$896.1</b>	<b>\$828.3</b>	<b>\$961.3</b>	<b>\$1,035.6</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.

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

A reconciliation of ongoing operating profit (loss) from continuing operations to Adjusted EBITDA is shown on the next page. Amounts relating to corporate overhead for the prior years have been reclassified to conform with the current year's presentation. Adjusted EBITDA in the first, second and third quarters of 2017 and the full years of 2017 and 2016 include adjustments of \$0.2 million, \$0.1 million, less than \$0.1 million, \$0.6 million and \$0.3 million, respectively, for accelerated depreciation associated with the consolidation of PE Films manufacturing facilities in North America. Adjusted EBITDA in the second and third quarters of 2018 includes adjustments of \$0.1 million and \$0.4 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>2017</b>				
Operating profit (loss) from ongoing operations	\$ 41.5	\$ (2.6)	\$ 43.5	\$ 82.4
Add back depreciation & amortization	14.7	10.4	15.0	40.1
Less accelerated depreciation associated with plant consolidation	(0.3)	-	-	(0.3)
Adjusted EBITDA before corporate overhead	55.9	7.8	58.5	122.2
Corporate overhead	-	-	-	(26.8)
Adjusted EBITDA	\$ 55.9	\$ 7.8	\$ 58.5	\$ 95.4
<b>2016</b>				
Operating profit (loss) from ongoing operations	\$ 26.3	\$ 1.8	\$ 37.8	\$ 65.9
Add back depreciation & amortization	13.6	9.5	9.2	32.3
Less accelerated depreciation associated with plant consolidation	(0.6)	-	-	(0.6)
Adjusted EBITDA before corporate overhead	39.3	11.3	47.0	97.6
Corporate overhead	-	-	-	(28.9)
Adjusted EBITDA	\$ 39.3	\$ 11.3	\$ 47.0	\$ 68.7
<b>2015</b>				
Operating profit (loss) from ongoing operations	\$ 48.3	\$ 5.5	\$ 30.4	\$ 84.2
Add back depreciation & amortization	15.5	9.7	9.7	34.9
Less accelerated depreciation associated with plant shutdown	(0.4)	-	-	(0.4)
Adjusted EBITDA before corporate overhead	63.4	15.2	40.1	118.7
Corporate overhead	-	-	-	(28.6)
Adjusted EBITDA	\$ 63.4	\$ 15.2	\$ 40.1	\$ 90.1
<b>2014</b>				
Operating profit (loss) from ongoing operations	\$ 61.0	\$ (2.9)	\$ 25.7	\$ 83.8
Add back depreciation & amortization	21.4	9.3	9.9	40.6
Less accelerated depreciation associated with plant shutdown	-	-	-	-
Adjusted EBITDA before corporate overhead	82.4	6.4	35.6	124.4
Corporate overhead	-	-	-	(23.5)
Adjusted EBITDA	\$ 82.4	\$ 6.4	\$ 35.6	\$ 100.9
<b>2013</b>				
Operating profit (loss) from ongoing operations	\$ 61.9	\$ 9.1	\$ 18.3	\$ 89.3
Add back depreciation & amortization	25.6	9.7	9.2	44.5
Less accelerated depreciation associated with plant shutdown	-	-	-	-
Adjusted EBITDA before corporate overhead	87.5	18.8	27.5	133.8
Corporate overhead	-	-	-	(31.3)
Adjusted EBITDA	\$ 87.5	\$ 18.8	\$ 27.5	\$ 102.5

# GAAP to Non-GAAP Reconciliations

Notes (continued):

(In millions)

	PE Films	Flexible Packaging Films	Aluminum Extrusions	Total
<b>Quarter Ended September 30, 2018</b>				
Operating profit (loss) from ongoing operations	\$ 4.1	\$ 3.6	\$ 11.7	\$ 19.5
Add back depreciation & amortization	4.0	0.3	4.2	8.6
Less accelerated depreciation associated with plant consolidation	(0.4)	-	-	(0.4)
Adjusted EBITDA before corporate overhead	7.8	3.9	16.0	27.6
Corporate overhead	-	-	-	(6.5)
Adjusted EBITDA	\$ 7.8	\$ 3.9	\$ 16.0	\$ 21.1
<b>Quarter Ended September 30, 2017</b>				
Operating profit (loss) from ongoing operations	\$ 11.3	\$ (1.1)	\$ 12.6	\$ 22.8
Add back depreciation & amortization	3.8	2.6	4.4	10.7
Less accelerated depreciation associated with plant consolidation	-	-	-	-
Adjusted EBITDA before corporate overhead	15.0	1.5	17.0	33.5
Corporate overhead	-	-	-	(6.7)
Adjusted EBITDA	\$ 15.0	\$ 1.5	\$ 17.0	\$ 26.7
<b>Nine Months Ended September 30, 2018</b>				
Operating profit (loss) from ongoing operations	\$ 26.9	\$ 6.6	\$ 35.1	\$ 68.6
Add back depreciation & amortization	11.7	0.9	12.6	25.2
Less accelerated depreciation associated with plant consolidation	(0.5)	-	-	(0.5)
Adjusted EBITDA before corporate overhead	38.1	7.5	47.6	93.3
Corporate overhead	-	-	-	(20.7)
Adjusted EBITDA	\$ 38.1	\$ 7.5	\$ 47.6	\$ 72.6
<b>Nine Months Ended September 30, 2017</b>				
Operating profit (loss) from ongoing operations	\$ 31.0	\$ (3.4)	\$ 34.2	\$ 61.8
Add back depreciation & amortization	10.8	7.8	11.0	29.5
Less accelerated depreciation associated with plant consolidation	(0.3)	-	-	(0.3)
Adjusted EBITDA before corporate overhead	41.5	4.4	45.2	91.0
Corporate overhead	-	-	-	(19.5)
Adjusted EBITDA	\$ 41.5	\$ 4.4	\$ 45.2	\$ 71.5
<b>Last Twelve Months Ended September 30, 2018</b>				
Operating profit (loss) from ongoing operations	\$ 37.4	\$ 7.4	\$ 44.4	\$ 89.2
Add back depreciation & amortization	15.7	3.6	16.6	35.8
Less accelerated depreciation associated with plant consolidation	(0.5)	-	-	(0.5)
Adjusted EBITDA before corporate overhead	52.5	11.0	61.0	124.5
Corporate overhead	-	-	-	(28.0)
Adjusted EBITDA	\$ 52.5	\$ 11.0	\$ 61.0	\$ 96.4



# 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)

	2013	2014	2015	2016	2017	LTM Q3 2018
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 35.9	\$ 36.0	\$ (32.1)	\$ 24.5	\$ 38.3	\$ (19.2)
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.9	2.0	3.0	3.1	1.4	3.2
(Gains) losses from sale of assets and other	0.5	(1.2)	17.7	(4.9)	(96.8)	(69.9)
Goodwill impairment charge	-	-	44.5	-	-	38.2
Terphane asset impairment loss	-	-	-	-	87.2	87.2
Net income from ongoing operations	\$ 37.3	\$ 36.8	\$ 33.1	\$ 22.7	\$ 30.1	\$ 39.4
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 1.10	\$ 1.11	\$ (0.99)	\$ 0.75	\$ 1.16	\$ (0.58)
After tax effects of:						
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.03	0.06	0.09	0.09	0.04	0.09
(Gains) losses from sale of assets and other	0.02	(0.04)	0.54	(0.15)	(2.94)	(2.11)
Goodwill impairment charge	-	-	1.37	-	-	1.15
Terphane asset impairment loss	-	-	-	-	2.65	2.65
Earnings per share from ongoing operations (diluted)	\$ 1.15	\$ 1.13	\$ 1.01	\$ 0.69	\$ 0.91	\$ 1.20

(in millions, except per share data)

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Net income (loss) from continuing operations as reported under U.S. GAAP	\$ 8.3	\$ (17.9)	\$ 18.2	\$ 14.7	\$ (34.2)
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.3	0.5	0.1	0.6	2.0
(Gains) losses from sale of assets and other	0.8	(63.4)	(5.3)	(3.8)	2.6
Goodwill impairment charge	-	-	-	-	38.2
Terphane asset impairment loss	-	87.2	-	-	-
Net income from ongoing operations	\$ 9.4	\$ 6.4	\$ 12.9	\$ 11.5	\$ 8.6
Earnings (loss) from continuing operations per share under GAAP (diluted)	\$ 0.25	\$ (0.54)	\$ 0.55	\$ 0.44	\$ (1.03)
After tax effects of:					
(Gains) losses associated with plant shutdowns, asset impairments and restructurings	0.01	0.01	-	0.02	0.06
(Gains) losses from sale of assets and other	0.02	(1.92)	(0.16)	(0.11)	0.08
Goodwill impairment charge	-	-	-	-	1.15
Terphane asset impairment loss	-	2.65	-	-	-
Earnings per share from ongoing operations (diluted)	\$ 0.28	\$ 0.20	\$ 0.39	\$ 0.35	\$ 0.26

# 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)	September 30, 2018
Debt	\$ 91.0
Less: Cash and cash equivalents	(36.8)
Net debt	\$ 54.2

# GAAP to Non-GAAP Reconciliations

Notes (continued):

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

Operating profit (loss): (in thousands)	2013	2014	2015	2016	2017	Q3 2017	Q3 2018	Q3 YTD 2017	2018
PE Films:									
Ongoing operations	\$ 61,866	\$ 60,971	\$ 48,275	\$ 26,312	\$ 41,546	\$ 11,251	\$ 4,145	\$ 30,965	\$ 26,857
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(671)	(12,238)	(4,180)	(4,602)	(4,905)	(919)	(2,355)	(3,890)	(4,542)
Goodwill impairment charge	-	-	-	-	-	-	(46,792)	-	(46,792)
Flexible Packaging Films:									
Ongoing operations	9,100	(2,917)	5,453	1,774	(2,626)	(1,074)	3,609	(3,392)	6,617
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	-	(589)	(185)	(214)	(89,398)	-	-	11,856	-
Goodwill impairment charge	-	-	(44,465)	-	-	-	-	-	-
Aluminum Extrusions:									
Ongoing operations	18,291	25,664	30,432	37,794	43,454	12,601	11,730	34,201	35,086
Plant shutdowns, asset impairments and restructurings, gain from sale of assets and other items	(2,748)	(976)	(708)	(741)	321	(377)	(297)	(3,147)	(396)
<b>Total</b>	<b>85,838</b>	<b>69,915</b>	<b>34,622</b>	<b>60,323</b>	<b>(11,608)</b>	<b>21,482</b>	<b>(29,960)</b>	<b>66,593</b>	<b>16,830</b>
Interest income	594	588	294	261	209	42	6	171	290
Interest expense	2,870	2,713	3,502	3,806	6,170	1,757	1,318	4,579	4,539
Gain on sale of investment property	-	1,208	-	-	-	-	-	-	-
Unrealized loss on investment property	(1,018)	-	-	(1,032)	-	-	(186)	-	(186)
Gain (loss) from an investment accounted for under the fair value method	3,400	2,000	(20,500)	1,600	33,800	-	(2,100)	24,800	11,900
Stock option-based compensation costs	1,155	1,272	483	56	264	111	415	153	806
Corporate expenses, net	31,857	24,310	33,638	29,607	30,879	6,960	6,926	20,985	21,668
Income (loss) from continuing operations before income taxes	52,932	45,416	(23,207)	27,683	(14,912)	12,696	(40,899)	65,847	1,821
Income taxes	16,995	9,387	8,928	3,217	(53,163)	4,422	(6,699)	9,667	3,135
Income (loss) from continuing operations	35,937	36,029	(32,135)	24,466	38,251	8,274	(34,200)	56,180	(1,314)
Income (loss) from discontinued operations, net of tax	(13,990)	850	-	-	-	-	-	-	-
<b>Net income (loss)</b>	<b>\$ 21,947</b>	<b>\$ 36,879</b>	<b>\$ (32,135)</b>	<b>\$ 24,466</b>	<b>\$ 38,251</b>	<b>\$ 8,274</b>	<b>\$ (34,200)</b>	<b>\$ 56,180</b>	<b>\$ (1,314)</b>