




MARCH MODEL CLUB STOCK TO STUDY

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- Trex Co (TREX)
- Industry: Building Products and Equipment
- Sector: Industrials
- Company Size <\$1B in sales

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- Description: Trex Company is the nation's largest manufacturer of non-wood deck, railing and fence products. It produces Wood-Polymer lumber, a wood/plastic composite that provides the appearance and benefits of wood without the need for protective sealants or repairs.
- TREX partners with both Home Depot and Lowe's in its distribution network. Its products are sold under the Trex brand and manufactured in the United States. Further the Company licenses its Trex brand to third parties to manufacture and sell products under the Trex trademark.

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TREX competitors

- Wood Industry
- Other manufacturers of wood-alternative products
 - The AZEK Company
 - Fiberon (a division of Fortune Brands, Inc.)

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Comparison of Cumulative Total Return
Among Trex Company, Inc., Russell 2000 Index, and S&P 600 Building Products Index

	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Trex Company, Inc.	\$ 100.00	\$ 169.30	\$ 284.96	\$ 312.09	\$ 472.56	\$ 880.34
Russell 2000 Index	\$ 100.00	\$ 121.31	\$ 139.08	\$ 123.77	\$ 155.37	\$ 196.38
S&P 600 Building Products	\$ 100.00	\$ 129.78	\$ 156.02	\$ 123.59	\$ 175.73	\$ 221.52

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- Trex growth in 2020 is attributed in part by tailwinds in the overall housing market coupled with relatively low interest rates
- Residential housing and construction remain bright spots in the post-vaccine world.

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TREX – addresses one of the fastest growing markets for attractively designed, customized outdoor living spaces

- Brand leader in the Industry
- Consistent market share increases within the wood and composite industry
- National Footprint
- Invested over \$200M in capacity expansion to support growth

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TREX – continuous engineering and manufacturing improvements drive significant operating leverage

- > Low-cost manufacturer: targeted investments to improve line throughput
- > Cost reduction initiatives are driving savings
- > Sustainability built into the business: Greenest decking manufacturer
- > Recycling – a strategic and cost advantage

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TREX Focus on New Product Development

- > Expand offering of eco-friendly decking and railing products for a breadth of audiences, leverage commercial segment to develop products for the consumer market, and to continue to drive cost savings from other synergies.
- > New products tailored to reach new consumer segments

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TREX Strong Balance Sheet and Cash generation

- > Invest in internal growth and profit improvement opportunities.
- > New products tailored to reach new consumer segments

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From Annual Report

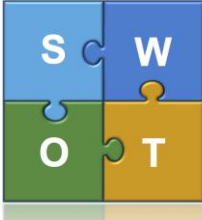
SOLID LONG-TERM RESULTS

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STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> Cash flow Favorable housing industry Good-management Well-run company 	<ul style="list-style-type: none"> economic recovery ends up weaker than expected housing market doesn't recover Vaccine recovery ends up being weaker than expected
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Innovation opportunities Acquisition opportunities Possible dividend options 	<ul style="list-style-type: none"> Competition increases Direct threat from wood industry Margins dip due to higher expenses Equity market only expected to mirror the market averages in the year ahead

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Data in SSG Plus needs to be adjusted

- The tool showed 2020 EPS of \$3.15 when in fact, it should have been reported as \$1.51
- Also, the # of shares needs to be corrected from 58,000, to 515,800,000. This was a data error coming over from Morningstar and the correct data agrees to the 4th quarter and year-end earnings release.

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POLLS

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What will your club do with TREX going forward?

- Keep an eye on the price?
- Keep it on a watchlist?

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