

A high-angle, top-down view of a curved wooden deck. The deck is made of dark brown wood and features a matching wooden railing with vertical balusters. The deck is furnished with several colorful pillows in shades of yellow, green, and red, some with floral patterns. There are also several potted plants with red flowers and green foliage placed around the deck. The deck curves around a large, empty white circular area in the center.

Market Impacts on SMM and Trex

NERC

April 12, 2016

About Trex Company, Inc.



- Leading Brand of Composite Lumber in North America – invented category
- A former division of Mobil Corporation, the company was formed by four Mobil executives in 1996 and went public in 1999
- Trex Company's Headquarters, R&D and Manufacturing Facilities are located in Winchester, VA
- A Second plant opened in Fernley, NV in 1999

Trex Recycling Facts



- Trex is one of the largest recyclers of scrap PE film in the US
- In the past 10 years, Trex has recycled over 2.5 Billion pounds of polyethylene film
- 10,000+ collection points across North America
- Trex collects over 50 Million #s of bags & film to support our manufacturing each year
- There are about 140,000 recycled bags in a 500 sq. ft. Trex Deck



Trex Recycling Facts

- Trex has developed a recycled LLDPE pellet for use in the following applications
 - Profile extrusion
 - Blown film
 - Molding
 - Compounding applications



What is Trex?

- Does not Crack, Split, Splinter or Rot
- 25-year Residential Warranty
 - 10-year Commercial
- Resistant to Moisture, Insects and Sunlight
- Slip Resistant- More so Wet than Dry
- Never Needs Staining- Only Requires Cleaning
- Works like Wood- use same Tools and Techniques
- No Toxic Chemicals or Preservatives
- Environmentally Friendly- Made of 95% Recycled and Reclaimed Materials

Product Offering



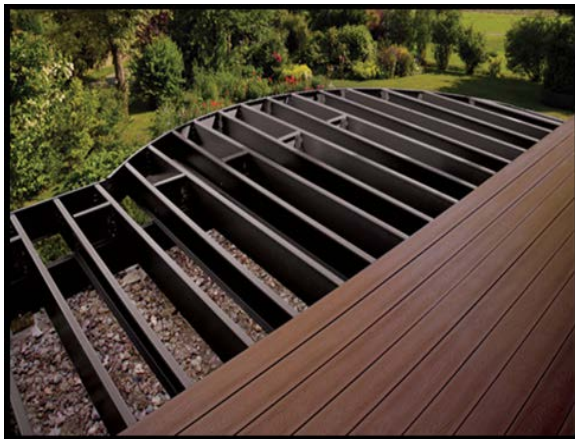
Transcend®



Pergola



Lighting



Elevations®



Railing

Wood Flour



Stretch Film



Plastic Bags



Acceptable Household Film



ALL ITEMS MUST BE CLEAN AND DRY

- Grocery Bags
- Stretch Film / Shrink Wrap
- Newspaper Sleeves
- Paper Towel / Toilet Paper Overwrap
- Produce Bags
- Dry Cleaning Bags
- Case Wrap (used to wrap soda bottles, canned goods, water bottles, etc.)
- Ziploc Bags
- Bread Bags (without clip)
- Ice Bags (DRY - without metal clips)
- Mattress Bags
- Shipping Pillows, deflated
- Polyethylene Foam (used in wrapping furniture)
- PE Packaging (2 and 4)

Oxo Biodegradable and / or Compostable Bags



- Threaten the future of this currently viable recycling stream
- By definition, these items are not recyclable
- We have a 25 year warranty on our products

- These items CAN NOT be included in film recycling programs



Film Collection Process

- Stretch Film is Removed from Pallets and Consolidated
- Bags are Collected in Participating Vestibule
 - Full bags are brought to trailer at back of store
 - Loads return to DC for consolidation
- Material is Baled at DC for Storage and Shipping
- Bales are stored until ready for Pick-Up
- Trex Picks Up material at DC

Managing Market Conditions



- There will always be a market for the highest quality material streams
 - Know your material
 - Consistency – bale to bale, load to load
 - Cleanliness – follow FFRG quality guidelines
 - www.plasticfilmrecycling.org
 - Know your market
 - Where does your material go?
 - Work with a stable, reliable end user

Managing Market Conditions



- Emphasis on value of long term mutually beneficial recycling partnerships
- Breaking even in difficult markets is a win



Current Film Market

- Over 8 Billion pounds of polyethylene film are available domestically each year
 - Continues to grow annually
- Traditionally, most of that volume sells export
 - Currently only a little over 1 B #s /yr stays in US
 - China, India. No market in EU.
 - Export is unstable
 - Both market demand and pricing
 - Massive backlog of material available domestically



Current Film Market

- Resin prices are low
 - Decreases value proposition of consuming PCR
- Limited applications for recycled PE film
 - Building products
 - Asphalt
 - ❖ consumer packaging opportunities are low
- Not currently enough buyers for growing supply
 - Opportunity – plenty of material available, we need to grow demand
 - EPR / tax – mandate inclusion of recycled content



Trex in This Market

- Domestically, there is no one else our size
- Far too much material available for us to consume
- We are growing, but only so quickly
- Fear: Film collection loses its momentum

Thank you!



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