



CPG INTERNATIONAL  
*Building Products. Better.*

## 2009 Fourth Quarter Earnings Call



February 26, 2010



# Safe Harbor Statement and Use of Non-GAAP and Pro Forma Information

CPG INTERNATIONAL  
Building Products. Better.

## **FORWARD LOOKING STATEMENTS**

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements made in this presentation that relate to future events or the Company's expectations, guidance, projections, estimates, intentions, goals, targets and strategies are forward-looking statements. You are cautioned that all forward-looking statements are based upon current expectations and estimates and the Company assumes no obligation to update this information. Because actual results may differ materially from those expressed or implied by the forward-looking statements, the Company cautions you not to place undue reliance on these statements. For a detailed discussion of the important factors that affect the Company and that could cause actual results to differ from those expressed or implied by the Company's forward-looking statements, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the Company's current and future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q.

## **ADJUSTED EBITDA STATEMENT**

We refer to the term "Adjusted EBITDA" in various places throughout this presentation. Adjusted EBITDA, or earnings (adjusted as described below) before interest, taxes, depreciation and amortization calculated on a pro forma basis as provided herein, is a material component of the significant covenants contained in our credit agreements and the indenture governing the notes and accordingly, is important to the Company's liquidity and ability to borrow under its debt instruments. Adjusted EBITDA is calculated similarly under both the credit agreements and the indenture by adding consolidated net income, income taxes, interest expense, depreciation and amortization and other non-cash expenses, income or loss attributable to discontinued operations, amounts payable pursuant to the management agreement with AEA Investors and the impairment charge for goodwill and other intangibles. In addition, consolidated net income is adjusted to exclude certain items, including certain nonrecurring or unusual charges. Please see the Company's December 31, 2008 10-K, which contains a detailed description of our covenants and a thorough description of our use of Adjusted EBITDA, and the use of Adjusted EBITDA in connection with certain calculations under the covenants, under our credit agreements and indenture.

While the determination of appropriate adjustments in the calculation of Adjusted EBITDA is subject to interpretation under our debt agreements, management believes the adjustments are in accordance with the covenants in our credit agreements and indenture, as discussed above. Adjusted EBITDA should not be considered in isolation or construed as an alternative to our net income or other measures as determined in accordance with GAAP. In addition, other companies in our industry or across different industries may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure. In future SEC filings, we may be required to change our presentation of Adjusted EBITDA in order to comply with the SEC's rules regarding the use of non-GAAP financial measures. In addition, you are cautioned not to place undue reliance on Adjusted EBITDA. For a reconciliation of Adjusted EBITDA to net income, please see the Appendix to this presentation.



CPG INTERNATIONAL  
*Building Products. Better.*

# About CPG International

---

Headquartered in Scranton, Pennsylvania, CPG International is a leading supplier of premium, low-maintenance building products designed to replace wood, metal and other materials in the residential, commercial and industrial markets. With a focus on manufacturing excellence, proprietary technologies and quality, CPG has introduced products through distribution networks to sizable markets increasingly converting to low maintenance materials. The Company has developed and acquired a number of branded products including AZEK® Trim, AZEK® Deck, AZEK® Moulding, AZEK® Rail, AZEK® Porch, Comtec and Hiny Hiders® bathroom partition systems, and TuffTec™ locker systems. For additional information on CPG please visit our web site at [http:// www.cpgint.com](http://www.cpgint.com).

## Please note:

To access the conference call, please dial (866) 863-6818, and use conference ID code 56466366. An encore presentation will be available for one week after the completion of the call. In order to access the encore presentation, please dial (800) 642-1687 or (706) 645-9291, and use the conference ID code 56466366.



## 2009 Fourth Quarter Financial Highlights

---

- **Market Conditions:** Housing starts down 16% from prior year Q4  
Repair/remodel markets experiencing double digit declines  
Industrial and commercial markets deteriorated in Q3
- **Revenue:** \$44.7mm Q4 2009 vs. \$44.9mm in Q4 2008, down 0.4%
  - AZEK Deck growth partially offset decline in commercial market
- **Gross Margin:** 34.1% Q4 2009 vs. 11.0% in Q4 2008
  - Material cost reductions and improved operating efficiencies
- **SG&A:** \$16.3mm Q4 2009 vs. \$11.3mm in Q4 2008
  - Increased expenses primarily from marketing and product development
- **Adjusted EBITDA:** Up 294.5% to \$5.4mm;
  - 12.0% Adjusted EBITDA margin
- **Net Income/Loss:** \$(9.4)mm net loss in Q4 2009, compared to \$(48.1)mm net loss in Q4 2008



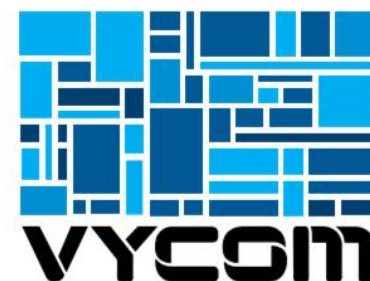
CPG INTERNATIONAL  
Building Products. Better.

# Updated Segment Reporting



SCRANTON PRODUCTS  
Worry-Free Brands. Your Every Need.™

COMTEC  
INDUSTRIES



CELTEC

SANATEC

FLAMETEC

PLAYBOARD

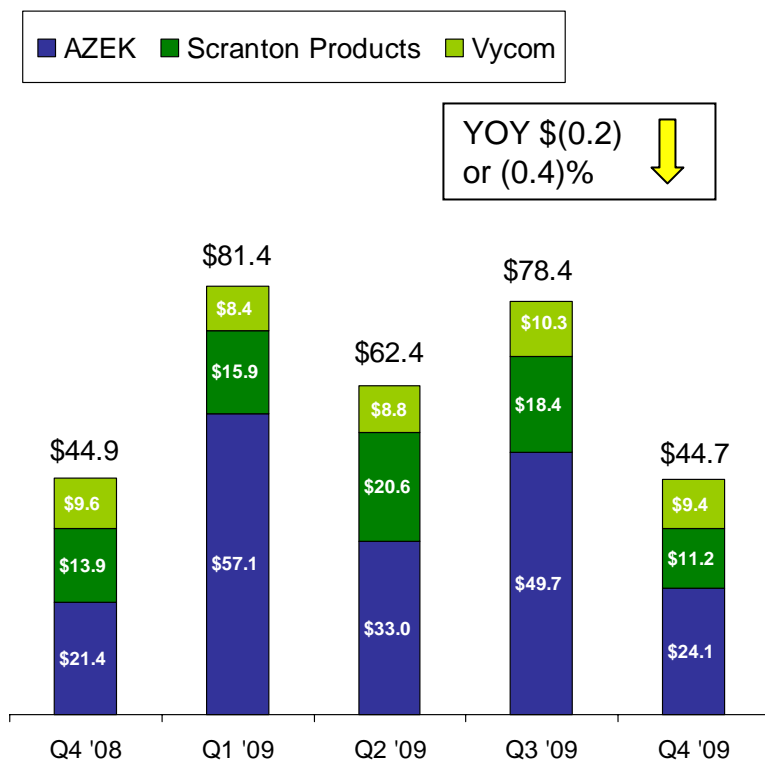
SEABOARD

CORRTEC

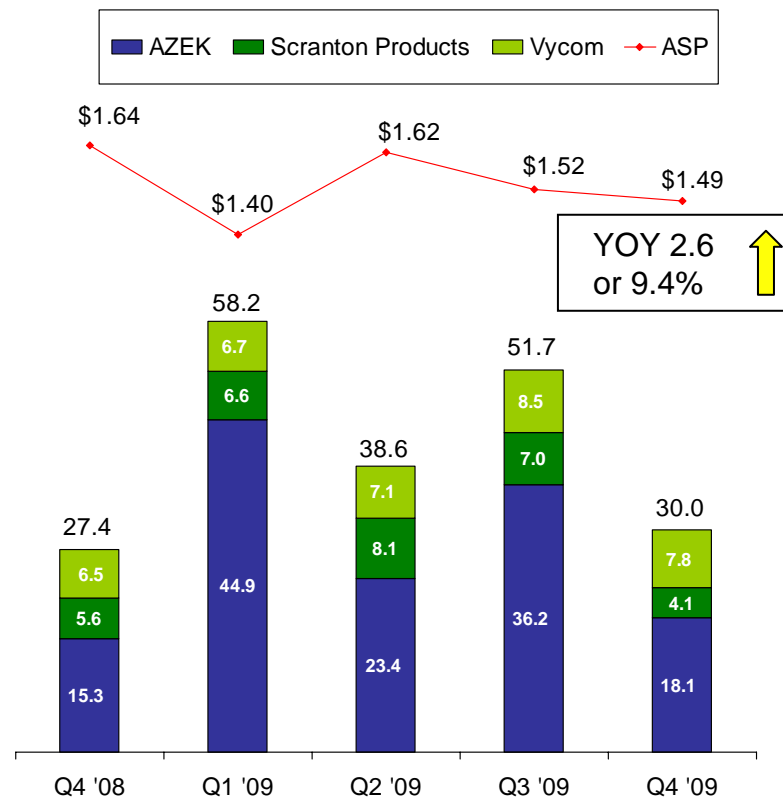


# Quarterly Revenue

## Revenue (\$ in millions)



## Volume & ASP (lbs in millions)





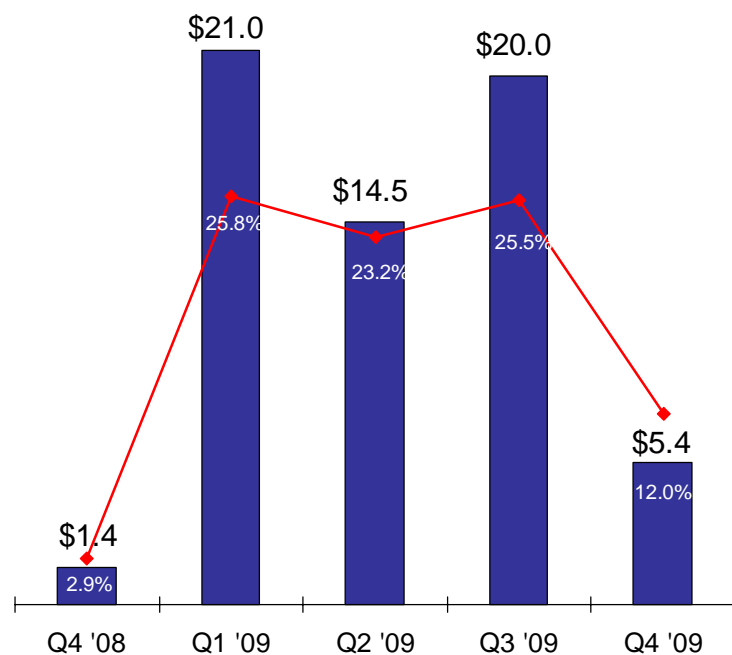
# Quarterly Earnings

## Adjusted EBITDA

(\$ in millions)

YOY \$4.0  
or 294.5% ↑

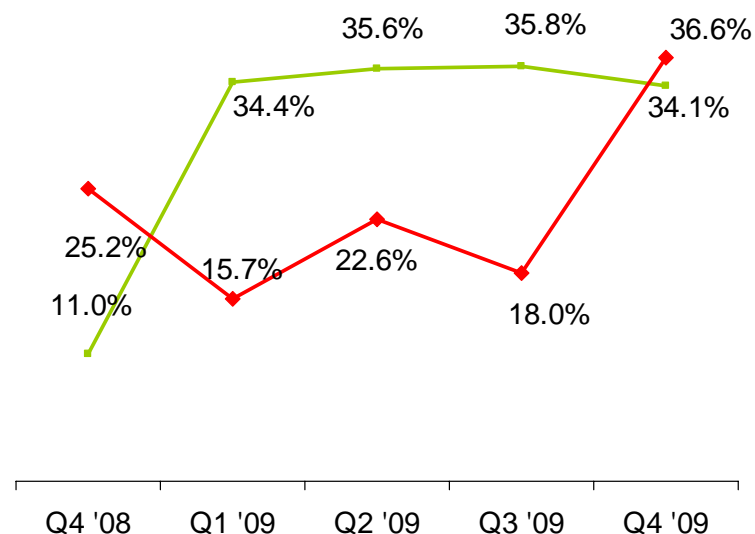
Adjusted EBITDA Margin



## Gross Margin and SG&A

(% of revenue)

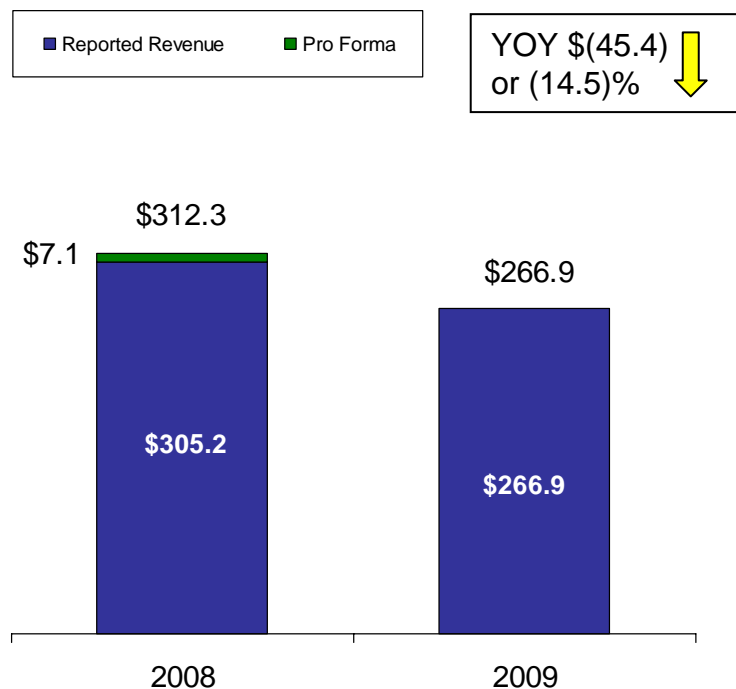
Gross Margin SG&A



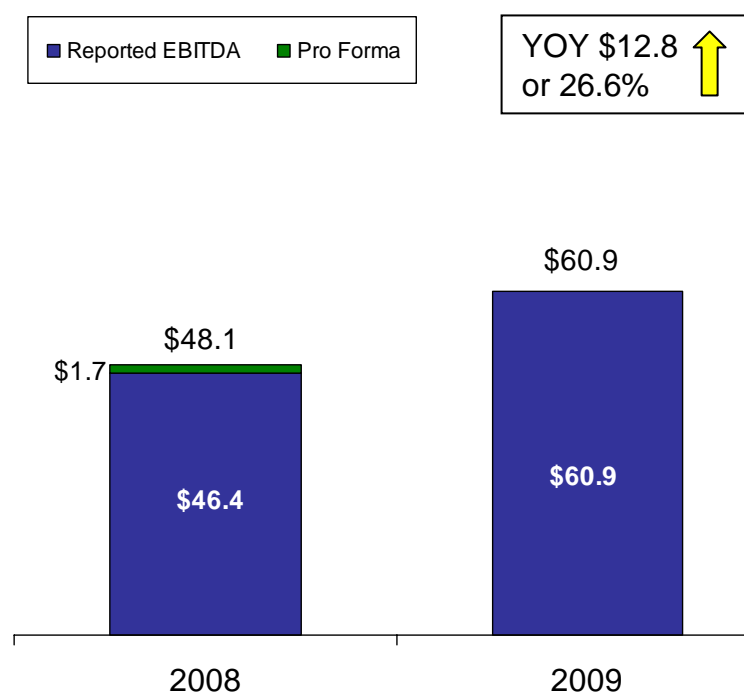


# Full Year Results

## Revenue / Pro Forma (\$ in millions)



## Pro Forma Adj. EBITDA (\$ in millions)

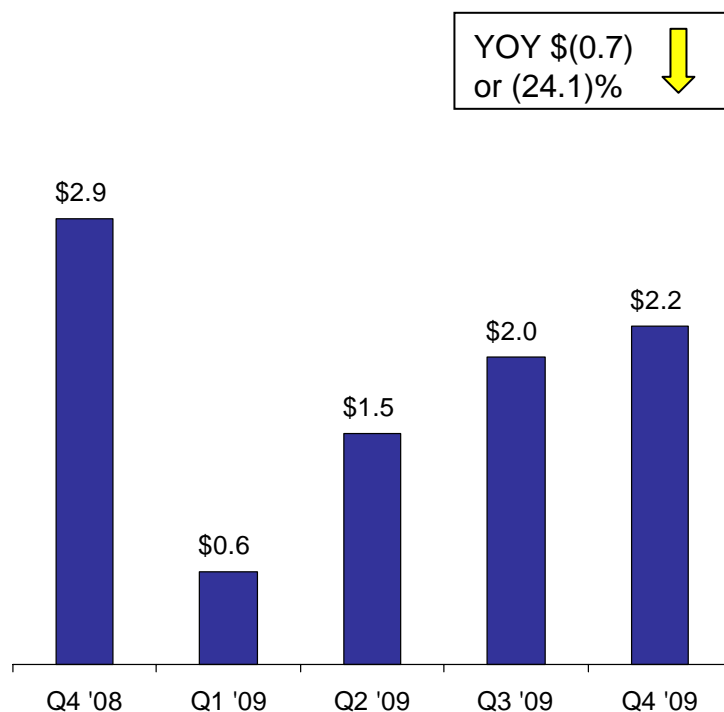




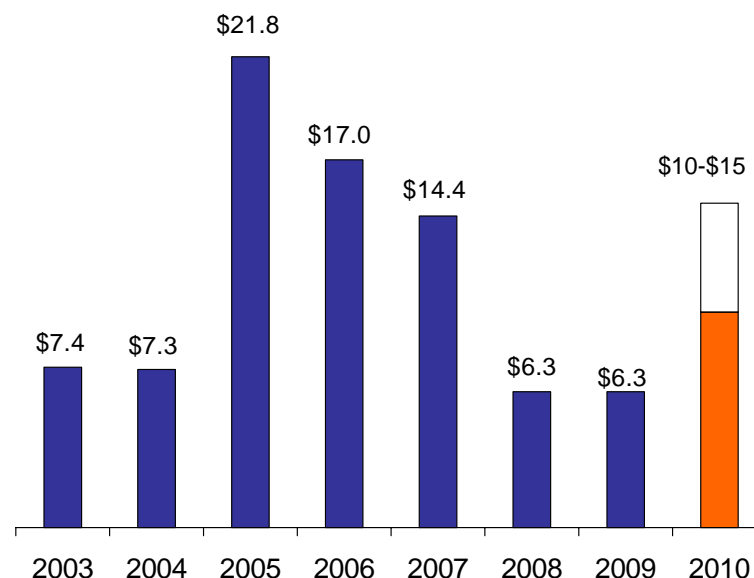


# Capital Expenditures

**Quarter Cap Ex**  
(\$ in millions)



**Historical Cap Ex**  
(\$ in millions)

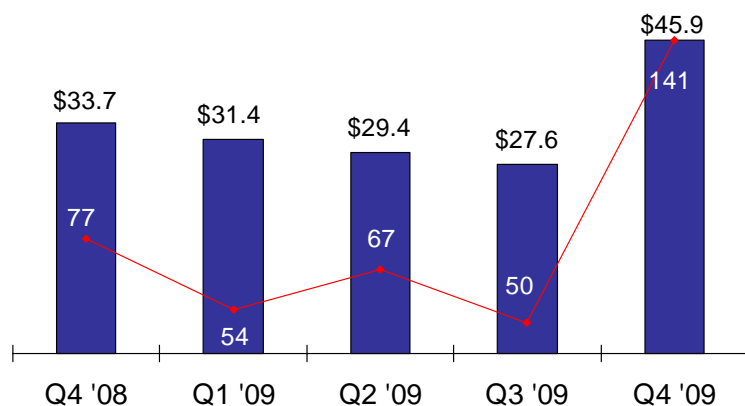




# Working Capital Management

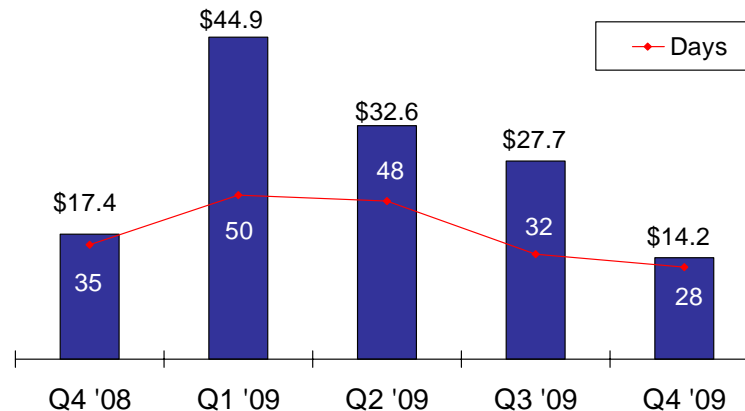
## Inventory and Inv Days<sup>(1)</sup> (\$ in millions)

YOY \$12.2  
or 36.2% ↑



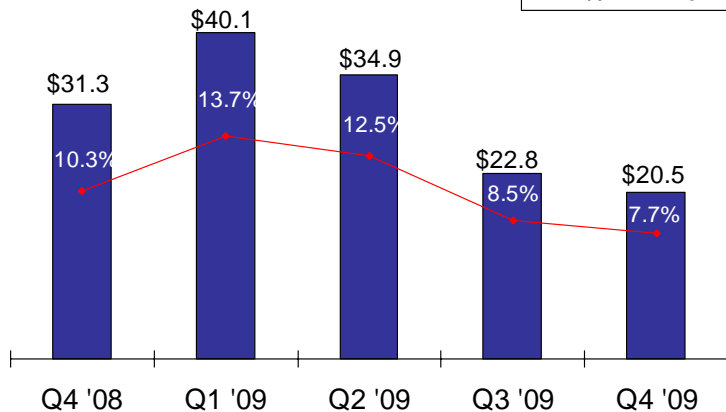
## AR and AR Days<sup>(1)</sup> (\$ in millions)

YOY (\$3.2)  
or (18.4)% ↓



## Inv/AR/Prepaid less AP/Accrued (\$ in millions)

— % TTM Rev



- Tightly managing working capital
  - Reduced seasonality with soft winter buy
  - Focused collections effort on AR

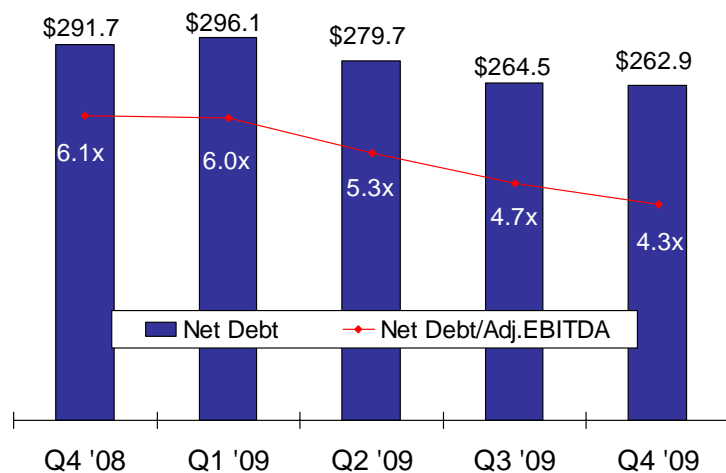
Footnote:

(1) Based on trailing three months annualized

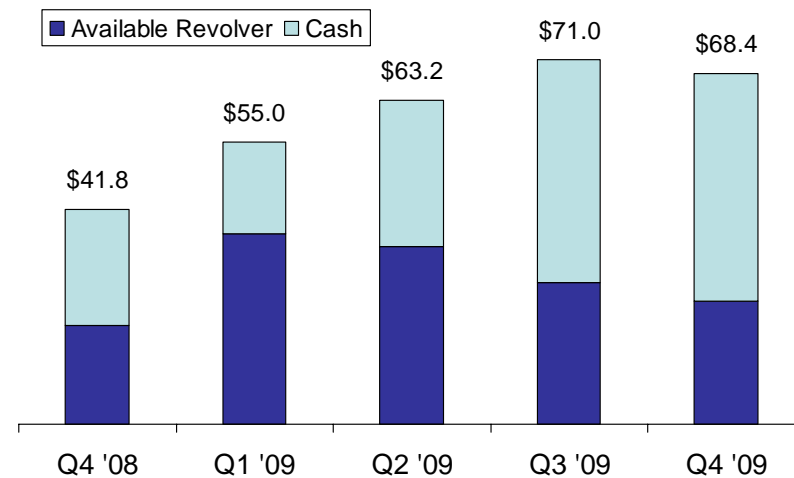


# Liquidity Position

**Net Debt<sup>(1)</sup> & Net Debt/Adj. EBITDA<sup>(2)</sup>**  
(\$ in millions)



**Liquidity**  
(\$ in millions)



- Liquidity position at \$68.4mm
- Focused on liquidity management
- Trailing Twelve Month December 31, 2009 Adjusted EBITDA of \$60.9mm

Footnotes:

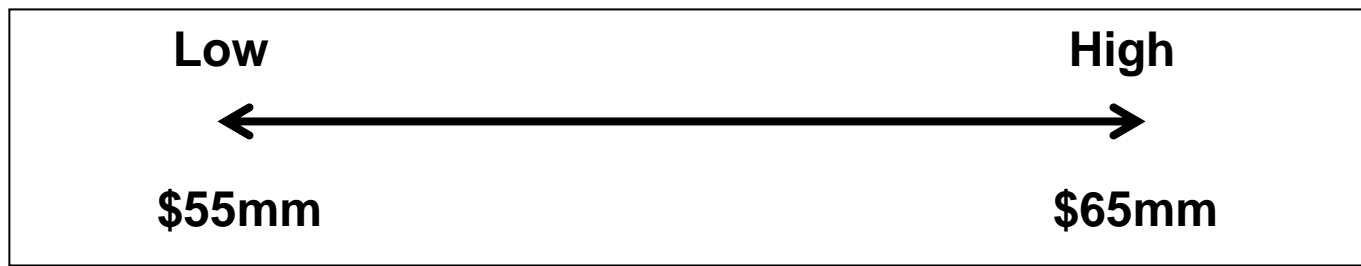
(1) Net debt defined as total debt and capital lease obligations less cash

(2) Trailing twelve month adjusted EBITDA as defined in Credit Agreements



## 2010 Adjusted EBITDA Guidance(1)

---



### Downside:

- Slow economic recovery
  - Residential repair & remodel activity
  - New home construction
  - Industrial markets
  - Commercial markets/tax revenue
- Resin prices escalate beyond expectations
- Increased competition

### Upside:

- Higher than anticipated economic activity
- Increased market penetration for AZEK products
- Lower material costs
- Operational efficiencies

(1) In preparation of our Adjusted EBITDA, we used a basis similar to actual interest, depreciation, amortization and taxes reported in 2009.



# APPENDIX



# Net Income to Adjusted EBITDA Reconciliation

(Dollars in thousands)	Year Ended December 31, 2008	Year Ended December 31, 2009
Net loss	\$ (48,354)	\$ (10,306)
Interest expense, net	34,905	31,347
Income tax benefit	(7,095)	(111)
Depreciation and amortization	21,491	21,604
EBITDA	947	42,534
Impairment of goodwill and other intangibles	40,000	14,408
SFAS 141 inventory adjustment	1,505	—
Relocation and hiring costs	802	474
Composatron non-recurring charges	606	—
Management fee and expenses	1,855	1,740
Severance costs	171	412
Settlement charges	26	—
Non-cash compensation charge	118	97
Disposal of fixed assets	—	525
Lease termination fees	—	657
Registration expenses related to Notes	309	26
Adjusted EBITDA	\$ 46,339	\$ 60,873



# Quarterly Volume Information

---

(lbs in thousands)	<u>Q1 2009</u>	<u>Q2 2009</u>	<u>Q3 2009</u>	<u>Q4 2009</u>	<u>YTD</u>
AZEK Building Products	44,938	23,433	36,171	18,082	122,624
Scranton Products	6,581	8,121	6,977	4,126	25,805
Vycom Industrial	6,662	7,047	8,533	7,840	30,082
Total	<u>58,181</u>	<u>38,601</u>	<u>51,681</u>	<u>30,048</u>	<u>178,511</u>

(lbs in thousands)	<u>Q1 2008</u>	<u>Q2 2008</u>	<u>Q3 2008</u>	<u>Q4 2008</u>	<u>YTD</u>
AZEK Building Products	54,617	31,371	42,251	15,317	143,556
Scranton Products	6,702	9,001	8,828	5,563	30,094
Vycom Industrial	10,070	9,926	8,914	6,547	35,457
Total	<u>71,389</u>	<u>50,298</u>	<u>59,993</u>	<u>27,427</u>	<u>209,107</u>

	<u>% Change to prior year</u>				
	<u>Q1 2009</u>	<u>Q2 2009</u>	<u>Q3 2009</u>	<u>Q4 2009</u>	<u>YTD</u>
AZEK Building Products	-17.7%	-25.3%	-14.4%	18.1%	-14.6%
Scranton Products	-1.8%	-9.8%	-21.0%	-25.8%	-14.3%
Vycom Industrial	-33.8%	-29.0%	-4.3%	19.7%	-15.2%
Total	-18.5%	-23.3%	-13.9%	9.6%	-14.6%



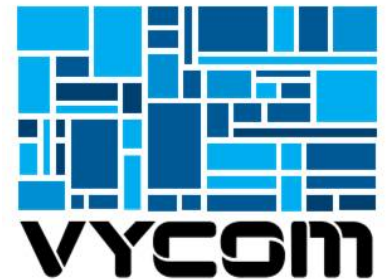
CPG INTERNATIONAL  
*Building Products. Better.*



CPG INTERNATIONAL  
*Building Products. Better.*



SCRANTON PRODUCTS  
*Worry-Free Brands. Your Every Need.™*



COMTEC  
INDUSTRIES



CELTEC

SANATEC

FLAMETEC

PLAYBOARD

SEABOARD

CORATEC