



Q2 Investor Relations Presentation  
2016



## Forward Looking Statement

From time to time, we have made or will make forward-looking statements within the meaning of Section 21E of the Exchange Act. These statements do not relate strictly to historical or current facts. Forward-looking statements usually can be identified by the use of words such as “goal”, “objective”, “plan”, “expect”, “anticipate”, “intend”, “project”, “believe”, “estimate”, “may”, “could”, or other words of similar meaning. Forward-looking statements provide our current expectations or forecasts of future events, results, circumstances or aspirations. Our disclosures in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We may also make forward-looking statements in our other documents filed or furnished with the Securities and Exchange Commission and in oral presentations. Forward-looking statements are based on assumptions and by their nature are subject to risks and uncertainties, many of which are outside of our control. Our actual results may differ materially from those set forth in our forward-looking statements. There is no assurance that any list of risks and uncertainties or risk factors is complete. Factors that could cause actual results to differ materially from those described in our forward-looking statements include, but are not limited to:

- Changes in new home starts and home remodeling trends
- The economy in the U.S. generally or in Florida, our primary market
- Raw material prices, especially aluminum
- Integration of WinDoor
- Transportation costs
- Level of indebtedness
- Dependence on our impact-resistant product lines
- Product liability and warranty claims
- Federal and state regulations
- Dependence on our manufacturing facilities

Any forward-looking statements made by us or on our behalf speak only as of the date they are made and we do not undertake any obligation to update any forward-looking statement to reflect the impact of subsequent events or circumstances. Before making any investment decision, you should carefully consider all risks and uncertainties disclosed in all our SEC filings, including our reports on Forms 8-K, 10-Q and 10-K and our registration statements under the Securities Act of 1933, as amended, all of which are accessible on the SEC’s website at [www.sec.gov](http://www.sec.gov) and at <http://ir.pgtindustries.com/sec.cfm>.



## Business Overview



**Jeff Jackson**

President and Chief Operating Officer

## Financial Overview



**Brad West**

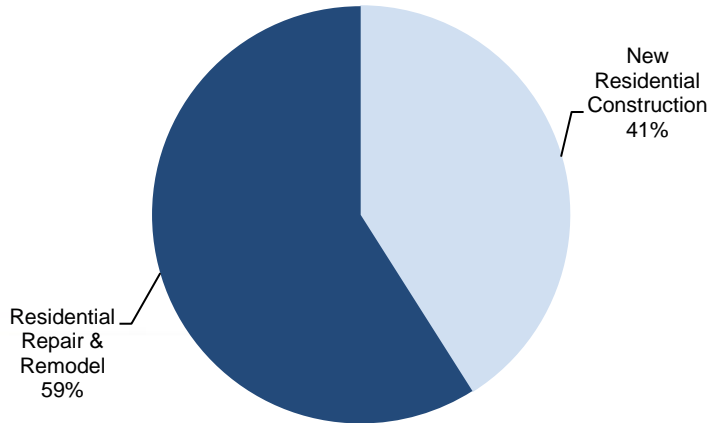
Sr. V.P. and Chief Financial Officer

# PGT at a Glance

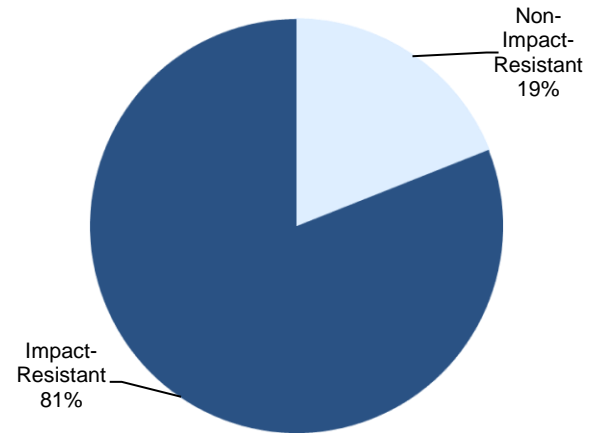
## PGT is the industry leader in the U.S. impact-resistant window and door market

- PGT is the market leader with the #1 position (65% of the market) for impact-resistant windows and doors in Florida
- With a strong 35 year operating history, PGT is the leading provider of impact resistant windows and doors in key markets in the United States.
- The Company’s revenue growth and margins materially exceed the industry average

2016 Q1 Sales by Market



2016 Q1 Sales by Product Line



Market leader

Value proposition

Barriers to entry

Diversified and loyal customer base

Flexible manufacturing capabilities and technical expertise

Opportunity

Financial overview

## Our unrivaled designs and products enable us to consistently deliver best-in-class solutions

- Pioneered impact-resistant market
- Nationally recognized brands
- Embedded industry, product and manufacturing expertise
- Experts in code - a highly technical, time consuming and expensive regulatory approval process
- History of superior product performance, innovation, quality, features and customer service

## Premium brands across a diverse and comprehensive line of products

**% of 2015  
Pro-forma sales**

**Leading Positions**



**76.1%**

- #1 Consumer Brand for impact-resistant products
  - PGT WinGuard®
  - Available in Aluminum & Vinyl
- Broadest impact-resistant product offering in industry
- Also offers non-impact aluminum/vinyl products and porch enclosures



**14.4%**

- Leading Architect Brand for impact-resistant products
- Premium Aluminum Windows (Estate Collection)
- Premium Entrance Doors (Estate Entrances)
- Complimentary aluminum and vinyl impact- products to have a complete offering (Sentinel and Targa)



**9.5%**

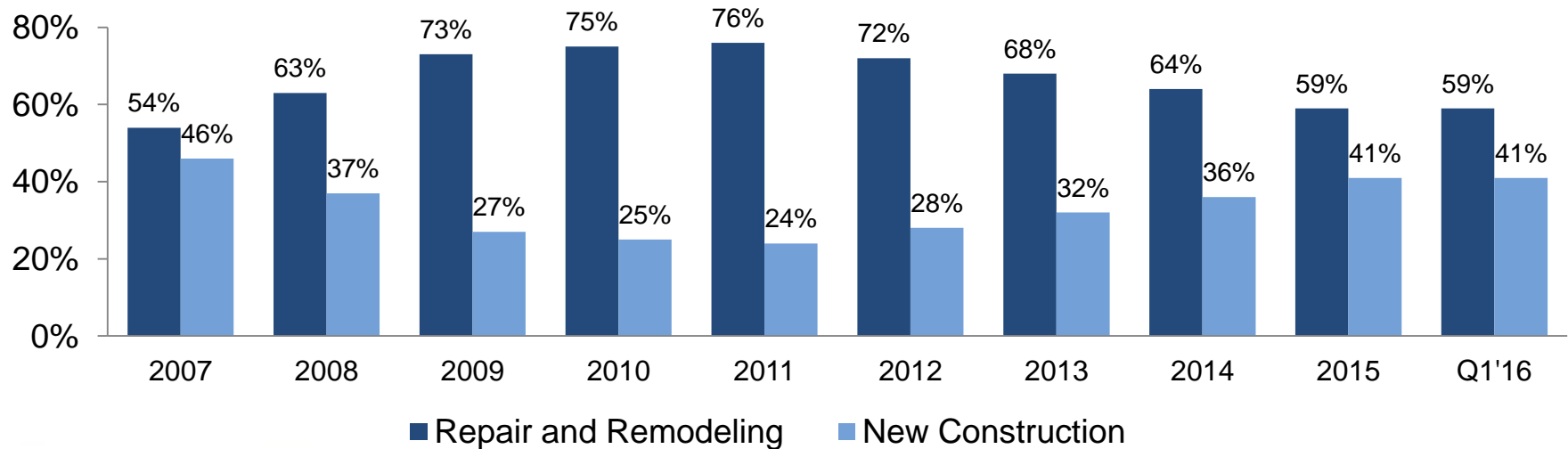
- Leading brand to “Luxury Market” for impact-resistant products (Residential & Commercial)
- Highly customizable
- Largest sizes and highest design pressures in industry
- Thermally-broken aluminum and standard aluminum products available
- Tilt and Turn



# Market Leader

## PGT end market breakdown

- Strong presence in both new construction and repair and remodel markets
- Existing foothold within the largest U.S. impact-resistant window and door market





## WinDoor acquisition

- Expands our market share in the high end residential and commercial markets
- Expands our portfolio of exceptionally designed impact windows and doors with products not currently in our portfolio, including the addition of thermally-broken products and more comprehensive sliding and swing door product lines
- Strengthen the Company's ability to compete against national suppliers and other storm protection systems
- Broadens manufacturing footprint and capabilities
- Expected to contribute sales from the date of the acquisition of approximately \$42 million in 2016
- We will be highly focused on capturing WinDoor cost-saving synergies by maximizing efficiencies and scale including purchasing and logistics



## PGT at a Glance

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Market leader

Value proposition

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Financial overview





## Value Proposition

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- Highest quality of products
- Exceptional customer focus - 360-degree service model
- Premium positioning
- Proven management team with 100 years of industry experience
- In-House glass processing, which allows for short lead times and industry leading on-time delivery
- Products hand delivered by our own fleet of trucks and drivers



Market leader

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- History of pioneering new products allows us to address continually evolving customer needs
- Superior and broad portfolio provides a solution to the entire market spectrum from niche premium custom to mass custom, giving us the ability to capture customers seeking different price points
- On-time delivery of 98 percent
- Exceptional customer focus
- Highly loyal customer base with over 1,000 partners
- Industry leading service model - world class capabilities and services
- Expertise in code regulatory process

## Barriers to Entry

- Brand recognition
  - PGT WinGuard® is synonymous with impact-resistant windows and doors
- Unprecedented product quality
  - Over 3.5 million WinGuard® units have been installed
  - Zero reported impact failures
- Entrenched relationship with dealers, architects and homebuilders
- PGT University offers training and accredited courses
  - Trained more than 40,000 customers, installers, architects and building code officials

Market leader

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Barriers to entry

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Financial overview

**Broad and diversified distribution network allows us to both effectively serve our large customer base and maintain significant barriers to entry**

## Diversified

Top 10 customers represented 17.5% of 2015 sales

Largest customer represented only 3.5% of 2015 sales

Minimal turnover in top 10 customers despite challenging home construction market over past several years

## Loyal partners

Approximately 1,200 window distributors, building supply distributors, window replacement dealers and enclosure contractors

Demand for our products is driven by our strong relationships with a number of national homebuilders - We do not supply products directly to homebuilders

## Expansion

Third Lamination line installed in July 2015, and fourth Tempering Line installed in Mar 2016, will increase capacity and drive operational efficiencies

Additional glass plant equipment will aid in vertical integration

WinDoor adds 320,000 Sq footage



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## Leading manufacturing capabilities

- Vertically integrated manufacturing
- In-house glass cutting, tempering, laminating, and insulating lowers costs and reduces lead-time
- Synchronous flow manufacturing enables efficient production
- Custom made-to-order products can be delivered in as little as 1-2 days
- Perpetual focus on continuous improvement drives manufacturing efficiencies

## Leading technical expertise

- Recognized as industry expert and pioneer of impact-resistant windows
- Actively involved in creation of standards and building codes
- More Miami-Dade County Notice of Acceptances than any competitor
- Complete in-house product design and testing

Market leader

Value proposition

Barriers to entry

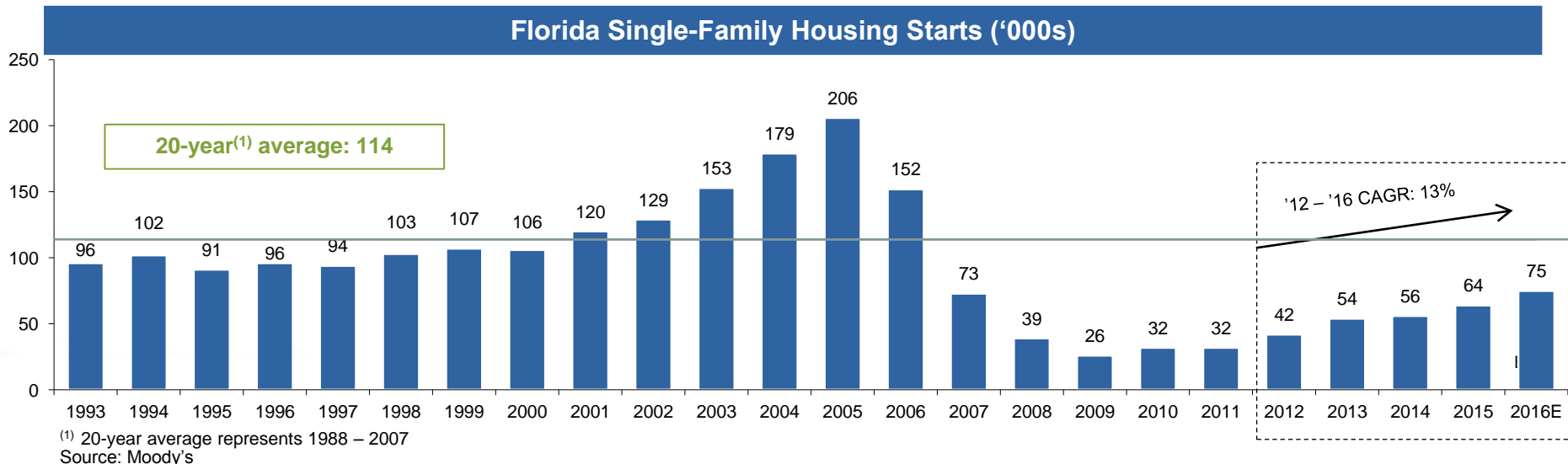
Diversified and loyal customer base

Flexible manufacturing capabilities and technical expertise

Opportunity

Financial overview

- Significantly greater market share than any competitors in our core Florida market
- Florida's economy is leading the nation in job growth and the overall recovery
- In Florida, single-family housing starts increased 16% for the year, to more than 65,000, after only increasing 4% in 2014. In Florida, 2015 housing starts represent a market that is approximately 60% of historical run-rates
- Florida has surpassed New York as the third most populated state in 2015 and has supported housing starts well in excess of recent annual totals. Past averages suggest 110,000 starts mid-cycle



- PGT has a presence in 48 states, the Caribbean, Canada, Australia and in South and Central America
- Well positioned for housing market recovery
- Significant opportunity in the impact-resistant window market
  - Target market in hurricane-prone coastal states
  - Increasingly stringent building codes and protocols
  - Continued increase in awareness of benefits of impact-resistant windows and doors compared to shutters, etc.
- U.S. housing starts in 2015 hit their second-highest level since October 2007
- Nationally, single-family starts jumped to an annual rate of 768,000, a 10% gain from 2014, while in the South, single-family housing starts increased 12%
- The homebuilder confidence index measured in the 60's in December, returning to levels not seen since 2005. The homebuilder confidence index is an important gauge of home builders' feelings towards current and future sales of single-family homes

## Strategic Direction

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- Over the next five years our growth will be driven by organic growth augmented by strategic acquisitions in line with specific earnings criteria and in markets where we see the most benefits for expansion and new products
- We are well positioned to take advantage of the ongoing strength of the economy:
  - Still early in the recovery of the housing market
  - Growth in the housing market beyond pent up demand from the past few years
    - Population expansion
    - Rational pricing
    - Low interest rates
- Capital allocation will be focused on debt reduction, strategic acquisitions and opportunistically executing our \$20 million share repurchase program

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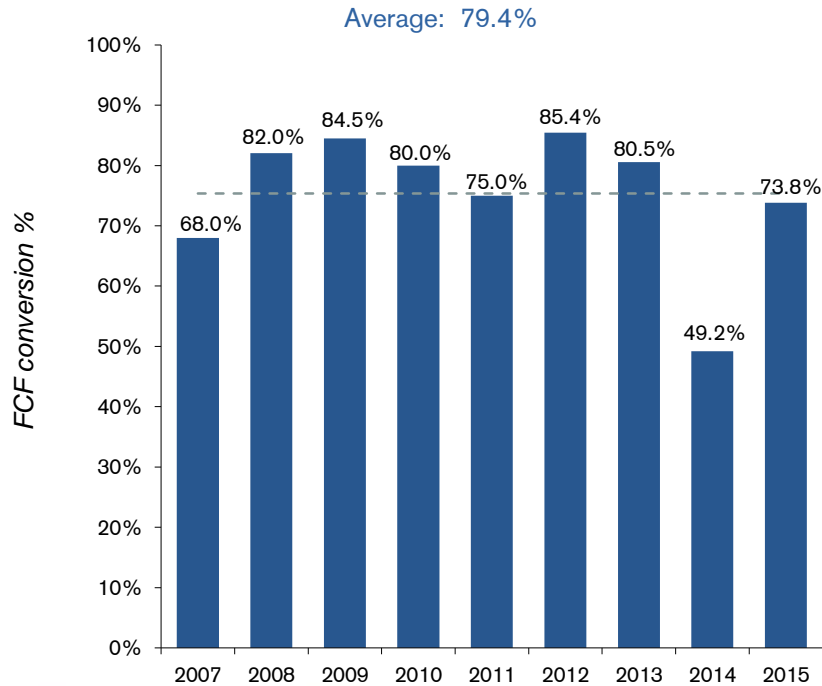
Opportunity

Financial overview

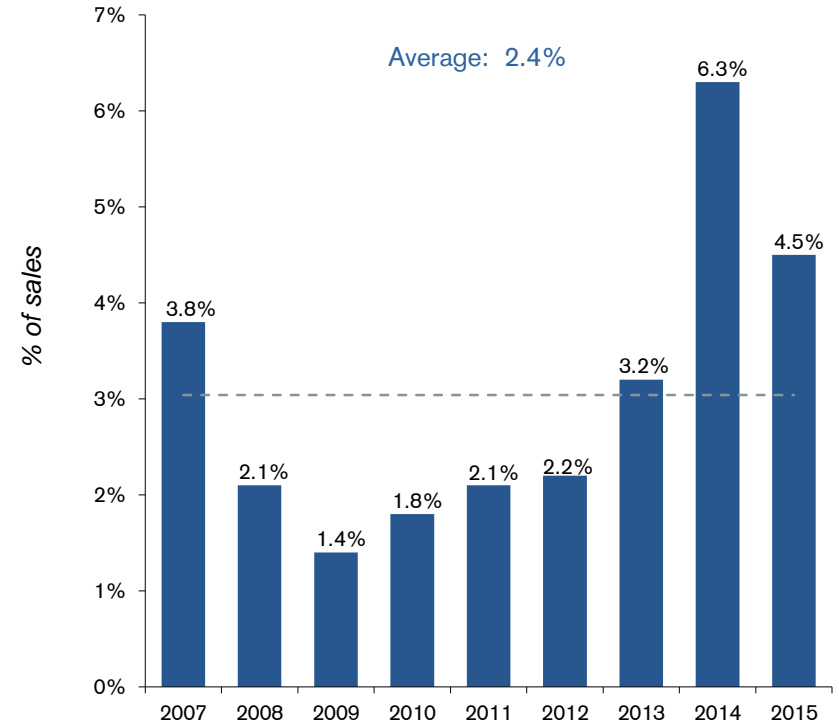
# Attractive Cash Flow Characteristics



## Free Cash Flow Conversion: (EBITDA – Capex) / EBITDA



## Capex as % of Sales



\$25M of capital outlay in 2013-2015 related to new glass plant





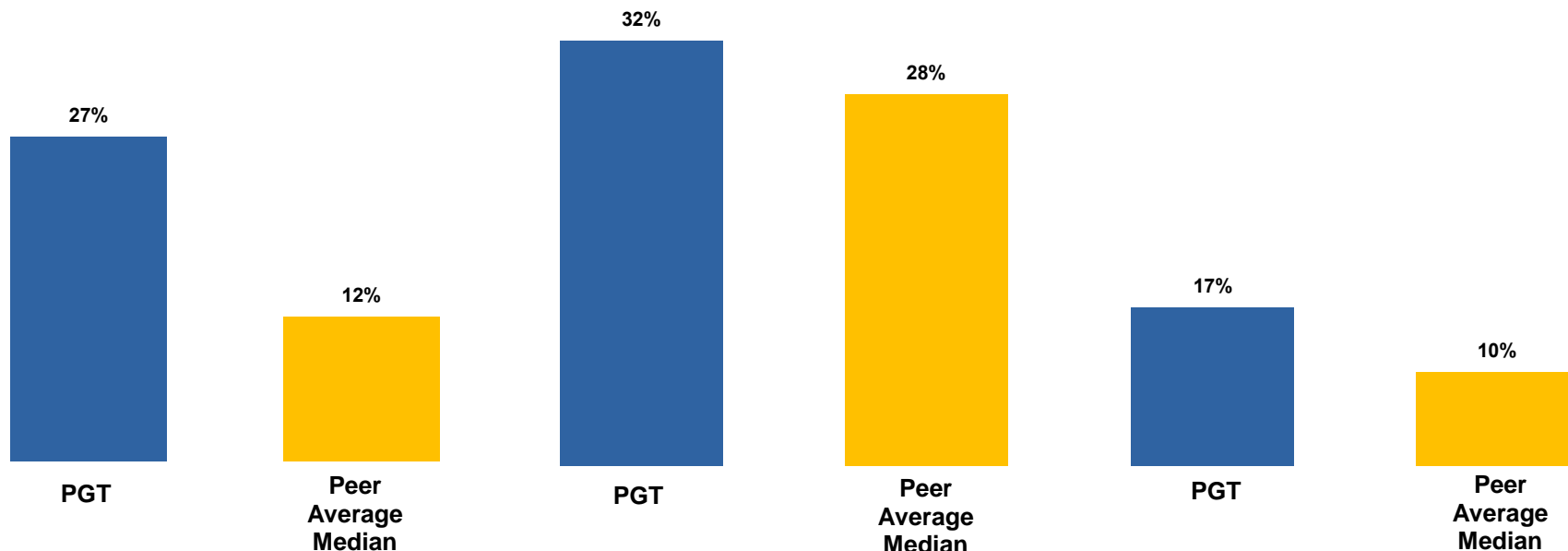
# Industry Leading Growth and Margins



## 2015 Revenue Growth

## 2015 Gross Margin

## 2015 Adj EBITDA Margin



Public peer group includes Fortune Brands Home and Security, Masco, Masonite and Ply Gem Holdings



## As of March 2016

Cash	\$ 16,704		
Total First Lien Debt	\$269,325	35.5%	3.6X
Market Capitalization*	<u>\$481,097</u>	64.5%	
Total Capitalization	<u>\$746,422</u>	<u>100.0%</u>	
TTM EBITDA	\$ 74,200		
Net Leverage	3.4X		

\* Based on stock price of \$9.88 as of April 1, 2016

## 2016 Outlook (published 5 May 2016)

- Second quarter of 2016 sales will range from \$122 to \$125 million and EBITDA margin is expected to be between 16.5% and 17.0%
- 2016 net sales estimated to be between \$460 and \$475 million, an increase of 20% at the midpoint. WinDoors' sales contribution is expected to be approximately \$42 million
- We expect to generate consolidated EBITDA in 2016 of between \$80 and \$90 million, an increase of 26% at the midpoint
- Interest expense will increase by approximately \$9 million on an annualized basis. This is due to the new financing at a higher debt balance coupled with a higher rate than we had in 2015 and an increase in amortization of deferred financing costs and debt discount
- Property and equipment, as well as amortizable intangible assets related to the WinDoor acquisition are estimated to result in incremental depreciation and amortization of approximately \$4.0 million
- Incremental interest expense and D&A costs will be spread ratably across the year beginning at the time of the closing of the WinDoor acquisition on February 16



# APPENDIX





## Management Bios

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### **Jeff Jackson**, President and Chief Operating Officer

Mr. Jackson joined PGT in November 2005 as Vice President and Chief Financial Officer. The following year, he helped lead the Company's IPO, and was later named Executive Vice President. In 2014, Mr. Jackson was appointed President and Chief Operating Officer with responsibilities of overseeing the Company's strategic plan, as well as all aspects of operations. Mr. Jackson is a member of the board of directors of PGT, which he joined on February 2, 2016. Prior to joining PGT, he served in various Executive Management roles, including Division Chief Financial Officer, Vice President Corporate Controller, and Senior Vice President of Operations. Mr. Jackson earned a B.B.A. from the University of West Georgia and is a Certified Public Accountant in both Georgia and California.

### **Brad West**, Sr. V.P. and Chief Financial Officer

Mr. West joined PGT in 2006, serving as Director of Financial Planning and Analysis, Director of Accounting and Finance, and Vice President and Controller through 2014. With his most recent appointment as Chief Financial Officer, Mr. West is responsible for PGT's Accounting and Finance Departments, as well as its Investor Relations, Treasury, and Risk Management functions. Mr. West has over 16 years of management experience in manufacturing organizations, earned a B.B.A. degree from the University of Michigan, and is a Certified Public Accountant in Georgia.



## Use of Non-GAAP measures

This presentation includes financial measures and terms not calculated in accordance with generally accepted accounting principles in the United States (GAAP). We believe that presentation of non-GAAP measures such as adjusted net income, adjusted net income per share, EBITDA and adjusted EBITDA provides investors and analysts with an alternative method for assessing our operating results in a manner that enables investors and analysts to more thoroughly evaluate our current performance compared to past performance. We also believe these non-GAAP measures provide investors with a better baseline for assessing our future earnings potential. The non-GAAP measures included in this presentation are provided to give investors access to types of measures that we use in analyzing our results.

Adjusted net income consists of GAAP net income adjusted for the items included in the accompanying reconciliation. Adjusted net income per share consists of GAAP net income per share adjusted for the items included in the accompanying reconciliation. We believe these measures enable investors and analysts to more thoroughly evaluate our current performance as compared to the past performance and provide a better baseline for assessing the company's future earnings potential. However, these measures do not provide a complete picture of our operations.

EBITDA consists of GAAP net income adjusted for the items included in the accompanying reconciliation. Adjusted EBITDA consists of EBITDA adjusted for the items included in the accompanying reconciliation. We believe that EBITDA and adjusted EBITDA provide useful information to investors and analysts about the company's performance because they eliminate the effects of period to period changes in taxes, costs associated with capital investments and interest expense. EBITDA and adjusted EBITDA do not give effect to the cash the company must use to service its debt or pay its income taxes and thus do not reflect the funds generated from operations or actually available for capital investments.

Our calculations of adjusted net income, adjusted net income per share, EBITDA and adjusted EBITDA are not necessarily comparable to calculations performed by other companies and reported as similarly titled measures. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP measures. Schedules that reconcile adjusted net income, adjusted net income per share, EBITDA and adjusted EBITDA to GAAP net income are included in the following financial schedules accompanying this presentation.



# Historical financial summary

## Fiscal year

(\$ in millions)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Q1'16</u>
<b>FL Single Family</b>											
Housing Starts (000s) <sup>(1)</sup>	152	73	39	26	32	32	42	54	57	65	
<b>Total revenue</b>	\$372	\$278	\$219	\$166	\$176	\$167	\$175	\$239	\$306	\$390	\$100.2
% growth	11.7%	(25.1%)	(21.5%)	(24.0%)	5.9%	(4.8%)	4.3%	37.1%	28.0%	27.2%	5%
<b>Gross profit</b>	142	91	68	44	50	39	60	80	93	124	30
% margin	38.1%	32.5%	31.1%	26.6%	28.5%	23.4%	34.2%	33.5%	30.3%	31.9%	29.9%
<b>SG&amp;A</b>	86	77	63	52	54	49	47	55	56	67	20
% of sales	23.2%	27.5%	28.7%	31.1%	30.7%	29.0%	27.0%	22.8%	18.4%	17.2%	20.0%
<b>Adjusted EBITDA<sup>(2)</sup></b>	73	33	25	15	16	14	26	38.8	46.3	67.4	14.6
% margin	19.6%	11.9%	11.5%	8.8%	9.0%	8.6%	14.9%	16.2%	15.1%	17.3%	14.5%

(1) Independent third party source

(2) See GAAP reconciliation which follows





# Adjusted EBITDA reconciliation

	Fiscal year										
(\$ in millions)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Q1'16
<b>Net Income/(Loss)</b>	<b>\$(1)</b>	<b>\$1</b>	<b>\$(163)</b>	<b>\$(9)</b>	<b>\$(15)</b>	<b>\$(17)</b>	<b>\$9</b>	<b>\$27</b>	<b>\$16</b>	<b>\$24</b>	<b>\$1.5</b>
Depreciation and Amortization	16	16	17	16	15	14	12	11	6	10	3.4
Interest Expense	29	11	9	7	5	4	3	3	6	12	4.1
Income Tax Expense/(Benefit)	0	1	(29)	(6)	0	(2)	0	(3)	10	15	0.9
<b>EBITDA</b>	<b>\$43</b>	<b>\$29</b>	<b>\$(165)</b>	<b>\$8</b>	<b>\$6</b>	<b>\$(1)</b>	<b>\$25</b>	<b>\$38</b>	<b>\$38</b>	<b>\$61</b>	<b>\$9.9</b>
Cash payment to Option Holders	27	-	-	-	-	-	-	-	-	-	-
Impairment Charges	1	1	188	1	6	6	-	-	-	-	0.3
Management Fees	1	-	-	-	-	-	-	-	-	-	-
Consolidation Charges	-	-	-	-	2	4	-	-	-	-	-
Manufacturing Inefficiencies	-	-	-	-	-	4	-	-	1	-	-
Restructuring Charges	-	2	2	5	-	-	-	-	-	-	-
Gain on Asset Sales	-	-	-	-	-	(1)	-	(2)	-	-	-
Write-off Deferred Financing Costs	-	-	-	-	-	0	-	-	-	-	-
Secondary Offering & Debt Refinancing related expenses	-	-	-	-	-	-	-	2	-	1	-
Non-Cash Stock Compensation	0	2	1	1	2	2	1	1	-	-	-
Debt Extinguishment	-	-	-	-	-	-	-	-	3	-	3.4
Ineffective Hedges	-	-	-	-	-	-	-	-	2	-	-
CGI/WinDoor Acquisition	-	-	-	-	-	-	-	-	2	-	1.0
New Product/Start Up Costs	-	-	-	-	-	-	-	-	0	1	-
System Conversion Costs	-	-	-	-	-	-	-	-	-	4	-
Laminated Glass Line Installation	-	-	-	-	-	-	-	-	-	0	-
<b>Adjusted EBITDA</b>	<b>\$73</b>	<b>\$33</b>	<b>\$25</b>	<b>\$15</b>	<b>\$16</b>	<b>\$14</b>	<b>\$26</b>	<b>\$39</b>	<b>\$46</b>	<b>\$67</b>	<b>\$14.6</b>

\*All figures in \$M and rounded for presentation purposes

