



G L A T F E L T E R

Beyond Paper



2017 First Quarter Earnings Conference Call

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NYSE: GLT

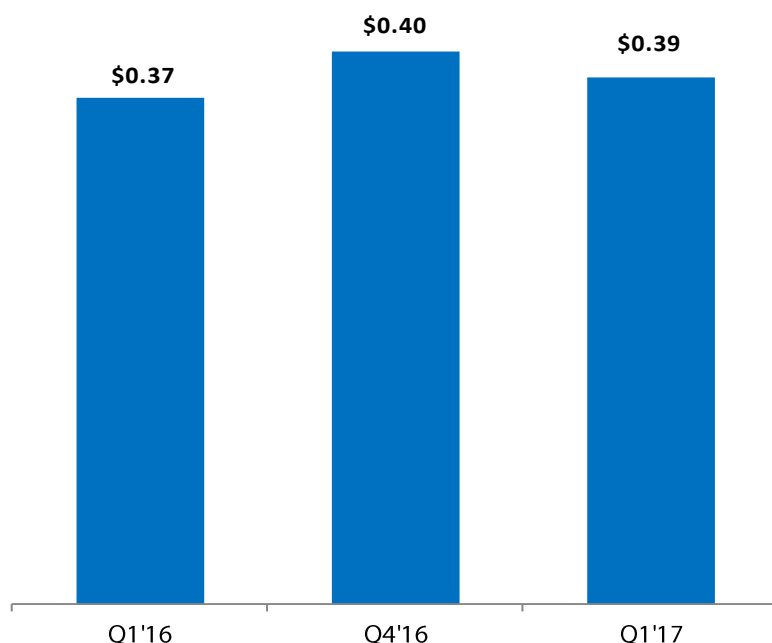
Forward-Looking Statements and Use of Non-GAAP Financial Measures

Any statements included in this presentation which pertain to future financial and business matters are “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. The Company uses words such as “anticipates”, “believes”, “expects”, “future”, “intends”, “plans”, and similar expressions to identify forward-looking statements. Any such statements are based on the Company’s current expectations and are subject to numerous risks, uncertainties and other unpredictable or uncontrollable factors that could cause future results to differ materially from those expressed in the forward-looking statements including, but not limited to: changes in industry, business, market, political and economic conditions in the U.S. and other countries in which the Company does business, demand for or pricing of its products, changes in the cost to construct the new airlaid facility and availability and costs of a qualified workforce, changes in tax legislation, governmental laws, regulations and policies, initiatives of regulatory authorities, technological changes and innovations and market growth rates. In light of these risks, uncertainties and other factors, the forward-looking matters discussed in this press release may not occur and readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date of this press release and Glatfelter undertakes no obligation, and does not intend, to update these forward-looking statements to reflect events or circumstances occurring after the date of this press release. More information about these factors is contained in Glatfelter’s filings with the U.S. Securities and Exchange Commission, which are available at www.glatfelter.com.

During the course of this presentation, certain non-U.S. GAAP financial measures will be presented. A reconciliation of these measures to U.S. GAAP financial measures is included in the appendix of this presentation.

Q1 2017 Highlights

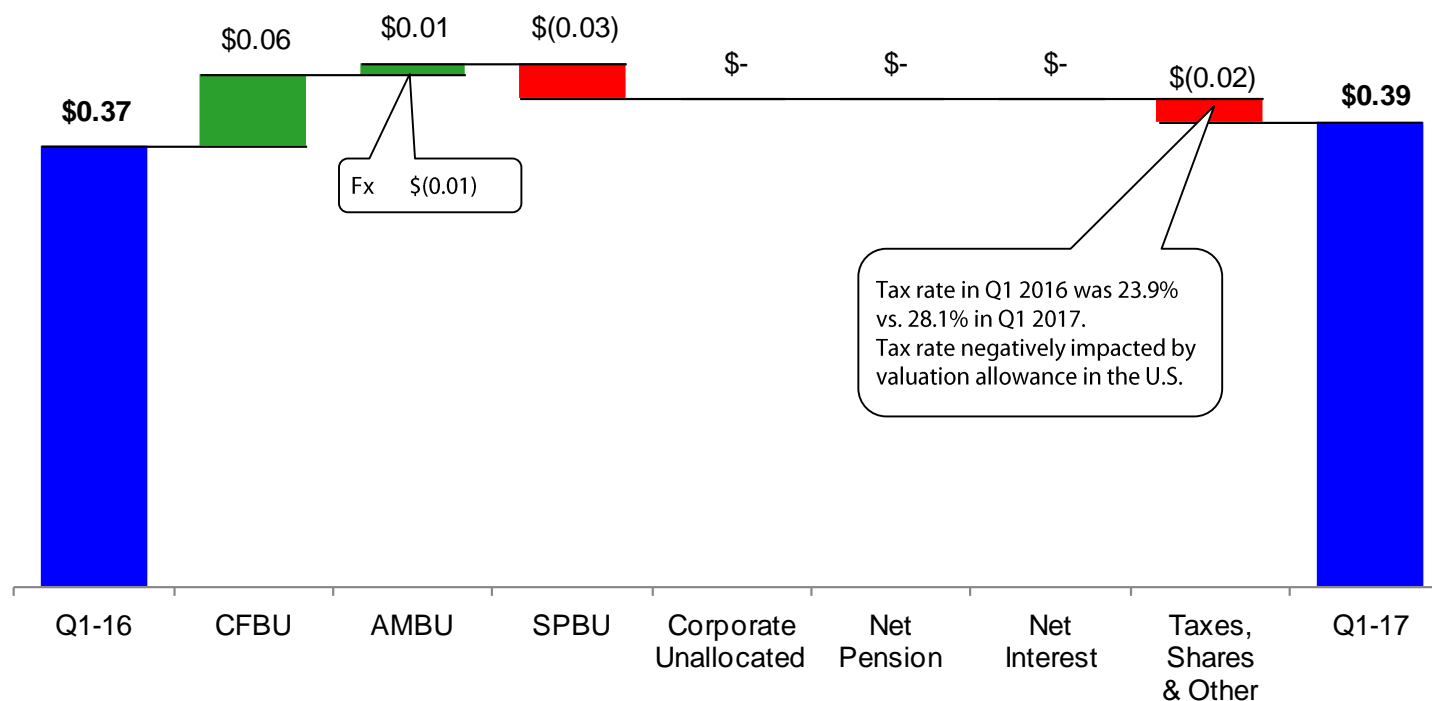
Adjusted EPS (EPS Before Special Items)



- **Q1 2017 net sales totaled \$391 million, down 1.2% in constant currency versus Q1 2016**
 - Strong growth for Composite Fibers
 - Continued growth for Airlaid with wipes volume up 7%
 - Soft demand in uncoated free sheet and lower industry operating rates in SPBU markets
- **Adjusted EPS up \$0.02 from Q1 2016**
 - Strong growth for engineered materials businesses
 - Composite Fibers operating income up 29%
 - Advanced Airlaid Materials operating income up 8%
 - Specialty Papers operating profit down 12%
- **Delivered solid cash flow**
- **Balance Sheet remains strong**

On a GAAP basis, EPS was \$0.37, (\$0.37) and \$0.26 for Q1 2016, Q4 2016 and Q1 2017, respectively

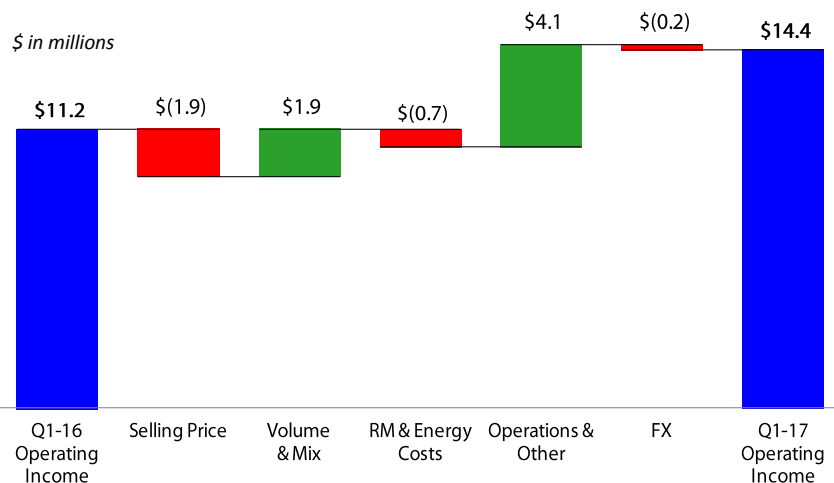
Adjusted EPS – Q1 2017 vs. Q1 2016



On a GAAP basis, net income was \$11.6 million or \$0.26 per diluted share in Q1 2017 compared to \$16.2 million or \$0.37 per diluted share in Q1 2016

Composite Fibers Q1 2017 Highlights

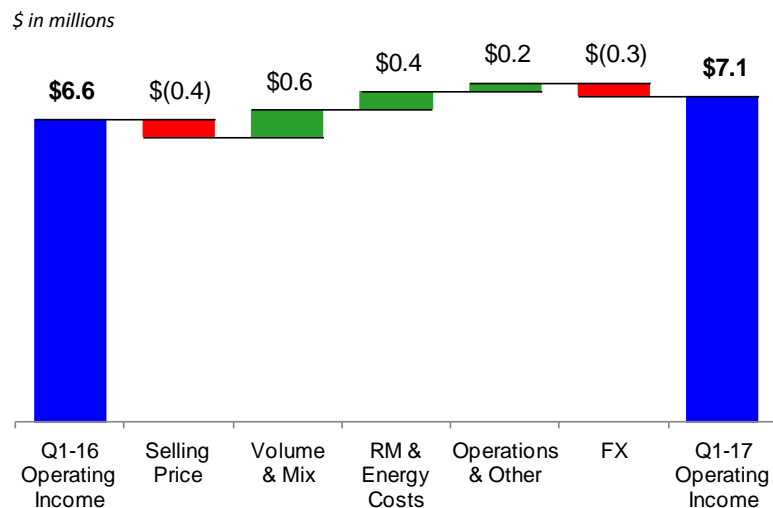
<i>Dollars in Thousands</i>	Q1 2016	Q4 2016	Q1 2017
Tons shipped	36,912	35,110	38,787
Net sales	\$123,542	\$125,349	\$125,104
Operating income	\$11,187	\$13,784	\$14,438
EBITDA	\$18,257	\$20,452	\$21,221
EBITDA margin	14.8%	16.3%	17.0%



- **Net sales higher 5.9% on constant currency basis**
 - Improved market demand with volume up in all categories
 - Food & Beverage up 6%
 - Nonwoven wallcover up 5%
 - Selling prices declined \$1.9 million versus Q1 2016
- **Raw material and energy costs slightly unfavorable driven by abaca fiber prices**
- **Operations favorable \$4.1 million**
 - Improved material and operating efficiencies
 - Achieved \$1.9 million of savings from cost optimization program; at target run rate to achieve \$10 million target for year
- **Outlook (Q2 2017 vs. Q1 2017)**
 - Expect shipping volumes to be approximately 5% higher
 - Expect selling prices to be in-line
 - Raw material and energy prices are expected to increase slightly

Advanced Airlaid Materials Q1 2017 Highlights

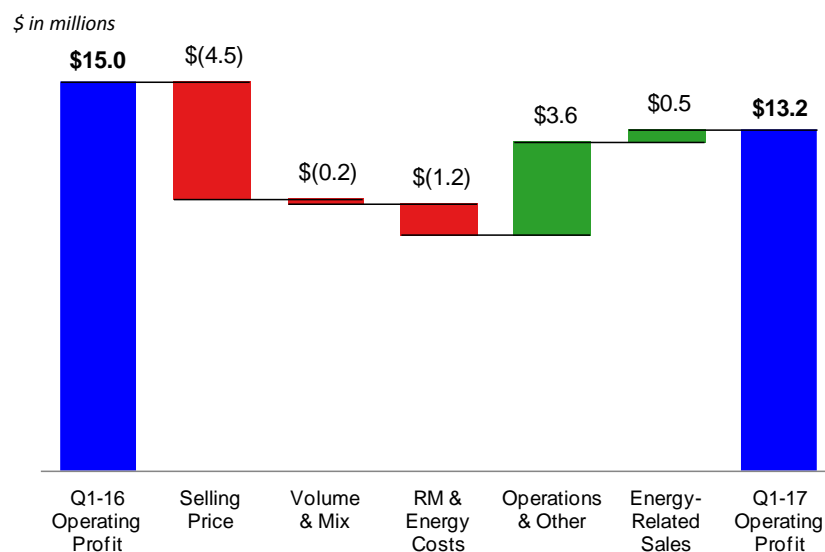
<i>Dollars in Thousands</i>	Q1 2016	Q4 2016	Q1 2017
Tons shipped	24,543	24,932	24,826
Net sales	\$60,790	\$60,852	\$59,838
Operating income	\$6,552	\$6,594	\$7,092
EBITDA	\$8,869	\$8,515	\$9,373
EBITDA margin	14.6%	14.0%	15.7%



- **Net sales up 0.2% on constant currency**
- **Shipping volume up 1.2% versus Q1 2016**
 - Wipes shipments up 7%
 - Hygiene products shipments up 1.4%
- **Lower selling prices reflect the contractual pass through of lower raw material prices to customers**
- **Solid operations supported higher volume and more than offset the impact of cost inflation**
- **Outlook (Q2 2017 vs. Q1 2017)**
 - Expect shipping volumes to be slightly higher
 - Selling prices and raw material & energy prices are expected to be in-line

Specialty Papers Q1 2017 Highlights

<i>Dollars in Thousands</i>	Q1 2016	Q4 2016	Q1 2017
Tons shipped	205,783	196,573	197,223
Net sales	\$217,887	\$204,665	\$205,772
Energy and related sales, net	\$666	\$2,128	\$1,129
Operating income	\$14,975	\$13,260	\$13,249
EBITDA	\$21,655	\$19,890	\$20,413
EBITDA margin	9.9%	9.7%	9.9%



- **Weak demand and low industry capacity utilization rates creating a competitive market**
 - Net Sales decreased 5.6% compared to Q1 2016
 - Shipments down 4.2% year-over-year in-line with the broader UFS market
 - Lower selling price environment
- **Operating profit down \$1.8 million versus Q1-16**
 - Strong operations and cost controls partially offset lower selling prices
 - Raw material and energy prices unfavorable \$1.2 million mainly driven by higher energy costs
- **Outlook (Q2 2017 vs. Q1 2017)**
 - Expect shipping volumes to be slightly lower
 - Selling prices are expected to decline slightly
 - Raw material and energy prices are expected to be slightly higher
 - Expect market downtime to manage inventory to impact results by approximately \$3 million
 - Annual maintenance outages in Q2 2017 expected to cost approximately \$22 million to \$24 million compared to \$26.3 million in Q2 2016

Corporate Costs and Other Financial Items

Details of Other and Unallocated

The following sets forth details of 'Other and Unallocated' amounts presented in the Company's Business Unit Financial Information included in the earnings release.

(in millions)	Q1'16	Q1'17	Excluded from adjusted earnings
Specialty Papers' environmental compliance	\$—	\$(2.3)	
Airlaid capacity expansion	(0.1)	(2.0)	
Cost optimization actions	(0.1)	(2.0)	
Net pension expense	(1.2)	(1.3)	
Corporate costs*	(5.4)	(5.3)	
Total corporate costs & other financial items	(\$6.8)	(\$12.9)	

Corporate costs in Q1 2017 are in-line with Q1 2016

Notes: * Corporate costs are primarily comprised of legal fees, professional services fees and employee costs. The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Free Cash Flow

(in millions)	Q1'16	Q1'17
Adjusted EBITDA	\$43.2	\$45.9
Change in working capital (*)	(19.3)	(18.5)
Taxes paid	(5.2)	(2.2)
Interest paid	(0.5)	(0.3)
Other	(6.9)	(17.4)
Cash Flow from Operations	11.4	7.6
Less: Capital expenditures	(43.3)	(36.8)
Free Cash Flow	(31.9)	(29.2)
Adjustment for major capital projects	28.1	17.2
Exclude: CBC/AFM Credit	(4.3)	-
Adjusted Free Cash Flow	(\$8.1)	(\$12.0)

- **Cash flow from operations in Q1'17 was largely in-line with Q1'16**
 - Normal seasonal working capital use
- **Capital expenditures in Q1 2017 were \$6.5 million lower than Q1 2016**
 - Q1 2017 includes \$7.7 million for boiler environmental compliance projects versus \$14.4 million in Q1 2016
 - Q1 2017 includes \$9.6 million for airlaid capacity expansion versus \$13.7 million in Q1 2016

Notes: (*) - Working capital is defined as accounts receivable plus inventories less accounts payable.
The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Capital Expenditures and Related Cost Estimate

Capital Expenditures Estimate

(in millions)	2015A	2016A	2017E
Normal Capital Expenditures	\$73	\$60	\$70 - \$80
Major Projects			
Boiler Environmental Compliance (SPBU)	27	69	~12
Capacity expansion (AMBU)	-	31	43 - 48
Total	\$100	\$160	\$125 - \$140

Major Projects One-Time P&L Costs Estimate

(in millions, after-Tax)	2015A	2016A	2017E
Boiler Environmental Compliance (SPBU)	-	\$5	\$4
Capacity expansion (AMBU)	-	\$2	\$11
Total	-	\$7	\$15

• Boiler Environmental Compliance

- Projects are complete
- Convert/Replace boilers to burn natural gas
- Total project cost of approximately \$114 million (\$106 million, net of grants)

• Total capital expenditures for Advanced Airlaid Materials capacity expansion project estimated at \$75 million to \$80 million

- Expect start-up in Q4 2017 with commercial shipments in Q1 2018
- Total spend to date of \$40 million

• Projected depreciation and amortization expense for 2017 is approximately \$70 million

Balance Sheet Metrics

(in millions)	31-Dec-15	31-Dec-16	31-Mar-17
Cash	\$105.3	\$55.4	\$57.2
Debt			
Current portion of long term debt	7.4	9.0	9.4
5 ³ / ₈ % Notes, due October 2020	250.0	250.0	250.0
Term Loans 1.3% - 2.4% due 2022 - 2025	47.7	54.6	52.9
Revolving credit agreement	58.8	61.6	100.0
Unamortized deferred financing costs	(3.2)	(2.6)	(2.4)
Total Debt	\$360.7	\$372.6	\$409.9
Net Debt	\$255.4	\$317.2	\$352.7
Shareholders' Equity	\$663.2	\$653.8	\$668.8
TTM Adj. EBITDA (excl. Pension)	\$161.1	\$159.6	\$162.2
Leverage*	1.6	2.0	2.2
Cash available under bank facility	\$248.3	\$176.6	\$150.4

- Net debt increased \$35 million from Dec 2016
 - Major capital programs
 - Seasonal working capital use
- Leverage at 2.2x as of March 31, 2017 based on adjusted EBITDA
- Total liquidity of \$208 million
- Amended revolving credit agreement on February 1, 2017

Notes: *The above calculation is not intended to be used for purposes of calculating debt covenant compliance.
The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Appendix

Outlook Summary – Q2 2017 Versus Q1 2017

Composite Fibers

- Expect shipping volumes to be approximately 5% higher
- Expect selling prices to be in-line
- Raw material and energy prices are expected to increase slightly

Advanced Airlaid Materials

- Expect shipping volumes to be slightly higher
- Selling prices and raw material and energy prices are expected to be in-line

Specialty Papers

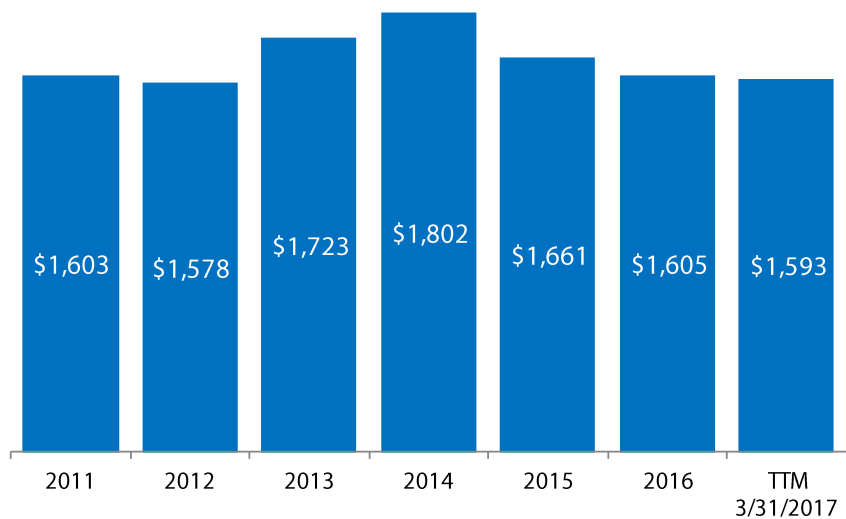
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Other

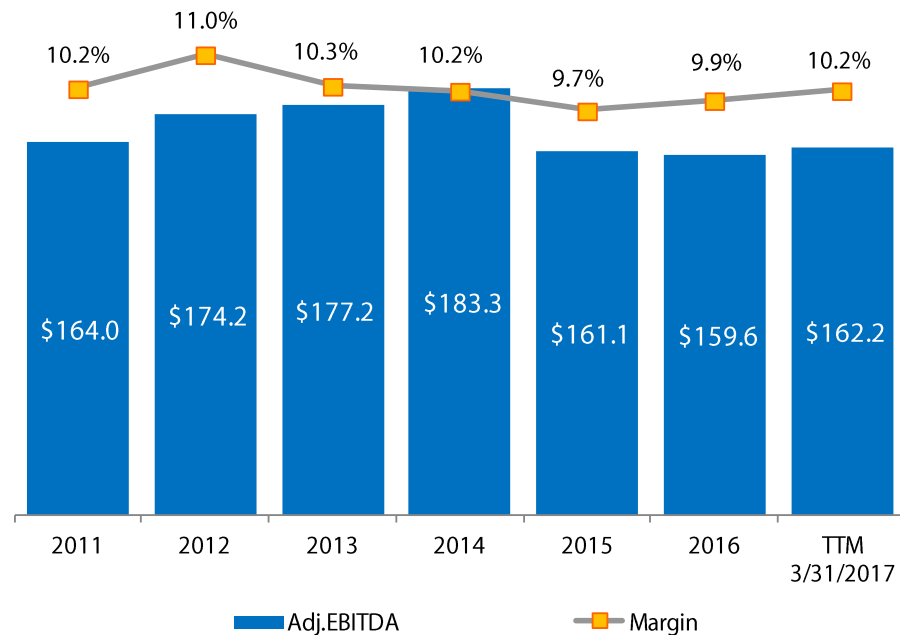
- Pension expense for 2017 expected to be approximately \$5.3 million compared to \$5.5 million, excluding one-time settlement charge of \$7.3 million, in 2016
- Effective tax rate is expected to be approximately 28% in 2017 compared to 16.5% in 2016
- Depreciation and amortization expected to be approximately \$70 million for 2017 compared to \$66 million in 2016

Financial Highlights

Net Sales
(in millions)



Adj. EBITDA / Margin %
(in millions)



Financial Overview

(in millions)	Q1'16	Q1'17
Net Sales	\$402.2	\$390.7
Adjusted operating income, excl. Pension	\$27.3	\$29.4
Adjusted EBITDA, excl. Pension	\$43.2	\$45.9
Free Cash Flow	(\$31.9)	(\$29.2)
Adjusted Free Cash Flow	(\$8.1)	(\$12.0)

(in millions)	Dec 31 2016	Mar 31 2017
Net Debt	\$317.2	\$352.7
Cash Balance	\$55.4	\$57.2

Pension Plan Remains Overfunded

(in millions)	2014	2015	2016	2017 Est.
Plan Assets	\$638.0	\$594.9	\$610.7	N/A
Plan Liabilities	\$577.6	\$541.9	\$552.0	N/A
Funded status	\$60.4	\$53.0	\$58.7	N/A
Pension Expense	\$6.7	\$9.1	\$5.5 ⁽¹⁾	\$5.3
Cash contributions ⁽²⁾	\$0	\$0	\$0	\$0
Discount Rate for Expense	5.20%	4.22%	4.65%	4.43%
Return on Asset Assumption	8.0%	8.0%	7.75%	7.25%

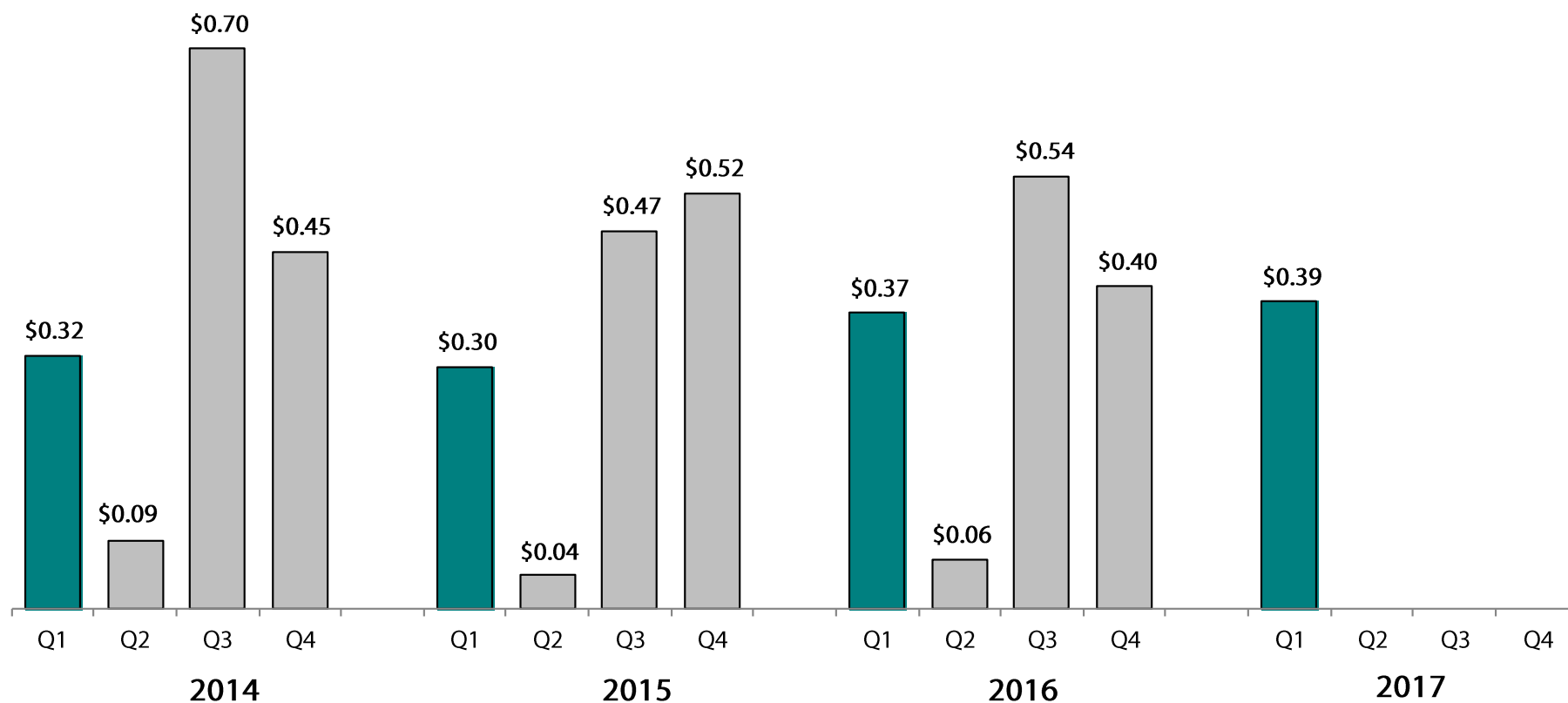
(1) Excludes one-time settlement charges of \$7.3 million

(2) Qualified plans only

No cash contribution required in 2017 or expected for the foreseeable future.

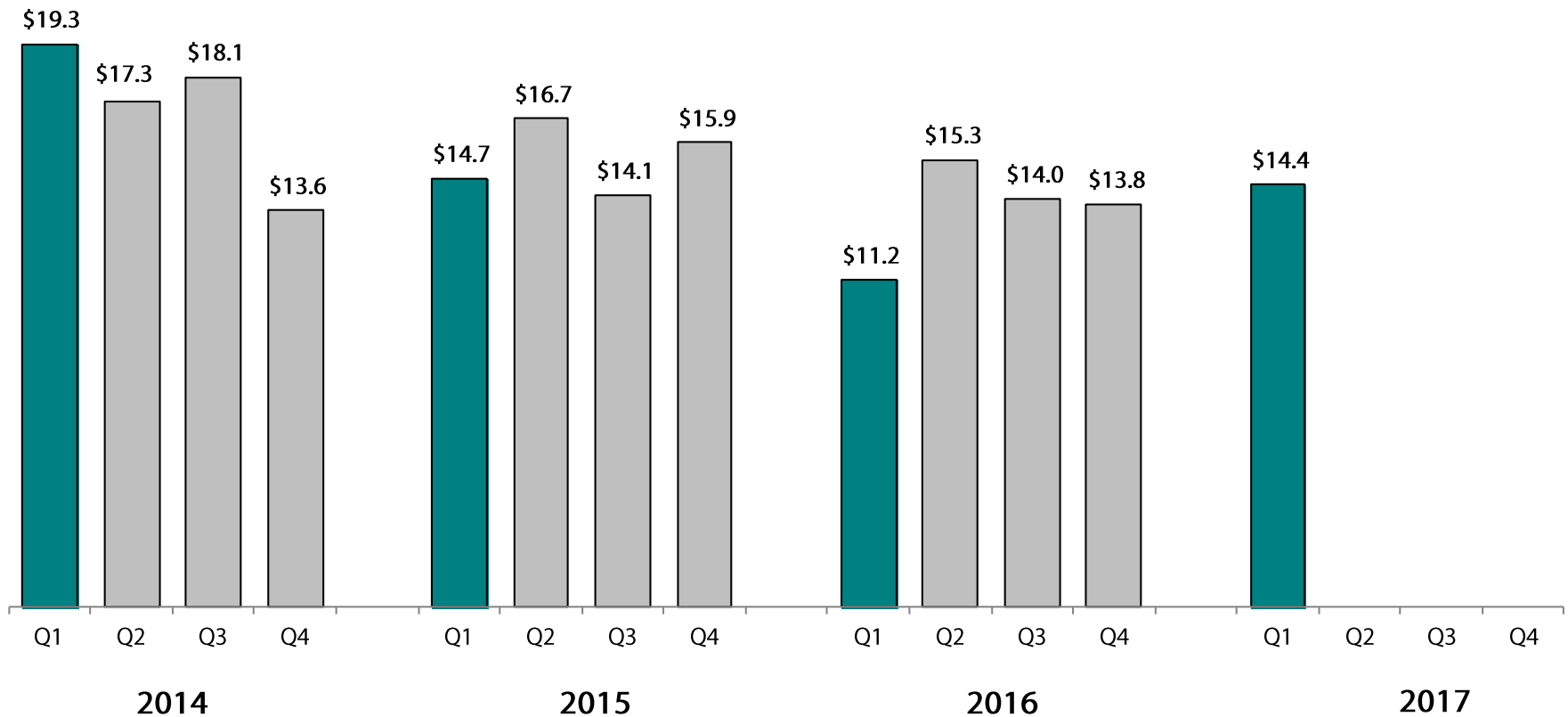
Adjusted EPS

(EPS Before Special Items)

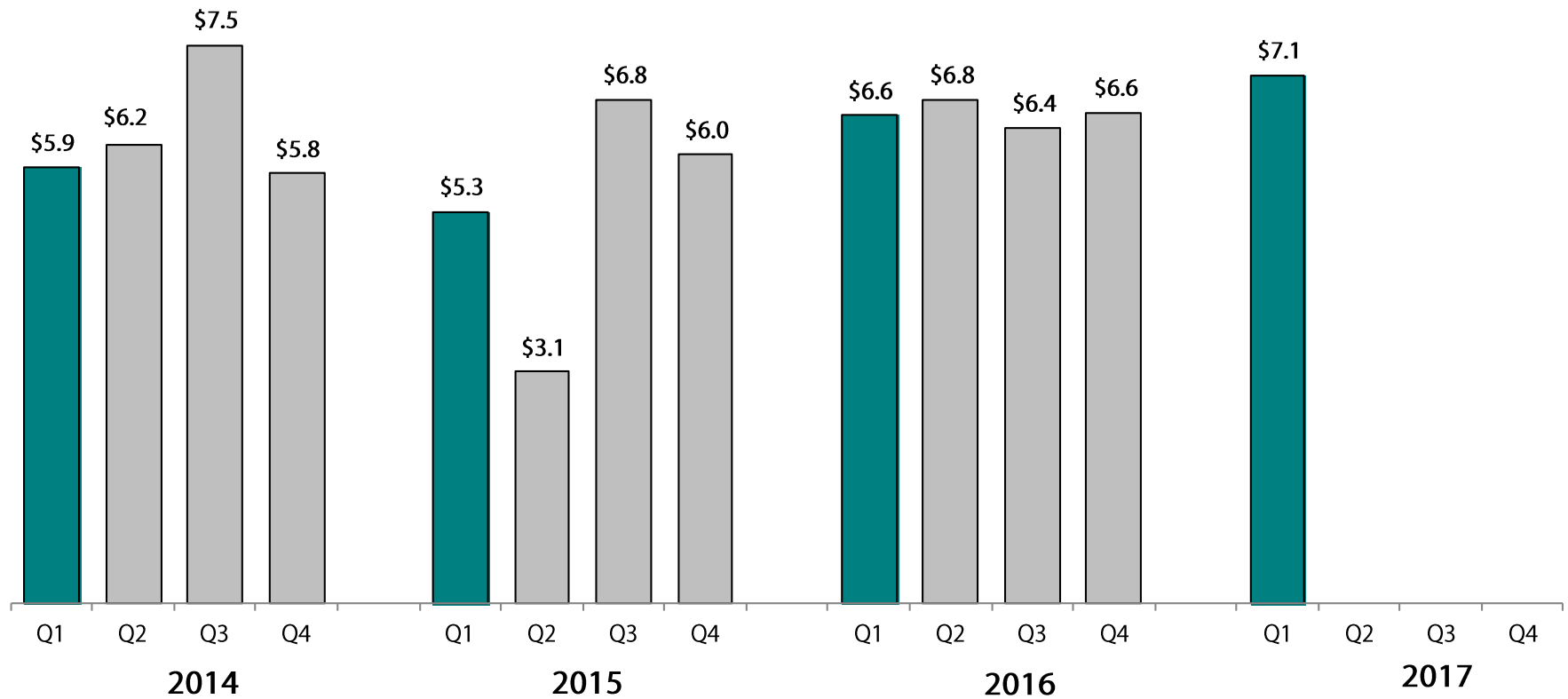


Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

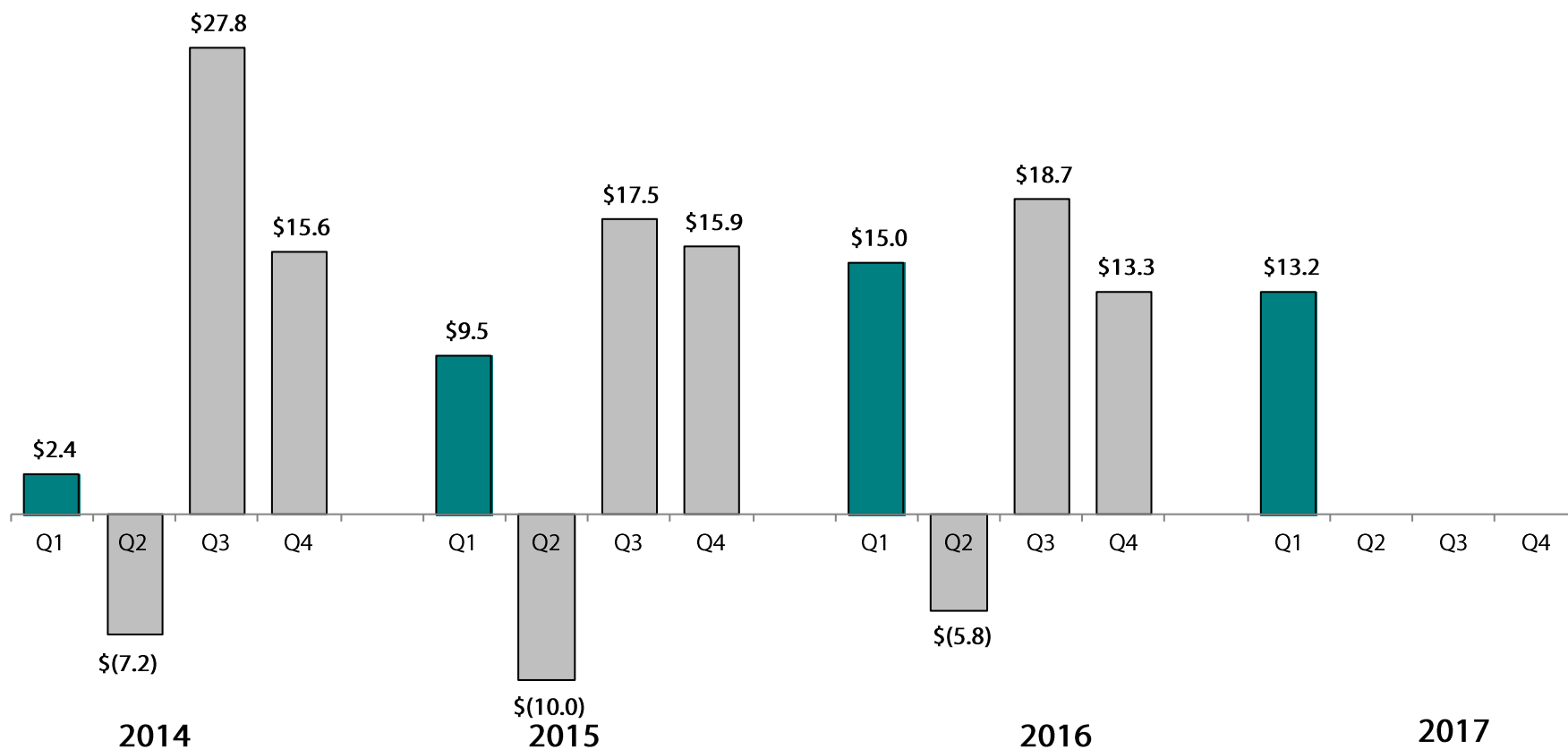
Composite Fibers Operating Income



Advanced Airlaid Materials Operating Income



Specialty Papers Operating Income



Reconciliation of Non-GAAP Measures

Adjusted EPS

	2014				2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>In thousands, except per share</i>																
Net income	\$14,648	\$4,669	\$30,372	\$19,557	\$13,925	\$2,848	\$13,504	\$34,298	\$16,168	\$1,965	\$19,601	(\$16,180)	\$11,603	\$ -	\$ -	\$ -
Adjustments (<i>pre-tax</i>)																
Specialty Papers' environmental compliance	-	-	-	-	-	-	-	-	37	1,088	5,520	1,703	2,264	-	-	-
Airlaid capacity expansion costs	-	-	-	-	-	-	-	50	56	201	1,051	1,353	1,958	-	-	-
Fox River environmental matter	-	-	-	-	-	-	10,000	-	-	-	-	40,000	-	-	-	-
Asset impairment charge	-	-	3,262	-	-	-	1,201	-	-	-	-	-	-	-	-	-
Timberland sales and related costs	(812)	(1,478)	(1,586)	(979)	(2,654)	(51)	-	(18,162)	-	-	-	-	-	-	-	-
Cost Optimization	-	-	-	516	1,339	614	296	212	88	-	-	3,446	2,013	-	-	-
Pension Settlement	-	-	-	-	-	-	-	-	-	-	-	7,306	-	-	-	-
Acquisition and integration related costs	-	299	116	641	160	-	18	-	-	-	-	-	-	-	-	-
Total adjustments (<i>pre-tax</i>)	(812)	(1,179)	1,792	178	(1,155)	563	11,515	(17,900)	181	1,289	6,571	53,808	6,235	-	-	-
Income tax (benefits) provision	305	307	(1,357)	(11)	604	(1,567)	(4,212)	6,503	(56)	(487)	(2,193)	(19,983)	(682)	-	-	-
Total after-tax adjustments	(507)	(872)	435	167	(551)	(1,004)	7,303	(11,397)	125	802	4,378	33,825	5,553	-	-	-
Adjusted earnings	\$14,141	\$3,797	\$30,807	\$19,724	\$13,374	\$1,844	\$20,807	\$22,901	\$16,293	\$2,767	\$23,979	\$17,645	\$17,156	\$ -	\$ -	\$ -
Adjusted EPS	\$0.32	\$0.09	\$0.70	\$0.45	\$0.30	\$0.04	\$0.47	\$0.52	\$0.37	\$0.06	\$0.54	\$0.40	\$0.39	\$ -	\$ -	\$ -
Diluted - QTD	44,360	44,136	43,841	43,943	43,949	44,032	43,865	43,878	43,871	44,062	44,133	44,223	44,493	-	-	-

Reconciliation of Non-GAAP Measures

Adjusted EBITDA, Excluding Pension

Adjusted Operating Income, Excluding Pension

<i>In millions</i>	Q1 2016	Q1 2017
Net Income	\$ 16.2	\$ 11.6
Taxes	5.1	6.0
Net Pension Expenses	1.2	1.3
Depreciation and Amortization	16.6	17.3
Net Interest Expense	4.0	3.9
EBITDA, excluding pension	\$ 43.1	\$ 40.1
<u>Adjustments / Exclusions:</u>		
Specialty Paper Environmental Compliance	-	2.3
Airlaid Capacity Expansion	0.1	2.0
Cost optimization actions (net of asset write off)	0.1	1.5
Adjusted EBITDA, excluding pension	\$ 43.2	\$ 45.9
Depreciation and Amortization (excludes asset write off)	(16.6)	(16.8)
Other (Income)/Expense	0.7	0.3
Adjusted Operating Income, excluding pension	\$ 27.3	\$ 29.4

Note: The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Reconciliation of Non-GAAP Measures

Adjusted EBITDA, Excluding Pension

<i>In millions</i>	2011	2012	2013	2014	2015	2016	3/31/2017 LTM
Net Income	\$ 42.7	\$ 59.4	\$ 67.2	\$ 69.2	\$ 64.6	\$ 21.6	\$ 17.0
Taxes	8.2	19.6	2.0	18.1	14.0	(10.7)	(9.8)
Net Pension Expenses	10.4	11.6	14.2	6.7	9.1	5.5	5.7
Depreciation and Amortization	69.3	69.5	68.2	70.6	63.2	65.8	66.5
Net Interest Expense	<u>31.1</u>	<u>18.2</u>	<u>17.7</u>	<u>18.8</u>	<u>17.2</u>	<u>15.6</u>	<u>15.5</u>
EBITDA, excluding Pension	\$ 161.7	\$ 178.3	\$ 169.3	\$ 183.4	\$ 168.1	\$ 97.7	\$ 94.8
<u>Adjustments / exclusions:</u>							
Gains on Timberland Sales and Transaction Related Costs	(3.4)	(9.2)	(1.4)	(4.9)	(20.9)	-	-
Pension settlement charges	-	-	-	-	-	7.3	7.3
SPBU Environmental Compliance	-	-	-	-	-	8.3	10.6
Asset Impairment Charge	-	-	-	3.3	1.2	-	-
Debt Redemption Costs	3.6	5.1	-	-	-	-	-
Acquisition and Integration Related Costs	1.1	-	6.5	1.1	0.2	-	-
Cost optimization actions (net of asset write off)	1.0	-	-	0.5	2.5	3.5	5.0
International Legal Entity Restructuring	-	-	2.8	-	-	-	-
AMBU Capacity Expansion	-	-	-	-	0.1	2.7	4.5
Fox River Environmental matter	-	-	-	-	10.0	40.0	40.0
Adjusted EBITDA, excluding pension	<u>\$ 164.0</u>	<u>\$ 174.2</u>	<u>\$ 177.2</u>	<u>\$ 183.3</u>	<u>\$ 161.1</u>	<u>\$ 159.6</u>	<u>\$ 162.2</u>

Note: The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Reconciliation of Non-GAAP Measures

Net Debt and Leverage

Net debt & Leverage	December 31	December 31	March 31
<i>In millions</i>	2015	2016	2017
Current Portion of Long-Term Debt	\$7.4	\$9.0	\$9.4
Long-Term Debt	353.3	363.6	400.5
Total Debt	360.7	372.6	409.9
Less: Cash	(105.3)	(55.4)	(57.2)
Net Debt	\$255.4	\$317.2	\$352.7
Net Debt	\$255.4	\$317.2	\$352.7
Divided by: TTM Adjusted EBITDA	161.1	159.6	162.2
Leverage*	1.6x	2.0x	2.2x

* - The above calculation is not intended to be used for purposes of calculating debt covenant compliance.