GLATFELTER

Beyond Paper

2017 Second Quarter Earnings Conference Call

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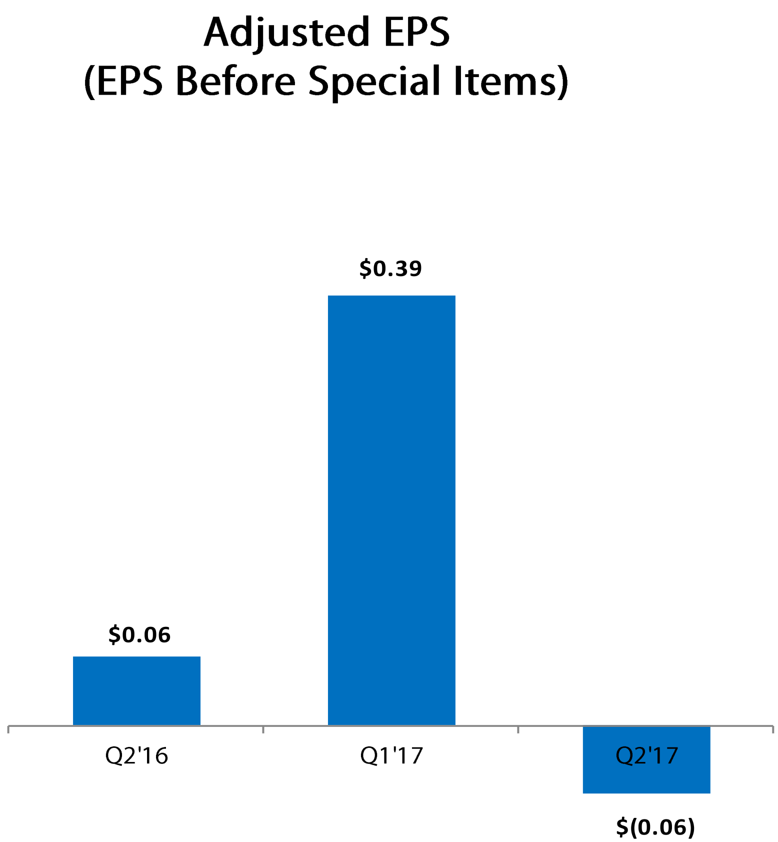
NYSE: GLT

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

Any statements included in this press release 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", "targets", 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, and economic conditions in the U.S., demand for or pricing of its products, and market growth and currency exchange 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.

Q2 2017 Highlights

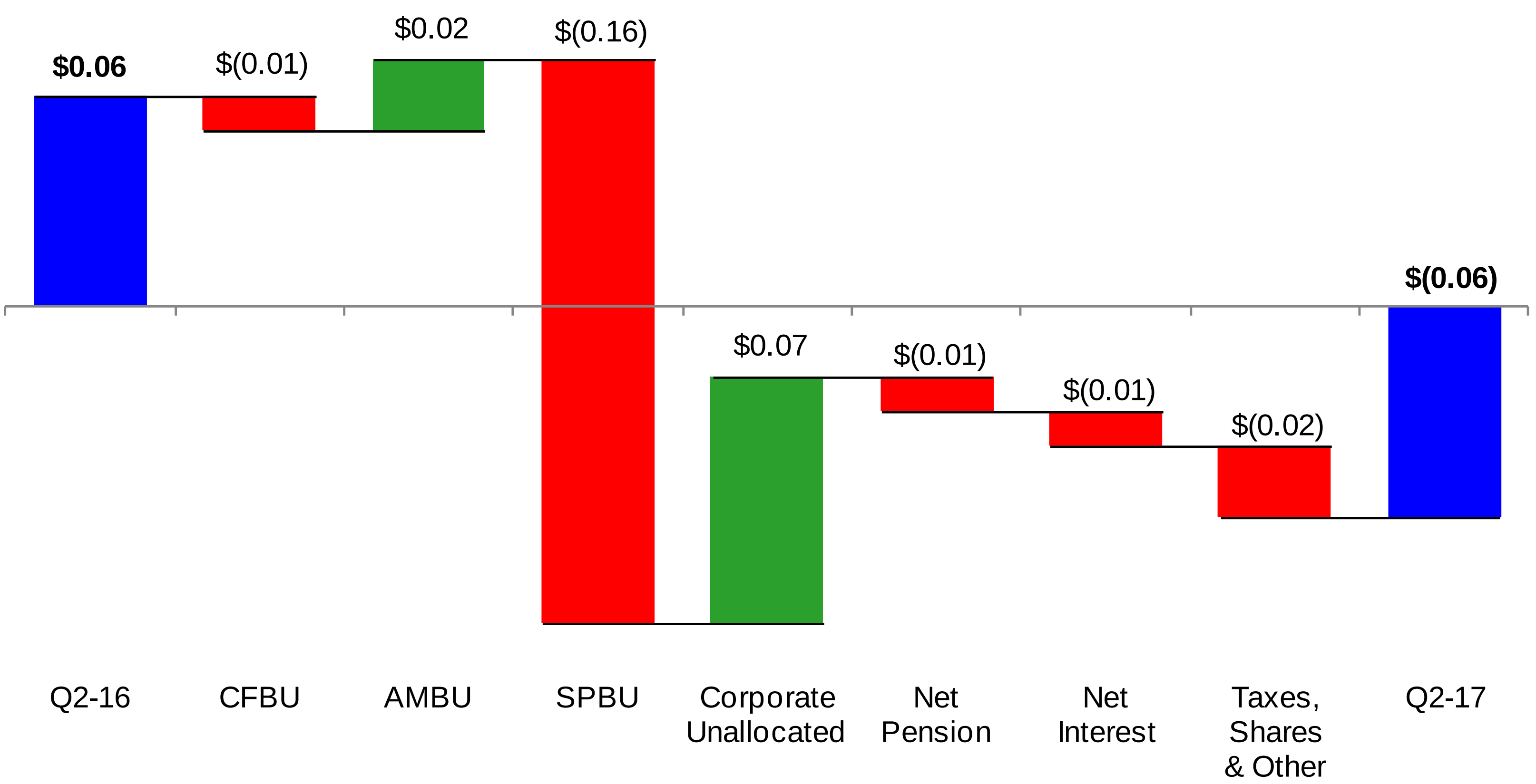


- **Q2 2017 net sales totaled $387 million, down 3.2% in constant currency versus Q2 2016**
  - Composite Fibers volume up 3%
  - Strong growth for Airlaid with volume up 5%
  - Continued weak demand and lower industry operating rates in SPBU markets
- **Adjusted EPS down $0.12 from Q2 2016**
  - Airlaid business operating profit up 11%
  - Composite Fibers operating profit down slightly
  - Specialty Papers operating profit down due to weak market conditions
    - Significant cost controls and improved operations were not adequate to offset market factors
  - Lower corporate costs more than offset the higher pension expenses, taxes and interest expenses in Q2 2017
- **Delivered solid operating cash flow**
- **Balance Sheet remains strong**

On a GAAP basis, EPS was $0.04, $0.26 and ($0.13) for Q2 2016, Q1 2017 and Q2 2017, respectively

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

Adjusted EPS – Q2 2017 vs. Q2 2016



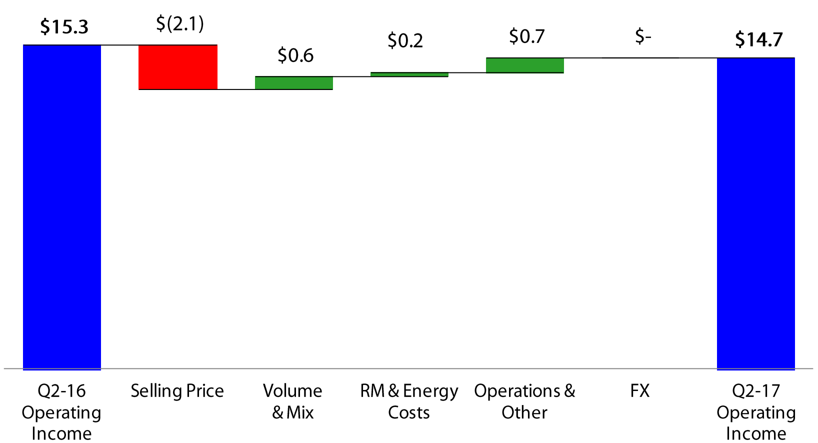
On a GAAP basis, net loss was ($5.7) million or ($0.13) per share in Q2 2017 compared to net income of $2.0 million or $0.04 per diluted share in Q2 2016

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

Composite Fibers Q2 2017 Highlights

Dollars in Thousands	Q2 2016	Q1 2017	Q2 2017
Tons shipped	40,676	38,787	41,891
Net sales	$136,386	$125,104	$133,137
Operating income	$15,306	$14,438	$14,685
EBITDA	$22,539	$21,221	$21,697
EBITDA margin	16.5%	17.0%	16.3%

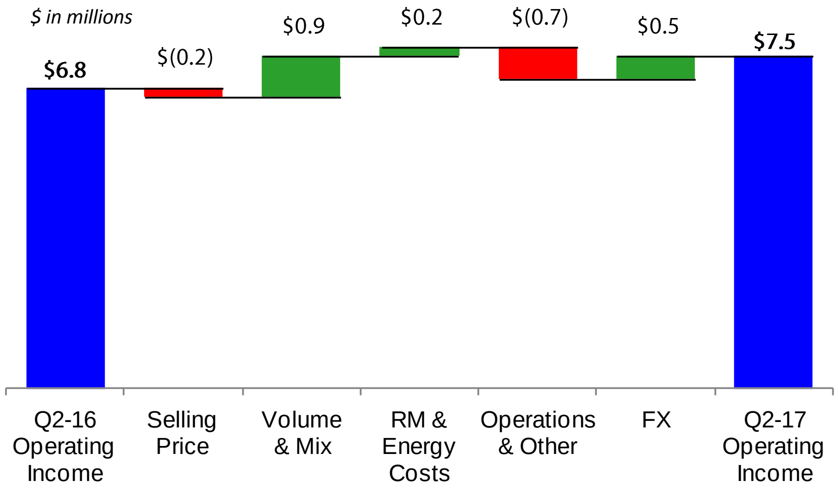
$ in millions



- **Net sales 1.4% higher on constant currency basis**
  - Shipping volume up 3% versus Q2 2016
    - Nonwoven wallcover up 11%
    - Coffee shipments up 8%
    - Tea shipments down 5%
    - Technical Specialties up 4%
  - Selling prices declined $2.1 million versus Q2 2016
- **Raw material and energy costs slightly favorable**
- **Operations favorable $0.7 million**
  - Achieved $2.1 million of savings from cost optimization program; at planned run rate to achieve $10 million target for year
  - Incurred $1.3 million of higher shipping costs - approximately half related to non-recurring expense for expedited freight to serve key customers
- **Outlook (Q3 2017 vs. Q2 2017)**
  - Expect shipping volumes to be approximately 3% higher
  - Expect selling prices to be in-line
  - Raw material and energy prices are expected to be slightly higher
  - Reduced market downtime expected to improve operating profit by $1 million

Advanced Airlaid Materials Q2 2017 Highlights

Dollars in Thousands	Q2 2016	Q1 2017	Q2 2017
Tons shipped	24,365	24,826	25,507
Net sales	$60,756	$59,838	$62,836
Operating income	$6,768	$7,092	$7,544
EBITDA	$9,135	$9,373	$9,876
EBITDA margin	15.0%	15.7%	15.7%

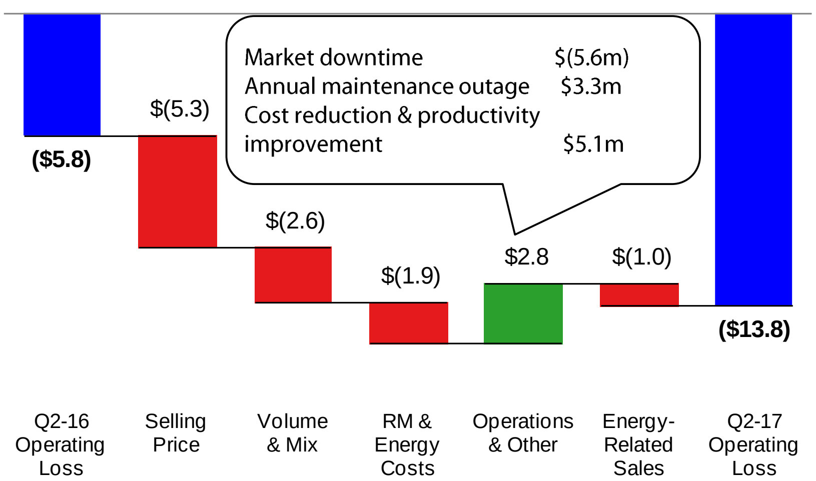


- **Net sales up 4.9% on constant currency basis**
- **Shipping volume up 4.7% versus Q2 2016**
  - Wipes shipments up 16.1%
  - Hygiene products shipments up 4.0%
- **Lower selling prices reflect the contractual pass through of lower raw material prices to customers**
- **Solid operations supported higher volume but was negatively impacted by cost inflation**
- **Outlook (Q3 2017 vs. Q2 2017)**
  - Expect shipping volumes to be approximately 2% higher
  - Selling prices and raw material & energy prices are expected to increase slightly

Specialty Papers Q2 2017 Highlights

Dollars in Thousands	Q2 2016	Q1 2017	Q2 2017
Tons shipped	194,702	197,223	184,129
Net sales	$209,270	$205,772	$191,368
Energy and related sales, net	$2,001	$1,129	$981
Operating income (loss)	($5,763)	$13,249	($13,780)
EBITDA	$779	$20,413	($6,070)
EBITDA margin	0.4%	9.9%	-3.2%

$ in millions



- **Weak demand and low industry capacity utilization rates creating a competitive market**
  - Net Sales decreased 8.6% compared to Q2 2016
  - Shipments down 5.4% year-over-year versus 3.9% for the broader UFS market
  - Lower selling price environment
- **Operating profit down $8.0 million versus Q2-16**
  - Market downtime reduced earnings by $5.6 million
  - Strong operations and cost controls
  - Annual maintenance outage costs were $22.9 million in Q2 2017 versus $26.3 million in Q2 2016
- **Outlook (Q3 2017 vs. Q2 2017)**
  - Expect shipping volumes to be approximately 5% higher
  - Selling prices are expected to decline slightly
  - Raw material and energy prices are expected to increase slightly
  - Reduced downtime expected to improve operating profit by $2 million to $3 million
  - Cost reduction actions expected to improve operating profit by $1 million

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)	Q2'16	Q2'17
Gains on dispositions of plant, equipment and timberlands	$—	$0.1
Specialty Papers' environmental compliance	(1.1)	(0.2)
Airlaid capacity expansion	(0.2)	(2.5)
Cost optimization actions	_	(0.8)
Net pension expense	(1.6)	(2.0)
Corporate costs*	(7.8)	(4.5)
Total corporate costs & other financial items	**($10.7)**	**($9.9)**

Excluded from adjusted earnings

Corporate costs in Q2 2017 are lower than prior year due to lower professional services expense and Fox River legal costs

*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)	Q2'16	Q2'17	H1'16	H1'17
Adjusted EBITDA	$25.5	$21.4	$68.7	$67.3
Change in working capital (*)	(4.5)	8.2	(23.8)	(10.2)
Taxes paid	(3.3)	(2.0)	(8.5)	(4.2)
Interest paid	(7.0)	(7.5)	(7.5)	(7.8)
Other	14.6	1.1	7.7	(16.3)
Cash Flow from Operations	**25.2**	**21.2**	**36.6**	**28.8**
Less: Capital expenditures	(37.1)	(34.3)	(80.4)	(71.0)
Free Cash Flow	**(11.9)**	**(13.1)**	**(43.8)**	**(42.3)**
Adjustment for major capital projects	27.6	16.0	55.6	33.3
Exclude: CBC/AFM Credit	-	-	(4.3)	-
Adjusted Free Cash Flow	**$15.7**	**$3.0**	**$7.6**	**($9.0)**

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.

- **Cash flow from operations in Q2'17 was slightly below Q2'16**
- **Capital expenditures in Q2 2017 were slightly lower than Q2 2016**
  - Q2 2017 includes $4.2 million for boiler environmental compliance projects versus $22.4 million in Q2 2016
  - Q2 2017 includes $11.9 million for airlaid capacity expansion versus $5.2 million in Q2 2016
- **Resolved Fox River claims between Glatfelter and Georgia Pacific**
  - Glatfelter to pay Georgia Pacific $9.5 million in Q3 2017
  - Clarified division of responsibility for monitoring and maintenance
  - No change to reserves

Capital Expenditures and Other Cost Estimates

Capital Expenditures Estimate

(in millions)	2016A	2017E	2018E
Normal Capital Expenditures	$60	$75 - $80	$60 - $70
Major Projects			
Boiler Environmental Compliance (SPBU)	69	12	_
Capacity expansion (AMBU)	31	43 - 48	2
Total	$160	$130 - $140	$62 - $72

Major Programs One-Time P&L Costs Estimates

(in millions, after-Tax)	2016A	2017E	2018E
Boiler Environmental Compliance (SPBU)	$5	$4	_
Capacity expansion (AMBU)	$2	$10	_
Cost Optimization Programs (CFBU & SPBU)	$3	$11	
Total	$10	$25	$0

- **Boiler Environmental Compliance**
  - Project is complete
  - Convert/Replace boilers to burn natural gas
- **Advanced Airlaid Materials capacity expansion project estimated at $80 million to $82 million of capital**
  - Expect start-up in Q4 2017 with commercial shipments in Q1 2018
  - Total spend to date of $52 million
- **Expect total charge for cost optimization programs of approximately $11 million in 2017 including $5-6 million of non-cash expenses**
  - Recorded $2 million in the first half 2017
  - Expect $9 million in Q3 primarily driven by SPBU machine shutdown and salaried work force reduction
- **Projected depreciation and amortization expense for 2017 is approximately $70 million**

Balance Sheet Metrics

(in millions)	30-Dec-15	30-Dec-16	30-Jun-17
Cash	$105.3	$55.4	$69.4
Debt			
Current portion of long term debt	7.4	9.0	10.4
5⅜% Notes, due October 2020	250.0	250.0	250.0
Term Loans 1.3% - 2.4% due 2022 - 2025	47.7	54.6	53.7
Revolving credit agreement	58.8	61.6	130.0
Unamortized deferred financing costs	(3.2)	(2.6)	(2.2)
Total Debt	$360.7	$372.6	$441.9
Net Debt	$255.4	$317.2	$372.5
Shareholders' Equity	$663.2	$653.8	$685.0
TTM Adj. EBITDA (excl. Pension)	$161.1	$159.6	$158.1
Leverage*	1.6	2.0	2.4
Cash available under bank facility	$248.3	$176.6	$104.4

- **Net debt increased $55 million from Dec 2016**
  - **Major capital programs**
  - **Seasonal working capital use**
- **Leverage at 2.4x as of June 30, 2017 based on adjusted EBITDA**
- **Total liquidity of $174 million**

*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 – Q3 2017 Versus Q2 2017

Composite Fibers

- Expect shipping volumes to be approximately 3% higher
- Expect selling prices to be in-line
- Raw material and energy prices are expected to be slightly higher
- Reduced market downtime expected to improve operating profit by $1 million
- Don't expect expedited freight to be significant in the third quarter

Advanced Airlaid Materials

- Expect shipping volumes to be approximately 2% higher
- Selling prices and raw material & energy prices are expected to increase slightly

Specialty Papers

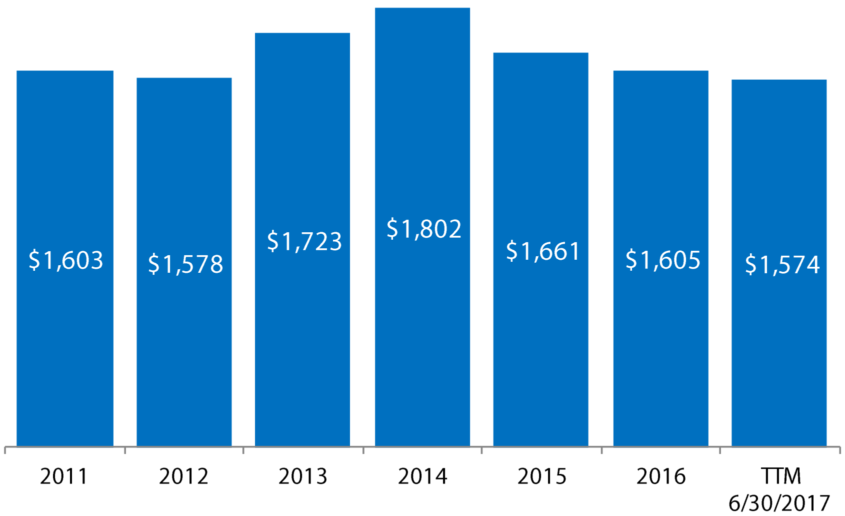
- Expect shipping volumes to be approximately 5% higher
- Selling prices are expected to decline slightly
- Raw material and energy prices are expected to increase slightly
- Reduced downtime expected to improve operating profit by $2 million to $3 million
- Cost reduction actions expected to improve operating profit by $1 million

Other

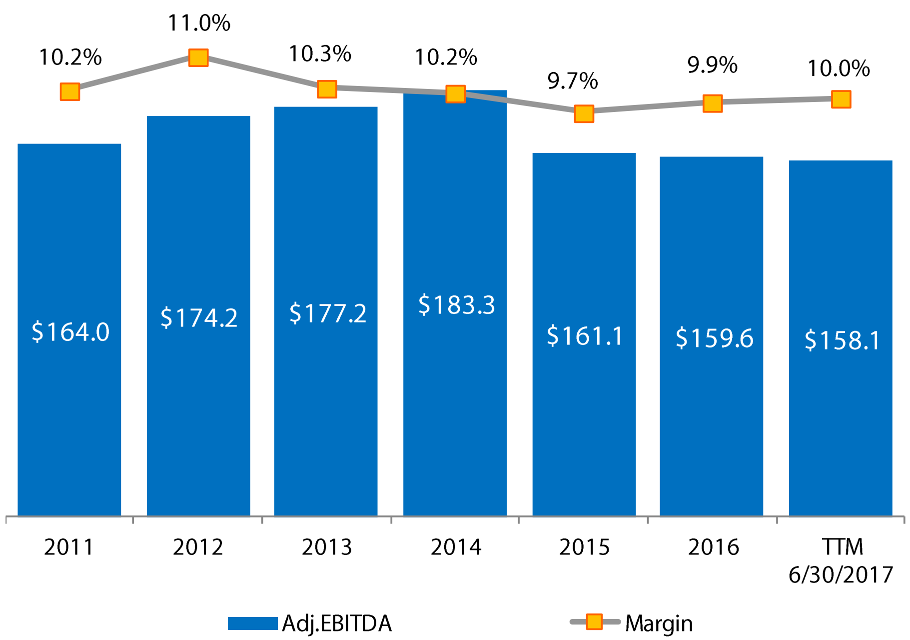
- Pension expense for 2017 expected to be approximately $6.6 million compared to $5.5 million in 2016 (pension expense in 2016 excludes one-time settlement charge of $7.3 million)
- Effective tax rate is expected to be approximately 35% in the second half of 2017
- Capital expenditures are expected to total between $130 million and $140 million in 2017 and between $62 million and $72 million in 2018
- 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)	Q2'16	Q2'17
Net Sales	$406.4	$387.3
Adjusted operating income, excl. Pension	$8.4	$3.9
Adjusted EBITDA, excl. Pension	$25.5	$21.4
Free Cash Flow	($11.9)	($13.1)
Adjusted Free Cash Flow	$15.7	$3.0

(in millions)	Dec 31 2016	Jun 30 2017
Net Debt	$317.2	$372.5
Cash Balance	$55.4	$69.4

Pension Plan Remains Overfunded

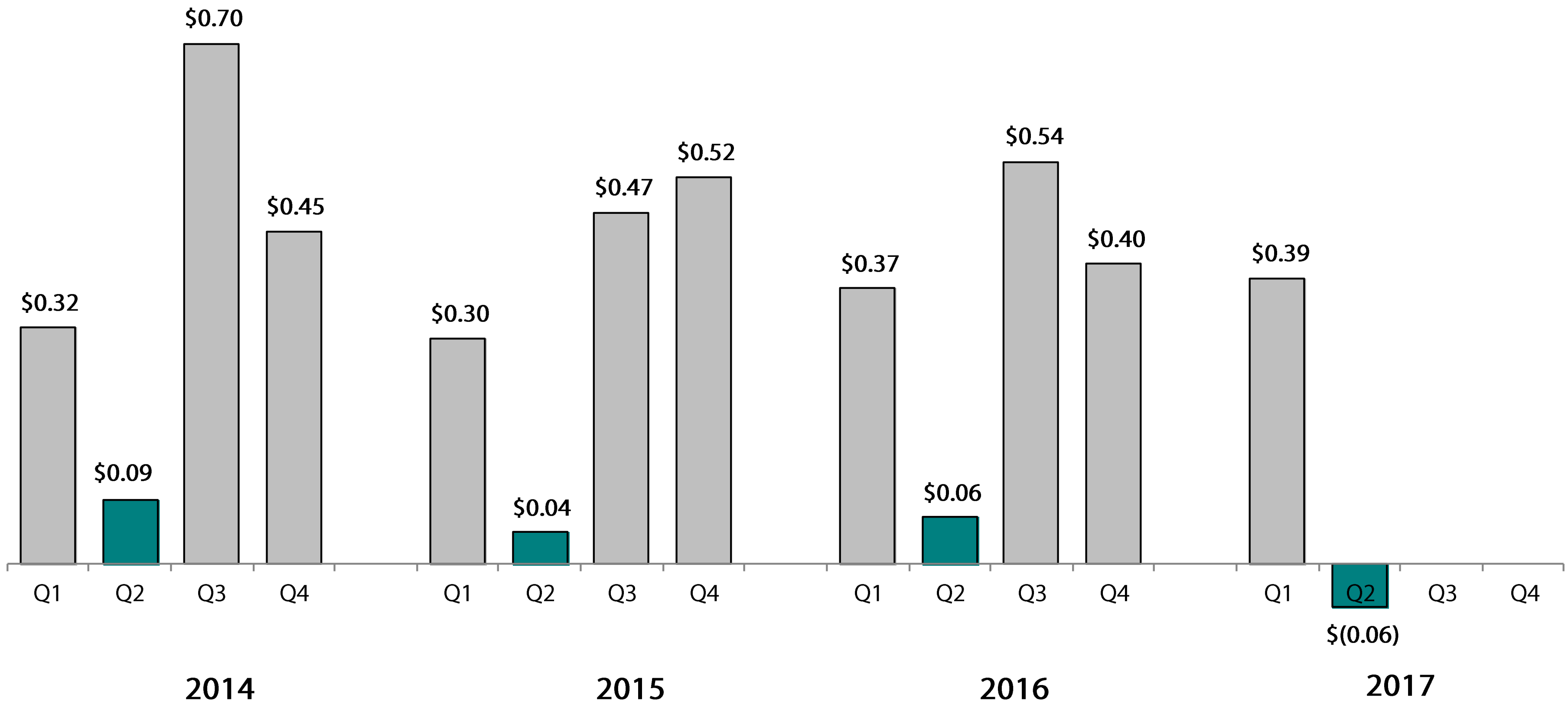
(in millions)	2014	2015	2016	2017 Est.
Plan Assets	$638.0	$594.9	$610.7	N/A
Plan Liabilities	$577.6	$541.9	$552.0	N/A
Funded status	**$60.4**	**$53.0**	**$58.7**	N/A
Pension Expense	**$6.7**	**$9.1**	**$5.5** (1)	$6.6
Cash contributions(2)	$0	$0	$0	$0
Discount Rate for Expense	5.20%	4.22%	4.65%	4.43%
Return on Asset Assumption	8.00%	8.00%	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.

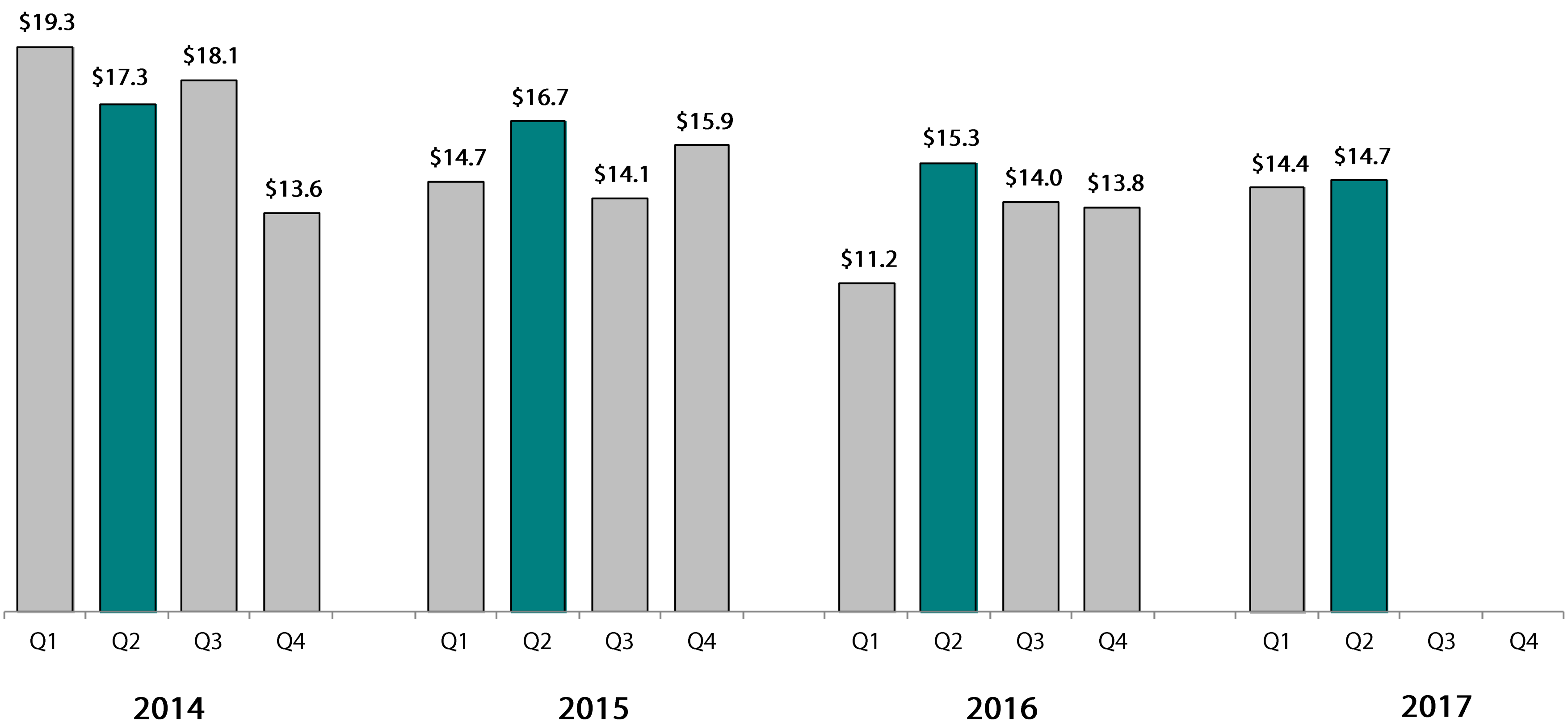
Note: The sum of individual amounts set forth above may not agree to the column totals due to rounding.

Adjusted EPS
(EPS Before Special Items)

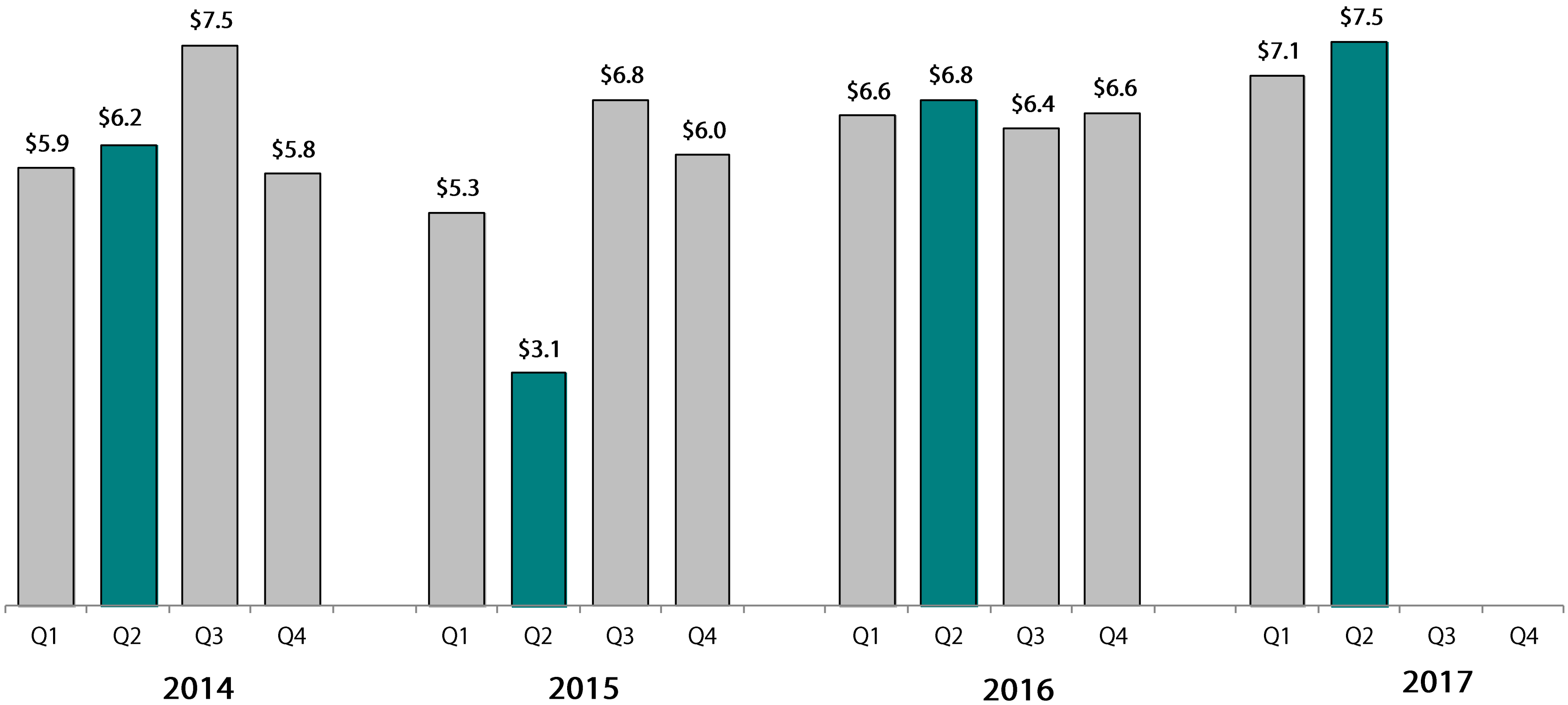


Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

Composite Fibers Operating Income



Advanced Airlaid Materials Operating Income



Specialty Papers Operating Income

Reconciliation of Non-GAAP Measures

Adjusted EPS

In thousands, except per share	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4
Net income (loss)	$14,648	$4,670	$30,371	$19,557	$13,925	$2,848	$13,504	$34,299	$16,167	$1,966	$19,601	($16,180)	$11,603	$ (5,714)	$ -	$ -
Adjustments *(pre-tax)*																
Specialty Papers' environmental compliance	-	-	-	-	-	-	-	-	37	1,088	5,520	1,703	2,264	216	-	-
Airlaid capacity expansion costs	-	-	-	-	-	-	-	50	56	201	1,051	1,353	1,958	2,495	-	-
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)	-	-	-	-	-	(74)	-	-
Cost Optimization	-	-	-	516	1,339	614	296	212	88	-	-	3,446	2,013	775	-	-
Pension Settlement	-	-	-	-	-	-	-	-	-	-	-	7,306	-	-	-	-
Acquisition and integration related costs	-	299	116	641	160	-	18	-	-	-	-	-	-	-	-	-
Total adjustments *(pre-tax)*	(812)	(1,179)	1,792	178	(1,155)	563	11,515	(17,900)	181	1,289	6,571	53,808	6,235	3,412	-	-
Income tax (benefits) provision	305	307	(1,357)	(10)	604	(1,567)	(4,212)	6,503	(56)	(487)	(2,193)	(19,983)	(682)	(317)	-	-
Total after-tax adjustments	(507)	(872)	435	168	(551)	(1,004)	7,303	(11,397)	125	802	4,378	33,825	5,553	3,095	-	-
Adjusted earnings	$14,141	$3,798	$30,806	$19,725	$13,374	$1,844	$20,807	$22,902	$16,292	$2,768	$23,979	$17,645	$17,156	$ (2,619)	$ -	$ -
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	$ (0.06)	$ -	$ -
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	43,604	-	-

Reconciliation of Non-GAAP Measures

Adjusted EBITDA, Excluding Pension
Adjusted Operating Income, Excluding Pension

In millions	Q2 2016	Q2 2017	H1 2016	H1 2017
Net Income	$ 2.0	$ (5.7)	$ 18.1	$ 5.9
Taxes	(0.0)	(0.4)	5.1	5.7
Net Pension Expenses	1.6	2.0	2.8	3.3
Depreciation and Amortization	16.8	17.7	33.4	35.0
Net Interest Expense	3.9	4.4	7.9	8.3
EBITDA, excluding pension	$ 24.2	$ 18.0	$ 67.3	$ 58.2
Adjustments / Exclusions:				
Gains on Timberland Sales and Transaction Related Costs	-	(0.1)	-	(0.1)
Specialty Paper Environmental Compliance	1.1	0.2	1.1	2.5
Airlaid Capacity Expansion	0.2	2.5	0.3	4.5
Cost optimization actions (net of asset write off)	0.0	0.7	0.1	2.3
Adjusted EBITDA, excluding pension	**$ 25.5**	**$ 21.4**	**$ 68.7**	**$ 67.3**
Depreciation and Amortization (excludes asset write off)	(16.8)	(17.6)	(33.4)	(35.0)
Other (Income)/Expense	(0.3)	0.1	0.4	0.4
Adjusted Operating Income, excluding pension	**$ 8.4**	**$ 3.9**	**$ 35.7**	**$ 32.7**

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

In millions	2011	2012	2013	2014	2015	2016	6/30/2017 LTM
Net Income	$ 42.7	$ 59.4	$ 67.2	$ 69.2	$ 64.6	$ 21.6	$ 9.3
Taxes	8.2	19.6	2.0	18.1	14.0	(10.7)	(10.1)
Net Pension Expenses	10.4	11.6	14.2	6.7	9.1	5.5	6.1
Depreciation and Amortization	69.3	69.5	68.2	70.6	63.2	65.8	67.4
Net Interest Expense	31.1	18.2	17.7	18.8	17.2	15.6	16.0
EBITDA, excluding Pension	$ 161.7	$ 178.3	$ 169.3	$ 183.4	$ 168.1	$ 97.7	$ 88.6
Adjustments / exclusions:							
Gains on Timberland Sales and Transaction Related Costs	(3.4)	(9.2)	(1.4)	(4.9)	(20.9)	-	(0.1)
Pension settlement charges	-	-	-	-	-	7.3	7.3
SPBU Environmental Compliance	-	-	-	-	-	8.3	9.7
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	5.7
International Legal Entity Restructuring	-	-	2.8	-	-	-	-
AMBU Capacity Expansion	-	-	-	-	0.1	2.7	6.9
Fox River Environmental matter	-	-	-	-	10.0	40.0	40.0
Adjusted EBITDA, excluding pension	**$ 164.0**	**$ 174.2**	**$ 177.2**	**$ 183.3**	**$ 161.1**	**$ 159.6**	**$ 158.1**

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 *In millions*	**December 31 2015**	**December 31 2016**	**June 30 2017**
Current Portion of Long-Term Debt	$7.4	$9.0	$10.4
Long-Term Debt	353.3	363.6	431.5
Total Debt	360.7	372.6	441.9
Less: Cash	(105.3)	(55.4)	(69.4)
Net Debt	$255.4	$317.2	$372.5
Net Debt	$255.4	$317.2	$372.5
Divided by: TTM Adjusted EBITDA	161.1	159.6	158.1
Leverage*	1.6x	2.0x	2.4x

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