



G L A T F E L T E R

Beyond Paper



2018 Second Quarter Earnings Conference Call

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NYSE: GLT

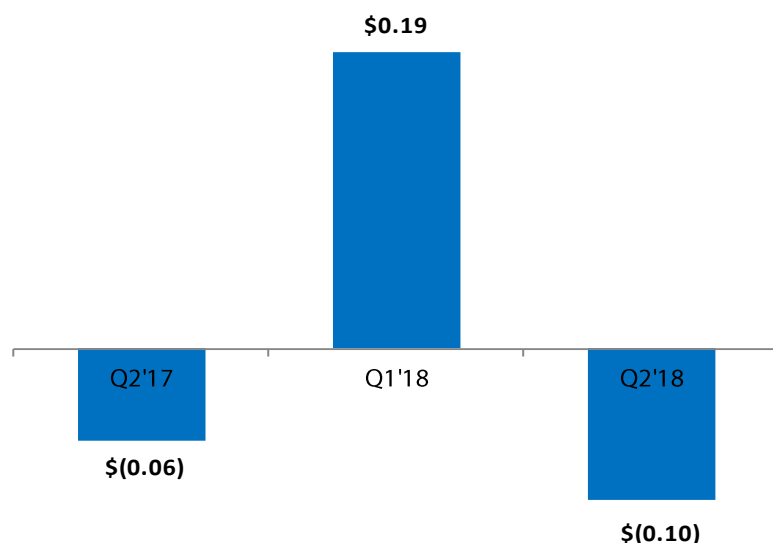
Forward-Looking Statements and Use of Non-GAAP Financial Measures

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 2018 Highlights

Adjusted EPS (EPS Before Special Items)

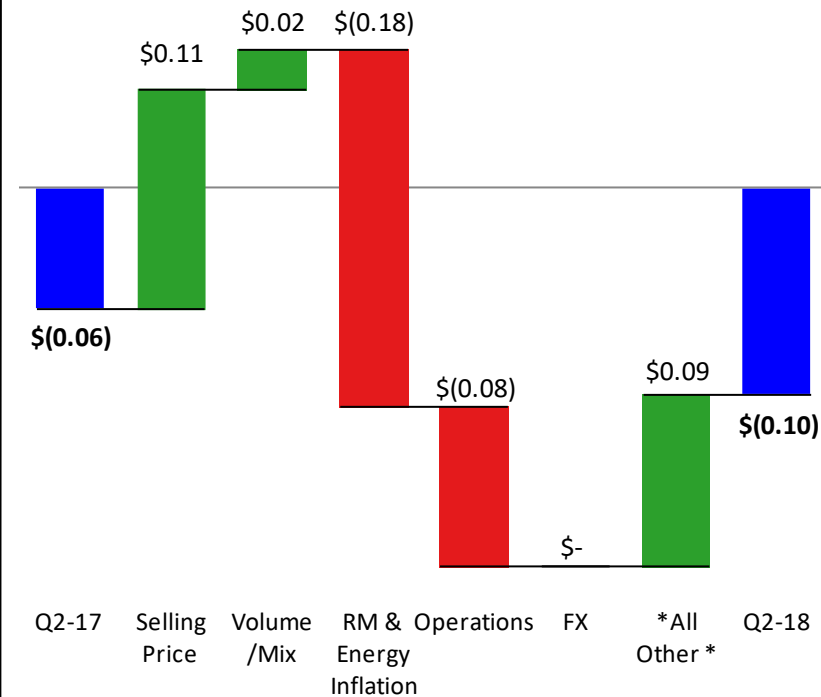
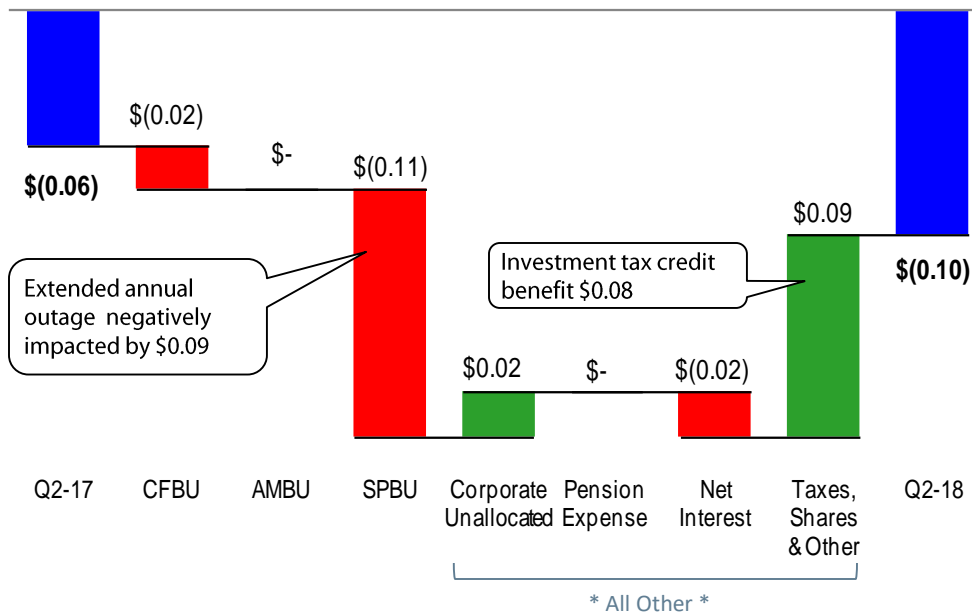


- Higher raw material costs reduced earnings by \$0.18 per share
- Selling prices rising in all businesses but lagged raw material inflation
- Engineered Materials businesses revenue grew 5% on constant currency basis
- Continued ramp up of Fort Smith facility; extended product qualification process with customers has reduced growth expectations for 2018
- Completed annual maintenance outages in Specialty Papers
 - Reduced EPS y-o-y by \$0.09
 - Reduced EPS sequentially by \$0.45

On a GAAP basis, EPS was \$(0.13), \$0.13 and \$(0.17) for Q2 2017, Q1 2018 and Q2 2018, respectively

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

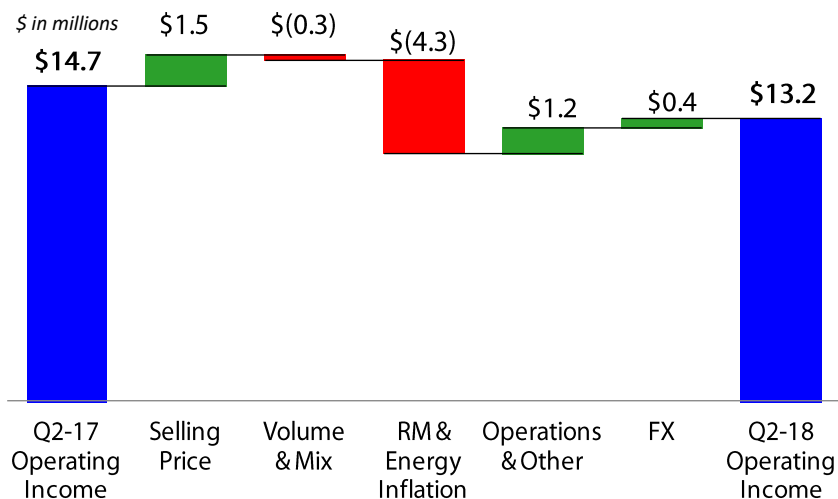
Adjusted EPS – Q2 2018 vs. Q2 2017



On a GAAP basis, Q2 2018 was a net loss of (\$7.4) million or (\$0.17) per share compared to net loss of (\$5.7) million or (\$0.13) per share in Q2 2017

Composite Fibers Q2 2018 Highlights

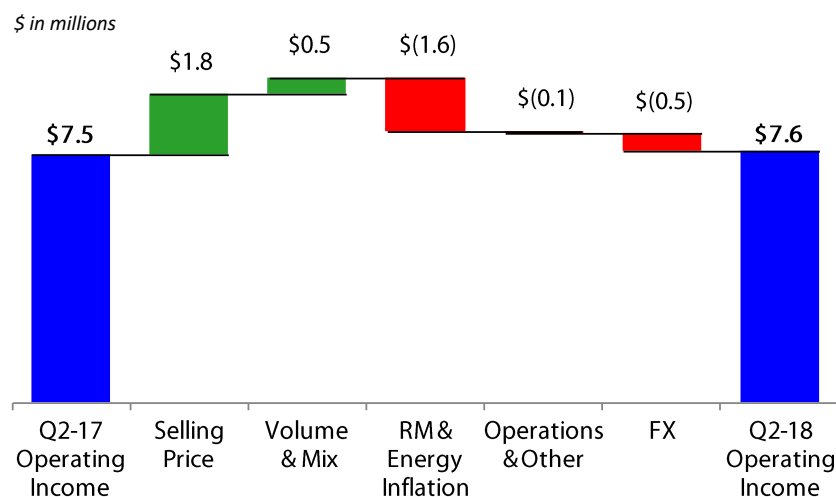
| Dollars in Thousands | Q2 2017 | Q1 2018 | Q2 2018 |
|----------------------|-----------|-----------|-----------|
| Tons shipped | 41,891 | 40,047 | 40,441 |
| Net sales | \$133,137 | \$141,598 | \$142,934 |
| Operating income | \$14,685 | \$15,289 | \$13,179 |
| EBITDA | \$21,697 | \$22,699 | \$20,379 |
| EBITDA margin | 16.3% | 16.0% | 14.3% |



- **Revenue up 7% versus Q2 2017 (1.5% on constant currency)**
 - Shipping volume down 3% versus Q2 2017
 - Food & beverage up 2%
 - Wallcover down 3%
 - Metallized Products down 17%
- **Raw material price increases are outpacing selling price increases**
 - Higher Selling prices favorably impacted results by \$1.5 million in the quarter
 - Raw material inflation unfavorable \$4.3 million mainly driven by higher wood pulp prices in the quarter
- **Solid paper machine performance and cost control improved operations by \$1.2 million**
- **Outlook (Q3 2018 vs. Q2 2018)**
 - Expect shipping volumes to be 8% higher than Q2 2018
 - Expect selling prices and raw material and energy prices to be slightly higher

Advanced Airlaid Materials Q2 2018 Highlights

| <i>Dollars in Thousands</i> | Q2 2017 | Q1 2018 | Q2 2018 |
|-----------------------------|----------|----------|----------|
| Tons shipped | 25,507 | 26,286 | 27,005 |
| Net sales | \$62,836 | \$69,609 | \$72,808 |
| Operating income | \$7,544 | \$7,217 | \$7,554 |
| EBITDA | \$9,876 | \$9,973 | \$11,089 |
| EBITDA margin | 15.7% | 14.3% | 15.2% |



- **Net sales up 11% on constant currency basis**

- Shipping volume up 6% versus Q2 2017
- Hygiene products shipments up 3%
- Wipes shipments up 27%

- **Higher selling prices reflect the contractual pass through of higher raw material prices to customers**

- **Operating profit flat**

- Depreciation expense increased \$1.2 million primarily due to investment in Fort Smith facility
- Fort Smith continues ramp up and now fully staffed

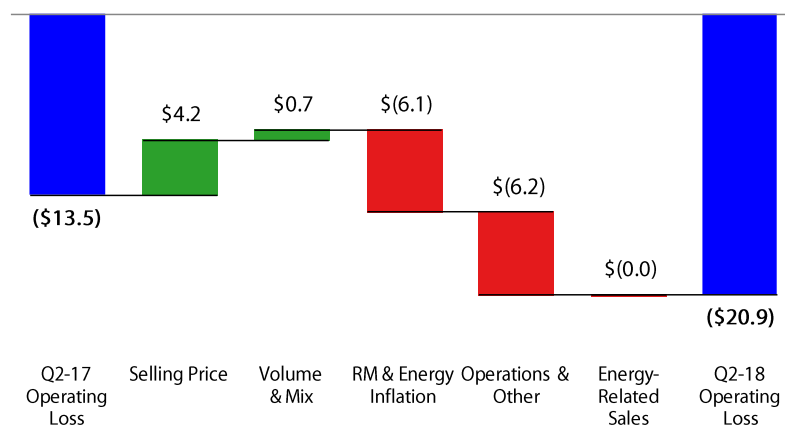
- **Outlook (Q3 2018 vs. Q2 2018)**

- Expect shipping volumes to be in-line
- Selling prices and raw material & energy prices are expected to increase slightly
- Extended customer qualification process has reduced 2018 shipping volume expectations to be up 6% - 8% versus 2017
- Expect downtime in Q3 to align supply and demand negatively impacting operating income by approximately \$1 million

Specialty Papers Q2 2018 Highlights

| <i>Dollars in Thousands</i> | Q2 2017 | Q1 2018 | Q2 2018 |
|-------------------------------|------------|-----------|------------|
| Tons shipped | 184,129 | 188,440 | 173,160 |
| Net sales | \$191,368 | \$199,440 | \$190,031 |
| Energy and related sales, net | \$981 | \$1,428 | \$945 |
| Operating income / (Loss) | (\$13,492) | \$2,370 | (\$20,889) |
| EBITDA | (\$5,784) | \$10,441 | (\$12,691) |
| EBITDA margin | -3.0% | 5.2% | -6.7% |

\$ in millions



- **Net sales down approximately 1%**
 - Shipments down 6% year-over-year versus flat for the broader UFS market – reflects machine shutdown in Sep 2017
 - Average selling price improved by \$39/ton compared to Q1 2018
 - Mix of products sold has improved
- **Higher selling prices favorably impacted results by \$4.2 million**
- **Significantly higher raw material and energy prices – primarily purchased pulp and colorformers for Carbonless**
- **Operations unfavorable \$6.2 million**
 - Annual maintenance outage costs were \$29.0 million in Q2 2018 versus \$22.9 million in Q2 2017
 - Depreciation increased \$0.8 million driven by environmental compliance investments
 - Higher freight costs of \$0.6 million due to truck availability
 - Continued benefits from salaried workforce reduction program implemented in Q3 2017
- **Outlook (Q3 2018 vs. Q2 2018)**
 - Expect shipping volumes to be 8% higher versus Q2 2018
 - Average selling prices are expected to increase \$20 per ton
 - Raw material and energy prices are expected to increase slightly

Note: Prior period amounts reflect the restatement of financials related to "ASU 2017-07"

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) | Q2'17 | Q2'18 |
|--|-----------------|----------------|
| Timberland sales and related costs | \$0.1 | \$0.6 |
| Strategic initiatives | — | (2.2) |
| Specialty Papers' environmental compliance | (0.2) | — |
| Airlaid capacity expansion | (2.5) | (1.7) |
| Cost optimization actions | (0.8) | — |
| Pension service costs | (2.7) | (2.7) |
| Corporate costs* | (4.4) | (3.4) |
| Total corporate costs & other financial items | (\$10.5) | (\$9.4) |

Excluded from adjusted earnings

Corporate costs in Q2 2018 are lower than Q2 2017 driven by cost control and lower incentive compensation

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) | Q2'17 | Q2'18 | H1'17 | H1'18 |
|---------------------------------------|---------------|-----------------|----------------|-----------------|
| Adjusted EBITDA | \$21.4 | \$15.7 | \$67.3 | \$54.6 |
| Change in working capital (*) | 8.2 | (15.0) | (10.2) | (25.3) |
| Taxes paid | (2.0) | (3.8) | (4.2) | (6.8) |
| Interest paid | (7.5) | (8.9) | (7.8) | (10.3) |
| Other | 1.1 | 4.4 | (16.3) | (12.1) |
| Cash Flow from Operations | 21.2 | (7.6) | 28.8 | 0.0 |
| Less: Capital expenditures | (34.3) | (10.4) | (71.0) | (36.9) |
| Free Cash Flow | (13.1) | (18.0) | (42.3) | (36.9) |
| Adjustment for major capital projects | 16.0 | 1.3 | 33.3 | 12.6 |
| Adjusted Free Cash Flow | \$3.0 | (\$16.7) | (\$9.0) | (\$24.3) |

- Lower cash flow in Q2'18 driven by lower earnings and increased working capital
- Capital expenditures in Q2'18 were \$23.9 million lower than Q2'17
 - Boiler environmental compliance projects completed in early 2017
 - Q2'18 includes \$1.3 million for airlaid capacity expansion versus \$11.9 million in Q2'17
- With completion of major capital programs, cash flow in second half of 2018 is expected to improve significantly

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 Other Cost Estimates

Capital Expenditures Estimate

| (in millions) | 2016A | 2017A | 2018E |
|--|-------|-------|-------------|
| Normal Capital Expenditures | \$60 | \$73 | \$47 - \$49 |
| Major Projects | | | |
| Boiler Environmental Compliance (SPBU) | \$69 | \$13 | – |
| Capacity expansion (AMBU) | \$31 | \$46 | 13 |
| Total | \$160 | \$132 | \$60 - \$62 |

Major Programs One-Time P&L Costs Estimates

| (in millions, after-Tax) | 2016A | 2017A | 2018E |
|--|-------|-------|-------|
| Boiler Environmental Compliance (SPBU) | \$5 | \$4 | - |
| Capacity expansion (AMBU) | \$2 | \$9 | \$4 |
| Cost Optimization Programs (CFBU & SPBU) | \$3 | \$9 | - |
| Total | \$10 | \$23 | \$4 |

- **Advanced Airlaid Materials capacity expansion project completed**
 - Commercial shipments started in Q1'18
- **Expect significantly lower capital expenditures in 2018 with completion of major capital programs**
- **Depreciation and amortization expense for 2018 estimated at \$80 million**

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

Balance Sheet Metrics

| (in millions) | 30-Dec-16 | 30-Dec-17 | 30-Jun-18 |
|--|----------------|----------------|----------------|
| Cash | \$55.4 | \$116.2 | \$107.2 |
| | | | |
| Debt | | | |
| Current portion of long term debt | 9.0 | 11.3 | 11.0 |
| 5%% Notes, due October 2020 | 250.0 | 250.0 | 250.0 |
| Term Loans 1.3% - 2.4% due 2022 - 2025 | 54.6 | 50.8 | 43.9 |
| Revolving credit agreement | 61.6 | 171.2 | 217.9 |
| Unamortized deferred financing costs | (2.6) | (1.9) | (1.6) |
| Total Debt | \$372.6 | \$481.4 | \$521.2 |
| | | | |
| Net Debt | \$317.2 | \$365.2 | \$414.0 |
| Shareholders' Equity | \$653.8 | \$708.9 | \$687.0 |
| TTM Adj. EBITDA (excl. Pension) | \$159.6 | \$159.4 | \$146.6 |
| Leverage* | 2.0 | 2.3 | 2.8 |
| Available Liquidity | \$232.0 | \$183.7 | \$89.7 |

- **Net debt increased \$49 million from Dec 2017**
 - Seasonal working capital use
 - Major capital programs nearly complete
- **Leverage at 2.8x as of June 30, 2018 based on Adjusted EBITDA**
- **Total liquidity of \$90 million**
 - Expect liquidity to improve by end of 2018
- **Continue to have financial flexibility to pursue strategic growth options**

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 2018 Versus Q2 2018

Composite Fibers

- Expect shipping volumes to be 8% higher than Q2 2018
- Expect selling prices and raw material and energy prices to be slightly higher

Advanced Airlaid Materials

- Expect shipping volumes to be in-line
- Selling prices and raw material & energy prices are expected to increase slightly
- Extended customer qualification process has reduced 2018 shipping volume expectations to be up 6% - 8% versus 2017
- Expect downtime in Q3 to align supply and demand negatively impacting operating income by approximately \$1 million

Specialty Papers

- Expect shipping volumes to be 8% higher versus Q2 2018
- Average selling prices are expected to increase \$20 per ton
- Raw material and energy prices are expected to increase slightly

Other

- Corporate costs are expected to be \$1 million higher than Q2 2018
- Pension expense for 2018 expected to be approximately \$7.5 million compared to \$6.6 million in 2017
- Effective tax rate is expected to be approximately 35% for second half of 2018
- Capital expenditures are expected to total between \$60 million and \$62 million in 2018
- Depreciation and amortization expected to be approximately \$80 million in 2018 compared to \$76 million in 2017
- Net interest expense is expected to be \$23 million in 2018 compared to \$18 million in 2017 reflecting debt incurred for major capital programs, higher interest rates and capitalization of interest in 2017 of \$2.1 million related to major capital programs

Impact of Adopting New Pension Reporting Classification on Income Statement – Quarter

Quarter Ended June 30, 2018 (Income)/Expense

| (in millions) | Pension | OPEB | Total |
|---------------------------------|---------|-------|---------|
| Total Expense | \$2.0 | \$0.4 | \$2.4 |
| Amount included in Other Income | (\$0.7) | \$0.1 | (\$0.6) |
| Amount in Operating Profit | \$2.7 | \$0.3 | \$3.0 |

Quarter Ended June 30, 2017 (Income)/Expense

| (in millions) | Pension | OPEB | Total |
|---|---------|-------|---------|
| Total Expense (previously reported in operating profit) | \$2.0 | \$0.7 | \$2.7 |
| Amount included in Other Income | (\$0.7) | \$0.4 | (\$0.3) |
| Amount in Operating Profit | \$2.7 | \$0.3 | \$3.0 |

Six months ended June 30, 2018 (Income)/Expense

| (in millions) | Pension | OPEB | Total |
|---------------------------------|---------|-------|---------|
| Total Expense | \$3.8 | \$1.0 | \$4.8 |
| Amount included in Other Income | (\$1.8) | \$0.4 | (\$1.4) |
| Amount in Operating Profit | \$5.6 | \$0.6 | \$6.2 |

Six months Ended June 30, 2017 (Income)/Expense

| (in millions) | Pension | OPEB | Total |
|---|---------|-------|---------|
| Total Expense (previously reported in operating profit) | \$3.3 | \$1.3 | \$4.6 |
| Amount included in Other Income | \$2.0 | \$0.7 | (\$1.3) |
| Amount in Operating Profit | \$5.3 | \$0.6 | \$5.9 |

- GLT adopted new reporting standard for pension reporting in Q1 2018
- Only the service cost component of pension and post-employment benefits remains in operating profit
- Other components of pension and post-employment benefit expense are included in other income (below operating profit)
- Q2 2017 income statements have been recast to reflect adoption of the new classification.

GLT adopted ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Costs, in Q1 2018.

Impact of Adopting New Pension Reporting Classification on Income Statement – Full Year

Year Ended December 31, 2018 (Income)/Expense

| (in millions) | Pension | OPEB | Total |
|---|---------|-------|---------|
| Total Expense (current estimate for 2018) | \$7.5 | \$1.9 | \$9.4 |
| Amount to be classified as Other Income | (\$3.7) | \$0.8 | (\$2.9) |
| Amount to remain in Operating Profit | \$11.2 | \$1.1 | \$12.3 |

Year Ended December 31, 2017 (Income)/Expense

| (in millions) | Pension | OPEB | Total |
|--|---------|-------|---------|
| Total Expense (currently reported in operating profit) | \$6.6 | \$2.6 | \$9.2 |
| Amount to be classified as Other Income | (\$4.1) | \$1.4 | (\$2.7) |
| Amount to remain in Operating Profit | \$10.7 | \$1.2 | \$11.9 |

Year Ended December 31, 2016 (Income)/Expense

| (in millions) | Pension | OPEB | Total |
|--|---------|-------|--------|
| Total Expense (currently reported in operating profit) | \$12.8 | \$2.1 | \$14.9 |
| Amount to be classified as Other Income | \$2.3 | \$1.0 | \$3.3 |
| Amount to remain in Operating Profit | \$10.5 | \$1.1 | \$11.6 |

GLT adopted ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Costs, in Q1 2018.

Pension Plan Remains Overfunded

| (in millions) | 2015 | 2016 | 2017 | 2018 Est. |
|-----------------------------------|---------------|-----------------------------|---------------|--------------|
| Plan Assets | \$594.9 | \$610.7 | \$673.1 | N/A |
| Plan Liabilities | \$541.9 | \$552.0 | \$600.7 | N/A |
| Funded status | \$53.0 | \$58.7 | \$72.4 | N/A |
| Pension Expense | \$9.1 | \$5.5 ⁽¹⁾ | \$6.6 | \$7.5 |
| Cash contributions ⁽²⁾ | \$0 | \$0 | \$0 | \$0 |
| Discount Rate for Expense | 4.22% | 4.65% | 4.43% | 3.85% |
| Return on Asset Assumption | 8.00% | 7.75% | 7.25% | 7.00% |

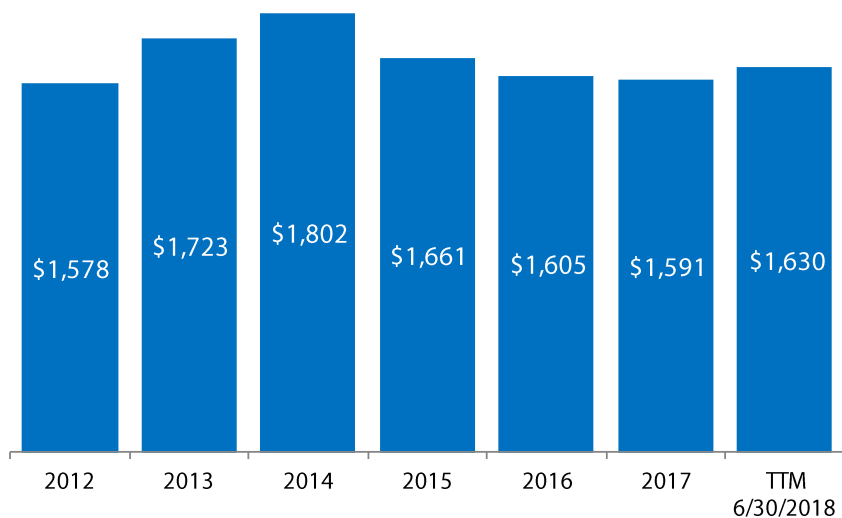
(1) Excludes one-time settlement charges of \$7.3 million

(2) Qualified plans only

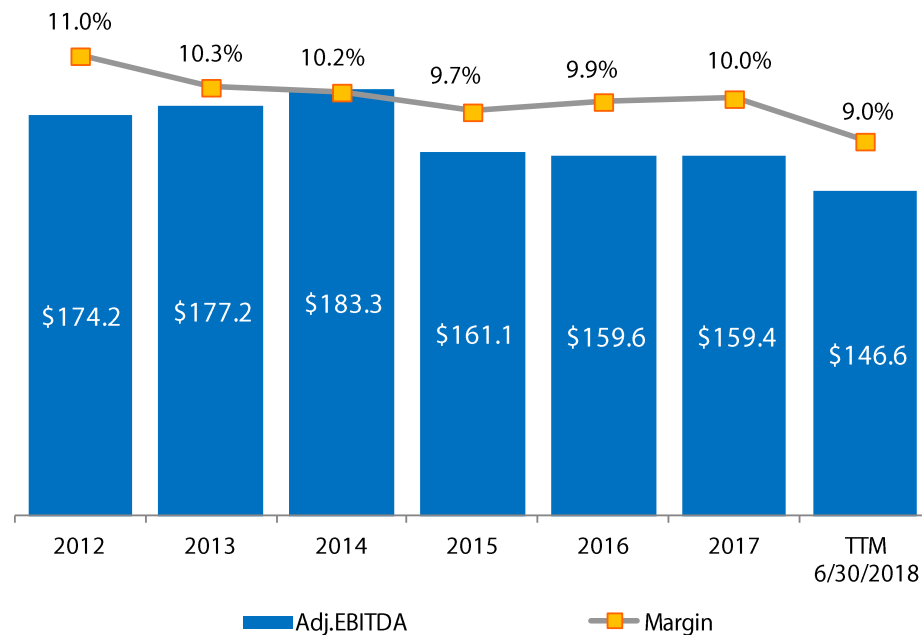
No cash contribution required in 2018 or expected for the foreseeable future.

Financial Highlights

Net Sales
(in millions)



Adj. EBITDA / Margin %
(in millions)



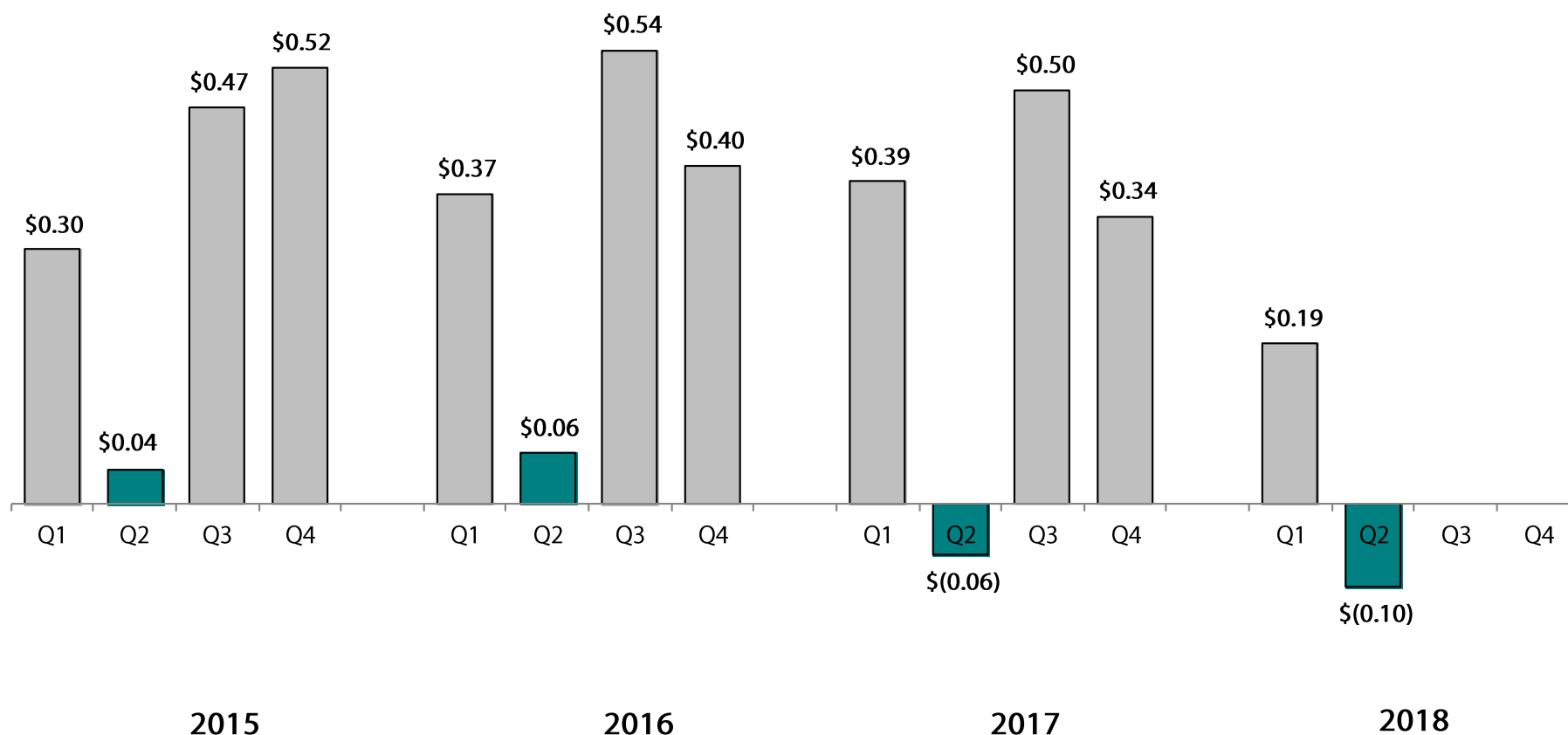
Financial Overview

| (in millions) | Q2'17 | Q2'18 |
|--|----------|----------|
| Net Sales | \$387.3 | \$405.8 |
| Adjusted operating income, excl. Pension | \$4.3 | (\$3.3) |
| Adjusted EBITDA, excl. Pension | \$21.4 | \$15.7 |
| | | |
| Free Cash Flow | (\$13.1) | (\$18.0) |
| Adjusted Free Cash Flow | \$3.0 | (\$16.7) |

| (in millions) | Dec 31 2017 | Jun 30 2018 |
|---------------|-------------|-------------|
| Net Debt | \$365.2 | \$414.0 |
| Cash | \$116.2 | \$107.2 |

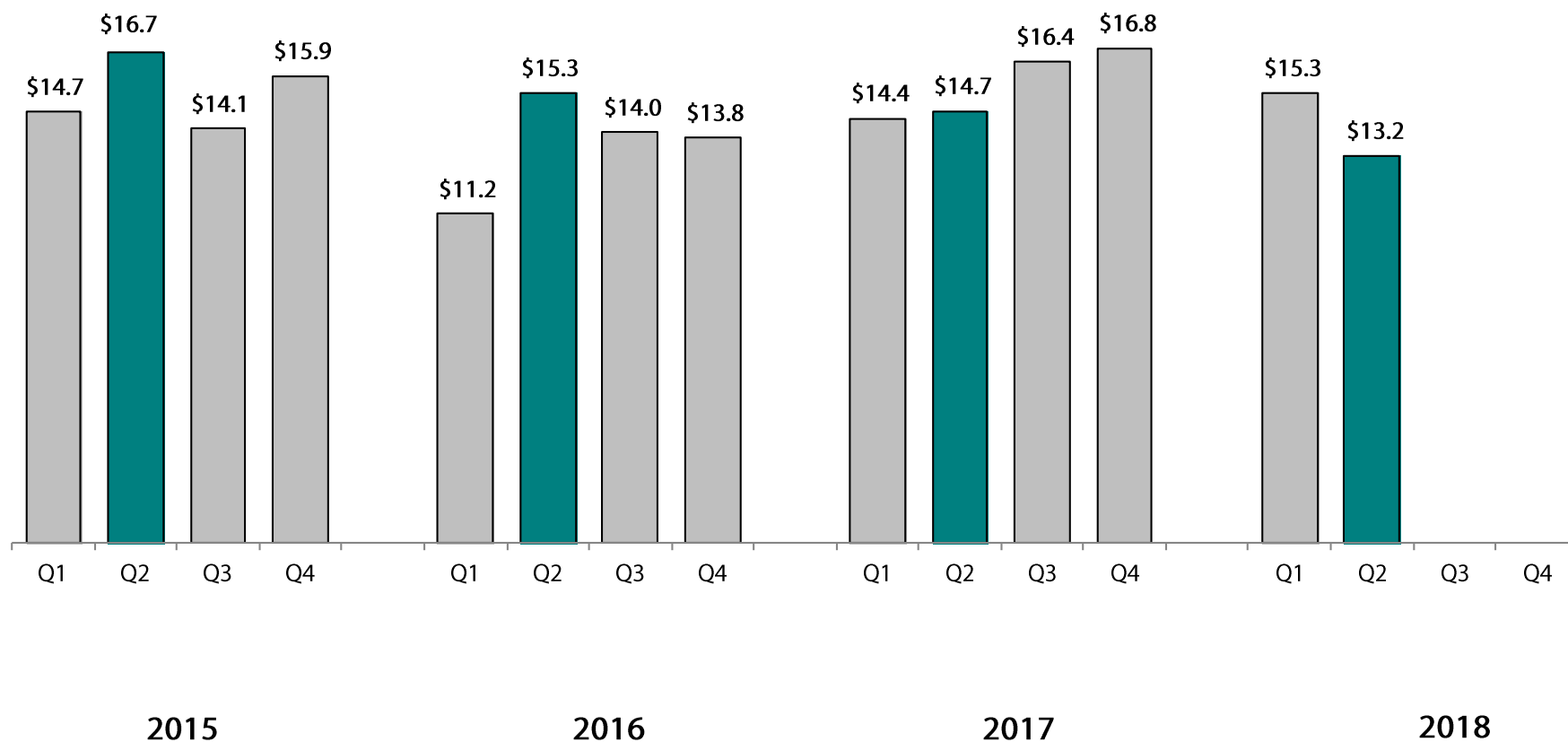
Adjusted EPS

(EPS Before Special Items)

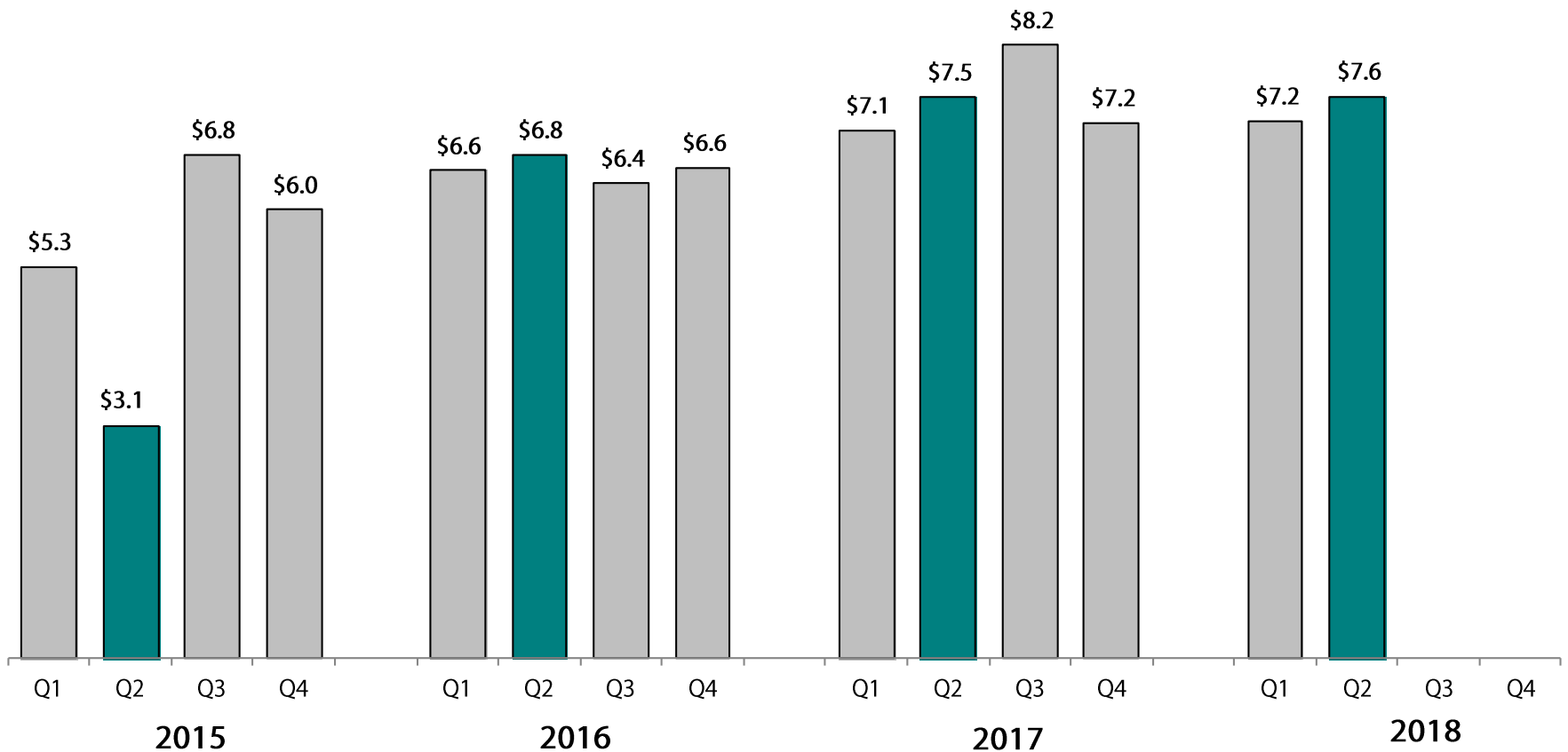


Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

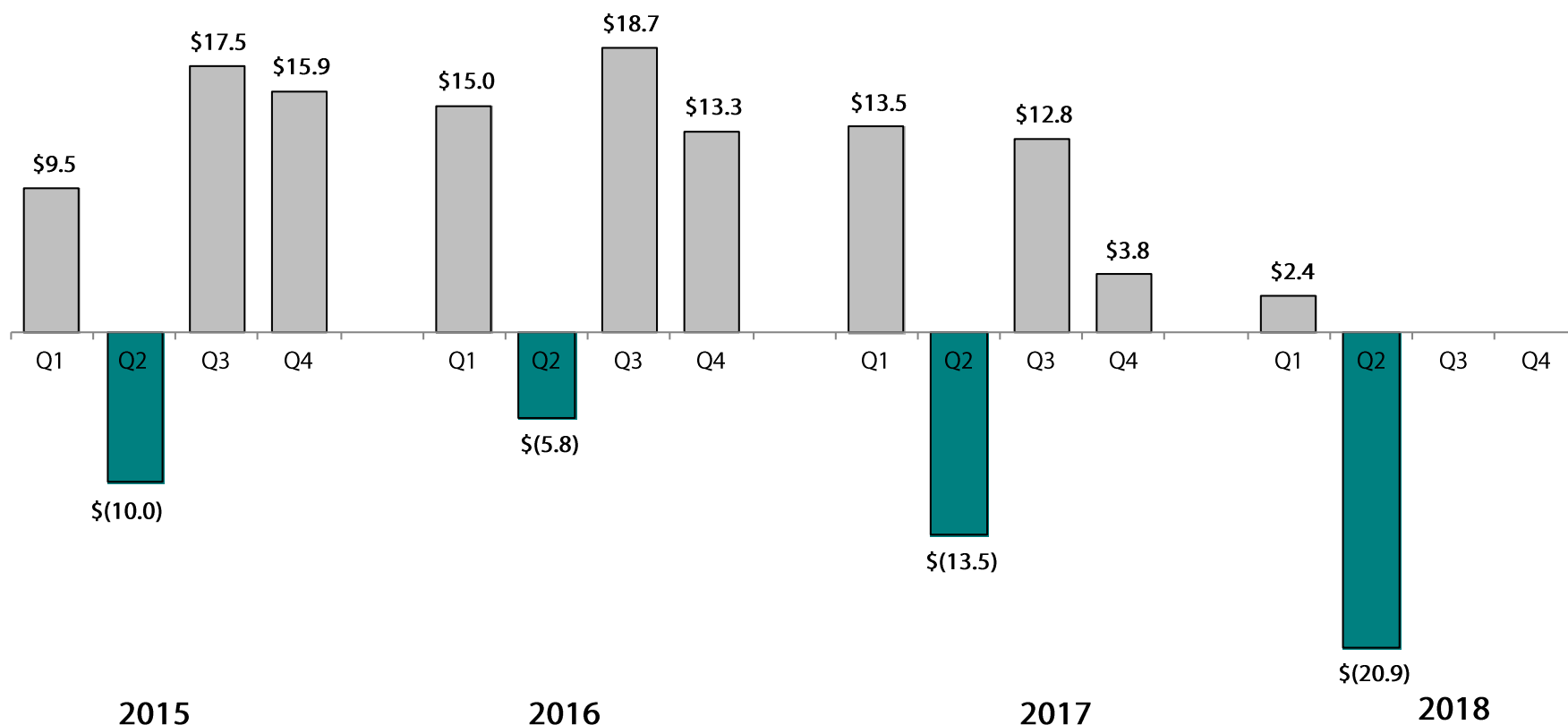
Composite Fibers Operating Income



Advanced Airlaid Materials Operating Income



Specialty Papers Operating Income



Note – Operating profit is adjusted for new pension reporting classification standard “ASU 2017-07” for only 2017 and 2018

Reconciliation of Non-GAAP Measures

Adjusted EPS

| | 2015 | | | | 2016 | | | | 2017 | | | | 2018 | | | |
|--|----------|---------|----------|----------|----------|---------|----------|------------|----------|-----------|----------|------------|---------|------------|------|------|
| | 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 (loss) | \$13,925 | \$2,848 | \$13,504 | \$34,298 | \$16,167 | \$1,966 | \$19,601 | (\$16,180) | \$11,603 | (\$5,714) | \$12,104 | (\$10,078) | \$5,716 | \$ (7,398) | \$ - | \$ - |
| Adjustments (<i>pre-tax</i>) | | | | | | | | | | | | | | | | |
| Costs related to strategic initiatives | — | — | — | — | — | — | — | — | — | — | — | — | 2,109 | 2,172 | — | — |
| Specialty Papers' environmental compliance | — | — | — | — | 37 | 1,088 | 5,520 | 1,703 | 2,264 | 216 | 596 | 541 | — | — | — | — |
| Airlaid capacity expansion costs | — | — | — | 50 | 56 | 201 | 1,051 | 1,353 | 1,958 | 2,495 | 2,581 | 3,820 | 3,033 | 1,672 | — | — |
| Fox River environmental matter | — | — | 10,000 | — | — | — | — | 40,000 | — | — | — | — | — | — | — | — |
| Asset impairment charge | — | — | 1,201 | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Timberland sales and related costs | (2,654) | (51) | — | (18,162) | — | — | — | — | — | (74) | (114) | — | (1,115) | (565) | — | — |
| Cost Optimization | 1,339 | 614 | 296 | 212 | 88 | — | — | 3,446 | 2,013 | 775 | 6,839 | 361 | — | — | — | — |
| Pension Settlement | — | — | — | — | — | — | — | 7,306 | — | — | — | — | — | — | — | — |
| Acquisition and integration related costs | 160 | — | 18 | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Total adjustments (<i>pre-tax</i>) | (1,155) | 563 | 11,515 | (17,900) | 181 | 1,289 | 6,571 | 53,808 | 6,235 | 3,412 | 9,902 | 4,722 | 4,027 | 3,279 | — | — |
| Income tax (benefits) provision | 604 | (1,567) | (4,212) | 6,503 | (56) | (487) | (2,193) | (19,983) | (682) | (317) | (123) | (519) | (955) | (354) | — | — |
| U.S. Tax Reform | — | — | — | — | — | — | — | — | — | — | — | 20,922 | (180) | 172 | — | — |
| Total after-tax adjustments | (551) | (1,004) | 7,303 | (11,397) | 125 | 802 | 4,378 | 33,825 | 5,553 | 3,095 | 9,779 | 25,125 | 2,892 | 3,097 | — | — |
| Adjusted earnings (loss) | \$13,374 | \$1,844 | \$20,807 | \$22,901 | \$16,292 | \$2,768 | \$23,979 | \$17,645 | \$17,156 | (\$2,619) | \$21,883 | \$15,047 | \$8,608 | \$ (4,301) | \$ - | \$ - |
| Adjusted EPS (LPS) | \$0.30 | \$0.04 | \$0.47 | \$0.52 | \$0.37 | \$0.06 | \$0.54 | \$0.40 | \$0.39 | (\$0.06) | \$0.50 | \$0.34 | \$0.19 | \$ (0.10) | \$ - | \$ - |
| Shares | 43,949 | 44,032 | 43,865 | 43,878 | 43,871 | 44,062 | 44,133 | 43,577 | 44,493 | 43,604 | 44,182 | 43,634 | 44,567 | 43,770 | - | - |

Reconciliation of Non-GAAP Measures

Adjusted EBITDA, Excluding Pension

Adjusted Operating Income, Excluding Pension

| <i>In millions</i> | Q2 2017 | Q2 2018 | H1 2017 | H1 2018 |
|--|----------------|-----------------|----------------|----------------|
| Net Income | \$ (5.7) | \$ (7.4) | \$ 5.9 | \$ (1.7) |
| Taxes | (0.4) | (8.0) | 5.7 | (5.3) |
| Net Pension Expenses | 2.0 | 2.0 | 3.3 | 3.7 |
| Depreciation and Amortization | 17.7 | 20.1 | 35.0 | 39.5 |
| Net Interest Expense | 4.4 | 5.8 | 8.3 | 10.9 |
| EBITDA, excluding pension | \$ 18.0 | \$ 12.4 | \$ 58.2 | \$ 47.2 |
| <u>Adjustments / Exclusions:</u> | | | | |
| Gains on Timberland Sales and Transaction Related Costs | (0.1) | (0.6) | (0.1) | (1.7) |
| Specialty Paper Environmental Compliance | 0.2 | - | 2.5 | - |
| Airlaid Capacity Expansion | 2.5 | 1.7 | 4.4 | 4.7 |
| Cost optimization actions (net of asset write off) | 0.7 | - | 2.3 | (0.0) |
| Costs related to strategic initiatives | - | 2.2 | - | 4.3 |
| Adjusted EBITDA, excluding pension | \$ 21.4 | \$ 15.7 | \$ 67.3 | \$ 54.6 |
| Depreciation and Amortization (excludes asset write off) | (17.6) | (20.1) | (34.5) | (39.5) |
| Other (Income)/Expense | 0.6 | 1.1 | 1.1 | 1.5 |
| Adjusted Operating Income, excluding pension | \$ 4.3 | \$ (3.3) | \$ 34.0 | \$ 16.5 |

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> | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | TTM 6/30/2018 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Net Income | \$ 59.4 | \$ 67.2 | \$ 69.2 | \$ 64.6 | \$ 21.6 | \$ 7.9 | \$ 0.3 |
| Taxes | 19.6 | 2.0 | 18.1 | 14.0 | (10.7) | 31.4 | 20.5 |
| Pension Expense | 11.6 | 14.2 | 6.7 | 9.1 | 5.5 | 6.6 | 7.1 |
| Depreciation and Amortization | 69.5 | 68.2 | 70.6 | 63.2 | 65.8 | 76.0 | 80.6 |
| Net Interest Expense | <u>18.2</u> | <u>17.7</u> | <u>18.8</u> | <u>17.2</u> | <u>15.6</u> | <u>17.5</u> | <u>20.1</u> |
| EBITDA, excluding Pension | \$ 178.3 | \$ 169.3 | \$ 183.4 | \$ 168.1 | \$ 97.7 | \$ 139.6 | \$ 128.7 |
| <u>Adjustments / exclusions:</u> | | | | | | | |
| Gains on Timberland Sales and Transaction Related Costs | (9.2) | (1.4) | (4.9) | (20.9) | - | (0.2) | (1.8) |
| Pension settlement charges | - | - | - | - | 7.3 | - | - |
| SPBU Environmental Compliance | - | - | - | - | 8.3 | 3.6 | 1.1 |
| Asset Impairment Charge | - | - | 3.3 | 1.2 | - | - | - |
| Debt Redemption Costs | 5.1 | - | - | - | - | - | - |
| Strategic Initiatives | - | - | - | - | - | - | 4.3 |
| Acquisition and Integration Related Costs | - | 6.5 | 1.1 | 0.2 | - | - | - |
| Cost optimization actions (net of asset write off) | - | - | 0.5 | 2.5 | 3.5 | 5.5 | 3.2 |
| International Legal Entity Restructuring | - | 2.8 | - | - | - | - | - |
| AMBU Capacity Expansion | - | - | - | 0.1 | 2.7 | 10.9 | 11.1 |
| Fox River Environmental matter | <u>-</u> | <u>-</u> | <u>-</u> | <u>10.0</u> | <u>40.0</u> | <u>-</u> | <u>-</u> |
| Adjusted EBITDA, excluding pension | <u>\$ 174.2</u> | <u>\$ 177.2</u> | <u>\$ 183.3</u> | <u>\$ 161.1</u> | <u>\$ 159.6</u> | <u>\$ 159.4</u> | <u>\$ 146.6</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

Adjusted EBITDA, Excluding Pension

| <i>In 000's</i> | Q2'17 | Q1'18 | Q2'18 |
|---|------------------|-----------------|-------------------|
| Composite Fibers Operating Profit | \$14,685 | \$15,289 | \$13,179 |
| Addback: Depreciation & Amortization | 7,011 | 7,411 | 7,200 |
| Composite Fibers EBITDA | <u>\$21,697</u> | <u>\$22,699</u> | <u>\$20,379</u> |
| Advanced Airloid Materials Operating Profit | \$7,544 | \$7,217 | \$7,554 |
| Addback: Depreciation & Amortization | 2,332 | 2,756 | 3,535 |
| Advanced Airloid Materials EBITDA | <u>\$9,876</u> | <u>\$9,973</u> | <u>\$11,089</u> |
| Specialty Papers Operating Profit | (\$13,492) | \$2,370 | (\$20,889) |
| Addback: Depreciation & Amortization | 7,708 | 8,070 | 8,198 |
| Specialty Papers EBITDA | <u>(\$5,784)</u> | <u>\$10,441</u> | <u>(\$12,691)</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 | 6/30/2018 |
|-----------------------------------|----------------|----------------|----------------|
| <i>In millions</i> | 2016 | 2017 | 2018 |
| Current Portion of Long-Term Debt | \$9.0 | \$11.3 | \$11.0 |
| Long-Term Debt | 363.6 | 470.1 | 510.2 |
| Total Debt | 372.6 | 481.4 | 521.2 |
| Less: Cash | (55.4) | (116.2) | (107.2) |
| Net Debt | <u>\$317.2</u> | <u>\$365.2</u> | <u>\$414.0</u> |
| Net Debt | \$317.2 | \$365.2 | \$414.0 |
| Divided by: TTM Adjusted EBITDA | 159.6 | 159.4 | 146.6 |
| Leverage* | <u>2.0x</u> | <u>2.3x</u> | <u>2.8x</u> |

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