



**G L A T F E L T E R**

# **Jefferies Virtual Industrials Conference**

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August 6, 2020

NYSE: GLT

Dante Parrini, Chairman & CEO

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

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*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” and similar expressions to identify forward-looking statements. Any such statements are based on management’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: the impacts of the COVID-19 pandemic, changes in industry, business, market, political and economic conditions globally, demand for or pricing of its products, changes in tax legislation, governmental laws, regulations and policies, initiatives of regulatory authorities, technological changes and innovations, market growth rates, and currency exchange rates. In light of these risks, uncertainties and other factors, the forward-looking matters discussed in this presentation 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 presentation 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 presentation. 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](http://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.



# Agenda

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- Investment Highlights & Company Evolution
- Business Overview:
  - Airlaid Materials
  - Composite Fibers
- Cash Flow, Balance Sheet & Liquidity
- 2020 Growth & Focus Areas



# Investment Highlights

## Leading Positions in Growing Markets

- Global engineered materials company serving attractive markets growing at GDP / GDP+ levels
- #1 market share in feminine hygiene, adult incontinence, table top, tea bags, single-serve coffee, and wallcover

## Strong Engineering & Innovation Capabilities

- Deep knowledge of materials, manufacturing technology, and product performance
- Delivering customized solutions and innovative products to key strategic customers

## Operational Excellence & Continuous Improvement

- Robust Continuous Improvement program focused on minimizing waste and maximizing uptime
- Corporate costs reduced by \$15 million (2020 vs. 2018) as part of portfolio transformation and operating model

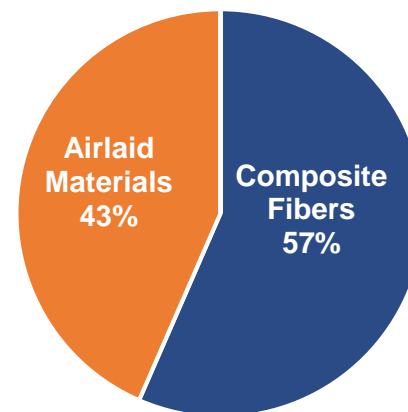
## Improving Cash Flow and Balance Sheet

- More stable cash flows and strong balance sheet to fund attractive dividend and growth opportunities
- Less capital intensity post divestiture of Specialty Papers & resolution of Fox River environmental matter

## Financial Profile

(TTM 6/30/20)

Sales: \$911 million

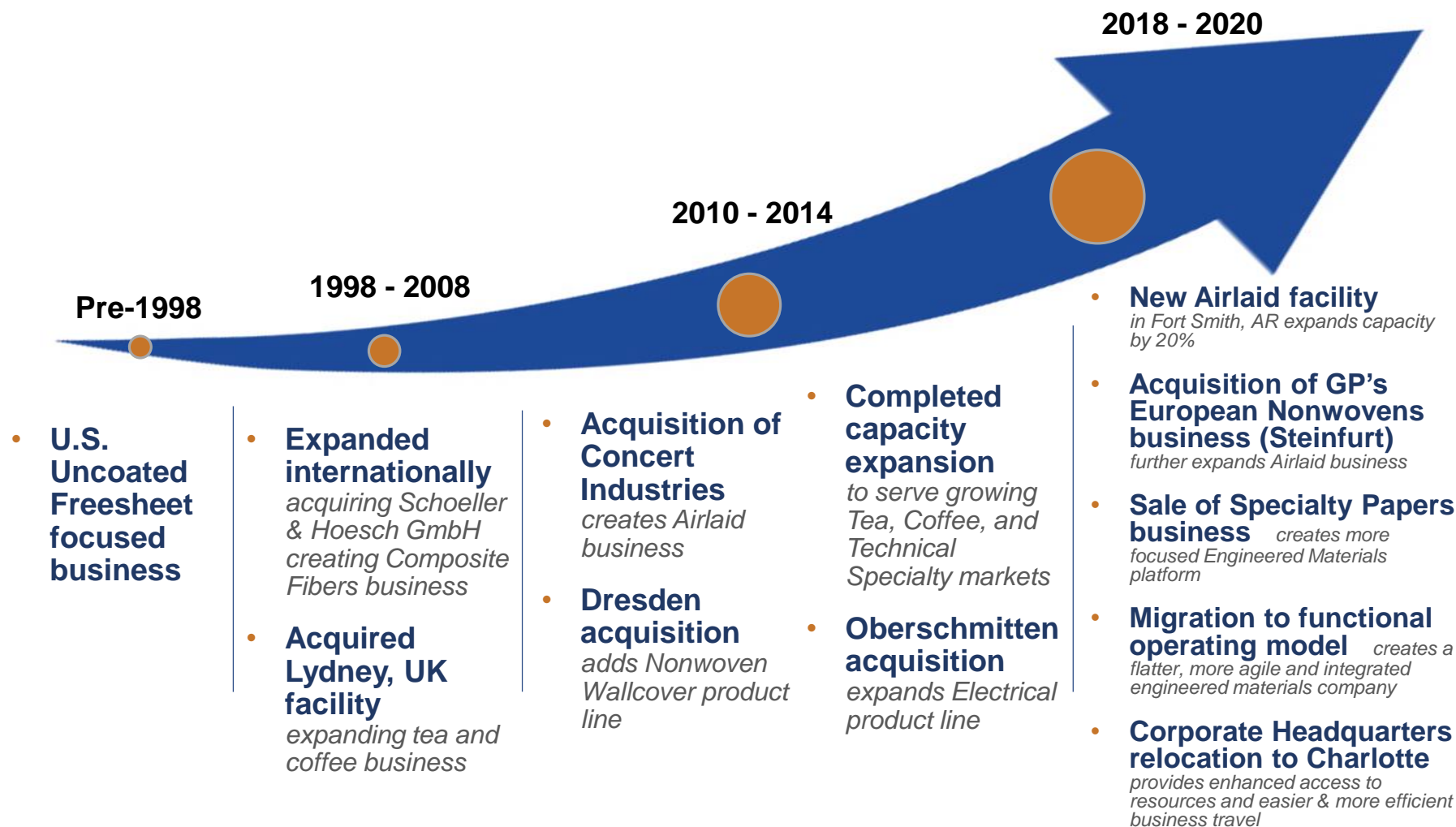


Adjusted EBITDA

\$114.4 million

12.6%

# Evolution of the New Glatfelter





G L A T F E L T E R

# ESSENTIAL for Everyday Life



## FOOD & BEVERAGE

Tea Bag; Single-serve Coffee; Food Pad

**ESSENTIAL** – as you brew your favorite beverage and prepare nutritious meals for your family:



High-performance tea bag filters for superior infusion



Coffee solutions suitable for all common brewing devices



Safe, absorbent packaging for meat, poultry & fish



## PERSONAL CARE

Feminine Hygiene; Adult Incontinence; Baby Wipes

**ESSENTIAL** - for maintaining a healthy and active lifestyle even as we practice social distancing:



Absorbent cores trusted by hygiene industry leaders



Comfortable and discreet adult consumer products



Soft and strong cleaning solutions for our little ones



## CONSUMER SOLUTIONS

Floor & Home Care; Table Top; Dispersible Wipes



Disinfect hard surfaces, keyboards, cell phones



Dust, absorb spills and scrub hard to clean surfaces



Replace linens with disposable napkins and table cloth



Protect laundry loads with color-catching sheets

**Approximately 85% of Glatfelter Revenue is tied to Essential Consumer Staples**



# Highlights – Q2 2020

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- **Q2 2020 Adjusted EPS of \$0.22 and Adjusted EBITDA of \$29 million**
  - EPS \$0.05 higher than consensus driven by CF segment results and lower taxes
- **Another record quarterly EBITDA for Airlaid Materials of \$17.8 million**
  - Favorable mix, disciplined cost control, and efficient operations resulted in a record 19% EBITDA margin
- **Composite Fibers business outperformed expectations for the quarter**
  - Strong shipments in the Food & Beverage category as well as better than expected demand for wallcover products
- **All production locations remained operational during COVID-19 pandemic**
  - Extensive health and safety protocols working effectively
- **Pension termination and settlement activities complete**
  - \$33.1 million remainder available for general corporate purposes
- **Adjusted free cash flow in-line with Q2 2019**
- **Strong Balance Sheet - Net Leverage at 2.4x as of June 30, 2020**





# About Airlaid Materials

## Key Performance Characteristics

*Highly absorbent*

*Very thin profile*

*Soft, cloth-like feel*

*Multi-layer capability for dynamic fluid management systems*

## Primary Applications

*Absorbent core for fem-care and adult incontinence products*

*Moist wipes for consumer applications*

*Disposable table top products*

*Absorbent food pads*

## Primary Inputs

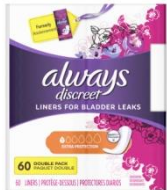
*Fluff pulp*

*Synthetic fibers*

*Super absorbent polymers*

*Latex*

## Applications



## Blue Chip Customers



Procter & Gamble



ROCKLINE  
INDUSTRIES



Johnson & Johnson



Kimberly-Clark



First Quality





# Leading Positions Across Airlaid Portfolio

## Key Success Factors

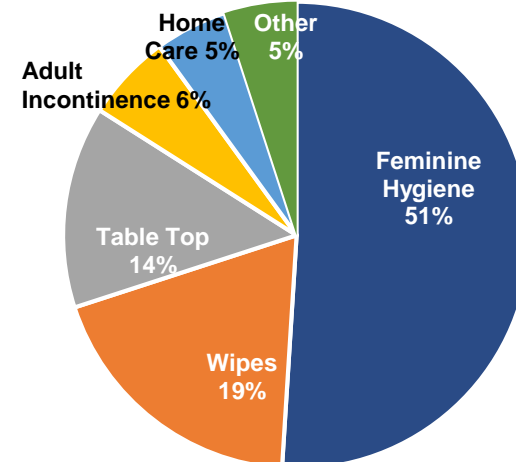
- Increased consumer focus on health & wellness, convenience and an aging population driving attractive long term growth opportunities
- Markets growing at GDP / GDP+ rates\*:
  - Feminine Hygiene ~2%
  - Wipes ~4%
  - Table Top ~4%
  - Adult Incontinence ~6%
- Acknowledged industry leader with economies of scale, global manufacturing footprint and diversified product portfolio
- Innovation and product development partner with “Blue Chip” customers

\* Growth rates are long term and do not reflect near-term COVID related impacts

## Category Positions

Feminine Hygiene	#1
Adult Incontinence	#1
Table Top	#1
Wipes	#2

## Sales Mix



# Airlaid Materials

## Financial Trends

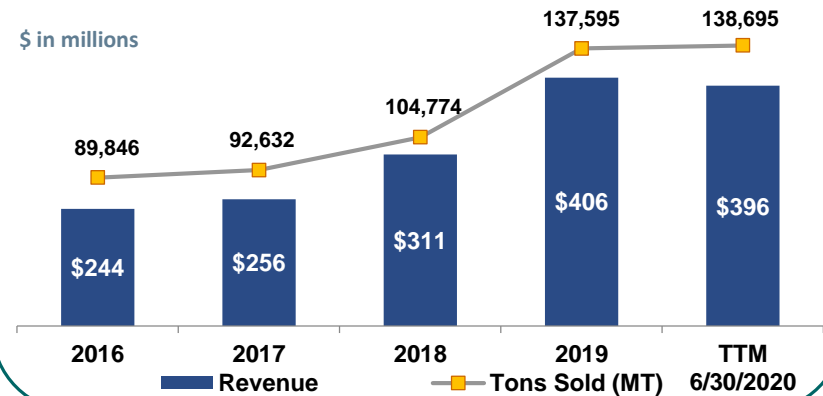
### Positioned for Growth

- Shipments slightly higher but revenue lower driven by declining raw material costs contractually passed through to customers (June 2020 TTM versus 2019)
- Volume growth despite market volatility as majority of product portfolio is closely tied to essential consumer staples
  - Table Top impacted by COVID-19 pandemic

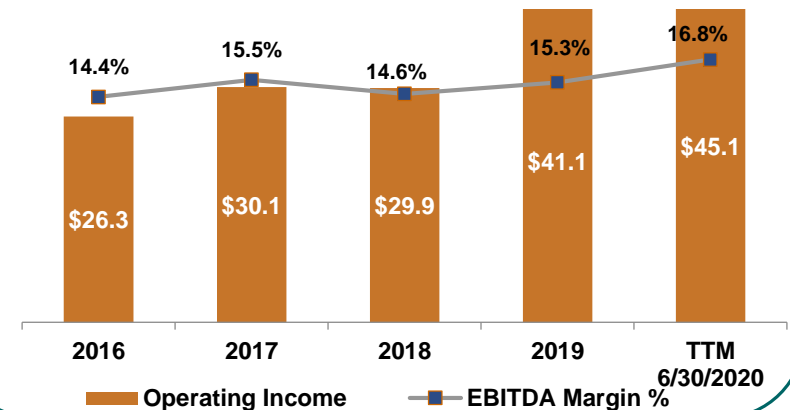
### Track Record of Improving Profitability and Margins

- Strong operational excellence, and CI programs improving efficiencies
- Pass through of raw material cost changes (on ~70% of revenue)
- Operating Profit up 10% in 2020 (6/30 TTM) versus 2019 with steadily growing margins

### Revenue & Shipment Trend



### Operating Income & EBITDA Margin



# About Composite Fibers

## Key Performance Characteristics

*Light weight substrates with excellent wet strength*

*High quality improves efficiency on customer production lines*

*Dimensional stability and dry stripability for wallcover*

## Primary Applications

*Tea and single-serve coffee*

*Wallcover*

*Functional materials for batteries and capacitors*

*Dispersible consumer wipes*

*Furniture and flooring*

## Primary Inputs

*Softwood pulps*

*Abaca pulp*

*Specialty fibers*

## Applications



## Blue Chip Customers



# Leading Positions Across Composite Fibers Portfolio

## Key Success Factors

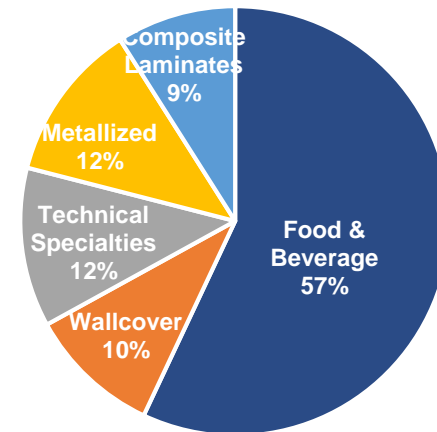
- Increased consumer focus on convenience, wellness, and mobility driving attractive long term growth opportunities
- Markets growing at GDP / GDP+ rates\*:
  - Tea ~2%
  - Single Serve Coffee ~6%
  - Electrical ~4%
  - Wipes ~4%
- Unrivalled incline-wire manufacturing assets and superior product quality
- Restructured Metallized business to optimize manufacturing footprint and cost structure

\* Growth rates are long term and do not reflect near-term COVID related impacts

## Category Positions

Tea Bags	#1
Single-Serve Coffee	#1
Nonwoven Wallcover	#1

## Sales Mix



# Composite Fibers

## Financial Trends

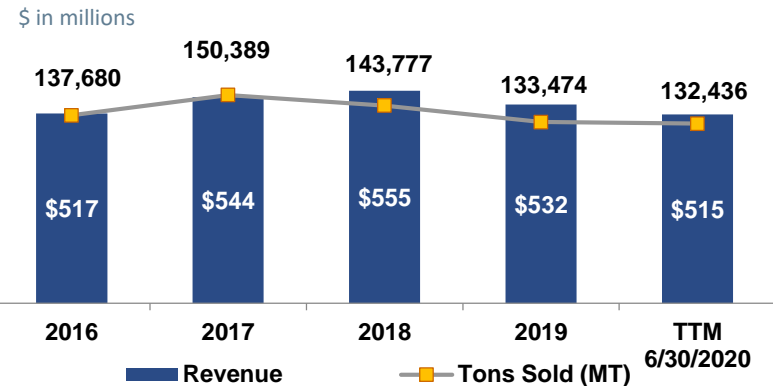
### Growth Outlook

- Strategic partnerships with leading, global customers
- Strong growth in single-serve coffee, electrical and wipes products
- Recent challenges in wallcover and metallized markets (exacerbated by COVID-19 pandemic)

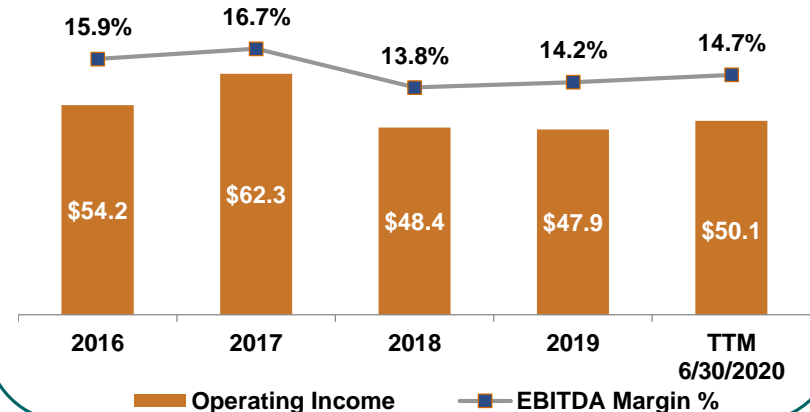
### Key Profitability Factors

- Operational excellence programs improving efficiencies
- Pulp prices moderated in 2019 and continue to be flat in 2020 from elevated levels in 2018
- Aggressive cost control initiatives to preserve margins and align overhead with volume softness, including restructuring of Metallized business into UK facility

### Revenue & Shipment Trend



### Operating Income & EBITDA Margin



# Cash Flow

- **Adjusted Free Cash Flow favorable \$17 million YTD versus 2019**
- **Cash flow from continuing operations favorable by \$18.4 million for the first half of the year**
  - Adjusted EBITDA improved by \$7.6 million
  - Metallized restructuring and cost optimization cash payments in 2020 of approximately \$9 million
  - Taxes and interest payments are combined favorable \$7 million in 2020
  - Higher incentive compensation payments in 2020 of ~\$5 million
  - Fox River settlement of \$20.5 million paid in Q1 2019
- **Expect total capital expenditures to be \$30 to \$33 million in 2020**
- **Expect depreciation and amortization expense to be ~ \$52 million in 2020**

(in millions)	Q2'19	Q2'20	H1'19	H1'20
Adjusted EBITDA	\$28.0	\$29.0	\$53.6	\$61.2
Change in working capital (*)	(18.4)	(16.6)	(40.0)	(39.1)
Taxes paid	(4.2)	(1.2)	(7.2)	(4.7)
Interest paid	(1.8)	(1.7)	(7.7)	(3.2)
Other (includes Fox River settlement in Q1'19)	1.3	(4.7)	(18.0)	(15.2)
<b>Cash Flow from continuing Operations</b>	<b>4.9</b>	<b>4.7</b>	<b>(19.3)</b>	<b>(0.9)</b>
Less: Capital expenditures	(4.8)	(5.0)	(10.6)	(12.0)
<b>Free Cash Flow</b>	<b>0.1</b>	<b>(0.3)</b>	<b>(29.9)</b>	<b>(12.9)</b>
Adjustment for major capital projects	0.0	0.0	0.0	0.0
<b>Adjusted Free Cash Flow</b>	<b>\$0.1</b>	<b>(\$0.3)</b>	<b>(\$29.9)</b>	<b>(\$12.9)</b>

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.



# Balance Sheet and Liquidity

- Dec 2019 Cash includes ~ \$53.4 million related to the pension settlement
- \$33.1 million – final pension settlement cash available for general use
  - \$14.1 million contributed to a 401(k) suspense account for future contributions
  - \$8.3 million excise tax accrual associated with the pension termination and settlement; cash to flow in Q3 2020
  - \$2.1 million received in final settlement
- Q2 2020 leverage at 2.4x
- Expect liquidity to continue to improve in 2020 driven by EBITDA growth
- Moody's and S&P reaffirm their rating for Glatfelter with stable outlook (April 2020)

(in millions)	31-Dec-18	31-Dec-19	30-Jun-20
<b>Cash</b>	\$142.7	\$126.2	\$76.6
<b>Debt</b>			
Current portion of long term debt	10.8	22.9	22.9
5 $\frac{3}{8}$ % Notes, due October 2020	250.0	-	-
Term Loans 1.3% - 2.4% due 2022 - 2025	37.7	255.1	242.8
Revolving credit agreement	114.5	84.3	84.0
Unamortized deferred financing costs	(1.3)	(2.4)	(2.1)
<b>Total Debt</b>	<b>\$411.7</b>	<b>\$359.9</b>	<b>\$347.6</b>
<b>Net Debt</b>	<b>\$269.1</b>	<b>\$233.7</b>	<b>\$270.9</b>
<b>Shareholders' Equity</b>	<b>\$538.9</b>	<b>\$556.0</b>	<b>\$541.0</b>
<b>TTM Adj. EBITDA</b>	<b>\$88.6</b>	<b>\$106.7</b>	<b>\$114.4</b>
<b>Net Leverage*</b>	<b>3.0</b>	<b>2.2</b>	<b>2.4</b>
<b>Available Liquidity</b>	<b>\$152.9</b>	<b>\$200.4</b>	<b>\$188.8</b>

Notes: (\*) -For leverage calculation, "31-Dec-18" column includes full year of Steinfurt financials for TTM EBITDA calculation.

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

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## 2020 Growth & Focus Areas



**Keep employees safe and all mills operational despite pandemic**



**Airlaid – Grow through health & hygiene**



**Composite Fibers – OpEx & CI focus to offset wallcover weakness**



**Consolidate Metallized operations into UK facility to optimize footprint**



**De-lever balance sheet to build dry powder for growth opportunities**



**Leverage Functional Model for ongoing operating efficiencies and cost savings**





G L A T F E L T E R

# ESSENTIAL for Everyday Life



## FOOD & BEVERAGE

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**ESSENTIAL** – as you brew your favorite beverage and prepare nutritious meals for your family:



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## PERSONAL CARE

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**Approximately 85% of Glatfelter Revenue is tied to Essential Consumer Staples**



# Appendix



# COVID-19 Update

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- **Glatfelter's COVID-19 Global response team is monitoring the pandemic daily and adhering to guidance of public health organizations and adjusting business continuity plans as necessary**
- **Our highest priority is ensuring health and safety of our employees**
- **All mills are operating as planned and actively following the COVID-19 mitigation protocols listed below:**
  - Shifted to a work-from-home arrangement, where feasible, and discontinued entry of non-essential visitors to Glatfelter facilities
  - Expanded safety and hygiene protocols within our facilities such as frequent and vigilant hand washing, use of face masks, regular disinfecting of work and common areas, and social distancing mandates
  - Implemented stringent procedures to quickly isolate team members with symptoms of illness including but not limited to COVID-19
  - Discontinued all business travel until further notice
  - Developed frequent communications and leveraged technology to keep all employees informed and connected through the pandemic

# Effective Tax Rate

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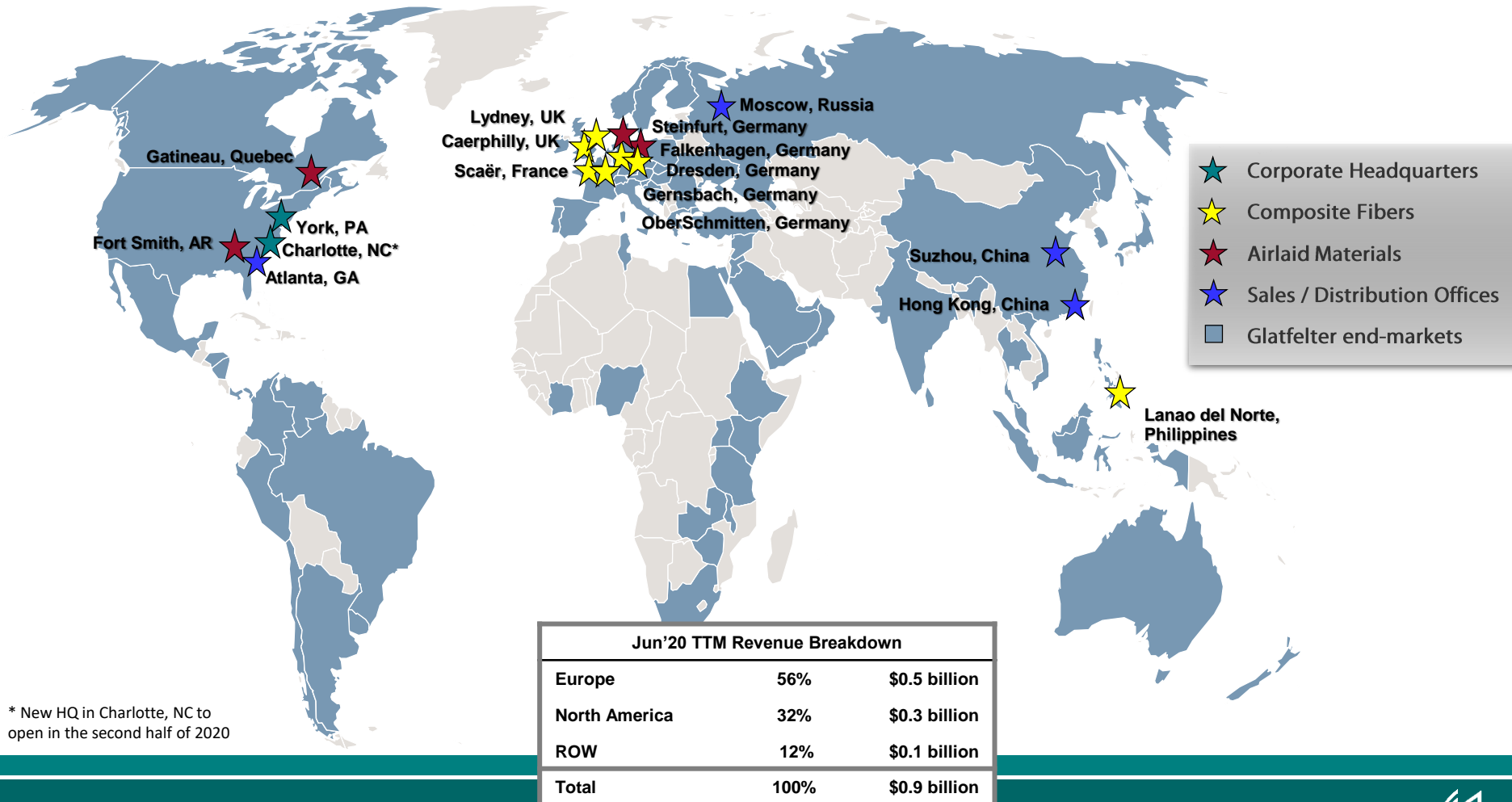
- **Q2 2020 tax rate on adjusted earnings is 31.7%**
- **Guiding to Q3 tax rate of approximately 47% on adjusted earnings**
  - Projected Q3 tax rate increase driven by UK tax rate increase that was expected in Q2 and timing of certain unusual items
- **Guiding full year tax rate between 38% and 40% for 2020 on adjusted earnings (in-line with previous guidance)**
  - Rate Drivers:
    - Currently generating losses in U.S. with no tax benefit due to U.S. valuation allowance
    - U.S. tax on foreign earnings (Global Intangible Low Taxed Income – GILTI)
    - Due to utilization of U.S. tax loss carryforwards the 50% GILTI deduction and use of foreign tax credits is not available
- **CARES ACT signed into law allows for the carry back of certain prior losses creating a tax provision benefit of \$2.6 million in Q1 2020**
  - Tax benefit excluded from adjusted earnings





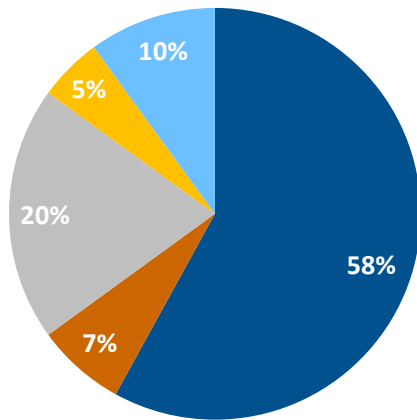
# Flexible Operating Platforms Strong Global Reach

Glatfelter's strong global production platform in core geographies is enhanced by key sales and distribution operations

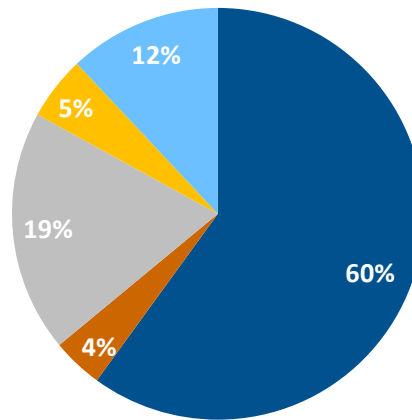


# Cost of Goods Sold Breakdown

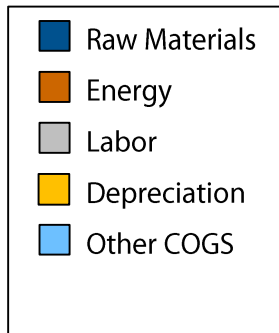
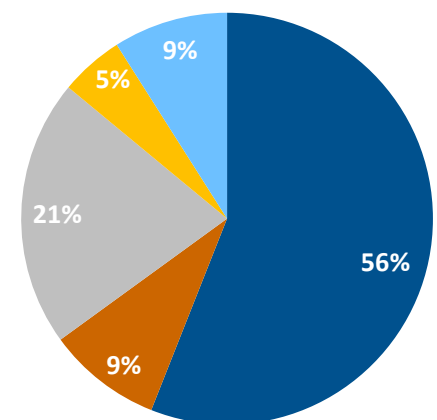
— Total Glatfelter —



— Airlaid Materials —



— Composite Fibers —





# Reconciliation of Non-GAAP measures

## Adjusted EBITDA from continuing operations

<i>In millions</i>	2016	2017	2018	2019	TTM 6/30/2020
<b>Net Income (Loss)</b>	<b>\$ 21.6</b>	<b>\$ 7.9</b>	<b>\$(177.6)</b>	<b>\$ (21.5)</b>	<b>\$ (27.7)</b>
Adjust: Discontinued ops	(35.7)	(13.5)	177.2	(3.7)	(3.3)
Add: Taxes from continuing operations	(28.4)	25.1	7.7	(9.2)	(11.6)
Add: Depreciation and Amortization	39.5	42.1	47.5	50.8	54.9
Add: Net Interest Expense	13.6	13.1	15.0	9.3	6.6
EBITDA from continuing operations	<b>\$ 10.6</b>	<b>\$ 74.6</b>	<b>\$ 69.8</b>	<b>\$ 25.7</b>	<b>\$ 18.9</b>
<u>Adjustments / Exclusions:</u>					
Pension settlement expenses, net	7.3	-	-	75.3	81.7
Gains on Timberland Sales and Transaction Related Costs	-	(0.2)	(3.2)	(1.6)	(1.3)
Asset impairment charge	-	-	-	-	0.9
Airlaid Capacity Expansion	2.7	10.9	7.1	1.0	-
Restructuring charge - Metallized operations (net of asset write off)	-	-	-	-	7.2
Cost optimization actions (net of asset write off)	3.1	1.3	0.4	8.6	5.7
COVID-19 incremental costs	-	-	-	-	1.2
Costs related to strategic initiatives <sup>(1)</sup>	-	-	5.9	0.2	(0.0)
Fox River environmental matter	40.0	-	-	(2.5)	-
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 63.6</b>	<b>\$ 86.6</b>	<b>\$ 80.0</b>	<b>\$ 106.7</b>	<b>\$ 114.4</b>

(1) The amount for 2018 includes approximately \$2.9 million of foreign currency gains associated with the financing for the Steinfurt acquisition.

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 used for leverage calculation

<i>In millions</i>	2018	2019	TTM 6/30/2020
<b>Net Loss</b>	<b>\$ (177.6)</b>	<b>\$ (21.5)</b>	<b>\$ (27.7)</b>
Adjust: Discontinued ops	177.2	(3.7)	(3.3)
Add: Taxes from continuing operations	7.7	(9.2)	(11.6)
Add: Depreciation and Amortization	47.5	50.8	54.9
Add: Net Interest Expense	15.0	9.3	6.6
EBITDA	\$ 69.8	\$ 25.7	\$ 18.9
EBITDA from Steinfurt operations	8.6	-	-
<u>Adjustments / Exclusions:</u>			
Gains on Timberland Sales and Transaction Related Costs	(3.2)	(1.6)	(1.3)
Asset impairment charge	-	-	0.9
Pension settlement expenses, net	-	75.3	81.7
Airlaid Capacity Expansion	7.1	1.0	-
Restructuring charge - Metallized operations (net of asset write off)	-	-	7.2
Cost optimization actions (net of asset write off)	0.4	8.6	5.7
COVID-19 incremental costs	-	-	1.2
Costs related to strategic initiatives <sup>(1)</sup>	5.9	0.2	(0.0)
Fox River environmental matter	-	(2.5)	-
<b>Adjusted EBITDA</b>	<b>\$ 88.6 (*)</b>	<b>\$ 106.7</b>	<b>\$ 114.4</b>

(1) The amount for 2018 includes approximately \$2.9 million of foreign currency gains associated with the financing for the Steinfurt acquisition.

Notes: (\*) -For leverage calculation, EBITDA includes applicable Steinfurt financials add back; The sum of individual amounts set forth above may not agree to the column totals due to rounding.



# Reconciliation of Non-GAAP measures

## Adjusted EPS from continuing operations

<i>In millions</i>	2016	2017	2018	2019	TTM 6/30/2020
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Adjust: Discontinued ops, net of tax	(35.7)	(13.5)	177.2	(3.7)	(3.3)
<b>Income (loss) from continuing operations</b>	<b>(14.2)</b>	<b>(5.6)</b>	<b>(0.4)</b>	<b>(25.2)</b>	<b>(31.0)</b>
<u>Adjustments / Exclusions:</u>					
Pension settlement expenses, net	7.3	-	-	75.3	81.7
Gains on Timberland Sales and Transaction Related Costs	-	(0.2)	(3.2)	(1.6)	(1.3)
Asset impairment charge	-	-	-	-	0.9
Airlaid Capacity Expansion	2.7	10.9	7.1	1.0	-
COVID-19 incremental costs	-	-	-	-	1.2
Debt refinancing fees	-	-	-	1.0	-
Cost optimization actions	3.1	2.6	0.4	8.6	9.6
Restructuring charge - Metallized operations	-	-	-	-	7.2
Costs related to strategic initiatives <sup>(1)</sup>	-	-	5.9	0.2	(0.0)
Fox River environmental matter	40.0	-	-	(2.5)	-
Income Tax impact on adjustments	(19.4)	18.8	(0.5)	(23.7)	(30.2)
<b>Total adjustments</b>	<b>33.6</b>	<b>32.0</b>	<b>9.6</b>	<b>58.4</b>	<b>69.1</b>
<b>Adjusted income from continuing operations</b>	<b>19.4</b>	<b>26.4</b>	<b>9.2</b>	<b>33.2</b>	<b>38.1</b>
Normalizing tax rate to 40% provision (2016 - 2017)	13.1	6.8	-	-	-
<b>Adjusted earnings for continuing operations</b>	<b>\$ 6.4</b>	<b>\$ 19.6</b>	<b>\$ 9.2</b>	<b>\$ 33.2</b>	<b>\$ 38.1</b>
<b>Adjusted EPS for continuing operations</b>	<b>\$ 0.14</b>	<b>\$ 0.44</b>	<b>\$ 0.21</b>	<b>\$ 0.75</b>	<b>\$ 0.86</b>
<i>Weighted average shares</i>	<i>44,129</i>	<i>44,439</i>	<i>43,768</i>	<i>44,132</i>	<i>44,309</i>

(1) The amount for 2018 includes approximately \$2.9 million of foreign currency gains associated with the financing for the Steinfurt acquisition.

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

<b>Net debt &amp; Leverage</b>	<b>December 31</b>	<b>December 31</b>	<b>June 30</b>
<i>In millions</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Current Portion of Long-Term Debt	\$10.8	\$22.9	\$22.9
Long-Term Debt	401.0	336.9	324.7
Total Debt	411.7	359.9	347.6
Less: Cash	(142.7)	(126.2)	(76.6)
Net Debt	\$269.1	\$233.7	\$270.9
Net Debt	\$269.1	\$233.7	\$270.9
Divided by: TTM Adjusted EBITDA	88.6	106.7	114.4
Net Leverage*	3.0x	2.2x	2.4x

Notes: (\*) -For leverage calculation, "December 31 2018" column includes full year of Steinfurt financials for TTM EBITDA calculation

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

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