



G L A T F E L T E R

Beyond Paper



2017 Third Quarter Earnings Conference Call

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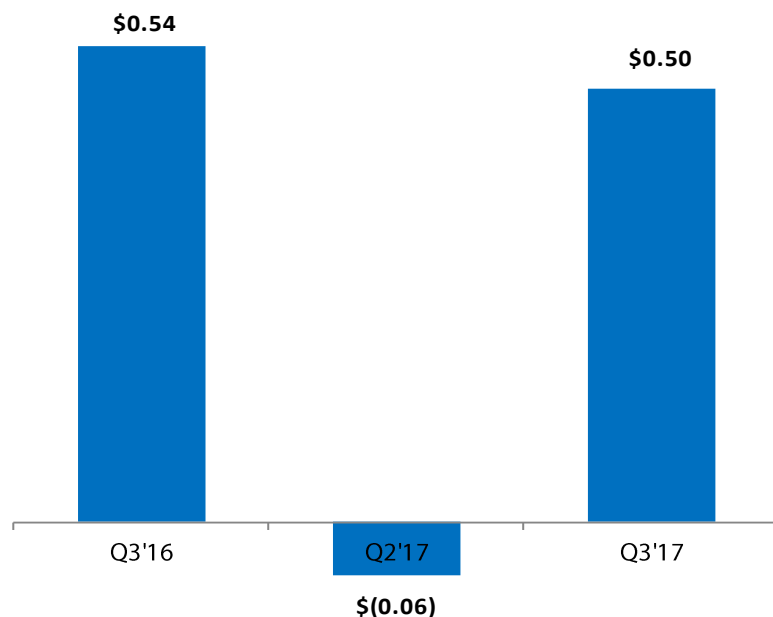
Forward-Looking Statements and Use of Non-GAAP Financial Measures

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.

Q3 2017 Highlights

Adjusted EPS (EPS Before Special Items)

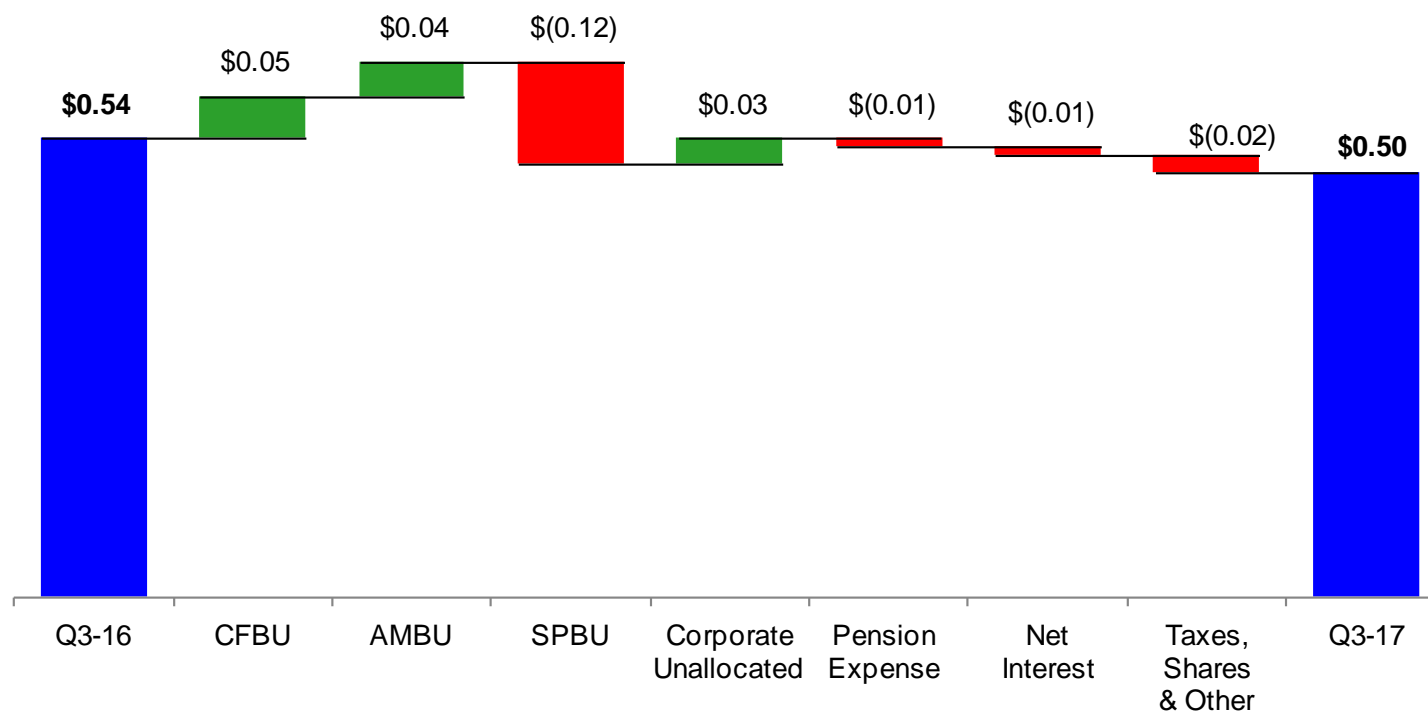


- Q3 2017 net sales totaled \$413 million, up 0.5% in constant currency versus Q3 2016
 - Composite Fibers net sales up 5.0%
 - Airlaid net sales up 6.6%
 - SPBU net sales down 4.0%
- Adjusted EBITDA up 3.1%
- Adjusted EPS down \$0.04 from Q3 2016
 - Composite Fibers operating profit up 17%
 - Airlaid business operating profit up 29%
 - Specialty Papers operating profit down 33% driven by weak market conditions
 - Lower corporate costs mostly offset the higher pension expenses, taxes and interest expenses in Q3 2017
- Delivered solid operating cash flow
- Balance Sheet remains strong

On a GAAP basis, EPS was \$0.44, (\$0.13) and \$0.27 for Q3 2016, Q2 2017 and Q3 2017, respectively

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

Adjusted EPS – Q3 2017 vs. Q3 2016

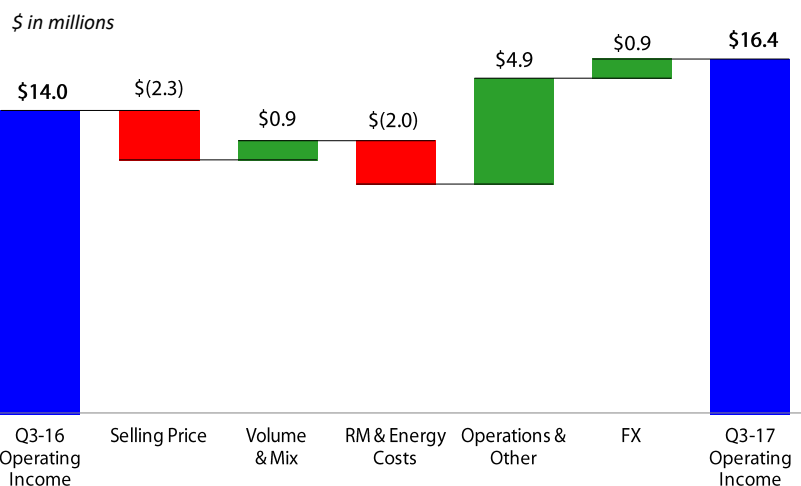


On a GAAP basis, net income was \$12.1 million or \$0.27 per diluted share in Q3 2017 compared to net income of \$19.6 million or \$0.44 per diluted share in Q3 2016

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

Composite Fibers Q3 2017 Highlights

<i>Dollars in Thousands</i>	Q3 2016	Q2 2017	Q3 2017
Tons shipped	39,068	41,891	43,789
Net sales	\$131,678	\$133,137	\$142,349
Operating income	\$13,964	\$14,685	\$16,363
EBITDA	\$20,842	\$21,697	\$23,461
EBITDA margin	15.8%	16.3%	16.5%



- Net sales 5.0% higher on constant currency basis**

- Shipping volume up 12.1% versus Q3 2016
 - Nonwoven wallcover up 30%
 - Food & Beverage up 2%
 - Technical Specialties up 13%
- Selling prices declined \$2.3 million versus Q3 2016

- Raw material and energy costs unfavorable \$2.0 million mainly driven by higher wood pulp and abaca prices**

- Operations favorable \$4.9 million**

- Achieved \$2.5 million of savings from cost optimization program; at planned run rate to achieve \$10 million target
- Higher volumes reduced downtime and improved cost efficiency

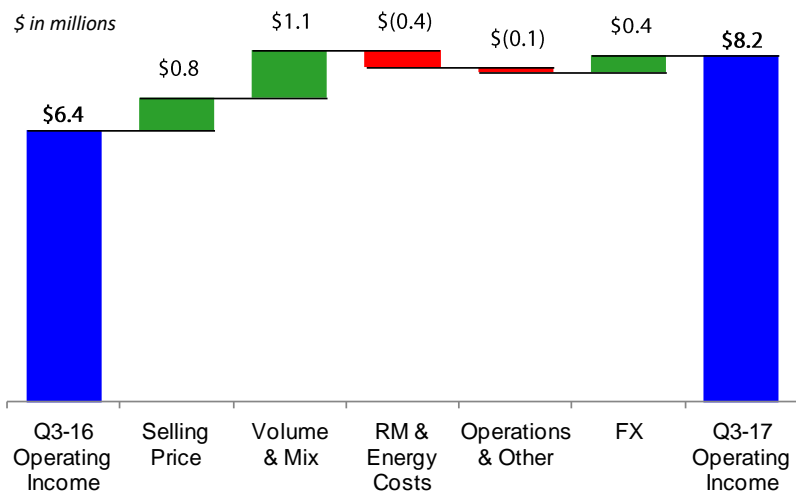
- Fx favorable \$0.9 million driven by stronger Euro**

- Outlook (Q4 2017 vs. Q3 2017)**

- Expect shipping volumes to be approximately 10% lower driven by normal seasonality, with majority of impact offset by favorable product mix
- Expect selling prices as well as raw material and energy prices to be in-line

Advanced Airlaid Materials Q3 2017 Highlights

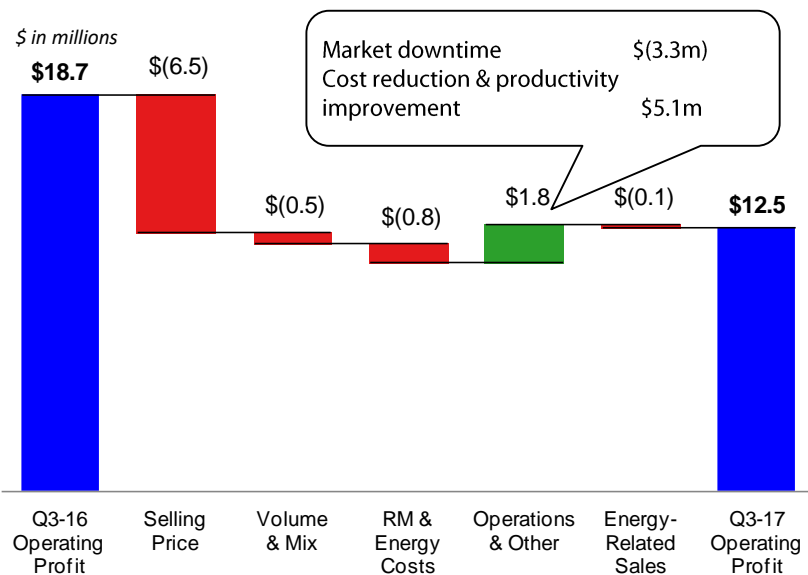
<i>Dollars in Thousands</i>	Q3 2016	Q2 2017	Q3 2017
Tons shipped	25,197	25,507	26,244
Net sales	\$61,863	\$62,836	\$67,771
Operating income	\$6,382	\$7,544	\$8,237
EBITDA	\$8,737	\$9,876	\$10,727
EBITDA margin	14.1%	15.7%	15.8%



- **Net sales up 6.6% on constant currency basis**
 - Shipping volume up 4.2% versus Q3 2016
 - Wipes shipments up 18.2%
 - Hygiene products shipments up 3.4%
- **Higher selling prices reflect the contractual pass through of higher raw material prices to customers**
- **Solid operations supported higher volume and offset cost inflation**
- **Fx favorable \$0.4 million mainly driven by stronger Euro**
- **Outlook (Q4 2017 vs. Q3 2017)**
 - Expect shipping volumes to be approximately 3% lower due to normal seasonality
 - Selling prices and raw material & energy prices are expected to increase slightly
 - 2018 shipping volume expected to be 10-15% higher than 2017
 - Expect initial start up of new airlaid facility as well as implementation of new manufacturing and business information systems during the fourth quarter

Specialty Papers Q3 2017 Highlights

<i>Dollars in Thousands</i>	Q3 2016	Q2 2017	Q3 2017
Tons shipped	197,260	184,129	197,080
Net sales	\$211,760	\$191,368	\$203,206
Energy and related sales, net	\$1,346	\$981	\$1,236
Operating income (loss)	\$18,737	(\$13,780)	\$12,472
EBITDA	\$25,176	(\$6,070)	\$20,455
EBITDA margin	11.9%	-3.2%	10.1%



- **Weak demand and low industry capacity utilization rates creating a competitive market**
 - Net sales decreased 4.0% compared to Q3 2016
 - Shipments down 0.1% year-over-year versus 1.9% for the broader UFS market
 - Lower selling price environment
- **Operations favorable \$1.8 million**
 - Market downtime reduced earnings by \$3.3 million
 - Depreciation increased \$1.5 million
 - Achieved \$1.1 million of savings from cost optimization program
 - Lower maintenance, cost controls and solid operations
- **Outlook (Q4 2017 vs. Q3 2017)**
 - Expect shipping volumes to be approximately 5% lower due to normal seasonality
 - Selling prices are expected to be in-line
 - Raw material and energy prices are expected to increase
 - Cost reduction actions expected to improve operating profit by an additional \$1 million in Q4 2017

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)	Q3'16	Q3'17
Gains on dispositions of plant, equipment and timberlands	\$—	\$—
Specialty Papers' environmental compliance	(5.5)	(0.6)
Airlaid capacity expansion	(1.1)	(2.6)
Cost optimization actions	—	(6.8)
Pension expense	(1.4)	(1.7)
Corporate costs*	(5.6)	(4.1)
Total corporate costs & other financial items	(\$13.6)	(\$15.8)

Excluded from adjusted earnings

Corporate costs in Q3 2017 are lower than prior year driven by lower 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)	Q3'16	Q3'17	YTD'16	YTD'17
Adjusted EBITDA	\$49.1	\$50.6	\$117.8	\$117.9
Change in working capital (*)	(16.7)	(14.6)	(40.5)	(24.8)
Taxes paid	(3.1)	(3.4)	(11.6)	(7.6)
Interest paid	0.1	(0.9)	(7.4)	(8.7)
Other	(6.6)	(7.7)	1.1	(24.0)
Cash Flow from Operations	22.8	24.0	59.4	52.8
Less: Capital expenditures	(36.6)	(31.1)	(116.9)	(102.2)
Free Cash Flow	(13.8)	(7.1)	(57.5)	(49.4)
Adjustment for major capital projects	18.0	12.2	73.6	45.5
Exclude: CBC/AFM Credit	-	-	(4.3)	-
Adjusted Free Cash Flow	\$4.2	\$5.1	\$11.8	(\$3.9)

- Cash flow from operations in Q3'17 was slightly above Q3'16
- Capital expenditures in Q3 2017 were \$5.5 million lower than Q3 2016
 - Q3 2017 includes \$0.8 million for boiler environmental compliance projects versus \$15.8 million in Q3 2016
 - Q3 2017 includes \$11.4 million for airlaid capacity expansion versus \$2.2 million in Q3 2016
- Resolved Fox River claims between Glatfelter and Georgia Pacific
 - Glatfelter paid Georgia Pacific \$9.5 million in Q3 2017
 - Clarified division of responsibility for monitoring and maintenance
 - No change to reserves

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	2017E	2018E
Normal Capital Expenditures	\$60	~\$70	\$60 - \$65
Major Projects			
Boiler Environmental Compliance (SPBU)	\$69	\$13	—
Capacity expansion (AMBU)	\$31	~\$49	~\$5
Total	\$160	\$130 - \$135	\$65 - \$70

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	\$3
Cost Optimization Programs (CFBU & SPBU)	\$3	\$10	-
Total	\$10	\$24	\$3

- **Advanced Airlaid Materials capacity expansion project estimated at \$83 million to \$85 million of capital**
 - Expect start-up in Q4 2017 with commercial shipments in Q1 2018
 - Total spend to date of \$64 million
- **Expect total charge for cost optimization programs of approximately \$10 million in 2017 including \$6 million of non-cash expenses**
 - Recorded \$9 million as of Sep'30 2017 primarily driven by SPBU machine shutdown and salaried work force reduction
- **Projected depreciation and amortization expense for 2017 and 2018 is approximately \$71 million and \$76 million, respectively**

Balance Sheet Metrics

(in millions)	30-Dec-15	30-Dec-16	30-Sep-17
Cash	\$105.3	\$55.4	\$84.3
Debt			
Current portion of long term debt	7.4	9.0	11.1
5%% Notes, due October 2020	250.0	250.0	250.0
Term Loans 1.3% - 2.4% due 2022 - 2025	47.7	54.6	52.8
Revolving credit agreement	58.8	61.6	158.3
Unamortized deferred financing costs	(3.2)	(2.6)	(2.1)
Total Debt	\$360.7	\$372.6	\$470.1
Net Debt	\$255.4	\$317.2	\$385.9
Shareholders' Equity	\$663.2	\$653.8	\$710.6
TTM Adj. EBITDA (excl. Pension)	\$161.1	\$159.6	\$159.6
Leverage*	1.6	2.0	2.4
Cash available under bank facility	\$248.3	\$176.6	\$93.2

- Net debt increased \$69 million from Dec 2016
 - Major capital programs
 - Seasonal working capital use
- Leverage at 2.4x as of September 30, 2017 based on Adjusted EBITDA
- Total liquidity of \$178 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 – Q4 2017 Versus Q3 2017

Composite Fibers

- Expect shipping volumes to be approximately 10% lower driven by normal seasonality, with majority of impact offset by favorable product mix
- Expect selling prices as well as raw material and energy prices to be in-line

Advanced Airlaid Materials

- Expect shipping volumes to be approximately 3% lower due to normal seasonality
- Selling prices and raw material & energy prices are expected to increase slightly
- 2018 shipping volume expected to be 10 - 15% higher than 2017
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Specialty Papers

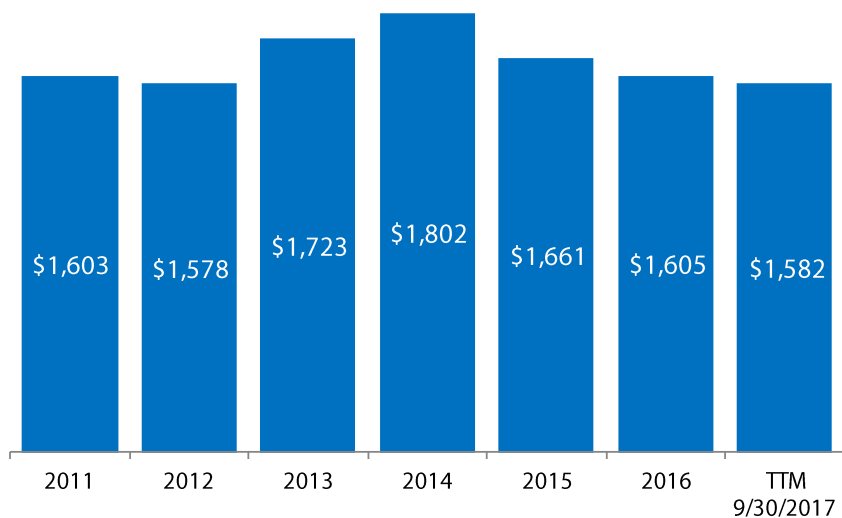
- Expect shipping volumes to be approximately 5% lower due to normal seasonality
- Selling prices are expected to be in-line
- Raw material and energy prices are expected to increase
- Cost reduction actions expected to improve operating profit by an additional \$1 million in Q4 2017

Other

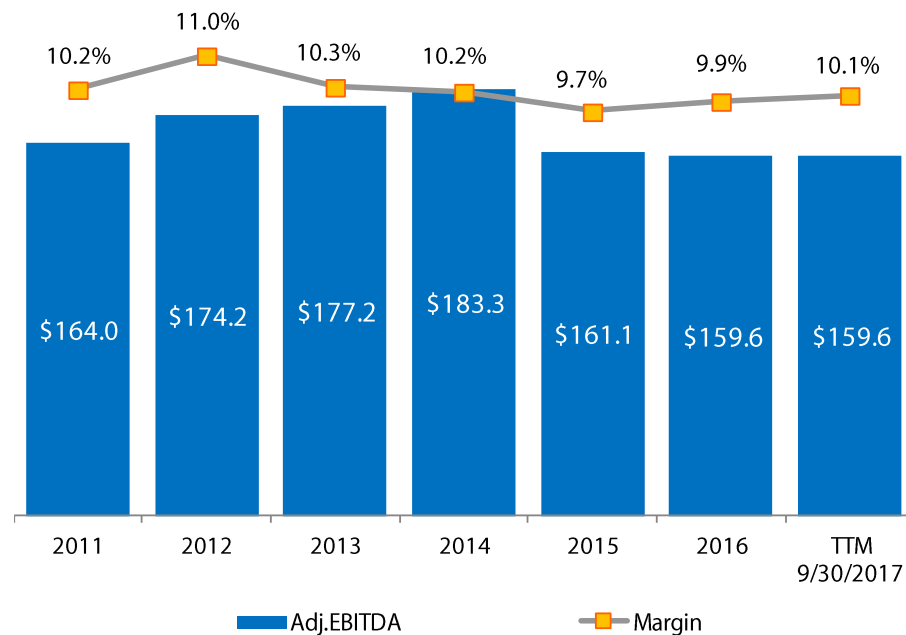
- Pension expense for 2017 expected to be approximately \$6.6 million compared to \$5.5 million in 2016 (pension expense in 2016 excludes one-time settlement charge of \$7.3 million)
- Effective tax rate is expected to be approximately 35% for Q4 2017 and 2018
- Capital expenditures are expected to total between \$130 million and \$135 million in 2017 and between \$65 million and \$70 million in 2018
- Depreciation and amortization expected to be approximately \$71 million for 2017, \$76 million in 2018 compared to \$66 million in 2016

Financial Highlights

Net Sales
(in millions)



Adj. EBITDA / Margin %
(in millions)



Financial Overview

(in millions)	Q3'16	Q3'17
Net Sales	\$405.3	\$413.3
Adjusted operating income, excl. Pension	\$33.4	\$32.9
Adjusted EBITDA, excl. Pension	\$49.1	\$50.6
Free Cash Flow	(\$13.8)	(\$7.1)
Adjusted Free Cash Flow	\$4.2	\$5.1

(in millions)	Dec 31 2016	Sep 30 2017
Net Debt	\$317.2	\$385.9
Cash	\$55.4	\$84.3

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%

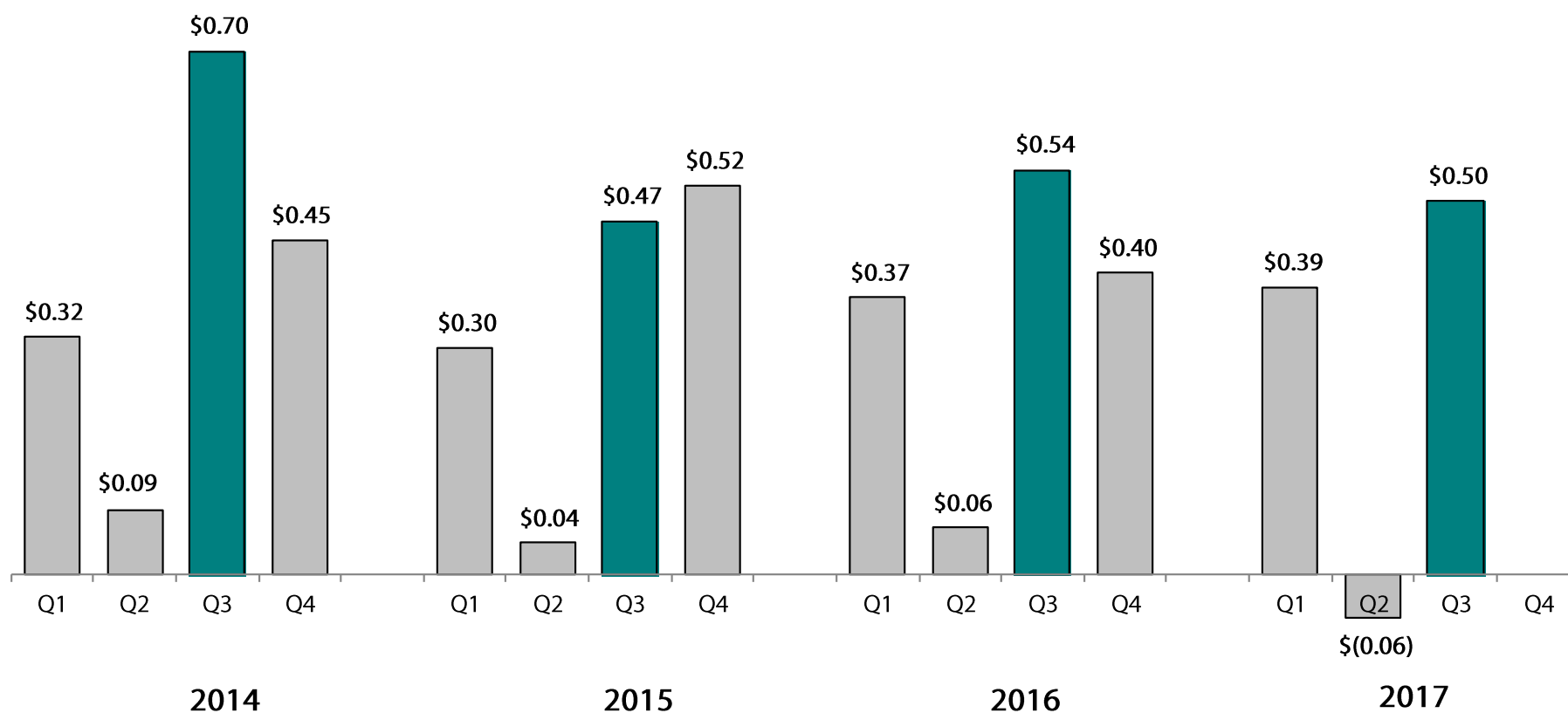
(1) Excludes one-time settlement charges of \$7.3 million

(2) Qualified plans only

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

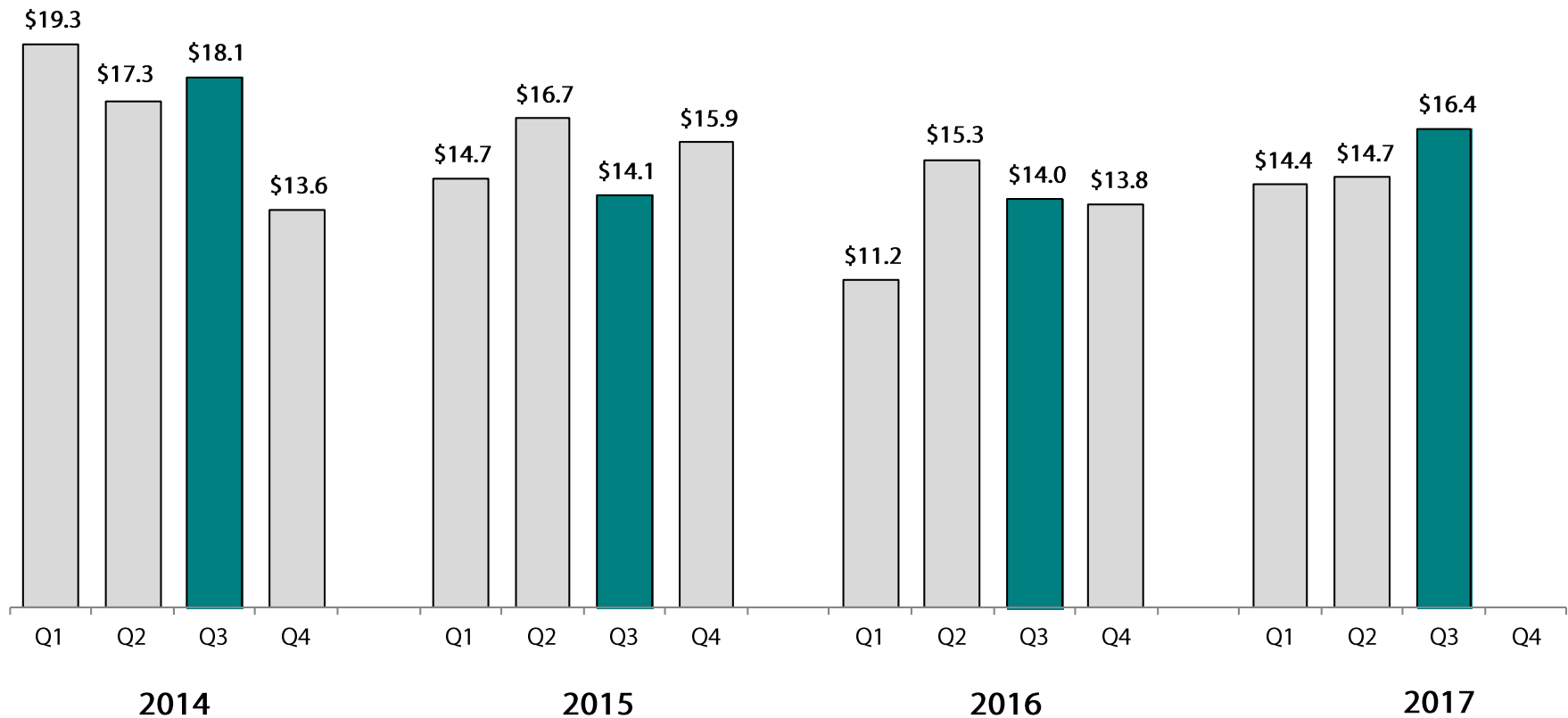
Adjusted EPS

(EPS Before Special Items)

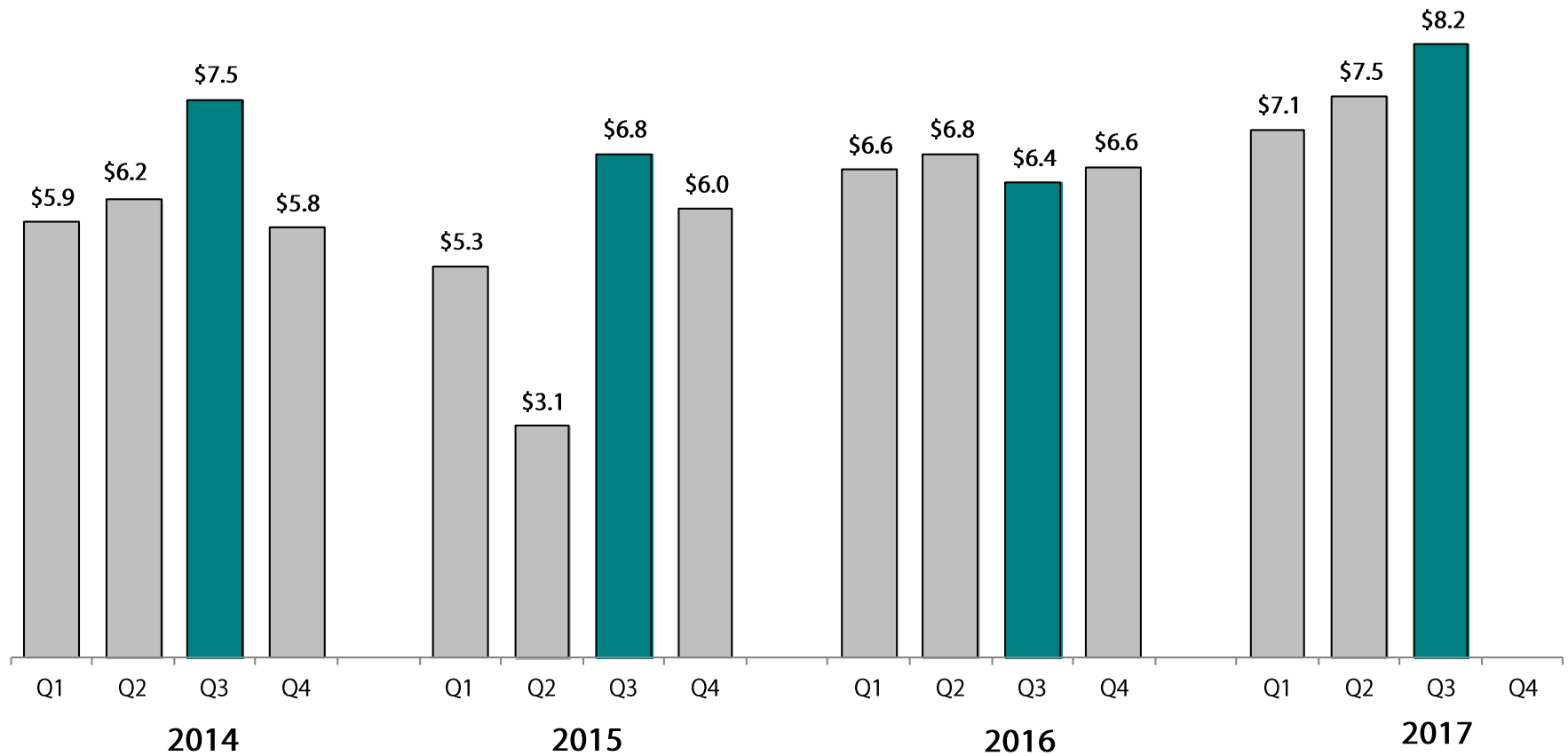


Note: See appendix of this presentation for the reconciliation of adjusted EPS to its nearest GAAP measure.

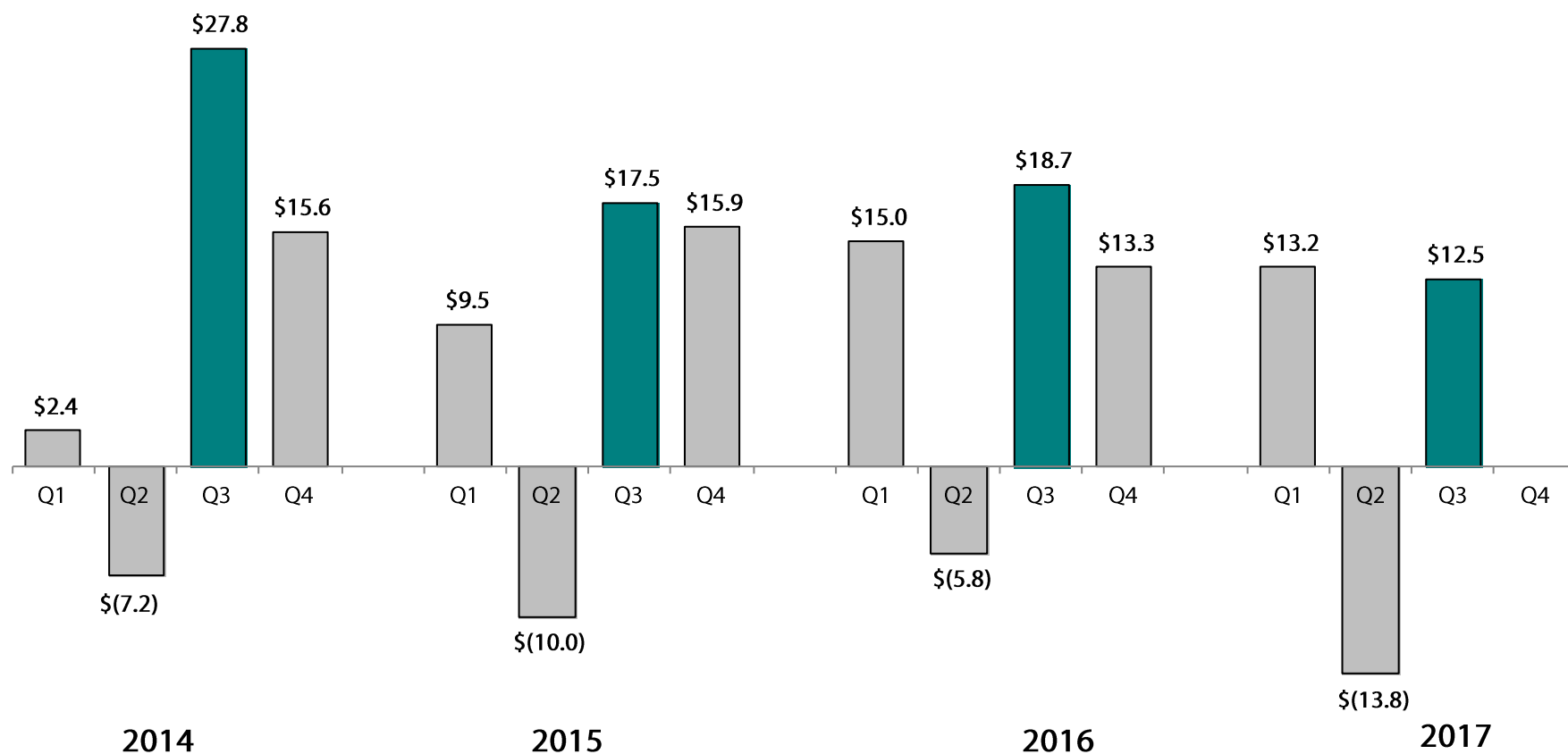
Composite Fibers Operating Income



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 (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)	\$ 12,105	\$ -
Adjustments <i>(pre-tax)</i>																
Specialty Papers' environmental compliance	-	-	-	-	-	-	-	-	37	1,088	5,520	1,703	2,264	216	596	-
Airlaid capacity expansion costs	-	-	-	-	-	-	-	50	56	201	1,051	1,353	1,958	2,495	2,581	-
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)	(114)	-
Cost Optimization	-	-	-	516	1,339	614	296	212	88	-	-	3,446	2,013	775	6,839	-
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	3,412	9,902	-
Income tax (benefits) provision	305	307	(1,357)	(10)	604	(1,567)	(4,212)	6,503	(56)	(487)	(2,193)	(19,983)	(682)	(317)	(123)	-
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	9,779	-
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)	\$ 21,884	\$ -
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)	\$ 0.50	\$ -
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	44,182	-

Reconciliation of Non-GAAP Measures

Adjusted EBITDA, Excluding Pension

Adjusted Operating Income, Excluding Pension

<i>In millions</i>	Q3 2016	Q3 2017	YTD 2016	YTD 2017
Net Income	\$ 19.6	\$ 12.1	\$ 37.7	\$ 18.0
Taxes	1.4	4.3	6.5	9.9
Pension Expense	1.4	1.7	4.1	5.0
Depreciation and Amortization	16.3	21.4	49.7	56.3
Net Interest Expense	3.8	4.5	11.8	12.8
EBITDA, excluding pension	\$ 42.5	\$ 43.9	\$ 109.8	\$ 102.1
<u>Adjustments / Exclusions:</u>				
Gains on Timberland Sales and Transaction Related Costs	-	(0.1)	-	(0.2)
Specialty Paper Environmental Compliance	5.5	0.6	6.6	3.1
Airlaid Capacity Expansion	1.1	2.6	1.3	7.0
Cost optimization actions (net of asset write off)	-	3.6	0.1	5.9
Adjusted EBITDA, excluding pension	\$ 49.1	\$ 50.6	\$ 117.8	\$ 117.9
Depreciation and Amortization (excludes asset write off)	(16.3)	(18.2)	(49.7)	(52.6)
Other (Income)/Expense	0.6	0.5	1.0	0.9
Adjusted Operating Income, excluding pension	\$ 33.4	\$ 32.9	\$ 69.1	\$ 66.2

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	9/30/2017 LTM
Net Income	\$ 42.7	\$ 59.4	\$ 67.2	\$ 69.2	\$ 64.6	\$ 21.6	\$ 1.8
Taxes	8.2	19.6	2.0	18.1	14.0	(10.7)	(7.3)
Pension Expense	10.4	11.6	14.2	6.7	9.1	5.5	6.3
Depreciation and Amortization	69.3	69.5	68.2	70.6	63.2	65.8	72.4
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>16.7</u>
EBITDA, excluding Pension	\$ 161.7	\$ 178.3	\$ 169.3	\$ 183.4	\$ 168.1	\$ 97.7	\$ 90.0
<u>Adjustments / exclusions:</u>							
Gains on Timberland Sales and Transaction Related Costs	(3.4)	(9.2)	(1.4)	(4.9)	(20.9)	-	(0.2)
Pension settlement charges	-	-	-	-	-	7.3	7.3
SPBU Environmental Compliance	-	-	-	-	-	8.3	4.8
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	9.3
International Legal Entity Restructuring	-	-	2.8	-	-	-	-
AMBU Capacity Expansion	-	-	-	-	0.1	2.7	8.4
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>\$ 159.6</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

Net Debt and Leverage

Net debt & Leverage	December 31	December 31	September 30
<i>In millions</i>	2015	2016	2017
Current Portion of Long-Term Debt	\$7.4	\$9.0	\$11.1
Long-Term Debt	353.3	363.6	459.0
Total Debt	360.7	372.6	470.1
Less: Cash	(105.3)	(55.4)	(84.3)
Net Debt	<u>\$255.4</u>	<u>\$317.2</u>	<u>\$385.9</u>
Net Debt	\$255.4	\$317.2	\$385.9
Divided by: TTM Adjusted EBITDA	161.1	159.6	159.6
Leverage*	<u>1.6x</u>	<u>2.0x</u>	<u>2.4x</u>

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