



G L A T F E L T E R

2018 Fourth Quarter Earnings Conference Call

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NYSE: GLT

Forward Looking Statements and Use of Non-GAAP Financial Measures

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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.



Highlights

- **Closed two transactions pivotal to the transformation of Glatfelter**
 - Completed sale of Specialty Papers Business Unit on October 31, 2018 for a total sales price of \$360 million
 - Completed acquisition of Georgia-Pacific's European Nonwoven Business (Steinfurt) for \$185 million on October 1, 2018
- **Strong growth for Airlaid business with revenue up 50%**
 - Organic growth of 16% in constant currency reflecting significant progress on new business in North America
 - Strong start for Steinfurt acquisition
- **Significant rise in raw material and energy prices and weak demand at year end impacted results for Composite Fibers**
 - Accelerating cost optimization initiatives to improve results
- **Reached agreement to resolve Fox River liability**
- **Generated Adjusted EPS of \$0.03 and Adjusted EBITDA of \$20 million – in-line with expectations**



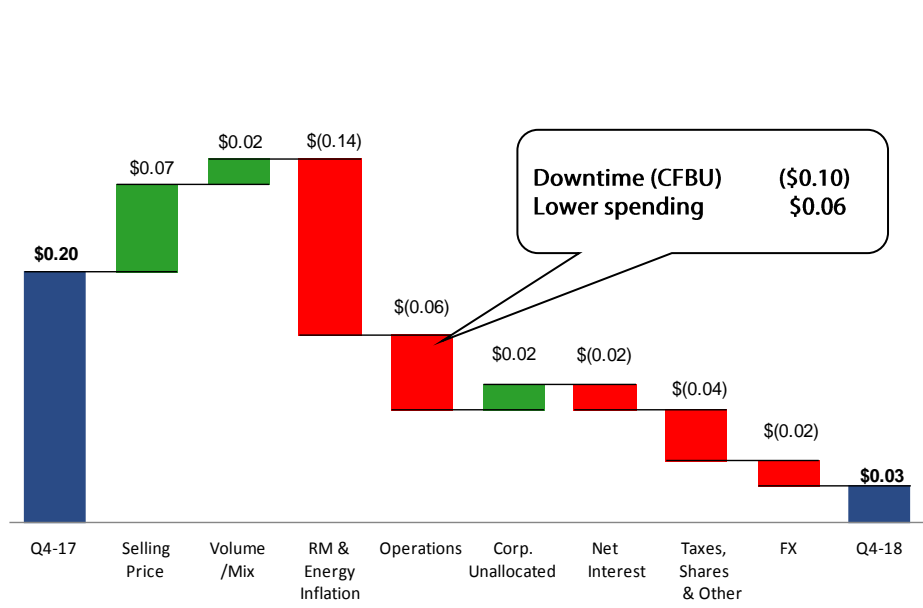
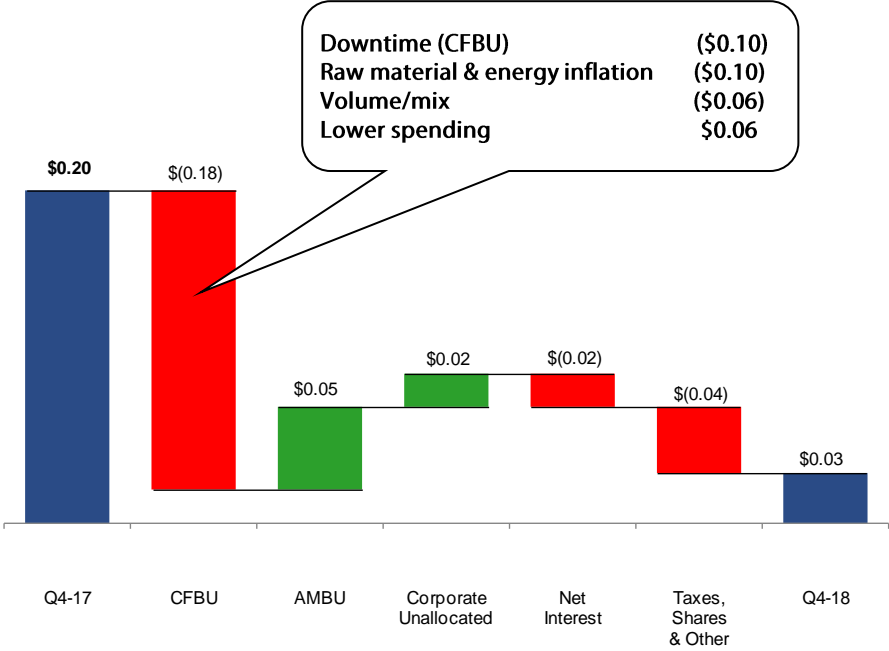
Earnings Statement

Q4'18 vs Q4'17 (in millions of dollars)	Q4'17	Q4'18	
Sales	\$209.3	\$229.5	● Constant Fx +12% Volume +8%
Cost of sales	\$171.0	\$197.5	● RM & Energy prices up \$6.8m Depreciation increase \$1.0m
SG&A	\$29.0	\$29.8	
Operating income from continuing operations	\$9.4	\$2.2	● AMBU \$9.7 ↑34% CFBU \$8.2 ↓51% Corporate costs (\$10.0) ↓9% Special items (\$5.7) \$2.2m
Interest expense, net	\$3.3	\$4.0	
Non-service components of net periodic benefit cost	(\$0.3)	\$0.0	
Non-operating expense / (income)	\$0.4	\$0.7	
Income tax expense	\$20.7	\$0.7	● 2017 results reflect one-time impact of adoption of new US tax law
Income from continuing operations	(\$14.7)	(\$3.3)	
Discontinued operations	\$4.6	(\$76.8)	● SPBU Segment Profit \$3.0 Pension (\$71.8) Transaction costs & Other (\$9.7) Tax Benefit \$1.7 (\$76.8)m
Net Income	(\$10.1)	(\$80.1)	
Adjusted EPS from continuing operations	\$0.20	\$0.03	

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



Adjusted EPS – Q4 2018 vs. Q4 2017



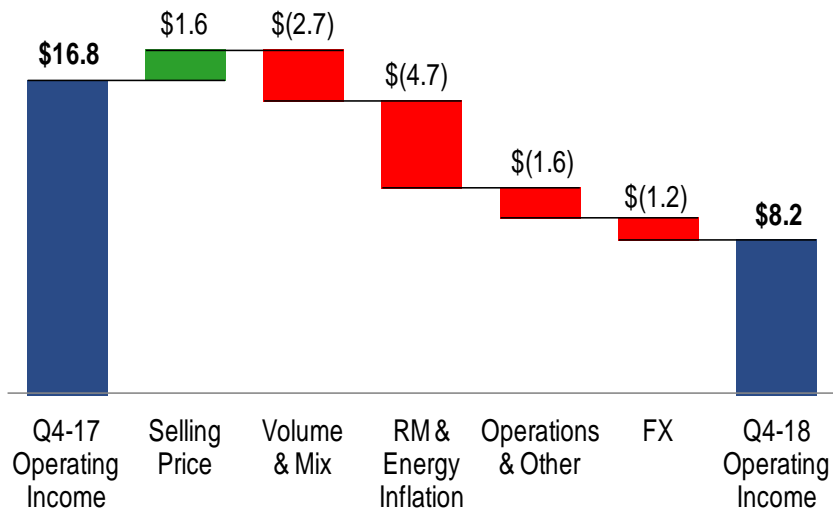
On a GAAP basis, earnings from continuing operations for Q4 2018 were net loss of \$3.3 million or \$(0.08) per share compared to net loss of \$14.7 million or \$(0.34) per share in Q4 2017



Composite Fibers Q4 2018 Highlights

Dollars in Thousands

	Q4 2017	Q3 2018	Q4 2018
Tons shipped (MT)	37,473	37,421	33,338
Net sales	\$143,671	\$139,176	\$131,163
Operating income	\$16,828	\$11,859	\$8,248
EBITDA	\$24,246	\$18,921	\$14,831
EBITDA margin	16.9%	13.6%	11.3%



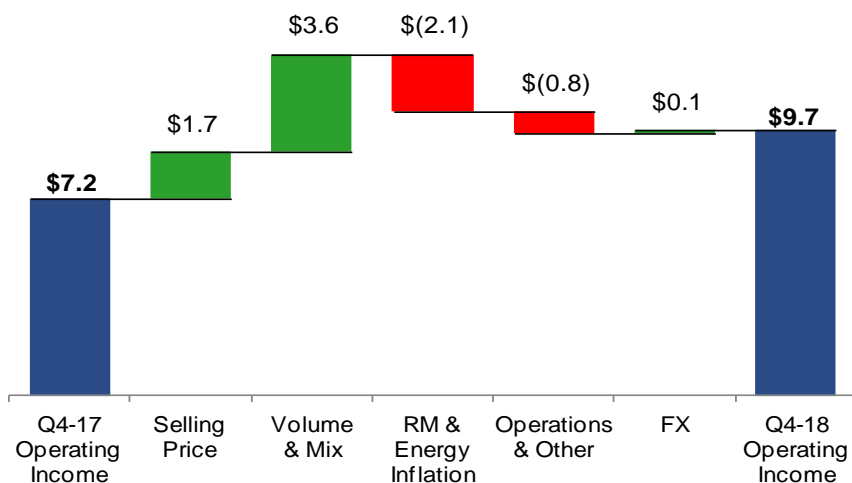
- **Revenue down 9% versus Q4 2017 or 6% on constant currency**
 - Volume down 11%; weak shipments in December
 - Limited impact in Q4 from price increase announcement
- **Raw material price increases continue to outpace selling price increases**
- **Operations unfavorable \$1.6 million**
 - (\$4.5) million related to machine downtime
 - \$2.8 million from spending curtailment and cost reduction initiatives
- **Fx unfavorable \$1.2 million**
- **Outlook (Q1 2019 vs. Q4 2018)**
 - Shipping volumes expected to be slightly higher
 - Selling prices flat
 - Raw material prices to come down slightly but expected to be offset by higher energy prices
 - Expect less downtime to improve operating profit by approximately \$1 million
- **Expect 2019 volume to grow in-line with the market (+ 3%)**



Advanced Airlaid Materials Q4 2018 Highlights

Dollars in Thousands

	Q4 2017	Q3 2018	Q4 2018
Tons shipped (MT)	23,166	24,032	32,397
Net sales	\$65,656	\$70,680	\$98,316
Operating income	\$7,191	\$5,524	\$9,667
EBITDA	\$9,703	\$8,915	\$14,877
EBITDA margin	14.8%	12.6%	15.1%



- **Revenue up 50% versus Q4 2017**
 - Excluding Steinfurt, shipping volume up 10% and net sales up 16% on constant currency basis
 - Strong growth in North America as new products and customers begin to ramp up
 - Strong growth in wipes and table top
- **Higher selling prices reflect the contractual pass through of higher raw material prices**
- **Operating profit improved \$2.5 million**
 - \$2.4 million from Steinfurt
 - Fort Smith investment increased depreciation expense by \$1.2 million
 - EBITDA excluding Steinfurt up 11%
- **Outlook (Q1 2019 vs. Q4 2018)**
 - Including Steinfurt, shipping volumes expected to increase slightly
 - Selling prices and raw material prices expected to be relatively flat
 - Energy prices are expected to increase slightly
- **Outlook 2019**
 - Expect legacy volumes to increase 8%-10% in 2019 vs 2018
 - Expect Steinfurt shipping volume of approximately 28,000 MT and operating profit of \$7 million to \$9 million with D&A of \$7 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 total operating income in the earnings release.

(in millions)	Q4'17	Q4'18	2017	2018
Timberland sales and related costs	\$-	\$1.3	\$0.2	\$3.2
Strategic initiatives	-	(\$5.0)	-	(\$8.6)
Airlaid capacity expansion	(\$3.8)	(\$1.5)	(\$10.9)	(\$7.1)
Cost optimization actions	\$0.4	(\$0.4)	(\$2.6)	(\$0.4)
Special items excluded from adjusted earnings	(\$3.4)	(\$5.7)	(\$13.3)	(\$12.9)
Corporate costs*	(\$11.2)	(\$10.0)	(\$45.8)	(\$43.4)
Total corporate costs & other financial items	(\$14.6)	(\$15.7)	(\$59.1)	(\$56.3)

- **Corporate costs include \$6.9 million and \$7.2 million in Q4'18 and Q4'17, respectively, related to Corporate shared services previously charged to Specialty Paper**
- **Corporate costs to be significantly reduced during 2019**
 - Corporate costs estimated to be approximately \$9 million in Q1'19
 - Rightsizing corporate shared services
 - Corporate costs estimated to be \$35 million to \$37 million in 2019 and \$28 million to \$30 million in 2020

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.



Cash flow

- **Lower cash flow from continuing operations in Q4'18 of \$10.3 million**
 - Lower earnings
 - Operating cash flow negatively impacted by timing of payroll & employee benefit payments
 - Q4'18 includes \$5.0 million for strategic initiatives related expenses and \$1.5 million related to AMBU capacity expansion
- **Capital expenditures in Q4'18 were \$12.8 million lower than Q4'17**
 - Q4'18 includes \$0.7 million for airlaid capacity expansion versus \$12.8 million in Q4'17

(in millions)	Q4'17	Q4'18	2017	2018
Adjusted EBITDA	\$23.6	\$19.9	\$86.6	\$80.0
Change in working capital (*)	31.8	33.8	17.7	(19.0)
Taxes paid	(1.8)	(4.2)	(9.3)	(15.2)
Interest paid	(6.2)	(7.7)	(12.7)	(14.9)
Other	(14.8)	(31.5)	(29.1)	(36.9)
Cash Flow from continuing Operations	32.7	10.3	53.2	(6.0)
Less: Capital expenditures	(22.8)	(10.0)	(80.8)	(42.1)
Free Cash Flow	9.9	0.3	(27.6)	(48.1)
Adjustment for major capital projects	12.8	0.7	45.6	13.5
Adjusted Free Cash Flow	\$22.7	\$1.0	\$18.1	(\$34.6)

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

Capital Expenditures Estimate

(in millions)	2017A	2018A	2019E
Normal Capital Expenditures	\$35	\$29	\$23 - \$28
Major Projects			
Capacity expansion (AMBU)	\$46	\$13	\$0
Total	\$81	\$42	\$23 - \$28

- **Advanced Airlaid Materials capacity expansion project completed**
 - Commercial shipments started in Q1'18
- **Expect total capital expenditures to be \$23 million to \$28 million in 2019**
- **Depreciation and amortization expense for 2019 estimated to be \$52 million**

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Balance Sheet and Liquidity

- **Cash and debt reflects:**
 - Steinfurt acquisition for \$185 million
 - SPBU divestiture with net proceeds of \$308 million
- **Expect liquidity to improve in 2019**
 - Profit growth from business units
 - Reduction in corporate shared services costs
 - Lower capital expenditures
- **Liquidity based on leverage covenant of 4.5x which drops to 4.0x at December 31, 2019**
- **Paid \$20.5 million in January 2019 related to Fox River settlement**
- **Intend to redeem 5³/₈% Notes on February 28, 2019 which will significantly reduce interest expense**

(in millions)	31-Dec-16	31-Dec-17	31-Dec-18
Cash	\$55.4	\$116.2	\$142.7
Debt			
Current portion of long term debt	9.0	11.3	10.8
5 ³ / ₈ % Notes, due October 2020	250.0	250.0	250.0
Term Loans 1.3% - 2.4% due 2022 - 2025	54.6	50.8	37.7
Revolving credit agreement	61.6	171.2	114.5
Unamortized deferred financing costs	(2.6)	(1.9)	(1.3)
Total Debt	\$372.6	\$481.4	\$411.7
Net Debt	\$317.2	\$365.2	\$269.1
Shareholders' Equity	\$653.8	\$708.9	\$538.9
TTM Adj. EBITDA	\$154.1	\$152.7	\$88.6
Leverage*	2.1	2.4	3.0
Available Liquidity	\$232.0	\$183.7	\$152.9

Notes: (*) -For leverage calculation, 2017 EBITDA reflects EBITDA at that point of time including discontinued operations and 2018 EBITDA includes full year of Steinfurt financials
The above calculation is not intended to be used for purposes of calculating debt covenant compliance.

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Effective Tax Rate

- Drivers of tax rate
 - Blended rate on foreign earnings is approximately 26%
 - U.S. tax on foreign earnings (Global Intangible Low Taxed Income – GILTI)
 - Glatfelter currently generating a loss in U.S. and cannot recognize tax benefit
- Estimated tax rate for 2019 of approximately 40%
 - Glatfelter utilizing NOL's in U.S.
 - When using NOL's cannot take 50% deduction or use foreign tax credits to reduce GILTI
- Expect tax rate to begin to improve in 2020 as NOL's are fully utilized and U.S. earnings improve
 - Estimated tax rate for 2020 of approximately 35%
 - Estimated tax rate for 2021 of approximately 30%

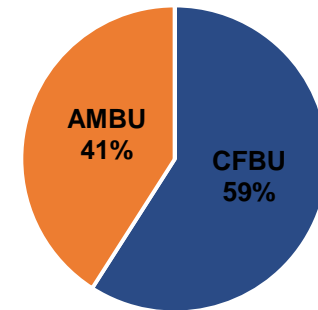
2019 Growth Drivers

- **Advanced Airlaid Materials**
 - Expect legacy volumes to grow 8% - 10%
 - Steinfurt acquisition
 - Focus on operational excellence and productivity
- **Composite Fibers**
 - Expect volumes to grow with market at +3%
 - Price increase realization
 - Focus on operational excellence and productivity
 - Reduce headcount by ~ 50
- Achieve reduction of \$14 million - \$16 million by right-sizing Corporate
- Reduce interest expense by \$6 million

Financial Highlights

(Proforma TTM 12/31/18)

Sales: \$940 million



Adjusted EBITDA

\$88.6 million

9.4%

Appendix



Summary of Sale of Specialty Papers

- **Closed sale of the Specialty Papers business unit on October 31 to Pixelle Specialty Solutions LLC, an affiliate of Lindsay Goldberg (“Purchaser”)**
- **Sale price of \$360 million on a cash free, debt free basis**
 - Purchaser assuming approximately \$38 million of retiree healthcare liabilities
 - Net cash proceeds of approximately \$323 million
- **Price is subject to a customary post-closing working capital adjustment as well as an adjustment for the final measurement of retiree healthcare liabilities assumed by Purchaser**
- **Purchaser also assumed approximately \$210 million in pension liabilities relating to Specialty Papers’ employees and will receive approximately \$280 million of related assets from Glatfelter’s existing pension plan**
 - Glatfelter’s remaining pension plan will continue to be significantly overfunded; no contributions expected for the foreseeable future
- **Glatfelter will be required to reimburse Purchaser up to \$7.5 million if certain assets require additional repairs after the closing**
- **Transaction costs of approximately \$12 million**



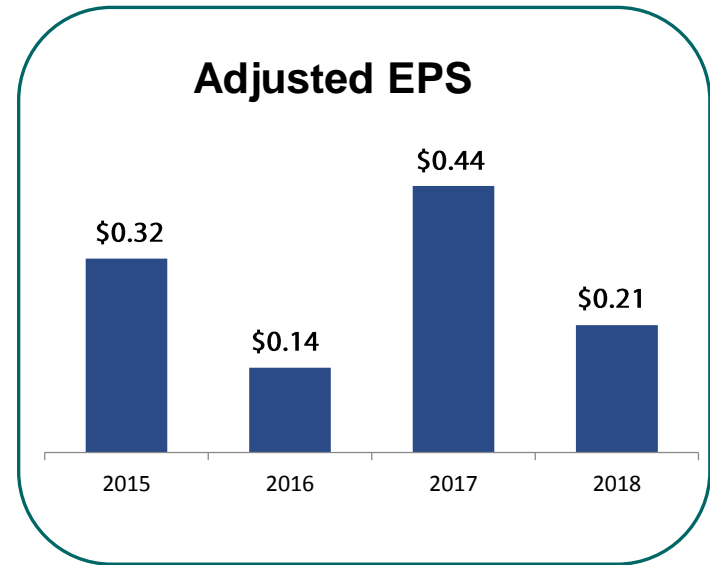
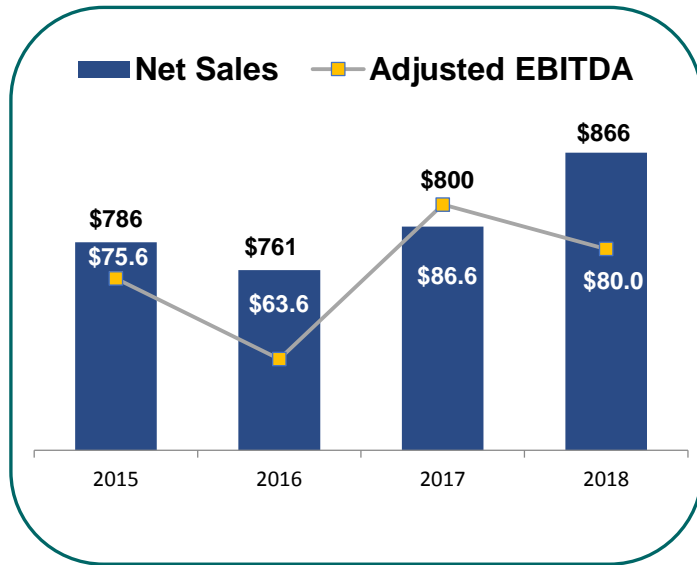
Financial Overview

(in millions)	Q4'17	Q4'18
Net Sales	\$209.3	\$229.5
Adjusted operating income	\$12.0	\$7.9
Adjusted EBITDA	\$23.6	\$19.9
Free Cash Flow	\$9.9	\$0.3
Adjusted Free Cash Flow	\$22.7	\$1.0

(in millions)	Dec 31 2017	Dec 31 2018
Net Debt	\$365.2	\$269.1
Cash	\$116.2	\$142.7



Earnings Trends

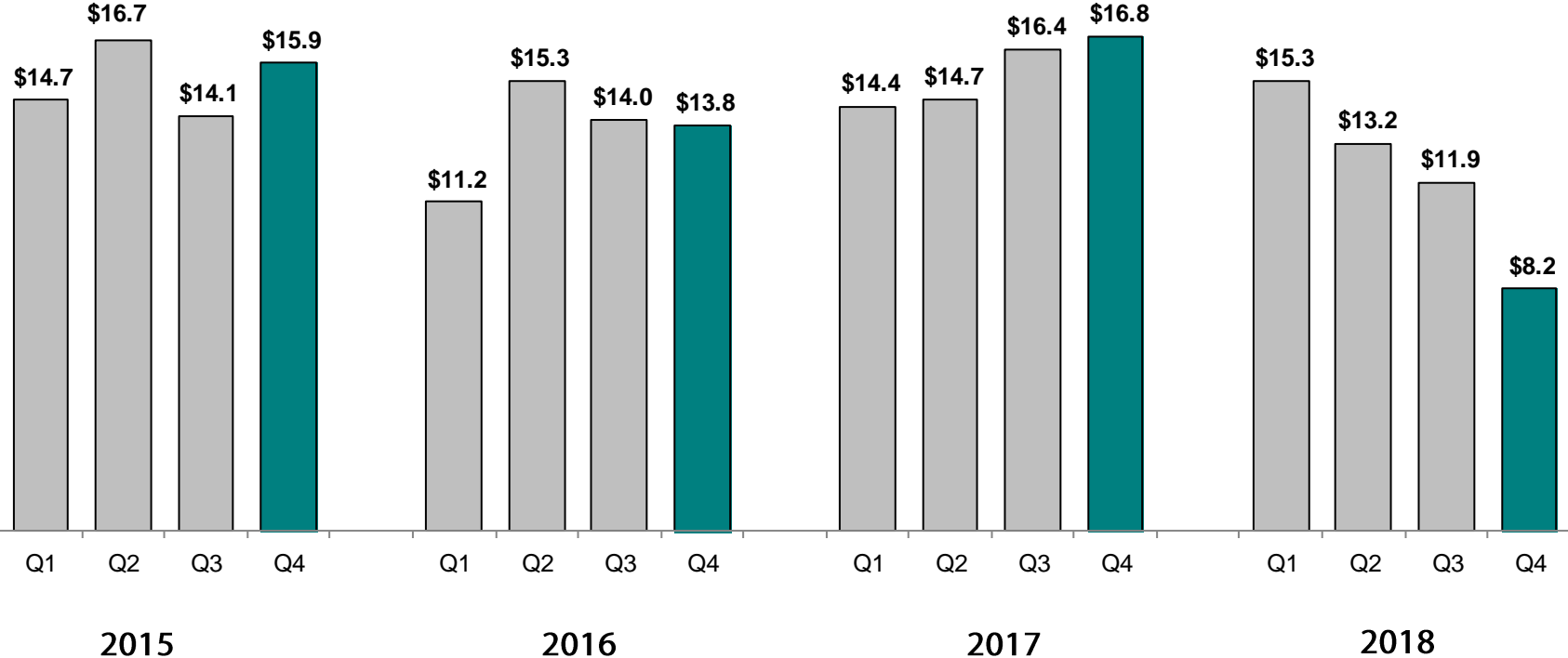


Note: Results are from continuing operations with an assumed tax rate of 40% for 2015 – 2017 ; Net sales and Adjusted EBITDA in millions



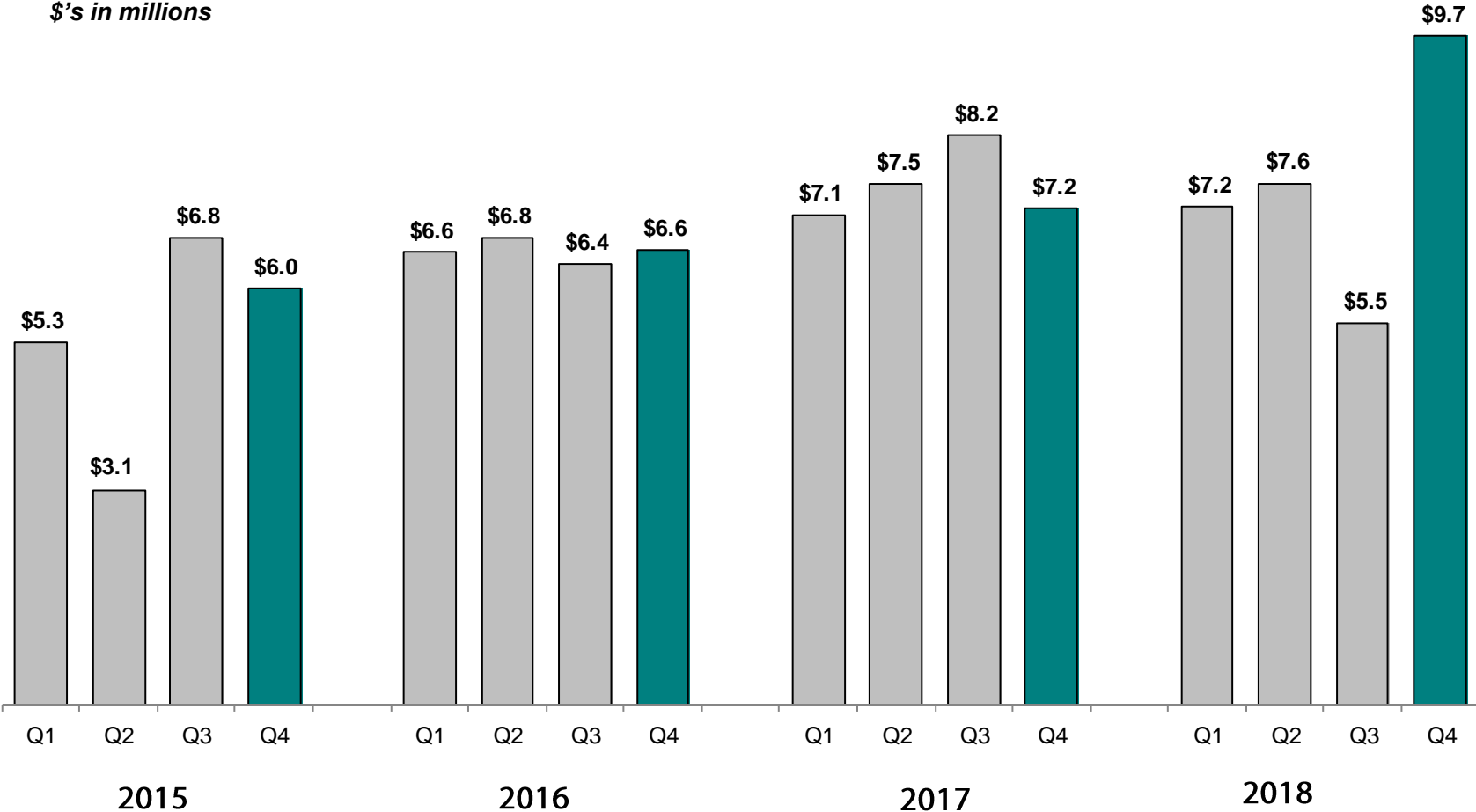
Composite Fibers Operating Income

\$'s in millions



Advanced Airlaid Materials Operating Income

\$'s in millions



Reconciliation of Non-GAAP measures

Adjusted EBITDA and Adjusted Operating Income for continuing operations

<i>In millions</i>	Q4 2017	Q4 2018	2017	2018
Net Income (Loss)	\$ (10.1)	\$ (80.1)	\$ 7.9	\$ (177.6)
Adjust: (Income) loss from discontinued ops	(4.6)	76.8	(13.5)	177.2
Add: Taxes	20.7	0.7	25.1	7.7
Add: Depreciation and Amortization	11.8	12.8	42.1	47.5
Add: Net Interest Expense	3.3	4.0	13.1	15.0
EBITDA	\$ 21.0	\$ 14.2	\$ 74.6	\$ 69.8
<u>Adjustments / Exclusions:</u>				
Gains on Timberland Sales and Transaction Related Costs	-	(1.3)	(0.2)	(3.2)
Airlaid Capacity Expansion	3.8	1.5	10.9	7.1
Cost optimization actions (net of asset write off)	(1.2)	0.5	1.3	0.4
Costs related to strategic initiatives	-	5.0	-	5.9
Adjusted EBITDA	\$ 23.6	\$ 19.9	\$ 86.6	\$ 80.0
Depreciation and Amortization (excludes asset write off)	(11.8)	(12.8)	(41.6)	(47.5)
Other (Income)/Expense	0.1	0.7	0.7	2.5
Adjusted Operating Income	\$ 12.0	\$ 7.9	\$ 45.8	\$ 35.0

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 for continuing operations

<i>In millions</i>	2015	2016	2017	2018
Net Income (Loss)	\$ 64.6	\$ 21.6	\$ 7.9	\$ (177.6)
Adjust: (Income) loss from discontinued ops	(34.2)	(35.7)	(13.5)	177.2
Add: Taxes from continuing operations	0.2	(28.4)	25.1	7.7
Add: Depreciation and Amortization	37.3	39.5	42.1	47.5
Add: Net Interest Expense	14.8	13.6	13.1	15.0
EBITDA from continuing operations	\$ 82.7	\$ 10.6	\$ 74.6	\$ 69.8
<u>Adjustments / Exclusions:</u>				
Pension settlement charge	-	7.3	-	-
Gains on Timberland Sales and Transaction Related Costs	(20.9)	-	(0.2)	(3.2)
Asset impairment charge	1.2	-	-	-
Airlaid Capacity Expansion	-	2.7	10.9	7.1
Cost optimization actions (net of asset write off)	2.3	3.1	1.3	0.4
Costs related to strategic initiatives	0.2	-	-	5.9
Fox River environmental matter	10.0	40.0	-	-
Adjusted EBITDA from continuing operations	\$ 75.6	\$ 63.6	\$ 86.6	\$ 80.0

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>	2016	2017	2018
Net Income (Loss)	\$ 21.6	\$ 7.9	\$ (177.6)
Adjust: (Income) loss from discontinued ops	-	-	177.2
Add: Taxes from continuing operations	(10.7)	31.4	7.7
Add: Depreciation and Amortization	65.8	76.0	47.5
Add: Net Interest Expense	15.6	17.5	15.0
EBITDA	\$ 92.2	\$ 132.9 (*)	\$ 69.8
EBITDA from Steinfurt operations (Sep'18 YTD)	-	-	8.6
<u>Adjustments / Exclusions:</u>			
Pension settlement charge	7.3	-	-
Gains on Timberland Sales and Transaction Related Costs	-	(0.2)	(3.2)
Airlaid Capacity Expansion	2.7	10.9	7.1
Specialty Paper Environmental Compliance	8.3	3.6	-
Cost optimization actions (net of asset write off)	3.5	5.5	0.4
Costs related to strategic initiatives	-	-	5.9
Fox River environmental matter	40.0	-	-
Adjusted EBITDA	\$ 154.1 (*)	\$ 152.7 (*)	\$ 88.6 (*)

Notes: (*) -For leverage calculation, historical periods reflects EBITDA at that point of time including discontinued operations and 2018 EBITDA includes Sep'18 YTD Steinfurt financials
 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 EPS for continuing operations

<i>In millions</i>	2015	2016	2017	2018
Net Income (Loss)	\$ 64.6	\$ 21.6	\$ 7.9	\$ (177.6)
Adjust: (Income) loss from discontinued ops, net of tax	(34.2)	(35.7)	(13.5)	177.2
Income (loss) from continuing operations	30.4	(14.2)	(5.6)	(0.4)
<u>Adjustments / Exclusions:</u>				
Pension settlement charge	-	7.3	-	-
Gains on Timberland Sales and Transaction Related Costs	(20.9)	-	(0.2)	(3.2)
Asset impairment charge	1.2	-	-	-
Airlaid Capacity Expansion	-	2.7	10.9	7.1
Cost optimization actions	2.3	3.1	2.6	0.4
Costs related to strategic initiatives	0.2	-	-	5.9
Fox River environmental matter	10.0	40.0	-	-
Income Tax impact on adjustments	1.3	(19.4)	18.8	(0.5)
Total adjustments	(5.8)	33.6	32.0	9.6
Adjusted income from continuing operations	24.6	19.4	26.4	9.2
Normalizing tax rate to 40% provision (2015 - 2017)	10.4	13.1	6.8	-
Adjusted earnings for continuing operations	\$ 14.1	\$ 6.3	\$ 19.6	\$ 9.2
Adjusted EPS for continuing operations	\$ 0.32	\$ 0.14	\$ 0.44	\$ 0.21
<i>Weighted average shares</i>	43,942	44,129	44,439	43,768

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 EPS for continuing operations

<i>In millions</i>	Q4'17	Q4'18
Net Income (Loss)	\$ (10.1)	\$ (80.1)
Adjust: (Income) loss from discontinued ops, net of tax	(4.6)	76.8
Income (loss) from continuing operations	(14.7)	(3.3)
<u>Adjustments / Exclusions:</u>		
Gains on Timberland Sales and Transaction Related Costs	-	(1.3)
Airlaid Capacity Expansion	3.8	1.5
Cost optimization actions	(0.4)	0.4
Costs related to strategic initiatives	-	5.0
Income Tax impact on adjustments	19.9	(1.0)
Total adjustments	23.3	4.7
Adjusted income from continuing operations	\$ 8.6	\$ 1.4
Adjusted EPS for continuing operations	\$ 0.20	\$ 0.03
<i>Weighted average shares - QTD</i>	43,634	43,809

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 for continuing operations

<i>In 000's</i>	Q4'17	Q3'18	Q4'18
Composite Fibers Operating Profit	\$16,828	\$11,859	\$8,248
Addback: Depreciation & Amortization	7,418	7,062	6,583
Composite Fibers EBITDA	<u>\$24,246</u>	<u>\$18,921</u>	<u>\$14,831</u>
Advanced Airlaid Materials Operating Profit	\$7,191	\$5,524	\$9,667
Addback: Depreciation & Amortization	2,511	3,391	5,211
Advanced Airlaid Materials EBITDA	<u>\$9,703</u>	<u>\$8,915</u>	<u>\$14,877</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	December 31
<i>In millions</i>	2016	2017	2018
Current Portion of Long-Term Debt	\$9.0	\$11.3	\$10.8
Long-Term Debt	363.6	470.1	401.0
Total Debt	372.6	481.4	411.7
Less: Cash	(55.4)	(116.2)	(142.7)
Net Debt	<u>\$317.2</u>	<u>\$365.2</u>	<u>\$269.1</u>
Net Debt	\$317.2	\$365.2	\$269.1
Divided by: TTM Adjusted EBITDA	154.1	152.7	88.6
Leverage*	<u>2.1x</u>	<u>2.4x</u>	<u>3.0x</u>

Notes: * For leverage calculation, the TTM EBITDA reflects EBITDA at that point of time including discontinued operations
The above calculation is not intended to be used for purposes of calculating debt covenant compliance.

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