



G L A T F E L T E R

2019 Second 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.

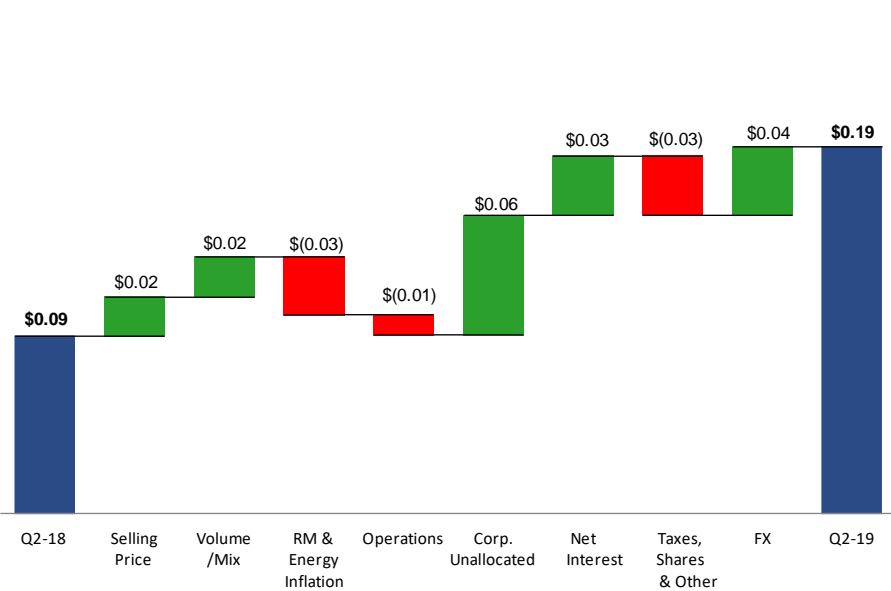
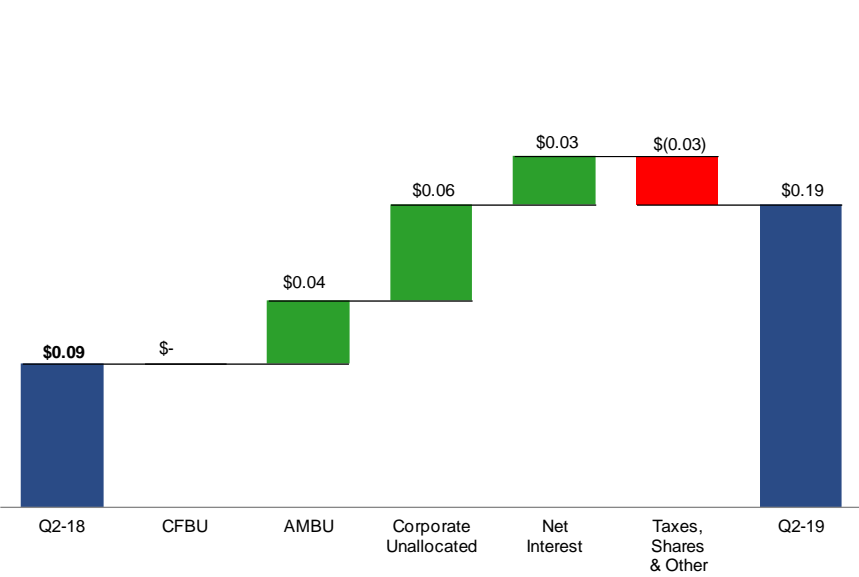


Highlights

- **Generated Adjusted EPS of \$0.19 and Adjusted EBITDA of \$28 million**
 - EPS – in line with expectations
- **Record quarter for Airlaid business with revenue up 44% in constant currency**
 - Organic revenue growth of 12% in constant currency, reflecting significant progress with new business in North America
 - On track to deliver previously communicated growth in legacy volume and Steinfurt acquisition operating profit
- **Composite Fibers shipping volumes and profitability improved sequentially**
 - Continues to be impacted by market pressure and weak demand in wallcover and metalized
 - Higher abaca prices offset benefits from reduced pulp prices
- **Corporate costs reduced by \$3.7 million versus Q2 2018**



Adjusted EPS – Q2 2019 vs. Q2 2018



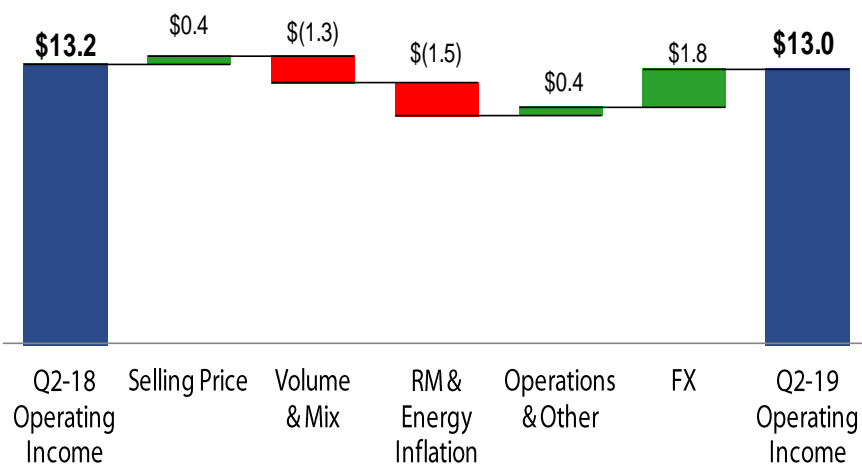
On a GAAP basis, net income from continuing operations for Q2 2019 was \$6.3 million or \$0.14 per share compared to \$1.3 million or \$0.03 per share in Q2 2018



Composite Fibers Q2 2019 Highlights

Dollars in Thousands

	Q2 2018	Q1 2019	Q2 2019
Tons shipped (MT)	36,686	31,529	34,523
Net sales	\$142,934	\$128,717	\$132,581
Operating income	\$13,179	\$11,349	\$12,985
EBITDA	\$20,379	\$18,023	\$19,586
EBITDA margin	14.3%	14.0%	14.8%



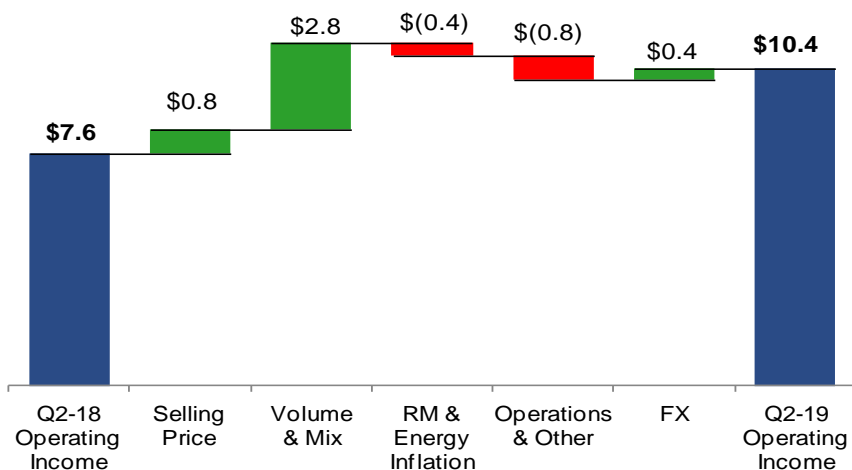
- **Revenue down 3% versus Q2 2018 on constant currency**
 - Volume down 6%
 - Metalized products down 17%
 - Wallcover down 11%
 - Composite laminates up 14%
 - Food & Beverage slightly higher
 - Selling prices increased \$0.4 million versus Q2 2018
- **Raw material and energy costs unfavorable \$1.5 million versus Q2 2018; favorable to Q1 2019 by \$1.1 million**
 - Experiencing higher abaca pulp prices
- **Operations favorable \$0.4 million**
 - \$2.0 million benefit from cost reduction actions
 - (\$1.2) million related to machine downtime
- **Fx favorable \$1.8 million mainly driven by favorable hedges**
- **Outlook (Q3 2019 versus Q2 2019)**
 - Shipping volumes expected to be slightly higher
 - Selling prices expected to be in-line
 - Raw material prices are expected to be in-line as pulp price benefit is offset by higher abaca fiber costs
 - Expect market related downtime to be in line with Q2 2019
- **Expect 2019 volume to be flat to slightly lower versus 2018**



Advanced Airlaid Materials Q2 2019 Highlights

Dollars in Thousands

	Q2 2018	Q1 2019	Q2 2019
Tons shipped (MT)	24,499	33,177	34,041
Net sales	\$72,808	\$100,416	\$102,472
Operating income	\$7,554	\$10,038	\$10,362
EBITDA	\$11,089	\$15,306	\$15,640
EBITDA margin	15.2%	15.2%	15.3%



- **Record quarter with revenue up 44% versus Q2 2018 on constant currency**
 - Excluding Steinfurt, shipping volume up 10% and net sales up 12% on constant currency basis
 - Table top up 92%
 - Wipes up 41%
- **Higher selling prices reflect the contractual pass through of higher raw material prices**
- **Operating profit improved \$2.8 million**
 - \$1.5 million from Steinfurt acquisition
- **Outlook (Q3 2019 versus Q2 2019)**
 - Shipments expected to be slightly higher
 - Selling prices are expected to decline slightly
 - Raw material prices are expected to be slightly lower
- **Outlook 2019**
 - Continue to expect legacy volumes at the higher end of 8%-10% range as previously communicated
 - Continue to expect Steinfurt operating profit of \$7 to \$9 million with D&A of \$7 million as previously communicated



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)	Q2'18	Q2'19
Timberland sales and related costs	\$0.6	\$0.4
Airlaid capacity expansion	(\$1.7)	-
Cost optimization actions	-	(\$2.0)
Strategic initiatives	(\$1.7)	(\$0.1)
Special items excluded from adjusted earnings	(\$2.8)	(\$1.7)
Corporate costs*	(\$10.3)	(\$6.6)
Total corporate costs & other financial items	(\$13.1)	(\$8.3)

- **Corporate costs include \$6.9 million in Q2'18 related to Corporate shared services previously charged to Specialty Papers**
- **Corporate costs lower than Q2'18 by \$3.7 million**
- **Corporate costs reduction actions on target**
 - Continue to rightsize corporate shared services
 - Coming to the end of transition services for the Specialty papers business
 - Corporate costs estimated to be approximately \$1 to \$2 million higher in Q3'19
 - Corporate costs estimated to be \$33 to \$35 million in 2019 and \$28 to \$30 million in 2020
- **Qualified pension plan terminated effective June 30, 2019**
 - Eliminates long term risks
 - Reverts cash from overfunded pension
 - Replaces defined benefit plan with an enhanced defined contribution plan
 - 2019 post-retirement costs are not expected to change materially

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

- **Cash flow from continuing operations higher by \$21.6 million in Q2'19 and by \$4.6 million for the first half of the year**
 - Fox River liability settlement of \$20.5 million paid in Jan'19
- **Capital expenditures in Q2'19 were \$1.1 million lower than Q2'18**
 - Q2'18 includes \$1.3 million for airlaid capacity expansion
- **Expect total capital expenditures to be \$23 to \$28 million in 2019**
- **Depreciation and amortization expense for 2019 estimated to be \$52 million**
- **Tax rate for 2019 estimated to be approximately 38%**

(in millions)	Q2'18	Q2'19	H1'18	H1'19
Adjusted EBITDA	\$21.6	\$28.0	\$42.7	\$53.6
Change in working capital (*)	(24.5)	(18.4)	(42.0)	(40.0)
Taxes paid	(3.8)	(4.2)	(6.8)	(7.2)
Interest paid	(6.9)	(1.8)	(6.9)	(7.7)
Other (includes Fox River)	(3.0)	1.3	(10.9)	(18.0)
Cash Flow from continuing Operations	(16.7)	4.9	(23.9)	(19.3)
Less: Capital expenditures	(5.9)	(4.8)	(25.9)	(10.6)
Free Cash Flow	(22.6)	0.1	(49.8)	(29.9)
Adjustment for major capital projects	1.3	0.0	12.6	0.0
Adjusted Free Cash Flow	(\$21.3)	\$0.1	(\$37.2)	(\$29.9)

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

- **Renewed 5-year revolving credit facility**
- **Redeemed 5³/₈% Notes on February 28, 2019 which will reduce interest expense by \$6 million in 2019 and replaced with term loan**
- **Paid \$20.5 million in January 2019 related to Fox River settlement**
- **Temporary uptick in leverage driven by Fox River payment and working capital use**
 - Liquidity based on leverage covenant of 4.5x which drops to 4.0x at December 31, 2019
- **Expect liquidity to improve in 2019**
 - Earnings growth from business units
 - Reduction in corporate shared services costs
 - Lower capital expenditures

(in millions)	31-Dec-18	31-Mar-19	30-Jun-19
Cash	\$142.7	\$76.7	\$58.9
Debt			
Current portion of long term debt	10.8	19.9	23.2
5 ³ / ₈ % Notes, due October 2020	250.0	-	-
Term Loans 1.3% - 2.4% due 2022 - 2025	37.7	272.3	270.0
Revolving credit agreement	114.5	101.1	94.5
Unamortized deferred financing costs	(1.3)	(2.8)	(2.7)
Total Debt	\$411.7	\$390.4	\$385.0
Net Debt	\$269.1	\$313.8	\$326.1
Shareholders' Equity	\$538.9	\$536.2	\$543.1
TTM Adj. EBITDA	\$88.6	\$88.8	\$92.2
Net Leverage*	3.0	3.5	3.5
Available Liquidity	\$152.9	\$94.5	\$99.3

Notes: (*) -For leverage calculation, 2018 EBITDA includes full year of Steinfurt financials, TTM 3/31/2019 EBITDA includes add back of Q2'18 and Q3'18 Steinfurt financial and TTM 6/30/2019 EBITDA includes add back of Q3'18 Steinfurt financials

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

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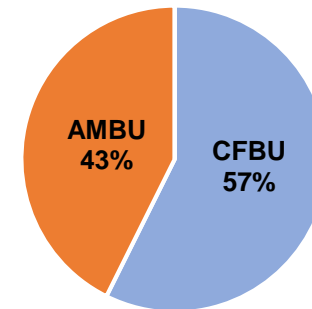
2019 Profit Drivers

- **Advanced Airlaid Materials**
 - Expect legacy volumes to grow 10%
 - Steinfurt acquisition operating profit of \$7 to \$9 million
- **Composite Fibers**
 - Focus on operational excellence and productivity
 - Reduced headcount and continued focus on cost control
- Achieve corporate costs reduction of \$14 to \$16 million by the end of 2020
- Reduced interest expense by \$6 million versus 2018

Financial Highlights

(Proforma TTM 6/30/19)

Sales: \$927 million



Adjusted EBITDA
\$92.2 million
10.0%

Pro-forma Sales and Adjusted EBITDA includes Q3'18 results of Steinfurt



Appendix



Effective Tax Rate

- Estimated tax rate for 2019 of approximately 38% on adjusted earnings
 - Glatfelter utilizing NOL's in U.S.
 - When using NOL's cannot take 50% deduction or use foreign tax credits to reduce GILTI
- Drivers of tax rate
 - 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
- 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%



Earnings Statement

Q2'19 vs Q2'18 (in millions of dollars)	Q2'18	Q2'19	
Sales	\$215.7	\$235.1	●
Cost of sales	\$181.9	\$197.1	●
SG&A	\$26.2	\$22.8	
Operating income from continuing operations	\$7.7	\$15.1	●
Interest expense, net	\$3.8	\$1.6	
Non-service components of net periodic benefit cost	(\$0.2)	\$0.5	
Non-operating expense / (income)	\$1.0	\$1.1	
Income tax expense	\$1.8	\$5.7	
<i>Tax rate</i>	<i>58.8%</i>	<i>47.3%</i>	
Income from continuing operations	\$1.3	\$6.3	
Discontinued operations	(\$8.7)	(\$0.5)	
Net Income	(\$7.4)	\$5.8	
Adjusted EPS from continuing operations	\$0.09	\$0.19	

Volume	+12%
Constant Fx	+13%

RM & Energy prices up	\$1.9m
Depreciation increase up	\$0.9m

AMBU	\$10.4
CFBU	\$13.0
Corporate costs	(\$6.6)
Special items	(\$1.7)
	\$15.1m

Note - 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

- Expect total capital expenditures to be \$23 to \$28 million in 2019
- Depreciation and amortization expense for 2019 estimated to be \$52 million
- **Advanced Airlaid Materials capacity expansion project completed in 2018**
 - Commercial shipments started in Q1'18

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



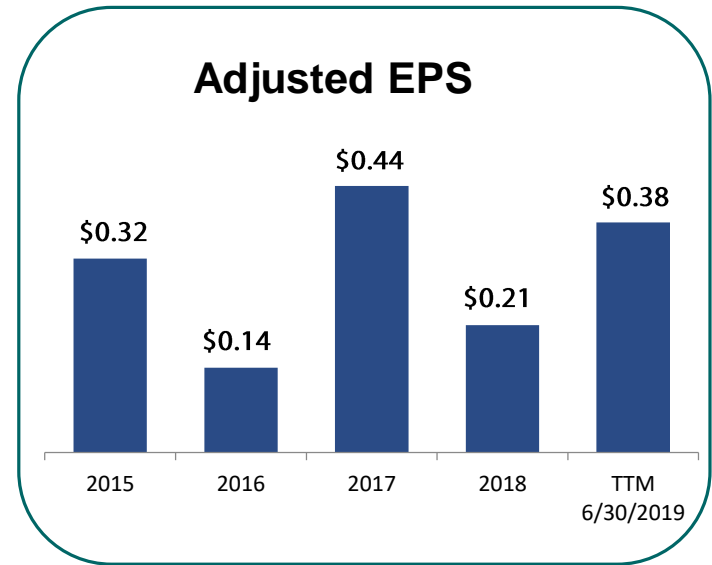
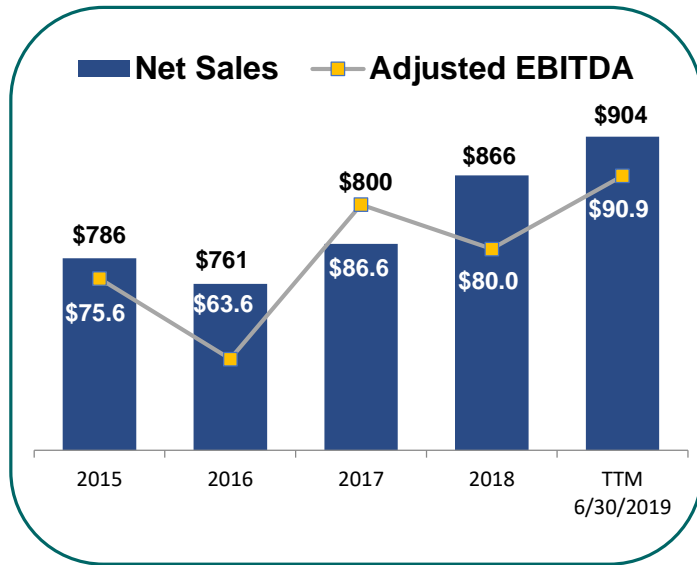
Financial Overview

(in millions)	Q2'18	Q2'19
Net Sales	\$215.7	\$235.1
Adjusted operating income	\$10.5	\$16.8
Adjusted EBITDA	\$21.6	\$28.0
Free Cash Flow	(\$22.6)	\$0.1
Adjusted Free Cash Flow	(\$21.3)	\$0.1

(in millions)	Dec 31 2018	Jun 30 2019
Net Debt	\$269.1	\$326.1
Cash	\$142.7	\$58.9



Earnings Trends

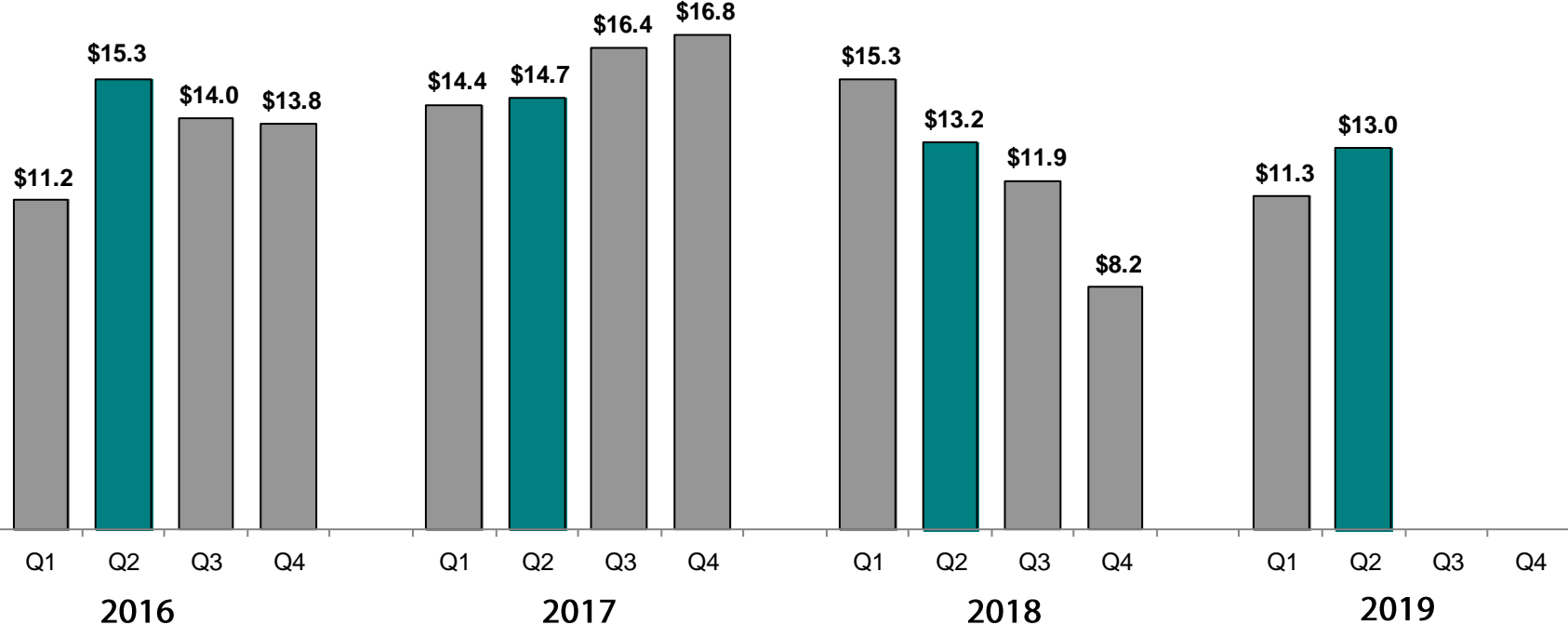


Note: Results are from continuing operations with an assumed tax rate of 40% for 2015 – 2017 ; Net sales and Adjusted EBITDA in millions



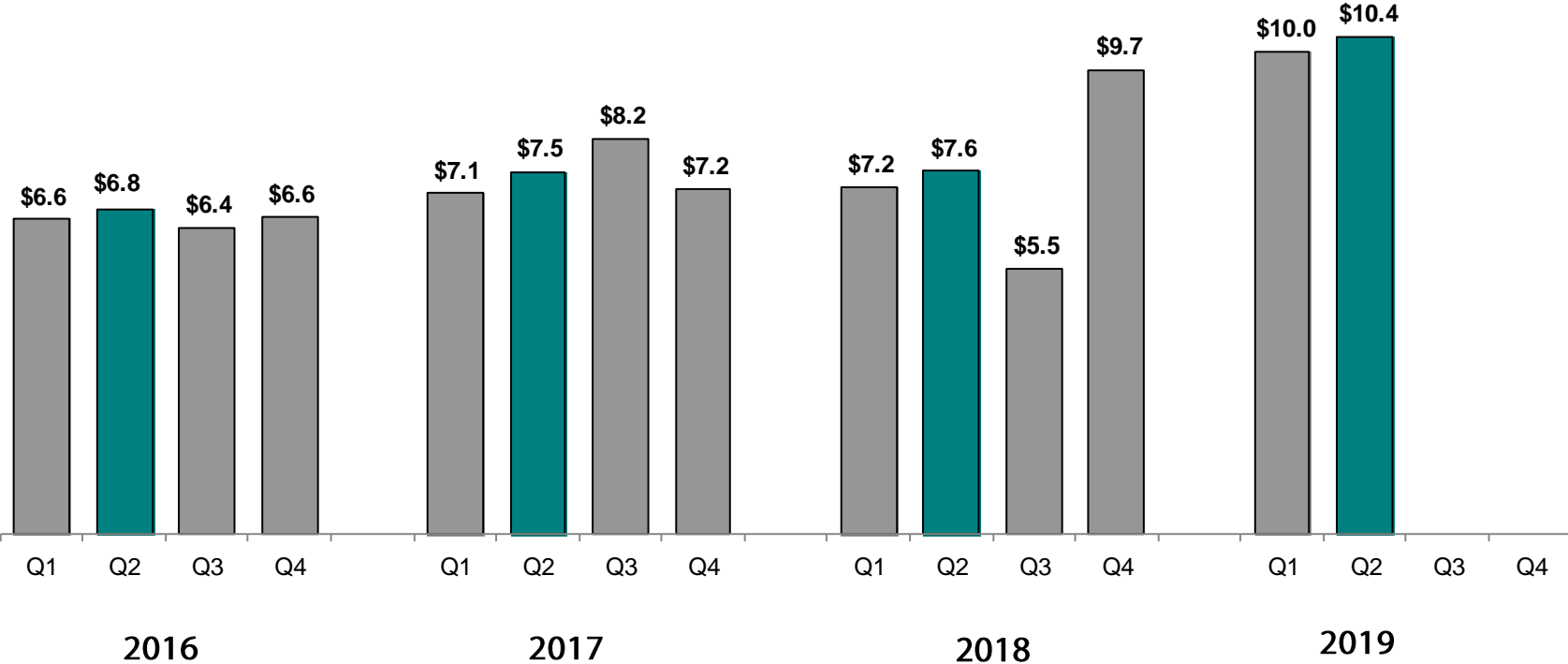
Composite Fibers Operating Income

\$'s in millions



Advanced Airlaid Materials Operating Income

\$'s in millions



Reconciliation of Non-GAAP measures

Adjusted EBITDA and Adjusted Operating Income from continuing operations

<i>In millions</i>	Q2 2018	Q2 2019	H1 2018	H1 2019
Net Income (Loss)	\$ (7.4)	\$ 5.8	\$ (1.7)	\$ 11.1
Adjust: Discontinued ops	8.7	0.5	5.2	(0.2)
Add: Taxes	1.8	5.7	3.6	7.5
Add: Depreciation and Amortization	11.9	12.7	23.2	25.5
Add: Net Interest Expense	3.8	1.6	7.2	5.9
EBITDA	\$ 18.8	\$ 26.3	\$ 37.5	\$ 49.8
<u>Adjustments / Exclusions:</u>				
Gains on Timberland Sales and Transaction Related Costs	(0.6)	(0.4)	(1.7)	(0.9)
Airlaid Capacity Expansion	1.7	(0.0)	4.7	1.0
Cost optimization actions	-	2.0	(0.0)	5.9
Costs related to strategic initiatives	1.7	0.1	2.2	0.2
Fox River environmental matter	-	-	-	(2.5)
Adjusted EBITDA from continuing operations	\$ 21.6	\$ 28.0	\$ 42.7	\$ 53.6
Depreciation and Amortization	(11.9)	(12.7)	(23.2)	(25.5)
Other (Income)/Expense	0.8	1.6	1.1	2.5
Adjusted Operating Income from continuing operations	\$ 10.5	\$ 16.8	\$ 20.6	\$ 30.6

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 from continuing operations

<i>In millions</i>	2015	2016	2017	2018	TTM 6/30/2019
Net Income (Loss)	\$ 64.6	\$ 21.6	\$ 7.9	\$(177.6)	\$ (164.8)
Adjust: Discontinued ops	(34.2)	(35.7)	(13.5)	177.2	171.7
Add: Taxes from continuing operations	0.2	(28.4)	25.1	7.7	11.7
Add: Depreciation and Amortization	37.3	39.5	42.1	47.5	49.8
Add: Net Interest Expense	14.8	13.6	13.1	15.0	13.7
EBITDA from continuing operations	\$ 82.7	\$ 10.6	\$ 74.6	\$ 69.8	\$ 82.1
<u>Adjustments / Exclusions:</u>					
Pension settlement charge	-	7.3	-	-	-
Gains on Timberland Sales and Transaction Related Costs	(20.9)	-	(0.2)	(3.2)	(2.4)
Asset impairment charge	1.2	-	-	-	-
Airlaid Capacity Expansion	0.0	2.7	10.9	7.1	3.4
Cost optimization actions (net of asset write off)	2.3	3.1	1.3	0.4	6.3
Costs related to strategic initiatives	0.2	-	-	5.9	4.0
Fox River environmental matter	10.0	40.0	-	-	(2.5)
Adjusted EBITDA from continuing operations	\$ 75.6	\$ 63.6	\$ 86.6	\$ 80.0	\$ 90.9

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	Pro forma TTM 3/31/2019	Pro forma TTM 6/30/2019
Net Income (Loss)	\$ (177.6)	\$ (178.0)	\$ (164.8)
Adjust: Discontinued ops	177.2	179.9	171.7
Add: Taxes from continuing operations	7.7	7.8	11.7
Add: Depreciation and Amortization	47.5	49.0	49.8
Add: Net Interest Expense	15.0	15.9	13.7
EBITDA	\$ 69.8	\$ 74.6	\$ 82.1
EBITDA from Steinfurt operations	8.6	4.4	1.3
<u>Adjustments / Exclusions:</u>			
Gains on Timberland Sales and Transaction Related Costs	(3.2)	(2.6)	(2.4)
Airlaid Capacity Expansion	7.1	5.1	3.4
Cost optimization actions (net of asset write off)	0.4	4.4	6.3
Costs related to strategic initiatives	5.9	5.5	4.0
Fox River environmental matter	-	(2.5)	(2.5)
Adjusted EBITDA	\$ 88.6 (*)	\$ 88.8 (*)	\$ 92.2 (*)

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>	2015	2016	2017	2018	TTM 6/30/2019
Net Income (Loss)	\$ 64.6	\$ 21.6	\$ 7.9	\$ (177.6)	\$ (164.8)
Adjust: Discontinued ops, net of tax	(34.2)	(35.7)	(13.5)	177.2	171.7
Income (loss) from continuing operations	30.4	(14.2)	(5.6)	(0.4)	6.9
<u>Adjustments / Exclusions:</u>					
Pension settlement charge	-	7.3	-	-	-
Gains on Timberland Sales and Transaction Related Costs	(20.9)	-	(0.2)	(3.2)	(2.4)
Asset impairment charge	1.2	-	-	-	-
Airlaid Capacity Expansion	0.0	2.7	10.9	7.1	3.4
Debt refinancing fees	-	-	-	-	1.0
Cost optimization actions	2.3	3.1	2.6	0.4	6.3
Costs related to strategic initiatives	0.2	-	-	5.9	4.0
Fox River environmental matter	10.0	40.0	-	-	(2.5)
Income Tax impact on adjustments	1.3	(19.4)	18.8	(0.5)	0.3
Total adjustments	(5.8)	33.6	32.0	9.6	10.1
Adjusted income from continuing operations	24.6	19.4	26.4	9.2	17.0
Normalizing tax rate to 40% provision (2015 - 2017)	10.4	13.1	6.8	-	-
Adjusted earnings for continuing operations	\$ 14.1	\$ 6.4	\$ 19.6	\$ 9.2	\$ 17.0
Adjusted EPS for continuing operations	\$ 0.32	\$ 0.14	\$ 0.44	\$ 0.21	\$ 0.38
<i>Weighted average shares</i>	43,942	44,129	44,439	43,768	44,389

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 from continuing operations

<i>In millions</i>	Q2'18	Q2'19
Net Income (Loss)	\$ (7.4)	\$ 5.8
Adjust: Discontinued ops, net of tax	8.7	0.5
Income from continuing operations	1.3	6.3
<u>Adjustments / Exclusions:</u>		
Gains on Timberland Sales and Transaction Related Costs	(0.6)	(0.4)
Airlaid Capacity Expansion	1.7	(0.0)
Fox River environmental matter	-	-
Cost optimization actions	-	2.0
Debt refinancing fees	-	-
Costs related to strategic initiatives	1.7	0.1
Income Tax impact on adjustments	(0.1)	0.5
Total adjustments	2.8	2.2
Adjusted income from continuing operations	\$ 4.0	\$ 8.5
Adjusted EPS for continuing operations	\$ 0.09	\$ 0.19
<i>Weighted average shares - QTD</i>	44,487	44,382

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Reconciliation of Non-GAAP measures

Adjusted EBITDA from continuing operations

<i>In thousands</i>	Q2'18	Q1'19	Q2'19
Composite Fibers Operating Profit	\$13,179	\$11,349	\$12,985
Addback: Depreciation & Amortization	7,200	6,674	6,602
Composite Fibers EBITDA	<u>\$20,379</u>	<u>\$18,023</u>	<u>\$19,586</u>
Advanced Airlaid Materials Operating Profit	\$7,554	\$10,038	\$10,362
Addback: Depreciation & Amortization	3,535	5,268	5,278
Advanced Airlaid Materials EBITDA	<u>\$11,089</u>	<u>\$15,306</u>	<u>\$15,640</u>

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Reconciliation of Non-GAAP measures

Net Debt and Leverage

Net debt & Leverage	December 31	March 31	June 30
<i>In millions</i>	2018	2019	2019
Current Portion of Long-Term Debt	\$10.8	\$19.9	\$23.2
Long-Term Debt	401.0	370.6	361.8
Total Debt	411.7	390.4	385.0
Less: Cash	(142.7)	(76.7)	(58.9)
Net Debt	\$269.1	\$313.8	\$326.1
Net Debt	\$269.1	\$313.8	\$326.1
Divided by: TTM Adjusted EBITDA	88.6	88.8	92.2
Net Leverage*	3.0x	3.5x	3.5x

Notes: (*) -For leverage calculation, 2018 EBITDA includes full year of Steinfurt financials, TTM 3/31/2019 EBITDA includes add back of Q2'18 and Q3'18 Steinfurt financial and TTM 6/30/2019 EBITDA includes add back of Q3'18 Steinfurt financials

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