



G L A T F E L T E R

2022 Second Quarter Earnings Conference Call

Dante C. Parrini, Chairman & CEO

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August 2, 2022

NYSE: GLT

Forward Looking Statements and Use of Non-GAAP Financial Measures

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”, “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, which are described in the Company’s filings with the U.S. Securities and Exchange Commission (“SEC”), including those set forth in the Risk Factors section and under the heading “Forward-Looking Statements” in the Company’s most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which are available on the SEC’s website at www.sec.gov. 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 the Company 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.

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 – Q2 2022

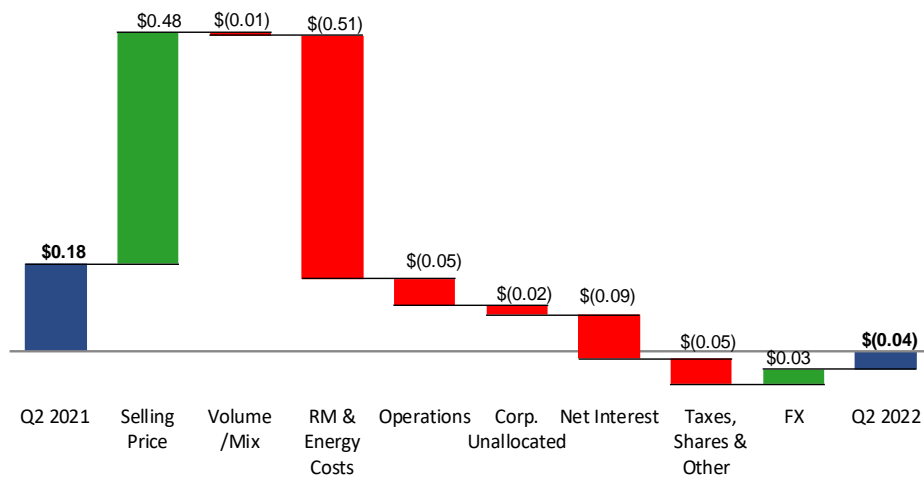
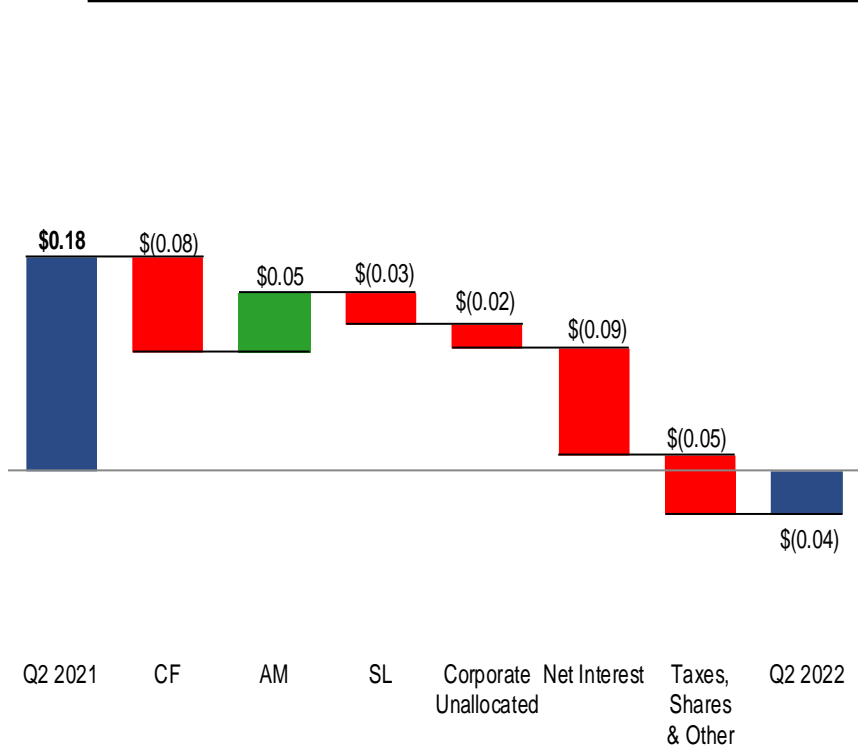
- **Adjusted EBITDA of \$27.2 million and adjusted EPS loss of (\$0.04) – ahead of expectations**
- **Composite Fibers' profitability above expectations driven by higher selling price realization and lower energy consumption at spot pricing**
 - Successfully converted 50% of Composite Fibers revenue base to a dynamic cost pass-through pricing model, well ahead of our year-end goal
- **Airlaid Materials profitability above expectations driven by higher selling price realization, favorable product mix, and successfully executed capital project at Falkenhagen**
- **Spunlace performance below expectations mainly due to inflation-driven widening of price/cost gap, and supply chain disruptions that affected raw material availability which resulted in production and shipment shortfalls.**
- **Net Leverage, as calculated in accordance with the covenants of our bank credit agreement, increased to 5.3x* at June 30, 2022 versus 4.8x at March 31, 2022, driven by earnings softness**

Notes: Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement

() - Debt covenant compliance ratio of 5.3x as of June 30, 2022, versus threshold of 6.75x, includes additional add backs permitted under the credit agreement*



Adjusted EPS – Q2 2022 vs. Q1 2021

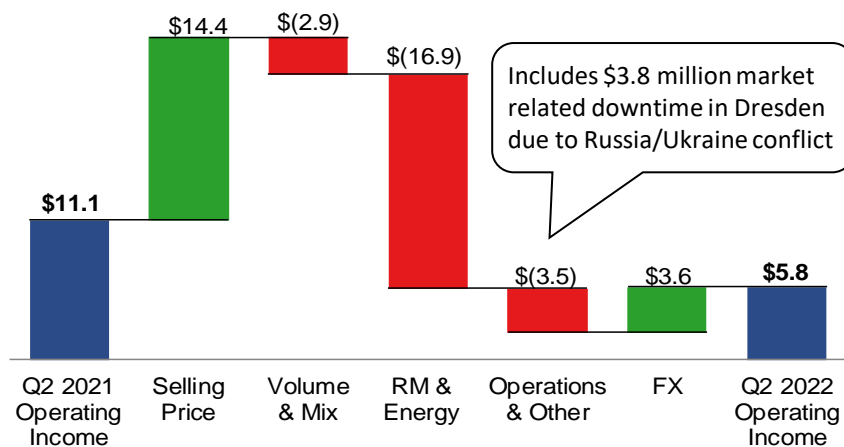


On a GAAP basis, net loss from continuing operations for Q2 2022 was \$2.5 million or (\$0.05) per share compared to net income from continuing operations of \$1.5 million or \$0.03 per share in Q2 2021



Composite Fibers Q2 2022 Highlights

Dollars in Thousands	Q2 2021	Q1 2022	Q2 2022
Tons shipped (MT)	34,471	28,211	24,246
Net sales	\$141,598	\$135,829	\$123,338
Operating income (Loss)	\$11,063	(\$335)	\$5,779
EBITDA	\$18,061	\$6,184	\$10,602
EBITDA margin	12.8%	4.6%	8.6%

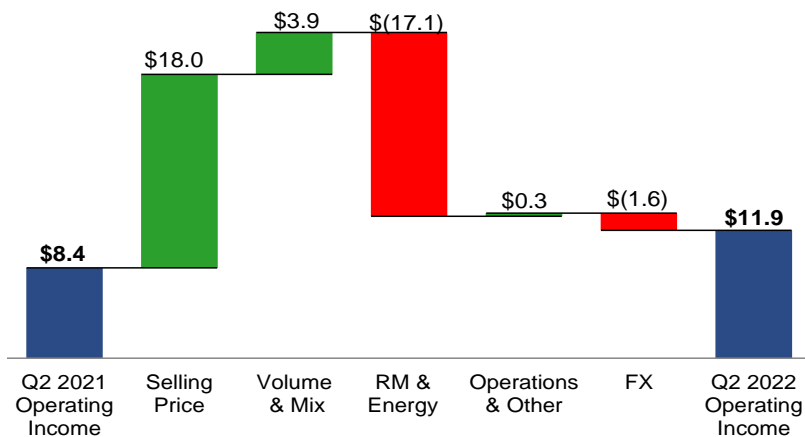


- **Revenue down 4% versus Q2 2021 on constant currency**
 - Selling prices were \$14.4 million higher versus Q2 2021 and increased sequentially by approximately ~\$2 million
 - Volume down 30% vs. Q2 2021
 - Wallcover down 62% (primarily sanctions driven)
 - Technical specialties down 28%
 - Metallized products down 21%
 - Food & Beverage down 4%
 - Composite Laminates up 7%
- **Lower shipments and market related downtime unfavorably impacted results by \$6.4 million, primarily due to wallcover and the impact from Russian sanctions**
- **Raw material and energy prices unfavorable \$16.9 million due to significant inflationary pressures in energy, synthetic fiber, wood pulp, and freight**
- **FX favorable \$3.6 million mainly driven by weakening of British Pound and currency hedging gains**
- **Outlook (Q3 2022 versus Q2 2022)**
 - Expect higher selling prices to generally offset rising raw material and energy costs
 - Expect volume to be ~5% higher and favorably impact results by ~\$1 million
 - Operations expected to be ~\$1 million unfavorable from lower production
 - Expect Q3 2022 operating profit to be in-line with Q2 2022



Airlaid Materials Q2 2022 Highlights

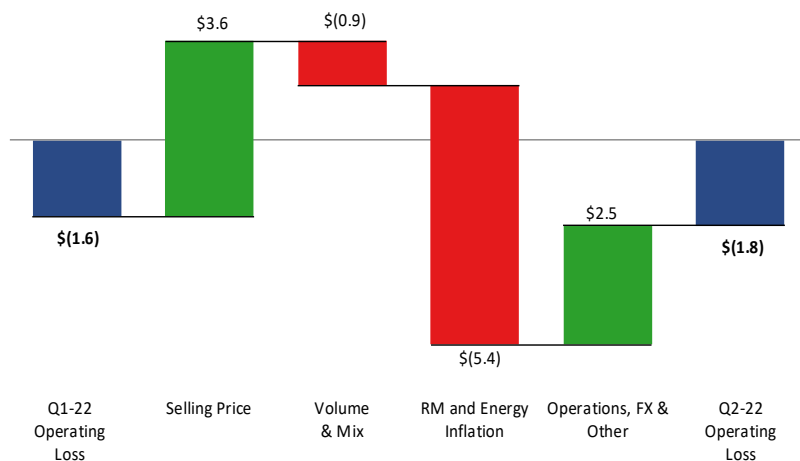
<i>Dollars in Thousands</i>	Q2 2021	Q1 2022	Q2 2022
Tons shipped (MT)	34,315	43,052	40,681
Net sales	\$103,313	\$149,464	\$143,708
Operating income	\$8,431	\$12,221	\$11,944
EBITDA	\$15,198	\$19,850	\$19,507
EBITDA margin	14.7%	13.3%	13.6%



- **Revenue up 48% versus Q2 2021 on constant currency, including full quarter of Mount Holly acquisition**
 - Volume up 18.6% including favorable mix
 - Wipes up 50%
 - Tabletop up 32%
 - Hygiene products up 7%
 - Home Care products down 26%
- **Higher selling prices reflect the contractual pass-through of higher raw material costs**
 - Newly implemented energy surcharges fully offset the year-over-year energy costs
- **Operations slightly favorable by \$0.3 million as benefits from higher production were mostly offset by higher general inflation**
- **FX unfavorable \$1.6 million mainly due to weaker Euro**
- **Outlook (Q3 2022 versus Q2 2022)**
 - Expect higher selling prices to offset raw material and energy inflation
 - Expect volume to be ~5% higher and combined with increased production, to favorably impact operating profit by ~\$1.5 million

Spunlace Q2 2022 Highlights

Dollars in Thousands	Q1 2022	Q2 2022
Tons shipped (MT)	20,736	19,358
Net sales	\$96,387	\$96,917
Operating Loss	(\$1,572)	(\$1,808)
EBITDA	\$1,342	\$1,143
EBITDA margin	1.4%	1.2%



- **Revenue of \$97 million in line with the first quarter**
 - Volume of 19,358 MT was 7% lower than prior quarter
 - Consumer wipes down 18%
 - Hygiene down 8%
 - Critical cleaning up 10%
 - Healthcare up 14%
- **Selling price increases, energy surcharges, and raw material pass-through provisions together were sequentially higher by \$3.6 million**
- **Raw material & energy costs were higher by \$5.4 million**
 - Higher than anticipated inflation primarily in synthetic fibers and pulp-based fibers
- **Operations favorable by \$2.5 million compared to the previous quarter mainly driven by integration cost reduction efforts**
- **Outlook (Q3 2022 versus Q2 2022)**
 - Expect higher selling prices to partially offset higher raw material and energy inflation, net unfavorable impact of ~\$3 million
 - Expect slightly higher volume and favorable mix versus Q2 2022
 - Expect operations to be favorable by ~\$1 million
 - Expect Q3 2022 to be approximately (\$2.5) million operating loss

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 Segment Financial Information included in total operating income in the earnings release.

(in millions)	Q2 2021	Q2 2022	YTD 2021	YTD 2022
Goodwill and other asset impairment charges	\$-	\$-	\$-	(117.3)
Cost optimization actions	\$-	(0.1)	\$-	(0.9)
Timberland sales and related costs	1.6	0.0	2.4	3.0
Russia/Ukraine conflict charges	-	-	-	(3.9)
Strategic initiatives	(7.8)	(0.6)	(8.4)	(2.5)
Corporate headquarters relocation	(0.2)	(0.1)	(0.4)	(0.2)
Special items excluded from adjusted earnings	(6.5)	(0.8)	(6.4)	(122.0)
Corporate costs*	(4.9)	(6.2)	(10.9)	(11.2)
Total corporate costs & other financial items	(\$11.4)	(\$7.0)	(\$17.3)	(133.2)

- **YTD Corporate costs \$0.3 million higher versus 2021**
- **Outlook (FY 2022)**
 - Corporate costs estimated to be approximately \$24 million in 2022
 - Interest expense & other financial costs estimated to be ~\$35 million

Notes:

(*) Corporate costs are primarily comprised of employee costs, legal fees, and professional services fees. The sum of individual amounts set forth above may not agree to the column totals due to rounding.



Cash Flow

- **YTD 2022 Adjusted Free Cash Flow from continuing operations ~ \$90 million lower versus last year**
 - Adjusted EBITDA lower by ~\$12 million
 - Higher working capital usage of ~\$51 million
 - Previous termination of Spunlace US factoring program \$15m,
 - Higher A/R driven by price increases, and
 - Higher inventory due to volume and RM/Energy inflation
 - Interest paid increased by ~\$13 million related to acquisition financing in 2021
 - Higher taxes paid of ~\$8 million driven by Canadian income and dividends taxes, and one-time taxes related to integration
 - Higher capital expenditures of ~\$12 million, including the two acquisitions
- **2022 Outlook:**
 - Expect capital expenditures to be approximately \$45 to \$50 million, including \$5 million to \$6 million for Spunlace integration
 - Expect depreciation and amortization expense to be approximately \$68 million

(in millions)	Q2 2021	Q2 2022	H1'21	H1'22
Adjusted EBITDA	\$29.8	\$27.2	\$61.8	\$50.2
Change in working capital (*)	(10.2)	(19.3)	(37.9)	(88.6)
Taxes paid	(3.6)	(6.5)	(7.1)	(14.7)
Interest paid	(1.5)	(14.4)	(2.9)	(15.9)
Other	(7.1)	(0.3)	(12.4)	(10.6)
Cash Flow from continuing Operations	\$7.4	(\$13.3)	\$1.4	(\$79.5)
Less: Capital expenditures	(5.8)	(10.3)	(11.2)	(22.7)
Free Cash Flow	\$1.6	(\$23.6)	(\$9.8)	(\$102.2)
Less: Adjustments to Free Cash Flow ⁽¹⁾	2.6	0.6	5.0	7.2
Adjusted Free Cash Flow (Net)	\$4.1	(\$23.0)	(\$4.8)	(\$95.0)

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.

Notes: Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement.
 (1) – Slide 21 in appendix includes the details for the Adjustments to Free Cash Flow and recasts prior quarters to align with full year presentation



Balance Sheet and Liquidity

- Partnered with our bank group to successfully amend debt covenant in credit agreement to provide financial flexibility in the current environment
- Net Leverage, as calculated in accordance with the covenants of our bank credit agreement, increased to 5.3x* at June 30, 2022, driven by lower trailing twelve month earnings
- Compliant with all financial covenants

(in millions)	31-Dec-20	31-Dec-21	30-Jun-22
Cash	\$99.6	\$138.4	\$71.5
Debt			
Current portion of long term debt	25.1	26.4	22.1
Short term debt	-	22.8	10.6
\$500 million 4.75% bond	-	500.0	500.0
Term Loans 1.3% - 2.4% due 2022 - 2025	253.5	239.5	209.3
Revolving credit agreement	36.8	10.0	81.2
Unamortized deferred financing costs	(1.9)	(11.4)	(11.4)
Total Debt	313.5	787.4	811.8
Net Debt	\$213.9	\$648.9	\$740.3
Shareholders' Equity	\$577.9	\$542.8	\$390.0
TTM Adj. EBITDA (**)	125.3	140.0	108.1
Available Liquidity	\$274.8	\$258.0	\$203.1

Notes:

(*) - Debt covenant compliance ratio of 5.3x as of June 30, 2022 includes additional add backs permitted under credit agreement (max of 6.75x)

(**) EBITDA calculation modified to add back share-based compensation consistent with the newly amended credit agreement.

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



Appendix



Financial Overview

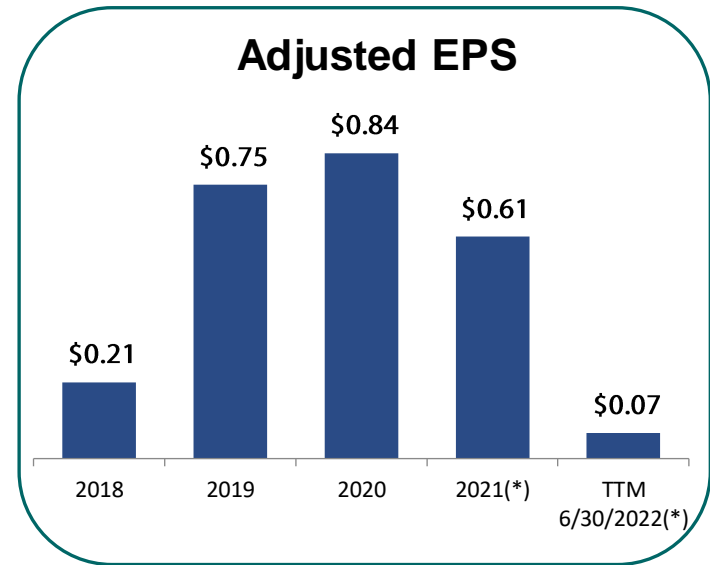
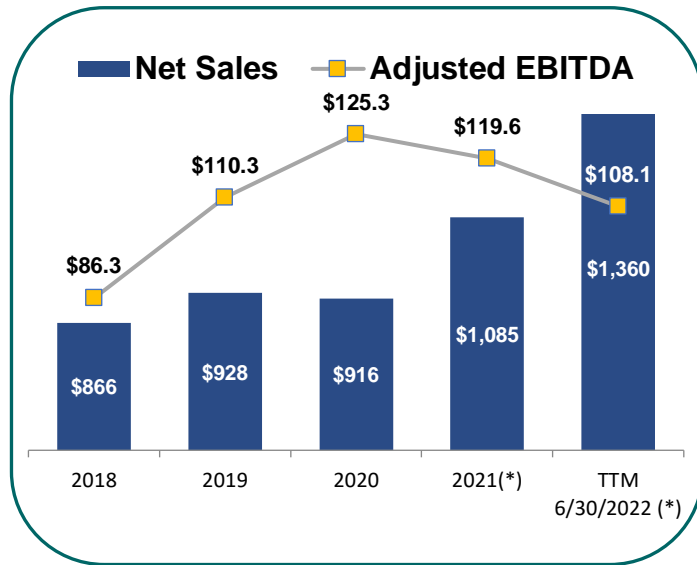
(in millions)	Q2 2021	Q2 2022
Net Sales	\$244.9	\$364.0
Adjusted operating income	\$14.6	\$9.7
Adjusted EBITDA	\$29.8	\$27.2
Free Cash Flow	\$1.6	(\$23.6)
Adjusted Free Cash Flow	\$4.1	(\$23.0)

(in millions)	Dec 31 2021	Jun 30 2022
Net Debt	\$648.9	\$740.3
Cash	\$138.4	\$71.5

Note: Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement



Earnings Trends



Note: Net sales and Adjusted EBITDA in millions

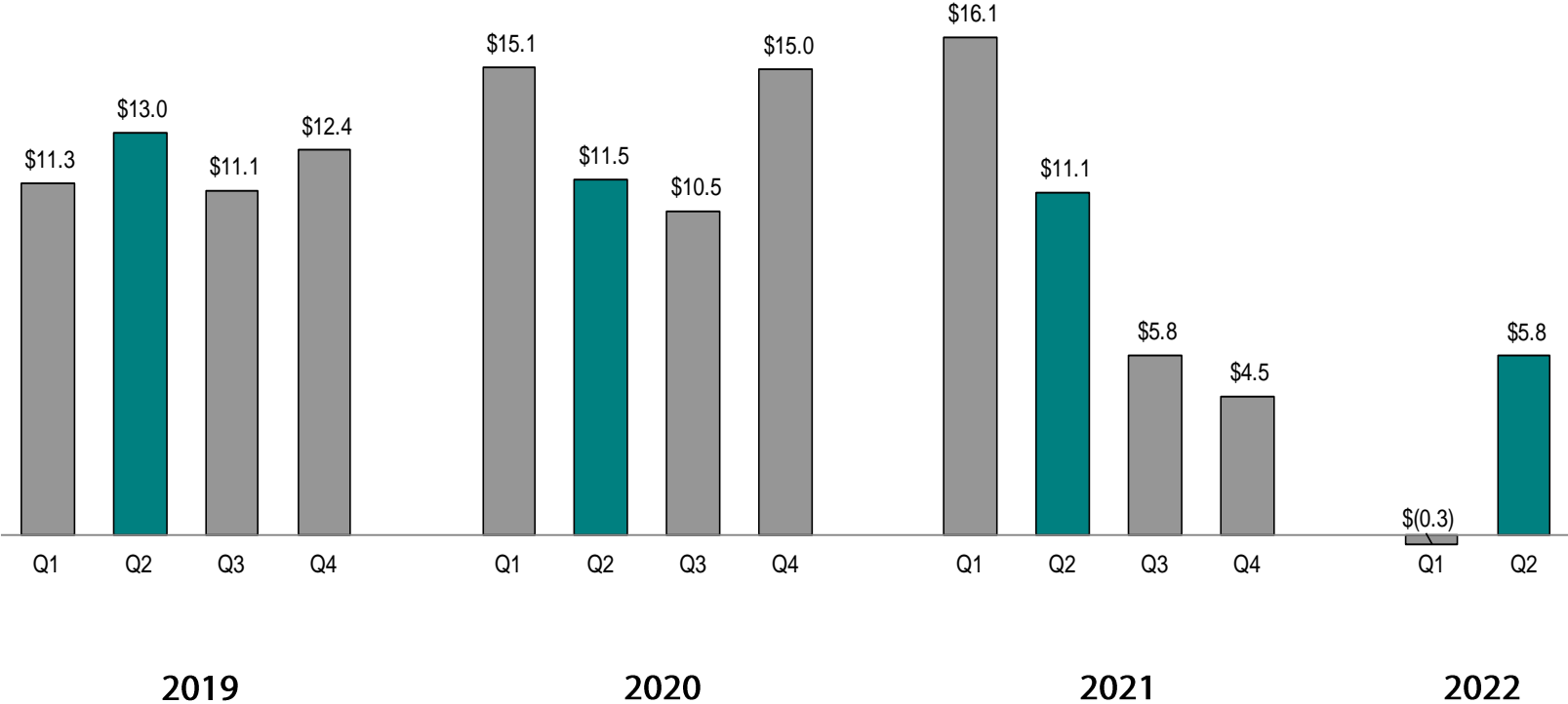
Note: Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement

(*) –2021 and TTM as of June 30, 2022 includes Mount Holly prospectively from May 13, 2021 acquisition date and Spunlace segment from its October 29, 2021 acquisition date



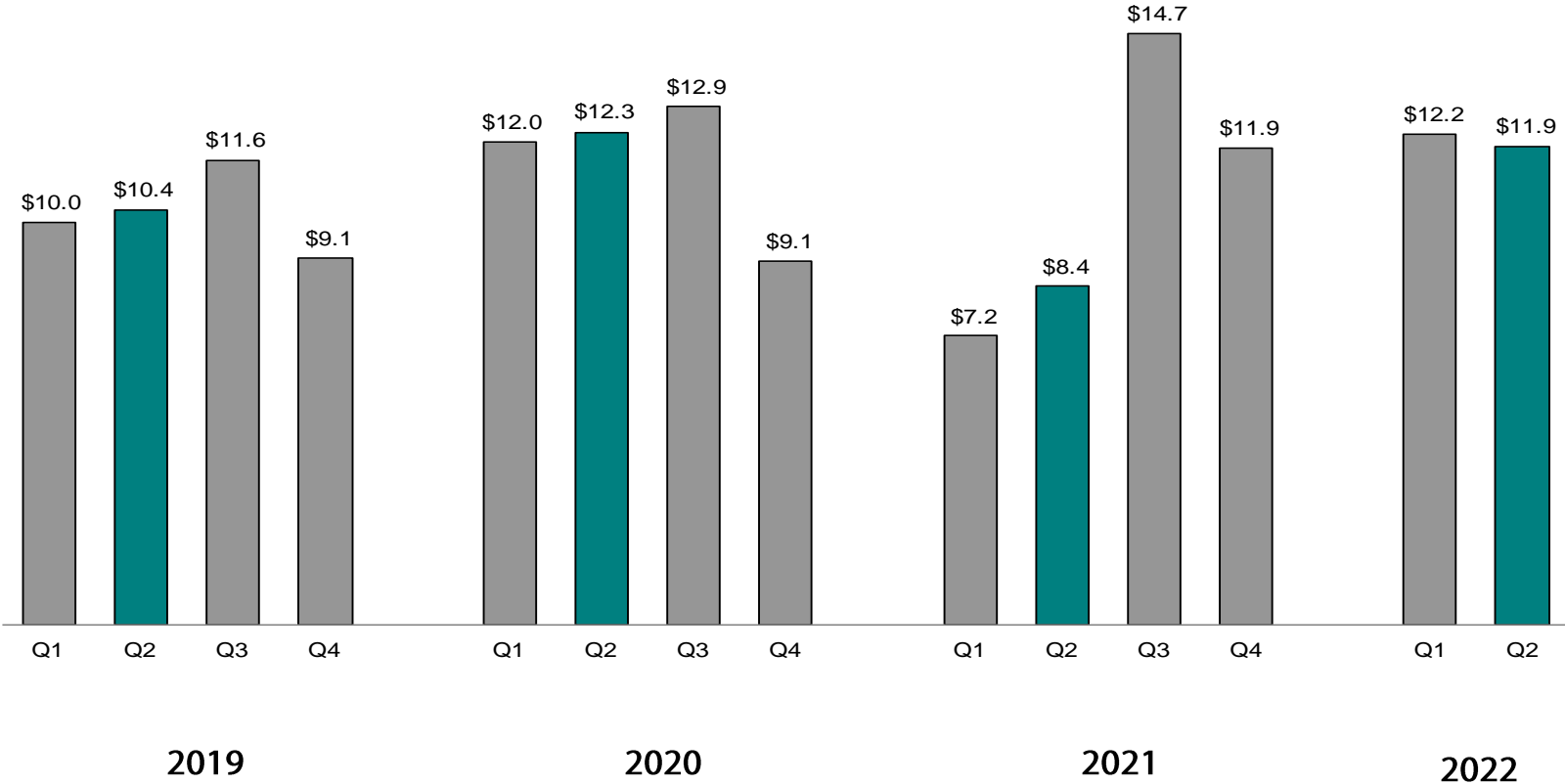
Composite Fibers Operating Income

\$'s in millions



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 2021	Q2 2022	H1 2021	H1 2022
Net Income (loss)	\$ 1.4	\$ (2.1)	\$ 9.8	\$ (110.4)
Adjust: Discontinued ops	0.1	(0.4)	0.1	(0.4)
Add: Taxes	4.0	3.3	11.2	(13.5)
Add: Depreciation and Amortization	14.7	16.5	28.5	34.9
Add: Net Interest Expense	1.8	7.6	3.3	15.5
EBITDA	\$ 22.0	\$ 24.9	\$ 52.8	\$ (73.8)
<u>Adjustments / Exclusions:</u>				
Share-based compensation ⁽¹⁾	1.3	1.5	2.5	2.4
Gains on Timberland Sales and Transaction Related Costs	(1.6)	-	(2.4)	(3.0)
Cost optimization actions	-	0.1	-	0.6
Goodwill and other asset impairment charges	-	-	-	117.3
Russia / Ukraine conflict charges	-	-	-	3.9
Strategic initiatives	7.8	0.6	8.4	2.5
Corporate headquarters relocation	0.2	0.1	0.4	0.2
Adjusted EBITDA from continuing operations	\$ 29.8	\$ 27.2	\$ 61.8	\$ 50.2
Depreciation and Amortization	(14.7)	(16.5)	(28.5)	(34.9)
Other (Income)/Expense	0.8	0.5	1.1	1.8
Share-based compensation ⁽¹⁾	(1.3)	(1.5)	(2.5)	(2.4)
Adjusted Operating Income from continuing operations	\$ 14.6	\$ 9.7	\$ 31.8	\$ 14.7

Notes:

(1) - Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement
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>	2018	2019	2020	2021	TTM 6/30/2022
Net Income (loss)	\$ (177.6)	\$ (21.5)	\$ 21.3	\$ 6.9	\$ (113.2)
Adjust: Discontinued ops, net of tax	177.2	(3.7)	(0.5)	(0.2)	(0.7)
Income (loss) from continuing operations	(0.4)	(25.2)	20.8	6.7	(113.9)
Adjustments / Exclusions:					
Pension settlement expenses, net	-	75.3	6.2	-	-
Gains on Timberland Sales and Transaction Related Costs	(3.2)	(1.6)	(1.4)	(5.2)	(5.8)
Goodwill and other asset impairment charges	-	-	0.9	-	117.3
Russia / Ukraine conflict charges	-	-	-	-	3.9
COVID-19 incremental costs	-	-	2.7	-	-
Debt refinancing fees	-	1.0	-	-	-
Cost optimization actions	0.4	8.6	6.0	0.9	1.9
Restructuring charge - Metallized operations	-	-	11.1	-	-
Strategic initiatives ⁽¹⁾	13.0	1.3	1.6	30.9	25.0
Fox River environmental matter	-	(2.5)	-	-	-
Corporate headquarters relocation	-	-	1.1	0.6	0.4
Income Tax impact and other adjustments	(0.5)	(23.7)	(11.5)	(6.3)	(25.7)
Total adjustments	9.6	58.4	16.6	20.9	117.2
Adjusted income from continuing operations	9.2	33.2	37.4	27.6	3.3
Adjusted EPS for continuing operations	\$ 0.21	\$ 0.75	\$ 0.84	\$ 0.61	\$ 0.07
<i>Weighted average shares</i>	<i>43,768</i>	<i>44,132</i>	<i>44,614</i>	<i>44,924</i>	<i>45,109</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

Adjusted EPS from continuing operations

<i>In millions</i>	Q2 2021		Q2 2022		H1 2021		H1 2022	
Net Income (loss)	\$	1.4	\$	(2.1)	\$	9.8	\$	(110.4)
Adjust: Discontinued ops, net of tax		0.1		(0.4)		0.1		(0.4)
Net Income (loss) from continuing operations		1.5		(2.5)		9.9		(110.7)
<u>Adjustments / Exclusions:</u>								
Gains on Timberland Sales and Transaction Related Costs		(1.6)		-		(2.4)		(3.0)
Goodwill and other asset impairment charges		-		-		-		117.3
Russia / Ukraine conflict charges		-		-		-		3.9
Corporate headquarters relocation		0.2		0.1		0.4		0.2
Cost optimization actions		-		0.1		-		1.0
Strategic initiatives		7.8		0.6		8.4		2.5
Income Tax impacts and other adjustments		0.0		0.1		0.2		(19.2)
Total adjustments		6.5		0.9		6.6		(18.4)
Adjusted income from continuing operations	\$	8.0	\$	(1.6)	\$	16.5	\$	(7.8)
Adjusted EPS for continuing operations	\$	0.18	\$	(0.04)	\$	0.37	\$	(0.17)
<i>Weighted average shares - QTD/YTD</i>		44,872		44,841		44,865		44,775

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>	2018	2019	2020	2021	TTM 6/30/2022
Net Income (loss)	\$ (177.6)	\$ (21.5)	\$ 21.3	\$ 6.9	\$ (113.2)
Exclude: Income from discontinued operations, net of tax	177.2	(3.7)	(0.5)	(0.2)	(0.7)
Add: Taxes from continuing operations	7.7	(9.2)	11.6	7.0	(17.7)
Add: Depreciation and Amortization	47.5	50.8	56.6	61.4	67.9
Add: Net Interest Expense	15.0	9.3	6.6	12.3	24.5
EBITDA from continuing operations	\$ 69.8	\$ 25.7	\$ 95.6	\$ 87.4	\$ (39.3)
<u>Adjustments / Exclusions:</u>					
Share-based compensation	6.3	3.6	5.7	5.1	5.0
Pension settlement expenses, net	-	75.3	6.2	-	-
Gains on Timberland Sales and Transaction Related Costs	(3.2)	(1.6)	(1.4)	(5.2)	(5.8)
Goodwill and other asset impairment charges	-	-	0.9	-	117.3
Russia / Ukraine conflict charges	-	-	-	-	3.9
Restructuring charge - Metallized operations (net of accelerated depreciation)	-	-	7.2	-	-
Cost optimization actions	0.4	8.6	6.0	0.9	1.5
COVID-19 incremental costs	-	-	2.7	-	-
Corporate headquarters relocation (net of asset write off)	-	-	0.9	0.6	0.4
Strategic initiatives ⁽¹⁾	13.0	1.3	1.6	30.9	25.0
Fox River environmental matter	-	(2.5)	-	-	-
Adjusted EBITDA from continuing operations ⁽²⁾	\$ 86.3	\$ 110.3	\$ 125.3	\$ 119.6	\$ 108.1

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

(2) Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement

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 Free Cash Flow from Continuing Operations

In millions	Q2 2021	Q2 2022	H1'21	H1'22
Adjusted EBITDA ⁽¹⁾	\$29.8	\$27.2	\$61.8	\$50.2
Change in working capital	(10.2)	(19.3)	(37.9)	(88.6)
Taxes paid	(\$3.6)	(\$6.5)	(\$7.1)	(\$14.7)
Interest paid	(\$1.5)	(\$14.4)	(\$2.9)	(\$15.9)
Other	(7.1)	(0.3)	(12.4)	(10.6)
Cash Flow from continuing Operations	\$7.4	(\$13.3)	\$1.4	(\$79.5)
Less: Capital expenditures	(5.8)	(10.3)	(11.2)	(22.7)
Free Cash Flow	\$1.6	(\$23.6)	(\$9.8)	(\$102.2)
Fox River Payments	0.5	0.2	\$0.8	\$1.4
Strategic Initiatives	0.8	0.5	\$1.6	\$2.5
Cost Optimization	0.5	0.1	\$1.6	\$1.1
Metallized Restructuring	0.1	0.0	\$1.3	\$0.0
HQ Relocation	0.5	(0.6)	\$0.8	(\$0.4)
Tax payments (refunds) on adjusting items	0.1	0.5	(\$1.0)	\$2.5
Less: Adjustments to Free Cash Flow	2.6	0.6	\$5.0	\$7.2
Adjusted Free Cash Flow	\$4.1	(\$23.0)	(\$4.8)	(\$95.0)

(1) - Adjusted EBITDA for all periods presented has been modified to add back share-based compensation consistent with the newly amended credit agreement
 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 thousands</i>	Q2 2021	Q1 2022	Q2 2022
Composite Fibers Operating Profit (Loss)	\$11,063	(\$335)	\$5,779
Addback: Depreciation & Amortization	7,000	6,519	4,823
Composite Fibers EBITDA	\$18,061	\$6,184	\$10,602
Airlaid Materials Operating Profit	\$8,431	\$12,221	\$11,944
Addback: Depreciation & Amortization	6,767	7,629	7,563
Airlaid Materials EBITDA	\$15,197	\$19,850	\$19,507
Spunlace Operating (Loss)	\$-	(\$1,572)	(\$1,808)
Addback: Depreciation & Amortization	-	2,914	2,952
Spunlace EBITDA	\$-	\$1,342	\$1,143

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

