



G L A T F E L T E R

2022 Fourth Quarter Earnings Conference Call

Thomas Fahnemann, President & CEO

Ramesh Shettigar, SVP, CFO & Treasurer

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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 – Q4 2022

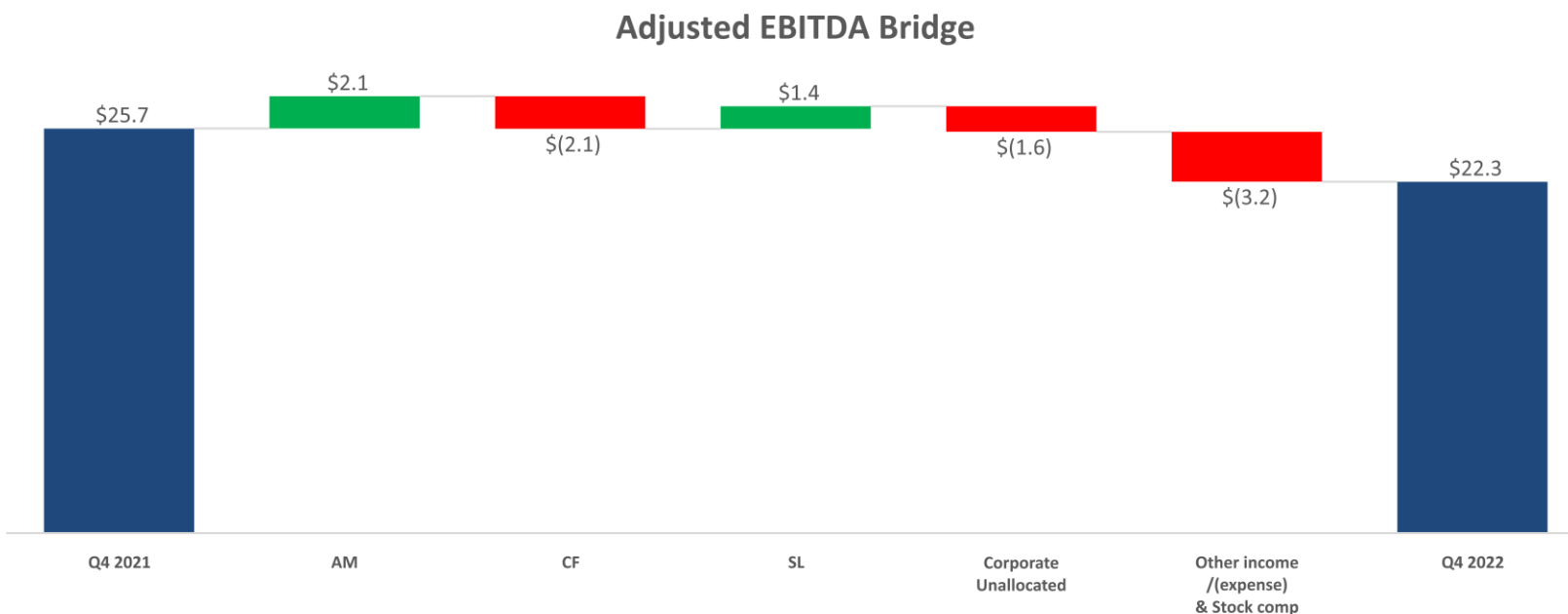
- **Q4 Adjusted EBITDA of \$22.3 million**
 - Includes ~\$3 million charge not factored into guidance related to a customer quality claim caused by synthetic fiber raw material defect
 - Excluding this one-time item, results were near upper end of guidance of \$23 million to \$26 million
- **Airlaid Materials operating profit higher 19% and Composite Fibers' operating profit higher 8% compared to Q4 2021, mainly driven by price cost gap improvements in both segments**
- **Spunlace operating profit in-line with Q4 2021 but improved sequentially \$3.4 million driven by reduction of price-cost gap and lower spending**
- **Lowered cash usage from working capital in Q4 2022 primarily driven by inventory reduction**
- **Composite Fibers segment recorded goodwill impairment charge of \$20.3 million driven by higher interest rates and an asset impairment charge of \$10.4 million for Ober-Schmitt operation**
- **Net Leverage, as calculated in accordance with the covenants of our bank credit agreement, increased to 6.0x* at Dec'31, 2022 versus 5.8x* at Sep'30, 2022**
- **Executed commitment letter from Angelo Gordon to refinance term loan maturing in February 2024**
 - Expect to complete refinancing by end of Q1 2023

(*) - Debt covenant compliance ratio of 6.0x as of December 31, 2022, versus threshold of 6.75x, includes additional add backs permitted under the credit agreement



Financial Summary

On a GAAP basis, net loss from continuing operations for Q4 2022 was \$34.1 million or (\$0.76) per share compared to net loss from continuing operations of \$11.2 million or (\$0.25) per share in Q4 2021

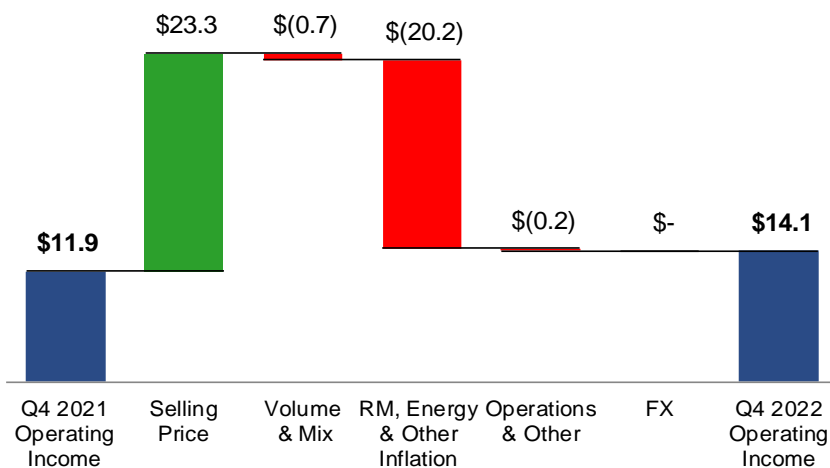


Q4 2022 Adjusted EPS versus 2021 was negatively impacted by a U.S. valuation allowance release in 2021 and a France valuation allowance provision in 2022



Airlaid Materials Q4 2022 Highlights

Dollars in Thousands	Q4 2021	Q3 2022	Q4 2022
Tons shipped (MT)	41,429	41,925	39,186
Net sales	\$140,980	\$154,351	\$153,991
Operating income	\$11,875	\$16,553	\$14,091
EBITDA	\$19,599	\$23,968	\$21,648
EBITDA margin	13.9%	15.5%	14.1%

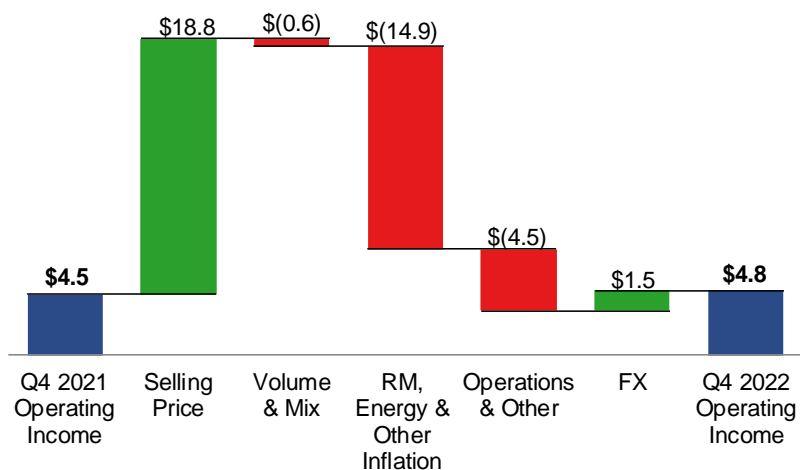


- **Revenue up 16% versus Q4 2021 on constant currency**
 - Volume down 5% vs. Q4 2021
 - Home Care down 18%
 - Wipes down 11%
 - Hygiene down 4%
 - Tabletop up 4%
- **Higher selling prices of \$23.3 million reflects the pass-through of higher raw material costs and energy surcharges**
- **Raw material and energy prices unfavorable \$20.2 million due to continued significant inflationary pressures in fluff pulp and energy**
- **Operations slightly unfavorable versus Q4 2021**
- **FX net of currency hedging in-line with Q4 2021**

Composite Fibers Q4 2022 Highlights

Dollars in Thousands

	Q4 2021	Q3 2022	Q4 2022
Tons shipped (MT)	30,848	24,958	25,677
Net sales	\$135,842	\$128,269	\$136,427
Operating income	\$4,482	\$6,636	\$4,843
EBITDA	\$11,286	\$10,611	\$9,214
EBITDA margin	8.3%	8.3%	6.8%

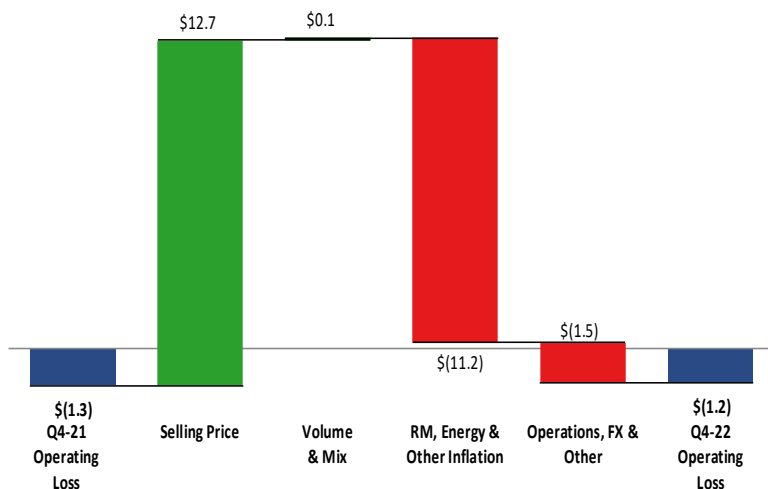


- **Revenue up 12% versus Q4 2021 on constant currency**
 - Volume down 17% vs. Q4 2021
 - Food & Beverage up 3%
 - Technical specialties down 18%
 - Wallcover down 26% (primarily sanctions driven)
 - Composite Laminates down 33%
 - Metallized products down 39%
- **Lower shipments were partially offset by improved mix and unfavorably impacted results by \$0.6 million**
- **Selling prices were ~\$19 million higher versus Q4 2021 reflecting pricing actions to narrow price cost gap**
- **Raw material and energy prices unfavorable \$14.9 million due to continued significant inflationary pressures in energy, freight and synthetic fiber**
- **Operations unfavorable \$4.5 million driven by lower production to manage inventory levels but partially offset by lower depreciation & amortization related to Dresden impairment**
- **FX favorable \$1.5 million mainly driven by weakening of British Pound and currency hedging gains**

Spunlace Q4 2022 Highlights

Dollars in Thousands	Q4 2021	Q3 2022	Q4 2022
Tons shipped (MT)	12,514	17,674	14,957
Net sales	\$57,537	\$89,160	\$83,485
Operating loss	(\$1,338)	(\$4,671)	(\$1,238)
EBITDA	\$355	(\$1,716)	\$1,802
EBITDA margin	0.6%	-1.9%	2.2%

- **Revenue up 45% mainly driven by higher selling prices and higher shipments from additional month this year ***
 - Volume of 14,957 MT was 20% higher vs. Q4 2021 *
 - Hygiene up 64%
 - Critical cleaning up 36%
 - Consumer wipes up 18%
 - Healthcare down 14%
- **Selling price increases, energy surcharges, and raw material pass-through provisions combined were higher by \$12.7 million**
- **Raw material and energy prices unfavorable \$11.2 million due to continued significant inflationary pressures in synthetic fiber, pulp and other fibers**
- **Operations unfavorable \$1.5 million mainly driven by lower production to manage inventory levels and improve cash flows but partially offset by actions taken in 2022 to improve segment cost structure**



(*) Q4 2021 Spunlace financials include 3 days in October and full months of November and December

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)	Q4 2021	Q4 2022	2021	2022
Goodwill and other asset impairment charges	\$-	(\$30.7)	\$-	(\$190.6)
CEO transition costs	-	(0.2)	-	(1.7)
Cost optimization actions	(0.2)	-	(0.9)	(0.9)
Timberland sales and related costs	0.6	-	5.2	3.0
Russia/Ukraine conflict charges /(recovery)	-	0.7	-	(3.2)
Strategic initiatives	(19.7)	(0.9)	(30.9)	(5.6)
Corporate headquarters relocation	(0.2)	-	(0.6)	(0.4)
Turnaround strategy costs	-	(8.0)	-	(8.0)
COVID-19 ERC recovery	-	7.3	-	7.3
Special items excluded from adjusted earnings	(19.5)	(31.8)	(27.2)	(200.1)
Corporate costs*	(6.9)	(8.8)	(22.6)	(26.3)
Total corporate costs & other financial items	(\$26.4)	(\$40.6)	(\$49.7)	(\$226.4)

- **Q4 2022 Corporate expenses increased by \$1.9 million from prior year and includes ~\$3.1 million charge from customer claim related to a supplier raw material defect**
 - Absent the one-time charge, corporate costs were lower \$1.2 million mainly driven by lower incentive accruals and headcount actions as part of turnaround plan
 - Glatfelter proactively took necessary steps to settle the matter directly with its customer to ensure there was no impact to ongoing business
 - Initiated discussions with the supplier and its insurance provider to recover Glatfelter's losses related to the issue

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

- **2022 Adjusted Free Cash Flow from continuing operations ~ \$140 million lower versus last year**

- Adjusted EBITDA lower by ~\$21 million
- Higher working capital usage of ~\$74 million
 - o Termination of Spunlace factoring program \$15m,
 - o Higher A/R driven by price increases, and
 - o Higher inventory due to RM/Energy inflation and volume
- Interest paid increased by ~\$26 million related to acquisition financing in 2021
- Higher taxes paid of ~\$9 million driven by Canadian income and dividend taxes, and one-time taxes related to integration
- Higher capital expenditures of ~\$8 million, including the two 2021 acquisitions

(in millions)	Q4 2021	Q4 2022	2021	2022
Adjusted EBITDA	\$25.7	\$22.3	\$119.6	\$98.9
Change in working capital (*)	44.9	32.7	10.7	(63.3)
Taxes paid	(5.7)	(5.4)	(15.5)	(24.4)
Interest paid	(2.2)	(15.3)	(7.0)	(33.2)
Other	(30.1)	(10.8)	(36.9)	(18.7)
Cash Flow from continuing Operations	\$32.5	\$23.5	\$71.0	(\$40.8)
Less: Capital expenditures	(11.5)	(7.7)	(30.0)	(37.7)
Free Cash Flow	\$21.0	\$15.9	\$40.9	(\$78.6)
Less: Adjustments to Free Cash Flow ⁽¹⁾	18.5	2.1	29.0	8.5
Adjusted Free Cash Flow	\$39.5	\$18.0	\$69.9	(\$70.0)

(*) - Working capital is defined as accounts receivable plus inventories less accounts payable

Notes:

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

(1) – 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

- Net Leverage, as calculated in accordance with the covenants of our bank credit agreement, increased to 6.0x* at Dec 31, 2022, driven by lower trailing twelve-month earnings
- Compliant with all financial covenants
- Executed commitment letter to refinance February 2024 debt maturity with a new 6-year term loan
 - Expect to complete refinancing by end of Q1 2023

(in millions)	31-Dec-20	31-Dec-21	31-Dec-22
Cash	\$99.6	\$138.4	\$110.7
Debt			
Current portion of long term debt	25.1	26.4	40.4
Short term debt	-	22.8	11.4
\$500 million 4.75% bond	-	500.0	500.0
Term Loans 1.3% - 2.4% due 2022 - 2025	253.5	239.5	185.1
Revolving credit agreement	36.8	10.0	118.7
Unamortized deferred financing costs	(1.9)	(11.4)	(10.5)
Total Debt	\$313.5	\$787.4	\$845.1
Net Debt	\$213.9	\$648.9	\$734.4
Shareholders' Equity	\$577.9	\$542.8	\$320.3
TTM Adj. EBITDA	\$125.3	\$119.6	\$98.9
Available Liquidity	\$274.8	\$258.0	\$87.4

Notes:

(*) - Debt covenant compliance ratio of 6.0x as of Dec 31, 2022 includes additional add backs permitted under credit agreement (max of 6.75x)
The sum of individual amounts set forth above may not agree to the column totals due to rounding.



2023 Guidance

- Expect full year 2023 EBITDA to be between \$110 and \$120 million
- Corporate costs estimated to be approximately \$28 million in 2023, including incentive costs versus no incentive accruals in 2022
- Expect depreciation and amortization expense to be approximately \$64 million
- Interest expense & other financial costs estimated to be approximately \$73 million, reflecting the latest refinancing expected to be completed in Q1 2023
- Expect capital expenditures to be approximately \$35 to \$40 million, including \$4 to \$5 million for Spunlace integration
- Expect working capital improvement of approximately \$20 million compared to 2022 driven by anticipated easing of raw materials and energy costs and continued cash liberation actions
- Expect 2023 cash taxes to be between \$20 and \$25 million



Turnaround Initiatives

- **Portfolio Optimization**
 - Reviewing non-core assets
- **Margin improvement**
 - Accelerating customers' pricing actions to address input cost inflation
- **Fixed cost reduction**
 - Reducing headcount to yield full year run-rate savings of approximately \$11 million by 2024
 - Evaluating indirect spend for further cost reduction
- **Cash liberation**
 - Improving working capital, managing capital allocation, and suspended dividend
- **Operational effectiveness**
 - Improving waste, uptime efficiency, and asset utilization – targeting ~\$10 million run-rate savings by 2024
 - Investing in key talent to strengthen operations' leadership bench
- **Return Spunlace to profitability**
 - Applying above actions to improve output and meet customer demand
 - Augmenting internal team with expert external resources



Appendix



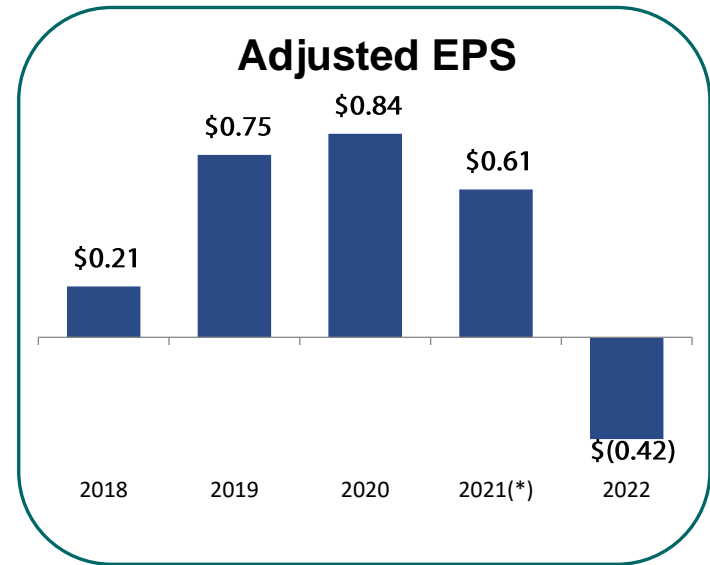
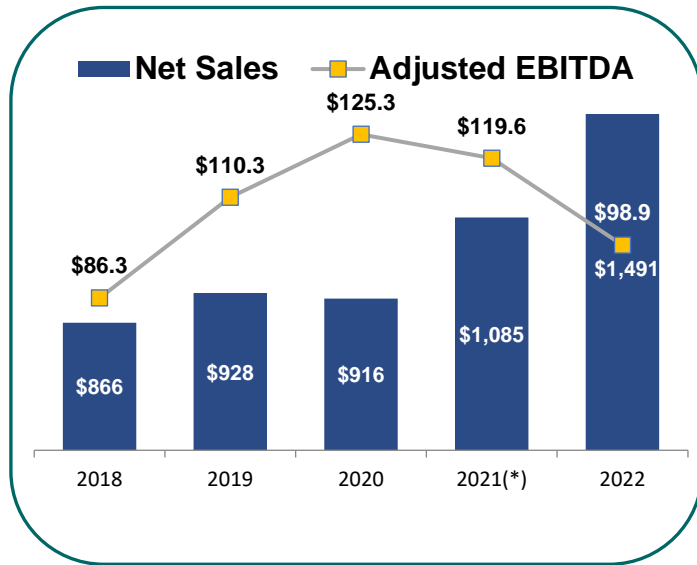
Financial Overview

(in millions)	Q4 2021	Q4 2022
Net Sales	\$334.5	\$373.9
Adjusted operating income	\$8.1	\$8.9
Adjusted EBITDA	\$25.7	\$22.3
Free Cash Flow	\$21.0	\$15.9
Adjusted Free Cash Flow	\$39.5	\$18.0

(in millions)	Dec 31 2021	Dec 31 2022
Net Debt	\$648.9	\$734.4
Cash	\$138.4	\$110.7



Earnings Trends



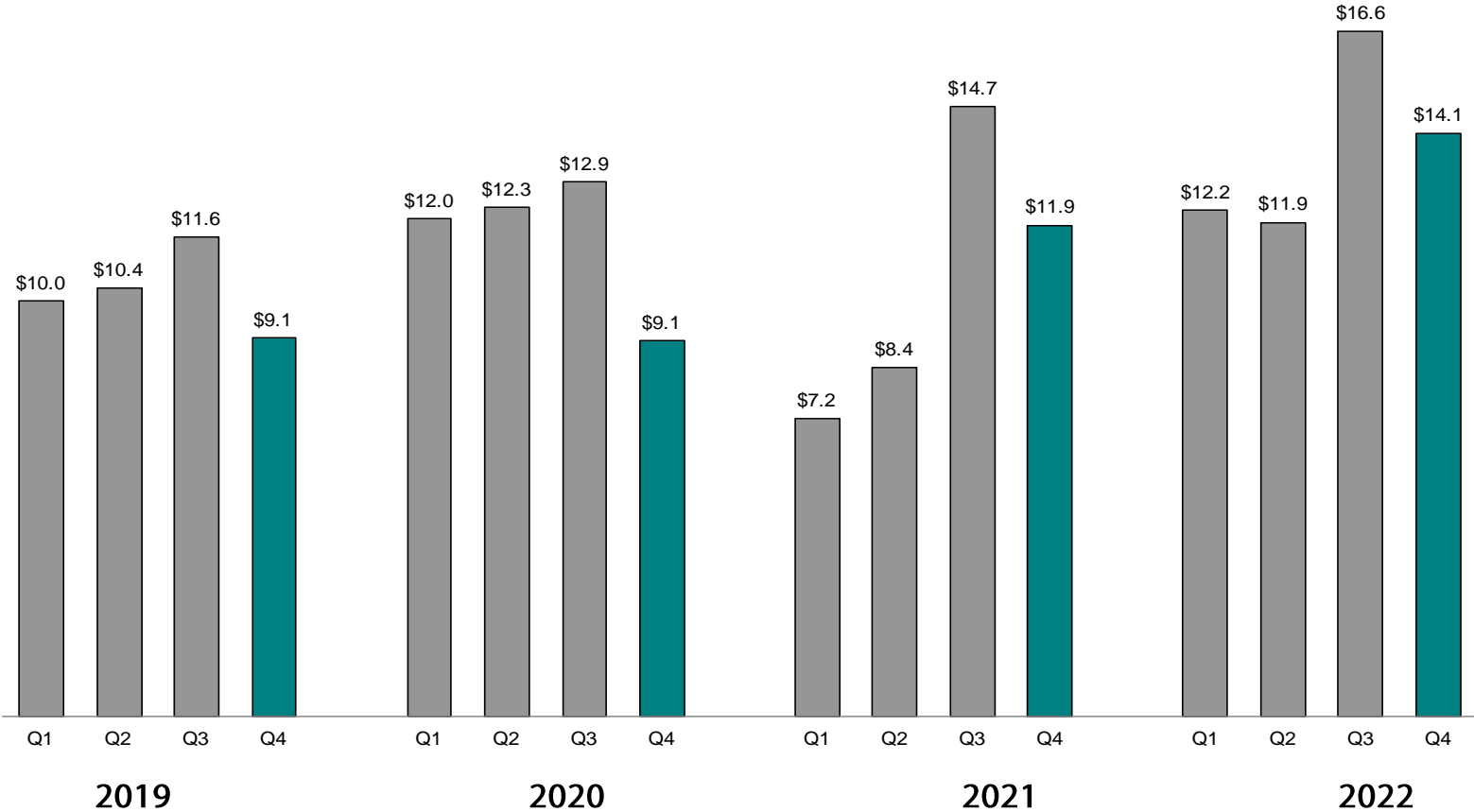
Notes:

- (*) – 2021 includes Mount Holly prospectively from May 13, 2021 acquisition date; 2021 includes Spunlace segment from its October 29, 2021 acquisition date; 2018 includes Steinfurt from October 1, 2018 acquisition date



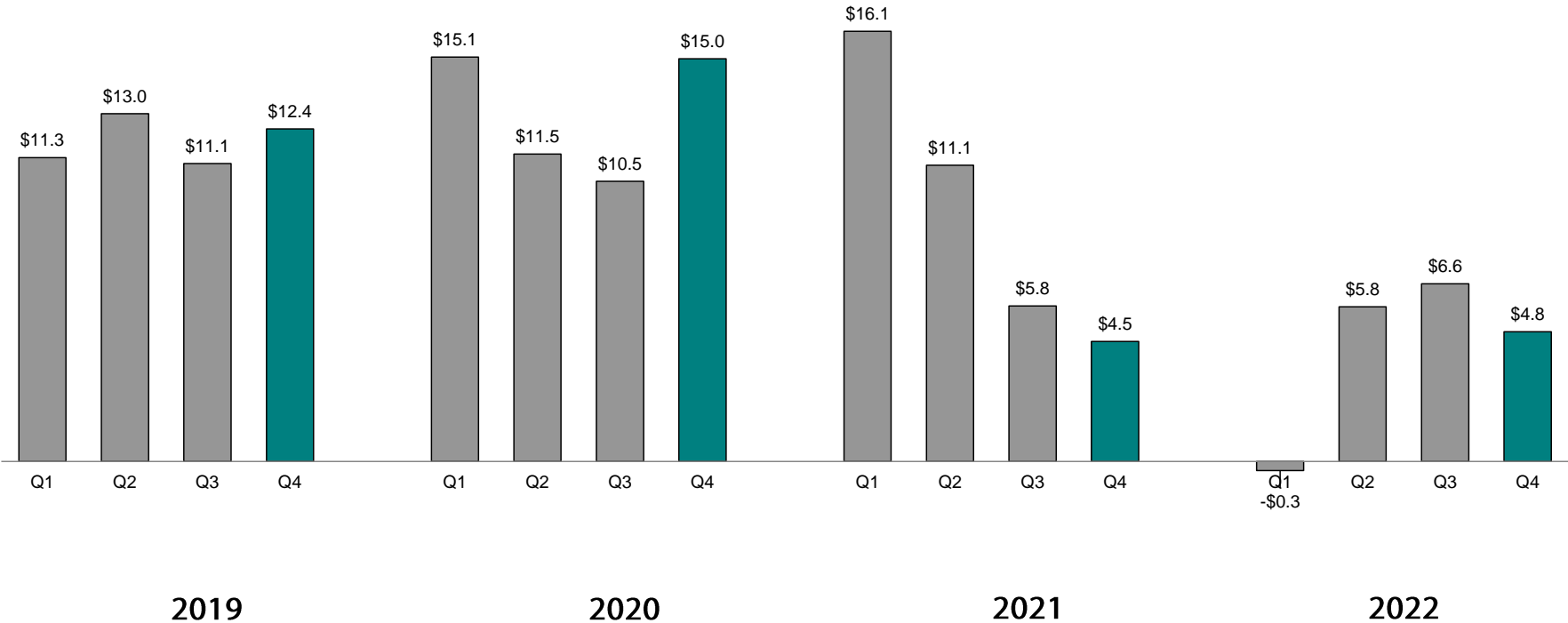
Airlaid Materials Operating Income

\$'s in millions



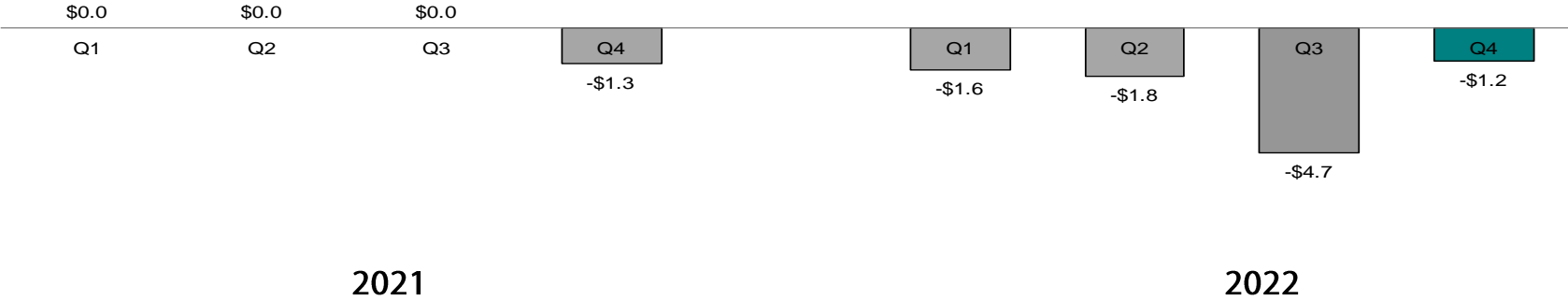
Composite Fibers Operating Income (Loss)

\$'s in millions



Spunlace Operating Loss

\$'s in millions



Reconciliation of Non-GAAP measures

Adjusted EPS from continuing operations

<i>In millions</i>	2018	2019	2020	2021	2022
Net Income (loss)	\$ (177.6)	\$ (21.5)	\$ 21.3	\$ 6.9	\$ (194.2)
Adjust: Discontinued ops, net of tax	177.2	(3.7)	(0.5)	(0.2)	0.1
Income (loss) from continuing operations	(0.4)	(25.2)	20.8	6.7	(194.1)
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)	(3.0)
Goodwill and other asset impairment charges	-	-	0.9	-	190.6
Russia / Ukraine conflict charges / (recovery)	-	-	-	-	3.2
CEO transition costs	-	-	-	-	1.7
COVID-19 incremental costs/(ERC recovery)	-	-	2.7	-	(7.3)
Debt refinancing fees	-	1.0	-	-	-
Turnaround strategy costs	-	-	-	-	8.0
Cost optimization actions	0.4	8.6	6.0	0.9	0.9
Restructuring charge - Metallized operations	-	-	11.1	-	-
Strategic initiatives ⁽¹⁾	13.0	1.3	1.6	30.9	5.6
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)	(25.1)
Total adjustments	9.6	58.4	16.6	20.9	175.1
Adjusted income (loss) from continuing operations	9.2	33.2	37.4	27.6	(19.1)
Adjusted EPS for continuing operations	\$ 0.21	\$ 0.75	\$ 0.84	\$ 0.61	\$ (0.42)

Notes:

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



Reconciliation of Non-GAAP measures

Adjusted EPS from continuing operations

<i>In millions</i>	Q4 2021	Q4 2022
Net Income (loss)	\$ (10.4)	\$ (34.3)
Adjust: Discontinued ops, net of tax	(0.8)	0.2
Net Income (loss) from continuing operations	(11.2)	(34.1)
<u>Adjustments / Exclusions:</u>		
Gains on Timberland Sales and Transaction Related Costs	(0.6)	-
Goodwill and other asset impairment charges	-	30.7
Russia / Ukraine conflict charges / (recovery)	-	(0.7)
CEO transition costs	-	0.2
Corporate headquarters relocation	0.2	0.0
Cost optimization actions	0.2	-
COVID-19 ERC recovery	-	(7.3)
Turnaround strategy costs	-	8.0
Strategic initiatives	19.7	0.9
Income Tax impacts and other adjustments	(6.6)	(4.7)
Total adjustments	12.9	27.1
Adjusted income from continuing operations	\$ 1.6	\$ (7.0)
Adjusted EPS for continuing operations	\$ 0.04	\$ (0.16)



Reconciliation of Non-GAAP measures

Adjusted EBITDA from continuing operations

<i>In millions</i>	Q4 2021	Q4 2022	2021	2022
Net Income (loss)	\$ (10.4)	\$ (34.3)	\$ 6.9	\$ (194.2)
Adjust: Discontinued ops	(0.8)	0.2	(0.2)	0.1
Add: Taxes	(7.8)	(1.7)	7.0	(10.3)
Add: Depreciation and Amortization	17.2	16.2	61.4	66.4
Add: Net Interest Expense	7.0	9.3	12.3	32.8
EBITDA	5.2	-10.3	87.4	-105.2
<u>Adjustments / Exclusions:</u>				
Share-based compensation	1.0	0.8	5.1	0.8
Gains on Timberland Sales and Transaction Related Costs	(0.6)	-	(5.2)	(3.0)
COVID-19 incremental costs/(ERC recovery)	-	(7.3)	-	(7.3)
Turnaround strategy costs	-	8.0	-	8.0
Cost optimization actions	0.2	-	0.9	0.9
Goodwill and other asset impairment charges	-	30.7	-	190.6
Russia / Ukraine conflict charges / (recovery)	-	(0.7)	-	3.2
CEO transition costs	-	0.2	-	4.8
Strategic initiatives	19.7	0.9	30.9	5.6
Corporate headquarters relocation	0.2	0.0	0.6	0.3
Adjusted EBITDA from continuing operations	\$ 25.7	\$ 22.3	\$ 119.6	\$ 98.9
Depreciation and Amortization	(17.2)	(16.2)	(61.4)	(66.4)
Other Expense ⁽¹⁾	0.7	3.7	2.7	7.6
Share-based compensation	(1.0)	(0.8)	(5.1)	(3.9)
Adjusted Operating Income from continuing operations	\$ 8.1	\$ 8.9	\$ 55.8	\$ 36.2



Reconciliation of Non-GAAP measures

Adjusted EBITDA from continuing operations

<i>In millions</i>	2018	2019	2020	2021	2022
Net Income (loss)	\$(177.6)	\$ (21.5)	\$ 21.3	\$ 6.9	\$ (194.2)
Exclude: Income from discontinued operations, net of tax	177.2	(3.7)	(0.5)	(0.2)	0.1
Add: Taxes from continuing operations	7.7	(9.2)	11.6	7.0	(10.3)
Add: Depreciation and Amortization	47.5	50.8	56.6	61.4	66.4
Add: Net Interest Expense	15.0	9.3	6.6	12.3	32.8
EBITDA from continuing operations	\$ 69.8	\$ 25.7	\$ 95.6	\$ 87.4	\$ (105.2)
<u>Adjustments / Exclusions:</u>					
Share-based compensation	6.3	3.6	5.7	5.1	0.8
Pension settlement expenses, net	-	75.3	6.2	-	-
Gains on Timberland Sales and Transaction Related Costs	(3.2)	(1.6)	(1.4)	(5.2)	(3.0)
Goodwill and other asset impairment charges	-	-	0.9	-	190.6
Russia / Ukraine conflict charges / (recovery)	-	-	-	-	3.2
Restructuring charge - Metallized operations (net of accelerated depreciation)	-	-	7.2	-	-
CEO transition costs	-	-	-	-	4.8
Cost optimization actions	0.4	8.6	6.0	0.9	0.9
COVID-19 incremental costs/(ERC recovery)	-	-	2.7	-	(7.3)
Corporate headquarters relocation (net of asset write off)	-	-	0.9	0.6	0.3
Strategic initiatives ⁽¹⁾	13.0	1.3	1.6	30.9	5.6
Turnaround strategy costs	-	-	-	-	8.0
Fox River environmental matter	-	(2.5)	-	-	-
Adjusted EBITDA from continuing operations ⁽²⁾	\$ 86.3	\$ 110.3	\$ 125.3	\$ 119.6	\$ 98.9



Reconciliation of Non-GAAP measures

Adjusted Free Cash Flow from Continuing Operations

In millions	Q4 2021	Q4 2022	2021	2022
Adjusted EBITDA	\$25.7	\$22.3	\$119.6	\$98.9
Accounts receivable	\$4.2	\$8.1	(\$15.1)	(\$34.8)
Inventories	(\$5.4)	\$26.4	(\$40.0)	(\$44.4)
Accounts payable	\$46.0	(\$1.8)	\$65.8	\$15.9
Change in working capital	44.9	32.7	10.7	(63.3)
Taxes paid	(5.7)	(5.4)	(15.5)	(24.4)
Interest paid	(2.2)	(15.3)	(7.0)	(33.2)
Other	(30.1)	(10.8)	(36.9)	(18.7)
Cash Flow from continuing Operations	\$32.5	\$23.5	\$71.0	(\$40.8)
Less: Capital expenditures	(11.5)	(7.7)	(30.0)	(37.7)
Free Cash Flow	\$21.0	\$15.9	\$40.9	(\$78.6)
Fox River Payments	0.6	0.3	2.2	1.8
Turnround strategy costs	-	1.1	-	1.1
Strategic Initiatives	17.7	0.2	22.9	1.4
CEO transition costs	-	0.4	-	0.7
Cost Optimization	(0.2)	0.2	2.5	1.3
Metallized Restructuring	-	-	1.0	-
HQ Relocation	0.3	-	1.2	(0.3)
Tax payments (refunds) on adjusting items	0.1	(0.1)	(0.9)	2.5
Less: Adjustments to Free Cash Flow	18.5	2.1	29.0	8.5
Adjusted Free Cash Flow	\$39.5	\$18.0	69.9	(\$70.0)



Reconciliation of Non-GAAP measures

Adjusted EBITDA from continuing operations

<i>In thousands</i>	Q4 2021	Q3 2022	Q4 2022
Airlaid Materials Operating Profit	\$11,875	\$16,553	\$14,091
Addback: Depreciation & Amortization	7,723	7,421	7,543
Airlaid Materials EBITDA	<u>\$19,599</u>	<u>\$23,968</u>	<u>\$21,648</u>
Composite Fibers Operating Profit	\$4,482	\$6,636	\$4,843
Addback: Depreciation & Amortization	6,805	3,987	4,356
Composite Fibers EBITDA	<u>\$11,286</u>	<u>\$10,611</u>	<u>\$9,214</u>
Spunlace Operating Loss	(1,338)	(\$4,671)	(\$1,238)
Addback: Depreciation & Amortization	1,693	2,961	3,036
Spunlace EBITDA	<u>\$355</u>	<u>(\$1,716)</u>	<u>\$1,802</u>

