



**G L A T F E L T E R**

## **2024 First Quarter Earnings Conference Call**

Thomas Fahnemann, President & CEO

Ramesh Shettigar, SVP, CFO & Treasurer

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May 9, 2024

NYSE: GLT

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

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*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](http://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 – Q1 2024

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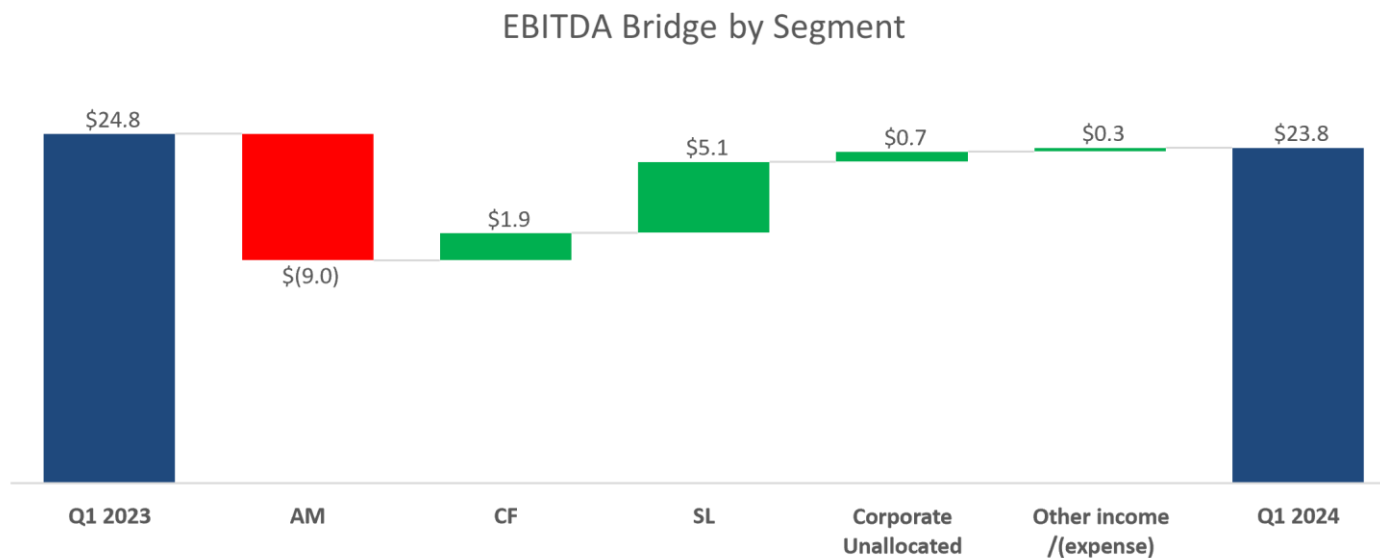
- **Q1 2024 adjusted EBITDA of \$23.8 million, lower by \$1.0 million compared to Q1 2023**
- **Airlaid Materials EBITDA lower by ~\$9 million versus Q1 2023 driven by adverse price-cost gap, lower shipments and lower production**
- **Composite Fibers EBITDA higher by ~\$2 million versus Q1 2023 mainly driven by price-cost gap improvements**
- **Spunlace EBITDA higher by ~\$5 million versus Q1 2023 primarily driven by price-cost gap improvements, and turnaround strategy actions (cost and operational improvements)**
- **Adjusted free cash flow lower by ~\$9 million versus Q1 2023 largely driven by higher cash interest payments and higher working capital usage**
- **Leverage, based on covenants in our credit agreement, was 3.7x\* at March 31, 2024**
- **Achieved significant merger regulatory milestone with expiration of the HSR waiting period and anticipate closing of merger transaction to be in the second half of 2024**

(\*) - Debt covenant compliance ratio of 3.7x as of March 31, 2024 versus threshold of 4.25x  
For a reconciliation of these measures to U.S. GAAP financial measures, see slides 18 to 23



# Financial Summary

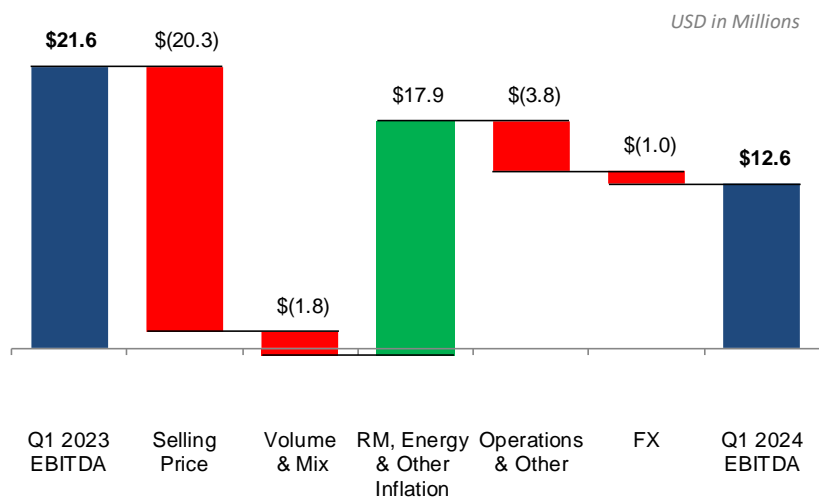
On a GAAP basis, net loss from continuing operations for Q1 2024 was \$26.2 million or (\$0.58) per share compared to net loss from continuing operations of \$13.2 million or (\$0.29) per share in Q1 2023



# Airlaid Materials Q1 2024 Highlights

USD in Thousands

	Q1 2023	Q4 2023	Q1 2024
<b>Tons Shipped (MT)</b>	39,827	37,293	38,341
<b>Net Sales</b>	159,441	127,514	131,529
<b>Operating Income</b>	13,914	8,371	4,958
<b>EBITDA</b>	21,600	15,959	12,622
<b>EBITDA Margin</b>	13.5%	12.5%	9.6%

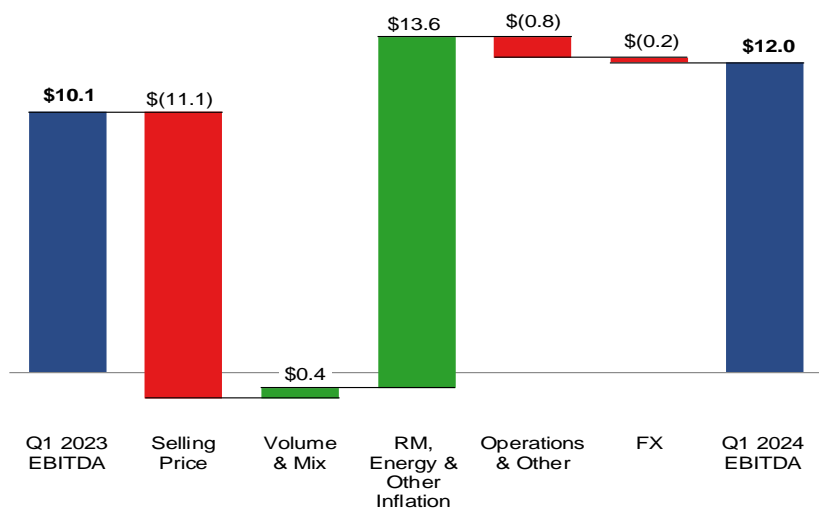


- **Revenue down 18% versus Q1 2023 on constant currency**
  - Volume down 4% vs. Q1 2023
    - Hygiene down 13%
    - Home Care down 4%
    - Wipes up 5%
    - Tabletop up 1%
- **Selling price \$20.3 million lower versus Q1 2023 which reflects lower raw material costs pass-through and selective pricing actions to regain volume**
- **Raw material, energy & other inflation favorable \$17.9 million mainly due to lower raw material costs of \$15.3 million and energy costs of \$1.9 million**
- **Operations unfavorable by \$3.8 million mainly due to lower production of ~2,800 MT (7%) to manage inventory levels and higher wage inflation**
- **FX, net of currency hedging, was \$1.0 million unfavorable**

# Composite Fibers Q1 2024 Highlights

USD in Thousands

	Q1 2023	Q4 2023	Q1 2024
<b>Tons Shipped (MT)</b>	24,818	22,770	25,002
<b>Net Sales</b>	132,591	115,486	116,150
<b>Operating Income</b>	6,127	7,054	8,259
<b>EBITDA</b>	10,092	10,959	12,023
<b>EBITDA Margin</b>	7.6%	9.5%	10.4%

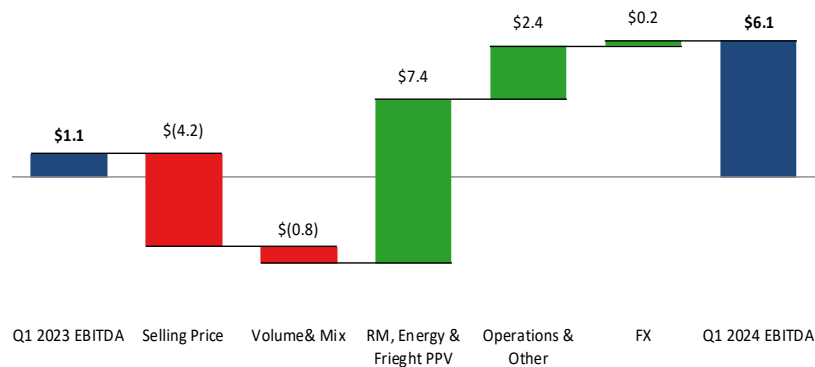


- **Revenue down 13% versus Q1 2023 on constant currency**
  - Volume up 1% vs. Q1 2023
    - Composite Laminates up 43%
    - Metallized Products up 28%
    - Technical Specialties down 26% (excl. Ober-Schmitt sales up 13%)
    - Wallcover down 4%
    - Food & Beverage down 1%
- **Selling prices were \$11.1 million lower versus Q1 2023 driven by targeted pricing actions to retain volume and lower raw material costs pass-through to floating customers**
- **Raw material, energy, and other inflation favorable \$13.6 million mainly due to lower raw materials costs of \$10.6 million and energy cost of \$2.9 million**
- **Operations unfavorable by \$0.8 million mainly due to lower production**
- **FX, net of currency hedging, was \$0.2 million unfavorable**

# Spunlace Q1 2024 Highlights

USD in Thousands

	Q1 2023	Q4 2023	Q1 2024
<b>Tons Shipped (MT)</b>	16,420	15,571	16,091
<b>Net Sales</b>	86,723	77,982	80,130
<b>Operating Income / (Loss)</b>	(2,023)	2,322	2,764
<b>EBITDA</b>	1,069	5,710	6,137
<b>EBITDA Margin</b>	1.2%	7.3%	7.7%



- **Revenue down 8% versus Q1 2023 on constant currency**
  - Volume down 2% vs. Q1 2023
    - Critical Cleaning up 11%
    - Healthcare down 8%
    - Consumer Wipes down 4%
    - Hygiene down 3%
- **Selling prices were \$4.2 million lower versus Q1 2023 reflecting lower raw material costs pass-through and energy surcharges**
- **Raw material, energy, and other inflation favorable \$7.4 million mainly driven by lower raw material costs of \$7.0 million**
- **Operations favorable by \$2.4 million due to lower operational spending, improved operations, and turnaround actions**
- **FX, net of currency hedging, was \$0.2 million favorable**

# 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.

<i>USD in Millions</i>	Q1 2023	Q1 2024
Timberland sales and related costs	0.6	-
Strategic initiatives	(0.7)	(10.9)
Turnaround strategy costs	(4.5)	(0.1)
<b>Special items excluded from adjusted earnings</b>	<b>(4.6)</b>	<b>(11.0)</b>
Corporate costs excluding depreciation and amortization*	(6.3)	(5.6)
Depreciation and amortization costs	(1.0)	(1.0)
<b>Total corporate costs</b>	<b>(7.3)</b>	<b>(6.6)</b>
<b>Total corporate costs &amp; other financial items</b>	<b>(\$11.9)</b>	<b>(\$17.5)</b>

- **Q1 2024 Corporate expenses lower \$0.7 million versus Q1 2023**
  - Lower professional services spending versus Q1 2023
- **Strategic initiatives costs higher \$10.2 million versus Q1 2023**
  - Driven mainly by professional services fees related to announced merger with Berry Global's 'HHNF' business

**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

- **Q1 2024 Adjusted Free Cash Flow lower by ~\$9 million versus last year**
  - Adjusted EBITDA lower ~\$1 million
  - Interest paid increased by ~\$5 million related to higher interest rates and debt refinancing in Q1 2023
  - Higher working capital usage of ~\$2 million
  - Taxes paid higher by ~\$1 million
  - CAPEX lower by ~\$2 million

(in millions)	Q1 2023	Q1 2024
Adjusted EBITDA	\$24.8	\$23.8
Change in working capital (*)	(34.3)	(36.4)
Taxes paid	(1.7)	(2.8)
Interest paid	(5.0)	(10.4)
Other	(14.5)	(7.7)
<b>Cash Flow from continuing Operations</b>	<b>(\$30.6)</b>	<b>(\$33.5)</b>
Less: Capital expenditures	(9.5)	(7.5)
<b>Free Cash Flow</b>	<b>(\$40.1)</b>	<b>(\$41.0)</b>
Less: Adjustments to Free Cash Flow <sup>(1)</sup>	11.9	4.1
<b>Adjusted Free Cash Flow</b>	<b>(\$28.2)</b>	<b>(\$36.9)</b>

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

**Notes:**

(1) – Appendix includes the details for the Adjustments to Free Cash Flow in page 21



# Balance Sheet and Liquidity

- Leverage, as calculated in accordance with the covenants of our credit agreement is 3.7x\* on March 31, 2024
- Available liquidity of approximately \$84 million

(in millions)	31-Dec-22	31-Dec-23	31-Mar-24
<b>Cash</b>	<b>\$110.7</b>	<b>\$50.3</b>	<b>\$30.2</b>
<b>Debt</b>			
Current portion of long term debt	40.4	1.0	-
Short term debt	11.4	6.1	7.5
\$500 million 4.75% bond	500.0	500.0	500.0
Term Loans 1.3% - 2.4% due 2022 - 2025	185.1	-	-
11.25% Term Loan, due 2029	-	271.2	265.5
Revolving credit agreement	118.7	99.5	119.2
Unamortized deferred financing costs	(10.5)	(17.5)	(16.5)
<b>Total Debt</b>	<b>\$845.1</b>	<b>\$860.3</b>	<b>\$875.7</b>
<b>Net Debt</b>	<b>\$734.4</b>	<b>\$810.1</b>	<b>\$845.5</b>
<b>Shareholders' Equity</b>	<b>\$318.0</b>	<b>\$256.9</b>	<b>\$223.3</b>
<b>TTM Adj. EBITDA</b>	<b>\$98.8</b>	<b>\$92.6</b>	<b>\$91.6</b>
<b>Available Liquidity</b>	<b>\$87.4</b>	<b>\$135.3</b>	<b>\$83.6</b>

**Notes:**

(\*) - Debt covenant compliance ratio of 3.7x as of March 31, 2024 includes additional add backs permitted under credit agreement (max of 4.25x)  
The sum of individual amounts set forth above may not agree to the column totals due to rounding.



# Appendix

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# Financial Overview

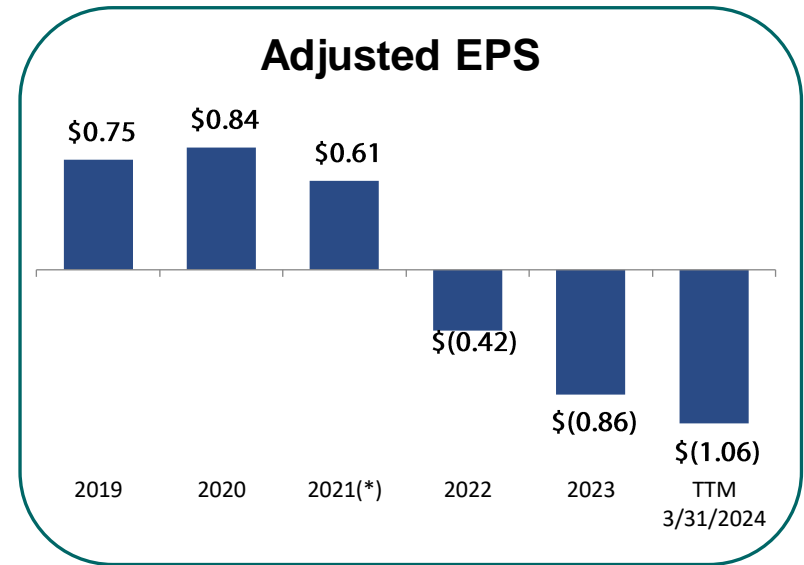
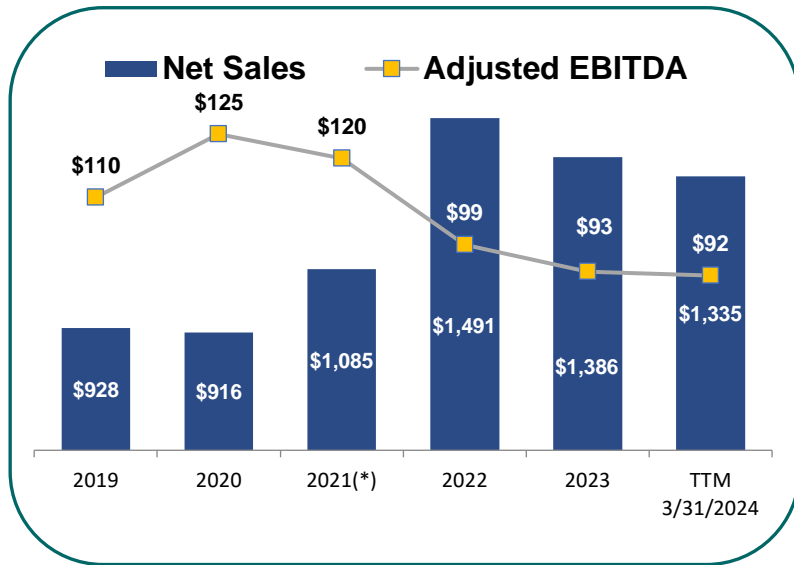
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<i>USD in Millions</i>	<b>Q1 2023</b>	<b>Q1 2024</b>
Net Sales	\$378.2	\$327.3
Adjusted operating income	\$10.7	\$9.4
Adjusted EBITDA	\$24.8	\$23.8
Free Cash Flow	(\$40.1)	(\$41.0)
Adjusted Free Cash Flow	(\$28.2)	(\$36.9)

<i>USD in Millions</i>	<b>Dec 31 2023</b>	<b>Mar 31 2024</b>
Net Debt	\$810.1	\$845.5
Cash	\$50.3	\$30.2



# Earnings Trends



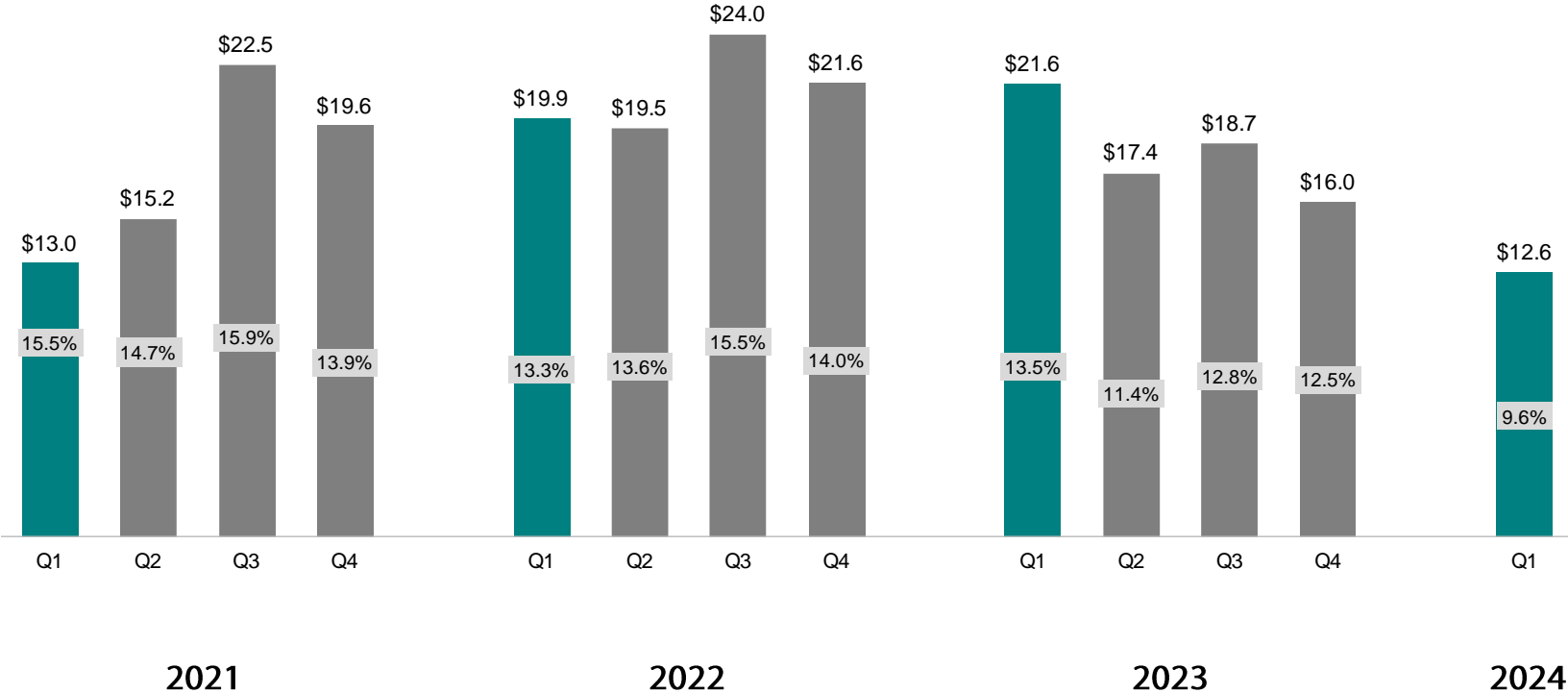
**Notes:**

- (\*) -2021 includes Mount Holly prospectively from May 13, 2021 acquisition date; 2021 includes Spunlace segment from its October 29, 2021 acquisition date.



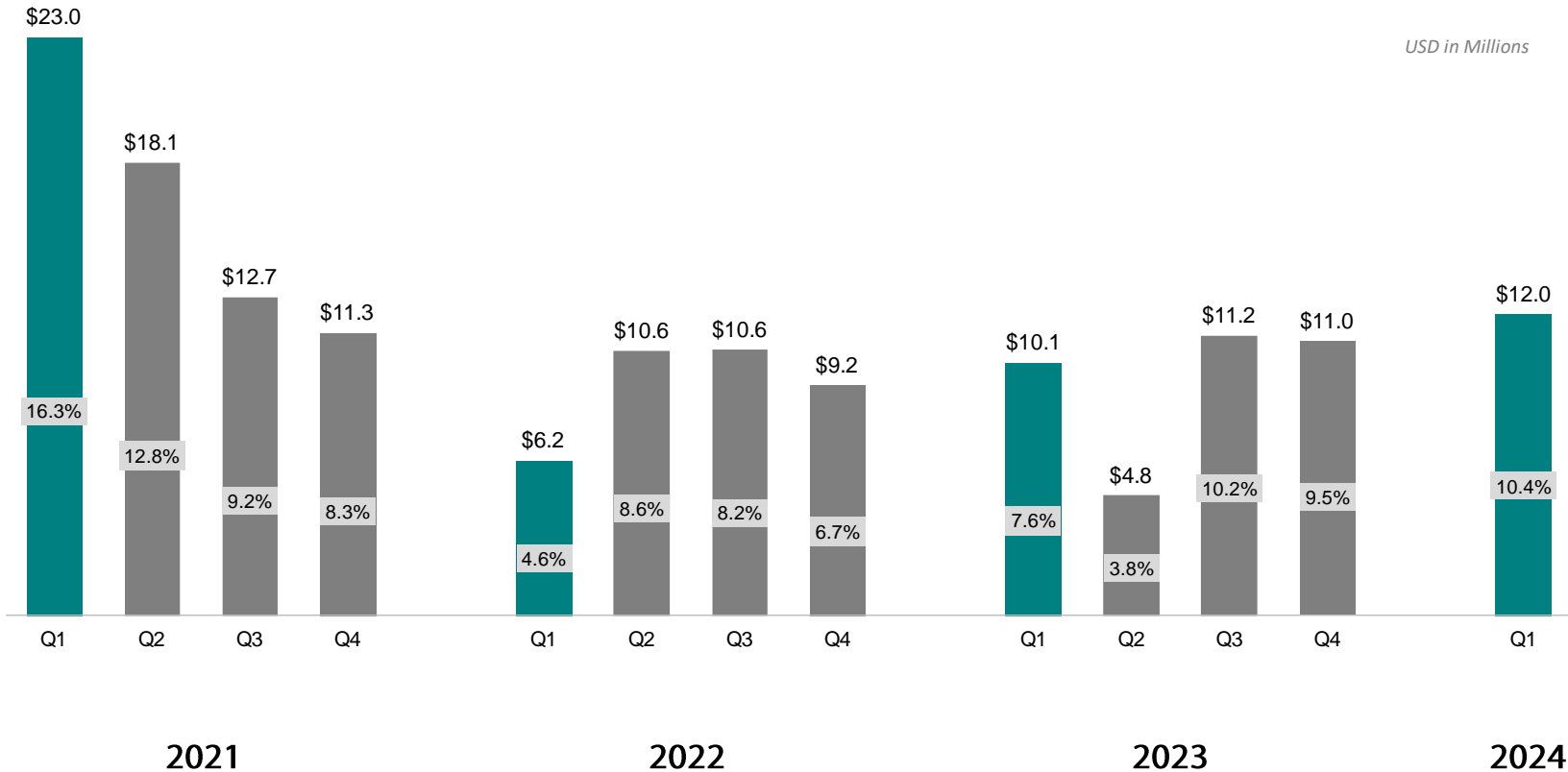
# Airlaid Materials EBITDA and EBITDA Margin

USD in Millions



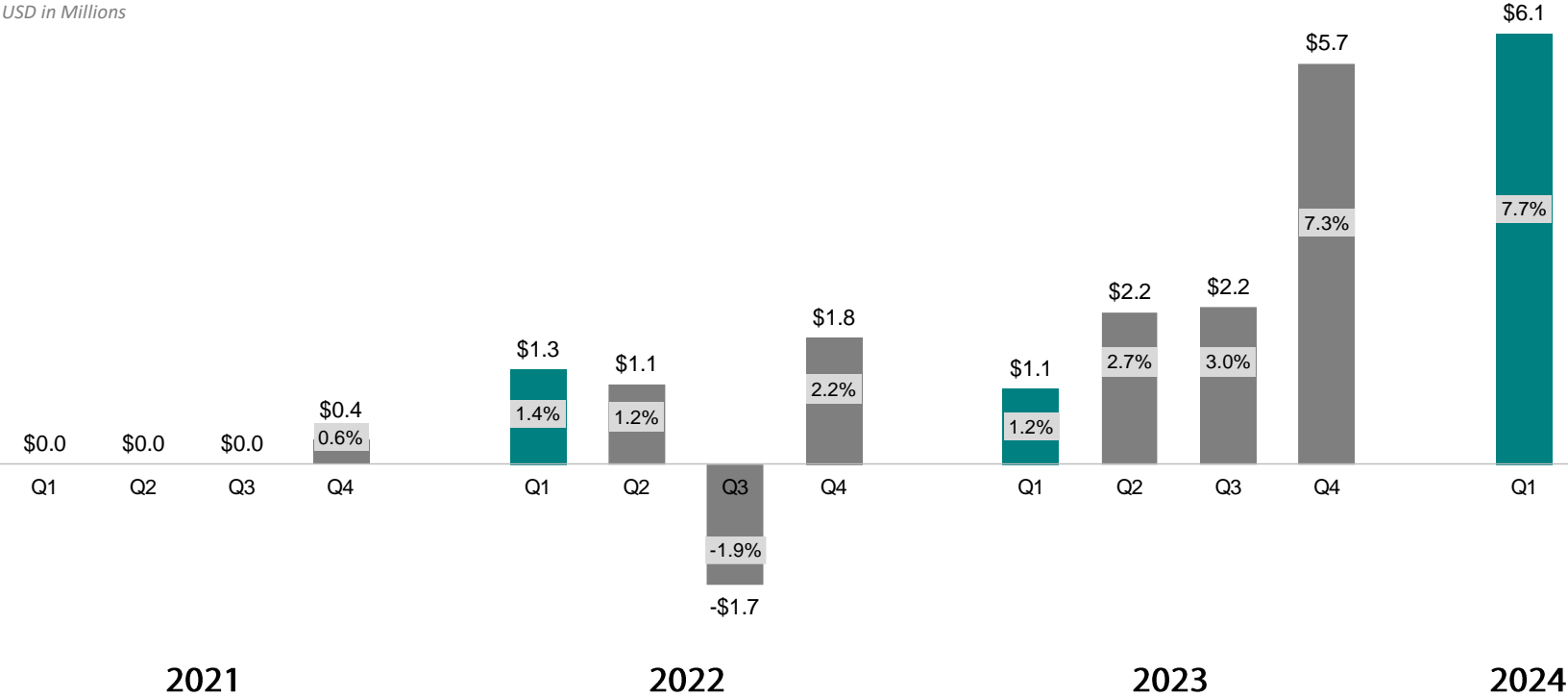
# Composite Fibers EBITDA and EBITDA Margin

USD in Millions



# Spunlace EBITDA and EBITDA Margin

USD in Millions





# Reconciliation of Non-GAAP measures

## Adjusted EPS from continuing operations

<i>In millions</i>	2020	2021	2022	2023	TTM 3/31/2024
<b>Net Income (loss)</b>	\$ 21.3	\$ 6.9	\$ (194.2)	\$ (79.1)	\$ (91.8)
Adjust: Discontinued ops, net of tax	(0.5)	(0.2)	0.1	0.9	0.7
<b>Income (loss) from continuing operations</b>	<b>20.8</b>	<b>6.7</b>	<b>(194.1)</b>	<b>(78.1)</b>	<b>(91.1)</b>
<u>Adjustments / Exclusions:</u>					
Pension settlement expenses, net	6.2	-	-	-	-
Gains on Timberland Sales and Transaction Related Costs	(1.4)	(5.2)	(3.0)	(1.3)	(0.7)
Goodwill and other asset impairment charges	0.9	-	190.6	-	-
Russia / Ukraine conflict charges / (recovery)	-	-	3.2	(1.4)	(1.4)
CEO transition costs	-	-	1.7	0.6	(0.1)
COVID-19 incremental costs/(ERC recovery)	2.7	-	(7.3)	(0.2)	(0.2)
Debt refinancing fees	-	-	-	1.9	0.0
Tornado insurance deductible costs	-	-	-	5.0	5.0
Turnaround strategy costs	-	-	8.0	8.8	4.4
Cost optimization actions	6.0	0.9	0.9	-	-
Restructuring charge - Metallized operations	11.1	-	-	-	-
Strategic initiatives	1.6	30.9	5.6	3.2	13.3
Ober-Schmitt divestiture costs	-	-	-	18.8	18.9
Corporate headquarters relocation	1.1	0.6	0.4	-	-
Income Tax impact and other adjustments	(11.5)	(6.3)	(25.1)	4.1	4.2
Total adjustments	16.6	20.9	175.1	39.5	43.3
<b>Adjusted income (loss) from continuing operations</b>	<b>37.4</b>	<b>27.6</b>	<b>(19.0)</b>	<b>(38.7)</b>	<b>(47.7)</b>
<b>Adjusted EPS for continuing operations</b>	<b>\$ 0.84</b>	<b>\$ 0.61</b>	<b>\$ (0.42)</b>	<b>\$ (0.86)</b>	<b>\$ (1.06)</b>

# Reconciliation of Non-GAAP measures

## Adjusted EPS from continuing operations

<i>USD In millions</i>	<b>Q1 2023</b>	<b>Q1 2024</b>
<b>Net loss</b>	<b>\$ (13.6)</b>	<b>\$ (26.3)</b>
Adjust: Discontinued ops, net of tax	0.4	0.2
<b>Net loss from continuing operations</b>	<b>\$ (13.2)</b>	<b>\$ (26.2)</b>
<u>Adjustments / Exclusions:</u>		
Turnaround strategy costs	4.5	0.1
Strategic initiatives	0.8	10.9
Ober-Schmitt divestiture costs	(0.1)	-
Debt Refinancing	1.9	-
CEO transition costs	0.6	-
Gains on Timberland Sales and Transaction Related Costs	(0.6)	-
Income Tax impacts and other adjustments	0.2	0.2
<b>Total adjustments</b>	<b>7.3</b>	<b>11.2</b>
<b>Adjusted income from continuing operations</b>	<b>\$ (5.9)</b>	<b>\$ (14.9)</b>
<b>Adjusted EPS for continuing operations</b>	<b>\$ (0.13)</b>	<b>\$ (0.33)</b>



# Reconciliation of Non-GAAP measures

## Adjusted EBITDA from continuing operations

<i>In millions</i>	<b>Q1 2023</b>	<b>Q1 2024</b>
Net loss	\$ (13.6)	\$ (26.3)
Adjust: Discontinued ops	0.4	0.2
Add: Taxes	3.7	5.2
Add: Depreciation and Amortization	15.7	15.8
Add: Net Interest Expense	12.3	17.4
EBITDA	<u>18.6</u>	<u>12.2</u>
<u>Adjustments / Exclusions:</u>		
Turnaround strategy costs	4.5	0.1
Strategic initiatives	0.8	10.9
Ober-Schmitt divestiture costs	(0.1)	-
Debt refinancing costs	0.1	-
CEO transition costs	0.6	-
Share-based compensation	0.9	0.7
Gains on Timberland Sales and Transaction Related Costs	(0.6)	-
<b>Adjusted EBITDA from continuing operations</b>	<b><u>\$ 24.8</u></b>	<b><u>\$ 23.8</u></b>
Depreciation and Amortization	(15.7)	(15.8)
Other Expense	2.6	2.0
Share-based compensation	(0.9)	(0.7)
<b>Adjusted Operating Income from continuing operations</b>	<b><u>\$ 10.7</u></b>	<b><u>\$ 9.4</u></b>



# Reconciliation of Non-GAAP measures

## Adjusted EBITDA from continuing operations

<i>In millions</i>	2020	2021	2022	2023	TTM 3/31/2024
<b>Net Income (loss)</b>	\$ 21.3	\$ 6.9	\$ (194.2)	\$ (79.1)	\$ (91.8)
Exclude: Loss (Income) from discontinued operations, net of tax	(0.5)	(0.2)	0.1	0.9	0.7
Add: Taxes from continuing operations	11.6	7.0	(10.3)	7.0	8.5
Add: Depreciation and Amortization	56.6	61.4	66.7	63.2	63.3
Add: Net Interest Expense	6.6	12.3	32.8	63.3	68.4
<b>EBITDA from continuing operations</b>	<b>\$ 95.6</b>	<b>\$ 87.4</b>	<b>\$ (104.9)</b>	<b>\$ 55.4</b>	<b>\$ 49.0</b>
<u>Adjustments / Exclusions:</u>					
Share-based compensation	5.7	5.1	0.8	2.8	2.5
Pension settlement expenses, net	6.2	-	-	-	-
Gains on Timberland Sales and Transaction Related Costs	(1.4)	(5.2)	(3.0)	(1.3)	(0.7)
Goodwill and other asset impairment charges	0.9	-	190.6	-	-
Russia / Ukraine conflict charges / (recovery)	-	-	3.2	(1.4)	(1.4)
Debt refinancing costs	-	-	-	0.1	-
Restructuring charge - Metallized operations (net of accelerated depreciation)	7.2	-	-	-	-
Tornado insurance deductible costs	-	-	-	5.0	5.0
CEO transition costs	-	-	4.8	0.6	(0.1)
Cost optimization actions	6.0	0.9	0.6	-	-
COVID-19 incremental costs/(ERC recovery)	2.7	-	(7.3)	-	-
Corporate headquarters relocation (net of asset write off)	0.9	0.6	0.4	-	-
Strategic initiatives	1.6	30.9	5.6	3.2	13.4
Turnaround strategy costs	-	-	8.0	9.4	5.0
Ober-Schmitt divestiture costs	-	-	-	18.8	18.8
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 125.3</b>	<b>\$ 119.6</b>	<b>\$ 98.9</b>	<b>\$ 92.6</b>	<b>\$ 91.6</b>



# Reconciliation of Non-GAAP measures

## Adjusted Free Cash Flow from Continuing Operations

In millions	Q1 2023	Q1 2024
Adjusted EBITDA	\$24.8	\$23.8
Accounts receivable	(2.3)	(10.1)
Inventories	(8.8)	(5.1)
Accounts payable	(23.1)	(21.2)
Change in working capital	(34.3)	(36.4)
Taxes paid	(1.7)	(2.8)
Interest paid	(5.0)	(10.4)
Other	(14.5)	(7.7)
<b>Cash Flow from continuing Operations</b>	<b>(\$30.6)</b>	<b>(\$33.5)</b>
Less: Capital expenditures	(9.5)	(7.5)
<b>Free Cash Flow</b>	<b>(\$40.1)</b>	<b>(\$41.0)</b>
Fox River Payments	0.2	1.6
Turnround strategy costs	5.3	1.3
Strategic Initiatives	0.2	0.6
CEO transition costs	7.1	0.5
Tax payments (refunds) on adjusting items	(0.8)	-
Less: Adjustments to Free Cash Flow	11.9	4.1
<b>Adjusted Free Cash Flow</b>	<b>(\$28.2)</b>	<b>(\$36.9)</b>



# Reconciliation of Non-GAAP measures

## Adjusted EBITDA from continuing operations

<i>USD in Thousands</i>	<b>Q1 2023</b>	<b>Q4 2023</b>	<b>Q1 2024</b>
Airlaid Materials Operating Profit	\$13,914	\$8,371	\$4,958
Addback: Depreciation & Amortization	7,686	7,588	7,664
<b>Airlaid Materials EBITDA</b>	<b>\$21,600</b>	<b>\$15,959</b>	<b>\$12,622</b>
Composite Fibers Operating Profit	\$6,127	\$7,054	\$8,259
Addback: Depreciation & Amortization	3,965	3,905	3,764
<b>Composite Fibers EBITDA</b>	<b>\$10,092</b>	<b>\$10,959</b>	<b>\$12,023</b>
Spunlace Operating Profit / (Loss)	(\$2,023)	\$2,322	\$2,764
Addback: Depreciation & Amortization	3,092	3,388	3,373
<b>Spunlace EBITDA</b>	<b>\$1,069</b>	<b>\$5,710</b>	<b>\$6,137</b>

