

# Investor Presentation

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1H 2025

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*INTERNATIONAL*



## SAFE HARBOR

This presentation contains certain items, such as earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, Adjusted EBITDA Margins, Free Cash Flow and net debt, as well certain income and expense items on a per share basis, that could be considered ‘non-GAAP’ financial measures under SEC rules. We think such items provide useful information to investors regarding the Company’s operational performance.

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Certain additional disclosures regarding our use of “non-GAAP” items (including reconciliations to GAAP measures) and forward-looking statements are set forth in our SEC filings, including our most recent annual and quarterly reports. Please refer item 7 in the Annual Report on Form 10-K for the concise reconciliation of our non-GAAP measures. Our use of such items in this presentation is subject to those additional disclosures, which we urge you to read.

A close-up photograph of a circular fan with multiple blades. The blades are a light green color and are arranged in a circular pattern. The fan is set against a dark background, and the lighting highlights the texture and shape of the blades.

# Strategy for Continued Growth

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# KEY TAKEAWAYS

- 1 Technology Experts Serving Vital Industries
- 2 Solid Execution Sets the Foundation for Growth
- 3 Secular Trends Support Long-term Growth
- 4 Strategy for Layered Growth



# WHO IS ALBANY INTERNATIONAL?

Founded in  
**1895**

Market Cap  
**\$2B**

Global operations  
across  
**13**  
countries

**\$1,231M**  
2024 Revenue

**\$232M**  
2024 Adj. EBITDA

**\$203M**  
2024 Net Debt

**20+ years**  
Consecutive dividend  
payouts

**~5,400**  
Employees globally



# TECHNOLOGY EXPERTS SERVING VITAL INDUSTRIES



## MACHINE CLOTHING

Engineered product solutions for the pulp & paper and other process industries

- Consumable, continuous replenishment
- Proprietary
- Tailored, customized products
- Harsh environments
- Mission-critical: essential to reliable machine operation
- Key element that defines product attributes & quality



## ENGINEERED COMPOSITES

Engineered product solutions for the Aerospace and Defense industries

- Proprietary solutions
- Broad range of product offerings and production processes
- Engineering capability
- Mission-critical solutions for harsh environments
- Lightweight
- Support all platform types: fixed-wing, rotorcraft unmanned aircraft, and missiles

# GLOBAL OPERATIONAL SUCCESSES DELIVERING POWERFUL RESULTS

## Critical Customer Partnerships

- Deep relationships with customers
- Demonstrated ability to grow with a customer



## Market Selection

Geographic and end markets

- Multi-year strategic focus on the growing MC markets
- Presence on the right next-generation aerospace platforms



## Innovation

- Continued investment in our technology to maintain leadership position
- Emphasis on technology discrimination that delivers enhanced value to customers



## Operational Excellence

- Long-term track record of driving margin increases through continuous improvement
- Optimized global footprint in both segments



**Growing Partner-of-Choice for Market Leaders**

# STRATEGY FOR CONTINUED VALUE CREATION

## Positive/constructive customer relationships based on trust

- Lead time, patience
- Proprietary next-gen customer technology collaboration & development

## Operational excellence, continuous improvement, cost efficiency

- Scale
- Product breadth
- High growth / highest technology content sub-segments & products



## Deep understanding of material properties in application

- Unmatched industrial scale weaving expertise

## Applications/design engineering to add value for our customers

- Efficient, specialized digital prototyping / modeling

## Industrialization of the process

- Large-scale automated material handling

# SOLUTIONS POWERING GLOBAL TRAVEL

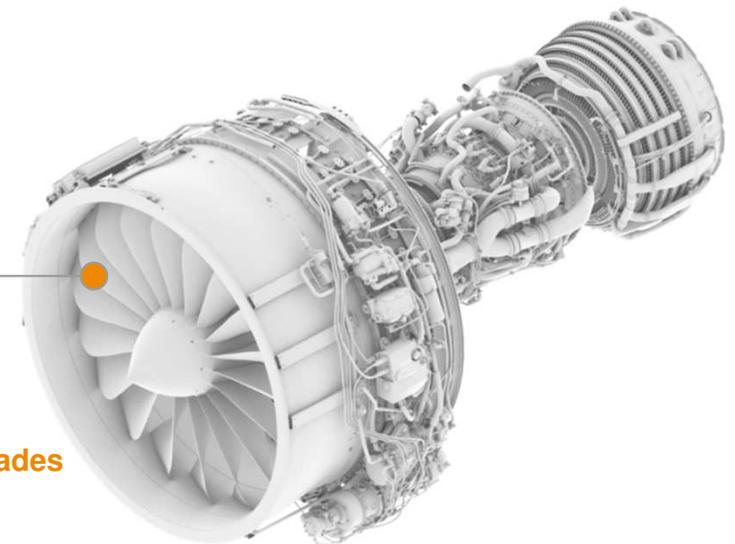
Our composite solutions not only make aircraft lighter, improving fuel efficiency...

... but make the engines themselves more efficient, by reducing rotating weight



## 3D-woven composite blades

- Lighter
- Stiffer
- More damage tolerant
- Certified for life of the engine



# AEROSPACE SEGMENT POISED TO OUTGROW GLOBAL RECOVERY

## Commercial Aviation Recovery



Increasing production rates for 737MAX, A320Neo



Expect 787 & GE9X production to increase as recovery in international travel emerges

## Defense Priorities



Albany's defense programs align with DoD priorities, have growing production rates

## Emerging Opportunities



Bizjet growth & emerging sustainable technologies

# WELL-POSITIONED TO TAKE ADVANTAGE OF GLOBAL PAPER DEMAND GROWTH

## E-Commerce



One component driving secular growth in paper packaging demand

## Growing Global Middle Class



Per-capita consumption growth in the developing world for all grades

## Non-Cyclical Tissue Business



Tissue demand is resilient in economic downturns

## Sustainability & Environmental Drivers



Renewable paper products are an environmentally responsible choice versus plastic

# WELL DEFINED CAPITAL PRIORITIES THAT DRIVE STRONG ORGANIC GROWTH



# DISCIPLINED ACQUISITION STRATEGY

## M&A

Strategy is **opportunistic**, not dependent on M&A

## KEY ATTRIBUTES

Criteria for Potential Targets

## ALBANY ENGINEERED COMPOSITES



Customer positions that complement/leverage current customer mix



Customer penetration



Technologies that complement/leverage current tech



Applications



Operational efficiencies



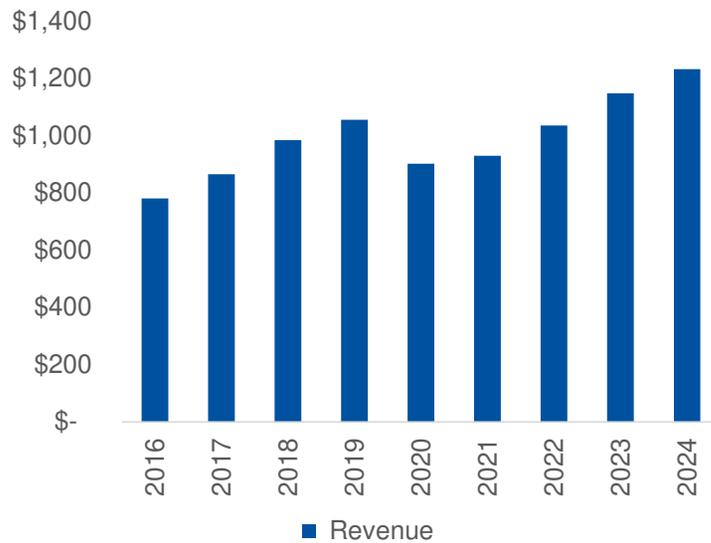
Positioning within end markets

## MACHINE CLOTHING

# DELIVERING SOLID FINANCIAL PERFORMANCE

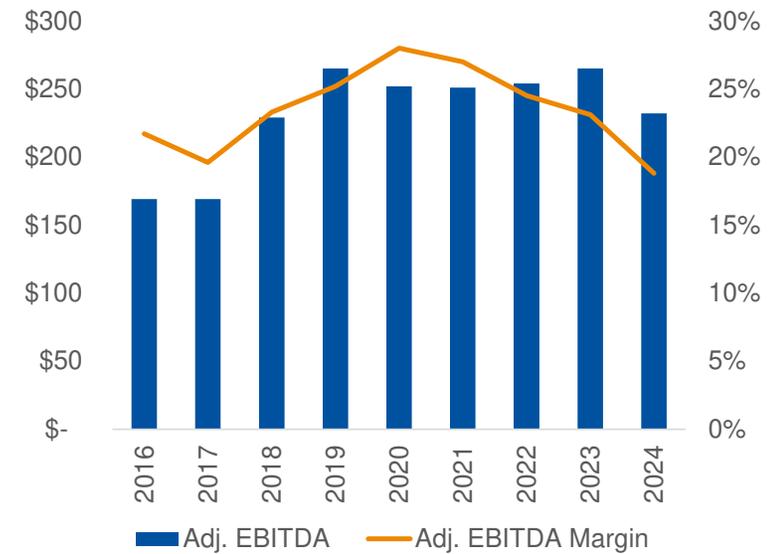
## REVENUE

(millions)



## ADJ. EBITDA AND MARGIN

(millions)



ALBANY  
INTERNATIONAL'S  
HIGHLY  
ATTRACTIVE  
INVESTMENT  
OPPORTUNITY

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**Leader** in PMC with proprietary solutions delivering predictable and **strong FCF** stability

**Long history** of strong balance sheet, solid execution, and **prudent capital management**

**Differentiated** composites business with **ample opportunity to grow** both near and long-term

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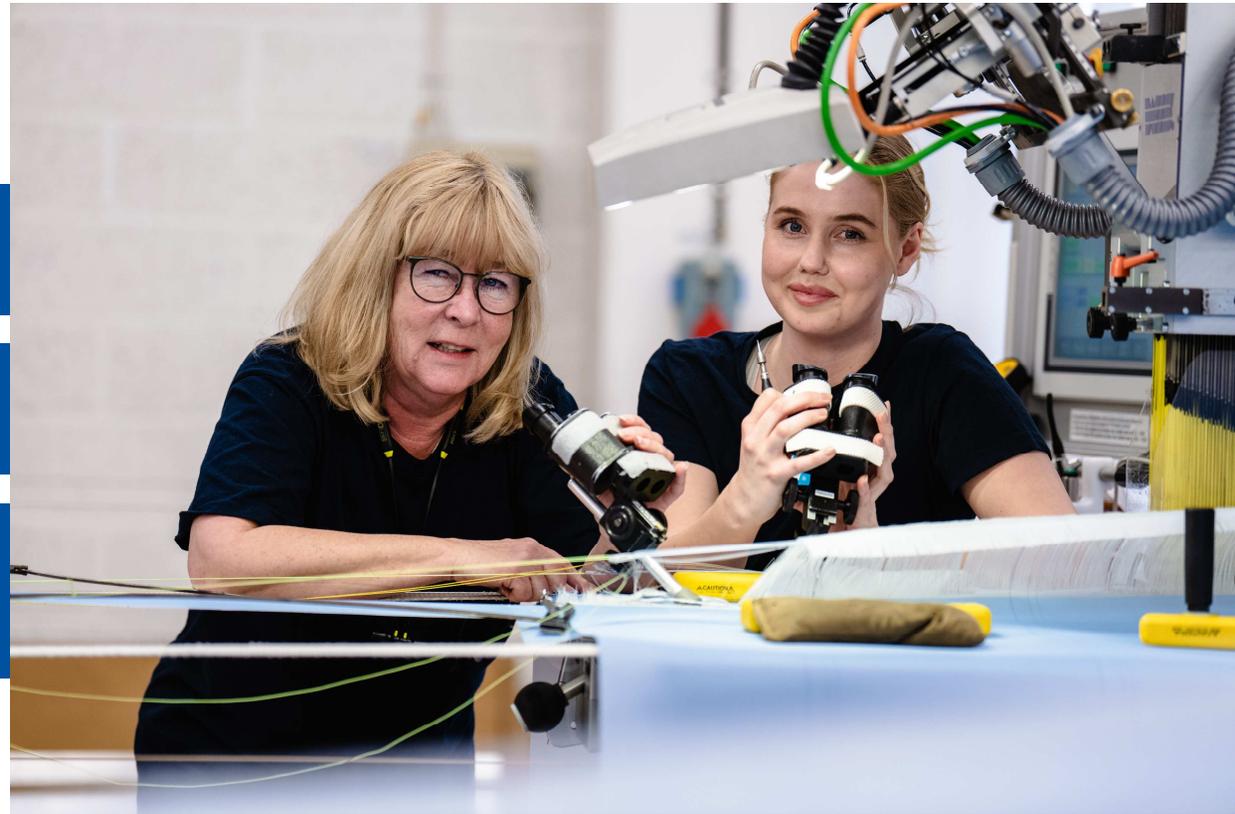
# Strong Cash Generation in Machine Clothing

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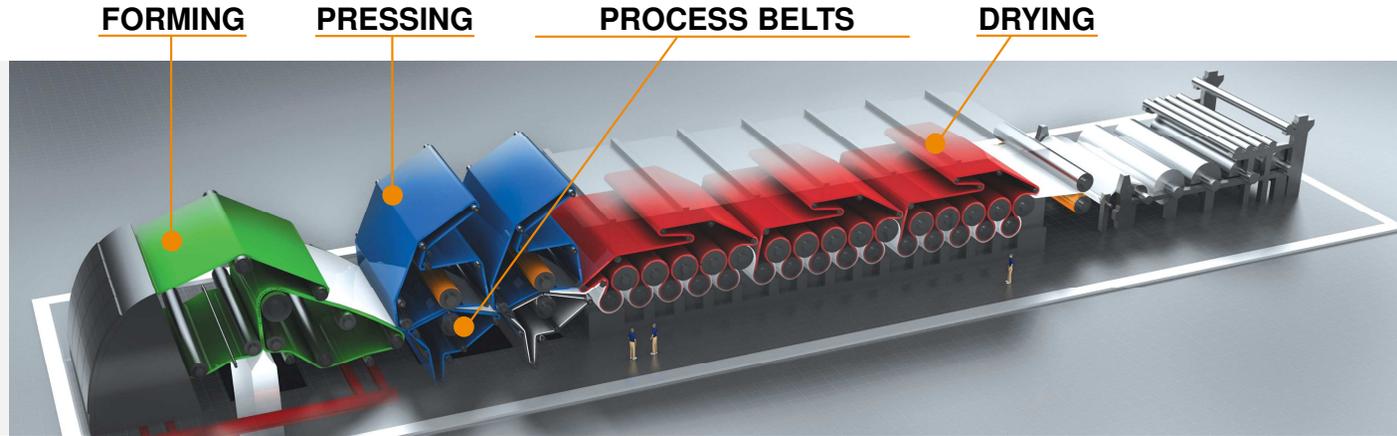
# KEY TAKEAWAYS

- 1 Complex Systems and Robust Technology Differentiators
- 2 Global Trends are Opening Up Future Opportunities
- 3 Predictable, Strong, Sustainable Growth and Cash Flow



# WHAT IS MACHINE CLOTHING TECHNOLOGY?

- Produce **consumable belts** that enable production of every paper product in your life
- **Essential** to paper machine operation
- Operate continuously in a **harsh environment**



| CONSUMABLE PRODUCTS | # POSITIONS | AVERAGE LIFE |
|---------------------|-------------|--------------|
| Forming             | 2           | 45-60 Days   |
| Pressing            | 4           | 40-60 Days   |
| Drying              | 8           | 6-18 Months  |
| Process Belts       | 2           | 8-16 Months  |

**~20**  
to  
**~45**  
belts  
PER  
MACHINE  
PER  
YEAR

## HARSH ENVIRONMENT

- High Speed
- High Pressures
- High Heat
- High Humidity

# PROVIDING HIGHLY-TAILORED AND TECHNICALY DEMANDING SOLUTIONS



Machine Clothing belts help produce a broad swath of paper products, including toilet paper, paper towels, cardboard, newspaper, tissue, printing and writing paper, and others



Our belts are a key component defining the quality of each product



Each belt is tailored to exacting tolerances for each machine and each product produced on that machine

## Custom Engineered Belts for Process Industries



### PRODUCT ATTRIBUTES

- Consumable
- High Value-Add
- Proprietary Product & Process Technology
- High Switching Costs

# GLOBALLY POSITIONED TO SERVE TIER ONE CUSTOMERS

## 8,200+

Paper machines worldwide that are all unique and require customized solutions

Tier 1  
**2,500**

Tier 2  
**5,700**

## MC Operations

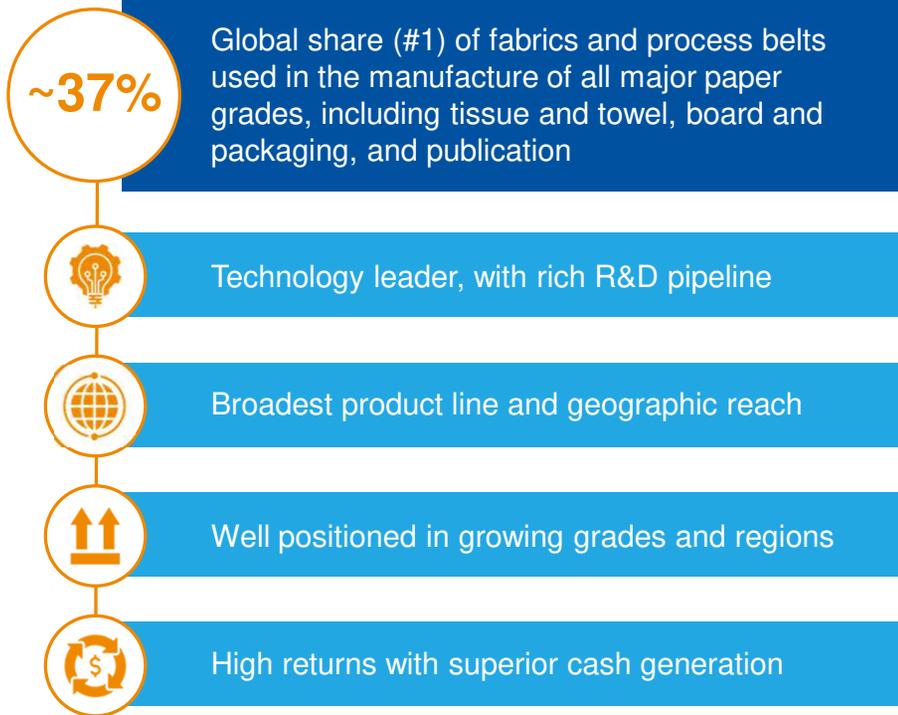
**21** ▶ **13**

Plants

Countries

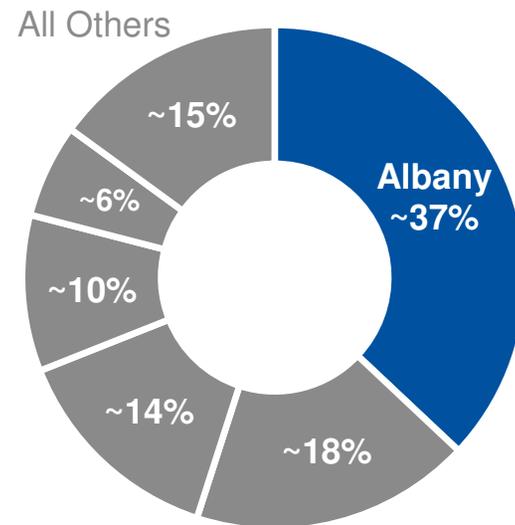


# CONSUMABLE PRODUCTS POWERED BY MACHINE CLOTHING TECHNOLOGY



## MARKET LEADER

GLOBAL PAPER MACHINE CLOTHING MARKET SHARE



# FOUNDATIONS OF SUCCESS

We continuously optimize Machine Clothing to maintain marketplace leadership

Constant optimization and LEAN principles to drive efficiency into the business

Our optimized, global footprint provides us access to key customers and markets

Build stronger customer relationships and partnerships

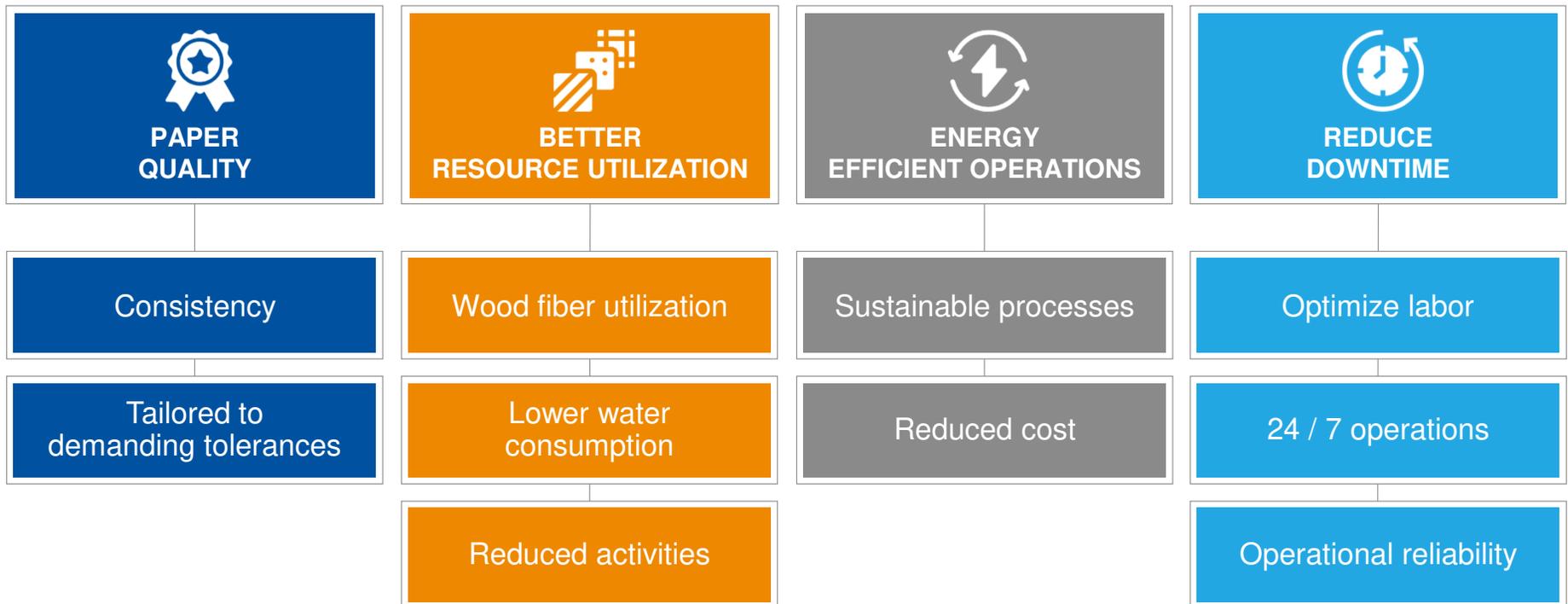
Leading products as a result of our R&D activities

Investment to modernize and automate our plants



Well-positioned to maintain and enhance our market-leading status

# VALUE TO CUSTOMERS = CONSISTENT QUALITY, GREATER EFFICIENCY, GREATER PROFITABILITY



# STRATEGY FOR SUSTAINED GROWTH

A focus on Tier One Customers while serving targeted Tier Two Customers in the right grades to capture further business

## OPERATIONAL EXCELLENCE

- Eliminating non-value added activities
- Using cost effective techniques across all functions
- Maintaining our low-cost platform

## R&D INVESTMENT

- New technologies for key customers and growing grades

## TIER ONE ATTRIBUTES



Largest Machines



Most Sophisticated



Most Cost Efficient



Most Technically Demanding

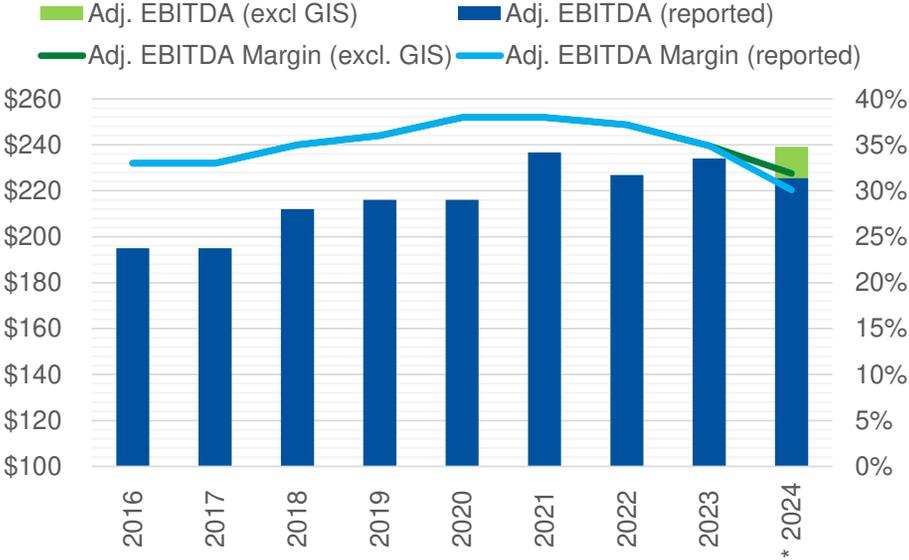
# RELIABLE, GROWING CASH FLOW GENERATION

Trendline growth in paper and paperboard production sets **positive long-term GDP± demand trend**

**Continuing investments in R&D drive continued share gains** in the growing tissue and packaging grades

**AS THE MARKET LEADER**

Adj. EBITDA and Adj. EBITDA Margin (Adj. EBITDA in millions)



**Cash flow from the MC segment provides reliable capital to fund growth initiatives**

\* In 2024 GIS costs were allocated to the MC segment level

# VALUE CREATING ACQUISITION of HEIMBACH GROUP

AUGUST 31, 2023



Broadens manufacturing footprint, enhances sales and service network across geographies



Leverages AIN operating expertise and technology to drive performance upside



Attractive returns and significant financial benefits



Utilized overseas cash

# MAINTAINING OUR PROFITABLE, MARKET-LEADING POSITION

1



## MARKET

Maintain a global presence, but enhance our regional capability in Key Regions and in Packaging & Tissue grade globally



2



## CUSTOMER

Retain and grow with our Tier One Partners and capture Tier Two customers in the key grades



3



## PRODUCT

Accelerate launch of innovative products in a cost-effective manner  
Expand our new technology platforms

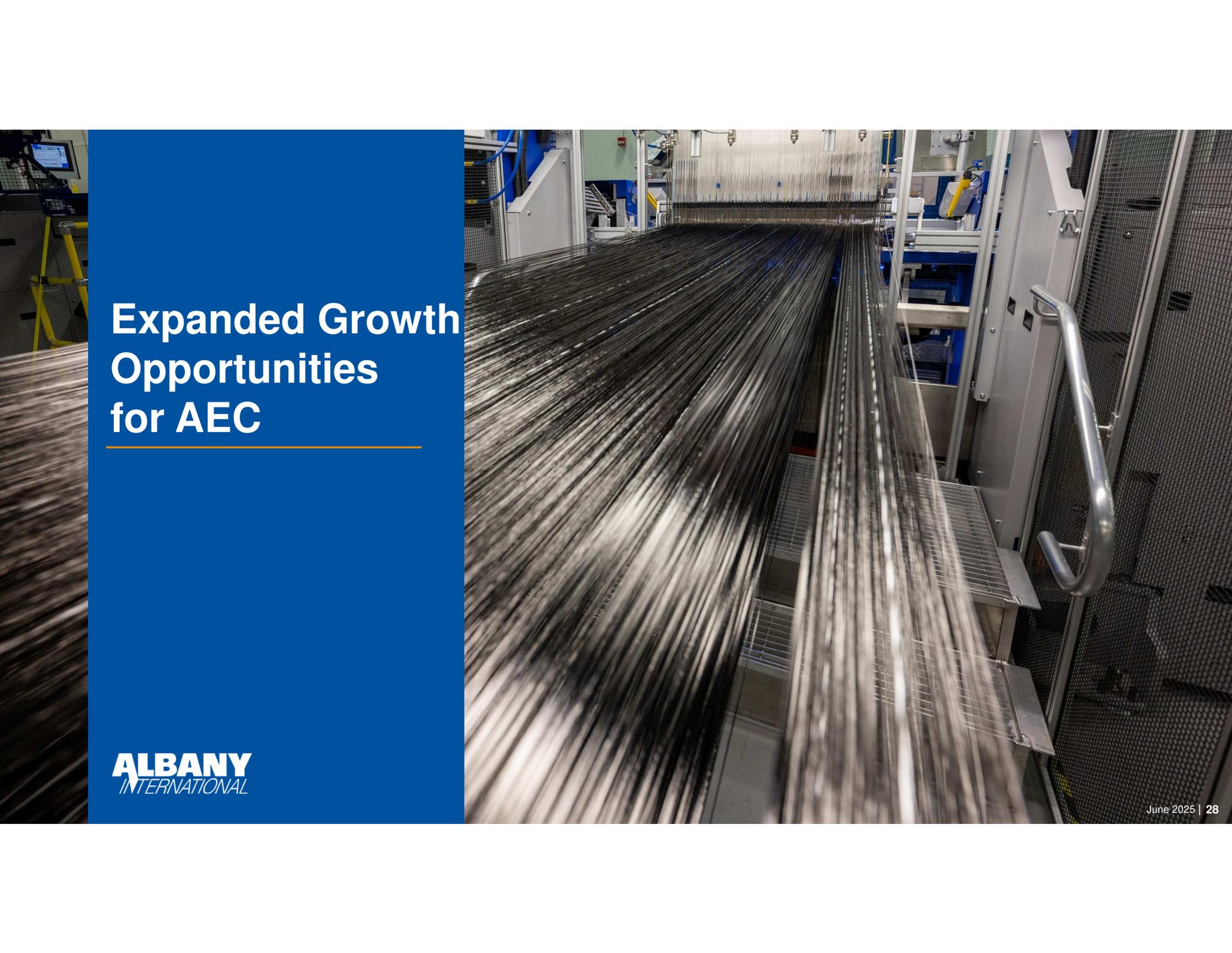


**~37%**  
Market-leading presence

**Low/Mid-30s%**

Adjusted EBITDA Margin\*

\* Includes Heimbach acquisition



# Expanded Growth Opportunities for AEC

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# KEY TAKEAWAYS

- 1 An Established A&D Supplier
- 2 Winning New Customers and Major Platforms
- 3 Investing in R&D to Build Lasting Technology Platform
- 4 Strong Revenue Growth Expected



# SHARED TECHNOLOGY SOLUTIONS POWER AEC GROWTH



**Through M&A, gained full range of composite process & material technologies**

Texas Composites (2006), Aztex (2006)  
Harris (2016), CirComp (2019)



**Albany – Safran Joint Venture**

Innovative 3D woven technology



**Dedicated Research Development & Technology Centers (US and Germany)**

Developing next gen 3D woven, thermoplastic, pultrusion, in-situ consolidation, and other advanced technologies



LEAP



CH-53K



F-35



787



777x



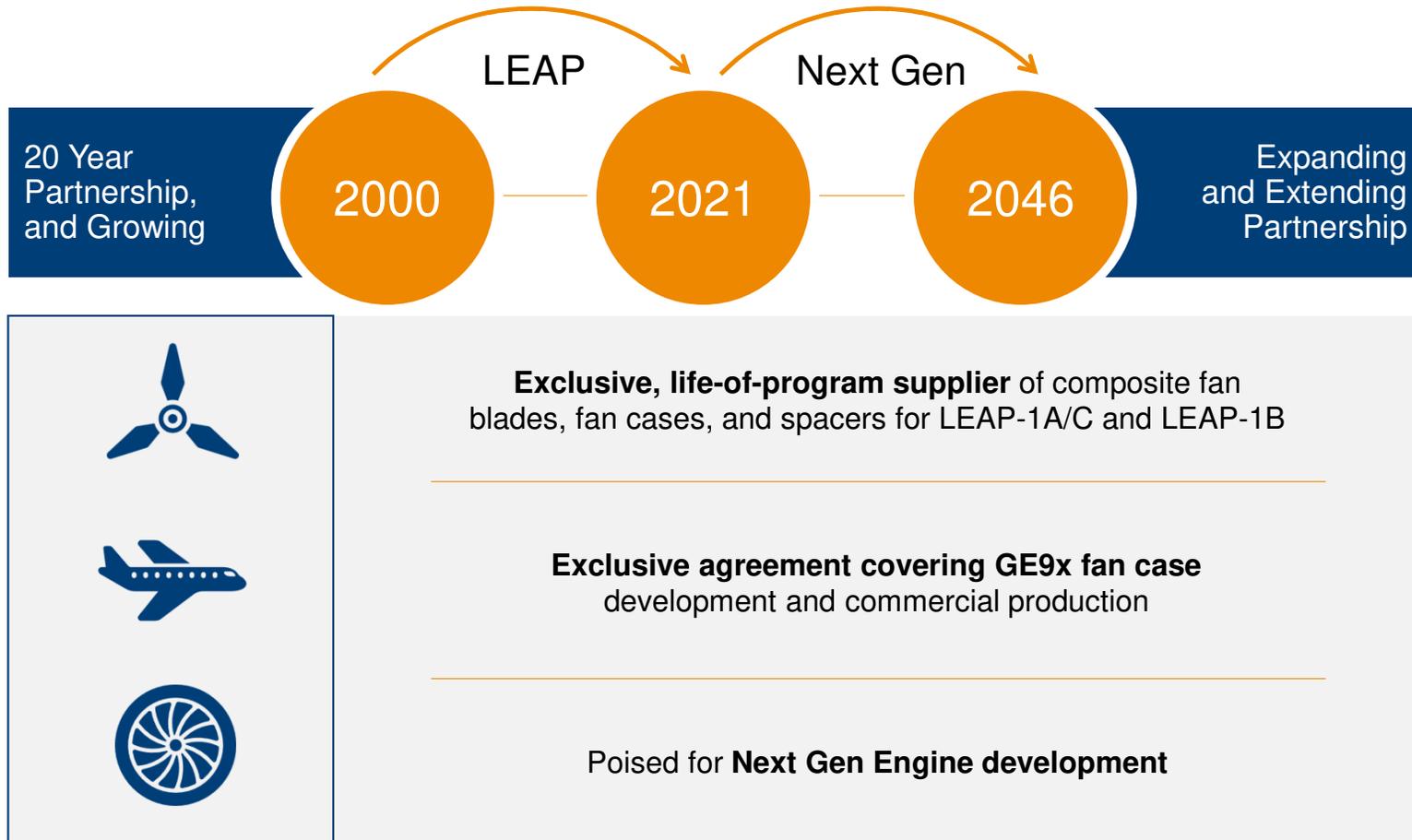
JASSM

# VALUE PROPOSITION BASED ON KEY DIFFERENTIATORS

**World class performance**



# SUCCESSFUL SAFRAN PARTNERSHIP TO CONTINUE



# INVESTING IN NEXT-GEN TECHNOLOGIES FOR FUTURE GROWTH

## Leaders in Driving Advanced Composite Innovation

### Moving 3D woven technology beyond LEAP

- Improving **competitiveness**
- Driving process and **automation**
- 50% weight savings and unique **differentiation**

### Investing in emerging technologies development

- **Collaborating** on next gen hypersonic development and investing in purpose-built facility and capabilities
- Early **customer engagement** on future aircraft and rotorcraft designs
- Exploring new applications driven by **sustainable technology solutions**

### Revenue Potential in next 5yrs

#### Hypersonics



- Thermal protection systems development
- Technical collaboration with Tier 1
- Other OEM and USG engagements

### Revenue Potential beyond next 5yrs

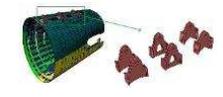
#### Engine Components



**Safran** partnership for next gen engine components



#### Aerostructure



**OEM** and **Tier 1 development activity** for next gen narrow body airframes

# PRIORITIES BASED ON MAXIMIZING SHAREHOLDER VALUE

## TOP PRIORITIES

1



### MAXIMIZING OUR CUSTOMER SOLUTION OFFERING

Focus on providing the **best value propositions** and experience with targeted customers

**Reduce costs** and **optimize** proven manufacturing capabilities

2



### CONTINUING TO DRIVE TECHNOLOGY DIFFERENTIATION

**Proliferate 3D woven** technology across Next-Gen airframes and Next-Gen engines

Mature process technologies to **capture growth** in core and adjacent markets

3



### OPPORTUNISTIC M&A

Accelerate **readiness and positioning** of process technologies

**Broaden capabilities**, expand global footprint, access target customers or platforms, and gain talent

# Operational Success Suggests Strong Financial Profile

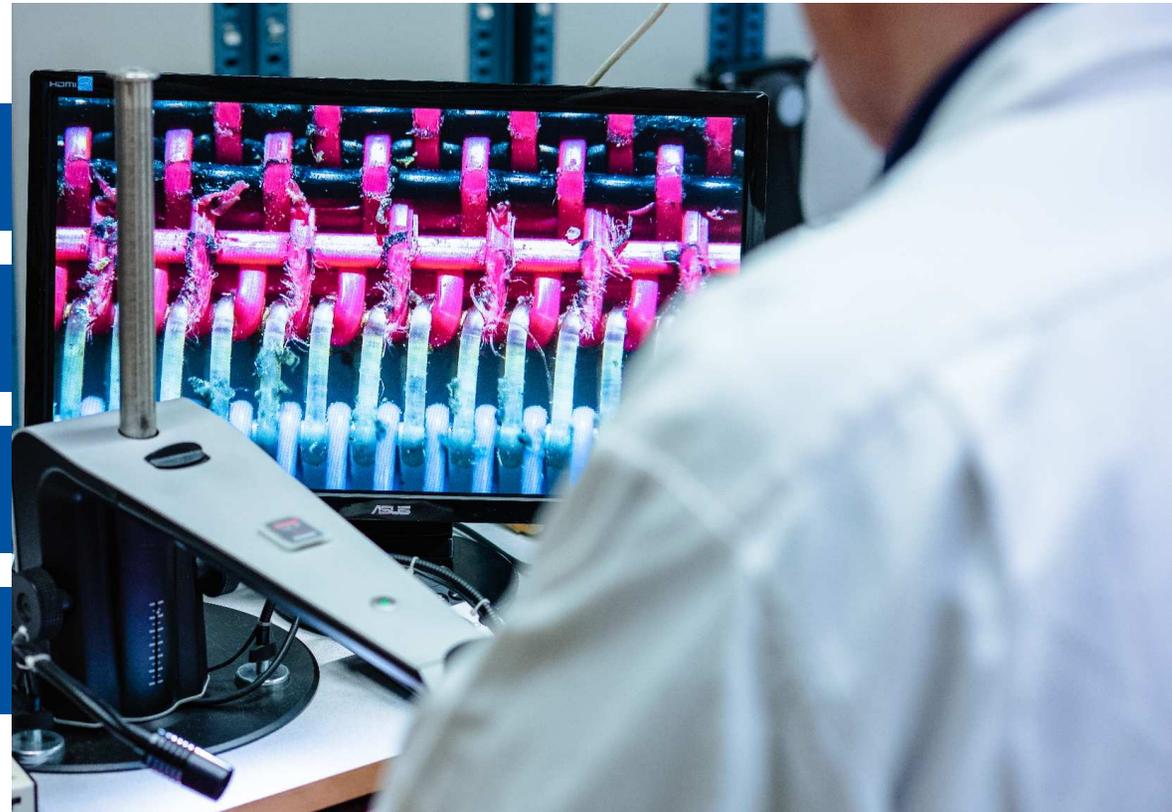
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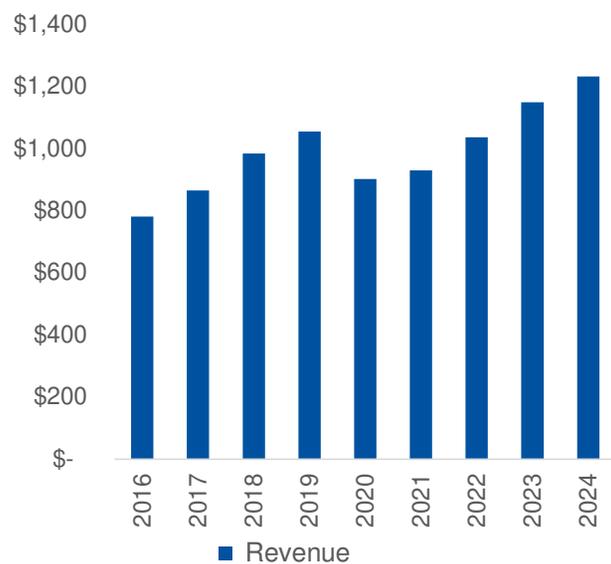
# KEY TAKEAWAYS

- 1 Strong Historical Performance
- 2 Prudent Capital Allocation Strategy
- 3 Disciplined M&A Strategy
- 4 Targets / Goals / Outlook

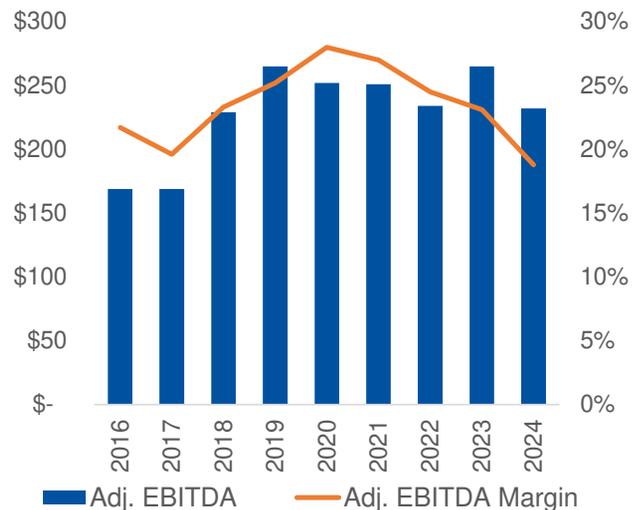


# FINANCIAL HIGHLIGHTS

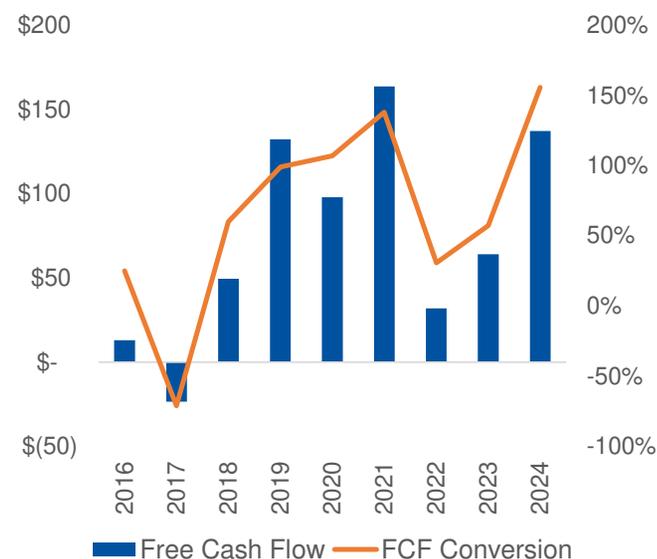
## REVENUE (\$M)



## ADJ. EBITDA & MARGINS



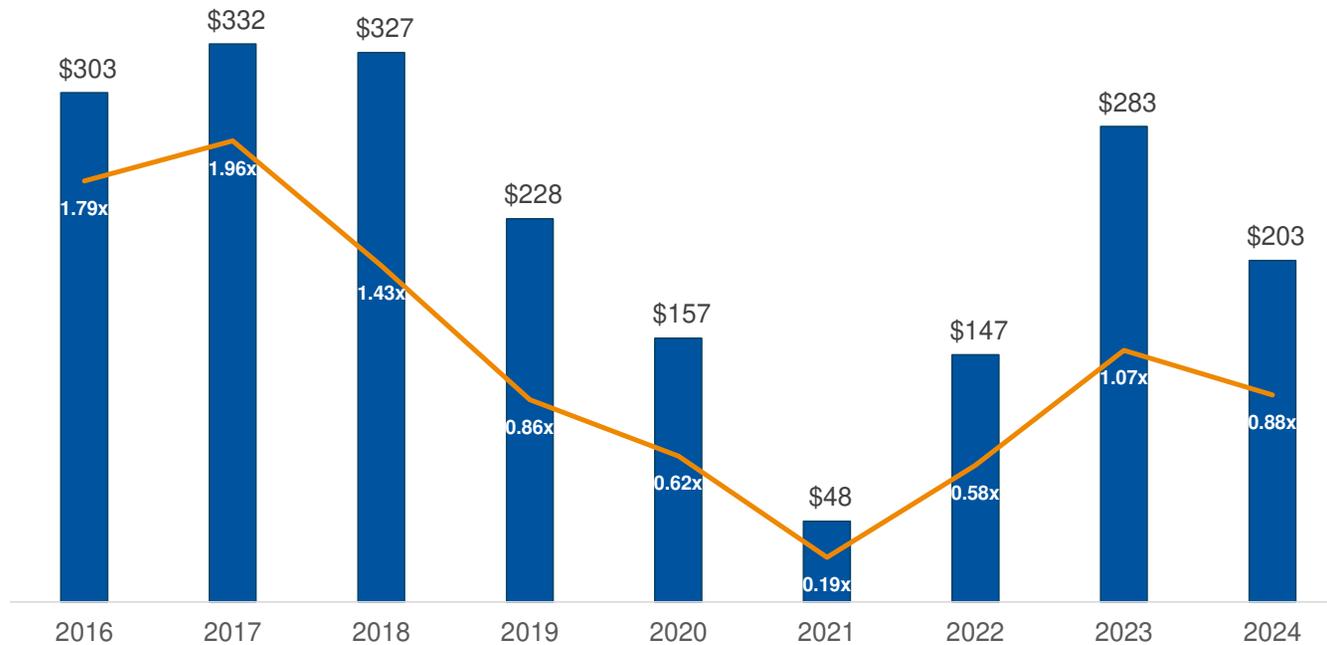
## FCF (\$M) & CONVERSION\*



\*Conversion defined as: Free Cash Flow / Net Income

# HISTORICAL FOCUS ON BALANCE SHEET STRENGTH

## NET DEBT\* (\$M) AND LEVERAGE



Net debt is defined as total principal debt outstanding less cash and cash equivalents  
Net leverage ratio is defined as net debt divided by Adj EBITDA for the twelve-trailing month period

# CAPITAL ALLOCATION FRAMEWORK



# DISCIPLINED APPROACH TO M&A

Strategy is not dependent on acquisitions; we can successfully execute our organic growth strategy without executing any transactions

However, selective acquisitions can accelerate our organic growth strategies

Balance sheet discipline

Leverage targets

## FINANCIAL CHARACTERISTICS



IRR >  
Cost of Capital



Maintain long-term  
net leverage target  
for company  
under 3.0x



Strategic willingness  
to go over 3.0x  
leverage target,  
if there exists a  
clear path back  
down to under 3.0x

# M&A PRIORITIES

Driven by technology and effective market positioning

## MC TARGET CHARACTERISTICS

Complementary market positions (strength in geographies or product areas with opportunities)

Continued operational scale to drive market-leading cost position

Technologies that could further enhance our product discrimination

## AEC TARGET CHARACTERISTICS

Discriminating technology (either unique processing capability or experience with unique materials)

Access to key customers with opportunities to insert existing capabilities

Strong management teams with good underlying businesses

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INTERNATIONAL'S  
HIGHLY  
ATTRACTIVE  
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**Leader** in PMC with proprietary solutions delivering predictable and **strong FCF** stability

**Long history** of strong balance sheet, solid execution, and **prudent capital management**

**Differentiated** composites business with **ample opportunity to grow** both near and long-term

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# **ALBANY** *INTERNATIONAL*

## **APPENDIX**

# Heimbach Group: Leading Global PMC Supplier

Privately held supplier of paper machine clothing for production of all paper grades on all machine types

Headquartered in Düren, Germany

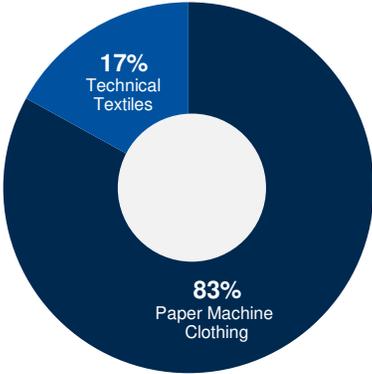
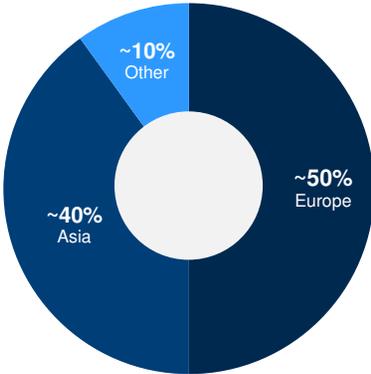
**9** Facilities      **7** Countries      **~1,200** employees      **€161 M** FY 2022 revenue



## NET SALES

By Region

By Segment



# Significant Strategic Benefits

Opportunity of Scale to Strengthen Customer Value Proposition

FULLY ALIGNED WITH M&A CRITERIA

## Complementary market positions create differentiated manufacturing, sales and service network

- Broadens European footprint – Heimbach's strength in central European markets complements Albany's northern European presence
- Adds Asian capacity to address local market growth, service customers throughout the region

## Continued operational scale to drive market-leading cost position

- Leverages Albany's industry-leading operational execution (operations, quality, technology)
- Provides opportunity to reduce supply chain complexity and shorten lines of logistics
- Provides insourcing opportunities

## Technologies that further enhance our product differentiation

## Excellent cultural fit Strong, management team

## Leverages Albany's long-term track record of operating expertise

# Significant Financial Benefits

## Provides attractive financial returns

- IRR well above cost of capital
- EPS accretive beginning in year 2
- Cash flow accretive beginning in year 2

## Maintains balance sheet strength

- Net leverage increase  $\frac{1}{2}$  turn from 0.7x to 1.2x
- Less than 0.1x impact to debt covenant calculation
- Cash position remains well in excess of \$100 million

## Line of sight to expand Heimbach Group margins and drive combined efficiency gains

- 2022 EBITDA margin:
  - Heimbach 9%
  - Albany MC 37%
- Albany has clear operational playbook with deep understanding of industry dynamics
- Effective purchase multiple in year 3 of 3.5x to 4.0x EBITDA driven by efficiencies and cost savings