

## Stephen Nolan, CFO

J.P. Morgan 2022 Industrials Conference  
March 17, 2022

[www.albint.com](http://www.albint.com) | AIN | #albint

# Non-GAAP Items and Forward-Looking Statements



This presentation refers to the following non-GAAP measures:

- Adjusted EBITDA (in absolute dollars and as a percentage of sales; for each segment, and the Company as a whole);

This presentation also contains “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The words “believe,” “expect,” “anticipate,” “intend,” “estimate,” “plan,” “project,” “may,” “will,” “should,” and variations of such words or similar expressions are intended, but are not the exclusive means, to identify forward-looking statements. Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. There are a number of risks, uncertainties, and other important factors that could cause actual results to differ materially from the forward-looking statements, including, but not limited to:

- Conditions in the industries in which our Machine Clothing and Albany Engineered Composites segments compete, along with the general risks associated with macroeconomic conditions, including continuation of COVID-19 effects for an extended period of time;
- Across the entire company, increasing labor, raw material, energy, and logistic costs due to supply chain constraints and inflationary pressures
- In the Machine Clothing segment, greater than anticipated declines in the demand for publication grades of paper, or lower than anticipated growth in other paper grades;
- In the Albany Engineered Composites segment, longer-than-expected timeframe for the aerospace industry to utilize existing inventories, and unanticipated reductions in demand, delays, technical difficulties or cancellations in aerospace programs that are expected to generate revenue and drive long-term growth;
- Failure to achieve or maintain anticipated profitable growth in our Albany Engineered Composites segment; and
- Other risks and uncertainties as detailed in our Annual Report on Form 10K and other periodic reports filed with the Securities and Exchange Commission (SEC).

# Non-GAAP Items and Forward-Looking Statements



The forward-looking statements contained in this presentation or elsewhere are based on our current expectations and assumptions regarding our business, the economy and other future conditions and are subject to risks, uncertainties and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them publicly in light of new information or future events. Certain additional disclosures regarding our use of `non-GAAP' items (including reconciliations to GAAP measures) and forward-looking statements are set forth in the Appendix to this presentation and in our SEC filings, including our most recent annual and quarterly reports. In particular, please refer item 7 in the Annual Report on Form 10K for each respective year 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.

- **Industry Leader** in Machine Clothing with proprietary solutions delivering consistently strong cash flow
- Successful **highly differentiated composites business** poised to grow in both near and long-term
- **Strong balance sheet**, solid execution and prudent capital management

## MACHINE CLOTHING

Engineered consumable product solutions for paper and other process industries

- Consumable: reliable, recurring revenue stream
- Mission critical: essential to reliable and efficient operation of customer's equipment
- Proprietary, tailored, custom products: healthy margins

## ALBANY ENGINEERED COMPOSITES

Engineered composite solutions for aerospace & defense applications

- Growing top & bottom line
- Mission critical for demanding structural applications
- Unique, proprietary technology positioned to proliferate across next-generation airframes and engines

# Machine Clothing – Consumable Products



**Market leader** with ~30% Global share of engineered consumable belts used in the production of all paper grades

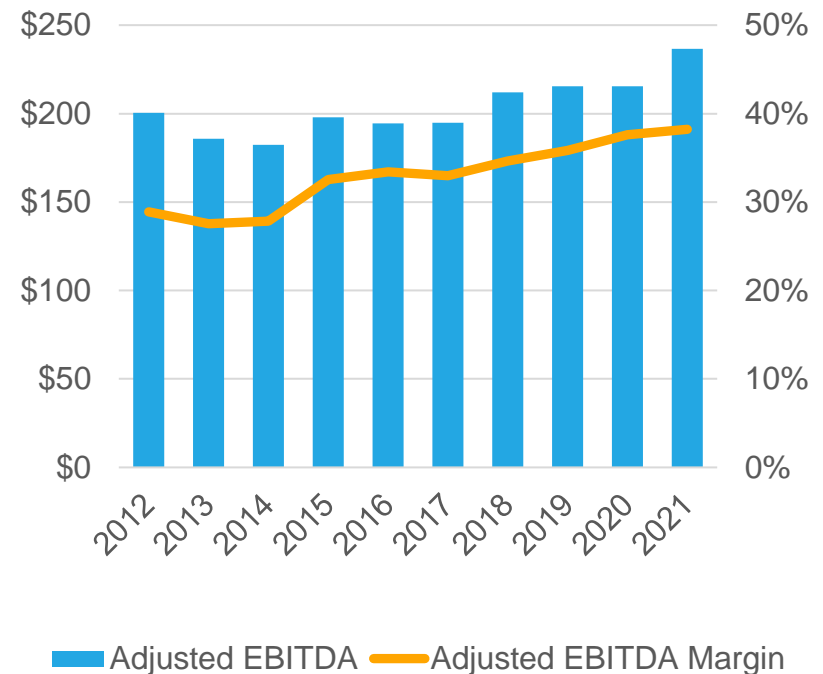
**Technology leader**, rich R&D pipeline

**Broadest product line & geographic reach**

Positioned in **growing grades & regions**

**High returns**, superior cash generation

Machine Clothing  
Consistent Performance



# Engineered Composites – Poised to Resume Growth



Commercial aviation **recovery**

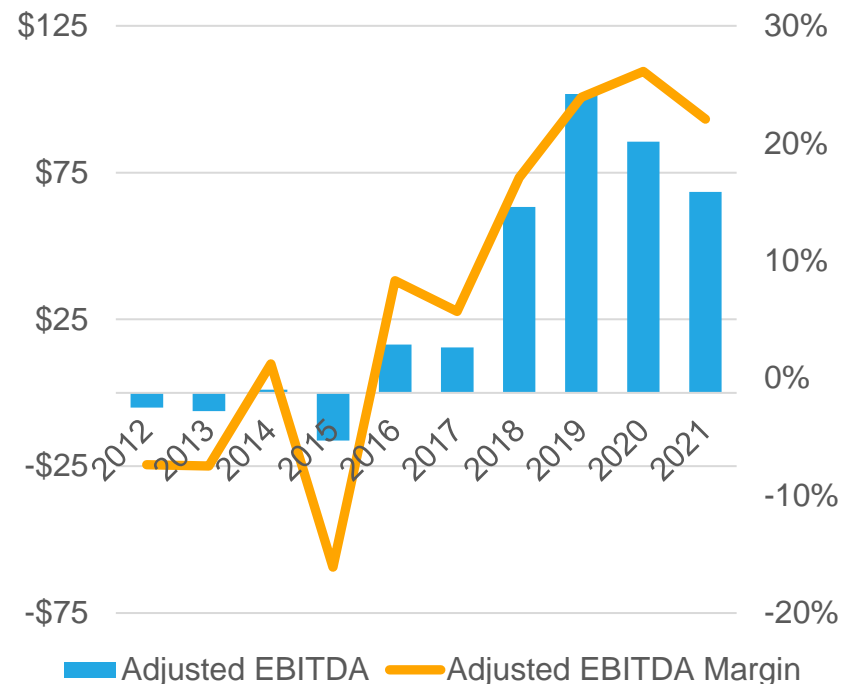
**High-priority** defense programs

**Exclusive, life-of program supplier** for LEAP engine fan blades & cases

**Recent new wins** supplement existing program growth

**Positioned to proliferate** application of **proprietary 3D woven composite technology** across **Nex-Gen airframes & engines**

Engineered Composites Poised to Resume Growth



1

Continuous investment in **APPLIED RESEARCH**

- Targeted business opportunities
- R&T expense

2

Continuous **CAPITAL REINVESTMENT** in businesses

- Internal process & technology improvement
- Customer-driven growth

3

Flexible **RETURN OF CAPITAL** to investors

- Regular dividend
- Disciplined share repurchase

4

Disciplined, Opportunistic & **TARGETED M&A**

The background features a blue wave at the top and a pattern of blue dots of varying sizes that create a sense of depth and movement, fading towards the bottom.

# **ALBANY** *INTERNATIONAL*



# Use of Non-GAAP Adjusted EBITDA



The Company calculates EBITDA by removing the following from Net income: Interest expense net, Income tax expense, and Depreciation and amortization. Adjusted EBITDA is calculated by adding to EBITDA costs associated with restructuring, former CEO severance costs, inventory write-offs associated with discontinued businesses, acquisition-related expenses and pension settlement/curtailment; adding (or subtracting) revaluation losses (or gains); subtracting income from government grants; subtracting (or adding) gains (or losses) from the sale of buildings or investments; subtracting insurance recovery gains in excess of previously recorded losses; and subtracting (or adding) Income (or loss) attributable to the non-controlling interest in Albany Safran Composites (ASC). Management believes that, when reconciled from the GAAP items to which they relate, Adjusted EBITDA provides additional useful information to investors regarding the Company's operational performance. Adjusted EBITDA may not be similar to similarly named measures of other companies. It is not considered a measurement under GAAP, and should be considered in addition to, but not as substitutes for, the information contained in the Company's statements of income.

# Non-GAAP Reconciliation Adjusted EBITDA



(in \$ thousands)	Year ended December 31, 2021				Year ended December 31, 2020			
	MC	AEC	Corporate Expenses and Other	Total Company	MC	AEC	Corporate Expenses and Other	Total Company
<b>Operating income/(loss) (GAAP)</b>	<b>\$215,654</b>	<b>\$16,160</b>	<b>(\$53,803)</b>	<b>\$178,011</b>	<b>\$190,805</b>	<b>\$31,536</b>	<b>(\$56,261)</b>	<b>\$166,080</b>
Interest, taxes, and other income/(expense)	-	-	(59,243)	(59,243)	-	-	(68,837)	(68,837)
<b>Net income/(loss) (GAAP)</b>	<b>215,654</b>	<b>16,160</b>	<b>(113,046)</b>	<b>118,768</b>	<b>190,805</b>	<b>31,536</b>	<b>(125,098)</b>	<b>97,243</b>
Interest expense, net	-	-	14,891	14,891	-	-	13,584	13,584
Income tax expense	-	-	47,163	47,163	-	-	41,831	41,831
Depreciation and amortization expense	20,191	50,402	3,662	74,255	20,304	48,496	3,905	72,705
<b>EBITDA (non-GAAP)</b>	<b>235,845</b>	<b>66,562</b>	<b>(47,330)</b>	<b>255,077</b>	<b>211,109</b>	<b>80,032</b>	<b>(65,778)</b>	<b>225,363</b>
Restructuring expenses, net	1,202	32	97	1,331	2,746	2,821	169	5,736
Foreign currency revaluation (gains)/losses	(307)	50	(1,185)	(1,442)	1,743	130	13,571	15,444
Aviation Manufacturing Jobs Protection (AMJP) grant	-	1,101	(5,832)	(4,731)	-	-	-	-
Former CEO termination costs	-	-	-	-	-	-	2,742	2,742
Acquisition/ integration costs	-	1,166	-	1,166	-	1,272	-	1,272
Pre-tax loss/(income) attributable to non-controlling interest	-	(510)	-	(510)	-	1,348	-	1,348
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$236,740</b>	<b>\$68,401</b>	<b>(\$54,250)</b>	<b>\$250,891</b>	<b>\$215,598</b>	<b>\$85,603</b>	<b>(\$49,296)</b>	<b>\$251,905</b>
<b>Adjusted EBITDA margin (Adjusted EBITDA divided by Net sales – non-GAAP)</b>	<b>38.2%</b>	<b>22.0%</b>	<b>-</b>	<b>27.0%</b>	<b>37.6%</b>	<b>26.1%</b>	<b>-</b>	<b>28.0%</b>

# Non-GAAP Reconciliation Adjusted EBITDA\*



(\$ in millions)	MC				AEC				Corporate expenses and Other				Total Company			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
<b>Net income</b>	\$169.8	\$192.0	\$190.8	\$215.7	\$16.6	\$55.5	\$31.5	\$16.2	(\$103.5)	(\$114.1)	(\$125.1)	(\$113.0)	\$83.0	\$133.4	\$97.2	\$118.8
Interest expense, net	-	-	-	-	-	-	-	-	18.1	16.9	13.6	14.9	18.1	16.9	13.6	14.9
Income tax expense/ (benefit)	-	-	-	-	-	-	-	-	32.2	44.8	41.8	47.2	32.2	44.8	41.8	47.2
Depreciation and amortization	30.8	21.9	20.3	20.2	43.2	44.7	48.5	50.4	5.0	4.2	3.9	3.7	79.0	70.8	72.7	74.3
Restructuring	12.3	1.1	2.7	1.2	3.1	1.8	2.8	-	0.3	-	0.2	0.1	15.6	2.9	5.7	1.3
Currency revaluation (gain)/ loss	(0.8)	0.6	1.7	(0.3)	0.6	0.7	0.1	-	-	(4.4)	13.6	(1.2)	(0.3)	(3.2)	15.4	(1.4)
Pension Settlement/Curtailment	-	-	-	-	-	-	-	-	1.5	0.5	-	-	1.5	0.5	-	-
AMJP grant	-	-	-	-	-	-	-	1.1	-	-	-	(5.8)	-	-	-	(4.7)
Former CEO termination costs	-	-	-	-	-	-	-	-	-	-	2.7	-	-	-	2.7	-
Acquisition/integration costs	-	-	-	-	-	0.4	1.3	1.2	-	0.2	-	-	-	0.6	1.3	1.2
(Income)/ loss attributable to noncontrolling interest in ASC	-	-	-	-	(0.2)	(1.3)	1.3	(0.5)	-	-	-	-	(0.2)	(1.3)	1.3	(0.5)
<b>Adjusted EBITDA*</b>	<b>\$212.1</b>	<b>\$215.6</b>	<b>\$215.6</b>	<b>\$236.7</b>	<b>\$63.3</b>	<b>\$101.8</b>	<b>\$85.6</b>	<b>\$68.4</b>	<b>(\$46.4)</b>	<b>(\$51.9)</b>	<b>(\$49.3)</b>	<b>(\$54.3)</b>	<b>\$228.9</b>	<b>\$265.4</b>	<b>\$251.9</b>	<b>\$250.9</b>

\* From continuing operations

# Non-GAAP Reconciliation Adjusted Earnings per Share



Per Share Amounts (Basic)	Years ended December 31,		
	2021	2020	2019
Earnings per share (GAAP)	\$3.66	\$3.05	\$4.10
Adjustments, after tax:			
Restructuring expenses, net	0.02	0.11	0.06
Foreign currency revaluation (gains)/losses	(0.04)	0.46	(0.07)
AMJP grant	(0.11)	-	-
Pension settlement/ curtailment charge	-	-	0.01
Former CEO termination costs	-	0.06	-
Acquisition/integration costs	0.04	0.04	0.01
<b>Adjusted Earnings per share (non-GAAP)</b>	<b>\$3.57</b>	<b>\$3.72</b>	<b>\$4.11</b>

# Non-GAAP Reconciliation Adjusted Earnings per Share



(\$ in thousands, except per share amounts)					
Period	Adjustment type	Pre-Tax Amount	Tax Effect	After-Tax Amount	Per Share Amount
Year ended December 31, 2021	Restructuring expenses, net	\$1,331	\$399	\$932	\$0.02
	Foreign currency revaluation (gains)/losses, net	(1,442)	(323)	(1,119)	(0.04)
	AMJP grant	(4,731)	(1,404)	(3,327)	(0.11)
	Acquisition/ integration costs	1,166	349	817	0.04
Year ended December 31, 2020	Restructuring expenses, net	\$5,736	\$1,862	\$3,874	\$0.11
	Foreign currency revaluation (gains)/losses, net	15,444	896	14,548	0.46
	Former CEO termination costs	2,742	713	2,029	0.06
	Acquisition/ integration costs	1,272	380	892	0.04
Year ended December 31, 2019	Restructuring expenses, net	\$2,905	\$824	\$2,081	\$0.06
	Foreign currency revaluation (gains)/losses, net	(3,190)	(904)	(2,286)	(0.07)
	Pension settlement/ curtailment charge	478	91	387	0.01
	Acquisition/ integration costs	621	156	465	0.01

# Non-GAAP Reconciliation 2022 Initial Outlook



Initial Outlook Full Year 2022 Adjusted EBITDA (in \$ millions)	Machine Clothing		AEC	
	Low	High	Low	High
Net income attributable to the Company (GAAP) (a)	\$185	\$204	\$15	\$24
Income attributable to the noncontrolling interest	-	-	-	(1)
Interest expense, net	-	-	-	-
Income tax expense	-	-	-	-
Depreciation and amortization	20	21	50	51
<b>EBITDA (non-GAAP)</b>	<b>\$205</b>	<b>\$225</b>	<b>\$65</b>	<b>\$74</b>
Restructuring expenses, net (b)	-	-	-	-
Foreign currency revaluation (gains)/losses (b)	-	-	-	-
Acquisition/ integration costs (b)	-	-	-	-
Pre-tax (income)/ loss attributable to non-controlling interest	-	-	-	1
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$205</b>	<b>\$225</b>	<b>\$65</b>	<b>\$75</b>

(a) Interest, Other income/expense and Income taxes are not allocated to the business segments

(b) Due to the uncertainty of these items, we are unable to forecast these items for 2022

# Non-GAAP Reconciliation 2022 Initial Outlook



Initial Outlook Full Year 2022 Adjusted EBITDA (in \$ millions)	Total Company	
	Low	High
Net income attributable to the Company (GAAP)	\$89	\$105
Income attributable to the noncontrolling interest	-	(1)
Interest expense, net	13	16
Income tax expense	39	48
Depreciation and amortization	74	76
<b>EBITDA (non-GAAP)</b>	<b>\$215</b>	<b>\$244</b>
Restructuring expenses, net (a)	-	-
Foreign currency revaluation (gains)/losses (a)	-	-
Acquisition/ integration costs (a)	-	-
Pre-tax (income)/ loss attributable to noncontrolling interest	-	1
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$215</b>	<b>\$245</b>

Forecast of Full Year 2022 Earnings Per Share (basic) (b)	Total Company	
	Low	High
Net income attributable to the Company (GAAP)	\$2.80	\$3.30
Restructuring expenses, net (a)	-	-
Foreign currency revaluation (gains)/ losses (a)	-	-
Acquisition/ integration costs (a)	-	-
<b>Adjusted Earnings per share (non-GAAP)</b>	<b>\$2.80</b>	<b>\$3.30</b>

(a) Due to the uncertainty of these items, we are unable to forecast these items for 2022

(b) Calculations based on shares outstanding estimate of 31.9 million

# Supporting Net Leverage Calculations



Leverage Calculation	(\$mm)
Long-term debt	\$350
Current maturity of long-term debt	-
<b>Total debt</b>	<b>\$350</b>
Add: Finance lease obligation (ASC 842)	16
Less: Allowable cash	(100)
<b>Net debt (per covenant definition)</b>	<b>\$266</b>
Divided by 2021 Adj. EBITDA* (per covenant definition)	255
<b>Net leverage (per covenant definition)</b>	<b>1.04x</b>
<b>Total debt (per covenant definition)</b>	<b>\$366</b>
Less: total cash	(302)
<b>Net debt (absolute)</b>	<b>\$64</b>
Divided by 2021 Adj. EBITDA*	255
<b>Net leverage (absolute)</b>	<b>0.25x</b>

\* See Appendix for reconciliation to equivalent GAAP measure



# Cash Flow Statement Summary



(\$mm)	Years ended				
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
<b>Cash and cash equivalents at the beginning of year / period:</b>	<b>\$241.3</b>	<b>\$195.5</b>	<b>\$197.8</b>	<b>\$183.7</b>	<b>\$181.7</b>
Net cash provided by operating activities	217.5	140.3	200.4	132.5	64.2
Net cash used in investing activities	(53.7)	(42.4)	(98.7)	(82.9)	(87.6)
Net cash (used in)/ provided by financing activities	(99.6)	(60.7)	(100.3)	(27.2)	12.9
Effect of exchange rate changes on cash flows	(3.5)	8.6	(3.7)	(8.3)	12.5
<b>Increase/(decrease) in cash</b>	<b>60.7</b>	<b>45.8</b>	<b>(2.3)</b>	<b>14.1</b>	<b>2.0</b>
<b>Cash and cash equivalents at the end of period</b>	<b>\$302.0</b>	<b>\$241.3</b>	<b>\$195.5</b>	<b>\$197.8</b>	<b>\$183.7</b>
<b>Free cash flows</b>	<b>\$163.8</b>	<b>\$97.9</b>	<b>\$132.4</b>	<b>\$49.6</b>	<b>(\$23.4)</b>

Free cash flows is a non-GAAP measure, calculated for the year ended Dec. 31, 2021 as net cash provided by operating activities of \$217.5 mm less capital expenditures of \$53.7 mm.

The background features a blue wave at the top and a pattern of blue dots of varying sizes that create a sense of depth and movement, fading towards the bottom.

# **ALBANY** *INTERNATIONAL*