

# Company Overview

July 2020

# 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);
- Adjusted earnings per share; and
- Free cash flow

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;
- 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, unanticipated reductions in demand, delays, technical difficulties or cancellations in aerospace programs that are expected to drive growth;
- Failure to achieve or maintain anticipated profitable growth in our Albany Engineered Composites segment;
- The public health crisis caused by the COVID-19 pandemic and the measures being taken by governments, businesses, and the public at large to limit COVID-19's spread has had, and are expected to continue to have, certain negative effects on the markets we serve. These effects include deteriorating general economic conditions in many regions of the world, increased unemployment, decreases in disposable income, decline in consumer confidence, and changes in consumer spending habits. As a consequence, we have had, and we expect will continue to have, certain negative impacts on our business, and such impacts may have a material adverse effect on our results of operations, financial condition and cash flows; and
- Other risks and uncertainties detailed in our Annual Reports on Form 10-K and other periodic reports.

# 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. Our use of such items in this presentation is subject to those additional disclosures, which we urge you to read.

# The Albany Opportunity



- ✓ Albany is a leading developer and manufacturer of engineered components using advanced materials processing and automation capabilities
- ✓ We run a compelling business model comprised of a growth-oriented Engineered Composites business complemented by a consistent cash flow-generative Machine Clothing business
- ✓ Our proprietary technology continues to provide a competitive edge within our target industries and provides us with a firm foundation for growth into adjacent platforms
- ✓ Beyond our strong organic growth opportunities, we have a track record of growth through M&A, as evidenced by our Harris Aerostructures acquisition

# Agenda



1.

**Company Overview**

2.

Investment Highlights

3.

Financial Summary

4.

Appendix



# Albany International Overview



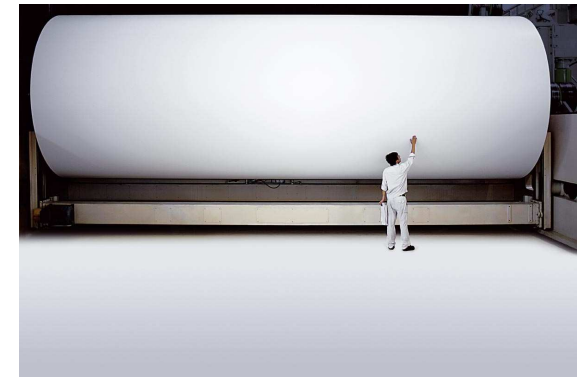
## Business Highlights

- Albany operates in two business segments:
  - Albany Engineered Composites** (“AEC”) designs and manufactures advanced materials-based engineered components for **jet engine and airframe** applications, supporting both commercial and military platforms
  - Machine Clothing** (“MC”) supplies engineered **fabrics and process felts** used in the manufacture of **all grades of paper** products, including tissue and towel, board and packaging, and publication
- Leading portfolio of **product and process intellectual property**, which supports class-leading profit margins
- Headquartered in Rochester, New Hampshire
- Global operating footprint of 23 plants across 11 countries
- Approximately 4,600 employees
- Paid cash dividends each quarter since Q4 2001, currently at \$0.19 per share

## Selected Products



*LEAP fan blade*



*Paper machine clothing*

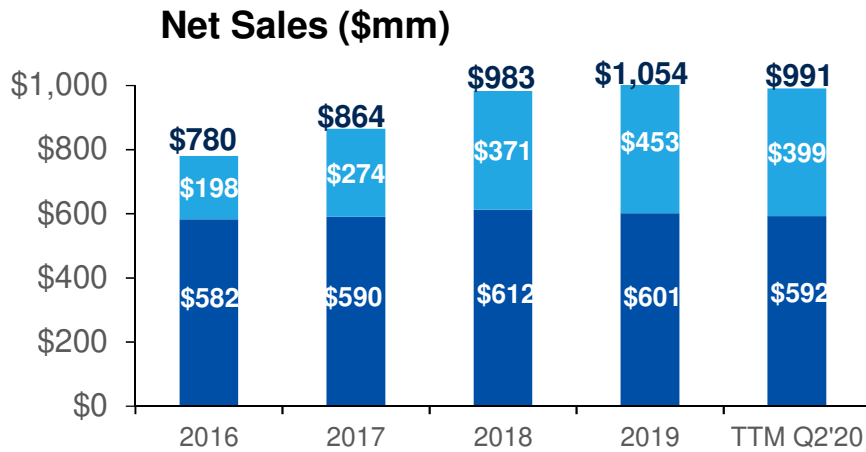


*LEAP and GE9X fan cases*

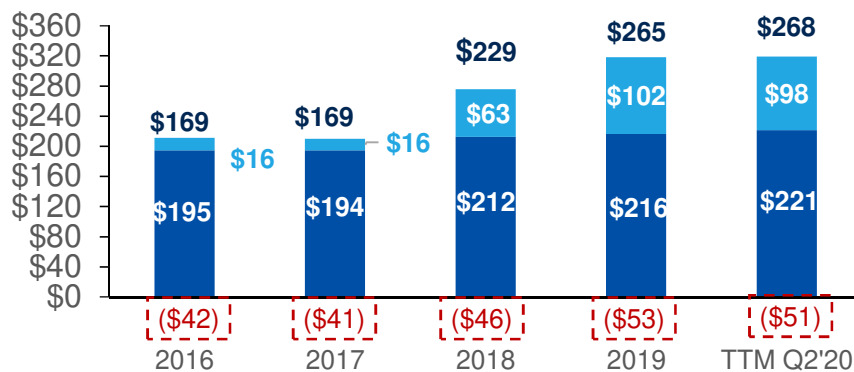


*Machine clothing in use*

# Driving Profitable Growth



**Adjusted EBITDA\* (\$mm)**



- Revenue growth of 11% CAGR from 2016 to 2019
  - AEC: 32%
  - MC: 1%
  
- 57% growth in Adjusted EBITDA\* from 2016 to 2019
  
- Adjusted EBITDA\* margin growth from 21.7% in 2016 to 25.2% in 2019
  - AEC: 8.3% to 22.5%
  - MC: 33.4% to 35.9%
  
- Sales lower in Q2 2020, but TTM Adj. EBITDA > 2019

\* See Appendix for reconciliation to equivalent GAAP measure

# Albany's History of Transformation...



## Getting started

**1895-1920:** Three Albany businessmen form the Albany Felt Company to **manufacture papermaking felts**

## Global expansion

**1920-1969:** By 1920 the Company had **entered the global market** with sales agents in England, Sweden, India, and Japan; joint ventures also brought it into Scandinavia, Latin America, The Netherlands, France, and Australia

## Turning point

**1969-1972:** Facing a potential hostile takeover, **Albany Felt Company merged with Appleton Wire Works**, the largest U.S. manufacturer of forming fabrics, and **Nordiska Maskinfilt**, the leading European clothing supplier to the Scandinavian paper industry

## Acquisitions and public offerings

**1972-1990s:** During this period Albany **invested heavily in acquisitions and R&D**. Albany first offered its stock to the public in 1972 and spent the next 15-20 years undergoing a variety of transitions, including a leveraged buyout

## Transformation

**1990s-2011:** The Company faced a turbulent economic climate in the 1990s with a recession early in the decade and began a diversification effort to **apply our weaving technology to the aerospace market**

## Albany today

**2011-today:** Headquartered in Rochester, NH, the Company has been transformed into a **leading developer and manufacturer of engineered components**, using advanced materials processing and automation capabilities, with two core businesses, "MC" and "AEC"

1895 – 1920

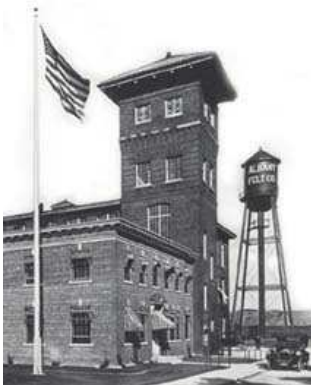
1920 – 1969

1969 – 1972

1972 – 1990s

1990s – 2011

2011 – Today

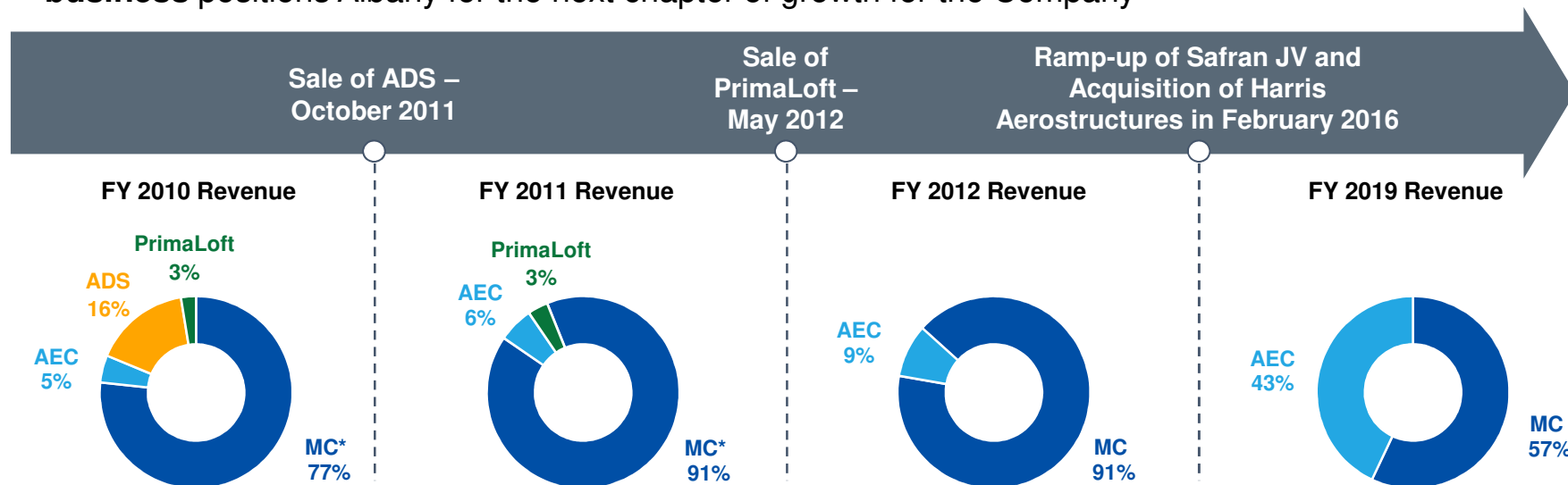




# ...into a Growing, Attractive-Margin Business



- Since 2011, Albany has executed several strategic actions, divesting non-core business and focusing our **investments in our aerospace capabilities**, leading to the creation of a second core business
  - ✓ Sale of ADS and PrimaLoft
  - ✓ Investment in aerospace composites R&D
  - ✓ Joint venture with Safran SA
  - ✓ Acquisition of Harris Aerostructures
- The stability of the **cash generated by the MC business** funding the **growing nature of the AEC business** positions Albany for the next chapter of growth for the Company



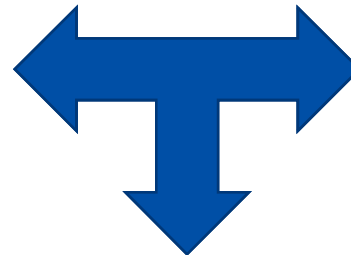
\* MC includes Engineered Fabrics revenue, which was consolidated in 2012 under MC

## Engineered Composites

- Serving **commercial and military aerospace** markets
- Industry-leading position, based on broad array of **differentiating product and process** technologies
- Participation on most **next-generation platforms**, either engine or airframe, with significant ongoing investment to support growth



*Two markets – one unified corporate strategy*



## Machine Clothing

- Serving **paper and paperboard** industries
- **Global market leader**, based on product and process **technology leadership** and superior customer service; R&D investments focused on strengthening technology and product leadership
- Stable mature business with **consistent earnings and cash flow** generation



*New product introduction and advanced process leadership in our markets*

# Engineered Composites (“AEC”) Segment Overview

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## Vision

- Establish AEC as the **most capable and reliable supplier** of advanced engineered components in the aerospace industry

## Objective

- Continue to grow through execution on continued **ramp-up of existing programs, share gains** on existing and next-generation platforms, and **acquired growth**

## Strategy

- Accelerate advanced technology leadership position through **targeted investments**, most notably in 3-D weaving and resin transfer molding
- Focus relentlessly on **operational excellence** and productivity improvements through deployment of a **standardized, disciplined operating system**
- Build a **talented, engaged, and energized team** to deliver on our strategic and financial objectives



# AEC Operations

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- **8 highly-automated, advanced manufacturing plants**
- Over 1,900 employees
- Over \$20 million in annual R&D investment





# Albany-Safran Partnership LEAP & GE-9X

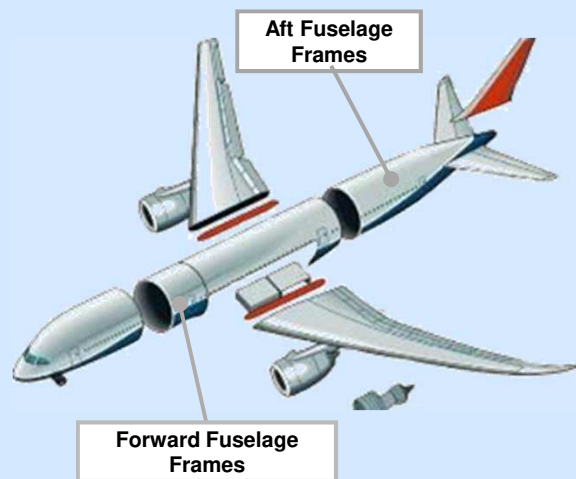


- AEC is **exclusive, life-of-program supplier** of composite fan blades, fan cases, and spacers for LEAP-1A/C and LEAP-1B
- To date, LEAP has been selected as **exclusive engine for Boeing 737MAX and Comac C919** and ~60%\* of the **Airbus A320neo family**
- **Exclusive agreement covering GE-9X fan case** development and commercial production

\* Forecast International estimate as of 12/31/18

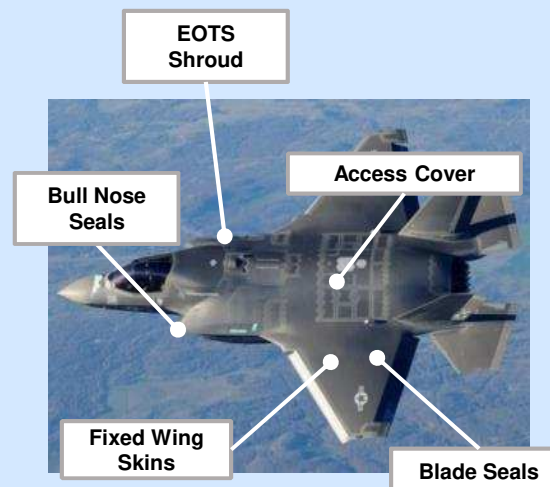
# Other Major AEC Growth Programs

## Boeing 787



- Fwd frames: 787-9 and -10
- Aft frames: all 787 variants
- Revenue potential of **\$50mm+** / year

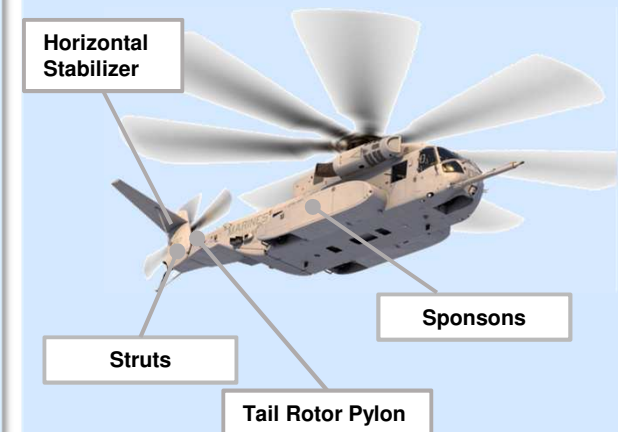
## Lockheed Martin F-35



Not shown: Vertical lift fan components on F35B variant

- 228 parts across all variants: CTOL, STOVL, and CV
- Revenue potential of **\$70mm+** / year plus upside from spares

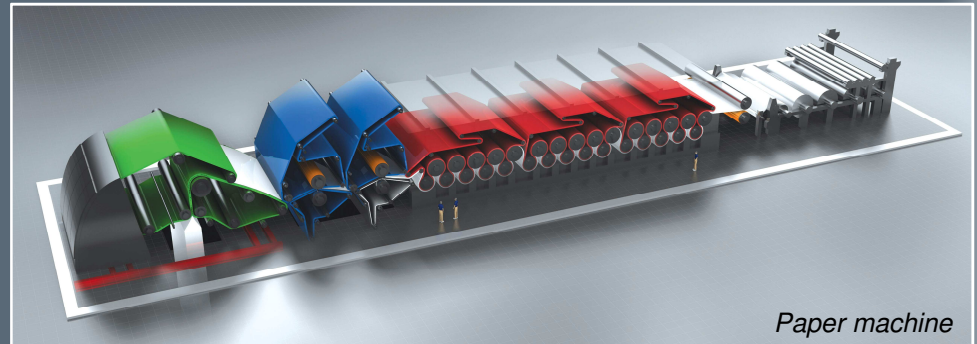
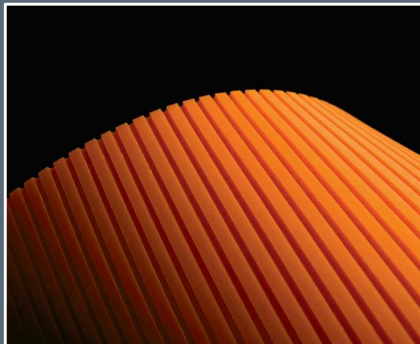
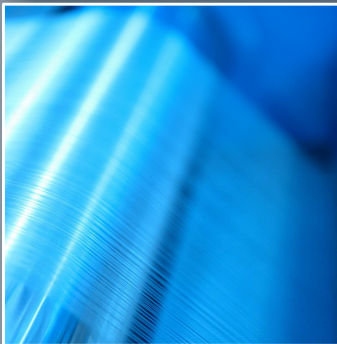
## Sikorsky CH-53K



- Revenue potential of **\$60mm+** / year potential near-term
- **>\$100mm** / year potential by full production

# Machine Clothing (“MC”) Segment Overview

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## Vision

- Strengthen position as **global leader** in highly engineered fabrics and belts for the paper and paperboard industry

## Objective

- Maintain and, with new products, **increase market share** in growing paper and paperboard grades
- Maintain **30%+ Adjusted EBITDA margin**

## Strategy

- Leverage continuing investments in **technology leadership and superior customer service** to ensure we remain the customers' first choice
- Focus relentlessly on **operational excellence** and productivity improvements through deployment of a standardized, **disciplined operating system**
- Manage decline in publication paper grade by profitably **growing share in the growing tissue and packaging paper grades**

# MC Segment Overview

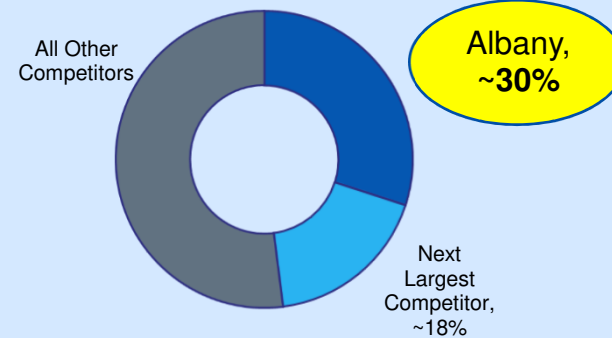
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## Segment Highlights

- **~30% global share (#1)** of fabrics and process felts used in the manufacture of all major grades of paper grades, including **tissue** and **towel**, **board** and **packaging**, and **publication**
- **Broadest** product line and geographic reach
- **Well positioned** in **growing** grades and regions
- **Technology leader**, with rich R&D pipeline
- Forward-deployed, **low-cost** manufacturing network
- **Restructuring** cost base in higher-cost regions

## Market Leader

Global Paper Machine Clothing Market Share



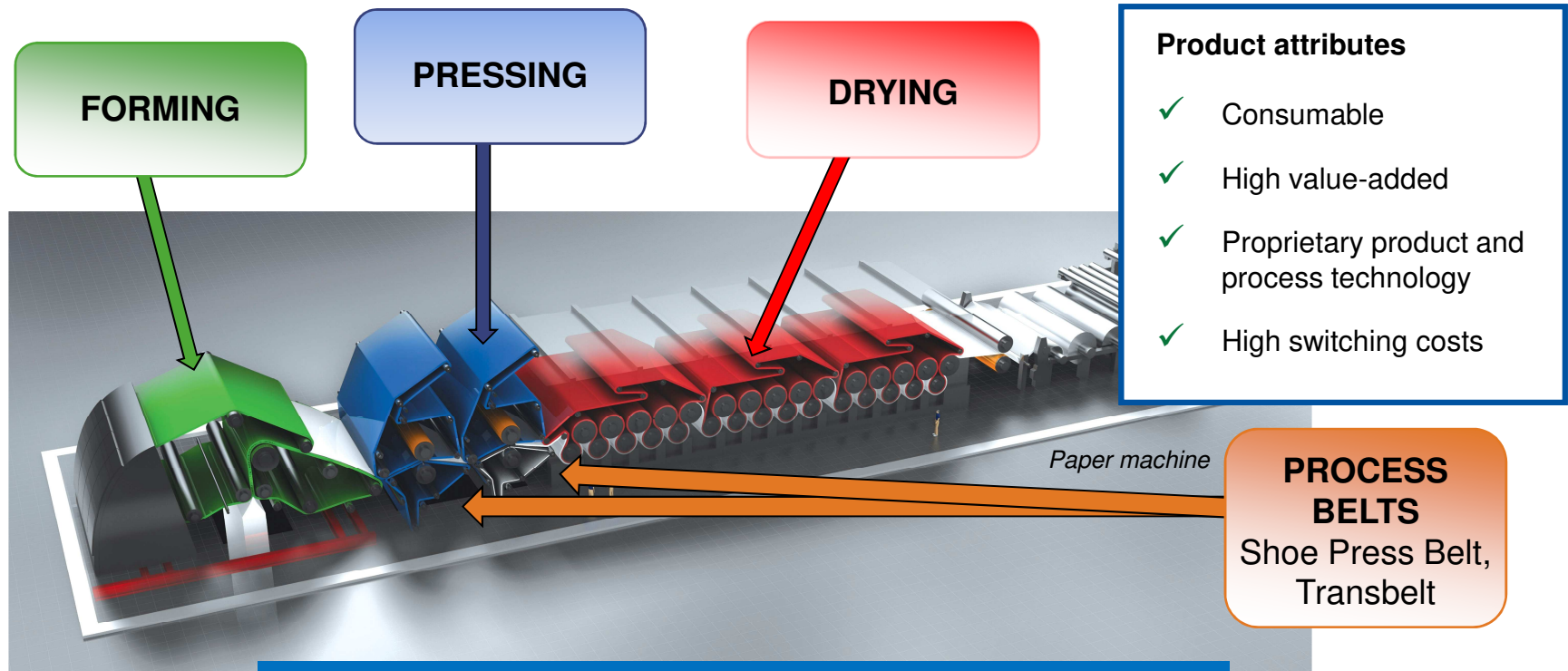
## Global Footprint Aligned with Market

15 manufacturing facilities, ~2,650 employees





# MC Product Applications



Consumable Product	# Fabrics	Average Life
Forming	2	45-60 Days
Pressing	4	40-50 Days
Drying	8	6-18 Months
Process Belts	2	8-16 Months

# MC Sales Focused on Growing Paper Grades **ALBANY** INTERNATIONAL

## World Demand for Paper, Average Annual Growth Rates

	1993-2002	2003-2012	2015	2016	2017	2018	2018-2023
World GDP	3.2%	4.0%	3.1%	3.0%	3.6%	3.6%	3.4%
Total Paper and Paperboard	2.9%	2.0%	0.3%	1.1%	1.8%	1.7%	0.7%
Printing and Writing Papers	3.3%	0.7%	(2.3%)	(2.2%)	(0.7%)	(0.8%)	(2.1%)
Newsprint	1.3%	(1.9%)	(8.7%)	(4.6%)	(7.0%)	(5.5%)	(6.6%)
Tissue	4.0%	3.4%	4.1%	3.9%	3.4%	3.5%	3.1%
Containerboard	4.0%	3.7%	2.5%	2.8%	4.2%	3.4%	1.7%

Only ~20% of MC FY19 sales

### Key positive trends in other categories

- ✓ E-commerce
- ✓ Growing global middle class
- ✓ Non-cyclical tissue business
- ✓ Paper vs. plastic substitution

# Albany's Portfolio Composition



## “Typical” Aerospace Portfolio Composition

Late stage products

- Generate significant free cash flow
- Require minimal maintenance investment
- Help fund early stage product development

Early stage products

- Provide high-growth potential in future years
- Require significant initial investment, into both working capital and capital expenditures

## Albany's Portfolio Composition

Late stage products



- MC segment fills the role of **generating cash flow** for investments in growth

Early stage products



- Albany's AEC segment is almost all **still-ramping new products**, still requiring initial investment

In addition to the similar underpinning weaving technology, AEC and MC segments are very complementary from a cash flow generation and investment perspective

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# Investment Highlights

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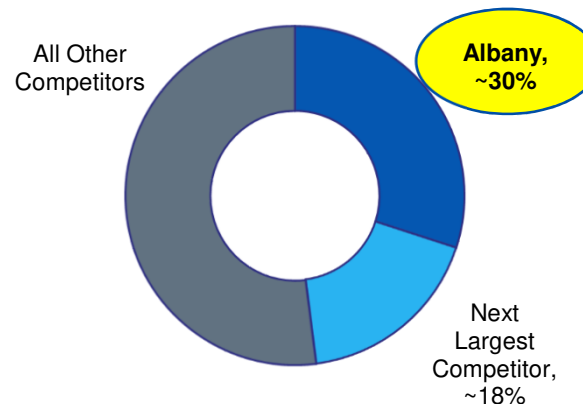
# MC Segment Generates Consistent Earnings and Cash Flow in Stable Market



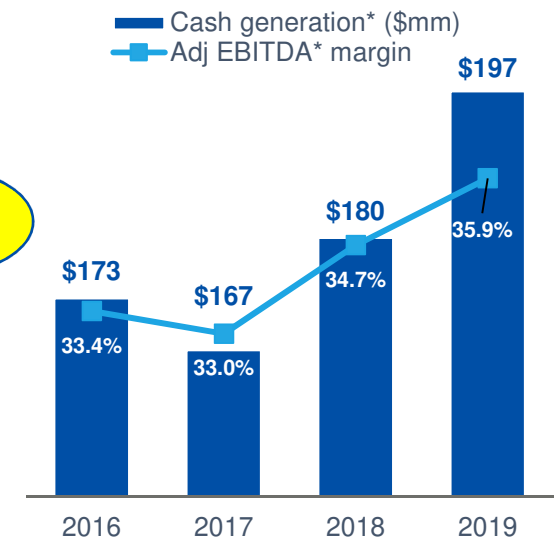
## Stable Revenues...

- **Modest growth in paper and paperboard** end-market offset by pricing pressures and increasing product longevity, driven by product technology advances, resulting in **flat machine clothing revenues**
- Continuing investments in R&D ensure **continued share gains** in the **growing** tissue and packaging grades

## ...as the Market Leader ...



## ...Generate Substantial and Reliable Cash Flow



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

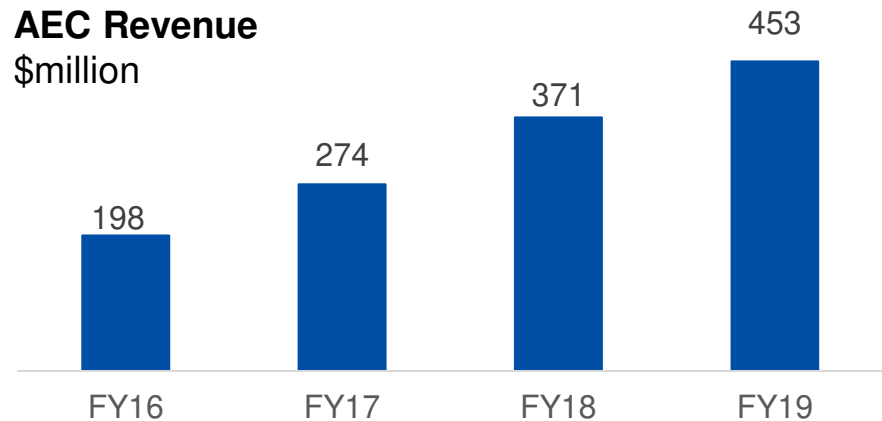
\* Segment operating income, plus depreciation/amortization, less capital expenditures ^ see Appendix for reconciliation to GAAP

# Revenue and Profit Growth Opportunity in AEC Segment Supported by Stable Pipeline in Growing End Market

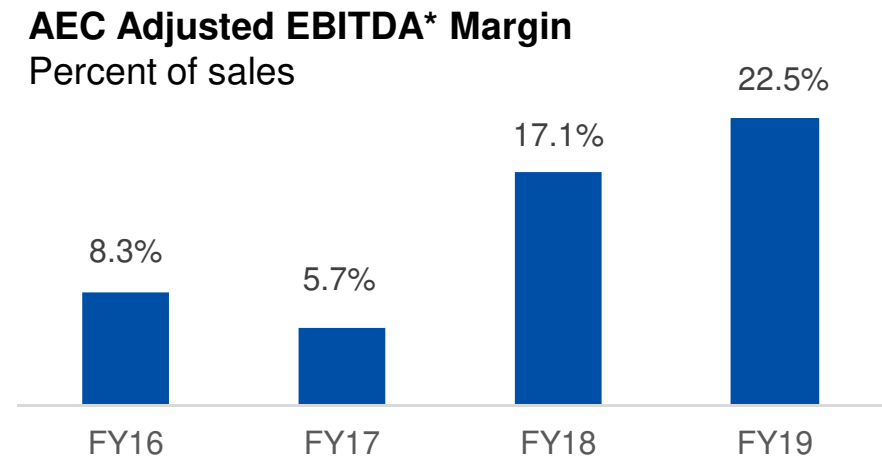


- Expect COVID-driven revenue declines in 2020, **gradual recovery**
- Beyond 2020, **additional growth opportunities** from continued defense program ramps, share gains on existing and next-generation platforms, and acquired growth
- **Margin expansion** through continued deployment of disciplined operating system, learning curve improvements, and leveraging of fixed costs
- Revenues from cost-plus-fee arrangements provides some margin predictability in the near term; future transition to fixed price contracting provides **margin upside opportunity**

**AEC Revenue**  
\$million



**AEC Adjusted EBITDA\* Margin**  
Percent of sales



\* See Appendix for reconciliation to equivalent GAAP measure  
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# Proprietary Materials Technology and Capabilities Form Foundation for Further Penetration



## Example of Albany's product evolution

*Natural evolution into adjacent technologies*



MC Weaving

### Legacy Albany capability

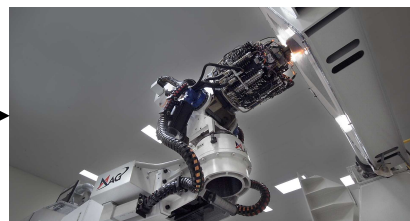
*Consistently upgraded through R&D investment*



3D Woven RTM (AEC)

### Albany's entry point into composites

*Thousands of individually controlled fibers, woven in three dimensions into which resin is injected and then cured*



Automated Fiber Placement

### Expansion of Albany's composites capability

*High-speed, precise placement of fibers on metallic tool, after which part is cured in an autoclave*



3D Woven RTM Fan Blade



# Acquisitions Provide Additional Growth Opportunity



## Proven Experience

- ✓ Albany has closed **prior successful transactions**, including the Harris Aerostructures acquisition, which expanded the company's composites capabilities and created cross-selling opportunities
- ✓ In addition, the current management team has **extensive experience in all aspects of M&A**, including target identification, due diligence, deal negotiation and execution, and post-merger integration

## Acquisition capacity

- ✓ Absolute leverage ratio of **0.95x\*** as of the end of Q2 2020

## Acquisition Criteria

*We intend to be a **disciplined and prudent acquirer**, completing only acquisitions meeting both our strategic and financial criteria*

### Strategic criteria:

- ❑ **Fit to existing competencies**, including adjacencies that enhance competitive position
- ❑ **Well-positioned** in growing end-market segments
- ❑ **Differentiated materials**, processes and products with proprietary know-how and IP

### Targeted financial criteria:

- ❑ **Double-digit IRR**
- ❑ **Specifically-identified**, rather than modeled, synergies

\* See Appendix for supporting calculations

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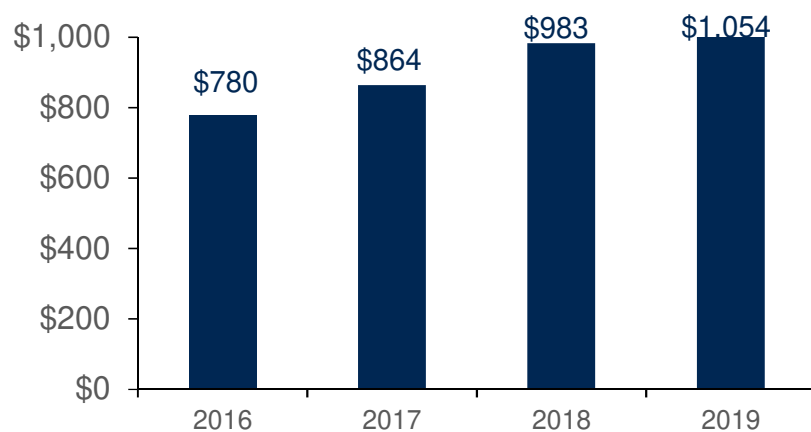
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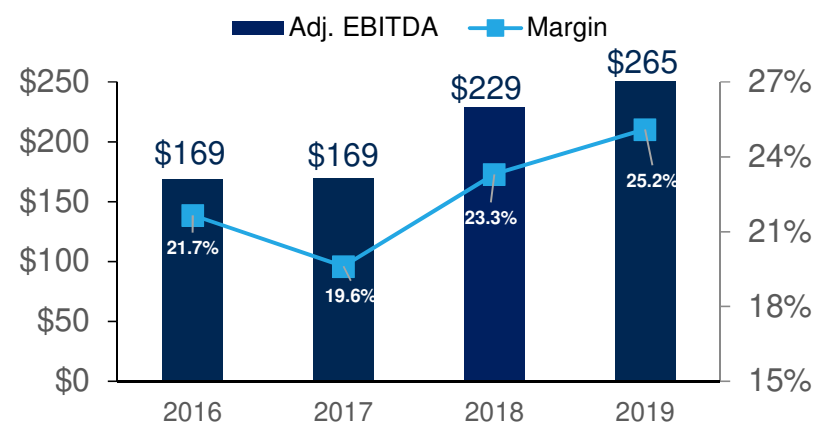
# Historical Financials



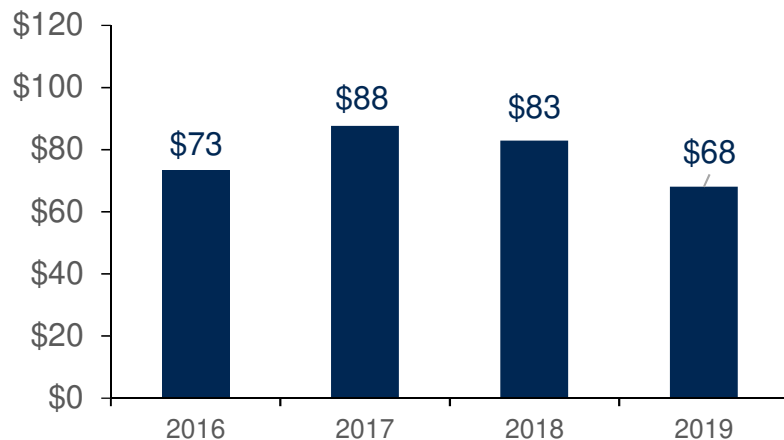
### Net Sales (\$mm)



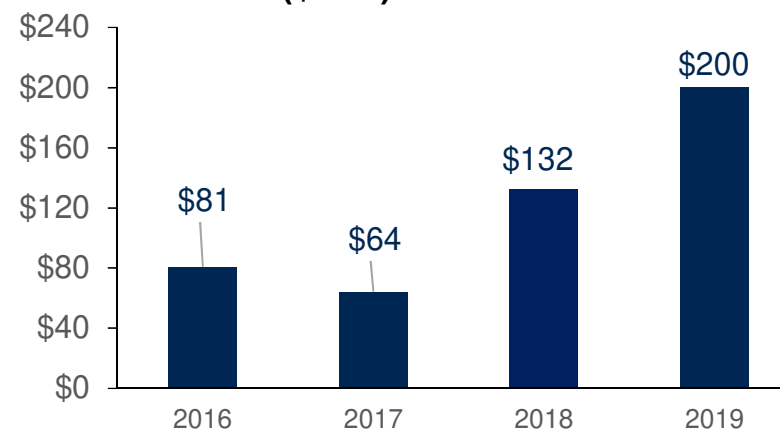
### Adjusted EBITDA\* (\$mm)



### Capital Expenditures (\$mm)



### Net cash provided by operating activities (\$mm)

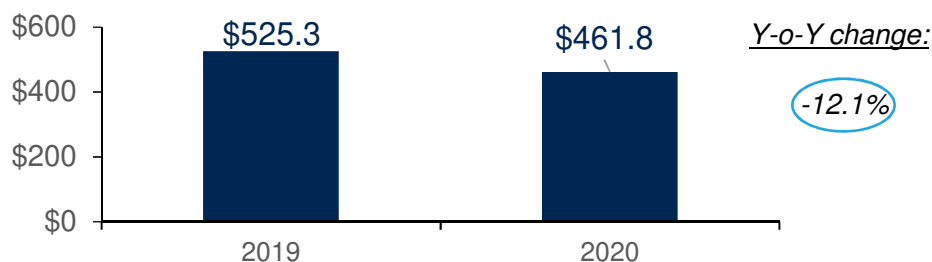


\* See Appendix for reconciliation to equivalent GAAP measure  
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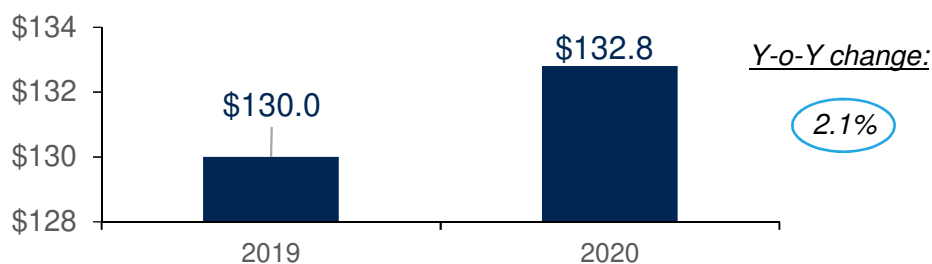
# YTD Q2 2020 Financial Summary



## Net Sales (\$mm)

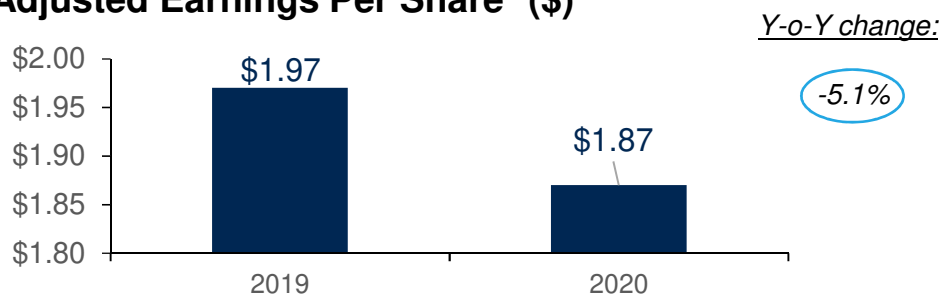


## Adjusted EBITDA\* (\$mm)



% Margin: 24.8% (2019), 28.8% (2020)

## Adjusted Earnings Per Share\* (\$)



## Commentary

- AEC segment performance
  - Sales decline driven by the LEAP program
  - Adjusted EBITDA % margin stronger than prior year
- MC segment performance
  - Sales decline driven by lower publication and pulp grade sales, offset by an increase in packaging grade sales
  - Adjusted EBITDA % margin stronger than prior year
- Tax rate was 41.0% in 2020, compared to 25.6% last year
  - Non-deductible foreign currency revaluation losses and losses in countries where the benefit cannot be recognized added 7.7% to the 2020 rate. Discrete tax items reduced 2019 income tax expense by 2.8%
  - The increased effective tax rate is a significant factor in the lower Adjusted EPS in 2020

\* See Appendix for reconciliation to equivalent GAAP measure  
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# Outlook for FY 2020



Financial metric	FY 2018A	FY 2019A	FY 2020 outlook**
<b>Revenue</b>	\$982.5mm	\$1,054.1mm	\$870 – \$890mm
<b>Effective income tax rate</b>	28.0%	25.2%	36 – 38%
<b>Capital expenditures</b>	\$82.9mm	\$68.0mm	\$45 - \$55mm
<b>Depreciation &amp; amortization</b>	\$79.0mm	\$70.8mm	\$70 – \$75mm
<b>GAAP earnings per share</b>	\$2.57	\$4.10	\$2.26 – \$2.51
<b>Adjusted earnings per share*</b>	\$2.94	\$4.11	\$2.85 – \$3.10
<b>Adjusted EBITDA*</b>	\$228.9mm	\$265.4mm	\$220 – \$235mm

\* See Appendix for reconciliation to equivalent GAAP measure

\*\* Updated as of Q2 FY20 earnings call

# AIN Consolidated Capital Structure



(\$mm)	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2019	June 30, 2020
<b>Ratios:</b>				
- Debt to Total Invested Capital <sup>1</sup>	47.4%	46.3%	37.6%	38.1%
- Debt to Total Market Capital <sup>2</sup>	20.7%	17.7%	14.7%	18.7%
<b>Data (dollars in millions, except share price):</b>				
Total Debt	516.2	524.9	424.0	435.0
Total Equity (Book)	573.0	608.3	702.7	706.2
<b>Total Invested Capital</b>	<b>1,089.2</b>	<b>1,133.2</b>	<b>1,126.7</b>	<b>1,141.2</b>
AIN Stock Price	61.45	75.47	75.92	58.71
Outstanding Shares at Period End	32.2	32.3	32.3	32.3
<b>Market Value of Equity</b>	<b>1,978.7</b>	<b>2,437.7</b>	<b>2,452.2</b>	<b>1,896.3</b>
<b>Total Market Equity plus Debt</b>	<b>2,494.9</b>	<b>2,962.6</b>	<b>2,876.2</b>	<b>2,331.3</b>
Less: Cash	183.7	197.8	195.5	204.0
<b>Enterprise Value</b>	<b>2,311.2</b>	<b>2,764.8</b>	<b>2,680.7</b>	<b>2,127.3</b>

<sup>1</sup> Total Debt divided by Total Invested Capital

<sup>2</sup> Total Debt divided by Total Market Equity plus Debt

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# Investment Highlights

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**Growth-oriented AEC Segment Supported by Strong Pipeline in Growing End Market**

**MC Segment Generates Attractive Earnings and Cash Flow in Stable Market**

**Proprietary Materials Technology and Capabilities Form Foundation for Further Penetration**

**Acquisitions Provide Additional Growth Opportunity**

**Proven Executive Team Leading Next Phase of Growth and Margin Capture**

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# 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 (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)	Six months ended June 30, 2020				Six months ended June 30, 2019			
	MC	AEC	Corporate Expenses and Other	Total Company	MC	AEC	Corporate Expenses and Other	Total Company
<b>Operating income/(loss) (GAAP)</b>	<b>\$103,718</b>	<b>\$15,922</b>	<b>(\$27,319)</b>	<b>\$92,321</b>	<b>\$93,781</b>	<b>\$27,254</b>	<b>(\$26,717)</b>	<b>\$94,318</b>
Interest, taxes, and other income/(expense)	-	-	(52,278)	(52,278)	-	-	(30,651)	(30,651)
<b>Net income/(loss) (GAAP)</b>	<b>103,718</b>	<b>15,922</b>	<b>(79,597)</b>	<b>40,043</b>	<b>93,781</b>	<b>27,254</b>	<b>(57,368)</b>	<b>63,667</b>
Interest expense, net	-	-	7,800	7,800	-	-	9,048	9,048
Income tax expense	-	-	27,818	27,818	-	-	21,881	21,881
Depreciation and amortization expense	10,068	23,956	2,000	36,024	11,525	21,973	2,212	35,710
<b>EBITDA (non-GAAP)</b>	<b>113,786</b>	<b>39,878</b>	<b>(41,979)</b>	<b>111,685</b>	<b>105,306</b>	<b>49,227</b>	<b>(24,227)</b>	<b>130,306</b>
Restructuring expenses, net	1,030	2,248	201	3,479	1,336	51	(4)	1,383
Foreign currency revaluation (gains)/losses	(2,688)	727	14,850	12,889	286	314	(1,691)	(1,091)
Former CEO termination costs	-	-	2,742	2,742	-	-	-	-
Acquisition/ integration costs	-	576	-	576	-	-	-	-
Pre-tax loss/(income) attributable to non-controlling interest	-	1,434	-	1,434	-	(561)	-	(561)
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$112,128</b>	<b>\$44,863</b>	<b>(\$24,186)</b>	<b>\$132,805</b>	<b>\$106,928</b>	<b>\$49,031</b>	<b>(\$25,922)</b>	<b>\$130,037</b>
<b>Adjusted EBITDA margin (Adjusted EBITDA divided by Net sales – non-GAAP)</b>	<b>38.7%</b>	<b>26.1%</b>	<b>-</b>	<b>28.8%</b>	<b>35.7%</b>	<b>21.7%</b>	<b>-</b>	<b>24.8%</b>

# Non-GAAP Reconciliation Adjusted EBITDA



(in \$ thousands)	TTM ended June 30, 2020			
	MC	AEC	Corporate Expenses and Other	Total Company
<b>Operating income/(loss) (GAAP)</b>	\$ 201,902	\$ 44,188	\$ (54,511)	\$191,579
Interest, taxes, and other income/(expense)	-	-	(81,820)	(81,820)
<b>Net income/(loss) (GAAP)</b>	<b>201,902</b>	<b>44,188</b>	<b>(136,331)</b>	<b>109,759</b>
Interest expense, net	-	-	15,673	15,673
Income tax expense	-	-	50,766	50,766
Depreciation and amortization expense	20,419	46,653	4,037	71,109
<b>EBITDA (non-GAAP)</b>	<b>222,321</b>	<b>90,841</b>	<b>(65,855)</b>	<b>247,307</b>
Restructuring expenses, net	823	4,030	148	5,001
Foreign currency revaluation (gains)/losses, net	(2,344)	1,056	12,078	10,790
Pension curtailment expense	-	-	478	478
Former CEO termination costs	-	-	2,742	2,742
Acquisition/ integration costs	-	997	200	1,197
Pre-tax loss attributable to non-controlling interest	-	687	-	687
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$220,800</b>	<b>\$97,611</b>	<b>(\$50,209)</b>	<b>\$268,202</b>
<b>Adjusted EBITDA margin (Adjusted EBITDA divided by Net sales – non-GAAP)</b>	<b>37.3%</b>	<b>24.6%</b>	<b>-</b>	<b>27.0%</b>

# Non-GAAP Reconciliation Adjusted EBITDA\*



(\$ in millions)	MC			AEC			Corporate expenses and Other			Total Company		
	2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
<b>Net income</b>	<b>\$153.9</b>	<b>\$169.8</b>	<b>\$192.0</b>	<b>(\$31.7)</b>	<b>\$16.6</b>	<b>\$55.5</b>	<b>(\$89.7)</b>	<b>(\$103.5)</b>	<b>(\$114.1)</b>	<b>\$32.6</b>	<b>\$83.0</b>	<b>\$133.4</b>
Interest expense, net	-	-	-	-	-	-	17.1	18.1	16.9	17.1	18.1	16.9
Income tax expense/ (benefit)	-	-	-	-	-	-	22.1	32.2	44.8	22.1	32.2	44.8
Depreciation and amortization	33.5	30.8	21.9	33.5	43.2	44.7	4.9	5.0	4.2	72.0	79.0	70.8
Restructuring	3.4	12.3	1.1	10.1	3.1	1.8	-	0.3	-	13.5	15.6	2.9
Currency revaluation (gain)/ loss	4.0	(0.8)	0.6	0.3	0.6	0.7	4.6	-	(4.4)	8.8	(0.3)	(3.2)
Pension Settlement/Curtailment	-	-	-	-	-	-	-	1.5	0.5	-	1.5	0.5
Write-off of inventory in a discontinued product line	-	-	-	2.8	-	-	-	-	-	2.8	-	-
Acquisition/integration costs	-	-	-	-	-	0.4	-	-	0.2	-	-	0.6
(Income)/ loss attributable to noncontrolling interest in ASC	-	-	-	0.5	(0.2)	(1.3)	-	-	-	0.5	(0.2)	(1.3)
<b>Adjusted EBITDA*</b>	<b>\$194.8</b>	<b>\$212.1</b>	<b>\$215.6</b>	<b>\$15.5</b>	<b>\$63.3</b>	<b>\$101.8</b>	<b>(\$41.0)</b>	<b>(\$46.4)</b>	<b>(\$51.9)</b>	<b>\$169.4</b>	<b>\$228.9</b>	<b>\$265.4</b>

\* From continuing operations

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# Non-GAAP Reconciliation Adjusted Earnings per Share



Per Share Amounts (Basic)	Six months ended June 30,		Twelve months ended Dec 31,	TTM ended June 30,
	2020	2019	2019	2020
Earnings per share (GAAP)	\$1.28	\$1.96	\$4.10	\$3.42
Adjustments, after tax:				
Restructuring expenses, net	0.07	0.03	0.06	0.10
Foreign currency revaluation (gains)/losses, net	0.44	(0.02)	(0.07)	0.39
Pension settlement/curtailment charge	-	-	0.01	0.01
Former CEO termination costs	0.06	-	-	0.06
Acquisition/ integration costs	0.02	-	0.01	0.03
<b>Adjusted Earnings per share (non-GAAP)</b>	<b>\$1.87</b>	<b>\$1.97</b>	<b>\$4.11</b>	<b>\$4.01</b>

# Non-GAAP Reconciliation Adjusted Earnings per Share



(\$ in millions, except per share amounts)					
Period	Adjustment type	Pre-Tax Amount	Tax Effect	After-Tax Amount	Per Share Amount
	Restructuring expenses, net	\$3,479	\$1,091	\$2,388	\$0.07
Six months ended June 30, 2020	Foreign currency revaluation (gains)/losses, net	12,899	(1,039)	13,938	0.44
	Former CEO termination costs	2,742	713	2,029	0.06
	Acquisition/ integration costs	576	172	404	0.02
Six months ended June 30, 2019	Restructuring expenses, net	\$1,383	\$397	\$986	\$0.03
	Foreign currency revaluation (gains)/losses, net	(1,091)	(329)	(762)	(0.02)
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 curtailment charge	478	91	387	0.01
	Acquisition/ integration costs	621	156	465	0.01
TTM ended June 30, 2020	Restructuring expenses, net	\$5,001	\$1,518	\$3,483	\$0.10
	Foreign currency revaluation (gains)/losses	10,800	(1,614)	12,414	0.39
	Pension curtailment charge	478	91	387	0.01
	Former CEO termination costs	2,742	713	2,029	0.06
	Acquisition/ integration costs	1,197	328	869	0.03

# Non-GAAP Reconciliation 2020 Forecast



Forecast of Full Year 2020 Adjusted EBITDA (in \$ millions)	Machine Clothing		AEC	
	Low	High	Low	High
Net income attributable to the Company (GAAP)	\$173	\$180	\$22	\$30
Income attributable to the noncontrolling interest	-	-	(1)	(1)
Interest expense, net	-	-	-	-
Income tax expense	-	-	-	-
Depreciation and amortization	19	22	49	51
<b>EBITDA (non-GAAP)</b>	<b>\$192</b>	<b>\$202</b>	<b>\$70</b>	<b>\$80</b>
Restructuring expenses, net (a)	1	1	2	2
Foreign currency revaluation (gains)/losses (a)	(3)	(3)	1	1
Acquisition/ integration costs (a)	-	-	1	1
Pre-tax (income)/ loss attributable to non-controlling interest (a)	-	-	1	1
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$190</b>	<b>\$200</b>	<b>\$75</b>	<b>\$85</b>

(a) Due to the uncertainty of these items, we are unable to forecast these items for 2020  
(b) Calculations based on shares outstanding estimate of 32.3 million

# Non-GAAP Reconciliation 2020 Forecast



Forecast of Full Year 2020 Adjusted EBITDA (in \$ millions)	Total Company	
	Low	High
Net income attributable to the Company (GAAP)	\$73	\$81
Income attributable to the noncontrolling interest	(1)	(1)
Interest expense, net	14	15
Income tax expense	43	44
Depreciation and amortization	70	75
<b>EBITDA (non-GAAP)</b>	<b>\$199</b>	<b>\$214</b>
Restructuring expenses, net (a)	3	3
Foreign currency revaluation (gains)/losses (a)	13	13
Former CEO termination costs	3	3
Acquisition/ integration costs (a)	1	1
Pre-tax (income)/ expense attributable to noncontrolling interest (a)	1	1
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$220</b>	<b>\$235</b>

Forecast of Full Year 2020 Adjusted Earnings Per Share Per Share Amounts – Basic (b)	Total Company	
	Low	High
Earnings per share (GAAP)	\$2.26	\$2.51
Restructuring expenses, net (a)	0.07	0.07
Foreign currency revaluation (gains)/ losses (a)	0.44	0.44
Former CEO termination costs	0.06	0.06
Acquisition/ integration costs (a)	0.02	0.02
<b>Adjusted Earnings per share (non-GAAP)</b>	<b>\$2.85</b>	<b>\$3.10</b>

(a) Due to the uncertainty of these items, we are unable to forecast these items for 2020

(b) Calculations based on shares outstanding estimate of 32.3 million

© 2 Adjusted Earnings per share (non-GAAP)

# Supporting Net Leverage Calculations



Leverage Calculation	(\$mm)
Long-term debt	\$435
Current maturity of long term debt	0
<b>Total debt</b>	<b>\$435</b>
Add: Finance lease obligation (ASC 842)	18
Less: Allowable cash	(65)
<b>Net debt (per covenant definition)</b>	<b>\$388</b>
Divided by TTM Q2 2020 Adj. EBITDA* (per covenant definition)	262
<b>Net leverage (per covenant definition)</b>	<b>1.48x</b>
<b>Total debt (per covenant definition)</b>	<b>\$453</b>
Less: total cash	(204)
<b>Net debt (absolute)</b>	<b>\$249</b>
Divided by TTM Q2 2020 Adj. EBITDA*	262
<b>Net leverage (absolute)</b>	<b>0.95x</b>

\* See Appendix for reconciliation to equivalent GAAP measure

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# Cash Flow Statement Summary



(\$mm)	June 30, 2020	June 30, 2019	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
<b>Cash and cash equivalents at the beginning of year / period:</b>	<b>\$195.6</b>	<b>\$197.8</b>	<b>\$197.8</b>	<b>\$183.7</b>	<b>\$181.7</b>	<b>\$185.1</b>
Net cash provided by operating activities	44.0	83.1	200.4	132.5	64.2	80.9
Net cash used in investing activities	(22.0)	(35.5)	(98.7)	(82.9)	(87.6)	(253.5)
Net cash provided/ (used in) by financing activities	(8.2)	(30.1)	(100.3)	(27.2)	12.9	172.0
Effect of exchange rate changes on cash flows	(5.4)	(0.1)	(3.6)	(8.3)	12.5	(2.8)
<b>Increase / (decrease) in cash</b>	<b>8.4</b>	<b>(17.4)</b>	<b>(2.2)</b>	<b>14.1</b>	<b>2.0</b>	<b>(3.4)</b>
<b>Cash and cash equivalents at the end of year / period</b>	<b>\$204.0</b>	<b>\$215.2</b>	<b>\$195.6</b>	<b>\$197.8</b>	<b>\$183.7</b>	<b>\$181.7</b>
<b>Free cash flows</b>	<b>\$22.0</b>	<b>\$47.6</b>	<b>\$132.4</b>	<b>\$49.6</b>	<b>(\$23.4)</b>	<b>\$7.4</b>

The logo for Albany International is centered on a blue background. The word "ALBANY" is written in a large, bold, white, sans-serif font. Below it, the word "INTERNATIONAL" is written in a smaller, white, italicized, sans-serif font. The background features a pattern of blue circles that are larger and more densely packed on the right side and become smaller and more sparse towards the left. The top of the image has a dark blue, wavy shape that tapers towards the right.

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