



First Quarter 2020 Earnings Conference Call

May 7, 2020

Safe Harbor Statement

This presentation may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws that are subject to the safe harbor created by such laws and other legal protections. Caution should be taken not to place undue reliance on any such forward-looking statements because actual results may differ materially from the results suggested by these statements. These forward-looking statements are made only as of the date of this presentation. We undertake no obligation, except as may be required by law, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Part I, “Item 1A. Risk Factors” and elsewhere in our Annual Report on Form 10-K for the period ended December 31, 2019 and those described from time to time in our periodic and other reports filed with the Securities and Exchange Commission.

Covid-19 Impact Key Takeaways

People

- Gratitude, dedication, commitment, ingenuity
- Protecting our employees
- Company-wide increased hygiene/distancing measures

Operations

- Robust supply chain with 26 worldwide sites minimized customer service disruptions
- Some temporary site disruptions in 1Q and early 2Q, since resolved
- 1 site currently closed due to NY stay at home regulations

End-Markets

- Diversified, anchored by non-cyclical EP business

Financials

- Strong liquidity position
- Resilient portfolio, still expect solid profitability and cash flow
- Visibility challenge, withdrawing guidance
- No planned changes to capital allocation

1Q:20 Financial Highlights

<i>(\$ in millions, except per share amounts)</i>	1Q:20	1Q:19
Net Sales	\$261.5	\$258.0
GAAP EPS⁽¹⁾	\$0.72	\$0.56
Adjusted EPS⁽¹⁾	\$0.85	\$0.68
Free Cash Flow⁽¹⁾ TTM	\$118.9	\$97.9

1Q:20 Adjusted EPS up 25%

- EP - strong adjusted operating profit⁽¹⁾ growth
- AMS – growth in most of portfolio offset by disruption in transportation sales
- Input costs remain favorable
- Closed Tekra acquisition

(1) Throughout this presentation, the term GAAP EPS will be used to represent GAAP Diluted EPS, and Adjusted EPS will be used to represent Adjusted Diluted EPS. Adjusted Diluted EPS, Free Cash Flow, and Adjusted Operating Profit are non-GAAP financial measures. See non-GAAP reconciliations and supplemental data in appendix. All financial measures presented relate to continuing operations.

1Q:20 Business Highlights

- 2% sales growth including Tekra acquisition, 3% organic sales decline
 - Filtration, infrastructure construction, medical, and industrial all increased
 - Transportation decreased: significant disruption in global auto/transportation markets
- Adjusted OP⁽¹⁾ down 4%
 - Lower input costs offset by decline of high-margin transportation film sales

Covid-19 Commentary

- All sites up and running
- Diversified portfolio, anticipate most products to exhibit stable demand
- SWM medical...as expected, demand is strong
- Key challenge is aftermarket paint protection films for transportation, lack of visibility

(1) Adjusted Operating Profit is a non-GAAP measures. See non-GAAP reconciliations and supplemental data in appendix.

1Q:20 Business Highlights

- Sales increased 1%, ex-currency up 3%
 - Strong price/mix more than offset volume decline
 - Specialty recon products drove gains
- Adjusted OP increased 17%⁽¹⁾
 - Positive price/mix, ongoing cost reductions, lower input costs

Covid-19 Commentary

- Temporary manufacturing inefficiencies while adjusting supply chain
- 1 site in New York remains closed, expected to reopen soon
- Supply chain workarounds minimized customer service disruptions
- Tobacco market demand expected to be relatively unaffected, some “pantry stocking”
- Strong cash flow projected to continue

(1) Adjusted Operating Profit is a non-GAAP measures. See non-GAAP reconciliations and supplemental data in appendix.

Sales & Operating Profits

1Q:20

AMS Segment

- Sales: up 2%
 - Organic down 3%
 - Tekra added \$5.5 million; mid-March closing
- Adjusted OP Margin⁽¹⁾ down 90 basis points to 15.7%
 - Decline in high-margin aftermarket transportation film sales due to COVID-19
 - Polypropylene resin costs lower

EP Segment

- Sales: up 1%
 - Ex-currency sales up 3%, price/mix up 7%, volume down 4%
- Adjusted OP Margin⁽¹⁾ up 330 bps to 24.2%
 - Solid price/mix supported margin expansion
 - Lower wood pulp costs
 - Minor COVID-19 impact

Unallocated Expenses

- Corporate \$13.0 vs \$13.2 million
 - 5.0% of total sales, down 10 basis points
 - Lower deferred compensation expense from stock volatility
 - Tekra acquisition transaction fees of \$1.5 million

Consolidated

- Sales up 1% vs prior year
- Adjusted OP⁽¹⁾ up 12% to \$39.8 million; adjusted OP margin up 140 bps to 15.2%
- Adjusted EBITDA⁽¹⁾ up 10% to \$49.0 million; Adjusted EBITDA margin up 140 bps to 18.7%

(1) Adjusted Operating Profit and Adjusted EBITDA, are non-GAAP measures. See non-GAAP reconciliations and supplemental data in appendix.

GAAP & Adjusted EPS⁽¹⁾ & Outlook

1Q:20 GAAP EPS of \$0.72, versus \$0.56 in 1Q:19

1Q:20 Adjusted EPS of \$0.85, versus \$0.68 in 1Q:19

- Paper segment profit growth drove consolidated OP
- Lower interest expense
- Tax rate stable

2020 Outlook... limited visibility due to COVID-19

- Withdrawing guidance
- AMS transportation film sales most sensitive to global economic disruption
- Still expect solid profitability and cash flow
- No change to capital allocation
- Strong liquidity position

(1) Adjusted EPS is a non-GAAP financial measure. See non-GAAP reconciliations and supplemental data in appendix.

Cash Flow, Debt, & Liquidity

LTM Operating Cash Flow of \$152 million, Free Cash Flow⁽¹⁾ of \$119 million

- Capital spending/software: \$34 million
- Dividends: \$54 million

Strong liquidity position; \$400+ million in cash and revolver availability, and no debt maturities until 2023

\$ millions	1Q:20
Total Debt	754.7
Less: Cash	<u>126.7</u>
Net Debt	628.0
Net Debt / Adjusted EBITDA ⁽²⁾	2.7x

Debt Overview⁽³⁾:

- \$212 million outstanding on revolver, due 2023
- \$197 million outstanding on Term Loan, due 2025
- \$350 million senior notes, due 2026

Liquidity: \$411 million

- \$127 million of cash
- \$284 revolver availability

- Leverage In line with expectation
- 2.1x at year-end 2019, Tekra closed in March 2020
- Covenant is 5.0x during 2020
- No expected covenant issues

(1) See non-GAAP reconciliations and supplemental data in appendix.

(2) Credit agreement makes certain adjustments to Net Debt and Adjusted EBITDA.

(3) Does not sum to total debt due to unamortized discount and issuance costs

QUESTIONS?

Non-GAAP Reconciliations & Supplemental Data

Non-GAAP Reconciliations & Supplemental Data

Certain financial measures and comments contained in this presentation are “non-GAAP” financial measures, specifically measures which exclude one or more of the following: restructuring and impairment expenses, depreciation and amortization, interest expense, tax provision (benefit), capital spending, capitalized software expenditures, purchase accounting adjustments, and tax adjustments, and Brazil tax assessments. We believe that investors’ understanding is enhanced by disclosing these non-GAAP financial measures as a reasonable basis for comparison of our ongoing results of operations.

Adjusted Operating Profit from Continuing Operations:	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
Operating Profit from Continuing Operations	\$ 135.0	\$ 30.4	\$ 44.2	\$ 34.6	\$ 24.8	\$ 134.0	\$ 34.1
Plus: Restructuring and Impairment Expense	1.7	-	1.3	2.2	1.7	5.2	0.1
Plus: Purchase accounting adjustments	20.7	5.1	5.1	5.1	5.0	20.3	5.6
Adjusted Operating Profit from Continuing Operations	\$ 157.4	\$ 35.5	\$ 50.6	\$ 41.9	\$ 31.5	\$ 159.5	\$ 39.8
Adjusted Operating Margin from Continuing Operations	15.1%	13.8%	18.7%	16.3%	13.2%	15.6%	15.2%
Adjusted Net Income (Loss) from Continuing Operations:	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
Net income from continuing operations	\$ 94.8	\$ 17.4	\$ 20.5	\$ 27.7	\$ 20.2	\$ 85.8	\$ 22.5
Plus: Restructuring and impairment expense	1.7	-	0.4	1.6	1.7	3.7	0.1
Less: Tax impact of restructuring and impairment expense	(0.4)	-	(0.1)	(0.2)	(0.4)	(0.7)	-
Plus: Purchase accounting adjustments	21.4	5.1	5.1	5.1	5.0	20.3	5.6
Less: Tax impact of purchase accounting adjustments	(4.0)	(0.9)	(1.0)	(0.9)	(0.9)	(3.7)	(1.4)
Plus: Brazil tax assessments	-	-	10.8	-	-	10.8	-
Less: Tax impact of Brazil tax assessments	-	-	(3.1)	(1.0)	(0.1)	(4.2)	-
Plus: Transitional tax adjustment	(13.0)	-	-	(0.6)	-	(0.6)	-
Plus: Write off of contingent consideration	(10.2)	-	-	-	-	-	-
Less: Tax impact of write off of contingent consideration	2.5	-	-	-	-	-	-
Plus: CTS impairment expense	15.0	-	-	-	-	-	-
Less: Tax legislative Changes, Net deferred tax movements, one-time tax expense & income tax valuation allowance	(0.6)	(0.6)	0.3	(0.5)	-	(0.8)	(0.3)
Less: RTL-Philippine sale gain	-	-	-	-	(0.3)	(0.3)	-
Adjusted Net Income from Continuing Operations	\$ 107.2	\$ 21.0	\$ 32.9	\$ 31.2	\$ 25.2	\$ 110.3	\$ 26.5
Adjusted EBITDA from Continuing Operations:	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
Net Income	\$ 94.5	\$ 17.4	\$ 20.5	\$ 27.7	\$ 20.2	\$ 85.8	\$ 22.5
Plus: Loss (income) from discontinued operations	0.3	-	-	-	-	-	-
Income from continuing operations	94.8	17.4	20.5	27.7	20.2	85.8	22.5
Plus: Interest expense	28.2	7.8	7.3	7.4	6.5	29.0	6.9
Plus: Interest on Brazil tax assessments	-	-	7.8	(0.7)	-	7.1	-
Plus: Provision for income taxes	10.7	4.4	5.2	3.2	2.4	15.2	5.3
Plus: Depreciation & amortization	60.2	14.3	14.7	14.6	14.4	58.0	14.8
Plus: Restructuring and impairment expense	1.7	-	0.4	1.6	1.7	3.7	0.1
Plus: (Income) loss from equity affiliates	11.3	0.2	0.7	(1.3)	(3.7)	(4.1)	-
Plus: Other (income) expense, net	(10.0)	0.6	2.7	(1.7)	(0.6)	1.0	(0.6)
Plus: Brazil tax assessments	-	-	0.9	0.6	-	1.5	-
Adjusted EBITDA from continuing operations	\$ 196.9	\$ 44.7	\$ 60.2	\$ 51.4	\$ 40.9	\$ 197.2	\$ 49.0
Adjusted EBITDA from Continuing Operations:	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
AMS adjusted EBITDA	\$ 86.5	\$ 23.3	\$ 28.8	\$ 27.8	\$ 19.3	\$ 99.2	\$ 22.7
EP adjusted EBITDA	146.5	34.5	39.7	35.4	37.0	146.6	39.0
Unallocated adjusted EBITDA	(36.1)	(13.1)	(8.3)	(11.8)	(15.4)	(48.6)	(12.7)
Adjusted EBITDA from continuing operations	\$ 196.9	\$ 44.7	\$ 60.2	\$ 51.4	\$ 40.9	\$ 197.2	\$ 49.0

Non-GAAP Reconciliations & Supplemental Data

Certain financial measures and comments contained in this presentation are “non-GAAP” financial measures, specifically measures which exclude one or more of the following: restructuring and impairment expenses, depreciation and amortization, interest expense, tax provision (benefit), capital spending, capitalized software expenditures, purchase accounting adjustments, and tax adjustments, and Brazil tax assessments. We believe that investors’ understanding is enhanced by disclosing these non-GAAP financial measures as a reasonable basis for comparison of our ongoing results of operations.

Adjusted Earnings Per Share from Continuing Operations - Diluted

	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
Diluted net income per share from continuing operations	\$ 3.07	\$ 0.56	\$ 0.66	\$ 0.90	\$ 0.64	\$ 2.76	\$ 0.72
Plus: Purchase accounting adjustments, per share	0.70	0.17	0.17	0.16	0.16	0.66	0.18
Less: Tax impact of purchase accounting adjustments, per share	(0.13)	(0.03)	(0.03)	(0.03)	(0.03)	(0.12)	(0.04)
Plus: Restructuring and impairment expense, per share	0.05	-	0.01	0.06	0.05	0.12	-
Less: Tax impact of restructuring and impairment expense, per share	(0.01)	-	-	(0.01)	(0.01)	(0.02)	-
Plus: Brazil tax assessments	-	-	0.35	-	-	0.35	-
Less: Tax impact of Brazil tax assessments	-	-	(0.11)	(0.03)	-	(0.14)	-
Plus: Transitional tax adjustment	(0.43)	-	-	(0.02)	-	(0.02)	-
Plus: Write off of contingent consideration	(0.33)	-	-	-	-	-	-
Less: Tax impact of write off of contingent consideration	0.08	-	-	-	-	-	-
Plus: CTS impairment expense	0.50	-	-	-	-	-	-
Less: Tax legislative Changes, Net deferred tax movements, one-time tax expense & income tax valuation allowance	(0.02)	(0.02)	0.01	(0.02)	-	(0.03)	(0.01)
Less: RTL-Philippine sale gain	-	-	-	-	(0.01)	(0.01)	-
Adjusted Earnings Per Share from Continuing Operations - Diluted	\$ 3.48	\$ 0.68	\$ 1.06	\$ 1.01	\$ 0.80	\$ 3.55	\$ 0.85

Adjusted Diluted Earnings Per Share:

	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
Diluted net income, per share	\$ 3.06	\$ 0.56	\$ 0.66	\$ 0.90	\$ 0.64	\$ 2.76	\$ 0.72
Plus: Purchase accounting adjustments, per share	0.70	0.17	0.17	0.16	0.16	0.66	0.18
Less: Tax impact of purchase accounting adjustments, per share	(0.13)	(0.03)	(0.03)	(0.03)	(0.03)	(0.12)	(0.04)
Plus: Restructuring and impairment expense, per share - Continuing Operations	0.05	-	0.01	0.06	0.05	0.12	-
Less: Tax impact of restructuring and impairment expense, per share - Continuing Operations	(0.01)	-	-	(0.01)	(0.01)	(0.02)	-
Plus: Brazil tax assessments	-	-	0.35	-	-	0.35	-
Less: Tax impact of Brazil tax assessments	-	-	(0.11)	(0.03)	-	(0.14)	-
Plus: Transitional tax adjustment	(0.43)	-	-	(0.02)	-	(0.02)	-
Plus: Write off of contingent consideration	(0.33)	-	-	-	-	-	-
Less: Tax impact of write off of contingent consideration	0.08	-	-	-	-	-	-
Plus: CTS impairment expense	0.50	-	-	-	-	-	-
Less: Tax legislative Changes, Net deferred tax movements, one-time tax expense & income tax valuation allowance	(0.02)	(0.02)	0.01	(0.02)	-	(0.03)	(0.01)
Less: RTL-Philippine sale gain	-	-	-	-	(0.01)	(0.01)	-
Adjusted Earnings Per Share - Diluted	\$ 3.47	\$ 0.68	\$ 1.06	\$ 1.01	\$ 0.80	\$ 3.55	\$ 0.85

Free Cash Flow

	FY 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
Cash provided by Operating Activities by Continuing Operations	\$ 138.9	\$ 13.0	\$ 42.0	\$ 63.9	\$ 41.4	\$ 160.3	\$ 5.1
Less: Capital spending	(27.0)	(7.3)	(7.9)	(4.8)	(8.6)	(28.6)	(7.4)
Less: Capitalized software expenditure	(2.7)	(1.4)	(1.4)	(1.1)	(1.6)	(5.5)	(0.7)
Free Cash Flow	\$ 109.2	\$ 4.3	\$ 32.7	\$ 58.0	\$ 31.2	\$ 126.2	\$ (3.0)

Non-GAAP Reconciliations & Supplemental Data



Net Sales	YTD 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020	YTD 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
AMS	\$ 467.9	\$ 120.5	\$ 126.7	\$ 126.1	\$ 103.9	\$ 477.2	\$ 122.9	8.0%	4.5%	2.2%	4.4%	-3.6%	2.0%	2.0%
EP	573.4	137.5	143.2	130.3	134.6	545.6	138.6	4.5%	-6.2%	-2.2%	-6.6%	-4.5%	-4.8%	0.8%
Total Consolidated	\$ 1,041.3	\$ 258.0	\$ 269.9	\$ 256.4	\$ 238.5	\$ 1,022.8	\$ 261.5	6.0%	-1.5%	-0.2%	-1.5%	-4.1%	-1.8%	1.4%

Return on Net Sales														
Operating Profit (Loss) from Continuing Operations	YTD 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020	YTD 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
AMS	\$ 49.5	\$ 14.9	\$ 20.4	\$ 19.3	\$ 9.7	\$ 64.3	\$ 13.7	10.6%	12.4%	16.1%	15.3%	9.3%	13.5%	11.1%
EP	121.8	28.7	32.5	27.3	30.7	119.2	33.4	21.2%	20.9%	22.7%	21.0%	22.8%	21.8%	24.1%
Unallocated	(36.3)	(13.2)	(8.7)	(12.0)	(15.6)	(49.5)	(13.0)							
Total Consolidated	\$ 135.0	\$ 30.4	\$ 44.2	\$ 34.6	\$ 24.8	\$ 134.0	\$ 34.1	13.0%	11.8%	16.4%	13.5%	10.4%	13.1%	13.0%

Restructuring Expenses and Purchase Accounting Adjustments	YTD 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
AMS - Restructuring & Impairment Expense	\$ 1.5	\$ -	\$ -	\$ -	\$ 1.1	\$ 1.1	\$ -
AMS - Purchase Accounting Adjustments	20.7	5.1	5.1	5.1	5.0	20.3	5.6
EP - Restructuring & Impairment Expense	0.2	-	1.3	2.2	0.6	4.1	0.1
Total Consolidated	\$ 22.4	\$ 5.1	\$ 6.4	\$ 7.3	\$ 6.7	\$ 25.5	\$ 5.7

Return on Net Sales														
Adjusted Operating Profit (Loss) from Continuing Operations*	YTD 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020	YTD 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	YTD 2019	Q1 2020
AMS	\$ 71.7	\$ 20.0	\$ 25.5	\$ 24.4	\$ 15.8	\$ 85.7	\$ 19.3	15.3%	16.6%	20.1%	19.3%	15.2%	18.0%	15.7%
EP	122.0	28.7	33.8	29.5	31.3	123.3	33.5	21.3%	20.9%	23.6%	22.6%	23.3%	22.6%	24.2%
Unallocated	(36.3)	(13.2)	(8.7)	(12.0)	(15.6)	(49.5)	(13.0)							
Total Consolidated	\$ 157.4	\$ 35.5	\$ 50.6	\$ 41.9	\$ 31.5	\$ 159.5	\$ 39.8	15.1%	13.8%	18.7%	16.3%	13.2%	15.6%	15.2%