

Annual Meeting of Stockholders

April 28, 2017

FILTRATION & ENGINEERED MATERIALS

Performance Materials



Technical Nonwovens



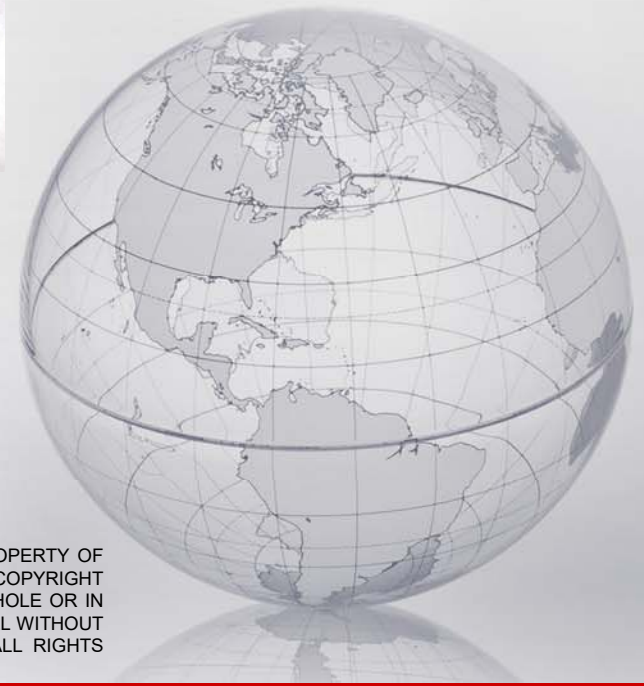
Thermal/Acoustical Metals



Thermal/Acoustical Fibers



AUTOMOTIVE



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Forward-looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Any statements contained in this presentation that are not statements of historical fact may be deemed to be forward-looking statements. All such forward-looking statements are intended to provide management’s current expectations for the future operating and financial performance of the Company based on current expectations and assumptions relating to the Company’s business, the economy and other future conditions. Forward-looking statements generally can be identified through the use of words such as “believes,” “anticipates,” “may,” “should,” “will,” “plans,” “projects,” “expects,” “expectations,” “estimates,” “forecasts,” “predicts,” “targets,” “prospects,” “strategy,” “signs,” and other words of similar meaning in connection with the discussion of future operating or financial performance. Because forward-looking statements relate to the future, they are subject to inherent risks, uncertainties and changes in circumstances that are difficult to predict. Such risks and uncertainties which include, among others, worldwide economic or political changes that affect the markets that the Company’s businesses serve which could have an effect on demand for the Company’s products and impact the Company’s profitability, challenges encountered by the Company in the integration of the Texel and Gutsche acquisitions, disruptions in the global credit and financial markets, including diminished liquidity and credit availability, changes in international trade agreements, including tariffs and trade restrictions, foreign currency volatility, swings in consumer confidence and spending, unstable economic growth, raw material pricing and supply issues, fluctuations in unemployment rates, retention of key employees, increases in fuel prices, and outcomes of legal proceedings, claims and investigations. Accordingly, the Company’s actual results may differ materially from those contemplated by these forward-looking statements. Investors, therefore, are cautioned against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in Lydall’s filings with the Securities and Exchange Commission, including the risks and uncertainties identified in Part I, Item 1A - Risk Factors of Lydall’s Annual Report on Form 10-K for the year ended December 31, 2016.

These forward-looking statements speak only as of the date of this presentation, and Lydall does not assume any obligation to update or revise any forward-looking statement made in this presentation or that may, from time to time, be made by or on behalf of the Company.

This presentation contains non-GAAP financial measures, including organic sales growth, adjusted earnings per share, adjusted gross margin, and adjusted operating margin. The Appendix at the end of this presentation includes a reconciliation to the most comparable GAAP measures. We believe that the presentation of these non-GAAP financial measures, among other things, provides enhanced visibility into our performance. It is important to view each of these non-GAAP financial measures in addition to, rather than as a substitute for, the comparable GAAP measures.



Overview of Business – 2016

\$567M Total Sales
11.3% Adj. Operating Margin

Automotive

Filtration & Engineered Materials

Sales: \$175M ↑ 8.7%
Profit: 8.6% ↓ 1.0%pts

Sales: \$149M ↑ 7.7%
Profit: 27.7% ↑ 1.0%pts

Sales: \$111M ↑ 9.5%
Profit: 11.1% ↑ 3.1%pts

Sales: \$156M ↑ 11.8%
Profit: 11.3% ↑ 1.6%pts

Thermal/Acoustical Metals
30% of total



Fabricated thermal barriers for vehicles

Global

N.A. 49% / EMEA 46% / Asia 5%

Thermal/Acoustical Fibers
25% of total



Fabricated acoustical barriers for vehicles

Primarily North America

N.A. 95% / ROW 5%

Performance Materials
19% of total



Filtration and insulation media, life sciences filtration media

Global

N.A. 56% / EMEA 35% / Asia 9%

Technical Nonwovens
26% of total



2016 Acquisitions
(Full year Pro-forma)
+ ~\$35M
+ ~\$50M

Industrial air filtration media and engineered materials

Global

N.A. 70% / EMEA 15% / Asia 14%

¹Reference Appendix for reconciliation between adjusted financials and GAAP financials ²Segment sales and percentages reflect gross sales including intercompany



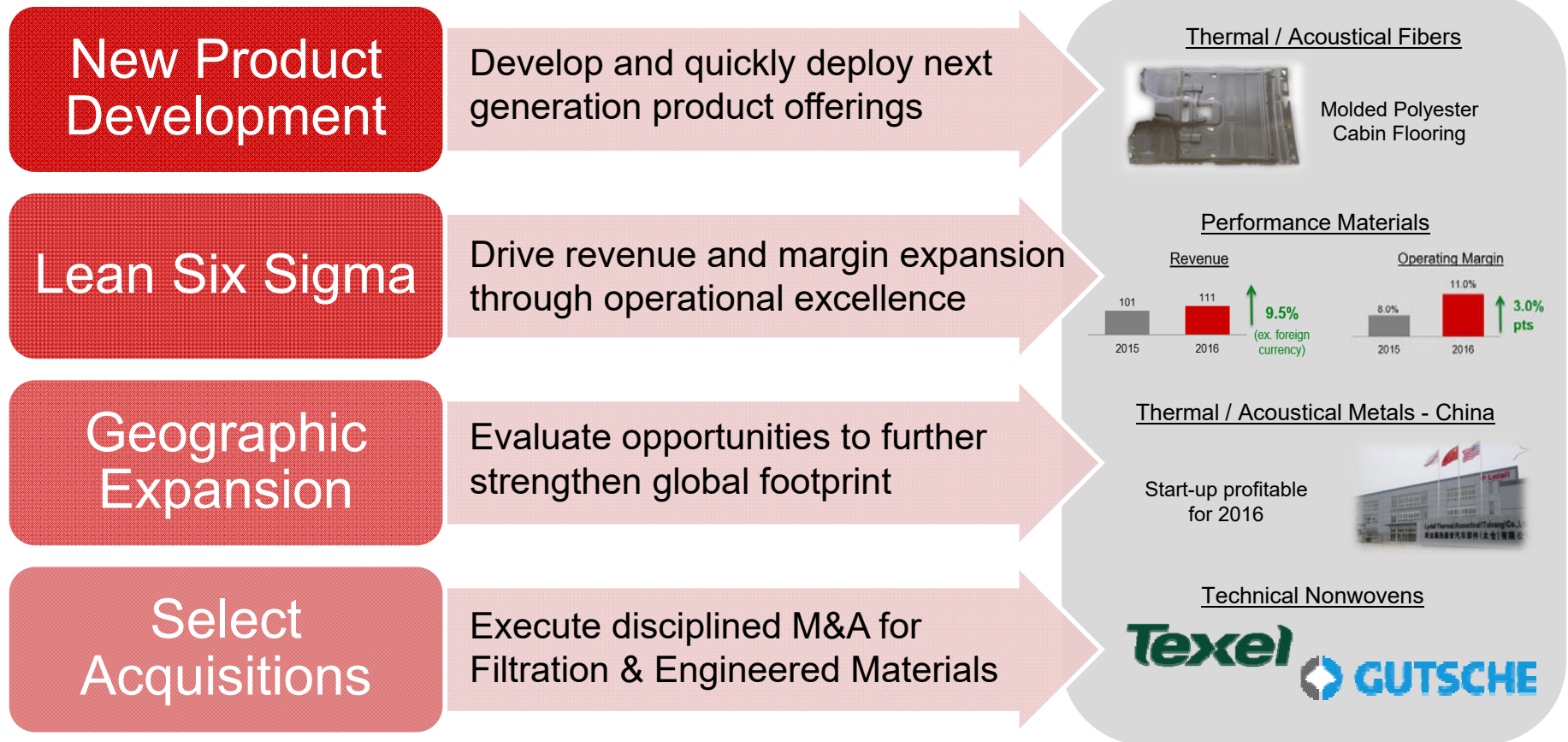
2018 Long-term Vision for Profitable Growth¹

Components Of Vision	Performance To Date	Key Drivers Needed To Achieve Vision
<p>1 Revenue: \$800M</p>	<p>2012 → 2016</p> <p>\$362M → \$567M</p> <p>2016 Acquisitions (Full year Pro-forma): Texel + ~\$35M GUTSCHE + ~\$50M</p>	<ul style="list-style-type: none"> Organic growth of ~5% Inorganic growth less than \$100M
<p>2 Operating Margin: 15%</p> <p>EBITDA Margin 19%:</p>	<p>2012 → 2016</p> <p>5.9% → 11.3%</p> <p>9.2% → 15.0%</p>	<p>Expansion evenly split between:</p> <ul style="list-style-type: none"> Product mix / New product development Lean / Productivity Leverage / Scale
<p>3 Business Mix: <50% Automotive</p>	<p>2012 → 2016</p> <p>Filtration & Engineered Materials</p> <p>31% → 44%</p> <p>69% → 56%</p> <p>Automotive</p>	<ul style="list-style-type: none"> Support profitable organic growth in Automotive but invest at a greater rate inorganicly in Filtration & Engineered Materials

¹ Reflects continuing operations; Reference Appendix for reconciliation between adjusted financials and GAAP financials



Clear, Consistent Strategy For Profitable Growth

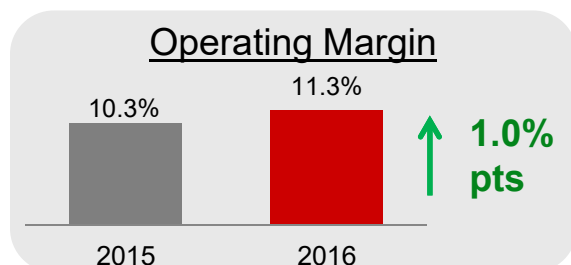
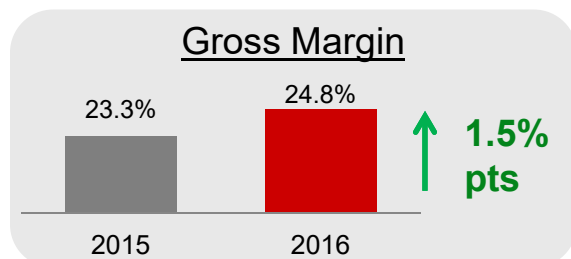
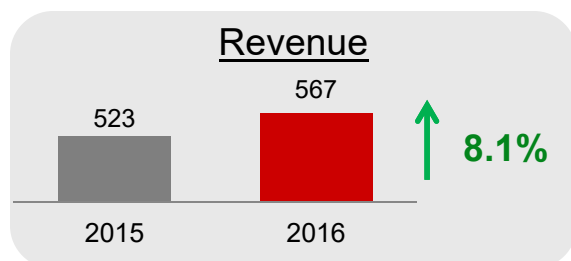


Key Accomplishments

2016 Was Another Good Year for Lydall

Financial

(\$ millions)



Operational

- Completed two attractive acquisitions that significantly improve our strategic position in Filtration & Engineered Materials
- Second year of increased annual capital investment to \$26 million; position business for future profitable growth
- Lydall Lean Six Sigma driving improvement; continued focus will bring greater results
- Exciting pipeline of new products and customer applications

Reference Appendix for reconciliation between adjusted financials and GAAP financials

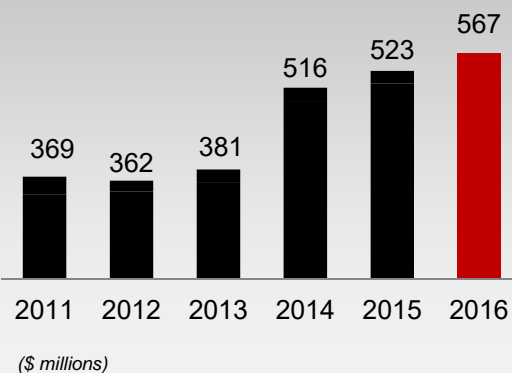


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Execution of Strategy Driving Solid Financial Performance¹

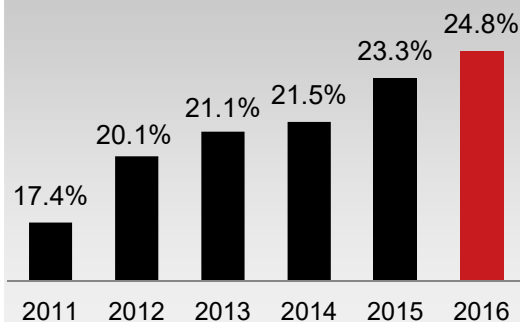
Revenue Growth

5 yr CAGR
9% Overall; 4% Organic



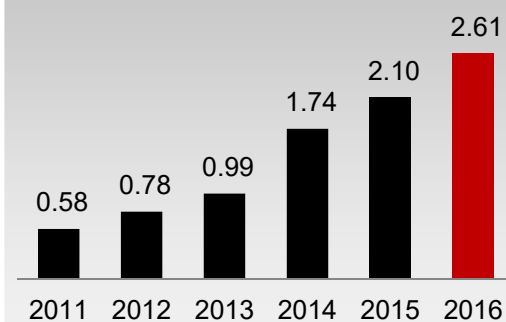
Gross Margin Expansion

Consistent margin improvement



EPS Growth

Significant expansion

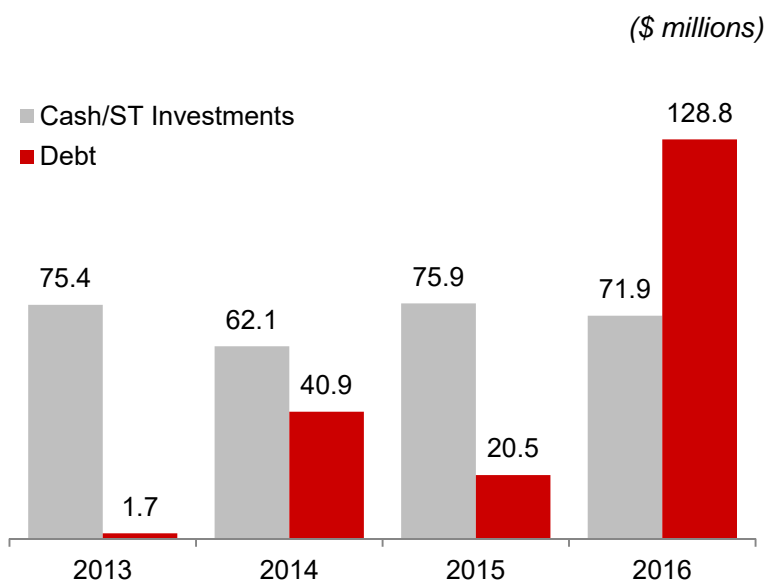


¹ Reflects continuing operations; Reference Appendix for reconciliation between adjusted and GAAP financials

Strong Liquidity Position and Clear Capital Allocation Strategy

Balance sheet provides opportunity to fund organic growth, capital investments and attractive acquisitions

Liquidity Position



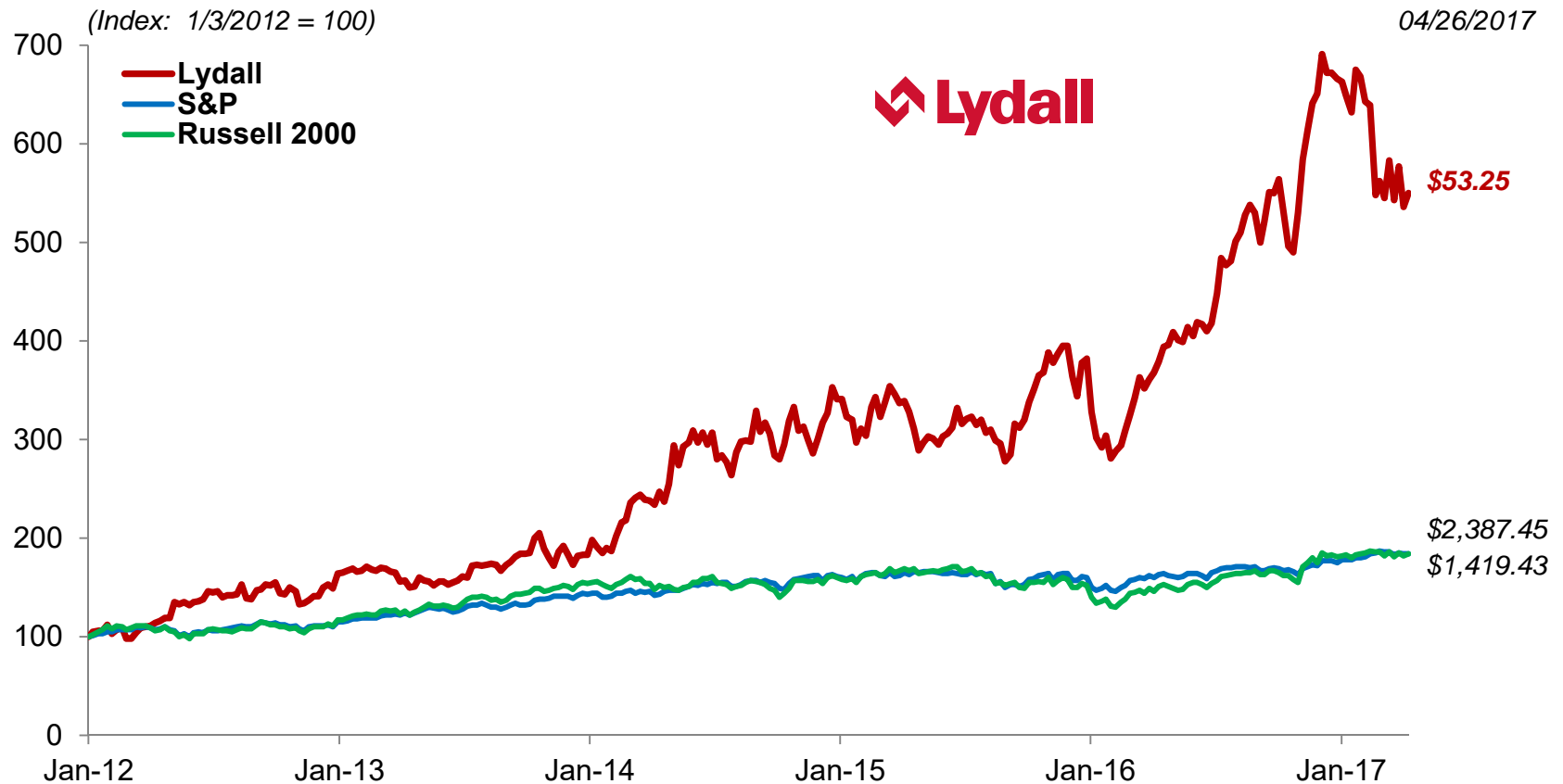
- Net leverage of 0.8x; key items affecting change in liquidity
 - Acquisition of Andrew Filtration in 2014
 - Divestiture of Charter Medical in 2015
 - Acquisitions of Texel and Gutsche in 2016

Capital Allocation Priorities

- 1) Support organic growth programs; fund capital investments
- 2) Pursue attractive acquisitions
- 3) Pay down debt / de-risk frozen pension
- 4) Share repurchase / dividend are longer-term considerations

Historical Share Performance - Indexed

Lydall shares have significantly outperformed comparable market indices



Looking Ahead

Executing upon our long-term strategic initiatives to the benefit of our shareholders

- Continuing to drive new product development across all businesses and executing on key organic growth initiatives
- Building strong baseline of sustainable operating performance by driving continuous improvement
- Continuing to assess and execute upon select acquisitions

Contact

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Appendix

Reconciliation Between Adjusted and Reported GAAP Financials

In thousands except per share data	For the year ended December 31, 2015			For the year ended December 31, 2014		
	As Reported, Lydall, Inc	Adjustments	Adjusted Results	As Reported, Lydall, Inc	Adjustments	Adjusted Results
Net sales	\$ 524,505	\$ (1,671) (a)	\$ 522,834	\$ 535,829	\$ (19,682) (f)	\$ 516,147
Cost of sales	402,008	(1,137) (b)	400,871	420,851	(15,709) (g)	405,142
Gross profit	122,497	(534)	121,963	114,978	(3,973)	111,005
Gross margin	23.4%		23.3%	21.5%		21.5%
Selling, product development and administrative expenses	70,020	(1,770) (c)	68,250	80,930	(14,830) (h)	66,100
Operating income	52,477	1,236	53,713	34,048	10,857	44,905
Operating margin	10.0%		10.3%	6.4%		8.7%
Gain on sale of business	(18,647)	18,647 (d)	-	-	-	-
Interest expense	755	-	755	1,093	-	1,093
Other income, net	(654)	-	(654)	(701)	-	(701)
Income before income taxes	71,023	(17,411)	53,612	33,656	10,857	44,513
Income tax expense	24,764	(6,852) (e)	17,912	11,809	3,005 (i)	14,814
Net income	\$ 46,259	\$ (10,559)	\$ 35,700	\$ 21,847	\$ 7,852	\$ 29,699
Earning per share						
Basic	\$ 2.76		\$ 2.13	\$ 1.31		\$ 1.78
Diluted	\$ 2.71		\$ 2.10	\$ 1.28		\$ 1.74
Weighted average number of common shares outstanding						
Basic	16,746		16,746	16,662		16,662
Diluted	17,084		17,084	17,003		17,003

- (a) Exclude the net sales of the divested business of \$1.7 million related to the sale of the Life Sciences Vital Fluids business.
- (b) Exclude the cost of sales of the divested business of \$1.1 million related to the sale of the Life Sciences Vital Fluids business.
- (c) Exclude the non-cash intangible asset impairment charge of \$1.4 million related to the Company's Solutech operation and administrative expenses of \$0.4 million related to the sale of the Life Sciences Vital Fluids business.
- (d) Exclude the gain of \$18.6 million related to sale of the Life Sciences Vital Fluids business.
- (e) Exclude the tax expense realized on the adjustments in (a), (b), (c), and (d) of \$6.9 million.
- (f) Exclude the net sales of the divested business of \$19.7 million related to the sale of the Life Sciences Vital Fluids business.
- (g) Exclude the purchase accounting adjustments of \$2.1 million related to the Industrial Filtration acquisition and the cost of sales of the divested business of \$13.7 million related to the sale of the Life Sciences Vital Fluids business.
- (h) Exclude one-time pension plan settlement expense of \$4.9 million, the one-time sales commission settlement expense of \$2.9 million (T/A Metals segment), transaction related expenses of \$2.6 million related to the Industrial Filtration acquisition and selling, product development and administrative expenses of \$4.4 million related to the sale of the Life Sciences Vital Fluids business.
- (i) Exclude the tax expense realized on the adjustments in (f), (g) and (h) of \$3.0 million.

