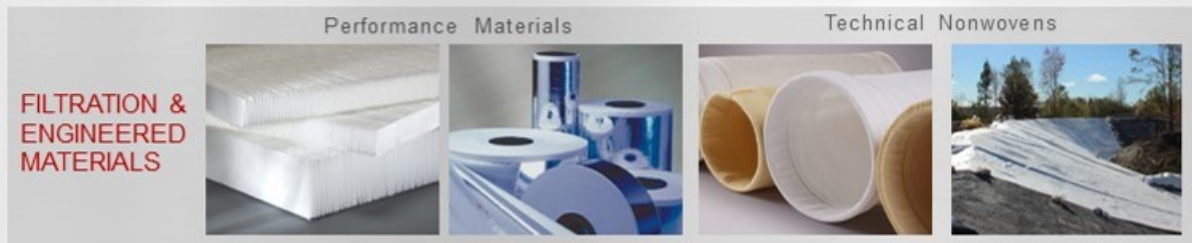


# Q2 2018 Earnings Conference Call

Quarter ended  
June 30, 2018



# Forward-looking Statements

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This presentation contains “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. These 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, and generally can be identified through the use of words such as “believes,” “anticipates,” “may,” “should,” “will,” “plans,” “projects,” “expects,” “estimates,” “forecasts,” “predicts,” “targets,” “prospects,” “strategy,” “signs,” and other words of similar meaning. These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause actual results to differ materially and adversely from those expressed in any forward-looking statement. Investors, therefore, are cautioned against relying on any of these forward-looking statements. Lydall’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and other Securities and Exchange Commission filings discuss important risk factors that could affect the Company’s business, results of operations and financial condition.

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.

This presentation contains non-GAAP financial measures as defined by SEC regulations. The Appendix of this presentation includes a reconciliation to the most comparable GAAP measures.

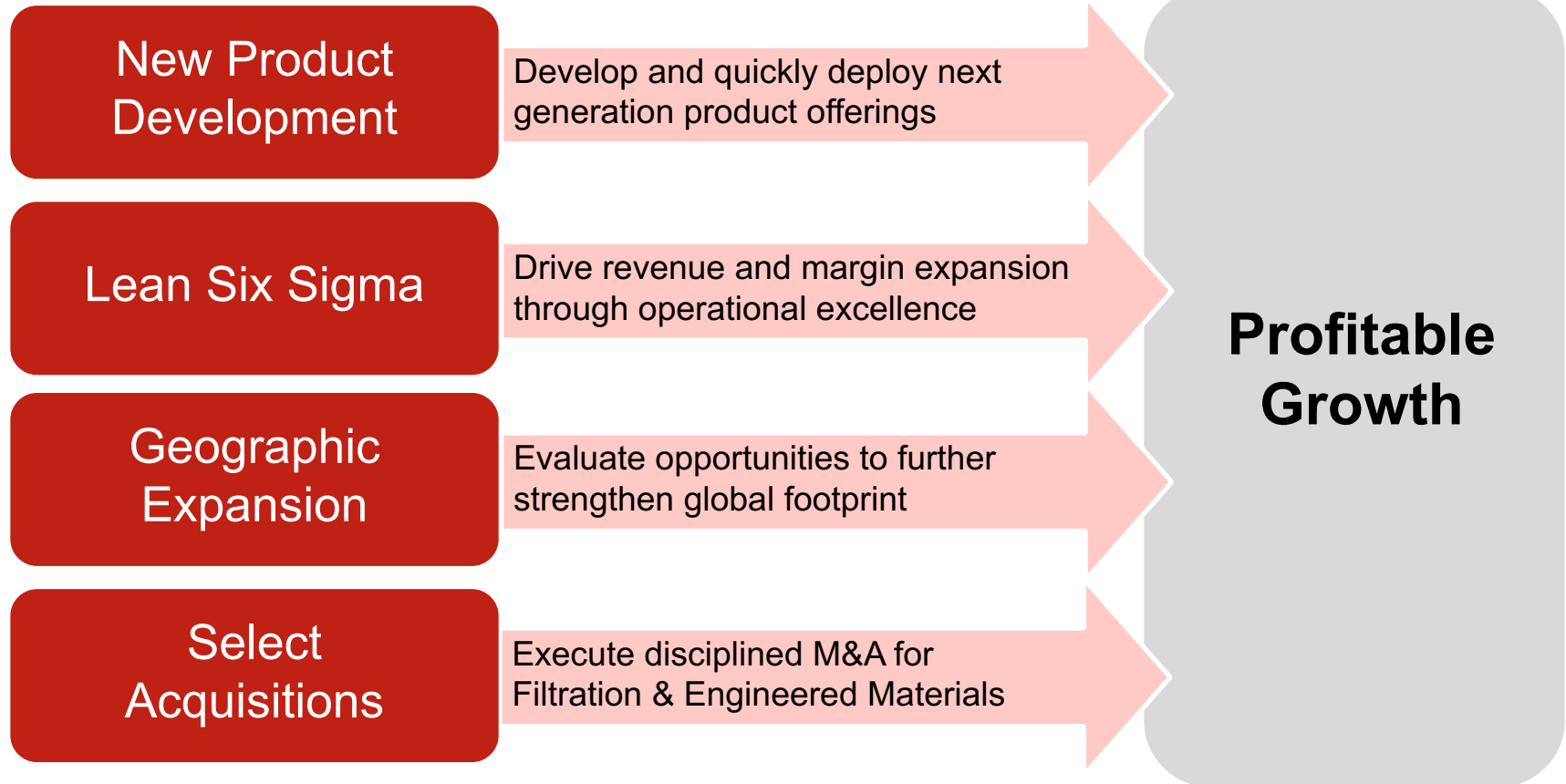
# Highlights of Q2 2018 vs. Q2 2017

| Growth <sup>1</sup>   | Profitability <sup>1</sup>  | Other  |
|---|---|--|
| <ul style="list-style-type: none"><li>▪ Sales up 6.6% to \$186.4m;</li><li>▪ Organic sales growth of 2.3%, with growth in all operating units</li><li>▪ Thermal Acoustical Solutions China Sales up 50%</li><li>▪ Strong backlog in Filtration &amp; Engineered Materials</li></ul> | <ul style="list-style-type: none"><li>▪ Continued commodity headwinds, loss of volumes due to supplier shutdowns, and higher costs impact adjusted gross margins, down 520 bps to 19.9%</li><li>▪ Sequential gross margin improvement from Q1-18 in Technical Nonwovens and Performance Materials</li><li>▪ Adjusted SG&amp;A spending decreased year over year, contributing +100bps to operating margin</li></ul> | <ul style="list-style-type: none"><li>▪ Technical Nonwovens integration and restructuring activities on track</li><li>▪ Tax rate of 13.7% driven by lower U.S. statutory rates</li></ul> |

<sup>1</sup> Reference Appendix for reconciliation between adjusted and GAAP financials

# Clear, Consistent Strategy for Profitable Growth

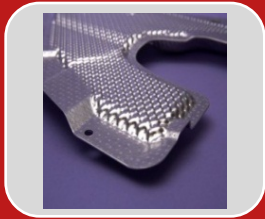
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# Business Conditions

## Automotive

### Thermal Acoustical Solutions



- Above market growth in all regions
- China ramp up continues to outpace market rates
- Commodity headwinds continue, further impacted by recent tariff issues

## Filtration & Engineered Materials

### Performance Materials



- Stability in filtration across all regions
- Healthy demand for insulation products
- Price increases gaining traction
- Strong backlog

### Technical Nonwovens



- Stable demand and normal seasonality in Filtration and Advanced Materials
- Monitoring supply constraints on aramid fibers
- Strong backlog

# Financial Highlights of Q2 2018 vs. Q2 2017

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## Income Statement<sup>1</sup>

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- Net sales up 6.6% to \$186.4m
  - Organic growth of 2.3%
  - Foreign currency of 3.3%
  - ASC 606 revenue recognition impact of +\$1.6M, primarily tooling
- Adjusted gross margin down 520 bps to 19.9%
- Adjusted operating margin down 420 bps to 7.7%
- Adjusted EBITDA margin down 340 bps to 11.7%
- Adjusted EPS down 12.5% to \$0.70

## Balance Sheet

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- Cash balance of \$50.6m as of June 30, 2018
  - \$76.6m in total borrowings outstanding from credit facility

## Cash Flows

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- Capital expenditures estimated to be ~\$30-35m for 2018
- Cash flows from operations in Q2 of \$11.9m

<sup>1</sup>Reference Appendix for reconciliation between adjusted and GAAP financials

# Financial Highlights of 2018 YTD vs. 2017 YTD

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## Income Statement<sup>1</sup>

---

- Net sales up 11.1% to \$378.1m
  - Organic growth of 3.2%
  - Foreign currency of 4.6%
  - ASC 606 revenue recognition impact of +\$7.8M, primarily in tooling
- Adjusted gross margin down 470 bps to 20.4%
- Adjusted operating margin down 340 bps to 7.7%
- Adjusted EBITDA margin down 300 bps to 11.5%
- Adjusted EPS down 11.0% to \$1.37

<sup>1</sup>Reference Appendix for reconciliation between adjusted and GAAP financials

# Thermal Acoustical Solutions

| (\$ in 000)                          | Q2 2018 | Q2 2017 | Var \$  | Var % | YTD     | Adj.     | Var \$  | Var %  |
|--------------------------------------|---------|---------|---------|-------|---------|----------|---------|--------|
|                                      |         |         |         |       | 2018    | YTD 2017 |         |        |
| Net sales                            |         |         |         |       |         |          |         |        |
| Parts                                | 82,920  | 80,648  | 2,272   | 2.8%  | 171,041 | 162,462  | 8,579   | 5.3%   |
| Tooling                              | 7,249   | 5,354   | 1,895   | 35.4% | 20,565  | 8,325    | 12,240  | 147.0% |
| Thermal Acoustical Solutions Segment | 90,169  | 86,002  | 4,167   | 4.8%  | 191,606 | 170,787  | 20,819  | 12.2%  |
| Operating income                     | 8,820   | 15,395  | (6,575) |       | 21,434  | 30,923   | (9,489) |        |
| % of net sales                       | 9.8%    | 17.9%   |         |       | 11.2%   | 18.1%    |         |        |

## Highlights

- Strong sales growth in Europe and China offset by lower growth in North America which was impacted by Q2 OEM shutdowns. Segment sales also benefited from favorable FX of 2.4% and tooling up 2.1%
- Operating profit impacted (\$2.2M) on lost volume and absorption from OEM shutdowns; combined with commodity increase and higher productions costs, adjusted operating margins declined 810 bps



*New 440 ton high speed press operational at Hamptonville, NC facility*

<sup>1</sup>Reference Appendix for reconciliation between adjusted and GAAP financials



# Performance Materials

| (\$ in 000)                   | Q2 2018 | Q2 2017 | Var \$ | Var % | YTD 2018 | YTD 2017 | Var \$ | Var % |
|-------------------------------|---------|---------|--------|-------|----------|----------|--------|-------|
| Net sales                     |         |         |        |       |          |          |        |       |
| Filtration                    | 20,574  | 19,255  | 1,319  | 6.9%  | 41,264   | 38,100   | 3,164  | 8.3%  |
| Thermal Insulation            | 7,796   | 7,407   | 389    | 5.3%  | 15,303   | 14,833   | 470    | 3.2%  |
| Life Sciences Filtration      | 2,864   | 2,639   | 225    | 8.5%  | 5,360    | 5,119    | 241    | 4.7%  |
| Performance Materials Segment | 31,234  | 29,301  | 1,933  | 6.6%  | 61,927   | 58,052   | 3,875  | 6.7%  |
| Operating income              | 3,649   | 3,933   | (284)  |       | 6,290    | 5,591    | 699    |       |
| % of net sales                | 11.7%   | 13.4%   |        |       | 10.2%    | 9.6%     |        |       |

## Highlights

- Organic growth of 3.8%, driven by strong filtration demand, and higher cryogenic insulation sales. Foreign exchange favorable by 2.8%
- Operating margin decreased by 170 bps due to increased labor and geographic mix and lower absorption, but expanded +310 bps sequentially from Q1-18.



*LyPore® XL liquid filtration media*

<sup>1</sup>Reference Appendix for reconciliation between adjusted and GAAP financials

# Technical Nonwovens

| (\$ in 000)                 | Adj.    |         | Var \$ | Var % | Adj.     |          | Var \$ | Var % |
|-----------------------------|---------|---------|--------|-------|----------|----------|--------|-------|
|                             | Q1 2018 | Q1 2017 |        |       | YTD 2018 | YTD 2017 |        |       |
| Net sales                   |         |         |        |       |          |          |        |       |
| Industrial Filtration       | 39,170  | 36,325  | 2,845  | 7.8%  | 79,401   | 70,538   | 8,863  | 12.6% |
| Advanced Materials          | 32,542  | 30,773  | 1,769  | 5.7%  | 59,852   | 55,478   | 4,374  | 7.9%  |
| Technical Nonwovens Segment | 71,712  | 67,098  | 4,614  | 6.9%  | 139,253  | 126,016  | 13,237 | 10.5% |
| Operating income            | 7,003   | 7,371   | (368)  |       | 12,543   | 12,855   | (312)  |       |
| % of net sales              | 9.8%    | 11.0%   |        |       | 9.0%     | 10.2%    |        |       |

## Highlights

- Organic growth of 2.6% led by gains in Industrial Filtration, particularly from increased demand in Europe and North America, and higher sales in Advanced Materials due to increased demand in the Canadian market.
- Adjusted operating margin decrease of 120 basis points primarily due to higher restructuring spend, higher raw materials costs and incremental intangibles amortization expense. Sequentially, adjusted operating margin rose +160 bps
- Integrations on track; expect to meet or exceed anticipated synergy goals



Industrial Filtration:  
Gutsche Porotex Filtration bag

<sup>1</sup>Reference Appendix for reconciliation between adjusted and GAAP financials

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# *Appendix*

# Q2 2018 vs. Q2 2017 Summary Statements of Operations

## As Reported

| (\$ in 000)  | Quarters Ended June 30, |               |                |
|--|-------------------------|---------------|----------------|
|  | <u>2018</u>             | <u>2017</u>   | <u>Var \$</u>  |
| Net sales  | 186,413                 | 174,879       | 11,534         |
| Gross profit   | 36,127                  | 43,327        | (7,200)        |
| %  | 19.4%                   | 24.8%         | (5.4)%         |
| Selling, product development and administrative expenses | 23,878                  | 23,290        | 588            |
| %  | 12.8%                   | 13.3%         | (0.5)%         |
| Operating income   | 12,249                  | 20,037        | (7,788)        |
| %  | 6.6%                    | 11.5%         | (4.9)%         |
| Interest expense   | 572                     | 795           | (223)          |
| Other (income) expense, net                              | (368)                   | 792           | (1,160)        |
| Income before income taxes                               | 12,045                  | 18,450        | (6,405)        |
| Income tax expense                                       | 1,655                   | 5,303         | (3,648)        |
| <i>As % of income</i>                                    | 13.7%                   | 28.7%         | (15)%          |
| (Income) loss from equity method investments             | (60)                    | 22            | (82)           |
| <b>Net income</b>  | <b>10,450</b>           | <b>13,125</b> | <b>(2,675)</b> |
| Diluted earnings per share                               | \$ 0.60                 | \$ 0.76       | \$ (0.16)      |

# Summary Balance Sheets

| (\$ in 000)                                  | <u>Jun. 30, 2018</u>  | <u>Dec. 31, 2017</u>  | Var \$  |
|--|-----------------------|-----------------------|---------|
| Cash   | 50,613                | 59,875                | (9,262) |
| Accounts receivable, net                     | 126,330               | 116,712               | 9,618   |
| Contract assets                              | 26,598                | —                     | 26,598  |
| Inventories                                  | 78,901                | 80,339                | (1,438) |
| Prepays and other current assets             | 17,404                | 16,569                | 835     |
| Total current assets                         | <u>299,846</u>        | <u>273,495</u>        | 26,351  |
| Property, plant and equipment, net           | 168,308               | 170,332               | (2,024) |
| Goodwill and other intangible assets         | 103,351               | 109,512               | (6,161) |
| Other assets, net                            | 7,269                 | 7,532                 | (263)   |
| Total assets                                 | <u><u>578,774</u></u> | <u><u>560,871</u></u> | 17,903  |
| Accounts payable                             | 74,186                | 71,931                | 2,255   |
| Accrued payroll and other compensation       | 13,286                | 15,978                | (2,692) |
| Other current liabilities                    | 18,838                | 14,197                | 4,641   |
| Total current liabilities                    | <u>106,310</u>        | <u>102,106</u>        | 4,204   |
| Long-term debt                               | 76,784                | 76,913                | (129)   |
| Benefit plan and other long-term liabilities | 24,965                | 28,456                | (3,491) |
| Total liabilities                            | <u>208,059</u>        | <u>207,475</u>        | 584     |
| Total stockholders' equity                   | <u>370,715</u>        | <u>353,396</u>        | 17,319  |
| Total liabilities and stockholders' equity   | <u><u>578,774</u></u> | <u><u>560,871</u></u> | 17,903  |

# Summary Statements of Cash Flows

|   | Six Months Ended<br>June 30, |                  |
|---|------------------------------|------------------|
|   | 2018                         | 2017             |
|   | (Unaudited)                  |                  |
| <b>Cash flows from operating activities:</b>                          |                              |                  |
| <b>Net income</b>   | \$ 21,504                    | \$ 24,794        |
| Adjustments to reconcile net income to net cash provided by operating |                              |                  |
| Depreciation and amortization   | 14,248                       | 12,778           |
| Deferred income taxes   | 1,165                        | 157              |
| Inventory step-up amortization  | —                            | 1,025            |
| Stock-based compensation  | 2,580                        | 2,287            |
| Long-lived asset impairment charge                                    | —                            | 772              |
| Loss on disposition of property, plant and equipment                  | 18                           | —                |
| Income (loss) from equity method investment                           | (56)                         | 68               |
| Changes in operating assets and liabilities:                          |                              |                  |
| Accounts receivable   | (11,934)                     | (8,197)          |
| Contract assets   | (7,594)                      | —                |
| Inventories   | (15,643)                     | (14,202)         |
| Accounts payable  | 7,406                        | 15,479           |
| Accrued payroll and other compensation                                | (2,408)                      | (729)            |
| Accrued taxes   | 1,184                        | (977)            |
| Other, net  | (2,496)                      | (5,460)          |
| Net cash provided by operating activities                             | <u>7,974</u>                 | <u>27,795</u>    |
| Cash flows from investing activities:                                 |                              |                  |
| Business acquisitions, net of cash acquired                           | —                            | (353)            |
| Proceeds from the sale of property, plant and equipment               | 217                          | —                |
| Capital expenditures  | (16,355)                     | (15,068)         |
| Net cash used for investing activities                                | <u>(16,138)</u>              | <u>(15,421)</u>  |
| Cash flows from financing activities:                                 |                              |                  |
| Debt repayments   | (126)                        | (21,566)         |
| Common stock issued   | 666                          | 313              |
| Common stock repurchased  | (823)                        | (2,497)          |
| Net cash used for financing activities                                | <u>(283)</u>                 | <u>(23,750)</u>  |
| Effect of exchange rate changes on cash                               | <u>(815)</u>                 | <u>2,984</u>     |
| Decrease in cash and cash equivalents                                 | (9,262)                      | (8,392)          |
| Cash and cash equivalents at beginning of period                      | <u>59,875</u>                | <u>71,934</u>    |
| Cash and cash equivalents at end of period                            | <u>\$ 50,613</u>             | <u>\$ 63,542</u> |
| <b>Free Cash Flow (Cash provided by ops - Cap exp)</b>                | <b>(8,381)</b>               | <b>12,727</b>    |

# Reconciliation Between Adjusted and Reported GAAP Financials

| In millions except per share data                        | For the quarter ended June 30, 2018 |             |            | For the quarter ended June 30, 2017 |             |            |
|--|-------------------------------------|-------------|------------|-------------------------------------|-------------|------------|
|  | As Reported,                        | Adjustments | Adjusted   | As Reported,                        | Adjustments | Adjusted   |
| Net sales  | \$ 186,413                          | \$ —        | \$ 186,413 | \$ 174,879                          | —           | \$ 174,879 |
| Cost of sales  | 150,286                             | (876) (a)   | 149,410    | 131,552                             | (617) (d)   | 130,935    |
| Gross profit   | 36,127                              | 876         | 37,003     | 43,327                              | 617         | 43,944     |
| Gross margin   | 19.4%                               |             | 19.9%      | 24.8%                               |             | 25.1%      |
| Selling, product development and administrative expenses | 23,878                              | (1,176) (b) | 22,702     | 23,290                              | (219) (e)   | 23,071     |
| Operating income   | 12,249                              | 2,052       | 14,301     | 20,037                              | 836         | 20,873     |
| Operating margin   | 6.6%                                |             | 7.7%       | 11.5%                               |             | 11.9%      |
| Interest expense   | 572                                 | —           | 572        | 795                                 | —           | 795        |
| Other income, net  | (368)                               | —           | (368)      | 792                                 | —           | 792        |
| Income before income taxes                               | 12,045                              | 2,052       | 14,097     | 18,450                              | 836         | 19,286     |
| Income tax expense                                       | 1,655                               | 418 (c)     | 2,073      | 5,303                               | 226 (f)     | 5,529      |
| Income (loss) from equity method                         | (60)                                | —           | (60)       | 22                                  | —           | 22         |
| Net income   | \$ 10,450                           | \$ 1,634    | \$ 12,084  | \$ 13,125                           | 610         | \$ 13,735  |
| Earnings per share                                       |                                     |             |            |                                     |             |            |
| Basic  | \$ 0.61                             |             | \$ 0.70    | \$ 0.77                             |             | \$ 0.81    |
| Diluted  | \$ 0.60                             |             | \$ 0.70    | \$ 0.76                             |             | \$ 0.80    |
| Weighted average number of common shares outstanding     |                                     |             |            |                                     |             |            |
| Basic  | 17,196                              |             | 17,196     | 17,044                              |             | 17,044     |
| Diluted  | 17,335                              |             | 17,335     | 17,262                              |             | 17,262     |

(a) Exclude the restructuring expenses of \$0.9 million related to the Technical Nonwovens segment.

(b) Exclude the the strategic initiatives expenses of \$1.2 million.

(c) Exclude the tax benefits realized on the adjustments in (a) and (b) of \$0.4 million.

(d) Exclude the inventory step-up purchase accounting adjustment of \$0.5 million related to the Texel and Gutsche acquisitions and the restructuring expenses of \$0.1 million related to the Technical Nonwovens segment.

(e) Exclude the restructuring expenses of \$0.2 million related to the Technical Nonwovens segment.

(f) Exclude the tax benefits realized on the adjustments in (d) and (e) of \$0.2 million.

# Reconciliation Between Adjusted and Reported GAAP Financials

| In millions except per share data                        | For the six months ended June 30, 2018 |             |            | For the six months ended June 30, 2017 |             |            |
|--|--|-------------|------------|--|-------------|------------|
|  | As Reported,                           | Adjustments | Adjusted   | As Reported,                           | Adjustments | Adjusted   |
| Net sales  | \$ 378,073                             | \$ —        | \$ 378,073 | \$ 340,366                             | —           | \$ 340,366 |
| Cost of sales  | 302,439                                | (1,325) (a) | 301,114    | 256,541                                | (1,558) (d) | 254,983    |
| Gross profit   | 75,634                                 | 1,325       | 76,959     | 83,825                                 | 1,558       | 85,383     |
| Gross margin   | 20.0%                                  |             | 20.4%      | 24.6%                                  |             | 25.1%      |
| Selling, product development and administrative expenses | 49,349                                 | (1,383) (b) | 47,966     | 48,640                                 | (926) (e)   | 47,714     |
| Operating income   | 26,285                                 | 2,708       | 28,993     | 35,185                                 | 2,484       | 37,669     |
| Operating margin   | 7.0%                                   |             | 7.7%       | 10.3%                                  |             | 11.1%      |
| Interest expense   | 1,112                                  | —           | 1,112      | 1,401                                  | —           | 1,401      |
| Other income, net  | (53)                                   | —           | (53)       | 1,125                                  | —           | 1,125      |
| Income before income taxes                               | 25,226                                 | 2,708       | 27,934     | 32,659                                 | 2,484       | 35,143     |
| Income tax expense                                       | 3,778                                  | 494 (c)     | 4,272      | 7,797                                  | 685 (f)     | 8,482      |
| Income (loss) from equity method                         | (56)                                   | —           | (56)       | 68                                     | —           | 68         |
| Net income   | \$ 21,504                              | \$ 2,214    | \$ 23,718  | \$ 24,794                              | 1,799       | \$ 26,593  |
| Earnings per share                                       |  |             |            |  |             |            |
| Basic  | \$ 1.25                                |             | \$ 1.38    | \$ 1.46                                |             | \$ 1.56    |
| Diluted  | \$ 1.24                                |             | \$ 1.37    | \$ 1.44                                |             | \$ 1.54    |
| Weighted average number of common shares outstanding     |  |             |            |  |             |            |
| Basic  | 17,178                                 |             | 17,178     | 17,014                                 |             | 17,014     |
| Diluted  | 17,334                                 |             | 17,334     | 17,272                                 |             | 17,272     |

- (a) Exclude the restructuring expenses of \$1.3 million related to the Technical Nonwovens segment.
- (b) Exclude the corporate office strategic initiatives expenses of \$1.3 million and the restructuring expenses of \$0.1 million related to the Technical Nonwovens segment.
- (c) Exclude the tax benefits realized on the adjustments in (a) and (b) of \$0.5 million.
- (d) Exclude the inventory step-up purchase accounting adjustment of \$1.0 million related to the Texel and Gutsche acquisitions, severance expenses of \$0.5 million for reduction in force in the Thermal/Acoustical Metals segment and the restructuring expenses of \$0.1 million related to the Technical Nonwovens segment.
- (e) Exclude the severance expenses of \$0.6 million for reductions in force in the Thermal/Acoustical Metals and Technical Nonwovens segments, strategic initiatives expense of \$0.2 million primarily related to the Texel and Gutsche acquisitions and the restructuring expenses of \$0.2 million related to the Technical Nonwovens segment.
- (f) Exclude the tax benefits realized on the adjustments in (d) and (e) of \$0.7 million.



# Reconciliation Between Adjusted and Reported GAAP Financials

## EBITDA

|   | For the Quarters Ended June 30, |              |                  |              |
|---|---------------------------------|--------------|------------------|--------------|
|   | 2018                            | % of sales   | 2017             | % of sales   |
| Net income  | \$ 10,450                       |              | \$ 13,125        |              |
| Interest expense                                  | 572                             |              | 795              |              |
| Income tax expense                                | 1,655                           |              | 5,303            |              |
| Depreciation and amortization                     | 7,028                           |              | 6,261            |              |
| <b>EBITDA</b>                                     | <b>\$ 19,705</b>                | <b>10.6%</b> | <b>\$ 25,484</b> | <b>14.6%</b> |
| Strategic initiatives expenses                    | 1,167                           |              | —                |              |
| Inventory step-up purchase accounting adjustments | —                               |              | 543              |              |
| TNW restructuring expenses                        | 885                             |              | 293              |              |
| <b>EBITDA, adjusted</b>                           | <b>\$ 21,757</b>                | <b>11.7%</b> | <b>\$ 26,320</b> | <b>15.1%</b> |

|   | For the Six Months Ended June 30, |              |                  |              |
|---|-----------------------------------|--------------|------------------|--------------|
|   | 2018                              | % of sales   | 2017             | % of sales   |
| Net income  | \$ 21,504                         |              | \$ 24,794        |              |
| Interest expense                                  | 1,112                             |              | 1,401            |              |
| Income tax expense                                | 3,778                             |              | 7,797            |              |
| Depreciation and amortization                     | 14,248                            |              | 12,778           |              |
| <b>EBITDA</b>                                     | <b>\$ 40,642</b>                  | <b>10.7%</b> | <b>\$ 46,770</b> | <b>13.7%</b> |
| Strategic initiatives expenses                    | 1,289                             |              | 160              |              |
| Inventory step-up purchase accounting adjustments | —                                 |              | 1,025            |              |
| Severance expenses                                | —                                 |              | 1,006            |              |
| TNW restructuring expenses                        | 1,419                             |              | 293              |              |
| <b>EBITDA, adjusted</b>                           | <b>\$ 43,350</b>                  | <b>11.5%</b> | <b>\$ 49,254</b> | <b>14.5%</b> |

# Reconciliation Between Adjusted and Reported GAAP Financials

## Organic Sales

|                                  | Quarter Ended June 30, 2018 |                        |                                 |              |
|----------------------------------|-----------------------------|------------------------|---------------------------------|--------------|
|                                  | Performance<br>Materials    | Technical<br>Nonwovens | Thermal Acoustical<br>Solutions | Consolidated |
| <b>Sales growth, as reported</b> | 6.6%                        | 6.9%                   | 4.8%                            | 6.6%         |
| Change in tooling sales          | —                           | —                      | 2.1%                            | 1.0%         |
| Foreign currency translation     | 2.8%                        | 4.3%                   | 2.4%                            | 3.3%         |
| <b>Organic sales growth</b>      | 3.8%                        | 2.6%                   | 0.3%                            | 2.3%         |

|                                  | Six Months Ended June 30, 2018 |                        |                                 |              |
|----------------------------------|--------------------------------|------------------------|---------------------------------|--------------|
|                                  | Performance<br>Materials       | Technical<br>Nonwovens | Thermal Acoustical<br>Solutions | Consolidated |
| <b>Sales growth, as reported</b> | 6.7%                           | 10.5%                  | 12.2%                           | 11.1%        |
| Change in tooling sales          | —                              | —                      | 6.6%                            | 3.3%         |
| Foreign currency translation     | 4.1%                           | 5.5%                   | 3.7%                            | 4.6%         |
| <b>Organic sales growth</b>      | 2.6%                           | 5.0%                   | 1.9%                            | 3.2%         |

The above tables provide information regarding organic sales growth, defined as net sales growth excluding (1) sales from the acquired businesses (2) the impact of foreign currency translation and (3) change in tooling sales.

# Reconciliation Between Adjusted and Reported GAAP Financials

| (\$ in 000)                                      | Quarter Ended June 30, |           | Six Months Ended June 30, |           |
|--|------------------------|-----------|---------------------------|-----------|
|  | 2018                   | 2017      | 2018                      | 2017      |
| <b>Thermal Acoustical Solutions</b>              |                        |           |                           |           |
| Operating Income, as reported                    | \$ 8,820               | \$ 15,395 | \$ 21,434                 | \$ 30,191 |
| Severance expenses                               | —                      | —         | —                         | 732       |
| Operating Income, adjusted                       | \$ 8,820               | \$ 15,395 | \$ 21,434                 | \$ 30,923 |
| Operating margin, as reported                    | 9.8%                   | 17.9%     | 11.2%                     | 17.7%     |
| Operating margin, adjusted                       | 9.8%                   | 17.9%     | 11.2%                     | 18.1%     |
| <b>Technical Nonwovens</b>                       |                        |           |                           |           |
| Operating Income, as reported                    | \$ 6,118               | \$ 6,535  | \$ 11,124                 | \$ 11,203 |
| Inventory step-up purchase accounting adjustment | —                      | 543       | —                         | 1,025     |
| Severance expenses                               | —                      | —         | —                         | 274       |
| Strategic initiatives expenses                   | —                      | —         | —                         | 60        |
| Restructuring expenses                           | 885                    | 293       | 1,419                     | 293       |
| Operating Income, adjusted                       | \$ 7,003               | \$ 7,371  | \$ 12,543                 | \$ 12,855 |
| Operating margin, as reported                    | 8.5%                   | 9.7%      | 8.0%                      | 8.9%      |
| Operating margin, adjusted                       | 9.8%                   | 11.0%     | 9.0%                      | 10.2%     |