



ALBANY
INTERNATIONAL

Investor Day

May 25, 2022

TODAY'S AGENDA

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1

Strategy for Continued Growth
Bill Higgins, CEO

2

Machine Clothing
Daniel Halftermeyer, President

3

Albany Engineered Composites
Greg Harwell, President

4

Financial Overview
Stephen Nolan, CFO

5

Closing Remarks and Q&A
Leadership Team

SAFE HARBOR

This presentation contains certain items, such as earnings before interest, taxes, depreciation and amortization (EBITDA), Adjusted EBITDA, Adjusted EBITDA Margins, Free Cash Flow and net debt, as well certain income and expense items on a per share basis, that could be considered 'non-GAAP' financial measures under SEC rules. We think such items provide useful information to investors regarding the Company's operational performance.

This presentation also may contain statements, estimates, or projections that constitute "forward-looking statements" as defined under U.S. federal securities laws. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from the Company's historical experience and our present expectations or projections as expressed or implied by the forward-looking statements in this presentation.

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. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. Viewers are cautioned not to place undue reliance on these 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 our SEC filings, including our most recent annual and quarterly reports. Please refer item 7 in the Annual Report on Form 10K for the concise reconciliation of our non-GAAP measures. Our use of such items in this presentation is subject to those additional disclosures, which we urge you to read.



Strategy for Continued Growth

Bill Higgins

President & Chief Executive Officer

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KEY TAKEAWAYS

1

Technology Experts
Serving Vital Industries

2

Solid Execution sets the
Foundation for Growth

3

Secular Trends Support
Long-term Growth

4

Strategy For Layered Growth



WHO IS ALBANY INTERNATIONAL?

Founded in
1895

Market Cap
\$2.5Bn

Global operations
across
11
countries



\$929M
2021 Revenue

\$48M
Net Debt

4000+
Employees globally

10%
5 Yr CAGR
of Adj. EBITDA

\$251M
2021 Adj.
EBITDA

20
Years of consecutive
dividend payouts

TECHNOLOGY EXPERTS SERVING VITAL INDUSTRIES



MACHINE CLOTHING

Engineered product solutions for the Pulp & Paper and other process industries

- Consumable, continuous replenishment
- Proprietary
- Tailored, customized products
- Harsh environments
- Mission-critical: essential to reliable machine operation
- Key element that defines product attributes & quality



ENGINEERED COMPOSITES

Engineered product solutions for the Aerospace and Defense industries

- Proprietary solutions
- Broad range of product offerings and production processes
- Engineering capability
- Mission-critical solutions for harsh environments
- Lightweight
- Support all platform types: fixed-wing, rotorcraft unmanned aircraft, and missiles

SOLUTIONS POWERING GLOBAL TRAVEL

Our composite solutions not only make aircraft lighter, improving fuel efficiency ...

... But make the engines themselves more efficient, by reducing rotating weight



3D-woven composite blades

- Lighter
- Stiffer
- More damage tolerant
- Certified for life of the engine



GLOBAL OPERATIONAL SUCCESSES DELIVERING POWERFUL RESULTS



ALBANY
INTERNATIONAL'S
HIGHLY
ATTRACTIVE
INVESTMENT
OPPORTUNITY

Leader in PMC with
proprietary solutions
delivering predictable
and strong FCF
stability

Long history
of strong balance
sheet, solid
execution, and
prudent capital
management

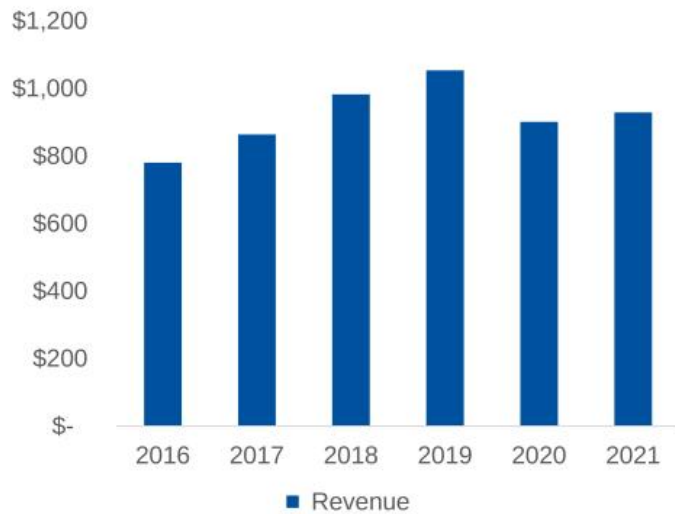
Differentiated
composites
business with
ample opportunity
to grow both near
and long-term



DELIVERING SOLID FINANCIAL PERFORMANCE

REVENUE

(millions)



ADJ EBITDA AND MARGIN

(millions)



WELL-POSITIONED TO TAKE ADVANTAGE OF GLOBAL PAPER DEMAND GROWTH

E-Commerce



One component driving secular growth in paper packaging demand

Growing Global Middle Class



Per-capita consumption growth in the developing world for all grades

Non-Cyclical Tissue Business



Tissue demand is resilient in economic downturns

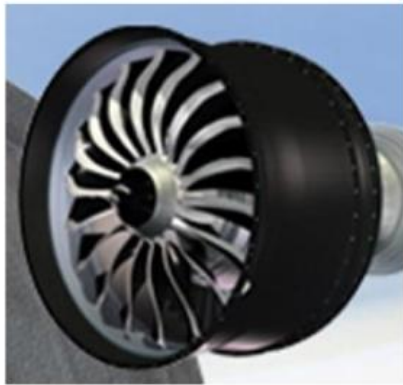
Sustainability & Environmental Drivers



Renewable paper products are an environmentally responsible choice versus plastic

AEROSPACE SEGMENT POISED TO OUTGROW GLOBAL RECOVERY

Commercial Aviation Recovery



Increasing production rates for 737MAX, A320Neo



Expect 787 & GE9X production to increase as recovery in international travel emerges

Defense Priorities



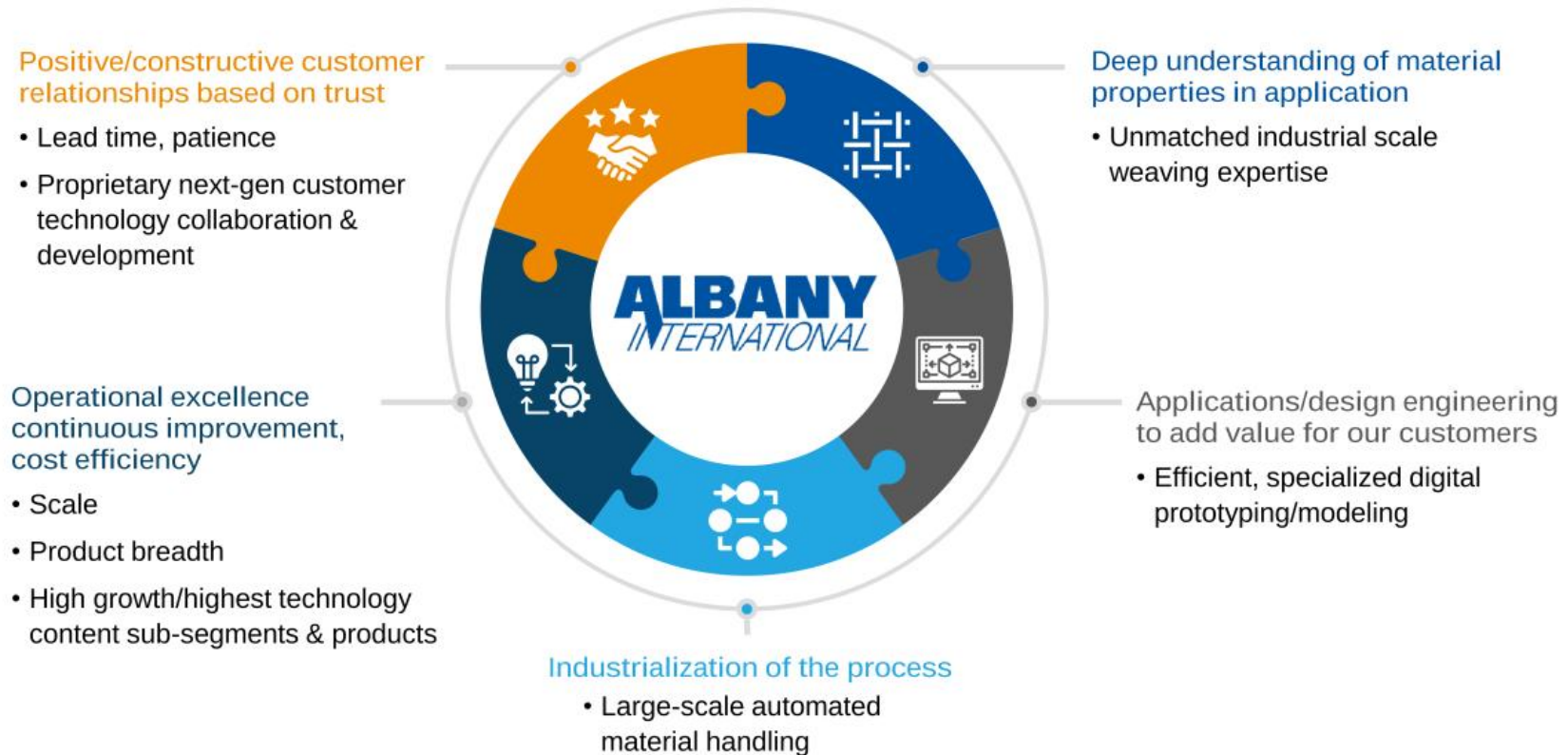
Albany's defense programs align with DoD priorities, have growing production rates

Emerging Opportunities



Bizjet growth & emerging sustainable technologies

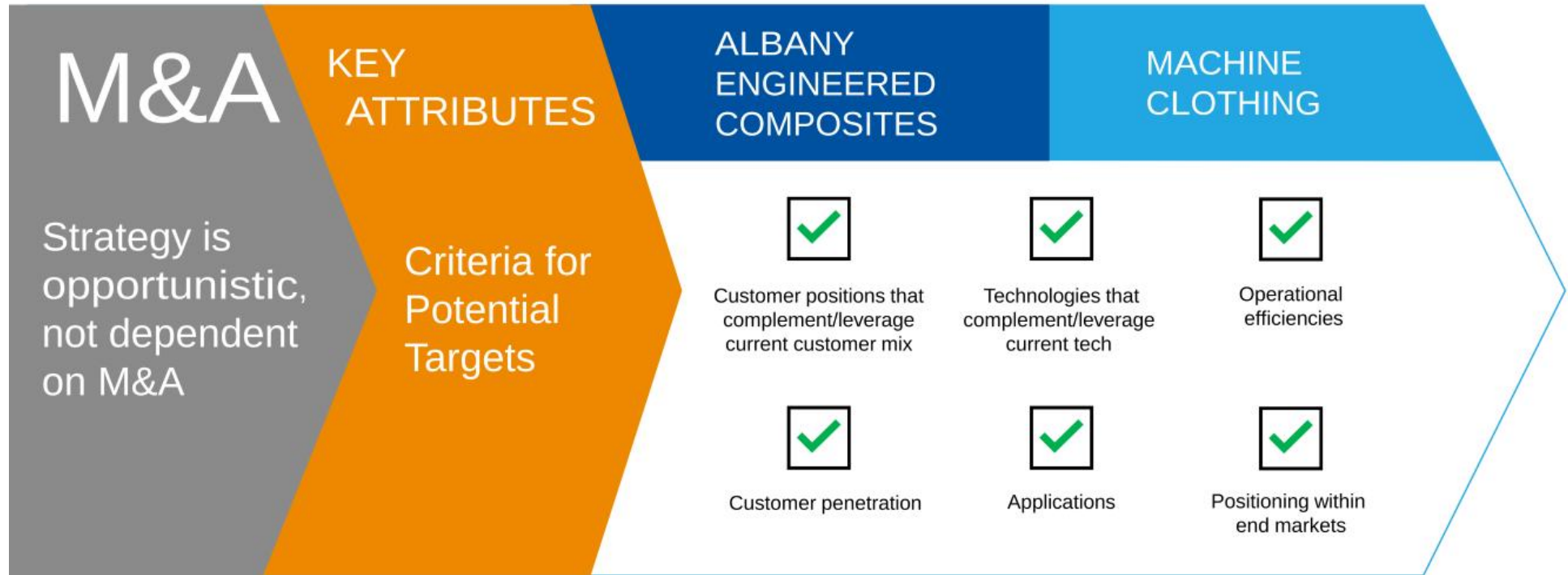
STRATEGY FOR CONTINUED VALUE CREATION



WELL DEFINED CAPITAL PRIORITIES THAT DRIVE STRONG ORGANIC GROWTH

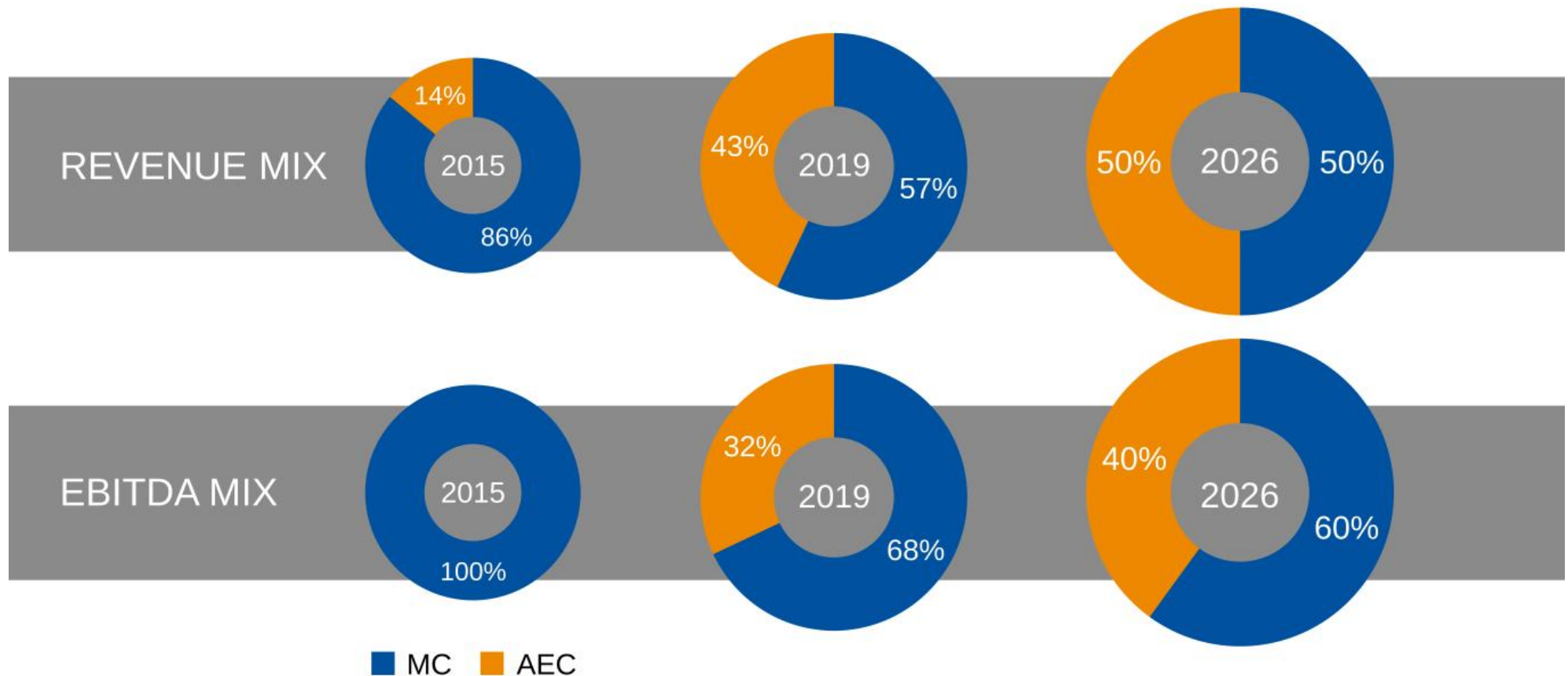


DISCIPLINED ACQUISITION STRATEGY



LONGER TERM EVOLUTION OF FINANCIAL PERFORMANCE

Contribution by Business Segment



EXPERIENCED AND DISCIPLINED MANAGEMENT TEAM



Bill Higgins
PRESIDENT &
CHIEF EXECUTIVE OFFICER



Daniel Halftermeyer
PRESIDENT
MACHINE CLOTHING



Greg Harwell
PRESIDENT ALBANY
ENGINEERED COMPOSITES



Stephen Nolan
CHIEF FINANCIAL
OFFICER & TREASURER

Strong Cash Generation in Machine Clothing

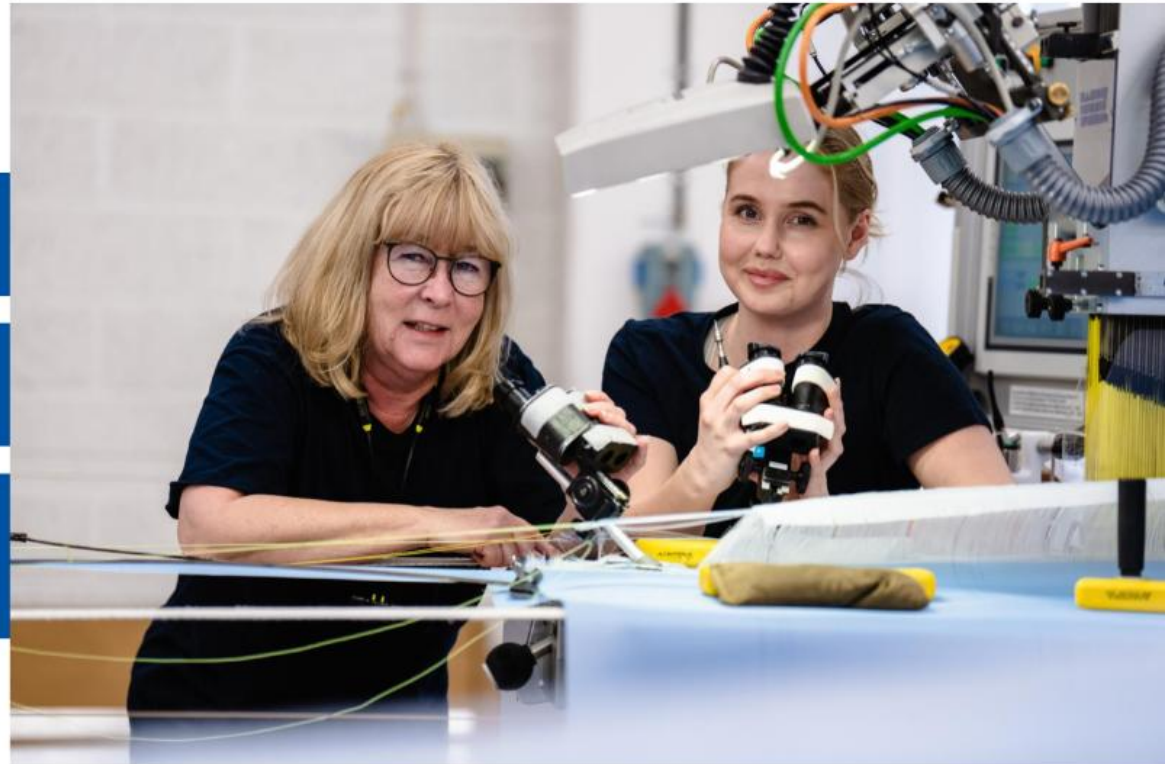
Daniel Halftermeyer
President – Machine Clothing

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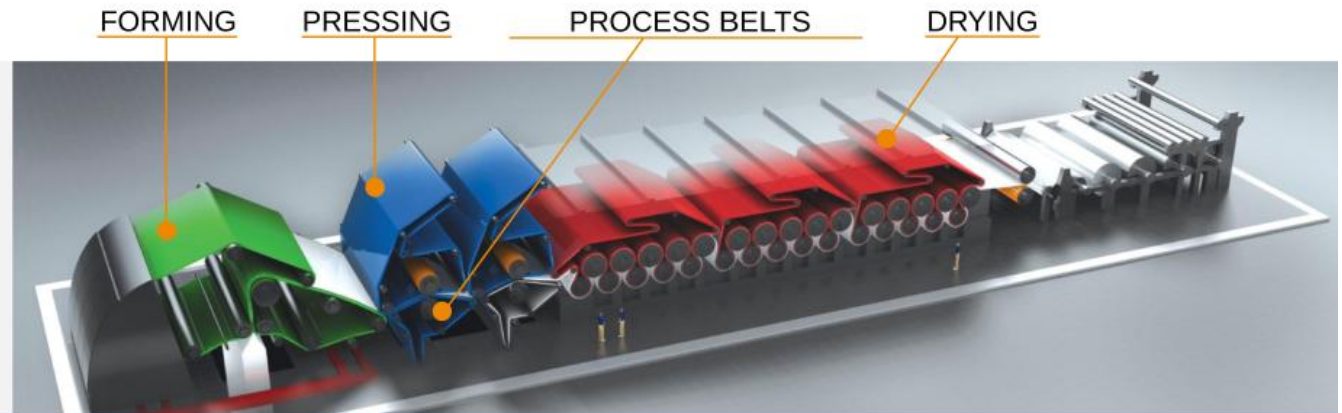
KEY TAKEAWAYS

- 1 Complex Systems and Robust Technology Differentiators
- 2 Global Trends are Opening Up Future Opportunities
- 3 Predictable, Strong, Sustainable Growth and Cash Flow



WHAT IS MACHINE CLOTHING TECHNOLOGY?

- Produce **consumable belts** that enable production of every paper product in your life
- **Essential** to paper machine operation
- Operate continuously in a **harsh environment**



CONSUMABLE PRODUCTS	# POSITIONS	AVERAGE LIFE
Forming	2	45-60 Days
Pressing	4	40-60 Days
Drying	8	6-18 Months
Process Belts	2	8-16 Months

~20
to
~45
belts

PER
MACHINE
PER
YEAR

HARSH ENVIRONMENT

High Speed

High Pressures

High Heat

High Humidity

PROVIDING HIGHLY-TAILORED AND TECHNICALLY DEMANDING SOLUTIONS



Machine Clothing belts help produce a broad swath of paper products, including toilet paper, paper towels, cardboard, newspaper, tissue, printing and writing paper, and others



Our belts are a key component defining the quality of each product



Each belt is tailored to exacting tolerances for each machine and each product produced on that machine

Custom Engineered Belts for Process Industries



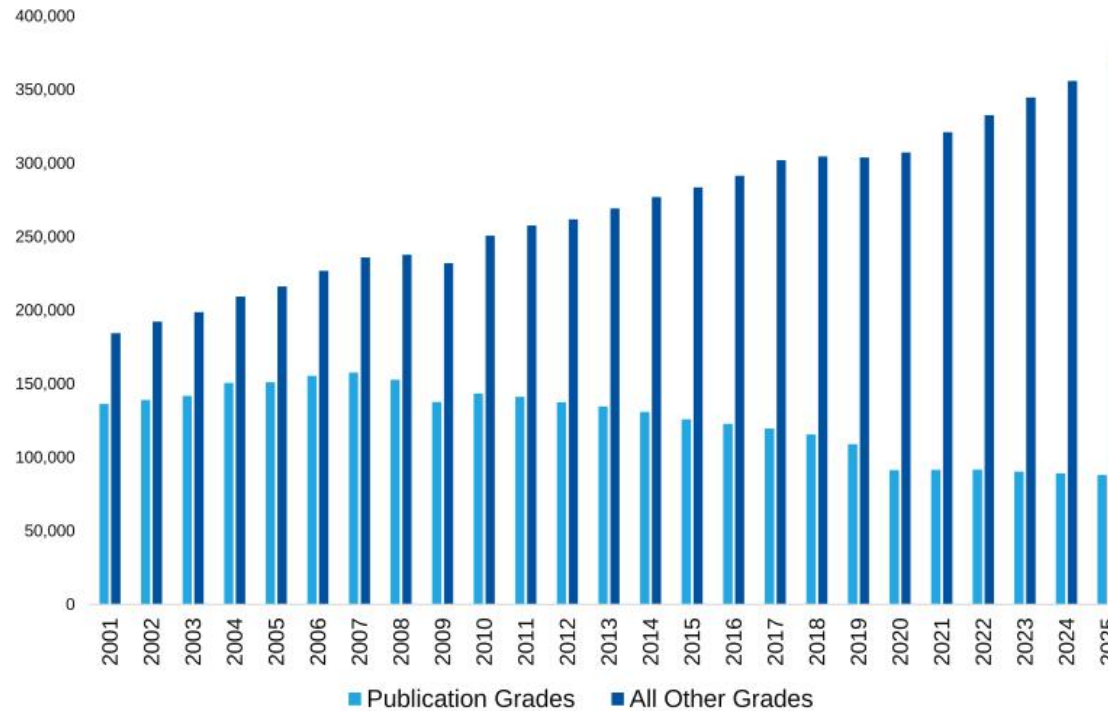
PRODUCT ATTRIBUTES

- Consumable
- High Value-Add
- Proprietary Product & Process Technology
- High Switching Costs

GLOBAL PAPER PRODUCTION CONTINUES TO INCREASE

Global Paper Production

Volume (Metric Tonnes x1000)



SECULAR TRENDS ENHANCING DEMAND



E-Commerce



Sustainability and Environmental Drivers



Growing Global Middle Class



Non-Cyclical Tissue Business

GLOBALLY POSITIONED TO SERVE TIER 1 CUSTOMERS

8,200+

Paper machines worldwide
that are all unique and
require customized solutions

Tier 1

2,500

Tier 2

5,700

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Sources: Company Estimates, RISI

Operations

14 ▶ 11

Plants

Countries



- R&D Centers of Excellence
- Product Engineering / Plants
- HQ

STRATEGY FOR SUSTAINED GROWTH

A focus on Tier One Customers while serving targeted Tier Two Customers in the right grades to capture further business

OPERATIONAL EXCELLENCE

- Eliminating non-value added activities
- Using cost effective techniques across all functions
- Maintaining our low-cost platform

R&D INVESTMENT

- New technologies for key customers and growing grades

TIER ONE ATTRIBUTES



Largest Machines



Most Sophisticated

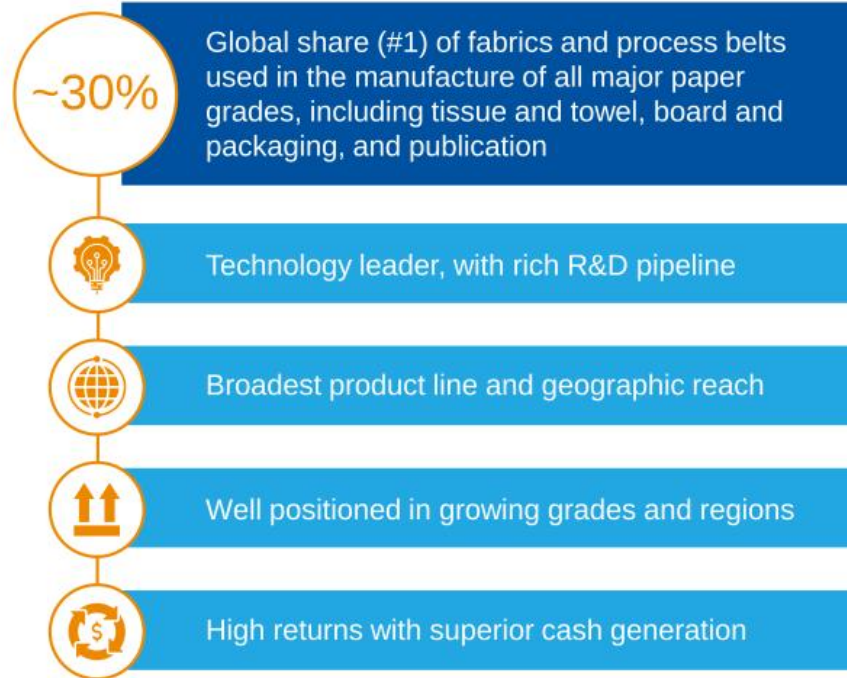


Most Cost Efficient



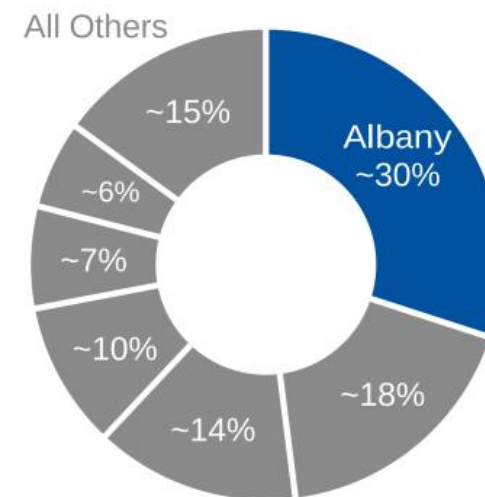
Most Technically Demanding

CONSUMABLE PRODUCTS POWERED BY MACHINE CLOTHING TECHNOLOGY



MARKET LEADER

GLOBAL PAPER MACHINE CLOTHING MARKET SHARE



FOUNDATIONS OF SUCCESS

We continuously optimize Machine Clothing to maintain marketplace leadership

Constant optimization and LEAN principles to drive efficiency into the business

Our optimized, global footprint provides us access to key customers and markets

Build stronger customer relationships and partnerships

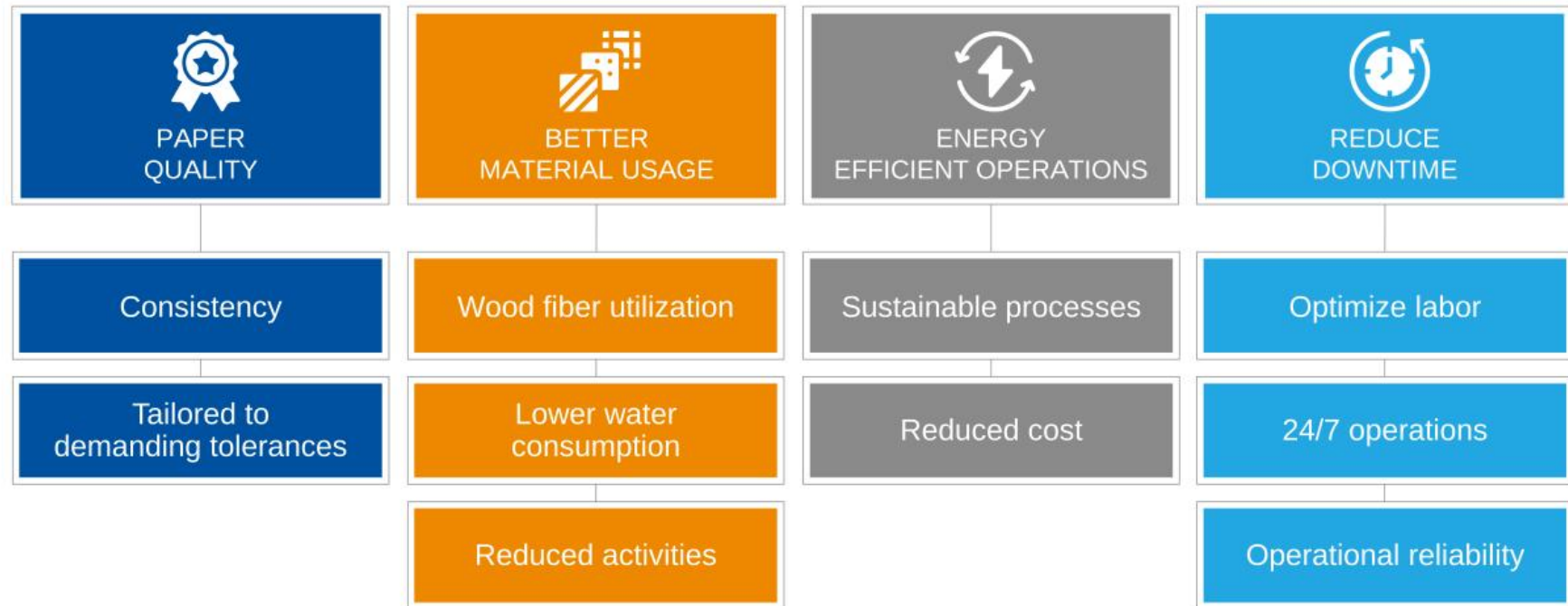
Leading products as a result of our R&D activities

Investment to modernize and automate our plants



Well-positioned to maintain and enhance our market-leading status

VALUE TO CUSTOMERS = CONSISTENT QUALITY, GREATER EFFICIENCY, GREATER PROFITABILITY



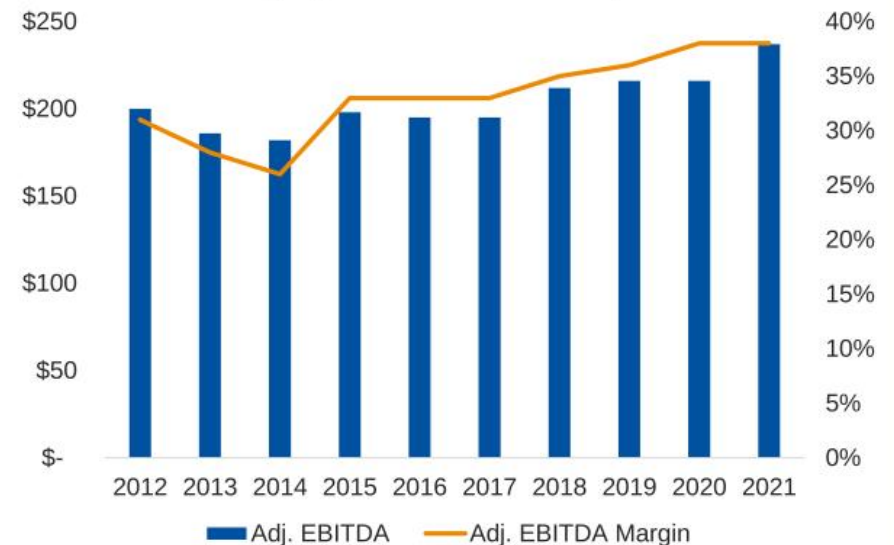
RELIABLE, GROWING CASH FLOW GENERATION

Trendline growth in paper and paperboard production sets positive long-term GDP± demand trend

Continuing investments in R&D drive continued share gains in the growing tissue and packaging grades

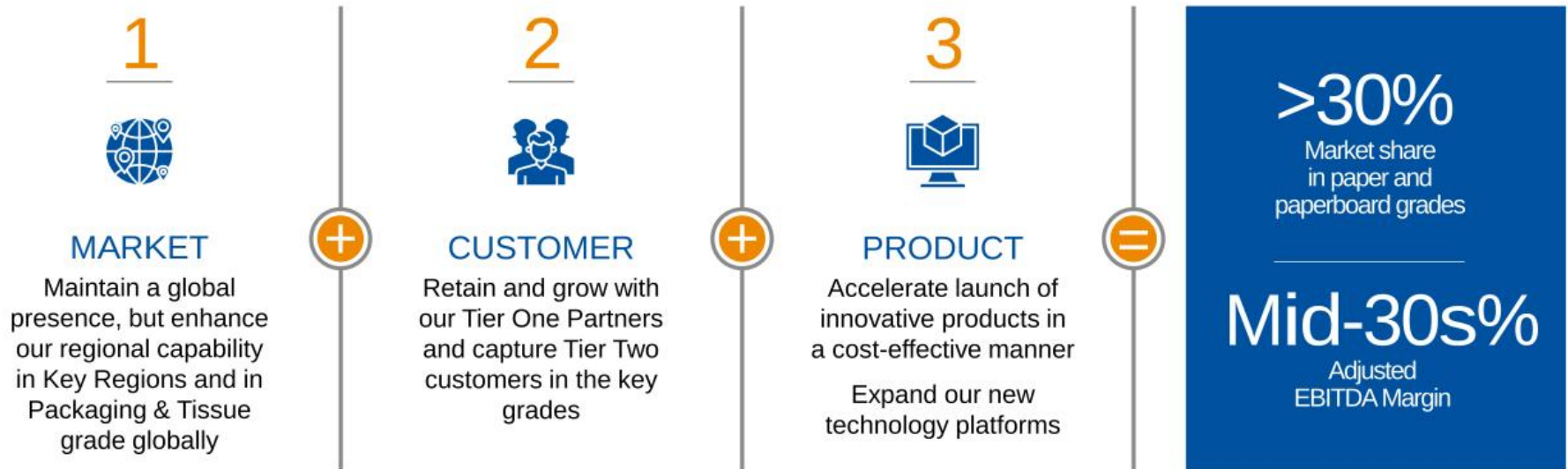
AS THE
MARKET
LEADER

Historical Adj. EBITDA and Adj. EBITDA Margin
(Adj. EBITDA in millions)



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

MAINTAINING OUR PROFITABLE, MARKET-LEADING POSITION





Expanded Growth Opportunities for AEC

Greg Harwell

President – Albany Engineered Composites

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KEY TAKEAWAYS

- 1 An Established A&D Supplier
- 2 Winning New Customers and Major Platforms
- 3 Investing in R&D to Build Lasting Technology Platform
- 4 Strong Revenue Growth Expected



BALANCED, ACCELERATED GROWTH

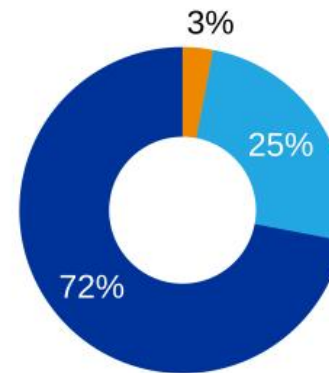
Specialized engineered composite solutions business with full range of capabilities

- Delivering on critical jet engine and airframe components, structure and assemblies
- >\$300M** Globally recognized Aero & Def player
Revenue
- >20%** Adj. EBITDA margin
- A **balanced** mix

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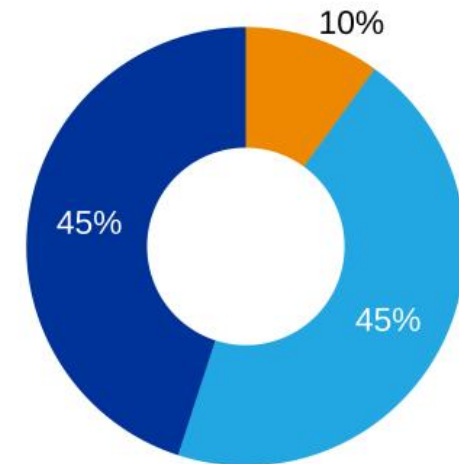
PRE-PANDEMIC

2019



POST-PANDEMIC

2026 Target



■ Comm Aero ■ Defense ■ Other

SHARED TECHNOLOGY SOLUTIONS POWER AEC GROWTH



Through M&A, gained full range of composite process & material technologies
Texas Composites (2006), Aztex (2006)
Harris (2016), CirComp (2019)



Albany – Safran Joint Venture
Innovative 3D woven technology



Dedicated Research Development & Technology Centers (US and Germany)
Developing next gen 3D woven, thermoplastic, pultrusion, in-situ consolidation, and other advanced technologies



LEAP



CH-53K



F-35



787

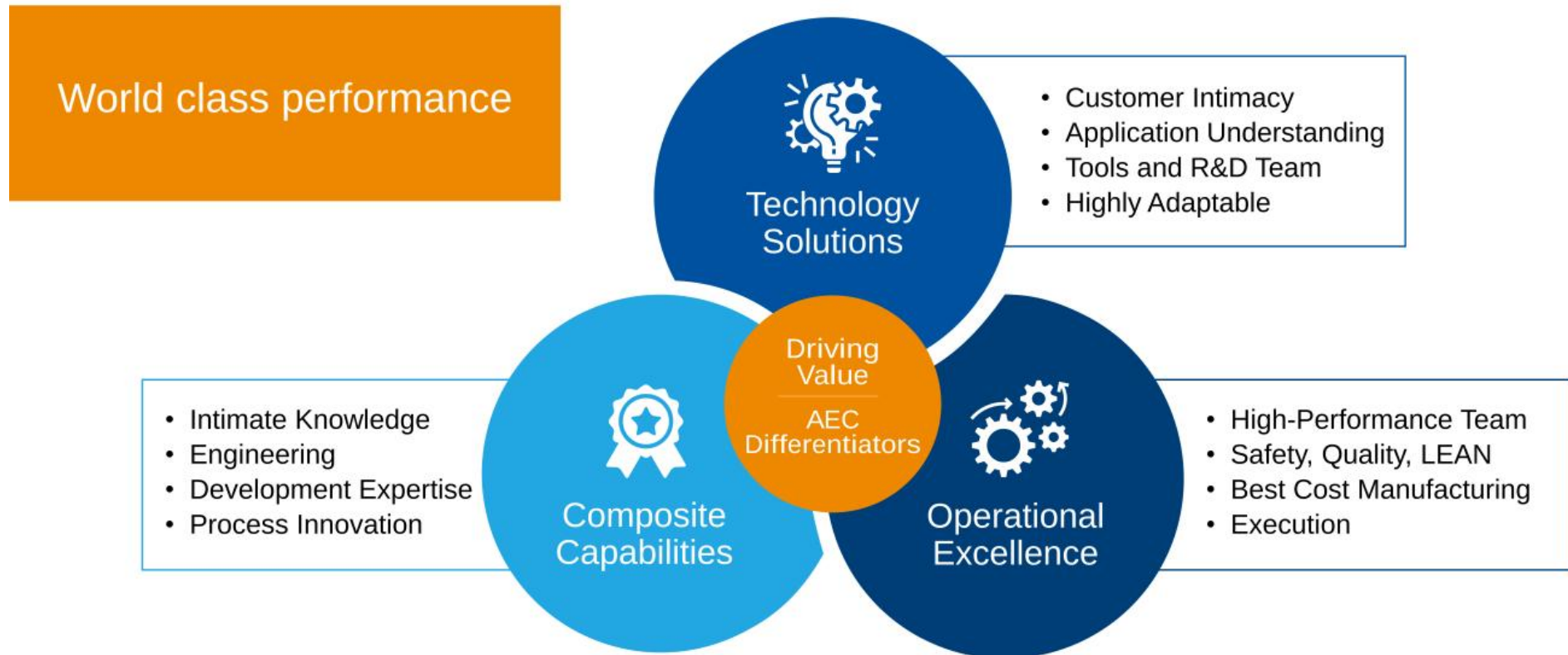


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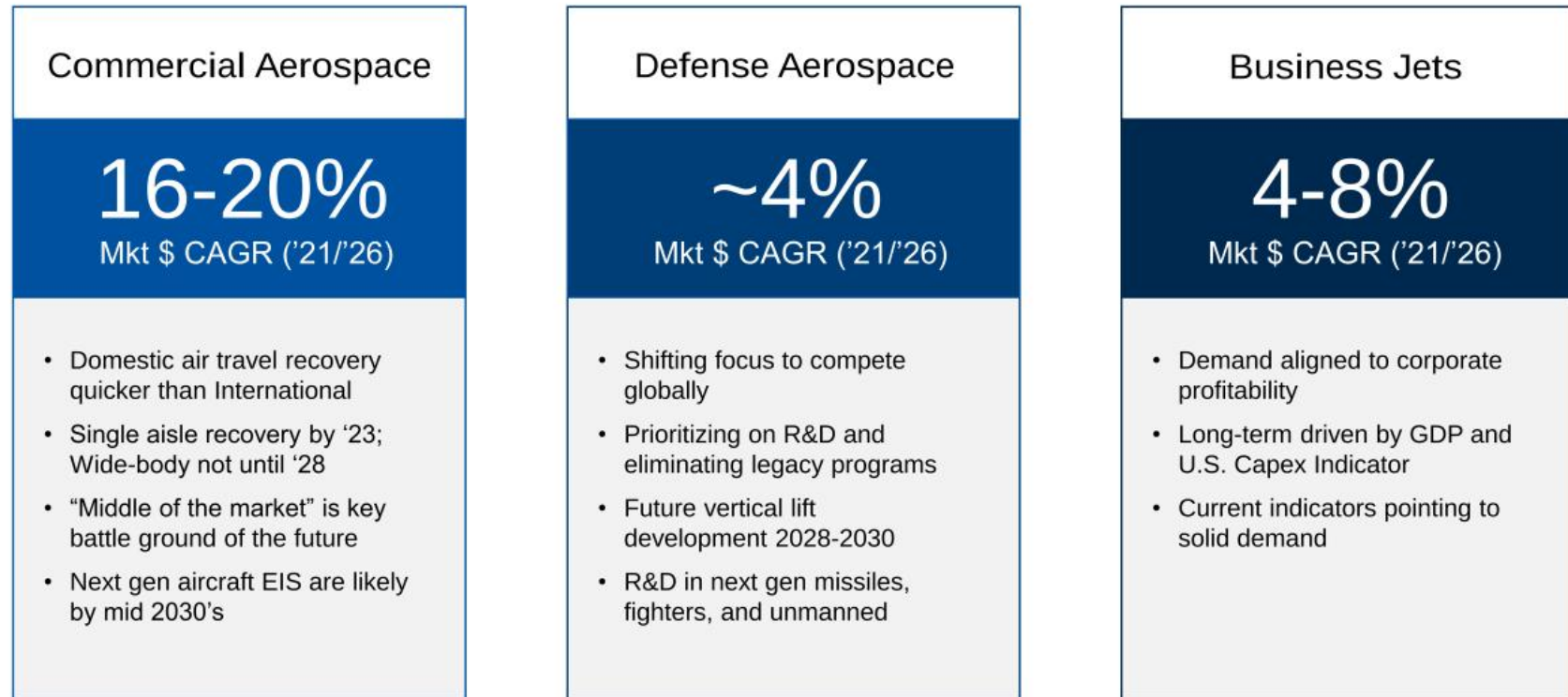


JASSM

VALUE PROPOSITION BASED ON KEY DIFFERENTIATORS



RECOVERING MARKET DYNAMICS



LAYERED GROWTH STRATEGY DRIVES 14+% TOP LINE CAGR

BASE BUSINESS

Perform on Strong Portfolio of Defense Programs

Deliver on Ramping Commercial Narrow Body

Strong Potential in Commercial Wide Body

- ✓ ~8% 5yr revenue CAGR ('21/'26)
- ✓ LTA secured
- ✓ Market momentum alone returns near pre-pandemic revenue in next 5 years

NEW BUSINESS

Operational Excellence Opening Doors with New Customers

Build New Technology Positions

- ✓ New business wins driving 6-8% above base growth over next 3-5 years
- ✓ Investing in the future

STRONG DEFENSE

DEFENSE BUSINESS

(5yr Target, 45% of Segment Revenue)



■ F-35
■ CH-53K
■ JASSM
■ Other

- Top 3 programs comprise 80+% of defense revenue
- Defense revenues grow low-double digit rate thru '26
- Expanding statement of work

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PROGRAMS PORTFOLIO



STEADY

FIXED WING

F-35
(ALL VARIANTS)

'26 REVENUE
TARGET
~\$80M



RAMPING

ROTARY

CH-53K

'26 REVENUE
TARGET
~\$125M



MODERATE
GROWTH

MISSILE

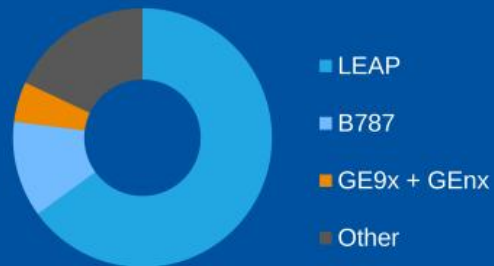
JASSM

'26 REVENUE
TARGET
~\$20M

STRONG PORTFOLIO IN COMMERCIAL

COMMERCIAL BUSINESS

(5yr Target, 45% of Segment Revenue)



- All LEAP engine variants; 3D Woven, conventional work
- Comm WB revenues grow >20% thru '26 (very low base)
- Full recovery to pre-pandemic level beyond '26

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EARLY STAGES OF RECOVERY



LEAP

'26 REVENUE
TARGET
~\$200M



B787

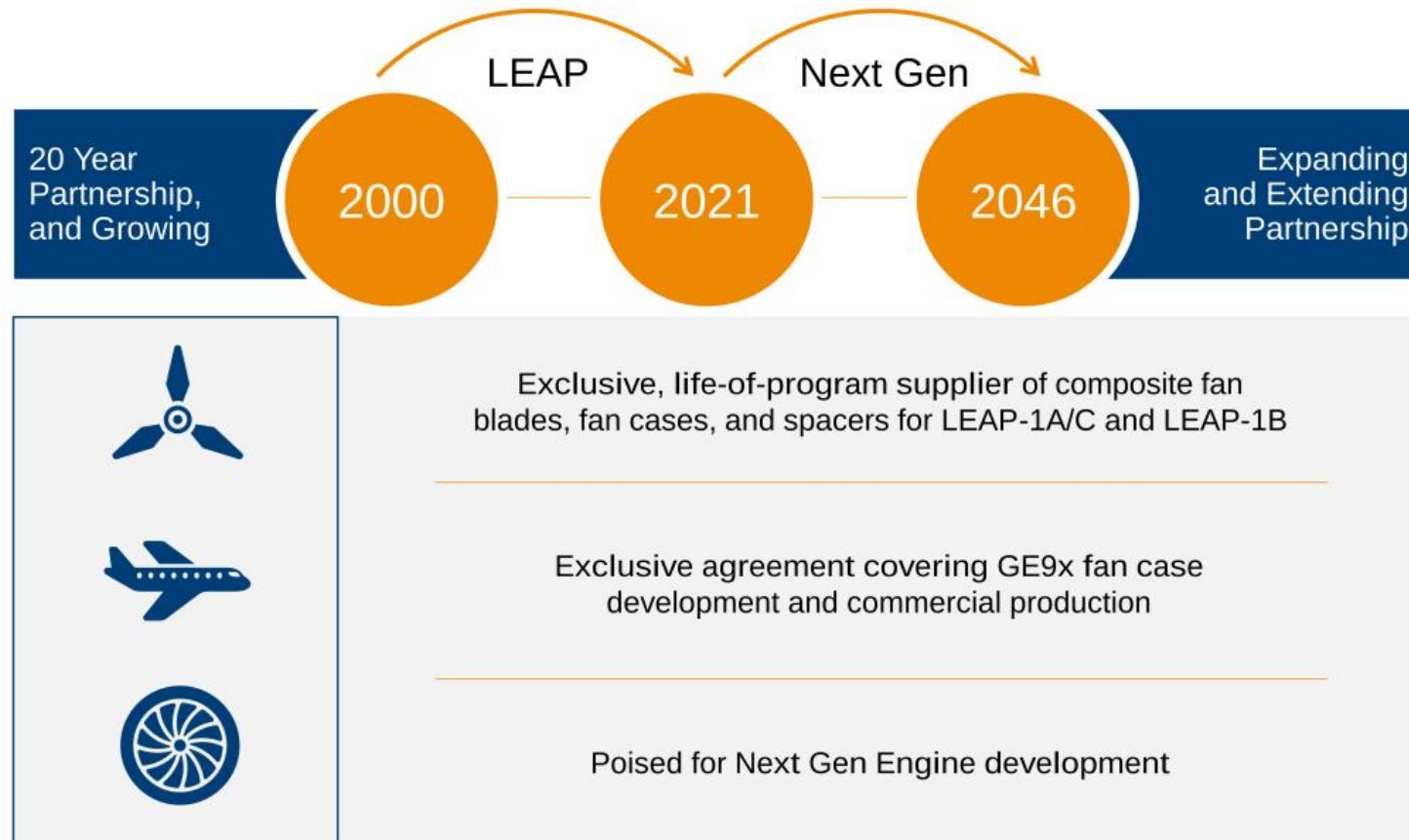
'26 REVENUE
TARGET
~\$40M



GE9x/GEnx

'26 REVENUE
TARGET
~\$15M

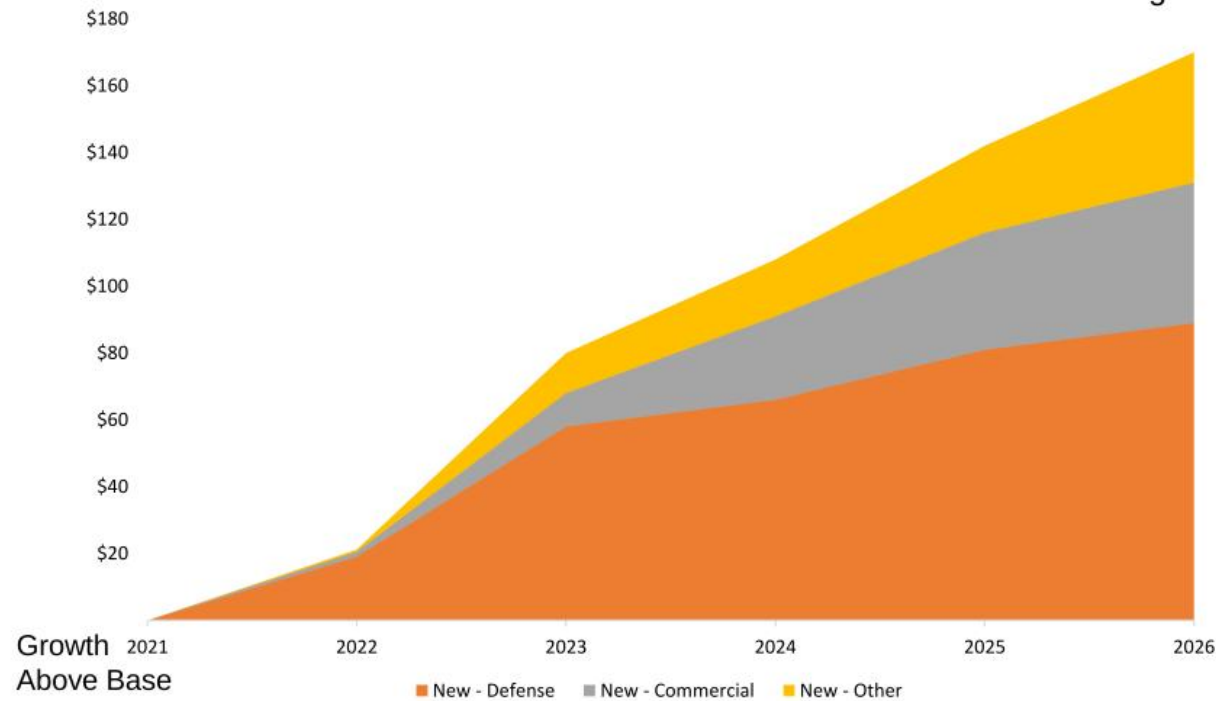
SUCCESSFUL SAFRAN PARTNERSHIP TO CONTINUE



SECURING NEW BUSINESS

Significant 2021 Wins and Growing Pipeline of New Pursuits

\$ in millions



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Expanding defense mix



Expanding advanced composite applications



Significant 2021 Wins

- Expand CH-53K statement of work; key platform partner
- Enter UCAV and UAV segments; new customers / programs

INVESTING IN NEXT-GEN TECHNOLOGIES FOR FUTURE GROWTH

Leaders in Driving Advanced Composite Innovation

Moving 3D woven technology beyond LEAP

- Improving **competitiveness**
- Driving process and **automation**
- 50% weight savings and unique **differentiation**

Investing in emerging technologies development

- **Collaborating** on next gen hypersonic development and investing in purpose-built facility and capabilities
- Early **customer engagement** on future aircraft and rotorcraft designs
- Exploring new applications driven by **sustainable technology solutions**

Revenue Potential in next 5yrs

Hypersonics



- Thermal protection systems development
- Technical collaboration with Tier 1
- Other OEM and USG engagements

Revenue Potential beyond next 5yrs

Engine Components



Safran partnership for next gen engine components



OEM and Tier 1 development activity for next gen narrow body airframes

PRIORITIES BASED ON MAXIMIZING SHAREHOLDER VALUE



ROBUST GROWTH POTENTIAL

STRONG LINE OF SIGHT
TO **DOUBLING REVENUE**
IN NEXT 5 YEARS

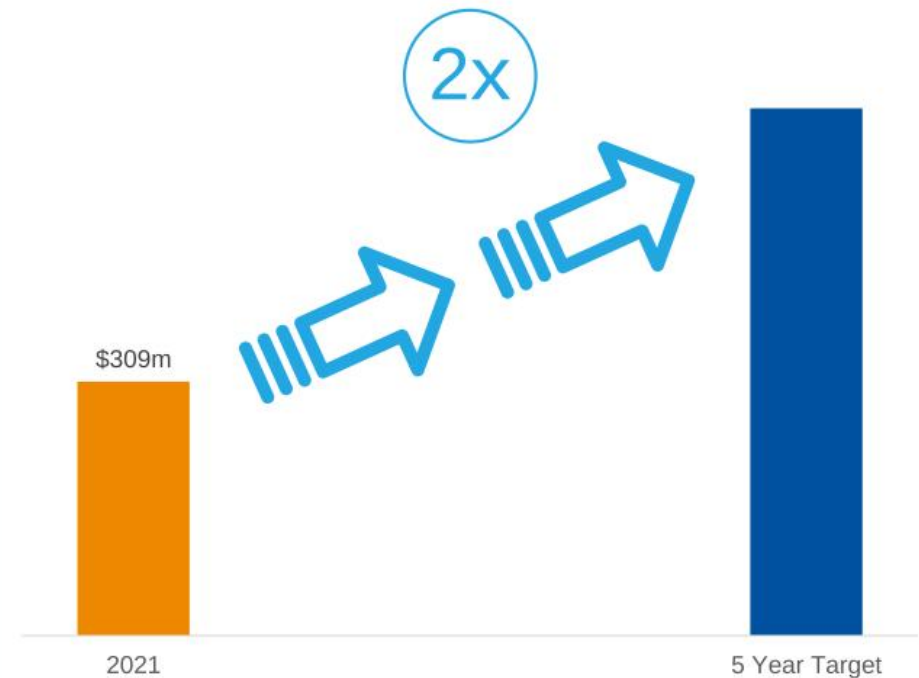
Commercial Aero
MARKET RESURGENCE

Sustained support and growth of
KEY DEFENSE PROGRAMS

Further program penetration with
STRATEGIC CUSTOMERS

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DOUBLING REVENUE IN 5 YEARS



Operational Success Suggests Strong Financial Profile

Stephen Nolan

Chief Financial Officer & Treasurer

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KEY TAKEAWAYS

- 1 Strong Historical Performance
- 2 Prudent Capital Allocation Strategy
- 3 Disciplined M&A Strategy
- 4 Targets / Goals / Outlook



2021 FINANCIAL HIGHLIGHTS

REVENUE (\$M)



ADJ. EBITDA & MARGINS

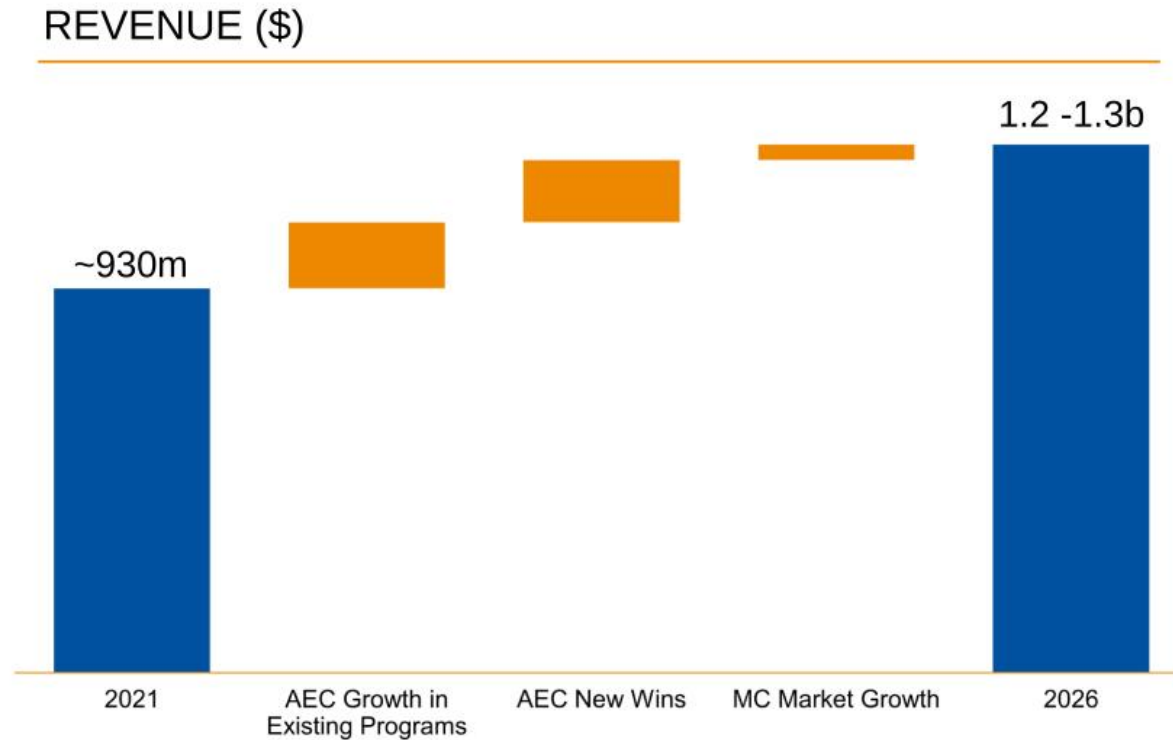


FCF (\$M) & CONVERSION*



*Conversion defined as: Free Cash Flow/Net Income

STRONG REVENUE GROWTH



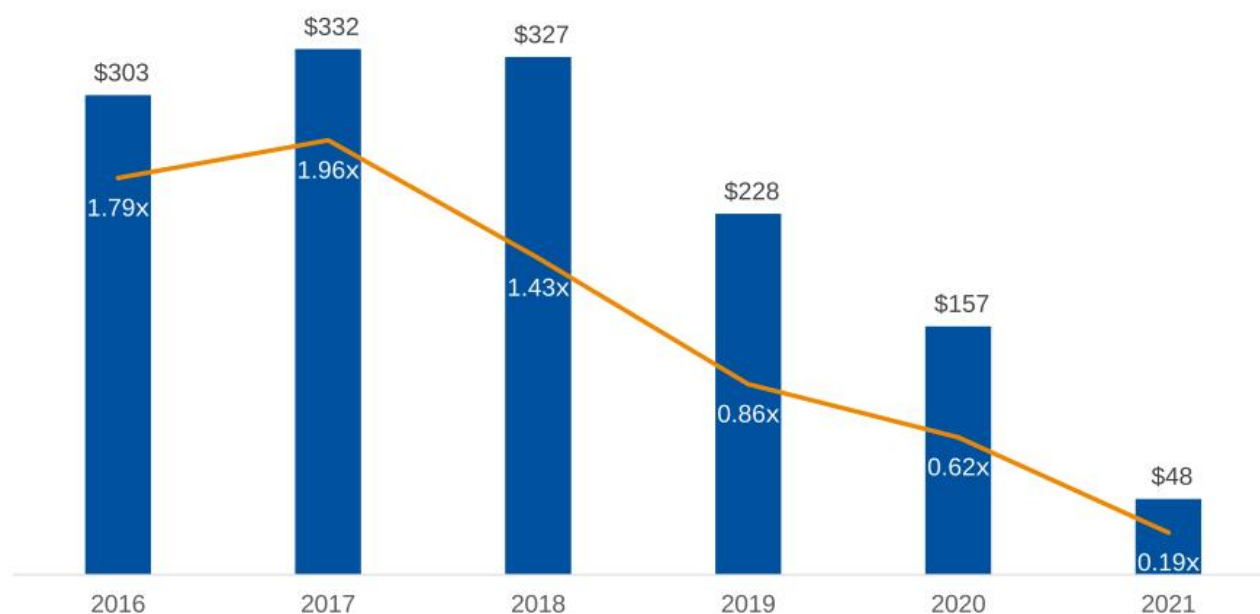
EBITDA Margin Impact

MC
Stable, high
30s target

AEC
Growing,
low-mid 20s target

HISTORICAL FOCUS ON NET DEBT AND LEVERAGE REDUCTION

NET DEBT* (\$M) AND LEVERAGE



Net debt is defined as total principal debt outstanding less cash and cash equivalents
Net leverage ratio is defined as net debt divided by Adj EBITDA for the twelve-trailing month period

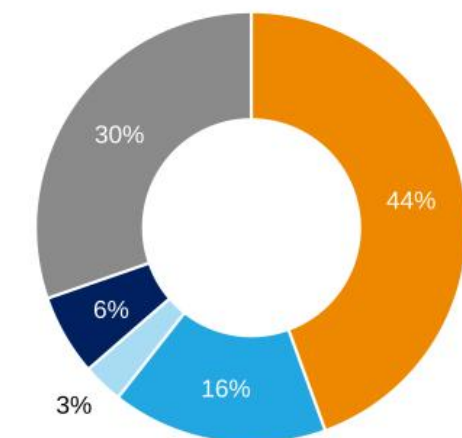
CAPITAL ALLOCATION FRAMEWORK



CAPITAL ALLOCATION FRAMEWORK

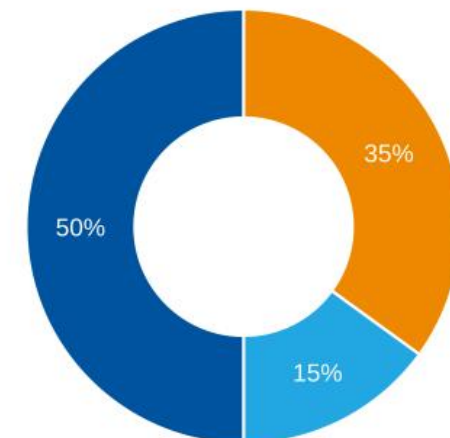
Percentage of cash flow from operations

2017-2021



■ CapEx ■ Base Dividend
■ Share Repurchases ■ M&A
■ Net Debt Reduction

2022-2026



■ CapEx ■ Base Dividend ■ Available Cash

Available
Cash uses
include

Disciplined M&A

Cash to Shareholders

Share repurchase

Dividend growth

DISCIPLINED APPROACH TO M&A

Strategy is not dependent on acquisitions; we can successfully execute our organic growth strategy without executing any transactions

However, selective acquisitions can accelerate our organic growth strategies

Balance sheet discipline

Leverage targets

FINANCIAL CHARACTERISTICS



IRR >> Cost
of Capital



Maintain long-term
net leverage target
for company
under 2.5x



Strategic willingness
to go over 3.0x
leverage target if
there exists a clear
path back down to
2.5x

M&A PRIORITIES

Driven by technology and effective market positioning

MC TARGET CHARACTERISTICS

Complementary market positions (strength in geographies or product areas with opportunities)

Continued operational scale to drive market-leading cost position

Technologies that could further enhance our product discrimination

AEC TARGET CHARACTERISTICS

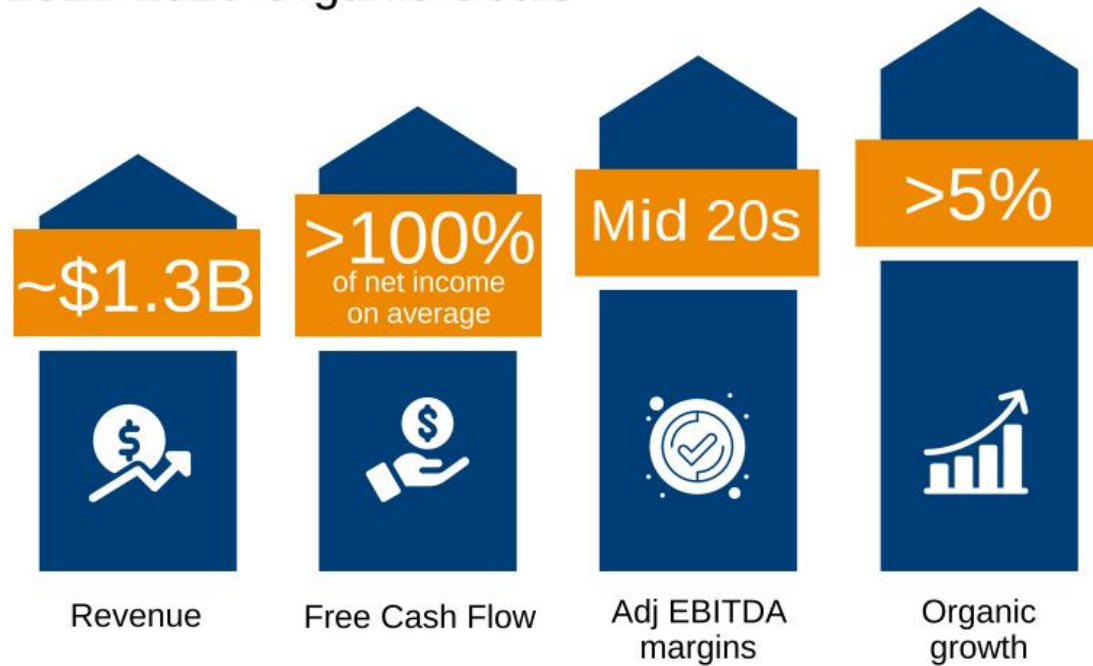
Discriminating technology (either unique processing capability or experience with unique materials)

Access to key customers with opportunities to insert existing capabilities

Strong management teams with good underlying businesses

LONG TERM TARGETS

2022-2026 Organic Goals



LONGER-TERM

New engine development expected to kick-in in late-2020s/early-2030s

Opportunities for expanded role for 3D weaving on next-generation commercial airliners towards back-end of this decade

Continued push for sustainability drives increased use of renewable/recyclable paper products and greater use of lightweight materials in aircraft structures – driving additional growth into the 2030s

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HIGHLY
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INVESTMENT
OPPORTUNITY

Leader in PMC with
proprietary solutions
delivering predictable
and strong FCF
stability

Long history
of strong balance
sheet, solid
execution, and
prudent capital
management

Differentiated
composites
business with
ample opportunity
to grow both near
and long-term

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May 25, 2022

Appendix

TRANSFORMATION TO HIGH-PERFORMING COMPANY WITH FOCUSED PLANS FOR ACCELERATING GROWTH

