



# Q3 Financial Performance

October 31, 2016

**ALBANY**  
*INTERNATIONAL*

# 'Non-GAAP' Items and Forward-Looking Statements

This presentation contains the following non-GAAP measures:

- Percentage changes in net sales, excluding currency rate effects (for each segment, and the Company as a whole);
- Adjusted EBITDA (for each segment, and the Company as a whole);
- Net debt; and
- Net income per share attributable to the Company, excluding adjustments.

We think such items provide useful information to investors regarding the Company's core operational performance. See the Company's earnings release (which accompanies this presentation) for additional information including reconciliations to GAAP measures.

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. We disclaim any obligation to update any information in this presentation to reflect any changes or developments after the date on the cover page.

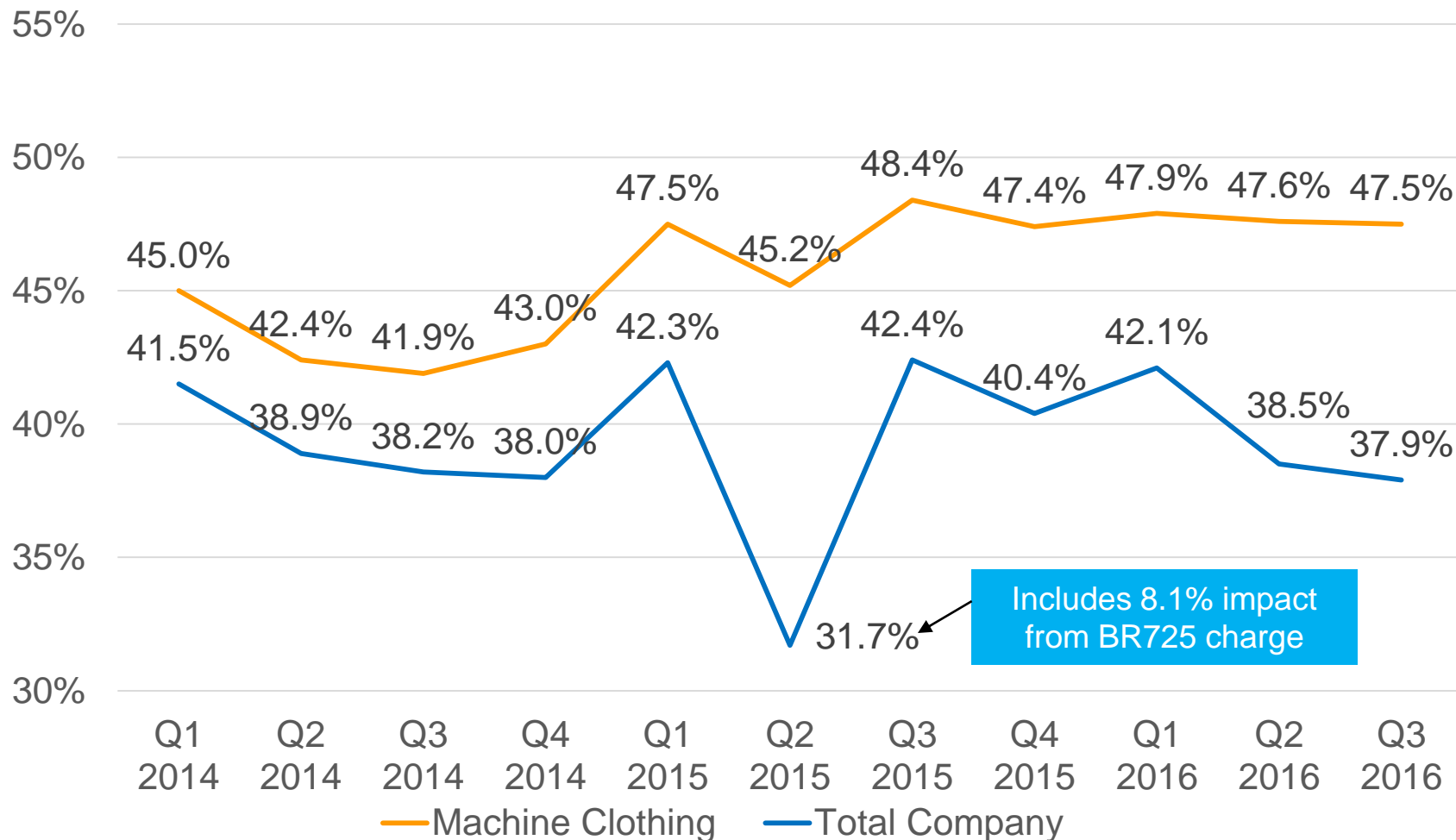
Certain additional disclosures regarding our use of these 'non-GAAP' items and forward-looking statements are set forth in our third-quarter earnings press release dated October 31, 2016, and in our SEC filings, including our most recent quarterly reports and our annual reports for the years ended December 31, 2013, 2014, and 2015. Our use of such items in this presentation is subject to those additional disclosures, which we urge you to read.

# Net Sales by Segment

(in thousands, except percentages)	Net Sales Three Months ended September 30,		Percent Change	Impact of Changes in Currency Translation Rates	Percent Change excluding Currency Rate Effect
	2016	2015			
Machine Clothing (MC)	\$143,248	\$154,522	-7.3%	\$212	-7.4%
Albany Engineered Composites (AEC)	48,024	24,267	97.9%	29	97.8%
Total	\$191,272	\$178,789	7.0%	\$241	6.8%

(in thousands)	Net Sales Nine Months ended September 30,		Percent Change	Impact of Changes in Currency Translation Rates	Percent Change excluding Currency Rate Effect
	2016	2015			
Machine Clothing (MC)	\$437,445	\$463,577	-5.6%	(\$1,872)	-5.2%
Albany Engineered Composites (AEC)	129,348	68,825	87.9%	63	87.8%
Total	\$566,793	\$532,402	6.5%	(\$1,809)	6.8%

# Gross Profit Margin by Quarter Percentage of Net Sales



# Earnings Per Share

Per share amounts (Basic)	Three Months ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income attributable to the Company, as reported (GAAP)	\$0.41	\$0.30	\$1.15	\$0.62*
Adjustments:				
Restructuring expenses, net	0.01	0.07	0.15	0.27
Discrete tax adjustments and effect of change in income tax rate	(0.01)	0.12	(0.03)	0.16
Foreign currency revaluation (gains)/losses	-	(0.02)	(0.01)	(0.08)
Acquisition expenses	-	-	0.11	-
Gain on sale of investment	-	-	-	(0.02)
Net income attributable to the Company, excluding adjustments (non-GAAP)	\$0.41	\$0.47	\$1.37	\$0.95

\* Includes \$0.28 charge for BR725

# Net Income (GAAP) and Adjusted EBITDA (non-GAAP) by Segment

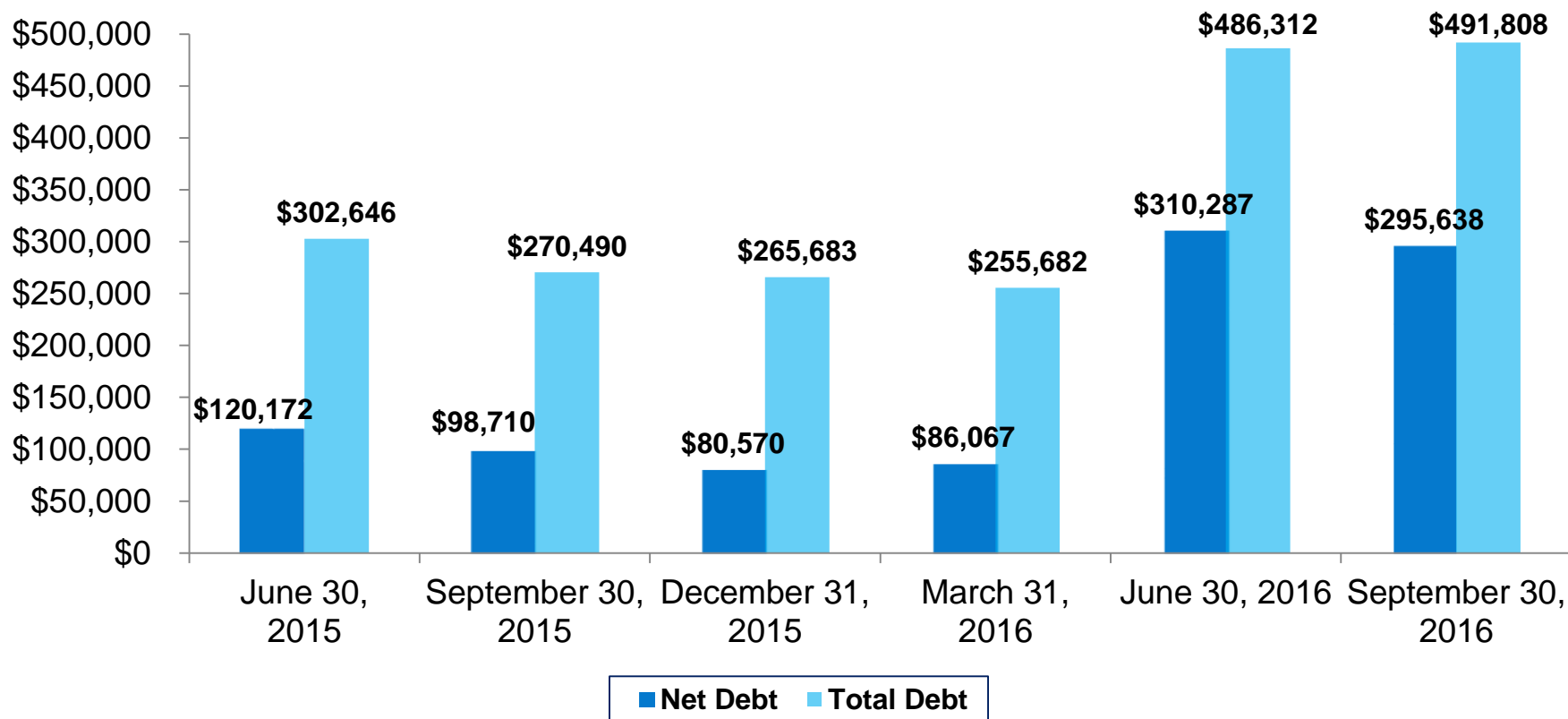
(in thousands)	Three Months ended September 30, 2016				Three Months ended September 30, 2015			
	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Net income (GAAP)	\$40,039	(\$4,529)	(\$22,101)	\$13,409	\$41,956	(\$4,191)	(\$28,085)	\$9,680
Interest expense, net	-	-	3,681	3,681	-	-	2,671	2,671
Income tax expense/(benefit)	-	-	7,488	7,488	-	-	12,243	12,243
Depreciation and amortization	9,032	8,027	1,386	18,445	9,660	2,981	2,102	14,743
<b>EBITDA (non-GAAP)</b>	49,071	3,498	(9,546)	43,023	51,616	(1,210)	(11,069)	39,337
Restructuring expenses, net	(212)	640	(102)	326	3,717	-	-	3,717
Foreign currency revaluation (gains)/losses	86	-	(308)	(222)	(2,005)	-	957	(1,048)
Pretax (income)/loss attributable to non-controlling interest in ASC	-	(428)	-	(428)	-	(25)	-	(25)
<b>Adjusted EBITDA (non-GAAP)</b>	\$48,945	\$3,710	(\$9,956)	\$42,699	\$53,328	(\$1,235)	(\$10,112)	\$41,981

# Net Income (GAAP) and Adjusted EBITDA (non-GAAP) by Segment

(in thousands)	Nine Months ended September 30, 2016				Nine Months ended September 30, 2015			
	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company	Machine Clothing	Albany Engineered Composites	Corporate expenses and other	Total Company
Net income (GAAP)	\$112,583	(\$14,083)	(\$61,674)	\$36,826	\$110,969	(\$26,635) *	(\$64,535)	\$19,799
Interest expense, net	-	-	9,610	9,610	-	-	8,049	8,049
Income tax expense/(benefit)	-	-	20,613	20,613	-	-	20,398	20,398
Depreciation and amortization	27,845	17,778	5,601	51,224	30,077	8,845	6,359	45,281
<b>EBITDA (non-GAAP)</b>	140,428	3,695	(25,850)	118,273	141,046	(17,790)	(29,729)	93,527
Restructuring expenses, net	5,921	1,787	(55)	7,653	13,929	-	-	13,929
Foreign currency revaluation (gains)/losses	1,646	5	(2,355)	(704)	(4,534)	(17)	406	(4,145)
Acquisition expenses	-	5,367	-	5,367	-	-	-	-
Gain from sale of investment	-	-	-	-	-	-	(872)	(872)
Pretax (income)/loss attributable to non-controlling interest in ASC	-	36	-	36	-	(115)	-	(115)
<b>Adjusted EBITDA (non-GAAP)</b>	\$147,995	\$10,890	(\$28,260)	\$130,625	\$150,441	(\$17,922)	(\$30,195)	\$102,324

\* Includes \$14 million charge for BR725

# Total Debt (GAAP) and Net Debt\* (non-GAAP) \$ thousands



\*Total debt less cash see Table 18 for reconciliation of total debt to net debt