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specialty engineered products and materials

NewsRelease

Lydall Completes Acquisition of Gutsche

- Solidifies Lydall as a global leader in industrial filtration markets
- Further diversifies Lydall into complementary geographies and attractive adjacent markets with a leading brand
- Combination creates further scale and unlocks operational synergies

MANCHESTER, CT - January 3, 2017 - Lydall, Inc. ("Lydall" or the "Company") (NYSE: LDL), today announced that it completed the previously announced purchase of MGF Gutsche GmbH & Co. KG ("Gutsche") on December 30, 2016 for \$58 million in cash. The Company used \$32 million of borrowings from its existing revolving credit facility and the remainder was paid from cash on hand.

The transaction positions Lydall as a global leader in needle punch nonwoven filtration solutions and strengthens the Company's position as a premier provider of engineered technical materials. The acquisition expands the Company's filtration and engineered materials product offerings into attractive adjacencies and diversifies the Company's geographic revenue base.

Gutsche is a leading producer of nonwoven needle punch materials serving the industrial filtration and high performance nonwoven segments. The business consists of operations in Germany and China.

The Gutsche businesses will be integrated into Lydall's Technical Nonwovens segment. The Company plans to maintain manufacturing presence in the UK, Europe, and China and, through restructuring initiatives, to increase efficiencies and unlock operational synergies. The acquisition will be dilutive to Lydall's earnings in 2017 on an all-in basis, which includes the effect of purchase accounting, restructuring and other non-recurring expenses. The acquisition is expected to be accretive to Lydall's earnings by mid-2018.

Dale G. Barnhart, Lydall's President and Chief Executive Officer, stated, "I am very excited to have completed the acquisition of Gutsche as it combines two complementary companies in the industrial filtration and technical materials markets. With the addition of Gutsche, we gain an experienced management team and an attractive footprint to serve Europe as well as secure a strong filtration position in the fast growing waste-to-energy incineration market. In addition, we are able to complement our China-based sales with a focus on the greater Asia-Pacific export markets. Gutsche is a well-known leading brand in the industry with an excellent reputation for high quality products and a proven culture of innovation."

About Lydall

Lydall, Inc. (NYSE: LDL) is a New York Stock Exchange listed company, headquartered in Manchester, Connecticut with global manufacturing operations producing specialty engineered products for the thermal/acoustical and filtration/separation markets. For more information, please visit <http://www.lydall.com>.  **Lydall**® is a registered trademark of Lydall, Inc. in the U.S. and other countries.

Cautionary Note Concerning Factors That May Affect Future Results

This press release contains “forward-looking statements” within the Private Securities Litigation Reform Act of 1995. Any statements contained in this press release that are not statements of historical fact, including statements related to the expected timetable for integrating the acquisition, expected benefits of the acquisition, estimated annual cost savings, expectations of the acquisition’s impact on Lydall’s earnings in 2017 and 2018, 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 cycles that affect the markets that each of the Company’s and Gutsche’s businesses serve which could have an effect on demand for their products and impact their profitability, challenges encountered by the Company in the integration of the Gutsche acquisition, disruptions in the global credit and financial markets, including diminished liquidity and credit availability, 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, that could have a negative impact on either company’s results of operations and financial condition. 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 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 II, Item 1A - Risk Factors of Lydall’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 and Part I, Item 1A - Risk Factors of Lydall’s Annual Report on Form 10-K for the year ended December 31, 2015.

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

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