

SCHWEITZER-MAUDUIT INTERNATIONAL, INC.
100 North Point Center East, Suite 600
Alpharetta, Georgia 30022-8246

March 1, 2018

Dear Valued Shareholder:

2017 was a year of significant milestone achievements and organizational change, underscored by continued strong execution of our operating and financial plans. At this point last year, we had just completed the Conwed acquisition, an exciting development given its solid long-term growth prospects and synergy opportunities with our Advanced Materials & Structures operations. I am pleased to report that the business is now fully integrated with expectations of achieving our synergy targets by the end of 2018. Importantly, even while integrating Conwed, AMS delivered strong results for the year with good organic sales growth and margin expansion. Within Engineered Papers, we delivered excellent profitability and advanced several key initiatives despite enduring anticipated headwinds. Overall, we exceeded our earnings guidance, generated strong cash flows, raised the dividend, and made several investments across the business to support global growth this year and beyond.

2017 Highlights, Reaching 50/50, and Investing for Growth

The continued buildout of our AMS growth platform accelerated in 2017. Strong organic sales growth plus the addition of Conwed drove segment sales to over \$430 million. We experienced growth across most of our key end-markets with particular strength in our transportation films as we drove our international sales higher through expanded distribution in Asia. As we continue to streamline and internationalize AMS, we are investing for growth. In 2018, we'll complete both the installation of our first non-US surface protection film line and the relocation of our Chinese assets into a newly expanded and upgraded facility. These investments pave the road for future growth as we leverage our global infrastructure and leading technologies to further penetrate overseas markets. Given the increasing scale of AMS and other activities in our Engineered Papers division, we have reached an exciting inflection point where, for the first time in SWM's history, non-tobacco related sales represented more than 50% of our total revenue. For 2018, the corporation expects to deliver growth in sales, earnings, and cash flow.

Within Engineered Papers, we continued to navigate the waters of the tobacco industry, maintaining strong profitability, focusing on costs and efficiencies, and investing for growth. For example, in 2017 we made our first commercial sales of reconstituted tobacco materials for reduced-risk Heat-not-Burn products. This innovative industry development is still in the early stages but consumer reaction thus far is reason for optimism. SWM has outstanding development and commercial teams who continue positioning our company as the supplier of choice as our customers accelerate their efforts in this innovative category.

Financial Results...2017 on Plan, Significant Tax Reform Impact

Note: All financial measures related to continuing operations and per share data are on a diluted basis. References to non-GAAP figures ("adjusted") are reconciled to GAAP in tables at the end of this annual report.

In terms of financial performance, full year adjusted EPS was \$3.18, \$0.03 above our guidance. Net sales for 2017 were \$982 million, up 17%, versus 2016. The Conwed acquisition and 4% higher organic sales in our base AMS operations drove the increase. Within AMS, sales into the transportation, infrastructure and construction, industrial, and medical end-markets all increased, though our filtration business showed some softness. This balanced growth demonstrates the strengths of our diversified portfolio, and we expect solid long term organic growth across our key applications and end-markets in the coming years. EP segment net sales decreased 2% primarily due to the expected weakness in traditional RTL products offset by small but increasing volumes in HnB products. Our LIP volumes generally performed well and we maintained our leadership position in this key product line.

GAAP operating profit was \$125 million in 2017, up from \$106 million, and adjusted operating profit was \$157 million in 2017, up from \$144 million. During 2017, the Company benefitted from the Conwed acquisition and realized synergies, organic sales growth, and margin expansion in AMS which offset some volume challenges in the EP segment. We reported full-year GAAP EPS of \$1.12 in 2017, versus \$2.70 in 2016, though much of the decline was attributable to one-time charges we recorded at the end of 2017 in relation to new U.S. tax legislation. The impact of the Tax Cuts and Jobs Act signed into law in December 2017 was nearly \$40 million of net one-time, non-cash tax expenses that we recorded in the fourth quarter of 2017, though we do expect an overall reduction in future effective tax rates (please see our fourth quarter earnings press release and our 10-K disclosures for a detailed tax review). Cash flows remained positive in 2017 with \$131 million of operating cash flow and \$90 million of free cash flow.

Strategic Transformation... Phase 1 Complete

With the retirement of our former CEO after more than a decade of successful leadership and transformation, our organization is positioning itself for the next steps in our evolution. Since joining SWM, I've been assessing our global operations, products, end-markets, and long-term strategy. We believe we have an attractive strategic direction with a strong global franchise. Our positive future is underscored by our commitment to delivering highly engineered specialty materials to our customers, our ability to foster collaborative commercial and development partnerships, and our focus on Operational Excellence – all of which are enabled by the quality and contributions of our people. I consider the strategic transformation progress in recent years a significant organizational accomplishment. We have rebalanced the SWM portfolio with the AMS growth platform, and will continue expanding SWM through organic growth and potential acquisitions intended to leverage our strengths and broaden our end-markets, customer base, and technologies.

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A Team Effort

The achievement of our 2018 financial and operating goals will require a truly collaborative effort across our organization. We are extremely proud of the talented individuals who come to work at SWM every day, from our production line technicians, product development engineers and commercial teams, to our corporate support staff. It is the commitment to excellence and value creation at all levels of the organization that continue to drive our Company forward. Equally, our Board of Directors continues to provide invaluable support for our ongoing strategic transformation, offering diverse perspectives and insights. Congratulations on the successes we achieved together in 2017, they were hard-earned and they form a firm foundation for the momentum we carry into 2018.

We thank our customers and shareholders for their trust and continued loyalty. Our customers entrust us to supply products critical to their operations in the face of a dynamic and competitive marketplace, and our investors entrust us with their capital amidst a nearly unlimited choice of investment options. We take these decisions to heart and work diligently every day to fulfill our commitments to those who have placed their confidence in us.

Our evolution into a growing diversified specialty materials company is a process guided by discipline and patience, and we have confidence our work together will continue shaping SWM as a supplier and employer of choice for years to come.

I look forward to an exciting year ahead.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey Kramer". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Kramer" clearly distinguishable.

Dr. Jeffrey Kramer
Chief Executive Officer