

Operator: Greetings. Welcome to Matthews International Corporation's Fourth Quarter and Year End Fiscal 2020 Financial Results.

At this time, all participants will be in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during today's conference, please press star, zero from your telephone keypad. Please note this conference is being recorded.

At this time, I'll turn the conference over to Bill Wilson, Senior Director of Corporate Development. Mr. Wilson, you may begin.

Bill Wilson, Senior Director, Corporate Development: Thank you Rob. Good morning everyone and welcome to the Matthews International fourth quarter and fiscal year end 2020 conference call.

This is Bill Wilson, Senior Director of Corporate Development. With us today are Joe Bartolacci, President and Chief Executive Officer, and Steve Nicola, our Chief Financial Officer.

Before we start, I would like to remind you that our earnings release was posted on our website, www.matw.com in the Investors section last night. The presentation for our call can also be accessed in the Investors section.

As a reminder, any forward-looking statements in conjunction with this discussion are being made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Factors that could cause the Company's results to differ from those discussed today are set forth in the Company's annual report on Form 10-K and other periodic filings with the SEC. In addition, we will be discussing non-GAAP financial metrics and encourage you to read our disclosures and reconciliation tables carefully as you consider these metrics.

In connection with any forward-looking statements and non-GAAP financial information, please read the disclaimer included in today's presentation material located on our website.

Now I'll turn the call over to Steve.

Steven Nicola, Chief Financial Officer: Thank you Bill, and good morning. Please turn to **Slide 4**.

There are several key items that I want to highlight from our earnings announcement yesterday regarding our consolidated financial results for the Fiscal 2020 fourth quarter and fiscal year. First, the Company again reported strong operating cash flow as we continued to emphasize cash generation in this challenging environment. For Fiscal 2020, the Company set a new record for cash flow from operations of over \$180 million. Second, the Company again reduced its outstanding debt and leverage ratio during the recent quarter. For Fiscal 2020, we reduced our outstanding debt by \$106 million and our net leverage ratio to below 4, specifically 3.9 at September 30, 2020. Third, we reported growth in consolidated sales, Adjusted EBITDA, and adjusted earnings per share for the Fiscal 2020 fourth quarter compared to the same quarter last year.

With respect to COVID-19, all segments continued to experience some level of varying commercial impacts from COVID-19 during the fourth quarter. These impacts still remain difficult to quantify and as the pandemic has continued into the December quarter, we expect ongoing impacts into our 2021 fiscal year.

On a GAAP basis, the Company reported earnings per share of \$0.24 for the current quarter compared to a loss of \$2.28 per share last year. The fourth quarter last year included a goodwill write-down of \$77.6 million or \$2.42 per share. Also, earnings per share on a GAAP basis for both quarters included the impact of the acceleration of the amortization of certain discontinued trade names in the SGK Bbrand

Solution segment. Consolidated intangible amortization expense was \$17.9 million or \$0.43 per share for the Fiscal 2020 fourth quarter compared to \$18.6 million or \$0.47 per share a year ago.

For the year, the Company reported a GAAP loss per share of \$2.79 for Fiscal 2020 compared to \$1.21 per share last year. A significant portion of the decline reflected an increase in intangible amortization expense and charges related to the Company's cost reduction program. Intangible amortization expense was \$71.5 million or \$1.72 per share for Fiscal 2020 compared to \$45.8 million or \$1.12 per share last year. Both fiscal years included write-downs of goodwill which were \$90.4 million or \$2.63 per share for Fiscal 2020 and \$77.6 million or \$2.42 per share for Fiscal 2019.

Adjusted EBITDA, which represents net income before interest expense, income taxes, depreciation and amortization, and other adjustments for the Fiscal 2020 fourth quarter was \$64.1 million compared to \$59.2 million a year ago. The increase primarily reflected the impacts of higher consolidated sales, particularly in the Memorialization segment, in addition to realized savings from the Company's recent cost reduction program and lower travel-related expenses. For the year, Adjusted EBITDA was \$203.1 million for Fiscal 2020 compared to \$220.9 million last year, primarily reflecting lower year-to-date consolidated sales.

On a non-GAAP adjusted basis, earnings for the Fiscal 2020 fourth quarter were \$1.11 per share compared to \$1.01 per share a year ago. The increase primarily reflected higher Adjusted EBITDA and a decrease in interest expense. Please see the reconciliations of Adjusted EBITDA and non-GAAP adjusted earnings per share on our website. For the year, adjusted earnings per share were \$3.01 for Fiscal 2020 compared to \$3.31 last year, primarily reflecting the year-to-date reduction in Adjusted EBITDA.

Investment income for the Fiscal 2020 fourth quarter was \$519,000 compared to \$100,000 a year ago. Investment income for the year ended September 30, 2020 was \$2 million compared to \$1.5 million for Fiscal 2019. Investment income primarily reflects the changes in the value of investments held in trust for certain of the Company's benefit plans.

Interest expense for the Fiscal 2020 fourth quarter was \$8 million compared to \$9.9 million a year ago, reflecting lower average debt and a decline in average interest rates for the current quarter relative to the same quarter last year. For the year ended September 30, 2020 interest expense was \$34.9 million compared to \$41 million last year.

Other income and deductions net for the quarter ended September 30, 2020 represented a decrease in pre-tax income of \$1.8 million compared to \$5.5 million for the same quarter last year. The prior year included a \$3.7 million loss on a cost method investment and related assets. Other income and deductions net for the year ended September 30, 2020 represented a decrease in pre-tax income of \$9.2 million compared to \$8.9 million last year. Other income and deductions include the non-service portion of pension and post-retirement costs. For the quarter ended September 30, 2020, the non-service portion of pension and post-retirement costs was \$1.1 million compared to \$950,000 last year. For the year ended September 30, 2020, the non-service portion of pension and post-retirement cost was \$7.8 million compared to \$3.8 million last year.

Consolidated income taxes for the Fiscal 2020 fourth quarter were an expense of \$4 million compared to a benefit of \$3.6 million for the same quarter last year. The income tax benefit for the prior quarter primarily reflected the pre-tax loss generated from the goodwill write-down. Consolidated income taxes for the year ended September 30, 2020 were a benefit of \$18.7 million compared to expense of \$806,000 last year. Fiscal 2020 reflected the pre-tax loss for the year and an expected net operating loss carry-back benefit.

Please turn to **Slide 5** to begin a review of our segment results.

Memorialization segment sales for the Fiscal 2020 fourth quarter were \$177.7 million compared to \$162.6 million a year ago. The increase primarily resulted from increased unit sales of caskets, improved price realization on caskets and cemetery memorial products, and higher sales of cremation equipment. The increase in casket sales primarily resulted from the increase in U.S. deaths due to COVID-19. Mausoleum and international memorial product sales were also higher for the quarter compared to a year ago.

Changes in foreign currency exchange rate had a favorable impact of \$465,000 on current quarter sales compared to a year ago.

For the year ended September 30, 2020, segment sales were \$656 million compared to \$636.9 million last year. The increase was primarily the result of higher casket sales and an increase in sales of cremation equipment, offset partially by lower cemetery memorial product sales. Cemetery memorial product sales were impacted by local stay-at-home orders related to COVID-19, which limited families' access to cemeteries in order to order their memorials.

Changes in foreign currency exchange rates had an unfavorable impact of approximately \$615,000 on the segment sales compared to last year.

Memorialization segment Adjusted EBITDA for the Fiscal 2020 fourth quarter was \$43.3 million compared to \$32.9 million a year ago. For the year ended September 30, 2020, Memorialization segment Adjusted EBITDA was \$146.3 million compared to \$134.3 million last year. The quarter and year-to-date increases primarily reflected the benefits of higher sales, productivity initiatives, and lower travel-related expenses offset partially by higher material costs and performance-based compensation expense.

Please turn to **Slide 6**. Sales for the SGK brand solution segment were \$179.6 million for the quarter ended September 30, 2020 compared to \$186 million a year ago. The increase primarily resulted from declines in European sales and in the private label brand market, lower sales of cylinders and surfaces products, and lower sales of merchandising solutions, much of which was attributable to the impact of COVID-19. These decreases were partially offset by higher U.S. brand sales and increased revenues from engineered solutions.

Changes in foreign currency exchange rates had a favorable impact of \$2.5 million on the segment sales compared with the same quarter last year.

For the year, sales for the SGK Brand Solutions segment were \$693.1 million for Fiscal 2020 compared to \$743.9 million last year. Changes in currency rates had an unfavorable impact of \$5.9 million on the segment sales for Fiscal 2020 compared to last year.

Fiscal 2020 fourth quarter Adjusted EBITDA for the SGK brand solution segment was \$28.8 million compared to \$32.9 million a year ago. The segment's Adjusted EBITDA for the year ended September 30, 2020 was \$90.6 million compared to \$119.5 million last year. The quarter and year-to-date declines primarily reflected the impact of lower sales combined with an unfavorable product mix shift and ongoing pricing pressure.

The unfavorable shift in product mix partly reflected lower tobacco-related sales in our cylinders business, which generally have higher incremental margins. In addition, performance-based compensation expense for the current quarter and fiscal year were higher than a year ago. Realized savings from the segment's recent cost reduction initiatives and lower travel-related expenses favorably impacted Adjusted EBITDA for the current quarter and year-to-date periods.

Please turn to **Slide 7**. Sales for the industrial technology segment were \$41.9 million for the quarter ended September 30, 2020 compared to \$43.8 million a year ago. The decrease primarily reflected lower

sales of warehouse automation systems. Orders for warehouse automation solutions remained strong but order releases and access to job sites to complete these projects has been impacted by COVID-19.

Changes in foreign currency exchange rate had a favorable impact of \$469,000 on the segment sales compared with the same quarter last year.

For the year ended September 30, 2020, industrial technology sales for Fiscal 2020 were \$149.2 million compared to \$156.5 million last year, primarily reflecting lower warehouse automation sales. For Fiscal 2020, product identification sales were relatively consistent with last year. Changes in currency rates had an unfavorable impact of \$356,000 on the segment sales—segment's year-to-date sales compared with last year.

Adjusted EBITDA for the industrial technology segment for the current quarter was \$7.5 million compared with \$8.4 million a year ago. Year-to-date, the segment's Adjusted EBITDA was \$22.8 million compared to \$24.1 million last year. The decrease in the segment's Adjusted EBITDA for the current quarter and year-to-date periods primarily reflected the impact of lower sales, which was offset partially by lower travel-related expenses.

Please turn to Slide 8. Cash flow from operating activities for the Fiscal 2020 fourth quarter was \$56.8 million compared to \$41.7 million a year ago. Cash flow from operating activities for the year ended September 30, 2020 was \$180.4 million compared to \$131.1 million a year ago. The significant increase in operating cash flow compared to last year primarily reflected favorable changes in the Company's working capital, particularly from our accounts receivable collection and payment management efforts.

As a result of the Company's strong operating cash flow, the Company reduced its outstanding debt during the Fiscal 2020 fourth quarter by \$26.4 million. For the current fiscal year, the Company reduced its outstanding debt by \$106.2 million. Outstanding debt was \$835 million at September 30, 2020 with net debt, which represents outstanding debt less cash, at \$793 million. The leverage ratio covenant in our domestic credit facility is based on net debt. At September 30, 2020, the Company was well within this bank covenant as our net leverage ratio for bank covenant purposes approximated 3.8 compared to the covenant limit at September 30, 2020 of 4.75.

As you may recall, in the renewal of the revolving credit facility last quarter, the Company proactively negotiated a temporary increase in the net leverage ratio covenant threshold due to the global economic uncertainties of COVID-19. This covenant limit will reduce back to 4.5 at March 31, 2020.

As previously reported, we renewed our domestic revolving credit facility and accounts receivable securitization facility in March 2020. The renewed revolving credit facility provides for borrowings up to \$750 million and has a five-year term. The renewed revolving credit facility generally maintains the same credit terms and interest rate structure of the previous facility.

Approximately 31.8 million shares were outstanding at September 30, 2020. During the recent quarter, the Company contributed 668,000 shares to its principal defined benefit pension plans. In addition, the Company purchased 100,000 shares under its share repurchase program. Year-to-date, the Company repurchased approximately 174,000 shares.

Finally, earlier this week the Board of Directors increased the Company's quarterly dividend from \$0.21 per share to \$0.215 per share. The increase, which represents the Company's 27th consecutive annual dividend increase reflects the Board's continued confidence in the Company's operating performance and cash flow. The dividend is payable December 14, 2020 to stockholders of record November 30, 2020.

This concludes the financial review, and Joe will now comment on our Company's operations.

Joseph Bartolacci, President, Chief Executive Officer: Thank you Steve. Good morning.

Again this quarter, we are very pleased with our results, particularly given the ongoing circumstances in which we operated. Once again, we demonstrated the resiliency of our portfolio of businesses as our Memorialization business delivered very strong results while all but one of the remaining significant businesses delivered remarkably stable results. We truly believe the resiliency of our various businesses is the most under-appreciated facet of our Company.

Perhaps more important than our financial results, I am proud to acknowledge the efforts of our 11,000 colleagues around the world who have been instrumental in achieving these results. Most of our colleagues have very worked very long days throughout this pandemic in factories, production centers, offices and their homes, all in less than ideal situations to continue to satisfy our clients' needs while we work hard to keep them safe. Our colleagues recognize that we deliver essential products and services which are critical to the success of our clients and they have stepped up to the plate and delivered.

Of particular note is our Memorialization segment which generated almost \$50 million of EBITDA for the quarter. Although many of you may have expected these businesses to perform well during the pandemic, I believe they have performed exceptionally well. Our funeral home products business, for example, saw a 13% increase in revenue and a 43% increase in EBITDA, a remarkable performance particularly when you consider the increased demands on the business. This business is benefiting from years of continuous improvement efforts and today is delivering at a very high level of customer satisfaction and operating performance with EBITDA margins hitting 22% for the quarter. All this was done as our production team pushed facilities beyond the engineered capacity of the facilities while production, planning and logistics teams struggled to keep up with ever-changing demands and warehouse operations across the country worked long hours to ensure that our clients received the critical products that the grieving families had selected.

Similarly, our cemetery products business saw a modest revenue increase while EBITDA also rose, thanks to cost containment efforts. Even with many traditional services across the country reduced or delayed by the pandemic, this business found a way to improve results. Our cemetery products business has not yet begun to fully realize the revenue opportunity of the recent increase in COVID-related deaths, but nevertheless it was a significant contributor to a strong quarter.

Finally, our environmental solutions business also saw a modest increase in revenue and a more significant increase in EBITDA on a year-over-year basis, all while continuing to build a very strong backlog of orders as customers around the world recognize us as the leading provider of cremation equipment and services in the world.

All in all, I hope that you would agree that our Memorialization segment as a whole has performed exceptionally well in a very difficult environment.

In SGK brand solution, again this quarter our core packaging business, particularly in North America, saw strong results as our clients continue to expand their marketing efforts and product lines to meet the changing consumer brand markets. In fact, despite a slight global decline in revenues during the quarter for our core packaging business, the team did an excellent job of managing costs which allowed our core business to deliver flat EBITDA results when compared to prior year.

Unfortunately, several businesses in the SGK segment continue to be challenged. In particular our retail and private label businesses struggled with grocers who continue to be focused on keeping their shelves stocked and traditional consumer goods retailers struggling due to reduced foot traffic in their stores. Similarly, our cylinders, surfaces and engineering business, a large part of the consolidated SGK segment, continued to struggle due to reductions in the tobacco and the non-woven markets. A bright spot, however, in this cylinders, surfaces and engineering business remains our energy storage business,

which reported strong results for the quarter as we began the commissioning of our first significant equipment order, which to date has been successful. As we have mentioned in the past, we have high expectations for our energy storage business which operates in a very fast moving market you all know as lithium ion batteries and fuel cells. In fact, the cylinder, surfaces and engineering business is expected to deliver a significant turnaround in 2021 when new orders in our energy storage business together with cost actions taken throughout this business and the return of tobacco and tissue orders are expected to add to an overall result.

In our industrial technologies segment, modest delays in significant projects caused the team to miss prior year EBITDA results by only \$1 million, but those delays resulted in record backlog for warehouse automation orders and strong orders in our production identification business, all which bode well for 2021. This team continues to add wins to their portfolio and is again projecting a very strong year in 2021. Meanwhile regarding our new product in this segment, we are on track to launch later this year and we have begun the process of adding critical talent to achieve our goals. We have also begun discussion of potential alternative uses for this product which we believe proves the innovative nature of our solution.

As noted in Steve's remarks and in our press release, the combined result of good operating performance and strong cash management have allowed us to reduce our gross debt by \$106 million for the fiscal year. These results are the best evidence of the quality of our business and the people we have as part of our team as we demonstrated in the most difficult operating environment in my career. Again, we do not believe our resiliency and our current performance is reflected in our stock price.

Looking forward to 2021, our ability to forecast remains difficult and thus we remain cautious as events outside of our control can still arise, which can impact our results. Although we have not experienced any significant disruption in our businesses, localized outbreaks and government action can cause plant shutdowns at our facilities or those of our clients, which can impact our performance in any given quarter. Nevertheless, our businesses remain strong with the largest overall backlog of orders in the history of the Company. In addition, recent wins in our SGK brand business which can be attributed to our financial stability compared to our competitors and our proven ability to on-board new clients even in this challenging period also gives us confidence of a good year. Our global capacity has served us well in our ability to continue to meet increased client demand even in these difficult times.

Although quarterly results may be challenged due to the pandemic, those orders will ultimately be delivered. Moreover, we have demonstrated the ability to manage during these uncertain times, which we believe will ultimately be reflected in our results. Assuming we are able to continue to operate our most significant businesses, we expect to continue to focus on our cost structure initiatives and cash generation, which should allow us again to perform well.

Although we will not be providing specific guidance at this time because of the uncertainties of the present environment, our current expectations for Fiscal '21 is that we will deliver results relatively similar to our current year results. We have the orders to have a stronger year, but we cannot be sure of our ability to deliver due to matters outside of our control. Nevertheless, we hope to be able to provide better visibility throughout the coming quarters while at the same time we improve our balance sheet throughout the year.

Now let's open it up for questions.

Operator: Thank you. We'll now be conducting a question-and-answer session. If you'd like to ask a question, please press star, one from your telephone keypad and a confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants that are using speaker equipment, it may be necessary to pick up your handset before pressing the star key. One moment please while we poll for questions.

Thank you, and our first question is from the line of Daniel Moore with CJS Securities. Please proceed with your questions.

Daniel Moore: *CJS Securities:* Joe, Steve, good morning. Thank you for taking the questions.

Steven Nicola: Good morning, Dan.

Daniel Moore: Wanted to start with memorialization, obviously very strong results in the quarter. Curious how you see those continuing, just kind of how you see Fiscal Q1 shaping up in broad stroke terms relative to the quarter that you just posted.

Joseph Bartolacci: You all read the same newspapers that we read, so I would—what we're seeing today is relatively consistent performance with what we saw last quarter going into our first quarter of 2021 on that business and, for that matter, the rest of the businesses that we have. We have businesses that operate in core parts of a lot of our clients that are critical to getting them where they need to be, whether it be packaging, whether it be in our industrial automations businesses, but our Memorializationbusiness, as you all are abundantly aware, are tied to death rates, and those remain elevated at this time.

Daniel Moore: Very helpful. One of the things we talked for a quarter or two now is the memorials or markers, bronze and granite being delayed obviously because of stay-at-home orders. Do we still expect—you know, is that opportunity set continuing to build? The longer it lingers, does that impact the likelihood of families going back and purchasing markers, just kind of—I don't know if there's any examples historically to pull on, but any thoughts there?

Joseph Bartolacci: The last time we had this kind of an event, it would have been around the 2008 - 2009 financial crisis, and those memorials did come back. Just what I want to caution everybody is it doesn't come back in the next quarter or the next maybe 12 months. We saw orders coming in over the next 24 to 36 months - now, more at the beginning rather than the latter part, but at the end of the day, those sites generally get marked. Right now, we are operating at rates more consistent with normalized levels of deaths, which would tell you that with the—as you all know, the hundreds of thousands of people that may have passed at some point in time should come to being memorialized, just can't tell you when.

Daniel Moore: Understood, okay. Maybe one more and I'll hand it over. Brand Solutions, maybe just talk about the conversations, what they're like now with larger CPGs. Are folks starting to look at new product upgrades, new versions, designs for '21, or has it been largely the status, same level of activity that we've seen for the last, say, 12 months?

Joseph Bartolacci: If you take a look at—underneath the covers of that segment, we break up that segment really into what we call our core business and then we take a look at surfaces, cylinders and engineering. On the core business, frankly we had relatively strong results last quarter and not so bad the quarter before that. That is despite what I would call really challenging environments in the retail segment, whether it be our private label work that we do for grocers or whether it be the in-store displays that we do with our merchandising business. Those two businesses, frankly, have struggled and so if you take a look at where the core business has performed, we're pretty pleased. Would we like it to be really robust? Sure, but it has not been anything that anybody would have expected, and we always have said packaging is of critical nature in these kinds of environments. Oftentimes you see an uptick in those packaging efforts to try and entice and encourage consumers to spend and revise, and that's what we saw this event as well.

We hope and we believe that there is a significant amount of pent-up demand when it looks at retail as a whole. At the end of the day for all practical purposes, let me give you perspective, we don't believe we have done any kind of significant work and not much significant work has been done in the retail segment

in store since before Christmas of 2019, so we are not—by the time this pandemic gets past its current state and gets into store openings again, let's say six to nine months out, we'll be better than 20 months without having done any retail investment, so we expect there to be a significant build up demand at that point in time. We know we have contracts that were in place at the beginning of the pandemic that were cancelled, that were very significant. We think those things come back at the end.

In the meantime, we expect our core packaging business to remain relatively stable over this period, maybe upticks with some wins that we had, but we'll see how that plays out. We don't have a lot of visibility 12 months out that suggests we're going to have a lot of new packaging. That's just the nature of the business.

Daniel Moore: Very good. I'm jump back with any follow-ups. Thank you.

Operator: The next question comes from the line of Liam Burke with B. Riley. Please proceed with your questions.

Liam Burke, B. Riley FBR: Thank you. Good morning Joe, good morning Steve.

Joseph Bartolacci: Good morning Liam.

Steven Nicola: Good morning Liam.

Liam Burke: Joe, could you sort of parse the CPG business U.S. versus Europe? I imagine Europe with all of the shutdowns and whatnot has been a little more challenging on that side, and I wanted to get a sense after that how COVID has influenced the U.S. CPG business or are they continuing to invest on through?

Joseph Bartolacci: It's a great question. You can divide and subdivide and subdivide into a lot of little facets, but let's break it down geographically first. In North America, frankly we did better this year than we did the year before, and that was on the backs of a number of clients. A number of the clients that we do business with were significantly down. We do work in the beverage industry, we do a lot of work in the food industry, but in the beverage industry where you're seeing things tied to restaurants and sporting events and things of that nature, we've seen one of our largest clients spend fractionally of what they spent on a normal basis as they try to contain costs to move forward, whereas in other areas in the cereal world and the breakfast food world, we've seen just an explosion of new products trying to meet a new demand, that the consumer is staying at home and eating there.

Now geographically, in Europe, you're right - the shutdowns have impacted them more significantly. Less people—less consumer spending as a whole in markets that traditionally probably stays home more than North America does in general, but we expect that to reverse. This is not a forever market, but when we look at the portfolio of our overall businesses, APAC was relatively stable, so we think that business has performed exceptionally well in these challenging times, which was probably very misunderstood by the market because of what they expect.

We are not printers, we are not in the—we are not the high end of the design spectrum. We have businesses that do that, and those businesses have been challenged. We do a lot of work, for example, for Air France. Air France spending is significantly down, but overall what we call the core packaging business has performed very, very well in these challenging times.

Liam Burke: Great. On the cremation front, is incineration—do you have any incineration in that backlog number?

Joseph Bartolacci: Yes we do. In fact, projects that we expected to occur in 2020 were postponed, as you might expect, because of the environment. A lot of that work is done in the U.K. You all know as well as we do what's happening in the U.K. with various shutdowns, probably the epicenter of what's going on in Europe today, but those incineration projects remain in discussion. I would tell you they probably have ramped up a little bit as people have accepted that this is part of their normal working environment right now and can't wait. We expect today—it's a big word when new can't control, expect but not control those projects to be done this year, at least substantially completed this year.

Liam Burke: Okay, and just a quick clarification, Joe, even in your prepared comments, you said relative on the 2021, I know you're not giving guidance but you're just sort of giving us a directional sense, relatively steady year-over-year over 2020. Is that on a revenue or on an EBITDA basis?

Joseph Bartolacci: Generally, we speak on an EBITDA basis, but we would expect our revenue not to be materially off. We give that guidance knowing that we have the opportunity for more, but really can't control whether we can deliver more.

Liam Burke: So it is EBITDA?

Joseph Bartolacci: It is.

Liam Burke: It's EBITDA - okay.

Joseph Bartolacci: Well, it was principally EBITDA and revenue.

Liam Burke: Okay. Thank you Joe.

Operator: Our next question is from the line of Scott Blumenthal with Emerald Advisors. Please proceed with your questions.

Scott Blumenthal, Emerald Advisors: Good morning Joe, good morning Steve.

Joseph Bartolacci: Hi Scott.

Steven Nicola: Good morning Scott.

Scott Blumenthal: Hey Steve, this one's for you. Terrific gross margin performance year over year. Great work there on the working capital. I think you had a \$60 million swing or something there. Any other opportunities in order to pull a little bit more cash out of there, and—well, let's start with that one.

Steven Nicola: Scott, yes, we're working on that all the time. We believe there are opportunities. I guess a couple of points to make - one, when you think about the environment that we're in and the progress that we made on working capital, we certainly set a difficult threshold for next year. Having said that, though, if you recall several years ago when we implemented our ERP, we talked about the opportunity to optimize our systems once we were on one global ERP, and we're going through those—we're going through that work now. Some of that is embedded in the cost initiative that we talked about, that project that we talked about, but one of the outcomes that we're looking for from that is more improvement in working capital, so I do expect there's more to come, but I think I would be overly optimistic to suggest it's going to be at the same level and as quick as we were able to achieve in Fiscal '20.

Scott Blumenthal: Have you enunciated a working capital to sales target at all?

Steven Nicola: No, we have not.

Scott Blumenthal: All right. Joe, you mentioned that the backlog is the largest ever backlog in the history of Matthews. I suspect that some of that has to do with the fact that you weren't able to get onto customer sites for certain projects in cremation and industrial. I know that you don't give a backlog number, but can you kind of size that up compared to where we were at this time? Is it 25% higher, is it 50% higher? Maybe just give us kind of a gauge there.

Joseph Bartolacci: It's difficult. Each one of our businesses are—as you might expect, in our Memorialization segment, other than our cremation equipment business, we do not have backlog that last more than four weeks essentially, so that's not where we see the backlog. Cremation dollar-wise is probably 5% to 10% higher than year before at this time at least. I can't give you a specific number there.

But you're right - on the warehouse side, we are—we're 20% to 25% higher than we were because we couldn't get things out, and new orders continue to come in. I caution you though, because for example—I'll give you a perfect example of a recent win that added to that portfolio, was a U.S. client operating in Canada. Well, I can't get into Canada today to do the work, so when can I get in there, how am I going to get in there, and that's why we remain cautious over the course of next year. We just don't know.

But the other part of the puzzle is what we had talked about on surfaces, cylinders and engineering. Our engineering business, which is where our engineering storage function is located, has tripled its backlog for all practical purposes. Now, I'm not going to give you dollar amounts associated with that, but it's a big number that we're very proud of, and we hope it to be a significant contributor that we'll talk about over the course of the year.

But again, things that we are not in control of. Those orders will ultimately be delivered. Our expectation is that they'll be delivered over the course of 2021, but I don't control whether they can be.

Scott Blumenthal: Sure. Would either of you be able to venture a guess as to how much of an impact you feel you had on Q4 sales just by the fact that you weren't able to get onto customer sites for any number of reasons?

Joseph Bartolacci: Customer sites? I mean, not necessarily that. Look, the simple answer to that is our expectation is that our industrial automation business would have been—they would have had a better year-over-year result, and they were \$1 million down. Could have been \$1 million, \$3 million, \$5 million. It's not \$50 million, so I don't want to mislead you there. But sure, we expected to have better year-over-year results. We had poor year-over-year results by a modest amount, so that's the kind of number. We would have been closer to flat year-over-year.

Scott Blumenthal: Okay, super. Thank you.

Joseph Bartolacci: Thank you Scott.

Operator: The next question comes from the line of Bruce Geller with Geller Ventures. Please proceed with your question.

Bruce Geller, Geller Ventures: Hi, good morning. I admire the Company's resilience through a very difficult period here.

Joseph Bartolacci: So do we!

Bruce Geller: As a shareholder, I appreciate that.

On both this call and the last call, you've made some references to an energy storage component to your engineering business. Could you please elaborate on what exactly that is, how large the backlog is there,

how big of a business this is for you today, and how big the potential opportunity is for you, and then also how that business even fits within a segment called Brand Solutions?

Joseph Bartolacci: Innovation, that's how it really fits. Let me kind of go through and dissect a couple of those questions.

First off, our engineering business is principally a purpose built equipment group. What they do historically has made equipment that utilizes our technology and capacity to produce cylindrical solutions, meaning I work in areas right now (inaudible) cylinder business over in Germany particularly where I produce printing cylinders that print packages and wallpaper and other related products. Well, that printing technology, that cylindrical solution is use to produce in the engineering business solutions that do everything from tissues, non-wovens, paper towels, feminine hygiene, anything that is produced in a roller capacity.

Now, the energy storage business that we referred to is the effort of several years, multiple years in investments that we've made with the group over there to understand how we can take the cylindrical solutions and purpose built equipment business to calendar lithium, amongst other things, or emboss plates that are used in fuel cells. It is the same types of solutions that you might look at when you look at a printing technology, but a highly, highly sophisticated piece of equipment that can take raw lithium in whatever form or fixture or mixture that you may have to produce the sheets that are necessary for an lithium ion battery or produce embossed plates that are used in fuel cells.

The market is anything you want it to be. It's still a relatively small business for us today in our overall portfolio. It is something we have invested in and we continue to invest in. We have some intellectual property in the space that we are very, very, very proud of and protective of, but we have high hopes for it. It could be a significant contributor over the next two, three, four years, or even this year for that matter.

Bruce Geller: So how large is that business today roughly on an annualized run rate?

Joseph Bartolacci: We probably did \$40 million or \$50 million this year. But—go ahead?

Bruce Geller: How many customers does that represent? Is that one big customer and you're looking for others, or are you involved with many customers in that industry at that moment? Just wondering how diversified this business is.

Joseph Bartolacci: Much of what we've been operating in has been in pilot lines of testing, so we have done work for a lot of different players in the industry as they test out their formulations to try to determine how to produce the batteries, principally in the auto industry right now but obviously has application elsewhere. But we've talked to and sold to a lot of different players, smaller pieces of equipment than what we are talking about, which is production size scale.

Bruce Geller: So, with this being a \$40 million to \$50 million business today, with the projected growth in the industry, I'm sure you're reluctant to throw numbers out, but is this something that could be multiples of the current size that it is today, based on the projected growth in the industry and your position within it?

Joseph Bartolacci: Look, as all of you know, this is the early stages of energy development. We think we have a solution. We think we have a great solution. Is it the only solution? We're not that well aware of what's in the marketplace. It could be multiples of that, we hope it to be multiples of that, but we also don't know all of the other available solutions that could be applied to produce what we do today. Hard question to answer for us relative to what we play, but I will tell you we have operated in this space in a smaller scale for almost a decade.

Bruce Geller: That's great. Then I guess to my initial question, how does it fit in the segment, even? Should you guys have an engineering segment to kind of highlight this business?

Joseph Bartolacci: Well, in its current size, we have not, but we clearly have those kinds of discussions. It's probably something that assuming it grows, we'll start to reposition it into our industrial technology segment and highlight it.

Steven Nicola: Yes Bruce, it's really the evolution, because right now it's evolved out of the cylinders business which supports our brand business in Europe today.

Bruce Geller: Well again, I applaud you guys on the innovation here. That's amazing. Congratulations and best of luck with it.

Joseph Bartolacci: Thank you.

Steven Nicola: Thank you.

Operator: The next question is from the line of Daniel Moore with CJS Securities. Please proceed with your questions.

Daniel Moore: Thank you again. Just wanted to maybe—of those things that are in your control, as we look to Fiscal '21, talk about the balance between additional cost containment initiatives and maybe some temporary expense reductions that would come back in, in '21, and order of magnitude of the net of those?

Joseph Bartolacci: We had a fairly significant initiative going on in our German and our U.S. markets for cost benefits to be achieved utilizing SAP. We've talked about this before. I would say we are a third of the way there and we have a fairly significant runway to go over the next 12 to 24 months that we'll continue to benefit from. A good estimate on that is that we will substantially improve our results based on our investment we made in SAP, and that's a true benefit for that.

The return of what I would call normalized expenses is anybody's bet, Dan. It's anybody's bet. We are currently—I won't call it—I mean, our own form of lockdown, our people are still working from home and where we can, we're reducing travel. Unfortunately some of our businesses have to travel - I mean, it's difficult to do service on a cremator from Apopka, Florida - we've got to get to the site, or do an installation for a warehouse without travel, so what we're really seeing is cost containment in our travel and entertainment on the sales side more than anything else. Right now, that might be a more permanent change, maybe not to the same extent we have right now, but a more permanent change in our overall cost structure going forward. We'll see.

It's hard to estimate what you're asking for, Dan. It's just a difficult environment.

Daniel Moore: Okay. Just maybe Steve, to pin down a little bit more on cash flow, any sense for CapEx for Fiscal '21? It seemed like you were indicating you could get more benefit from working capital. I would have thought maybe it'd be potentially a headwind in Fiscal '21 after holding the line that hard. Did I hear that right, that you think you could see a little bit more benefit this year?

Steven Nicola: I think we've got a longer term working capital benefit from the initial—from the initiatives that we have going on. I do think you're right, Dan - we're at least going to work hard to hold the line working capital year over year, so for modeling purposes I think that would be my best recommendation.

With respect to CapEx, given the environment that we're in, I think we're still going to be prudent from a cash flow perspective, so traditionally in a normal year, we might be mid-40s, mid \$40 million range. Right

now, I would see us less than that, but a little bit more than what we spent this year, which was \$33 million, \$34 million.

Daniel Moore: Perfect, and lastly, just an update on—you spent a few dollars at least on buybacks. I know you've been adamant that obviously the shares are undervalued. Just how you're thinking about balancing leverage, debt reduction with additional buybacks as we get into Fiscal '21. Thanks.

Joseph Bartolacci: Dan, I think I would tell you that what we demonstrated over the course of the year is we have the ability to generate cash and get ourselves right in a difficult environment. If our stock was where it was, \$17, \$18, not that long ago, you bet we will be applying all of that cash we generate to buying back our shares. As we move forward, I think we've created the headroom to be able to do whatever we need to do. If we think it's an important part of where our cash flows are coming in and we think our price still does not reflect where we need to be, then we'll take that action as well. We'll balance the two.

Daniel Moore: Very good. Best of luck next quarter. Thank you.

Steven Nicola: Thanks Dan.

Operator: Our next question is from the line of David Niewood with Phoenix Insurance Company. Please proceed with your questions.

David Niewood, Phoenix Insurance Company: Good morning gentlemen. Phoenix is a relatively new shareholder, but we're happy with the impressive all-around performance in a difficult period. I did want to, if I may, follow up on the energy storage issue that was discussed previously.

The popular—it's been in the public domain, I wouldn't say the popular press, industry press has suggested that (inaudible) is working with Tesla on their dry battery electrode technology, and given the numbers discussed in terms of what your business has done, curious—you may not be able to speak specifically about specific customers or the like, if the \$40 million to \$50 million is specific mostly to one customer, if it is exclusive, when listening to Tesla talk about their dry battery electrode, they're talking a out something that's going from tens of gigawatts to as much as a need of 3 terawatt hours, which suggests anywhere from tens to even a hundred multiple fold of potential business.

So, the question is, is it right to think about it in those terms? Is there exclusivity, or can you sell to the broader industry?

Joseph Bartolacci: So first off, we're not going to talk about our individual customers. I can't—I'm not going to deny or confirm individual customers. I would tell you that we do not have exclusivity with anybody today as to operating in the space, and we are providing solutions to multiple players out there.

You're right - the markets could be astronomical. We think we've got wonderful IP, and that's what we talked about before, but I don't know what else is out there and I don't profess to be the only solution that they can look to. But we've got a wonderful team, we've got wonderful IP, and it's not—and it's turning out to be proven.

David Niewood: Very good to hear. Good performance all around, thank you.

Joseph Bartolacci: Thank you.

Steven Nicola: Thank you.

Operator: The next question is from the line of Austin Nelson with AIG. Please proceed with your questions.

Austin Nelson, AIG: Good morning, thanks for taking the question. I just wanted to go back to the backlog questions, and really specifically around memorialization. The results weren't particularly surprising to me. I know it was very impressive that you were able to keep up with all the demand, but given that you had the ability to place memorials that otherwise would have been purchased last quarter and we did have some reopening, and then the continued demand for caskets, my question is do you have a sense as you think about how many caskets you've sold and the growth on that, and then maybe some of the cremation stuff as well, versus what happened on the memorial side of what pent-up demand is there to then deliver memorials? A follow-up to that, at least the publicly traded customers of yours have actually reported very strong pre-need sales in the last quarter. Do you—are you seeing that flow through to pre-need sales in your Memorialization business as well, so beyond a perceived backlog, do you actually have growth in what will later be booked, but will essentially go into the trust?

Joseph Bartolacci: You obviously understand the market. You're right - our clients have reported—our larger publicly traded group have sold in advance a lot of pre-need sales, but that doesn't translate to an order to us until they collect and pay, so you're right. Our orders on the memorials have been—on pre-need have been pretty much non-existent. We're behind significantly where we normally would be, and we would expect that to come over time. That again is not in our control, but it is clearly an order to come.

When you take a look at our casket volume, and to dissect the pieces for you—Steve, correct me, we sold on a prior year basis 40,000 caskets more, plus or minus? If you think about that from the standpoint of 40,000 deaths, which should translate to rough numbers 40% in markers—30% in markers and 70% in stone, we do not—we have a strong share of the stone market but not as strong of a share that we have in the bronze market. If you slice that 30% of, let's say 20,000 bronze markers that will ultimately be marked, we have 65% of that, so you're somewhere in that 20,000, 15,000 to 20,000 markers yet to come, we believe.

Now, how fast or how—that's probably 10% better, 15% better than we are today in terms of units, but there's other sides to that story as well. When we operate—we do about \$100 million in the cremation industry as a whole, \$50 million of which is equipment and service, plus or minus, and \$50 million or so that we do in everything from urns to memorials to niches and other solutions in that space. We'll get some of that as well as time moves on.

Austin Nelson: That's very helpful. Then just one more on Brand Solutions. It was much better than I had expected, so congratulations there. I think—you know, I understand what you're saying, that the core packaging business is doing well. If you look at the results (inaudible) the big CPGs that are your customers are finally growing again, maybe there is some pandemic benefit; but just on the retail pent-up demand side, can you kind of segment it for me? The way I always thought about it was that it was essentially a lot of end caps and that kind of thing, so to some extent you'll have lost sales because those are weekly promotions or that kind of thing. But, is it essentially that there are no end caps because they're just trying to stock up on everything they can, and there's really no need to do promotions...

Joseph Bartolacci: So we don't...

Austin Nelson: ...and when we get back to normalization, you'll have that? I'm sorry, go ahead.

Joseph Bartolacci: No, no, no. It's a good question. It's not—we don't do end caps. We're not a corrugated box guy that puts that end cap out there. We do a lot of in-store, store-in-store functions. So, for example, for a large television, electronics supplier, global, we do complete in-store refurbishing of marketing displays that are everything from brass and glass to metal to graphics to whatever is associated. These are \$10 million to \$15 million projects on a national basis that is done.

We also do work in things like the fast food industry, where we've done some work with the large national fast food industry. We do work in a lot of places that are in-store that have not had foot traffic, and therefore have not had the spend that you're going to have.

I would not suggest that those are lost sales in the sense that—we may not do that exact same program again, but the desire to re-do in-store displays as we talk about them will come back, and we think it's pent up. I can't give you a number on it because I just don't know. Our discussions are with our recurring client base that when those stores reopen, there is almost two years worth of delayed investment that will have to come in all at one time, and given the timing of the pandemic, if the exact (inaudible) turn out to be what they will be, we'll be hitting it right around pre-Christmas season, which is usually our biggest quarter anyway. We're fairly bullish on that, presuming we're able to get through this next six, nine months.

Austin Nelson: That's very helpful. That makes a lot of sense. So they're essentially big capital projects that have been...

Joseph Bartolacci: Yes, they are. They're not small. We're not talking about \$200,000 projects.

Austin Nelson: Okay, that's very helpful. That's all I had. Thanks a lot and congrats on the quarter.

Joseph Bartolacci: Thank you.

Operator: Thank you. At this time, we've reached the end of the question-and-answer session. Bill, we have no additional questions at this time.

Bill Wilson: Thank you Rob, and thank you for joining us today and for your interest in Matthews. We plan to file our 10-K later today. Again as a reminder, for additional information about the Company and our financial results, please contact me or visit our website. Enjoy the rest of your day. Thank you.

Operator: Thank you. This concludes today's conference call. You may disconnect your lines at this time. Thank you for your participation.