Liam Burke, Analyst, B. Riley FBR, Inc.: We can get started now. I just want to give brief introductions on Matthews International - we have Joe Bartolacci, CEO; Steve Nicola, CFO of Matthews. The largest business they have is SGK, and the project nature of the business has made it rather variable on a quarter-to-quarter basis. The Company is off to a slow start for 2019. We have Joe and Steve here to explain, A) how 2019 will get stronger as we go through the year, and B) how the three businesses work together to drive long-term operating margin improvement and significant cash flow.

So with that, Joe, Steve, thank you.

Steve Nicola: Thanks, Liam. All right. So I'm Steve Nicola, I'm the company's Chief Financial Officer. I'll start and give a general overview of the business, and then I'll let Joe explain the businesses and the strategies behind them. Before we get started, please note the disclaimer statement here on **slide 2**.

Embedded in the title on **slide 3** is the answer to a question we get a lot. Joe is going to talk about our three businesses, which are Brand, Memorialization and Industrial Technologies. One of the common questions that we get is, how did you end up in those three businesses? How are they connected? Why are you in those three businesses? The answer is routed in the company's history. We went public in 1994 and you would see in our prospectus, we build ourselves as an identification products company.

So what does that mean? We were founded in 1850. We did handstamps and branding irons, which were the early makings of what we term today as marking products or product identification. That later evolved into making printing plates that are mounted to cylinders and printing presses that are used to print packaging. If you think about a printing plate and the raised lettering on that photopolymer, or rubbery substance, that same type of product was used to make bronze building signs. So we made bronze building signs that identified buildings and the like.

In 1927 we had a customer ask if we could make a bronze memorial, a cemetery memorial out of the building sign, which was the start of our cemetery business, our bronze memorial business.

Fast forward to 1994, we went public and those were our three businesses - our bronze memorial business, which was our largest at the time, graphics or the brand business, and then marking products, things that identified, whether it's people, whether it was place or whether it was a product. Once we were a public company, we were open to the capital markets and had the ability to access capital more readily.

With access to capital markets we were able to take our cash flow, and instead of using it for stock redemptions for retiring employees, we were able to reinvest in the businesses. So that cemetery products business, that bronze memorial business, evolved into not only bronze memorials but granite memorials, cremation equipment, caskets - all things serving the funeral services industries.

That printing plate business evolved into all of the prepress merchandising and tooling that serves the brand markets, brand packaging.

And that marking products business expanded not only from marking products and ink jet printers, but to the consumables that are used in those products, to the readers that read the marks on products, to the equipment that's used to move those products around the warehouse. And like I said, Joe will talk about those in a few minutes. That is really how the Company evolved to what it is today.

Moving on to **slide 4**, we cover what have been the fundamentals of our growth strategy for a long time. We are not a high growth company. The industries we are in are not high growth. Our Memorialization business is tied to death rates. The Brand business is really tied to CPG growth. Our Industrial business, while it's tied to industrial and GDP growth, does have some opportunity for growth. And again, Joe will speak a little bit about that.

We do have internal long-term targets of low single digit top-line growth in each of these businesses, levered over a relatively fixed cost base. This gives us closer to mid-single digit bottom-line growth potential longer term. And then all that is supplemented by the reinvestment in what's been very good cash flow generating businesses. All three of those businesses are very good cash flow generating businesses.

The model has been, and continues to be, a low but stable and steady organic growth company taking the good cash flow and reinvesting in those three businesses for growth. We also have an active share repurchase program in place that is utilized when we do not see opportunities for investment, and we'll use that for investment when we see the right opportunities in our stock price.

Turning to **slide 5**, these are the numbers for sales, net income EPS and adjusted EBITDA over the last few years, demonstrating the growth we've realized. Liam referred to two challenges to our growth this year. One is currency, we do about $100 million worth of business in the UK and about $300 million worth of business in the euro-based countries. Those currencies have been a challenge year-over-year. We reported north of a $10 million top-line challenge year-over-year just from currency headwinds over the last quarter. Those amounts annualized create a significant year-over-year challenge, but once we cycle out of this year, obviously that comparable gets a lot better.

Slide **6 shows** the segments breakdown. Our Brand business is our largest at almost 50% of our revenue, followed by our Memorialization business at 41%. The third business, our Industrial Technologies business is about 10% of our top line. However, as you see here on the right half of the slide, the Memorialization business is the largest in terms of adjusted EBITDA contributions. Again, that speaks to not only the stability of those businesses but our market positions in those businesses. We are number one in the bronze memorial business, which has very good margins. We are number two in the casket business. We are also number one in the cremation equipment business.

With that, I'll turn it over to Joe to talk about the businesses.

Joe Bartolacci: Okay. Thank you, Steve. Liam, I'm going to ask you to keep me on track here, I know I've got a brief period of time.

Moving to **slide 6**, I'll talk to you a little about our businesses. SGK Brand, what do we do? This is a question I get often. We are a marketing services firm. What we do principally is help brands go from packaging creation all the way to the printer. We do not print, we help manage the print, we ultimately help them get their creation of packaging all the way down to the print.

Today for example, we've got a project going on – we're launching the new Pringles. Everybody knows Pringles, literally around the world. We did creation of that package, we adapted it to all the different sizes, all different shapes, all the different languages, all the different markets. We then do the reprographic services associated with that, which means the separation of the colors that are necessary to do that. And in some cases we do the printing tools associated to be able to print that in the various parts of the world.

Using $700 million as an example revenue number, just for round numbers, we do about $350 million worth of pure marketing services, those reprographic and creative design services I was talking about. About $250 million of tooling, that's reprographic printing plates as well as your cylinders around the world. And lastly, about a $100 million of semi-permanent point-of-sale displays. If you've walked into a Best Buy recently and looked at the Samsung displays within Best Buy, we did that. We do a lot of work for Nike, Apple, Under Armour. Anytime you're looking to display something other than on a corrugated endcap box for a grocery store, we participate in that market.

This business has done very well for us over many years. We were a much smaller business as Steve talked about earlier. And this business is changing. Many of the customers that we serve read like the "who's who of CPGs" around the country. We do business for Procter & Gamble, Colgate, Diageo, Philip Morris, General Mills, Kellogg's. Anytime you walk down a grocery store aisle, more likely than not, we've done the vast majority of products that are sitting on the shelves. Many of those clients have struggled finding their footing in this new market, which has considerable challenges from private-label, challenges from small startups, challenges from pricing on e-commerce.

What we've seen over the last several years is some compressed spending, which we think is beginning to turn. If you all followed what happened with Kraft Heinz, another client of ours, recently they turned off the valve and said, this is not working, we now have to reinvest. We've heard that from literally every one of our accounts. Now, this does not translate from today's statement to our P&L tomorrow, but the fact of the matter is, we're starting to hear the refreshing, the new opportunities, the innovation in the packaging and the innovation and the products that are associated with investing in brands.

We've gone through the cycle before, SKU compression, SKU proliferation, we think we're beginning over the next several years, the process of SKU proliferation again. Now I did mention to you also that private label has been a grower in the United States. Private-label in the United States represents about 15% of the market. If you have ever been to a UK grocery store you'll know that's closer to 50% to 60%, most of Europe is in the 40% to 50% range. We will do $100 million in that space next year from less than $20 million just a couple of years back. We do Aldi's, Trader Joe's, Albertsons, Giant Eagle, name after name, and Walmart – with private-label, which continues to grow for us. We think this is a trend that will not dissipate anytime soon.

On **slide 8** here, these are the brands that we were talking about. You can see who they are. We do everything from food services to pharmaceuticals, an area we think is going to continue to grow. Earlier I said, we principally do packaging, but we're expanding beyond that. We're talking to banks, pharmaceutical companies and hoteliers about taking over the marketing functions of their whole business - basically, outsourcing what they have done internally. We're talking to JPMorgan next week and expect to be able to get a response from them shortly. Today they have about 100 people sitting in Manhattan and we could take over that function for them, help them execute. We're not taking over the Chief Marketing Officer's role, we're not taking over their lead marketing guys, but there's a lot of execution that has to occur throughout the United States and around the world in getting their marketing ideas to reality, and that's what we're going to do.

Moving to **slide 9**, SGK Brand Solutions Strategy, we talk about our differentiators. We are the only global player in this space. There are always several competitors in what we do, one of them is owned by a private equity firm, a couple of them are privately held throughout the world. Typically, brands have had to cobble together a lot of suppliers around the world to be able to do this. Our strategy has been to be on the ground right next to the brand, being able to support them there. We have our number one position in that situation. What we really have is know-how. Many times, when I talk to people, they say, well, what do you do - you push a couple buttons on a computer, and it comes out on the printer and it's colored and that's what it looks like?

We do work for Coca Cola around the world. I like to say that our responsibility is to make sure the Coca Cola red is Coca Cola red, literally anywhere you go. You can only imagine what inconsistency of color on the shelf will do to the consumer. Imagine you saw a Cheerios box and it was yellow and the next one, right next to it was gold, and the one down the road was a little bit orange - three different printers. As a consumer, what do you think about that? You don't say it's a bad print job. You say it's stale, it's old. I don't like it. Brand integrity is where our responsibility is.

Trends, we have very high barriers to entry. I mean, let me tell you we have about 6,000 to 7,000 people around the world being able to do this, all technically skilled, trained for what they do. Replicating this would not be easy for anybody. You can cobble together 25 little players around the globe. That's an easy thing to do, if you want to do it, but you're going to have to take 25 people inside the United States to be able to do that for you.

Centralizing has been something we can do for you. We can also do it on site. We have over 400 or 500 people sitting on site at the brands we operate with. That is a wonderful position to be in, because we are sitting next to the work that is being generated. The one thing that I think is difficult to explain to people is that we do not sell every day. We have relationships and contracts in place that go back 20 to 30 years. They sign a contract and we sit with that brand. We do Pampers, literally around the world, baby care is a big market for Procter & Gamble. Whatever baby care chooses to do, we get, and we renew that contract every three years.

Let's turn to **slide 10** and talk about the Memorialization business. Steve talked to you about Memorialization, how we started as a cemetery marker business. Today we are the number one provider of cemetery products in the United States. Our principal product is that bronze cemetery market. We've recently added stone. Today we are the number one provider of stones as well.

We are the number two provider of caskets to the funeral home industry. We were not even in this business 10 - 15 years ago. Through acquisition integration, today, we are amongst the most profitable of the businesses that are out there. And third, we are in the cremation business. We provide cremation equipment around the world. We are the number one provider of cremation equipment to the world.

Wonderful business, we provide the operations in Apopka, Florida, but we also have operations in the UK and in Italy as well. This business has been good for us in a lot of ways, wonderfully predictable, all portions of this are fair and predictable. The only thing we change from is volatility in death rates. You've recently heard we had a little bit of a difficult quarter in this space. Death rates changed. Why did they change? I can't tell you that, but I can tell you that last year we had a record volume rate in the month of January, never had a volume like that. We didn't repeat that which was good for humanity but bad for our P&Ls.

We've got 3,300 employees, wonderful EBITDA margin of 23%. Within that portfolio, as you might expect, we have some that are in high-20s, some that are in the mid-teens, but as a whole, 23% EBITDA margins that are very, very predictable.

On **slide 11** we touch on Memorialization strategy. Our differentiators are the market shares. Those market shares allow us great flexibility. They give us the ability to block new entrants frankly. As a reality, barriers to entry in this business are significant. Volume is critical.

Now, I've received a lot of questions over the course of the years about what happens when Chinese caskets come in? What happens when Walmart decides to enter the market? How about Amazon when they start to sell this stuff? You cannot do this one at a time. We do 300,000 individual markers every year, and they are all custom. We're a specialty shop. You cannot reproduce 300,000 one-offs. Chinese caskets coming in from Asia, not a problem. We produce our products in Mexico. The fact of the matter is it costs about $125 to get a casket from China to the United States, because of the amount of air shipment; having the distribution network is more important.

When your loved one passes away, you're not willing to wait seven days to get a casket. You want her funeral the next day. We deliver anywhere in the United States within eight hours on our own trucks, mostly within four.

Joe Bartolacci: Let's quickly review **slide 12**, Industrial Technologies. This is where the business started in 1850 with the old hand stamp and branding irons Steve talked about. This has evolved. This business today is an inkjet/laser business, a wonderful business with a bunch of very smart guys who have taken it to the next level. Our product produces everything from the logistical marks on the bottom of a can of Coca Cola that says born on, expiration date, the production lot number, the barcode. That barcode ultimately is read by devices that help it move through the automated warehouse.

You get your product fulfilled through e-commerce using those barcodes at the end of the day. We are within the top three, let's put it that way. I can't tell you whether we are number one, two or three, but we're a top three provider of warehouse control software. We help companies like the Limited Group, Costco, Target, DICK'S Sports, get products from their website to your doorstep, or from their warehouse to their stores. We do store fulfillment as well as e-commerce solutions. We extended that last year with a recent acquisition that helps us do that all the way through the logistical companies, DHL, FedEx, UPS, United States Postal Service. We manage the software that manages their warehouses to be able to get product to you.

These are the three businesses we have. We have wonderful opportunities and a lot of them. One that we're most interested in right now is a product we're developing in the product identification sector. That's the barcode printing equipment. We're developing a new product in a market that is about $1.6 billion made up of three principle areas - equipment, consumables, and repair and maintenance. You need repair and maintenance, because if the product goes down, you can't run your production line. Coca Cola is going to have to shut down the production line if they cannot put a mark on it.

Repair and maintenance is critical. Our competitors talk about having thousands of repair and maintenance people around the world and being able to service you within hours. Our investment has been in a disposable printhead, allowing you to eliminate the need for the repair and maintenance team, reducing total cost of ownership and frankly linking you to us for the consumables, where all the margins are made. Printing is ink. Ink is very, very, very profitable. So the more of our equipment, the more of our solutions that are out there, the more they sell. So, time for questions.

Liam Burke: Anybody out there like to ask a question?

<Q>: Joe, around the printer you talked about, where are you in terms of product introduction and timing of that release?

Joe Bartolacci: This has been a project that's been in the works for the last several years. We went through beta over the course of the last several months. We've had great success with our beta. We are now in production. We are working through some production kinks. This is a silicon-based solution. We do not own the silicon fab. We ultimately do have printed silicon wafers produced for us. Getting to the yield levels that we need will allow us to sell the quantities we expect. We expect to be in market this year. For the next couple of weeks, hopefully, we start to begin to sell a few things. We don't expect to see significant ramp up quickly; this is a credibility issue. Tell the customer who has been spending thousands of dollars per unit every year on repair and maintenance, and we say trust us, you don't need it. It's going to take a little bit of time, but I don't think it's years. I think it's one, two years until we start developing some credibility.

<Q>: Can you talk about how you decide what new products or markets to go into? There are so many customers, so many channels, and so many technologies, how do you decide to go here or there?

Joe Bartolacci: It's in how we manage our organization. At the end of the day, although Steve and I are the people that you all get to see, the fact of the matter is we have a wonderful team of leaders throughout the organization. They present to those opportunities. Ultimately, we make the decision as to whether it's the right place to go or the wrong place to go, and also how much we will allocate versus not, as a practical matter. When we look at some of our businesses, for example, we've done a great job over the years rolling up what we would consider a very, very stable Memorialization business. There is not as much opportunity there. It's not like I can go allocate lots of money, but we have optimized that and today it's producing great capital. These other two segments, it's difficult for me to consider spending hundreds of millions of dollars in Industrial Technologies, because they're not that big of a business today. Spending several tens of millions of dollars developing a new product, where they can grow from it, is the right place to go. SGK with scale, can take on a bigger opportunity and that's how we look at, what can these businesses actually handle and what kind of return do we get.

Steve Nicola: Yes. I think the other thing I'd add to that is we stick to our knitting, meaning that if you think about this new product in Industrial Technologies, as Joe referenced, that is already in a market that we serve, but it is what we believe is a new and much, much better technology. We have a product development going on in our cremation equipment business with incineration and new incineration opportunities. Again, within the products and the base functionality that we serve today and even on the brand side, we talk about some of the printing cylinders that are used for packaged printing that have other alternatives and the development of those products for other uses, but still within the bounds of what we currently serve today.

Joe Bartolacci: Thank you all. We appreciate it.