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Karen Howard: Good morning, everyone, and welcome to the Matthews International Inaugural Investor and Analyst Day. We are thrilled to have you join us. First of all, let me introduce myself. I know many of you, but for those of you who do not know me, my name is Karen Howard and I coordinate Investor Relations along with the Matthews' team. We are thrilled to have you with us here live as well as the folks on the webcast.

A few housekeeping things I want to point out. For those of you who have not found them yet, restrooms are just on the other side of the foyer. There is a little hallway there and then they are to the left. There will be a break mid-morning or so, and refreshments will be in the foyer area right outside this room. Following our program this morning, we'll have a buffet lunch available in the same area where we had breakfast. The food will be set up in the same area where the breakfast food was, and we'll be using that room in the corner for the tables.

To get things going, Joe Bartolacci, our CEO, will introduce the rest of the management team members who are here with us today. He will also review the agenda. There is an agenda right in the very front of your books, as well as embedded within the presentation for those of you who are on the webcast. I do want to point out there are bios on all the speakers in the back of the books as well, to give you some background on them.

I also ask you to hold your questions until the end of the presentations just to keep things flowing, we would appreciate that. We'll take questions here in the room as well as on the webcast. So for those of you who are listening in on the webcast, we encourage you to submit your questions, and we will be responsive to them here in the room.

I also want to point out, and I know some of you have seen them, we do have display demos in the foyer area. For those of you that have not yet taken advantage, I encourage you to check those out. I always say you get so much more out of touching and feeling products and things. The business leaders will be happy to walk you through the nature of those things. So right outside in the foyer here, I encourage you to check out those displays during the breaks or during lunchtime.

Finally, without further ado, let's get things started. I do want to point out here with **slide 2** that we may make some forward-looking statements during the course of the presentation this morning, as well as during the Q&A. So please be aware of that, of course, and our safe harbor statement.

So with that, I would like to turn the floor over to Joe Bartolacci. Thank you.

Welcome & Overview

Joseph Bartolacci: Thank you, Karen. Good morning, and welcome to our first Matthews International Investor Day. It's an honor for me to be here and to have my team be here with you to go through some of these things.

You have heard from Steve and I for many, many years about what we do and how we do it and where we do it. Today, you're going to spend most of the day listening to the guys who actually do it. Not me and Steve. You're going to hear from the team members what they see, how they run their businesses, the opportunities and the challenges they face. So we're not going to spend a lot of time listening to Joe or Steve.

The agenda we have, as you can see here on **slide 3**, is pretty full. We have the introduction that we're talking about right now. Steve Nicola, our CFO, who is up here with me right now will do a brief overview of the business with the financials and the background of the business. Then Gary Kohl and Greg Babe will talk about our SGK Brand business and the tooling business, which is a subset of SGK Brand. We'll take a break. Then Paul Jensen and Brian Dunn will step up and talk to you about the Industrial Technologies with a lot of the great things we have going on in that business that you have heard us talk about for a long time.

Steve Gackenbach and Brian Dunn will come up and talk to you about our Memorialization business, where we see some interesting opportunities that may be outside of what you think we do.

We'll try to save all of our questions to the end, but please if you have questions or you have to leave, do not hesitate to ask on the subject matter that is up at that time. Otherwise, you may not get an opportunity for the rest of the group to hear your question and get the response.

Let me introduce a couple folks who you're not going to hear from today. David Schawk, you all may know the name. Schawk is the company that we purchased 5 years ago. David is one of the founders, with his father, of that business.

We have our Treasurer, Rob Marsh, sitting in the back. You will not hear from Rob, but he is here. And Bill Wilson, one of our strategic analysts that works with us in a number of matters and helped put a lot this together. Thank you, guys.

Let's move on to **slide 5**. Who we are? We are a market-leading global company, serving the consumer products, Memorialization and Industrial Technologies segment. We have been around since 1850. For many of you, this is old news. You have been around and heard us for many, many years, but I'm going to go through this to give you a sense of the longevity of this business and how we have evolved to become who we are today.

We have a market capitalization of about \$1.2 billion. We have about 32 million shares outstanding and most of those shares are owned by institutions like you all.

[Slide 6] Here's our history. Matthews International started as a business in 1850 by a man named John D. Matthews. Mr. Matthews immigrated from Sheffield England as a handstamp and branding iron manufacturer. He was an engraver. From 1850 until the early 1900s that was his principal business. But enter the early 1900s, as you can see from this storefront in Downtown Pittsburgh, we had expanded our product line to include things like architectural signage in bronze, marking products, which was the root of the contact and indenting and marking business we have today, and the bronze plaques and printing plates that form the businesses that we have.

We went public in 1994. Prior to 1994, we were an employee-owned business. Those are the 3 businesses we went public with in '94, marking products, printing plates and bronze plaques. The evolution of those businesses stemmed from the idea that we were an identification products business. We identified people, places, things and events. Those are the same businesses we're in today. We are a lot more sophisticated, a lot more evolved, but essentially as you move across today, marking products has become our Industrial Technologies business. It had the remnants of what was our handstamp and branding iron business all those years ago. Printing plates, where we used to put a mark that said "this end up", "which way to", who made this and any associated religious marks, has become our SGK Brand business where we put a package on the shelf with multiple colors and a lot of messaging around it.

Our bronze plaques business, for many of you, this is who we were, especially in 1994. Most people in 1994 bought our stock because of this business. This business today has grown to include everything in Memorialization. We are the largest provider of memorialization products in North America and in many other smaller countries around the world.

[Slide 7] Here's our history. This is something we're extremely proud of. Since going public in 1994 at about \$160 million, we closed last year at \$1.6 billion. We have done that on the backs of those 3 simple businesses that we have had. At the same time, our dividend has grown almost thirtyfold since the time we went public.

I could show you the same kind of slide as it relates to EBITDA. I can show you the same kind of slides as it relates to EPS. I could show you the same kinds of slides for a number of different facets of our business, but the fact of the matter is I cannot. I cannot reconcile back to 1994, but we know we have grown everything 8, 9, 10x, consistent with what we have done over the last 25 years.

[Slide 8] Today, we offer global products and services in a diverse group of businesses around the world. Better than 1/3 of our revenues are derived from outside the United States, that has been one of our more recent challenges as we face stronger currency out of the U.S. dollar all around. We do not call that out. We just tell you that it's going to be coming, and we have had that kind of an impact. We have 11,000 employees around the world. When we started, I think we had about 1,500. We operate in 26 countries and 6 continents today, that is part of our strength.

Business & Financial Review

Steven Nicola: So who is Matthews today? **[slide 9]** Joe talked about the businesses that we're in, what we have evolved from, who we are, and what we have evolved to today. But I think these key points about who we are today are critical, and I think they set the base for the discussion today. We are primarily the market leader, either 1 or 2, in the largest markets that we serve. These markets are stable.

The other thing I think you're going to hear as we drill down into our businesses today, is how stable these businesses are. I think the easiest one to understand is when you think of the Memorialization business, and you think of death rates, and you think of the projected growth and total deaths with the baby boomer trends, I think that's easy to understand. You're also going to hear from Gary about the stable markets and high customer retention rates in our brand businesses, which are important.

New product development, you're going to hear from Brian and Paul about the exciting new product development we have going on and the continued innovation in that business. You're going to hear from Greg about some of the innovations that we have going on in our tooling business. So again, you're going to hear about stable businesses, but opportunities in each of those businesses.

This is important and this has been a fundamental of Matthews for as long as I've been with the company and prior. We have been a strong cash flow business, a strong cash flow generator and I'll show you a slide on that in a minute. It's important to understand that coupling a strong cash flow business with the stable markets that we're in speaks to the longevity of the company to date and for longevity of the company going forward.

With respect to how we deploy that cash, the investments that we make, we target a 14% return on invested capital.

[Slide 10] Staying on the theme of stable performance, from the top line, Joe showed you an earlier chart that showed how our sales have grown since 1994. The last 3 years, again, you see consistent growth in that sales and hopefully, you hear today the elements that provide that longer-term consistent average growth.

From an earnings per share perspective and an adjusted EBITDA perspective, and also net income, you see the base elements of growth that have been a consistent part of Matthews for many years. Again, we expect that same growth on average going forward.

Moving to **slide 11**, let's talk about our consistent cash generation. For the last 3 years, the company has generated operating cash flow of \$140 million, or better approaching \$150 million. But if you think about what we returned to shareholders in dividends, our dividend commitments and our capital expenditures, on an annual basis, you see the company has a significant amount of operating cash flow in excess of those amounts to be able to either reinvest in the businesses or deploy in other places. I'll talk about capital allocation in the next slide.

But, again, when we think about the ability, not only to continue to reinvest in the businesses through capital expenditures and continue our dividends, and we have been a company that's increased our dividends annually, you see the cash flow that that's founded on.

Our segment contributions are on **slide 12**. How do our segments break out? Our SGK Brand business, our largest segment, accounted for about half of our revenue in 2018; our Memorialization business, about 40% of our revenue; and our Industrial Technologies about 10%.

From an adjusted EBITDA basis, you see last year SGK Brand contributed \$150 million of our adjusted EBITDA, Memorialization a little over \$145 million, and Industrial Technologies just about \$26 million. Our corporate and other has generally been approximating about 4% of the company's revenue.

Joseph Bartolacci: Okay. So let's take a second and talk about the businesses. I'm not going to get into this very, very deeply. That is for my team to do. I think they'll do that well, but I want to give you just an overview of the various businesses that we have here on **slide 13**.

The first one up is our SGK Brand Solutions. As I said earlier, this is what used to be our printing plate business. We have gone from "this end up", "ship to", "made by", on a corrugated box to your package of Wheaties, to your package of Cheerios, to Procter & Gambles and the Colgates and everybody else associated out there from a CPG standpoint. We do packaging execution for some of the largest brands in the world.

So what do we do? From creative design to artwork, a word that you all may not be familiar with. Yes, artwork is a pretty familiar word, but how we use it is very different. The term that you all may be familiar with is called reprographic services. Reprographic services is something that people think about and say, "It's going to be digitized." It's not a whole lot we can do, we know. That's why we call it artwork. We do far more than artwork. Artwork consists of a number of different facets that Gary's going to talk to you about and explain in a lot more detail than I'm going to do right now.

Tooling. We do almost EUR 250 million, \$250 million, whatever it may be at this point in time, in a space where no one really knows we do that kind of volume. Greg will talk to you about that.

And merchandising, you all know that we have done Samsung in-store concepts, to Nike, to Apple. We do some of the most leading brands in the world for in-store displays and experiential marketing.

Our results last year were about \$800 million of revenue and almost 19% EBITDA margins. We have 7,000 employees, and we service leading global brands around the world, as the #1 provider in this space in just about every market we operate.

[Slide 14] We have some of the most desirable brands in the world. Our customers read like a who's who of the Fortune 50 and Fortune 100. They are brands that have consistently been around, and we have done this work for them as a strategic partner for decades. Not for years. Not for months, not on an event basis, the relationships are literally measured in decades. That is one of the things you see in our P&L. When you see the amortization that shows up, is the amortization of customer lists, because of the longevity of the clients that we have. We are strategic partners for all of these kinds of customers because we are mission-critical. They cannot get their package to shelf consistently around the world without us. They can hire everybody, they can create all the details they want, they can manage this whole thing, they do not. We have done this for many, many years, and we do not think that's going to change.

[Slide 15] The differentiators, trends and strategies I'm going to leave to Gary to spend a lot more time on, he'll talk to you about it, but suffice it to say, our global footprint is a significant barrier to entry to this market by any other competitor. There is nobody else with our footprint and that is a significant advantage and a barrier to entry to this market.

We're also playing in the spaces you're going to hear about from Gary that people might not understand that's going on. In the United States, the penetration of private label, retail store brands, is still relatively small relative to the rest of the world. We are the #1 provider of private label brands in the United States, in the U.K. and with clients that go around the world.

[Slide 16] Our Memorialization business. As I said to you, if I had talked to you 25 years ago when I first started working, or 23 years ago, this is where we'd spend the entire day. All we'd talk about is our bronze cemetery markers and how wonderful it is. Guess what? It still is wonderful, nothing has changed. We know our roots. This is where this came from. We're not suggesting to you that we're moving away from it. This is the core of who we are and it will always be that. But we have expanded on that business. Today, we are the #1 provider of bronze as we have always been. We're now the #1 provider of granite upright tombstones. We're also the #2 provider of caskets with about a 30% market share. The difference between us and #1, is one customer. That's all it is. Whoever has that customer makes the difference between who's #1 and who's #2.

Cremation equipment, and some other things that Brian Dunn's going to talk to you about, has also grown. Today, we are the #1 provider of cremation equipment around the world. We sell better than 130 units every year from places down into Costa Rica off to Australia, India, into the U.K., into wherever it may be. We sell these products literally globally, and we get looked to as that provider.

The results in this business - \$630 million in sales last year, wonderful margins. For those of you that have talked to me for many, many years, you know how many times we have been compared to our largest competitor on the casket side. We beat them last quarter. We beat them the last 5 quarters. Our performance continues to improve, and we continue to be far more competitive.

We have 3,300 employees in the U.S., Mexico, Australia and in Italy. We are #1 in Italy and #1 in Australia as well.

[Slide 17] Differentiators. Again, these are the things I'm going to leave to Steve Gackenbach and Brian Dunn to speak to you about. They are the two leaders of the different segments of that business. The differentiators I look at are, again, from a barriers-to-entry standpoint. We are around the United States anywhere you need to be within hours. That distribution network is a very difficult thing to replicate. That is a huge barrier to entry. Anybody can make a casket, anybody can make a cremator, but the fact of the matter is we can be anywhere in the U.S. within 4 hours, huge barrier to entry.

The breadth of our product offering is another differentiator. As you look at what we do, it is a very concentrated group of customers that all use the exact same things. Many of the funeral directors also own cemeteries. Many of the funeral directors and cemetery operators also own cremators. We're the only person that's able to leverage all 3 product lines to that customer anywhere.

The trends - folks, you know the trends as well as I do. We have never been with our head in the sand as it relates to the trends. I hear nothing but cremation's going to destroy this business. This is going to go away. I've been here for 23 years. In that 23 years, cremation has gone from about 5% to over 50%. At over 50% during that 25 years, we have grown tenfold. That's not going to change. That's who we are and that's what we will continue to do.

Strategies, I'll leave that for Steve to talk about. He will be able to give you a better feel for that.

[Slide 18] Industrial Technologies. This is the evolution of the handstamp and branding iron. We went literally from a handstamp and branding iron putting a mark on a crate, on an animal, on a box, to where today we're doing it with lasers, inkjets, drop-on-demand technologies, but we added that. This is a pretty smart and innovative group of guys, and you're going to hear some of them speak today. This group said, "Look, our product sits at the end of that production line. How do we extend beyond just that packaging print marker?" We provided some opportunity for that team to invest, and today, we are a leading provider of warehouse automation software and technologies in the United States. That is from nowhere just 5 years ago, we were not even in the business.

Applied technologies, we'll hear some pretty neat things we're doing in that space as well. Last year, we did \$165 million of revenue and about 16% of EBITDA margins, a misnomer. We spent about \$8 million in the new product you guys all got to see outside here. That new product has not been adjusted out of those EBITDA margins. When you put that back in, this business is producing almost 20% EBITDA margin like the rest of our businesses.

Something we take pride in is to get all of our businesses, not as quickly as some people may like, but to operating margins where we think we can remain competitive and continue to grow, and we have done that.

We have about 500 employees around the world. We continue to have opportunities to grow this business. We'll hear a little bit more about that.

[Slide 19] Again, the differentiators for industrial technologies, I'll leave to these guys. We operate in some of the fastest-growing spaces in United States. Our focus on the warehouse automation side is on the e-commerce side. We're not moving parts for GM or Ford or anything like that. We're moving packages to your doorstep. We literally have technology that goes from that ERP system where they go pick that product off the shelf and deliver it to your door.

The new product development side is something we're very excited about. I cannot wait for the guys to be able to talk to you a little bit more. You saw a little bit of it outside, for those who had the opportunity. If you have not, I would strongly suggest you speak to Paul and Brian. The two funny looking things outside here, they're a little bit robotic, that's our new printer. We spent a lot of money to get there, and we think it's a \$1.8 billion opportunity over time that will allow us to go from 169 years to 300 years of experience.

Steve?

Steven Nicola: Okay. Many of you have seen this slide before [**slide 20**]. In different forms, this has been a part of our investor deck for years. This is really how the company has created value over such a long time, and we look at it as the model on how we're going to grow value in the future. The principal elements you see here - organic growth, acquisition growth and our share repurchase program.

With respect to organic growth, you're going to hear today about the opportunities in each of the businesses where we see opportunities for growth, whether it's new products, whether it's expansion into new geographies, extensions of what we do. That's where our organic growth comes from, in addition to the continued emphasis in the company on cost management, including the synergies with respect to the acquisitions we have done.

We have been an acquisitive company over the years. Our largest acquisitions were SGK in 2014, Aurora in 2015. Those acquisitions were in our significant businesses, the #1 player in the brand business, and the #3 player in the casket businesses. Good opportunities for us, but as most of you know, those acquisitions did change our leverage profile, so I'm going to talk about that in a minute as well.

Again, opportunities for us to expand in the businesses that we are in - they have to be part of our base strategies within our businesses and they have to achieve minimum financial goals. Also, we look to a 14% return on invested capital objective for those businesses.

Historically, where we have not seen opportunities with respect to investments and acquisitions, where we have excess cash, we have a share repurchase program. It's not a repurchase program where our Board of Directors has identified a specific number of shares within a specific period of time. They look to us to be opportunistic where we see opportunities, where we do not have the investment opportunities and periods of excess cash flow. That's changed a little bit recently due to the leverage profile, and again, I'll talk about that in a minute.

These are the basic elements of our growth. One thing, I think, is important to point out, especially with respect to the chart that Joe showed you on sales a few minutes ago, we're a company that's been around for a long time and our plan is to be around a long time in the future. So we look for our actions and strategies to drive that long-term growth on average. There may be years where we cannot control what happens in death rates, for example, or a mild flu season, or we cannot control currency rates and their impact on our top lines. But on average, going forward, these are the elements that we see driving growth as they have in the past.

[Slide 21] What are our capital allocation priorities? I talked about our leverage profile a few minutes ago. Debt is a priority for us. We recognize where our leverage ratio is. Today it sits about 3.8x based on the trailing 12 months as of March 31. We'd like to work on that and see that decline. That is an emphasis for us.

From a cash flow perspective, most of you know our seasonality. We drive more cash flow in the back half of the year, particularly in our fourth quarter. I just take you to a year ago, as an example, in our third and fourth quarters, we were able to take our operating cash flow and

reduce our debt by \$80 million during those two quarters. I do expect by the time we reach the end of the year, we'll be looking at some debt decline between now and the end of September.

Our annual cash dividend - as long as I've been with the company it has paid a dividend and been increasing its dividend annually. Today, it sits at \$0.80 a share on an annual basis.

Our capital expenditures are currently at around an average rate of 2.8% for the last 3 years. We often get the question about maintenance CapEx versus CapEx that drives growth. This is the percentage of total capital expenditures, but that does include maintenance as well as what drives growth. So that's all in.

Acquisitions. Again, we're not out of the market where we see the right investment opportunity and the right thing to do, not only for our specific business and their strategy, but something that is important to continue to drive that long-term stability and growth. That's important.

And then finally, I talked about the share repurchase program.

[Slide 22] To summarize quickly, we are in leading market positions, particularly in our strongest and our largest businesses. We're a company that generates strong cash flow and our end markets are stable, and hopefully you'll hear about that today. And we have had a good track record of successful acquisition integrations.

And with that, I'll turn it over to Gary Kohl.

SGK Brand Solutions

Gary Kohl: Thanks, Steve. Good morning, everybody. I'm Gary Kohl, the President of SGK. I'm thrilled to be with you today and get a chance to tell you a little bit more about our business.

First, a little background on myself. I've been with Matthews for about 3.5 years now. I've spent the majority of my career in the graphic arts and printing space. A good background, I feel like I've been in this business and exposed to this business for the better part of 20 years.

I'll start with a broad overview and then we'll work into a little bit more detail as we proceed through the presentation.

[Slide 25] As Joe mentioned, SGK is the #1 packaging graphics provider in the world today. With over \$800 million in revenue last year, we have built the premier platform in the industry. Through a combination of acquisition and organic expansion, we now have locations in over 25 countries, comprised of 69 different production and studio sites.

This large geographic footprint is advantageous on many levels. For example, having production locations in most major cities around the world provides proximity to the headquarters and regional offices of many of our Fortune 500 clients. That allows us to capture and onboard new work very, very quickly. In fact, almost 7% of our 7,000 employees actually work on-site at our clients' offices. That provides me a very, very sticky relationship, one that often results in the identification of new opportunities and increased revenue for those clients.

This geographic footprint also includes our low-cost production centers located in India, Malaysia and China. Now that's a very, very key point that we're going to come to over and over, again, as we talk today. Because our ability to transfer work around our platform to these low-cost sites allows us to optimize our wage rates globally, balance our workload between sites, and to develop production expertise in specific regions for certain types of work. As you'll learn this morning, having this robust global platform means we're able to provide far more than packaging graphics services.

[Slide 27] Now let me give you a better understanding of what it is we actually do. But first a question, why are global companies like Coca-Cola instantly recognizable the world over? The answer is because of the common and consistent way in which their brand shows up in the marketplace. Whether you purchase a can of Coke here in New York, in Tokyo, in Sydney or Russia, the specific shade of red they use across every variant of the Coke product is exactly the same. In fact, the formula they use to get that particular red is what they call their second secret formula. When you see this red, along with the distinctive script used to spell out Coca-Cola, you'll know that you have the real thing. These facets, logo, color and consistency represent Coca-Cola as a brand worldwide.

I'm sure this sounds like a simple concept, but imagine the complexity of creating and managing that consistency on a global level. The path a can of Coke, and all its various brand extensions go through to get from a concept or idea to a finished package on a store shelf is extremely complex.

SGK can simplify this process dramatically by offering a set of services that can take a client from creative all the way through to print support. We often start with a core creative and design process, either building on an approved set of brand guidelines and standards already in place, like we do for Coke, or setting a fundamentally new strategy for a sub-brand, or a new brand extension, such as Diet Coke.

We then move into the artwork production process, where all of the individual pieces of packaging elements are put together in the correct manner. These elements can include any number of additional pieces of content that must appear on the package once it's on the shelf. Think about serving size, think about ingredients, think about UPC codes, things of that nature.

Once these components are assembled, we have what we refer to as a master artwork file, which must be absolutely correct in all respects. In fact, we're using artificial intelligence in some of our proofing software to ensure that we catch errors on ingredient lists, for example, even if those errors originate on the client side.

Once we have the master artwork files for all the individual pieces of packaging, we have experts who manipulate the underlying properties within those files into a print-ready form. This step of the process is particularly complex, because the file must be created to meet the technical requirements of not only the specific printer who'll produce the physical printed package, but also to the exact press within that particular printing facility. Variables such as which type of printing process will be used, the type of ink for that printing process and the material that the package will be printed on, must all be taken into account in order to produce the consistency required for instant customer recognition.

What you may not know, is that the same exact ink color can show dramatic variations depending on what type of material, or label, the package will be printed on, and can further be affected by the brand of ink being used or, again, the type of printing process. Correcting for these variables so that the Coke red is identical on every can, box, poster, point-of-sale display, et cetera, takes enormous technical knowledge and expertise.

We manage this for thousands of printers across the globe. We have built a proprietary database that includes the file requirements for the majority of packaging printers and their presses worldwide, something that we firmly believe could be monetized in the future.

In many instances, we extend this value chain by creating the plates and cylinders that are shipped to the printers and used to make the graphic impressions on the packaging material. In fact, SGK is one of the largest cylinder and flexographic plate providers in the world, managing this part of the process for clients who want an even greater degree of simplicity

and accountability, while also managing this for printers who do not have the resources or the desire to build this capability themselves.

The gravure printing process uses a large cylinder with the desired image engraved onto its surface. This engraved image will hold the ink once it's mounted on a press and will transfer that image to the paper as the press is running. This printing method provides consistency, density of color and speed, and is generally used for print runs that are very, very long.

Flexographic printing is the second type of common printing process used in packaging due to its ability to print images on flexible materials. SGK produces almost 3 million square feet of these types of plates that are shipped to printers across the U.S., the U.K., and Europe.

Finally, the files we created, along with any plates or cylinders we provided, allow the printer to complete the packaging execution and the brand owner to finally get the product on shelf.

While the creative and production steps I've described here are extremely complex, our experience, the technology we use to manage the process and the vast production platform you saw previously, allow us to provide this service not only at advantageous prices but at a speed that most competitors cannot match. While brand consistency remains foundational, speed to market is paramount and is enabled by the scale our platform provides.

Now remember, I talked about the platform and what it enables us to do beyond packages earlier. The process I just described of bringing brands to market in the form of packaging on shelf, again is the core business upon which we were built. But many of those same steps are required to bring those brands to life across other media channels as well.

For many global brands, the content contained on the physical package is what they refer to as the single source of truth. Much of the imagery and content that we use to create the package, and which has already been approved at all levels within a client's chain of command, like legal and finance and marketing, can now be used for new marketing initiatives. The workflows and processes that go into social media campaigns, store merchandise displays, printed circulars, magazine ads, coupons, direct mail, they can all easily be managed across our platform with many of the same resources and workflows that we use for packaging.

The production expertise we have built within our low-cost facilities in India, for example, can also be used to produce files for printed collateral of any type. This can include 3D rendering of those images for use in online campaigns, and even digital advertising, including things like website development.

Now that you have a better understanding of what we do, let's review how we do it **[slide 30]**. The physical production platform I showed you earlier can be further defined by the end-to-end set of capabilities that SGK brings to the market. Our six sub-brands fall under three broad buckets of services. First, the creative agency and design services; second, our artwork production and reprographic capabilities; and finally, our tooling services. Now, fully 80% of our client base utilizes services across at least two of these service bundles and almost 50% are buying across all three.

I'd like to review our creative and design services first, which are largely managed by the brand image and anthem businesses, who serve as points of entry to our primary production revenue funnel. While agencies like Omnicom and Publicis compete to develop original global brand identity, like the logo in the Coke example we reviewed earlier, our approach is to develop and manage the brand extension work. While still requiring creative expertise, this type of work is much more production-related, in that it is simpler and easily shared across the platform, just like our artwork production business.

Beyond packaging design, our creative capabilities have allowed us to capture spend across other areas of the marketing budgets within our traditional client base. This can include things like their social media campaigns, digital design for online campaigns, and even photography and video production. But an even larger growth opportunity is to take those capabilities and use them to move into nontraditional client verticals. The need for creatively developed brand extensions is universal for many companies, not just those that are putting a product on shelf. Companies like Facebook, Sky, and Comcast, all represent examples of clients we work with who value our unique approach to the development and delivery of creative services.

Our ability to leverage our global platform allows us to move many of the tasks associated with this type of work to our low-cost production sites offshore. This ability, combined with our experience managing employees on-site at our clients locations, results in tremendous cost savings compared to traditional full-service advertising agencies.

It also gives us the ability to shrink our clients' typical project schedules dramatically. With the time difference between our Asia operations and the rest of the world, we can send work to India at the end of the day in New York City, and have it back here for review first thing the following morning.

Furthermore, this type of arrangement places us squarely in the outsourced services space. We are having increasing success taking over in-house client teams that sometimes manage this creative work today.

Our primary artwork production and reprographic capabilities are offered through the next three brands, which include IDL, Equator, and Schawk. These brands drive the largest portion of revenue in our business. This part of our services bundle is really driven by scale and efficiency. Our ability to coordinate and process over 1 million unique elements is something that our clients, as Joe said earlier, cannot do by themselves.

The high investment, required manpower, the ability to develop the underlying IT infrastructure that enables the work to be managed and produced in multiple locations, and the sheer complexity make it cost prohibitive for even large CPGs and retailers to develop this capability themselves. These same factors also combine to create a high barrier to entry for new competitors to get into this space.

Lastly, our tooling capabilities offered under the Saueressig brand are extremely important, most notably for large global tobacco brands. Tobacco is a good example of the type of client that prints hundreds of thousands of the same package to put on-shelf, whether we're referring to traditional tobacco products or E-cigarettes in the future of this industry. That type of volume generally requires the use of the gravure printing process, which as I mentioned earlier, uses engraved cylinders to get the image on to the packaging material.

Now what's interesting about this is that most major gravure printers do not make their own cylinders. As such, they rely on companies like SGK to provide them. Since it's cost prohibitive to ship cylinders long distances due to their weight and size, we have 10 network facilities around the world to manage this part of the business, enabling us to be the industry leader from a market share perspective.

[Slide 31] The entire set of global capabilities I've described so far are networked and interconnected by a set of proprietary IT tools. The seemingly simple process of sending files back and forth to a client is not so simple when you realize that the size of the typical file that we're using is over 2 gigs, or roughly the size of a 700,000-page word document. Our software allows compression of the files to make them transferable and usable, no matter where they need to be sent.

This software, with SAP as our foundation, allows us to interact with clients in a user-friendly manner by giving them an online portal, which provides tremendous value and differentiation

to our capabilities. For example, the portal allows clients to see the real-time status of a particular project, or see the history of their packaging components over time, or even to approve artwork and content for work in progress.

This online accessible tool provides a measure of self-service to parts of our production, which enables us to redirect employee resources to higher value parts of our client relationships. The fact that these proprietary tools are also built on SAP means they are scalable and well positioned for future development.

Our goal is to automate the entire process, and the combination of these tools gives us the ability to continue to move upstream and integrate directly into our client's merchandising and marketing systems. The possibilities for this are endless and make us an even more entrenched and necessary partner to our customer base.

Now I'd like to talk a little bit about the markets and clients we serve and give a few case studies that I hope will bring the previous slides to life.

[Slide 33] This is probably the slide we're most proud of. As you can see, we enjoy a client list that would be the envy of many industries. I'll just spend a little time in each of the verticals. The global brands and the consumer package group use SGK because of our ability to get their packaging changes, and new brands, to market simultaneously across the world. And we use a common process for all of their regions that is generally managed centrally.

For example, we produce an average of 25,000 packaging changes, or new designs, for Procter & Gamble every year. We are the sole provider of this service globally for five of their eight largest brand families. We have been doing business with Procter & Gamble for almost 25 years at this point, so it's a fantastic relationship for us.

The next vertical, the health care vertical, represents a growing segment for us. The global regulatory environment for pharmaceutical packaging results in different label and packaging requirements in every country. Again, our global platform allows clients like J&J to manage this process centrally, but we're also able to develop relationships with their regional teams to ensure that the local requirements are taken into account for the way in which the package and labels must be displayed.

As many of you are aware, retailers are increasingly offering their own brands to consumers that they place on the store shelf right alongside the global brands offered by the CPGs. Key to success for these private brands is the ability to bring them to market at a lower price point, and with a distinctive look and feel that enables a competitive edge over national brands. To get products to shelf quickly, and take advantage of regional and local consumer preferences, private label brand owners want to work with a provider who can manage all aspects of the process and quickly.

Our Equator team specializes in this market, which as Joe mentioned earlier, has exploded in Europe and the United Kingdom with brands like Lidl and Aldi. This is certainly growing here in the States as well. The production model for this segment is turnkey, with our creative design and production teams sitting in the same location to allow for extremely compressed schedules and efficiency.

We also participate in the tech vertical, doing business with the likes of Apple, Samsung and Microsoft. These clients price speed to market and security above almost everything else. We spearhead this business out of our San Francisco office, where over 75 employees manage creative and production activities that are pushed across our platform to enable very fast turnaround of projects. The technology we use has been certified by these clients as meeting their extremely strict standards around privacy and security. Apple clearly does not want their next product release to be leaked prior to their chosen date.

Lastly, we do direct business with the world's largest printers. Amcor, for example, is a \$9 billion company with 35,000 employees, yet, they still rely on us for a very large portion of their gravure cylinder and flexographic plating needs.

With our continuing expansion in this part of our business, as highlighted by our greenfield operation in Indonesia, which is set to open later this year, we expect solid growth in this particular vertical.

Now let's walk through a few case studies.

[Slide 34] Earlier we spoke about the fact that having approved artwork in our system offers us an advantage to produce materials outside the packaging market.

In this example for KitKat, our Anthem team used that advantage to produce a successful social media campaign to engage consumers beyond the package. They drove brand awareness beyond the shelf and created an extension of the KitKat brand.

[Slide 35] Having deep experience in manipulating some of the biggest brands in the world also gives us the ability to provide services beyond brand extension. In this case, our brand image Paris office leveraged our strategy and design talent globally to help a premier hospitality brand, Accor Hotels, approach the market with a refreshed look and feel. We then designed their new loyalty program that keys into the consumer desire for unique experiences and shareable moments.

[Slide 36] Speaking of experience and shareable moments, our team at IDL collaborates with both brands and retailers to create unique consumer experiences within retail outlets, and even events that extend retail outlets beyond brick-and-mortar. In this example for The North Face, we reimagined the traditional clothing rack by creating a store-in-store environment within Dick's Sporting Goods. Brand engaging content conveyed on fixtures and display signage motivated consumers to share their buying experience on social media. This extends the reach of both Dick's Sporting Goods and The North Face.

[Slide 37] Now that we have talked about how we can step outside simply enabling brands to get their package on- shelf, let's take a look back at our core business and our unique ability to deliver speed and scale. In this example, Colgate wanted to refresh the look and feel of one of their premier brands in a consistent and appealing way worldwide. Within 1 year, we created and adapted artwork for over 6,000 SKUs and deployed them in over 100 countries. That unique ability to create instant recognition, support regulatory needs and drive speed and efficiency through complexity is what makes SGK the leader in the industry today.

[Slide 38] As you're all aware, the retail market has become very competitive, driven by the proliferation of online shopping and the pricing power of the big-box stores. Many retailers combat this effect by creating their own brand, or what is often referred to as private label brands. The products are distinct and unique to each retailer. No longer satisfied with the generics, consumers seek out the exclusive, or the artisanal, and the packaging must reflect higher quality, better value and pride in the cart. Our Equator team provides just this type of bespoke experience in an end-to-end fashion. Starting with actual illustrations, custom photography and artwork, along with strategic thinking, we helped Aldi launch one of the highest selling private brands in their history.

[Slide 39] We have covered a lot of ground so far. I'm sure one of the questions you're asking is, "how do we take this business even further?" We're managing global product refreshes, helping get the package to shelf, and extending the life of that physical package to the digital world. We're helping brands launch special programs and updating their identities, creating fun, engaging experiences for shoppers, with opportunities for shareable moments that

create buzz around brands, and even creating new brands from scratch. All these things drive a competitive edge.

The next step in our evolution is to bring that competitive edge directly to the client's facility by setting up dedicated teams within their own walls, so that we almost literally become a team of their employees ready to help them dream up and execute whatever is next. For SKY UK, a telecommunications company, this meant that we installed an on-site team and developed customized workflows, specifically engineered to drive speed and efficiency. This allowed them to focus on their business needs, while we focused on getting their products and services to market. Being on-site provides the quick communication, faster solutioning and problem-solving required to meet the needs of modern fast-paced markets.

[Slide 40] As you saw on slide 13, the tooling segment of our business is significant. So much so that Greg Babe, our CTO, will be walking you through that part of SGK immediately after my presentation.

[Slide 42] So I'll wrap up with an overview of what we're seeing out in the marketplace and to reiterate our plans to capitalize on our position as the market leader. The zero-based budgeting approach to marketing departments generally began six years ago, and became somewhat fashionable with 3G's acquisition of Heinz and their subsequent addition of Kraft. Making marketers re-justify every dollar in their budget from dollar one has caused a significant upheaval across the entire spectrum of marketing spend. So our marketing budgets are arguably getting more scrutiny than ever before. The efficiency with which we can provide broad consumer exposure to brands on shelf, vis-à-vis their packaging, will continue to make this an attractive channel in terms of ROI. It's a very cost efficient way to reach a very large audience.

Another trend we're seeing these days is a push toward regionalization of marketing budgets versus a completely centralized approach. I referenced Procter & Gamble earlier, and they are a good example of a company that's starting to give their primary regions a bit more autonomy in how they spend their budgets for packaging. The ability for us to assist them in this regionalization is directly a result of the number of sites and locations we have throughout the world.

We can continue to manage the global relationship with P&G out of our production site in Cincinnati, but have also built relationships with the regional headquarter sites in Singapore, Geneva and Sao Paulo, so that we can interact with those groups as they gain additional decision rights. The standard process and reporting that SGK provides remains important to both the regions as well as the global function.

There's no question also that marketing budgets have been increasingly fragmented over the past five years with the explosion in the number of ways a brand can reach their audience. As you saw with the KitKat example, our ability to offer many types of digital creative services, which are built on our existing production and geographic platform, allows us to participate in this diversification. These capabilities not only enhance the packaging media channel but also extend into other online channels as well.

Along these lines, the need for content of all types is continuing to grow. Brands must speak to their consumers across many, many channels. And they require fresh content to keep their consumers engaged. The digital creative capabilities we reviewed earlier have allowed us to provide much of this content, and as I described with the Sky case study, we're now building some of these teams directly within our clients' workspace.

With that, I'd like to thank you very much for your time today. It's my hope that over the next couple of days, if you grab a KitKat bar or a Coca-Cola, you have a better appreciation for

what you have in your hand, and I hope I gave you a good sense of the potential that SGK has going forward. Thank you.

Gregory Babe: Thank you, Gary. Good morning, everyone. My name is Greg Babe. I'm the Chief Technology Officer. I'm also a member of the Board of Directors for Matthews. I joined the Board in 2010, whenever I was at the end of a 3-decade-plus career with Bayer. Then in 2014, with the acquisition of Schawk and Aurora coming back to back, I stepped into management to assist with the integration and the transition to a single global SAP instance. I have been there since, still on the Board, but, of course, I no longer have my independence.

Being trained as a mechanical engineer, I am always anxious to get into the nuts and bolts of things, and that's what I'd like to do for the next 10 minutes. I want to take you from this world of creative and artwork that Gary just described to us, and take you deeper into the world of tooling where we take brand owners' ideas and turn them into finished packaging or into finished products.

[Slide 44] One of our key competencies is transforming metal cylinders into high-tech rotary tools used for printing, or embossing, or for cutting and creasing, or also for highly accurate, high-tech calendars and lamination equipment for packaging and other substrates. We do that with a very high quality that creates a barrier to entry for newcomers coming into this space. We have leveraged that competency that I just described to grow a \$280 million per year tooling business.

In that business, we offer end-to-end solutions for printers and converters. We have extended this expertise into other growing rotary tool applications that I'll share with you. The focus is really on providing solutions for our customers. Solutions that maximize the impact of their marketing spend, enhance the productivity of their own operations and help to solve problems with packaging.

[Slide 45] From a productivity perspective, we also practice what we preach. We process 190,000 cylinders per year in 10 plants that look a lot like the one that you see here. These are highly automated, manpower-light, high-tech manufacturing processes that leverage our own Matthews manufacturing system, MMS for short, that emphasizes Lean principles and also continuous improvement. Our Lean program is already rolling out at various stages of deployment at every one of our plants around the world.

Our core business is developing tools for our brand owners and printing and converting clients. Of the 190,000 cylinders we process, 94% are tied to the traditional packaging applications Gary highlighted in his remarks.

[Slide 47] As an example, I've selected tobacco packaging to demonstrate our capabilities. Globally, tobacco represents roughly 50% of our total tooling business and includes clients, as you saw, such as Philip Morris International, Amcor and JTI.

[Slide 48] For a typical tobacco package, those are much more than meets the eye. From the basic design to the road of gravure printing of brand features and statutory labels, to embossing elements and even tipping, our tooling touches every element of the product presentation and the packaging. We support the printing and converting of 30 billion flip-top packages globally per year.

[Slide 49] Especially complex requirements are the desired security features that are deployed to curtail counterfeiting and black-market activities, and to enhance tax collection for authorities. Brands typically require one or more independent features that comprise a security solution **[slide 50]**. Our tools deliver a complete solution. Our competence in this

area is further demonstrated by our selection as a provider of tooling to print components of 70, seven-zero, different currencies around the globe.

[Slide 51] Once the packaging material is printed, embossing of the package provides highlighting of marketing features.

[Slide 52] Once again, inline rotary tools for Matthews deliver the design effect. Vivid, detail, crisp lines and haptic impressions are built into the package.

[Slide 53] With the recent addition of Frost Converting Systems into our portfolio, we now complete the end-to-end solution for the printer and converter by delivering in-line rotary creasing and cutting tools.

[Slide 54] This is an example of a chewing gum package after the embossing, creasing and cutting step.

Our capabilities here in the cutting and creasing area cover a broad spectrum of products. These products include liquid containers, general folding cartons, quick-serve restaurant materials like french-fry scoops and many other specialty products in addition, of course, to our tobacco applications.

[Slide 55] And, of course, much of the printed packaging is produced with the flexographic printing process that Gary described earlier. Annually, once again, we consume 3 million square feet of photopolymer. That's more than enough to cover 60 football fields. That photopolymer is then converted into printing plates for flexible packaging, corrugated containers, et cetera, like the examples that you see here on this slide **[slide 56]**.

Our extensive knowledge of the substrate ink interactions, and our enormous database of printing press details and specifications, enable us to provide printing plates that deliver the desired packaging color, and the same look and the feel everywhere in the world, so that a brand owner can be confident in their package appeal and their data accuracy.

Our tooling experience extends well beyond our core traditional packaging. We refer to these businesses collectively as our surfaces business, comprising \$60 million per year in annual design and tooling sales. Although many of you know us as a packaging company, the genesis of our tooling business was actually in this particular space.

[Slide 58] These applications literally touch your lives in dozens of ways each day. Here, again, we began with the creative design, and the end product, and deliver the rotary tool that takes these ideas to a completed and finished product.

[Slide 59] One of the fastest-growing applications is in the nonwoven space. This begins with our unique capability to manufacture and refinish what we call XXL, or literally extra extra large rollers that are used to produce the base nonwoven material. These rollers are up to 35-feet long, over 6 feet in diameter and weigh 25 tons or 50,000 pounds. We can then provide the design and the tooling support for the brand owner, or the converter, to produce a plethora of consumer products that offer both form and function. This background image that you see here is a close up of a tool that's used to produce products such as diapers, medical apparel and velcro fasteners, for instance. Our customers here include Procter & Gamble and RKW among many other well-known companies.

[Slide 60] Another prominent application of our tooling is for tissue and paper applications, including paper towels, toilet paper, napkins and more, for customers like Essity and Tronchetti. For developing countries, this has presented significant growth opportunities for us.

Into the core area, we offer design and tooling for flooring, furniture, wallpaper and more. Our creative professionals work with clients like IVC, Big Flooring and Tarkett to create unique

designs starting literally with thousands of actual wood samples. And then turning those into a design for a flooring design, and a rotary tool, like the one that you see here, for printing and embossing finished products.

[Slide 62] On your commute, you'll find the results of our handiwork in automobile interiors. We design and produce tooling for leather, artificial leather and other modern materials that go into seating, for instance. The same technology is applied to fashion products, such as purses, as well.

[Slide 63] One final example is in the energy industry. This is a recent development to support the growing fuel cell industry for mobility applications. We're working with bipolar plate manufacturers to increase their production throughput by applying rotary embossing and cutting tools in-line. The close up of the tool that you see on the right is used to produce the bipolar plate on the left. This particular plate is used for powering buses.

The final business in our tooling portfolio is our purpose-built engineering unit. Roughly, a \$25 million turnover business and growing.

[Slide 65] Leveraging our cylinder and rotary tooling expertise, we have built a very successful calendaring and laminating business across many technical areas. The example shown here is a hot foil embossing calendar for a polymer that is laminated between panes of glass for multi-pane security, or architectural glazing applications, for instance. I love this photo because it shows you the size of the equipment, which we are designing and producing.

Greg Hillman, First Wilshire Securities: When you say calendar do you mean like a calendar on the wall? Or you mean some other kind of calendar?

Gregory Babe: Very, very good point. They are high tech, very accurate rollers that allow you to control the reaction of a substrate so that you can make it a consistent width, or consistency or density across a large web. So calendaring, not like on the wall, but a unit like this where you see we have large rollers that provide the ability to change the surface and the structure of a polymer on a high-speed, roll-to-roll basis. Great question. Thanks for the chance to clarify.

[Slide 66] Another example that I like to focus on here is in the very fast-growing lithium-ion battery space. This is a photo of a battery cell calendar. Once again, how we make the cells, that we designed and built for an operating production line. We have built similar lines for Maxwell Technologies, recently acquired by Tesla, which produce cells for their ultra-capacitor production. That's the business for which they were best known prior to the acquisition.

This same technology that you see as an example here, has been applied to lithium by us to lithium-ion battery cell production for Volkswagen, for VARTA, for the U.K. Batter Innovation Center, or BIC, and for Tesla, among others. We have delivered over \$30 million of equipment into this space since we stepped into it and it continues to be very, very hot.

The growth potential in this application is very exciting for us. It's driven by, for example, the electrification of the cities in Europe, where internal combustion engines will no longer be permitted by the transition of all fleets to an electrified fleet, as well as the expansion of renewable energy production, which demands more and better lithium-ion batteries for all of those. We have played a role in the evolution of the manufacturing processes over the last 10 years for lithium-ion battery production, and we expect to continue to play a key role as we go forward.

[Slide 68] So just a couple of comments to our global footprint and our growth opportunities. I mentioned that we have 10 sites globally. We also have a partner and a partial ownership of a plant in Nigeria. And we have just started planning a new site in Indonesia, a fast-growing

tobacco market. Clearly, we are Eurocentric at the moment, which actually represents our growth opportunity.

[Slide 69] We view the Americas and Asia, specifically Indonesia, as growth markets due to our limited presence in those regions. Our strategy focus is to close those gaps through an effective blend of greenfield or brownfield construction, and/or targeted acquisitions.

[Slide 71] Finally, a quick comment on innovation. Tooling has been a quietly innovative business for us. From unique services to innovation in our own production, to the development of new technologies for our customers and for our clients, continuous innovation has been and will continue to be the hallmark of our high-tech tooling business.

With \$280 million of turnover, the tooling business is a formidable chunk of our SGK business. I hope in the last 10 minutes, I've successfully provided some insight into our capabilities and our expertise in this space, and perhaps even provided some perspectives of our future growth opportunities. Thank you.

Joseph Bartolacci: Long way from a corrugated box printing plate manufacturer. I think you would agree with me on that. Let's take a 10-minute break at this point in time, come back and pick up with the rest of the businesses. If you have any questions, we'll be around and glad to talk to you about it while we can.

[Break]

Joseph Bartolacci: Ok, we got an opportunity to listen to our SGK Brand folks. I think they did a great job. I hope you would agree. We're going to move on to some of the other businesses we have at this point in time. Particularly, we're going to deal with Paul Jensen and Brian Dunn, who are going to talk about the opportunities, and provide a little more understanding of what we do on the Industrial Technologies. Brian?

Industrial Technologies

Brian Dunn: All right. Very happy to be here today. Glad to see everybody made it back from the break. So we're into round two, let's see how this goes.

[Slide 74] My name is Brian Dunn. I'm an Executive Vice President with the Corporation, and I also fulfill the role of Group President for the Industrial Technologies segment. This segment is, as Joe and Steve communicated, about \$165 million business back in 2018 and has been growing considerably over the years.

It's comprised of three operating elements. One is warehouse automation. This is comprised of software and control solutions for retail and distribution centers. Certainly, as you have heard, there's a focus on e-commerce as a part of this. This is where a lot of our growth has come over the last few years, and is forecasted to continue to do so, as this is a macroeconomic opportunity we continue to leverage.

The second element is product identification. This is where we have provided marking and coding solutions for product identification, branding and traceability. Now as you have heard Joe talk about, this was the origin of Matthews. This goes back to 1850 with branding irons and handstamps. All hand applied, all manual, very rough technology.

Up through 1994, we really had not evolved that much. I came into the company a little after we came public, unfortunately. At that point, we were a \$27 million business, called Marking Products, not contributing margin to the corporation.

Today, we're pushing up towards \$200 million. As you heard Steve say, it's pushing 20% on an adjusted basis on a contribution. So you can see that probably nowhere in the corporation has there been a greater transformation than that business, which is our oldest business. So

when you think about, how does a company that started in 1850 continue to evolve? Well, this is a great example. The products that we bring to bear now are all automatic. They are not manually applied. They are digital inkjet, they are laser. You have seen examples out here. They are an evolved technology, which you saw out there in no way resembles a branding iron or a handstamp, I think you would agree with that.

The third element of our business is applied technologies. This is where we deploy technologies that advance the productivity in targeted industrial applications. This includes robotics, which we manufacture in the U.K., and a software company that I'll talk about, in Seattle. Of course, it's in Seattle, right, it's software. And this is true both internally where we take some of these technologies and apply them, for example, robotics, we're now applying through our warehouse automation group as well as externally for key markets and customers.

[Slide 76] Now let's talk about warehouse automation. Our customer base is a list of coveted brands that you would see, much like SGK brands. As you can see here, our customer list includes Macy's, Victoria's Secret, Target, Skechers - all customers where we provide warehouse automation solutions, not just from warehouses to distribution centers to their brick-and-mortar stores, but also from their e-commerce warehouses to end consumers. FedEx and USPS are customers where we provide the connection to that last mile. That's the delivery to the end user irrespective of where they originated.

We took our Board to Victoria's Secret about 1.5 years ago. You have to see and experience a warehouse like that to truly get an understanding of the breadth and size. I'll show you a marketing video here shortly, which depicts that. But the focus of this is, it's a 1 million square-foot facility of Victoria's Secret just to facilitate e-commerce orders. Just e-commerce orders, 1 million square feet.

Between Black Friday, the Friday after Thanksgiving, to Christmas Eve, how many packages a day do you suppose an enterprise like that could ship, simple little warehouse? It's 1 million packages a day. It's an incredible volume and velocity, both in SKUs and in velocity. So it's an amazing set of automation. When we get to where we're talking about the robotics, you'll also see that it also creates a great challenge, which is how do you take a labor content that's down here and then takes a giant seasonal spike? How do you populate that? The labor market is going to continue to get tighter, robotics become a great opportunity to obviate that.

[Slide 77] All right. E-commerce. Certainly this is a focus for us. How does that happen today? Today, you take an online order, entered into an ERP, and it goes into a warehouse management system. That's where that order is packaged with other like orders and sent down to, I'll call it, the warehouse. It could be an SAP module, an Oracle module or a Manhattan solution that is providing that packaging of the orders.

From there, we take that and we execute bundling that order, moving it through the warehouse, getting it organized on the loading dock, providing shipping labels, manifests, everything else, and ready it to go on out the door. We do that through execution systems and control systems. We start with a picking system through our Lightning Pick brand. In the U.S. we are the leading manufacturer of picking systems. We'll pick the order. It's then sorted and packed. Generally, we do this through our Pyramid branded business. More packing and then shipping, we do through our Compass business.

So we have different businesses focused on different aspects of it. But at the end of the day, what we execute is connecting your inventory, as a brand, to the end-user through whatever supply chain that might take, whether it's internal or not. That's where our value comes from, and it's very client based.

[Slide 78] What are our opportunities for innovation within this space? One of them is character recognition. I made a comment about a software company in Seattle. This is RAF. RAF software sorts mails throughout the world. In fact, about 40% of the world's mail runs through our software, RAF software. How would you recognize that? Not an easy thing to do. It's kind of ethereal. But if you look at a letter, you see machine code across the bottom of that, okay? That machine code is the by-product of our software. That machine code represents the supply chain that, that letter is going to take all the way through from where it was picked up to where it's delivered. The same is now going to be true for parcels, and we're working on that same solution set. That's part of the opportunity there.

As we expand that, the U.S. government has provided us with orders for what's called "dangerous mail". What could that be? Well, there are certainly things that are going through the mail to your local senator, and other places, that maybe should not be in the mail. We image and digitize everything that goes through the supply chain, put it into this massive relational database, and we can access everything about that image within seconds. So if something has to be identified, we can go in, identify it and communicate that to the various government agencies. It's an interesting competency that is again not something you would expect from a company like us. We expect to leverage that in our warehouse solutions.

Autonomous robots. The market looks to Matthews as a trailblazer in the deployment of robots into this marketplace, and why would that be? Our competitors in this space, and I'll show this to you in a moment, are large integrated companies, meaning that they provide a large integrated solution with a focus on the mechanical piece of it. A lot of that mechanical piece is conveyor bed. We made a conscious decision when we moved into warehouse automation that we did not want to be a machine builder of that type. It is capital-intensive, there is not a lot of margin in it, and it just was not that interesting, especially when you're in a market that is cyclical.

So we elected to stay on the control and software side, been very good for us. You're going to see in a moment in a slide how we stack up to our competitors there. But how do you obviate some of your dependencies? One way is how we go-to-marketplace. We have a number of partners, which I'll also talk about, which are included in that. But we bring robots in because that provides the flexibility that we need to continue moving forward. Here is a marketing video.

[Slide 79] [Video]

Brian Dunn: Hopefully, that gives you a flavor of what one of those warehouses looks like. Think of 1 million square feet of conveyor and product flying everywhere. It's pretty amazing to watch it being choreographed.

[Slide 80] When we think about the autonomous bots, it can be used for automated order fulfillment, both in the manufacturing site as well as a warehouse. There are multiple deployments that provide opportunities. Our first order actually came in a manufacturing site with Emerson Electric where they are picking components going into orders. But if you think about what this technology enables, it will navigate out natural features in its environment, so it's very flexible. It's customizable for material handling requirements, different applications again; and synchronized with the operator and pick/put systems. That enables you to not run into it. It's kind of a handy thing in a warehouse for a manufacturing site. So it enhances efficiency, and it's very applicable in the e-commerce warehouse, as well as a manufacturing site, and it's tied to the number of SKUs you have - the change in the number of SKUs and the velocity of the SKUs.

[Slide 81] Now let's talk about what that market space looks like. When I made the comment that we focus on the control and software because we were not that interested in the low-margin conveyor bed piece, it makes you look at the business a little differently. We compete

with Daifuku, KION, Toyota and Honeywell, and those are names that you would generally hear in the States such as Dematic, Intelligrated and others. They feel like they are much bigger, but they are much bigger from that sense because of all the mechanical content. When we strip it down to the software and controls where we play, you can see that we're very comparable.

In addition to that, when we do need the mechanics, the conveyor bed and whatever else, we have local partners. We have a family of integrators across the country that we work with. The combination of those, the consolidation of them, ends up giving us a bigger platform than any of our competitors, so we have a broader structure to work with.

No better place is that exemplified than Costco. Probably everyone here is familiar with a Costco, maybe you even have shopped there. Costco has just now moved into the e-commerce warehouse solution set. They picked Matthews to provide the solution set. We are not viewed as the biggest, but we are considered one of the best, if not the best. We specified all the mechanics and provided the software and the control systems. First system is up and running. Second one is in flight. Four more are coming. The first two were about \$10 million each, major distribution centers, DCs. The next four are regionals, they are smaller, they are about \$5 million per.

It's a nice body of business, but at the end of the day, it's a great showcase as to why you would select Matthews.

And with that, I'm going to turn it over to Paul Jensen, our Division President, and he's going to talk about product identification.

Paul Jensen: Thank you, Brian [slide 83]. As both Joe and Brian have said, this business has evolved way past handstamps and branding irons. Today, we use all the advanced inkjet technologies. We have built a suite of software that allows us to integrate with production lines, control all printers, competitors' printers, other equipment that we interface with. It really is a very different business, even from 10 years ago when I started in this role as President of the division.

These customers were selected to represent the diversity of our customer set. National Gypsum and Georgia-Pacific as industrial building products customers where we have a very strong presence; Pirelli for tire marking; and then Jim Beam and ROSS to represent retail customers as well as CPG.

I'd like to talk for a moment about what we did for ROSS, which was a very interesting application. They have to label boxes that have things like lithium batteries, "special", or if it's fragile, they have to put the "fragile" on. They were doing it with a bunch of label applicators, and we now do it on demand. They download the orders to us. They tell us if it's got batteries in it, or if it's fragile, or any other thing that needs required marking, and we adapt on every single box to put the mark on it for that shipment.

When you look at National Gypsum, we mark on a large quantity of the gypsum board in the world. So when you walk into a Lowe's, or a Home Depot, and you see the nail marks and the branding marks and all of that stuff, think of us, because it was most likely our product that did it.

[Slide 84] Our market, we talk about in kind of three different ways from the type of technology. We get the non-inkjet technologies, which are like print-and-apply labels and laser marking. We do have a limited offering in those products, not strong, but we do have a presence. We get up into drop-on-demand, which is a variety of technologies where you can control individual drops, whether they are on or off. The technology that you would most be

familiar with is your HP DeskJet cartridge. That's a drop-on-demand technology. We use it in industrial applications and packaging applications.

Continuous inkjet, which we're going to spend quite a bit of time talking about here for the next few minutes. It's a complex technology that is used most often for printing date codes on products. And it's used because you can print at high speeds, and because you can print from quite a ways away from the object itself. When you think about a bottling line and the neck of the bottle, you cannot get that close to it, you need to be back a little ways. It has fast dry inks, so you can print on things like glass and metal and the ink will dry quickly.

That technology, also, is the core for the three major competitors in this market. There are three companies that dominate the \$3.8 billion market. The largest is Danaher's Videojet brand. The second largest is a company called Markem-Imaje, which is owned by the Dover Group. And the third largest is Domino, which is a British company that is owned by Brother Industries out of Japan. All of them rely heavily on the continuous inkjet market as their core products, and they have a full product offering within the other areas.

When we get to continuous inkjet, because the technology is very complex, it comes with challenges. There are complex ink pumping systems, which have to be completely rebuilt every one or two years, depending on your volume. It costs \$2,500 to do that. They tend to also breakdown when you least want to have a breakdown. If you look at the bottom of a Coke can, most of the time you will see two prints that are exactly identical, and that's because they are running two printers all the time, so when one fails, not if, but when, they are still in production.

I also like to tell the story about when we were doing market research, and our market research firm talked to a gentleman at MillerCoors. They asked him if he had continuous inkjet printers. His response was, "I have 372 of the damn things". And that's because they take so much of his time and effort to keep them up and running.

[Slide 85] We are going to talk here now about how we're going to address this opportunity using a new drop-on-demand technology to do the application that, until now, required a continuous inkjet.

This picture on the left is a continuous inkjet print head. Lots of little moving parts. It has ink flowing through that open area, so ink gets everywhere, it just does. We have all experienced even a little HP cartridge, if you handle it wrong, you'll get powder on your hands. Well, these get messy. They require cleaning. You have to take it off the line, use a squirt bottle with a solvent that probably has volatile organic compounds in it, so you have to wear respirators and sometimes as often as every day you have to clean this thing.

Our answer to that is in this little module right there. You get to where your printer is not printing the way you want it to, it's getting dirty, nozzles are not printing right - you slide the sleeve off, pop the jetting assembly off, throw it away, pop in a new one. We can show you what that looks like just right out here on the table.

The other piece of that, because this is just a drop-on-demand, a simple ink delivery system, all the complexity goes away. We have created a product that's more reliable. We have turned downtime into minutes, instead of hours. We brought a bunch of models on cost of ownership for the maintenance and the consumables, your ink, and the cost of the printers. Depending upon your volume, you can get up to a 75% lower cost of ownership.

We think that's really powerful. We were showing the technology to a small user a few months back. He had just bought a CIJ printer from one of the big three. He was actually upset after we talked to him. The reason is, that printer cost him \$8,000. But the company he bought it from has a policy, if you do not have a service contract, you may not get service when you need it. They'll service you when they become available. The service contract is \$2,500 a

year. Then, they told him, what most customers do is they buy a second printer as backup, another \$8,000. So he is into this almost \$20,000. We showed him one of the products out here we have today and told him it was \$3,000, and oh, the repair is throw that away and put a new one in for a few hundred dollars. That's it. Needless to say, when he needs a new printer, we know where he's going to get it.

This technology is kind of interesting in that it began as a concept. Brian and a couple of guys sitting around and going, "We're drop-on-demand people, so what would we do with drop-on-demand?" They came up with this concept. We went through some universities. We also found a group actually, out in Corvallis, Oregon, small little company, and it turned out they were the team that invented the HP DeskJet printer.

They had formed their own little business. We engaged with them for a while. About 2015, it became clear that we actually were going to be able to do this. We bought that little company, took all their products away from them and focused them only on this. With the support of Joe and the Board, we were given the green light to plow forward and to make this thing happen.

It was 12 years ago when this was conceptualized. It was 2015 when we started going full speed. Today, where we are at, is we have a proven technology, we know it works. We are working through some production manufacturing processes to get consistent yield and consistent performance out of the device, so that we can roll that out. We believe we'll be done with that before the end of this calendar year. In 2020, we will be going to the market full force with the products that we're going to show out here.

[Slide 86] Core to our growth strategy. Our industry has been growing low single-digits every year. We have been meeting, and in some years exceeding, the market growth. We also continue to look at acquisitions in those areas where we have a limited offering, the non-inkjet. We'll be looking at acquisitions in that area and also areas that expand our channel offering, both geographically and market segment. We put that together with our new technology, opening up that \$1.8 billion segment to us. We believe this business can grow multiples over the next 5, 8, 10 years. And we'll do so while generating high-teens and maybe even low 20s on EBITDA margin

[Slide 87] We also believe this technology can be used in applications other than just in the marking and coding industry. We have had conversations with people and companies in each one of these segments about whether the application of our technology worked for them. We will continue to have those discussions, with the goal of maybe licensing the technology to generate additional revenue to help offset the investment we have made over the multiple years.

With that, I'd like to turn over to Steve Gackenbach.

Joseph Bartolacci: One second, we'll take a question here.

Dan Moore, CJS: Before we jump ahead - between product ID, warehouse automation and then the subset of new printing solution, where are we today in terms of razor-razorblade, kind of equipment versus recurring revenue, where might that be 3 to 5 years from now and what's the margin breakdown? It's sort of this multipart question.

Joseph Bartolacci: Can I take this?

Paul Jensen: Go for it, if you want.

Joseph Bartolacci: The question is, "Where do we stand on the razor-razorblade solution?" We have talked often as we spoke to many of our investors about the business model. The business model actually just gets more successful for us, because as we move forward into this new technology, we're still at the nascent part of it. We have not sold many, only a couple

at this point in time. But we added another component, which is a consumable, that print engine. That print engine is a consumable. That was not the case in the past. So we have added that component to it. We have also marked the equipment that is used to deliver the ink, the ink cartridge itself, which locks only to our system. So that becomes a continuing stream, a razor-razorblade - buy the equipment because it's the right reason to buy that equipment, buy everything else from us because you have to.

We're only at the beginning, and we think those margins can get significantly better. Paul said low teens. As you all may or may not know, the consumables we generally operate in, in the print industry, closer to 40 points on the ink side. As much as he's told you a little bit about pricing, we have not had that final discussion on what price needs to be. It's going to be the right price to sell those print engines and continue to generate margins that make sense for us. We think we have got a tiger by the tail, that is proprietary, and we're going to capitalize that over time.

Dan Moore, CJS: Do the consumables become 15% of revenue?

Joseph Bartolacci: They'll become more than that.

Paul Jensen: More like 40%.

Joseph Bartolacci: 40% of revenue.

Eric Gandhi, Boston Partners: I think in your early comments you said you're investing in excess, like \$8 million or so into this segment. Is there an opportunity to do more? Is there a period where maybe you're saying it will take this to 0% margin...

Joseph Bartolacci: Can you come and talk to my Board? Fact of the matter is, we ramp that up. We have been spending money on this space for a while, and it was only two years ago that we really ramped up the spend, because that's when we became convinced the solution worked. We could ramp up more. You all would probably complain about our margins, what happens to our P&Ls? But the fact of the matter is, we're going to continue to ramp slowly, because one of the reasons, which is important to understand, this product is going to take time to get credibility. If you are a buyer of a Videojet or a Domino-kind of solution, you're going to feel a little uncomfortable day-one to think that there are not a 1,000 people around the world who are able to service you in 24 hours. So it's going to be a slower ramp than we would all like it to be. But we think once it starts to ramp and there's credibility around it, it will be quick.

So it's a good question. I would love to spend a lot more money. We just had a conversation last night about curtailing some of the spend, but it's not going to go to zero anytime soon. It will go to zero at some point in time. But if it does not go to zero, you saw the other opportunities that Paul showed you from 3D, and we have had conversations with some of the largest suppliers in the industry. They have not been able to prove this technology. People are becoming aware of our patent and starting to talk.

Memorialization

Steven Gackenbach: Good morning. I'm Steven Gackenbach. I'm Group President for our Memorialization business, and I have served in this role since 2011. I'm delighted to be here this morning to talk to you about our Memorialization business.

Matthews is a leader in memorialization. We're the largest and most profitable supplier of memorialization products with revenue of \$630 million and EBITDA of \$145 million.

We're a full-service provider, serving both funeral homes, cemeteries and crematories. As Joe mentioned, our start in this business was back in the 1920s, serving cemeteries with bronze memorials.

[Slide 89] But now you can see from the chart, as I turn to the next slide, that our largest product segment is our Funeral Home Products business, and we also operate within the crematory equipment space.

Our business is primarily in North America, with about 90% of our sales in the U.S. and Canada. Financially, I think the most important thing to remember is that we're a strong and steady cash flow generator. Strong, as I mentioned, with \$145 million of EBITDA, that's a 23% margin, but also steady. The old joke is there's nothing certain besides death and taxes. And again, in our business, joking aside, the certainty of people dying means that we're less impacted in an economic slowdown.

[Slide 90] Let me turn to our product offerings. We offer a broad set of products serving both funeral homes and cemeteries. What's important to note is that we're in the #1 or #2 position in all of the products that we offer.

I'll start with our Cemetery Products business. Our largest product line remains our bronze memorial business. We're the clear market leader in this space. We have more market share than all of our competitors combined. I should note, while this is not a core product of ours, the Investor Day medallions that are in front of you were produced at our bronze facilities.

About 10 years ago we entered the adjacent segment of granite memorials. This is a complementary business in that the customers are the same, and really the overall dynamics of the business are the same in that it's really just memorialization in a different medium.

Through three acquisitions and significant organic growth, we have built this business to be the #1 player within the granite tombstone business.

We also offer cremation products, serving cremation families, such as glass-front niches and cremation gardens. Also, we operate two international subsidiaries, one in Italy and one in Australia. They are both the #1 players in bronze memorialization in those markets.

Turning to our Funeral Home Products business. The core product there is caskets. In the casket business in the U.S., we're the #2 player, but I would say a strong #2 player. The market leader is Hillenbrand's Batesville division, and they have about 40% market share. We have just under 30% market share, but it's a long way back to #3 in the mid-single digits in terms of market share. We offer a full product line to funeral homes, including cremation products, such as urns and memorialization jewelry. Our last business segment is cremation equipment, and we're the market leader on a global basis.

[Slide 91] We serve segments that are large and relatively stable. Let me talk first about growth. The underlying growth in this business is influenced by two fundamental megatrends. The first of those is increased deaths, really driven by the aging of the baby boomer generation. You see from the chart here on the left, deaths currently are about 2.8 million in the U.S. and we project that to grow to over 3.5 million.

The other fundamental trend is a shift from burial to cremation. This is a predictable long-term trend. As a matter of fact, this is a trend that's been going the entire time since we have been a public company. But during that time, our Memorialization business has grown from under \$100 million in sales to over \$600 million in sales, as I mentioned. So this is not a new phenomenon for us, and it's a phenomenon that we certainly succeeded within.

Let me just walk you through a little bit of the math of the growth dynamics. Deaths are increasing at about 1% to 1.5% a year. The cremation rate is growing by about 100 to 150 basis points a year. If you do that math then, relative to what that means for casket demand,

that means that it's declining on average about 1% to 2% a year. Within this environment, we expect that we can still deliver modest top line revenue growth in the business through additional growth opportunities, including pricing, growth of cremation products as well as other growth opportunities, such as pre-need offerings.

The market we serve is relatively large, about \$2 billion in the U.S.. If you look at the chart on the right, we show the breakdown of that by products. And it's important to note that we're #1 or #2 within each of those different product segments. If you think about the market segmentation by customer, about 30% of the market is controlled by national major consolidators that have bought up local funeral homes. But the majority of the market is still independent, locally-owned funeral homes and cemeteries. We compete very effectively in both of those segments. The national major players like our scale and sophistication, and I'll talk in more detail, but we have a vast array of service offerings that are designed to support the local independents.

[Slide 92] Our business has significant competitive advantages and barriers to entry. One of the most critical things is we made a strategic choice to be a full-service provider. And again, we're really the only major player in the industry that serves both funeral homes and cemeteries, and this is a distinct advantage. Essentially all of the big customers operate both funeral homes and cemeteries. So as we're servicing them, we can leverage our relationships across that customer and cross-sell products. Also it allows us to understand and help partner with them around supporting their overall business. Commercially, we have significant strengths that allow us to protect and grow our market share. Significantly, we're viewed as a market leader. We have been in the business for over 100 years, and we have a very strong brand reputation. We're known for providing superior product quality with excellent service.

We also have deep customer relationships, most times dating decades long. That's supported by very strong sales capabilities. We have more than 100 salespeople that have deep customer relationships, but also, we train them to take a consultative approach and to partner with our customers to help them grow their business. And to support them in terms of serving our customers, our strategy is to not just provide products, but to provide a broad array of services and solutions that allow us to help them grow their business.

In addition to our commercial strengths, we also have key operational strengths. We run a world-class manufacturing network. We have ten major manufacturing facilities. We run a Lean manufacturing program, and I'll talk more about that. Our plants are really a combination of craftsmanship - in some instances, we have sons of fathers that worked at the facility for 30 years, and they've learned craft skills and expertise and craftsmanship, but combined with sophisticated Lean manufacturing principles and smart automation investment.

Joe mentioned one of our advantages of barriers to entry is our national casket distribution network. We operate just under 90 service centers nationally. That's important because the vast majority of casket orders are either fulfilled the same day or the next day, so being close to customers is critical.

Lastly, the foundation is superior product quality and service. That's really a key focus for us and more than just lip service. We have significant internal business processes with internal tracking and customer surveys that allow us to monitor our performance, address issues and drive continuous improvement.

So again, all of those competitive advantages and barriers to entry are really critical to helping us drive those strong profit margins.

[Slide 93] I want to talk a little bit more about our advantaged go-to-market capabilities and how we compete effectively in the marketplace. As I mentioned, our value proposition is not just to be a product supplier. Our proposition is to be a partner in helping our customers grow

their business with a full range of value-added services and solutions. Our goal is to differentiate ourselves in the marketplace and create sticky customer relationships. So let me just walk through some of our capabilities.

At the top of the wheel, I've already talked to our full service capabilities and the importance of having superior product quality. But in addition, we provide consultative support for our customers. Our sales team is trained to help our customers with merchandising, pricing, and product selection. As a matter of fact, sales is not in their title. Their title is Funeral Service Consultant.

We also have innovated significantly over the last number of years with technology tools. Certainly, we have tools to facilitate our interaction with our customers, e-commerce tools, online ordering. But the bulk of our tools and solutions really are designed to help our customers interact with the families that they serve. Most of our customers, again, are small businesses that do not have the resources to develop those sorts of technology solutions.

The types of tools I'm talking about are online memorial design tools that allow a cemetery to sit with a family and design exactly the memorial for their mom or dad. We have digital merchandising tools to help people pick out the right casket. We have a family portal – when a funeral home gets the call in the middle of the night that mom has passed away, and the funeral home does not want the family looking on the internet for other supply options, they can provide a password-protected portal that has the information about that funeral home and allows the family, in a protected way, to provide information that helps the funeral home with the arrangement process the next day.

We also have guided arrangement tools that help the funeral director meet with the family and make those arrangements. We offer pre-need solutions. What I mean by pre-need is, in the funeral industry most of our customers like to get people to buy their funeral arrangements in advance of the at-need event. That is a large and growing segment of the market. We offer the industry's most comprehensive tools in serving that segment.

On our Cemetery Products side, we offer capability to make and store the marker at time of purchase. The reason why many of our customers find that so attractive, is financially they can recognize the revenue and the profit for sale at that point in time. So rather than putting the money in trust where it could sit for a decade, they can immediately take that money out of the trust fund and use that then for cash flow for their business to make acquisitions or other needs for their business.

On our funeral home side, we're the only player in the market that provides casket price protection in partnership with one of the major pre-need life insurance companies. I mentioned a lot of our customers are small businesses, and so we help them with family-facing marketing programs, like our "I'll Remember You" program, which helps them serve cremation families, present choices and frankly drives higher sales for our customers; or our Matthews Children's Foundation program that allows them to generate great PR on a local basis for their funeral home.

We offer professional development programs. We have trainers on staff that are not for our internal training, they are training the staffs of the funeral homes. And it's not just about our products. For example, one of our most popular courses is, how to deal with phone calls with price shoppers that are just shopping price around all the funeral homes.

Lastly, we offer merchandising solutions. These are proven systems that we have developed in terms of how to present our products, help the families make the right choices, but also drive upsell. For example, our "Memories in Bronze" program in the bronze memorials is a good-better-best simplified merchandising tool that helps families with choices, but typically drives about a 5% to 10% sales increase for our customers. So again, you can see our goal

is not just to be a product supplier, but it's to be a full service solutions provider helping our customers grow their business.

[Slide 94] That's an overview of our capabilities. Let me talk a little bit about going forward, our key strategies.

Our team is focused on three strategies to increase our competitive advantage and to drive revenue and EBITDA growth. First, we're focusing on pursuing growth opportunities in our core memorialization market. Second, we're focused on driving operational excellence to manage our cost and asset structure. And lastly, integrating and pursuing tuck-in acquisitions.

[Slide 95] Let me talk about our first strategy in terms of driving top line organic growth. We're known in the industry as an innovator, and our innovation process focuses first on understanding our customer needs, but also importantly, understanding the evolving needs of the families that they are serving. Let me talk about four major trends consumers have that are impacting the death care business, and how we're responding to each of those trends.

The first is, as I mentioned, cremation. Certainly cremation is creating headwinds for our business, but it's also creating opportunities. The first picture you see there is of a cremation garden. A burial family has no choice, but to buy the services of a cemetery. A cremation family does not have to memorialize within a cemetery. So cemeteries need inventory, and options, that are highly appealing for cremation families. We're the market leader in designing cremation gardens, providing the products for the cremation gardens and helping them build and install those cremation gardens.

The picture at the bottom is some of the family facing materials for our "I'll Remember You" cremation program, both printed marketing materials as well as customer displays. Again, we provide these to our customers to help them serve cremation families, present options and help them drive their sales.

Another major trend is personalization. Baby boomers have certainly shaken up every market throughout their lives. As they are passing away, it's no different. They are rejecting tradition and looking for personalization. We're responding to that. Inherently, our cemetery products are personalized. Every single memorial is made individually for that person with their name and dates on it. But within that, we offer a range of personalization. The picture you see there is our "Lasting Memories" product. They say a picture is worth a thousand words, and this is cast images in bronze through a patented process. The picture on the right is a completely customized urn. You bring in a picture of whatever is most significant to you. In that case, it was an antique car. Through 3D printing, we will create that urn just for you. On the bottom is an innovation we're rolling out in about a month, but it's customized panels to go inside the casket. So our graphic artists will create those, will print those and put those in the casket.

[Slide 96] The next major trend is technology. We're leveraging technology both in terms of the product offerings that we have, as well as our solutions. An example of product offering is our "Be Remembered" life stories product. This is what I like to refer to as really the 21st century memorial. Memorials traditionally have been a physical memorial in a cemetery, and obviously that's our core business. But today with technology and families not always being able to visit a cemetery, a key part of memorialization is online memorials. This product offering is the combination of a physical memorial and an online memorial, but it's also linked. There's a near-field sensor that's placed on the memorial, and when you visit the grave, it automatically triggers the online memorial on your smartphone.

I've talked already about some of our technology solutions, but you see images for our industry-leading eVantage Memorial Design program, as well as our funeral home solution center that provides a lot of those solutions to our funeral home customers that I mentioned.

The last major trend that I'll talk about is premium products. Certainly, we all see in the press about the wealth gap in the country. We want to be the market leader in serving that high-end market. There's tremendous revenue opportunity and great margins in that segment, and I'll give you a couple of examples. The picture there of the Legacy Estates, that's marketing material for a new program that we're just rolling out for large private mausoleums. This is a new capability for Matthews. Our Star acquisition that we bought last year provides us with the manufacturing capability to make these large mausoleums. What we have created is a family-facing marketing program for all of our sales teams to take out to all of our cemetery product customers, both granite and bronze, with family-facing materials that help our customers sell this to families that are interested in this sort of a product. This is a nice sale for us. These run \$100,000 to \$400,000 each.

Similar in terms of approaching the high-end market, we're attacking the high-end casket market with marketing materials that showcase some of our high-end casket offerings. That is a program we're just rolling out here within the last several months. Then the last image you see is a Bernardaud branded urn that sells for about 6x the price of a normal urn, and we're getting good traction on that in high-end funeral homes.

[Slide 97] Our second strategy is to drive operational excellence to manage our cost and asset structure. In terms of managing our cost structure to drive EBITDA margins, we really have three key strategies. The first is a well-developed Lean manufacturing program. We have put all of the top levels of our plant management through extensive Lean training. We run a balanced score card where they are focused on driving continuous improvement in safety, quality, on-time delivery and cost. We run probably a hundred Kaizen, or problem-solving events each year, looking for continuous improvement opportunities. This has been a very successful program in taking waste and cost out of our manufacturing processes.

We have also been aggressive in consolidating our manufacturing footprint. We have closed five facilities over the last three years, and we're in the process right now of closing a casket manufacturing facility in Indiana, which is the last major consolidation as a part of our Aurora Casket integration.

Lastly, we're making smart investments in automation and technology to improve both our cost profile as well as our product quality. In addition to managing cost, we aggressively manage our asset structure. One of the major opportunities we're working on right now, again as a part of our Aurora integration on the casket side of the business, is around finalizing and merging the product lines and rationalizing our SKUs. That SKU rationalization allows us to reduce inventory while still providing good on-time delivery service to our customers.

We're working on working capital management across all our groups, both in terms of smartly reducing inventory, bringing in receivables faster and extending payables.

Lastly I would just mention, inherently this business is a low-cap investment business, generally less than 2% of revenue.

[Slide 98] Our last strategy is to integrate acquisitions and pursue tuck-in opportunities. I want to just update you on where we are on two of our more recent acquisitions.

First off, the Aurora acquisition. We acquired Aurora in August of 2015. This was a transformational acquisition for the business. Prior to that, Matthews had about roughly 20% market share, Aurora had 10% market share. Again, the combination of the two firms has made us strategically much stronger and much better positioned to challenge the market leader within this segment.

Our vision for the integration was much beyond just merging the two firms together. We really wanted a strategy of taking the best of Matthews and the best of Aurora to catapult our business forward. We have done that. We have taken the best products, the best

manufacturing facilities, the best people, and the best marketing programs. This has been a real win for customers, as they've seen that upgrade of capabilities, but it's also been nice from a shareholder's perspective.

As I mentioned, we're just finishing up the last plant consolidation this year. Upon completion, we will deliver \$20 million of EBITDA synergies on this acquisition. The bulk of that is through supply chain consolidation, but also in terms of eliminating duplication of SG&A.

On the supply chain, Matthews had three legacy plants, Aurora had five plants, so we started with eight plants, we'll have taken four plants out of that manufacturing network.

From a service center standpoint, each company had, call it, 65 service centers. So while we're increasing the network and providing better service to our customers overall, we have still consolidated about 35 casket service centers.

The next acquisition that we did was our Star acquisition. We bought that business in February of last year, and it was primarily a granite business, but they also operated a bronze foundry. We have now consolidated that bronze foundry which delivered cost savings, but also a better product offering in terms of quality for our customers. We're also working on growth opportunities in the granite space. I've mentioned that private mausoleum marketing program, that's truly enabled by the Star manufacturing capabilities that we acquired as a part of the deal.

As we look going forward, we have been successful at acquiring and integrating companies, and there still remain further opportunities within this space. There are opportunities in fragmented industries to acquire companies that enhance our market leadership, or also to expand into additional adjacencies. I'm not going to make news here and cite particular targets, but again, this continues to be a part of our growth strategy.

[Slide 99] As I wrap up, I just want to share some of the most important messages to remember about our Memorialization business. First, as I've described, we're a full-service provider with industry-leading positions and capabilities. We have got significant barriers to entry and competitive advantages that allow us to earn strong margins in this business.

Second, we're pursuing both commercial and operational strategies to drive EBITDA growth in a relatively stable death care market. Third, we have a strong track record of building the business and integrating acquisitions. Probably most importantly, this business generates strong margins and cash flow.

With that, I'm going to turn it back over to Brian Dunn who is going to talk a little bit about our cremation equipment and incineration business.

Brian Dunn: All right. If you bear with me a few minutes, I'll try to bring us home in an expeditious manner.

[Slide 101] Matthews' environmental solutions. We offer cremation equipment, supplies and incineration equipment for global customers. In fact, we're the global leader for cremation equipment. This is a wonderful complement to our position in the marketplace for our casket and bronze businesses as you just heard. Our base product revenues are augmented with service contracts and operating agreements.

The reality is, we're the only player in the marketplace with a professional service organization which provides a nice lever, nice continuing revenue stream, very reliable and repeatable. It's also augmented by the only 7/24 monitoring system in the market, which means all of our newer equipment, we can monitor its operation, we can tune it, troubleshoot it from the confines of our base operation in Florida. We operate in four sites globally, one in Florida, one in Oregon, one in Italy and one in the U.K.

It was just a few years ago that this business was called Matthews Cremation Solutions. So why would we have changed the name? Our opportunities moving forward are not necessarily just in cremation. They are in other activities such as incineration. With that, we have changed the name to Matthews Environmental Solutions, because now not only are we executing incineration systems, both stand-alone or large integrated systems, but we're also providing abatement systems that are complementary to these solution sets.

If we think about the value of each of those propositions, a standard human cremator is \$50,000 to \$150,000. A pet cremator, much the same. An incinerator stand-alone, much like we would sell to law enforcement, is the same again. It's in \$50,000 to \$150,000.

But now we move into engineered systems, and I'll show you some pictures of each of those momentarily. You find that we move into the \$5 million to \$10 million per project. It's a different game, it's a step function change and it's an opportunity that we're just now starting to capitalize on.

As I show you a few pictures, it starts with this picture of a human cremator with an autoloader. Very simple, straightforward, you now know about what the price value proposition is with that. A pet cremator is about the same, a small incinerator about the same from the looks, feel, technological standpoint. But on the pet side, you have a wide variety of product that you put through it. So we also manufacture a line of modular cremators. What the heck is modular cremator? Well, in this case you have one chamber, obviously you're going to put one human in at a time. On the pets, you might do multiple pets, but you want to have them private. People are very much tied to their pets right? So now you can run 4, 5, 6 chambers at one time for a much higher operating efficiency. In addition, when we go to sell the first one, we might sell a 2 chamber and have it permitted for a 6 chamber. And as their business grows at the pet crematorium, they can add chambers off the same permit, so it's very easy for them to get into the market and then expand.

[Slide 102] I mentioned abatement systems are part of our growth opportunity. This is a stand-alone, single-chamber cremator. Everything else here is part of the abatement solution. And with that, we can ensure that the emissions coming out of the stack, out of this process, are just as clean coming out the top, as what we used is part of the process. The European standards are much more stringent for environmental emissions, and this is a standard solution set in Europe. We have just recently started up our first human crematorium with all this abatement equipment on it in Upstate New York. We find that becomes an opportunity that transcends just the emissions requirements. In this case, the funeral home wished to differentiate himself in the local marketplace by being green. So he paid an additional amount, and it can be 2 to 3 times of the cost of the cremator to include all the abatement, to be able to state to the marketplace that he was being a green operator. That's a nice opportunity for us to take our technical competencies and deploy them for higher revenue and greater margins.

[Slide 103] The next picture I would like to show you is an incinerator, bit larger scale. This is now operational in the Isle of Jersey, up the southern coast of the U.K. The U.K. has found itself in a bit of a challenge as all their waste site landfills are full. So they've been shipping product off the island. The cost of that shipping has continued to rise. With the cost of energy high in the U.K. and the cost of, what they call tipping fees being high, they have had to find another solution for all their waste. What they have determined is that incinerating that waste and turning it into energy provides a great solution set.

The Isle of Jersey's project was our first foray into this in the U.K. Up and running, we have now had over 50 investors go through that site as we have an opportunity to sell the solution set to a multitude of waste transfer station owners across the U.K.. In this case, this is a specific technology called a stepped hearth furnace. This is an autoloader where the waste

is coming in, and this is all the emissions abatement equipment. We're continuously monitoring everything going up the stack to ensure we stay within compliance. In fact, we have to report that.

This was a \$7 million project. We have three more on the docket right now. This provides the ability to also incinerate many other things. The opportunity right now is in the U.K.; from there, we will move into Central Europe; from there, we will move into the States. The States certainly has an opportunity, but it's different, the drivers are different. In the U.K., landfills are all full, they are not full here yet. In the U.K., energy costs are high; in the U.S., they are not.

What we do have here is a problem with things of specific nature, such as plastics. How do we dispose of that? We have had a conversation, for example, with one of our Industrial Technologies' customers, who is a brand customer. All of their products are plastic-based. They are in a dilemma as to what's going to happen with their business as this movement to move away from plastics impacts them. They have started looking at a recycling program, but they do not know what to do with the plastic when it's recycled, because not all of it can be utilized within restructuring of new products. We have offered them the solution set of regional incinerators. That's an ongoing conversation. That becomes the opportunity as we move forward to solve problems. It just happens to come with a nice price tag and margin with it.

[Slide 104] The last picture I wanted to show you is one of a bit larger scale, and it's appropriate for this season, I guess. This is in Mecca, in Saudi Arabia. This site, and you can get flavor for the size, these are people and there are two incinerators. We supplied all of this equipment. To be clear, this is not an actual picture, this is a 3D image that we created as part of the project. We designed, manufactured, installed, started up and are now servicing this in Mecca, Saudi Arabia during the Hajj. They sacrifice thousands of animals during the Hajj, and all those animal byproducts have to go someplace. Historically, they've been trucked out into the desert and disposed of, bit in an ecological nightmare, that's caught got up to them. We are now incinerating all those animal parts. It's an interesting solution, but at the end of the day, it's what we do. We are solving problems, just happens to be using the same technology that is scalable, that we use for our base business of cremators.

Hope that gives you a flavor of where our activities are, where our growth opportunities are. With that, I will turn it back to Joe for a wrap up.

Joseph Bartolacci: Okay. I hope you would agree we have come a long way from branding irons and handstamps and photopolymer plates and bronze cemetery markers.

At this point in time, I'd like to open up to you all to see what questions you may have about anything we talked about today. I hope it's become a little broader for you to understand, a little easier to understand what we consider our business.

Anybody out there?

Q&A

Karen Howard: With respect to questions, if you could state your name and your company affiliation -- and we all know Scott. I want to point out that we will be taking questions on the webcast. So anyone on the webcast as well, please feel free to type in your questions and we will address them here in the room. We will be passing around on the mic so that everyone can hear the questions.

Scott Blumenthal, Emerald Advisers: Scott Blumenthal with Emerald Advisers. Joe, it looks like you have, what might be the CIJ killer there, and so maybe you can tell us the

growth rate of the CIJ market or what you believe it might be? And also maybe what the opportunity might be once you test out your first customer?

Joseph Bartolacci: So what did we say about forward-looking statements? The reality is, is what I said earlier, I tried to preface it - we think we do have the CIJ killer, it's a \$1.8 billion market that we sell very, very little into today. My personal opinion is the ramp will be slower than what you all may like, because, as I said earlier, it's going to be credibility first. We'll have to get that credibility, but the ramp will accelerate quickly once that credibility is established. We expect to be in market early '20 and that will start to give us a better sense of customer acceptance. The ramp from there, I think, is only upwards, and I think the more significant ramp will be over the course of the next two to five years.

Scott Blumenthal, Emerald Advisers: And historically it's grown...

Joseph Bartolacci: Our business has grown into mid-single digits so far on the, what I would call the product identification marking products business. We think that can grow faster, materially faster, once we get acceptance of the product.

Karen Howard: Other questions in the room?

Craig Hillman, First Wilshire Securities: Yes, I had a question about the growth rate for really all your segments, but maybe just focus on SGK. Outside of the tooling, which definitely seems to be growing strong, on one of your slides you have a CAGR of 16% for the global content marketing industry, and that seems to be way too high for your non-tooling part of SGK, could you speak to that?

Joseph Bartolacci: Sure. If you think about our business, let's use \$800 million as our total revenue. As we told you today, roughly half, a little less than half, is non-packaging graphics. That means it's tooling, it's engineering, it's point of sales, more or less within a few decimal points of that.

The other \$400 million has been challenged by a couple of factors. Currency has been a huge headwind for us. Since the acquisition of SGK, Steve correct me if I'm wrong, \$70 million to \$75 million of topline and \$10 million to \$15 million of EBITDA has evaporated because of currency translation, not exchange, actual profits. We just bring back less profits from Europe and elsewhere as those currencies have dropped relative to the dollar, that's one.

Secondly, we have had a couple of client losses, nothing that is catastrophic, but one of them was Nike. Nike was a huge account for us, a very profitable account. We did, if I'm not mistaken Gary, all of their photography work, a relatively high margin, successful business we had for many years. We only lost that business because a new guy came in that they think can be a little more creative than we had been historically on the photography side. They still use us. We still do about \$7 million to \$10 million what we call, retouch for them, mostly to Gary's point, offshore in our Asia operations. So that has impacted our topline in that portion of the business. And we have suffered, frankly, from the zero-based budgeting trends that have happened. One, right after we acquired SGK, customers like Procter & Gamble who have been historical long-term trends for us, dropped 1/3 of their SKUs and sold them. Gary you have any more to add to that?

Gary Kohl: I do Joe. Yes. Just to add to the question. We used that 16% growth rate around content just to illustrate the fact that content remains extremely important to all these brands. They are looking for content for their social media campaigns. They are looking for content for internet campaigns, et cetera, and we very much participate in that. I'll give you a great example.

We just won a piece of work with Merck, the Merck Animal Health Unit, right out here in New Jersey. We're actually managing all of their e-mail campaigns, and we're doing technical writing for that part of their business. They've outsourced that completely to us. Therefore, we're the primary provider of the content that goes into their e-mail and some of their social media campaigns. It's a great example of what we're talking about.

Joseph Bartolacci: The point of all that is, our top line in our traditional packaging business has declined. It is not declined to the extent that it appears on its numbers, largely driven by the fact we had client loss and currency, but it's been low single-digit decline. We think that trend turns. We think that trend turns as the brands continue to innovate, that's their only way out, but we have segments of our business that are growing exponentially. When we talked about private label, the Equator business, we have seen double-digit growth in that area. We think that will continue to grow with those kinds of rates as that model progresses. The tooling side of the business has grown nicely as we move into other areas.

So we look at the portfolio, not just that particular segment that might be packaging. They are going to go up and down.

Gary Kohl: I might just add, Joe, you mentioned Nike, we did not lose Nike to a competitor. There are going to be a couple of clients out there that are large enough, and global enough that they have the wherewithal to -- they built their own photo studio in-house. That insource versus outsource pendulum is always going to swing. We happen to believe that photography for Nike is not necessarily their core competency, but I just want to follow up on that as well. There's plenty of those out there for us. And again our scale will really give us a differentiated to get that business back.

Joseph Bartolacci: Next? Jose?

Jose Garza, Gabelli: Jose Garza with Gabelli. Joe and maybe Steve, it seems that when you led the premise of cremations increasing, so it seems like that's kind of an accelerating rate versus maybe some of the expectation that you have there. What about that possibility of that cremation rate jumping up into the eventual expectation much sooner than you think? What are the offsets in the business? And how do you think about that?

Joseph Bartolacci: One at a time. First off, with regard to the rate of cremation change - we have 20 - 25 years' worth of data and it has been consistent year in, year out. You may have a quarter that's a blip, but otherwise it's been a consistent 1.0% to 1.5% change. As I said, in the last 25 years, we have gone from the low 20s to 50-some percent. It's pretty consistent. We do not see that changing. In fact, states like California, which were already at 60%, have started to migrate back. So that's the first thing. We do not think there is material change in what we think the future of cremation rates would be, and our slide would reflect 1.5% increase per year, while the death rate raised by about that same rate.

In terms of the offsets, if you talked to me 20 years ago, we have probably sold a couple of million dollars' worth of cremation-related product and services. Today, Steve, what are the products we sell in cremation?

Steven Nicola: It would be in the neighborhood of \$50 million.

Joseph Bartolacci: So albeit at a smaller dollar revenue per item, we get \$700, \$800, \$900 minimum for a casket; we might get \$600, \$700 for our marker; and we might get \$250 for an urn. You're going to get less dollars, but the volumes will continue to grow and we'll continue to offset that. We do not look at our Memorialization business to be something that's going to

be double-digit growth. That's not what we're telling you. We are telling you that \$145 million of EBITDA is going to be relatively consistent and growing with price.

Anything else? Yes.

Jose Garza, Gabelli: Yes just getting back to the \$200 million non-tooling business, part of SGK. If you did a graph of retail stores and how that's changing over time? Have you had done an overlay with that, and what if that accelerates? What percentage of your business is related to in-store stuff? How is that affected by the closing of stores?

Joseph Bartolacci: So what we call merchandising, which is the in-store display businesses, is less than \$100 million today, and it has been around that rate for the last 4, 5 years. The decline in retail stores has occurred over the last several years. Our trend that we're actually seeing, is that marketing budgets for in-store have not materially changed. As a whole, as it relates to stores, we're seeing more spending in flagship stores, less spending in the peripheries. We'll see something like a Nike flagship store in New York maybe getting \$5 million, \$4 million versus everybody getting a \$500,000 display. They test these. We're more regionalized to be able to do that. Then they decide what they are going to roll out globally. It could impact us. But out of all of the businesses, it's one of the smaller parts of that business.

Yes?

Austin Nelson, AIG: Austin Nelson, AIG. Just on the additional fields of use in Industrial Technologies for the new technology. So you talked about you could continue to ramp up the spending, like I said I have a 2-part question, is it in these additional fields of use?

Joseph Bartolacci: No. If we ramped up the spending today, it would be to complete the product lines. In other words, our focus has been a segment and it will continue for a segment of the business. We would continue to ramp up the use of our spending for that particular space. The alternative use is we would probably think about whether we'd want to partner. For example, on 3D printing, that's not our core. Our technology and our patents are ours. We'd find somebody who is actually in that space, partner with them, and get paid for it frankly.

Austin Nelson, AIG: So that was my follow-up. How do you view that? And I guess the timing of doing something like that? Would it just be a patent license where you're getting a royalty stream that runs through Industrial Technologies or do you actually upfront sell the rights for a large sum to 3D printing using this technology?

Joseph Bartolacci: It would be on a per event decision. The fact of the matter is, although it might not look like it, we generally stick to our knitting, and we are not going to be in that space. Whether we do a royalty license or whether we do an outright sale for a particular use, will depend on who it is, because some of the players we are talking about could swallow us up. But right now, that's not our focus. We are just getting a lot of interest.

Anything else? Yes, Scott.

Scott Blumenthal, Emerald Advisers: I guess this question is for Gary. Can you talk a little bit about outsourcing trends and creative Joe talked about Nike insourcing, but there are a lot of smaller startup private packaging companies that do not have the resources or the expertise in-house. And then maybe as a follow on, how do you monetize some of that print color customer-type of data that you are accumulating?

Gary Kohl: You want me to take this, Joe?

Joseph Bartolacci: Yes, you go ahead.

Gary Kohl: Yes, great questions, Scott. Two questions, really, right? The on-site model I started to describe is really interesting to us. There are many corporations, beyond packaging by the way, that will have relatively small, or sometimes medium-size in-house, creative and marketing groups who manage everything from in-house invitations, business cards, holiday cards, and they will manage the website so on and so forth. Again, because of our platform and the broad knowledge we have on that front-end of our business, we can go in and take over that staff, badge them as SGK employees. However, we do not need as many people as they have on-site because they have got a staff for their peak volumes, and we can push that work into our platform as I've described.

It also makes their fixed mixed costs variable. Most of these corporations are looking to have fewer employees instead of more. So it's a pretty slick model and one that we're very well positioned for.

The other question you asked was around the back-end print portion of our business, I did mention the database we have of presses within printers globally – there are some smaller and medium-sized players who require packaging expertise that we bring to the table. We think we might be able to start actually brokering some print for them, allowing them to get rid of some of their in-house purchasing departments and turning that type of thing over to us.

I also neglected to mention when we were speaking earlier, we have teams of quality assurance experts that actually travel the world and actually go to the printers to make sure that the color consistency that I spoke of is exact when it's coming off the press. That is a significant part of our service offering that goes all the way to the back end.

Karen Howard: Anything further?

Joseph Bartolacci: Question online, I think?

Karen Howard: Yes. On the webcast.

Shawn Southard: A few questions from Jason Rodgers with Great Lakes Review on the webcast regarding the continuous inkjet print head: What is the cost to the customer? Margins for Matthews? How often will customers need to replace it?

Joseph Bartolacci: We expect our print head should last 6 months in a normal environment, depending on use and depending on the environment itself. We think the price will be in the \$100 to \$200 range.

As to price, I would tell you it's going to depend on when and to whom we sell it. I know the guys kind of made some comments about what the pricing might be, but I would expect us to be value pricing those wherever that opportunity arises. The more penetration we get into the market, the more opportunity we think there will be for value pricing, and the margins at value prices will be materially better than what we're seeing today.

Karen Howard: Great. Any other questions on the floor or the webcast?

We have another one here, Scott.

Scott Blumenthal, Emerald Advisers: Okay, this will be my last one. And this one is for Steve G.

Scott Blumenthal: Steve, can you give us an idea as to the degree of SKU rationalization that you need to do? And the cremation, I think it was the cremation products -- part of the business, if I'm not mistaken?

Joseph Bartolacci: I think that was the Aurora.

Scott Blumenthal: Casket, I am sorry, yes. And then an idea as to how you monetize online Memorialization?

Steven Gackenbach: So there were two questions. First regarding the SKU rationalization I mentioned in our casket business as we integrate the Matthews and Aurora product lines. We have been doing that over the last couple of years, but I think there is still room to further reduce our total SKU count by about 25% to 30%.

The second question was in regard to monetizing our online Memorialization. The product offering I mentioned there is our "Be Remembered" life stories. What we're selling is an offering in addition to the physical bronze or granite memorials we sell now, an add-on feature that provides an online memorial. The online memorial allows people to upload biography, pictures, video and so on, but there is also a device in the cemetery that facilitates automatic upload of that online memorial onto their smartphone. So this is kind of a tack-on sale to the physical memorial.

In the future, we also see this generating further B2C revenue streams. Once these memorials are up and running, we can think about a variety of offerings that people can pay for to augment those online memorials.

Joseph Bartolacci: Think about flowers at your mother's grave every birthday, every anniversary, every Christmas whatever it may be. The online connection allows us to find out who's there, where they are and how we reach them.

Next questions.

Greg Hillman, First Wilshire Securities: Just one final one to Brian. When you're talking about the non-inkjet applications for the technology, you mentioned the airflow, what was the airflow?

Brian Dunn: Paul, you want to take that one?

Paul Jensen: Airflow actually comes in a bunch of different varieties, but one specific application that we have been talking with someone about is very unique. It's using puffs of air as non-touch tactile feedback in a gaming system. But it could be simple things like just controlling airflow in maybe a medical device, or even an industrial application where you need very fine air control.

Joseph Bartolacci: At the end of the day, the print engine has a metering device. It meters how much is being delivered, whether it be air, fluids, whatever it may be, that's the application. At this price point, we think it has a lot of applications, probably beyond our capabilities.

Anymore? Yes.

Kincade Webster, Solis Capital: Kincade Webster from Solis Capital. Just a quick clarification on the CIJ market. Is that \$1.8 billion just inclusive of sort of the upfront product or does that include the consumables?

Joseph Bartolacci: Very good question. A rough breakdown of that \$1.8 billion is going to be \$600 million to \$700 million of equipment sales; \$500 million to \$600 million of consumables, which is today valued only as ink, does not include our print engine; and \$400 million to \$500 million, I think that adds up to around \$1.8 billion, of service. When you look at our competitors' websites, they tout 1,000 people around the world as their differentiator, why you want to deal with them. We're saying, you do not need those 1,000 people.

Okay. We appreciate you all coming here and hope you have a better understanding of who we are and where we have come from. I get a lot of questions all the time about why these businesses all exist. They exist because of our roots. This is who we have been since the early 1900s to now. All we have done is evolve them, and we will continue to evolve them from here forward.

Thank you. If you have any further questions, the team will still be here. Please join us for lunch at this point in time. For those of you on the webcast, I know you can reach us in a number of different ways. I do not know who's on there, but we appreciate your time as well. Thanks, again.

Karen Howard: I'll just add, if you did not get a chance to check out the printer demos, or other product displays, please do. We encourage you to do that, we have them set up. The lunch is a buffet, so do not feel a need to rush, but it will be set up similar to how breakfast was set up and we'll be eating in that far corner room.

Thank you again. Any follow-up questions, of course, do not hesitate to reach out, and we'll be happy to follow up with you. Thank you.