

Operator: Greetings. Welcome to Matthews International Corporation Fourth Quarter and Year End Fiscal 2021 Financial Results. Please note, this conference is being recorded.

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

Bill Wilson, Senior Director, Corporate Development: Thank you Rob. Good morning, everyone and welcome to the Matthews International fourth quarter and Fiscal Year End 2021 earnings conference call. This is Bill Wilson, Senior Director of Corporate Development.

With us today are Joe Bartolacci, President and Chief Executive Officer, and Steve Nicola, our Chief Financial Officer.

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

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

Now, I'll turn the call over to Steve.

Steven Nicola, Chief Financial Officer: Thank you Bill and good morning. We're going to start with **Slide 4.**

To start the review today, some of the key financial highlights from the Fiscal 2021 fourth quarter included: first, our consolidated sales of \$438.8 million for the current quarter established another new quarterly record for the Company and represented an increase of \$39.7 million or 9.9% compared to a year ago. Each of our business segments reported sales growth for the Fiscal 2021 fourth quarter.

Second, during the recent quarter the Company generated operating cash flow of \$56 million and further strengthened the balance sheet through additional outstanding debt reduction of \$28.8 million. Since the first quarter of the pandemic, March 2020, the Company has reduced its outstanding debt by over \$200 million.

Lastly, regarding the balance sheet, the Company is in the process of terminating and settling its principal domestic defined benefit retirement plans. During the current fiscal year, our pension accrual declined from \$149.8 million at September 30, 2020 to \$84.8 million at September 30, 2021, representing a reduction of \$65 million in this liability. As we continue this process in Fiscal 2022, we expect a further significant reduction in this liability by December 31, 2021.

For the year ended September 30, 2021, some of the key financial highlights included: first, our consolidated sales were \$1.67 billion, representing an increase of \$172.7 million or 11.5% growth over Fiscal 2020; second, the Company reported Adjusted EBITDA of \$227.8 million, representing growth of \$24.7 million or 12.1% over last year; third, our cash flow from operations was \$162.8 million, representing another year of strong cash flow generation; and fourth, as a result of the continued strong cash flow, the

Company reduced outstanding debt by \$70.8 million since September 30 last year, or \$78.7 million on a net debt basis.

Next, moving to our fourth quarter and fiscal year results, the Company reported consolidated sales of \$438.8 million for the quarter ended September 30, 2021, and on a GAAP basis reported a net loss of \$3.7 million or \$0.12 per share. For the same quarter last year, the Company reported sales of \$399.1 million and net income on a GAAP basis of \$7.4 million, or \$0.24 per share. GAAP earnings for the current quarter included tax charges in connection with the terminations of certain of the Company's retirement plans.

For the Fiscal Year Ended September 30, 2021, the Company reported consolidated sales of \$1.67 billion and net income on a GAAP basis of \$2.9 million, or \$0.09 per share, compared to sales of \$1.5 billion and a GAAP net loss of \$87.2 million, or \$2.79 per share last year. The GAAP net loss a year ago primarily reflected the impact of a goodwill write-down in the SGK Brand Solutions segment.

Earnings per share on a GAAP basis for both years included the impact of intangible amortization primarily from the acceleration of the amortization of certain intangible assets in the SGK Brand Solutions segment and charges in connection with our cost reduction initiatives and COVID-19 related costs. Consolidated intangible amortization expense was \$23 million or \$0.57 per share for the Fiscal 2021 fourth quarter compared to \$17.9 million or \$0.43 per share a year ago. Intangible amortization expense for the Fiscal Year Ended September 30, 2021 was \$84.2 million or \$1.98 per share, compared to \$71.5 million or \$1.72 per share last year.

On a non-GAAP adjusted basis, Adjusted EBITDA, which represents net income before interest expense, income taxes, depreciation and amortization, and other adjustments for the Fiscal Year Ended September 30, 2021 was \$227.8 million compared to \$203.1 million last year. In addition, adjusted earnings per share were \$3.28 for Fiscal 2021 compared to \$3.01 last year. These improvements primarily reflected the impacts of higher consolidated sales in addition to realized savings from the Company's cost reduction programs. These increases were partially offset by higher material and labor costs.

For the current quarter, Adjusted EBITDA was \$52 million compared to \$64.1 million last year. Earnings per share on a non-GAAP adjusted basis was \$0.80 for the current quarter compared to \$1.11 a year ago. Higher material, labor and shipping costs, particularly in the Memorialization segment, were the significant factors in the year-over-year decline in Adjusted EBITDA. Please see the reconciliations of Adjusted EBITDA and non-GAAP adjusted earnings per share in our earnings release.

Investment income for the quarter ended September 30, 2021 was a loss of \$359,000 compared to income of \$520,000 for the same quarter a year ago. For the year ended September 30, 2021, investment income was \$2.6 million compared to \$2 million last year. Investment income primarily reflects the changes in value of investments held in trust for certain of the Company's benefit plans.

Interest expense for the Fiscal 2021 fourth quarter was \$7 million compared to \$7.9 million a year ago. For the Fiscal Year Ended September 30, 2021, interest expense was \$28.7 million compared to \$34.9 million last year. The declines reflected lower average debt levels and lower interest rates for the current year.

Other income and deductions net for the quarter ended September 30, 2021 represented a reduction to pre-tax income of \$3,000 compared to \$1.8 million a year ago. This significant change primarily reflected a reduction in non-service pension costs as a result of the pending retirement plan terminations. For the year ended September 30, 2021, other income and deductions net represented a reduction to pre-tax income of \$6.8 million compared to \$9.2 million for Fiscal 2020. Other income and deductions include the non-service portion of pension and post-retirement costs as well as banking related fees and the impact of currency revaluation gains and losses on foreign denominated cash and debt balances.

The Company's consolidated income tax expense for the quarter ended September 30, 2021 was \$3.7 million compared to \$4 million a year ago. Income taxes for the current quarter included additional tax charges in connection with certain of the pending retirement plan terminations. Consolidated income tax expense for the year ended September 30, 2021 was \$6.4 million compared to a benefit of \$18.7 million last year. The Fiscal 2020 benefit resulted mainly from the goodwill write-down last year.

Please turn to **Slide 5** to begin a review of our segment results. Memorialization segment sales for the Fiscal 2021 fourth quarter were \$195.9 million compared to \$177.7 million a year ago, representing an increase of \$18 million or 10.3%. The increase was primarily attributable to higher unit sales of caskets and cremation equipment and improved price realization. Higher unit casket sales for the current quarter primarily reflected COVID-related deaths. For the year ended September 30, 2021, sales for the Memorialization segment were \$769 million compared to \$656 million a year ago. The increase resulted mainly from increased sales of caskets, cemetery memorial products, and cremation equipment. The Company also completed an acquisition of a small cemetery products business during the Fiscal 2021 second quarter.

Memorialization segment Adjusted EBITDA for the Fiscal 2021 Fourth quarter was \$33.6 million compared to \$43.3 million a year ago. The favorable effect of higher sales was offset by the significant unfavorable impacts of higher commodity costs, mainly steel, lumber and bronze compared to a year ago, as well as increased labor and freight costs. These cost increases are also expected to have an unfavorable impact on the segment's Adjusted EBITDA for Fiscal 2022. For the year, Memorialization Adjusted EBITDA was \$165.7 million for Fiscal 2021 compared to \$146.3 million last year. The increase primarily reflected the benefits of higher sales and productivity initiatives offset partially by higher material costs, lower margin U.K. projects, and increased labor and freight costs.

Please turn to **Slide 6**. Sales for the SGK Brand Solutions segment were \$188 million for the quarter ended September 30, 2021 compared to \$179.6 million a year ago, representing an increase of 4.7%. The increase primarily reflected higher sales for the segment's engineered product business, principally energy solutions for the electric vehicle market. In addition, the segment's retail-based sales were higher than a year ago, reflecting continued recovery in these markets. As you will recall, the segment's retail-based businesses were significantly impacted by COVID-19.

For the year ended September 30, 2021, the segment sales were \$726.9 million compared to \$693.1 million last year, representing an increase of 4.9%. Higher sales of engineered products were partially offset by lower retail-based sales earlier in the fiscal year. Changes in foreign currency rates had favorable impacts of \$2.2 million and \$23.3 million respectively on the segment's current quarter and fiscal year sales compared with the same periods last year.

Fiscal 2021 fourth quarter Adjusted EBITDA for the SGK Brand Solutions segment was \$24.2 million compared to \$28.8 million a year ago. The decline primarily reflected the impact of an unfavorable change in product mix from a year ago and higher performance-based compensation expense, offset partially by realized savings from the segment's recent cost reduction initiatives. The segment's Adjusted EBITDA for the year was \$99.7 million compared to \$90.6 million last year, representing an increase of \$9 million or 10%. Higher sales and realized savings from the segment's recent cost reduction initiatives were the primary factors in this improvement.

Please turn to **Slide 7**. Sales for the Industrial Technologies segment were \$54.9 million for the Fiscal 2021 fourth quarter compared to \$41.9 million a year ago, representing an increase of \$13 million or 31.1%. For the year, the segment's Fiscal 2021 sales were \$175.1 million compared to \$149.2 million last year, representing an increase of \$25.9 million or 17.4%. The segment's sales increases for the quarter and fiscal year resulted from higher sales for both the warehouse automation and product identification businesses. Incoming orders for these businesses continued to be strong through the fourth quarter, particularly for warehouse automation.

Adjusted EBITDA for the Industrial Technologies segment for the Fiscal 2021 fourth quarter was \$11.4 million compared with \$7.5 million a year ago. The increase primarily reflected the impact of higher sales for the quarter, which was partially offset by higher labor costs, increased travel costs, and an increase in product development costs. For the year, the segment's Adjusted EBITDA was \$26.7 million for Fiscal 2021 compared to \$22.8 million last year.

Please turn to **Slide 8**. Cash flow from operating activities for the Fiscal 2021 fourth quarter was \$56 million compared to \$56.8 million a year ago. For the year ended September 30, 2021, cash flow from operating activities was \$162.8 million compared to \$180.4 million last year. As a result of the Company's continued strong operating cash flow, the Company further reduced outstanding debt by \$28.8 million during the Fiscal 2021 fourth quarter and \$70.8 million for the current fiscal year. Net debt, which represents outstanding debt less cash, was reduced by \$31.7 million during the Fiscal 2021 fourth quarter and \$78.7 million for the year. Again, since the initial quarter of the pandemic, March 2020, the Company has reduced outstanding debt by over \$200 million.

Outstanding debt was \$763.7 million at September 30, 2021 and net debt was \$714.5 million. The leverage ratio covenant in our domestic credit facility is based on net debt. During the current fiscal year, we reduced our net debt leverage ratio from 3.9 at September 30, 2020 to 3.1 at September 30, 2021. In addition, we are in the process of terminating and settling our principal domestic defined benefit retirement plans. During the Fiscal year 2021, our pension liability significant declined from \$149.8 million a year ago to \$84.8 million at September 30, 2021. As we settle the principal U.S. plan obligations in the Fiscal 2022 first quarter, we expect another significant decline in this liability balance by December 31, 2021.

Approximately 31.5 million shares were outstanding at September 30, 2021. During the recent quarter, the Company purchased approximately 166,000 shares under its share repurchase program. For the year, the Company purchased approximately 380,000 shares. At September 30, 2021, the Company had remaining authorization of approximately 2,659,000 shares under the program.

Finally, the Board this week increased the Company's quarterly dividend to \$0.22 per share on the Company's common stock. This represents our 28th consecutive annual dividend increase since becoming a publicly traded company. The dividend is payable December 13, 2021 to stockholders of record November 29, 2021.

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

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

Again, this quarter, we performed very well on many levels. Each of our segments reported higher sales for the quarter, allowing us to report record sales for the quarter and the full year. During the quarter, we continued to see strong demand in our Memorialization segment driven by the impact of the pandemic. We also saw strong performance of SGK as our European businesses saw the benefits of recent cost restructuring initiatives, increased energy storage revenues, and general volume increases versus prior years. What we're most pleased with is the performance of our Industrial Technologies business, which saw an almost 30% increase in revenues thanks to very strong performance in our warehouse automation business and improved performance in our product identification business.

From an EBITDA perspective, we saw the impact of the inflationary pressures and supply chain challenges throughout our business. That pressure was particularly felt by our Memorialization segment, where despite strong revenues our EBITDA was lower due to higher commodity, transportation, and labor costs. Similarly, although SGK Brand Solutions reported higher year-over-year sales for the quarter, changes in our product mix resulted in lower margin projects providing a more significant part of the revenue increase. Again however, I want to call out for you the performance of our Industrial Technologies business, which

generated a 50% increase in EBITDA on a year-over-year basis. All in all, we are very satisfied with our performance for the quarter, for the full year, and throughout the pandemic.

We have accomplished a lot during the pandemic. Let me give you some idea.

As stated above, we have had record sales for Fiscal '21. We reported record operating cash flow, having generated \$343 million over the past two years. We had market share gains in many of our businesses. We significantly reduced our debt by over \$200 million since the start of the pandemic. We exited our pension plan, thus further de-risking our balance sheet significantly. We executed on a very aggressive cost restructuring plan and implemented our global services platform, and most excitingly, we executed on two of the most important strategic initiatives that we have been working on for a while and which should benefit us for years to come: the ramp of our energy storage business and the launch of our new product in our Industrial Technologies segment. Each of these accomplishments individually would have been significant on their own, but to accomplish them during a pandemic is truly remarkable. I want to thank our colleagues around the world for their efforts in helping to achieve these exceptional results.

Now, let's talk about our individual segments.

In our Memorialization segment, we delivered strong full year results. Cemetery products, funeral home products, and environmental solutions all reported higher revenue than prior year. Our backlog and our current order rates in our cemetery products and our environmental solutions businesses continue to be very strong, and at least at this time, our funeral home products revenues remain strong, therefore we expect another strong year from this business going into '22.

Unfortunately, throughout the Memorialization segment, we are feeling the impact of inflationary pressures that impacted our business particularly hard in the fourth quarter and will impact our operating results in '22. When compared to pre-pandemic levels, we are expecting over \$50 million of inflationary pressures during '22 in this segment. We are taking actions to mitigate these increases, including raising prices now and in the coming quarters, but we still expect to be impacted negatively.

Similarly, our SGK Brand Solutions business saw good revenue growth for the quarter and for the full year, driven by growth in our energy storage business. The traditional packaging and brand experience business has gained new accounts which, together with what we hope will be a normalization of the retail sector, bodes well for another good year in '22.

In our energy storage business, currently reported as part of the SGK, our deliveries finished pretty much as planned with revenues of over \$50 million for 2021. We are projecting around \$100 million of revenue for '22 and currently have more than that in our backlog. Activity in this business in both the lithium-ion battery calendaring solution and the hydrogen fuel cell solution is very high. We are continuing to receive inquiries from marquee automotive nameplates each day, and in addition to our largest customer, we are proud to add as our newest client Cellforce Group GmbH, a European battery joint venture which includes Porsche amongst its other notable partners.

In our Industrial Technologies segment for the year, higher revenues and EBITDA was largely driven by our warehouse automation business which also saw a strong quarter. We have almost a full year of orders in this business, which continues to grow and reflects the widely recognized value of our software solution. Our new account wins in this business broaden our portfolio to include some of the best-known brands in ecommerce.

The overall Industrial Technologies business is expected to have another strong year in '22 as orders for product identification equipment and inks have normalized. Moreover, as mentioned above, we have launched our new product shortly after the quarter ended. Although we do not expect significant revenues this year, we are making good progress towards establishing manufacturing processes for significantly

more volume, which we expect to see next year. Our confidence in this new product was confirmed during the beta testing and by the fact that the beta test customers were the first customers to acquire the new product.

In an effort to better align these segments, beginning in the first quarter of '22, our energy storage and services business will be included in the results of Industrial Technologies. Together with other fast-growing opportunities in this segment, energy storage will get better visibility and hopefully greater respect for its true value. Next year, this segment is expected to have upwards of \$350 million of revenue and about \$60 million of EBITDA. Only three years ago, these businesses reported materially less revenue and EBITDA. That's tremendous growth. The growth in this newly defined segment is expected to mitigate the impact of inflationary pressures elsewhere and is the most undervalued portion of our business.

I'm proud of our team and the results we have generated in what is and will remain a challenging environment in many parts of the world. As we look forward, there is still a great deal of uncertainty. The ongoing impact of the pandemic is yet to be determined. Inflationary pressures continue to increase. Our expectation is that retail traffic will normalize, but we are uncertain of when and to what extent. The timing of several significant deliveries in our energy storage business are still in flux. All of these factors and more make predicting our performance next year a challenge.

Our current estimates are that we will continue to grow our revenue next year, but we are expecting a modest decline in our EBITDA given the inflationary pressures we are feeling. Importantly, given our successful efforts in debt reduction, we intend to remain focused on debt reduction, but we are also prepared to begin to make key investments in our portfolio through internal investment and acquisition. Each of our businesses are considering opportunities to further the strategic positioning of the business.

Finally, as noted throughout my comments, each of our businesses ended the second year of the pandemic significantly better than before. All segments have significant orders in house and each of our segments has added new customers throughout the pandemic. In sum, we have materially improved our business and we have growth opportunities in each of our segments. As a result, we are a better Company today than at any time in our long history.

I look forward to discussing with you the value we see in all of our businesses. Now let's open up the discussion.

Operator: Thank you. Our first question will be coming from the line of Daniel Moore with CJS Securities. Please proceed with your question.

Daniel Moore: *CJS Securities:* Joe, Steve, good morning. Thanks for the color and taking the questions.

Joseph Bartolacci: Good morning, Dan.

Daniel Moore: Maybe to start, I wanted to make sure I heard correctly in the last few comments. Energy storage - \$50 million of revenue, going to over \$100 million, very consistent and great progress, and then you threw out a number, energy storage and surfaces, I think, at \$350 million and \$60 million in EBITDA. What was the timeframe, and just maybe level-set that second part of your comment for me.

Joseph Bartolacci: Sure Dan. I'm sorry if I wasn't clear. What we are saying is we intend to move the reporting of our energy storage business and surfaces to Industrial Technologies. Together next year, that entire segment should have \$350 million of revenue, \$60 million of EBITDA plus or minus, and this will represent our growth businesses. As evidence, what I also said earlier was just three years ago, these businesses reported materially less revenue and EBITDA, and we expect that kind of continued exposure on the top line and bottom line for the years to come. We positioned some of the fastest-growing businesses in one segment.

Daniel Moore: Makes perfect sense - okay, thank you for that. Apologize.

Then maybe talk about the cadence of revenue growth as well as, probably even more critically, margins starting with Q1 and H1. I assume you would feel additional margin pressure reflecting the timing of price increases to match all of that inflation in the early part of the year, as well as the tough comp in memorials, so should we think about EBITDA being down more in H1 versus H2? Steve, any comments there would be helpful.

Steven Nicola: Dan, let me speak to the year because you put your finger on it with respect to Adjusted EBITDA next year, and that specifically relates, for the most part, to the commodity cost challenges we're seeing, particularly in Memorialization. Steel, lumber, and copper (copper being the main constituent in bronze) are going to impact us throughout the year, not just the first quarter, primarily because the comparables from a year ago reflect when those prices were lower.

But again, as we start to exit the year, because we saw the impact start in this—well, not start in this fourth quarter, it actually started before this fourth quarter, but you see the more significant impact of it this fourth quarter, you should actually start to see the comparability of those costs, the comparability challenge start to wane in the fiscal 2022 fourth quarter, and depending on your view on these commodities going forward and their cyclicity, hopefully, as we see those start to decline, at a minimum it ceases to become a comparability challenge as we exit '22 and may become somewhat of a tailwind if we see those commodities revert back to their traditional prices.

Joseph Bartolacci: The only color I'll add to that, Dan, is timing of pricing - you know how that works. We generally raised our prices in our funeral and products business on the first of October, so the impact we saw from commodities in that part of the business will be somewhat mitigated by the price increase. We did not get a sufficient price increase to cover all our costs. We are analyzing whether or not we will—we intend to and we expect to raise prices earlier than that next year if these commodity prices remain where they are. In our Memorialization segment when it relates to cemetery products and others, the timing of their price increases is starting generally after the first of the year.

Daniel Moore: Got it, and I realize we're in a very fluid environment, but I have to take a stab at it - any comments in terms of the degree or magnitude of kind of a modest decline, maybe relative to where current consensus expectations are, Steve, are we in the right ballpark? If you don't want to go further, I understand.

Steven Nicola: Yes, we haven't quantified that, Dan, so I probably shouldn't comment beyond that. But I think the term Joe used was modest, so I think that's a fair assessment.

Joseph Bartolacci: Yes, it's difficult to kind of put a full picture out right now because we don't know. As I said earlier, for example, funeral home products are continuing to operate at higher-than-expected rates at this time, so that might mitigate some of that as well. How long that goes will be questionable. All those things are still fluid, and we just don't know.

Steven Nicola: Yes, and the reason for the assessment as modest is we do have growth in our other businesses that are generating margins. We have our cost reduction initiatives that certainly continue to favorably impact the cost line, so those are the things that are working to mitigate to a meaningful degree the impact of commodity costs.

Daniel Moore: Okay, perfect. I'll jump back in queue with any follow-ups. Thank you.

Operator: Thank you. Our next question is from the line of Chris McGinnis with Sidoti & Company. Please proceed with your questions.

Chris McGinnis, Sidoti & Company: Good morning, thanks for taking my questions, and nice quarter. I guess just maybe starting with the—is it the Cellforce announcement that you mentioned in your prepared remarks?

Joseph Bartolacci: Yes.

Chris McGinnis: Can you just a little bit about that dynamic, how long you've been working with them, and just what you're providing there? Thanks.

Joseph Bartolacci: We provide the same type of calendaring solution that we have provided for the industry for a while now with our largest customers and others. We have worked with Cellforce and have been working with many others at this point in time through RFPs and RFQs for the last 12 to 18 months, has been a significant ramp, and I would—as I said in my comments, there are a lot of marquee nameplates that you would all recognize, that we're not at liberty to talk about at this point in time. But this is not a—these are not fly-by-night operations; these are the players in the hydrogen fuel cell business and the players in the lithium-ion battery segment for the automotive sector right now.

Chris McGinnis: Great, I appreciate that. Then just to touch on some other parts of the business, just with retail in SGK, can you just talk about maybe where you are versus pre-pandemic levels, and just kind of the expectation of how that continues to trend as it seems like the economy has stabilized a little bit more?

Joseph Bartolacci: I think, Chris, a fair way to look at it is our revenues are probably down 30% to 35% from pre-pandemic levels, and this is a people-based business, so you still have some fixed costs associated that you don't want your business walking away. I would tell you that our profitability is off more than that, so we would expect, and our forecasts would say that over the course of the year, gradually we'll get to more of a normalized rate. There are conversations going on, there is a lot of wait and see going on with what happens with both the ongoing pandemic impact as well as what the new retail environment is.

The fact is that retail has been under-invested for the last two-plus years, and we expect that that will be a significant uptick for us when that occurs.

Chris McGinnis: Great, thanks for taking my questions. I'll jump back in queue for now.

Operator: Thank you. Our next question is coming from the line of Liam Burke with B. Riley. Please proceed with your questions.

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

Joseph Bartolacci: Hi Liam.

Liam Burke: On the Memorialization product front, we saw the deferred sales. Are we still seeing (inaudible) that you'd laid out as the effects of COVID are starting to reverse itself?

Joseph Bartolacci: There is no question, Liam, that our order rate, backlogs - whatever you want to call it, on our cemetery product side are significantly higher than normal. In one part of the business, we've got a year's worth of orders in house and having difficulty both getting product and getting it out the door. That tells you that not only are we having deferred Memorialization, we are still trying to catch up with what is that need. The orders are in place, so we're expecting a strong year in that part of our business as we move forward.

Secondly in that segment, there's been probably some under-investment in facilities. When you talk about mausoleums and other kinds of capital type investments, we're expecting to see that come back. Over the

last couple of years, things have been a little slower, as you might expect. That will continue to come back as well.

Liam Burke: Great.

Operator: The next question will be coming from the line of Bruce Geller with Geller Ventures. Please proceed with your questions.

Bruce Geller, Geller Ventures: Hey, good morning gentlemen.

Joseph Bartolacci: Good morning, Bruce.

Bruce Geller: That was some interesting commentary with respect to now combining energy solutions with the Industrial Technologies division. I applaud your move to do that, and I also congratulate you on the incredible success you've had in those businesses.

Joseph Bartolacci: Thank you.

Bruce Geller: As you alluded to, there is potentially a lot of value in that division which may not be properly reflected in Matthews' stock price. I'm curious, if you continue to feel that way over time and these businesses continue to grow at the kind of rate that they are, is it feasible to potentially spin that business off in order to properly have that value recognized by the market?

Joseph Bartolacci

Chris, thank you. That is—clearly my intent is to try to focus people's efforts on the value that is embedded in just this business, but frankly in all three of those businesses. All three of those businesses, from energy to our warehouse business to our product identification business, with its new product and the opportunities presented there, are significantly undervalued relative to the markets they serve.

All options are on the table as we look forward. Our hope and our expectation is the market will begin to start to realize those values as the numbers start to reflect it. Putting \$350 million and \$60 million of EBITDA from a place that was almost half that just a couple years ago, or whatever it may have been, starts to show that, and as they continue to land more accounts and we get more legs under ourselves, if we're not seeing the price, we'll have to do what we have to do to kind of realize that value.

Bruce Geller: Terrific. My next question relates to earnings per share. You alluded to a modest decline in EBITDA in the current year; however, with debt declining, your interest expense is going down, you've also reduced the share count, and it sounds like you may continue to do that. Is it possible that the adjusted earnings per share in the current year may be better than down modestly? Is it possible to see those flat—see the earnings, EPS flat on the year, or even up?

Joseph Bartolacci: Yes, let's put it this way - I think it's going to be a comparable that's going to be easily seen. The issue is going to be taxes and what happens with taxes throughout the year, both in terms of our internal structuring as well as external, what happens at the federal level, so it's hard to tell that answer today. But I would expect it to be a...

Steven Nicola: Yes Bruce, we've had the benefit over the last couple of years, as you've probably seen, of some good tax planning and some benefits and credits over the last couple of years, particularly with some international planning. Those things run their course, so that's part of what Joe's referencing in terms of that uncertainty going into next year.

Bruce Geller: Fair enough. My final question relates to free cash flow generation. It's been very strong in the past few years, averaging close to \$4 a share in free cash flow over the past few years. Is there any reason to believe that that will differ materially in the current year?

Joseph Bartolacci: No.

Bruce Geller: Terrific. Thank you very much, gentlemen.

Joseph Bartolacci: Thank you Bruce.

Operator: Our next question comes from the line of Chris McGinnis with Sidoti & Company. Please proceed with your questions.

Chris McGinnis, Sidoti & Company: Yes, thanks for taking my questions again. Just two quick modeling questions, Steve, just around, one, amortization expectations for maybe next year, and then second, just around with the change in the pension, does that do anything on the income statement or any other impacts throughout the financials? Thanks.

Steven Nicola: You're welcome, Chris. Yes, on the intangible amortization, if you'll recall, a couple of years ago we accelerated some intangible amortization on some of the intangible assets in the SGK Brand Solutions segment. Some of those should actually become fully amortized as we proceed through Fiscal 2022, so I expect that number to decline.

Then your second question, remind me again?

Chris McGinnis: Just on the change in the pension you had mentioned. Thanks.

Steven Nicola: Yes, with respect to pension, there's a service cost component with respect to the pension that should also be declining as we wind—as we finally settle these plans.

Chris McGinnis: Great, I was thinking that. Thanks very much - I appreciate it, and good luck in Q3—or Q1, sorry.

Steven Nicola: You're welcome.

Operator: Our next question is from the line of David Niewood with The Curator Fund. Please proceed with your questions.

David Niewood, The Curator Fund: Hi guys, can you hear me?

Joseph Bartolacci: Yes, we can, David.

David Niewood: How you doing? I echo Bruce's remarks - I think the reporting of the divisions and how you're structuring is great. I love the extra granularity along the numbers.

My sense is that even \$100 million, and I understand that it can be—the timing of shipments can be difficult to predict, is still just the tip of the iceberg. I ask the question like this, and hopefully you can maybe give it some context, if the customers that you're working with today and that have committed to orders at capacity, i.e. what they've ordered in terms of their existing battery plants, were they to reach capacity, is there a number associated with that, that you could say as potential just for existing plants (inaudible) gigawatt or otherwise?

Joseph Bartolacci: Well, we're probably not privy to as much—what their plan is for the existing plants, but I can give you kind of a market level assessment. Our typical production line for this process generates somewhere between 25 and 50 gigawatts of power. The amount of electrical power necessary to electrify the global fleet is measured in terawatts, so just do the math, and it's multiple terawatts, so the number of pieces of equipment necessary to electrify the world will be measured a lot bigger than my current revenue today. We don't expect that we'll be the only solution in the market, but right now we are the focus of that effort.

David Niewood: Indulge me one more and I'll stop there, and also free to not answer. Everything that you're involved with that is new in the battery business, is that related to dry battery electrode, the incremental new sales?

Joseph Bartolacci: That's a very good question because the fact of the matter is no. I would tell you, we're playing in both fields, both in the dry cell and in the wet cell. Obviously, our proprietary know-how on the dry cell is far more cutting edge and far more valuable, but not all players are at that level yet. We expect all of them will be over time, so there's theoretically multiple levels of investment that will be needed over the years.

David Niewood: That's excellent. Thank you very much. Thank for indulging the questions.

Joseph Bartolacci: Yes, no problem.

Steven Nicola: Thank you David.

Operator: Thank you. We have reached the end of the question-and-answer session. I'll now turn the call over to Bill Wilson for closing remarks.

Bill Wilson: Thank you Rob. Again, thank you for joining us today and thank you for your interest in Matthews. For additional information about the Company and our financial results, please visit our website or contact me. Enjoy the rest of your day.

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