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February 28, 2023

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## **C2 INTERVIEW: NEW STRUCTURES, NEW MARKETS – PROVEN EXPERTISE**

Since last summer, Olbrich GmbH (Bocholt, Germany), the Saueressig Group (Vreden, Germany) and the Polytype Converting brand have been part of Matthews Industrial Technologies. In association with the new parent company from the USA, the respective business units have repositioned themselves. C2 – Coating & Converting spoke with Esa-Matti Aalto, Senior Vice President Commercial Coating & Converting, Matthews Engineering, Udo Saalman, Senior Sales Manager Home & Decor, and Markus Pennekamp, Executive Vice President Matthews Engineering.

C2: The last time we saw each other was in late summer at Olbrich in Bocholt. What has happened since then?

Esa-Matti Aalto: Since then, we have made great strides in the integration! Within the new structure, we have two core businesses: New Energies (Lithium Ion Batteries, Hydrogen Fuel Cells and Photovoltaics, as well as Separator Films and Battery Wrapping) and Coating-Converting Industries as an area that includes all customers at Olbrich, Saueressig and Polytype Converting that are not part of the New Energies segment. I am responsible for this area. Within the Coating-Converting Group, Udo Saalman is responsible for the “Home & Decor” division, plus the “Packaging Industrial Applications” division (self-adhesives, labels and tapes, as well as packaging applications – on the one hand with barrier coatings on paper, and on the other with plastic films and complex laminates for food packaging and other applications). I would also like to mention the adjacent areas that are also part of the group’s portfolio: Industrial Automation and Digital Printing Applications for Logistics. Our service also functions as a separate business unit today. Here, too, a new structure is being established across all business units.

C2: In addition, there are “Surfaces Solutions” and “Rollers & After Sales Service” – the Saueressig divisions, so to speak. How do these business units fit into the overall concept, considering that rollers also stand for themselves as individual products?

Udo Saalman: Of course, at Saueressig we are the “steel core manufacturer” and roller engineers. In some cases we achieve output figures of over 800 products per month. These include small gravure rollers, but also very high-quality and complex technical rollers. In the past, we were already a roller supplier for Olbrich and manufactured anilox rollers, embossing rollers and heated cooling rollers for the company. Now, in the company group, we can supply much more from a single source – as a One Stop Solution. The customer should really only have one contact person, so that we can offer the entire line from the embossing roller to the engraving to the embossing calender, as well as the winder and unwinder on a turnkey basis. Here in Vreden, we serve the Surfaces division – complemented by the site in Mönchengladbach, where the former Ungricht company, which was integrated into Saueressig some years ago, produces 7000-8000 embossing rollers per year. The applications there are extremely varied and include automotive, hygiene, flooring and wall covering.

Markus Pennekamp: You see: our approach is to combine the best of both worlds. We have known each other for a long time – it even happens that our respective plants are only 30m apart in the same production facility at a particular customer. Nevertheless, we have not – one would like to add “fortunately” – had so much overlap in market cultivation. So in most cases it is relatively clear to assign who should look after which customer. In addition to the enormous opportunities in New Energies already mentioned, our prospects in the coating and converting sector are also very great from my perspective. Especially with regard to sustainability and the reusability of raw materials, I see many opportunities for us.

C2: What is your specific strategy for the coating and converting sector – also with regard to the cooperation with Saueressig?

E.-M. Aalto: It is now particularly important for us to show our customers in person how this merger of our companies works in reality. For the first time, we will have a joint stand at ICE Europe and will be able to focus precisely on this expertise. At the moment, there are always two aspects that move our society: one is New Energies, the other is Sustainability. We will focus on precisely these megatrends, not only in our corporate strategy, but also at the trade fair in Munich. With regard to these top themes, I say: “The train has left the station” – and we are on board. This is expressed in an enormous response and many concrete orders directly from the industry. At this point, I would also like to mention the Inflation Reduction Act in the USA, which is specifically intended to boost the energy industry. Of course, every battery also needs a label and packaging! Here, the merger with Matthews once again plays very well into our hands: We can thus ideally support European or multi-national groups that are now on their way to the USA and are building up capacities there. America is the trend – but that does not mean that we are pulling up our tents in China or Asia altogether. On the contrary: today we can act much more globally and serve worldwide trends in the best possible way.

U. Saalman: In the nonwoven sector, we are pursuing some exciting hygiene applications, in which a 3D embossing process is used. Here, forming and perforation take place simultaneously. This solution is used in feminine hygiene, nappies and

incontinence products, among others. We will exhibit this unit at ICE Europe as well as at Index in Geneva – live on site, 120cm wide and fully functional. In detail, it is a very high-quality, milled roller set with a male and female die, with which a spunbonded fabric is suitably formed under pressure and heat. We will also be able to show embossed samples of this.

C2: Keyword “full-service provider”: How do your respective processes already interlock today, and what routines have been established in the past months?

U. Saalman: Saueressig was more a company for the “middle part”, i.e. the calender (e.g. smoothing or embossing calenders). Winding technology was much less of a focus for us and was only supplied by us at the explicit request of the customer. Now, through the merger with Olbrich and Polytype Converting, completely different possibilities have opened up for us: We can, for example, completely integrate turret winders or slitters at the rewinder. This makes us even more interesting as a total supplier for the end customer! Not only have discussions been held here, but a winder has already been realised for us at Polytype Converting. Conversely, we also act as a calender manufacturer for Polytype Converting.

E.-M. Aalto: Let’s look a little beyond our own horizon: in the Matthews Group we already offer a lot today and will be able to offer our customers much more in the future. This ranges from basic products – such as film and foil – to repro. This means that within the group we also have possibilities for graphic design, right up to marketing! We can offer the entire service: up to the packaging solution including design, everything is available from one source in our group. Yes, we are still relatively at the beginning here, but we will certainly be much further along by the time of our next interview. Our customers are cordially invited to take a closer look at this portfolio already at the upcoming ICE Europe.

C2: Do you continue to rely on the established brand names Olbrich, Polytype Converting and Saueressig?

M. Pennekamp: As far as we can foresee today, we will continue to focus on them. Both we and the parent company Matthews International are giving a lot of thought to branding. The term Matthews Engineering in particular is to be given greater visibility in our group. Matthews International is a company with a diverse product portfolio divided into three divisions. Memorialization, SGK Brand Solutions and Industrial Technologies. The company serves a great many product groups and industries, but is still sometimes presented in the media as a manufacturer of coffins. Admittedly, this sounds a bit strange when a newspaper writes that a “coffin manufacturer” has won a contract in New Energies that is worth 200 million US dollars... The individual brand names will certainly not disappear from the market, although it could happen that they will function as product group brands in the future.

E.-M. Aalto: There will certainly be an overarching branding. But I would like to emphasise: Continuity is part of our service philosophy! Saueressig has been part of the group for more than 15 years and is still present as a strong brand. It is possible that in newly emerging areas such as New Energies, more emphasis will be placed on superordinate brand names, but our established customers can still rely on being served by Olbrich, Polytype Converting and Saueressig.

C2: Let’s talk about your worldwide distribution network: What are your priorities here – and what has changed?

E.-M. Aalto: Due to the war in Ukraine, no business activity with Russia is possible at the moment. Due to the extremely good demand in the decor sector, we were able to close this gap. The multinationals that had to pull out of Russia have partly relocated their production to Central Europe and North America. Therefore, our sales activities are currently focused on the regions of core Europe and North America. But we also see good trends and demand situations in South America. Asia is currently recovering, also due to the declining Covid figures in China. Basically, all sales activities through our networks and agent structure are back in full swing. We have engineering locations throughout the Group, which we are now examining for possible synergies in order to get even closer to the customers.

M. Pennekamp: Of course, it also suits us that the two large locations in Bocholt and Vreden are so close to each other. Nevertheless, we are perceived as a global company and position ourselves accordingly. For example, word of our successful projects in the battery sector is spreading more and more in the automotive industry, which is why some major players – both car manufacturers and battery producers – are approaching us here. The market is correspondingly large – and we want to play an important role here!

E.-M. Aalto: In this context, we recently received the largest order in the company’s history. The deal has a total volume of 200 million US dollars.

C2: In this New Energies segment, the main focus is on automotive. What about smaller devices – keyword consumer electronics?

M. Pennekamp: Overall, it’s more about the topic of battery storage! Elon Musk, for example, does not have the primary goal of producing cars. Instead, he wants to bring battery storage to the market. The technology will be brought to the market via the vehicle of the automotive industry. But the energy transition goes far beyond electrified cars. In order to be able to use solar energy optimally, there would also have to be a corresponding energy storage unit hanging on the wall in every household. The technology in the field of Dry Battery Electrodes, which we have co-developed, will lead to the ability to fit more battery storage into a given volume. More efficient and better batteries are our declared goal!

C2: The winter was – it can be said today – less challenging than we feared last summer: The gas storage facilities are still well filled, the economic situation remains stable. What do you expect for the coming months?

E.-M. Aalto: We see neither a crisis nor a brake on demand in the new energies. In the other core areas, we are registering fluctuating demand. Fortunately, our smart solutions for more energy efficiency are very much in demand – and we can also meet this demand. In the area of energy audits, a lot has happened here. The “hard winter” has failed to materialise – and production continues. Our customers are well equipped and trained to face the challenges ahead.

U. Saalman: I can only confirm Esa’s statements from our perspective in Vreden. The demand is high, the projects are still active. I can’t report any crisis – many customers in the coating and converting sector are currently on the verge of placing an order in the first quarter of 2023.

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