



THIRD QUARTER REPORT

For the Period Ended
June 30, 2011

Matthews
INTERNATIONAL

A Tradition of Quality Since 1850

To Our Shareholders

Matthews reported net income of \$21,875,000 for the fiscal 2011 third quarter, compared to \$20,411,000 for the same quarter last year. Earnings per share for the fiscal 2011 third quarter were \$0.74 per share, compared to \$0.68 per share for the third quarter of fiscal 2010, representing an increase of 9%. Sales for the quarter ended June 30, 2011 increased 8.5% to \$231,511,000, compared to \$213,329,000 for the third fiscal quarter last year. The improvement from the prior period primarily reflected sales growth in the Company's Graphics Imaging and Marking Products businesses, higher unit volume in the Casket segment and the impact of recent acquisitions. Consolidated operating profit for the three months ended June 30, 2011 increased to \$35,081,000, compared to \$34,514,000 in the same quarter a year ago.

For the nine months ended June 30, 2011, net income was \$51,676,000, compared to \$49,338,000 for the same period a year ago. Earnings per share for the first nine months of fiscal 2011 were \$1.75 per share, compared to \$1.64 per share last year. Sales for the nine months ended June 30, 2011 were \$659,006,000, compared to \$607,168,000 for the same period a year ago, representing an increase of 8.5%. The increase was principally attributable to sales growth in the Company's Brand Solutions businesses and the impact of recent acquisitions. Consolidated operating profit for the nine months ended June 30, 2011 increased to \$85,532,000, compared to \$83,808,000 in the same period last year.

In the Brand Solutions group, the Company's Graphics Imaging and Marking Products segments reported sales increases for the fiscal 2011 third quarter over the comparable period last year. The Graphics Imaging segment reported continued sales growth in all of its principal geographic markets. Third quarter sales for the Marking Products segment were higher than a year ago as a result of increased sales of equipment and the benefit of a small acquisition completed in March 2011. In the Memorialization group, Casket segment sales for the quarter and year-to-date periods increased over the comparable periods last year primarily reflecting the benefit of recent acquisitions and an increase in same store unit volume during the fiscal 2011 third quarter. The Bronze segment also reported higher sales for the quarter and nine months ended June 30, 2011, primarily reflecting the benefit of the acquisition of United Memorial Products in December 2009. Bronze memorial and architectural volume and product mix continue to remain challenges. Fiscal 2011 third quarter and year-to-date sales for the Cremation segment increased over the prior year, reflecting an increase in U.S. equipment sales and the impact of the March 2010 acquisition of a cremation equipment manufacturer in England.

Our results for the fiscal 2011 third quarter were generally in line with internal expectations, and despite a significant increase in commodity costs, we were able to generate earnings per share growth of almost 10%. Based on year-to-date operating results and our current forecasts, we are maintaining our guidance that fiscal 2011 earnings are projected to grow in the mid-to-high single digit percentage range over fiscal 2010 (excluding unusual items from both years).

Joseph C. Bartolacci

President and Chief Executive Officer

August 4, 2011

Consolidated Statements of Income (Unaudited)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED JUNE 30,		NINE MONTHS ENDED JUNE 30,	
	2011	2010	2011	2010
Sales	\$231,511	\$213,329	\$659,006	\$607,168
Cost of sales	(139,567)	(128,360)	(399,204)	(371,208)
Gross profit	91,944	84,969	259,802	236,140
Selling and administrative expenses	(56,863)	(50,455)	(174,270)	(152,332)
Operating profit	35,081	34,514	85,532	83,808
Investment income (loss)	595	(96)	2,244	1,908
Interest expense	(2,166)	(1,869)	(6,005)	(5,620)
Other income (deductions), net	(559)	(329)	(1,525)	(1,060)
Income before income taxes	32,951	32,220	80,246	79,036
Income taxes	(10,780)	(11,011)	(27,433)	(27,876)
Net income	22,171	21,209	52,813	51,160
Net income attributable to noncontrolling interests	(296)	(798)	(1,137)	(1,822)
Net income attributable to				
Matthews' shareholders:	\$ 21,875	\$ 20,411	\$ 51,676	\$ 49,338
Earnings per share available to				
Matthews' shareholders:				
Basic	\$.74	\$.68	\$ 1.75	\$1.65
Diluted	\$.74	\$.68	\$ 1.75	\$1.64
Dividends per share	\$.08	\$.07	\$.24	\$.21

Condensed Consolidated Balance Sheets (Unaudited)

Dollar amounts in thousands

	June 30, 2011	September 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 54,720	\$ 59,715
Short-term investments	1,392	1,395
Accounts receivable, net	160,977	151,038
Inventories	131,977	107,926
Other current assets	19,090	15,581
Total current assets	368,156	335,655
Investments	16,314	13,642
Property, plant and equipment, net	131,962	129,750
Deferred income taxes and other assets	49,489	51,656
Goodwill and other intangible assets, net	505,541	463,122
Total assets	\$1,071,462	\$993,825
LIABILITIES		
Current liabilities:		
Long-term debt, current maturities	\$ 8,714	\$ 12,073
Accounts payable	46,963	36,308
Accrued compensation	34,065	39,062
Accrued income taxes	15,754	12,984
Other current liabilities	50,538	47,686
Total current liabilities	156,034	148,113
Long-term debt	259,991	225,256
Accrued pension	53,091	50,276
Postretirement benefits	24,121	23,307
Deferred income taxes	16,919	15,950
Environmental reserve	5,571	5,961
Other liabilities	39,011	31,234
Total liabilities	554,738	500,097
SHAREHOLDERS' EQUITY		
Shareholders' equity – Matthews:		
Common stock	36,334	36,334
Additional paid-in capital	46,779	48,294
Retained earnings	663,516	621,923
Accumulated other comprehensive loss	(20,311)	(37,136)
Treasury stock, at cost	(213,207)	(207,470)
Total shareholders' equity – Matthews	513,111	461,945
Noncontrolling interests	3,613	31,783
Total shareholders' equity	516,724	493,728
Total liabilities and shareholders' equity	\$1,071,462	\$993,825

Corporate Information

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Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products and brand solutions. Memorialization products consist primarily of bronze and granite memorials, other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Brand solutions include graphics imaging products and services, marking products, and merchandising solutions. The Company's products and services include cast bronze and granite memorials; other memorialization products; caskets; cast and etched architectural products; cremation equipment and cremation-related products; mausoleums; brand management, printing plates and cylinders, pre-press services and imaging services for the primary packaging and corrugated industries; marking and coding equipment and consumables, and industrial automation products for identifying, tracking and conveying various consumer and industrial products, components and packaging containers; and merchandising display systems and marketing and design services.

COMMON STOCK

Matthews International Corporation common stock is traded on the NASDAQ Global Select Market System under the symbol "MATW."

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