



FIRST QUARTER REPORT

For the Period Ended
December 31, 2010

Matthews
INTERNATIONAL

A Tradition of Quality Since 1850

To Our Shareholders

Matthews reported net income was \$13,214,000 for the fiscal 2011 first quarter, compared to \$12,996,000 for the first three months of fiscal 2010. Earnings per share for the fiscal 2011 first quarter were \$0.45 per share, compared to \$0.43 per share for the same quarter a year ago. Sales for the quarter ended December 31, 2010 increased 7.4% to \$207,344,000, compared to \$192,973,000 in the same quarter a year ago. The increase was principally attributable to sales growth in the Company's Brand Solutions businesses and the impact of recent acquisitions, offset partially by an unfavorable impact from changes in foreign currency rates. Operating profit for the three months ended December 31, 2010 was \$21,966,000, compared to \$22,176,000 in the same quarter a year ago. Changes in foreign currency values against the U.S. dollar were estimated to have an unfavorable impact of approximately \$4,400,000 on the Company's sales and \$500,000 (\$0.01 per share) on operating profit compared to the quarter ended December 31, 2009.

All of the Company's segments reported higher sales during the fiscal 2011 first quarter, compared to the same period a year ago. In the Brand Solutions group, Marking Products segment sales increased over the first fiscal quarter last year, reflecting higher unit volumes of equipment and consumable products. Current quarter sales for the Merchandising Solutions segment were also higher than a year ago as a result of an increase in projects from several customers. Graphics Imaging segment sales for the fiscal 2011 first quarter were slightly higher than a year ago, reflecting sales growth in Europe, the United States and Asia, which was partially offset by an unfavorable change in currency exchange rates. In the Memorialization group, fiscal 2011 first quarter sales for the Bronze segment were higher than a year ago, reflecting an increase in granite sales as a result of the acquisition of United Memorial Products in December 2009. Casket segment sales for the current quarter were higher than the same quarter last year, mainly as a result of the segment's recent acquisitions. Fiscal 2011 first quarter sales for the Cremation segment increased over the prior year principally as a result of growth in European equipment sales and last year's acquisition (March 2010) of a cremation equipment company in the U.K.

We continue to believe that market conditions will remain challenging in the near-term for most of our businesses and, accordingly, we maintain our emphasis on the importance of discipline on cost structure relative to revenue run rates. Based on the fiscal 2011 first quarter 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 charges from both years).



Joseph C. Bartolacci

President and Chief Executive Officer

February 3, 2011

Consolidated Statements of Income (Unaudited)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED DECEMBER 31,	
	2010	2009
Sales	\$ 207,344	\$192,973
Cost of sales	(127,599)	(119,583)
Gross profit	79,745	73,390
Selling and administrative expenses	(57,779)	(51,214)
Operating profit	21,966	22,176
Investment income (loss)	1,151	1,195
Interest expense	(1,752)	(1,939)
Other deductions, net	(269)	(98)
Income before income taxes	21,096	21,334
Income taxes	(7,573)	(7,678)
Net income	13,523	13,656
Net income attributable to noncontrolling interests	(309)	(660)
Net income attributable to Matthews shareholders	\$ 13,214	\$ 12,996
Earnings per share attributable to Matthews shareholders:		
Basic	\$.46	\$.43
Diluted	\$.45	\$.43
Dividends per share		
	\$.08	\$.07
Weighted-average number of common shares outstanding:		
Basic	29,027,227	29,974,606
Diluted	29,228,592	30,189,047

Condensed Consolidated Balance Sheets

Dollar amounts in thousands

	December 31, 2010 ¹	September 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 53,724	\$ 59,715
Short-term investments	1,394	1,395
Accounts receivable, net	139,410	151,038
Inventories	116,497	107,926
Other current assets	15,783	15,581
Total current assets	326,808	335,655
Investments	15,674	13,642
Property, plant and equipment, net	127,562	129,750
Deferred income taxes and other assets	53,354	51,656
Goodwill and other intangible assets, net	487,321	463,122
Total assets	\$1,010,719	\$993,825
LIABILITIES		
Current liabilities:		
Long-term debt, current maturities	\$ 11,561	\$ 12,073
Accounts payable	38,351	36,308
Accrued compensation	27,787	39,062
Accrued income taxes	14,939	12,984
Other current liabilities	45,716	47,686
Total current liabilities	138,354	148,113
Long-term debt	236,626	225,256
Accrued pension	51,227	50,276
Postretirement benefits	23,612	23,307
Deferred income taxes	15,609	15,950
Environmental reserve	5,835	5,961
Other liabilities and deferred revenue	37,589	31,234
Total liabilities	508,852	500,097
SHAREHOLDERS' EQUITY		
Shareholders' equity – Matthews:		
Common stock	36,334	36,334
Additional paid-in capital	43,941	48,294
Retained earnings	632,768	621,923
Accumulated other comprehensive loss	(38,315)	(37,136)
Treasury stock, at cost	(203,916)	(207,470)
Total shareholders' equity – Matthews	470,812	461,945
Noncontrolling interests	31,055	31,783
Total shareholders' equity	501,867	493,728
Total liabilities and shareholders' equity	\$1,010,719	\$993,825

¹Unaudited.

Corporate Information

Matthews International Corporation

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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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Chief Financial Officer, Secretary and Treasurer



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