



## First Quarter Report

For the Period Ended  
December 31, 2007

**Matthews**  
INTERNATIONAL

*A Tradition of Quality Since 1850*

Matthews reported that net income for the fiscal 2008 first quarter increased to \$17,431,000, compared to \$13,971,000 for the same quarter last year. Earnings per share for the fiscal 2008 first quarter were \$0.56, compared to \$0.44 a year ago. Earnings for the fiscal 2008 first quarter included the favorable effect of a one-time adjustment of \$0.06 per share to income tax expense. This adjustment represented the impact on deferred income taxes resulting from certain income tax rate reductions in Europe. Earnings for the fiscal 2007 first quarter included a charge of \$0.01 per share in connection with the earn-out provisions under the Milso Industries acquisition agreement. Sales for the quarter ended December 31, 2007 were \$182,348,000, compared to \$175,424,000 in the same quarter a year ago, representing an increase of 3.9%. Operating profit for the three months ended December 31, 2007 was \$26,778,000, compared to \$24,184,000 for the same period last year, representing an increase of 10.7%.

In our Memorialization businesses, the Bronze and Casket segments generated operating profit growth on higher sales for the quarter. In addition, the Cremation segment reported an increase in operating profit reflecting an improvement in its operating margins. With respect to our Brand Solutions Group, sales increased in the Graphics Imaging segment on higher sales in the North American market and the favorable impact of currency exchange rate changes. Operating profit for the Merchandising Solutions segment improved from the prior year on higher sales of merchandising systems and displays. In addition, operating profit for both the Graphics Imaging and Merchandising Solutions segments benefited from the impact of cost structure initiatives completed in fiscal 2007. The Marking Products segment reported higher sales for the quarter, primarily reflecting the benefit of its June 2007 acquisition of an interest in a small Chinese operation. Excluding the impact of this acquisition, sales for the segment declined for the quarter principally as a result of the recent economic slow-down in certain of its domestic markets, which resulted in lower operating profit compared to a year ago.

Based on the results for the fiscal 2008 first quarter, we are reaffirming our earnings per share guidance for the year, which is a range of \$2.48 to \$2.54. This range excludes the impact of the one-time favorable income tax adjustment reported in the first quarter and other unusual items, if any, which may occur during the fiscal year.

**Joseph C. Bartolacci**

*President and Chief Executive Officer*

**February 5, 2008**

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED DECEMBER 31,	
	2007	2006
Sales	\$182,348	\$175,424
Cost of sales	(110,360)	(110,490)
Gross profit	71,988	64,934
Selling and administrative expenses	(45,210)	(40,750)
Operating profit	26,778	24,184
Investment income	512	411
Interest expense	(2,144)	(1,816)
Other income (deductions), net	245	131
Minority interest	(552)	(520)
Income before income taxes	24,839	22,390
Income taxes	(7,408)	(8,419)
<b>Net income</b>	<b>\$ 17,431</b>	<b>\$ 13,971</b>
<b>Earnings per share:</b>		
Basic	\$ .56	\$ .44
Diluted	\$ .56	\$ .44
<b>Dividends per share</b>		
	\$ .060	\$ .055
<b>Weighted-average number of common shares outstanding:</b>		
Basic	30,998,879	31,667,019
Diluted	31,151,825	31,851,284

Dollar amounts in thousands

December 31, 2007<sup>1</sup>

September 30, 2007

**ASSETS****Current assets:**

Cash and cash equivalents	\$ 59,403	\$ 44,002
Short-term investments	81	105
Accounts receivable, net	107,598	120,882
Inventories	91,831	93,834
Other current assets	9,896	7,691
<b>Total current assets</b>	<b>268,809</b>	266,514
Investments	13,659	12,044
Property, plant and equipment, net	86,859	88,926
Deferred income taxes and other assets	36,236	33,981
Goodwill and other intangible assets, net	369,887	369,604
<b>Total assets</b>	<b>\$775,450</b>	\$771,069

**LIABILITIES AND SHAREHOLDERS' EQUITY****Current liabilities:**

Long-term debt, current maturities	\$ 26,444	\$ 27,057
Accounts payable	21,928	22,859
Accrued compensation	24,601	31,205
Accrued income taxes	14,004	5,792
Other current liabilities	33,416	36,543
<b>Total current liabilities</b>	<b>120,393</b>	123,456
Long-term debt	137,070	142,273
Accrued pension	23,948	23,629
Postretirement benefits	20,945	20,743
Deferred income taxes	10,100	11,799
Environmental reserve	7,701	7,841
Other liabilities and deferred revenue	15,432	14,550
<b>Shareholders' equity:</b>		
Common stock	36,334	36,334
Additional paid-in capital	39,530	41,570
Retained earnings	483,413	467,846
Accumulated other comprehensive income	13,246	13,390
Treasury stock, at cost	(132,662)	(132,362)
<b>Total shareholders' equity</b>	<b>439,861</b>	426,778
<b>Total liabilities and shareholders' equity</b>	<b>\$775,450</b>	\$771,069

<sup>1</sup>Unaudited.

## 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 memorials and 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 memorials and other memorialization products; caskets; cast and etched architectural products; cremation equipment and cremation-related products; mausoleums; brand management, printing plates, 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 National Market System under the symbol "MATW."

### TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSEMENT AGENT

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### INVESTOR CONTACT

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