



Vi är en. and eins.

Matthews

I N T E R N A T I O N A L

Nous sommes Un. Tek Vüçüñ Olduk. 我們是一體。

A Tradition of Quality Since 1850

THIRD QUARTER REPORT For the Period Ended June 30, 2015

Net income attributable to the Company for the quarter ended June 30, 2015 was \$23.1 million, or \$0.70 per share. On a non-GAAP adjusted basis, earnings for the fiscal 2015 third quarter were \$0.88 per share. The Company's consolidated sales for the quarter ended June 30, 2015 were \$364.8 million, compared to \$280.0 million a year ago, representing an increase of 30.3%. The increase in consolidated sales for the current quarter compared to a year ago resulted primarily from the acquisition of Schawk, Inc. ("SGK") and sales growth in the Company's Industrial segment. Non-GAAP adjustments for the fiscal 2015 third quarter included costs in connection with the pending acquisition of Aurora Casket Company and the integration of SGK. Non-GAAP adjustments also reflected a gain on the early buyout of an installment payment obligation in connection with a previous SGK pension settlement and a theft loss identified during the quarter. Non-GAAP adjustments a year ago included costs in connection with the SGK acquisition, the Company's strategic initiatives and litigation in the Memorialization segment.

Beginning October 1, 2014, the Company realigned its operations into three reporting segments, SGK Brand Solutions, Memorialization, and Industrial. The SGK Brand Solutions segment is comprised of the graphics imaging business, including SGK, and the merchandising solutions operations. The Memorialization segment is comprised of the Company's cemetery products, funeral home products and cremation operations. The Industrial segment is comprised of the Company's marking and automation products and fulfillment systems.

The Company's consolidated sales for the nine months ended June 30, 2015 were \$1.1 billion, compared to \$756.8 million a year ago, representing an increase of approximately 40%. Net income attributable to the Company for the nine months ended June 30, 2015 was \$46.5 million, or \$1.40 per share, and on a non-GAAP adjusted basis, year-to-date earnings were \$2.10 per share.

Demand for the products and services of our Industrial segment remains strong, particularly in the U.S. market for our warehouse control and other marking products. This segment continues to benefit from its recent product development efforts and acquisitions over the past several years. The SGK Brand Solutions segment also performed well for the quarter. Steady performance in our European businesses combined with the benefits achieved from synergies and other cost reduction actions helped mitigate some of the challenges from unfavorable currency changes. The Memorialization segment reported higher operating results from our memorial product sales and our backlog for cremation equipment orders in North America remained solid.

On August 19, 2015, we completed the acquisition of Aurora Casket Company at a purchase price of \$214 million, subject to a working capital adjustment.

Joseph C. Bartolacci
President and Chief Executive Officer
August 20, 2015

Consolidated Statements of Income (Unaudited)

Amounts in thousands, except per share data

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|--|-----------------------------|-------------------|----------------------------|-------------------|
| | 2015 | 2014 ¹ | 2015 ¹ | 2014 ¹ |
| Sales | \$364,752 | \$279,983 | \$1,057,730 | \$756,765 |
| Cost of sales | (229,316) | (175,753) | (669,929) | (480,977) |
| Gross profit | 135,436 | 104,230 | 387,801 | 275,788 |
| Selling and administrative expenses | (108,031) | (72,400) | (315,536) | (208,736) |
| Operating profit | 27,405 | 31,830 | 72,265 | 67,052 |
| Investment income | 58 | 456 | 1,031 | 1,683 |
| Interest expense | (4,849) | (2,785) | (15,116) | (8,240) |
| Other income (deductions), net | 9,845 | (899) | 6,420 | (2,773) |
| Income before income taxes | 32,459 | 28,602 | 64,600 | 57,722 |
| Income taxes | (9,245) | (9,185) | (18,314) | (19,616) |
| Net income | 23,214 | 19,417 | 46,286 | 38,106 |
| Net (income) loss attributable to noncontrolling interests | (74) | (376) | 189 | (286) |
| Net income attributable to | | | | |
| Matthews shareholders | \$ 23,140 | \$ 19,041 | \$ 46,475 | \$ 37,820 |
| Earnings per share attributable to | | | | |
| Matthews shareholders: | | | | |
| Basic | \$.70 | \$.70 | \$1.41 | \$ 1.38 |
| Diluted | \$.70 | \$.69 | \$1.40 | \$ 1.37 |
| Dividends per share | \$.13 | \$.11 | \$.39 | \$.33 |
| Weighted-average number of common shares outstanding: | | | | |
| Basic | 32,962 | 27,294 | 32,947 | 27,223 |
| Diluted | 33,196 | 27,491 | 33,205 | 27,450 |

¹Prior period amounts have been revised to reflect adjustments in connection with a theft of funds identified during the fiscal 2015 third quarter.

Condensed Consolidated Balance Sheets

Dollar amounts in thousands

June 30, 2015¹

September 30, 2014

ASSETS

Current assets:

| | | |
|---------------------------|-----------|-----------|
| Cash and cash equivalents | \$ 69,788 | \$ 63,003 |
| Accounts receivable, net | 268,306 | 282,730 |
| Inventories | 142,911 | 152,842 |
| Other current assets | 67,863 | 67,653 |

| | | |
|-----------------------------|----------------|---------|
| Total current assets | 548,868 | 566,228 |
|-----------------------------|----------------|---------|

| | | |
|---|-----------|-----------|
| Investments | 26,937 | 23,130 |
| Property, plant and equipment, net | 198,992 | 209,315 |
| Deferred income taxes and other assets | 20,333 | 24,046 |
| Goodwill and other intangible assets, net | 1,135,252 | 1,201,329 |

| | | |
|---------------------|--------------------|-------------|
| Total assets | \$1,930,382 | \$2,024,048 |
|---------------------|--------------------|-------------|

LIABILITIES

Current liabilities:

| | | |
|------------------------------------|-----------|-----------|
| Long-term debt, current maturities | \$ 11,981 | \$ 15,228 |
| Trade accounts payable | 61,445 | 72,040 |
| Accrued compensation | 63,595 | 60,690 |
| Accrued income taxes | 5,435 | 7,314 |
| Other current liabilities | 106,558 | 98,011 |

| | | |
|----------------------------------|----------------|---------|
| Total current liabilities | 249,014 | 253,283 |
|----------------------------------|----------------|---------|

| | | |
|-------------------------|---------|---------|
| Long-term debt | 676,418 | 714,027 |
| Accrued pension | 80,263 | 78,550 |
| Postretirement benefits | 20,430 | 20,351 |
| Deferred income taxes | 124,291 | 129,335 |
| Other liabilities | 28,444 | 53,296 |

| | | |
|--------------------------|------------------|-----------|
| Total liabilities | 1,178,860 | 1,248,842 |
|--------------------------|------------------|-----------|

SHAREHOLDERS' EQUITY

Shareholders' equity – Matthews:

| | | |
|--------------------------------------|-----------|-----------|
| Common stock | 36,334 | 36,334 |
| Additional paid-in capital | 114,428 | 113,225 |
| Retained earnings | 831,914 | 798,353 |
| Accumulated other comprehensive loss | (124,400) | (66,817) |
| Treasury stock, at cost | (110,451) | (109,950) |

| | | |
|--|----------------|---------|
| Total shareholders' equity – Matthews | 747,825 | 771,145 |
|--|----------------|---------|

| | | |
|--------------------------|-------|-------|
| Noncontrolling interests | 3,697 | 4,061 |
|--------------------------|-------|-------|

| | | |
|-----------------------------------|----------------|---------|
| Total shareholders' equity | 751,522 | 775,206 |
|-----------------------------------|----------------|---------|

| | | |
|---|--------------------|-------------|
| Total liabilities and shareholders' equity | \$1,930,382 | \$2,024,048 |
|---|--------------------|-------------|

¹Unaudited.