



FIRST QUARTER REPORT For the Period Ended **December 31, 2015**

The Company's consolidated sales for the quarter ended December 31, 2015 were \$354.2 million, compared to \$343.6 million a year ago. The increase in consolidated sales for the current quarter compared to a year ago resulted primarily from the acquisition of Aurora Casket Company ("Aurora"), which was completed in August 2015, and sales growth in the Company's Industrial segment. The Company also reported higher sales of memorial products during the current quarter compared to a year ago.

Net income attributable to the Company for the quarter ended December 31, 2015 was \$4.6 million, or \$0.14 per share. On a non-GAAP adjusted basis, earnings for the fiscal 2016 first quarter were \$0.60 per share. Non-GAAP adjustments for the fiscal 2016 first quarter primarily included costs in connection with the integrations of Schawk, Inc. ("SGK") and Aurora. Net income attributable to the Company for the first fiscal quarter a year ago was \$14.4 million, or \$0.43 per share. On a non-GAAP adjusted basis, earnings for the first fiscal quarter a year ago were \$0.55 per share. Non-GAAP adjustments a year ago primarily included SGK integration costs, costs in connection with the Company's strategic initiatives and a net gain on a litigation settlement in the Memorialization segment.

Memorialization segment sales for the fiscal 2016 first quarter were \$147.6 million, compared to \$116.2 million for the same quarter a year ago. The increase principally reflected the impact of the acquisition of Aurora and higher sales of memorial products. Sales for the SGK Brand Solutions segment were \$178.3 million for the quarter ended December 31, 2015, compared to \$200.8 million

for the same quarter a year ago. Changes in foreign currency exchange rates had an unfavorable impact of \$11.4 million on the segment's sales compared to last year. The Industrial segment reported sales of \$28.3 million for the quarter ended December 31, 2015, compared to \$26.5 million for the same quarter last year. The increase primarily resulted from higher sales of warehouse control and fulfillment systems.

We had an excellent start to fiscal 2016. The Company's adjusted earnings per share of \$0.60 per share for the current quarter represented a 9.1% increase from a year ago. This earnings growth was achieved despite the challenges created by significant declines in foreign currency rates and an increase in investments in new product development for our Industrial segment. We continue to make very good progress on the integrations of SGK and Aurora. Our operating results already reflect synergy realization from both acquisitions, which is attributable to the hard work of our employees, and we remain on track to achieve our long-term objectives.

Joseph C. Bartolacci

President and Chief Executive Officer

January 29, 2016

Consolidated Statements of Income (Unaudited)

Amounts in thousands, except per share data

Three Months Ended December 31,

	2015	2014 ¹
Sales	\$ 354,232	\$ 343,584
Cost of sales	(227,665)	(218,914)
Gross profit	126,567	124,670
Selling and administrative expenses	(114,529)	(99,085)
Operating profit	12,038	25,585
Investment income	701	271
Interest expense	(5,840)	(5,333)
Other income (deductions), net	(874)	(1,304)
Income before income taxes	6,025	19,219
Income taxes	(1,522)	(4,974)
Net income	4,503	14,245
Net (income) loss attributable to noncontrolling interests	111	115
Net income attributable to Matthews shareholders	\$ 4,614	\$ 14,360
Earnings per share attributable to Matthews shareholders:		
Basic	\$.14	\$.44
Diluted	\$.14	\$.43
Dividends per share	\$.15	\$.13
Weighted-average number of common shares outstanding:		
Basic	32,946	32,919
Diluted	33,195	33,093

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

Consolidated Balance Sheets

Dollar amounts in thousands

December 31, 2015¹

September 30, 2015

ASSETS

Current assets:

Cash and cash equivalents	\$ 65,106	\$ 72,196
Restricted cash	12,925	12,925
Accounts receivable, net	268,071	283,963
Inventories	171,633	171,423
Other current assets	66,833	64,394

Total current assets	584,568	604,901
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Investments	25,878	25,517
Property, plant and equipment, net	226,772	227,408
Other assets	28,766	34,464
Goodwill and other intangible assets, net	1,160,216	1,270,728

Total assets	\$2,126,200	\$2,163,018
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LIABILITIES

Current liabilities:

Long-term debt, current maturities	\$ 12,389	\$ 11,737
Accounts payable	62,788	68,896
Accrued compensation	45,802	63,931
Accrued income taxes	12,040	11,448
Other current liabilities	90,437	92,731

Total current liabilities	223,456	248,743
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Long-term debt	901,460	891,217
Accrued pension	97,082	95,753
Postretirement benefits	19,356	19,415
Deferred income taxes	137,791	144,705
Other liabilities	27,326	29,139

Total liabilities	1,406,471	1,428,972
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SHAREHOLDERS' EQUITY

Shareholders' equity - Matthews:

Common stock	36,334	36,334
Additional paid-in capital	108,730	115,890
Retained earnings	843,655	843,955
Accumulated other comprehensive loss	(157,711)	(150,326)
Treasury stock, at cost	(112,907)	(115,033)

Total shareholders' equity - Matthews	718,101	730,820
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Noncontrolling interests	1,628	3,226
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Total shareholders' equity	719,729	734,046
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Total liabilities and shareholders' equity	\$2,126,200	\$2,163,018
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¹Unaudited.