

PRELIMINARY

(as of April 26, 2018, subject to change)

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2018	2017	2018	2017
Sales	\$ 414,061	\$ 380,916	\$ 783,515	\$ 729,914
Cost of sales	(264,095)	(242,494)	(502,850)	(464,225)
Gross profit	149,966	138,422	280,665	265,689
Selling expense	(37,417)	(36,326)	(74,560)	(71,630)
Administrative expense	(74,509)	(69,634)	(143,460)	(137,593)
Intangible amortization	(8,249)	(5,634)	(14,930)	(10,575)
Operating profit	29,791	26,828	47,715	45,891
Investment (loss) income	(74)	780	393	1,117
Interest expense	(9,262)	(6,614)	(17,063)	(12,762)
Other income (deductions), net	(171)	(153)	(830)	(708)
Income before income taxes	20,284	20,841	30,215	33,538
Income tax (provision) benefit	(2,212)	(5,973)	23,015	(8,462)
Net income	18,072	14,868	53,230	25,076
Net loss attributable to noncontrolling interests	110	52	132	166
Net income attributable to Matthews shareholders	\$ 18,182	\$ 14,920	\$ 53,362	\$ 25,242
Earnings per share attributable to Matthews shareholders:				
Basic	\$ 0.57	\$ 0.46	\$ 1.68	\$ 0.78
Diluted	\$ 0.57	\$ 0.46	\$ 1.68	\$ 0.77

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MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET INFORMATION (Unaudited)
(Dollar amounts in thousands)

	<u>March 31, 2018</u>	<u>September 30, 2017</u>
ASSETS		
Cash and cash equivalents	\$ 64,831	\$ 57,515
Accounts receivable, net	342,341	319,566
Inventories	182,057	171,445
Other current assets	<u>58,167</u>	<u>46,533</u>
Total current assets	647,396	595,059
Property, plant and equipment, net	261,653	235,533
Goodwill	972,961	897,794
Other intangible assets, net	464,878	424,382
Other long-term assets	<u>116,101</u>	<u>91,881</u>
Total assets	<u>\$ 2,462,989</u>	<u>\$ 2,244,649</u>
LIABILITIES		
Long-term debt, current maturities	\$ 26,876	\$ 29,528
Other current liabilities	<u>284,175</u>	<u>255,604</u>
Total current liabilities	311,051	285,132
Long-term debt	1,019,442	881,602
Other long-term liabilities	<u>280,414</u>	<u>287,656</u>
Total liabilities	1,610,907	1,454,390
SHAREHOLDERS' EQUITY		
Total shareholders' equity	<u>852,082</u>	<u>790,259</u>
Total liabilities and shareholders' equity	<u>\$ 2,462,989</u>	<u>\$ 2,244,649</u>

CONDENSED CONSOLIDATED CASH FLOWS INFORMATION (Unaudited)
(Dollar amounts in thousands)

	Six Months Ended March 31,	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income	\$ 53,230	\$ 25,076
Adjustments to reconcile net income to net cash provided by operating		
Depreciation and amortization	36,986	32,294
Changes in working capital items	(7,818)	(5,095)
Other operating activities	<u>(26,128)</u>	<u>(7,989)</u>
Net cash provided by operating activities	<u>56,270</u>	<u>44,286</u>
Cash flows from investing activities:		
Capital expenditures	(21,854)	(13,250)
Acquisitions, net of cash acquired	(119,689)	(92,564)
Other investing activities	<u>(10,015)</u>	<u>960</u>
Net cash used in investing activities	<u>(151,558)</u>	<u>(104,854)</u>
Cash flows from financing activities:		
Net proceeds from long-term debt	132,083	70,450
Purchases of treasury stock	(18,305)	(9,173)
Dividends	(12,110)	(10,809)
Other financing activities	<u>—</u>	<u>14</u>
Net cash provided by financing activities	<u>101,668</u>	<u>50,482</u>
Effect of exchange rate changes on cash	<u>936</u>	<u>(2,022)</u>
Net change in cash and cash equivalents	<u>\$ 7,316</u>	<u>\$ (12,108)</u>

PRELIMINARY

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MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
SEGMENT RESULTS (Unaudited)
(Dollar amounts in thousands)

	Three Months Ended March 31,			Six Months Ended March 31,		
	2018	2017	% Change	2018	2017	% Change
Sales						
SGK Brand Solutions	\$ 207,052	\$ 190,120	9%	\$ 398,818	\$ 365,921	9%
Memorialization	168,689	162,108	4%	313,578	307,730	2%
Industrial Technologies	38,320	28,688	34%	71,119	56,263	26%
	<u>\$ 414,061</u>	<u>\$ 380,916</u>	9%	<u>\$ 783,515</u>	<u>\$ 729,914</u>	7%
Operating Profit						
SGK Brand Solutions	\$ 5,090	\$ 4,361	17%	\$ 8,242	\$ 8,551	(4)%
Memorialization	23,910	22,938	4%	38,364	37,305	3%
Industrial Technologies	791	(471)	+100%	1,109	35	+100%
	<u>\$ 29,791</u>	<u>\$ 26,828</u>	11%	<u>\$ 47,715</u>	<u>\$ 45,891</u>	4%
Adjusted Operating Profit ⁽¹⁾						
SGK Brand Solutions	\$ 17,664	\$ 16,561	7%	\$ 30,055	\$ 31,516	(5)%
Memorialization	28,368	27,715	2%	45,533	46,461	(2)%
Industrial Technologies	2,401	11	+100%	3,548	1,158	+100%
	<u>\$ 48,433</u>	<u>\$ 44,287</u>	9%	<u>\$ 79,136</u>	<u>\$ 79,135</u>	—%
Adjusted EBITDA ⁽¹⁾						
SGK Brand Solutions	\$ 25,982	\$ 24,428	6%	\$ 47,363	\$ 47,782	(1)%
Memorialization	33,282	33,204	—%	56,343	58,503	(4)%
Industrial Technologies	3,191	698	+100%	5,245	2,680	96%
	<u>\$ 62,455</u>	<u>\$ 58,330</u>	7%	<u>\$ 108,951</u>	<u>\$ 108,965</u>	—%

(1) See reconciliation of non-GAAP financial information provided in tables at the end of this release

Reconciliations of Non-GAAP Financial Measures

The Company periodically provides information derived from financial data which is not presented in the consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Certain of this information are considered “non-GAAP financial measures” under the SEC rules. The Company believes that this information provides management and investors with a useful measure of the Company’s financial performance on a comparable basis. These non-GAAP financial measures are supplemental to the Company’s GAAP disclosures and should not be considered an alternative to the GAAP financial information.

The Company uses non-GAAP financial measures to assist in comparing its performance on a consistent basis for purposes of business decision making by removing the impact of certain items that management believes do not directly reflect the Company’s core operations including acquisition-related items, system-integration costs, adjustments related to intangible assets, litigation items, and strategic initiative and other charges, which includes non-recurring charges related to operational initiatives and exit activities. Management believes that presenting non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items, (ii) permits investors to view performance using the same tools that management uses to budget, forecast, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company’s results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provided herein, provides investors with an additional understanding of the factors and trends affecting the Company’s business that could not be obtained absent these disclosures.

The Company has presented adjusted operating profit by segment and believes that it provides relevant and useful information, which is widely used by analysts and investors, as well as by the Company’s management in assessing both consolidated and segment performance. Adjusted operating profit by segment excludes the effects of certain acquisition and system-integration costs, plus intangible amortization expense and the non-service cost portion of pension/post-retirement expense. Adjusted operating profit by segment provides the Company with an understanding of the results from the primary operations of its business by excluding the effects of certain items that do not reflect the ordinary earnings of the Company’s operations. This measure may be useful to an investor in evaluating the underlying primary operating performance of the Company’s segments and business overall on a consistent basis.

Similarly, the Company believes that EBITDA, adjusted EBITDA, and adjusted EBITDA margin provide relevant and useful information, which is widely used by analysts and investors, as well as by the Company’s management in assessing the performance of its business. EBITDA by segment represents operating profit plus depreciation and amortization and is adjusted for other non-operating items. Adjusted EBITDA represents EBITDA plus stock compensation expense and the non-service cost portion of pension/post-retirement expense. Adjusted EBITDA provides the Company with an understanding of earnings before the impact of investing and financing charges and income taxes, and the effects of certain acquisition and system-integration costs, and items that do not reflect the ordinary earnings of the Company’s operations. This measure may be useful to an investor in evaluating operating performance. It is also useful as a financial measure for lenders and is used by the Company’s management to measure performance as well as strategic planning and forecasting.

PRELIMINARY

(as of April 26, 2018, subject to change)

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES ADJUSTED OPERATING PROFIT BY SEGMENT RECONCILIATION (Unaudited) (Dollar amounts in thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2018	2017	2018	2017
SGK Brand Solutions				
Operating profit	\$ 5,090	\$ 4,361	\$ 8,242	\$ 8,551
Acquisition-related items ⁽¹⁾	6,139	6,909	9,646	13,110
Strategic initiatives and other charges	429	—	698	—
Intangible amortization expense	5,343	4,271	10,144	7,815
Pension and postretirement expense ⁽²⁾	663	1,020	1,325	2,040
Adjusted operating profit	\$ 17,664	\$ 16,561	\$ 30,055	\$ 31,516
Memorialization				
Operating profit	\$ 23,910	\$ 22,938	\$ 38,364	\$ 37,305
Acquisition-related items ⁽¹⁾	1,180	2,580	1,699	4,727
Strategic initiatives and other charges	642	—	930	—
Intangible amortization expense	1,959	1,155	3,186	2,345
Pension and postretirement expense ⁽²⁾	677	1,042	1,354	2,084
Adjusted operating profit	\$ 28,368	\$ 27,715	\$ 45,533	\$ 46,461
Industrial Technologies				
Operating profit	\$ 791	\$ (471)	\$ 1,109	\$ 35
Acquisition-related items ⁽¹⁾	81	142	81	444
Strategic initiatives and other charges	497	—	587	—
Intangible amortization expense	947	208	1,600	415
Pension and postretirement expense ⁽²⁾	85	132	171	264
Adjusted operating profit	\$ 2,401	\$ 11	\$ 3,548	\$ 1,158
Consolidated				
Operating profit	\$ 29,791	\$ 26,828	\$ 47,715	\$ 45,891
Acquisition-related items ⁽¹⁾	7,400	9,631	11,426	18,281
Strategic initiatives and other charges	1,568	—	2,215	—
Intangible amortization expense	8,249	5,634	14,930	10,575
Pension and postretirement expense ⁽²⁾	1,425	2,194	2,850	4,388
Adjusted operating profit	\$ 48,433	\$ 44,287	\$ 79,136	\$ 79,135

(1) Acquisition-related items also include one-time charges related to depreciation.

(2) The non-GAAP adjustment to pension and postretirement expense represents the add-back of the non-service related components of these costs. Non-service related components include interest cost, expected return on plan assets and amortization of actuarial gains and losses. The service cost and prior service cost components of pension and postretirement expense are considered to be a better reflection of the ongoing service-related costs of providing these benefits. The other components of GAAP pension and postretirement expense are primarily influenced by general market conditions impacting investment returns and interest (discount) rates. Please note that GAAP pension and postretirement expense or the adjustment above are not necessarily indicative of the current or future cash flow requirements related to these employee benefit plans.

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(as of April 26, 2018, subject to change)

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES ADJUSTED EBITDA BY SEGMENT RECONCILIATION (Unaudited) (Dollar amounts in thousands)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2018	2017	2018	2017 ⁽¹⁾
SGK Brand Solutions				
Operating profit	\$ 5,090	\$ 4,361	\$ 8,242	\$ 8,551
Depreciation and amortization ⁽²⁾	12,565	10,925	24,018	19,898
Other ⁽³⁾	(63)	316	(142)	267
EBITDA	17,592	15,602	32,118	28,716
Acquisition-related items ⁽²⁾	6,139	6,475	9,646	12,877
Strategic initiatives and other charges ⁽⁴⁾	429	—	698	—
Stock-based compensation	1,159	1,331	3,576	4,149
Pension and postretirement expense ⁽⁵⁾	663	1,020	1,325	2,040
Adjusted EBITDA	\$ 25,982	\$ 24,428	\$ 47,363	\$ 47,782
Memorialization				
Operating profit	\$ 23,910	\$ 22,938	\$ 38,364	\$ 37,305
Depreciation and amortization ⁽²⁾	5,647	5,574	10,248	11,103
Other ⁽³⁾	(64)	323	(145)	273
EBITDA	29,493	28,835	48,467	48,681
Acquisition-related items ⁽²⁾	1,180	1,956	1,631	3,479
Strategic initiatives and other charges ⁽⁴⁾	642	—	930	—
Stock-based compensation	1,290	1,371	3,961	4,259
Pension and postretirement expense ⁽⁵⁾	677	1,042	1,354	2,084
Adjusted EBITDA	\$ 33,282	\$ 33,204	\$ 56,343	\$ 58,503
Industrial Technologies				
Operating profit	\$ 791	\$ (471)	\$ 1,109	\$ 35
Depreciation and amortization ⁽²⁾	1,536	636	2,720	1,293
Other ⁽³⁾	(8)	40	(18)	35
EBITDA	2,319	205	3,811	1,363
Acquisition-related items ⁽²⁾	81	143	81	444
Strategic initiatives and other charges ⁽⁴⁾	497	—	587	—
Stock-based compensation	209	218	595	609
Pension and postretirement expense ⁽⁵⁾	85	132	171	264
Adjusted EBITDA	\$ 3,191	\$ 698	\$ 5,245	\$ 2,680
Consolidated				
Operating profit	\$ 29,791	\$ 26,828	\$ 47,715	\$ 45,891
Depreciation and amortization ⁽²⁾	19,748	17,135	36,986	32,294
Other ⁽³⁾	(135)	679	(305)	575
EBITDA	49,404	44,642	84,396	78,760
Acquisition-related items ⁽²⁾	7,400	8,574	11,358	16,800
Strategic initiatives and other charges ⁽⁴⁾	1,568	—	2,215	—
Stock-based compensation	2,658	2,920	8,132	9,017
Pension and postretirement expense ⁽⁵⁾	1,425	2,194	2,850	4,388
Adjusted EBITDA	\$ 62,455	\$ 58,330	\$ 108,951	\$ 108,965

(1) Information for the six months ended March 31, 2017 has been adjusted to reflect the adoption of ASU No. 2016-09. The Company early adopted this ASU in the fourth quarter of fiscal 2017, which resulted in a reduction to income tax expense of \$1,234, and a corresponding favorable impact on diluted earnings per share, both of which have been retroactively included in the first quarter results for fiscal 2017. There was no impact for the three month period ended March 31, 2017.

(2) One-time depreciation and amortization charges related to recent acquisitions are included in Depreciation and amortization.

(3) Other represents Investment (loss) income, Other income (deductions), net, and Net loss (income) attributable to noncontrolling interests

(4) One-time non-operating related charges are included in the calculation of Adjusted EBITDA.

(5) The non-GAAP adjustment to pension and postretirement expense represents the add-back of the non-service related components of these costs. Non-service related components include interest cost, expected return on plan assets and amortization of actuarial gains and losses. The service cost and prior service cost components of pension and postretirement expense are considered to be a better reflection of the ongoing service-related costs of providing these benefits. The other components of GAAP pension and postretirement expense are primarily influenced by general market conditions impacting investment returns and interest (discount) rates. Please note that GAAP pension and postretirement expense or the adjustment above are not necessarily indicative of the current or future cash flow requirements related to these employee benefit plans.