

# PRELIMINARY

(as of July 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 June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
Sales	\$ 411,621	\$ 389,630	\$ 1,195,136	\$ 1,119,544
Cost of sales	(259,720)	(245,536)	(762,570)	(709,761)
Gross profit	151,901	144,094	432,566	409,783
Selling expense	(36,226)	(36,058)	(110,786)	(107,688)
Administrative expense	(69,446)	(64,886)	(212,906)	(202,479)
Intangible amortization	(8,334)	(6,364)	(23,264)	(16,939)
Operating profit	37,895	36,786	85,610	82,677
Investment income	538	431	931	1,548
Interest expense	(9,719)	(6,988)	(26,782)	(19,750)
Other income (deductions), net	(57)	7,935	(887)	7,227
Income before income taxes	28,657	38,164	58,872	71,702
Income tax (provision) benefit	(4,312)	(8,856)	18,703	(17,318)
Net income	24,345	29,308	77,575	54,384
Net loss attributable to noncontrolling interests	69	177	201	343
Net income attributable to Matthews shareholders	\$ 24,414	\$ 29,485	\$ 77,776	\$ 54,727
Earnings per share attributable to Matthews shareholders:				
Basic	\$ 0.77	\$ 0.91	\$ 2.45	\$ 1.70
Diluted	\$ 0.77	\$ 0.91	\$ 2.44	\$ 1.68

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

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

	<u>June 30, 2018</u>	<u>September 30, 2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 53,715	\$ 57,515
Accounts receivable, net	327,684	319,566
Inventories, net	184,814	171,445
Other current assets	<u>63,728</u>	<u>46,533</u>
Total current assets	629,941	595,059
Property, plant and equipment, net	254,940	235,533
Goodwill	953,264	897,794
Other intangible assets, net	452,848	424,382
Other long-term assets	<u>121,948</u>	<u>91,881</u>
Total assets	<u>\$ 2,412,941</u>	<u>\$ 2,244,649</u>
<b>LIABILITIES</b>		
Long-term debt, current maturities	\$ 27,567	\$ 29,528
Other current liabilities	<u>279,055</u>	<u>255,604</u>
Total current liabilities	306,622	285,132
Long-term debt	998,852	881,602
Other long-term liabilities	<u>274,287</u>	<u>287,656</u>
Total liabilities	1,579,761	1,454,390
<b>SHAREHOLDERS' EQUITY</b>		
Total shareholders' equity	<u>833,180</u>	<u>790,259</u>
Total liabilities and shareholders' equity	<u>\$ 2,412,941</u>	<u>\$ 2,244,649</u>

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

	<b>Nine Months Ended June 30,</b>	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Net income	\$ 77,575	\$ 54,384
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	57,052	50,810
Changes in working capital items	(5,897)	(2,908)
Other operating activities	<u>(45,924)</u>	<u>(6,524)</u>
Net cash provided by operating activities	<u>82,806</u>	<u>95,762</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(32,150)	(32,215)
Acquisitions, net of cash acquired	(119,953)	(96,320)
Other investing activities	<u>(8,513)</u>	<u>834</u>
Net cash used in investing activities	<u>(160,616)</u>	<u>(127,701)</u>
<b>Cash flows from financing activities:</b>		
Net proceeds from long-term debt	114,406	61,050
Purchases of treasury stock	(20,091)	(11,651)
Dividends	(18,528)	(16,193)
Other financing activities	<u>—</u>	<u>14</u>
Net cash provided by financing activities	<u>75,787</u>	<u>33,220</u>
Effect of exchange rate changes on cash	<u>(1,777)</u>	<u>(240)</u>
Net change in cash and cash equivalents	<u>\$ (3,800)</u>	<u>\$ 1,041</u>

# PRELIMINARY

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

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

	Three Months Ended June 30,			Nine Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
<b>Sales</b>						
SGK Brand Solutions	\$ 202,976	\$ 200,606	1 %	\$ 601,794	\$ 566,527	6 %
Memorialization	161,979	155,837	4 %	475,557	463,567	3 %
Industrial Technologies	46,666	33,187	41 %	117,785	89,450	32 %
	<u>\$ 411,621</u>	<u>\$ 389,630</u>	6 %	<u>\$ 1,195,136</u>	<u>\$ 1,119,544</u>	7 %
<b>Operating Profit</b>						
SGK Brand Solutions	\$ 8,308	\$ 11,390	(27)%	\$ 16,550	\$ 19,941	(17)%
Memorialization	24,930	23,454	6 %	63,294	60,759	4 %
Industrial Technologies	4,657	1,942	140 %	5,766	1,977	192 %
	<u>\$ 37,895</u>	<u>\$ 36,786</u>	3 %	<u>\$ 85,610</u>	<u>\$ 82,677</u>	4 %
<b>Adjusted Operating Profit <sup>(1)</sup></b>						
SGK Brand Solutions	\$ 19,691	\$ 21,903	(10)%	\$ 49,746	\$ 53,419	(7)%
Memorialization	28,977	27,988	4 %	74,510	74,449	— %
Industrial Technologies	5,863	2,831	107 %	9,411	3,989	136 %
	<u>\$ 54,531</u>	<u>\$ 52,722</u>	3 %	<u>\$ 133,667</u>	<u>\$ 131,857</u>	1 %
<b>Adjusted EBITDA <sup>(1)</sup></b>						
SGK Brand Solutions	\$ 28,202	\$ 29,552	(5)%	\$ 75,565	\$ 77,335	(2)%
Memorialization	34,313	32,622	5 %	90,656	91,125	(1)%
Industrial Technologies	6,697	3,441	95 %	11,942	6,120	95 %
	<u>\$ 69,212</u>	<u>\$ 65,615</u>	5 %	<u>\$ 178,163</u>	<u>\$ 174,580</u>	2 %

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

## 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 and excludes the effects of certain acquisition and system-integration costs, and items that do not reflect the ordinary earnings of the Company’s operations. 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 costs 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 July 26, 2018, subject to change)

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
<b>SGK Brand Solutions</b>				
<b>Operating profit</b>	\$ 8,308	\$ 11,390	\$ 16,550	\$ 19,941
Acquisition-related items <sup>(1)</sup>	5,162	4,785	14,808	17,895
Strategic initiatives and other charges	303	—	1,001	—
Intangible amortization expense	5,255	4,708	15,399	12,523
Pension and postretirement expense <sup>(2)</sup>	663	1,020	1,988	3,060
<b>Adjusted operating profit</b>	<b>\$ 19,691</b>	<b>\$ 21,903</b>	<b>\$ 49,746</b>	<b>\$ 53,419</b>
<b>Memorialization</b>				
<b>Operating profit</b>	\$ 24,930	\$ 23,454	\$ 63,294	\$ 60,759
Acquisition-related items <sup>(1)</sup>	955	2,284	2,654	7,011
Strategic initiatives and other charges	344	—	1,274	—
Intangible amortization expense	2,071	1,208	5,257	3,553
Pension and postretirement expense <sup>(2)</sup>	677	1,042	2,031	3,126
<b>Adjusted operating profit</b>	<b>\$ 28,977</b>	<b>\$ 27,988</b>	<b>\$ 74,510</b>	<b>\$ 74,449</b>
<b>Industrial Technologies</b>				
<b>Operating profit</b>	\$ 4,657	\$ 1,942	\$ 5,766	\$ 1,977
Acquisition-related items <sup>(1)</sup>	112	309	193	753
Strategic initiatives and other charges	—	—	587	—
Intangible amortization expense	1,008	448	2,608	863
Pension and postretirement expense <sup>(2)</sup>	86	132	257	396
<b>Adjusted operating profit</b>	<b>\$ 5,863</b>	<b>\$ 2,831</b>	<b>\$ 9,411</b>	<b>\$ 3,989</b>
<b>Consolidated</b>				
<b>Operating profit</b>	\$ 37,895	\$ 36,786	\$ 85,610	\$ 82,677
Acquisition-related items <sup>(1)</sup>	6,229	7,378	17,655	25,659
Strategic initiatives and other charges	647	—	2,862	—
Intangible amortization expense	8,334	6,364	23,264	16,939
Pension and postretirement expense <sup>(2)</sup>	1,426	2,194	4,276	6,582
<b>Adjusted operating profit</b>	<b>\$ 54,531</b>	<b>\$ 52,722</b>	<b>\$ 133,667</b>	<b>\$ 131,857</b>

(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.

# PRELIMINARY

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

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017 <sup>(1)</sup>
<b>SGK Brand Solutions</b>				
<b>Operating profit</b>	\$ 8,308	\$ 11,390	\$ 16,550	\$ 19,941
Depreciation and amortization <sup>(2)</sup>	12,468	12,097	36,486	31,995
Other <sup>(3)</sup>	256	3,972	114	4,240
<b>EBITDA</b>	<b>21,032</b>	<b>27,459</b>	<b>53,150</b>	<b>56,176</b>
Acquisition-related items <sup>(2)</sup>	5,162	4,128	14,808	17,005
Strategic initiatives and other charges <sup>(4)</sup>	303	—	1,001	—
Loss recoveries, net of costs	—	(4,351)	—	(4,351)
Stock-based compensation	1,042	1,296	4,618	5,445
Pension and postretirement expense <sup>(5)</sup>	663	1,020	1,988	3,060
<b>Adjusted EBITDA</b>	<b>\$ 28,202</b>	<b>\$ 29,552</b>	<b>\$ 75,565</b>	<b>\$ 77,335</b>
<b>Memorialization</b>				
<b>Operating profit</b>	\$ 24,930	\$ 23,454	\$ 63,294	\$ 60,759
Depreciation and amortization <sup>(2)</sup>	5,980	5,524	16,228	16,627
Other <sup>(3)</sup>	261	4,058	116	4,331
<b>EBITDA</b>	<b>31,171</b>	<b>33,036</b>	<b>79,638</b>	<b>81,717</b>
Acquisition-related items <sup>(2)</sup>	955	1,660	2,586	5,139
Strategic initiatives and other charges <sup>(4)</sup>	344	—	1,274	—
Loss recoveries, net of costs	—	(4,445)	—	(4,445)
Stock-based compensation	1,166	1,329	5,127	5,588
Pension and postretirement expense <sup>(5)</sup>	677	1,042	2,031	3,126
<b>Adjusted EBITDA</b>	<b>\$ 34,313</b>	<b>\$ 32,622</b>	<b>\$ 90,656</b>	<b>\$ 91,125</b>
<b>Industrial Technologies</b>				
<b>Operating profit</b>	\$ 4,657	\$ 1,942	\$ 5,766	\$ 1,977
Depreciation and amortization <sup>(2)</sup>	1,618	895	4,338	2,188
Other <sup>(3)</sup>	33	513	15	547
<b>EBITDA</b>	<b>6,308</b>	<b>3,350</b>	<b>10,119</b>	<b>4,712</b>
Acquisition-related items <sup>(2)</sup>	112	309	193	753
Strategic initiatives and other charges <sup>(4)</sup>	—	—	587	—
Loss recoveries, net of costs	—	(562)	—	(562)
Stock-based compensation	191	212	786	821
Pension and postretirement expense <sup>(5)</sup>	86	132	257	396
<b>Adjusted EBITDA</b>	<b>\$ 6,697</b>	<b>\$ 3,441</b>	<b>\$ 11,942</b>	<b>\$ 6,120</b>
<b>Consolidated</b>				
<b>Operating profit</b>	\$ 37,895	\$ 36,786	\$ 85,610	\$ 82,677
Depreciation and amortization <sup>(2)</sup>	20,066	18,516	57,052	50,810
Other <sup>(3)</sup>	550	8,543	245	9,118
<b>EBITDA</b>	<b>58,511</b>	<b>63,845</b>	<b>142,907</b>	<b>142,605</b>
Acquisition-related items <sup>(2)</sup>	6,229	6,097	17,587	22,897
Strategic initiatives and other charges <sup>(4)</sup>	647	—	2,862	—
Loss recoveries, net of costs	—	(9,358)	—	(9,358)
Stock-based compensation	2,399	2,837	10,531	11,854
Pension and postretirement expense <sup>(5)</sup>	1,426	2,194	4,276	6,582
<b>Adjusted EBITDA</b>	<b>\$ 69,212</b>	<b>\$ 65,615</b>	<b>\$ 178,163</b>	<b>\$ 174,580</b>

(1) Information for the nine months ended June 30, 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 June 30, 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.