

# PRELIMINARY

(as of November 15, 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 September 30,		Year Ended September 30,	
	2018	2017	2018	2017
Sales	\$ 407,444	\$ 396,064	\$ 1,602,580	\$ 1,515,608
Cost of sales	(258,660)	(242,460)	(1,021,230)	(952,221)
Gross profit	148,784	153,604	581,350	563,387
Selling expense	(31,691)	(36,486)	(142,477)	(144,174)
Administrative expense	(61,571)	(80,818)	(274,477)	(283,297)
Intangible amortization	(8,298)	(6,374)	(31,562)	(23,313)
Operating profit	47,224	29,926	132,834	112,603
Investment income	639	920	1,570	2,468
Interest expense	(10,645)	(6,621)	(37,427)	(26,371)
Other income (deductions), net	1,903	360	1,016	7,587
Income before income taxes	39,121	24,585	97,993	96,287
Income tax benefit (provision)	(9,585)	(5,036)	9,118	(22,354)
Net income	29,536	19,549	107,111	73,933
Net loss attributable to noncontrolling interests	59	92	260	435
Net income attributable to Matthews shareholders	\$ 29,595	\$ 19,641	\$ 107,371	\$ 74,368
Earnings per share attributable to Matthews shareholders:				
Basic	\$ 0.94	\$ 0.61	\$ 3.39	\$ 2.31
Diluted	\$ 0.93	\$ 0.60	\$ 3.37	\$ 2.28

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

	<u>September 30, 2018</u>	<u>September 30, 2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 41,572	\$ 57,515
Accounts receivable, net	331,463	319,566
Inventories	180,451	171,445
Other current assets	62,937	46,533
Total current assets	<u>616,423</u>	<u>595,059</u>
Property, plant and equipment, net	252,775	235,533
Goodwill	948,894	897,794
Other intangible assets, net	443,910	424,382
Other long-term assets	113,483	91,881
Total assets	<u>\$ 2,375,485</u>	<u>\$ 2,244,649</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Long-term debt, current maturities	\$ 31,260	\$ 29,528
Other current liabilities	272,883	255,604
Total current liabilities	<u>304,143</u>	<u>285,132</u>
Long-term debt	929,342	881,602
Other long-term liabilities	273,286	287,656
Total liabilities	<u>1,506,771</u>	<u>1,454,390</u>
Total shareholders' equity	<u>868,714</u>	<u>790,259</u>
Total liabilities and shareholders' equity	<u>\$ 2,375,485</u>	<u>\$ 2,244,649</u>

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

	<b>Year Ended September 30,</b>	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Net income	\$ 107,111	\$ 73,933
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	76,974	67,981
Changes in working capital items	(9,934)	5,784
Other operating activities	(26,577)	1,601
Net cash provided by operating activities	<u>147,574</u>	<u>149,299</u>
Cash flows from investing activities:		
Capital expenditures	(43,200)	(44,935)
Acquisitions, net of cash acquired	(121,065)	(98,235)
Other investing activities	1,929	1,553
Net cash used in investing activities	<u>(162,336)</u>	<u>(141,617)</u>
Cash flows from financing activities:		
Net proceeds from long-term debt	53,022	28,596
Purchases of treasury stock	(21,181)	(14,025)
Dividends	(24,637)	(21,762)
Other financing activities	(6,303)	14
Net cash provided by (used in) financing activities	<u>901</u>	<u>(7,177)</u>
Effect of exchange rate changes on cash	<u>(2,082)</u>	<u>1,299</u>
Net change in cash and cash equivalents	<u>\$ (15,943)</u>	<u>\$ 1,804</u>

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(as of November 15, 2018, subject to change)

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

	Three Months Ended September 30,			Year Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
<b>Sales</b>						
SGK Brand Solutions	\$ 203,480	\$ 203,654	— %	\$ 805,274	\$ 770,181	5 %
Memorialization	155,835	152,315	2 %	631,392	615,882	3 %
Industrial Technologies	48,129	40,095	20 %	165,914	129,545	28 %
	<u>\$ 407,444</u>	<u>\$ 396,064</u>	<b>3 %</b>	<u>\$ 1,602,580</u>	<u>\$ 1,515,608</u>	<b>6%</b>
<b>Operating Profit</b>						
SGK Brand Solutions	\$ 18,893	\$ 4,978	280 %	\$ 35,443	\$ 24,919	42 %
Memorialization	23,076	19,893	16 %	86,370	80,652	7 %
Industrial Technologies	5,255	5,055	4 %	11,021	7,032	57 %
	<u>\$ 47,224</u>	<u>\$ 29,926</u>	<b>58 %</b>	<u>\$ 132,834</u>	<u>\$ 112,603</u>	<b>18%</b>
<b>Adjusted EBITDA <sup>(1)</sup></b>						
SGK Brand Solutions	\$ 37,621	\$ 29,881	26 %	\$ 113,186	\$ 107,216	6 %
Memorialization	31,697	27,755	14 %	122,353	118,880	3 %
Industrial Technologies	7,633	6,467	18 %	19,575	12,587	56 %
	<u>\$ 76,951</u>	<u>\$ 64,103</u>	<b>20 %</b>	<u>\$ 255,114</u>	<u>\$ 238,683</u>	<b>7%</b>

(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 EBITDA, adjusted EBITDA, and adjusted EBITDA margin and believes that these measures 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 November 15, 2018, subject to change)

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

	Three Months Ended September 30,		Year Ended September 30,	
	2018	2017	2018	2017
<b>SGK Brand Solutions</b>				
<b>Operating profit</b>	\$ 18,893	\$ 4,978	\$ 35,443	\$ 24,919
Depreciation and amortization <sup>(1)</sup>	12,484	11,513	48,970	43,508
Other <sup>(2)</sup>	1,209	637	1,323	4,877
<b>EBITDA</b>	<b>32,586</b>	<b>17,128</b>	<b>85,736</b>	<b>73,304</b>
Acquisition-related items <sup>(1)</sup>	4,071	5,407	18,879	19,541
Strategic initiatives and other charges <sup>(3)</sup>	(984)	5,749	17	8,620
Loss recoveries, net of costs	—	(617)	—	(4,968)
Stock-based compensation	1,274	1,194	5,892	6,639
Pension and postretirement expense <sup>(4)</sup>	674	1,020	2,662	4,080
<b>Adjusted EBITDA</b>	<b>\$ 37,621</b>	<b>\$ 29,881</b>	<b>\$ 113,186</b>	<b>\$ 107,216</b>
<b>Memorialization</b>				
<b>Operating profit</b>	\$ 23,076	\$ 19,893	\$ 86,370	\$ 80,652
Depreciation and amortization <sup>(1)</sup>	5,733	4,781	21,961	21,408
Other <sup>(2)</sup>	1,236	652	1,352	4,983
<b>EBITDA</b>	<b>30,045</b>	<b>25,326</b>	<b>109,683</b>	<b>107,043</b>
Acquisition-related items <sup>(1)</sup>	44	712	2,630	5,851
Strategic initiatives and other charges <sup>(3)</sup>	(505)	—	769	—
Loss recoveries, net of costs	—	(629)	—	(5,074)
Stock-based compensation	1,426	1,305	6,553	6,893
Pension and postretirement expense <sup>(4)</sup>	687	1,041	2,718	4,167
<b>Adjusted EBITDA</b>	<b>\$ 31,697</b>	<b>\$ 27,755</b>	<b>\$ 122,353</b>	<b>\$ 118,880</b>
<b>Industrial Technologies</b>				
<b>Operating profit</b>	\$ 5,255	\$ 5,055	\$ 11,021	\$ 7,032
Depreciation and amortization <sup>(1)</sup>	1,705	877	6,043	3,065
Other <sup>(2)</sup>	156	83	171	630
<b>EBITDA</b>	<b>7,116</b>	<b>6,015</b>	<b>17,235</b>	<b>10,727</b>
Acquisition-related items <sup>(1)</sup>	80	16	273	356
Strategic initiatives and other charges <sup>(3)</sup>	122	176	709	589
Loss recoveries, net of costs	—	(79)	—	(641)
Stock-based compensation	229	209	1,015	1,030
Pension and postretirement expense <sup>(4)</sup>	86	130	343	526
<b>Adjusted EBITDA</b>	<b>\$ 7,633</b>	<b>\$ 6,467</b>	<b>\$ 19,575</b>	<b>\$ 12,587</b>
<b>Consolidated</b>				
<b>Operating profit</b>	\$ 47,224	\$ 29,926	\$ 132,834	\$ 112,603
Depreciation and amortization <sup>(1)</sup>	19,922	17,171	76,974	67,981
Other <sup>(2)</sup>	2,601	1,372	2,846	10,490
<b>EBITDA</b>	<b>69,747</b>	<b>48,469</b>	<b>212,654</b>	<b>191,074</b>
Acquisition-related items <sup>(1)</sup>	4,195	6,135	21,782	25,748
Strategic initiatives and other charges <sup>(3)</sup>	(1,367)	5,925	1,495	9,209
Loss recoveries, net of costs	—	(1,325)	—	(10,683)
Stock-based compensation	2,929	2,708	13,460	14,562
Pension and postretirement expense <sup>(4)</sup>	1,447	2,191	5,723	8,773
<b>Adjusted EBITDA</b>	<b>\$ 76,951</b>	<b>\$ 64,103</b>	<b>\$ 255,114</b>	<b>\$ 238,683</b>

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

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

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

(4) 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.