

January 29, 2015



## Matthews International Reports Earnings for Fiscal 2015 First Quarter

- **ADJUSTED EARNINGS OF \$0.55 PER SHARE; 34% INCREASE FROM A YEAR AGO**
- **GAAP EARNINGS OF \$0.45 PER SHARE, COMPARED TO \$0.29 LAST YEAR**
- **REVENUES INCREASE 49% TO \$343.6 MILLION**
- **INTEGRATION OF SCHAWK, INC. ("SGK") REMAINS ON TRACK**

PITTSBURGH, Jan. 29, 2015 (GLOBE NEWSWIRE) -- Matthews International Corporation (Nasdaq:MATW) today announced financial results for the quarter ended December 31, 2014.

Net income attributable to the Company for the current quarter year was approximately \$15.0 million, or \$0.45 per share, compared to \$7.9 million, or \$0.29 per share, last year. On a non-GAAP adjusted basis, earnings for fiscal 2015 were \$0.55 per share, compared to \$0.41 per share a year ago (a reconciliation of non-GAAP financial information is provided in the table below). The increase in earnings per share primarily reflected the impact of the acquisition of Schawk, Inc. ("SGK") and sales growth in the Company's SGK Brand Solutions and Industrial segments. In addition, current period earnings included costs in connection with the integration of the SGK acquisition and a net gain on the settlement of a litigation matter in the Memorialization segment. Non-GAAP adjustments also reflected costs in connection with the Company's strategic initiatives and an increase in intangible amortization expense as a result of the SGK acquisition. Non-GAAP adjustments a year ago included costs in connection with the Company's strategic initiatives and expenses in connection with the litigation in the Memorialization segment.

The Company's consolidated sales for the quarter ended December 31, 2014 were \$343.6 million, compared to \$229.9 million a year ago, representing an increase of 49.4%. The acquisition of SGK and higher sales in the SGK Brand Solutions and Industrial segments were the significant contributors to the year-over-year sales growth. Changes in foreign currency exchange rates had an unfavorable impact of \$7.5 million on the segment's current quarter sales compared to a year ago.

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 Schawk, 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.

Sales for the SGK Brand Solutions segment were \$200.8 million for the current quarter,

compared to \$91.1 million for the same period a year ago, primarily resulting from incremental sales of \$106.9 million from the acquisition of SGK (the SGK acquisition was completed in July 2014). In addition, the segment reported sales growth in all of its principal markets, particularly Europe. Changes in foreign currency exchange rates had an unfavorable impact of \$5.6 million on the segment's current quarter sales compared to a year ago.

Memorialization segment sales for the fiscal 2015 first quarter were \$116.2 million, compared to \$117.4 million for the same quarter a year ago. The segment reported higher sales of memorial products (bronze and granite) and caskets during the current quarter. In addition, sales of cremation equipment increased during the fiscal 2015 first quarter, primarily reflecting an increase in North America sales volume. These increases were offset by a decline in mausoleum sales for the current quarter.

The Industrial segment reported sales of \$26.5 million for the quarter ended December 31, 2014, compared to \$21.5 million for the same quarter last year. The increase of \$5.0 million, or 23.2%, primarily resulted from higher sales of warehouse control systems and increased unit volume of marking products and related inks.

In discussing the Company's results for the quarter, Joseph C. Bartolacci, President and Chief Executive Officer, stated:

"We are pleased with our results for the fiscal 2015 first quarter and we are off to a good start for the fiscal year. The SGK integration is progressing very well and, as our integration teams continue with their work, we are on track towards the cost synergy range that we identified in due diligence.

"On an adjusted basis, excluding intangible amortization costs, our operating profit increased significantly for the current quarter reflecting the acquisition of SGK and higher sales for several of our businesses. We generated organic sales growth in both the SGK Brand Solutions and Industrial segments, primarily reflecting improving market conditions. In addition, sales of memorial products and caskets in our Memorialization segment were also higher for the current quarter.

"We also reported solid free cash flow for the current quarter. Although our first fiscal quarter is seasonally slower, we were able to repay another \$10.0 million on our domestic revolving credit facility and repurchased approximately 174,000 shares (\$8.0 million) of our stock. In addition, the Board raised the quarterly dividend by 18% in November 2014."

Mr. Bartolacci further stated: "We will continue to devote a significant level of effort to the integration of SGK. Due to the size of this acquisition and the projected synergy benefits from integration, this effort is expected to continue for an extended period of time. The costs associated with this integration, and acquisition step-up expense, will impact our results for fiscal 2015. Consistent with our practice, we will identify these costs on a quarterly basis as incurred. In addition, although the prices of several key commodities (copper and fuel) have declined recently and are expected to favorably impact our results for the remainder of fiscal 2015, recent changes in currency rates (principally the Euro) are expected to have an unfavorable impact on year-over-year comparability."

Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a provider

principally of brand solutions, memorialization products and industrial automation solutions. Brand solutions include graphics imaging products and services, and merchandising solutions. Memorialization products consist primarily of bronze and granite memorials and other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Industrial automation solutions include marking products and fulfillment systems. The Company's products and services include brand development, deployment and management; printing plates and cylinders; pre-media services and imaging services for consumer packaged goods and retail customers; merchandising display systems and marketing and design services; cast bronze and granite memorials and other memorialization products; caskets; cast and etched architectural products, cremation equipment and cremation-related products; mausoleums; marking and coding equipment and consumables, and industrial automation products and order fulfillment systems for identifying, tracking, picking, and conveying various consumer and industrial products.

Any forward-looking statements contained in this release are included pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results in future periods to be materially different from management's expectations. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Factors that could cause the Company's results to differ materially from the results discussed in such forward-looking statements principally include changes in economic conditions, competitive environment, death rate, foreign currency exchange rates, and technological factors beyond the Company's control.

**MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited, in Thousands, except Share Data)

	Three Months Ended December 31	
	2014	2013
Sales	\$ 343,584	\$ 229,945
Cost of sales	(218,914)	(148,569)
Gross profit	124,670	81,376
Selling and administrative expenses	(99,085)	(66,697)
Operating Profit	25,585	14,679
Other income (deductions), net	(5,497)	(2,692)
Income before income taxes	20,088	11,987
Income Taxes	(5,252)	(4,081)
Net Income	14,836	7,906
Non-controlling interests	115	8
Net income attributable to Matthews	\$ 14,951	\$ 7,914
Earnings per Share – Diluted	\$ 0.45	\$ 0.29

The Company periodically provides information derived from consolidated 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 U.S. Securities and Exchange Commission rules. The Company believes that this information provides management and investors with a useful measure of the Company's operating results 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.

	Three Months Ended December 31,	
	2014	2013
Earnings per share, as reported	\$ 0.45	\$ 0.29
Acquisition-related costs	0.13	--
Cost reduction initiatives and other charges	0.02	0.06
Litigation settlement, net of costs	(0.18)	0.01
Pension and postretirement expense adjustment <sup>(1)</sup>	0.03	0.02
Intangible amortization	0.10	0.03
Earnings per share, as adjusted	\$ 0.55	\$ 0.41

Note: All per-share amounts are net of tax.

(1) 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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Source: Matthews International Corporation