

Matthews International Reports Earnings for Fiscal 2016 First Quarter

- **First Quarter Revenues Increase to \$354.2 Million**
- **Results Ahead of Company Expectations**
- **Acquisition Integrations Remain on Track**

PITTSBURGH, Jan. 28, 2016 (GLOBE NEWSWIRE) -- Matthews International Corporation (NASDAQ:MATW) today announced financial results for the quarter 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 (a reconciliation of non-GAAP financial information is provided in the table below). Non-GAAP adjustments for the fiscal 2016 first quarter primarily included costs in connection with the integrations of Schawk, Inc. ("SGK") (acquired in July 2014) and Aurora, including inventory step-up expense.

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.

Changes in foreign currency exchange rates had an unfavorable impact of \$13.8 million on the Company's consolidated sales compared to a year ago, with an unfavorable earnings impact of approximately \$0.02 per share.

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, representing an increase of \$31.4 million. The increase principally reflected the impact of the acquisition of Aurora and higher sales of memorial products, offset partially by the unfavorable impact of changes in foreign currency exchange rates.

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. In addition, the segment's divesture of a small software business in the first quarter a year ago also contributed to the decline in sales.

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, offset partially by the unfavorable impact of changes in foreign currency exchange rates. The segment's operating profit for the current quarter reflected an increase from a year ago in its investments in new product development.

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

"We had an excellent start to fiscal 2016. The Company's results were ahead of our internal expectations and, based on our current forecasts, we remain on course to achieve our internal operating objectives for 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 (estimated unfavorable earnings impact of \$0.02 per share) and an increase (\$0.01 per share) in investments in new product development for our Industrial segment.

"Our year-over-year earnings improvement was primarily attributable to synergy realization, the Aurora acquisition, higher sales of memorial products, and lower commodity costs.

Mr. Bartolacci further stated: "We continue to make very good progress on the integrations of SGK and Aurora. The consistency of our values and dedication to serving customers, employees and shareholders is apparent as we strive to implement the best practices from our organizations. 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. These efforts will continue and the costs associated with these integrations, including acquisition step-up expense, will impact our results for fiscal 2016. Consistent with our practice, we will identify these costs on a quarterly basis as incurred."

Matthews International Corporation is a global provider of brand solutions, memorialization products and industrial automation solutions. The SGK Brand Solutions segment is a leader in the delivery of brand development, activation and deployment services that help build our clients' brands and consumers' desire for them. The Memorialization segment is a leading provider of memorialization products, including memorials, caskets and cremation equipment, primarily to cemetery and funeral home customers that help families move from grief to remembrance. The Industrial segment designs, manufactures and distributes marking, coding and industrial automation technologies and solutions. We have more than 10,000 employees in more than 25 countries on six continents that are committed to delivering the highest quality products and services.

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 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
Other income (deductions), net	(6,013)	(6,366)
Income before income taxes	6,025	19,219
Income taxes	(1,522)	(4,974)
Net Income	4,503	14,245
Non-Controlling Interests	111	115
Net Income attributable to Matthews	\$ 4,614	\$ 14,360
Earnings per Share – Diluted	\$ 0.14	\$ 0.43
Earnings per Share – non-GAAP ⁽²⁾	\$ 0.60	\$ 0.55

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

(2) See the reconciliation of non-GAAP financial information provided in the table below.

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.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION EARNINGS PER SHARE (Unaudited)			
	Three Months Ended December 31,		
	2015	2014 ⁽¹⁾	
Earnings per share, as reported	\$ 0.14	\$ 0.43	
Acquisition-related items	0.31	0.13	
Litigation matter	-	(0.18)	
Strategic initiatives and other charges	-	0.04	
Pension and postretirement expense ⁽²⁾	0.04	0.03	
Intangible amortization expense	0.11	0.10	
Earnings per share, as adjusted	\$ 0.60	\$ 0.55	

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

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

(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.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (“EBITDA”) (Unaudited) (In thousands)			
	Three Months Ended December 31,		
	2015	2014 ⁽¹⁾	
EBITDA, U.S. GAAP basis	\$ 27,724	\$ 40,095	
Acquisition-related items	14,510	6,877	
Litigation matter	-	(8,996)	
Strategic initiatives and other charges	143	1,830	
Stock-based compensation	2,526	2,525	
Pension and postretirement expense ⁽²⁾	2,076	1,460	
Adjusted EBITDA	\$ 46,979	\$ 43,791	

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Source: Matthews International Corporation