

MATTHEWS INTERNATIONAL CORPORATION



A TRADITION OF QUALITY SINCE 1850

## Second Quarter Report

For the Period Ended March 31, 2009

Matthews reported net income for the fiscal 2009 second quarter was \$12,742,000, representing earnings per share of \$0.42. The fiscal 2009 second quarter results included unusual charges of approximately \$5,300,000 (pre-tax), or \$0.11 per share, which primarily consisted of costs related to the consolidation of certain production operations within the Company's Bronze segment, severance costs in connection with cost structure initiatives in certain of the Company's other businesses and asset adjustments resulting from current market conditions. Net income for the quarter ended March 31, 2008 was \$20,283,000, or \$0.65 per share. Sales for the quarter ended March 31, 2009 were \$197,362,000, compared to \$197,827,000 in the same quarter a year ago. Net income for the six months ended March 31, 2009 was \$24,031,000, representing earnings per share of \$0.79.

The year-to-date fiscal 2009 results included unusual charges of approximately \$11,900,000 (pre-tax), or \$0.25 per share. In addition, fiscal 2009 earnings included the favorable effect of a one-time adjustment of \$0.03 per share to income tax expense recorded in the fiscal 2009 first quarter. Net income for the six months ended March 31, 2008 was \$37,714,000, or \$1.21 per share. Fiscal 2008 earnings included the favorable effect of a one-time adjustment of \$0.06 per share to income tax expense recorded in the Company's fiscal 2008 first quarter. Sales for the six months ended March 31, 2009 were \$388,648,000, compared to \$380,175,000 in the same period last year, representing an increase of 2.2%. Sales for the quarter and six-month periods included the acquisition of Saueressig.

Fiscal 2009 continues to be a very challenging year for Matthews. The tough economic climate is affecting all of our businesses, both in Memorialization and Brand Solutions. Unit volume, net pricing and product mix have been impacted in our Bronze and Casket businesses. In addition, there was a decline in the death rate in the most recent quarter in many of our markets. These factors adversely impacted the operating results for both of these Memorialization segments. The current recession also continues to impact unit volume and pricing in our Brand Solutions businesses.

Our Board and management teams are continuing to challenge our businesses to improve cost structures, as evidenced by the level of unusual charges this year. In addition, we are challenging our sales and marketing teams to find top-line growth opportunities in this increasingly difficult and price-competitive climate. As a result, we fully expect to exit this recession a stronger company. At this time, we are maintaining the updated guidance we provided in March 2009, but we continue to remain cautious in this economic environment. This guidance projects only a modest decline (less than 8%) in earnings per share from last year, excluding the impact of the unusual items from both periods.

**Joseph C. Bartolacci**

*President and Chief Executive Officer*

**May 6, 2009**

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED MARCH 31,		SIX MONTHS ENDED MARCH 31,	
	2009	2008	2009	2008
Sales	\$197,362	\$197,827	\$388,648	\$380,175
Cost of sales	(124,245)	(117,593)	(247,679)	(227,953)
Gross profit	73,117	80,234	140,969	152,222
Selling and administrative expenses	(49,678)	(45,842)	(97,451)	(91,052)
Operating profit	23,439	34,392	43,518	61,170
Investment income (loss)	(307)	491	(695)	1,003
Interest expense	(3,030)	(1,890)	(6,294)	(4,034)
Other income, net	113	123	3	368
Minority interest	(111)	(715)	(98)	(1,267)
Income before income taxes	20,104	32,401	36,434	57,240
Income taxes	(7,362)	(12,118)	(12,403)	(19,526)
<b>Net income</b>	<b>\$ 12,742</b>	<b>\$ 20,283</b>	<b>\$ 24,031</b>	<b>\$ 37,714</b>
<b>Earnings per share:</b>				
Basic	\$ .42	\$ .66	\$ .79	\$ 1.22
Diluted	\$ .42	\$ .65	\$ .79	\$ 1.21
<b>Dividends per share</b>				
	\$ .065	\$ .06	\$ .13	\$ .12
<b>Weighted-average number of common shares outstanding:</b>				
Basic	30,314,212	30,972,836	30,403,150	30,989,359
Diluted	30,437,140	31,202,563	30,584,191	31,198,880

Dollar amounts in thousands

	March 31, 2009 <sup>1</sup>	September 30, 2008
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 49,580	\$ 50,667
Short-term investments	62	62
Accounts receivable, net	128,503	145,288
Inventories	94,955	96,388
Other current assets	12,442	10,710
<b>Total current assets</b>	<b>285,542</b>	<b>303,115</b>
Investments	11,445	10,410
Property, plant and equipment, net	132,351	145,738
Deferred income taxes and other assets	39,288	35,468
Goodwill and other intangible assets, net	417,858	419,551
<b>Total assets</b>	<b>\$886,484</b>	<b>\$914,282</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Long-term debt, current maturities	\$ 19,445	\$ 35,144
Accounts payable	26,603	26,647
Accrued compensation	33,254	40,188
Accrued income taxes	10,525	12,075
Other current liabilities	44,136	47,656
<b>Total current liabilities</b>	<b>133,963</b>	<b>161,710</b>
Long-term debt	239,796	219,124
Accrued pension	19,223	17,208
Postretirement benefits	21,982	20,918
Deferred income taxes	10,268	10,594
Environmental reserve	6,874	7,382
Other liabilities and deferred revenue	15,662	12,500
<b>Total liabilities</b>	<b>447,768</b>	<b>449,436</b>
Minority interest and minority interest arrangement	27,107	30,891
<b>Shareholders' equity:</b>		
Common stock	36,334	36,334
Additional paid-in capital	44,487	47,250
Retained earnings	530,175	511,130
Accumulated other comprehensive loss	(25,471)	(2,979)
Treasury stock, at cost	(173,916)	(157,780)
<b>Total shareholders' equity</b>	<b>411,609</b>	<b>433,955</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$886,484</b>	<b>\$914,282</b>

<sup>1</sup>Unaudited.

## Matthews International Corporation

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*Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products and brand solutions. Memorialization products consist primarily of bronze memorials and other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Brand solutions include graphics imaging products and services, marking products, and merchandising solutions. The Company's products and services include cast bronze memorials and other memorialization products; caskets; cast and etched architectural products; cremation equipment and cremation-related products; mausoleums; brand management, printing plates and cylinders, pre-press services and imaging services for the primary packaging and corrugated industries; marking and coding equipment and consumables, and industrial automation products for identifying, tracking and conveying various consumer and industrial products, components and packaging containers; and merchandising display systems and marketing and design services.*

### COMMON STOCK

Matthews International Corporation common stock is traded on the NASDAQ Global Select Market System under the symbol "MATW."

### TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSEMENT AGENT

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### INVESTOR CONTACT

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