



A Tradition of Quality Since 1850

SECOND QUARTER REPORT

For the Period Ended March 31, 2014

Matthews reported consolidated sales of \$246.8 million for the fiscal 2014 second quarter, compared to \$256.4 million a year ago. Net income attributable to the Company for the current quarter was \$11.3 million, or \$0.41 per share, and on a non-GAAP adjusted basis were \$0.59 per share. Current period operating results were impacted by costs in connection with the Company's recently announced definitive merger agreement for the acquisition of Schawk, Inc. ("Schawk"), strategic cost initiatives, and expenses in connection with certain litigation in the Funeral Home Products segment.

In the Memorialization group, the Cemetery Products and Funeral Home Products segments reported lower sales for the fiscal 2014 second quarter, compared to a year ago, principally reflecting a decline in the estimated number of U.S. casketed, in-ground burial deaths. Despite the declines in sales, both segments reported higher operating margins as a result of the benefits of recent cost structure initiatives (lean and strategic sourcing). The Cremation segment reported a decrease in sales for the current quarter primarily reflecting a decline in equipment installations. In the Brand Solutions group, sales for the Graphics Imaging segment were higher than a year ago primarily resulting from increased volume in Europe. The Marking and Fulfillment Systems segment also reported improved sales for the current quarter on higher volume. The Merchandising Solutions segment reported lower sales for the current quarter compared to last year due primarily to a decline in sales to several national accounts.

Consolidated sales for the six months ended March 31, 2014 were \$476.8 million, compared to \$482.0 million a year ago. Net income attributable to the Company for the first six months of the current fiscal year was \$19.2 million, or \$0.70 per share, and on a non-GAAP adjusted basis year-to-date earnings were \$0.70 per share.

The fiscal 2014 second quarter ended relatively in-line with our expectations. For the balance of the year, several of our businesses have significant projects in their backlogs. Our fulfillment business continues to win new contracts and Merchandising Solutions is projecting a good second half of the fiscal year based on current orders. Also, continued benefits from our cost structure initiatives should result in better operating margins for our Memorialization businesses. The European Graphics business is also projecting improvement for the second half of this fiscal year, particularly in the gravure businesses where we are expecting increased tobacco-related orders. Additionally, a significant incineration equipment project in Saudi Arabia is anticipated to help the Cremation segment meet its sales expectations on a full year basis.

A handwritten signature in black ink that reads "Joseph C. Bartolacci".

Joseph C. Bartolacci

President and Chief Executive Officer

May 1, 2014

Consolidated Statements of Income (Unaudited)

Amounts in thousands, except per share data

	Three Months Ended March 31,		Six Months Ended March 31,	
	2014	2013	2014	2013
Sales	\$246,837	\$256,390	\$476,782	\$481,999
Cost of sales	(156,657)	(161,524)	(305,226)	(307,159)
Gross profit	90,180	94,866	171,556	174,840
Selling and administrative expenses	(69,288)	(69,796)	(135,668)	(133,271)
Operating profit	20,892	25,070	35,888	41,569
Investment income	353	607	1,227	840
Interest expense	(2,554)	(3,051)	(5,455)	(6,298)
Other income (deductions), net	(790)	(1,067)	(1,772)	(2,172)
Income before income taxes	17,901	21,559	29,888	33,939
Income taxes	(6,650)	(7,504)	(10,731)	(11,881)
Net income	11,251	14,055	19,157	22,058
Net (income) loss attributable to noncontrolling interests	82	137	90	389
Net income attributable to Matthews shareholders	\$ 11,333	\$ 14,192	\$ 19,247	\$ 22,447
Earnings per share attributable to Matthews shareholders:				
Basic	\$.41	\$.51	\$.71	\$.81
Diluted	\$.41	\$.51	\$.70	\$.81
Dividends per share	\$.11	\$.10	\$.22	\$.20
Weighted-average number of common shares outstanding:				
Basic	27,276	27,369	27,193	27,312
Diluted	27,470	27,512	27,424	27,411

Condensed Consolidated Balance Sheets

Dollar amounts in thousands

March 31, 2014¹

September 30, 2013

ASSETS

Current assets:

Cash and cash equivalents	\$ 61,590	\$ 58,959
Accounts receivable, net	185,274	188,405
Inventories	143,005	130,768
Other current assets	31,585	28,823

Total current assets	421,454	406,955
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Investments	23,122	22,288
Property, plant and equipment, net	176,406	180,731
Deferred income taxes and other assets	16,863	16,273
Goodwill and other intangible assets, net	590,216	589,653

Total assets	\$1,228,061	\$1,215,900
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LIABILITIES

Current liabilities:

Long-term debt, current maturities	\$ 23,472	\$ 23,587
Accounts payable	45,936	45,232
Accrued compensation	34,496	41,916
Accrued income taxes	4,010	5,910
Other current liabilities	61,594	68,334

Total current liabilities	169,508	184,979
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Long-term debt	354,167	351,068
Accrued pension	63,959	61,642
Postretirement benefits	18,270	17,956
Deferred income taxes	20,640	20,332
Other liabilities	30,296	26,993

Total liabilities	656,840	662,970
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SHAREHOLDERS' EQUITY

Shareholders' equity – Matthews:

Common stock	36,334	36,334
Additional paid-in capital	46,911	47,315
Retained earnings	788,966	775,762
Accumulated other comprehensive loss	(22,287)	(26,940)
Treasury stock, at cost	(281,859)	(283,006)

Total shareholders' equity – Matthews	568,065	549,465
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Noncontrolling interests	3,156	3,465
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Total shareholders' equity	571,221	552,930
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Total liabilities and shareholders' equity	\$1,228,061	\$1,215,900
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¹Unaudited.