



SECOND QUARTER REPORT For the Period Ended **March 31, 2015**

Net income attributable to Matthews International Corporation for the quarter ended March 31, 2015 was \$9.6 million, or \$0.29 per share, compared to \$11.3 million, or \$0.41 per share, last year. On a non-GAAP adjusted basis, earnings for the fiscal 2015 second quarter were \$0.67 per share, compared to \$0.62 per share a year ago. The increase in earnings per share on a non-GAAP adjusted basis primarily reflected the Company's consolidated sales growth and the impact of the acquisition of Schawk, Inc. ("SGK"). In addition, current period earnings included costs in connection with the integration of the SGK acquisition, including the write-off of certain intangible assets 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.

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.

The Company's consolidated sales for the quarter ended March 31, 2015 were \$349.4 million, compared to \$246.8 million a year ago, representing an increase of 41.5%. Higher sales for the current period resulted from sales growth in all of the Company's principal business

segments and the acquisition of SGK, partially offset by the unfavorable impact of changes in foreign currency exchange rates.

Consolidated sales for the six months ended March 31, 2015 were \$693.0 million, compared to \$476.8 million a year ago, representing an increase of 45.3%. Net income attributable to the Company for the six months ended March 31, 2015 was \$24.5 million, or \$0.74 per share, and on a non-GAAP adjusted basis, year-to-date earnings were \$1.22 per share.

The Company posted very solid operating results for the fiscal 2015 second quarter. Sales growth was reported by each of our business segments and the acquisition of SGK contributed significantly to our improved performance. In addition, despite unfavorable foreign currency changes from a year ago, we reported adjusted earnings of \$0.67 per share for the current quarter, compared to \$0.62 a year ago. Our operating cash flow continues to be strong. We continue to devote significant resources to the SGK integration effort and we have reduced our consolidated debt level by over \$65 million since the acquisition date. The SGK integration is progressing well. Based on the efforts of our integration teams, we remain confident in our ability to achieve our synergy objectives.

Joseph C. Bartolacci
President and Chief Executive Officer
May 1, 2015

Consolidated Statements of Income (Unaudited)

Amounts in thousands, except per share data

	Three Months Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
Sales	\$349,394	\$246,837	\$692,978	\$476,782
Cost of sales	(221,699)	(156,657)	(440,613)	(305,226)
Gross profit	127,695	90,180	252,365	171,556
Selling and administrative expenses	(108,420)	(69,637)	(207,505)	(136,334)
Operating profit	19,275	20,543	44,860	35,222
Investment income	702	353	973	1,227
Interest expense	(4,934)	(2,554)	(10,267)	(5,455)
Other income (deductions), net	(1,238)	(441)	(1,673)	(1,106)
Income before income taxes	13,805	17,901	33,893	29,888
Income taxes	(4,377)	(6,650)	(9,629)	(10,731)
Net income	9,428	11,251	24,264	19,157
Net (income) loss attributable to noncontrolling interests	148	82	263	90
Net income attributable to				
Matthews shareholders	\$ 9,576	\$ 11,333	\$ 24,527	\$ 19,247
Earnings per share attributable to				
Matthews shareholders:				
Basic	\$.29	\$.41	\$.74	\$.71
Diluted	\$.29	\$.41	\$.74	\$.70
Dividends per share	\$.13	\$.11	\$.26	\$.22
Weighted-average number of common shares outstanding:				
Basic	32,970	27,276	32,940	27,193
Diluted	33,182	27,470	33,184	27,424

Condensed Consolidated Balance Sheets

Dollar amounts in thousands

March 31, 2015¹

September 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$ 63,075	\$ 75,604
Accounts receivable, net	261,922	282,730
Inventories	146,558	152,842
Other current assets	69,119	62,739

Total current assets	540,674	573,915
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Investments	27,309	23,130
Property, plant and equipment, net	198,188	209,315
Deferred income taxes and other assets	22,623	24,046
Goodwill and other intangible assets, net	1,132,319	1,201,329

Total assets	\$1,921,113	\$2,031,735
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LIABILITIES

Current liabilities:

Long-term debt, current maturities	\$ 12,618	\$ 15,228
Accounts payable	59,995	72,040
Accrued compensation	52,707	60,690
Accrued income taxes	4,586	7,314
Other current liabilities	98,482	98,011

Total current liabilities	228,388	253,283
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Long-term debt	684,007	714,027
Accrued pension	78,924	78,550
Postretirement benefits	20,312	20,351
Deferred income taxes	124,905	129,335
Other liabilities	55,869	53,296

Total liabilities	1,192,405	1,248,842
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SHAREHOLDERS' EQUITY

Shareholders' equity – Matthews:

Common stock	36,334	36,334
Additional paid-in capital	112,056	113,225
Retained earnings	821,957	806,040
Accumulated other comprehensive loss	(134,804)	(66,817)
Treasury stock, at cost	(110,467)	(109,950)

Total shareholders' equity – Matthews	725,076	778,832
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Noncontrolling interests	3,632	4,061
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Total shareholders' equity	728,708	782,893
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Total liabilities and shareholders' equity	\$1,921,113	\$2,031,735
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¹Unaudited.