

First Quarter Fiscal 2019
Earnings Teleconference
February 1, 2019

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President and Chief Executive Officer

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Chief Financial Officer

Disclaimer

Any forward-looking statements contained in this presentation 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 domestic or international economic conditions, changes in foreign currency exchange rates, changes in the cost of materials used in the manufacture of the Company’s products, changes in mortality and cremation rates, changes in product demand or pricing as a result of consolidation in the industries in which the Company operates, changes in product demand or pricing as a result of domestic or international competitive pressures, unknown risks in connection with the Company’s acquisitions, cybersecurity concerns, effectiveness of the Company’s internal controls, compliance with domestic and foreign laws and regulations, technological factors beyond the Company’s control, and other factors described in the Company’s Annual Report on Form 10-K and other periodic filings with the U.S. Securities and Exchange Commission (“SEC”).

Included in this report are measures of financial performance that are not defined by generally accepted accounting principles in the United States (“GAAP”). The Company uses non-GAAP financial measures to assist in comparing its performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company’s core operations including acquisition costs, ERP integration costs, strategic initiative and other charges (which includes non-recurring charges related to operational initiatives and exit activities), stock-based compensation and the non-service portion of pension and postretirement expense. Management believes that presenting non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items that management believes do not directly reflect the Company’s core operations, (ii) permits investors to view performance using the same tools that management uses to budget, forecast, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company’s results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provided herein, provides investors with an additional understanding of the factors and trends affecting the Company’s business that could not be obtained absent these disclosures.

The Company believes that adjusted EBITDA provides relevant and useful information, which is used by the Company’s management in assessing the performance of its business. Adjusted EBITDA is defined by the Company as earnings before interest, taxes, depreciation, amortization and certain non-cash and/or non-recurring items that do not contribute directly to management’s evaluation of its operating results. These items include stock-based compensation, the non-service portion of pension and postretirement expense, acquisition costs, ERP integration costs, and strategic initiatives and other charges. Adjusted EBITDA provides the Company with an understanding of earnings before the impact of investing and financing charges and income taxes, and the effects of certain acquisition and ERP integration costs, and items that do not reflect the ordinary earnings of the Company’s operations. This measure may be useful to an investor in evaluating operating performance. It is also useful as a financial measure for lenders and is used by the Company’s management to measure business performance. Adjusted EBITDA is not a measure of the Company’s financial performance under GAAP and should not be considered as an alternative to net income or other performance measures derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of the Company’s liquidity. The Company’s definition of adjusted EBITDA may not be comparable to similarly titled measures used by other companies.

The Company has also presented adjusted net income and adjusted earnings per share and believes each measure provides relevant and useful information, which is widely used by analysts and investors, as well as by the Company’s management in assessing the performance of its business. Adjusted net income and adjusted earnings per share provides the Company with an understanding of the results from the primary operations of our business by excluding the effects of certain acquisition and system-integration costs, and items that do not reflect the ordinary earnings of our operations. These measures provide management with insight into the earning value for shareholders excluding certain costs, not related to the Company’s primary operations. Likewise, these measures may be useful to an investor in evaluating the underlying operating performance of the Company’s business overall, as well as performance trends, on a consistent basis.

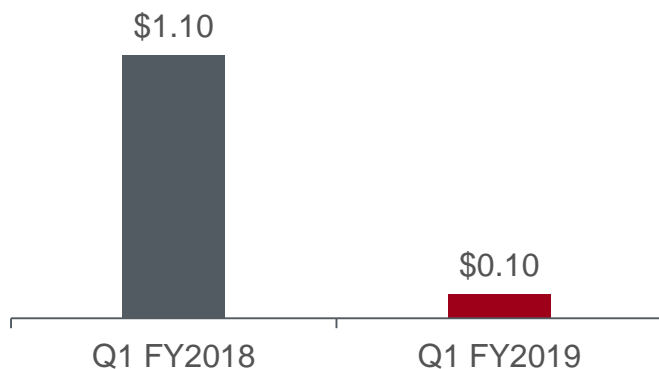
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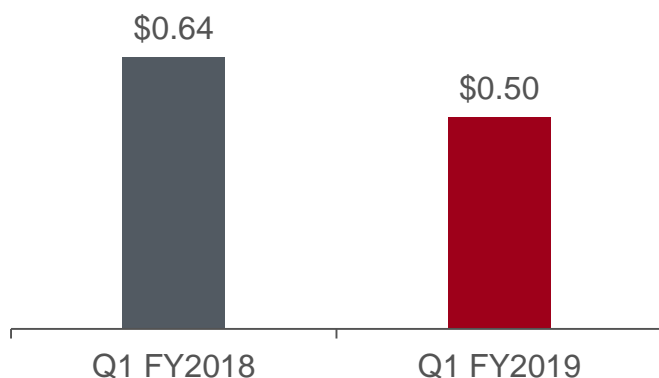
Financial Overview

Q1 FY2019 Summary

EPS - Diluted



Adjusted EPS*



➤ Items impacting Q1 GAAP EPS comparability

- Prior year included significant net favorable tax adjustment (\$0.76)
- Loss on sale of a 51% ownership interest in pet cremation business (\$0.10)
- Higher interest expense (\$0.06)
- Unrealized losses on retirement plan investments due to market conditions (\$0.04)
- Higher income tax expense; prior year included favorable discrete items (\$0.05)

➤ Non-operating items impacting Q1 Adjusted EPS comparability

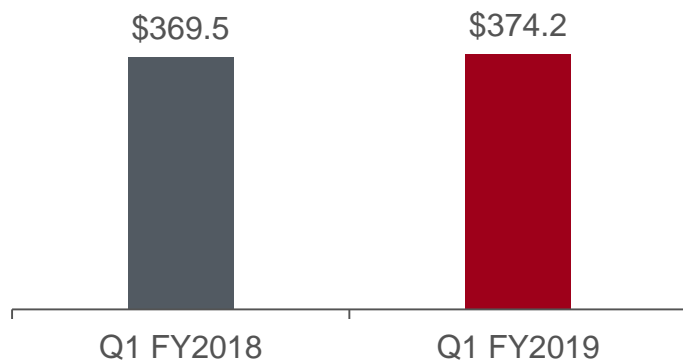
- Higher interest expense (bond offering)
- Favorable discrete income tax items last year
- Unrealized losses on retirement plan investments due to market conditions

* See supplemental slide for Adjusted EPS reconciliation and other important disclaimers regarding Matthews' use of Non-GAAP measures

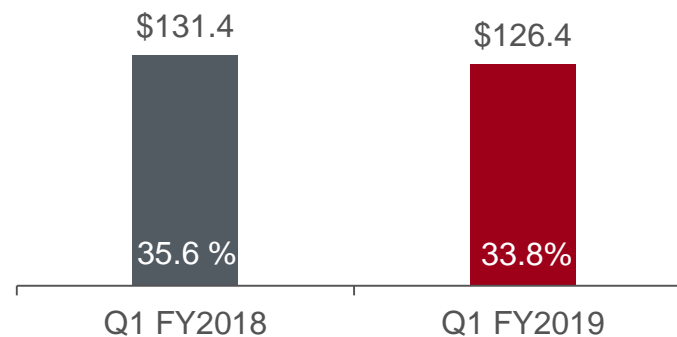
Q1 FY2019 Consolidated Results

(\$ in millions)

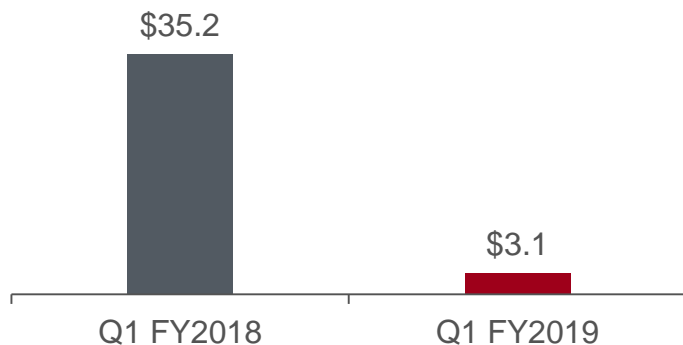
Sales



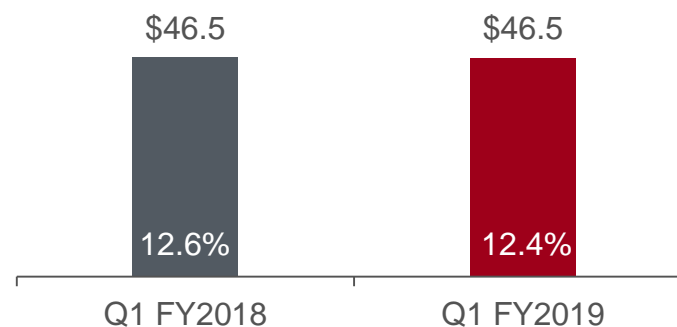
GAAP Gross Profit and Margin



Net Income Attributable to Matthews



Adjusted EBITDA* and Margin

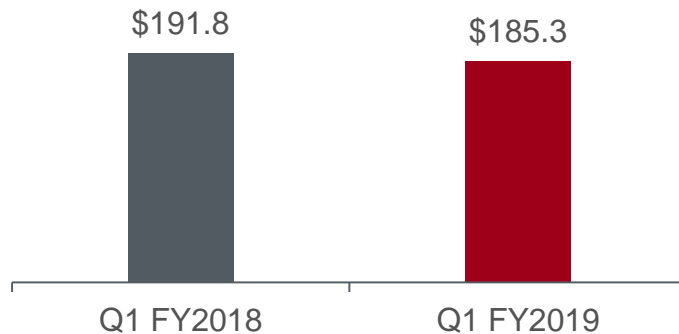


* See supplemental slide for Adjusted EBITDA reconciliation and other important disclosures regarding Matthews' use of Non-GAAP measures

Q1 FY19 SGK Brand Solutions Results

(\$ in millions)

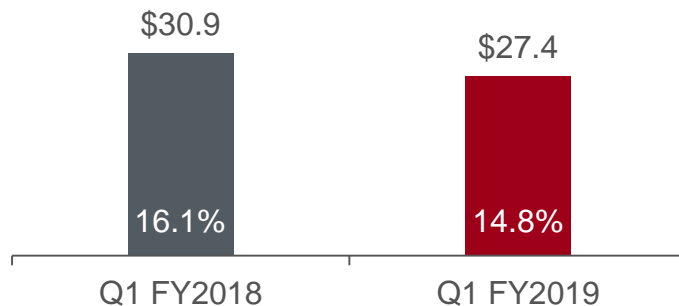
Sales



➤ Sales fluctuations

- Fx was \$4.7 million unfavorable
- Lower sales in U.S. – delays in timing of client projects and significant client transitioned work internally
- Higher sales in U.K. and Europe
- Frost Converting Systems acquisition (Nov 2018)

Adjusted EBITDA* and Margin



➤ Adjusted EBITDA change impacted by

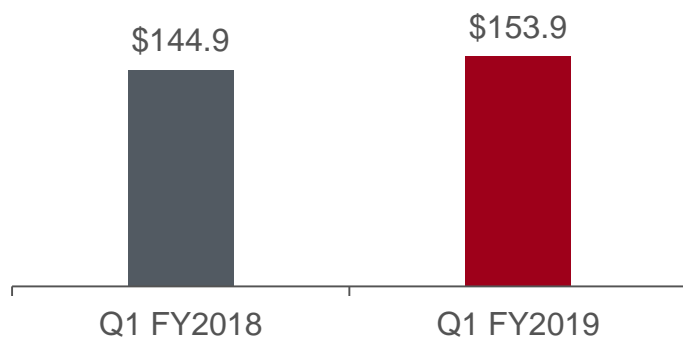
- Lower sales
- Changes in Fx rates

* See supplemental slide for Adjusted EBITDA reconciliation and other important disclosures regarding Matthews' use of Non-GAAP measures

Q1 FY19 Memorialization Results

(\$ in millions)

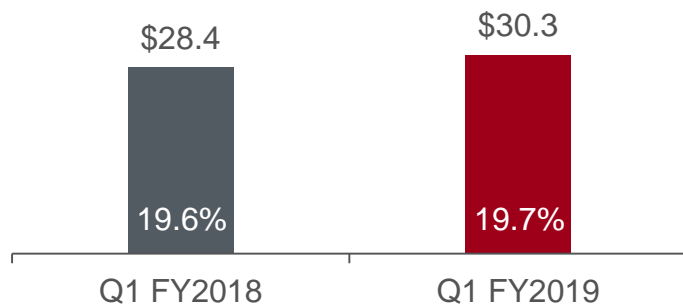
Sales



➤ Sales fluctuations

- Higher sales of memorial products, caskets and cremation equipment in the U.S.
- Star Granite & Bronze acquisition (Feb 2018)
- Fx was \$0.6 million unfavorable

Adjusted EBITDA* and Margin



➤ Adjusted EBITDA change impacted by

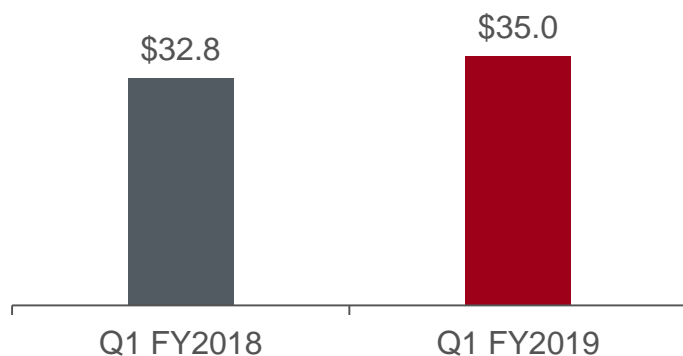
- Higher sales
- Addition of Star Granite & Bronze
- Acquisition integration synergies
- Cost reduction initiatives
- Partially offset by higher material and freight costs

* See supplemental slide for Adjusted EBITDA reconciliation and other important disclosures regarding Matthews' use of Non-GAAP measures

Q1 FY19 Industrial Technologies Results **Matthews** INTERNATIONAL*

(\$ in millions)

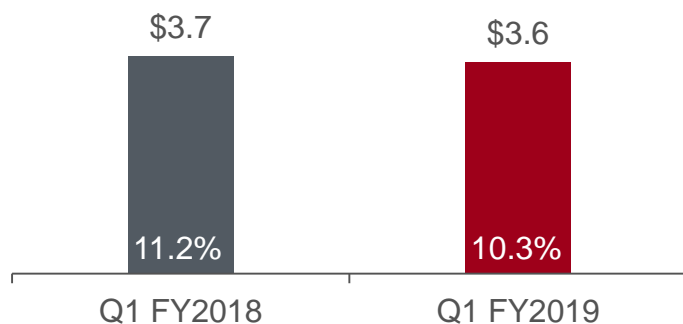
Sales



➤ Sales fluctuations

- Higher warehouse automation sales
- Compass Engineering acquisition (Nov 2017)
- Partially offset by lower product identification sales
- Fx was \$0.6 unfavorable

Adjusted EBITDA* and Margin



➤ Adjusted EBITDA change impacted by

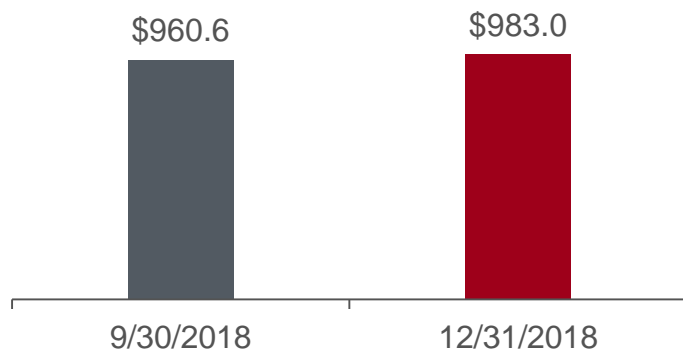
- Higher sales
- Addition of Compass Engineering
- Offset by higher R&D costs

* See supplemental slide for Adjusted EBITDA reconciliation and other important disclosures regarding Matthews' use of Non-GAAP measures

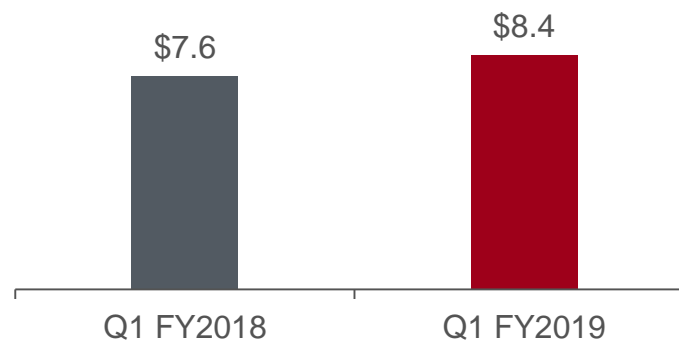
Capitalization and Cash Flows

(\$ in millions)

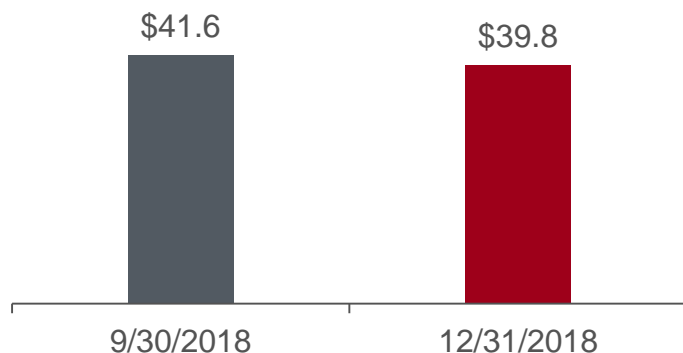
Debt



Operating Cash Flow



Cash



- Debt increased by \$22.4 million during Q1 FY2019 primarily to fund Frost acquisition and other investments; Q1 is typically a slower cash flow quarter
- Generated higher operating cash flow
- CapEx on track for ~ \$45 million in FY2019⁽¹⁾
- Purchased 186k shares for \$7.8 million in Q1 FY2019
- Quarterly dividend of \$0.20/share, payable 2/18/19

(1) Estimated as of February 1, 2019

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Business Overview

Business Progress & Market Climate

SGK Brand Solutions

- Several new account wins; but volume ramp has been slow, especially in U.S.
- A large U.S.-based client transitioned work internally
- Equator continuing to add business globally
- IDL responding well to demand for quick turnaround and high value/design projects
- Undergoing integration of Frost acquisition (Nov 18)
- Realizing benefits from cost savings initiatives

Memorialization

- Star Granite acquisition (Feb 2018) performing well, completed integration
- Timing delay for U.K. cremation equipment installation
- Aurora integration nearing completion
- Ongoing commodity and freight cost pressures
- Expanded cremation equipment service reach on west coast
- Divested 51% of pet cremation business

Industrial Technologies

- Significant progress on turnkey warehouse automation project, resumed after holidays
- New potential projects under discussion with major global customers
- Demand for product identification slowed
- Beta test of new product yielded good feedback; still expect launch in early 2019
- Strong backlogs in warehouse automation give confidence

Maintaining Outlook for Fiscal 2019*

Observations

- Timing of several projects impacted first quarter, expect completion in remainder of FY2019
- Order rates for warehouse automation (Industrial Technologies) and engineered solutions (SGK Brand Solutions) remain solid
- Expect recent new brand account wins and Frost acquisition will contribute favorably
- Commodity and freight cost increases present ongoing headwinds
- Product identification (Industrial Technologies) experiencing slowing growth rates
- FY2019 effective income tax rate is higher than FY2018 since tax benefits discrete to last year will not repeat

FY2019 Guidance

- Adjusted EBITDA expected to grow mid-to-high single digit rate over FY2018
- Non-GAAP EPS expected to grow mid-single digit rate over FY2018
- Expecting growth in operating cash flow
- Priority for excess cash continues to be debt reduction

* As of February 1, 2019

Save-the-Date!

MATW Investor & Analyst Day
June 19, 2019
New York City

Time and Location to Follow

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Supplemental Information

Reconciliations of Non-GAAP Financial Measures

Included in this report are measures of financial performance that are not defined by generally accepted accounting principles in the United States (“GAAP”). The Company uses non-GAAP financial measures to assist in comparing its performance on a consistent basis for purposes of business decision-making by removing the impact of certain items that management believes do not directly reflect the Company’s core operations including acquisition costs, ERP integration costs, strategic initiative and other charges (which includes non-recurring charges related to operational initiatives and exit activities), stock-based compensation and the non-service portion of pension and postretirement expense. Management believes that presenting non-GAAP financial measures is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items that management believes do not directly reflect the Company’s core operations, (ii) permits investors to view performance using the same tools that management uses to budget, forecast, make operating and strategic decisions, and evaluate historical performance, and (iii) otherwise provides supplemental information that may be useful to investors in evaluating the Company’s results. The Company believes that the presentation of these non-GAAP financial measures, when considered together with the corresponding GAAP financial measures and the reconciliations to those measures, provided herein, provides investors with an additional understanding of the factors and trends affecting the Company’s business that could not be obtained absent these disclosures.

Adjusted Earnings Per Share

Non-GAAP Reconciliation

ADJUSTED NET INCOME AND EPS RECONCILIATION (Unaudited) (In thousands, except per share data)

	Three Months Ended December 31,	
	2018	2017
Net income attributable to Matthews	\$ 3,097	\$ 35,180
Acquisition costs	1,504	1,429
ERP integration costs	1,611	1,550
Strategic initiatives and other charges	-	479
Loss on divestiture	3,304	-
Non-service pension and postretirement expense ⁽¹⁾	689	1,055
Intangible amortization expense	6,004	4,944
Tax-related ⁽²⁾	(300)	(24,356)
Adjusted net income	\$ 15,909	\$ 20,281
Adjusted EPS	\$ 0.50	\$ 0.64

Note: Adjustments to net income for non-GAAP reconciling items were calculated using an income tax rate of 26.0% for the three months ended December 31, 2018 and 2017, respectively.

(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.

(2) The tax-related adjustments in fiscal 2018 consisted of income tax regulation changes which included an estimated favorable tax benefit of approximately \$37,800 for the reduction in the Company's net deferred tax liability principally reflecting the lower U.S. Federal tax rate, offset partially by an estimated repatriation transition tax charge and other charges of approximately \$13,500, for the three month period ended December 31, 2017.

* See Disclaimer (page 2) for Management's assessment of supplemental information related to adjusted net income and adjusted EPS.

Adjusted EBITDA

Non-GAAP Reconciliation

ADJUSTED EBITDA RECONCILIATION (Unaudited) (In thousands)

	Three Months Ended December 31,	
	2018	2017
Net income	\$ 2,984	\$ 35,158
Income tax provision (benefit)	605	(25,227)
Income before income taxes	3,589	9,931
Net loss attributable to noncontrolling interests	113	22
Interest expense	10,301	7,801
Depreciation and amortization *	19,226	17,238
Acquisition costs ^{(1)**}	2,032	1,931
ERP integration costs ^{(2)**}	2,177	2,027
Strategic initiatives and other charges ^{(3)**}	-	647
Loss on divestiture ⁽⁴⁾	4,465	-
Stock-based compensation	3,647	5,474
Non-service pension and postretirement expense ⁽⁵⁾	931	1,425
Total Adjusted EBITDA	\$ 46,481	\$ 46,496
<i>Adjusted EBITDA margin</i>	<i>12.4%</i>	<i>12.6%</i>

(1) Includes certain non-recurring costs associated with recent acquisition activities.

(2) Represents costs associated with global ERP system integration efforts.

(3) Includes certain non-recurring costs associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.

(4) Represents a loss on the sale of a controlling interest in a Memorialization business.

(5) Non-service pension and postretirement expense includes interest cost, expected return on plan assets and amortization of actuarial gains and losses. These benefit cost components are excluded from adjusted EBITDA since they are primarily influenced by external market conditions that impact investment returns and interest (discount) rates. The service cost and prior service cost components of pension and postretirement expense are included in the calculation of adjusted EBITDA, since they are considered to be a better reflection of the ongoing service-related costs of providing these benefits. 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.

* Depreciation and amortization was \$11,442 and \$11,005 for the SGK Brand Solutions segment, \$5,019 and \$4,142 for the Memorialization segment, \$1,526 and \$1,126 for the Industrial Solutions segment, and \$1,239 and \$965 for Corporate and Non-Operating, for the three months ended December 31, 2018 and 2017, respectively.

** Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$601 and \$1,650 for the SGK Brand Solutions segment, \$4,465 and \$288 for the Memorialization segment, and \$3,608 and \$2,577 for Corporate and Non-Operating, for the three months ended December 31, 2018 and 2017, respectively. Acquisition costs, ERP integration costs, and strategic initiatives and other charges were \$90 for the Industrial Solutions segment for the three months ended December 31, 2017.

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