Fourth Quarter Fiscal 2018 Earnings Teleconference

November 16, 2018

Matthews INTERNATIONAL®

Joseph C. Bartolacci
President and Chief Executive Officer

Steven F. Nicola
Chief Financial Officer

Disclaimer

- Any forward-looking statements with respect to Matthews International Corporation (the "Company") in connection with this presentation are being made 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 from those presented herein are set forth in the Company's Annual Report on Form 10-K and other periodic filings with the Securities and Exchange Commission ("SEC").
- The Company periodically provides information derived from 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 SEC rules. The Company believes that this information provides management and investors with a useful measure of the Company's financial performance 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.
- 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-related items, system-integration costs, adjustments related to intangible assets, litigation items, and strategic initiative and other charges, which includes non-recurring charges related to operational initiatives and exit activities. 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, (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.
- Similarly, the Company believes that EBITDA, adjusted EBITDA, and adjusted EBITDA margin provide 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 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 system-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 performance as well as strategic planning and forecasting.
- The Company has also presented adjusted earnings per share and believes it 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 earnings per share provides the Company with an understanding of the results from the primary operations of our business by excluding the per share effects of certain acquisition and system-integration costs, and items that do not reflect the ordinary earnings of our operations. This measure provides management with insight into the earning value for shareholders excluding certain costs, not related to the Company's primary operations. Likewise, this measure 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.
- Lastly, the Company has presented adjusted net income and believes it provides relevant and useful information, which is widely used by analysts and investors, as well as by the Company's management in assessing financial performance. Adjusted net income provides the Company with an understanding of the results from the primary operations of its business by excluding the effects of certain acquisition and system-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 the underlying performance of the business.

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Financial Overview

Q4 FY2018 Highlights

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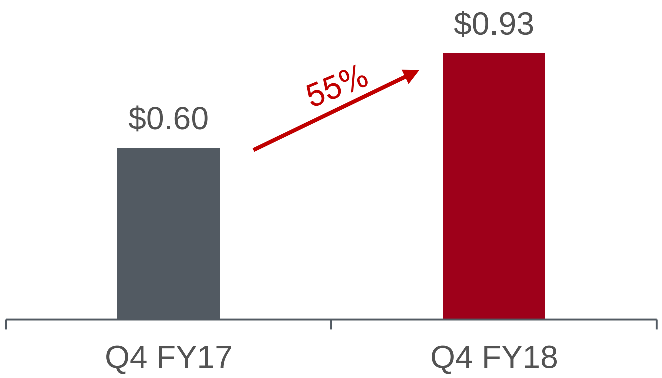
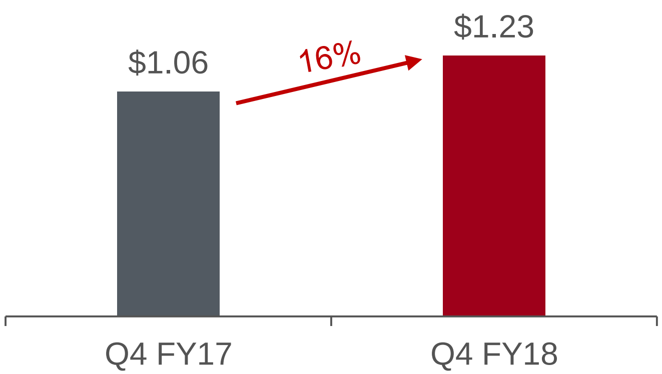
EPS - Diluted



Adjusted EPS*



- Drivers of Q4 FY2018 GAAP EPS growth

  Improvements
  - Higher sales
  - Acquisitions & synergies
  - Cost reduction initiatives; lower SG&A

  Partial offsets
  - Higher commodity costs
  - Higher intangible amortization expense
  - Higher interest expense

- Drivers of Q4 FY2018 Adjusted EPS growth
  - Above factors that impacted GAAP EPS, except amortization expense is excluded from non-GAAP EPS
  - Lower unusual items (acquisition-related items, strategic initiatives & other charges)

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

Full Year Highlights

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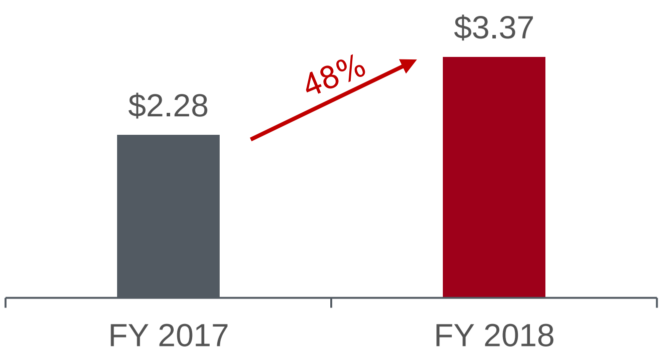
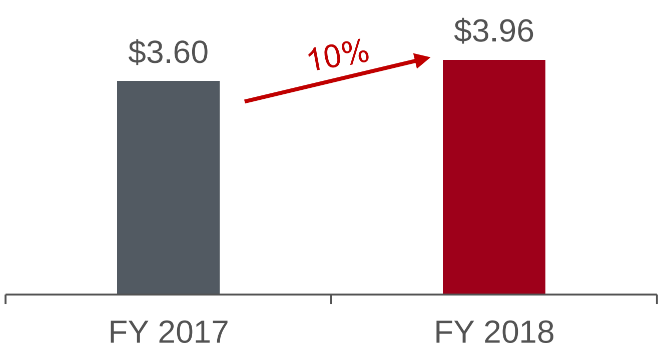
EPS - Diluted



Adjusted EPS*



- Drivers of FY2018 GAAP EPS growth

  Improvements
  - Higher sales
  - Acquisitions & synergies
  - Cost reduction initiatives; lower SG&A
  - Tax regulation implementation

  Partial offsets
  - Higher commodity costs
  - Higher intangible amortization expense
  - Higher interest expense
  - FY2017 included nonrecurring loss recoveries

- Drivers of FY2018 Adjusted EPS growth
  - Above factors that impacted GAAP EPS, except amortization expense and tax regulation implementation are excluded from non-GAAP EPS
  - Lower unusual items (acquisition-related items, strategic initiatives & other charges)

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

Q4 FY2018 Consolidated Results

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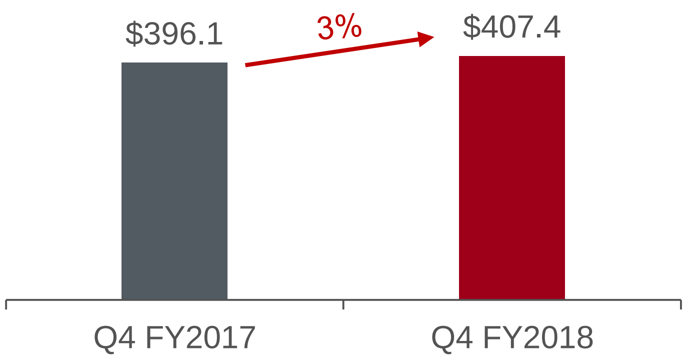
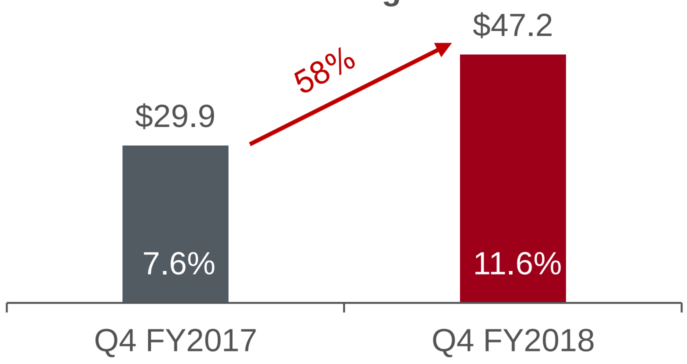
($ in millions)

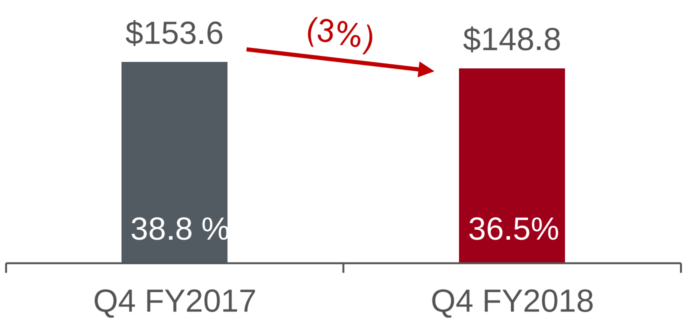
Sales



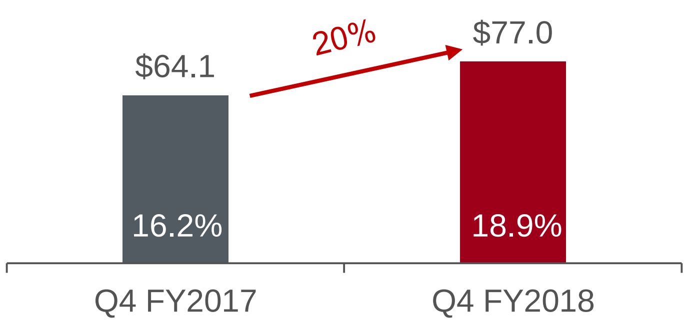
GAAP Operating Profit
and Margin



GAAP Gross Profit
and Margin



Adjusted EBITDA*
and Margin



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

Full Year Consolidated Results

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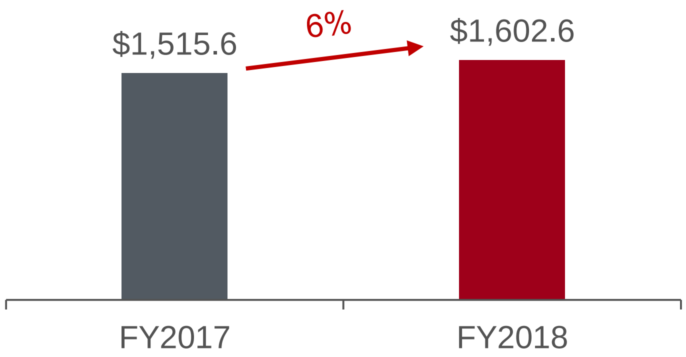
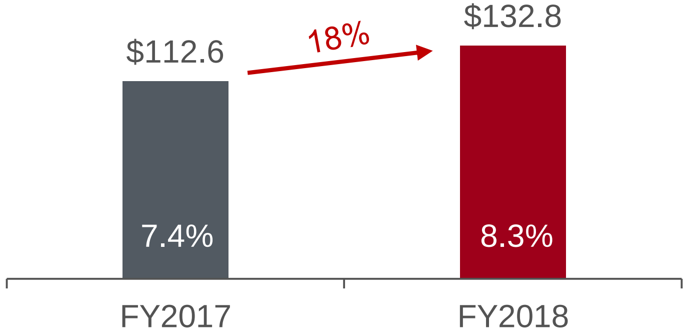
($ in millions)

Sales



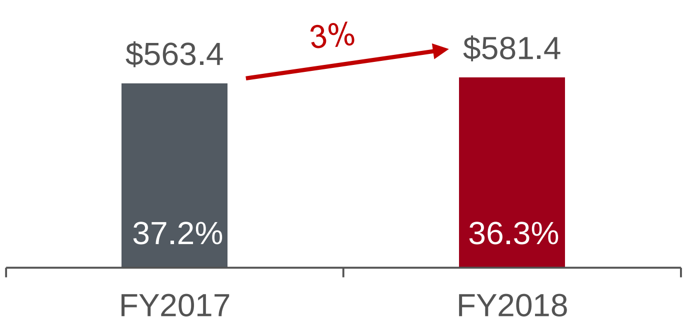
GAAP Operating Profit

and Margin



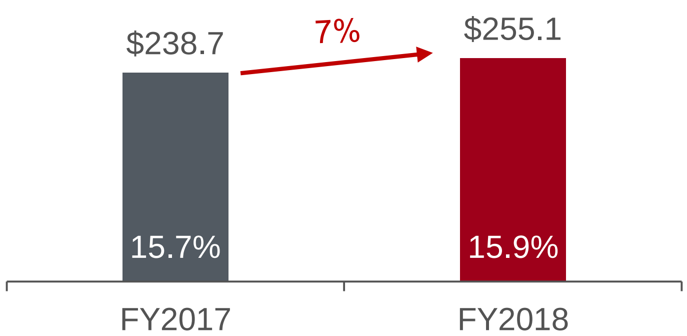
GAAP Gross Profit

and Margin



Adjusted EBITDA*

and Margin



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

Q4 FY18 SGK Brand Solutions Results

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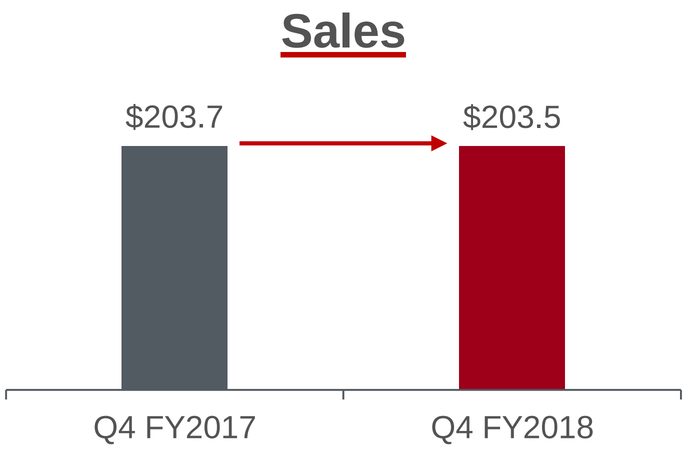
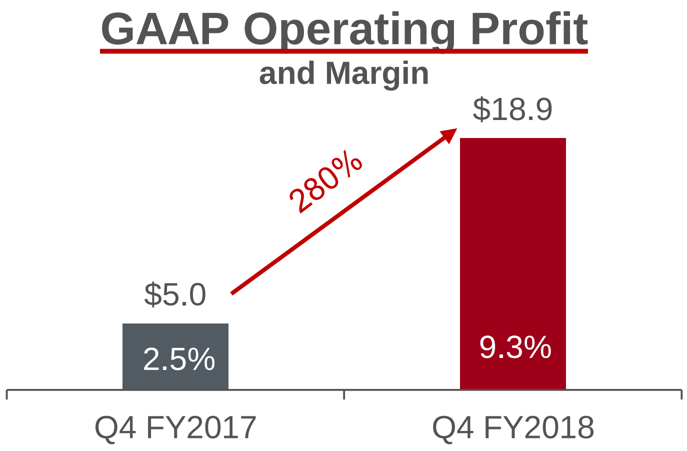
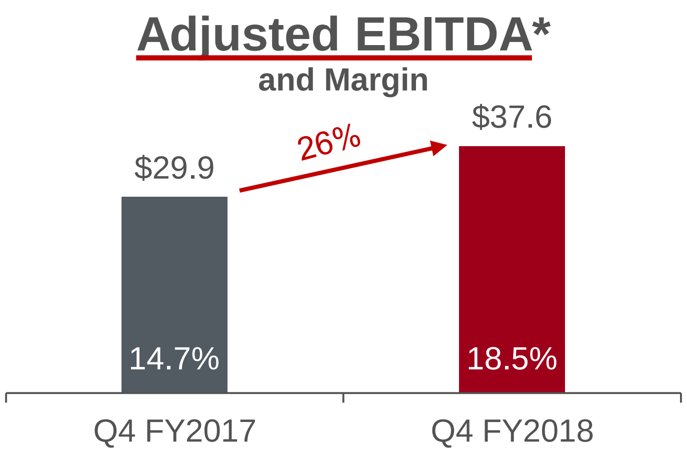
($ in millions)







- Higher sales in Europe (surfaces & engineering), UK, Asia, acquisitions; Fx was $2.6 million unfavorable
- GAAP operating profit includes $4.7 million and $5.2 million of amortization expense in Q4 FY2017 and Q4 FY2018
- Lower unusual charges by $6.7 million favorably impacted GAAP operating profit in Q4 FY2018
- Adjusted EBITDA benefited from higher sales, cost reduction initiatives, lower performance-related compensation

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

Full Year SGK Brand Solutions Results

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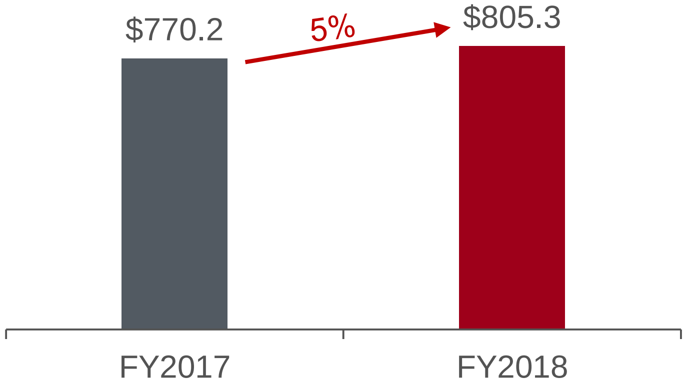
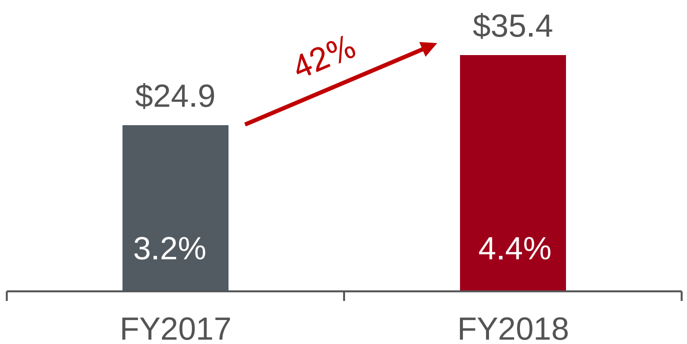
($ in millions)

Sales



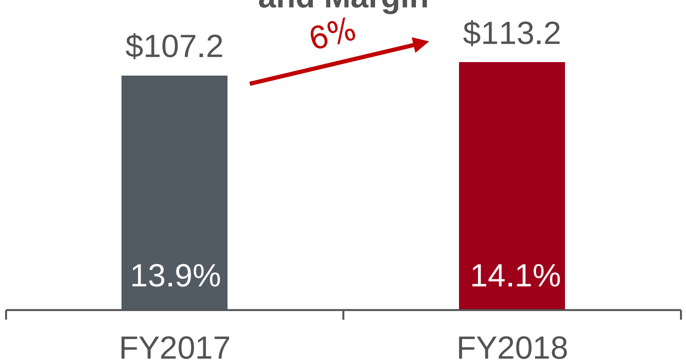
GAAP Operating Profit

and Margin



Adjusted EBITDA*

and Margin



- Higher sales in Europe (surfaces & engineering), UK, Asia, acquisitions; Fx was $22.8 million favorable; LY included $18 million nonrecurring merchandising project
- GAAP operating profit includes $17.3 million and $20.6 million of amortization expense in FY2017 and FY2018
- Lower unusual charges by $8.8 million favorably impacted GAAP operating profit in FY2018
- Adjusted EBITDA benefited from higher sales, cost reduction initiatives, lower performance-related compensation

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

Q4 FY18 Memorialization Results

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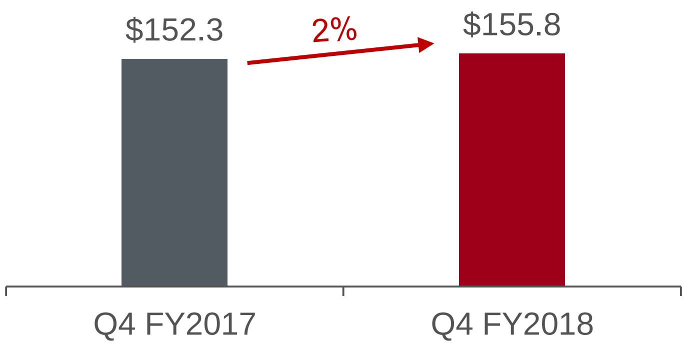
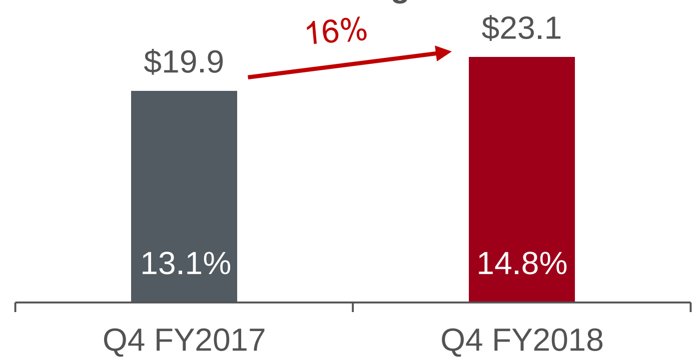
($ in millions)

Sales



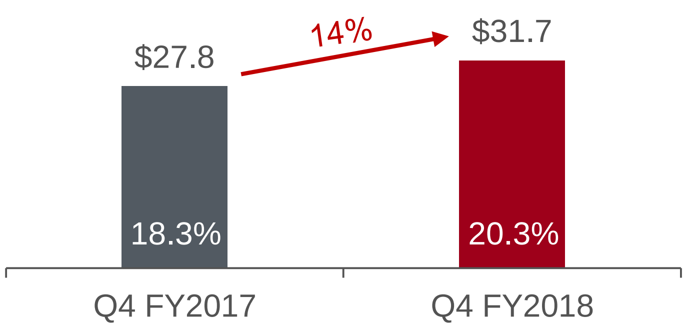
GAAP Operating Profit

and Margin



Adjusted EBITDA*

and Margin

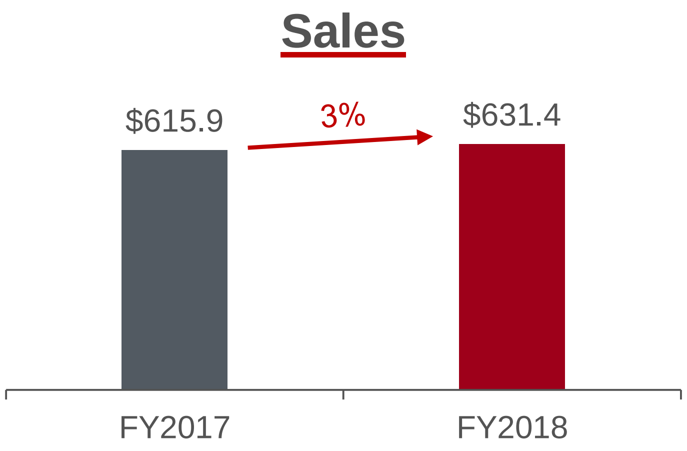


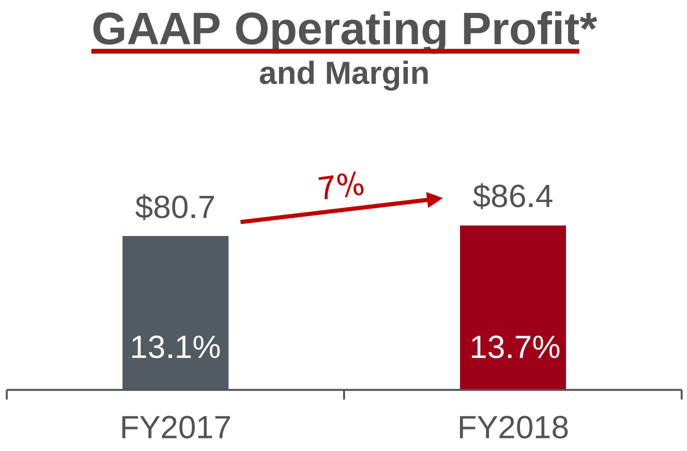
- Higher sales from acquisitions and bronze market share gains partially offset by lower casket sales, memorials and pre-need; Fx was $0.3 million unfavorable
- GAAP operating profit includes $1.3 million and $2.1 million of amortization expense in Q4 FY2017 and Q4 FY2018
- Adjusted EBITDA benefited from acquisition synergies and higher sales; partially offset by higher steel costs

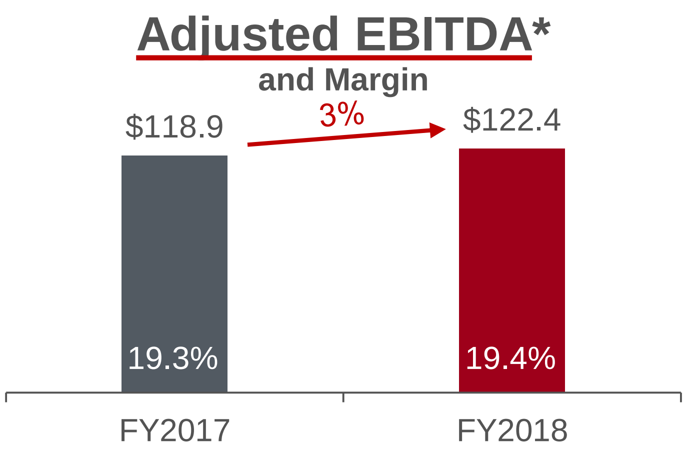
** See supplemental slide for Adjusted EBITDA reconciliation and other important disclosures regarding Matthews' use of Non-GAAP measures*

Full Year Memorialization Results

($ in millions)







- Higher sales from cremation equipment, acquisitions and bronze market share gains partially offset by lower casket sales, memorials and pre-need; Fx was $2.8 million favorable
- GAAP operating profit includes $4.8 million and $7.3 million of amortization expense in FY2017 and FY2018
- Adjusted EBITDA benefited from acquisition synergies and higher sales; partially offset by higher steel costs

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

Q4 FY18 Industrial Technologies Results

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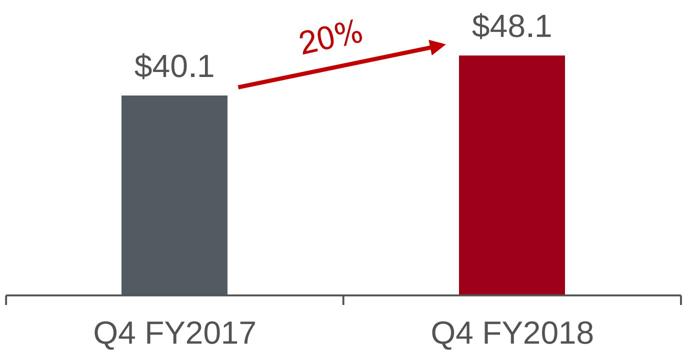
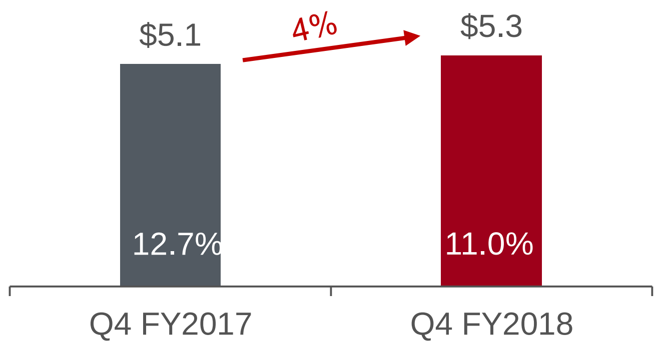
($ in millions)

Sales



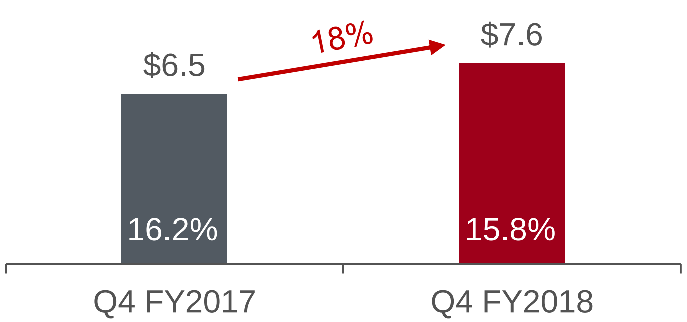
GAAP Operating Profit

and Margin



Adjusted EBITDA*

and Margin



- Higher sales from fulfillment systems, marking products, OEM solutions, Compass Engineering acquisition; Fx was $0.5 million unfavorable
- GAAP operating profit includes $0.4 million and $1.0 million of amortization expense in Q4 FY2017 and Q4 FY2018
- Adjusted EBITDA benefited from higher sales; each period includes $1.8 million of new product development project costs

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

Full Year Industrial Technologies Results

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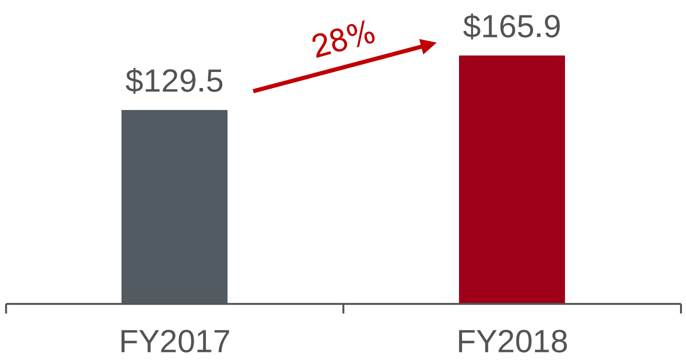
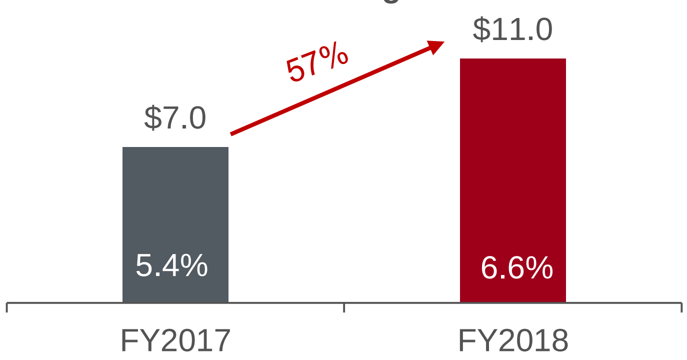
($ in millions)

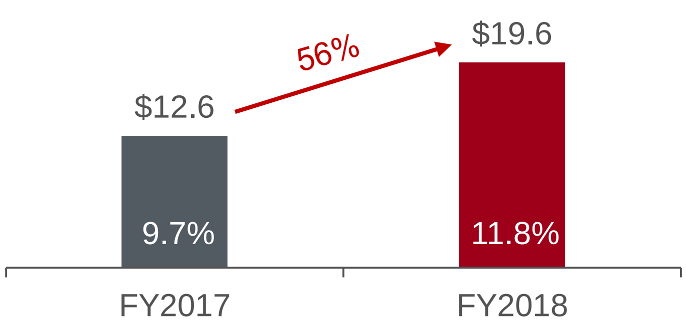
Sales



GAAP Operating Profit
and Margin



Adjusted EBITDA*
and Margin



- Higher sales from fulfillment systems, marking products, OEM solutions, acquisitions; Fx was $1.2 million favorable
- GAAP operating profit includes $1.3 million and $3.6 million of amortization expense in FY2017 and FY2018
- Adjusted EBITDA benefited from higher sales; partially offset by higher new product development project costs ($6.9 million in FY2017 vs. $8.0 million in FY2018)

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Capitalization and Cash Flows

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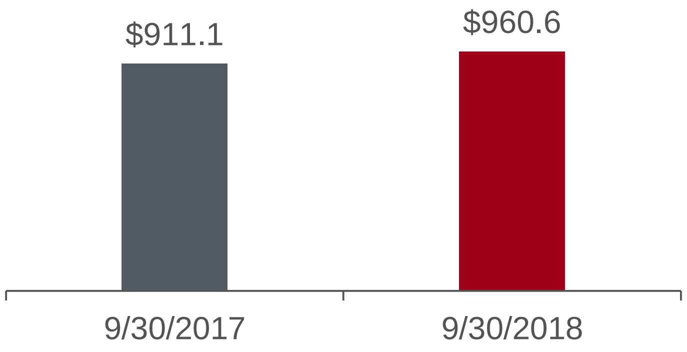
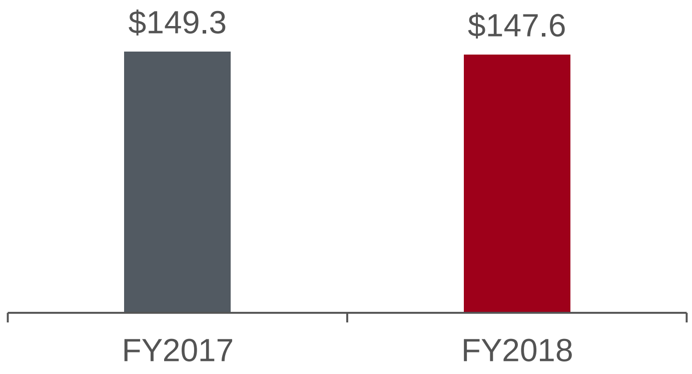
($ in millions)

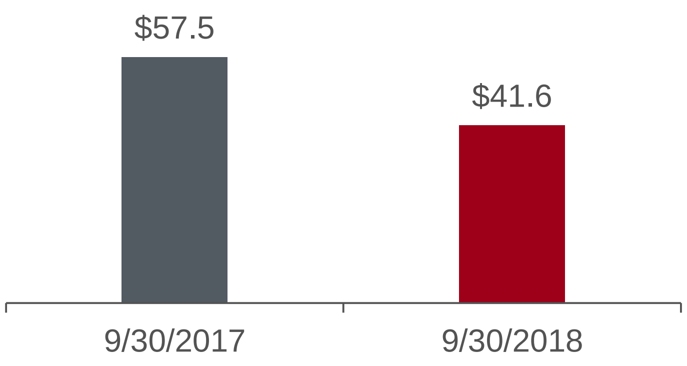
Debt



Operating Cash Flow



Cash



- Debt reduction of $65.8 million during Q4 FY2018, significantly reducing leverage ratio
- Generated strong operating cash flow; record level in FY2017 included ~ $10 million from nonrecurring loss recoveries
- Q4 FY2018 purchased 22k shares for $1.1 million; FY2018 purchased 394k shares for $21.2 million
- Quarterly dividend increased to $0.20/share, represents 5.3% increase; payable 12/10/18; 24th consecutive annual dividend increase

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Business Overview

Business Highlights & Market Climate

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SGK Brand Solutions

- Equator showing signs of recent wins; private label and retail focused
- Europe seeing positive momentum
- Several new account wins; but volume ramp has been slow
- Several global clients pressuring segment performance
- Currency climate
- Realizing benefits from cost savings initiatives

Memorialization

- Acquisitions mitigated impact of declines in US casketed deaths
- Gaining market share in bronze cemetery products
- Price realization
- Aurora synergies continue to increase
- Realizing planned synergies from Star Granite & Bronze acquisition
- Commodity cost pressures continue
- Strong cost controls

Industrial Technologies

- Fulfillment products group increasing market penetration
- Released new products by product identification group, gaining traction
- Compass Engineering acquisition contributing to segment performance
- New product in beta test phase; launch still expected early 2019
- Expanding opportunities with new customer for turnkey warehouse solutions
- Large, global logistics client releasing new projects

Acquisitions Integration Update

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SGK Brand Solutions

- Frost Converting Systems (November 2018)
- Equator (March 2017)
- Ungricht (January 2017)
- VCG (January 2017)

Memorialization

- Star Granite & Bronze (February 2018)
- Aurora (August 2015)

Industrial Technologies

- Compass Engineering (November 2017)
- RAF Technology (February 2017)

Outlook for Fiscal 2019*

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Observations

- Order rates for fulfillment systems (Industrial Technologies) and engineered solutions (SGK Brand Solutions) remain solid
- Recent new brand account wins and Frost acquisition will contribute favorably
- Commodity cost increases (primarily steel) present ongoing headwinds
- Effective income tax rate will increase since tax benefits discrete to FY2018 will not repeat next year

Guidance

- Adjusted EBITDA will grow mid-to-high single digit rate over FY2018
- Non-GAAP EPS will grow mid-single digit rate over FY2018; pre-tax to contribute high-single digit EPS growth, partially offset by higher tax rate
- Excess cash will be applied to reduce debt

** As of November 15, 2018*

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Supplemental Information

Reconciliations of Non-GAAP Financial Measures

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-related items, adjustments related to intangible assets, litigation items, and strategic initiative and other charges, which includes non-recurring charges related to operational initiatives and exit activities. Management believes that presenting non-GAAP financial measures (such as EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted EPS) is useful to investors because it (i) provides investors with meaningful supplemental information regarding financial performance by excluding certain items, (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. 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.

Adjusted Earnings Per Share

Non-GAAP Reconciliation

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($ in thousands, except per share data)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Fiscal Year Ended September 30, 2018	Fiscal Year Ended September 30, 2017
Net income attributable to Matthews	**$ 29,595**	**$ 19,641**	**$ 107,371**	**$ 74,368**
Acquisition-related items (1)	3,104	4,925	16,168	20,615
Pension and postretirement expense (2)	1,071	1,567	4,235	6,141
Intangible amortization expense	6,141	4,546	23,356	16,319
Strategic initiatives and other charges	(1,012)	4,440	1,106	6,722
Loss recoveries, net of costs	-	(974)	-	(7,478)
Tax-related (3)	771	200	(25,967)	485
Adjusted net income	**$ 39,670**	**$ 34,345**	**$ 126,269**	**$ 117,172**
Adjusted EPS	**$ 1.23**	**$ 1.06**	**$ 3.96**	**$ 3.60**

Note: Adjustments to net income for non-GAAP reconciling items were calculated using an income tax rate of 26.0% and 20.1%, for the three months ended September 30, 2018 and 2017, respectively, and 26.0% and 30.0% for the fiscal year ended September 30, 2018 and 2017, respectively.

(1) Acquisition-related items included acquisition costs and ERP integration costs, net of tax, for each period presented, as follows:

	Three Months Ended September 30, 2018	*Three Months Ended September 30, 2017*	*Fiscal Year Ended September 30, 2018*	*Fiscal Year Ended September 30, 2017*
Acquisition costs	*1,191*	*3,093*	*8,128*	*13,828*
ERP integration costs	*1,913*	*1,832*	*8,040*	*6,787*
Total Acquisition-related items	*3,104*	*4,925*	*16,168*	*20,615*

(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.

(3) 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 $11,800, for the fiscal year ended September 30, 2018.

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

EBITDA and Adjusted EBITDA

Non-GAAP Reconciliation

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($ in thousands, except percentage amounts)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Fiscal Year Ended September 30, 2018	Fiscal Year Ended September 30, 2017
Net income attributable to Matthews	**$ 29,595**	**$ 19,641**	**$ 107,371**	**$ 74,368**
Interest expense	10,645	6,621	37,427	26,371
Income taxes (1)	9,585	5,036	(9,118)	22,354
Depreciation and amortization	19,922	17,171	76,974	67,981
EBITDA	**$ 69,747**	**$ 48,469**	**$ 212,654**	**$ 191,074**
Acquisition-related items (2)	4,195	6,135	21,782	25,748
Strategic initiatives and other charges	(1,367)	5,925	1,495	9,209
Loss recoveries, net of costs	-	(1,325)	-	(10,683)
Stock-based compensation	2,929	2,708	13,460	14,562
Pension and postretirement expense (3)	1,447	2,191	5,723	8,773
Adjusted EBITDA	**$ 76,951**	**$ 64,103**	**$ 255,114**	**$ 238,683**
Adjusted EBITDA margin	*18.9%*	*16.2%*	*15.9%*	*15.7%*

(1) The income tax regulation changes identified in the adjusted net income/earnings per share reconciliation are included in this line and therefore not separately identified in the calculation of adjusted EBITDA.

(2) Acquisition-related items included acquisition costs and ERP integration costs for each period presented, as follows:

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Fiscal Year Ended September 30, 2018	Fiscal Year Ended September 30, 2017
Acquisition costs	*1,609*	*3,577*	*10,918*	*17,722*
ERP integration costs	*2,586*	*2,558*	*10,864*	*8,026*
Total Acquisition-related items	*4,195*	*6,135*	*21,782*	*25,748*

(3) 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.

** See Disclaimer (page 2) for Management's assessment of supplemental information related to EBITDA, adjusted EBITDA, and adjusted EBITDA margin.*

Adjusted EBITDA by Segment

Non-GAAP Reconciliation

Matthews INTERNATIONAL®

($ in thousands)

	Three Months Ended September 30,		Year Ended September 30,	
	2018	2017	2018	2017
SGK Brand Solutions				
Operating profit	**$ 18,893**	**$ 4,978**	**$ 35,443**	**$ 24,919**
Depreciation and amortization (1)	12,484	11,513	48,970	43,508
Other (2)	1,209	637	1,323	4,877
EBITDA	**32,586**	**17,128**	**85,736**	**73,304**
Acquisition-related items (1)	4,071	5,407	18,879	19,541
Strategic initiatives and other charges (3)	(984)	5,749	17	8,620
Loss recoveries, net of costs	—	(617)	—	(4,968)
Stock-based compensation	1,274	1,194	5,892	6,639
Pension and postretirement expense (4)	674	1,020	2,662	4,080
Adjusted EBITDA	**$ 37,621**	**$ 29,881**	**$ 113,186**	**$ 107,216**
Memorialization				
Operating profit	**$ 23,076**	**$ 19,893**	**$ 86,370**	**$ 80,652**
Depreciation and amortization (1)	5,733	4,781	21,961	21,408
Other (2)	1,236	652	1,352	4,983
EBITDA	**30,045**	**25,326**	**109,683**	**107,043**
Acquisition-related items (1)	44	712	2,630	5,851
Strategic initiatives and other charges (3)	(505)	—	769	—
Loss recoveries, net of costs	—	(629)	—	(5,074)
Stock-based compensation	1,426	1,305	6,553	6,893
Pension and postretirement expense (4)	687	1,041	2,718	4,167
Adjusted EBITDA	**$ 31,697**	**$ 27,755**	**$ 122,353**	**$ 118,880**
Industrial Technologies				
Operating profit	**$ 5,255**	**$ 5,055**	**$ 11,021**	**$ 7,032**
Depreciation and amortization (1)	1,705	877	6,043	3,065
Other (2)	156	83	171	630
EBITDA	**7,116**	**6,015**	**17,235**	**10,727**
Acquisition-related items (1)	80	16	273	356
Strategic initiatives and other charges (3)	122	176	709	589
Loss recoveries, net of costs	—	(79)	—	(641)
Stock-based compensation	229	209	1,015	1,030
Pension and postretirement expense (4)	86	130	343	526
Adjusted EBITDA	**$ 7,633**	**$ 6,467**	**$ 19,575**	**$ 12,587**
Consolidated				
Operating profit	**$ 47,224**	**$ 29,926**	**$ 132,834**	**$ 112,603**
Depreciation and amortization (1)	19,922	17,171	76,974	67,981
Other (2)	2,601	1,372	2,846	10,490
EBITDA	**69,747**	**48,469**	**212,654**	**191,074**
Acquisition-related items (1)	4,195	6,135	21,782	25,748
Strategic initiatives and other charges (3)	(1367)	5,925	1,495	9,209
Loss recoveries, net of costs	—	(1,325)	—	(10,683)
Stock-based compensation	2,929	2,708	13,460	14,562
Pension and postretirement expense (4)	1,447	2,191	5,723	8,773
Adjusted EBITDA	**$ 76,951**	**$ 64,103**	**$ 255,114**	**$ 238,683**

Note: See Disclaimer (Page 2) for Management's assessment of supplemental information related to EBITDA and adjusted EBITDA.

(1) One-time depreciation and amortization charges related to recent acquisitions are included in Depreciation and amortization.

(2) Other represents Investment (loss) income, Other income (deductions), net, and Net loss (income) attributable to noncontrolling interests

(3) One-time non-operating related charges are included in the calculation of Adjusted EBITDA.

(4) 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.

Fourth Quarter Fiscal 2018
Earnings Teleconference
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