



We Are One.

みんなが一つに

Siamo una cosa sola.

हम सब एक हैं।

Wij zijn één.

Todos somos UNO.

Vi är en.

and eins.

Matthews

I N T E R N A T I O N A L

Nous sommes Un.

Tek Vüçü Olduk.

我們團結一體

A Tradition of Quality Since 1850

FIRST QUARTER REPORT For the Period Ended **December 31, 2014**

Matthews International Corporation reported net income attributable to the Company for the first quarter of fiscal 2015 of \$15.0 million, or \$0.45 per share, compared to \$7.9 million, or \$0.29 per share, last year. On a non-GAAP adjusted basis, earnings for fiscal 2015 were \$0.55 per share, compared to \$0.41 per share a year ago. The increase in earnings per share primarily reflected the impact of the acquisition of Schawk, Inc. ("SGK") and sales growth in the Company's SGK Brand Solutions and Industrial segments. In addition, current period earnings included costs in connection with the integration of the SGK acquisition, costs in connection with the Company's strategic initiatives, an increase in intangible amortization expense as a result of the SGK acquisition and a net gain on the settlement of a litigation matter in the Memorialization segment. 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 SGK, 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 December 31, 2014 were \$343.6 million, compared to \$229.9 million a year ago, representing an increase of 49.4%. Sales for the SGK Brand Solutions segment

were \$200.8 million for the current quarter, compared to \$91.1 million for the same period a year ago, primarily resulting from incremental sales from the acquisition of SGK and organic growth in all of its principal markets, particularly Europe. Memorialization segment sales for the fiscal 2015 first quarter were \$116.2 million, compared to \$117.4 million for the same quarter a year ago, reflecting higher sales of memorial products, caskets and cremation equipment. These increases were offset by a decline in mausoleum sales for the current quarter. The Industrial segment reported sales of \$26.5 million for the quarter ended December 31, 2014, compared to \$21.5 million for the same quarter last year, primarily resulting from higher sales of warehouse control systems and increased unit volume of marking products and related inks.

We are pleased with our results for the fiscal 2015 first quarter and we are off to a good start for the fiscal year. The SGK integration is progressing very well and, as our integration teams continue with their work, we are on track towards the cost synergy range that we identified in due diligence. We were able to repay another \$10.0 million on our domestic revolving credit facility and repurchased approximately 174,000 shares (\$8.0 million) of our stock.

Joseph C. Bartolacci

President and Chief Executive Officer

January 30, 2015

Consolidated Statements of Income (Unaudited)

Amounts in thousands, except per share data

Three Months Ended December 31,

	2014	2013
Sales	\$ 343,584	\$229,945
Cost of sales	(218,914)	(148,569)
Gross profit	124,670	81,376
Selling and administrative expenses	(99,085)	(66,697)
Operating profit	25,585	14,679
Investment income	271	874
Interest expense	(5,333)	(2,901)
Other income (deductions), net	(435)	(665)
Income before income taxes	20,088	11,987
Income taxes	(5,252)	(4,081)
Net income	14,836	7,906
Net (income) loss attributable to noncontrolling interests	115	8
Net income attributable to Matthews shareholders	\$ 14,951	\$ 7,914
Earnings per share attributable to Matthews shareholders:		
Basic	\$.45	\$.29
Diluted	\$.45	\$.29
Dividends per share	\$.13	\$.11
Weighted-average number of common shares outstanding:		
Basic	32,919	27,125
Diluted	33,093	27,352

Condensed Consolidated Balance Sheets

Dollar amounts in thousands

December 31, 2014¹

September 30, 2014

ASSETS

Current assets:

Cash and cash equivalents	\$ 69,484	\$ 75,604
Accounts receivable, net	267,571	282,730
Inventories	154,501	152,842
Other current assets	54,710	62,739

Total current assets	546,266	573,915
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Investments	27,088	23,130
Property, plant and equipment, net	205,889	209,315
Deferred income taxes and other assets	24,182	24,046
Goodwill and other intangible assets, net	1,168,047	1,201,329

Total assets	\$1,971,472	\$2,031,735
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LIABILITIES

Current liabilities:

Long-term debt, current maturities	\$ 14,671	\$ 15,228
Accounts payable	53,008	72,040
Accrued compensation	49,064	60,690
Accrued income taxes	3,056	7,314
Other current liabilities	101,653	98,011

Total current liabilities	221,452	253,283
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Long-term debt	705,481	714,027
Accrued pension	78,956	78,550
Postretirement benefits	20,421	20,351
Deferred income taxes	124,035	129,335
Other liabilities	55,780	53,296

Total liabilities	1,206,125	1,248,842
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SHAREHOLDERS' EQUITY

Shareholders' equity – Matthews:

Common stock	36,334	36,334
Additional paid-in capital	110,787	113,225
Retained earnings	816,689	806,040
Accumulated other comprehensive loss	(92,985)	(66,817)
Treasury stock, at cost	(109,414)	(109,950)

Total shareholders' equity – Matthews	761,411	778,832
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Noncontrolling interests	3,936	4,061
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Total shareholders' equity	765,347	782,893
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Total liabilities and shareholders' equity	\$1,971,472	\$2,031,735
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¹Unaudited.