

November 16, 2015



Matthews International Reports Earnings for Fiscal Year 2015

- **COMPANY EXCEEDS EARNINGS TARGET FOR FISCAL 2015**
- **GAAP EARNINGS OF \$1.91 PER SHARE, COMPARED TO \$1.49 PER SHARE LAST YEAR**
- **ADJUSTED EARNINGS OF \$3.03 PER SHARE; ADJUSTED EBITDA OF \$216.0 MILLION**
- **REVENUES OF \$1.4 BILLION; AN INCREASE OF 28.9% FROM A YEAR AGO**
- **INTEGRATIONS OF SCHAWK, INC. AND AURORA CASKET COMPANY ON TRACK**

PITTSBURGH, Nov. 16, 2015 (GLOBE NEWSWIRE) -- Matthews International Corporation (NASDAQ:MATW) today announced financial results for the quarter and fiscal year ended September 30, 2015.

Net income attributable to the Company for the quarter ended September 30, 2015 was \$17.0 million, or \$0.51 per share, compared to \$4.8 million, \$0.15 per share a year ago. On a non-GAAP adjusted basis, earnings for the fiscal 2015 fourth quarter were \$0.93 per share, compared to \$0.82 per share a year ago (a reconciliation of non-GAAP financial information is provided in the table below). The Company's consolidated sales for the quarter ended September 30, 2015 were \$368.3 million, compared to \$349.8 million a year ago.

The increase in consolidated sales for the current quarter compared to a year ago resulted primarily from the acquisitions of Schawk, Inc. ("SGK") and Aurora Casket Company ("Aurora"), which were completed in July 2014 and August 2015, respectively, and sales growth in the Company's Industrial segment. Changes in foreign currency exchange rates had an unfavorable impact of \$17.8 million on the Company's consolidated sales for the current quarter and \$0.03 per share on earnings per share compared to the same period a year ago.

Non-GAAP adjustments for the fiscal 2015 fourth quarter primarily included costs in connection with the integration of SGK and the acquisition of Aurora, including inventory step-up expense. Non-GAAP adjustments a year ago included costs in connection with the SGK acquisition, the Company's strategic initiatives and litigation in the Memorialization segment.

Net income attributable to the Company for the fiscal year ended September 30, 2015 was \$63.4 million, or \$1.91 per share, compared to \$42.6 million, or \$1.49 per share last year. On a non-GAAP adjusted basis, earnings for fiscal 2015 were \$3.03 per share, compared to

\$2.74 per share for fiscal 2014. The increase in earnings per share on a non-GAAP adjusted basis primarily reflected the impact of the recent acquisitions and sales growth in the Company's Industrial and SGK Brand Solutions segments.

The Company's consolidated sales for the fiscal year ended September 30, 2015 were \$1.4 billion, compared to \$1.1 billion for fiscal 2014, representing an increase of 28.9%. Higher sales for the current fiscal year reflected the impact of the recent acquisitions and sales growth in the Company's Industrial and SGK Brand Solutions segments. Changes in foreign currency exchange rates had an unfavorable impact of \$56.9 million on the Company's consolidated sales compared to a year ago, with an unfavorable earnings impact of approximately \$0.10 per share.

Non-GAAP adjustments for the fiscal year ended September 30, 2015 primarily reflected costs in connection with the integration of the SGK acquisition, including the write-off of certain intangible assets, costs in connection with the acquisition of Aurora, including inventory step-up expense, and a net gain on the settlement of a litigation matter in the Memorialization segment. Non-GAAP adjustments for the current year also reflected a gain on the early buyout of an installment payment obligation in connection with a previous SGK pension settlement, an increase in intangible amortization expense as a result of the recent acquisitions, and a loss in connection with a theft of funds identified during the fiscal 2015 third quarter. Non-GAAP adjustments a year ago included costs in connection with the SGK acquisition, the Company's strategic initiatives and 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. In addition, prior period financial information has been revised to reflect adjustments in connection with the theft of funds identified during the fiscal 2015 third quarter.

Sales for the SGK Brand Solutions segment were \$200.7 million for the quarter ended September 30, 2015, compared to \$191.6 million for the same quarter a year ago, representing an increase of \$9.1 million. Higher sales for this segment primarily resulted from the acquisition of SGK. This increase was partially offset by the impact of changes in foreign currency exchange rates, which had an unfavorable effect of \$14.2 million on the segment's current quarter sales compared to a year ago.

Memorialization segment sales for the fiscal 2015 fourth quarter were \$136.0 million, compared to \$127.5 million for the same quarter a year ago, representing an increase of \$8.5 million. The increase principally reflected the impact of the acquisition of Aurora, offset partially by the unfavorable impact of changes in foreign currency exchange rates. Fourth fiscal quarter sales last year also included the non-recurring benefit of a waste incineration project in Saudi Arabia.

The Industrial segment reported sales of \$31.7 million for the quarter ended September 30, 2015, compared to \$30.8 million for the same quarter last year. The increase primarily resulted from higher sales related to warehouse control systems and increased unit volume

of marking products.

In discussing the Company's results for the quarter, Joseph C. Bartolacci, President and Chief Executive Officer, stated:

"I am very pleased with the Company's operating results for the quarter and fiscal year ended September 30, 2015. We reported adjusted EBITDA of \$216.0 million, compared to \$172.0 million last year, representing an increase of 25.6%. Our results for the year exceeded the target that we established at the beginning of this year and were achieved despite the challenges created by significant declines in foreign currency rates (principally the Euro), which we estimate had a negative earnings impact of \$0.03 for the current quarter and \$0.10 per share year-to-date compared to last year.

In addition, the Industrial segment reported strong operating results for the current fiscal year and achieved their targets even with additional investments in new product development. Costs related to the segment's new product development increased approximately \$0.07 per share from last year. The segment reported an 18.7% increase in year-to-date sales. The sales growth reflected demand, particularly in the U.S. market for our warehouse control systems and other marking products.

"The SGK Brand Solutions segment also reported good results for the current fiscal year. Our European businesses performed well, particularly in the roto-gravure markets, and the benefits achieved from synergies and other cost reduction actions helped mitigate some of the challenges from softness in the U.S. markets and unfavorable currency changes.

"Operating results for our Memorialization segment improved for the recent quarter as a result of the recent acquisition of Aurora. For the fiscal year, the segment's operating results also reflected the benefit of higher revenues from casket and memorial products and U.S. cremation equipment. Year-over-year comparability for the fiscal year was impacted by a significant waste incineration project included in last year's results and unfavorable changes in foreign currency rates.

Mr. Bartolacci further stated: "We will continue to devote a significant level of effort to the integrations of SGK and Aurora. These integration efforts are progressing well and we remain on track to achieve our long-term objectives. Due to the size of these acquisitions and the projected synergy benefits from integration, these efforts are expected to continue for an extended period of time. As such, the costs associated with these integrations, and acquisition step-up expense, will impact our results for fiscal 2016. Consistent with our practice, we will identify these costs on a quarterly basis as incurred."

As previously reported, during the fiscal 2015 third quarter, the Company identified a theft of funds from the Company by an employee that had occurred over a multi-year period through May 2015. The cumulative amount of the loss was determined to be approximately \$14.8 million. The amount of loss in any prior period was not material to any prior period financial statements; however, because of the significance of the cumulative out-of-period adjustment to fiscal 2015, the prior period financial information was revised. This matter was determined to constitute a material weakness in internal controls as defined under Rule 12b-2 of the Securities Exchange Act of 1934, as amended. The Company took immediate action to implement changes to the design of the controls. As a result, the material weakness has been remediated and no longer existed at September 30, 2015.

Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a provider principally of brand solutions, memorialization products and industrial automation solutions. Brand solutions include graphics imaging products and services, and merchandising solutions. Memorialization products consist primarily of bronze and granite memorials and other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Industrial automation solutions include marking products and fulfillment systems. The Company's products and services include brand development, deployment and delivery (consisting of brand management, printing plates and cylinders, pre-media services and imaging services for consumer packaged goods and retail customers, merchandising display systems, and marketing and design services); cast bronze and granite memorials and other memorialization products; caskets; cast and etched architectural products, cremation equipment and cremation-related products; mausoleums; marking and coding equipment and consumables, and industrial automation products and order fulfillment systems for identifying, tracking, picking, and conveying various consumer and industrial products.

Any forward-looking statements contained in this release 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 economic conditions, competitive environment, death rate, foreign currency exchange rates, and technological factors beyond the Company's control.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES				
CONDENSED CONSOLIDATED STATEMENTS OF INCOME				
(Unaudited)				
(In Thousands, except Share Data)				
	Three Months Ended September 30,		Fiscal Year Ended September 30,	
	2015	2014 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
Sales	\$ 368,338	\$ 349,832	\$ 1,426,068	\$ 1,106,597
Cost of sales	(226,764)	(233,124)	(896,693)	(714,101)
Gross profit	141,574	116,708	529,375	392,496
Selling and administrative expenses	(108,816)	(102,238)	(424,352)	(310,974)
Operating profit	32,758	14,470	105,023	81,522
Other income (deductions), net	(7,706)	(6,116)	(15,371)	(15,446)
Income before income taxes	25,052	8,354	89,652	66,076
Income taxes	(8,050)	(3,189)	(26,364)	(22,805)
Net Income	17,002	5,165	63,288	43,271
Non-Controlling Interests	(28)	(360)	161	(646)
Net Income attributable to Matthews	\$ 16,974	\$ 4,805	\$ 63,449	\$ 42,625
Earnings per Share – Diluted	\$ 0.51	\$ 0.15	\$ 1.91	\$ 1.49
Earnings per Share – non-GAAP ⁽²⁾	\$ 0.93	\$ 0.82	\$ 3.03	\$ 2.74

(1) Prior period amounts have been revised to reflect adjustments in connection with a theft of funds identified during the fiscal 2015 third quarter.

(2) See the reconciliation of non-GAAP financial information provided in the table below

The Company periodically provides information derived from consolidated 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 U.S. Securities and Exchange Commission rules. The Company believes that this information provides management and investors with a useful measure of the Company’s operating results 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.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION EARNINGS PER SHARE (Unaudited)				
	Three Months Ended September 30,		Fiscal Year Ended September 30,	
	2015	2014 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
Earnings per share, as reported	\$ 0.51	\$ 0.15	\$ 1.91	\$ 1.49
Acquisition-related items	0.22	0.48	0.79	0.71
Intangible asset write-offs	-	-	0.10	-
Litigation matter	-	0.02	(0.18)	0.07
Strategic initiatives and other charges	0.05	0.06	0.08	0.18
Pension settlement	-	-	(0.24)	-
Theft and related costs	0.01	0.01	0.06	0.04
Pension and postretirement expense ⁽²⁾	0.03	0.02	0.12	0.09
Intangible amortization expense	0.11	0.08	0.39	0.16
Earnings per share, as adjusted	\$ 0.93	\$ 0.82	\$ 3.03	\$ 2.74

Note: All per-share amounts are net of tax.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (“EBITDA”) (Unaudited)				
	Three Months Ended September 30,		Fiscal Year Ended September 30,	
	2015	2014 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
EBITDA, U.S. GAAP basis	\$ 46,067	\$ 27,226	\$ 173,043	\$ 120,921

Acquisition-related items, including intangible asset write-offs	10,920	21,289	43,707	28,662
Litigation matter	-	1,141	(8,996)	3,027
Strategic initiatives and other charges	1,139	2,702	4,968	8,629
Pension settlement	-	-	(11,522)	-
Stock-based compensation	2,259	1,906	9,097	6,812
Pension and postretirement expense ⁽²⁾	1,297	989	5,677	3,956
Adjusted EBITDA	\$ 61,682	\$ 55,253	\$ 215,974	\$ 172,007

All amounts in thousands, except per-share data.

(1) Prior period amounts have been revised to reflect adjustments in connection with a theft of funds identified during the fiscal 2015 third quarter.

(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.

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Source: Matthews International Corporation