

Q4 FY'19 Fact Sheet

Nasdaq: MATW | matw.com

Market Data*

Founded	1850
Market Capitalization	\$1.2 billion
Recent Price	\$37.79
52-Week Range	\$28.57-\$46.72
Average Trading Volume (trailing 3 mos.)	122.0k
Common Shares Outstanding	31.3 million
Annualized Dividend / Yield	\$0.80 / 2.1%
Institutional Ownership	85.6%
Insider Ownership	3.6%
Fiscal Year End	September 30

COMPANY PROFILE

Matthews International Corporation is a global provider of brand solutions, memorialization products and industrial technologies.

- The **SGK Brand Solutions** segment provides reprographic/pre-press services, tooling, merchandising and creative design.
- The **Memorialization** segment provides caskets, bronze and granite memorials, other memorialization products and cremation and incineration equipment.
- The **Industrial Technologies** segment includes product identification equipment and consumables, and warehouse automation systems.

The Company has approximately 11,000 employees in more than 25 countries on six continents committed to delivering the highest quality products and services.

INVESTMENT HIGHLIGHTS

- Leading market positions
- Strong cash flow profile
- Strategic acquisitions to expand reach and gain efficiencies
- Proven history of acquisition integration and realization of synergies
- Emerging engineered solutions and incineration opportunities

FY2019 HIGHLIGHTS

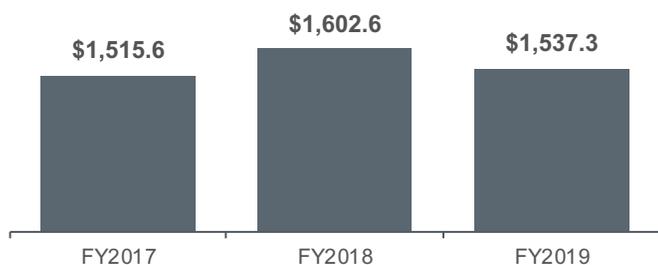
- Consolidated sales for FY'19 were \$1,537.3 million.
- Net income attributable to the Company for FY'19 was \$(38.0) million, or \$(1.21) per share. On a non-GAAP adjusted basis, EPS** for FY'19 was \$3.31.
- Adjusted EBITDA** for FY'19 was \$220.9 million.

FY19 Segment Overview (\$ in millions)	Sales	Adjusted EBITDA**	Adjusted EBITDA** Margin
SGK Brand Solutions	\$743.9	\$119.5	16.1%
Memorialization	\$636.9	\$134.3	21.1%
Industrial Technologies	\$156.5	\$24.1	15.4%
Corporate and Non-Operating	-	\$(57.0)	-
TOTAL	\$1,537.3	\$220.9	14.4%

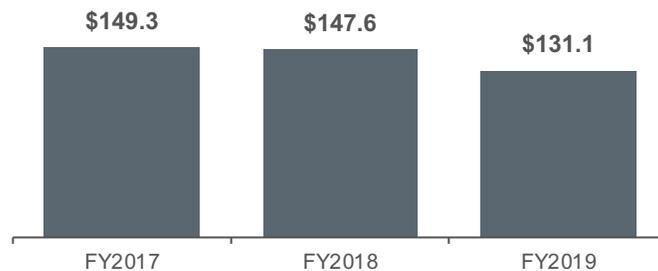
*Market data as of December 26, 2019 [Source: FactSet, Matthews International FY2019 10-K]; ownership as of most recent filing
**Non-GAAP number. Reconciliations on next page.

(\$ in millions, except EPS)

SALES



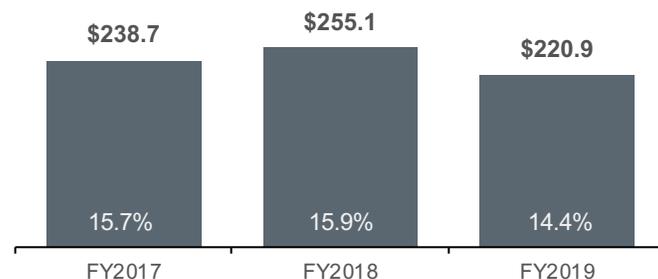
OPERATING CASH FLOW



EPS & ADJUSTED EPS*



ADJUSTED EBITDA* & MARGIN



ADJUSTED NET INCOME & EPS RECONCILIATION*

(Dollars in thousands, except per share data)
(unaudited)

Fiscal Year Ended September 30th

Net income (loss) attributable to Matthews

Acquisition costs ⁽¹⁾	
ERP integration costs ⁽²⁾	
Loss recoveries, net of costs ⁽³⁾	
Strategic initiatives and other charges ⁽⁴⁾	
Joint Venture intangible amortization expense ⁽⁵⁾	
Goodwill write-down ⁽⁶⁾	
Net realized (gain)/loss on divestitures and dispositions ⁽⁷⁾	
Non-service pension and postretirement ⁽⁸⁾	
Intangible amortization expense	
Tax related ⁽⁹⁾	

	2017	2018	2019
Net income (loss) attributable to Matthews	\$ 74,368	\$ 107,371	\$ (37,988)
Acquisition costs ⁽¹⁾	13,828	8,129	8,371
ERP integration costs ⁽²⁾	6,787	8,039	5,781
Loss recoveries, net of costs ⁽³⁾	(7,478)	-	-
Strategic initiatives and other charges ⁽⁴⁾	6,722	3,897	10,591
Joint Venture intangible amortization expense ⁽⁵⁾	-	-	266
Goodwill write-down ⁽⁶⁾	-	-	76,316
Net realized (gain)/loss on divestitures and dispositions ⁽⁷⁾	-	(2,791)	3,232
Non-service pension and postretirement ⁽⁸⁾	6,141	4,235	2,927
Intangible amortization expense	16,319	23,356	35,232
Tax related ⁽⁹⁾	485	(25,967)	(300)
Adjusted net income	\$ 117,172	\$ 126,269	\$ 104,428
Adjusted EPS	\$ 3.60	\$ 3.96	\$ 3.31

ADJUSTED EBITDA RECONCILIATION*

(Dollars in thousands)

Fiscal Year Ended September 30th

Net Income (loss)

Income tax provision (benefit)	
Income before income taxes	
Net loss attributable to non-controlling interests	
Interest expense	
Depreciation and amortization	
Acquisition costs ⁽¹⁾	
ERP integration costs ⁽²⁾	
Loss recoveries, net of costs ⁽³⁾	
Strategic initiatives and other charges ⁽⁴⁾	
Joint Venture depreciation, amortization and interest ⁽⁵⁾	
Goodwill write-down ⁽⁶⁾	
Net realized (gain)/loss on divestitures and dispositions ⁽⁷⁾	
Stock-based compensation	
Non-service pension and postretirement ⁽⁸⁾	

	2017	2018	2019
Net Income (loss)	\$ 73,933	\$ 107,111	\$ (38,889)
Income tax provision (benefit)	22,354	(9,118)	806
Income before income taxes	96,287	97,993	(38,083)
Net loss attributable to non-controlling interests	435	260	901
Interest expense	26,371	37,427	40,962
Depreciation and amortization	67,981	76,974	90,793
Acquisition costs ⁽¹⁾	17,722	10,918	10,872
ERP integration costs ⁽²⁾	8,026	10,864	7,508
Loss recoveries, net of costs ⁽³⁾	(10,683)	-	-
Strategic initiatives and other charges ⁽⁴⁾	9,209	5,266	13,449
Joint Venture depreciation, amortization and interest ⁽⁵⁾	-	-	1,514
Goodwill write-down ⁽⁶⁾	-	-	77,572
Net realized (gain)/loss on divestitures and dispositions ⁽⁷⁾	-	(3,771)	3,853
Stock-based compensation	14,562	13,460	7,729
Non-service pension and postretirement ⁽⁸⁾	8,773	5,723	3,802
Total Adjusted EBITDA	\$ 238,683	\$ 255,114	\$ 220,872

*Non-GAAP numbers. Reconciliations on current page. Disclosures on next page.

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ADJUSTED NET INCOME & EPS DISCLOSURES

Note: See Reconciliations of Non-GAAP Financial Measures Disclaimer in our fiscal 2019 fourth quarter results release, on our website and filed with the SEC, for Management's assessment of supplemental information related to adjusted net income and adjusted EPS. Adjustments to net income for non-GAAP reconciling items were calculated using an income tax rate of 23.0%, 26.0% and 30.0% for the fiscal year ended September 30, 2019, 2018 and 2017, respectively.

1. Includes certain non-recurring costs associated with recent acquisition activities.
2. Represents costs associated with global ERP system integration efforts.
3. Represents loss recoveries, net of related costs, related to the theft of funds by a former employee.
4. Includes certain non-recurring costs primarily associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.
5. Represents the Company's portion of intangible amortization expense incurred by non-consolidated subsidiaries accounted for as equity-method investments within the Memorialization segment.
6. Represents the goodwill write-down for a reporting unit within the SGK Brand Solutions segment.
7. Includes loss on divestitures of \$4,981 within the Memorialization segment for the fiscal year ended September 30, 2019; net gains from sale of buildings and vacant properties of \$5,657 for the fiscal year ended September 30, 2019; and realized losses and gains of \$3,908 for the fiscal year ended September 30, 2019, and \$2,791 for the fiscal year ended September 30, 2018, respectively.
8. 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 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.
9. 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 \$11,000, for the fiscal year ended September 30, 2018.

ADJUSTED EBITDA DISCLOSURES

Note: See Reconciliations of Non-GAAP Financial Measures Disclaimer in our fiscal 2019 fourth quarter results release, on our website and filed with the SEC, for Management's assessment of supplemental information related to total adjusted EBITDA.

1. Includes certain non-recurring costs associated with recent acquisition activities.
2. Represents costs associated with global ERP system integration efforts.
3. Represents loss recoveries, net of related costs, related to the theft of funds by a former employee.
4. Includes certain non-recurring costs primarily associated with productivity and cost-reduction initiatives intended to result in improved operating performance, profitability and working capital levels.
5. Represents the Company's portion of depreciation, intangible amortization and interest expense incurred by non-consolidated subsidiaries accounted for as equity-method investments within the Memorialization segment.
6. Represents the goodwill write-down for a reporting unit within the SGK Brand Solutions segment.
7. Includes loss on divestitures of \$6,469 within the Memorialization segment for the fiscal year ended September 30, 2019; net gains from sale of buildings and vacant properties of \$7,347 for the fiscal year ended September 30, 2019; and realized loss and gain of \$4,731 for the fiscal year ended September 30, 2019, and \$3,771 for the fiscal year ended September 30, 2019, respectively.
8. 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.

Any forward-looking statements contained in this document 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.