

MATTHEWS INTERNATIONAL CORPORATION



A TRADITION OF QUALITY SINCE 1850


Third Quarter Report

For the Period Ended June 30, 2009

Matthews reported net income for the fiscal 2009 third quarter of \$18,068,000, representing earnings per share of \$0.60. The fiscal 2009 third quarter results included net unusual charges of approximately \$1.3 million (pre-tax), or \$0.03 per share, which primarily consisted of costs related to operational and systems improvements in certain of the Company's businesses. Fiscal 2009 third quarter earnings also included the favorable effect of an adjustment of \$0.01 per share, primarily related to changes in the estimated tax accruals for open tax periods. Net income for the quarter ended June 30, 2008 was \$21,378,000, or \$0.69 per share. Operating profit for the three months ended June 30, 2009 was \$29,810,000. Operating profit for the fiscal 2009 third quarter included approximately \$2.1 million of unusual charges. Operating profit was \$36,734,000 for the same period last year.

Net income for the nine months ended June 30, 2009 was \$42,099,000, representing earnings per share of \$1.38. The year-to-date fiscal 2009 results included unusual charges of approximately \$13.2 million (pre-tax), or \$0.28 per share. In addition, fiscal 2009 earnings included the favorable effect of adjustments of \$0.04 per share to income tax expense. Net income for the nine months ended June 30, 2008 was \$59,092,000, or \$1.90 per share. Fiscal 2008 earnings included the favorable effect of a one-time adjustment of \$0.06 per share to income tax expense. Operating profit for the nine months ended June 30, 2009 was \$73,328,000. Fiscal 2009 operating profit included approximately \$12.8 million of unusual charges. Operating profit was \$97,904,000 for the same period last year.

The three months ended June 30, 2009 was another challenging quarter for Matthews. In addition to the impact of the current recession on the revenues for most of our businesses, unit volumes in our Memorialization businesses were further affected by a decline in the casketed death rate in many of the territories that we serve, compared to a year ago. Sales and operating profits in our Bronze and Casket segments were lower than a year ago, reflecting a decline in unit volume and an unfavorable change in product mix. In our Brand Solutions businesses, excluding the impact of the Saueressig acquisition, sales and operating profits in each of these segments also declined, reflecting the impact of the recession.

Although the operating results for the most recent quarter did not meet our long-term growth objectives, our performance demonstrates the stability of Matthews in difficult economic circumstances. Compared to earnings per share of \$0.69 in the third quarter last year, we posted earnings per share for the current quarter of \$0.60, which included net unusual charges of \$0.03 per share, a one-time tax benefit of \$0.01 per share and an unfavorable change in currency values of \$0.03 per share. I am encouraged by the actions that our business leaders are continuing to take to mitigate the impact of the decline in revenues. Although the unusual charges associated with these actions have impacted profitability in the short-term, these steps are designed to provide long-term benefits to Matthews as the economy recovers.


Joseph C. Bartolacci*President and Chief Executive Officer***August 5, 2009**

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Dollar amounts in thousands, except per share data

	THREE MONTHS ENDED JUNE 30,		NINE MONTHS ENDED JUNE 30,	
	2009	2008	2009	2008
Sales	\$192,047	\$219,270	\$580,695	\$599,445
Cost of sales	(116,581)	(132,351)	(364,260)	(360,304)
Gross profit	75,466	86,919	216,435	239,141
Selling and administrative expenses	(45,656)	(50,185)	(143,107)	(141,237)
Operating profit	29,810	36,734	73,328	97,904
Investment income	1,324	392	629	1,395
Interest expense	(2,759)	(2,648)	(9,053)	(6,682)
Other income (loss), net	80	(122)	83	246
Minority interest	(901)	(785)	(999)	(2,052)
Income before income taxes	27,554	33,571	63,988	90,811
Income taxes	(9,486)	(12,193)	(21,889)	(31,719)
Net income	\$ 18,068	\$ 21,378	\$ 42,099	\$ 59,092

Earnings per share:

Basic	\$.60	\$.69	\$ 1.39	\$ 1.91
Diluted	\$.60	\$.69	\$ 1.38	\$ 1.90

Dividends per share	\$.065	\$.06	\$.195	\$.18
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Weighted-average number of common shares outstanding:

Basic	30,117,360	30,917,136	30,311,529	30,956,850
Diluted	30,222,110	31,041,113	30,503,758	31,085,134

Dollar amounts in thousands

	June 30, 2009 ¹	September 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 51,893	\$ 50,667
Short-term investments	62	62
Accounts receivable, net	136,751	145,288
Inventories	94,248	96,388
Other current assets	13,435	10,710
Total current assets	296,389	303,115
Investments	12,515	10,410
Property, plant and equipment, net	134,744	145,738
Deferred income taxes and other assets	40,117	35,468
Goodwill and other intangible assets, net	430,117	419,551
Total assets	\$913,882	\$914,282
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt, current maturities	\$ 14,309	\$ 35,144
Accounts payable	25,937	26,647
Accrued compensation	33,882	40,188
Accrued income taxes	15,480	12,075
Other current liabilities	42,298	47,656
Total current liabilities	131,906	161,710
Long-term debt	238,812	219,124
Accrued pension	19,833	17,208
Postretirement benefits	22,366	20,918
Deferred income taxes	10,558	10,594
Environmental reserve	6,579	7,382
Other liabilities and deferred revenue	15,178	12,500
Total liabilities	445,232	449,436
Minority interest and minority interest arrangement	29,208	30,891
Shareholders' equity:		
Common stock	36,334	36,334
Additional paid-in capital	45,987	47,250
Retained earnings	546,274	511,130
Accumulated other comprehensive loss	(11,022)	(2,979)
Treasury stock, at cost	(178,131)	(157,780)
Total shareholders' equity	439,442	433,955
Total liabilities and shareholders' equity	\$913,882	\$914,282

¹Unaudited.

Matthews International Corporation

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Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products and brand solutions. Memorialization products consist primarily of bronze memorials and other memorialization products, caskets and cremation equipment for the cemetery and funeral home industries. Brand solutions include graphics imaging products and services, marking products, and merchandising solutions. The Company's products and services include cast bronze memorials and other memorialization products; caskets; cast and etched architectural products; cremation equipment and cremation-related products; mausoleums; brand management, printing plates and cylinders, pre-press services and imaging services for the primary packaging and corrugated industries; marking and coding equipment and consumables, and industrial automation products for identifying, tracking and conveying various consumer and industrial products, components and packaging containers; and merchandising display systems and marketing and design services.

COMMON STOCK

Matthews International Corporation common stock is traded on the NASDAQ Global Select Market System under the symbol "MATW."

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSEMENT AGENT

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