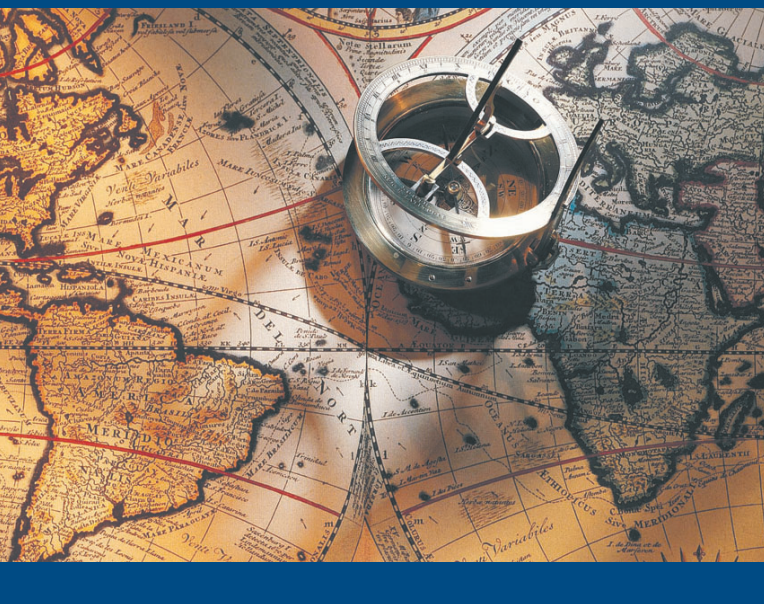


**M A T T H E W S**  
**I N T E R N A T I O N A L**  
**C O R P O R A T I O N**

A T R A D I T I O N O F Q U A L I T Y S I N C E 1 8 5 0



**First Quarter Report**

*For the Period Ended*

*December 31, 2003*

**To Our Shareholders**

Matthews reported net income of \$11,383,000 for the quarter ended December 31, 2003 versus \$9,273,000 for the same quarter last year, representing an increase of 22.8%. Earnings per share for the first quarter of fiscal 2004 were \$0.35 compared to \$0.29 a year ago, an increase of 20.7%. Sales in the quarter increased 7.2% to \$116,902,000 versus \$109,073,000 in the first quarter a year ago. For the three months ended December 31, 2003, operating income was \$19,853,000, an increase of 17.9% over the first quarter of fiscal 2003.

The higher level of sales and operating profit, and the 20.7% increase in earnings per share, were in line with the Company's internal expectations. All segments of the Company's business reported higher sales compared to the same quarter a year ago. The growth in operating income reflected the increase in sales and the continued benefits from our recent cost structure improvements and manufacturing efficiency initiatives. The Company's results were also favorably impacted by increases in the values of foreign currencies (particularly the Euro) compared to the U.S. dollar.

Our results for the first quarter represent a good start to fiscal 2004. I am particularly pleased with the improvements in the domestic operations of both the Marking Products and Graphics Imaging segments. The Marking Products segment reported an increase in domestic demand for the quarter and our recent cost structure improvements in the domestic graphics operations had a favorable impact on the quarter. We are also seeing a positive trend in Cremation segment sales. In addition, the quarter reflected continued improvement in operating results for the York Casket segment resulting from their manufacturing efficiency initiatives. Finally, the Bronze segment reported another quarter of solid operating results.

The Company's cash flow continues to be solid. We reduced our domestic bank debt by another \$10 million prior to December 31, 2003. During the first quarter, we increased our quarterly dividend by 45% to an annual rate of \$0.16 per share. In addition, we continued to repurchase shares under our stock buy-back program, purchasing approximately 219,000 shares since September 30, 2003.

Handwritten signature of David M. Kelly in black ink.

**David M. Kelly**

*Chairman of the Board, President and  
Chief Executive Officer*

**February 11, 2004**

## Consolidated Statement of Income (Unaudited)

Dollar amounts in thousands, except per share data

|  | THREE MONTHS ENDED DECEMBER 31, |                 |
|--|---------------------------------|-----------------|
|  | 2003                            | 2002            |
| Sales  | \$116,902                       | \$109,073       |
| Cost of sales  | (74,279)                        | (70,871)        |
| Gross profit   | 42,623                          | 38,202          |
| Selling and administrative expenses                          | (22,770)                        | (21,368)        |
| Operating profit   | 19,853                          | 16,834          |
| Investment income  | 351                             | 275             |
| Interest expense   | (451)                           | (969)           |
| Other income (deductions), net                               | (86)                            | (17)            |
| Minority interest  | (1,067)                         | (970)           |
| Income before income taxes                                   | 18,600                          | 15,153          |
| Income taxes   | (7,217)                         | (5,880)         |
| <b>Net income</b>  | <b>\$ 11,383</b>                | <b>\$ 9,273</b> |
| <b>Earnings per share:</b>                                   |                                 |                 |
| Basic  | \$ .35                          | \$ .30          |
| Diluted  | \$ .35                          | \$ .29          |
| <b>Dividends per share</b>                                   | <b>\$ .04</b>                   | <b>\$ .0275</b> |
| <b>Weighted-average number of common shares outstanding:</b> |                                 |                 |
| Basic  | 32,088,646                      | 31,240,366      |
| Diluted  | 32,602,155                      | 32,027,123      |

## Condensed Consolidated Balance Sheet

Dollar amounts in thousands

December 31, 2003\*      September 30, 2003

### ASSETS

#### Current assets:

|   |                  |                  |
|---|------------------|------------------|
| Cash and cash equivalents                 | \$ 67,442        | \$ 66,954        |
| Short-term investments                    | 4,605            | 4,588            |
| Accounts receivable, net                  | 60,322           | 62,883           |
| Inventories                               | 28,938           | 27,065           |
| Other current assets                      | 3,962            | 4,564            |
| <b>Total current assets</b>               | <b>165,269</b>   | <b>166,054</b>   |
| Investments                               | 4,624            | 4,561            |
| Property, plant and equipment, net        | 68,559           | 69,633           |
| Deferred income taxes and other assets    | 26,911           | 28,741           |
| Goodwill and other intangible assets, net | 171,555          | 167,752          |
| <b>Total assets</b>                       | <b>\$436,918</b> | <b>\$436,741</b> |

### LIABILITIES AND SHAREHOLDERS' EQUITY

#### Current liabilities:

|   |                  |                  |
|---|------------------|------------------|
| Long-term debt, current maturities                | \$ 40,653        | \$ 6,029         |
| Accounts payable                                  | 16,950           | 19,805           |
| Accrued compensation                              | 20,664           | 24,745           |
| Accrued income taxes                              | 6,164            | 1,274            |
| Customer prepayments                              | 2,646            | 2,488            |
| Other current liabilities                         | 19,815           | 21,982           |
| <b>Total current liabilities</b>                  | <b>106,892</b>   | <b>76,323</b>    |
| Long-term debt                                    | 13,119           | 57,023           |
| Estimated finishing costs                         | 4,932            | 4,863            |
| Postretirement benefits                           | 17,762           | 17,644           |
| Environmental reserve                             | 10,940           | 11,154           |
| Other liabilities and deferred revenue            | 13,148           | 13,506           |
| <b>Shareholders' equity:</b>                      |                  |                  |
| Common stock                                      | 36,334           | 36,334           |
| Additional paid-in capital                        | 7,507            | 6,476            |
| Retained earnings                                 | 267,662          | 257,559          |
| Accumulated other comprehensive income            | 13,328           | 6,643            |
| Treasury stock, at cost                           | (54,706)         | (50,784)         |
| <b>Total shareholders' equity</b>                 | <b>270,125</b>   | <b>256,228</b>   |
| <b>Total liabilities and shareholders' equity</b> | <b>\$436,918</b> | <b>\$436,741</b> |

\*Unaudited.

## Corporate Information

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### Matthews International Corporation

Corporate Office  
Two NorthShore Center  
Pittsburgh, PA 15212-5851

Phone: (412) 442-8200 ■ Fax: (412) 442-8290

Internet: **www.matw.com**

E-mail: **investorrelations@matw.com**

*Matthews International Corporation, headquartered in Pittsburgh, Pennsylvania, is a designer, manufacturer and marketer principally of memorialization products, caskets and cremation equipment for the cemetery and funeral home industries, and custom-made products which are used to identify people, places, products and events. The Company's products include cast bronze memorials and other memorialization products; caskets; cast and etched architectural products; cremators and cremation-related products; mausoleums; printing plates, pre-press services, and imaging systems for the corrugated and flexible packaging industries; and marking equipment and consumables for identifying various consumer and industrial products, components and packaging containers.*

#### COMMON STOCK

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

#### TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSEMENT AGENT

Computershare Investor Services LLC  
P.O. Box 2388  
Chicago, IL 60690-2388  
Phone: (888) 294-8217 ■ Fax: (312) 601-4332  
Internet: **www.computershare.com**

#### INVESTOR CONTACT

Steven F. Nicola  
Chief Financial Officer, Secretary and Treasurer

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Permit #777

**Matthews**  
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