

MATTHEWS INTERNATIONAL CORP
Form 10-Q
May 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-Q

Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For The Quarterly Period Ended March 31, 2010

Commission File No. 0-9115

MATTHEWS INTERNATIONAL CORPORATION
(Exact Name of registrant as specified in its charter)

PENNSYLVANIA
(State or other jurisdiction of
Incorporation or organization)

25-0644320
(I.R.S. Employer
Identification No.)

TWO NORTHSORE CENTER,
PITTSBURGH, PA
(Address of principal executive offices)

15212-5851
(Zip Code)

Registrant's telephone number, including area
code

(412) 442-8200

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit an post such files.

Yes

No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer” and “large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 30, 2010, shares of common stock outstanding were:

Class A Common Stock 30,209,257 shares

PART I - FINANCIAL INFORMATION
MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands, except per share data)

	March 31, 2010 (unaudited)	September 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$60,934	\$57,732
Short-term investments	1,392	62
Accounts receivable, net	129,520	138,927
Inventories	95,339	94,455
Deferred income taxes	1,797	1,816
Other current assets	15,112	12,430
 Total current assets	 304,094	 305,422
 Investments	 13,619	 13,389
Property, plant and equipment: Cost	302,671	305,098
Less accumulated depreciation	(171,016)	(167,038)
	131,655	138,060
Deferred income taxes	33,240	32,563
Other assets	24,588	19,999
Goodwill	385,550	385,219
Other intangible assets, net	53,749	55,001
 Total assets	 \$946,495	 \$949,653
 LIABILITIES		
Current liabilities:		
Long-term debt, current maturities	\$13,921	\$14,188
Accounts payable	32,826	28,604
Accrued compensation	34,055	35,592
Accrued income taxes	13,383	8,120
Other current liabilities	43,285	45,836
 Total current liabilities	 137,470	 132,340
 Long-term debt	 218,981	 237,530
Accrued pension	55,826	53,734
Postretirement benefits	25,090	24,599
Deferred income taxes	12,429	13,464
Environmental reserve	6,186	6,482
Other liabilities and deferred revenue	18,708	15,489
Total liabilities	474,690	483,638
 Arrangement with noncontrolling interest	 25,036	 27,121

SHAREHOLDERS' EQUITY

Shareholders' equity-Matthews:

Common stock	36,334	36,334	
Additional paid in capital	44,886	47,436	
Retained earnings	584,469	559,786	
Accumulated other comprehensive loss	(42,292)	(29,884)	
Treasury stock, at cost	(182,207)	(179,454)	
Total shareholders' equity-Matthews		441,190	434,218
Noncontrolling interests		5,579	4,676
Total shareholders' equity		446,769	438,894
Total liabilities and shareholders' equity		\$946,495	\$949,653

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(Dollar amounts in thousands, except per share data)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2010	2009	2010	2009
Sales	\$200,866	\$197,362	\$393,839	\$388,648
Cost of sales	(123,085)	(124,245)	(242,668)	(247,679)
Gross profit	77,781	73,117	151,171	140,969
Selling and administrative expenses	(50,663)	(49,678)	(101,877)	(97,451)
Operating profit	27,118	23,439	49,294	43,518
Investment income (loss)	809	(307)	2,004	(695)
Interest expense	(1,812)	(3,030)	(3,751)	(6,294)
Other income (deductions), net	(633)	114	(731)	3
Income before income taxes	25,482	20,216	46,816	36,532
Income taxes	(9,187)	(7,388)	(16,865)	(12,424)
Net income	16,295	12,828	29,951	24,108
Less: net income attributable to noncontrolling interests	(364)	(86)	(1,024)	(77)
Net income attributable to Matthews' shareholders	\$15,931	\$12,742	\$28,927	\$24,031
Earnings per share attributable to Matthews' shareholders:				
Basic	\$.53	\$.42	\$0.97	\$0.79
Diluted	\$.53	\$.42	\$0.96	\$0.79

The accompanying notes are an integral part of these consolidated financial statements.

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the Six Months Ended March 31, 2010 and 2009

(Dollar amounts in thousands, except per share data)

		Shareholders' Equity – Matthews				
			Accumulated	Other		
Common	Additional	Retained	Comprehensive	Income (Loss)	Treasury	Non-
	Paid-in		Income (Loss)			controlling