

MATTHEWS INTERNATIONAL CORP
Form 10-Q
February 03, 2011

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

Form 10-Q

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

For The Quarterly Period Ended December 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 NORTSHORE 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 x

No o

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 and post such files).

Yes x

No o

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.

Edgar Filing: MATTHEWS INTERNATIONAL CORP - Form 10-Q

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 January 31, 2011, shares of common stock outstanding were:

Class A Common Stock 29,587,092 shares

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

	December 31, 2010	September 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$53,724	\$59,715
Short-term investments	1,394	1,395
Accounts receivable, net	139,410	151,038
Inventories	116,497	107,926
Deferred income taxes	1,662	1,666
Other current assets	14,121	13,915
Total current assets	326,808	335,655
Investments	15,674	13,642
Property, plant and equipment: Cost	309,531	308,630
Less accumulated depreciation	(181,969)	(178,880)
	127,562	129,750
Deferred income taxes	32,450	30,555
Other assets	20,904	21,101
Goodwill	427,994	405,180
Other intangible assets, net	59,327	57,942
Total assets	\$1,010,719	\$993,825
LIABILITIES		
Current liabilities:		
Long-term debt, current maturities	\$11,561	\$12,073
Accounts payable	38,351	36,308
Accrued compensation	27,787	39,062
Accrued income taxes	14,939	12,984
Other current liabilities	45,716	47,686
Total current liabilities	138,354	148,113
Long-term debt	236,626	225,256
Accrued pension	51,227	50,276
Postretirement benefits	23,612	23,307
Deferred income taxes	15,609	15,950
Environmental reserve	5,835	5,961
Other liabilities	37,589	31,234
Total liabilities	508,852	500,097
SHAREHOLDERS' EQUITY		

Edgar Filing: MATTHEWS INTERNATIONAL CORP - Form 10-Q

Shareholders' equity-Matthews:			
Common stock	36,334	36,334	
Additional paid-in capital	43,941	48,294	
Retained earnings	632,768	621,923	
Accumulated other comprehensive loss	(38,315)	(37,136)	
Treasury stock, at cost	(203,916)	(207,470)	
Total shareholders' equity-Matthews		470,812	461,945
Noncontrolling interests		31,055	31,783
Total shareholders' equity		501,867	493,728
Total liabilities and shareholders' equity		\$1,010,719	\$993,825

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 December 31,	
	2010	2009
Sales	\$207,344	\$192,973
Cost of sales	(127,599)	(119,583)
Gross profit	79,745	73,390
Selling and administrative expenses	(57,779)	(51,214)
Operating profit	21,966	22,176
Investment income	1,151	1,195
Interest expense	(1,752)	(1,939)
Other deductions, net	(269)	(98)
Income before income taxes	21,096	21,334
Income taxes	(7,573)	(7,678)
Net income	13,523	13,656
Net income attributable to noncontrolling interests	(309)	(660)
Net income attributable to Matthews shareholders	\$13,214	\$12,996
Earnings per share attributable to Matthews shareholders:		
Basic	\$.46	\$.43
Diluted	\$.45	\$.43

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

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
for the three months ended December 31, 2010 and 2009 (Unaudited)
(Dollar amounts in thousands, except per share data)

	Shareholders' Equity - Matthews						
	Common	Additional	Retained	Accumulated	Treasury	Non-	
	Stock	Paid-in	Earnings	Other	Stock	controlling	Total
		Capital		Comprehensive		interests	
				Income			
				(Loss)			
Balance, September 30, 2010	\$ 36,334	\$ 48,294	\$ 621,923	\$ (37,136)	\$ (207,470)	\$ 31,783	\$ 493,728
Net income	-	-	13,214	-	-	309	13,523
Minimum pension liability	-	-	-	803	-	-	803
Translation adjustment	-	-	-	(2,459)	-	(451)	(2,910)
Fair value of derivatives	-	-	-	477	-	-	477
Total comprehensive income							11,893
Stock-based compensation	-	1,757	-	-	-	-	1,757
Purchase of 81,543 shares of treasury stock	-	-	-	-	(2,743)	-	(2,743)
Issuance of 208,076 shares of treasury stock	-	(6,110)	-	-	6,297	-	187
Dividends, \$.08 per share	-	-	(2,369)	-	-	-	(2,369)
Distributions to noncontrolling interests						(586)	(586)
Balance, December 31, 2010	\$ 36,334	\$ 43,941	\$ 632,768	\$ (38,315)	\$ (203,916)	\$ 31,055	\$ 501,867

Shareholders' Equity - Matthews
Accumulated
Other

Additional

Non-

Edgar Filing: MATTHEWS INTERNATIONAL CORP - Form 10-Q

	Common Stock	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock	controlling interests	Total
Balance, September 30, 2009	\$36,334	\$47,436	\$559,786	\$ (29,884)	\$(179,454)	\$4,676	\$438,894
Net income	-	-	12,996	-	-	660	13,656
Minimum pension liability	-	-	-	789	-	-	789
Translation adjustment	-	-	-	(3,967)	-	(10)	(3,977)
Fair value of derivatives	-	-	-	399	-	-	399
Total comprehensive income							10,867
Stock-based compensation	-	1,609	-	-	-	-	1,609
Purchase of 146,636 shares of treasury stock	-	-	-	-	(5,143)	-	(5,143)
Issuance of 206,959 shares of treasury stock	-	(5,440)	-	-	6,169	-	729
Dividends, \$.07 per share	-	-	(2,127)	-	-	-	(2,127)
Balance, December 31, 2009	\$36,334	\$43,605	\$570,655	\$ (32,663)	\$(178,428)	\$5,326	\$444,829

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

MATTHEWS INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Dollar amounts in thousands, except per share data)

	Three Months Ended December 31,	
	2010	2009
Cash flows from operating activities:		
Net income	\$ 13,523	\$ 13,656
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,761	6,331
Gain on investments	(400)	(351)
(Gain) loss on sale of assets	(118)	46
Stock-based compensation expense	1,757	1,609
Change in deferred taxes	(867)	(1,083)
Changes in working capital items	(2,740)	6,824
Decrease (increase) in other assets	197	(2,421)
Decrease in other liabilities	(856)	(3,467)
Increase in pension and postretirement benefits	2,573	2,501
Net cash provided by operating activities	19,830	23,645
Cash flows from investing activities:		
Capital expenditures	(3,748)	(4,176)
Proceeds from sale of assets	155	58
Acquisitions, net of cash acquired	(26,659)	(9,511)
Purchases of investments	(1,606)	(1,612)
Net cash used in investing activities	(31,858)	(15,241)
Cash flows from financing activities:		
Proceeds from long-term debt	23,862	