

MATTHEWS INTERNATIONAL CORP

Form 8-K/A

February 12, 2002

1

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

Form 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
February 12, 2002 (December 3, 2001)

MATTHEWS INTERNATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	0-9115 and 0-24494	25-0644320
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(State or other jurisdiction of incorporation)	(Commission File Numbers)	(IRS Employer Identification No.)

Two NorthShore Center, Pittsburgh, PA	15212-5851
-----	-----
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (412) 442-8200

2

INFORMATION TO BE INCLUDED IN THE REPORT

This Current Report on Form 8-K/A is being filed pursuant to Item 7(b)(2) of Form 8-K to include the pro forma financial information in connection with the Registrant's Current Report on Form 8-K filed on December 17, 2001.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(b) Pro Forma Financial Information

The following unaudited pro forma financial statements are filed herewith as required pursuant to this Item and the requirements of the Securities Exchange Act of 1934:

Pro forma condensed consolidated balance
sheet at September 30, 2001

Appendix A

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Pro forma condensed consolidated statement of
income for the year ended September 30, 2001

Appendix B

The unaudited pro forma condensed consolidated balance sheet at September 30, 2001 reflects the financial position of Matthews International Corporation ("Matthews") after giving effect to the acquisition of The York Group, Inc. ("York") and assumes the acquisition occurred on September 30, 2001. The unaudited pro forma condensed consolidated statement of income for the year ended September 30, 2001 assumes that the acquisition of York occurred on October 1, 2000, and is based on the operations of Matthews for the year ended September 30, 2001.

Matthews has accounted for this acquisition using the purchase method and, accordingly, recorded the acquired assets and liabilities at their estimated fair values at the closing date. The purchase price allocations are preliminary. Final allocations will be made based upon valuations and other studies that have not yet been completed.

The unaudited pro forma condensed consolidated financial statements presented herein are provided for illustrative purposes only and include certain adjustments, such as interest expense on acquisition debt. The pro forma adjustments presented are based on available information and include certain assumptions and adjustments that are considered reasonable under the circumstances. These adjustments are directly attributable to the transaction referenced above and are expected to have a continuing impact on the Registrant's results of operations and financial condition. No assumptions were made regarding restructuring or recurring synergies that may occur as a result of the acquisition.

The pro forma information does not purport to be indicative of the financial position or results of operations of the Registrant that would have actually occurred had the transaction been in effect as of the date or for the periods presented. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements and related notes of the Registrant.

The condensed consolidated balance sheet of Matthews as of September 30, 2001 and the condensed consolidated statement of income for the year ended September 30, 2001 were derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2001.

3

The condensed balance sheet of York as of September 30, 2001 was derived from the financial statements included in York's Quarterly Report on Form 10-Q for the period ended September 30, 2001. The condensed statement of income for the twelve-month period October 1, 2000 to September 30, 2001 was derived from the financial statements included in York's Annual Report on Form 10-K for the year ended December 31, 2000 and its Quarterly Report on Form 10-Q for the nine months ended September 30, 2001. The condensed statement of income of York for the twelve months ended September 30, 2001 includes the results of the commemorative products business for the period October 1, 2000 up to the date of acquisition by Matthews (May 24, 2001). These results were reported under discontinued operations in York's Quarterly Report on Form 10-Q for the period ended September 30, 2001. In addition, the condensed statement of income of York for the twelve months ended September 30, 2001 excludes the operating results of the vault manufacturing business and certain distribution operations, which were sold by York prior to the acquisition date.

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(c) Exhibits

None

4

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MATTHEWS INTERNATIONAL CORPORATION
(Registrant)

By Edward J. Boyle

Edward J. Boyle
Chief Financial Officer,
Secretary and Treasurer

Date: February 12, 2002

5
APPENDIX A

PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
SEPTEMBER 30, 2001
(in thousands)

	Historical			
	----- Matthews -----	The York Group, Inc. (G) -----	Pro Forma Adjustments -----	Pr Cons -----
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 28,691	\$ 25,561	\$ (8,510) A,B	\$
Short-term investments	240	-	-	
Accounts receivable	52,086	19,697	-	
Inventories	18,773	6,952	-	
Assets held for sale	-	2,503	-	
Other current assets	2,538	7,818	-	
	-----	-----	-----	
Total current assets	102,328	62,531	(8,510)	1
Investments	18,048	-	-	
Property, plant and equipment, net	49,009	28,113	-	
Deferred income taxes and other assets	14,982	1,289	500 C	
Assets held for sale	-	2,917	-	
Goodwill and other intangible assets, net	104,585	4,655	34,127 A	1
	-----	-----	-----	
Total assets	\$288,952	\$ 99,505	\$ 26,117	\$4

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	=====	=====	=====	
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Long-term debt, current maturities	5,023	335	-	
Accounts payable	12,971	9,720	-	
Accrued compensation	16,283	4,238	-	
Accrued income taxes	4,962	85	-	
Customer prepayments	6,130	31	-	
Other current liabilities	21,170	12,136	650	A
	-----	-----	-----	
Total current liabilities	66,539	26,545	650	
Long-term debt	40,726	140	94,500	A, C
Estimated finishing costs	7,401	-	-	
Postretirement benefits	18,639	-	-	
Other liabilities	11,931	3,787	-	
	-----	-----	-----	
Shareholders' equity:				
Common stock	36,334	89	(89)	A
Additional paid in capital		40,455	(40,455)	A
Retained earnings	184,845	28,791	(28,791)	A
Accumulated other comprehensive income (loss)	(8,983)	(302)	302	A
Treasury stock, at cost	(68,480)	-	-	(
	-----	-----	-----	
Total shareholders' equity	143,716	69,033	(69,033)	\$1
	-----	-----	-----	
Total liabilities and shareholders' equity	\$288,952	\$ 99,505	\$ 26,117	\$4
	=====	=====	=====	

6

APPENDIX B

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
for the year ended September 30, 2001
(dollars in thousands, except per share amounts)

	Historical			
	-----	-----		
	Matthews	The York Group, Inc.	Pro Forma Adjustments	Pr Cons
	-----	-----	-----	-----
Sales	\$ 283,282	\$ 157,808	\$ -	\$ 4
Cost of sales	(163,846)	(113,882)	-	(2
	-----	-----	-----	-----
Gross profit	119,436	43,926	-	1
Selling and administrative expenses	(68,256)	(30,629)	21	D
Special items	2,177	(5,791)	346	E
	-----	-----	-----	-----
Operating profit	53,357	7,506	367	
Investment income	2,365	687	-	
Interest expense	(1,647)	(4,403)	649	C

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Other income (deductions), net	(279)	(1,013)	-	
Minority interest	(2,338)	-	-	
	-----	-----	-----	
Income before income taxes	51,458	2,777	1,016	
Income taxes	(19,859)	(2,088)	571	F
	-----	-----	-----	
Net income	\$ 31,599	\$ 689	\$ 1,587	\$
	=====	=====	=====	
Diluted earnings per share	\$ 1.01			
	=====			
Diluted weighted-average outstanding shares	31,320,054			31,3
	=====			=====

7

The unaudited pro forma condensed consolidated financial statements reflect the following pro forma adjustments:

A Matthews has accounted for this acquisition using the purchase method and, accordingly, recorded the acquired assets and liabilities (including estimated acquisition costs) at their estimated fair values at the closing date. The purchase price was \$98.4 million cash, financed principally by bank borrowings. The excess purchase price over the value of assets acquired, net of liabilities assumed, was preliminarily recorded as goodwill. Independent third-party valuations are currently underway to determine final purchase price allocation. Accordingly, preliminary allocations will be subject to refinement. No assumptions were made regarding restructuring or recurring synergies that may occur as a result of the acquisition.

B In accordance with the change in control provisions of its stock option plan, York paid \$4.2 million to settle all outstanding stock options immediately prior to the acquisition.

C In connection with the acquisition, Matthews borrowed \$124.5 million under a Revolving Credit Facility. A portion of the borrowings were used to repay all outstanding debt (\$30.0 million) under the Company's existing Revolving Credit and Term Loan Agreement. The borrowings bear interest at LIBOR plus a factor ranging from .75% to 1.5% based on the Company's leverage ratio. The weighted-average interest rate at the closing date was 3.15%. Assuming a 0.125% change in interest rates, interest expense would change by \$155,625 for the year ended September 30, 2001. Loan costs of approximately \$500,000 were recorded in other assets for amortization over the term of the facility, with such amortization recorded as a component of interest expense.

D Selling and administrative expenses have been adjusted to reflect incremental amortization of goodwill and other intangible assets related to the commemorative products business of York, which was acquired May 24, 2001 and prior to the effective date of Statement of Financial Accounting Standards

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No. 141 "Business Combinations." Goodwill was amortized on a straight-line basis over a 20-year period. In accordance with SFAS No. 141, no goodwill amortization has been recorded in connection with the acquisition of York on December 3, 2002.

E Special items have been adjusted to exclude acquisition-related costs in connection with this transaction incurred and expensed by York. Special items of York not eliminated include plant closure and restructuring charges.

F The provision for income taxes was adjusted to reflect an assumed effective tax rate of 40% on goodwill amortization and other pro forma adjustments to the consolidated statement of income.

G Certain amounts in the balance sheet of The York Group, Inc. have been reclassified to conform to Matthews' presentation.