## MSA Announces Full-Year and Fourth Quarter Results

Full year net income increases 30 percent and operating income improves 340 basis points, driven by strategic investments in new products, acquisitions and cost reduction programs

PITTSBURGH, Feb. 23, 2017 /PRNewswire/ -- Global safety equipment manufacturer MSA Safety Incorporated (NYSE: MSA) today reported results for the fourth quarter and full year of 2016.

## **Annual Highlights**

- Reported revenue was \$1.15 billion, increasing 2 percent from a year ago on a reported basis and 4 percent on a constant currency basis.
- Operating income was \$164 million or 14.3 percent of net sales, increasing 340 basis points from a year ago. Adjusted operating income, excluding foreign currency losses and restructuring, was \$171 million or 14.8 percent of net sales, increasing 270 basis points from a year ago. The company's recent acquisition of UK-based Senscient, Inc. was dilutive to operating margin by 20 basis points for the year.
- Cash flow from operating activities was\$135 million compared to \$55 million in the same period a year ago, primarily due to higher cash flow from working capital on increased collections of receivables and effective inventory management programs. A clear focus on improving working capital drove higher cash flow in the quarter, with working capital finishing the year at 21.7 percent of net sales, compared to 25.7 percent of net sales in 2015.

# **Quarterly Highlights**

- Reported revenue was \$296 million, decreasing 6 percent from a year ago on a reported basis, and 4 percent on a constant currency basis.
- Operating income was \$48 million or 16.1 percent of net sales, increasing 600 basis points from a year ago. Adjusted operating income, excluding foreign currency gains and restructuring, was \$48 million or 16.2 percent of net sales, increasing 400 basis points from a year ago.
- Cash flow from operating activities was\$103 million, compared to \$45 million in the same period a year ago.

## Comments from Management

"Our results for 2016 reflect strong returns on the strategic investments we've made in new products, acquisitions and restructuring programs to drive earnings expansion in a challenging economic cycle," said William M. Lambert, MSA Chairman, President and CEO. "Despite a difficult quarterly revenue comparison - attributable to the clearing of a significant backlog for self-contained breathing apparatus (SCBA) in the fourth quarter of 2015 - we achieved all of our key financial targets for the year and posted record net income of \$92 million," he continued.

In particular, Mr. Lambert noted that net income increased 30 percent on revenue growth of 2 percent, driven by higher gross profit and a streamlined cost structure. He added that the company converted 119 percent of full year net income to free cash flow by reducing working capital, and was able to continue funding an increasing dividend while reducing its debt balance by \$74 million from the end of 2015.

"While we managed through a slower growth environment in 2016, our corporate strategy was successful in that it allowed us to capture market share while expanding product margins and increasing profitability. As we look ahead to 2017, I'm pleased to see early signs of strengthening macro conditions and an increased order pace across several of our industrial-related product areas," Mr. Lambert said. "This momentum - coupled with the steps we have taken to drive leadership positions in our core product areas and reduce our cost structure - positions us well to drive enhanced shareholder value in 2017 and beyond."

MSA Safety Incorporated	
Condensed Consolidated Statement of Income (Unaudited	J)
(In thousands, except per share amounts)	

(In thousands, except per share amounts)		nths Ended nber 31,	Twelve Months Ended December 31,				
	2016	2015	2016	2015			
Net sales Cost of products sold Gross profit	\$ 296,031	\$ 313,318	\$ 1,149,530	\$ 1,130,783			
	157,710	179,308	625,887	629,680			
	138,321	134,010	523,643	501,103			
Selling, general and administrative Research and development Restructuring charges	78,288	83,587	306,144	315,270			
	12,224	12,200	46,847	48,630			
	1,997	7,560	5,694	12,258			
Currency exchange (gains) losses, net Operating income	(1,732)	(1,132)	766	2,204			
	47,544	31,795	164,192	122,741			
Interest expense Other (income) loss, net	3,896	3,052	16,411	10,854			
Total other expense, net	(426)	2,027	(4,130)	861			
	3,470	5,079	12,281	11,715			
Income from continuing operations before income taxes Provision for income taxes Income from continuing operations (Loss) income from discontinued operations	44,074	26,716	151,911	111,026			
	18,938	7,738	57,804	44,407			
	25,136	18,978	94,107	66,619			
	(300)	85	(245)	1,325			
Net income Net loss (income) attributable to noncontrolling interests Net income attributable to MSA Safety Incorporated	24,836	19,063	93,862	67,944			
	80	1,788	(1,926)	2,863			
	24,916	20,851	91,936	70,807			

Amounts attributable to MSA Safety Incorporated common shareholders:						
Income from continuing operations	25.216		20,840	92,691		69,590
(Loss) income from discontinued operations	(300)		11	(755)		1,217
Net income	24,916	·	20,851	 91,936	·	70,807
Earnings per share attributable to MSA Safety Incorporated common shareholders: Basic						
Income from continuing operations	\$ 0.67	\$	0.56	\$ 2.47	\$	1.86
(Loss) income from discontinued operations	\$ (0.01)	\$	_	\$ (0.02)	\$	0.03
Net income	\$ 0.66	\$	0.56	\$ 2.45	\$	1.89
Diluted						
Income from continuing operations	\$ 0.66	\$	0.55	\$ 2.44	\$	1.84
(Loss) income from discontinued operations	\$ (0.01)	\$	_	\$ (0.02)	\$	0.03
Net income	\$ 0.65	\$	0.55	\$ 2.42	\$	1.87
Basic shares outstanding	37,602		37,269	37,456		37,293
Diluted shares outstanding	38,218		37,512	37,986		37,710

MSA Safety Incorporated Condensed Consolidated Balance Sheet (Unaudited) (In thousands)

	D	ecember 31, 2016	. <u></u>	ecember 31, 2015
Assets Cash and cash equivalents	\$	113.759	\$	105,925
Trade receivables, net	φ	209,514	Φ	232,862
Inventories		103,066		125,849
Notes receivable, insurance companies		4,180		6,746
Other current assets		42,287		33,230
Total current assets		472,806	-	504,612
Total Current assets		472,000		304,012
Property, net		148,678		155,839
Prepaid pension cost		62,916		62,072
Goodwill		333,276		340,338
Notes receivable, insurance companies, noncurrent		63,147		1,944
Insurance receivable, noncurrent		157,929		227,483
Other noncurrent assets		115,168		130,575
Total assets	\$	1,353,920	\$	1,422,863
Liabilities and shareholders' equity				
Notes payable and current portion of long-term debt	\$	26,666	\$	6,650
Accounts payable	*	62,734	•	68,206
Other current liabilities		132,010		177,031
Total current liabilities		221,410		251,887
Long-term debt, net		363,836		458,022
Pensions and other employee benefits		157,927		156,160
Deferred tax liabilities		34,044		24,872
Other noncurrent liabilities		15,491		14,794
Total shareholders' equity		561,212		517,128
Total liabilities and shareholders' equity	\$	1,353,920	\$	1,422,863

MSA Safety Incorporated Condensed Consolidated Statement of Cash Flows (Unaudited) (In thousands)

	Three Mo Decer	onths E mber 3			Ended 81,			
	 2016		2015	_	2016		2015	-
Net income Depreciation and amortization	\$ 24,836 8,622	\$	19,063 9,038	\$	93,862 35,273	\$	67,944 31,684	

Change in working capital and other operating	69,999	17,323	5,759	(44,374)
Cash flow from operating activities	103,457	45,424	134,894	55,254
Capital expenditures	(9,377)	(11,093)	(25,523)	(36,241)
Acquisition, net of cash acquired	(188)	(180,271)	(18,449)	(180,271)
Property disposals	282	53	18,214	8,022
Cash flow (used in) investing activities	(9,283)	(191,311)	(25,758)	(208,490)
Change in debt	(76,991)	75,794	(60,908)	218,936
Cash dividends paid	(12,399)	(11,932)	(49,074)	(47,380)
Other financing of the control of th	7,803	` 888	`12 <u>,</u> 141	(6,607)
Cash flow (used in) from financing activities	(81,587)	64,750	(97,841)	164,949
Effect of exchange rate changes on cash and cash				
equivalents	(4,861)	(2,281)	(3,461)	(11,786)
Increase (decrease) in cash and cash equivalents	7,726	(83,418)	7,834	(73)

MSA Safety Incorporated Segment Information (Unaudited) (In thousands)

	 Americas		 Internationa	al	Corporate	 Consolidated	d
Three Months Ended December 31, 2016 Sales to external customers Operating income Operating margin % Restructuring charges Currency exchange (gains), net	\$ 168,109		\$ 127,922		_	\$ 296,031 47,544 16.1 1,997 (1,732)	%
Adjusted operating income (loss) Adjusted operating margin %	45,313 27.0	%	14,832 11.6	%	(12,336)	\$ 47,809 16.2	%
Twelve Months Ended December 31, 2016 Sales to external customers	\$ 678,433		\$ 471,097		_	\$ 1,149,530	
Operating income Operating margin % Restructuring charges Currency exchange losses, net Adjusted operating income (loss)	162,788		46,491		(38,627)	\$ 164,192 14.3 5,694 766 170,652	%
Adjusted operating margin %	24.0	%	9.9	%		14.8	%
	Americas		Internationa	al	Corporate	Consolidated	d
Three Months Ended December 31, 2015 Sales to external customers Operating income Operating margin % Restructuring charges Currency exchange (gains), net	\$ Americas 185,404		\$ Internationa	al	Corporate	\$ 313,318 31,795 10.1 7,560	d %
Sales to external customers Operating income Operating margin %	\$	%			Corporate	\$ 313,318 31,795 10.1	
Sales to external customers Operating income Operating margin % Restructuring charges Currency exchange (gains), net Adjusted operating income (loss)	\$ 185,404 40,138		 127,914		_	313,318 31,795 10.1 7,560 (1,132) 38,223	%
Sales to external customers Operating income Operating margin % Restructuring charges Currency exchange (gains), net Adjusted operating income (loss) Adjusted operating margin % Twelve Months Ended December 31,	\$ 185,404 40,138		 127,914		_	313,318 31,795 10.1 7,560 (1,132) 38,223	%

The Americas and International segments were established on January 1, 2016. The Americas segment is comprised of our operations in the U.S., Canada and Latin America. The International segment is comprised of our operations in all other parts of the world including Europe, Africa, the Middle East, India, China, South East Asia and Australia. Certain global expenses are now allocated to each segment in a manner consistent with where the benefits from the expenses are derived. The 2015 segment results have been recast to conform with current period presentation.

Adjusted operating income (loss) and adjusted operating margin are the measures used by the chief operating decision maker to evaluate segment performance and allocate resources. As such, management believes that adjusted operating income (loss) and adjusted operating margin are useful metrics for investors. Adjusted operating income (loss) is defined as operating income excluding restructuring and currency exchange gains / losses. Adjusted operating margin is defined as adjusted operating income (loss) divided by net sales. Adjusted operating income (loss) and adjusted operating margin are not recognized terms under GAAP, and the Company's definition of adjusted operating income (loss) and adjusted operating margin may not be comparable to similarly titled measures of other companies. As such, management believes that it is appropriate to consider operating income determined on a GAAP basis in addition to these non-GAAP measures.

MSA Safety Incorporated Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Constant currency revenue growth (Unaudited) Organic constant currency revenue growth (Unaudited) Consolidated

	Three Months Ended December 31, 2016																	
			Fire a	and	Indus	strial	Porta	able	Fixed	Gas					No	n-		
	Breat	hing	Reso	cue	He	ad	Ga	as	and F	lame	Fa	ll	Co	re	Co	re	Ne	et
	Appar	atus	Helm	ets	Prote	ction	Dete	ction	Detec	ction	Prote	ction	Sal	es	Sal	es	Sal	les
GAAP reported																		
sales change	(17)	%	(18)	%	3	%	(3)	%	4	%	23	%	(5)	%	(9)	%	(6)	%
Plus: Currency translation effects	1	%	1	%	1	%	2	%	_	%	12	%	2	%	1	%	2	%
Constant currency sales change	(16)	%	(17)	%	4	%	(1)	%	4	%	35	%	(3)	%	(8)	%	(4)	%
Less: Acquisitions	_	%		%	_	%	_	%	4	%	38	%	4	%		%	3	%
Organic constant currency change	(16)	%	(17)	%	4	%	(1)	%	_	%	(3)	%	(7)	%	(8)	%	(7)	%

			Twe	elve Months E	nded Decembe	er 31, 2016			
	Breathing	Fire and Rescue	Industrial Head	Portable Gas	Fixed Gas and Flame	Fall	Core	Non- Core	Net
	Apparatus	Helmets	Protection	Detection	Detection	Protection	Sales	Sales	Sales
GAAP reported									
sales change	— %	(6) %	(5) %	— %	(1) %	81 %	4 %	(7) %	2 %
Plus: Currency translation effects	1 %	1 %	4 %	3 %	1 %	7 %	2 %	3 %	2 %
Constant currency sales change	1 %	(5) %	(1) %	3 %	— %	88 %	6 %	(4) %	4 %
Less: Acquisitions	— %	— %	— %	— %	1 %	95 %	6 %	— %	5 %
Organic constant currency change	1 %	(5) %	(1) %	3 %	(1) %	(7) %	— %	(4) %	(1) %

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control.

Organic constant currency revenue growth is defined as constant currency revenue growth excluding acquisitions. Management believes that organic constant currency revenue growth is a useful measure for investors to provide an understanding of MSA's standalone results.

There can be no assurances that MSA's definition of constant currency revenue growth or organic constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to these non-GAAP financial measures.

MSA Safety Incorporated Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Constant currency revenue growth (Unaudited) Organic constant currency revenue growth (Unaudited) Americas Segment

		Three Months Ended December 31, 2016													
			Fire and	Industrial	Portable	Fixed Gas			Non-						
	Breathin	g	Rescue	Head	Gas	and Flame	Fall	Core	Core	Net					
	Apparatu	JS	Helmets	Protection	Detection	Detection	Protection	Sales	Sales	Sales					
GAAP reported															
sales change	(24) %	0	(12) %	4 %	(2) %	(9) %	28 %	(10) %	(4) %	(9) %					
Plus: Currency translation effects	1 %	0	— %	1 %	3 %	— %	3 %	1 %	2 %	1 %					
Constant currency sales change	(23) %	<b>6</b>	(12) %	5 %	1 %	(9) %	31 %	(9) %	(2) %	(8) %					
Less: Acquisitions	— %	6	— %	— %	— %	— %	36 %	3 %	— %	2 %					
Organic constant currency change	(23) %	<b>6</b>	(12) %	5 %	1 %	(9) %	(5) %	(12) %	(2) %	(10) %					

	Breathing Apparatus		ue	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non- Core Sales	Net Sales
GAAP reported										
sales change	(4) %	5	%	(5) %	— %	(7) %	12 %	(3) %	(7) %	(4) %
Plus: Currency translation effects	— %	1	%	3 %	3 %	1 %	4 %	2 %	3 %	2 %
Constant currency sales change	(4) %	6	%	(2) %	3 %	(6) %	16 %	(1) %	(4) %	(2) %
Less: Acquisitions	— %	_	%	— %	— %	— %	24 %	2 %	— %	1 %
Organic constant currency change	(4) %	6	%	(2) %	3 %	(6) %	(8) %	(3) %	(4) %	(3) %

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control.

Organic constant currency revenue growth is defined as constant currency revenue growth excluding acquisitions. Management believes that organic constant currency revenue growth is a useful measure for investors to provide an understanding of MSA's standalone results.

There can be no assurances that MSA's definition of constant currency revenue growth or organic constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to these non-GAAP financial measures.

MSA Safety Incorporated Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Constant currency revenue growth (Unaudited) Organic constant currency revenue growth (Unaudited) International Segment

	Three Months Ended December 31, 2016																
	Breathing		Fire a			strial ead	Porta Ga		Fixed and F		Fa	,II	Со	re	Noi Coi		Net
	Appa	ratus	Helm	ets	Prote	ection	Dete	ction	Dete	ction	Protec	ction	Sa	les	Sale	es	Sales
GAAP reported																	
sales change	(2)	%	(21)	%	_	%	(6)	%	17	%	18	%	4	%	(13)	%	— %
Plus: Currency translation effects	1	%	1	%	3	%	2	%	1	%	20	%	4	%	_	%	4 %
Constant currency sales change	(1)	%	(20)	%	3	%	(4)	%	18	%	38	%	8	%	(13)	%	4 %
Less: Acquisitions		%	_	%	_	%	_	%	8	%	20	%	7	%	_	%	6 %
Organic constant currency change	(1)	%	(20)	%	3	%	(4)	%	10	%	18	%	1	%	(13)	%	(2) %

	Twelve Months Ended December 31, 2016																															
																		and	Indus	strial	Port	able	Fixed	Gas					Non-			
	Brea	thing	Res	cue	He	ad	Ga	as	and F	lame	Fa		Co	re	Co	re	Ne	et														
	Appa	ratus	Helmets Pr		Protection		Detection De		Detection Protection		Sales		Sales		Sales																	
GAAP reported																																
sales change	10	%	(12)	%	(4)	%	1	%	7	%	280	%	16	%	(6)	%	11	%														
Plus: Currency translation effects	2	%	1	%	4	%	3	%	2	%	16	%	3	%	2	%	2	%														
Constant currency sales change	12	%	(11)	%	_	%	4	%	9	%	296	%	19	%	(4)	%	13	%														
Less: Acquisitions		%		%	_	%	_	%	3	%	292	%	14	%		%	10	%														
Organic constant currency	-10	0/	(4.4)	0/		0/		٥/		0/		0/	-	0/	(4)	٥,																
change	12	%	(11)	%		%	4	%	6	%	4	%	5	%	(4)	%	3	%														

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control.

Organic constant currency revenue growth is defined as constant currency revenue growth excluding acquisitions. Management believes that organic constant currency revenue growth is a useful measure for investors to provide an understanding of MSA's standalone results.

There can be no assurances that MSA's definition of constant currency revenue growth or organic constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to these non-GAAP financial measures.

	Three Months Ended December 31, 2016								
	Consoli	dated	Amer	icas	Interna	tional			
Fall Protection*	35	%	31	%	38	%			
Fixed Gas and Flame Detection	4	%	(9)	%	18	%			
Head Protection	4	%	5	%	3	%			
Portable Gas Detection	(1)	%	1	%	(4)	%			
Breathing Apparatus	(16)	%	(23)	%	(1)	%			
Fire & Rescue Helmets	(17)	%	(12)	%	(20)	%			
Total Core Products	(3)	%	(9)	%	8	%			
Core excluding Acquisitions	(7)	%	(12)	%	1	%			
Non-Core Products	(8)	%	(2)	%	(13)	%			
Net Sales	(4)	%	(8)	%	4	%			
Net Sales excluding Acquisitions	(7)	%	(10)	%	(2)	%			

Three Months Ended December 31, 2016

	Twelve Months Ended December 31, 2016								
	Consoli	dated		Ameri	icas	Interna	tiona	ıl	
Fall Protection*	88	%		16	%	296	%	_	
Fixed Gas and Flame Detection	_	%		(6)	%	9	%		
Head Protection	(1)	%		(2)	%	_	%		
Portable Gas Detection	3	%		3	%	4	%		
Breathing Apparatus	1	%		(4)	%	12	%		
Fire & Rescue Helmets	(5)	%		6	%	(11)	%		
Total Core Products	6	%		(1)	%	19	%	_	
Core excluding Acquisitions	_	%		(3)	%	5	%		
Non-Core Products	(4)	%		(4)	%	(4)	%		
Net Sales Net Sales excluding	4	%		(2)	%	13	%	_	
Acquisitions	(1)	%		(3)	%	3	%		

<sup>\*</sup>Fall protection growth rates include the impact from Latchways sales.

#### MSA Safety Incorporated

Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Constant currency selling, general and administrative (SG&A) expense (Unaudited) Organic constant currency SG&A expense (Unaudited) (In thousands)

	Three Months Ended December 31,				Twelve Months Ended December 31,						
	2016		2015	% Ch	ange		2016		2015	% Ch	ange
GAAP reported SG&A expense Plus: Currency translation effects	\$ 78,288	\$	83,587 (1,384)	(6)	%	\$	306,144	\$	315,270 (6,906)	(3)	%
Constant currency SG&A expense Less: Acquisitions Less: Strategic transaction costs	\$ 78,288 4,245 1,710	\$	82,203 3,232 6,755	(5)	%	\$	306,144 15,101 2,531	\$	308,364 3,232 7,462	(1)	%
Organic constant currency SG&A expense	\$ 72,333	\$	72,216		%	\$	288,512	\$	297,670	(3)	%

Management believes that constant currency SG&A expense and organic constant currency SG&A expense are useful metrics for investors to measure the effectiveness of the company's cost reduction program announced in 2015. Constant currency SG&A expense highlights spending patterns excluding fluctuating foreign currencies. Organic constant currency SG&A expense highlights the impact of acquisitions and strategic transaction costs. These metrics provide investors with a greater level of clarity into spending levels on a year-over-year basis. MSA's definition of this metric may not be comparable to metrics used by other companies. As such, management believes that it is appropriate to consider SG&A expense determined on a GAAP basis in addition to these non-GAAP measures.

		nths Ended mber 31,		Twelve Monday	_	
	2016	2015	% Change	2016	2015	% Change
Income from continuing operations attributable to MSA Safety Incorporated	\$ 25,216	\$ 20,840	21%	\$ 92,691	\$ 69,590	33%
Tax charges associated with European reorganization  Non-deductible strategic transaction	2,873	_		6,473	7,605	
costs	_	2,172		_	2,879	
Subtotal	28,089	23,012	22%	99,164	80,074	24%
Restructuring charges	1,997	7,560		5,694	12,258	
Strategic transaction costs	1,710	4,583		2,531	4,583	
Senscient operating loss	788 <b>—</b>			788	_	
Asset related losses (gains), net Self-insured legal settlements and	59	1,098		(756)	1,636	
defense costs	26	(69)		341	982	
Currency exchange (gains) losses, net	(1,732)	(1,132)		766	2,204	
Income tax expense on adjustments	(1,038)	(3,492)		(3,161)	(6,792)	
Adjusted earnings	29,899	31,560	(5)%	105,367	94,945	11%
Adjusted earnings per diluted share	\$ 0.78	\$ 0.84	(7)%	\$ 2.77	\$ 2.52	10%

Management believes that adjusted earnings and adjusted earnings per diluted share are useful measures for investors, as management uses these measures to internally assess the company's performance and ongoing operating trends. There can be no assurances that additional special items will not occur in future periods, nor that MSA's definition of adjusted earnings is consistent with that of other companies. As such, management believes that it is appropriate to consider both net income determined on a GAAP basis as well as adjusted earnings.

MSA Safety Incorporated Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures

Free cash flow (Unaudited) (In thousands)

	Three Months Ended December 31,					Twelve Months Ended December 31,			
	2016 \$103,457 (9,377)		2015			2016 \$134,894 (25,523)		2015	
Cash flow from operating activities Capital expenditures				\$45,424 (11,093)				\$55,254 (36,241)	
Free cash flow	\$	94,080	\$	34,331	\$	109,371	\$	19,013	
Net income attributable to MSA Safety Incorporated	\$	24,916	\$	20,851	\$	91,936	\$	70,807	
Free cash flow conversion		378%		165%		119%		27%	

Management believes that free cash flow is a meaningful measure for investors. Management reviews cash from operations after deducting capital expenditures because these expenditures are necessary to promote growth of MSA's business and are likely to produce cash from operations in future periods. It is important to note that free cash flow does not reflect the residual cash balance of the company for discretionary spending since other items, including debt and dividend payments, are deducted from free cash flow before arriving at the company's ending cash balance. Management defines free cash flow conversion as free cash flow divided by net income attributable to MSA Safety.

## About MSA:

Established in 1914, MSA Safety Incorporated is the global leader in the development, manufacture and supply of safety products that protect people and facility infrastructures. Many MSA products integrate a combination of electronics, mechanical systems and advanced materials to protect users against hazardous or life-threatening situations. The company's comprehensive product line is used by workers around the world in a broad range of markets, including the oil, gas and petrochemical industry, the fire service, the construction industry, mining and the military. MSA's core products include self-contained breathing apparatus, fixed gas and flame detection systems, portable gas detection instruments, industrial head protection products, fire and rescue helmets, and fall protection devices. With 2016 revenues of \$1.15 billion, MSA employs approximately 4,300 people worldwide. The company is headquartered north of Pittsburgh in Cranberry Township, Pa., and has manufacturing operations in the United States,

Europe, Asia and Latin America. With more than 40 international locations, MSA realizes approximately half of its revenue from outside North America. For more information visit MSA's web site at <a href="https://www.MSAsafety.com">www.MSAsafety.com</a>.

#### Cautionary Statement Regarding Forward-Looking Statements:

Except for historical information, certain matters discussed in this press release may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include but are not limited to all projections and anticipated levels of future performance. Forward looking statements involve risks, uncertainties and other factors that may cause our actual results to differ materially from those discussed herein. Any number of factors could cause actual results to differ materially from projections or forward looking statements, including without limitation global economic conditions, spending patterns of government agencies, competitive pressures, the impact of acquisitions and related integration activities, product liability claims, the success of new product introductions, currency exchange rate fluctuations and the risks of doing business in foreign countries. A full listing of these risks, uncertainties and other factors are detailed from time-to-time in our filings with the United States Securities and Exchange Commission ("SEC"), including our most recent Form 10-K filed on February 29, 2016. You are strongly urged to review all such filings for a more detailed discussion of such risks and uncertainties. MSA's SEC filings are readily obtainable at no charge at <a href="https://investors.MSAsafety.com">www.sec.gov</a>, as well as on its own investor relations website at <a href="https://investors.MSAsafety.com">https://investors.MSAsafety.com</a>. MSA undertakes no duty to publicly update any forward looking statements contained herein, except as required by law.

#### Non-GAAP Financial Measures:

This earnings release includes certain non-GAAP financial measures. These financial measures include constant currency revenue growth, organic constant currency revenue growth, constant currency selling, general and administrative expense, organic constant currency selling, general and administrative expense, adjusted operating income, adjusted operating margin, adjusted earnings per diluted share, free cash flow and free cash flow conversion. The presentation of these financial measures does not comply with U.S. generally accepted accounting principles ("GAAP"). For an explanation of these measures, together with a reconciliation to the most directly comparable GAAP financial measure, see the Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures in the financial tables section above.

To view the original version on PR Newswire, visit <a href="http://www.prnewswire.com/news-releases/msa-announces-full-year-and-fourth-quarter-results-300412928.html">http://www.prnewswire.com/news-releases/msa-announces-full-year-and-fourth-quarter-results-300412928.html</a>

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For further information: Media Relations Contact: Mark Deasy, (724) 741 - 8570; Investor Relations Contact: Kenneth Krause, (724) 741 - 8534

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