

## 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)  
(In thousands, except per share amounts)

|  | Three Months Ended<br>December 31, |            | Twelve Months Ended<br>December 31, |              |
|--|------------------------------------|------------|-------------------------------------|--------------|
|  | 2016                               | 2015       | 2016                                | 2015         |
| Net sales  | \$ 296,031                         | \$ 313,318 | \$ 1,149,530                        | \$ 1,130,783 |
| Cost of products sold  | 157,710                            | 179,308    | 625,887                             | 629,680      |
| Gross profit   | 138,321                            | 134,010    | 523,643                             | 501,103      |
| Selling, general and administrative                                  | 78,288                             | 83,587     | 306,144                             | 315,270      |
| Research and development   | 12,224                             | 12,200     | 46,847                              | 48,630       |
| Restructuring charges  | 1,997                              | 7,560      | 5,694                               | 12,258       |
| Currency exchange (gains) losses, net                                | (1,732)                            | (1,132)    | 766                                 | 2,204        |
| Operating income   | 47,544                             | 31,795     | 164,192                             | 122,741      |
| Interest expense   | 3,896                              | 3,052      | 16,411                              | 10,854       |
| Other (income) loss, net   | (426)                              | 2,027      | (4,130)                             | 861          |
| Total other expense, net   | 3,470                              | 5,079      | 12,281                              | 11,715       |
| Income from continuing operations before income taxes                | 44,074                             | 26,716     | 151,911                             | 111,026      |
| Provision for income taxes   | 18,938                             | 7,738      | 57,804                              | 44,407       |
| Income from continuing operations                                    | 25,136                             | 18,978     | 94,107                              | 66,619       |
| (Loss) income from discontinued operations                           | (300)                              | 85         | (245)                               | 1,325        |
| Net income   | 24,836                             | 19,063     | 93,862                              | 67,944       |
| Net loss (income) attributable to noncontrolling interests           | 80                                 | 1,788      | (1,926)                             | 2,863        |
| Net income attributable to MSA Safety Incorporated                   | 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                                 | <u>\$ 0.66</u> | <u>\$ 0.56</u> | <u>\$ 2.45</u> | <u>\$ 1.89</u> |
| 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                                 | <u>\$ 0.65</u> | <u>\$ 0.55</u> | <u>\$ 2.42</u> | <u>\$ 1.87</u> |
| 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)

|   | December 31,<br>2016 | December 31,<br>2015 |
|---|----------------------|----------------------|
| Assets  |                      |                      |
| Cash and cash equivalents                           | \$ 113,759           | \$ 105,925           |
| Trade receivables, net                              | 209,514              | 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                                | <u>472,806</u>       | <u>504,612</u>       |
| 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  | <u>\$ 1,353,920</u>  | <u>\$ 1,422,863</u>  |
| 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                           | <u>221,410</u>       | <u>251,887</u>       |
| 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          | <u>\$ 1,353,920</u>  | <u>\$ 1,422,863</u>  |

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

|   | Three Months Ended<br>December 31, |                  | Twelve Months Ended<br>December 31, |                  |
|---|------------------------------------|------------------|-------------------------------------|------------------|
|   | 2016                               | 2015             | 2016                                | 2015             |
| Net income                                    | \$ 24,836                          | \$ 19,063        | \$ 93,862                           | \$ 67,944        |
| Depreciation and amortization                 | 8,622                              | 9,038            | 35,273                              | 31,684           |
| Change in working capital and other operating | 69,999                             | 17,323           | 5,759                               | (44,374)         |
| Cash flow from operating activities           | <u>103,457</u>                     | <u>45,424</u>    | <u>134,894</u>                      | <u>55,254</u>    |
| 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      | <u>(9,283)</u>                     | <u>(191,311)</u> | <u>(25,758)</u>                     | <u>(208,490)</u> |
| Change in debt                                | (76,991)                           | 75,794           | (60,908)                            | 218,936          |
| Cash dividends paid                           | (12,399)                           | (11,932)         | (49,074)                            | (47,380)         |
| Other financing                               | 7,803                              | 888              | 12,141                              | (6,607)          |
| Cash flow (used in) from financing activities | <u>(81,587)</u>                    | <u>64,750</u>    | <u>(97,841)</u>                     | <u>164,949</u>   |

|  |         |          |         |          |
|--|---------|----------|---------|----------|
| 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   | International | Corporate | Consolidated |
|---------------------------------------|------------|---------------|-----------|--------------|
| Three Months Ended December 31, 2016  |            |               |           |              |
| Sales to external customers           | \$ 168,109 | \$ 127,922    | —         | \$ 296,031   |
| Operating income                      |            |               |           | 47,544       |
| Operating margin %                    |            |               |           | 16.1 %       |
| Restructuring charges                 |            |               |           | 1,997        |
| Currency exchange (gains), net        |            |               |           | (1,732)      |
| Adjusted operating income (loss)      | 45,313     | 14,832        | (12,336)  | \$ 47,809    |
| Adjusted operating margin %           | 27.0 %     | 11.6 %        |           | 16.2 %       |
| Twelve Months Ended December 31, 2016 |            |               |           |              |
| Sales to external customers           | \$ 678,433 | \$ 471,097    | —         | \$ 1,149,530 |
| Operating income                      |            |               |           | 164,192      |
| Operating margin %                    |            |               |           | 14.3 %       |
| Restructuring charges                 |            |               |           | 5,694        |
| Currency exchange losses, net         |            |               |           | 766          |
| Adjusted operating income (loss)      | 162,788    | 46,491        | (38,627)  | \$ 170,652   |
| Adjusted operating margin %           | 24.0 %     | 9.9 %         |           | 14.8 %       |
| Three Months Ended December 31, 2015  |            |               |           |              |
| Sales to external customers           | \$ 185,404 | \$ 127,914    | —         | \$ 313,318   |
| Operating income                      |            |               |           | 31,795       |
| Operating margin %                    |            |               |           | 10.1 %       |
| Restructuring charges                 |            |               |           | 7,560        |
| Currency exchange (gains), net        |            |               |           | (1,132)      |
| Adjusted operating income (loss)      | 40,138     | 13,632        | (15,547)  | \$ 38,223    |
| Adjusted operating margin %           | 21.6 %     | 10.7 %        |           | 12.2 %       |
| Twelve Months Ended December 31, 2015 |            |               |           |              |
| Sales to external customers           | \$ 704,754 | \$ 426,029    | —         | \$ 1,130,783 |
| Operating income                      |            |               |           | 122,741      |
| Operating margin %                    |            |               |           | 10.9 %       |
| Restructuring charges                 |            |               |           | 12,258       |
| Currency exchange losses, net         |            |               |           | 2,204        |
| Adjusted operating income (loss)      | 141,971    | 33,501        | (38,269)  | \$ 137,203   |
| Adjusted operating margin %           | 20.1 %     | 7.9 %         |           | 12.1 %       |

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 and Rescue                      | Industrial Head | Portable Gas | Fixed Gas |  | Non-Core |

|                                    | Breathing Apparatus | Helmets | Protection | Detection | and Flame Detection | Fall Protection | Core Sales | Sales | Net Sales |
|------------------------------------|---------------------|---------|------------|-----------|---------------------|-----------------|------------|-------|-----------|
| 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) %     |

Twelve Months Ended December 31, 2016

|                                    | Breathing Apparatus | Fire and Rescue Helmets | Industrial Head Protection | Portable Gas Detection | Fixed Gas and Flame Detection | Fall Protection | Core Sales | Non-Core Sales | Net 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

|                                    | Breathing Apparatus | Fire and Rescue Helmets | Industrial Head Protection | Portable Gas Detection | Fixed Gas and Flame Detection | Fall Protection | Core Sales | Non-Core Sales | Net Sales |
|------------------------------------|---------------------|-------------------------|----------------------------|------------------------|-------------------------------|-----------------|------------|----------------|-----------|
| GAAP reported sales change         | (24) %              | (12) %                  | 4 %                        | (2) %                  | (9) %                         | 28 %            | (10) %     | (4) %          | (9) %     |
| Plus: Currency translation effects | 1 %                 | — %                     | 1 %                        | 3 %                    | — %                           | 3 %             | 1 %        | 2 %            | 1 %       |
| Constant currency sales change     | (23) %              | (12) %                  | 5 %                        | 1 %                    | (9) %                         | 31 %            | (9) %      | (2) %          | (8) %     |
| Less: Acquisitions                 | — %                 | — %                     | — %                        | — %                    | — %                           | 36 %            | 3 %        | — %            | 2 %       |
| Organic constant currency change   | (23) %              | (12) %                  | 5 %                        | 1 %                    | (9) %                         | (5) %           | (12) %     | (2) %          | (10) %    |

Twelve Months Ended December 31, 2016

|                                    | Breathing Apparatus | Fire and Rescue Helmets | 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.

# 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 Apparatus | Fire and Rescue Helmets | Industrial Head Protection | Portable Gas Detection | Fixed Gas and Flame Detection | Fall Protection | Core Sales | Non-Core Sales | Net 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 |                     |                         |                            |                        |                               |                 |            |                |           |
|---------------------------------------|---------------------|-------------------------|----------------------------|------------------------|-------------------------------|-----------------|------------|----------------|-----------|
|                                       | Breathing Apparatus | Fire and Rescue Helmets | Industrial Head Protection | Portable Gas Detection | Fixed Gas and Flame Detection | Fall Protection | Core Sales | Non-Core Sales | Net 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 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.

## MSA Safety Incorporated

### Supplemental Segment Information (Unaudited)

Summary of constant currency revenue growth by segment and product group

| Three Months Ended December 31, 2016 |              |          |               |
|--------------------------------------|--------------|----------|---------------|
|                                      | Consolidated | Americas | International |
| 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) %         |

| Twelve Months Ended December 31, 2016 |              |          |               |
|---------------------------------------|--------------|----------|---------------|
|                                       | Consolidated | Americas | International |
| 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                             | 4 %          | (2) %    | 13 %          |
| Net Sales excluding Acquisitions      | (1) %        | (3) %    | 3 %           |

\*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<br>December 31, |           |          | Twelve Months Ended<br>December 31, |            |          |
|--|------------------------------------|-----------|----------|-------------------------------------|------------|----------|
|  | 2016                               | 2015      | % Change | 2016                                | 2015       | % Change |
| GAAP reported SG&A expense             | \$ 78,288                          | \$ 83,587 | (6) %    | \$ 306,144                          | \$ 315,270 | (3) %    |
| Plus: Currency translation effects     |                                    | (1,384)   |          |                                     | (6,906)    |          |
| Constant currency SG&A expense         | \$ 78,288                          | \$ 82,203 | (5) %    | \$ 306,144                          | \$ 308,364 | (1) %    |
| Less: Acquisitions                     | 4,245                              | 3,232     |          | 15,101                              | 3,232      |          |
| Less: Strategic transaction costs      | 1,710                              | 6,755     |          | 2,531                               | 7,462      |          |
| 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.

MSA Safety Incorporated  
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures  
Adjusted earnings (Unaudited)  
Adjusted earnings per diluted share (Unaudited)  
(In thousands, except per share amounts)

|   | Three Months Ended<br>December 31, |           |          | Twelve Months Ended<br>December 31, |           |          |
|---|------------------------------------|-----------|----------|-------------------------------------|-----------|----------|
|   | 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                       | 2,873                              | —         |          | 6,473                               | 7,605     |          |
| Non-deductible strategic transaction 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     |          |
| Sensient operating loss   | 788                                | —         |          | 788                                 | —         |          |
| Asset related losses (gains), net   | 59                                 | 1,098     |          | (756)                               | 1,636     |          |
| Self-insured legal settlements and 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<br>December 31, |      | Twelve Months Ended<br>December 31, |      |
|------------------------------------|------|-------------------------------------|------|
| 2016                               | 2015 | 2016                                | 2015 |

|  |           |           |            |           |
|--|-----------|-----------|------------|-----------|
| Cash flow from operating activities                | \$103,457 | \$45,424  | \$134,894  | \$55,254  |
| Capital expenditures                               | (9,377)   | (11,093)  | (25,523)   | (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 [www.MSAafety.com](http://www.MSAafety.com).*

#### **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 [www.sec.gov](http://www.sec.gov), as well as on its own investor relations website at <http://investors.MSAafety.com>. 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: <http://www.prnewswire.com/news-releases/msa-announces-full-year-and-fourth-quarter-results-300412928.html>

SOURCE MSA

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

<https://news.msafety.com/2017-02-23-MSA-Announces-Full-Year-and-Fourth-Quarter-Results,1>