# **MSA Safety Announces First Quarter Results**

PITTSBURGH, April 27, 2022 / PRNewswire / -- Global safety equipment manufacturer MSA Safety Incorporated (NYSE: MSA) today reported financial results for the first quarter of 2022.

## **Quarterly Highlights**

- Total sales were \$331 million, increasing 7% from a year ago on a reported basis and 9% on a constant currency basis. Acquisitions contributed 5% and organic activity drove 4% of the constant currency growth.
- GAAP operating income was \$42.7 million or 12.9% of sales, compared to \$44.1 million or 14.3% of sales in the same period a year ago. Adjusted operating income was \$53.8 million or 16.3% of sales, compared to \$47.5 million or 15.4% of sales in the same period a year ago.
- GAAP earnings were \$35.5 million or \$0.90 per diluted share, compared to \$36.5 million or \$0.92 per diluted share in the same period a year ago. Adjusted earnings were \$43.6 million or \$1.10 per diluted share, compared to \$37.5 million or \$0.95 per diluted share in the same period a year ago.
- Operating cash flow was \$24.5 million, compared to \$45.6 million in the same period a year ago. The decrease was driven by an increased investment in working capital to respond to the strong growth environment and supply chain challenges.

## Comments from Management

"The first quarter finished in line with our expectations as we continued to benefit from strong demand for our products," said Nish Vartanian, Chairman, President and Chief Executive Officer. "Despite a challenging supply chain and inflationary environment, the team executed well and drove 9% constant currency sales growth and incremental margins of approximately 30%. Orders were up double digits in the first quarter, resulting in a book-to-bill ratio of 1.2x and record backlog."

"We continue to deliver on our strategy and are excited by our recently-launched innovative technologies, including our fully-connected ALTAIR io™ 4 Gas Detection Wearable device that begins shipping at the beginning of May, and our V-Gard<sup>®</sup> C1 Hard Hat with ReflectIR™ Thermal Barrier technology. Furthermore, we have made significant progress integrating Bacharach, and it contributed positively to our results in the guarter," Mr. Vartanian said.

"While the operating environment remains dynamic, we saw demand strengthen through the quarter. We are seeing the effects of supply chain challenges and inflation throughout our regions. Looking forward, I am confident in our ability to execute our long-term vision to be the global leader of safety technologies that protect workers and facility infrastructures. Our balance sheet remains strong and we will continue our balanced approach to investing in growth and returning capital to shareholders," Mr. Vartanian concluded.

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

	Three Months Ended March 31,		
	2022	2021	
Net sales Cost of products sold Gross profit	\$ 330,692 187,908 142,784	\$ 308,428 173,643 134,785	
Selling, general and administrative Research and development Restructuring charges Currency exchange losses (gains), net Product liability expense Operating income	78,551 13,333 2,189 3,271 2,772 42,668	75,463 13,234 1,308 (2,099) 2,796 44,083	
Interest expense Other income, net Total other income, net	3,618 (6,344) (2,726)	1,911 (4,213) (2,302)	
Income before income taxes Provision for income taxes Net income	45,394 9,852 35,542	46,385 9,749 36,636	

Net income attributable to noncontrolling interests  Net income attributable to MSA Safety Incorporated	\$	<u> </u>	\$	(186) 36,450
Earnings per share attributable to MSA Safety Incorporated common shareholders: Basic Diluted	\$ \$	0.90 0.90	\$ \$	0.93 0.92
Basic shares outstanding Diluted shares outstanding		39,291 39,523		39,094 39,420

\*Prior period has been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K.

# MSA Safety Incorporated Condensed Consolidated Balance Sheets (Unaudited) (In thousands)

	March 31, 2022		D	ecember 31, 2021
Assets				
Cash and cash equivalents	\$	147,300	\$	140,895
Trade receivables, net		244,005		254,187
Inventories		321,602		280,617
Notes receivable, insurance companies		3,943		3,914
Other current assets		109,304		113,191
Total current assets		826,154		792,804
Property, plant and equipment net		205,995		207,793
Prepaid pension cost		169,842		163,283
Goodwill		631,821		636,858
Intangible assets, net		299,725		306,948
Notes receivable, insurance companies, noncurrent		44,893		44,626
Insurance receivable, noncurrent		117,805		121,609
Other noncurrent assets		119,542		122,475
Total assets	\$	2,415,777	\$	2,396,396
Liabilities and shareholders' equity				
Notes payable and current portion of long-term debt, net	\$	8,021	\$	_
Accounts payable		108,407		106,780
Other current liabilities		217,509		223,826
Total current liabilities		333,937		330,606
Long-term debt, net		591,393		597,651
Pensions and other employee benefits		187,818		189,973
Noncurrent operating lease liabilities		40,219		40,706
Deferred tax liabilities		33,049		33,337
Product liability and other noncurrent liabilities		368,454		369,735
Total shareholders' equity		860,907		834,388
Total liabilities and shareholders' equity	\$	2,415,777	\$	2,396,396

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

Three Months Ended March

31	Ι,
2022	2021
\$ 35.542	\$ 36.636

Net income

Depreciation and amortization Change in working capital and other operating Cash flow from operating activities	14,165 (25,184) 24,523	10,504 (1,524) 45,616
Capital expenditures Acquisition, net of cash acquired Change in short-term investments Property disposals and other investing Cash flow from (used in) investing activities	(7,976) — 9,027 — 1,051	(9,582) (62,992) 20,030 35 (52,509)
Change in debt Cash dividends paid Other financing Cash flow (used in) from financing activities	5,000 (17,292) (3,608) (15,900)	52,017 (16,820) (3,558) 31,639
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(3,361)	(720)
Increase in cash, cash equivalents and restricted cash	\$ 6,313	\$ 24,026

<sup>\*</sup>Prior period has been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K.

MSA Safety Incorporated Segment Information (Unaudited) (In thousands, except percentage amounts)

	Americas	Americas International		Consolidated	
Three Months Ended March 31, 2022 Sales to external customers Operating income Operating margin % Restructuring charges Currency exchange losses, net Product liability expense	\$ 225,648	\$ 105,044	\$ —	\$ 330,692 42,668 12.9 % 2,189 3,271 2,772	
Acquisition related costs <sup>(a)</sup> Adjusted operating income (loss) Adjusted operating margin % Depreciation and amortization <sup>(b)</sup>	52,435 23.2 %	9,024 8.6 %	(7,616)	2,943 53,843 16.3 % 11,829	
Adjusted EBITDA Adjusted EBITDA margin %	60,796 26.9 %	12,362 11.8 %	(7,486)	65,672 19.9 %	
Three Months Ended March 31, 2021 Sales to external customers Operating income Operating margin % Restructuring charges Currency exchange gains, net Product liability expense Acquisition related costs (a)	\$ 208,340	\$ 100,088	\$ —	\$ 308,428 44,083 14.3 % 1,308 (2,099) 2,796 1,373	
Adjusted operating income (loss) Adjusted operating margin % Depreciation and amortization Adjusted EBITDA Adjusted EBITDA margin %	45,195 21.7 % 52,229 25.1 %	8,792 8.8 % 12,165 12.2 %	(6,526) (6,429)	47,461 15.4 % 10,504 57,965 18.8 %	

<sup>\*</sup>Prior period has been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K. Adjustments were made to Americas and International.

<sup>(</sup>a) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the unaudited

Condensed Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the unaudited Condensed Consolidated Statements of Income.

(b) Excludes acquisition related amortization, which is included in acquisition related costs above.

The Americas segment is comprised of our operations in Northern North American and Latin American geographies. The International segment is comprised of our operations in all geographies outside of the Americas. Certain global expenses are allocated to each segment in a manner consistent with where the benefits from the expenses are derived.

Adjusted operating income (loss), adjusted operating margin, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted EBITDA 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), adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin are useful metrics for investors. Adjusted operating income (loss) is defined as operating income excluding restructuring charges, currency exchange gains / losses, product liability expense, acquisition related costs, including acquisition related amortization. Adjusted operating margin is defined as adjusted operating income (loss) divided by segment sales to external customers. Adjusted EBITDA is defined as adjusted operating income (loss) plus depreciation and amortization, and adjusted EBITDA margin is defined as adjusted EBITDA divided by segment sales to external customers. Adjusted operating income (loss), adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin are not recognized terms under GAAP, and therefore do not purport to be alternatives to operating income (loss), adjusted operating margin as a measure of operating performance. The Company's definition of adjusted operating income (loss), adjusted operating margin, adjusted EBITDA and adjusted EBITDA 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)

#### Consolidated

Three Months Ended March 31, 2022

						,				
		Firefighter Helmets								
		and	Industrial	Portable	Fixed Gas			Non-		
	Breathing	Protective	Head	Gas	and Flame	Fall	Core	Core	Net	
0445	Apparatus	Apparel	Protection	Detection	Detection*	Protection	Sales	Sales	Sales	
GAAP										
reported	1%	5%	9%	(2)0/	38%	( <b>6</b> \9/	10%	(12)%	7%	
sales change Plus:	170	3%	970	(2)%	30%	(6)%	10%	(12)%	170	
Currency										
translation										
effects	2%	2%	1%	1%	2%	2%	1%	3%	2%	
Constant										
currency										
sales change	3%	7%	10%	(1)%	40%	(4)%	11%	(9)%	9%	
Less:	0/	%	0/	0/	28%	0/	6%	0/	E0/	
Acquisitions Organic	%	<del>-</del> %	<u> </u>	<u> </u>	20%	<u> </u>	0%	%_	5%_	
constant										
currency										
sales change	3%	7%	10%	(1)%	12%	(4)%	5%	(9)%	4%	

<sup>\*</sup>Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed onJuly 1, 2021.

Organic constant currency sales change is a non-GAAP financial measure provided by the Company to give a better understanding of the Company's underlying business performance. Organic constant currency sales change is calculated by deducting the percentage impact from acquisitions and currency translation effects from the overall percentage change in net sales.

### MSA Safety Incorporated

Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Constant currency revenue growth (Unaudited)

**Americas Segment** 

CAAD	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection*	Fall Protection	Core Sales	Non- Core Sales	Net Sales
GAAP reported sales change Plus: Currency	5%	(4)%	11%	—%	47%	3%	11%	(19)%	8%
translation effects Constant	1%	—%	—%	—%	%	1%	1%	%_	1%
currency sales change	6%	(4)%	11%	-%	47%	4%	12%	(19)%	9%
Less: Acquisitions	%	-%	-%	%	33%	-%	7%	%_	6%
Organic constant currency sales change	6%	(4)%	11%	<del></del> %	14%	4%	5%	(19)%	3%

<sup>\*</sup>Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed onJuly 1, 2021.

Organic constant currency sales change is a non-GAAP financial measure provided by the Company to give a better understanding of the Company's underlying business performance. Organic constant currency sales change is calculated by deducting the percentage impact from acquisitions and currency translation effects from the overall percentage change in net sales.

# MSA Safety Incorporated

Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Constant currency revenue growth (Unaudited)

## International Segment

Three Months Ended March 31, 2022

	Three Months Ended March 31, 2022								
·		Firefighter Helmets and	Industrial	Portable	Fixed Gas			Non-	
	Breathing	Protective	Head	Gas	and Flame	Fall	Core	Core	Net
	Apparatus	Apparel	Protection	Detection	Detection*	Protection	Sales	Sales	Sales
GAAP reported sales									
change	(8)%	35%	4%	(7)%	24%	(20)%	6%	—%	5%
Plus: Currency translation									
effects	5%	9%	4%	5%	3%	3%	5%	6%	5%
Constant currency									
sales change	(3)%	44%	8%	(2)%	27%	(17)%	11%	6%	10%
Less:									
Acquisitions	<u> </u>	—%	<b>—</b> %	-%	19%	—%	6%	%_	5%
Organic constant currency	(0)			(0) 0 (	•	/1 <b>-</b> \-/	/	•	
sales change	(3)%	44%	8%	(2)%	8%	(17)%	5%	6%	5%

<sup>\*</sup>Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed onJuly 1, 2021.

Organic constant currency sales change is a non-GAAP financial measure provided by the Company to give a better understanding of the Company's underlying business performance. Organic constant currency sales change is calculated by deducting the percentage impact from acquisitions and currency translation effects from the overall percentage change in net sales.

	Three Months Ended March 31, 2022					
	Consolidated	Americas	International			
Fixed Gas and Flame Detection*	40%	47%	27%			
Industrial Head Protection	10%	11%	8%			
Firefighter Helmets and Protective Apparel	7%	(4)%	44%			
Breathing Apparatus	3%	6%	(3)%			
Portable Gas Detection	(1)%	—%	(2)%			
Fall Protection	(4)%	4%	(17)%			
Core Sales	11%	12%	11%			
Non-Core Sales	(9)%	(19)%	6%			
Net Sales	9%	9%	10%			
Net Sales excluding Acquisitions	4%	3%	5%			

<sup>\*</sup>Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed onJuly 1, 2021.

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 March 31,				
		2022		2021	% Change
Net income attributable to MSA Safety Incorporated	\$	35,542	\$	36,450	(2)%
Product liability expense		2,772		2,796	
Acquisition related costs (a)		2,943		1,373	
Restructuring charges		2,189		1,308	
Asset related losses and other		4		19	
Currency exchange losses (gains), net		3,271		(2,099)	
Income tax expense on adjustments		(3,123)		(2,370)	
Adjusted earnings	\$	43,598	\$	37,477	16%
Adjusted earnings per diluted share	\$	1.10	\$	0.95	16%

<sup>(</sup>a) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the unaudited Condensed Consolidated Statements of Income.

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.

#### 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, firefighter helmets and protective apparel, and fall protection devices. With 2021 revenues of \$1.4 billion, MSA employs approximately 4,800 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 18, 2022. 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="www.sec.gov">www.sec.gov</a>, as well as on its own investor relations website at <a href="http://investors.MSAsafety.com">http://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 press release includes certain non-GAAP financial measures. These financial measures include organic constant currency revenue growth, adjusted operating income, adjusted operating margin, adjusted EBITDA, adjusted EBITDA margin, adjusted earnings, and adjusted earnings per diluted share. 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.

SOURCE MSA Safety

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