## MSA Safety Announces Third Quarter 2024 Results

Strong execution drives resilient margins and EPS growth; Expecting mid-single-digit fourth quarter sales growth, resulting in low-single-digit full-year growth.

PITTSBURGH, Oct. 23, 2024 / PRNewswire / -- Global safety equipment and solutions provider MSA Safety Incorporated (NYSE: MSA) today reported financial results for the third quarter of 2024.

#### **Quarterly Highlights**

- Achieved quarterly net sales of\$433 million, a 3% year-over-year decrease on a reported and organic constant currency basis.
- Generated GAAP operating income of \$91 million, or 21.1% of sales, and adjusted operating income of \$98 million, or 22.6% of sales.
- Recorded GAAP net income of \$67 million, or \$1.69 per diluted share, and adjusted earnings of \$72 million, or \$1.83 per diluted share.
- Repaid \$38 million of debt, returned \$20 million to shareholders through dividends, invested \$14 million for capital expenditures, and repurchased \$10 million of common stock.

"Our team continued to execute well in the third quarter, delivering earnings growth despite a modest sales contraction," said Steve Blanco, MSA Safety President and Chief Executive Officer. "Revenue was impacted by the timing of self-contained breathing apparatus (SCBA) shipments as well as specific customer order delays. That said, we still grew orders by high-single digits in the quarter, and our backlog increased sequentially. We continued to see excellent performance in our detection business, including double-digit sales growth in portables. We remain confident that the overall resilience of our business, the strength of our long-term fundamentals, and our team's embrace of the MSA Business System will enable us to continue advancing our mission and creating value for our shareholders."

#### Financial Highlights

Financial Highlights	I hree Mo Septei			
(\$ millions, except percentages and per share amounts)	 2024	2	2023	% Change <sup>(a)</sup>
Net Sales	\$ 433	\$	447	(3) %
Operating Income	91		94	(3) %
Adjusted Operating Income	98		101	(3) %
Net Income	67		65	2 %
Diluted EPS	1.69		1.65	2 %
Adjusted Earnings	72		70	3 %
Adjusted Diluted EPS	1.83		1.78	3 %

<sup>(</sup>a) Percentage change may not calculate exactly due to rounding.

Lee McChesney, MSA Safety Senior Vice President and Chief Financial Officer, commented, "We delivered resilient margin performance and strong cash conversion in the quarter. Our balance sheet remains healthy, with net leverage of 0.9 times. We returned cash to shareholders as part of our disciplined and balanced capital allocation strategy, and we remain well-positioned to invest organically in the business and evaluate M&A opportunities. As we look ahead to the balance of the year, we expect to finish 2024 strong with mid-single-digit sales growth in the fourth quarter, resulting in low-single-digit top-line growth for the full year."

#### Conference Call

MSA Safety will host a conference call on Thursday, October 24, 2024, at 10:00 a.m. Eastern time to discuss its third quarter 2024 results and outlook. The call and an accompanying slide presentation will be webcast at <a href="http://investors.msasafety.com/">http://investors.msasafety.com/</a> under the "News and Events" tab, subheading "Events & Presentations." Investors and interested parties can also dial into the call at 1-844-854-4415 (toll-free) or 1-412-902-6599 (international). When prompted, please instruct the operator to be joined into the MSA Safety Incorporated conference call. A replay of the conference call will be available at <a href="http://investors.msasafety.com/">http://investors.msasafety.com/</a> shortly after the conclusion of the presentation and will be available for the next 90 days.

		Three Months Ended September 30,				Nine Mon Septen		
	_	2024		2023		2024		2023
Net sales	\$	432,679	\$	446,728	_	\$ 1,308,443	1	\$ ,292,290
Cost of products sold		225,223		227,967		682,427		678,335
Gross profit		207,456		218,761		626,016		613,955
Selling, general and administrative Research and development		95,103 16,707		102,175 17,682		294,329 49,695		289,602 48,906
Restructuring charges		1,184		3,285		5,744		8,382
Currency exchange losses, net		2,985		1,496		4,715		8,781
Loss on divestiture of MSA LLC				_		_		129,211
Product liability expense		_		_		_		3
Operating income		91,477		94,123		271,533		129,070
Interest expense		9,153		12,498		29,556		37,149
Other income, net		(5,833)		(6,037)		(16,215)		(15,487)
Total other expense, net	-	3,320	-	6,461		13,341		21,662
Income before income taxes		88,157		87,662		258,192		107,408
Provision for income taxes		21,509		22,406		61,171		125,235
Net income (loss)	\$	66,648	\$	65,256	\$	197,021	\$	(17,827)
Earnings (loss) per share attributable to common shareholders:								
		\$		\$		\$		
Basic		1.69		1.66		5.00	\$	(0.46)
Diluted		\$ 1.69		\$ 1.65		\$ 4.98	\$	(0.46)
Basic shares outstanding		39,362		39,303		39,370		39,267
Diluted shares outstanding		39,495		39,450		39,530		39,267

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

	S	eptember 30, 2024	December 31, 2023	
Assets				
Cash and cash equivalents	\$	154,371	\$	146,442
Trade receivables, net		277,346		294,678
Inventories		351,805		292,604
Other current assets		59,147		52,546
Total current assets		842,669		786,270
Property, plant and equipment, net		216,646		211,877
Prepaid pension cost		183,915		172,161
Goodwill		632,837		627,534

Intangible assets, net		254,364	266,134
Other noncurrent assets		111,496	106,174
Total assets	\$	2,241,927	\$ 2,170,150
Liabilities and shareholders' equity			
Notes payable and current portion of long-term debt, net	: \$	26,915	\$ 26,522
Accounts payable		128,031	111,872
Other current liabilities		159,532	194,424
Total current liabilities		314,478	332,818
Long-term debt, net		527,807	575,170
Pensions and other employee benefits		144,105	143,967
Deferred tax liabilities		103,175	102,419
Other noncurrent liabilities		57,017	48,974
Total shareholders' equity		1,095,345	966,802
Total liabilities and shareholders' equity	\$	2,241,927	\$ 2,170,150

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

	Three Months Ended					Nine Months Ended			
	September 30,				September 30,			30,	
	202	24	2023		2024			2023	
Net income (loss)	\$ 66	5,648	\$	65,256	\$	197,021	\$	(17 007)	
,	•		φ	-	φ	,	Φ	(17,827)	
Depreciation and amortization	10	5,959		15,504		47,563		44,965	
Tax-effected loss on divestiture of MSA LLC								199,578	
Contribution on divestiture of MSA LLC				_		_		(341,186)	
Change in working capital and other operating		1,725		44,024		(56,064)		48,413	
Cash flow from (used in) operating activities	84	1,332		124,784		188,520		(66,057)	
Capital expenditures	(14	,254)		(12,657)		(39,814)		(30,979)	
Property disposals and other investing		16		16		90		2,690	
Cash flow used in investing activities	(14	,238)		(12,641)	•	(39,724)		(28,289)	
Change in debt	(37	',743)		(68,250)		(51,003)		168,648	
Cash dividends paid	(20	,081)		(18,485)		(58,670)		(54,999)	
Company stock purchases under repurchase program	(10	,027)		_		(20,027)		_	
Other financing		(603)		653		(6,472)		(3,142)	
Cash flow (used in) from financing activities	(68	3,454)		(86,082)		(136,172)		110,507	
Effect of exchange rate changes on cash, cash									
equivalents and restricted cash	4	1,495		(8,501)		(6,062)		(14,152)	
Increase in cash, cash equivalents and restricted cash	\$ 6	5,135	\$	17,560	\$	6,562	\$	2,009	

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

	Americas	International	Corporate	Consolidated
Three Months Ended September 30, 2024			-	-
Net sales to external customers	\$ 299,497	\$ 133,182	\$ —	\$ 432,679
Operating income				91,477

Operating margin %					21.1 %
Restructuring charges					1,184
Currency exchange losses, net					2,985
Amortization of acquisition-related intangible					2.260
assets Adjusted operating income (loss)	91,822	18,174		(12,081)	2,269 97,915
Adjusted operating margin %	30.7 %	13.6 %		(12,001)	22.6 %
Depreciation and amortization		7010 //			13,690
Adjusted EBITDA	101,339	22,119		(11,853)	111,605
Adjusted EBITDA margin %	33.8 %	16.6 %			25.8 %
Three Months Ended September 30, 2023					
Net sales to external customers	\$ 314,273	\$ 132,455	\$	_	\$ 446,728
Operating income	,	. ,	·		94,123
Operating margin %					21.1 %
Restructuring charges					3,285
Currency exchange losses, net					1,496
Amortization of acquisition-related intangible					0.015
assets					2,315
Transaction costs (a)	00.040	00 577		(45.400)	78
Adjusted operating income (loss)	93,918	22,577		(15,198)	101,297
Adjusted operating margin %	29.9 %	17.0 %			22.7 %
Depreciation and amortization	100 157	06.000		(14.000)	13,189
Adjusted EBITDA Adjusted EBITDA margin %	103,157 32.8 %	26,289 19.8 %		(14,960)	114,486 25.6 %
Aujusteu EDITDA maryin %	32.0 %	13.0 %			25.0 %

<sup>&</sup>lt;sup>(a)</sup> Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in Selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Operations.

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

	Americas	International	(	Corporate	Consolidated
Nine Months Ended September 30, 2024 Net sales to external customers Operating income Operating margin % Restructuring charges Currency exchange losses, net Net cost for product related legal matter Amortization of acquisition-related intangible	\$ 909,745	\$ 398,698	\$		\$ 1,308,443 271,533 20.8 % 5,744 4,715 5,000
assets					6,888
Transaction costs <sup>(a)</sup> Adjusted operating income (loss) Adjusted operating margin % Depreciation and amortization	276,523 30.4 %	55,944 14.0 %		(38,353)	234 294,114 22.5 % 40,675
Adjusted EBITDA Adjusted EBITDA margin %	305,275 33.6 %	67,216 16.9 %		(37,702)	334,789 25.6 %
Nine Months Ended September 30, 2023 Net sales to external customers Operating income Operating margin % Restructuring charges	\$ 902,918	\$ 389,372	\$	_	\$ 1,292,290 129,070 10.0 % 8,382

Currency exchange losses, net				8,781
Loss on divestiture of MSA LLC Product liability expense				129,211 3
Amortization of acquisition-related intangible assets				6,936
Transaction costs (a)				78
Adjusted operating income (loss)	260,428	60,099	(38,066)	282,461
Adjusted operating margin %	28.8 %	15.4 %		21.9 %
Depreciation and amortization				38,029
Adjusted EBITDA	287,628	70,296	(37,434)	320,490
Adjusted EBITDA margin %	31.9 %	18.1 %		24.8 %

<sup>(</sup>a) Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in Selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Operations.

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, loss on divestiture of MSA LLC, product liability expense, amortization of acquisition-related intangible assets, net cost for product related legal matter and transaction costs. Adjusted operating margin is defined as adjusted operating income (loss) divided by segment net 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 net 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 or 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.

Three Months Ended Contember 20, 2024

# MSA Safety Incorporated

Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Organic constant currency sales change (Unaudited)

#### Consolidated

	Inree Months Ended September 30, 2024						
	Fire		Industrial PPE				
	Service <sup>(a)</sup>	Detection(b)	and Other <sup>(c)</sup>	Net Sales			
GAAP reported sales change	(9) %	5 %	(5) %	(3) %			
Plus: Currency translation effects	—%	—%	1 %	—%			
Organic constant currency sales change	(9) %	5 %	(4) %	(3) %			
	Nine Fire	Months Ende	ed September 30 Industrial PPE	, 2024			
	Service <sup>(a)</sup>	Detection <sup>(b)</sup>	and Other <sup>(c)</sup>	Net Sales			
GAAP reported sales change	3 %	3 %	(3) %	1 %			
Plus: Currency translation effects	—%	— %	— %	—%			
Organic constant currency sales change	3 %	3 %	(3) %	1 %			

<sup>(</sup>a) Fire Service includes Breathing Apparatus and Firefighter Helmets and Protective Apparel.

<sup>(</sup>b) Detection includes Fixed Gas and Flame Detection and Portable Gas Detection.

<sup>(c)</sup> Industrial PPE and Other includes Industrial Head Protection, Fall Protection and Non-Core.

Management believes that organic constant currency sales change is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Organic constant currency sales change highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control. There can be no assurances that MSA's definition of organic constant currency sales change 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 this non-GAAP financial measure.

#### MSA Safety Incorporated

Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures Organic constant currency sales change (Unaudited)

#### Americas Segment

	Three Months Ended September 30, 2024						
	Fire	Fire Industrial PPE					
	Service <sup>(a)</sup>	Detection(b)	and Other <sup>(c)</sup>	Net Sales			
GAAP reported sales change	(15) %	5 %	(1) %	(5) %			
Plus: Currency translation effects	— %	1 %	4 %	2 %			
Organic constant currency sales							
change	(15) %	6 %	3 %	(3) %			
		Months Ende	ed September 30	, 2024			
	Fire	- (b)	Industrial PPE				
	Service <sup>(a)</sup>	Detection <sup>(b)</sup>	and Other <sup>(c)</sup>	Net Sales			
GAAP reported sales change	(1) %	3 %	— %	1 %			
Plus: Currency translation effects	—%	— %	1 %	—%			
Organic constant currency sales							
change	(1) %	3 %	1 %	1 %			
International Segment							

International Segment						
	Three Months Ended September 30, 2					
			Industrial PPE			
	Fire		and Other <sup>(c)</sup>			
	Service <sup>(a)</sup>	Detection <sup>(b)</sup>		Net Sales		
GAAP reported sales change	10 %	4 %	(15) %	1 %		
Plus: Currency translation effects Organic constant currency sales	(2) %	(1) %	(1) %	(2) %		
change	8 %	3 %	(16) %	(1) %		
	Nine	Months Ende	ed September 30	, 2024		
	Fire		Industrial PPE	_		
	Service <sup>(a)</sup>	Detection(b)	and Other <sup>(c)</sup>	Net Sales		
GAAP reported sales change	13 %	2 %	(10) %	2 %		
Plus: Currency translation effects	— %	—%	—%	<u> </u>		
Organic constant currency sales change	13 %	2 %	(10) %	2 %		

- (a) Fire Service includes Breathing Apparatus and Firefighter Helmets and Protective Apparel.
- (b) Detection includes Fixed Gas and Flame Detection and Portable Gas Detection.
- <sup>(c)</sup> Industrial PPE and Other includes Industrial Head Protection, Fall Protection and Non-Core.

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

can be no assurances that MSA's definition of organic constant currency sales 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 this non-GAAP financial measure.

MSA Safety Incorporated

Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures

Adjusted earnings (Unaudited)

Adjusted diluted earnings per share (Unaudited)

(In thousands, except per share amounts and percentages)

		Three Months Ended September 30,				Nine Months Ended September 30,				
		2024		2023	% Change		2024		2023	% Change
Net income (loss)	\$	66,648	\$	65,256	2 %	\$	197,021	\$	(17,827)	n/m*
Currency exchange losses, net Amortization of acquisition-related		2,985		1,496			4,715		8,781	
intangible assets		2,269		2,315			6,888		6,936	
Restructuring charges		1,184		3,285			5,744		8,382	
Asset related losses (gains)		207		42			959		(671)	
Net cost for product related legal matter	•	_		_			5,000		_	
Pension settlement		_		_			1,308		_	
Transaction costs (a)		_		78			234		78	
Loss on divestiture of MSA LLC		_		_			_		129,211	
Deferred tax asset write-off related										
to divestiture of MSA LLC		_		_			_		70,366	
Product liability expense		_		_			_		3	
Income tax expense on										
adjustments		(995)		(2,327)			(6,412)		(9,248)	
Adjusted earnings	\$	72,298	\$	70,145	3 %	\$	215,457	\$	196,011	10 %
Adjusted diluted earnings per	•	4.00	Φ.	4 70		<b>.</b>	5.45	•	4.07	
share	\$	1.83	\$	1.78	3 %	\$	5.45	\$	4.97	10 %

(a)Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in Selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Operations.

#### \* Not meaningful

Management believes that adjusted earnings and adjusted diluted earnings per 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 (loss) determined on a GAAP basis as well as adjusted earnings.

MSA Safety Incorporated

Reconciliation of As Reported Financial Measures to Non-GAAP Financial

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Debt to adjusted EBITDA / Net debt to adjusted EBITDA (Unaudited) (In thousands)

	Twelve	Twelve Months Ended		
	Septen	September 30, 2024		
Operating income	\$	373,783		
Depreciation and amortization		54,173		
Currency exchange losses, net		13,013		
Amortization of acquisition-related intangible assets		9,198		

Restructuring charges	7,254
Net cost for product related legal matter	5,000
Transaction costs (a)	1,121
Adjusted EBITDA	\$ 463,542
Total end-of-period debt	554,722
Debt to adjusted EBITDA	1.2
Total end-of-period debt	\$ 554,722
Total end-of-period cash and cash equivalents	154,371
Net debt	\$ 400,351
Net debt to adjusted EBITDA	0.9

<sup>(</sup>a) Transaction costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during acquisitions and divestitures. These costs are included in Selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Operations.

Management believes that Debt to adjusted EBITDA and Net debt to adjusted EBITDA are useful measures for investors, as management uses these measures to internally assess the company's liquidity and balance sheet strength. There can be no assurances that that MSA's definition of Debt to adjusted EBITDA and Net debt to adjusted EBITDA is consistent with that of other companies.

### About MSA Safety:

MSA Safety Incorporated (NYSE: MSA) is the global leader in advanced safety products, technologies and solutions. Driven by its singular mission of safety, the Company has been at the forefront of safety innovation since 1914, protecting workers and facility infrastructure around the world across a broad range of diverse end markets while creating sustainable value for shareholders. With 2023 revenues of \$1.8 billion, MSA Safety is headquartered in Cranberry Township, Pennsylvania and employs a team of over 5,000 associates across its more than 40 international locations. For more information, please visit <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. These statements relate to future events or our future financial performance and involve various assumptions, known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by words such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or other comparable words. Actual results, performance or outcomes may differ materially from those expressed or implied by these forward-looking statements and may not align with historical performance and events due to a number of factors, including those discussed in the sections of our annual report on Form 10-K entitled "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors," and those discussed in our Form 10-Q quarterly reports filed after such annual report. MSA's SEC filings are readily obtainable at no charge at www.sec.gov, as well as on its own investor relations website at http://investors.MSAsafety.com. Although we believe that the expectations reflected in the forwardlooking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements, and caution should be exercised against placing undue reliance upon such statements, which are based only on information currently available to us and speak only as of the date hereof. We are under no duty to update publicly any of the forwardlooking statements after the date of this earnings press release, whether as a result of new information, future events or otherwise, 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, adjusted earnings per diluted share, debt to adjusted EBITDA, and net debt to adjusted EBITDA. These metrics are

consistent with how the Company's chief operating decision maker ("CODM") evaluates segment results and makes strategic decisions about the business. Additionally, these non-GAAP financial measures provide information useful to investors in understanding our operating performance and trends, and to facilitate comparisons with the performance of our peers. Management also uses these measures internally to assess and better understand our underlying business performance and trends related to core business activities. The non-GAAP financial measures and key performance indicators we use, and computational methods with respect thereto, may differ from the non-GAAP financial measures and key performance indicators, and computational methods, that our peers use to assess their performance and trends.

The presentation of these non-GAAP financial measures does not comply with U.S. GAAP. These non-GAAP financial measures should be viewed as supplemental in nature, and not as a substitute for, or superior to, our reported results prepared in accordance with GAAP. When non-GAAP financial measures are disclosed, the Securities and Exchange Commission's Regulation G requires: (i) the presentation of the most directly comparable financial measure calculated and presented in accordance with GAAP and (ii) a reconciliation of the differences between the non-GAAP financial measure presented and the most directly comparable financial measure calculated and presented in accordance with GAAP. The presentation of these financial measures does not comply with U.S. generally accepted accounting principles ("GAAP"). For an explanation of these measures, 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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https://news.msasafety.com/2024-10-23-MSA-Safety-Announces-Third-Quarter-2024-Results