



MSA Safety Announces Fourth Quarter and Full Year 2023 Results

Feb 14, 2024

Strong quarterly results and resilient demand support healthy outlook for 2024

PITTSBURGH, Feb. 14, 2024 /PRNewswire/ -- Global safety equipment and solutions provider MSA Safety Incorporated (NYSE: MSA) today reported financial results for the fourth quarter and year ended December 31, 2023.



Fourth Quarter 2023 Highlights

- Achieved net sales of \$495 million, a 12% increase year-over-year, reflecting strength across MSA's portfolio and in each reportable segment.
- Generated GAAP operating income of \$102 million, or 20.6% of sales, and adjusted operating income of \$115 million, or 23.3% of sales.
- Recorded GAAP net income of \$76 million, or \$1.93 per diluted share, and adjusted net income of \$82 million, or \$2.06 per diluted share.
- Invested \$12 million for capital expenditures, repaid \$145 million of debt, and returned \$18 million to shareholders through dividends.

Full Year 2023 Highlights

- Achieved net sales of \$1.8 billion, a 17% increase year-over-year.
- Generated GAAP operating income of \$231 million, or 12.9% of sales, and adjusted operating income of \$398 million, or 22.2% of sales.
- Recorded GAAP earnings of \$59 million, or \$1.48 per diluted share, and adjusted earnings of \$278 million, or \$7.03 per diluted share.
- Invested \$43 million for capital expenditures, repaid \$289 million of debt subsequent to the January 2023 divestiture of a subsidiary holding legacy liabilities, and returned \$73 million to shareholders through dividends.
- Strengthened financial position with net leverage of 1.0x at year end.

"Our strong performance in the fourth quarter capped an outstanding 2023 for MSA," said Nish Vartanian, MSA Safety Chairman and Chief Executive Officer. "Our team delivered excellent full year results with double-digit sales growth and robust margin expansion. Investments we have made in the development of innovative new products and solutions, our commercial strategy, and across our functional support areas are enabling us to better serve our customers and advance our mission. We enter 2024 with strong momentum and an ongoing focus on delivering value for all our stakeholders. Looking ahead, I believe our unique mission, highly talented team, and differentiated portfolio provide a solid foundation to fuel future growth and generate attractive long-term returns for our shareholders."

Financial Highlights and Balance Sheet

| Financial Highlights (\$ millions, except per share data) | Three Months Ended December 31, | | | Twelve Months Ended December 31, | | |
|--|------------------------------------|--------|--------------|-------------------------------------|----------|--------------|
| | 2023 | 2022 | % Change (a) | 2023 | 2022 | % Change (a) |
| Net Sales | \$ 495 | \$ 443 | 12 % | \$ 1,788 | \$ 1,528 | 17 % |
| Operating Income | 102 | 71 | 45 % | 231 | 239 | (3) % |
| Adjusted Operating Income | 115 | 96 | 20 % | 398 | 290 | 37 % |
| Net Income | 76 | 51 | 48 % | 59 | 180 | (67) % |

| | | | | | | |
|----------------------|------|------|------|------|------|--------|
| Diluted EPS | 1.93 | 1.31 | 47 % | 1.48 | 4.56 | (68) % |
| Adjusted Earnings | 82 | 71 | 15 % | 278 | 223 | 25 % |
| Adjusted Diluted EPS | 2.06 | 1.80 | 14 % | 7.03 | 5.65 | 24 % |

(a) Percentage change may not calculate exactly due to rounding.

"Our team's strong commercial and operational execution resulted in a year of accelerated sales growth, margin enhancement, and free cash flow generation. We also made substantial progress during the year to strengthen our financial position, with net leverage of 1.0x at year end," commented Lee McChesney, MSA Safety Senior Vice President and Chief Financial Officer. "As we move forward, we expect to build on our progress and leverage the MSA Business System to drive further sales growth and margin expansion. Despite the backdrop of macroeconomic and geopolitical uncertainty, we are focused on delivering mid-single digit sales growth in 2024. We continue to execute our disciplined and balanced capital allocation strategy with a focus on driving sustainable value creation in 2024 and beyond."

Conference Call

MSA Safety will host a conference call on Thursday, February 15, 2024 at 10:00 a.m. Eastern Time to discuss the fourth quarter and full year 2023 results. The call and an accompanying slide presentation will be webcast at <http://investors.msasafety.com/> 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 <http://investors.msasafety.com/> shortly after the conclusion of the presentation and will be available for the next 90 days.

Investor Day Announcement

MSA Safety will hold an Investor Day for institutional investors and financial analysts in New York City on Wednesday, May 22, 2024, with a presentation given by members of executive management, along with Q&A sessions. A live webcast and presentation slides will be posted on the day of the event. Dial-in information and a detailed agenda will be provided at a later date. Due to limited capacity, in-person attendance is by invitation only.

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|------------|-------------------------------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net sales | \$ 495,358 | \$ 443,254 | \$ 1,787,647 | \$ 1,527,953 |
| Cost of products sold | 257,175 | 246,002 | 935,509 | 854,122 |
| Gross profit | 238,183 | 197,252 | 852,138 | 673,831 |
| Selling, general and administrative | 107,043 | 91,494 | 396,645 | 338,872 |
| Research and development | 19,082 | 13,995 | 67,988 | 57,012 |
| Restructuring charges | 1,510 | 4,819 | 9,892 | 7,965 |
| Currency exchange losses, net | 8,298 | 5,467 | 17,079 | 10,255 |
| Product liability expense | — | 10,857 | 3 | 20,590 |
| Loss on divestiture of MSA LLC | — | — | 129,211 | — |
| Operating income | 102,250 | 70,620 | 231,320 | 239,137 |
| Interest expense | 9,584 | 7,502 | 46,733 | 21,660 |
| Other income, net | (6,614) | (5,935) | (22,101) | (21,056) |
| Total other expense, net | 2,970 | 1,567 | 24,632 | 604 |
| Income before income taxes | 99,280 | 69,053 | 206,688 | 238,533 |
| Provision for income taxes | 22,870 | 17,564 | 148,105 | 58,903 |
| Net income | 76,410 | 51,489 | 58,583 | 179,630 |
| Earnings per share attributable to MSA Safety Incorporated common shareholders: | | | | |
| Basic | \$ 1.94 | \$ 1.31 | \$ 1.49 | \$ 4.58 |
| Diluted | \$ 1.93 | \$ 1.31 | \$ 1.48 | \$ 4.56 |
| Basic shares outstanding | 39,339 | 39,200 | 39,307 | 39,232 |
| Diluted shares outstanding | 39,541 | 39,387 | 39,473 | 39,407 |

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

| | December 31, 2023 | December 31, 2022 |
|--|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | \$ 146,442 | \$ 162,902 |
| Trade receivables, net | 294,678 | 297,028 |
| Inventories | 292,604 | 338,316 |
| Notes receivable, insurance companies | — | 5,931 |
| Other current assets | 52,546 | 75,949 |
| Total current assets | <u>786,270</u> | <u>880,126</u> |
| Property, plant and equipment, net | 211,877 | 207,552 |
| Prepaid pension cost | 172,161 | 141,643 |
| Goodwill | 627,534 | 620,622 |
| Intangible assets, net | 266,134 | 281,853 |
| Notes receivable, insurance companies, noncurrent | — | 38,695 |
| Insurance receivable, noncurrent | — | 110,300 |
| Other noncurrent assets | 106,174 | 96,185 |
| Total assets | <u>\$ 2,170,150</u> | <u>\$ 2,376,976</u> |
| Liabilities and shareholders' equity | | |
| Notes payable and current portion of long-term debt, net | \$ 26,522 | \$ 7,387 |
| Accounts payable | 111,872 | 112,532 |
| Other current liabilities | 194,424 | 225,946 |
| Total current liabilities | <u>332,818</u> | <u>345,865</u> |
| Long-term debt, net | 575,170 | 565,445 |
| Pensions and other employee benefits | 143,967 | 137,810 |
| Deferred tax liabilities | 102,419 | 31,881 |
| Product liability and other noncurrent liabilities | 48,974 | 372,234 |
| Total shareholders' equity | 966,802 | 923,741 |
| Total liabilities and shareholders' equity | <u>\$ 2,170,150</u> | <u>\$ 2,376,976</u> |

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

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|-----------------|-------------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income | \$ 76,410 | \$ 51,489 | \$ 58,583 | \$ 179,630 |
| Depreciation and amortization | 15,808 | 14,434 | 60,773 | 56,317 |
| 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 | 66,696 | (12,371) | 115,109 | (78,492) |
| Cash flow from operating activities | <u>158,914</u> | <u>53,552</u> | <u>92,857</u> | <u>157,455</u> |
| Capital expenditures | (11,785) | (13,800) | (42,764) | (42,553) |
| Change in short-term investments | — | 15,138 | — | 39,458 |
| Property disposals and other investing | 121 | (1,427) | 2,811 | (1,389) |
| Cash flow used in investing activities | <u>(11,664)</u> | <u>(89)</u> | <u>(39,953)</u> | <u>(4,484)</u> |
| Change in debt | (144,750) | (40,000) | 23,898 | (13,000) |
| Cash dividends paid | (18,489) | (18,050) | (73,488) | (71,497) |
| Other financing | 479 | 863 | (2,663) | (28,853) |
| Cash flow used in financing activities | <u>(162,760)</u> | <u>(57,187)</u> | <u>(52,253)</u> | <u>(113,350)</u> |

| | | | | |
|--|--------------------|-----------------|--------------------|------------------|
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | <u>(2,519)</u> | <u>6,867</u> | <u>(16,671)</u> | <u>(16,631)</u> |
| (Decrease) increase in cash, cash equivalents and restricted cash | <u>\$ (18,029)</u> | <u>\$ 3,143</u> | <u>\$ (16,020)</u> | <u>\$ 22,990</u> |

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

| | <u>Americas</u> | <u>International</u> | <u>Corporate</u> | <u>Consolidated</u> |
|---|-----------------|----------------------|------------------|---------------------|
| Three Months Ended December 31, 2023 | | | | |
| Net sales to external customers | \$ 332,676 | \$ 162,682 | \$ — | \$ 495,358 |
| Operating income | | | | 102,250 |
| Operating margin % | | | | 20.6 % |
| Restructuring charges | | | | 1,510 |
| Currency exchange losses, net | | | | 8,298 |
| Amortization of acquisition-related intangible assets | | | | 2,310 |
| Transaction costs ^(a) | | | | 887 |
| Adjusted operating income (loss) | 99,189 | 29,600 | (13,534) | 115,255 |
| Adjusted operating margin % | 29.8 % | 18.2 % | | 23.3 % |
| Depreciation and amortization | | | | 13,498 |
| Adjusted EBITDA | 108,968 | 33,108 | (13,323) | 128,753 |
| Adjusted EBITDA margin % | 32.8 % | 20.4 % | | 26.0 % |
| Three Months Ended December 31, 2022 | | | | |
| Net sales to external customers | \$ 289,122 | \$ 154,132 | \$ — | \$ 443,254 |
| Operating income | | | | 70,620 |
| Operating margin % | | | | 15.9 % |
| Restructuring charges | | | | 4,819 |
| Currency exchange losses, net | | | | 5,467 |
| Product liability expense | | | | 10,857 |
| Amortization of acquisition-related intangible assets | | | | 2,285 |
| Transaction costs ^(a) | | | | 1,757 |
| Adjusted operating income (loss) | 82,728 | 26,249 | (13,172) | 95,805 |
| Adjusted operating margin % | 28.6 % | 17.0 % | | 21.6 % |
| Depreciation and amortization | | | | 12,149 |
| Adjusted EBITDA | 91,525 | 29,471 | (13,042) | 107,954 |
| Adjusted EBITDA margin % | 31.7 % | 19.1 % | | 24.4 % |

(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 Income.

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

| | <u>Americas</u> | <u>International</u> | <u>Corporate</u> | <u>Consolidated</u> |
|---|-----------------|----------------------|------------------|---------------------|
| Twelve Months Ended December 31, 2023 | | | | |
| Net sales to external customers | \$ 1,235,594 | \$ 552,053 | \$ — | \$ 1,787,647 |
| Operating income | | | | 231,320 |
| Operating margin % | | | | 12.9 % |
| Restructuring charges | | | | 9,892 |
| Currency exchange losses, net | | | | 17,079 |
| Loss on divestiture of MSA LLC | | | | 129,211 |
| Product liability expense | | | | 3 |
| Amortization of acquisition-related intangible assets | | | | 9,246 |
| Transaction costs ^(a) | | | | 965 |
| Adjusted operating income (loss) | 359,617 | 89,699 | (51,600) | 397,716 |

| | | | | |
|-------------------------------|---------|---------|----------|---------|
| Adjusted operating margin % | 29.1 % | 16.2 % | | 22.2 % |
| Depreciation and amortization | | | | 51,527 |
| Adjusted EBITDA | 396,596 | 103,404 | (50,757) | 449,243 |
| Adjusted EBITDA margin % | 32.1 % | 18.7 % | | 25.1 % |

Twelve Months Ended December 31, 2022

| | | | | |
|---|--------------|------------|----------|--------------|
| Net sales to external customers | \$ 1,043,238 | \$ 484,715 | \$ — | \$ 1,527,953 |
| Operating income | | | | 239,137 |
| Operating margin % | | | | 15.7 % |
| Restructuring charges | | | | 7,965 |
| Currency exchange losses, net | | | | 10,255 |
| Product liability expense | | | | 20,590 |
| Amortization of acquisition-related intangible assets | | | | 9,207 |
| Transaction costs (a) | | | | 3,233 |
| Adjusted operating income (loss) | 267,392 | 60,923 | (37,928) | 290,387 |
| Adjusted operating margin % | 25.6 % | 12.6 % | | 19.0 % |
| Depreciation and amortization | | | | 47,110 |
| Adjusted EBITDA | 301,726 | 73,179 | (37,408) | 337,497 |
| Adjusted EBITDA margin % | 28.9 % | 15.1 % | | 22.1 % |

(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 Income.

The Americas segment is comprised of our operations in North America and Latin America 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, 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, adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin are useful metrics for investors. Adjusted operating income 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, and transaction costs. Adjusted operating margin is defined as adjusted operating income divided by segment net sales to external customers. Adjusted EBITDA is defined as adjusted operating income plus depreciation and amortization, and adjusted EBITDA margin is defined as adjusted EBITDA divided by segment net sales to external customers. Adjusted operating income, 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, 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 December 31, 2023 | | | |
|------------------------------------|--------------------------------------|--------------------------|---|-----------|
| | Firefighter Safety ^(a) | Detection ^(b) | Industrial PPE and Other ^(c) | Net Sales |
| GAAP reported sales change | 17 % | 11 % | 5 % | 12 % |
| Plus: Currency translation effects | (1) % | (2) % | (3) % | (2) % |
| Constant currency sales change | 16 % | 9 % | 2 % | 10 % |

| | Twelve Months Ended December 31, 2023 | | | |
|------------------------------------|---------------------------------------|--------------------------|---|-----------|
| | Firefighter Safety ^(a) | Detection ^(b) | Industrial PPE and Other ^(c) | Net Sales |
| GAAP reported sales change | 18 % | 20 % | 12 % | 17 % |
| Plus: Currency translation effects | — % | (1) % | (2) % | (1) % |
| Constant currency sales change | 18 % | 19 % | 10 % | 16 % |

(a) Firefighter Safety includes Breathing Apparatus and Firefighter Helmets and Protective Apparel.

(b) Detection includes Fixed Gas and Flame Detection and Portable Gas Detection.

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

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. There can be no assurances that MSA's definition of 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 this non-GAAP financial measure.

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

Americas Segment

| Three Months Ended December 31, 2023 | | | | |
|--------------------------------------|-----------------------------------|--------------------------|---|-----------|
| | Firefighter Safety ^(a) | Detection ^(b) | Industrial PPE and Other ^(c) | Net Sales |
| GAAP reported sales change | 22 % | 15 % | 4 % | 15 % |
| Plus: Currency translation effects | — % | (1) % | (2) % | (1) % |
| Constant currency sales change | 22 % | 14 % | 2 % | 14 % |

| Twelve Months Ended December 31, 2023 | | | | |
|---------------------------------------|-----------------------------------|--------------------------|---|-----------|
| | Firefighter Safety ^(a) | Detection ^(b) | Industrial PPE and Other ^(c) | Net Sales |
| GAAP reported sales change | 20 % | 20 % | 13 % | 18 % |
| Plus: Currency translation effects | — % | (1) % | (2) % | (1) % |
| Constant currency sales change | 20 % | 19 % | 11 % | 17 % |

(a) Firefighter Safety includes Breathing Apparatus and Firefighter Helmets and Protective Apparel.

(b) Detection includes Fixed Gas and Flame Detection and Portable Gas Detection.

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

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. There can be no assurances that MSA's definition of 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 this non-GAAP financial measure.

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

International Segment

| Three Months Ended December 31, 2023 | | | | |
|--------------------------------------|-----------------------------------|--------------------------|---|-----------|
| | Firefighter Safety ^(a) | Detection ^(b) | Industrial PPE and Other ^(c) | Net Sales |
| GAAP reported sales change | 6 % | 5 % | 6 % | 6 % |
| Plus: Currency translation effects | (4) % | (3) % | (3) % | (3) % |
| Constant currency sales change | 2 % | 2 % | 3 % | 3 % |

| Twelve Months Ended December 31, 2023 | | | | |
|---------------------------------------|-----------------------------------|--------------------------|---|-----------|
| | Firefighter Safety ^(a) | Detection ^(b) | Industrial PPE and Other ^(c) | Net Sales |
| GAAP reported sales change | 12 % | 20 % | 8 % | 14 % |
| Plus: Currency translation effects | (1) % | (1) % | — % | (1) % |
| Constant currency sales change | 11 % | 19 % | 8 % | 13 % |

(a) Firefighter Safety includes Breathing Apparatus and Firefighter Helmets and Protective Apparel.

(b) Detection includes Fixed Gas and Flame Detection and Portable Gas Detection.

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

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. There can be no assurances that MSA's definition of 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 this non-GAAP financial measure.

MSA Safety Incorporated
Supplemental Segment Information (Unaudited)
Summary of constant currency revenue growth by segment and product group

| | Three Months Ended December 31, 2023 | | |
|--------------------------|--------------------------------------|-------------|---------------|
| | Consolidated | Americas | International |
| Firefighter Safety | 16 % | 22 % | 2 % |
| Detection | 9 % | 14 % | 2 % |
| Industrial PPE and Other | 2 % | 2 % | 3 % |
| Net Sales | <u>10 %</u> | <u>14 %</u> | <u>3 %</u> |

| | Twelve Months Ended December 31, 2023 | | |
|--------------------------|---------------------------------------|-------------|---------------|
| | Consolidated | Americas | International |
| Firefighter Safety | 18 % | 20 % | 11 % |
| Detection | 19 % | 19 % | 19 % |
| Industrial PPE and Other | 10 % | 11 % | 8 % |
| Net Sales | <u>16 %</u> | <u>17 %</u> | <u>13 %</u> |

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 December 31, | | | Twelve Months Ended December 31, | | |
|--|---------------------------------|------------------|----------|----------------------------------|-------------------|----------|
| | 2023 | 2022 | % Change | 2023 | 2022 | % Change |
| Net income attributable to MSA Safety Incorporated | \$ 76,410 | \$ 51,489 | 48 % | \$ 58,583 | \$ 179,630 | (67) % |
| Loss on divestiture of MSA LLC | — | — | | 129,211 | — | |
| Deferred tax asset write-off related to divestiture of MSA LLC | — | — | | 70,366 | — | |
| Product liability expense | — | 10,857 | | 3 | 20,590 | |
| Restructuring charges | 1,510 | 4,819 | | 9,892 | 7,965 | |
| Transaction costs ^(a) | 887 | 1,757 | | 965 | 3,233 | |
| Amortization of acquisition-related intangible assets | 2,310 | 2,285 | | 9,246 | 9,207 | |
| Currency exchange losses, net | 8,298 | 5,467 | | 17,079 | 10,255 | |
| Asset related losses and other | 844 | 1,515 | | 173 | 6,290 | |
| Tax benefit associated with tax reform | (5,313) | — | | (5,313) | — | |
| Income tax expense on adjustments | (3,409) | (7,263) | | (12,657) | (14,662) | |
| Adjusted earnings | <u>\$ 81,537</u> | <u>\$ 70,926</u> | 15 % | <u>\$ 277,548</u> | <u>\$ 222,508</u> | 25 % |
| Adjusted earnings per diluted share | <u>\$ 2.06</u> | <u>\$ 1.80</u> | 14 % | <u>\$ 7.03</u> | <u>\$ 5.65</u> | 24 % |

(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 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.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Debt to adjusted EBITDA / Net debt to adjusted EBITDA (Unaudited)
(In thousands)

| | Twelve Months Ended December 31, | |
|---|-------------------------------------|---------|
| | 2023 | |
| Operating income | \$ | 231,320 |
| Loss on divestiture of MSA LLC | | 129,211 |
| Depreciation and amortization | | 51,527 |
| Product liability expense | | 3 |
| Restructuring charges | | 9,892 |
| Currency exchange losses, net | | 17,079 |
| Amortization of acquisition-related intangible assets | | 9,246 |
| Transaction costs ^(a) | | 965 |
| Adjusted EBITDA | \$ | 449,243 |
| | | |
| Total end-of-period debt | | 601,692 |
| | | |
| Debt to adjusted EBITDA | | 1.3 |
| | | |
| Total end-of-period debt | | 601,692 |
| Total end-of-period cash and cash equivalents | | 146,442 |
| Net debt | \$ | 455,250 |
| | | |
| Net debt to adjusted EBITDA | | 1.0 |

(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 Consolidated Statements of Income.

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.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Adjusted Payments on Debt (Unaudited)
(In thousands)

| | Twelve Months Ended December 31, | |
|---|-------------------------------------|-------------|
| | 2023 | 2022 |
| Change in debt | \$ 23,898 | \$ (13,000) |
| Borrowings related to divestiture of MSA LLC ^(a) | (312,943) | \$ — |
| Adjusted payments on debt | \$ (289,045) | \$ (13,000) |

(a) Net of foreign exchange and issuance costs

Management believes that Adjusted Payments on Debt is a useful measure for investors, as management uses this measure to internally assess the Company's debt activity, less the divestiture of MSA LLC. There can be no assurances that MSA's definition of Adjusted Payments on Debt 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 www.MSA_Safety.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. 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 forward-looking 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. We are under no duty to update publicly any of the forward-looking 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 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, net debt to adjusted EBITDA, and adjusted payments on debt. 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.

 View original content to download multimedia: <https://www.prnewswire.com/news-releases/msa-safety-announces-fourth-quarter-and-full-year-2023-results-302062309.html>

SOURCE MSA Safety

Media Relations Contact: Mark Deasy (412) 559-8154; Investor Relations Contact: Chris Hepler (412) 225-3717