



Q2 2023 Earnings Presentation

August 1, 2023

MSA

The Safety Company

One Mission. One Passion. One Purpose.

Cautionary Statements Regarding Forward-looking Statements



This presentation may contain (and verbal statements made by MSA® Safety Incorporated (“MSA Safety”) may contain) “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. These risks and other factors include, but are not limited to, statements in this presentation regarding our expectations with respect to the consequences of the transactions described herein and elsewhere in this presentation. 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. 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 presentation, whether as a result of new information, future events or otherwise, except as required by law.

Non-GAAP Financials

To supplement our Consolidated Financial Statements presented in accordance with generally accepted accounting principles (“GAAP”), we use, and this presentation 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, R&D investment, net debt, debt to adjusted EBITDA, net debt to adjusted EBITDA, free cash flow and free cash flow conversion. 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. For an explanation of these measures, together with a reconciliation to the most directly comparable GAAP financial measure, see the appendix of this presentation.

Leading Global Safety Technology Company with Proven Track Record of Value Creation

Driven by Our Mission, Vision, & Values

Our Mission

- That men and women may work in safety and that they, their families and their communities may live in health throughout the world

Our Vision

- To be the world's leading provider of safety solutions that protect workers when life is on the line
- We pursue this vision with an unsurpassed commitment to integrity, customer service and product innovation that creates exceptional value for all MSA stakeholders

Our Values

- Embracing change and encouraging innovation in a culture of safety
 - Integrity
 - Customer focus
 - Diversity & Inclusion
 - Engagement
 - Innovation & Change
 - Speed & Agility
 - Teamwork

Key Statistics⁽¹⁾

\$1.7B Net Sales	45.6% Gross Margin
21.1% Adj. Operating Margin	4.2% R&D Investment ⁽²⁾
1914 Year Founded	~5,000 Employees
50+ Consecutive Years of Dividend Increases	~\$6.5B Market Cap

Forefront of Safety Innovation

- 1 Steady end market demand + resilient organic growth + extensive installed base
 - 2 Innovation and new customer solutions augmented by disciplined inorganic growth
 - 3 Solidifying status as leading safety technology company, specializing in Firefighter Safety, Gas Detection and Industrial PPE
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Strong Results Fueled by MSA Business System Deployment

Highlights

- Continued strong performance in Q2 with momentum going into 2H 2023
- MSA team executed well with 20% sales growth, strong incremental margins and robust cash generation
- Broad-based growth distributed across product categories, geographies and price/volume
- Balanced order pace in 1H 2023
- Backlog remains elevated near year-end levels
- Expanded margins due to strong volume, price/cost management and operations productivity
- Strengthened balance sheet position ending quarter with 1.7x net leverage

MSA Bacharach Update

- Leader in gas detection technologies for the HVAC-R market
- 2-year anniversary of acquisition closure; integration activities nearly complete
- Significant acquisition benefits
 - Expanded TAM and bolstered presence in an attractive and sustainable end market
 - Accretive margin profile enhanced through synergy obtainment
- Meaningful commercial success with blue chip customers in food retail, quick service restaurants and government
 - Recently awarded \$25MM, multi-year contract with the U.S. Navy
- Healthy outlook driven by expanding environmental regulations and escalating cost of refrigerants



Recent Leadership Announcements

Right Leaders in Place to Support Next Phase of MSA's Growth



Steve Blanco

President and Chief Operating Officer

- Joined MSA Safety in 2012 and most recently served as President, MSA Americas; under his leadership, MSA's Americas segment profitably grew revenue by more than 40%
- Will oversee the continued implementation of the company's strategic initiatives across the company's global portfolio, including the MSA Business System



Stephanie Sciuillo

President, MSA Americas

- Joined MSA Safety in 2010 and most recently served as Senior Vice President and Chief Legal Officer, Corporate Social Responsibility and Public Affairs
- Leads the company's Americas segment, which includes the United States, Canada and Latin America; will continue to be the executive sponsor and spokesperson for the company's corporate social responsibility programs



Richard Roda

Vice President, Secretary and Chief Legal Officer

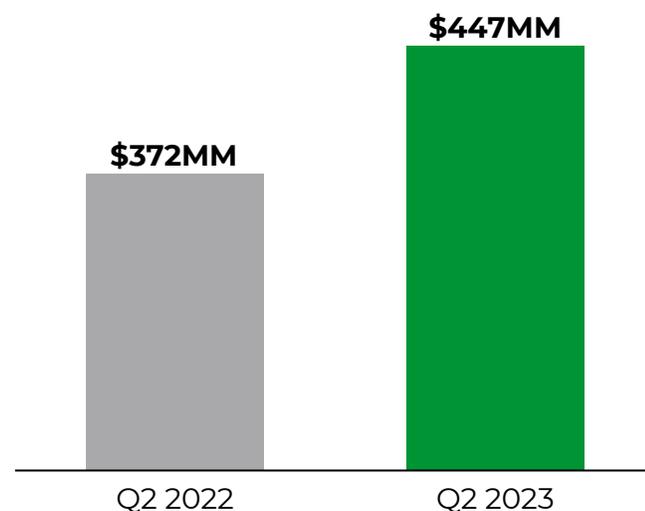
- Joined MSA Safety in 1995 and has held roles of increasing responsibility, including those focused on strategic transactions, corporate legal and securities law functions; most recently served as Deputy General Counsel, Secretary and Chief Compliance Officer
- Leads the company's legal strategy and responsible for the global legal function

Q2 2023 Financial Summary



Balanced Growth Across Portfolio and Strong Operating Leverage

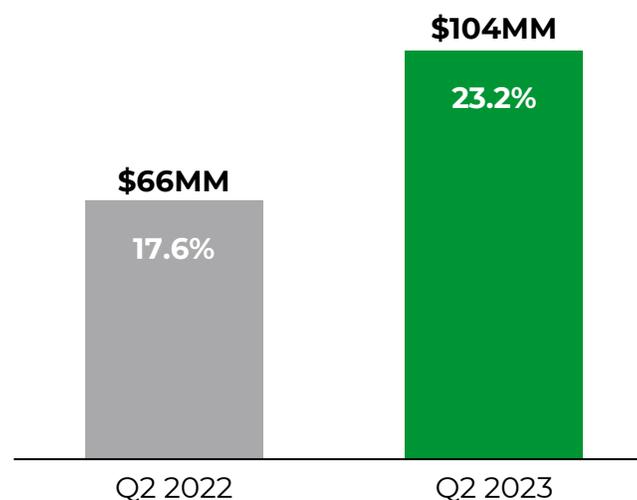
Net Sales



Net sales growth of 20%

- +20% organic, currency neutral
- Growth balanced across product lines, geographies and price/volume

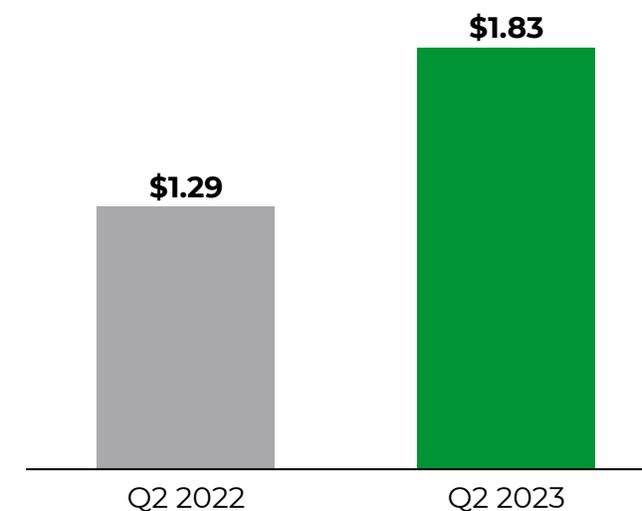
Adjusted Operating Income & Adjusted Operating Margin



Adjusted Operating Margin of 23.2%

- Strong volume leverage, price/cost management and operations productivity drove 560 bps margin expansion
- Incremental margin of 51%
- Adjusted EBITDA margin of 26.0%, up 530 bps year-over-year

Adjusted Diluted EPS



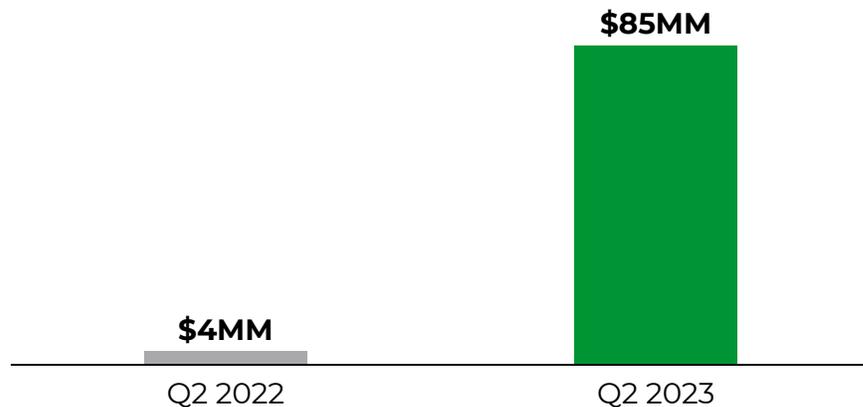
Adjusted EPS growth of 42%

- Higher operating profit and a lower effective tax rate drove growth, partially offset by higher interest expense

Q2 2023 Free Cash Flow and Leverage

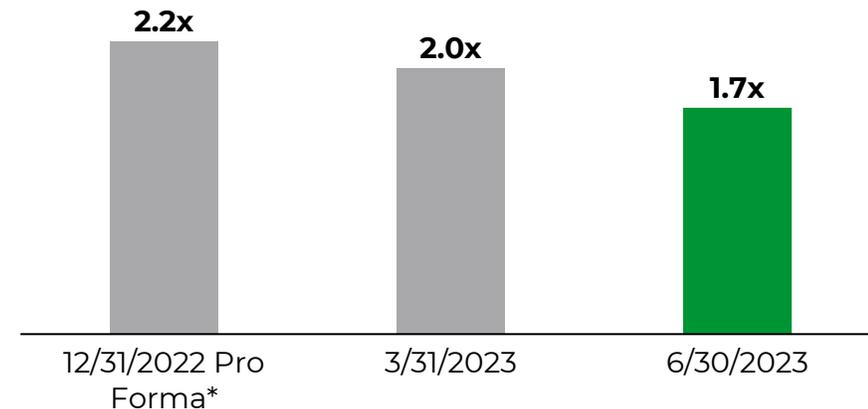
Robust Cash Generation and Continued Leverage Progress

Free Cash Flow



- Strong cash flow generation enables investment in strategic initiatives
 - Free cash flow conversion rate of 118%
 - Enhanced cash flow generation from higher income, working capital discipline and improved supply chain
 - Returned \$18MM in dividends to shareholders

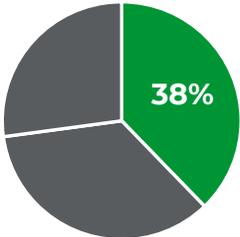
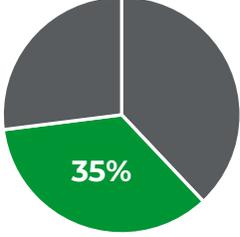
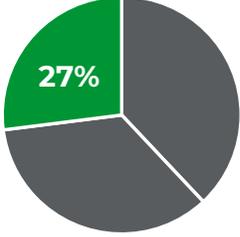
Net Leverage



- Robust balance sheet with 1.7x net leverage and ample liquidity
 - Repaid \$59MM of debt in Q2
 - \$667MM of net debt at quarter end
 - On June 29, issued \$50MM of 5.25% Senior Notes due July 1, 2028; proceeds used to repay borrowings on revolver

2023 Outlook

Raising FY Sales Growth Outlook to Low Double Digits; Reflects Strong 1H Performance and Balanced 2H Outlook

Product Category	% Net Sales ⁽¹⁾	Key End Markets	Operating Environment Update
<p>Firefighter Safety</p> <ul style="list-style-type: none"> • SCBA • Helmets • Protective apparel • Boots 		<ul style="list-style-type: none"> • Fire service and first responder 	<p>Positives</p> <ul style="list-style-type: none"> • Continued strength in organic growth • Elevated backlog remains an opportunity • Ongoing healthy funding environment for firefighter safety • Successful commercial and operational execution driving upside <ul style="list-style-type: none"> – Improving factory throughput – Managing price/cost • Growing global demand for safety products and solutions <p>Challenges</p> <ul style="list-style-type: none"> • Macroeconomic conditions potentially result in end market softening • Supply chain improving, but constraints continue • EPS headwind from higher interest expense, as well as lower pension income
<p>Gas Detection</p> <ul style="list-style-type: none"> • Fixed gas and flame detection • Portable gas detection 		<ul style="list-style-type: none"> • Oil, gas and petrochemical • Utilities • HVAC-R • Industrial 	
<p>Industrial PPE</p> <ul style="list-style-type: none"> • Industrial head protection • Fall protection • Non-core sales 		<ul style="list-style-type: none"> • Oil, gas and petrochemical • Utilities • Non-residential construction • Industrial 	

(1) % of net sales for the trailing 12-month period ended June 30, 2023.

Key Takeaways

Well Positioned to Deliver Profitable Growth on a Sustained Basis

- ✔ Strong first half execution; entering back half with positive momentum and healthy backlog
- ✔ Mission-driven culture and unwavering commitment to the safety of our customers and our employees
- ✔ Reliable, diversified base business drives organic growth and margin expansion opportunities across cycles
- ✔ Reinvestment in innovation and technology, including strategic M&A, enables leading positions in attractive end markets
- ✔ Strong balance sheet supports growth investments and increased return of capital to shareholders while deleveraging





Q&A



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Appendix

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Reconciliation of Non-GAAP Financial Measures



Constant Currency Sales Growth (Unaudited) – Consolidated

Three Months Ended June 30, 2023

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Fixed Gas and Flame Detection	Portable Gas Detection	Industrial Head Protection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	10%	36%	32%	17%	8%	27%	21%	13%	20%
Plus: Currency translation effects	— %	— %	(1%)	— %	(1%)	— %	— %	(1%)	— %
Constant currency sales change	10%	36%	31%	17%	7%	27%	21%	12%	20%

Six Months Ended June 30, 2023

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Fixed Gas and Flame Detection	Portable Gas Detection	Industrial Head Protection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	9%	33%	22%	29%	13%	27%	20%	18%	20%
Plus: Currency translation effects	1%	1%	— %	1%	— %	1%	1%	1%	1%
Constant currency sales change	10%	34%	22%	30%	13%	28%	21%	19%	21%

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.

Reconciliation of Non-GAAP Financial Measures



Constant Currency Sales Growth (Unaudited) – Americas Segment

Three Months Ended June 30, 2023

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Fixed Gas and Flame Detection	Portable Gas Detection	Industrial Head Protection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	7%	48%	31%	20%	6%	32%	22%	24%	22%
Plus: Currency translation effects	— %	— %	— %	— %	(1%)	(2%)	(1%)	(2%)	— %
Constant currency sales change	7%	48%	31%	20%	5%	30%	21%	22%	22%

Six Months Ended June 30, 2023

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Fixed Gas and Flame Detection	Portable Gas Detection	Industrial Head Protection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	6%	48%	21%	33%	12%	29%	22%	35%	23%
Plus: Currency translation effects	— %	— %	— %	(1%)	(1%)	(1%)	— %	(2%)	— %
Constant currency sales change	6%	48%	21%	32%	11%	28%	22%	33%	23%

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.

Reconciliation of Non-GAAP Financial Measures



Constant Currency Sales Growth (Unaudited) – International Segment

Three Months Ended June 30, 2023

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Fixed Gas and Flame Detection	Portable Gas Detection	Industrial Head Protection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	17%	4%	32%	9%	14%	19%	18%	— %	16%
Plus: Currency translation effects	— %	(1%)	(1%)	1%	2%	1%	1%	1%	— %
Constant currency sales change	17%	3%	31%	10%	16%	20%	19%	1%	16%

Six Months Ended June 30, 2023

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Fixed Gas and Flame Detection	Portable Gas Detection	Industrial Head Protection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	17%	(4%)	23%	21%	15%	23%	17%	(1%)	14%
Plus: Currency translation effects	2%	3%	2%	3%	4%	5%	3%	3%	3%
Constant currency sales change	19%	(1%)	25%	24%	19%	28%	20%	2%	17%

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.

Reconciliation of Non-GAAP Financial Measures



Segment Information (Unaudited)

(In thousands, except percentage amounts)	<u>Americas</u>	<u>International</u>	<u>Corporate</u>	<u>Consolidated</u>
Three Months Ended June 30, 2023				
Net sales to external customers	\$ 308,378	\$ 138,921	\$ -	\$ 447,299
Operating income				95,008
Operating margin %				21.2%
Restructuring charges				3,350
Currency exchange losses, net				3,110
Amortization of acquisition-related intangible assets				2,315
Adjusted operating income (loss)	94,816	21,743	(12,776)	103,783
Adjusted operating margin %	30.7%	15.7%		23.2%
Depreciation and amortization				12,574
Adjusted EBITDA	103,977	24,949	(12,569)	116,357
Adjusted EBITDA margin %	33.7%	18.0%		26.0%
Three Months Ended June 30, 2022				
Net sales to external customers	\$ 252,386	\$ 119,927	\$ -	\$ 372,313
Operating income				61,536
Operating margin %				16.5%
Restructuring charges				57
Currency exchange gains, net				(1,463)
Product liability expense				2,926
Amortization of acquisition-related intangible assets				2,318
Transaction costs ^(a)				239
Adjusted operating income (loss)	57,141	17,207	(8,735)	65,613
Adjusted operating margin %	22.6%	14.3%		17.6%
Depreciation and amortization				11,604
Adjusted EBITDA	65,461	20,370	(8,614)	77,217
Adjusted EBITDA margin %	25.9%	17.0%		20.7%

(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.

Reconciliation of Non-GAAP Financial Measures



Segment Information (Unaudited)

(In thousands, except percentage amounts)	<u>Americas</u>	<u>International</u>	<u>Corporate</u>	<u>Consolidated</u>
Six Months Ended June 30, 2023				
Net sales to external customers	\$ 588,645	\$ 256,916	\$ -	\$ 845,561
Operating income				34,947
Operating margin %				4.1%
Restructuring charges				5,097
Currency exchange losses, net				7,285
Loss on divestiture of MSA LLC				129,211
Product liability expense				3
Amortization of acquisition-related intangible assets				4,620
Adjusted operating income (loss)	166,510	37,522	(22,869)	181,163
Adjusted operating margin %	28.3%	14.6%		21.4%
Depreciation and amortization				24,841
Adjusted EBITDA	184,471	44,007	(22,474)	206,004
Adjusted EBITDA margin %	31.3%	17.1%		24.4%
Six Months Ended June 30, 2022				
Net sales to external customers	\$ 478,034	\$ 224,971	\$ -	\$ 703,005
Operating income				104,204
Operating margin %				14.8%
Restructuring charges				2,247
Currency exchange losses, net				1,809
Product liability expense				5,698
Amortization of acquisition-related intangible assets				4,667
Transaction costs ^(a)				832
Adjusted operating income (loss)	109,577	26,196	(16,316)	119,457
Adjusted operating margin %	22.9%	11.6%		17.0%
Depreciation and amortization				23,420
Adjusted EBITDA	126,256	32,698	(16,077)	142,877
Adjusted EBITDA margin %	26.4%	14.5%		20.3%

(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.

Reconciliation of Non-GAAP Financial Measures



Adjusted Earnings and Adjusted Earnings per Diluted Share (Unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
Net income (loss)	\$ 67,090	\$ 47,693	41%	\$ (83,083)	\$ 83,235	(200%)
Loss on divestiture of MSA LLC	—	—		129,211	—	
Deferred tax asset write-off related to divestiture of MSA LLC	—	—		70,366	—	
Product liability expense	—	2,926		3	5,698	
Amortization of acquisition-related intangible assets	2,315	2,318		4,620	4,667	
Transaction costs ^(a)	—	239		—	832	
Restructuring charges	3,350	57		5,097	2,247	
Asset related losses and other	(1,452)	120		(713)	124	
Currency exchange losses (gains), net	3,110	(1,463)		7,285	1,809	
Income tax expense on adjustments	(2,276)	(946)		(6,921)	(4,069)	
Adjusted earnings	<u>\$ 72,137</u>	<u>\$ 50,944</u>	42%	<u>\$ 125,865</u>	<u>\$ 94,543</u>	33%
Adjusted earnings per diluted share	<u>\$ 1.83</u>	<u>\$ 1.29</u>	42%	<u>\$ 3.19</u>	<u>\$ 2.40</u>	33%

(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 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 (loss) income determined on a GAAP basis as well as adjusted earnings.

Reconciliation of Non-GAAP Financial Measures



Free Cash Flow (Unaudited)

(In thousands, except percentage amounts)	Three Months Ended	
	June 30,	
	2023	2022
Cash flow from operating activities	\$ 95,068	\$ 15,453
Capital expenditures	(9,920)	(11,829)
Free cash flow	<u>\$ 85,148</u>	<u>\$ 3,624</u>
Adjusted earnings	72,137	50,944
Free cash flow conversion	118%	7%

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 adjusted earnings. There can be no assurances that MSA's definition of free cash flow is consistent with that of other companies. As such, management believes that it is appropriate to consider cash from operating activities determined on a GAAP basis as well as free cash flow.

Reconciliation of Non-GAAP Financial Measures



Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA (Unaudited)

(In thousands)	Twelve Months Ended June 30, 2023
Operating income	\$ 169,880
Loss on divestiture of MSA LLC	129,211
Depreciation and amortization	48,531
Product liability expense	14,895
Restructuring charges	10,815
Currency exchange losses, net	15,731
Amortization of acquisition-related intangible assets	9,160
Transaction costs ^(a)	2,401
Adjusted EBITDA	<u>\$ 400,624</u>
 Total end-of-period debt	 814,019
 Debt to adjusted EBITDA	 <u><u>2.0</u></u>
 Total end-of-period debt	 \$ 814,019
Total end-of-period cash and cash equivalents	146,897
Net debt	<u>\$ 667,122</u>
 Net debt to adjusted EBITDA	 <u><u>1.7</u></u>

(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.

Reconciliation of Non-GAAP Financial Measures



R&D Investment (Unaudited)

(In thousands)	Six Months Ended June 30,		Trailing Twelve Months	Twelve Months Ended
	2023	2022	Ended June 30,	December 31,
			2023	2022
Research and development expense	\$ 31,224	\$ 28,601	\$ 59,635	\$ 57,012
Capitalized software development costs	6,083	4,331	10,465	8,713
Total R&D investment	37,307	32,932	70,100	65,725
Net sales	\$ 845,561	\$ 703,005	\$ 1,670,509	\$ 1,527,953
R&D investment (% net sales)	4.4%	4.7%	4.2%	4.3%

Management believes that total R&D investment is a meaningful measure for investors. Management includes capitalized software development costs when evaluating total research and development expenditures as it believes it better represents its overall spend. Management defines R&D investment as research and development expense plus capitalized software development cost. As such, management believes that it is appropriate to consider research and development expense determined on a GAAP basis as well as total R&D investment.