

MSA Safety Incorporated

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

Constant currency revenue growth (Unaudited)

Organic constant currency revenue growth (Unaudited)

Consolidated

Three Months Ended September 30, 2017

	Breathing Apparatus	Firefighter Helmets and Protective Apparel ^(b)	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	1 %	187%	9 %	1 %	1 %	2%	12 %	(17)%	6 %
Plus: Currency translation effects	(1)%	—%	(1)%	(1)%	(1)%	—%	(2)%	(2)%	(1)%
Constant currency sales change	— %	187%	8 %	— %	— %	2%	10 %	(19)%	5 %
Less: Acquisitions	— %	181%	— %	— %	2 %	—%	9 %	— %	8 %
Organic constant currency change	— %	6%	8 %	— %	(2)%	2%	1 %	(19)%	(3)%

Nine Months Ended September 30, 2017

	Breathing Apparatus	Firefighter Helmets and Protective Apparel ^(b)	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	(8)%	52%	14 %	1%	1 %	—%	2 %	(13)%	— %
Plus: Currency translation effects	— %	1%	(1)%	—%	— %	3%	1 %	(1)%	— %
Constant currency sales change	(8)%	53%	13 %	1%	1 %	3%	3 %	(14)%	— %
Less: Acquisitions	— %	51%	— %	—%	2 %	—%	4 %	— %	3 %
Organic constant currency change	(8)%	2%	13 %	1%	(1)%	3%	(1)%	(14)%	(3)%

(b) Firefighter helmets and protective apparel includes the impact of the Globe acquisition, completed on July 31, 2017.

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control. Organic constant currency revenue growth is defined as constant currency revenue growth excluding acquisitions. Management believes that organic constant currency revenue growth is a useful measure for investors to provide an understanding of MSA's standalone results. There can be no assurances that MSA's definition of constant currency revenue growth or organic constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to these non-GAAP financial measures.

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

Americas Segment

Three Months Ended September 30, 2017									
	Breathing Apparatus	Firefighter Helmets and Protective Apparel ^(b)	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	1%	437 %	5 %	—%	(2)%	26 %	18 %	(12)%	13%
Plus: Currency translation effects	—%	(1)%	(1)%	—%	— %	(1)%	(1)%	(1)%	—%
Constant currency sales change	1%	436 %	4 %	—%	(2)%	25 %	17 %	(13)%	13%
Less: Acquisitions	—%	421 %	— %	—%	— %	— %	14 %	— %	12%
Organic constant currency change	1%	15 %	4 %	—%	(2)%	25 %	3 %	(13)%	1%

Nine Months Ended September 30, 2017									
	Breathing Apparatus	Firefighter Helmets and Protective Apparel ^(b)	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	(9)%	117%	12 %	7%	(4)%	23%	6 %	(8)%	4 %
Plus: Currency translation effects	— %	—%	(1)%	—%	1 %	—%	(1)%	(1)%	(1)%
Constant currency sales change	(9)%	117%	11 %	7%	(3)%	23%	5 %	(9)%	3 %
Less: Acquisitions	— %	116%	— %	—%	— %	—%	4 %	— %	4 %
Organic constant currency change	(9)%	1%	11 %	7%	(3)%	23%	1 %	(9)%	(1)%

(b) Firefighter helmets and protective apparel includes the impact of the Globe acquisition, completed on July 31, 2017.

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control. Organic constant currency revenue growth is defined as constant currency revenue growth excluding acquisitions. Management believes that organic constant currency revenue growth is a useful measure for investors to provide an understanding of MSA's standalone results. There can be no assurances that MSA's definition of constant currency revenue growth or organic constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to these non-GAAP financial measures.

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Constant currency revenue growth (Unaudited)
Organic constant currency revenue growth (Unaudited)

International Segment

Three Months Ended September 30, 2017									
	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	2 %	3 %	31 %	2 %	5 %	(17)%	2 %	(22)%	(3)%
Plus: Currency translation effects	(5)%	(3)%	(5)%	(3)%	(3)%	— %	(3)%	(4)%	(4)%
Constant currency sales change	(3)%	— %	26 %	(1)%	2 %	(17)%	(1)%	(26)%	(7)%
Less: Acquisitions	— %	— %	— %	— %	4 %	— %	1 %	— %	— %
Organic constant currency change	(3)%	— %	26 %	(1)%	(2)%	(17)%	(2)%	(26)%	(7)%

Nine Months Ended September 30, 2017									
	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	(7)%	3%	23%	(9)%	6%	(19)%	(3)%	(19)%	(6)%
Plus: Currency translation effects	(1)%	1%	—%	(1)%	—%	6 %	1 %	— %	— %
Constant currency sales change	(8)%	4%	23%	(10)%	6%	(13)%	(2)%	(19)%	(6)%
Less: Acquisitions	— %	—%	—%	— %	4%	— %	1 %	— %	1 %
Organic constant currency change	(8)%	4%	23%	(10)%	2%	(13)%	(3)%	(19)%	(7)%

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control. Organic constant currency revenue growth is defined as constant currency revenue growth excluding acquisitions. Management believes that organic constant currency revenue growth is a useful measure for investors to provide an understanding of MSA's standalone results. There can be no assurances that MSA's definition of constant currency revenue growth or organic constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to these non-GAAP financial measures.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Organic constant currency SG&A expense (Unaudited)
(In thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	% Change	2017	2016	% Change
GAAP reported SG&A expense	\$ 72,409	\$ 72,945	(1)%	\$ 222,334	\$ 227,856	(2)%
Plus: currency translation effects		1,140			(55)	
Constant currency SG&A expense	72,409	74,085	(2)%	222,334	227,801	(2)%
Less: Acquisitions and strategic transaction costs	2,801	310		6,826	821	
Organic constant currency SG&A expense	<u>69,608</u>	<u>73,775</u>	(6)%	<u>215,508</u>	<u>226,980</u>	(5)%

Management believes that organic constant currency SG&A expense is a useful metric for investors to measure the effectiveness of the company's cost reduction programs. Constant currency SG&A expense highlights spending patterns excluding fluctuating foreign currencies. Organic constant currency SG&A expense highlights the impact of acquisitions and strategic transaction costs. These metrics provide investors with a greater level of clarity into spending levels on a year-over-year basis. There can be no assurances that MSA's definition of organic constant currency SG&A expense is consistent with that of other companies. As such, management believes that it is appropriate to consider SG&A expense 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 operating income (Unaudited)
Adjusted operating margin (Unaudited)
(In thousands)

	Americas	International	Corporate	Consolidated
Three months ended September 30, 2017				
Sales to external customers	\$ 186,898	\$ 109,231	—	\$ 296,129
Operating income				40,617
Operating margin %				13.7%
Restructuring charges				3,214
Currency exchange losses, net				562
Other operating expense				3,346
Adjusted operating income (loss)	47,256	9,077	(8,594)	\$ 47,739
Adjusted operating margin %	25.3%	8.3%		16.1%
Nine Months Ended September 30, 2017				
Sales to external customers	\$ 528,426	\$ 322,243	—	\$ 850,669
Operating income				74,341
Operating margin %				8.7%
Restructuring charges				16,920
Currency exchange losses, net				3,994
Other operating expense				32,956
Adjusted operating income (loss)	130,887	26,691	(29,367)	\$ 128,211
Adjusted operating margin %	24.8%	8.3%		15.1%
	Americas	International	Corporate	Consolidated
Three months ended September 30, 2016				
Sales to external customers	\$ 165,359	\$ 112,874	—	\$ 278,233
Operating income				40,022
Operating margin %				14.4%
Restructuring charges				1,889
Currency exchange losses, net				790
Other operating expense				—
Adjusted operating income (loss)	41,458	10,511	(9,268)	\$ 42,701
Adjusted operating margin %	25.1%	9.3%		15.3%
Nine Months Ended September 30, 2016				
Sales to external customers	\$ 510,324	\$ 343,175	—	\$ 853,499
Operating income				116,648
Operating margin %				13.7%
Restructuring charges				3,697
Currency exchange losses, net				2,498
Other operating expense				—
Adjusted operating income (loss)	117,475	31,659	(26,291)	\$ 122,843
Adjusted operating margin %	23.0%	9.2%		14.4%

The Americas and International segments were established on January 1, 2016. The Americas segment is comprised of our operations in the U.S., Canada and Latin America. The International segment is comprised of our operations in all other parts of the world including Europe, Africa, the Middle East, India, China, South East Asia and Australia. Certain global expenses are allocated to each segment in a manner consistent with where the benefits from the expenses are derived.

Adjusted operating income (loss) and adjusted operating margin are the measures used by the chief operating decision maker to evaluate segment performance and allocate resources. As such, management believes that adjusted operating income (loss) and adjusted operating margin are useful metrics for investors. Adjusted operating income (loss) is defined as operating income excluding restructuring, currency exchange gains (losses) and other operating expense. Adjusted operating margin is defined as adjusted operating income (loss) divided by segment sales to external customers. Adjusted operating income (loss) and adjusted operating 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) and adjusted operating margin may not be comparable to similarly titled measures of other companies. As such, management believes that it is appropriate to consider operating income determined on a GAAP basis in addition to these non-GAAP measures.

MSA Safety Incorporated
 Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
 Adjusted effective tax rate (Unaudited)

	Three Months Ended September 30,	Nine Months Ended September 30,
	2017	2017
GAAP reported effective tax rate	14.4 %	9.6 %
Less: Tax benefit associated with ASU 2016-09: <i>Improvements to employee share-based payment accounting</i>	(0.2)%	(10.5)%
Less: Tax benefit associated with European reorganization	(6.6)%	(3.8)%
Adjusted effective tax rate	<u>21.2 %</u>	<u>23.9 %</u>

Management believes that its adjusted effective tax rate is a useful measure for investors. The adjusted effective tax rate excludes tax benefits associated with ASU 2016-09 and tax charges/benefits associated with the company's European reorganization. These tax charges/benefits reflect discrete items that are unrelated to the ongoing operations of the company. There can be no assurances that MSA's metric is consistent with metrics used by other companies. As such, management believes that it is appropriate to consider MSA's effective tax rate determined on a GAAP basis as well as this non-GAAP measure.

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 September 30,		% Change	Nine Months Ended September 30,		% Change
	2017	2016		2017	2016	
Income from continuing operations attributable to MSA Safety Inc.	\$ 32,066	\$ 25,486	26%	\$ 59,011	\$ 67,475	(13)%
Tax (benefit) associated with ASU 2016-09: <i>Improvements to employee share-based payment accounting</i>	(98)	—		(6,910)	—	
Tax (benefits) charges associated with European reorganization	(2,474)	—		(2,474)	3,600	
Subtotal	29,494	25,486	16%	49,627	71,075	(30)%
Self-insured legal settlements and defense costs ^(a)	3,359	20		33,044	315	
Restructuring charges	3,214	1,889		16,920	3,697	
Currency exchange losses, net	562	790		3,994	2,498	
Strategic transaction costs	386	310		3,365	821	
Asset related losses (gains), net	17	(256)		186	(815)	
Income tax expense on adjustments	(1,598)	(829)		(16,367)	(2,123)	
Adjusted earnings	35,434	27,410	29%	90,769	75,468	20%
Adjusted earnings per diluted share	\$ 0.92	\$ 0.72	28%	\$ 2.35	\$ 1.99	18%

(a) Year to date amount primarily represents a charge related to product liability settlements reached in August 2017 and estimated indemnity for all other asserted cumulative trauma product liability claims. We are now largely self-insured for cumulative trauma claims.

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

Globe earnings per diluted share excluding transaction costs and purchase accounting amortization
(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30, 2017	
	<u>Reconciliation of Earnings</u>	<u>Reconciliation of Earnings Per Diluted Share</u>
Globe GAAP earnings	\$ 2,072	\$ 0.05
Transaction costs	496	\$ 0.01
Purchase accounting amortization	684	\$ 0.02
Income tax expense on adjustments	<u>(413)</u>	<u>\$ (0.01)</u>
Globe earnings excluding transaction costs and purchase accounting amortization	<u>\$ 2,839</u>	<u>\$ 0.07</u>

Management believes that Globe earnings per diluted share excluding transaction costs and purchase accounting amortization is a useful measure for investors, as management uses this measure to assess the profitability of MSA's recent acquisition of firefighter turnout gear manufacturer Globe. There can be no assurances that MSA's metrics are consistent with that of other companies. As such, management believes that it is appropriate to consider both Globe net income determined on a GAAP basis as well as Globe earnings per diluted share excluding transaction costs and purchase accounting amortization.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Free cash flow (Unaudited)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Cash from operating activities	\$ 42,964	\$ 18,915	\$189,246	\$ 31,437
Capital expenditures	(5,603)	(5,551)	(11,730)	(16,146)
Free cash flow	<u>\$ 37,361</u>	<u>\$ 13,364</u>	<u>\$177,516</u>	<u>\$ 15,291</u>
Net income attributable to MSA Safety Incorporated	\$ 32,066	\$ 24,186	\$ 59,011	\$ 67,020
Free cash flow conversion	117%	55%	301%	23%

Management believes that free cash flow is a meaningful measure for investors. Management reviews cash from operations after deducting capital expenditures because these expenditures are necessary to promote growth of MSA's business and are likely to produce cash from operations in future periods. It is important to note that free cash flow does not reflect the residual cash balance of the company for discretionary spending since other items, including debt and dividend payments, are deducted from free cash flow before arriving at the company's ending cash balance. Management defines free cash flow conversion as free cash flow divided by net income attributable to MSA. 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.

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 September 30, 2017
Income from continuing operations attributable to MSA Safety Inc.	84,227
Provision for income taxes	25,243
Interest expense	14,462
Depreciation and amortization	36,287
Restructuring charges	18,917
Strategic transaction costs	5,075
Other (income), net	(2,487)
Currency exchange losses, net	2,261
Self-insured legal settlements and defense costs ^(a)	33,070
Adjusted EBITDA	217,055
Total end-of-period debt	472,384
Debt to adjusted EBITDA	2.2
Total end-of-period debt	472,384
Total end-of-period cash and cash equivalents	112,185
Net debt	360,199
Net debt to adjusted EBITDA	1.7

(a) Year to date amount primarily represents a charge related to product liability settlements reached in August 2017 and estimated indemnity for all other asserted cumulative trauma product liability claims. We are now largely self-insured for cumulative trauma claims.

Adjusted EBITDA is a non-GAAP financial measure. MSA defines this measure as net income attributable to the Company, excluding interest, taxes, depreciation and amortization, restructuring charges, self-insured legal settlements and defense costs, currency exchange gains/losses, strategic transaction costs and other income. Management believes this information is useful for investors to analyze profitability trends of the Company. Adjusted EBITDA, as defined herein, may not be comparable to similarly titled measures reported by other companies. Furthermore, this performance measure does not take into account certain significant items that directly affect net income. Adjusted EBITDA should be considered in addition to GAAP measures such as net income.

Debt to adjusted EBITDA ratio is a non-GAAP measure defined as total long term debt and debt maturing within one year divided by adjusted EBITDA, as reconciled above. Net debt to adjusted EBITDA removes cash and cash equivalents from the Company's debt balance. These ratios are frequently used by investors and credit agencies and management believes these measures provide relevant and useful information.

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	% Change	2017	2016	% Change
Income from continuing operations attributable to MSA Safety Inc.	\$ 32,066	\$ 25,486	26%	\$ 59,011	\$ 67,475	(13)%
Provision for income taxes	5,411	11,329		6,306	38,866	
Interest expense	3,961	4,412		10,566	12,515	
Depreciation and amortization	9,929	8,919		27,665	26,651	
Restructuring charges	3,214	1,889		16,920	3,697	
Strategic transaction costs	386	310		3,365	821	
Other (income), net	(981)	(2,041)		(2,061)	(3,704)	
Currency exchange losses, net	562	790		3,994	2,498	
Self-insured legal settlements and defense costs ^(a)	3,359	20		33,044	315	
Adjusted EBITDA	<u>57,907</u>	<u>51,114</u>	13%	<u>158,810</u>	<u>149,134</u>	6%
Net Sales	296,129	278,233		850,669	853,499	
Adjusted EBITDA margin	19.6%	18.4%		18.7%	17.5%	

(a) Year to date amount primarily represents a charge related to product liability settlements reached in August 2017 and estimated indemnity for all other asserted cumulative trauma product liability claims. We are now largely self-insured for cumulative trauma claims.

Adjusted EBITDA is a non-GAAP financial measure. MSA defines this measure as net income attributable to the Company, excluding interest, taxes, depreciation and amortization, restructuring charges, self-insured legal settlements and defense costs, currency exchange gains/losses, strategic transaction costs and other income. Management believes this information is useful for investors to analyze ongoing profitability trends of the Company. MSA defines adjusted EBITDA margin as adjusted EBITDA divided by net sales. Adjusted EBITDA and adjusted EBITDA margin, as defined herein, may not be comparable to similarly titled measures reported by other companies. Furthermore, this performance measure does not take into account certain significant items that directly affect net income. These non-GAAP measures should be considered in addition to GAAP measures such as net income.