



Q1 2023 Earnings Presentation

May 2, 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, adjusted payments on debt, adjusted operating cash flow, free cash flow, adjusted free cash flow, free cash flow conversion, and adjusted 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.

MSA Safety (NYSE: MSA) Snapshot



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
 - Customer focus
 - Integrity
 - Speed & Agility
 - Innovation & Change
 - Diversity & Inclusion
 - Teamwork
 - Engagement

Key Statistics⁽¹⁾

\$1.6B Net Sales	44.7% Gross Margin
19.7% Adj. Operating Margin	4.3% R&D Investment ⁽²⁾
1914 Year Founded	~5,000 Employees
50+ Consecutive Years of Dividend Increases	~\$5.1B 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

First Quarter Highlights

Record Performance While Navigating Challenging Macro Environment

Highlights

- Strong start to 2023 with record first quarter results and a healthy demand environment
 - Book-to-bill > 1.1x
 - Grew backlog mid-teens sequentially and up ~20% year-over-year
- Revenue growth balanced across product categories and geographies
 - Improved supply chain with portables
 - Strength in shorter cycle products
 - Momentum in Firefighter Safety with key customer wins
- Gross margin expansion due to volume, productivity, and price/cost management
- Robust operating leverage, with 35% incremental margin

New Product Spotlight

- V-SHOCK® Fall Protection Series
 - Designed for rigorous environments
 - Color coded housings for ease of use
 - Clear labeling delivers critical user info in easily understandable format
 - Preloaded RFID connects with MSA's Fall Protection Asset Manager



Commercial Excellence

- Select Breathing Apparatus wins
 - Los Angeles City
 - Bedfordshire, UK
- Gaining momentum with G1 and M1 platforms in key regions



G1 SCBA

M1 SCBA

Purpose-led Company Driven by Our Mission of Safety



Committed to Advancing Our ESG Strategy

Progress For Our Planet

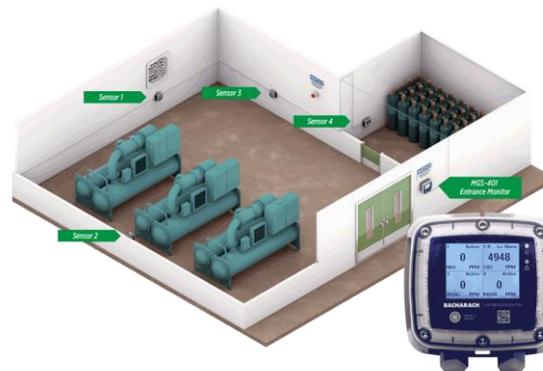
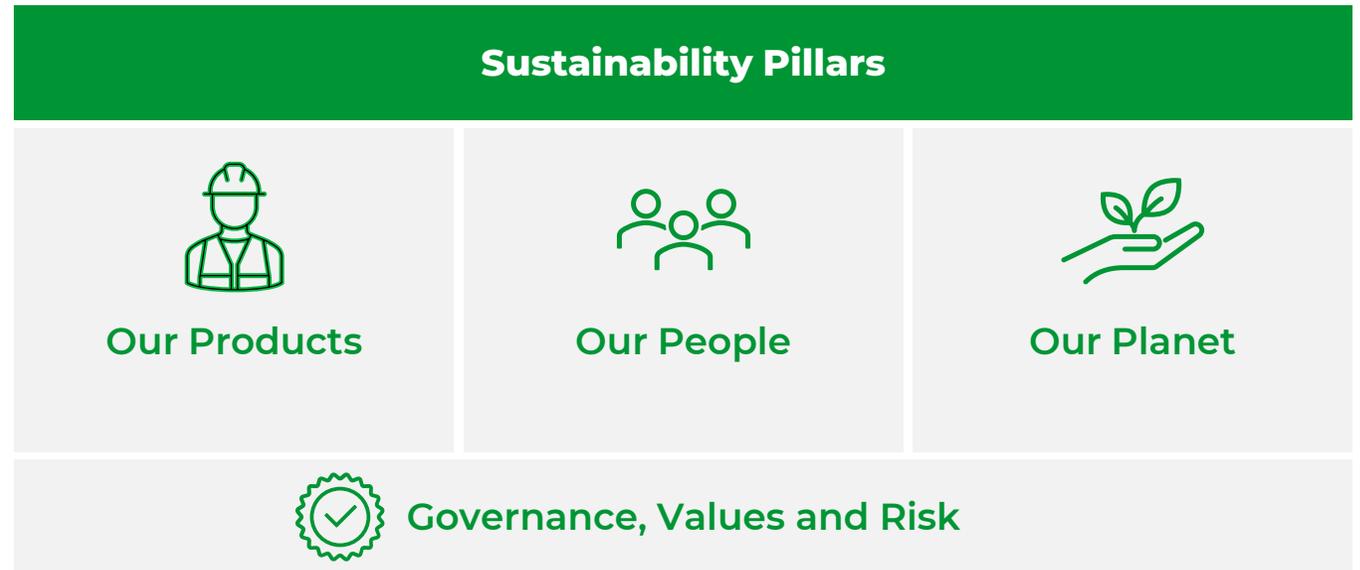
- Set 1.5° Celsius carbon reduction target
 - Reduce scope one and two emissions by 42% by 2030, compared to 2021 baseline
 - Continue to build internal infrastructure to identify tactics, frame interim milestones, and catalogue scope three emissions

Sustainability in Our Day-to-Day Operations

- Growing energy efficient projects and low-impact supply chain transportation options
- Securing renewable energy
- Implementing waste reduction programs

Innovation in Action

- Bacharach MGS-401 monitor for rapid leak detection in refrigeration applications → helps customers reduce greenhouse gas emissions from their facilities
- V-Gard® Green Hard Hat → environmentally-friendly version of iconic V-Gard hard hat, made from recyclable high-density polyethylene sourced from sugarcane



MGS-401
Entrance Monitor



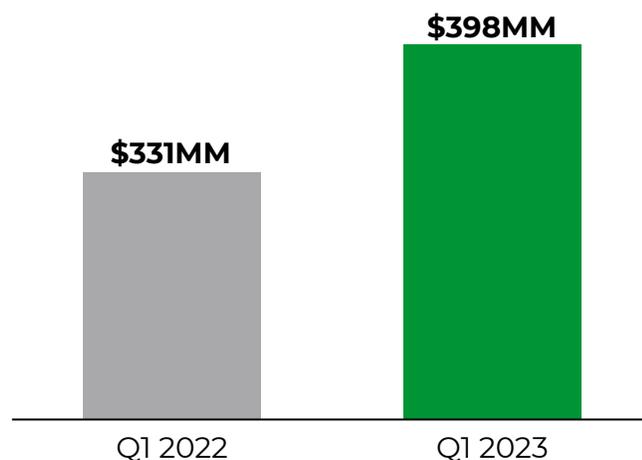
V-Gard® Green

Q1 2023 Financial Highlights



Record Sales and Healthy Growth Across Segments and Product Lines

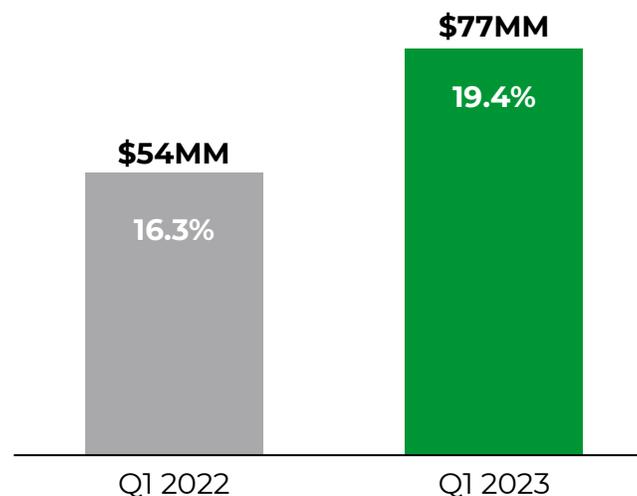
Net Sales



Net sales growth of 20%

- +22% organic, -2% currency
- Growth ~1/2 price and ~1/2 volume
- Broad-based growth across product lines and geographies

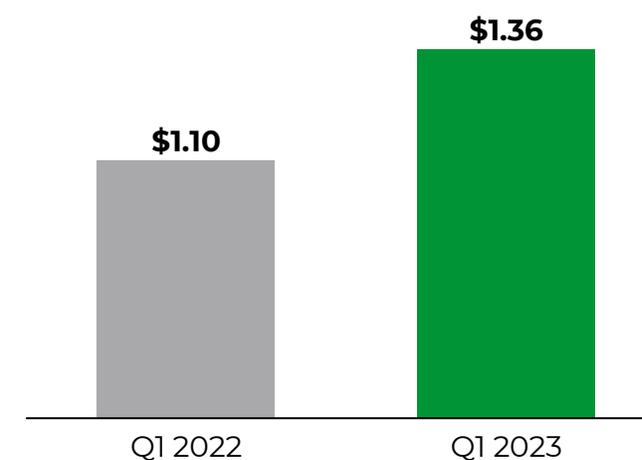
Adjusted Operating Income & Adjusted Operating Margin



Adjusted Operating Margin of 19.4%

- Favorable price/cost plus strong volume and productivity drove 310 bps margin expansion
- Incremental margin 35%
- Adjusted EBITDA margin of 22.5%, up 260 bps year-over-year

Adjusted Diluted EPS



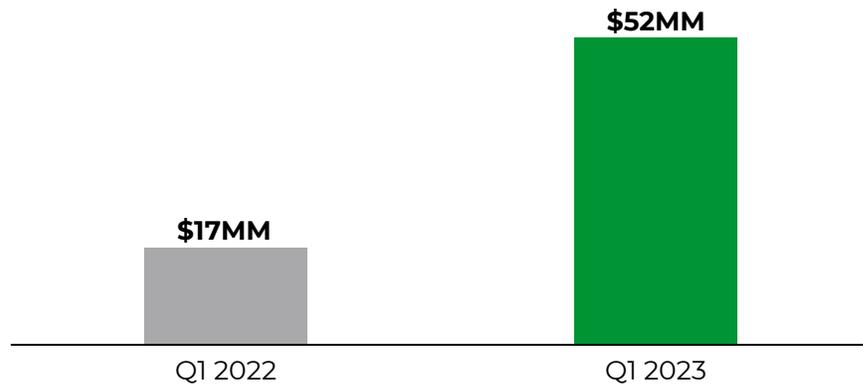
Adjusted EPS growth of 24%

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

Q1 2023 Free Cash Flow and Leverage

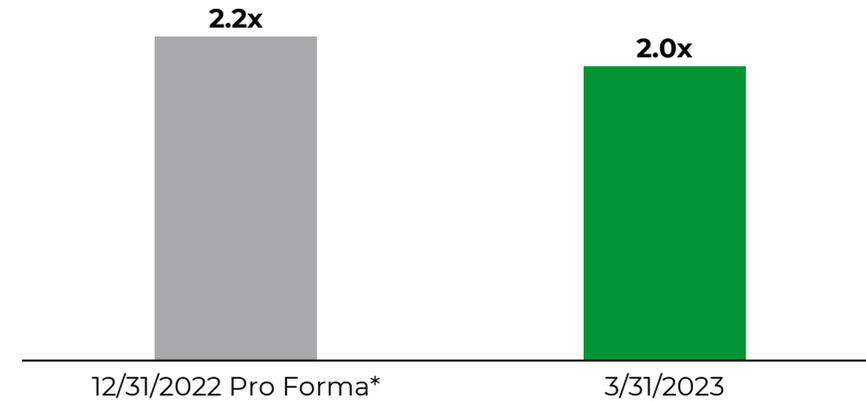
Continued Leverage Progress During the First Quarter

Adjusted Free Cash Flow



- Q1 2023 excludes payments made in conjunction with the legacy liability divestiture
- Robust cash flow with ample liquidity to invest in strategic initiatives
 - Adjusted FCF conversion rate of 97%
 - Improvement from higher income and a decrease in working capital
 - Returned \$18MM in dividends to shareholders

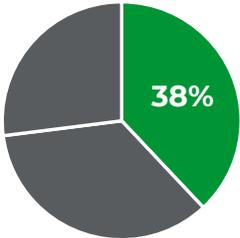
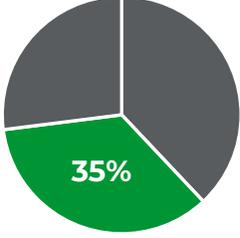
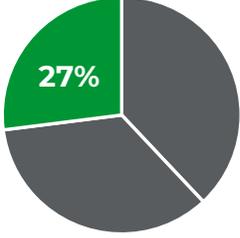
Net Leverage



- Strong financial position
 - Decreased net leverage by 0.2x during the first quarter
 - Net debt of \$731MM

Raising 2023 Outlook

Increasing Sales Growth Outlook to High Single to Low Double Digits for 2023

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"> • Strength in short cycle product demand • Healthy funding environment for firefighter safety continues • Successful commercial and operational execution driving upside <ul style="list-style-type: none"> – Managing price/cost – Navigating supply chain challenges – Improving factory throughput • Backlog remains elevated • Growing global demand for safety products and solutions
<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>Challenges</p> <ul style="list-style-type: none"> • Dynamic macroeconomic conditions lead to second half uncertainty • Supply chain constraints continue in certain categories • EPS headwind from higher interest rates and incremental debt on legacy liability divestiture, as well as lower pension income
<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 March 31, 2023.

Key Takeaways

Well Positioned to Deliver Profitable Growth in 2023

- ✓ Outstanding performance in Q1 and strong momentum going into balance of 2023
- ✓ 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 pipeline, 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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Sale of Legacy Liability Subsidiary

Significantly Reduces Business Risk

Transaction Overview

- Divested 100% of the subsidiary's equity interests to joint venture of R&Q Insurance Holdings and Obra Capital
 - Subsidiary holds legacy product liability claims relating to coal dust, asbestos, silica, and other exposures, plus insurance and deferred tax assets
- MSA Safety contributed \$341MM to the subsidiary at closing; buyer contributed \$35MM; well-capitalized entity to satisfy future obligations
 - MSA's contribution funded through available cash and cash equivalents and available borrowings
- Transaction closed on January 5, 2023
- \$200MM one-time after-tax loss recorded in Q1 2023

Highlights

-  **Reduces business risk**
-  **Simplifies balance sheet and enhances cash flow predictability**
-  **Allows for greater focus on future growth**
-  **Prioritizing debt repayment to return to historical leverage profile within 12 – 18 months**

Reconciliation of Non-GAAP Financial Measures



Constant Currency Sales Growth (Unaudited) – Consolidated

	Three Months Ended March 31, 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	8%	29%	13%	44%	19%	26%	20%	25%	20%
Plus: Currency translation effects	2%	3%	— %	2%	— %	3%	1%	2%	2%
Constant currency sales change	10%	32%	13%	46%	19%	29%	21%	27%	22%

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 March 31, 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	5%	47%	12%	48%	19%	26%	22%	47%	24%
Plus: Currency translation effects	— %	— %	(1)%	(1)%	(1)%	(1)%	— %	(1)%	— %
Constant currency sales change	5%	47%	11%	47%	18%	25%	22%	46%	24%

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 March 31, 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%	(11)%	14%	35%	16%	28%	15%	(2)%	12%
Plus: Currency translation effects	5%	7%	4%	7%	7%	9%	5%	5%	6%
Constant currency sales change	22%	(4)%	18%	42%	23%	37%	20%	3%	18%

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 assurance 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 March 31, 2023				
Net sales to external customers	\$ 280,267	\$ 117,995	\$ -	\$ 398,262
Operating loss				(60,061)
Operating margin %				(15.1)%
Restructuring charges				1,747
Currency exchange losses, net				4,175
Loss on divestiture of MSA LLC				129,211
Product liability expense				3
Amortization of acquisition-related intangible assets				2,305
Adjusted operating income (loss)	71,694	15,779	(10,093)	77,380
Adjusted operating margin %	25.6%	13.4%		19.4%
Depreciation and amortization				12,267
Adjusted EBITDA	80,494	19,058	(9,905)	89,647
Adjusted EBITDA margin %	28.7%	16.2%		22.5%
Three Months Ended March 31, 2022				
Net sales to external customers	\$ 225,648	\$ 105,044	\$ -	\$ 330,692
Operating income				42,668
Operating margin %				12.9%
Restructuring charges				2,189
Currency exchange losses, net				3,271
Product liability expense				2,772
Amortization of acquisition-related intangible assets				2,336
Transaction costs ^(a)				607
Adjusted operating income (loss)	52,435	9,024	(7,616)	53,843
Adjusted operating margin %	23.2%	8.6%		16.3%
Depreciation and amortization				11,829
Adjusted EBITDA	60,796	12,362	(7,486)	65,672
Adjusted EBITDA margin %	26.9%	11.8%		19.9%

(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 March 31,		% Change
	2023	2022	
Net (loss) income	\$ (150,173)	\$ 35,542	(523)%
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	2,772	
Amortization of acquisition-related intangible assets	2,305	2,336	
Transaction costs ^(a)	—	607	
Restructuring charges	1,747	2,189	
Asset related losses and other	739	4	
Currency exchange losses, net	4,175	3,271	
Income tax expense on adjustments	(4,645)	(3,123)	
Adjusted earnings	<u>\$ 53,728</u>	<u>\$ 43,598</u>	23%
Adjusted earnings per diluted share	<u>\$ 1.36</u>	<u>\$ 1.10</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 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	
	March 31,	
	2023	2022
Cash flow (used in) from operating activities	\$ (285,909)	\$ 24,523
Contribution for divestiture of MSA LLC	341,186	-
Product liability payments related to MSA LLC	5,250	-
Adjusted cash flow from operating activities	60,527	24,523
Capital expenditures	(8,402)	(7,976)
Adjusted free cash flow	\$ 52,125	\$ 16,547
Adjusted earnings	53,728	43,598
Adjusted free cash flow conversion	97%	38%

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



Adjusted Payments on Debt (Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2023	2022
Change in debt	\$ 295,412	\$ 5,000
Borrowings related to divestiture of MSA LLC ^(a)	(312,943)	-
(Payments on) proceeds from debt	<u>(17,531)</u>	<u>5,000</u>

(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.

Reconciliation of Non-GAAP Financial Measures



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

(In thousands)	Twelve Months Ended March 31, 2023
Operating income	\$ 136,408
Loss on divestiture of MSA LLC	129,211
Depreciation and amortization	47,548
Product liability expense	17,821
Restructuring charges	7,523
Currency exchange losses, net	11,159
Amortization of acquisition-related intangible assets	9,177
Transaction costs ^(a)	2,626
Adjusted EBITDA	<u>361,473</u>
Total end-of-period debt	869,648
Debt to adjusted EBITDA	<u><u>2.4</u></u>
Total end-of-period debt	869,648
Total end-of-period cash and cash equivalents	138,906
Net debt	<u>730,742</u>
Net debt to adjusted EBITDA	<u><u>2.0</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)	Three Months Ended March 31,		Trailing Twelve Months	Twelve Months Ended
	2023	2022	Ended March 31,	December 31,
			2023	2022
Research and development expense	\$ 15,232	\$ 13,333	\$ 58,911	\$ 57,012
Capitalized software development costs	3,018	2,203	9,528	8,713
Total R&D investment	18,250	15,536	68,439	65,725
Net sales	\$ 398,262	\$ 330,692	\$ 1,595,523	\$ 1,527,953
R&D investment (% net sales)	4.6%	4.7%	4.3%	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.