



MSA Safety

CJS Securities “New Ideas for the New Year” Conference
January 2019





Except for historical information, certain matters discussed in this document may be **forward-looking statements** within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, all projections and anticipated levels of future performance. These forward looking statements involve risks, uncertainties and other factors that may cause our actual results to differ materially from those discussed herein. Actual results can be affected by any number of factors, many of which are outside of management's control. The factors that could cause such differences include but are not limited to economic conditions, spending patterns of government agencies, competitive pressures, product liability claims, the success of new product introductions, currency exchange rate fluctuations, the impact of acquisitions and related integration activities and the risks of doing business in foreign countries. These risks, uncertainties and other factors are detailed in our filings with the United States Securities and Exchange Commission ("SEC") including our most recent Form 10-K. MSA undertakes no duty to publicly update any forward looking statements contained herein, except as required by law.

This document includes certain **non-GAAP financial measures**. The presentation of these financial measures does not comply with U.S. generally accepted accounting principles ("GAAP"). For an explanation of these measures, together with a reconciliation to the most directly comparable GAAP financial measure, see the appendix.

MSA Safety: *A global safety equipment provider*



Ticker

MSA (NYSE)

Employees

~4,700

Headquarters

Cranberry Township, PA

Indices

Russell 2000; S&P MidCap 400

Market Cap

~\$3.6B

52 week range

\$71.47 – \$110.83



MSA Corporate Strategy: *Our blueprint for creating shareholder value*



Advance the Core of MSA: *More than 85% of total sales are core products*

- ✓ *R&D investments and strategic acquisitions drive market share gains in our core products and end markets*



Achieve Operational Excellence: *Leverage revenue growth to drive higher EBIT*

- ✓ *Continuous improvement initiatives, focus on the core, strategic pricing of new products, and transformational restructuring programs drive EBIT margin expansion*



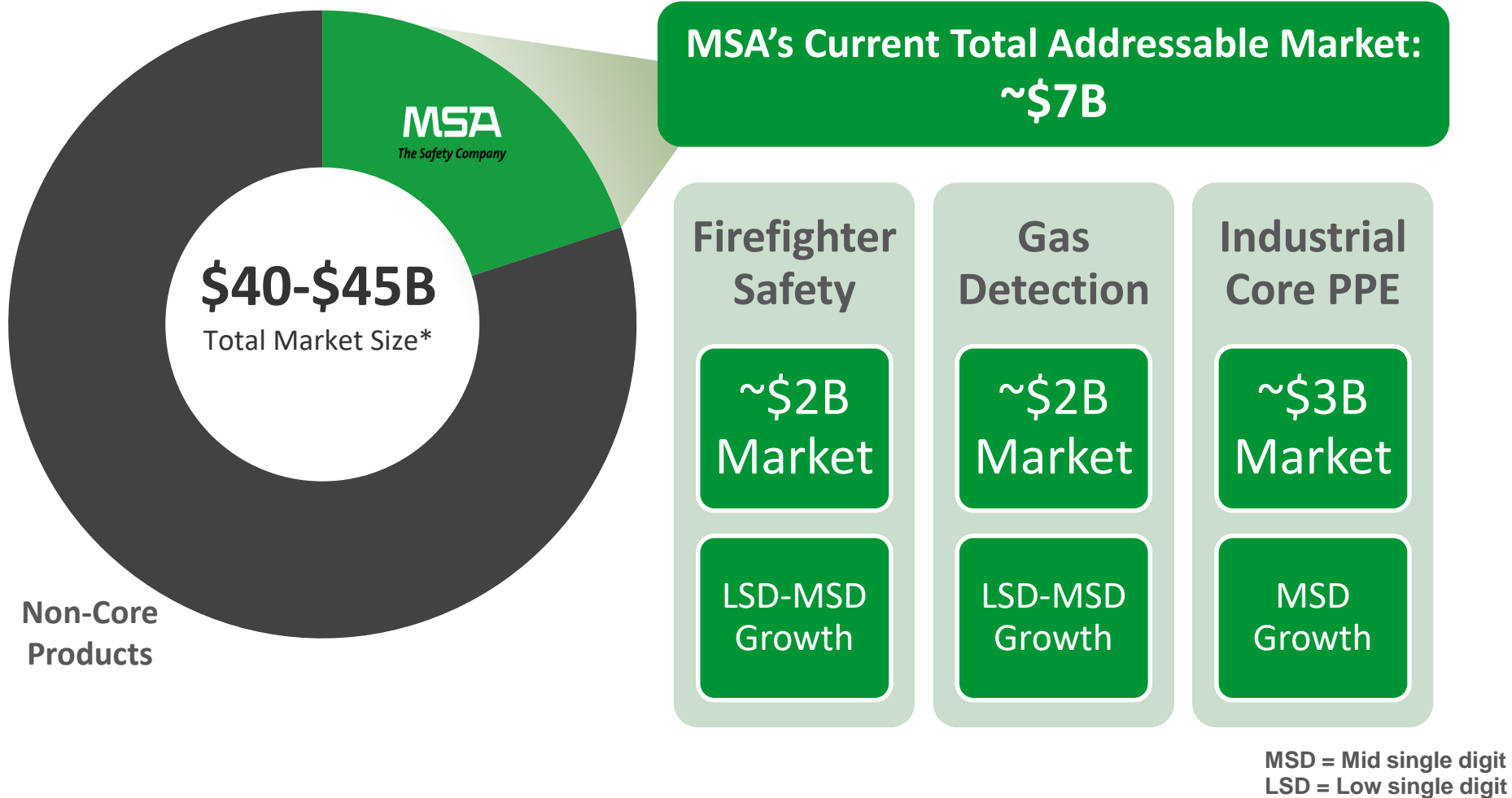
Effective Capital Deployment: *Use cash to grow the business and return value to shareholders*

- ✓ *Target free cash flow conversion of 100% of net income – invest in acquisitions and new product development, fund an increasing dividend, and repurchase shares to offset dilution*



Profitable growth, strategic investments and strong cash flow drive our business forward

The Global Safety Market



*Source: Frost & Sullivan Research

MSA designs and manufactures sophisticated safety solutions with technology differentiation and high barriers to entry

Safety by the Numbers: *Safety investments are critically important*



Work Place Injuries

4.5 million

Work-place injuries per year¹



Lost Productivity

100 million +

Production days lost per year due to injuries²



Higher Costs

\$143 billion

Expenses related to work place injuries²

¹ National Safety Council / U.S. Bureau of Labor Statistics

² Grainger 2015 Safety Record Study

Companies across the world continue to invest in safety equipment that protects workers and facility infrastructures – secular trend that supports demand for MSA products in developed and emerging markets

MSA Core Product Portfolio

Selling Differentiated Core Products...

Firefighter Safety



Self-Contained
Breathing Apparatus
(SCBA)



Firefighter Helmets and
Protective Apparel

Gas Detection



Fixed Gas and
Flame Detection Systems (FGFD)



Portable Gas Detection

Personal Protective Equipment



Industrial
Head Protection



Fall Protection

...into Diverse Geographies

MSA Americas
62%

\$1.2B
2017
Revenue


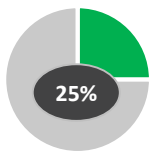


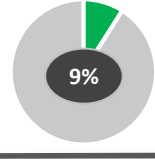


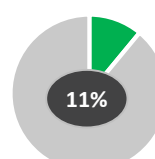


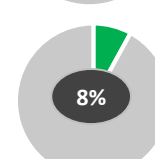


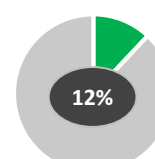


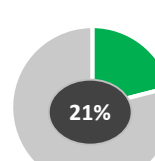

MSA International
38%

...and Diverse End Markets



Selling sophisticated safety equipment into diverse geographies and end markets

MSA Core Product Portfolio

	% of 2017 MSA Sales	Global Market Position
 Breathing Apparatus	 25%	 1
 Firefighter Helmets & Protective Apparel	 9%	 1
 Industrial Head Protection	 11%	 1
 Fall Protection	 8%	 3
 Portable Gas Detection	 12%	 2
 Fixed Gas & Flame Detection (FGFD)	 21%	 1

Leading market position in nearly all of our core products

New Product Development: *Lifeblood of MSA*



Investing in Growth Platforms

4.0%

Of Sales Invested in R&D

Q3 2018 YTD

~35%

Sales Vitality Metric

*% of Sales from Products Developed
and Launched in the past 5 Years*

**Introducing New Products that Support our
Leading Positions in Core Products and Markets**



MSA M1 SCBA

*Modular platform targeting
the International market*



V-Series Fall Protection

*New harnesses and lanyard lines
leverage V-Gard brand equity*



Safety io

*Creating a safer workplace with
software-as-a-service*



Ultima X/S 5000 Gas Monitors

*FGFD platform that leverages XCell
sensors to drive lower cost of
ownership for customers*

Innovation is a key differentiator for MSA – exciting product launches across our core platforms

MSA Revenue Growth Rates Through Economic Cycles



	2011 – 2014*	2014 – 2017*	2018 Q3 YTD*
Firefighter Safety 	3%	13%	8%
Industrial Core PPE 	12%	-%	10%
Gas Detection 	9%	-%	9%

**CAGRs stated in constant currency on an organic basis to highlight underlying business trends in each cycle. Constant currency organic revenue is a non-GAAP measure. See reconciliations in appendix.*

Diverse end markets and geographies provide support through economic cycles

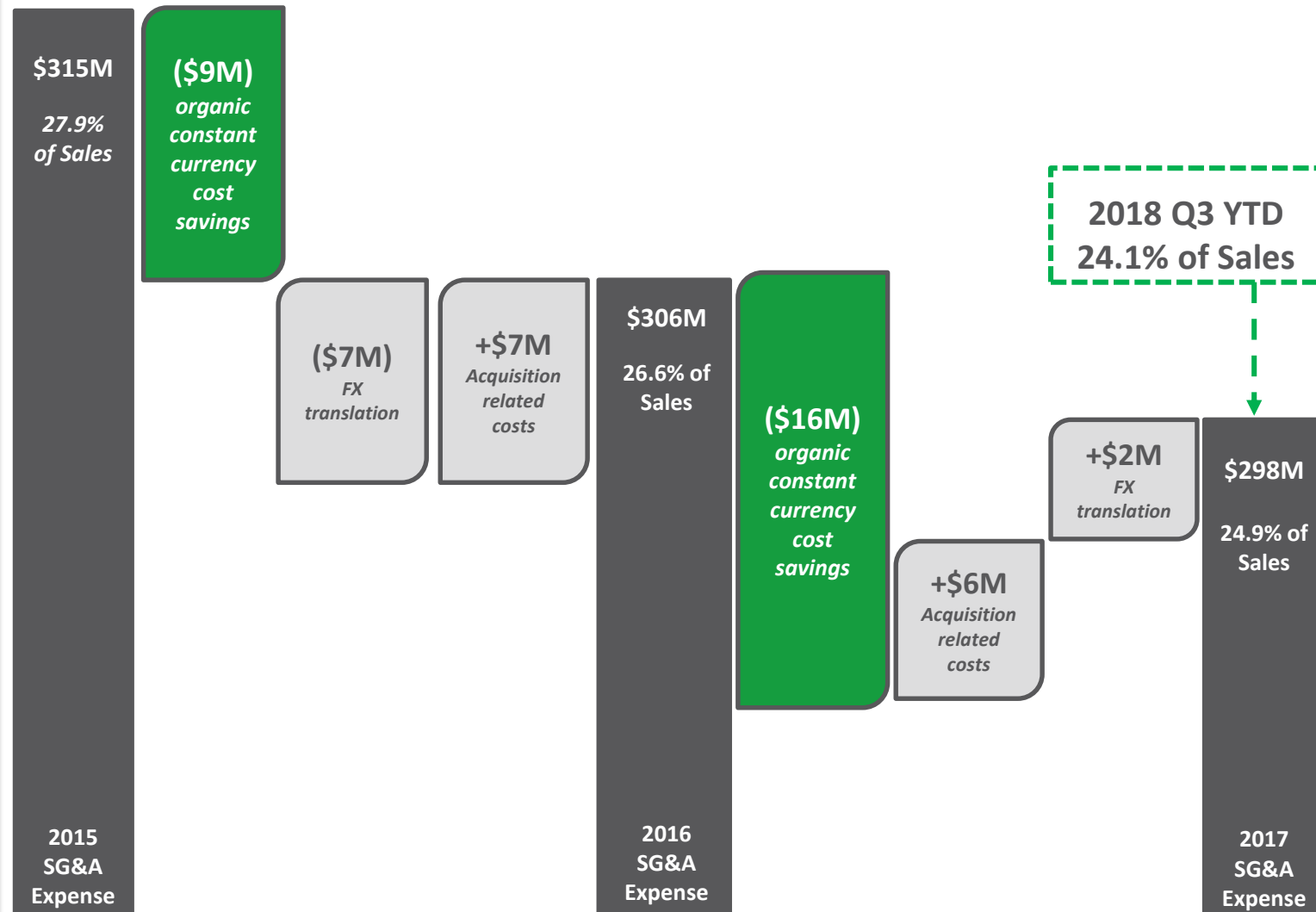
Cost Structure

Cost Savings Drivers

Headcount optimization – increased span of control and use of shared service models for back-office functions

Rationalized geographic footprint – exited or restructured least profitable geographies

Implemented cost conscious culture – employees drive value through continuous improvement and efficiency



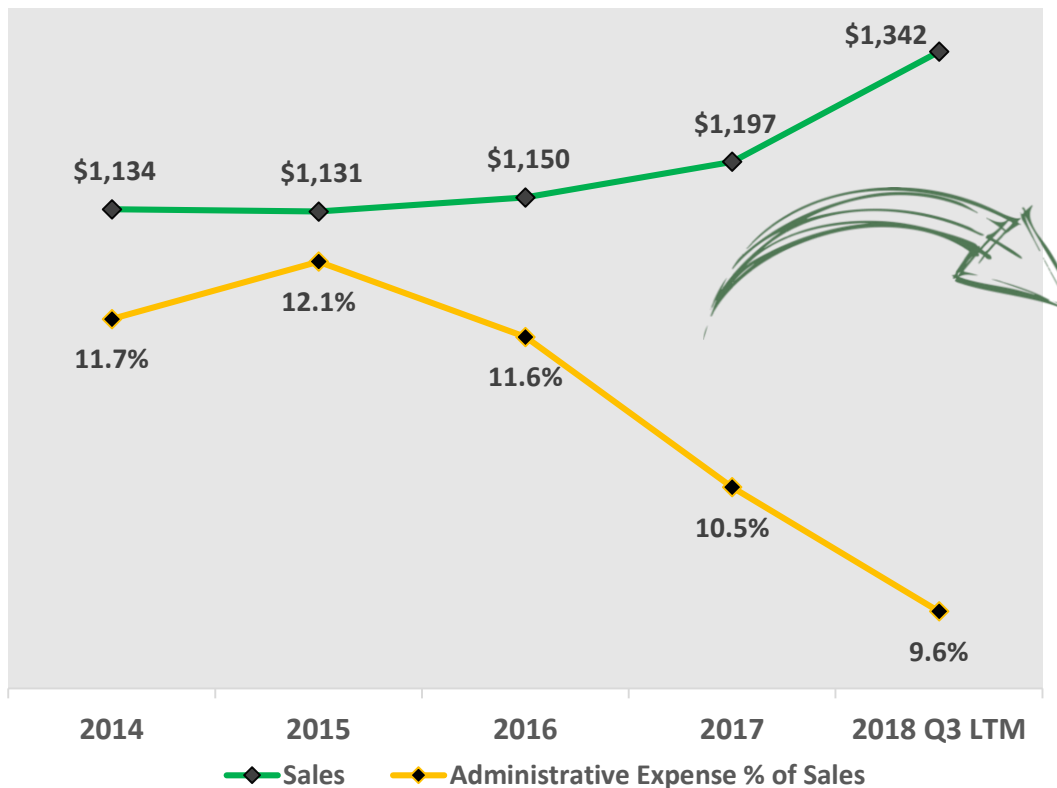
Organic constant currency SG&A is a non-GAAP measure. See reconciliations in appendix.

Reduced cost structure by ~\$25M or 300 basis points since 2015

Strong Incremental Margins on Revenue Gains



Net Sales vs. Administrative Expense % of Sales



(millions)	Q3 2018 LTM	Q3 2017 LTM	Change
Revenue	\$1,342	\$1,147	\$196
Adjusted Operating Income	\$233	\$178	\$56
Adjusted Operating Margin %	17.4%	15.5%	29% Incremental Operating Margin

Executed cost reduction programs to reduce fixed administrative costs while continuing to invest in revenue generating resources – driving strong incremental margin profile

Adjusted operating income is a non-GAAP measure. See reconciliations in appendix.

Fundamental shift in profitability profile in recent years with incremental margins approaching 30%

Strong Financial Performance: *Strategy driving results*

Execute our corporate strategy and deploy capital

Design
market-leading
safety products



Invested \$400M in accretive
acquisitions over 2 years



Drive profitable growth and generate free cash flow



+8%

2018 Q3 YTD organic
constant currency
sales growth



+160 BPS

2018 Q3 LTM Adjusted
EBITDA Margin
Improvement



100%+

2018 Q3 YTD Free Cash
Flow Conversion

Organic constant currency sales growth, Adjusted EBITDA margin, and Free Cash Flow are non-GAAP measures. See reconciliations in appendix.

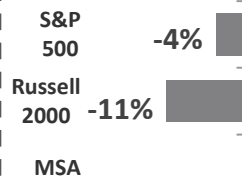
Reinvest cash to fund growth and return value to shareholders

\$55M

2018 Q3 LTM R&D
investments

\$31M

2018 Q3 LTM
CapEx investments



MSA TSR outpacing
the market

24%

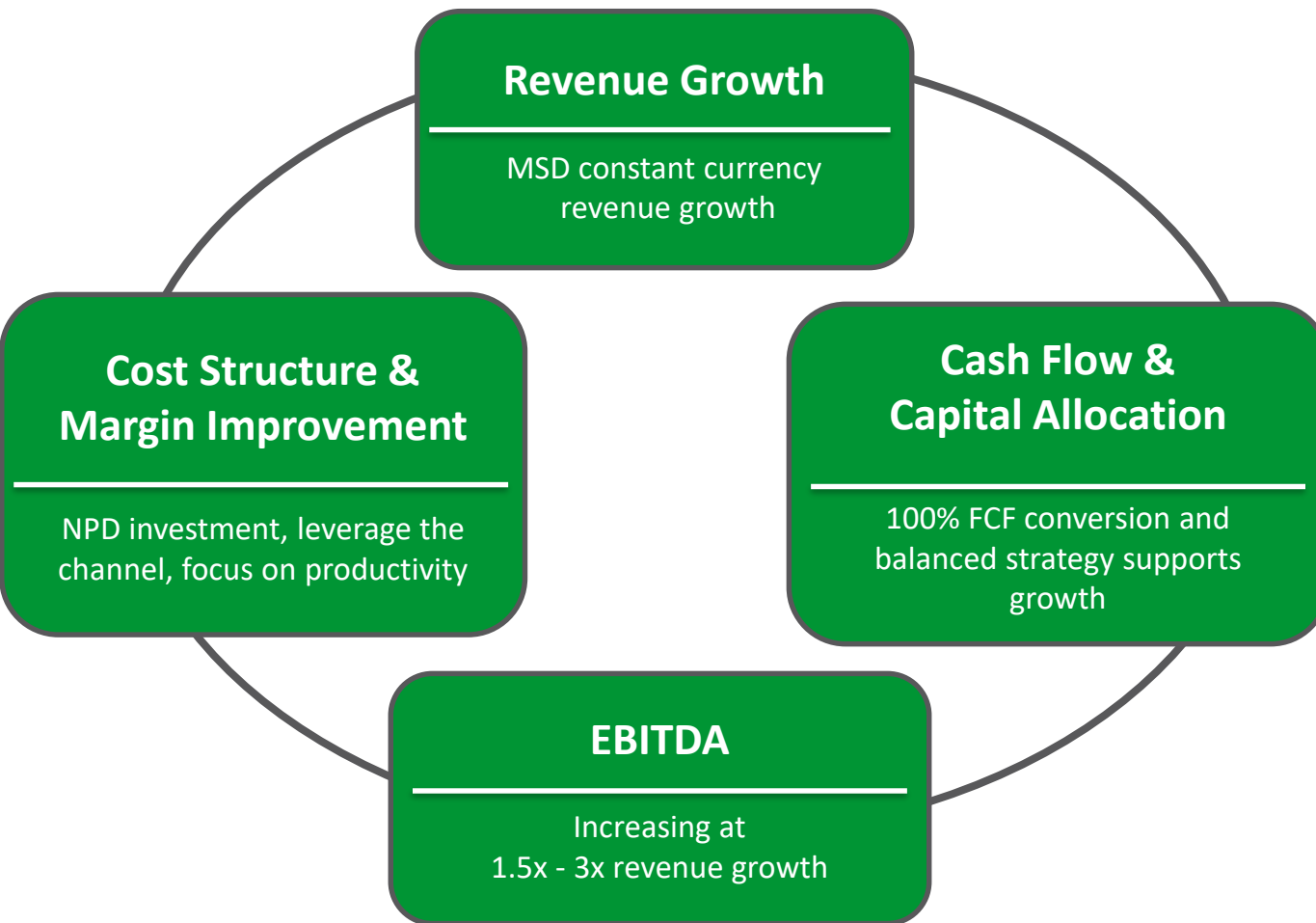
One Year Period ended 12/31/2018

~50+

Years of Dividend
Increases

Core product strategy, accretive acquisitions, cost reductions, and balanced capital allocation strategy driving above-market shareholder returns

Long Term Financial Expectations



Expect MSD revenue growth and EBITDA growth of 1.5-3x revenue growth over next several years

Why Own MSA

Leading
positions in
attractive
markets

#1 / #2 position globally in nearly all core products

Proven growth
strategy

R&D investments and accretive acquisitions drive growth in core products and market segments

Strong progress
in driving
margin
expansion

Focus on operational excellence and productivity; generating double digit earnings growth in 2016, 2017 and 2018 Q3 YTD

Balanced capital
allocation
strategy

*Investing for growth and returning value to shareholders;
50+ years of dividend increases*



History of delivering on our targets and driving strong financial results. Committed to making investments that capture market share, drive profitability and enhance shareholder value.



Appendix



Reconciliation of Non-GAAP Financial Measures

Organic constant currency revenue CAGR: 2011 - 2014

	Firefighter Safety	Industrial Core PPE	Gas Detection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	1%	8%	8%	6%	(12)%	1%
Plus: Currency translation effects	2%	4%	1%	2%	1 %	2%
Constant currency sales change	3%	12%	9%	8%	(11)%	3%
Less: Acquisitions	—%	—%	—%	—%	— %	—%
Organic constant currency change	3%	12%	9%	8%	(11)%	3%

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.

Reconciliation of Non-GAAP Financial Measures

Organic constant currency revenue CAGR: 2014 - 2017

	Firefighter Safety	Industrial Core PPE	Gas Detection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	14%	6%	(2)%	5%	(11)%	2%
Plus: Currency translation effects	3%	3%	2 %	3%	3 %	3%
Constant currency sales change	17%	9%	— %	8%	(8)%	5%
Less: Acquisitions	4%	9%	— %	4%	— %	3%
Organic constant currency change	13%	—%	— %	4%	(8)%	2%

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.

Reconciliation of Non-GAAP Financial Measures

Organic constant currency revenue: Q3 2018 YTD

	Firefighter Safety	Industrial Core PPE	Gas Detection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	35 %	10%	11 %	20 %	4 %	17 %
Plus: Currency translation effects	(2)%	—%	(2)%	(2)%	(1)%	(1)%
Constant currency sales change	33 %	10%	9 %	18 %	3 %	16 %
Less: Acquisitions	25 %	—%	— %	9 %	— %	8 %
Organic constant currency change	8 %	10%	9 %	9 %	3 %	8 %

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.

Reconciliation of Non-GAAP Financial Measures

Organic constant currency SG&A expense

	Twelve Months Ended December 31,				Twelve Months Ended December 31,		
	2017	2016	% Change		2016	2015	% Change
GAAP reported SG&A expense	\$ 297,801	\$ 306,144	(3)%	GAAP reported SG&A expense	\$306,144	\$ 315,270	(3)%
Plus: currency translation effects	—	2,279		Plus: currency translation effects	—	(6,906)	
Constant currency SG&A expense	297,801	308,423	(3)%	Constant currency SG&A expense	306,144	308,364	(1)%
Less: Acquisitions and strategic transaction costs	9,783	3,994		Less: Acquisitions and strategic transaction costs	17,632	10,694	
Organic constant currency SG&A expense	<u>288,018</u>	<u>304,429</u>	(5)%	Organic constant currency SG&A expense	<u>288,512</u>	<u>297,670</u>	(3)%

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.

Reconciliation of Non-GAAP Financial Measures

Adjusted operating income and adjusted operating margin: Q3 2018 vs. Q3 2017 LTM

	Consolidated
Twelve Months Ended September 30, 2018	
Sales to external customers	\$ 1,342,461
Operating income	98,815
Operating margin %	7.5%
Restructuring charges	10,936
Currency exchange losses, net	3,704
Other operating expense	118,945
Strategic transaction costs	1,068
Adjusted operating income	233,468
Adjusted operating margin %	17.4%
Twelve Months Ended September 30, 2017	
Sales to external customers	\$ 1,146,700
Operating income	118,410
Operating margin %	10.4%
Restructuring charges	18,917
Currency exchange losses, net	2,261
Other operating expense	32,956
Strategic transaction costs	5,075
Adjusted operating income	177,619
Adjusted operating margin %	15.5%

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 charges, currency exchange gains/losses, other operating expense and strategic transaction costs. Adjusted operating margin is defined as adjusted operating income (loss) divided by 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.

Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA and adjusted EBITDA margin : Q3 2018 vs. Q3 2017 LTM

	Twelve Months Ended September 30,		% Change
	2018	2017	
Net income attributable to MSA Safety Incorporated	\$ 66,283	\$ 84,227	(21)%
Provision for income taxes	20,120	25,243	
Interest expense	19,248	14,462	
Depreciation and amortization	38,797	36,287	
Restructuring charges	10,936	18,917	
Currency exchange losses, net	3,704	2,261	
Other operating expense	118,945	32,956	
Strategic transaction costs	1,068	5,075	
Loss on extinguishment of debt	1,494	—	
Other income, net	(9,446)	(5,961)	
Adjusted EBITDA	\$ 271,149	\$ 213,467	27%
Net Sales	1,342,461	1,146,700	17%
Adjusted EBITDA margin	20.2%	18.6%	

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, other operating expense, 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 margin is defined as adjusted EBITDA divided by net sales. Adjusted EBITDA and adjusted EBITDA margin should be considered in addition to GAAP measures such as net income.

Reconciliation of Non-GAAP Financial Measures

Free cash flow

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Cash flow from operating activities	\$ 120,815	\$ 42,964	\$ 186,197	\$ 189,246
Capital expenditures	(9,808)	(5,603)	(18,620)	(11,730)
Free cash flow	<u>\$ 111,007</u>	<u>\$ 37,361</u>	<u>\$ 167,577</u>	<u>\$ 177,516</u>
Net income attributable to MSA Safety Incorporated	\$ 33,717	\$ 32,066	\$ 99,267	\$ 59,011
Free cash flow conversion	329%	117%	169%	301%

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.