



MSA Announces Fourth Quarter Results

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PITTSBURGH, Feb. 22 /PRNewswire/ -- The following was released today by Mine Safety Appliances Company (Amex: MSA):

Financial Highlights (Dollars in thousands, except per share data)

	Fourth Quarter		Full Year	
	1999	1998	1999	1998
Sales from ongoing businesses	\$136,581	\$131,186	\$494,227	\$482,475
Earnings before special items	8,515	4,978	16,630	14,189
per share	1.98	1.14	3.83	3.19
Net Sales	\$136,581	\$131,186	\$494,227	\$496,104
Net Income	7,486	4,912	15,134	18,275
Earnings per share	1.74	1.12	3.49	4.11

Mine Safety Appliances Company announced today that sales for the fourth quarter of 1999 reported in U.S. dollars were up 4% over 1998. Currency exchange rate movements reduced this growth from 7%. Net sales for the year were about the same as the prior year. However, 1998 net sales included the Hazco and Baseline business units until they were divested at the end of the 1998 second quarter. Excluding these units, sales from ongoing businesses increased 2% over the prior year. Currency exchange rate movements reduced full year sales growth by 1%.

Net income for the fourth quarter of 1999 was up 52% over 1998. Net income for 1999 was reduced by the effect of changing the fiscal year end of 12 international affiliates, 11 of which are in Europe, from November 30 to December 31. This change, which was made to improve the consistency of consolidated operating results and to more effectively utilize MSA's global information technology infrastructure, resulted in a net loss of \$1.2 million after tax reflecting the one-month results of those affiliates. This loss includes severance costs related to ongoing workforce reductions in Germany combined with the results of low December operating activity in the units affected. European companies traditionally shut down for an extended holiday period. This results in lower sales and higher unabsorbed factory burdens. Income for the fourth quarter of 1999 also included a pension settlement gain of \$.9 million, after tax, related to a voluntary retirement incentive program (VRIP) in the U.S. and restructuring charges in Europe of \$.7 million after tax. Fourth quarter earnings before these special items increased 71% over the corresponding period of the prior year.

Net income for the full year 1999 was 17% below 1998. Results for both years include several special charges and credits shown in the following table.

(Amounts are in thousands after tax)	1999	1998
Restructuring charges	\$(1,985)	\$(552)
Change in reporting period	(1,192)	
VRIP net gain	1,681	
Pension settlement gains		2,400
Divestiture gains		2,238
	\$(1,496)	\$4,086

Full year earnings before these special items for 1999 were up 17% over the comparable 1998 results.

The fourth quarter 1999 earnings were well above plan, and this quarter was one of MSA's best of the decade. Furthermore, profits at MSA International operations outside of Europe were the best ever for a fourth quarter by a wide margin. MSA's U.S. operations also had their best fourth quarter of the '90s.

"The strong fourth quarter results are a very encouraging finish to a somewhat disappointing year," said John T. Ryan III, chairman and chief executive officer. "Our focus on product development and operating effectiveness is improving performance and augurs well for the year 2000. Actions taken in Europe are also geared to produce benefits in this new year."

The company's U.S. operations made a major contribution to the fourth quarter performance. Profits of U.S. operations were substantially higher reflecting increased sales and the effect of cost reductions implemented earlier in the year. Income also benefited from lower taxes related to export sales credits.

Sales of breathing apparatus and thermal imaging cameras to the fire service were especially strong and well ahead of past years, reflecting recent MSA product enhancements and a heightened marketing focus. "Technological developments in fire fighting safety equipment, combined with the fire service market's increased demand for such products, is creating broad opportunities for growth at MSA. Focusing and capitalizing on these opportunities is a key element of our business development strategy," said Mr. Ryan.

Shipments of respiratory and other protective equipment to defense markets were also strong, while sales of protective helmets continued to grow at respectable rates. Instrument product sales, which have lagged most of the year, recovered somewhat in the fourth quarter following the introduction

of new and enhanced products.

As expected, sales of specialty chemicals rebounded sharply from abnormally low third quarter levels. "Although inherently cyclical, the Callery Chemical business unit has been a solid long term performer, is soundly profitable and is expected to continue to generate significant sales and profit growth," said Mr. Ryan.

Financial results from European operations (which generated about one fourth of the company's sales) were significantly below prior year levels. Sales were adversely affected by competitive price pressures related to the introduction of the Euro currency compounded by adverse exchange rates relative to the U.S. dollar. Profitability declined in 1999 with more than half of the change being due to large restructuring costs incurred in Germany, Britain and Sweden to reduce future operating costs. Another significant element was drastically reduced spending by the petroleum industry, the largest customer group for MSA Britain, due to lower oil prices in early 1999. Petroleum prices have since recovered. European operations recorded a loss for the quarter and full year.

MSA has been in a substantial transformation process in Europe over the last year with a revamped organization structure and new leadership. "Integrating our European operations in order to compete successfully in the evolving economic environment has been a major priority for the company," said Mr. Ryan. "I am confident in our new management team and believe the actions we have been taking, while costly and disruptive in the near term, will soon show positive results."

MSA's international operations outside the U.S. and Europe had an outstanding year. "Sales grew nicely and earnings doubled over 1998 to be our best year ever," Mr. Ryan said. Notable improvement occurred in South Africa (boosted by an acquisition earlier in the year), Australia, Canada, China, Brazil and Mexico. "MSA has had a long term commitment to global markets. This is consistent with our corporate mission," he continued, "and while some of these areas can be quite volatile they represent some of our best opportunities for significant future growth."

"Four months ago I noted that our goal was to reach the original plan for the fourth quarter, which would represent an improvement over last year's fourth quarter," Mr. Ryan said. "I also noted that achieving this would take great effort. I am pleased that our organization exceeded this goal." Mr. Ryan continued, "Recent trends are a cause for optimism for 2000. We have challenging goals for product development and are aggressively pursuing further improvements in operating performance. We are focused on the future and are fired up about our prospects."

This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, without limitation, expectations as to future economic conditions and the effect of product development and cost reduction programs on sales and earnings. Actual results may differ from current expectations. Among the factors that could cause such differences are computer system performance, availability of materials, local labor requirements and the economic environment.

The results from operations for the three-month and twelve-month periods ended December 31 are as follows.

(Note: Amounts in thousands, except earnings per share and shares outstanding)

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	1999	1998	1999	1998
Net sales	\$136,581	\$131,186	\$494,227	\$496,104
Other income	1,832	895	3,824	6,026
Cost of products sold	86,473	82,832	314,493	311,672
Selling and administrative costs	32,068	35,419	129,478	135,258
Depreciation, amortization and other costs	7,596	6,548	26,935	25,971
Facilities consolidation and restructuring charges	1,633	379	3,960	1,021
Income before income taxes	10,643	6,903	23,185	28,208
Taxes on income	1,965	1,991	6,859	9,933
Income before change in reporting period	8,678	4,912	16,326	18,275
Change in reporting period	(1,192)		(1,192)	
Net income	\$7,486	\$4,912	\$15,134	\$18,275
Basic earnings per common share:				
Income before change in reporting period	\$2.02	\$1.12	\$3.76	\$4.11
Change in reporting period	(0.28)		(0.27)	
Net income	\$1.74	\$1.12	\$3.49	\$4.11
Average number of common shares outstanding (basic)	4,298,899	4,386,417	4,324,102	4,429,869

Certain prior year amounts have been reclassified to conform to the current year presentation.

SOURCE Mine Safety Appliances Company

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