



MSA Announces Second Quarter Results

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PITTSBURGH, Aug. 10 /PRNewswire/ -- Mine Safety Appliances Company (Amex: MSA) announced today that consolidated net sales for the second quarter of 2000 were \$120,703,000, compared with \$123,675,000 for the second quarter of 1999. Net sales for the six months ended June 30, 2000 were \$248,921,000 compared with \$239,642,000 in 1999. Net income in the second quarter was \$2,826,000, or 22 cents per share, compared with \$737,000, or 5 cents per share, for the same period last year. Net income for the six months ended June 30, 2000 was \$10,285,000, or 81 cents per share, compared with \$3,307,000, or 25 cents per share, in 1999.

Net income for the second quarter and first half of 1999 included charges of \$2.8 million after tax, or 22 cents per share, relating to a voluntary retirement incentive program (VRIP) in the U.S. Before this charge, 1999 earnings were \$3,537,000, or 27 cents per share, for the second quarter and \$6,107,000, or 47 cents per share, for the first half. In the second half of 1999 the company recognized after-tax pension settlement gains of \$4.5 million related to the VRIP.

"The second quarter results were a mixture of accomplishments and shortfalls," said John T. Ryan III, chairman and chief executive officer. "While we had noted previously that we did not expect the fast pace of the first quarter to continue, we were disappointed by some aspects of the second quarter performance. Nevertheless, our results for the first half are on plan. I am encouraged by the flow of incoming orders in key areas and by our progress on new product initiatives targeted for the second half of 2000. We still think it is reasonable to expect meaningfully improved earnings results for the year."

A part of the decline in second quarter income (before the special charge in 1999) occurred in the specialty chemicals business as a result of significantly lower sales. In addition, the company's European operations reported a loss due to difficult business conditions and the cost of ongoing restructuring activities, particularly in Germany, the location of the company's largest international affiliate. Modest losses were also recorded in South Africa related to the major consolidation of facilities during the quarter at a different location. Most other parts of the company achieved some improvement in profitability related to the success of new products, more effective utilization of information technology systems and continued cost control.

"Our major concern is the time and cost required to accomplish the transformation of the company's European operations into a profitable and integrated entity," Mr. Ryan noted. "However, we believe our vision is sound and our team is able. We will remain patient and diligent."

Second quarter sales reflected significantly lower specialty chemical revenues, which are sold to a limited number of pharmaceutical and chemical companies. This was a continuation of a slow-down that began in the second half of 1999. However, the order backlog increased toward the end of the quarter, which may indicate some future improvement especially in the fourth quarter.

In Europe, somewhat lower local currency sales due to difficult market conditions were even lower after translation into U.S. dollars at adverse currency exchange rates. Other international sales showed respectable growth in African and Latin American markets.

Sales of safety products in North American markets were up broadly over the prior year with notable growth in several areas, including breathing apparatus for firefighters, gas masks for defense preparedness, helmets and fall protection equipment for construction and industrial markets, and portable gas detection instruments. Incoming orders exceeded invoicing for the second quarter. The company's bellwether National Sales Force, whose scope is safety products and portable instruments to U.S. commercial markets, is showing double-digit growth in incoming orders this year and is solidly ahead of their seasonal goal.

"I am especially enthusiastic about our prospects in the fire service market as a result of our acquisition of ISI Group, Inc. (ISIG) earlier in the year and the recently announced agreement to acquire CairnsHelmets," Mr. Ryan said. "Our strong existing position in breathing apparatus along with the advanced thermal imaging technology of ISIG and the leadership of Cairns in fire helmets will be a powerful combination. A new generation of thermal imaging cameras is scheduled to come to market in the third quarter and provide sales growth in the second half. This should make an added contribution to our U.S. business in the coming months," he concluded.

This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements regarding expectations for future product introductions, cost reduction and restructuring plans, and sales and earnings. Actual results may differ from expectations contained in such forward-looking statements and can be affected by any number of factors, many of which are outside of management's direct control. Among the factors that could cause such differences are the effects of restructuring efforts in Europe, timing and market acceptance of new product introductions, market and operating conditions affecting specialty chemical customers, the economic environment, and interest and currency exchange rates.

The results from operations for the three-month and six-month periods ended June 30 are as follows.

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

Three Months Ended		Six Months Ended	
June 30	June 30	2000	1999
2000	1999	2000	1999

Net sales \$120,703 \$123,675 \$248,921 \$239,642 Other income 830 561 1,918 1,462 Cost of products sold 77,398 78,224 155,229 152,157 Selling

and administrative costs 33,443 33,503 65,989 66,210 Depreciation, amortization and other costs 6,685 6,640 13,283 12,659 Voluntary retirement charges 4,608 4,608 Income before income taxes 4,007 1,261 16,338 5,470 Taxes on income 1,181 524 6,053 2,163 Net income 2,826 737 10,285 3,307 Basic earnings per share \$.22 \$.05 \$.81 \$.25 Diluted earnings per share \$.22 \$.05 \$.80 \$.25 Average number of common shares outstanding (Basic) 12,599,470 12,968,094 12,737,959 13,024,845

Earnings per share and average number of common shares outstanding for

1999 have been restated to reflect a 3-for-1 stock split in May 2000.

SOURCE Mine Safety Appliances Company

CONTACT: Mark Deasy for Mine Safety Appliances, 412-456-3843, or James E. Herald of Mine Safety Appliances, 412-967-3376