



## MSA Operating Earnings Up Sharply Excluding Special Items

Oct 25, 2000

PITTSBURGH, Oct. 25 /PRNewswire/ -- Mine Safety Appliances Company (Amex: MSA) announced today that net sales for the third quarter of 2000 were \$118,751,000 compared with \$118,004,000 for the third quarter of 1999. Net sales for the nine months ended September 30, 2000 were \$367,672,000 compared with \$357,646,000 in 1999. The company recorded third quarter 2000 net income of \$3,920,000, or 33 cents per share, compared with third quarter 1999 net income of \$4,341,000, or 34 cents per share. Net income for the nine months ended September 30, 2000 was \$14,205,000, or \$1.14 per share, compared with \$7,648,000, or 59 cents per share in 1999.

Net income for the third quarter and nine months of 2000 included an after-tax pension settlement gain of \$750,000, or 6 cents per share, relating to retirees in Canada. Net income for the third quarter of 1999 included an after-tax pension settlement gain of \$3.6 million, or 28 cents per share, related to a voluntary retirement incentive program (VRIP) in the U.S. In the second quarter of 1999 the company recognized after-tax charges of \$2.8 million, or 22 cents per share, related to VRIP special termination benefits. The combined after-tax effect of VRIP transactions on 1999 year-to-date results was a net gain of \$800,000, or 6 cents per share.

Excluding the special pension effects, 2000 third quarter earnings were \$3,170,000, or 27 cents per share, compared to \$741,000, or 6 cents per share, in 1999. Corresponding nine months adjusted results for 2000 were \$13,455,000, or \$1.08 per share, compared to \$6,848,000, or 53 cents per share, in 1999.

Total sales in local currency in the third quarter grew six percent over the 1999 equivalent. Exchange rate movements, primarily in Europe, reduced sales growth to one percent when translated into U.S. dollars. Year-to-date there was a seven percent sales increase in local currency, but only three percent on a U.S. dollar basis. The exchange rate effect on earnings was minimal for both the quarter and year-to-date.

Incoming orders, which were strong in the third quarter, equaled or exceeded seasonal goals and generally showed medium single-digit percentage growth. Particularly strong results were achieved by the company's U.S. National Sales Force. Incoming orders in U.S. commercial markets and in Germany exceeded invoicing in the quarter, providing the potential for improved future shipments.

Most of the earnings improvement has occurred in the company's North American operations, the largest geographic segment. The company has been particularly successful in the fire service market where its well-established breathing apparatus product line has been augmented by recent acquisitions of the ISI Group's advanced thermal imaging camera technology and Cairns Helmets, the market leader in firefighter head protection. Good growth also has been achieved in sales of most other safety-related products, particularly helmets and fall protection equipment for construction and general industry, gas masks and goggles for military and civilian defense, and gas detection instruments for industry. Higher sales and cost management have combined to boost North American earnings.

The company's progress in restructuring its European operations continues to follow an ongoing plan of performance improvement initiatives affecting the product, sales distribution and cost aspects of the business. Current results in Europe have been aggravated by weak economic conditions and the major decline in the euro currency. Incoming orders in Europe, in local currency, were about six percent better than in third quarter 1999, but did not result in higher shipments this quarter. However, the increased backlog augurs well for the future.

The company's other international operations, especially in Asian and South American markets, continue to generate respectable sales growth and have significantly improved year-to-date earnings. All of these operations are expected to be profitable in 2000 with the exception of MSA Africa, which has incurred restructuring and consolidation expenses related to the integration of Campbell Gardwel, acquired in 1999.

The company's specialty chemical business incurred setbacks in order trends starting in the second quarter of 1999 due to adverse conditions in segments of the pharmaceutical market, as has been previously reported. Over the last four months, however, incoming orders have been much improved, and seasonal goals were surpassed. While the immediate effect on invoicing was modest, the large backlog generates optimism for the fourth quarter and 2001, and the business continues to be profitable.

"I am encouraged by the incoming order trend and by the company's overall performance, as reflected in the strong improvement in earnings, after adjustments for special pension credits, for the quarter and year-to-date," said John T. Ryan III, Chairman and CEO.

"While the chemical business and Europe have been areas for concern, progress is being made, and we hope to see noticeable improvement in these operations in the fourth quarter," Mr. Ryan continued. "Significant gains have been achieved in our North American safety and instrument operations as a result of our sales teams' performance, continuing investment in new products and ongoing cost discipline. It should be noted that the fourth quarter of last year was the strongest in the last decade and will be challenging to match. Nevertheless, we believe the company's performance for the year will show substantial progress and meet our 2000 targets in a multi-year program to significantly improve MSA's market position and earnings."

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 new 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 safety and instrument product introductions, the company's ability to fulfill order backlogs, market and operating conditions of specialty chemical customers, the economic environment, and interest and currency exchange rates.

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

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

Three Months Ended Nine Months Ended

September 30 September 30

2000 1999 2000 1999

|                                  |           |           |           |           |  |       |       |        |        |   |            |            |            |            |
|----------------------------------|-----------|-----------|-----------|-----------|--|-------|-------|--------|--------|---|------------|------------|------------|------------|
| Net sales                        | \$118,751 | \$118,004 | \$367,672 | \$357,646 | Other income (expense)                     | (528) | 515   | 1,390  | 1,992  | Cost of products sold                               | 75,875     | 76,774     | 231,104    | 228,931    |
| Selling and administrative costs | 30,945    | 33,918    | 96,934    | 100,143   | Depreciation, amortization and other costs | 7,366 | 6,680 | 20,649 | 19,339 | Special pension credits                             | (1,327)    | (5,925)    | (1,327)    | (1,317)    |
| Income before income taxes       | 5,364     | 7,072     | 21,702    | 12,542    | Taxes on income                            | 1,444 | 2,731 | 7,497  | 4,894  | Net income  | 3,920      | 4,341      | 14,205     | 7,648      |
| Basic earnings per share         | \$.33     | \$.34     | \$1.14    | \$.59     | Diluted earnings per share                 | \$.33 | \$.33 | \$1.13 | \$.58  | Average number of common shares outstanding (Basic) | 11,900,213 | 12,944,559 | 12,456,672 | 12,997,788 |

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.

The Board of Directors declared a fourth quarter dividend of 12 cents per share on common stock, payable December 10, 2000 to shareholders of record on November 17, 2000.

The Board also declared a dividend of 56-1/4 cents per share on preferred stock, payable December 1, 2000 to shareholders of record on November 10, 2000.

SOURCE Mine Safety Appliances Company

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