



## MSA Achieves Record Earnings Per Share for 2000; Net Income Increases 54 Percent

Feb 28,2001

PITTSBURGH, Feb. 28 /PRNewswire/ -- Improved gross margins, cost control measures and higher sales helped MSA (Amex: MSA) achieve a record for earnings per share performance in 2000 despite the impact of adverse currency exchange rates. Net sales for the company in the fourth quarter of 2000 were \$129,703,000 compared with \$137,507,000 for the fourth quarter of 1999. The company recorded fourth quarter 2000 net income of \$9,034,000, or 76 cents per share, compared with fourth quarter 1999 net income of \$7,486,000, or 58 cents per share.

Net sales for the twelve months ended December 31, 2000 were \$500,367,000 compared with \$497,908,000 in 1999. Net income for the twelve months ended December 31, 2000 increased 54 percent to \$23,239,000, or \$1.89 per share, compared with \$15,134,000, or \$1.16 per share, in 1999. Net income for 2000 was the best in a decade.

"In 2000, the company embarked on a multi-year plan to significantly improve our results," said John T. Ryan III, Chairman and CEO. "I am very pleased to report that the MSA team delivered earnings in 2000 substantially ahead of those of 1999 and nicely above our target. I thank all of our associates for this strong and timely performance," Mr. Ryan said.

As has been the case for some time, the rising value of the U.S. dollar affected MSA's reported sales. Without the currency exchange impact, the company's fourth quarter sales would have been down slightly, but the stronger dollar resulted in a reported decline of 6 percent. For the year, sales under stable currency rates were up 5 percent, but exchange rate movements reduced this to a slight increase. The net income effect of exchange rate changes was not material. Aside from exchange effects, sales in the fourth quarter of 2000 were up 3 percent over the prior year quarter in all markets except Canada, which benefited from the shipment of an unusually large order in 1999. For the year, sales were up on stronger shipments in the U.S. and in international markets outside Europe, partially offset by the exchange rate effect. Sales in Europe were unchanged from year-to-year.

Mr. Ryan attributed the sharp increase in net income to higher sales, improved gross margins and lower operating expenses. He added that the significant increase in earnings reflects important operational improvements throughout the company. Increased emphasis on supply chain management in North America resulted in a reduction in total inventories of nearly \$10 million during the year, which benefited cash flow as well as reported earnings. Also, the company's specialty chemical business rebounded sharply in the fourth quarter from the depressed levels of the first three quarters. Continued improvement in MSA's specialty chemical business is anticipated in 2001.

"Major changes have been and are being made in the way we do business, with the objective of building new areas of strength for MSA," Mr. Ryan said. "It was most satisfying to see these changes come together to generate a breakthrough year of profitability. Our acquisitions of CairnsHelmets and ISI Group during 2000 significantly enhanced our already-strong presence in the North American fire service market by adding one of the oldest and most-respected names in firefighter head protection and proven expertise in thermal imaging camera technology. Improved activity in specialty chemical markets during the second half of 2000 is also encouraging after almost a year of weak demand from the pharmaceutical industry," Mr. Ryan continued. "In international markets, South America, Asia and Eastern Europe were strong contributors to improved sales and results. We continue to focus on major projects that will streamline European operations and provide innovative product offerings and consistent marketing and distribution across the region.

"We are proud to have surpassed our internal goals in 2000, and we believe as long as the global economy is at least neutral, the company's performance in 2001 will show continued progress in our multi-year program to significantly improve MSA's market position and earnings," Mr. Ryan 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 new product introductions, cost reduction programs, marketing and distribution initiatives, 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 products, 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 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

2000	1999	2000	1999	Net sales	\$129,703	\$137,507	\$500,367	\$497,908	Other income	1,076	1,832	2,466	3,824	Cost of products sold	79,246	87,399	313,279	318,174	Selling and administrative costs	30,065	32,068	124,456	129,478	Depreciation, amortization and other costs	7,966	7,596	28,615	26,935	Facilities consolidation and restructuring charges	1,154	1,633	2,433	3,960	Income before income taxes	12,348	10,643	34,050	23,185	Taxes on income	3,314	1,965	10,811	6,859	Income before change in reporting period	9,034	8,678	23,239	16,326	Change in reporting period	(1,192)	(1,192)			Net income	\$9,034	\$7,486	\$23,239	\$15,134	Basic earnings per common share: Income before change in reporting period	\$.76	\$.67	\$1.89	\$1.25	Change in reporting period	(.09)	(.09)			Net income	\$.76	\$.58	\$1.89	\$1.16	Average number of common shares outstanding (basic)	11,838,698	12,896,697	12,301,334	
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12,972,306

Earnings per share and the 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

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