



MSA Achieves Record First Half Earnings; Global Safety Equipment Manufacturer Announces Second Quarter Results

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PITTSBURGH, July 31 /PRNewswire/ -- Higher sales in key products and markets and strong gross margins contributed to second quarter earnings for MSA (Amex: MSA) that were significantly higher than in the second quarter of 2000. Strong second quarter 2001 income, following record first quarter results, led to the highest first half earnings in company history.

Net sales for the second quarter of 2001 were \$134,781,000, compared with \$121,683,000 for the second quarter of 2000. The company recorded second quarter 2001 net income of \$6,974,000, or 59 cents per share, compared with second quarter 2000 net income of \$2,826,000, or 22 cents per share.

Net sales for the six months ended June 30, 2001 were \$268,376,000, compared with \$250,919,000 in 2000. Net income for the six months ended June 30, 2001 was \$14,821,000, or \$1.25 per share, compared with \$10,285,000, or 81 cents per share, in 2000.

Second quarter 2001 sales were 11 percent higher than in the second quarter of 2000. The improvement occurred primarily in North America, reflecting MSA's ongoing commitment to customers, particularly the fire service market, through the introduction of new products during 2000 and early 2001. These products include the CairnsHelmet line of firefighter head protection, the Evolution line of thermal imaging cameras and new portable instruments. By shipping backlog gained in recent quarters, specialty chemical sales also were up sharply from the depressed levels experienced during most of 2000. MSA Safety Works consumer product sales have grown nicely. Local currency sales growth in most international markets was offset, when stated in U.S. dollars, by the currency translation effects of the strong dollar. Without this factor, second quarter sales would have been up 16 percent. The invoicing increase for the first half was 7 percent, or 12 percent excluding currency rate changes.

Net income for the second quarter 2001 more than doubled second quarter 2000 results. Significantly stronger earnings were achieved in all three geographic segments, reflecting sales and margin improvements and the effect of operating cost reduction programs that were completed during 2000 in Europe and North America.

Incoming orders of safety products exceeded shipments during the quarter, which resulted from multiple significant factors. Several large orders were achieved, while regular fire service orders were reduced by the continued uncertainty in the timing and selection of funding to be granted to U.S. fire departments under the Federal Emergency Management Agency (FEMA) Assistance to Firefighters Program. Many suppliers to the U.S. fire service industry have observed delays in the placement of orders associated with this situation, and some expect there could be considerable orders later in the year from departments that receive FEMA grants and also from those that would choose to use their own resources.

In recent weeks, MSA has seen an intensifying impact of the recession in U.S. industry and on our distributors, while the uncertainty in federal fire service funding continues. MSA's international results outside of North America and Europe are nicely improved and above the company's goals for the first half, but the economies in these areas could be negatively affected by the U.S. recession. Only time will tell the balance between all of these factors on results for the remainder of the year.

"The solid second quarter performance was in line with our financial targets for the year. Moreover, these results represent consistently strong earnings for three consecutive quarters and our best first half ever," said John T. Ryan III, Chairman and CEO. "The sales growth and earnings improvements are the result of expanded product lines in key markets and of several projects to streamline operations. I am particularly pleased by MSA Europe's earnings improvement in the first half, which was above our expectations. MSA operations in North America and in the Rest of World also contributed better performance," Mr. Ryan continued.

"Our six month results are particularly satisfying as they were achieved in the face of the significant recession in manufacturing America and the uncertainty of the timing of FEMA funding in the U.S. Despite this, we remain cautiously optimistic that we will make progress for the year 2001 as a whole on our multi-year plan to improve MSA's market position and financial performance," Mr. Ryan concluded.

Established in 1914, MSA is the world's leading provider of quality products and services that protect people's health and safety and the environment. The company has annual sales of approximately \$500 million, with manufacturing operations throughout the United States and 29 international affiliates.

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 products, cost reduction programs, fire department funding programs, 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 cost reduction efforts in Europe, market acceptance of new products, the company's ability to fulfill order backlogs, fire service market conditions, 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	
2001	2000	2001	2000

Net sales	\$134,781	\$121,683	\$268,376	\$250,919
Other income	72	830	493	1,918
Cost of products sold	82,917	78,378	163,445	157,227
Selling and administrative costs	32,211	33,443	65,006	65,989
Depreciation, amortization and other costs	8,291	6,685	16,282	13,283
Income before income taxes	11,434	4,007	24,136	16,338
Taxes on income	4,460	1,181	9,315	6,053
Net income	6,974	2,826	14,821	10,285
Basic earnings per share	\$.59	\$.22	\$1.25	\$.81
Diluted earnings per share	\$.58	\$.22	\$1.24	\$.80
Average number of common shares outstanding				
(Basic)	11,840,846	12,599,470	11,838,143	12,737,959

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