



MSA Reports Record Sales and Earnings for 2002; Global Safety Equipment Manufacturer Announces Fourth Quarter Results

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PITTSBURGH, March 6 /PRNewswire-FirstCall/ -- Strong demand for respiratory protection products in the homeland security market, increased sales in Europe and aggressive product development efforts targeting the fire service market all helped Mine Safety Appliances Company (Amex: MSA) achieve record sales and earnings for 2002.

During the fourth quarter of 2002 the company announced that it was exploring strategic options, including the potential sale of its Callery Chemical Division. Accordingly, as required by generally accepted accounting principles, net sales exclude Callery Chemical Division sales and the division's after tax income is reported as discontinued operations for all periods presented.

Net sales for the fourth quarter of 2002 were \$151,108,000, compared with \$127,617,000 for the fourth quarter of 2001. Net income for the fourth quarter was \$11,816,000, or 97 cents per share, compared with \$9,017,000, or 75 cents per share, for the same period last year.

Net sales for the year ended December 31, 2002 were \$564,426,000, which is an increase of more than 10 percent, compared with \$509,736,000 in 2001. Net income for the year ended December 31, 2002 was \$35,077,000, or \$2.88 per share, compared with \$31,631,000, or \$2.65 per share, for the same period last year. Both the sales and earnings for the year are new records for the company.

Fourth quarter 2002 sales grew in all geographic segments. The greatest growth occurred in Europe and includes sales of MSA Gallet, which was acquired in the second quarter of 2002. MSA Gallet is the leading European manufacturer of protective helmets for the fire service, as well as for police and military markets. European sales also benefited from strong shipments of escape breathing apparatus to a marine distributor. Sales in other international markets were mixed, but were higher overall than in the fourth quarter of 2001.

North American sales for the current quarter also improved over fourth quarter 2001 levels. Increased North American shipments of gas masks, primarily to the military and homeland security markets, were partially offset by lower sales of respirators. In the fourth quarter of 2001, extraordinary sales of respirators were made to the September 11 disaster sites. Sales of self-contained breathing apparatus (SCBA) were also higher in the current quarter. After a two-year product development effort, MSA became the first company to offer air masks that meet challenging new performance standards adopted by the National Fire Protection Association (NFPA). During the fourth quarter of 2002, MSA was the only company to produce and ship air masks in large volume that meet the new NFPA requirements.

The company achieved considerably higher sales, both from safety products and instrument operations, and also from the newly acquired MSA Gallet in both the fourth quarter and the year. This generated improved income from continuing operations before taxes. Net income from continuing operations also benefited from a decrease in the effective income tax rate. Net income for the fourth quarter of 2002 was 31 percent higher than in fourth quarter 2001, another record.

"I am very pleased to report record sales and earnings for the year, a period of considerable adversity in the global economy," said John T. Ryan III, Chairman and Chief Executive Officer. "Our team at MSA has been pursuing initiatives to improve in depth our business, and the results of these initiatives and of our people's efforts generated these fine results, which reached our internal goals for 2002. Major contributors to this performance were our success in fulfilling the needs of the homeland security market, upgrading our breathing apparatus to meet new standards, the acquisition and performance of MSA Gallet, and the overall strong growth and improvement of the Safety Products Division in North America, particularly their manufacturing operations. These results were built by MSA sales people achieving incoming order sales goals in all three geographic segments," Mr. Ryan continued. "While net income benefited significantly from favorable income tax effects, I am particularly pleased to note that 2002 income from continuing operations before taxes grew more than 10 percent, which is good in the current economic environment," Mr. Ryan said.

"As we go into 2003, the positive aspect of the company's situation is the ongoing benefits I expect from the initiatives taken by the MSA team in recent years, continuing into the current one, to improve the company's competitiveness, products and services. I like the good momentum that we have. The major difficulty is that the global economic outlook is as uncertain as it has been in years. Additionally, MSA will make significant research investments in instruments and to qualify breathing apparatus and gas masks to new chemical and biological protection standards. I have hope for some improvement in earnings from continuing operations in 2003 over these strong 2002 results, but we will need at least a few 'breaks' in the global economic situation to reach these goals," Mr. Ryan concluded.

Established in 1914, MSA is the world's leading provider of quality products and services that protect people's health, safety and the environment. MSA products are available in more than 140 countries and are supported globally by 27 international MSA affiliates.

Certain statements contained in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from expectations contained in such statements. Factors that may materially affect financial condition and future results include: global economic conditions; the impact of unforeseen economic and political changes, including the threat of terrorism and its potential consequences; the timely and successful introduction of new products; the availability of funding in the fire service and homeland security markets; fluctuations in the cost and availability of key materials and components; the company's ability to generate sufficient cash flow to support capital expenditures, debt repayment, and general operating activities; the company's ability to achieve sales and earnings forecasts; the company's ability to successfully integrate acquisitions and complete divestitures; 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	
	2002	2001	2002	2001
Net sales	\$151,108	\$127,617	\$564,426	\$509,736
Other income	175	1,111	2,271	2,776
Cost of products sold	93,886	75,038	351,587	309,680
Selling and administrative costs	37,877	33,508	140,924	130,092
Depreciation, amortization and other costs	6,241	7,965	26,103	29,136
Income from continuing operations before income taxes	13,279	12,217	48,083	43,604
Provision for income taxes	3,010	5,441	16,870	17,753
Net income from continuing operations	10,269	6,776	31,213	25,851
Net income from discontinued operations	1,547	2,241	3,864	5,780
Net income	\$11,816	\$9,017	\$35,077	\$31,631
Basic earnings per share:				
Continuing operations	\$.84	\$.56	\$2.56	\$2.17
Discontinued operations	.13	.19	.32	.48
Net income	\$.97	\$.75	\$2.88	\$2.65
Diluted earnings per share:				
Continuing operations	\$.83	\$.55	\$2.54	\$2.13
Discontinued operations	.13	.18	.31	.48
Net income	\$.96	\$.73	\$2.85	\$2.61
Average number of common shares outstanding (basic)	12,205,669	12,077,744	12,170,807	11,909,797

SOURCE Mine Safety Appliances Company