

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Constant currency revenue growth (Unaudited)

Consolidated

Three Months Ended December 31, 2019

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	1 %	— %	(5)%	3 %	18 %	(1)%	4 %	— %	4 %
Plus: Currency translation effects	— %	1 %	1 %	1 %	1 %	— %	1 %	1 %	1 %
Constant currency sales change	1 %	1 %	(4)%	4 %	19 %	(1)%	5 %	1 %	5 %

Twelve Months Ended December 31, 2019

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	(2)%	5 %	(1)%	4 %	12 %	15 %	4 %	(5)%	3 %
Plus: Currency translation effects	1 %	1 %	2 %	2 %	2 %	3 %	2 %	3 %	2 %
Constant currency sales change	(1)%	6 %	1 %	6 %	14 %	18 %	6 %	(2)%	5 %

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control. There can be no assurances that MSA's definition of constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to this non-GAAP financial measure.

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Americas Segment

Three Months Ended December 31, 2019									
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	8 %	(3)%	(5)%	5 %	23 %	18 %	8 %	(1)%	7 %
Plus: Currency translation effects	— %	— %	1 %	1 %	— %	1 %	— %	— %	— %
Constant currency sales change	8 %	(3)%	(4)%	6 %	23 %	19 %	8 %	(1)%	7 %

Twelve Months Ended December 31, 2019									
	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	3%	4 %	(2)%	4%	18%	27 %	7%	6 %	7%
Plus: Currency translation effects	—%	— %	2 %	1%	—%	2 %	1%	1 %	1%
Constant currency sales change	3%	4 %	— %	5%	18%	29 %	8%	7 %	8%

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International Segment

Three Months Ended December 31, 2019

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	(12)%	13 %	(6)%	— %	14 %	(22)%	(1)%	— %	(1)%
Plus: Currency translation effects	1 %	4 %	1 %	1 %	2 %	— %	1 %	3 %	2 %
Constant currency sales change	(11)%	17 %	(5)%	1 %	16 %	(22)%	— %	3 %	1 %

Twelve Months Ended December 31, 2019

	Breathing Apparatus	Firefighter Helmets and Protective Apparel	Industrial Head Protection	Portable Gas Detection	Fixed Gas and Flame Detection	Fall Protection	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	(12)%	9 %	3 %	2 %	5 %	(1)%	(1)%	(15)%	(3)%
Plus: Currency translation effects	4 %	6 %	4 %	5 %	5 %	4 %	4 %	4 %	4 %
Constant currency sales change	(8)%	15 %	7 %	7 %	10 %	3 %	3 %	(11)%	1 %

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 Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
 Constant currency revenue growth (Unaudited)

Consolidated

Three Months Ended December 31, 2019						
	Firefighter Safety	Gas Detection	Industrial Core PPE	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	1%	13%	(3)%	4%	—%	4%
Plus: Currency translation effects	—%	1%	1 %	1%	1%	1%
Constant currency sales change	1%	14%	(2)%	5%	1%	5%

Twelve Months Ended December 31, 2019						
	Firefighter Safety	Gas Detection	Industrial Core PPE	Core Sales	Non-Core Sales	Net Sales
GAAP reported sales change	—%	9%	6%	4%	(5)%	3%
Plus: Currency translation effects	1%	2%	2%	2%	3 %	2%
Constant currency sales change	1%	11%	8%	6%	(2)%	5%

Management believes that constant currency revenue growth is a useful metric for investors, as foreign currency translation can have a material impact on revenue growth trends. Constant currency revenue growth highlights ongoing business performance excluding the impact of fluctuating foreign currencies, which is outside of management's control. There can be no assurances that MSA's definition of constant currency revenue growth is consistent with that of other companies. As such, management believes that it is appropriate to consider revenue growth determined on a GAAP basis in addition to this non-GAAP financial measure.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Segment Information (Unaudited)
(In thousands)

	Americas	International	Corporate	Consolidated
Three Months Ended December 31, 2019				
Sales to external customers	\$ 235,419	\$ 139,836	\$ —	\$ 375,255
Operating income				39,978
Operating margin %				10.7%
Restructuring charges				2,643
Currency exchange losses, net				2,476
Product liability expense				18,464
Strategic transaction costs				1,463
Adjusted operating income (loss)	55,133	20,022	(10,131)	65,024
Adjusted operating margin %	23.4%	14.3%		17.3%
Depreciation and amortization				9,681
Adjusted EBITDA	61,203	23,535	(10,033)	74,705
Adjusted EBITDA %	26.0%	16.8%		19.9%
Three Months Ended December 31, 2018				
Sales to external customers	\$ 220,475	\$ 141,309	\$ —	\$ 361,784
Operating income				42,244
Operating margin %				11.7%
Restructuring charges				3,024
Currency exchange gains, net				(241)
Product liability expense				19,858
Strategic transaction costs				213
Adjusted operating income (loss)	55,383	17,906	(8,191)	65,098
Adjusted operating margin %	25.1%	12.7%		18.0%
Depreciation and amortization				9,267
Adjusted EBITDA	61,291	21,168	(8,094)	74,365
Adjusted EBITDA %	27.8%	15.0%		20.6%

	Americas	International	Corporate	Consolidated
Twelve Months Ended December 31, 2019				
Sales to external customers	\$ 915,118	\$ 486,863	\$ —	\$ 1,401,981
Operating income				186,230
Operating margin %				13.3%
Restructuring charges				13,846
Currency exchange losses, net				19,814
Product liability expense				26,619
Strategic transaction costs				4,400
Adjusted operating income (loss)	226,596	59,910	(35,597)	250,909
Adjusted operating margin %	24.8%	12.3%		17.9%
Depreciation and amortization				38,020
Adjusted EBITDA	251,287	72,848	(35,206)	288,929
Adjusted EBITDA %	27.5%	15.0%		20.6%
Twelve Months Ended December 31, 2018				
Sales to external customers	\$ 854,287	\$ 503,817	\$ —	\$ 1,358,104
Operating income				173,479
Operating margin %				12.8%
Restructuring charges				13,247
Currency exchange losses, net				2,330
Product liability expense				45,327
Strategic transaction costs				421
Adjusted operating income (loss)	206,839	59,866	(31,901)	234,804
Adjusted operating margin %	24.2%	11.9%		17.3%
Depreciation and amortization				37,852
Adjusted EBITDA	230,982	73,169	(31,495)	272,656
Adjusted EBITDA %	27.0%	14.5%		20.1%

The Americas segment is comprised of our operations in North America and Latin America geographies. The International segment is comprised of our operations in all geographies outside of the Americas. Certain global expenses are allocated to each segment in a manner consistent with where the benefits from the expenses are derived.

Adjusted operating income (loss), adjusted operating margin, adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusted EBITDA margin are the measures used by the chief operating decision maker to evaluate segment performance and allocate resources. As such, management believes that adjusted operating income (loss), adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin are useful metrics for investors. Adjusted operating income (loss) is defined as operating income excluding restructuring charges, currency exchange gains / losses, product liability expense and strategic transaction costs and adjusted operating margin is defined as adjusted operating income (loss) divided by segment sales to external customers. Adjusted EBITDA is defined as adjusted operating income (loss) plus depreciation and amortization and adjusted EBITDA margin is defined as adjusted EBITDA divided by segment sales to external customers. Adjusted operating income (loss), adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin are not recognized terms under GAAP and therefore do not purport to be alternatives to operating income or operating margin as a measure of operating performance. The Company's definition of adjusted operating income (loss), adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin may not be comparable to similarly titled measures of other companies. As such, management believes that it is appropriate to consider operating income determined on a GAAP basis in addition to these non-GAAP measures.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Organic constant currency SG&A expense (Unaudited)
(In thousands)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
GAAP reported SG&A expense	\$ 85,165	\$ 84,558	1%	\$ 330,502	\$ 324,784	2%
Plus: Currency translation effects	—	(776)		—	(6,170)	
Constant currency SG&A expense	\$ 85,165	\$ 83,782	2%	\$ 330,502	\$ 318,614	4%
Less: Acquisitions and strategic transaction costs	3,385	—		10,067	—	
Organic constant currency SG&A expense	<u>\$ 81,780</u>	<u>\$ 83,782</u>	(2)%	<u>\$ 320,435</u>	<u>\$ 318,614</u>	1%

Management believes that organic constant currency SG&A expense is a useful metric for investors to measure the effectiveness of the company's cost reduction programs. Constant currency SG&A expense highlights spending patterns excluding fluctuating foreign currencies. Organic constant currency SG&A expense highlights the impact of acquisitions and strategic transaction costs. These metrics provide investors with a greater level of clarity into spending levels on a year-over-year basis. There can be no assurances that MSA's definition of organic constant currency SG&A expense is consistent with that of other companies. As such, management believes that it is appropriate to consider SG&A expense determined on a GAAP basis in addition to this non-GAAP financial measure.

MSA Safety Incorporated
 Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
 Adjusted effective tax rate (Unaudited)

	Twelve Months Ended	
	December 31	
	<u>2019</u>	<u>2018</u>
GAAP reported effective tax rate	25.1 %	22.9 %
Tax impact of other operating expense	(0.5)%	(0.2)%
Tax charge associated with U.S. Tax Reform	— %	(1.2)%
Tax charge associated with the recognition of non-cash currency translation adjustments	(1.6)%	— %
Tax charge associated with restructuring activities	(0.3)%	(0.9)%
Tax benefit associated with ASU 2016-09: Improvements to employee share-based payment accounting	<u>1.1 %</u>	<u>1.2 %</u>
Adjusted effective tax rate	<u><u>23.8 %</u></u>	<u><u>21.8 %</u></u>

Management believes that adjusted effective tax rate is a useful measure for investors. The adjusted effective tax rate excludes tax benefits that are unrelated to the ongoing operations of the company. There can be no assurances that MSA's metric is consistent with metrics used by other companies. As such, management believes that it is appropriate to consider MSA's effective tax rate determined on a GAAP basis as well as this non-GAAP measure.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Adjusted earnings (Unaudited)
Adjusted earnings per diluted share (Unaudited)
(In thousands, except per share amounts)

	Three Months Ended December 31,		% Change	Twelve Months Ended December 31,		% Change
	2019	2018		2019	2018	
Net income attributable to MSA Safety Incorporated	\$ 31,162	\$ 24,883	25%	\$136,440	\$124,150	10%
Tax charges associated with U.S. Tax Reform	—	4,475		—	2,518	
Non-deductible non-cash charge related to the recognition of currency translation adjustments ^(a)	—	—		15,359	—	
Tax charges associated with restructuring activities	584	1,794		584	1,794	
Tax benefit associated with ASU 2016-09: Improvements to employee share-based payment accounting	(98)	(225)		(2,278)	(2,531)	
Subtotal	<u>31,648</u>	<u>30,927</u>	2%	<u>150,105</u>	<u>125,931</u>	19%
Product liability expense	18,464	19,858		26,619	45,327	
Restructuring charges	2,643	3,024		13,846	13,247	
Strategic transaction costs	1,463	213		4,400	421	
Currency exchange losses (gains), net	2,476	(241)		4,455	2,330	
Loss on extinguishment of debt	—	—		—	1,494	
Asset related losses, net	100	68		371	484	
Income tax expense on adjustments	(5,914)	(4,155)		(11,826)	(13,800)	
Adjusted earnings	<u>\$ 50,880</u>	<u>\$ 49,694</u>	2%	<u>\$187,970</u>	<u>\$175,434</u>	7%
Adjusted earnings per diluted share	<u>\$ 1.29</u>	<u>\$ 1.27</u>	2%	<u>\$ 4.80</u>	<u>\$ 4.50</u>	7%

^(a) Included in Currency exchange losses (gains), net on the Statement of Income.

Management believes that adjusted earnings and adjusted earnings per diluted share are useful measures for investors, as management uses these measures to internally assess the company's performance and ongoing operating trends. There can be no assurances that additional special items will not occur in future periods, nor that MSA's definition of adjusted earnings is consistent with that of other companies. As such, management believes that it is appropriate to consider both net income determined on a GAAP basis as well as adjusted earnings.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Debt to adjusted EBITDA / Net debt to adjusted EBITDA (Unaudited)
(In thousands)

	Twelve Months Ended December 31,		% Change
	2019	2018	
Net income attributable to MSA Safety Incorporated	\$ 136,440	\$ 124,150	10%
Provision for income taxes	46,086	37,220	
Interest expense	13,589	18,881	
Depreciation and amortization	38,020	37,852	
Restructuring charges	13,846	13,247	
Currency exchange losses, net ^(a)	19,814	2,330	
Product liability expense	26,619	45,327	
Strategic transaction costs	4,400	421	
Loss on extinguishment of debt	—	1,494	
Other income, net	(11,094)	(9,231)	
Adjusted EBITDA	\$ 287,720	\$ 271,691	6%
Total end-of-period debt	348,394	361,374	
Debt to adjusted EBITDA	<u>1.2</u>	<u>1.3</u>	
Total end-of-period cash and cash equivalents	152,195	140,095	
Net debt	\$ 196,199	\$ 221,279	
Net debt to adjusted EBITDA	<u>0.7</u>	<u>0.8</u>	

^(a) Year-to-date currency exchange losses includes a \$15.4 million non-cash charge related to the recognition of currency translation adjustments associated with the closure of MSA's South Africa affiliates.

Adjusted EBITDA is a non-GAAP financial measure. MSA defines this measure as net income attributable to the Company, excluding interest, taxes, depreciation and amortization, restructuring charges, product liability expense, currency exchange gains/losses, strategic transaction costs and other income. Management believes this information is useful for investors to analyze profitability trends of the Company. Adjusted EBITDA, as defined herein, may not be comparable to similarly titled measures reported by other companies. Furthermore, this performance measure does not take into account certain significant items that directly affect net income. Adjusted EBITDA should be considered in addition to GAAP measures such as net income.

Debt to adjusted EBITDA ratio is a non-GAAP measure defined as total long term debt and debt maturing within one year divided by adjusted EBITDA, as reconciled above. Net debt to adjusted EBITDA is a non-GAAP measure defined as total long term debt and debt maturing within one year, minus cash and cash equivalents divided by adjusted EBITDA, as reconciled above. These ratios are frequently used by investors and credit agencies and management believes this measures provides relevant and useful information.

MSA Safety Incorporated
Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
Free cash flow (Unaudited)
(In thousands, except percentages)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Cash flow from operating activities	\$ 76,712	\$ 77,690	\$ 164,962	\$ 263,887
Capital expenditures	(13,081)	(15,340)	(36,604)	(33,960)
Free cash flow	<u>\$ 63,631</u>	<u>\$ 62,350</u>	<u>\$ 128,358</u>	<u>\$ 229,927</u>
Net income attributable to MSA Safety Incorporated	\$ 31,162	\$ 24,883	\$ 136,440	\$ 124,150
Free cash flow conversion	204%	251%	94%	185%

Management believes that free cash flow is a meaningful measure for investors. Management reviews cash from operations after deducting capital expenditures because these expenditures are necessary to promote growth of MSA's business and are likely to produce cash from operations in future periods. It is important to note that free cash flow does not reflect the residual cash balance of the company for discretionary spending since other items, including debt and dividend payments, are deducted from free cash flow before arriving at the company's ending cash balance. Management defines free cash flow conversion as free cash flow divided by net income attributable to MSA. There can be no assurances that MSA's definition of free cash flow is consistent with that of other companies. As such, management believes that it is appropriate to consider cash from operating activities determined on a GAAP basis as well as free cash flow.