



MSA Safety

William Blair 42nd Annual Growth Stock Conference

June 6, 2022



WE KNOW WHAT'S AT STAKE.

Except for historical information, certain matters discussed in this document may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, all projections and anticipated levels of future performance. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results to differ materially from those discussed herein. Actual results can be affected by any number of factors, many of which are outside of management's control. The factors that could cause such differences include but are not limited to economic conditions, spending patterns of government agencies, competitive pressures, product liability claims, the success of new product introductions, currency exchange rate fluctuations, the impact of acquisitions and related integration activities and the risks of doing business in foreign countries. These risks, uncertainties and other factors are detailed in our filings with the United States Securities and Exchange Commission ("SEC") including our most recent Form 10-K. MSA undertakes no duty to publicly update any forward-looking statements contained herein, except as required by law.

In this presentation certain non-GAAP financial measures may be used. For an explanation of these measures, together with a reconciliation to the most directly comparable GAAP financial measure, see the appendix.



MSA Safety Overview

Our Mission

That men and women may work in safety and that they, their families, and their communities may live in health throughout the world

Key Metrics⁽¹⁾

\$1.4B
Net Sales

43.8%
Gross Margin

17.4%
Adj. Operating
Margin

>100%
Free Cash Flow
Conversion

4.1%
R&D Spend
(% net sales)

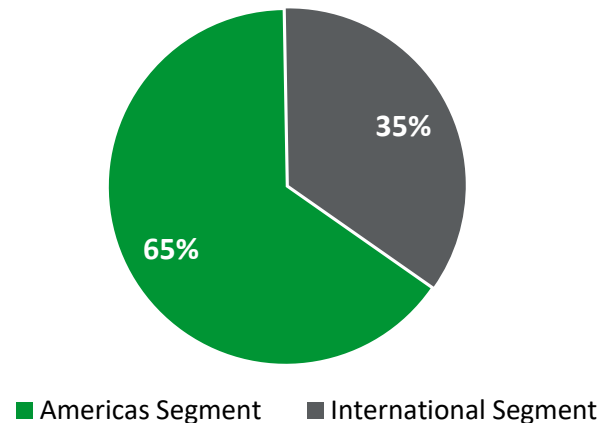
~4,800
Employees

1914
Year Founded

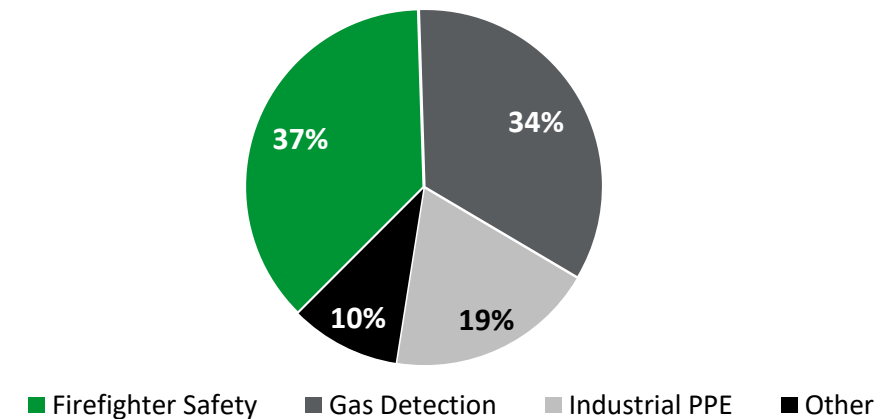
~\$5B
Market Cap
Ticker - MSA



Net Sales by Segment



Net Sales by Product Category⁽²⁾



(1) Key metrics for latest 12-month period ended March 31, 2022.

(2) Gas detection includes fixed gas and flame detection and portable gas detection. Industrial PPE includes industrial head protection and fall protection.

Leading global safety technology company with a proven track record of value creation

Leading Positions in Attractive Markets

Firefighter Safety

1



Self Contained Breathing Apparatus (SCBA) and Connected Firefighter

1



Firefighter Protective Apparel and Helmets

Gas Detection

1



Fixed Gas and Flame Detection Systems (FGFD)

2



Portable Gas Detection

Industrial PPE

1



Industrial Head Protection

3



Fall Protection

MSA Business Model

- Leadership position across core products
- Premium brand enabled by engineering excellence and significant IP
- Highly regulated market and alignment with global trends
- Strong balance sheet and balanced capital allocation priorities

Product Characteristics

- Mission critical applications, not discretionary
- Highly engineered and differentiated
- Compete on technology features, comfort, delivery, brand equity and total cost of ownership

Diversified Markets

- ~\$9B total addressable market
- Diversified end market exposure: firefighter safety, energy, construction, utilities, general industrial, military and mining
- Niche markets – room to grow within current markets and expand addressable market through innovation and M&A

denotes estimated market position

Leading market positions across a diversified portfolio; consistently at the forefront of safety innovation

Exposure to Key Global Trends

Worker Safety is a Top Priority

The pandemic has reshaped how organizations of all sizes view safety investments and protocols

Global ESG Focus

ESG investing and public demand for social responsibility is driving a heightened focus on worker safety and well-being

Safety has an Attractive ROI for Customers

\$1 invested in injury prevention returns of at least \$3¹

High Cost of Non-Compliance

OSHA fine in 2022 for repeat violations increased 6% from 2021²

Firefighter Health and Wellness

Industry is moving toward a second set of turnout gear and physiological monitoring⁴

Technology Driving Efficiency in Firefighter Fleet Management

Automated asset management provides cost of ownership benefits by reducing the burden of manually intensive processes associated with equipment tracking and inspection

Falls from Height are the Leading OSHA Violation...and Costly

9% of all disability claims are related to falls from height, costing employers more than \$5B per year³

Growth of the Connected Worker Device Market

The global connected worker device market is projected to reach \$1B by 2030 (~9% CAGR)⁵

Future of Industrial Worksites

Estimated that more than 80% of industrial worksites are currently using or interested in implementing Industrial IoT devices. Applications include safety, quality and other key processes⁶

Productivity Solutions

Connected worker implementation has been shown to reduce operational spend by 8% while improving safety outcomes⁷



Source: 1. Occupational Safety Group; 2. OSHA; 3. EHS Today; 4. Fire Apparatus Magazine; 5. Verdantix; 6. OHS Online; 7. Visual Capitalist

Alignment with global trends positions MSA to grow faster than GDP through economic cycles

Our ESG Strategy Delivers Value for All Stakeholders

ESG Pillars

Our People

Foster a safe, diverse and inclusive workplace that encourages personal and professional growth, global collaboration, innovation and better business outcomes.

Our Communities

Engage with our surrounding communities through charitable giving and volunteer work to enhance safety and improve lives around the world.

Our Environment

Conduct our business in a manner that is environmentally sustainable and ensures protection of our natural resources.

Our Integrity

Maintain an unwavering commitment to our foundational core value of Integrity.

ESG Highlights

- ✓ **Best-in-class internal safety metrics** compared to industry benchmark
- ✓ **34%** of MSA executive leaders are diverse
- ✓ **\$1.2M in charitable giving** to more than 80 organizations in 2020
- ✓ Donated more than **140K disposable masks** to medical institutions around the world in 2020
- ✓ Participant in the **Carbon Disclosure Project**
- ✓ Recognized with several top **workplace awards**



Safety is our mission - creating a better world is our goal

Bacharach Integration Update

Business Growth

- Demand is well aligned to expectations and supports our internal targets; book-to-bill continues to trend well above 1x on supply chain constraints
- Refrigerant ID business OEM bookings and backlog remain strong. Targeting exciting opportunities across QSRs and grocery chains. Seeing early success and significant opportunity
- Driving greater price focus due to inflation

Talent & Culture

- Implemented MSA's Culture of Safety and associated protocols
- Strong employee engagement survey responses; effective change management programs in place
- Retaining and leveraging key individuals to execute our integration strategy

Complexity & Cost Reduction

- ERP implementation on track - unlocking near-term and future streamlining opportunities
- On track to realize expected run rate savings



Demand is strong and margins are highly accretive to MSA. Supply chain headwinds impacting delivery

Strong Financial Position and Balanced Capital Deployment

Strong Financial Position

	3/31/22
Cash	\$147
Total Debt	\$599
Net Debt	\$452
LTM Adjusted EBITDA	\$294
Total Debt to LTM Adjusted EBITDA	2.0x
Net Debt to LTM Adjusted EBITDA	1.5x

Capital Deployment Priorities

Invest in Growth

R&D and strategic acquisitions

Fund Increasing Dividend

Continue 50+ year legacy of increases

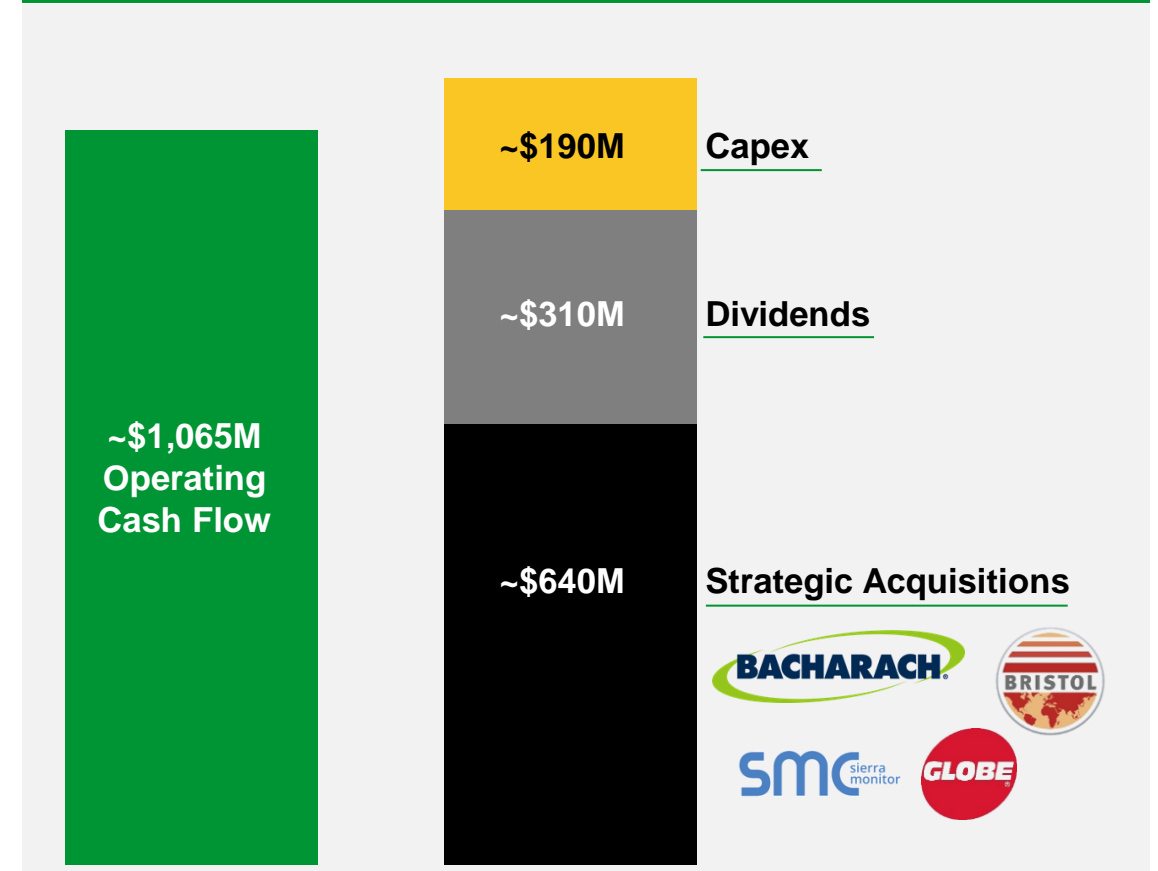
Repurchase Shares

Offset dilution

Note: Amounts in millions.

Historical Capital Deployment

For the 5 years ended 12/31/2021



Growth investments are a top priority for capital deployment, while maintaining an investment grade balance sheet and funding an increasing dividend

YTD Performance Update

Q1 2022 Recap

Sales Growth
9%

Constant Currency
Balanced growth between organic and acquisition contributions

Incremental Margins
~30%

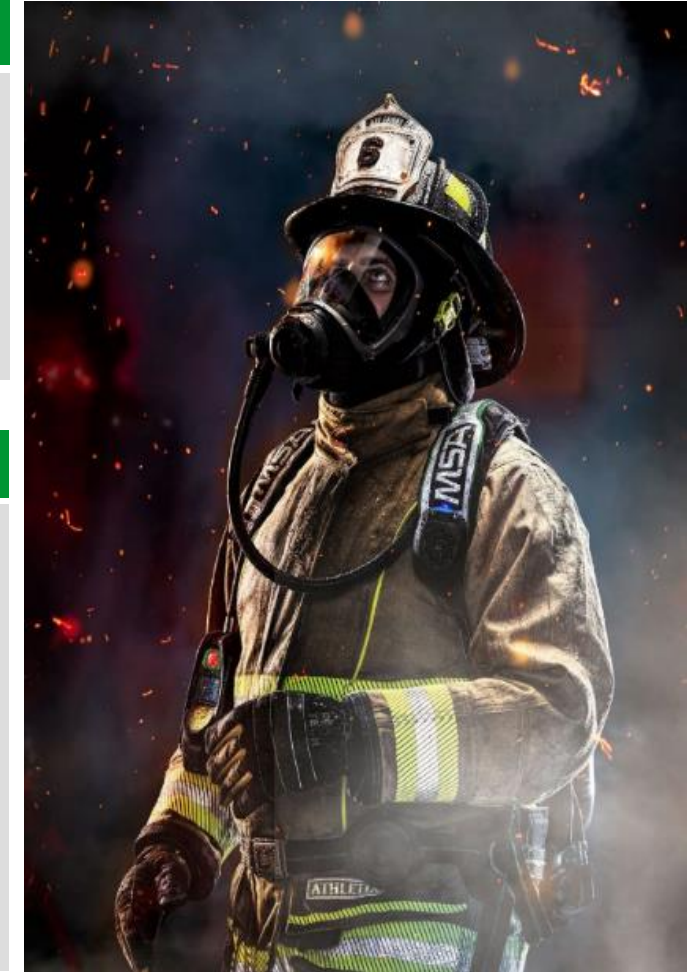
+90 BPS expansion in Adjusted Operating Margin

Book-to-Bill
1.2x

Organic bookings up double-digits, record backlog on supply chain

Current Trends

- Key end markets healthy and competitive positions remain strong
- Product demand remains robust through May with book-to-bill continuing to well exceed 1x
- Delivery challenging due to supply chain – rising backlog
- Managing pricing to offset inflation – focusing on sequential margin improvement



Strong start to 2022 despite supply chain and inflation pressure

Long-term Outlook

MSD Sales Growth

- MSD organic constant currency growth over the long-term
 - Driven by strategic pricing, volume growth and share gain
- Acquisitions to drive HSD growth

30% to 40% Incremental Margins

- Operational excellence and cost discipline
- Focus on achieving 20%+ operating margin over the long-term

Cash Flow and Capital Deployment

- Drive high cash flow conversion
- Balanced capital allocation strategy



Focus on driving profitable growth in sales and cash flow

Why Invest in MSA?



- Mission-driven culture and unwavering commitment to worker safety
- Superior innovation supports leading positions in attractive markets
- Extensive portfolio diversification and heightened focus on safety across our end markets
- Diverse growth and margin expansion opportunities across our portfolio; our success is not reliant on any single product line, market or productivity program
- Track record of strategic acquisitions enhancing our competitive profile
- Strong balance sheet enables balanced capital allocation that prioritizes growth investments and returning capital to shareholders

Committed to driving superior returns for shareholders



The Safety Company

Reconciliation of Non-GAAP Financial Measures

Constant Currency Revenue Growth

Three Months Ended March 31, 2022									
	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 %	11 %	(2)%	38 %	(5)%	10 %	(16)%	7 %
Plus: Currency translation effects	2 %	3 %	1 %	2 %	2 %	2 %	2 %	3 %	2 %
Constant currency sales change	4 %	8 %	12 %	— %	40 %	(3)%	12 %	(13)%	9 %
Less: Acquisitions	— %	— %	— %	— %	28 %	— %	6 %	— %	5 %
Organic constant currency sales change	4 %	8 %	12 %	— %	12 %	(3)%	6 %	(13)%	4 %

*Fixed Gas and Flame Detection includes the impact of the Bacharach acquisition completed on July 1, 2021.

Organic constant currency sales change is a non-GAAP financial measure provided by the Company to give a better understanding of the Company's underlying business performance. Organic constant currency sales change is calculated by deducting the percentage impact from acquisitions and currency translation effects from the overall percentage change in net sales.

Reconciliation of Non-GAAP Financial Measures

Adjusted Operating Income/ Adjusted Operating Margin

	Twelve Months Ended December 31, 2021	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Last Twelve Months Ended March 31, 2022
Sales to external customers	\$ 1,400,182	\$ 330,692	\$ 308,428	\$ 1,422,446
Operating income	22,780	42,668	44,083	21,365
Operating margin %	1.6 %	12.9 %	14.3 %	1.5 %
Restructuring charges	16,433	2,189	1,308	17,314
Currency exchange losses (gains), net	216	3,271	(2,099)	5,586
Product liability expense	185,264	2,772	2,796	185,240
Acquisition related costs ^(a)	15,884	2,943	1,373	17,454
Adjusted operating income	<u>\$ 240,577</u>	<u>\$ 53,843</u>	<u>\$ 47,461</u>	<u>\$ 246,959</u>
Adjusted operating margin %	17.2 %	16.3 %	15.4 %	17.4 %

The Americas segment is comprised of our operations in Northern North American and Latin American 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.

*Prior periods have been adjusted to reflect the change in inventory accounting method, as described in the Company's fiscal 2021 Annual Report on Form 10-K.

^(a) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the unaudited Condensed Consolidated Statements of Income.

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, acquisition related costs, including acquisition related amortization. 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.

Reconciliation of Non-GAAP Financial Measures

Debt to Adjusted EBITDA / Net Debt to Adjusted EBITDA

	Twelve Months Ended March 31,
	2022
Operating income	\$ 21,365
Depreciation and amortization ^(a)	46,742
Product liability expense	185,240
Restructuring charges	17,314
Currency exchange losses, net	5,586
Acquisition related costs ^(b)	17,454
Adjusted EBITDA	\$ 293,701
Total end-of-period debt	599,414
Debt to adjusted EBITDA	2.0
Total end-of-period debt	599,414
Total end-of-period cash and cash equivalents	147,300
Net debt	\$ 452,114
Net debt to adjusted EBITDA	1.5

^(a) Excludes acquisition related amortization, which is included in acquisition related costs below.

^(b) Acquisition related costs include advisory, legal, accounting, valuation, and other professional or consulting fees incurred during due diligence and integration. These costs are included in selling, general and administrative expense in the unaudited Condensed Consolidated Statements of Income. Acquisition related costs also include the acquisition related amortization, which is included in cost of products sold in the unaudited Condensed Consolidated Statements of Income.

Management believes that Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA are useful measures for investors, as management uses these measures to internally assess the Company's liquidity and balance sheet strength. There can be no assurances that that MSA's definition of Debt to Adjusted EBITDA and Net Debt to Adjusted EBITDA is consistent with that of other companies.

Reconciliation of Non-GAAP Financial Measures

Free Cash Flow

	Twelve Months Ended December 31,	Three Months Ended March 31,	Three Months Ended March 31,	Last Twelve Months Ended March 31,
	2021	2022	2021	2022
Cash flow from operating activities	\$ 199,145	\$ 24,523	\$ 45,616	\$ 178,052
Capital expenditures	(43,837)	(7,976)	(9,582)	(42,231)
Free cash flow	<u>\$ 155,308</u>	<u>\$ 16,547</u>	<u>\$ 36,034</u>	<u>\$ 135,821</u>
Net income attributable to MSA Safety Incorporated	\$ 21,340	\$ 35,542	\$ 36,450	\$ 20,432
Free cash flow conversion				665%

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.