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PRESENTATION

Operator

Good day, and welcome to the MSA Safety Fourth Quarter and Full Year 2023 Earnings Conference Call. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Chris Hepler. Please go ahead.

Chris Hepler MSA Safety Incorporated - Executive Director of Corporate Development & IR

Thank you. Good morning, and welcome to MSA Safety Fourth Quarter and Full Year 2023 Earnings Conference Call. This is Chris Hepler, Executive Director of Corporate Development and Investor Relations. With me today are Nish Vartanian, Chairman and CEO; Steve Blanco, President and COO; and Lee McChesney, Senior Vice President and CFO.

Before we begin, I would like to remind everyone that matters discussed during this call may include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, all projections and anticipated levels of future performance. Forward-looking statements involve a number of risks, uncertainties and other factors that may cause our actual results to differ materially from those discussed today. These risks, uncertainties and other factors are detailed in our SEC filings. MSA Safety undertakes no duty to publicly update any forward-looking statements made on this call, except as required by law.

We have included certain non-GAAP financial measures as part of our discussion this morning. The non-GAAP reconciliations are available in the appendix of today's presentation. The presentation and press release are available on our Investor Relations website at investors.msasafety.com.

Moving on to today's agenda. First, Nish and Steve will discuss key highlights of the fourth quarter and full year 2023. Lee will then review our financial performance and outlook. To conclude, Nish will provide closing comments. At which time, we will open up the call for your questions.

With that, I'll turn the call over to Nish.

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Thanks, Chris. Good morning, everyone, and thank you for your interest in the work we do. I'll start on Slide 4. Our team delivered excellent results in the fourth quarter with strong growth and operational performance, wrapping up an outstanding 2023 for MSA. Our results are a testament to our passion for our mission and dedication to addressing our customers' toughest safety challenges.

Despite the lingering pandemic effects on global supply chains, rising interest rates and dynamic macroeconomic conditions, our team outperformed throughout the year. I'm very proud of our execution and achievements in 2023, and we're carrying that momentum into 2024.

Moving on to Slide 5. MSA's sole purpose and mission over its 110-year history has been to protect workers' lives and critical

infrastructure in high-hazard environments. And our customers recognize that we at MSA know what's at stake when they put their lives on the line each and every day. This provides us with a unique bond with our customers, and being alongside them on this safety journey allows us to be a true partner in the development of products and solutions like few other companies.

Across our many leading firefighter safety, detection and industrial PPE technologies, we protect more than 40 million workers around the world. We do not take this responsibility lightly. It drives our passion for continuous innovation.

Now on Slide 6. Over the past several years, we've been diligently working to build MSA into a higher-growth, more profitable company with greater resiliency and durability. With customer centricity at its core, our strategy has focused on accelerating our innovation engine, enhancing our go-to-market strategies and customer-facing activities and increasing productivity and driving efficiency.

To complement our organic efforts, we've effectively deployed capital across several acquisitions to better serve our customers, expand and diversify our end markets and win in regions where we've been underpenetrated. Our deliberate actions resulted in a high-performing, more agile company with an even greater ability to drive stakeholder value over the long term.

Slide 7 summarizes the financial impact of these actions. We have executed on our financial commitments to deliver solid mid-single-digit growth and 490 basis points of margin expansion while compounding earnings at an attractive rate. We've also added to our high-performance talent while continuing to reinforce our culture, putting us in a tremendous position to build on this performance. I'm incredibly proud of our team's accomplishments, which have MSA well positioned as we move forward.

With that, I'll now turn the call over to Steve, who will take you through the key highlights from the quarter and year.

Steven C. Blanco MSA Safety Incorporated - President & COO

Thanks, Nish, and good morning. I'm on Slide 8. I'm pleased with our performance in the fourth quarter and the year. The team delivered on our growth, margin and cash commitments through effective collaboration and excellent execution. Our continuous improvement efforts and MSA Business System, or MBS, initiatives continue to take hold across our global footprint, and we are seeing results. Our team continues to develop and introduce innovative safety solutions, secure new business opportunities and operate with greater efficiency and purpose.

We exist to serve our customers and help them solve their safety and compliance challenges. That puts innovation front and center in everything we do.

As part of our differentiated development program, we work closely with our customers to deeply understand their processes, pain points and desired outcomes. We're committed to utilizing the latest technologies, cloud connectivity and AI to develop and deliver products and solutions that delight our customers and have a material impact on efficiency, transparency and effectiveness of safety programs around the world.

With the recent supply chain constraints, our team has done a nice job of being agile and pivoting between product redesign and new product development. Driven by engagement and flexibility, we've been able to work through the supply chain challenges to meet both existing customer demand and deliver on our NPD commitments, introducing several exciting new products, like the SENTRY io Controller and M8 SCBA, and achieving 37% product vitality for the year.

On the commercial side, we had solid execution across the portfolio and several exciting wins. In firefighter safety, we announced significant contract wins, such as Los Angeles City Fire Department, Pittsburgh Bureau of Fire, the U.S. Air Force and several U.K. fire authorities, including West Midlands Fire and Rescue Authority. We had healthy growth in our firefighter protective apparel and helmets business as well.

We also made solid progress in our detection business. We landed new business across our fixed detection products, including Bacharach's multiyear win with the U.S. Navy. We also expanded into new geographies with our recently introduced ALTAIR io 4 portable gas detector. Additionally, we continue to see strong interest in our solutions in the energy markets, including LNG and hydrogen

applications.

Within industrial PPE, our team drove double-digit growth for the year. Our differentiated fall protection solutions, like the V-SHOCK series, continue to garner strong customer interest and gain share, and we secured attractive wins in our head protection business.

In support of our growth, we drove process improvements supported by our business system to enhance fill rates and get product in the hands of our customers. We also continued our multiyear journey to optimize our global footprint and most recently opened a new modernized manufacturing facility in Morocco to support future growth in our international business. We're seeing results of the deliberate actions to enhance efficiency and productivity across our global operations.

Moving to Slide 9. We had a strong finish to the year, demonstrating our ability to execute in dynamic market conditions. The combination of strong execution, our highly differentiated portfolio and resilient demand resulted in double-digit sales growth, strong margin improvement and robust cash flow. Demand for our firefighter safety, detection and industrial PPE solutions remained healthy throughout the year, and we were better able to serve our demand as supply chains began to normalize.

We continue to operate in a market with secular growth tailwinds, and our unique portfolio positions us to capitalize on these trends. Our enhanced focus on margins and cash conversion provides us with ample resources to invest in attractive growth opportunities and drive sustainable profitable growth.

Leveraging our core values, the MSA team continues to raise the bar on performance, with strong commercial execution, product innovation and operational performance, all while deepening our talent bench. We have a clear trajectory for future growth and margin enhancement, and we will build on our already strong foundation.

Before concluding, I want to thank our more than 5,000 associates around the world for their steadfast commitment to advance our mission and drive improvement across our company.

I'll now turn the call over to Lee to review our financial results and outlook.

Lee B. McChesney MSA Safety Incorporated - Senior VP, CFO & Treasurer

Thank you, Steve, and good morning, everyone. We appreciate you joining the call today. I will now review our differentiated performance in the fourth quarter and full year 2023 and provide color on our 2024 outlook. Let's get started on Slide 10 with the quarterly financial highlights.

Sales are \$495 million, an increase of 12% over the prior year, with positive contributions across our product categories and regions. We had a healthy balance of volume and pricing in the quarter and currency translation added 2 points to the overall growth. Orders also remained solid in the fourth quarter, up mid-single digits, and we are seeing similar trends so far in 2024.

Market conditions are generally healthy, and our new business pipeline is very active. Consistent with the normal patterns we see in our business in the fourth quarter, our book-to-bill was below 1x, and we continue to reduce our backlog closer to normal levels. Backlog reduction was largely in our firefighter safety business and to a lesser degree in detection.

As supply chains began to improve, our team, through the implementation of the LEAN principles of MBS, recognized an opportunity to improve our processes and increase customer fulfillment while converting past due backlog and sustainably reducing inventories. As a result, we are seeing meaningful benefits, including improved on-time and in-full fill rates, reduced inventory levels and higher cash conversion.

Now moving on to margins. Gross profit in the fourth quarter was 48.1%, up 360 basis points over the prior year. Operating margin on a GAAP basis was 20.6% in the quarter. Adjusted operating margin was 23.3%, up 170 basis points over the prior year. And incremental operating margin in the quarter was 37%, at the higher end of our target range. Margin increases were largely due to volume leverage, price/cost benefits, improved productivity and innovation.

Our laser focus on driving sustainable margin improvements across all elements of the P&L continue to yield results. GAAP net income in the quarter totaled \$76 million or \$1.93 per diluted share. On an adjusted basis, diluted earnings per share were \$2.06, up 14% over the prior year. The increase was largely due to higher operating profit, which was partially offset by the higher interest expense and a higher adjusted tax rate in the quarter.

Now I'd like to review our segment performance. In our Americas segment, sales increased 15% year-over-year with growth across the product portfolio, including double-digit growth in firefighter safety and detection. Currency translation was also a 1% benefit in the quarter. Adjusted operating margin was 29.8%, up 120 basis points year-over-year. Margin expansion was largely driven by volume leverage, price realization and productivity.

We also had solid results in our international segment, where growth was up 6% year-over-year and was well balanced across product categories and regions. Currency translation was a 3% benefit in the quarter. Adjusted operating margin of 18.2% improved by 120 basis points year-over-year, driven by volume leverage, price/cost management and a favorable mix.

Now moving on to Slide 11, where I'll review our full year results. Broad-based demand drove total net sales of \$1.8 billion, up 17% versus last year. We saw double-digit growth in both segments with healthy contributions from price and volume across our product categories. For the year, adjusted operating margin was 22.2%, up 320 basis points from last year. Incremental operating margin was 41%. Adjusted diluted earnings per share were \$7.03, up 24% over the prior year. Overall, MSA's performance was very strong, and we continue to identify opportunities to drive further improvement in the years ahead.

Now turning to Slide 12. Free cash flow in the quarter was \$147 million, representing a conversion rate of 180%. Free cash flow growth benefited from higher earnings and solid execution with working capital, which was reduced by 760 basis points from the prior year. We invested \$12 million in CapEx, repaid \$145 million in debt and returned \$18 million in dividends to shareholders. For the full year, adjusting for the divestiture we completed in January, free cash flow was \$397 million compared to \$115 million in the prior year.

We significantly strengthened our financial position in 2023. At the start of the year, in conjunction with the divestiture of our legacy liability subsidiary, we communicated our intention to prioritize debt reduction in the subsequent 12 to 18 months. Through strong teamwork and collaboration across the company and the use of our MBS principles, we exceeded our commitment, finishing the year at 1.0x net leverage.

We repaid \$289 million of debt since the divestiture as a result of robust cash generation, profitable growth and disciplined investment strategies. Net debt at the end of the year was \$455 million and cash was \$146 million. Adjusted EBITDA for the full year was \$449 million or 25.1% of net sales. Our overall financial strength enables us to continue investing in the business to drive long-term profitable growth and return excess capital to our shareholders.

Now I'd like to move to our 2024 outlook on Slide 13. We've taken a balanced approach in our outlook based on the positive sector dynamics in our industry that underpin demand, the essential nature of our differentiated products and solutions and the stability and diversity of our portfolio and end markets.

However, the operating environment continues to be dynamic with an increasingly uncertain macroeconomic and geopolitical climate. With this backdrop, we remain responsibly optimistic in our outlook, which balances the opportunities and risks we see ahead of us.

We expect to generate mid-single-digit sales growth in 2024, with incremental margin and cash flow conversion aligned with our long-term targets of 30% to 40% incrementals and near-100% free cash flow conversion. We expect to have greater visibility in the first half of the year, and we will continue to be agile in the event the operating environment differs meaningfully from our expectations.

For modeling purposes, I will provide our view on the below-the-line drivers that impact earnings. We expect our tax rate to be between 24.5% and 25.5% in 2024. Based on current rates, interest expense is expected to be approximately \$40 million. Finally, pension and other nonoperating income will be similar to 2023 levels.

As I now look forward, I'd also like to share my warm congratulations and gratitude to our global team for their solid execution in 2023 and on achieving excellent performance across sales, profitability and cash flow. We are well positioned entering 2024 and are firmly focused on delivering on our financial commitments and creating sustainable value for our shareholders.

I now turn the call back to Nish for closing remarks.

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Thanks, Lee. I'm on Slide 14. Our team delivered a strong quarter to close out an outstanding year in 2023. We continued our purposeful investment across all aspects of our business while also delivering on our growth, margin and cash flow commitments. These actions and the divestiture we made last January further improved our strong financial position and have provided for greater capital deployment optionality.

We have a team of high-performing associates around the world who are driven by our mission. Their commitment to continuous improvement enables MSA to better serve our customers and advance our mission. I'm confident our focus and determination will help drive long-term value creation for our shareholders and continue to make MSA safety the preferred choice for our customers around the world.

One last thing before I wrap up, now on Slide 15. We'll be hosting an Investor Day in New York and via webcast on May 22, where we'll provide a detailed review of our business strategy and financial goals. I'm excited about this event, and I look forward to seeing many of you in New York.

With that, I'll turn the call back to the operator for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question today comes from Stanley Elliott with Stifel.

Stanley Stoker Elliott Stifel, Nicolaus & Company, Incorporated, Research Division - VP & Analyst

Congratulations on the very strong 2023.

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Thank you, Stanley.

Stanley Stoker Elliott Stifel, Nicolaus & Company, Incorporated, Research Division - VP & Analyst

Could you all help us kind of with what you're seeing in the business? You talked about maybe not as much visibility in the second half of the year, and I get it, it's still pretty dynamic. How should we think about the cadence, I guess, of maybe first half versus second half? Then any color you could share in terms of how you're thinking about your growth in the Americas or International or even within the new reporting segment structure.

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Stanley, just one thing, too. Is Stephanie Sciuollo, our President of the Americas, has joined us for the Q&A section of the call.

But why don't I -- there's one point I want to make real quick on the business and the business pace, and then I'll flip things over to Steve and Lee to add a little more color on what we're seeing with the business.

One of the things you probably saw in the takeaways is the industrial business slowdown of 2%, the way we described it in the earnings release. And underneath that number, which is somewhat surprising to me, is the strength that we saw in the core industrial products. So when you think about hard hats and fall protection, when you look at those 2 categories in Q4, there was a strong growth in those areas,

double-digit growth in those areas in Q4 and we're seeing good order pace through February in those areas, too. So we're pleased to see that.

Actually, all year, as we talked about, the industrial business, we thought would slow down, we were all waiting for a recession which never occurred. And it's good to see good order pace in the core industrial products as we kick off 2024, which gives us more confidence in the business as we go forward.

With that, I'll flip things over to Steve to talk a little bit more about the business on a broad basis.

Steven C. Blanco MSA Safety Incorporated - President & COO

So when you look at -- I guess I'd back up a little bit and think about our markets, and we talk about the diversity of the businesses. So when you look at that and you think of the industrial space specifically to start because of Nish's commentary, it's really interesting. So it has moderated, but we've seen the strength, as Nish talked about.

The end markets are a little bit mixed. Energy and utilities have been strong. And the construction is on and off, there's some strength in certain areas of the country. In the U.S., for example, we're seeing some nice strength in Asia Pacific, excluding China, which we think has stabilized. But overall, that market, we feel pretty good about it. It's actually, the incoming has been pretty good even year-to-date this year globally.

And then you look at detection. Detection has been very strong. The pipeline looks very, very good. Fire service, again, we feel good about that as well. As you know, the funding comes from governments, municipalities, and that pipeline is solid. So visibility for the first 6 months, really strong visibility. Second half, we just don't have as much there yet, which is kind of why we've commented the way we have.

Lee, do you have any?

Lee B. McChesney MSA Safety Incorporated - Senior VP, CFO & Treasurer

Yes. Maybe I'll just add a couple of numbers, Stanley. So we talked about orders being up mid-single digits in the fourth quarter. If you put on the -- as I like to do sometimes, talk about it even over broader than 90 days through the second half of the year, we were up mid-single digits. As I noted in my remarks, we're seeing the same type of start to '24 here as well. So that's a positive.

As we've also noted, the backlog is getting closer to normal. We think that will normalize as we go through the year. So that's probably a little bit of an opportunity in the first half. But just generally, let's see how the year plays out. In the U.S., it's an election year with timing of spending bills and things like that, we'll just see how that plays out. That served us well last year, to watch that happen. And we'll update accordingly as we go through the year.

Stanley Stoker Elliott Stifel, Nicolaus & Company, Incorporated, Research Division - VP & Analyst

Great. And can you all talk about the Connected Worker Platform? How that's progressing? What's been the reception in the marketplace? How are you all thinking about kind of monetizing that on a go-forward basis?

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Yes, Steve, go ahead and take that.

Steven C. Blanco MSA Safety Incorporated - President & COO

Sure. So when you think of Connected Work, I would tell you, and we talked about it, I think in my prepared remarks, I talked about the io 4, which is around Connected Work. We have -- as you know, we have 2 different categories of Connected Work. We look at that inside of fire service, which we've seen some really nice progress with a lot more of our fire departments and firefighters now on that connected platform. And that utilization, we expect to continue to increase. Now that -- I would tell you that from a revenue perspective, it's pretty low because the maturity there, it takes time to really kick in on the fire service side.

On the industrial space, when you think of that, that's really what we call MSA+. We sell it predominantly as a subscription service. And we had a really nice take rate in '23 in the U.S. specifically because that's where we launched first. What's really nice now is we've continued to expand the market coverage, and we've got it available in over 80% of the markets we serve and certainly the bigger ones now as we enter '24.

So we're expecting that to continue to grow and the customer response has been really, really solid. So it's a longer sales cycle and the base continues to be a little smaller, but it's becoming a very meaningful piece of our detection business.

Stanley Stoker Elliott Stifel, Nicolaus & Company, Incorporated, Research Division - VP & Analyst

And I guess lastly, kind of what you're seeing in the backlog. It sounds like the outlook will be favorable again from a mix standpoint. Is there any reason to say kind of what you're seeing in that book of business that we shouldn't see margins expand again? And think about nice incremental margins, incremental flow through again in 2024?

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Lee, why don't you take that?

Lee B. McChesney MSA Safety Incorporated - Senior VP, CFO & Treasurer

Yes. So Stanley, good question. I appreciate it here. So we certainly have made some nice progress with operating margin, and it's certainly been powered more recently with gross margin and then obviously our continued momentum with SG&A. So you're right, we've moved forward from this 44%, 45% zone now to this 47%, 48% gross margin zone.

I talked about this last quarter. That's certainly powered by MBS. So whether it's our commitment and focus on productivity, continued work we do with price and costs, or just overall, the best form of driving all of this is innovation and new products and things like that. So that's the foundation.

I think as you think about '24 here, it's about really cementing that base. So I think we're pretty comfortable with this 48-ish zone for 2024. There is some differences by quarter. Certainly, the first quarter is always going to be lower than the exit rate we just saw in the back half. And then you'll see it step up as we go through the year.

So the work is in. We have a nice set of plans. And I think this year, you'll just see even more on the productivity front and on the innovation front because we do think the inflation environment is moderating. It's still not -- it's not deflation. Things like freight and labor is still pretty sticky. But we've taken the appropriate price actions. And then now it's really just down to us executing MBS and cementing that 48-ish percent gross margin.

Operator

The next question comes from Larry De Maria with William Blair.

Lawrence Tighe De Maria William Blair & Company L.L.C., Research Division - Group Head of Global Industrial Infrastructure

I wanted to maybe start with fire. Can you talk about maybe the outlook for potential for new fire wins and tenders? Have we seen some wins following these big pillar cities? I know you mentioned some in the U.K., but are there more to come? And related to that, can you speak to the Air Force win, what's in the numbers already? What might still happen, and if there's a Phase 2, and if that's in the guide?

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Steve, why don't you take that?

Steven C. Blanco MSA Safety Incorporated - President & COO

Yes, sure. Larry, so when you look at fire, I guess I'd start with the comments on new tenders. There certainly is in our pipeline, some really nice opportunities. And I would speak to international maybe a little bit more with what we see going on there and the expectations that we have with the M1.

There's a lot of large opportunities over the next 24 months that are coming to bear, and the connected platform that I was talking about earlier is really important to those customers in their ability to solve the problems and have really strong incident command and awareness. So we feel really good about where we're at there, and we feel pretty good about the overall international market.

Same thing in the U.S. U.S., we've got really nice scale, but the base is a little bit different here comparing it to growth opportunities. So I think that's a really -- for us, we believe the market continues to be solid going forward. And all of the pipeline information we have is telling us that the market in the North American area is intact, and the rest of the world is a really nice opportunity going forward.

Lawrence Tighe De Maria *William Blair & Company L.L.C., Research Division - Group Head of Global Industrial Infrastructure*

Great. And any color on the Air Force?

Steven C. Blanco *MSA Safety Incorporated - President & COO*

Yes. A little bit on the Air Force. So we had the -- we did -- I don't know, maybe Lee can talk to the specific numbers. But I think we have about 1/3 of that left to invoice for the remainder, and that's going to come in the first half. Most of that's in Q1.

Lee, can you kind of give the specific?

Lee B. McChesney *MSA Safety Incorporated - Senior VP, CFO & Treasurer*

So Larry, to your point, we had the first win, which you saw a benefit of in 3Q and 4Q of '23. You'll see that -- see the remaining portion of that come through in 1Q primarily.

And then there is an opportunity for a Phase 2. The timing of that is still TBD. But we certainly are expecting success there, and certainly, it's part of our outlook for the back half. But that's one of those things we'll just have to see how the timing of that works out. That's one of the reasons why you kind of see us being a little bit hesitant on the back half because it's certainly not an insignificant amount if it does come in as well.

Lawrence Tighe De Maria *William Blair & Company L.L.C., Research Division - Group Head of Global Industrial Infrastructure*

Okay. That's perfect. And then you talked about Morocco a little bit. I'm just kind of curious if we can sort of flesh it out a little bit. Have we seen the gross margin impact from Morocco? Or does that still need to ramp and drive more volume and efficiency through there? So just can you kind of just talk to delineation of the existing footprint that serves International and now adding in Morocco and kind of what that means? And what was -- whether we've seen it or not?

Nishan J. Vartanian *MSA Safety Incorporated - Chairman & CEO*

So Lee, why don't you take that?

Lee B. McChesney *MSA Safety Incorporated - Senior VP, CFO & Treasurer*

Yes, sure. So number one, I appreciate the question based on ops. Number one, I mentioned it because, as I just said earlier, with the gross margin, you're going to see productivity even being a bigger part of the story as we go forward here, Larry. So what we did is we opened the site. We're still in, I'll say, final transition from workplace, where things are coming from and to. But it's part of what we're doing across ops, pursuing at a higher level of productivity to enable even more commercial success.

So I think about Morocco in particular is a really nice example for our fall protection business. So we love the growth we're seeing there, double-digit growth consistently across the globe. But we wanted to serve the customers better and we want to work on the costs. And so that's just one example of many that we have in our outlook for '24. But off and running, for sure. It was a nice kickoff. We got a very energized team there ready to take on '24.

Lawrence Tighe De Maria *William Blair & Company L.L.C., Research Division - Group Head of Global Industrial Infrastructure*

Okay. That's good to hear. We'll have to visit it. And then if I could just sneak in one last one. Can you just talk about the pipeline of inorganic options out there? Things that are real actionable in this year, and competition, multiples, et cetera?

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Sure. Lee, go ahead.

Lee B. McChesney MSA Safety Incorporated - Senior VP, CFO & Treasurer

Sure. I love this question because you know I can only answer it in a certain way. So I'll start off this way. We have shown again in '23 our inherent ability to generate cash and it puts us with really a lot of options, which is good. So obviously, first place we focus, Larry, is on the organic side. So whether it's the innovation, activation in the market, investing in our abilities, analytics, accelerating MBS, that's where it goes first.

Certainly, we have a great trajectory on dividends, a wonderful track record there. You'll probably see at some point some action on share buyback like we typically would do, which we didn't do last year because of the divestiture.

And then that leads us to this optionality with M&A. The entire team is certainly engaged in the market. We've never stepped back from that. But I'll say what I always do here, and it shows up in our track record. We've done 4 deals in 6 years. And all in, we beat the odds.

We've done better than most companies do there because we're very disciplined in what we are willing to take on. It's got to be a strategic fit. It's got to hit the financial thresholds. If it does that, we'll certainly participate in the process and we'll see how it works out. But again, we're not going to go overpay.

So we're certainly engaged. I do think over the next couple of years, something will come to life. And if it happens this year, great, but it doesn't have to happen for us to be successful this year.

Operator

The next question comes from Rob Mason with Baird.

Robert W. Mason Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

I just wanted to circle back to the commentary around the cadence through the year. If we think -- if you think mid-single-digit growth for the full year at this point, I mean fair to assume just where your confidence level, that the first half would be some level above that. And right now, the planning would have second half below that?

Nishan J. Vartanian MSA Safety Incorporated - Chairman & CEO

Lee, why don't you take that?

Lee B. McChesney MSA Safety Incorporated - Senior VP, CFO & Treasurer

Yes. So no, I appreciate that. Yes, I think that's -- we're going to approach '24 a little bit like we did '23. We certainly have a better view into the first half of the year. So your math is right, Rob, that we would be on the higher end of the mid-single-digit growth for the first half.

We mentioned earlier, we certainly think backlog will normalize, the pricing environment continues to normalize. So it's more about just executing in the market. There's things out there like we mentioned earlier, we'll see what the timing is of some of these larger win opportunities. We're certainly confident in some of them, but not all of them. And then we just know it's an election year, so I'm even a little bit more cautious in the back half, just how the timing of things could play out.

But that's our baseline. As we talked about, that's also supported by a pretty good view with margins that enable us to be in a 30% to 40% incremental range. If we're on the lower side, sales wise, it will be on the lower side of the incremental. If we're not, we'd be on the higher side. Just like what played out in the fourth quarter. We certainly ended a little bit higher in growth, and you see us -- saw us in the higher end of the incrementals. But that's -- we're going to take that approach right now because just the macro environment is challenging. So it's just proven to be a smart way to navigate each year and be agile.

Robert W. Mason *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Yes, makes sense. I want to drill into the detection business a little bit further. Steve, I know you commented that the pipeline looks good there. But could you kind of walk through the various portions of that business, thinking about how replacement activity may be positioned in that pipeline versus more of a CapEx portion versus even some of these newer markets, let's say newer. But like hydrogen, LNG, I guess, is more in an expansionary mode. But just if you could put a little more color around what's driving detection.

Steven C. Blanco *MSA Safety Incorporated - President & COO*

Yes, I'd be glad to, Rob. I mean, I think we talked a little bit about the portable space, we continue to see opportunities there. That goes to market similar to the industrial PPE, but the energy comments you made and what we talked about and how strong those markets are, and they're very solid, really plays well for the portable business. And we think we're going to continue to see appreciation with our Connected Work Platforms that I referenced earlier.

If you go to the fixed monitoring solutions, our fixed detection space, you're right. We've seen certainly, we have that base business that's very strong. The project business has been good. I wouldn't see it -- it has not tailed off necessarily. I mean, going forward, what we've seen is a little bit of a pivot to some of those clean energy opportunities, the hydrogen, LNG and some -- there's some real work going on around decarbonization.

So the carbon capture, utilization and storage, that CCUS, which it's been around a while, but it's gaining traction now. We're seeing a lot of activity and interest there internationally. So we expect that to be a really nice opportunity as well.

So the detection, to Lee's point earlier, as we look forward and we think of the pipeline there, fixed monitoring is an area that we think is a really strong growth platform, and we think portables is right behind it.

Robert W. Mason *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Very good. Very good. And just maybe a follow-up with the last question. Steve, your commentary around international opportunities on the fire safety side certainly makes sense given the runway. But I'm just curious, if you circle back to the G1, it's -- that -- I guess we're coming up on 10 years of when that was launched in the market. And first year, seeded a lot of that product into the market. Are you starting to see replacement of those units -- initial units start to come up for replacement yet? Or is it still too early for that to happen?

Steven C. Blanco *MSA Safety Incorporated - President & COO*

Yes. The life cycle -- it's a really good question. So we watch that very closely. And the life cycle typically is around 13-ish years on average. Some certainly go sooner than that, some leak out a little bit longer than that, and you may see them past 15. But typically, our team averages at around 13-ish years, so you wouldn't see that play out for a couple more years, likely. And we don't have a lot in our pipeline that shows those initial customers coming back up quite yet.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Chris Hepler for any closing remarks.

Chris Hepler *MSA Safety Incorporated - Executive Director of Corporate Development & IR*

Thanks, Betsy. We appreciate you joining the call this morning and for your continued interest in MSA Safety. If you missed a portion of today's call, an audio replay will be made available later today on our Investor Relations website and will be available for the next 90 days. We look forward to updating you on our continued progress again next quarter. Thanks.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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