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MSA.N - Q4 2024 MSA Safety Inc Earnings Call

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## OVERVIEW:

Company Summary

## CORPORATE PARTICIPANTS

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**Lee McChesney** *MSA Safety Inc - Chief Financial Officer, Senior Vice President*

## CONFERENCE CALL PARTICIPANTS

**Ross Sparenblek** *William Blair & Company - Analyst*

**Saree Boroditsky** *Jefferies Group LLC - Analyst*

**Jeff Van Sinderen** *B. Riley Securities - Analyst*

## PRESENTATION

### Operator

Good day and welcome to the MSA Safety fourth-quarter and full year 2024 earnings conference call. (Operator Instructions) Please note that this event is being recorded. I would now like to turn the conference over to Larry de Maria. Please go ahead.

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**Lawrence T. De Maria** - *MSA Safety Inc - Executive Director, Investor Relations*

Thank you. Good morning and welcome to MSA Safety's fourth-quarter and full year 2024 earnings conference call. This is Larry De Maria, Executive Director of Investor Relations. I'm joined by Steve Blanco, President and CEO; Lee McChesney, Senior Vice President, CFO; and Stephanie Sciuillo, President of our Americas Segment. During today's call, we'll discuss MSA Safety's fourth-quarter and full-year financial results, along with our full year 2025 outlook.

Before we begin, I'd like to remind everyone that the 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 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've 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](https://investors.msasafety.com).

Moving on to today's agenda. First, Steve will highlight the importance of our mission and provide a business update from the fourth quarter and full year 2024. We will then review our financial performance in 2025 outlook. To conclude, Steve will outline our 2025 strategic priorities before providing closing comments. We will then open the call for your questions.

With that, I'll turn the call over to Steve Blanco. Steve?

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**Steven Blanco** - *MSA Safety Inc - President, Chief Executive Officer, Director*

Thanks, Larry, and good morning, everyone. Thank you for your continued interest in MSA Safety.

Starting on slide four. 2024 marked MSA Safety's 110th year as a purpose-driven company. Over that time, we remain dedicated to 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.

Today, we are better positioned than ever to help our customers solve their toughest safety challenges. As we move forward into 2025, we remain focused on fulfilling our mission and protecting the more than 40 million workers around the world that place their trust in the MSA brand. I want to personally thank all of our associates for their continued commitment to our singular mission of safety.

Before we get into our recent performance, I'd like to acknowledge and thank the more than 15,000 first responders, including our customers from the Los Angeles County and Los Angeles City Fire Departments who have been heroically fighting to end the devastating fires in Southern California. As we've done with past disasters, MSA is partnering with the American Red Cross to help those directly impacted, and our team continues to monitor the situation for additional opportunities to provide support.

Now on slide five to provide a business update on the quarter and full year. Our team executed well against the backdrop of a dynamic operating environment to conclude 2024. Financial results for the quarter were mixed as we achieved margin expansion through SG&A management, earnings growth and solid free cash flow generation despite sales growth that is lower than expectations.

Sales were impacted by pockets of industrial market weakness and softer U.S. Fire Service demand, as well as foreign exchange headwinds. That said, overall demand was resilient across our product categories as evidenced by healthy order pace in the fourth quarter, and we continue to see order momentum so far this quarter.

Sequentially, backlog reduction was attributable to seasonal customer deliveries as well as the anticipated U.S. Air Force delivery. From a commercial perspective, we announced the award of a 10-year \$33 million breathing apparatus contract with the U.S. Coast Guard and delivered on the second tranche of the U.S. Air Force order. Additionally, we received our largest ever order for the MSA+ connected portables, which was a competitive win from a large energy customer in North America. We remain encouraged by our pipeline for connected devices in 2025 as we continue to meet our customers where they are on their connected journey.

Moving now to our product categories. Sales in Fire Service on a reported basis were up high single digits year-over-year, primarily due to double-digit growth in SCBA which benefited from positive impacts of shipping the final units of the U.S. Air Force order as well as strong performance in international markets.

Sales in Detection were down low single digits year over year on a contraction in fixed gas and flame detection, primarily due to a challenging comp, partially offset by high single digit growth in portable gas detection, which continued to perform well across traditional and connected devices.

Industrial PP&E sales were down mid-single digits for the year. We had low single digit growth in industrial head protection, offset by a low single digit decline in fall protection as well as double-digit contraction in other PP&E sales.

From a full year perspective, net sales growth finished the year up 1% on a reported basis and 2% on an organic basis, compounding on top of the 17% reported growth we delivered in 2023. While top line growth was more modest than we originally anticipated, we remain encouraged by the positive long-term trends in industrial safety technology, our innovation pipeline and the overall resiliency of the business. Strong operating leverage, driven by resilient gross margins and SG&A management enabled adjusted operating margin expansion and 10% adjusted earnings growth.

Turning to slide six. At our Investor Day last May, we introduced our strategy, which we refer to as Accelerate to deliver long-term, profitable growth as well as 2028 financial targets. The progress we've made this year on advancing this strategy provides us with a strong foundation to build on in 2025 and beyond. And it reinforces our confidence and commitment to our 2028 financial targets. I'd like to take a few moments to highlight a few of the key accomplishments in 2024. First, we leverage our market-leading innovation and new product development process, which includes a high focus on voice of customer to introduce innovative products and solutions across our categories. In Fire Service, we launched the new Cairns 1836 Fire Helmet, and we completed work on our next-generation G1 SCBA, which we recently submitted to the NFPA (National Fire Protection

Association) for its approval to the 2025 standard. In Detection, we bolstered our fixed gas and flame detection portfolio with the release of the FL5000 Multi-spectrum IR flame detector. And in Industrial PP&E, we released our newest industrial head protection solution, the V-Gard H2 Safety Helmet. Our team's ability to deliver innovative products and solutions across our portfolio reinforces our competitive and continued leadership in the premium safety solutions market. We also leaned into the implementation of our targeted growth accelerators. This included accelerating our customer solutions and recurring revenue through our MSA+ Connected Worker Platform. Connected portables were our fastest-growing category in 2024, and we expect further growth in 2025 via customer acquisitions, existing conversions of customers and additional product development.

As an organization, we continue to apply the principles of the MSA Business System (MBS), to drive continuous improvement in all we do. We further deployed our broad operational excellence program with a strong focus on maximizing our customer experience and operating margin enhancement.

Our goal remains to deliver productivity and sourcing savings, manage price and inflation, improve quality and deliver an exceptional customer experience. These initiatives are paying dividends and resonating within the organization, helping us drive continued expansion of gross and operating profit while improving customer satisfaction.

Finally, our strong financial profile and balance sheet enabled effective capital allocation through organic growth investments and the return of capital to shareholders in the form of dividends and share buybacks. In addition, we remain highly disciplined in our approach to M&A, and we continue to evaluate inorganic growth opportunities that meet our strategic and financial goals.

With that, I'd like to turn the call over to Lee to walk us through the fourth quarter and full year 2024 financial results in more detail and our 2025 outlook. Lee?

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**Lee McChesney** - MSA Safety Inc - Chief Financial Officer, Senior Vice President

Thank you, Steve, and good day, everyone. We appreciate you joining the call.

Let's start on slide seven with the quarterly financial highlights. Fourth quarter sales were \$500 million, an increase of 1% on a reported basis and 2% organic over the prior year. Healthy growth in the Fire Service was partially offset by a low single-digit contraction in Detection and a mid-single-digit contraction in Industrial PP&E.

We had contributions from volume and pricing in the quarter, and currency translation was a 1% headwind to overall growth. Order pace remained solid in the fourth quarter, up 14% year-over-year. And second half orders are up 10% versus the same prior year period. While macro and geopolitical conditions remain dynamic, we continue to see mix but generally resilient market conditions and retain an active new business pipeline.

Consistent with normal seasonal patterns, our book-to-bill is slightly below one times. And as we anticipated, we reduced backlog following an increase in the third quarter. Backlog conversion was largely in Fire Service, more specifically related to the G1 SCBA.

Now moving on to margins. Gross profit in the fourth quarter was resilient at 46.9%, down 120 basis points over the prior year. Gross margin contraction was attributable to inflation and large project mix, which was partially offset by price and productivity programs.

GAAP operating margin was 23.5%, with adjusted operating margin of 24.0%, up 70 basis points over the prior year and incremental operating margin of 113%. The margin increase was largely due to effective SG&A management and lower variable compensation expense, along with our sustained price inflation focus and continued productivity execution. Our laser focus on driving sustainable margin improvements continues to yield results.

GAAP net income in the quarter totaled \$88 million or \$2.22 per diluted share. On an adjusted basis, diluted earnings per share were \$2.25, up 9% over the prior year. The increase was largely due to a higher operating profit driven by sales growth and effective SG&A management, lower interest expense as a result of ongoing deleveraging and a lower year-over-year effective tax rate.

Now I'd like to review our segment performance. In our Americas segment, sales increased 1% year-over-year on a reported basis as growth in Fire Service was partially offset by contractions in Detection and Industrial PP&E. Currency translation was a 2% headwind. Adjusted operating margin was 30.7%, up 90 basis points year-over-year. Margin expansion was largely driven by price realization, productivity and SG&A management.

In our International segment, growth was flat year-over-year on both a reported and organic basis. Double-digit growth in Fire Service was balanced with mid-single-digit contractions in Detection and Industrial PP&E. Currency translation was relatively neutral in the quarter. And adjusted operating margin was 17.6%, a year-over-year decrease of 60 basis points due to inflationary pressures, partially offset by price.

Now moving on to slide eight, where I'll review our full year 2024 results. Relatively broad-based demand offset some pockets of weakness throughout the year, leading to a total net sales of \$1.8 billion, up 1% reported and 2% organic compared to last year. Positive contributions from price were partially offset by modest FX pressure, primarily in Latin America. Both segments contributed low single-digit growth, gross profit margin was 47.6% in 2024, about flat year-over-year.

Adjusted operating margin was 22.9%, up 70 basis points compared to the prior year. Incremental operating margins were 81%. Adjusted diluted earnings per share were \$7.70, up 10% over the prior year. Our continued ability to generate capital efficient growth was evidenced by our 22.9% adjusted return on capital employed.

Now turning to slide nine. Free cash flow in the fourth quarter was \$93 million, representing a conversion rate of 105%. Free cash flow is driven by higher earnings, backlog conversion and solid working capital execution with an improvement of working capital efficiency of 70 basis points year-over-year. With that said, we did finish the year slightly below our target levels tied to the sales shortfall and balance sheet hedging programs.

We invested \$14 million in CapEx, repaid \$43 million in debt and returned \$20 million in dividends to shareholders and repurchased \$10 million of shares. For the full year, free cash flow was \$242 million compared to \$397 million in the prior year, which was adjusted for the divestiture of MSA LLC completed in January of 2023. Full year conversion rate of 80% was below our target levels, primarily due to working capital and higher cash compensation and tax payments related to our strong performance in 2023.

Now during 2024, we invested \$54 million in CapEx, repaid \$94 million of debt, returned \$79 million in dividends to shareholders and repurchased \$30 million of shares. Net debt at the end of the year was \$343 million, including cash of \$165 million. Adjusted EBITDA for the full year was \$469 million or 26% of sales. We strengthened our financial position in 2024, ending the year with significant liquidity and net leverage of 0.7 times.

Our overall financial strength provides us with ample liquidity, enables our balanced capital deployment strategy and continued investments in growth. Through the continued implementation of the MSA Business System, we made great progress as we're reducing our backlog to normalized levels and lowering back orders.

This has had meaningful benefits, including improved delivery times and fill rates as well as greater productivity measures and reduced working capital. And while we're still in the early innings of implementing our business system, it has been very rewarding to see these projects come to life across the globe.

I'm now on to slide 10. Before turning to our 2025 outlook, I wanted to take a minute to reflect on our financial performance trends. At a high level, our resiliency is reflected in the organic growth, incremental margins and our improved balance sheet. As I look towards our 2028 goals, we can look at the last three years as a baseline to why we remain optimistic even with a dynamic 2025 upon us.

So let's turn to our 2025 outlook on slide 11. We've taken a balanced approach in our outlook based on the positive long-term dynamics inherent 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 will be dynamic with a continued uncertain macroeconomic and geopolitical climate. Additionally, we've noted since our May 2024 Investor Day, we have challenging comps due to the delivery of the U.S. Air Force orders and incremental backlog conversion in 2024.

Overall, Fire Service remains healthy, and we have confidence in our strategy to navigate the upcoming North America NFPA standard change for Fire Service. Though there could be some timing dynamics throughout the year.

With this backdrop, we remain cautiously optimistic in our outlook, which balances the opportunities and risks we see ahead of us as well as the resilient nature of our business. We expect to generate low single-digit organic sales growth in 2025, which would be in our normal mid-single-digit range, if not for the comparison headwinds I just mentioned. Finally, I would also note that our sales cadence in 2025 will be in line with historical trends.

For modeling purposes, I will also provide some below-the-line drivers that impact the results. We expect our tax rate to be between 24% and 25% in 2025. And based on current rates, interest expense is expected to be approximately \$24 million to \$27 million. We expect pension and other nonoperating income to be \$4 million to \$5 million higher than 2024 levels.

In addition, while we expect organic sales growth to be up low single digits, certainly, current foreign exchange rates imply a further headwind to reported sales. We are not immune to external factors that could impact our top and bottom line, but we will continue to be agile in the event of the operating environment differing meaningfully from our expectations. For example, while we do not include tariffs in our outlook, we stand ready to navigate any potential impact we see.

Finally, I'd like to share my gratitude to our global team for their solid execution and operating performance in 2024. We are well positioned entering 2025, and we will continue to be fully focused on executing our Accelerate strategy, delivering on our financial commitments and creating sustainable value for our shareholders.

Now I'd like to turn the call back to Steve and he can outline the key areas of focus for 2025.

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**Steven Blanco** - MSA Safety Inc - President, Chief Executive Officer, Director

Thanks, Lee, and I'm on slide 12. As I look ahead into 2025, our team around the world continues to maintain their focus on serving our mission and executing our strategy while controlling what we can control. Our 2025 initiatives strongly emphasize growth and extending our leadership position in safety technology through innovation, implementing the MSA Business System and delivering continued improvements in operations and maintaining our disciplined approach to capital allocation.

On slide 13. Overall, we executed well in what we see as a dynamic environment in 2024, a tribute to the team's focus on serving that mission and the inherent resiliency of our business. As we turn to 2025, we remain focused on driving profitable growth and building on the foundational work we completed in 2024 for our Accelerate strategy. 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.

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

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions)

Ross Sparenblek, William Blair.

**Ross Sparenblek** - *William Blair & Company - Analyst*

Hey. Good morning, gentlemen. Hey, Steve, you called out firming orders in your commentary there. Can you maybe just help us size the cadence as we move through the quarter and into January? And maybe just frame some of the puts and takes as you think about the growth expectations throughout 2025.

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**Steven Blanco** - *MSA Safety Inc - President, Chief Executive Officer, Director*

Yeah. You mean the order pace we've seen thus far, Ross?

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**Ross Sparenblek** - *William Blair & Company - Analyst*

Exactly. Yeah.

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**Steven Blanco** - *MSA Safety Inc - President, Chief Executive Officer, Director*

Yeah. So, if we looked at the overall fourth quarter, we started out we would say where we hope to be in the fourth quarter. December was lighter than we anticipated. A lot of that industrial wise, a slower December than we thought. And I think it fits that thesis of choppiness in industrial, which our distributors kind of shared with us as well. So, we weren't seeing what we thought maybe in December. But as we looked into year-to-date thus far, it's been a really solid start across the board, especially in our Detection business.

Fire service has been good. So, as we look at it, overall, I think we look at the 2025 story, the incoming and the pipeline really matching up with what we anticipated. As we talked even back to Investor Day, I think it fits really well with what we initially thought strategically we'd focus on and how we've kind of moved forward in the Detection space. And fall protection is clearly a category as well. So far, I'd say the order pace is just as we'd hoped it would be, and the pipeline is the same.

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**Ross Sparenblek** - *William Blair & Company - Analyst*

Okay. I mean with the coming NFPA standard change, I mean, do you get the sense that there's been any deferred ordering in anticipation of the new product launches?

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**Steven Blanco** - *MSA Safety Inc - President, Chief Executive Officer, Director*

Yeah, that's a good question, too. First, the Fire Service business continues to be resilient, and the pipeline is good. I would say that the pace of ordering wasn't to the level we anticipated as we ended the year. We had the Air Force order, which was nice, but we actually expected it to be a little stronger. Now again, we're not seeing any competitive accounts take those orders from us but a slower pace.

As we look into 2025, we are cautious because of the NFPA standard change in the latter part of the year, to promulgate in probably early 2026. But I think we're really well positioned, and our team has done a nice job really talking to the customer base on who will potentially wait and who won't. And in our view, we've got a pretty good base of business that won't wait, but there certainly are customers that are going to consider, hey, I want to wait and see what the new standard does.

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**Ross Sparenblek** - *William Blair & Company - Analyst*

Okay. That's very helpful. And just one more for me. You also referenced a large MSA+ order. Excuse me if I missed it, was this a new or existing customer? I would just like to better understand some of the competitive dynamics existing in marketplace.

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**Steven Blanco** - MSA Safety Inc - President, Chief Executive Officer, Director

This was new. Yeah. Thanks for the question. So, this was a competitive conversion, a large customer in North America, great competitive conversion where we competed against all of the primary competitors you might expect, and the team did a fantastic job.

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**Ross Sparenblek** - William Blair & Company - Analyst

That's great to hear. All right, I'll jump in queue. Thanks, guys.

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**Operator**

Saree Boroditsky, Jefferies.

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**Saree Boroditsky** - Jefferies Group LLC - Analyst

Hi. Good morning. Thanks for taking the questions. Maybe just focusing a little bit on the margins, America margins exiting the year at almost 31% like how does this set you up as you think about the margin potential heading into 2025?

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**Lee McChesney** - MSA Safety Inc - Chief Financial Officer, Senior Vice President

Yeah. So good morning. Well, I'd probably bring you back to our goal each year is to target 30 to 50 basis points of improvement. That's certainly what we're going to do each year. I would say, when we think about 2025, that will be a bit harder. Certainly, FX is out there. I've said this a number of times, we go after that type of improvement and if something goes wrong and you've got something to combat it.

So, right now, I'm not going to get into the game of predicting FX, but we certainly if I look at the rates today, it's at least a point and at times even in the last few weeks has been more than that. But I still think for the year, we're looking to move the margins up and it's going to be more in the gross margin area than in the SG&A as we think about our outlook for 2025.

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**Saree Boroditsky** - Jefferies Group LLC - Analyst

That's helpful. Then maybe switching to international, a similar question. Can you just talk through the variability in International margins as we head into 2025. How do you think about the step down into the first quarter sequentially? And then how should margins trend through the remainder of the year?

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**Lee McChesney** - MSA Safety Inc - Chief Financial Officer, Senior Vice President

Yes. Good question. I think for International, but also just for the entire portfolio, there's definitely a step down in 1Q just simply because of volume leverage, and that's how we see it. We made a comment about just the outlook for the year. You're going to see a more normal seasonal pattern in our sales. The last couple of years, you've had some anomalies because of large orders or backlog and things like that.

But there is a variability in international. It doesn't have the same market position and market dynamics that we do in North America. But we are working on the same things. We're working on productivity, launching NPD, we certainly have done restructuring over time to attack our cost base. And I think it's more of a long-term play. There are structural differences between the international markets and North America. So, it will be a difference. But certainly, we have this margin objectives. We're going after it across the globe.

**Saree Boroditsky** - Jefferies Group LLC - Analyst

I appreciate that. And then just one more. You mentioned just the normal seasonality to the year. But if I just kind of focus on Americas and Fire Service, just talk about how you're thinking about the cadence to the Fire Service sales given the challenging comp in the fourth quarter?

**Lee McChesney** - MSA Safety Inc - Chief Financial Officer, Senior Vice President

Yeah, sure. Yeah. So, I'll give you a couple of dynamics to think about. So, we're talking about low single-digit organic growth is our target for the year. When I say a normal seasonal pattern, it's always going to have that lower first quarter, a little bit step up in the second quarter, and there's a larger back half.

Typically, our sales overall are probably about 47% to 48% in the first half of the year and the remainder is in the back half. So, when you drop that in into 2025, that's going to give you just a differing VPY because in the first half of 2024, we had Air Force. We also had kind of our final rundown of extra backlog. In Fire overall, as we share, we think for the year, it will be a negative growth year because of those comps. And certainly, the harder comp is in the first half of the year versus the second half.

And I'll just add to that because beyond that, as we've talked about that since May, we still have our focus on Detection being our leading growth segment. That's still our view for 2025 as well. And then Industrial PP&E, certainly fall protection is our focus to get that into a positive as well in 2025.

**Saree Boroditsky** - Jefferies Group LLC - Analyst

I appreciate the color. Thanks so much.

**Operator**

(Operator Instructions)

Jeff Van Sinderen, B. Riley FBR.

**Jeff Van Sinderen** - B. Riley Securities - Analyst

Hi. Good morning, everyone. You touched a little bit about this in your prepared comments, but I wonder if you can speak a little bit more about what you're doing in terms of product innovation in 2025 and I guess even into 2026. And then could some of those innovation initiatives create demand for replacements and upgrades in the Detection segment. Just curious about what you're seeing there.

**Steven Blanco** - MSA Safety Inc - President, Chief Executive Officer, Director

Yeah. Thanks for the question. So, broadly speaking, as you know, and we talked a bit about this in the prepared comments, but innovation is where we lead, and it helps us differentiate who we are in the marketplace. We spend a lot of time with our customers, a lot of VOC or voice of customer activity to inform us and gain the insights to really come up with solutions to the challenges they identify.

So, I would look at 2025 and 2026. 2025, if you think about what we talked with Fire Service, we've taken advantage of this switch to enhance the G1 specifically with what we see as a next-generation G1 that we'll showcase at this year's FDIC. And that's focused on optimizing comfort functionality, ergonomics, et cetera.

And then if you lean into the Detection space a little bit more, I think what's really good for us, and I'll talk about this in two categories because we see Detection as the fixed monitoring and then we look at the portable side of this.

So, if you look at the portable side of this business, we really are leaning into the connected platform a lot. We have the io 4. We also have a robust plan of products, software updates and cloud capabilities that will continue to roll out throughout 2025 and beyond. So, you'll see some of that show up this year. Certainly, that's part of our strategic initiative set of the Accelerate strategy we talked about in May that's coming to fruition and should see some really nice benefits.

A lot of that might be the latter half of the year as far as when you see the revenue side of that, but really good progress there. And in the fixed side, that fixed monitoring space, it's a really strong business, great diversity in the portfolio. And we've got an expanded solution set because of our HVAC refrigeration and automation, and that came through Bacharach, came through the SMC acquisition. That adds to the strong base in energy that we already have, including clean, including the best storage space where we play in, and that strong installed base. So, I think when we think of Detection, it's really fitting out or filling out really well with what we expected, and it's going to be a key growth driver into the future.

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**Jeff Van Sinderen** - *B. Riley Securities - Analyst*

Okay. Terrific. And then I just wanted to follow up a little bit on the new NFPA standard change this year. As you think about that, what do you feel needs to happen for that business to normalize under the new standard? And then I guess, I know this is a tough question, but how do you see sort of the time frame of that playing out?

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**Steven Blanco** - *MSA Safety Inc - President, Chief Executive Officer, Director*

Well, these standards come out usually every five to six years. So, this is something that's not new. So, we do have a lot of experience with this. Typically, what you see is you see customers evaluate where they're at in the buying cycle and a lot of customers can't wait. And then they also evaluate what's changing in the standard and how do they view that relative to the needs they have as a specific department.

So the 2025 standard, which the timing is really up to the NFPA when they get through all of the approval processes, they have to do all the testing. We've submitted our platform. And certainly, our competitors, we think, are doing the same. But they have to go through all of that process, and then they validate those different platforms for approval. And we would expect that to promulgate probably early 2026.

Again, we don't know the timing exactly, but that would be likely. But if you look at that standard, the changes on it, relative to typical standard changes, are fairly minor. They're not significant in nature. So, that's kind of the thoughts our team has. There certainly will be customers that wait. We expect that to happen. There always are, but it's a fairly normalized standard change in our view. And as I said, I think we look at our G1 platform, which we launched in 2014, and we've continued to enhance that for our customers, including the 2018 standard. We've taken advantage of each standard change opportunity to really upgrade that. But this latest enhancement for the G1 and what we've done on the next-gen, we think the timing is perfect. So, next year when it promulgates, this 2025 standard will be 12 years out from that first 2014 G1, perfect timing for those first units to come back up. So, we feel really good as we go into the future on this, 2025 is going to be a little choppy. The comp for Air Force and certainly the standard change, but we think we're well prepared.

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**Jeff Van Sinderen** - *B. Riley Securities - Analyst*

Good to hear. Thanks for taking my questions.

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**Operator**

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

**Lawrence T. De Maria** - MSA Safety Inc - Executive Director, Investor Relations

Thank you. We appreciate you joining the call this morning and for your continued interest in MSA Safety. If you missed the 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.

**Operator**

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

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