

REFINITIV STREETEVENETS

EDITED TRANSCRIPT

MSA.N - Q2 2023 MSA Safety Inc Earnings Call

EVENT DATE/TIME: AUGUST 01, 2023 / 2:00PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

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

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

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

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

CONFERENCE CALL PARTICIPANTS

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

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

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

PRESENTATION

Operator

Good day, and welcome to the MSA Safety Second Quarter 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.

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

Thank you. Good morning, and welcome to MSA Safety Second Quarter 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; Lee McChesney, Senior Vice President and CFO, and Steve Blanco, President and COO.

Before we begin, I'd 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 will discuss the key highlights of the quarter. He will then turn the call over to Steve to make a few remarks. 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. MSA is a purpose-led company with a single mission of safety. We protect people, assets in the planet. In June, we celebrated our 109th year anniversary and the entrepreneurial spirit of our founders continues today.

MSA has established itself as a global leader in the safety industry with strong market positions across our portfolio and around the world. Our success is based on our innovation and passion for solving our customers' safety challenges. We've made great progress over the years in delivering on our mission and living our purpose. As we look ahead, I believe our future is bright.

Moving on to Slide 5. We delivered another quarter of strong results with double-digit growth, healthy margin expansion and robust cash flow generation. I want to thank our team for their outstanding execution which drove balanced growth across our business and regions. I want to provide an update on what we're seeing in our end markets. Our largest business, Firefighter Safety, has proven to be resilient over many years. Funding in this market is stable and largely comes from federal, state and local governments. The pipeline for business across our head-to-toe firefighter solutions remains strong, and the outlook is healthy.

Recently, we spoke about self-contained breathing apparatus wins in both London and Los Angeles, and I'm pleased to see additional large orders in these geographies with fire departments in the U.K., including West Midlands and in California, where we recently won Fresno. We've also made meaningful progress, reducing lead times in our Globe firefighter protective apparel business, as a result of improved labor and material availability, as well as operational execution. Our team's commitment to continuous improvement and the application of the MSA Business System has resulted in sustainable improvements in our execution and positive outcomes for our customers. To summarize, our Firefighter Safety business is performing well and positioned for future growth.

In the second quarter, growth was nearly 20% year-over-year, driven by 36% growth in firefighter helmets and protective clothing and 10% growth in breathing apparatus.

Now moving on to our Gas Detection business. In the quarter, we saw double-digit growth in both fixed gas and flame detection and portable gas detection, helped in part by an improving supply chain. Fixed gas and flame detection was up 32% year-over-year and portable gas detection grew by 17%. Our end markets continue to be stable across our Gas Detection business and our pipeline is solid.

Finally, in our Industrial PPE business, which includes head protection, fall protection and related safety products, we saw healthy growth in sales and orders in the quarter. Fall protection sales increased 27% year-over-year and head protection grew by 8%.

While we're pleased with our growth in Industrial PPE, we're seeing macroeconomic variance across the broad range of end markets we serve. Demand in process industries and utilities remains stable, while nonresidential construction and general industrial have been mixed. A common theme we hear from our customers is that labor continues to be a challenge. Given that our Industrial PPE products and solutions are closely tied to industrial employment and general economic activity, we continue to be measured in our near-term outlook.

I'll next provide an update on Bacharach. Last month marked the second anniversary of our acquisition of the company, and we're in the final stages of integration activities. Bacharach is performing well, and the margins in the business are accretive.

Bacharach is a leader in gas and leak detection technologies for heating, ventilation, air conditioning and refrigeration markets. With Bacharach, we've been able to add scale to our HVAC and refrigeration product lines, further diversifying our gas detection business. I've also been impressed with the talent on the Bacharach team. The team is inspired by our values and mission, and several associates have taken on new and expanded roles at MSA.

Bacharach participates in a broad range of end markets and the evolving regulatory landscape for greenhouse gas emissions, and customers need to preserve refrigerants has been supportive to growth, which we expect to continue. We've had positive momentum with blue chip customers in the food retail and quick service restaurant sectors. And recently, we signed a \$25 million, multiyear contract with the U.S. Navy. I'm very pleased with the value this acquisition has brought to our customers and organization.

Turning to Slide 6. I want to say a few words about our recent leadership changes. Steve Blanco, who many of you on this call have met, was named our President and Chief Operating Officer, succeeding him is President of our Americas segment is Stephanie Sciuлло. Finally, Rick Roda has assumed the position of Chief Legal Officer.

MSA continues to evolve as a company, and these senior leadership changes reflect our deep bench of talent and our commitment to grow our leaders. Steve, Stephanie and Rick have made a tremendous impact on MSA, and I'm confident in their ability to deliver results for our stakeholders going forward. These leaders are supported in their new roles by highly experienced and talented teams around the world.

Before moving to the financial review, I'll ask Steve to say a few words regarding his new role and near-term priorities.

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

Thank you, Nish, and good morning. I want to start by saying thank you to our Board of Directors and to Nish for entrusting me in this new capacity. I'm excited by the opportunity to take on this global operating leadership role as we continue our journey to drive long-term profitable growth at MSA. I'm focused on further leveraging the progress made in our Americas business over the past several years and the MSA Business System to drive continued momentum across the business.

As I get started in this role, I'm guided by 3 principles: listen, learn and lead. Over the past several weeks, I've had the pleasure to meet with many of our talented associates around the world. My goal has been to understand their opportunities and challenges and to determine how we can best deliver on our commitments to our customers, while continuously improving as a company. The deep level of talent we have across the organization and the commitment to our mission of safety is evident. I'm inspired by our mission each and every day and look forward to the many opportunities ahead.

With that, I'll pass the call to Lee to discuss our second quarter financial results and outlook. Lee?

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

Thank you, Steve, and a big congratulations to you, and good morning, everyone. We appreciate you joining the call today.

Let's get started on Slide 7 with the quarterly financial highlights. Overall, we had a robust performance in the second quarter. Sales were \$447 million, an increase of 20% over the prior year, with positive contributions from each of our businesses and regions. Growth was again well balanced between unit volume and price.

As Nish just noted, market conditions remain quite favorable for MSA. For the first half of the year, our book-to-bill was 1x. Our commercial pipeline remains solid across all of our businesses. We were encouraged that we were able to reduce our backlog sequentially due to sustained progress with our supply chain. We will continue to focus on making further progress in the coming quarters. And of more recent note, our orders in July are trending up high single digits year-over-year, across the majority of our businesses.

Now moving on to margins. Gross profit margin for the second quarter was 47.8%, up 360 basis points over the prior year and 230 basis points sequentially. Adjusted operating margin of 23.2% was up 560 basis points over the prior year, and incremental operating margin was more than 50% in the quarter.

Our strong margin performance was driven by higher volume and the benefits of the MSA Business System as price realization and operational productivity helped mitigate inflation. We continue to be encouraged by the progress we are making on margins.

Adjusted diluted net earnings per share were \$1.83, a 42% increase over the prior year. The increase was largely due to higher operating profit, which was partially offset by higher interest expense in the quarter.

Now I'd like to review our segment performance. In our Americas segment, growth was 22% year-over-year, and was balanced across our regions and businesses, particularly firefighter helmets and protective apparel, fixed gas and flame detection and fall protection. Adjusted operating margin was 30.7%. Healthy year-over-year margin expansion was driven by higher volume, price realization and disciplined cost management.

We also had strong results in our International segment. Growth was 16% year-over-year and balanced across our regions and businesses, particularly within fixed gas and flame detection, fall protection and breathing apparatus. Adjusted operating margin was 15.7%, representing 140 basis points of expansion compared to the prior period, driven by strategic pricing initiatives and improved operational productivity.

Now turning to Slide 8 on cash flow and leverage. Free cash flow in the quarter was \$85 million, representing a conversion rate of 118%. Free cash flow improved due to higher earnings and solid execution with working capital. During the quarter, we invested \$10 million in CapEx, repaid \$59 million in debt and returned \$18 million in dividends to our shareholders.

We continue to strengthen our balance sheet position as we progress through the year. Net leverage at the end of the second quarter is 1.7x. Since the beginning of the year, when we announced the legacy liability divestiture, we reduced leverage by a half turn as a result of robust cash flow generation, profitable growth and disciplined investment strategies.

Net debt at the end of the second quarter was \$667 million, a sequential reduction of \$64 million. Adjusted EBITDA for the trailing 12-month period ended June 30, 2023, was \$401 million or 24% of net sales.

In light of the rising interest rate environment, in late June, we issued \$50 million of 5.25% fixed rate senior notes and used the proceeds to redeem borrowings on our revolver. This helped lower our blended interest rate and reduced our percentage of floating rate debt, while extending the maturity date into 2028.

We believe the strength of our balance sheet is a strategic asset. It provides us with the optionality to make investments in our business through economic cycles. Our ongoing investments in MSA Safety products and solutions, as well as strategic acquisitions, have enhanced our positioning with customers and increased our capacity to serve our mission.

Now I'd like to move to our outlook for the remainder of the year on Page 9. We enter the second half with responsible optimism. Our end markets are healthy. Demand trends are positive, and our backlog remains elevated. However, a dynamic macroeconomic backdrop could result in a more challenging operating environment. Given the potential for increased uncertainty, we're remaining agile, disciplined on costs and focused on executing our strategy to deliver profitable growth and generate strong cash flow.

We entered the back half of the year with solid momentum. We continue to expect mid-single-digit growth in the back half of the year, with higher growth weighted to the third quarter. Combined with our strong first half performance, we are increasing our growth outlook to low double digits for the full year. Our outlook balances the many opportunities and risks we've seen throughout the year.

So to wrap up, we're pleased with our strong performance in the second quarter and the first half of the year. Our results reflect our team's consistent execution and the durability of our businesses, the strength of our market positions and the resiliency of our end markets.

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

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

Thanks, Lee. I'm on Slide 10. We had great results this quarter and for the first half of the year. Our performance demonstrates the strength of our portfolio and our team's commitment to delivering solutions that enable our customers to operate safely. Over the past several years, through new product introductions and strategic acquisitions, we've evolved our business to be more resilient and better positioned to deliver sustainable growth.

At MSA, we're driven by our mission and passion for safety. MSA has proven resilient over our 109-year history. Our innovative safety equipment and solutions serve our customers' most critical safety needs. We've built a diversified portfolio with market-leading positions in Firefighter Safety, Gas Detection and Industrial PPE, and we're positioned to deliver durable growth. The combination of our talented and driven team, differentiated portfolio, resilient end markets and strong balance sheet positions us well to continue delivering shareholder value into the future.

With that, I'll turn the call back over to the operator for a Q&A. And I also want to mention that Stephanie Sciuolo, President of the Americas; and Bob Leenen, President of International, will be joining us for the Q&A session.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

And our first question comes from Larry De Maria from William Blair.

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

First, I want to talk about margins, if we can. Incremental margin is obviously exceptionally strong in the first half. How do we think about second half incrementals, maybe they come back down to earth. And then I have a follow-up on margins.

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

Sure. So Lee, why don't you take that?

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

Yes. So Larry, so as you know, we like to target 30% to 40% incrementals. So we're certainly delighted with the first half being on the higher end there. What's behind that is, frankly, the momentum we've had for the last couple of years with the Business System. You didn't see all that before because you had things like broker buys and COVID to navigate. So you're seeing all those efforts come through. I think as you now didn't think about the second half of the year, we see a similar opportunity.

So again, the range is 30% to 40%, but we think we'll be on the higher end. That will come through, I think primarily different than probably how you looked at it is higher gross margin. So wouldn't be surprised to use kind of 47% to 48% gross margin in the back half. And you'd see that translate into an operating margin in the '21 range. And again, so if you do that math, that's just about 40% incrementals.

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

Perfect. That's helpful color. And then I was going to ask about the gross margins, obviously, remarkable at 47.8%, I think. Have we reached a new range? I know a lot of things are working out well and some of the friction of the last couple of years is easing, but is 47% or 46%? Or is there a new range to underwrite going forward, assuming supply chains are okay? I'm thinking about obviously beyond this year?

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

Yes. I mean, as we look forward, as we've talked about, we still have the confidence that whether it's 30% to 40% incrementals, the mid-single-digit growth, that's our mindset looking forward. So yes, I think there's always a volume component to it, right? So that's certainly helping. But the

fundamentals of driving productivity, driving mix, innovation, balancing cost and inflation to help gross margin, also to leverage that in some of those into SG&A. That's our mindset, Larry. So that's what I would use as a foundation going forward.

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

Okay. And if I could shift gears towards top line. It sounds like orders trended better through the quarter. I think they were up high single digits, you said, but we're looking at mid-single digits in the second half. How do we rectify the 2? Or is it just obviously watching the macro and some uncertainty out there. But if you have some backlog and orders are trending higher, what's the real risk or perhaps maybe short cycle orders you could talk to? Maybe there's some concern there. So can you just help us understand that?

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

Yes, Larry, that really gets back to being responsibly optimistic. We have some optimism with our business, and we think a lot of good things can happen through the back half of the year. But we're also being responsible and looking at the macroeconomic conditions. And we saw some mixed results in some of the end markets for our Industrial PPE products, and that started to moderate a bit for certain products in certain geographies around the world.

So we're just watching that closely and certainly looking at that, and as we get into the second half, we have a lot of confidence around our Fire Service business. That's on a different funding cycle. That's where we have some strong resiliency built into our business model and represents 40% of our business. So we believe the Fire Service business regardless of the macroeconomic conditions will continue to do well.

And then the fixed gas and flame detection business, which is a late cycle product line, that's resilient in downturns. So we believe that, that business will continue to do well, along with portable gas detection, as oil and gas is pretty strong. So we think overall, the business should be resilient through any type of downturn that may occur during the back half of the year.

Operator

Our next question comes from Stanley Elliott from Stifel.

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

Congratulations, and welcome Steve and Stephanie. Can you guys talk a little bit about what's going on with the free cash flow profile? I mean massive improvement kind of year-over-year. Was it working capital focus? Is it the pricing flowing through? Just anything to help us with? And how should we think about the sustainability of the conversion going forward?

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

Yes. Thanks, Stanley. I'm really pleased with the team's work and results around working capital. They've been leveraging the MSA Business System for improvement. Lee has done a really nice job in driving and leading what we call the Cash Council at MSA. He's put a team together to stay after that, and I think he's done a real nice job in leading that. So why don't I have Lee add a little color as to where we are and where we're headed.

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

Yes. So we've talked -- we had an opportunity to be more efficient, and certainly, with no fault, COVID has changed the supply chain. We had to respond to that. And the opportunity we had this year was to continue the growth potential we have, but also to do it with a little bit more efficiency. So really, it's been a nice rally across the entire organization.

I can give props to everyone certainly to give the OPS team a lot of credit as well, but really everyone's participated in this. And we're encouraged by the progress as you think about growing 20% and then keeping things like inventory actually flatter even now in the downward trajectory. We've really worked on improving the mix there. And there's a whole series of projects and really all elements of working capital that we're focused on. So we've talked about an improvement consistently throughout the year. I would say we're a little bit ahead of schedule, which is encouraging.

So we certainly see in the back half some of the same opportunity you would typically see from us. But in terms of changing things, we're not going to get back to where we were 4 or 5 years ago per se with the supply chain we have now, but we definitely have some further opportunities. So we're working to get our working capital to the lower 30s this year and then we work to get into the 20s next year would be the mindset, Stanley.

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

Perfect. And congratulations on the Bacharach announcement, especially to win a sizable contract like that for a newer business for you. Can you talk about the integration? Talk about how you're able to share those technologies? Or to what extent you're able to share the technologies with some of the existing kind of gas detection systems that you have in place?

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

Yes. Stanley, we had some business in that HVAC refrigeration market. It was a small piece of our business, and that was an area we made a determination that we wanted to invest in and grow that piece. And so obviously, Bacharach being a leader in that space, and we feel that that's a space that has regulatory tailwinds to it, as I mentioned in my prepared comments. There's a nice opportunity to grow that business, number one.

And number two, from a profitability standpoint, we thought we could show some improvement there. So we continue to work through our channel partners and the Bacharach channel partners to offer both lines, the MSA and the Bacharach products. And we're able to bring the Bacharach products through the MSA channels to enhance some of their revenues. So we're really excited about the future prospects there.

And I'm really enthusiastic about the workforce. The workforce has been fantastic. They're really pleased to be part of the MSA mission and what we do, and we've seen a number of those employees take on added responsibility with MSA to contribute to our overall success.

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

Great. And then lastly, can you talk about the M&A landscape. You guys are deleveraging probably faster than what we would have guessed, like get it to the markets kind of seized up a little bit with COVID, but how are you all thinking about M&A tracking right now and kind of where would some of the focuses be?

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

Right, and I agree; we have delevered faster than our internal plan, which I'm excited about. And hopefully, we can continue that in the third quarter and get ourselves in a strong position. We continue to have a good pipeline of acquisitions as we go forward. Obviously, we've added a lot of value to the organization through past acquisitions and the pipelines are pretty full for us, and I'll flip things over to Lee to add a little more color about where we are and where we're headed with that.

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

Yes. So I mean I think Nish described it well. We've been very disciplined in the last 5 years, we've done 4 deals that we're delighted with, something you can't always say when you do M&A. I think part of that is that discipline. So as Nish said, we continue to participate in what's going on in the marketplace, certainly, another bolt-on acquisition would be interesting, but it's going to have to hit the thresholds we're looking for. And I think

those bars are even higher, just given the cost of debt and things like that, Stanley. But we are active. Chris is active. Stephanie, Bob and Steve are active in the pursuit, and we'll see how it plays out.

Certainly, having the leverage down to 1.7 is encouraging. If we continue progress here in the third quarter, we'd be at the lowest leverage point in 2 years. So it certainly puts us in a good place. But again, it's got to check all the boxes for us to move forward. We don't have to do something; we would do something if it makes sense.

Operator

(Operator Instructions)

The next question comes from Rob Mason from Baird.

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

There was, I guess, the comment book-to-bill for the first half of the year was around 1. So you did highlight that elevated backlog remains an opportunity. And it was good to see maybe some of the supply chain cooperated in the second quarter to work that lower. But I'm curious what your outlook for the second half of the year embeds with respect to being able to work backlog for?

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

That is an opportunity for us, with backlog. But we don't have a lot of backlog work down in the back half of the year. That remains an opportunity for us when you look at the back half of the year, if we could reduce that backlog. One way to look at the backlog is over the past 4 quarters, our book-to-bill was 1, and we grew 16%. And as Lee mentioned, over the first half of the year, the book-to-bill was 1, and we grew 20%.

So we've done a nice job of increasing our put through and operations and working with the supply chains. Hopefully, we can continue to do that and work that backlog down a bit in the second half, but we don't have a lot built into the model at this point. So that remains to be an opportunity.

Lee, anything you want to add to that?

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

Yes. I think, Rob, just when you think about the back half, right, we talked about mid-single-digit growth and higher in the third quarter. It's the same baseline we've used all year, right? So we aren't counting on the backlog or the supply chain improving. It could become an opportunity in case we ran into some headwinds. We're taking a conservative view on what happens with the Industrial PPE market. If it turned out to be better than that conservative view, it could be an opportunity, and we benefited from that in the first half of the year.

So again, we talked about being responsible here. If things were to turn into the headwind, I think we're cushioned. And if not, we have an opportunity to do even a little bit better. But right now, that's our call point, and we'll update 90 days from now and how it plays out.

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

I see. How are you thinking about the pricing environment at this point, again, as you look into the back half of the year, where you stand relative to inflation, price cost. Is that an opportunity? Or is there anything planned on that side?

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

Steve, why don't you take that?

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

Rob, so when we think price, we look at -- we think our price value is really well aligned right now with the market. We think we've been very, very effective offsetting inflation with price. And we'll continue to do so as necessary. I mean we're watching the cost inputs very closely. Right now, we're pretty comfortable with where we're at, but we'll certainly react as we need to.

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

Very good. Just last question. There was a mention some mix trends in July, perhaps by geography. I was just wanted to see if you could walk globally just through some of the regions in particular, what you're seeing perhaps in Europe, which is pretty lower macroeconomic statistics versus the Americas?

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

Lee, why don't you take that?

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

Yes, I'll start there. So hey, interesting, we talked about obviously the incoming orders through July are in the upper single digits so far. Rob, it's very consistent across the globe, across the product lines, similar to what we've experienced in the first half of the year. It's interesting; the European business obviously has the macroenvironment it's participating in, but I think the team has done a nice job there. We entered the back half with a strong backlog. Certainly, the fire business is as strong as it's ever been. So despite that environment, that's why we continue to be optimistic as we look forward here.

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 & Investor Relations*

Thank you. 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 appreciate you joining us this morning, and we look forward to speaking with you again soon. Thank you.

Operator

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

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All Rights Reserved.