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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good day, and welcome to the MSA Safety second quarter 2025 earnings conference call. (Operator Instructions) Please note this event is being recorded.

I would now like to turn the conference over to Larry De Maria. Please go ahead.

Larry De Maria - MSA Safety Inc - Executive Director, Investor Relations

Thank you. Good morning, and welcome to MSA Safety's second quarter 2025 earnings conference call. This is Larry De Maria, Executive Director of Investor Relations. I'm joined by Steve Blanco, President and CEO; Elyse Brody, Interim CFO; and Stephanie Sciuлло, President of our Americas segment.

During today's call, we will discuss MSA's second quarter financial results and provide an update on 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, 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'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 at our investor relations website at investors.msasafety.com.

Moving on to today's agenda. Steve will provide an update on the business. Elyse will then review our second quarter financial performance and 2025 outlook. Steve will then provide closing remarks and open the call for your questions. With that, I'll turn the call over to Steve Blanco. Steve?

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. I'm on Slide 4. In the second quarter, consolidated reported sales growth was 3% or flat organic and adjusted earnings per share were \$1.93.

Our team continued to execute well in a dynamic environment. Financial results for the second quarter exceeded our original expectations. This was primarily due to better-than-expected backlog conversion in fire service and detection. The M&C TechGroup acquisition contributed \$11 million to reported sales for the quarter.

Operating margins declined compared to last year due to gross margin pressures, primarily from transactional foreign currency headwinds and inflation. We also saw the impacts of lower organic volume as well as the early impacts of tariffs on input costs. These pressures were partially offset by pricing and improved productivity.

Overall demand was stable and varied across our product categories. A decline in fire service was offset by growth in detection and industrial PPE. Sequentially, the backlog declined more than expected in the second quarter, though it remains within normalized levels. Consistent with seasonal patterns, our book-to-bill was slightly below 1. Moving to our product categories. Detection's mid-single-digit organic growth was driven by expansion in both fixed and portable gas detection, despite a challenging year-over-year comparison. Detection grew 6% organically on top of high single-digit growth in 2024. Organic sales in fire service declined mid-single digits year-over-year. We were pleased to ship several large orders from our backlog and get product into the hands of our customers, notably the Orange County Fire Department order.

Domestically, market dynamics surrounding the NFPA (National Fire Protection Association) standard change began to impact order pace towards the end of the quarter. As we've discussed in the past, NFPA standard years often carry short-term volatility as customers evaluate when to renew their fleets.

The pipeline of business opportunities remains intact. It's a matter of customer timing. As a reminder, we continue to expect the NFPA standard to promulgate sometime later this year or early next. We've managed through approval cycles before and successfully navigated similar market dynamics. I'm confident we will continue to be well prepared to serve our customers in the fire service.

Industrial PPE organic sales were down low single digits as contractions in head protection and ballistic helmets offset strength in fall protection. We've invested in fall protection as part of our ACCELERATE strategy to capitalize on the strong market growth, and it's encouraging to see double-digit growth in this area in the second quarter, which remains one of the fastest-growing areas of the safety market.

Turning to Slide 5. As we move through the year, we continue to utilize the principles of the MSA Business System and lean into our ACCELERATE strategy actions to drive long-term value creation. Let me highlight a few strategic actions and commercial successes in the quarter before I delve deeper into our capital allocation progress and strategy on the next slide.

First, we continue to expand our leadership in industrial safety technology while making a positive impact. I'm proud to share that we recently published our annual Impact Report for 2024. You can see some report highlights in the appendix on Slide 15. I want to draw your attention to the call out of 40 million workers protected, which we reaffirmed with this report. This demonstrates our scale and commitment to our mission.

Second, on the operational side, we implemented targeted price increases in the second quarter and continued to build our pipeline of tariff mitigation and productivity actions. We plan to take further actions in the second half based on the tariff developments.

Third, strong commercial and operating performance enabled us to fulfill some customer needs ahead of schedule, leading to similar levels of backlog conversion as last year. I'm also pleased to see our strategies in detection and fall protection yielding results.

Turning to Slide 6. Now that we are more than a year removed from our 2024 Investor Day, I'd like to update you on our recent actions regarding capital deployment and the investments we're making for our future. As you know, we have a disciplined, growth-oriented approach to capital allocation that focuses on organic growth, M&A, and cash returns to shareholders through dividends, and share repurchases.

Fundamentally, we continue investing in our business and people to achieve profitable organic growth. Our R&D investments support new product development and contribute to our mid-30s product vitality index. This proven R&D engine focuses on delivering market-leading innovation to our customers in the industrial safety technology markets we serve.

Here are two examples of this engine yielding results. First, we've seen exponential growth in our connected portables business. And for the past couple of quarters, over half of our absolute growth in portables has come from our MSA+ solutions, driven by the ALTAIR ioTM 4.

Second, we've been very intentional with our lean into fall protection. Our recent launches of the V-TEC® and V-Shock® platforms are performing well in the market and have been major catalyst for our double-digit growth in the area.

During the second quarter, we also strategically invested in our future at Cranberry Township, Pennsylvania, which is home to our detection manufacturing Center of Excellence and our largest R&D center. This footprint investment supports our ACCELERATE strategy by enabling us to scale our R&D efforts effectively and provide flexibility on additional manufacturing expansion over time. It also aligns with our plan to foster a more collaborative in-person workforce and keeps us well positioned to attract and retain top talent. On the inorganic front, I'm excited to welcome M&C TechGroup to the MSA family. M&C is a German-based manufacturer of gas analysis solutions and technologies that enhance our fixed gas offerings. Their technology complements our fixed gas detection business and expands our TAM by \$500 million. The team is doing a great job engaging for our collective success, and we're on track with our integration plans. Slide 14 in the appendix provides more details on the transaction. We maintain an active pipeline of potential strategic targets focused on high-growth and differentiated product categories. We continue to build out our capabilities to enable a more consistent M&A flywheel.

Finally, we also returned cash to shareholders. For the 55th consecutive year, we increased our annual dividend. We also repurchased \$30 million of stock this quarter and \$40 million year-to-date. Increased share repurchases were enabled by our strong balance sheet, expected cash flow generation, and having our net leverage remain below our target range following the acquisition of M&C.

I'll reiterate what I said at last year's Investor Day. You can count on us to be responsible stewards of capital, focused on allocating effectively to create value for our stakeholders, all focused on advancing our mission of safety. I'd like to now turn the call over to Elyse to discuss our financial performance in the second quarter. Elyse?

Elyse Brody - MSA Safety Inc - Interim Chief Financial Officer

Thank you, Steve, and good morning, everyone. We appreciate you joining the call. Let's start on Slide 7 with the quarterly financial highlights. Second quarter sales were \$474 million, an increase of 3% on a reported basis or flat organic over the prior year. Revenue was supported by stronger backlog conversion. M&C added 2% to overall growth and currency translation was less than a 1% tailwind based on the strengthening euro. As expected, gross margins continued to be pressured in the quarter at 46.6%, down 170 basis points from last year. Gross margins primarily reflect transactional FX and inflation headwinds and to a lesser degree, volume, and the early impacts of tariffs, which were partially offset by price and improved productivity. We will start to see the tariff impact become more pronounced in the second half, coinciding with our mitigating pricing actions. We expect FX pressure on gross margins to continue in the second half due to Latin American currencies.

GAAP operating margin was 18.1% with adjusted operating margin of 21.4%, down 200 basis points from a year ago due to the contraction in gross margins. We are diligently focused on controlling the controllables through SG&A productivity, pricing, and tariff mitigation plans to counter the pressure on raw material costs.

While operating margins were pressured compared to 2024, the longer-term trend is indicative of the operational and commercial capabilities that we've built through the MSA Business System deployment and customer-led innovation. Compared to 2019, first half operating margins are up 300 basis points.

Quarterly GAAP net income totaled \$63 million or \$1.59 per diluted share. On an adjusted basis, diluted earnings per share were \$1.93, down 4% from last year, and includes \$0.03 of accretion from M&C.

Now I'd like to review our segment performance. In our Americas segment, sales increased 2% year-over-year on a reported and organic basis as double-digit growth in detection was offset by a mid-single-digit contraction in fire service and a low single-digit contraction in industrial PPE. Currency translation was a 1% headwind in the quarter.

Adjusted operating margin was 29.1%, down 220 basis points year-over-year. Margin contraction was mainly due to inflation, transactional FX headwinds in Latin America and tariffs, partially offset by price and improved productivity.

In our international segment, sales increased 4% year-over-year on a reported basis with the contribution of M&C and tailwind from FX and decreased 4% on an organic basis on a mid-single-digit decline in fire service and low single-digit declines in detection and industrial PPE. Adjusted operating margin was 13.1%, 330 basis points below last year due to lower organic volume and inflation, partially offset by price and improved productivity.

Now turning to Slide 8. Free cash flow was \$38 million or 60% of earnings. Quarterly operating cash flow increased more than 25% from a year ago, which provided support to fund the footprint investment that Steve highlighted.

As far as CapEx, we'd expect the second half to return to a more normalized range following the strategic investment that we made in the second quarter. Year-to-date, free cash flow is \$89 million, up \$10 million from last year.

As Steve highlighted earlier, we took additional steps to deploy capital in the second quarter, in line with our ACCELERATE strategy. These growth investments demonstrate our confidence in the future as well as our dedication to a disciplined M&A approach and returning cash to shareholders. Specifically, we paid \$188 million net of cash acquired for M&C, invested \$29 million in CapEx, and returned more than \$50 million to shareholders through stock repurchases and dividends.

Net debt at the end of the quarter was \$532 million compared to \$331 million in the first quarter. The increase is primarily due to the acquisition. We were able to utilize cash on hand and a mix of euro and USD-denominated borrowings from our newly upsized revolver to fund the transaction. We ended the quarter with net leverage of 1.1x.

Our balance sheet continues to position us well to invest in our business, and we maintain an active M&A pipeline. Let's turn to our 2025 outlook on Slide 9. We maintain our low single-digit full year organic growth outlook and have had a solid start in 2025 with first half organic sales up 2%. While the business remains healthy, there are some dynamics to watch. We're encouraged by the continued robust performance in detection and momentum in fall protection. In contrast, fire service execution in the second half will be predicated on the timing of the NFPA approval and AFG (Assistance to Firefighters Grants) funding release.

Additionally, industrial head protection demand has generally been soft due to weaker market conditions. In addition to our low single-digit organic growth outlook, we'd expect M&C to add approximately 2 points to full-year revenue growth and be approximately \$0.10 accretive to adjusted EPS. We retain our confidence in the resilience of our business and ability to navigate macro uncertainty.

For modeling purposes, our revenue expectations for the full year are unchanged outside of the M&C contribution and more favorable FX translation impact of 0% to 1% tailwind. Though we realized a bit more sales in the first half based on first quarter order acceleration and second quarter backlog execution. We expect interest expense to be approximately \$29 million to \$32 million, which includes the acquisition. With that, I'll now turn the call back to Steve.

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

Thanks, Elyse. I'm on Slide 10. To close, I'm proud of our team's execution and thank all of our associates for their continued commitment to serving our mission and advancing our ACCELERATE strategy in the second quarter. With that, I'll turn the call back to the operator for Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Ross Sparenblek, William Blair.

Sam Karlov - *William Blair & Company, L.L.C. - Analyst*

Hey, good morning. This is Sam Karlov on for Ross. Thanks for taking my questions.

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

Good morning, Sam.

Sam Karlov - *William Blair & Company, L.L.C. - Analyst*

I want to start with detection. Can you break out and quantify the growth between fixed gas, nonconnected portables and connected portables in the quarter? And then maybe provide some color on the adoption of the MSA+ software platform between new and existing customers?

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

Sure. I'd be glad to. Thanks for the question. So, if you look at detection overall, it was another strong quarter for us. We talked about it a little bit in the first quarter. We expected this to continue throughout the year, and it really leans into our ACCELERATE strategy. And Q2 really was led by fixed and the MSA+ connected portables activity.

So, the fixed strength just continues in most regions. I would say the energy has been strong from a fixed side. Our diversity in the portfolio is really good. You think of the traditional fixed we've had. And the renewables, the clean energy continues to play well in fixed. And then our Bacharach business with the HVAC-R. So, that diversity has helped that fixed business continue to perform really well. And now we've added to it, as you know, with M&C. So, we're really excited and optimistic about fixed continuing to play well going forward.

The MSA+ connected story, gosh, we really appreciate what the customers have come back with on this and how they've embraced this technology. We had great growth here, another strong quarter. And when we parse out total portables to your question, most of the growth in the second quarter, absolute growth on a dollar category, was on MSA+. So, it really played well and the customer base continues to lean in on this. So, we expect that to continue in the second half, certainly. Portables, the traditional portables was up, but very mildly. So, most of the growth we saw in that portable space was MSA+ to your question.

Sam Karlov - *William Blair & Company, L.L.C. - Analyst*

Got it. That's super helpful. And then keeping on the topic of portable gas detection, is there anything you can share on the timing of the launch of ioTM 6? And any color on what this could mean for the portable gas detection business?

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

Well, we've got a number of R&D activities ongoing and some upcoming launches. And certainly, the MSA+, the connected work is one that we hope to talk to in the not-too-distant future. I would add that even as we've had this ioTM 4, we've had a number of iterations even inside that technology. So, while you don't hear of a different ioTM 4 recently, that technology has refined itself over the last 12 months significantly. So, it's

a different product today than it was 12 months ago. But going forward, I would say you'll see some announcements probably in the next few months.

Operator

Saree Boroditsky, Jefferies.

James Ko - *Jefferies Group LLC - Analyst*

Good morning. This is James on for Saree. Thanks for taking my questions. I wanted to start with the pricing actions that you guys talked about. So, how have customers responded to those increases? And what was the magnitude of the pricing actions? And could you kind of elaborate on how the price/cost dynamic kind of played out and your expectation for second half?

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

Yes. I'll talk about the customer a little bit, and then I'll ask Elyse to talk about the numbers and quantify this a bit, James. But one of the things I said in the first quarter is when we think about this, we're really trying to look at how we minimize the impact for our customers and for MSA. So, this is a combination of efficiencies as well as price.

So, we did take action, though, in the first half for some targeted price increases, which we can parse out here in a bit. But we're also going to take further action in the second half. We've got a little more clarity on the tariffs. They are impacting certainly the cost inputs we have. And so we need to go back and get more pricing in place to ensure that we're well prepared for the future.

And as I said before, I would just add, all of this will probably shake out where we will be in a good position sometime in early 2026 from a cost price balance for tariffs, but it's got to shake out through the rest of the year.

The customer, how they've accepted it, remember, a few years ago, we had a lot of inflation. So, the customers absorbed that, and then this certainly is playing into that. My concern isn't that the customer accepts it or not. It's really what it does to demand over the longer period of time. And right now, our expectations are we're going to raise price effectively to manage the cost inputs as we would expect our competitors to do the same. But maybe, Elyse, you can parse out the numbers.

Elyse Brody - *MSA Safety Inc - Interim Chief Financial Officer*

Thanks, Steve. Good morning, James, gross margins came in right about where we expected in the second quarter. Price added a couple of points to revenue growth in the second quarter. So, we saw the impacts of inflation and transactional FX headwinds continue from the first quarter, and we were able to partially offset with price and improved productivity.

We also saw some early impacts from tariffs and the impact of lower organic volume. So, as we move into the second half, we'd expect that tariff impact to ramp up as it works through the backlog, and that's why we took the mitigating pricing actions that we did in the second quarter. We've talked before about a gross margin range for our business currently in the 47% to 48% range, and we are still on track for that this year. And as Steve mentioned, we're looking at additional actions, both on the pricing and productivity front for the second half that we think will put us in a good position early 2026.

James Ko - Jefferies Group LLC - Analyst

Got it. Great. And I guess now I kind of want to touch on the fire services. So, I just want to get a better understanding like what percentage of your current pipeline consists of customers committed to purchasing before the new standard versus those waiting? Because I think you guys mentioned that G1TM SCBA XR addition let customers buy before the standard. So, I just want to understand that dynamic better. Thank you.

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

Yes. Thanks for the question again. We don't disclose actual percentages of what the customers say for a couple of reasons, but one of the most critical is competitive reasons and how competitors respond to that in the market.

I would say that we do have line of sight to what the customers have told us. Now, they have the prerogative to change their mind and select one or the other. But that's the reason we went and did the redesign on the XR prior to the new standard coming out and make sure we're prepared for that. So, we have that available today. And we do expect many fire departments to take advantage of it.

And we also, for those that do wait, we have the next-gen XR ready once it's approved. So, I think in both cases, we're well prepared based on what the dynamics play out for the fire departments and how they want to look at this. I would say either way, we feel like we're well positioned here in the fire service. Those that have followed us for a while, you know that quarter-to-quarter can be a little lumpy, and that's something that just comes with this market.

But pipeline is solid. We expect our strategy to continue to pay off. And by the way, the Orange County order, I think, is a great example of that as that was a follow-on to some really nice orders we had with LA County and LA City. So, the strategy that we have in place, we feel good about. I think you'll see a little variability perhaps in the second half, depending on what some of the timing categories are with NFPA and AFG, but pipeline is good. So, once that funding is available, once the standard clarity is there, we should be in great shape.

Operator

Shubham Srivastava, RW Baird.

Shubham Srivastava - Robert W. Baird & Co Inc - Analyst

Hey, good morning, guys. Thanks for taking my question. Just curious as to how you're thinking about timing and disbursement of AFG funding. You mentioned it before with the fire service. Just looking, it doesn't look like those awards have started rolling out yet. So, just kind of wondering, any ideas to how the funding environment has changed?

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

Yeah. Thanks for the question. The funding is approved. So, that's the important first point I would add to the color here. We expect the AFG funding releases to begin here in August. They haven't yet, but the expectation we have is that they'll come through sometime in August. They have to have those done by the end of September. So, typically, the sooner they can get started on that, get some of those tranches out to the customer base, I think that helps. But the funding is approved, fire departments are just waiting for its release.

Shubham Srivastava - Robert W. Baird & Co Inc - Analyst

Got it. Got it. And then one more. Just how do you guys feel about fourth quarter seasonality? Is it being influenced by lack of SCBA shipments or detection backlog conversion?

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

Typically, our fourth quarter is a strong quarter for us. I don't think that's going to be any different in 2025. So, we would expect that to be the case. It typically is a strong quarter in the fire service. It's typically strong in detection. And I would say that you could expect that for 2025 as well.

Operator

(Operator Instructions) Brian Brophy, Stifel.

Brian Brophy - Stifel Europe AG - Analyst

Yeah. Thanks, good morning, everybody. Thanks for taking my question. I think in the opening comments, you mentioned book-to-bill was slightly below 1 in the quarter. Can you touch on some of the areas where you're seeing relative strength versus some softness in the order book? Thanks.

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

Yeah. Thanks for the question, Brian. I would look at from an order pace, industrial and our detection business orders were up in the quarter. Fire service was down, and that really matched our expectations. And it kind of matches the market. You heard in our prepared remarks some commentary around some of the different product categories.

Industrial markets right now are challenged. There are some that are bright spots. Utilities is a good example. I think some of the early North American infrastructure investment is good. And there's others like manufacturing and to some degree, non-resi construction that are softer.

So, it's choppy, but we see our diversity in the portfolio really playing out here and helping us do really well. So, the product categories, markets and geographies help us perform throughout the cycle. And that's playing out in 2025 for sure.

I would also say that we talked about the ACCELERATE strategy, the two key categories that we expected to grow more significantly this year, especially with the comps in fire service are detection and fall protection, and that's playing out exactly as we had planned and hoped.

So, a big part of that is share change as well. So, we're gaining some nice share in detection. We're gaining nice share in fall protection. And I think that helps us out in this dynamic we're playing in right now.

Brian Brophy - Stifel Europe AG - Analyst

Yes, that's helpful. I guess just following up on that. You just mentioned relative strength in fall protection. You mentioned that in some of your comments as well. Just any more color on what's driving this? Is this some of the new product introductions, and how you're thinking about growth there in the back half?

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

Yeah, it is. I think when we think fall protection, we went through a period where we had some nice growth, specific to North America, with some strategy we had a few years ago. We stumbled, frankly, coming out of COVID with some supply chain issues. And then we've done a lot of innovation in this space, which I referenced in the prepared remarks.

Now we've got a really nice inventory position with our channel, with the customers. We're leaning into markets that the customers really have a high level of interest for our solutions. And this is a segment we think we can really compete in very effectively. We're resourcing it appropriately.

And it is a combination of what we've done commercially as well as the innovation we put in place. And we do expect this to continue in the second half and beyond.

Operator

Jeff Van Sinderen, B. Riley Securities.

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

Good morning, everyone. Just wanted to circle back to fire for a minute if we could. What are the overall elements of timing that you're watching around the new standard? Just wondering, are there milestones that you say, gee, okay, this has happened now and now we think it's going to be three months from now that it really ramps, or just wondering about that, how you think about that?

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

Thanks for the question. The NFPA standard change, it's a government approval process. So, there's a couple of key milestones we look at. First of all, when is testing completed, right? And once testing is completed, that certainly is a milestone that we can validate; okay, they've got the next key stage that you will walk through the process.

But to be fair, we know when our testing is completed. We don't necessarily get complete visibility on some of the other categories for competitive situations or any of the discussions they may have. There are some discussions that would be privy to them and NFPA.

But by and large, when you see the testing completed and you recognize that you've got what you need, this body, the NFPA will go through a process where they'll need to validate the approvals, then they'll have to get all the documentation done. And that takes some time with the government.

So, that's why we don't have specific line of sight. But based on historical context, it tells us that we would expect that approval. It could be any time between now and early 2026, which we kind of talked about, I think I did a call in May as well. And we continue to believe that. I don't have much better clarity than that. We tried to put a finer point before, and we've missed it because it is the NFPA and they've got processes they have to work through, quite frankly.

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

Okay. And just as a follow-up to that, there's nothing that makes you think that with DOGE (Department of Government Efficiency) or anything else it would be different this time versus other times as far as the timing?

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

Not now. I think they've been put back to work and they're fully engaged.

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

Okay. Good to know. And then possible maybe to touch a little bit more, delve a little bit more into the margin benefit from MSA+ since that seems to be working really well for you?

Elyse Brody - MSA Safety Inc - Interim Chief Financial Officer

Sure. Thanks for the question, Jeff. We did see a positive impact from mix in the quarter from MSA+ and the other detection growth. It wasn't overly meaningful, but it certainly does help a bit.

Jeff Van Sinderen - B. Riley Securities Holdings Inc - Analyst

Okay. And then anything else, I know these are tough questions, but anything else to add on the quarterly progression we should expect for gross margin given tariffs and some of the pricing actions you're taking? And then anything around SG&A for second half? I guess what I'm trying to get at is, is it feasible here based on everything you're seeing for EBITDA to inflect year-over-year in Q3?

Elyse Brody - MSA Safety Inc - Interim Chief Financial Officer

Sure, Jeff. So, thinking about the quarterly gross margin first. We do expect the tariff impact to be more pronounced in the second half. And that's why we took the pricing actions that we did in the second quarter. So, we'll see those both start to come through in the second half.

You may see stronger performance as the volume continues to grow. We typically see that when volume is higher, the margin is better leveraged. On SG&A, we don't expect anything out of the ordinary. What you saw in the second quarter on an organic basis is probably a good run rate to think about for the second half. And then, of course, you'll have M&C come in on top of that. And then you expect something like \$5 million to \$6 million per quarter. So, \$107 million to \$109 million per quarter is probably a good range to think about.

Jeff Van Sinderen - B. Riley Securities Holdings Inc - Analyst

\$5 million to \$6 million for M&C. And then, I don't know if you've talked about this or not, but what is sort of the organic growth rate of M&C?

Elyse Brody - MSA Safety Inc - Interim Chief Financial Officer

M&C is a mid-single-digit type of grower.

Jeff Van Sinderen - B. Riley Securities Holdings Inc - Analyst

Okay, fair enough. Thanks, I'll take the rest offline.

Elyse Brody - MSA Safety Inc - Interim Chief Financial Officer

Thanks, Jeff.

Operator

Mike Shlisky, DA Davidson.

Michael Shlisky - DA Davidson - Analyst

Yeah, hello, thank you. I hopped on a little bit late. So, if I'm asking anything that said, feel free to have me go to the transcripts. I guess, first off, M&C TechGroup, I see it's going to be accretive to EPS. I just wanted to make sure the business as it stands today, is it also accretive to margins?

Elyse Brody - MSA Safety Inc - Interim Chief Financial Officer

Sure, Mike. Thanks for the question. The margins of M&C are relatively similar to overall MSA. So, it didn't have an impact on margins in the second quarter, and that's what we'd expect for the remainder of the year, really relatively neutral on margins, but we do expect about \$0.10 of accretion for the year in EPS.

Michael Shlisky - DA Davidson - Analyst

Great. And then just following up there, and again, I apologize if you already said this, but the geographic mix from M&C, do you have that handy? Are they mostly Europe? And is there any opportunity to globalize their sales mix and get some synergies that way over the next couple of years?

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

It is Europe. I mean they're a German-based company with about a third of their sales there. And what we anticipate is over time, we're going to leverage our scale and the channels we have, and the team is very excited by doing that. We think this is a great business in providing premium solutions. So, we absolutely expect this to scale over time in some of our other key markets.

Michael Shlisky - DA Davidson - Analyst

Okay, great. I'll leave it there. Thank you so much.

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

Thanks, Mike.

Elyse Brody - MSA Safety Inc - Interim Chief Financial Officer

Thanks, Mike.

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.

Larry 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 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.

Operator

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

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