

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 2000

Commission File No. 0-2504

MINE SAFETY APPLIANCES COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania

25-0668780

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

121 Gamma Drive  
RIDC Industrial Park  
O'Hara Township  
Pittsburgh, Pennsylvania

15238

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: 412/967-3000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X

No

As of April 30, 2000, there were outstanding 4,839,685 shares of common stock without par value, including 547,870 shares held by the Mine Safety Appliances Company Stock Compensation Trust.

PART I FINANCIAL INFORMATION  
MINE SAFETY APPLIANCES COMPANY  
CONSOLIDATED CONDENSED BALANCE SHEET  
(Thousands of dollars, except share data)

	March 31 2000	December 3 1999
<b>ASSETS</b>		
Current assets		
Cash	\$ 8,960	\$ 8,898
Temporary investments, at cost which approximates market	8,013	8,210
Trade receivables, less allowance for doubtful accounts \$2,173 and \$2,322	58,947	58,911
Other Receivables	26,616	22,716
Inventories:		
Finished products	38,644	37,551
Work in process	12,226	11,739
Raw materials and supplies	31,166	32,807
Total inventories	----- 82,036	----- 82,097
Deferred tax assets	14,295	13,348
Prepaid expenses and other current assets	9,435	8,910
Total current assets	----- 208,302	----- 203,090
Property, plant and equipment	375,812	378,495
Less accumulated depreciation	(213,960)	(214,986)
Net property	----- 161,852	----- 163,509
Prepaid pension cost	65,264	61,357
Deferred tax assets	3,985	4,152
Other noncurrent assets	23,380	19,633
TOTAL	----- \$ 462,783	----- \$ 451,741
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Notes payable and current portion of long-term debt	\$ 5,224	\$ 4,477
Accounts payable	28,733	29,056
Employees' compensation	12,119	11,048
Insurance	11,005	10,402
Taxes on income	7,966	3,878
Other current liabilities	23,842	21,144
Total current liabilities	----- 88,889	----- 80,005
Long-term debt	36,506	36,550
Pensions and other employee benefits	53,024	54,111
Deferred tax liabilities	36,281	35,961
Other noncurrent liabilities	2,504	2,657
Shareholders' equity		
Preferred stock, 4-1/2% cumulative - authorized 100,000 shares of \$50 par value; issued 71,373 shares, callable at \$52.50 per share	3,569	3,569
Second cumulative preferred voting stock - authorized 1,000,000 shares of \$10 par value; none issued		
Common stock - authorized 20,000,000 shares of no par value; issued 6,778,599 and 6,778,599 (outstanding 4,291,815 and 4,291,671)	12,914	12,596
Stock compensation trust - 547,870 and 567,630 shares	(25,750)	(26,679)
Less treasury shares, at cost:		
Preferred - 49,713 and 49,713 shares	(1,608)	(1,608)
Common - 1,938,914 and 1,919,298 shares	(96,394)	(95,154)
Deferred stock compensation	(1,644)	(504)
Accumulated other comprehensive loss	(16,564)	(14,831)
Earnings retained in the business	371,056	365,068
Total shareholders' equity	----- 245,579	----- 242,457

TOTAL

	-----	-----
\$	462,783	\$ 451,741
	=====	=====

See notes to consolidated condensed financial statements.

MINE SAFETY APPLIANCES COMPANY  
CONSOLIDATED CONDENSED STATEMENT OF INCOME

(Thousands of dollars, except earnings per share)

	Three Months Ended March 31	
	2000	1999
Net sales	\$ 128,218	\$ 115,967
Other income	1,088	827
	-----	-----
	129,306	116,794
	-----	-----
Costs and expenses		
Cost of products sold	77,831	73,933
Selling, general and administrative	32,546	32,633
Depreciation and amortization	6,002	5,553
Interest	784	743
Currency exchange gains	(188)	(277)
	-----	-----
	116,975	112,585
	-----	-----
Income before income taxes	12,331	4,209
Provision for income taxes	4,872	1,639
	-----	-----
Net income	\$ 7,459	\$ 2,570
	=====	=====
Basic earnings per common share	\$ 1.74	\$ 0.59
	=====	=====
Diluted earnings per common share	\$ 1.73	\$ 0.59
	=====	=====

See notes to consolidated condensed financial statements.

MINE SAFETY APPLIANCES COMPANY  
CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS  
(Thousands of dollars)

	Three Months Ended March 31	
	2000	1999
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 7,459	\$ 2,570
Depreciation and amortization	6,002	5,553
Pensions	(3,410)	(2,088)
Deferred income taxes	(655)	(507)
Changes in operating assets and liabilities	3,338	(1,325)
Other - including currency exchange adjustments	(3,291)	(2,950)
	-----	-----
Cash flow from operating activities	9,443	1,253
	-----	-----
<b>INVESTING ACTIVITIES</b>		
Property additions	(5,159)	(5,459)
Dispositions of property and businesses	1,307	109
Acquisitions and other investing	(4,218)	(460)
	-----	-----
Cash flow from investing activities	(8,070)	(5,810)
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Additions to long-term debt	0	375
Reductions of long-term debt	(7)	0
Changes in notes payable and short-term debt	444	8,272
Cash dividends	(1,471)	(1,493)
Company stock purchases and sales	7	(3,136)
	-----	-----
Cash flow from financing activities	(1,027)	4,018
	-----	-----
Effect of exchange rate changes on cash	(481)	(594)
	-----	-----
Decrease in cash and cash equivalents	(135)	(1,133)
Beginning cash and cash equivalents	17,108	24,020
	-----	-----
Ending cash and cash equivalents	\$ 16,973	\$ 22,887
	=====	=====

See notes to consolidated condensed financial statements.

MINE SAFETY APPLIANCES COMPANY  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

- (1) The Management's Discussion and Analysis of Financial Condition and Results of Operations which follows these notes contains additional information on the results of operations and the financial position of the company. Those comments should be read in conjunction with these notes. The company's annual report on Form 10-K for the year ended December 31, 1999 includes additional information about the company, its operations, and its financial position, and should be read in conjunction with this quarterly report on Form 10-Q.
- (2) The results for the interim periods are not necessarily indicative of the results to be expected for the full year.
- (3) Certain prior year amounts have been reclassified to conform with the current year presentation.
- (4) In the opinion of management, all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of these interim periods have been included.
- (5) Basic earnings per share is computed on the weighted average number of shares outstanding during the period. Diluted earnings per share includes the effect of the weighted average stock options outstanding during the period, using the treasury stock method. Antidilutive options are not considered in computing earnings per share.

Three Months Ended  
March 31  
2000      1999  
(In Thousands)

Net income	\$ 7,459	\$ 2,570
Preferred stock dividends	12	12
	-----	-----
Income available to common shareholders	7,447	2,558
	-----	-----
Basic shares outstanding	4,292	4,361
Stock options	9	11
	-----	-----
Diluted shares outstanding	4,301	4,372
	-----	-----
Antidilutive stock options	123	4
	-----	-----

- (6) Comprehensive income (loss) was \$5,726,000 and (\$1,356,000) for the three months ended March 31, 2000 and 1999, respectively. Comprehensive income includes net income and changes in accumulated other comprehensive income, primarily cumulative translation adjustments, for the period.
- (7) The company is organized into three geographic operating segments (North America, Europe and Other Non-North America), each of which includes a number of operating companies. North America (formerly U.S.) includes the United States, Canada and Mexico. Canada and Mexico were formerly part of Other Non-U.S. Comparative amounts for 1999 have been restated.

Reportable segment information is presented in the following table:

	(In Thousands)				
	Three Months Ended March 31, 2000				
	North America	Europe	Other Non-North America	Recon- ciling	Consol. totals
Sales to external customers	\$83,787	\$27,257	\$17,164	\$10	\$128,218
Intercompany sales	7,291	3,723	566	(11,580)	
Net income (loss)	6,812	(146)	700	93	7,459
	-----				
	Three Months Ended March 31, 1999				
	North America	Europe	Other Non-North America	Recon- ciling	Consol. totals

Sales to external customers	76,813	28,063	11,156	(65)	115,967
Intercompany sales	7,781	4,236	436	(12,453)	
Net income (loss)	3,038	(552)	50	34	2,570

Reconciling items consist primarily of intercompany eliminations and items reported at the corporate level.

MINE SAFETY APPLIANCES COMPANY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-looking statements

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may include, without limitation, statements regarding expectations for future product introductions, specialty chemicals market conditions, sales and earnings outlook, liquidity, and market risk. Actual results may differ from expectations contained in such forward-looking statements and can be affected by any number of factors, many of which are outside of management's direct control. Among the factors that could cause such differences are the effects of new product introductions, issues affecting major specialty chemical customers, market and operating conditions, the economic environment, and interest and currency exchange rates.

Results of operations - Three months ended March 31, 2000 and 1999

Sales for the first quarter of 2000 were \$128.2 million, an increase of \$12.2 million, or 11%, from \$116.0 million in the first quarter of last year.

First quarter 2000 sales for North American operations were 8% higher than the first quarter of last year. Improvements in sales of safety products were partially offset by lower specialty chemical sales. Shipments of self-contained breathing apparatus for firefighters, gas masks for defense preparedness, and helmets for industrial head protection all improved significantly. Portable instrument sales also grew significantly, reflecting the late-1999 introduction of the improved Passport FiveStar Alarm multigas detector. Sales of specialty chemicals were significantly lower than the same period last year. Specialty chemical products are sold to a limited number of large pharmaceutical and chemical companies and are largely dependent on the performance of these customers' products in their respective markets.

Overall, sales of safety products in the U.S. exceeded incoming commercial orders in the first quarter, particularly for breathing apparatus, as backlog orders were shipped. The specialty chemical order backlog increased during the quarter.

Local currency sales in Europe for the quarter were over 10% higher than first quarter 1999. Current year sales were strong in Germany, Italy and Eastern Europe. When stated in U.S. dollars, however, sales in Europe were slightly lower due to adverse currency exchange rate movements. Sales in the company's other international operations were substantially higher than the prior year. Sales in Africa continued to be boosted by the second quarter 1999 acquisition of Campbell Gardwel. Currency exchange effects on sales of other international operations were minor.

Gross profit for the first quarter of 2000 was \$50.4 million, an increase of \$8.4 million, or 20%, from \$42.0 million in 1999. The ratio of gross profit to sales was 39.3% in the first quarter of 2000 compared to 36.2% in the corresponding quarter last year. The higher gross profit percentage reflects changes in sales mix and price structure, and improved manufacturing volumes and cost controls.

Selling, general and administration costs in the first quarter of 2000 were slightly lower than the prior year first quarter.

Higher depreciation and amortization expense of \$449,000 in the quarter was primarily due to mid-1999 production equipment and information technology additions in Europe.

Income before income taxes was \$12.3 million for first quarter 2000 compared to \$4.2 million last year. The increase is primarily due to higher sales of safety and instrument products and the improved gross profit percentage. The effective income tax rate for the first quarter of 2000 was 39.5% compared to 38.9% in 1999. The higher effective rate is due to lower losses in higher tax rate European countries.

Net income in the first quarter of 2000 was \$7.5 million, or \$1.74 per basic share, compared to \$2.6 million, or 59 cents per basic share, last year.

Outlook

First quarter results reflect strong sales of breathing apparatus to the North American fire service market, a recovery in core portable instrument product sales in the U.S., and a good start to the year by international operations outside Europe and North America. However, the ongoing transformation of European operations and weakness in the specialty chemicals market, which is

expected to continue for some time, could dampen overall results for the year. In addition, sales potential for North America in the remaining three quarters is expected to be five to eight percent lower than the first quarter. While the pace of the first quarter probably cannot be sustained, the company remains optimistic that it will show solid earnings progress for the year.

#### Liquidity and Financial Condition

Cash and cash equivalents decreased \$135,000 during the first quarter of 2000 compared with a decrease of \$1.1 million last year.

Cash provided by operating activities totaled \$9.4 million for first quarter 2000 compared to \$1.3 million last year. The improvement reflects higher income and favorable changes in operating assets and liabilities.

Investing activities used \$8.1 million in the first quarter of 2000 compared with using \$5.8 million in 1999. The increase includes cash used for the acquisition of ISI Group in the first quarter of 2000.

Financing activities used \$1.0 million in 2000 and provided \$4.0 million in 1999. The decrease reflects lower short-term borrowings and treasury stock purchases in 2000.

Available credit facilities and internal cash resources are considered adequate to provide for ensuing capital requirements.

#### Financial Instrument Market Risk

There have been no material changes in the company's financial instrument market risk during the first quarter of 2000. For additional information, refer to page 15 of the company's Annual Report to Shareholders for the year ended December 31, 1999.

PART II OTHER INFORMATION  
MINE SAFETY APPLIANCES COMPANY

Item 1. Legal Proceedings

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MINE SAFETY APPLIANCES COMPANY

Date: May 8, 2000

By

S/James E. Herald  
James E. Herald  
Vice President - Finance;  
Principal Financial and  
Accounting Officer



THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MARCH 2000 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS	DEC-31-2000	
	MAR-31-2000	
		8,960
		8,013
		87,736
		(2,173)
		82,036
		23,730
		375,812
		(213,960)
		462,783
	89,291	
		36,506
	0	
		3,569
		12,914
		229,096
462,783		
		128,218
	129,306	
		77,831
		83,833
		(188)
		0
		784
		12,331
		4,872
	7,459	
		0
		0
		0
		7,459
		1.74
		1.73