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CORPORATE PARTICIPANTS

Elyse Lorenzato *MSA Safety Incorporated - Director of IR*
Kenneth D. Krause *MSA Safety Incorporated - Senior VP, CFO & Treasurer*
Nishan J. Vartanian *MSA Safety Incorporated - President, CEO & Director*

CONFERENCE CALL PARTICIPANTS

Edward James Marshall *Sidoti & Company, LLC - Senior Equity Research Analyst*
Lawrence Tighe De Maria *William Blair & Company L.L.C., Research Division - Co-Group Head of Global Industrial Infrastructure*
Richard Charles Eastman *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 Third Quarter 2019 Earnings Conference Call. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Elyse Lorenzato, Director of Investor Relations. Please go ahead.

Elyse Lorenzato ***MSA Safety Incorporated - Director of IR***

Thank you, Drew. Good morning, everyone, and welcome to MSA's Third Quarter 2019 Earnings Conference Call. With me here today are Nish Vartanian, President and CEO; and Ken Krause, Senior Vice President, CFO and Treasurer.

Before we begin, I'd like to remind everyone that the matters discussed on this call, excluding historical information, are 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 risks, uncertainties and other factors that may cause our actual results to differ materially from those discussed here. These risks, uncertainties and other factors are detailed in our filings with the SEC, including our most recent Form 10-K filed in February of 2019.

MSA 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, and the non-GAAP reconciliations as well as our Q3 press release are available on our Investor Relations website at investors.msasafety.com.

With that, I'd like to turn the call over to our President and CEO, Nish Vartanian.

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Thanks, Elyse, and good morning, everyone. I want to thank and recognize the MSA team for their excellent performance this quarter, reflected in our 8% revenue growth.

Our third quarter performance is really the continuation of a growth story, driven by listening closely to customer needs, developing innovative products and driving operational excellence through the MSA operating system.

Collectively, these focus areas support our leadership position in business-critical applications like worker safety and asset infrastructure protection. As more and more companies around the world place greater focus on social responsibility, reducing liability and enhancing ESG reporting, safety has never been more important. The results generated by our industrial and gas detection products this quarter were especially encouraging. I say that because we were able to achieve 8% constant currency revenue growth in the quarter despite a delay in the approval of SCBA in the U.S. for all manufacturers. And about a 6-week delay in the release of assistance to fire fighter grant funding, both of which impacted our SCBA sales volumes in the quarter.

These limiting situations have since been resolved. AFG funds have been released, and we began shipping our next-generation G1 units upon receipt of certification at the end of September. Not lost business, just a shift in timing of orders out into the next few months and into 2020.

Internationally, we had a tough SCBA comp, due to a large order we shipped a year ago. Still, we're seeing good order traction on the M1 SCBA. And while SCBA results were soft in the quarter, our fire helmet and turnout gear business provided a nice tailwind in the fire service, growing more than 20% on strength in turnout gear in the Americas and growth in fire helmets in emerging markets, like China.

When I think about what it takes to succeed in the sophisticated safety products market, I see product innovation and brand equity as 2 core competencies that enable market leadership. With that in mind, I want to make just a few comments this morning about our R&D investments that are fueling revenue growth by uniquely solving our customers' needs and driving safety-first behaviors.

Those investments are complemented by MSA's brand strength as the safety company, which provides inroads with strategic end users and channel partners. Our sales vitality, the percentage of sales from products developed over the last 5 years, was more than 35% this quarter. The area we're seeing the most notable improvement is in fall protection, with sales increasing 27% from a year ago.

In 2018, we discussed the sizable NPD pipeline in fall protection, and this included our V-Series brand of fall protection products. We also invested in this area to expand our sales coverage and increase manufacturing capacity. Those investments helped us convert competitive accounts. And by doing so, we are truly earning the right to win in fall protection.

We also launched the V-Gard H1 Safety Helmet in the quarter. Leveraging the iconic V-Gard brand, the H1 helmet is the latest in MSA's full line of high-performance head protection.

As a working-at-heights style helmet, it provides unique value to the market at a premium price point. The helmet has exceptional comfort, range of motion and adjustability in a stylish, low profile design.

While the H1 works across all industrial applications, this is a helmet that's really suited for rigorous conditions such as tower climbing, confined space applications and rescue activities. But just like our V-Gard hard hat, which is the market leader in industrial head protection, we'll also offer best-in-class customization capabilities with the H1.

From the H1 helmet to the 5000 series detectors, we're launching critical products across all of our core product lines. And from my perspective, the key takeaways from this are: one, our NPD pipeline from R&D investments continues to grow; and two, the MSA team is executing at a very high level.

With that, I'll turn the call over to Ken for our financial review. Ken?

Kenneth D. Krause ***MSA Safety Incorporated - Senior VP, CFO & Treasurer***

Thanks, Nish, and good morning, everyone. Before I begin the P&L review and discuss the quarter in more detail, I'd like to start with a few highlights of our quarterly performance.

Revenue growth was 6% on a reported basis or 8% in constant currency. It is encouraging to see that level of growth in any quarter. But considering we could not ship NFPA-compliant SCBA in the Americas for the entire month of September, it's really a solid result. We leveraged that revenue growth into 11% adjusted operating income growth, with an incremental operating margin of more than 30%. Adjusted operating margin of 18% increased 80 basis points from this time a year ago. And it's important to note that comparison includes 50 basis points of dilution related to the Sierra Monitor acquisition, primarily related to noncash stock compensation charges and amortization associated with the purchase price allocation related to the inventory step-up on the transaction. Sierra was dilutive to adjusted EPS by $0.02.

However, it was accretive to earnings on a cash basis by $0.02, and we are on track with our integration plans there. In fact, we completed a major milestone in the integration plan when we went live on SAP at Sierra at the beginning of October. That positions us well to drive improvements in the business.

Adjusted earnings were flat in the quarter at $1.15 per share, but it's important to note that our higher tax rate impacted earnings per share by $0.07. This step-up in the tax rate was largely driven by cash repatriation in the quarter associated with the repatriation of more than $35 million from Europe and other nonrecurring adjustments.

Free cash flow conversion was about 95% of net income in the quarter, showing nice improvement from the first half of this year. We deployed $16 million for dividends and reduced our debt balances by $24 million, while investing $10 million in CapEx.

Now I'd like to walk you through our third quarter financial results. Total revenue increased 8% in the quarter in constant currency. We had a 2% FX headwind on revenue in the quarter. We continue to see solid results across our short- and long-cycle businesses. Gas detection growth was strong across the board in both portable gas detection and the fixed side in both of our reporting segments, as our new products continue to be well-accepted by the market.

As Nish had mentioned, new products drove our business in industrial personal protective, which was evidenced by our growth of 27% in fall protection. And not only did we see strong revenue growth, but margins in Americas' fall protection product sales, which was the main source of overall revenue growth in that product category, were up strongly in the quarter as well.

Emerging markets growth was a very healthy 8% in the quarter, and we are seeing good results across these markets and continue to drive growth in important areas like China, which has had -- which has grown at a double-digit rate year-to-date and built backlog in the quarter despite healthy shipping activity.

The SCBA area of our business was challenging in the quarter as a result of the delays in the Americas and a tough comp comparison in international from a large order that we shipped in the second half of 2018. The comparable period analysis in international SCBA will continue to be pressured in the fourth quarter related to that specific order.

Gross profit was up 40 basis points from last year on a reported basis. Gross profit includes, however, the purchase accounting-oriented costs associated with our recent acquisition. And excluding these, gross profit was up a very healthy 70 basis points in the quarter. The new products and pricing actions that we're executing continue to provide good leverage.

SG&A expense was $83 million in the quarter or 23.6% of sales, which includes about $1 million of transaction-related costs and $2 million of costs for Sierra's base business. Excluding Sierra and all the related costs, we gained 40 basis points of leverage from SG&A efficiencies compared to a year ago.

We also continue to focus on executing restructuring activities to streamline our business. We are on track with our international restructuring activities that we have been executing throughout the year. And it's good to see the expense control in the quarter in that segment, particularly in Europe, where SG&A is down 3% on revenue that is up 3%.

GAAP operating income was $60 million or 17% of sales in the quarter. Excluding foreign exchange, restructuring, strategic transaction costs and product liability expense, adjusted operating margin was 18%, up 80 basis points from a year ago on incremental margins that are exceeding 30% in the quarter and 40% year-to-date.

Excluding the dilution from the Sierra acquisition, which is included in the Americas segment and was driven by purchase accounting and nonstock -- noncash stock compensation-related items, operating margin expanded by 130 basis points in the quarter.

It is also good to see the margin gains balanced between our reporting segments, with the Americas improving 50 basis points and International improving 90 basis points in the quarter. Americas posted strong gross profit expansion, while the International segment is gaining leverage from the cost reduction programs I mentioned a few moments ago.

It is important to recognize that our prior year GAAP operating income results included a charge of almost $15 million related to accruals associated with product liability versus $2 million this year. The impact of this change in the year-over-year comparison is neutralized in adjusted operating income and adjusted earnings. Our GAAP effective tax rate was elevated at 27% as a result of the $35 million of foreign cash that we repatriated from our European affiliates.

We had certain quarterly specific unfavorable impacts this year that detracted about $0.07 from EPS. Year-to-date, our adjusted effective tax rate, which neutralizes for the impact of certain noncash items, is trending at 25%. We are planning for our full year adjusted effective rate to be 24% to 25% for 2019.

GAAP net income was $42 million. Quarterly adjusted earnings were $45 million or $1.15 per share, which is relatively flat from a year ago. As I mentioned, the higher tax rate and noncash costs related to Sierra Monitor were detractors from EPS in the quarter. The incremental operating margins were north of 30%, which indicates that our profitability profile continues to be healthy. Our 2019 and long-term expectations of growing earnings at a multiple sales is still very much intact.

Free cash flow was $41 million in the quarter, which includes about $2 million of net outflows for product liability. If you recall, we had $58 million of insurance receivables inflows in the third quarter a year ago.

During the current quarter, we used cash for inventory to support our revenue growth and prepare for the fourth quarter deliveries, but receivables provided a source of cash and drove stronger cash flow conversion. Free cash flow conversion was more than 95% in the quarter despite the strong revenue growth and order pace.

The stronger cash flow enabled us to fund a $16 million dividend and pay down $24 million of debt in the quarter, which puts debt-to-EBITDA at 1.3x on a gross level. Our balance sheet is strong and provides us with the flexibility to continue investing in our business and pursuing acquisitions. The quarter reflects another solid performance from our teams as we continue to focus on growth, productivity and cash flow.

In summary, it was great to see 8% growth, 130 basis points of margin expansion in our organic business and improvements in free cash flow conversion despite the strong growth. The incremental margin profile was intact at more than 30% in the quarter, and the order pace was healthy as well in the quarter. We had a book-to-bill in excess of 1.0x, which positions us well for the fourth quarter. We continue to expect mid-single digit constant currency revenue growth for the full year of 2019.

And with that, I'll turn the call back over to Nish for some concluding commentary. Nish?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Thanks, Ken. Looking at conditions across our end markets, headlines would certainly point to caution. But our leading indicators are tracking well and benefiting from share capture, strategic pricing and the secular trend for safety product demand.

Industrial and detection-related revenue was healthy this quarter, but we also saw significant growth in short-cycle businesses like portable gas detection at 14%. And as mentioned, fall protection of 27% and long-cycle business like fixed gas flame detection, revenue grew 18%, and our backlog in that area continues to be elevated from a year ago.

While we've seen some choppiness in the business throughout the year, our backlog is healthy and order pace indicates that we should deliver on our mid-single digit revenue growth goal for 2019.

Thank you for your attention this morning. At this time, Ken and I would be glad to take any questions you may have. Please remember that MSA does not give guidance.

Having said that, we'll now open up the call for your questions.

QUESTIONS AND ANSWERS

Operator

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

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

Congratulations on the nice quarter.

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Thank you, Stanley.

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

Can you all speak to some of the outgrowth in a little more detail, especially on the fall protection, gas detection side? Is this more distribution? Obviously, you have a lot of new products coming out. I'm just trying to get a sense for how sustainable this trajectory is going to end up being, given the large numbers that you guys are putting up right now?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Sure, Stanley. Fall protection story has been a really good one for us. A year ago, we had 13%. I believe it was 13% revenue growth for the year in fall protection. And as you know, we've been investing in that area and really coming out with some strong products. In the portfolio, we've made some significant investments around sales and marketing. And also operations to enhance our manufacturing capabilities and deal with the higher demands.

And that's really paid off for us. We've penetrated the market really well. We're winning accounts, we've worked hard to earn the right to win with fall protection. Just kind of a casual observation, I get to meet with a lot of customers who come through Pittsburgh and visit MSA and kind of see what's behind those letters of MSA. And when they come through, I spend a little bit of time with them, and we get a steady stream of customers from fire departments throughout North America and even the Americas.

What's changed significantly from my perspective is the number of construction companies coming through Pittsburgh and visiting MSA to really get an understanding of what we're doing around fall protection. And I think we're turning some heads and doing quite well.

So that 27% growth on a global basis, that's a steep number. But before the third quarter, we were running around 20%, up from 13%. So we think we can continue at a nice growth clip going forward and continue to gain some market share. We're in a nice position there. With portable gas detection, we've done a real nice job in that area also with some unique solutions with what we've done with our sensor capabilities and adding on safety io. While the safety io isn't a big part of the revenue story, customers like to buy products that are capable of having those capabilities for future sign up for that type of subscription. So we're doing real well there.

And that end market is fairly healthy for us right now. So that tends to be a little longer cycle business for us. And of course, fixed gas and flame detection has been a real nice story for us, where that backlog continues to build, with the introduction of the X5000.

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

In the past, you guys have done a nice job of strategically using M&A to kind of build out parts of the portfolio. Now you basically have a #1 and #2 market share position, pretty much in everything would be my guess. Does that change your view on how you want to use M&A to kind of grow the business, particularly with such a robust kind of NPD pipeline? Or how are you all thinking about the inorganic opportunities?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Sure. The inorganic pipeline for us is very active at this point. We have a lot of focus around that area, and there's opportunities within the core product areas. There's some nice opportunities within the core product lines to enhance our product position.

But as we did with Globe, we'll look outside of those core areas within core markets where we have a good understanding of the business to broaden our core portfolio. And we continue to evaluate those opportunities as we go forward.

As Ken mentioned, the balance sheet is in great shape. We love investing in the business from an organic standpoint. And where it makes sense, we'll add those inorganic opportunities. But they have to make sense to us, Stanley. We're pretty disciplined in that area, as you know, and have a real good track record. But there are some opportunities out there, and we continue to investigate them.

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

Perfect. And then lastly for me, it sounds like the Sierra Monitor acquisition is kind of tracking very well. I mean could you tell us what you've learned maybe thus far? How that technology is going to be transferable to some of your core products? And then kind of how should we think about the ramp and profitability as all those businesses come together?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Yes. It's tracking exactly where we expected it to be. What's really interesting with that business, and we bought that in part for some of the gateways that they provide for the Internet of Things. And what we're finding is it's really helping us and progress with what we're doing.

Even outside of gas detection, with what we're doing with LUNAR, and that will help us with what we're trying to do around LUNAR and the protection of firefighters and developing our model around that connected firefighter. So it's certainly helping us in areas beyond gas detection, which is a nice benefit for us.

Operator

The next question comes from Richard Eastman of Baird.

Richard Charles Eastman ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Just a quick question, just a follow-up on Sierra there. Can you just give us the revenue contribution here for Q3 -- provide that?

Kenneth D. Krause ***MSA Safety Incorporated - Senior VP, CFO & Treasurer***

Yes. Rick, it's Ken here. It added about 2% growth to the quarter. And so when we look at the overall 8% constant currency growth, about 2% of that is associated -- just under 2% is associated with the Sierra Monitor acquisition.

Richard Charles Eastman ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Okay, okay. And then Ken, also, maybe you could just tell us or give us a sense of price capture in Q3, particularly by North America and Europe. Are you able to get any price in, I could just say, rest of world maybe? And then maybe what that looks like in North America, price capture year-over-year?

Kenneth D. Krause ***MSA Safety Incorporated - Senior VP, CFO & Treasurer***

Sure. When we look at the business, Rick, we were really -- it was good to see the gross margin improvement of about 70 basis points in their underlying business. When we look at the Americas segment, we did see a nice amount of capture in price. Part of that was because we were quick in moving in those markets with our price increases last year. So as you recall, we had a midyear price increase. We followed that on earlier this year in those markets where we're much more mature, and we have leverage in the channels and strong relationships. And so we've seen some nice price capture there, driving that margin higher.

In the International segment, we've seen price capture across the International segment. However, Europe has been challenging at times. And so that, as you know, and as the investors that follow us, Europe is an area where we don't have that strong a position, but we are placing a lot of effort on channel development and improvement of our channels, both in Europe as well as in the Middle East, and with the plans to continue to improve that pricing position and the net capture we have there.

What was good to see for us was the amount of reduction in SG&A that we were seeing in Europe. A lot of our effort thus far has been improving our business model and to see the results come through on the cost reduction were really, really good to see.

Richard Charles Eastman ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Excellent. And then just a question around, obviously, the NFPA delay on the approval of the next-gen SCBA. Again, just trying to kind of sift through the numbers here a little bit. Was perhaps $8 million to $10 million of revenue delayed shipped in Q3 and pushed into Q4? I mean is that order of magnitude, maybe where -- what we saw delayed?

And then can I also ask, in the past, when we've introduced some modifications to meet a standard upgrade with the SCBA, we've taken a little bit of early hit on our gross margin, just around kind of until we build volume.

And I'm just kind of curious, so maybe a number -- that maybe was pushed into the fourth quarter from revenue, and then is there any impact on the gross margin as that stuff starts to ship -- as the next-gen starts to ship?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Sure. So this is me Rick, Nish. The -- well, first of all, your $8 million to $10 million number is a little bit heavy. It was probably more in that $6 million range, I would guess. And we probably won't see all of that in the fourth quarter. My guess is, we'll see some in the fourth, maybe some get pushed into next year. Because of new standard, some fire departments just want to take a look at the unit, maybe put it through to a bit of a trial. And also the AFG funding will also delay things slightly. So that $6 million, $7 million, whatever it may be, I think that'll be pushed into the next couple of quarters, is more realistic.

And then as far as margins are concerned, no, I don't see any impact whatsoever on margins. And in fact, I expect the margins to be as high or higher. This standard was not a significant change for MSA because the G1 was fairly a new unit. It was a couple of tweaks to the unit, and actually, the upgrade, people who are in the G1 today have a fairly simple upgrade to this standard, which is a real benefit to those customers who purchase the unit earlier than the '18 standard.

Richard Charles Eastman ***Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst***

Okay. And just last one, I promise. Just -- Nish, could you just maybe put on kind of next level depth of color around your backlog and book-to-bill commentary? I'm curious, when you speak to that backlog number building, I presume that's fixed gas and flame? Also, what other product lines did you see kind of that book-to-bill exceed one?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Sure. So you're exactly right. Fixed gas flame detection was a big area that we had some build there, which was really nice to see. We talked about that being a late business cycle type product line. And we had some build around fall protection, a bit of build with our Globe business and that turnout gear business. And it was small in a number of other areas. The business was pretty healthy across the board, which was really encouraging.

Kenneth D. Krause ***MSA Safety Incorporated - Senior VP, CFO & Treasurer***

The only thing I would add, Nish, there is, as you know, the fixed gas and flame detection is a bit of a long-cycle business. And so even though we might build backlog in a specific quarter, it may take one or 2 quarters to work that backlog out. And so just be aware that, that backlog doesn't always come in and ship the next quarter, it may take a quarter or 2 to get out of the backlog.

Operator

The next question comes from Edward Marshall of Sidoti & Company.

Edward James Marshall ***Sidoti & Company, LLC - Senior Equity Research Analyst***

Nish, I wanted to follow up on your last comment within your prepared remarks or your last topic. I always thought of MSA as employment-sensitive, forefront of industrial sensitivity. And the description was positive. Given the market -- given the industrial backdrop, I just wanted to get a sense from you is, how much is that really driven by what MSA is doing about new product introduction and so forth? And then maybe what your customers might be telling you about where we are in an economic cycle?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

I think a big part of it is really what we're doing around our product pipeline. If you look across our core product pipeline, we've introduced significant products in every single one of those core product areas. So whether it's the X and S5000 or we have the ALTAIR io360 coming down the pipeline, what we've done with safety io and enhancing our position with portable gas detection, the H1 helmets coming out the door, we launched the Fast-Trac III Suspension a couple of years ago. It is still doing well in the marketplace. The Athletix line of turnout gear for Globe. The XF1 Fire Helmet in North America. And I could go on and on, on a product pipeline and the investment we've made, and we think we're gaining some market share, we're performing well.

The longer-cycle products such as fixed gas and flame detection, we're doing well there. We're really well positioned with that X and S5000, as that market is strengthening. And we're gaining market share clearly with fall protection. It's very clear that we've gained some market share there. We've had some customers shift their business over to us.

So really it's a combination. And plus, we're doing a pretty effective job around pricing. And our marketing team has done a nice job in getting out and educating our sales force and being a little smarter in how we price our products in the marketplace, and you're starting to see that through margin improvement. So it's just really good execution across the organization and really driven a lot through the MSA operating plan.

Kenneth D. Krause ***MSA Safety Incorporated - Senior VP, CFO & Treasurer***

And one thing, just to add on to what Nish said there, add some really good comments around the product portfolio. The one thing to think about, and I think you'll see it at our Investor Day on November 11, is the amount of technology that we're putting into our products today. And what that technology is doing is offering unparalleled levels of safety for our customers, but it's also providing an unparalleled cost of ownership advantage for them. That's giving us an opportunity to go in and take share, when a market might be more challenging, when a cycle may be against us.

And so I think you're going to see, on November 11, a lot of products that maybe you haven't seen in the past. And the amount of technology that's in them, I think, will be quite impressive.

Edward James Marshall ***Sidoti & Company, LLC - Senior Equity Research Analyst***

We look at the incrementals, I mean, you talked about the quarter itself. I mean for the year, I think you're close to 60% year-to-date. Pretty impressive. And obviously, that's probably not sustainable or maybe it is, I don't know, you tell me. But any sense of the normalized kind of incrementals? And maybe when that starts to kind of leak back into the model?

Kenneth D. Krause ***MSA Safety Incorporated - Senior VP, CFO & Treasurer***

Yes. It's -- so when we look at the incrementals in the quarter, around 39% on a constant currency basis, year-to-date, they're about 45%. In our last Investor Day in March of '18, I believe it was, we gave a guide around 30% to 40% incrementals. And so still feel very much like that guide is intact. We've continued to execute at those levels for the past couple of years. So 30% to 40% incrementals are probably not out of the question as we think about the business going forward.

Operator

(Operator Instructions) The next question comes from Larry De Maria of William Blair.

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

First question. You mentioned, obviously, you talked about orders and book-to-bill, book-to-bill being above 1. Can you just give us the exact numbers on what the orders were up? And what the book-to-bill actually is?

Kenneth D. Krause ***MSA Safety Incorporated - Senior VP, CFO & Treasurer***

Yes. The book-to-bill is approaching 1.05. It's in that 1.03, 1.05 range, and it's healthy. When you look at it, it's not specific to one area. It's positive in Europe. It's very positive in Asia and in China, specifically. When we look at China, I commented in my script, around double-digit year-to-date growth. We're seeing very strong order growth, good flow in the business coming out of that area of the world.

So it's really good to see that level of demand across the business, not only here in the U.S., but outside of the U.S.

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

That Asia and China strength, I guess, obviously, you haven't really been impacted by what a lot of other companies have been impacted by in terms of trade stuff. Can you just maybe dig in a little bit, what's driving the strength there? Why are you guys immune to it? And do you have your full set of MSA strengths over there now to participate in that market?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

We do. We compete across all our product lines in China. We manufacture some products in China for China. And one of the things to keep in mind with our business is fire service represents a good part of our business on a global basis. And in China, we've built a very nice brand with our fire service market. And as I mentioned in my comments, fire helmets were fairly strong in China this past quarter, along with breathing apparatus. So we continue to do a nice job in penetrating the fire service market business in China. And that -- the fire service market, on a global basis, doesn't run on the same economic cycles as the general industrial business. And so when you look at our profile in that area, we've grown that nicely, whether it's breathing apparatus, fire helmets, thermal imaging cameras and even gas detection -- portable gas detection into the fire service. And specifically to the Americas, the Globe turnout gear business.

And so the way we built this portfolio is, is we're not tied to any one specific market or area. So as the industrial market might soften a bit for some of those short-term products, such as head protection, head protection has not been robust. We have products in other categories that'll do well for us. And that's what we're experiencing in some of those areas.

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

Great. Maybe -- and this might be something you guys talk about at the Analyst Day. But I know -- I think LUNAR is having a bigger launch or an actual launch next year. And then you just went through this, obviously, G1 certification. Just curious where it all ties in? If there are any hurdles to launch in LUNAR next year? How material or important of a product that's going to be? And where you stand versus the competition in terms of launches? Or if everybody's got to go through a certification process, et cetera? So any more color on that would be great.

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

Sure. No, we're really excited about LUNAR. I've sat through some customer feedback sessions on LUNAR with fire departments, just like you get a first-hand view of what they're saying and the reaction. And the reaction to LUNAR has exceeded my expectations. I can tell you that the fire departments are excited to get it. A couple of them wanted to place orders for it before we've even started shipping or launching. We're really excited about that. We're progressing. It's a new product. We're pulling together a lot of new technology to develop LUNAR and that new tool for the fire service. We expect to ship that sometime, hopefully, in the second quarter next year. But it's certainly generating a lot of excitement, and we're tracking to have a finished product that we can show at FDIC. We have some working prototypes that we've been using with departments, and getting some real good customer feedback on it. Really excited about that. And so that product really doesn't tie in to today, the G1, but it will. So we'll have some opportunity to leverage our position with the G1 breathing apparatus with LUNAR. But what's really exciting about LUNAR is we can go into competitive departments around the world and sell that product. And we've got some really good leverage with customers throughout the world with our broad product portfolio. And we think we've got a pretty exciting product there.

We don't have pricing nailed down yet. We're not at that phase to put a fine point on the size of the market or the size of the price, so to speak. But we're pretty excited about the technology and very excited about how that may enhance and protect firefighters' lives going forward.

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

Okay. That's really helpful. And it sounds really exciting. Last thing, I'll jump off. Anything in particular or specific high-level numbers we should be thinking about to expect now with the numbers are, obviously? But what numbers we should expect to get from you guys, et cetera, in November to explore any kind of preparation before that we should have?

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

So we're working through, and I think you're leaning towards 2020, I guess. Is that what you're asking about?

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

Yes.

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

We're working through it.

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

2020 and then long term, yes.

Nishan J. Vartanian ***MSA Safety Incorporated - President, CEO & Director***

We're working through our plans. We continue to work through our plans for 2020, and putting a finer point on that. But we -- as we've said in the past, and I think I was pretty clear, that we expect mid-single digit revenue growth for this business through '19 and into 2020 and into the future. We do a pretty nice job in how we position ourselves from a product standpoint. We continue to improve ourselves from a competitive position within the marketplace. Doing a great job with our talent pipeline. We've got some fantastic people in this organization that just rally around and are focused on the mission of this company of protecting people's lives. And we think we can continue to do a nice job in our top line and efficiencies and profitability of the company going forward. So we'll talk more about that in November.

Operator

Seeing that we have no more questions, at this time, I would like to turn the conference back over to Elyse Lorenzato for any closing remarks.

Elyse Lorenzato ***MSA Safety Incorporated - Director of IR***

Thanks, Drew. On behalf of our entire team here, we want to thank you, again, for joining us this morning. If you missed a portion of the conference call, an audio replay and transcript will be available on our IR website for the next 90 days. We look forward to talking with you again soon and seeing many of you at our Investor Day on November 11.

Operator

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