



FOR IMMEDIATE RELEASE

FROM: MSA Safety Incorporated

Ticker: MSA (NYSE)

Media Relations Contact: Mark Deasy (724) 741 - 8570

Investor Relations Contact: Ken Krause (724) 741 - 8534

MSA Announces Second Quarter Results

Local currency sales growth of 11 percent driven by a surge in G1 SCBA sales

PITTSBURGH, July 22, 2015 - Global safety equipment manufacturer MSA Safety Incorporated (NYSE: MSA) today reported results for the second quarter of 2015.

Quarterly Highlights

- Reported revenue was \$287 million, up 2 percent from the second quarter of 2014. Income from continuing operations was \$24 million or \$0.62 per diluted share. Adjusted earnings were \$25 million or \$0.67 per diluted share, increasing 12 percent from the second quarter of 2014.
- Core sales grew 10 percent on a local currency basis in the quarter, with strong performance in fire service products and fixed gas and flame detection (FGFD) systems. This was offset by continued weakness in portable gas detection and industrial head protection, which are more exposed to employment levels within the energy market vertical.
- Local currency sales of self-contained breathing apparatus (SCBA) increased 41 percent globally, driven by a 90 percent increase in North America, as the manufacturing ramp up of the company's groundbreaking G1 SCBA platform continues to gain traction. Global SCBA backlog at the end of the quarter was \$77 million, compared to \$82 million at the end of the first quarter of 2015 and almost \$40 million at this same time a year ago.
- Despite significant weakness in Brazil on recessionary conditions and a slower growth environment in Asia, local currency sales across emerging markets increased 9 percent. This improvement was supported by large order shipments in the Middle East and Mexico.
- R&D investments made in new products are generating strong returns, as products developed and launched within the last five years represented 45 percent of quarterly core product revenue, compared to 32 percent a year ago.
- In the quarter, MSA used \$12 million of cash flow to fund dividend payments, \$7 million to repurchase common stock to offset dilution as part of its newly authorized \$100 million stock repurchase plan and \$4 million to service debt obligations as it continues to reduce leverage.

(more)

Comments from Management

“Our quarterly results reflect our team's highly focused execution of our strategy, despite challenging conditions that continue to impact certain areas of our business,” said William M. Lambert, MSA Chairman, President and CEO. “While certain MSA products that are more closely aligned with employment levels in the energy market continued an expected weak trajectory, we realized double-digit sales growth in SCBA, FGFD and fire helmets in the quarter. Incoming order pace for the G1 SCBA remains strong, the backlog pipeline is robust and we're hitting our stride from a production standpoint,” Mr. Lambert continued, explaining that G1 SCBA manufacturing in June reflected the highest level of monthly production to date. He also noted that overall sales growth is 7 percent year-to-date on a local currency basis, tracking at the high end of the company's targeted range of mid-single digit sales growth for 2015.

“Although we saw strong sales and earnings growth in the quarter, headwinds associated with lower commodity prices, economic conditions in certain emerging markets and weakness in foreign currencies weighed on our results,” Mr. Lambert said. “Looking ahead, I expect these challenges to persist into the second half of 2015. However, the demand we're seeing for the G1 SCBA and our sizable backlog in this area provides momentum as we head into the third quarter, helping us navigate these headwinds,” he concluded.

(more)

MSA Safety Incorporated
Condensed Consolidated Statement of Income (Unaudited)
(In thousands, except per share amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------------|------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net sales | \$ 287,011 | \$ 282,493 | \$ 543,719 | \$ 547,538 |
| Other income, net | 94 | 45 | 735 | 401 |
| | <u>287,105</u> | <u>282,538</u> | <u>544,454</u> | <u>547,939</u> |
| Cost of products sold | 156,522 | 152,823 | 296,407 | 296,053 |
| Selling, general and administrative | 77,588 | 82,835 | 158,956 | 168,076 |
| Research and development | 12,984 | 11,943 | 23,898 | 23,184 |
| Restructuring and other charges | 227 | 857 | 958 | 2,757 |
| Interest expense | 2,502 | 2,594 | 4,975 | 5,124 |
| Currency exchange losses (gains), net | 1,557 | (309) | (991) | 43 |
| | <u>251,380</u> | <u>250,743</u> | <u>484,203</u> | <u>495,237</u> |
| Income from continuing operations before income taxes | 35,725 | 31,795 | 60,251 | 52,702 |
| Provision for income taxes | 12,350 | 9,753 | 27,734 | 17,357 |
| Income from continuing operations | 23,375 | 22,042 | 32,517 | 35,345 |
| Income from discontinued operations | 470 | 453 | 778 | 1,067 |
| Net income | <u>23,845</u> | <u>22,495</u> | <u>33,295</u> | <u>36,412</u> |
| Net loss (income) attributable to noncontrolling interests | 453 | (7) | 685 | 102 |
| Net income attributable to MSA Safety Incorporated | <u>24,298</u> | <u>22,488</u> | <u>33,980</u> | <u>36,514</u> |
| Income from continuing operations | 23,722 | 22,132 | 33,038 | 35,654 |
| Income from discontinued operations | 576 | 356 | 942 | 860 |
| Net income attributable to MSA Safety Incorporated | <u>24,298</u> | <u>22,488</u> | <u>33,980</u> | <u>36,514</u> |
| Earnings per share attributable to MSA Safety Incorporated common shareholders: | | | | |
| Basic | | | | |
| Income from continuing operations | \$0.63 | \$0.59 | \$0.88 | \$0.96 |
| Income from discontinued operations | \$0.02 | \$0.01 | \$0.03 | \$0.02 |
| Net income | <u>\$0.65</u> | <u>\$0.60</u> | <u>\$0.91</u> | <u>\$0.98</u> |
| Diluted | | | | |
| Income from continuing operations | \$0.62 | \$0.58 | \$0.87 | \$0.94 |
| Income from discontinued operations | \$0.01 | \$0.01 | \$0.03 | \$0.02 |
| Net income | <u>\$0.63</u> | <u>\$0.59</u> | <u>\$0.90</u> | <u>\$0.96</u> |
| Basic shares outstanding | 37,351 | 37,128 | 37,323 | 37,072 |
| Diluted shares outstanding | 37,826 | 37,719 | 37,807 | 37,669 |

(more)

MSA Safety Incorporated
Condensed Consolidated Balance Sheet (Unaudited)
(In thousands)

| | <u>June 30, 2015</u> | <u>December 31, 2014</u> |
|---|-------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 88,134 | \$ 105,998 |
| Trade receivables, net | 218,833 | 211,440 |
| Inventories | 150,415 | 122,954 |
| Other current assets | 75,226 | 57,477 |
| Total current assets | <u>532,608</u> | <u>497,869</u> |
| Property, net | 144,955 | 151,352 |
| Prepaid pension cost | 79,330 | 75,017 |
| Goodwill | 248,416 | 252,520 |
| Other noncurrent assets | 281,270 | 288,034 |
| Total assets | <u><u>1,286,579</u></u> | <u><u>1,264,792</u></u> |
| Liabilities and shareholders' equity | | |
| Notes payable and current portion of long-term debt | \$ 6,667 | \$ 6,700 |
| Accounts payable | 80,465 | 70,210 |
| Other current liabilities | 194,223 | 157,147 |
| Total current liabilities | <u>281,355</u> | <u>234,057</u> |
| Long-term debt | 263,000 | 245,000 |
| Pensions and other employee benefits | 165,272 | 174,598 |
| Deferred tax liabilities | 28,334 | 26,306 |
| Other noncurrent liabilities | 16,059 | 46,198 |
| Total shareholders' equity | <u>532,559</u> | <u>538,633</u> |
| Total liabilities and shareholders' equity | <u><u>1,286,579</u></u> | <u><u>1,264,792</u></u> |

(more)

MSA Safety Incorporated
Condensed Consolidated Statement of Cash Flows (Unaudited)
(In thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------------|------------------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | \$ 23,845 | \$ 22,495 | \$ 33,295 | \$ 36,412 |
| Depreciation and amortization | 8,727 | 7,656 | 15,664 | 15,115 |
| Change in working capital and other operating | (8,196) | (24,238) | (41,246) | (36,217) |
| Cash from operations | <u>24,376</u> | <u>5,913</u> | <u>7,713</u> | <u>15,310</u> |
| Capital expenditures | (8,546) | (7,324) | (16,015) | (14,528) |
| Property disposals | 7,969 | — | 7,969 | — |
| Cash from investing | <u>(577)</u> | <u>(7,324)</u> | <u>(8,046)</u> | <u>(14,528)</u> |
| Cash dividends paid | (11,969) | (11,320) | (23,522) | (22,501) |
| Change in debt | (3,549) | 4,886 | 18,004 | 20,183 |
| Share repurchase program | (7,104) | — | (7,104) | — |
| Other financing | 480 | 1,621 | (255) | 2,075 |
| Cash from financing | <u>(22,142)</u> | <u>(4,813)</u> | <u>(12,877)</u> | <u>(243)</u> |
| Exchange rate changes | <u>176</u> | <u>195</u> | <u>(4,654)</u> | <u>(621)</u> |
| Increase (decrease) in cash | <u><u>1,833</u></u> | <u><u>(6,029)</u></u> | <u><u>(17,864)</u></u> | <u><u>(82)</u></u> |

(more)

MSA Safety Incorporated
Segment Information (Unaudited)
(In thousands)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-------------------------------------|--------------------------------|----------------|------------------------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net sales | | | | |
| North America | \$ 156,193 | \$ 138,782 | \$ 289,757 | \$ 268,303 |
| Europe | 75,317 | 78,883 | 141,330 | 153,821 |
| International | 55,501 | 64,828 | 112,632 | 125,414 |
| Total | <u>287,011</u> | <u>282,493</u> | <u>543,719</u> | <u>547,538</u> |
| Net income (loss) | | | | |
| North America | \$ 22,253 | \$ 19,407 | \$ 36,684 | \$ 33,667 |
| Europe | 6,596 | 6,780 | 2,159 | 10,232 |
| International | 2,989 | 3,172 | 6,651 | 7,763 |
| Corporate | (7,655) | (7,473) | (12,492) | (15,359) |
| Reconciling Items | (461) | 246 | 36 | (649) |
| Income from continuing operations | <u>23,722</u> | <u>22,132</u> | <u>33,038</u> | <u>35,654</u> |
| Income from discontinued operations | <u>576</u> | <u>356</u> | <u>942</u> | <u>860</u> |
| Total | <u>24,298</u> | <u>22,488</u> | <u>33,980</u> | <u>36,514</u> |

The Corporate segment was established on January 1, 2015 to reflect the activities of centralized functions in our corporate headquarters and to capture results in a manner that the chief operating decision maker reviews. The corporate segment primarily consists of administrative expenses and centrally-managed costs such as interest expense and foreign exchange gains or losses. Additionally, effective January 1, 2015, we changed the allocation methodology applied to Research and Development expense. The 2014 segment results have been recast to conform with current period presentation.

(more)

MSA Safety Incorporated
 Supplemental Segment Information (Unaudited)
 Local Currency Revenue Growth

Three Months Ended June 30, 2015

| | Consolidated | North America | Europe | International |
|-------------------------------|--------------|---------------|--------|---------------|
| Breathing Apparatus | 41 % | 90 % | 1 % | (8)% |
| Fire and Rescue Helmets | 11 % | (3)% | (10)% | 146 % |
| Fixed Gas and Flame Detection | 10 % | 6 % | 21 % | — % |
| Fall Protection | — % | 8 % | (12)% | (13)% |
| Portable Gas Detection | (5)% | (18)% | 12 % | 17 % |
| Industrial Head Protection | (9)% | (8)% | 20 % | (16)% |
| Core Sales | 10 % | 15 % | 9 % | — % |
| Non-Core Sales | 12 % | 10 % | 35 % | (11)% |
| Net Sales | 11 % | 14 % | 16 % | (3)% |

Six Months Ended June 30, 2015

| | Consolidated | North America | Europe | International |
|-------------------------------|--------------|---------------|--------|---------------|
| Breathing Apparatus | 34 % | 77 % | 2 % | (8)% |
| Fire and Rescue Helmets | 12 % | 1 % | (2)% | 93 % |
| Fixed Gas and Flame Detection | 9 % | 8 % | 4 % | 23 % |
| Fall Protection | 3 % | 6 % | 5 % | (2)% |
| Portable Gas Detection | (4)% | (18)% | 19 % | 15 % |
| Industrial Head Protection | (8)% | (8)% | 19 % | (14)% |
| Core Sales | 9 % | 12 % | 6 % | 5 % |
| Non-Core Sales | 2 % | (4)% | 23 % | (12)% |
| Net Sales | 7 % | 9 % | 10 % | — % |

(more)

MSA Safety Incorporated
 Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures
 Adjusted Earnings / Earnings per Share (Unaudited)
 (In thousands, except per share amounts)

| | Three Months Ended June 30, | | % Change | Six Months Ended June 30, | | % Change |
|---|--------------------------------|---------|-------------|------------------------------|---------|-------------|
| | 2015 | 2014 | | 2015 | 2014 | |
| Income from continuing operations attributable to MSA Safety Incorporated | 23,722 | 22,132 | 7.2% | 33,038 | 35,654 | (7.3)% |
| Nonrecurring tax charges associated with European reorganization | — | — | | 7,605 | — | |
| Income from continuing operations excluding nonrecurring tax charges | 23,722 | 22,132 | 7.2% | 40,643 | 35,654 | 14.0% |
| Asset related loss, net | 332 | — | | 332 | — | |
| Foreign currency loss / (gain), net | 1,557 | (309) | | (991) | 43 | |
| Self insured legal settlements and defense costs | 256 | 140 | | 342 | 2,257 | |
| Restructuring charges | 227 | 857 | | 958 | 2,757 | |
| Income tax expense on adjustments | (820) | (211) | | (214) | (1,665) | |
| Adjusted earnings | 25,274 | 22,609 | 11.8% | 41,070 | 39,046 | 5.2% |
| Adjusted earnings per diluted share | \$ 0.67 | \$ 0.60 | 11.7% | \$ 1.09 | \$ 1.04 | 4.8% |

Management believes that adjusted earnings and adjusted earnings per share are useful measures for investors when analyzing ongoing operating trends. There can be no assurances that additional special items will not occur in future periods, nor that MSA's definition of adjusted earnings is consistent with that of other companies. As such, management believes that it is appropriate to consider both net income determined on a GAAP basis as well as adjusted earnings.

(more)

About MSA:

Established in 1914, MSA Safety Incorporated is the global leader in the development, manufacture and supply of safety products that protect people and facility infrastructures. Many MSA products integrate a combination of electronics, mechanical systems and advanced materials to protect users against hazardous or life-threatening situations. The company's comprehensive line of products is used by workers around the world in a broad range of markets, including the oil, gas and petrochemical industry, the fire service, the construction industry, mining, and the military. The company's core products include self-contained breathing apparatus, fixed gas and flame detection systems, portable gas detection instruments, industrial head protection, fire and rescue helmets and fall protection devices. With 2014 revenues of \$1.1 billion, MSA employs approximately 5,000 people worldwide. The company is headquartered north of Pittsburgh in Cranberry Township, Pa., and has manufacturing operations in the United States, Europe, Asia and Latin America. With more than 40 international locations, MSA realizes approximately half of its revenue from outside North America. For more information, visit MSA's website at www.MSAafety.com.

Cautionary Statement Regarding Forward-Looking Statements:

Except for historical information, certain matters discussed in this press release may be 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 herein. Any number of factors could cause actual results to differ materially from projections or forward looking statements, including without limitation global economic conditions, spending patterns of government agencies, competitive pressures, product liability claims, the success of new product introductions, currency exchange rate fluctuations and the risks of doing business in foreign countries. A full listing of these risks, uncertainties and other factors are detailed from time-to-time in our filings with the United States Securities and Exchange Commission ("SEC"), including our most recent Form 10-K filed on February 25, 2015. You are strongly urged to review all such filings for a more detailed discussion of such risks and uncertainties. MSA's SEC filings are readily obtainable at no charge at www.sec.gov, as well as on its own investor relations website at <http://investors.MSAafety.com>. MSA undertakes no duty to publicly update any forward looking statements contained herein, except as required by law.

Non-GAAP Financial Measures

This earnings release includes certain non-GAAP financial measures. These financial measures include adjusted earnings and adjusted earnings per diluted share. The presentation of these financial measures does not comply with U.S. generally accepted accounting principles ("GAAP"). For an explanation of these measures, together with a reconciliation to the most directly comparable GAAP financial measure, see the Reconciliation of As Reported Financial Measures to Non-GAAP Financial Measures in the financial tables section above.