31-Jul-2026

MSA Safety, Inc. (MSA)

Q2 2026 Earnings Call

CORPORATE PARTICIPANTS

Tyler Herzing
Senior Manager-Investor Relations, MSA Safety, Inc.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.

OTHER PARTICIPANTS

Quinn T. Fredrickson
Analyst, Robert W. Baird & Co., Inc.

Jeff Van Sinderen
Analyst, B. Riley Securities, Inc.

Ross Sparenblek
Analyst, William Blair & Co. LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the MSA Safety Second Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Tyler Herzing. Please go ahead.

Tyler Herzing
Senior Manager-Investor Relations, MSA Safety, Inc.

Thank you. Good morning and welcome to MSA Safety's second quarter 2026 earnings conference call. This is Tyler Herzing, Senior Manager of Investor Relations. I'm joined by Steve Blanco, President and CEO; Julie Beck, Senior Vice President and CFO; and Stephanie Sciullo, President of our Americas Segment. During today's call, we will discuss MSA Safety's second quarter 2026 financial results and provide an update on our full year 2026 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 statement made on this call except as required by law. We have included certain non-GAAP financial measures as part of our discussion this morning. The non-GAAP reconciliations are available in the appendix of today's presentation. The presentation and press release are available on our Investor Relations website at investors.msasafety.com.

Moving on to today's agenda, Steve will first provide an update on the business. Julie will then review our second quarter 2026 financial performance and 2026 outlook. Steve will then provide closing remarks. He will then open the call for your questions.

With that, I'll turn the call over to Steve Blanco. Steve?

Steven C. Blanco

President, Chief Executive Officer & Director, MSA Safety, Inc.

Thanks, Tyler, and good morning, everyone. Again, we appreciate your continued interest in MSA Safety. I'm on slide 6. The team performed well in the second quarter as we continued to serve our singular mission of protecting workers around the world while advancing the commitments outlined in our Accelerate strategy. For the second quarter, we achieved 6% reported sales growth and delivered robust margin expansion with adjusted earnings per share of $2.40, up 24% from last year. We also generated strong free cash flow, which enabled $47 million of returns to shareholders via buybacks and dividends. In addition, we completed the acquisition of Autronica Fire and Security in early July.

Looking at sales by product category, organic Detection sales were consistent with the prior year as mid-single-digit growth in portable gas detection was offset by a low single-digit decline in fixed monitoring where demand and shipment activity were impacted by the ongoing conflict in the Middle East. In the Americas, we saw strong growth in fixed and portable gas detection, delivering high single-digit growth on top of a double-digit growth comparison from the prior year. In Fire Service, organic sales decreased 2% year-over-year primarily due to lower SCBA sales as 2025 AFG grant-related orders in the Americas have materialized slower than initially expected in the first half. The U.S. Department of Homeland Security remained closed until late May and created order choppiness in the quarter. Moving forward, we remain very encouraged by order momentum that accelerated through the end of June.

In International, SCBA growth in EMEA was offset by softness in APAC. Organic sales in Industrial PPE were up 16%, reflecting healthy demand across our core industrial markets and the broad underlying strength of industrial activity. In Americas, strength was driven by demand tied to the ongoing market adoption of our Type II Safety Helmet, the H2. In International, growth in protective ballistic helmets remained robust, benefiting from the ongoing shift toward defense-related spending in Europe. Our organic orders were strong with a book-to-bill of approximately 1 time, which is above second quarter seasonal patterns. Year-over-year order growth was broad-based across our segments and product categories. Sequentially, we saw similar growth trends.

Moving to slide 7, the progress we're making across the business reflects the strategic actions we've taken to strengthen our portfolio, expand our technology capabilities, and position MSA for long-term growth. Let me highlight a few examples from the quarter demonstrating that execution in action.

First, growth in our H2 safety helmet, which protects workers against vertical and lateral impacts, reflects our commitment to continue leadership in the premium safety markets we serve. Combining the most comprehensive head protection product line in the industry, unmatched brand recognition, and our ability to support large customized orders at scale, we continue to differentiate ourselves in the market and strengthen our competitive positioning with customers.

We also continue to make progress with MSA+ where connected solutions represented more than half of portable gas detection growth in the quarter and now account for 14% of total portable sales versus 10% last year. We're encouraged by the ongoing adoption of MSA+ and early performance indicators of our newly launched ALTAIR io 6 solution as well as the growth we're seeing in the traditional portable gas detection business.

Additionally, the advancement of the MSA business system continues to improve the way we execute across the company. By creating greater discipline and consistency across the enterprise, our teams are finding better ways to serve our customers and enhance productivity. As expected, positive price cost was a contributor to performance in the first half, reflecting the benefits of strategic pricing actions and improved productivity enabled by MBS. While our continuous improvement journey is ongoing, the benefits of those efforts are increasingly evident in the strength of our operating performance and the financial results we delivered in the first half of the year.

Finally, our strong balance sheet and disciplined approach to capital allocation continue to provide meaningful strategic flexibility. In the first half, we returned $118 million to shareholders, a 45% increase from the prior year and increased our dividend for the 56th consecutive year.

With that, I'd now like to turn the call over to Julie to walk through the financial results for the second quarter in more detail and our 2026 outlook.

Julie A. Beck

Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.

Thank you, Steve, and good day, everyone. We appreciate you joining the call. Starting on slide 9 with the quarterly financial highlights, second quarter sales were $503 million, an increase of 6% on a reported basis over the prior year. Sales were up 3% on an organic basis while currency translation was a 2% tailwind and M&C added 1% to overall growth.

GAAP gross margin was 49.5%, an increase of 210 basis points sequentially and 290 basis points over the prior year. Year-over-year gross margin reflects the strength of our MSA business system, including strategic pricing, productivity, value-added engineering efforts as well as favorable transactional foreign exchange. Also included in the quarter was approximately $4 million of tariff refunds, which favorably impacted gross margin by approximately 100 basis points.

Adjusted gross margin excluding tariff refunds trended at approximately 49% for the first half. GAAP operating margin was 22.2%, a 410-basis point increase driven by the gross margin expansion. Adjusted operating margin was 24.1%, up 230 basis points sequentially, and 270 basis points over last year. Excluding the tariff refund, adjusted incremental operating margin was 52%. We continue to invest in our innovative safety products and solutions with research and development expenses of $19 million in the quarter. And we continue to effectively manage SG&A with the year-over-year increase primarily due to M&C SG&A, higher variable compensation and merit inflation, partially offset by cost discipline.

Quarterly GAAP net income increased 37% year-over-year to $86 million while diluted earnings per share increased 40% to $2.23 per share. Increased sales and margin expansion were primary drivers of earnings per share growth with benefits from M&C, lower tariffs, share repurchases, and a lower effective tax rate. On an adjusted basis, diluted earnings per share were $2.40, up 24% from last year.

Now, I'd like to review our segment performance. In our Americas Segment, sales increased 7% year-over-year on a reported basis. 5% of that was organic. We delivered double-digit organic growth in Industrial PPE and high single-digit growth in Detection. Currency translation added a 2% tailwind to reported growth. The adjusted operating margin was 32%, a 290-basis point increase compared to the previous year. The margin improvement was primarily due to strong execution, including strategic pricing, productivity, favorable transactional foreign exchange and lower tariffs, partially offset by inflation. Excluding the tariff refund, adjusted incremental operating margin was 53%.

As expected, sales in our International Segment increased sequentially, growing 17%. Sales increased 5% year-over-year on a reported basis with a 3% contribution from M&C and a 2% tailwind from foreign exchange. Organic sales were consistent with the prior year as strong growth in Industrial PPE offset a double-digit decline in Detection primarily due to the Middle East conflict. Sales in Fire Service were consistent with the prior year.

Adjusted operating margin was 15.5%, 240 basis points above last year and 500 basis points higher than the first quarter on stronger volume. Margin expansion from a year ago was driven by the inclusion of M&C, productivity, and favorable transactional foreign exchange, partially offset by inflation. Adjusted incremental operating margin was 62%.

Now, turning to slide 10. We generated free cash flow of $83 million, which was 96% of earnings, marking a 118% increase in free cash flow generation compared to a year ago on higher operating earnings and lower capital expenditures. First half free cash flow conversion was 94%.

In the second quarter of last year, we made the strategic investment to strengthen our manufacturing footprint at our detection center of excellence in Cranberry Township. Our weighted average interest rate for the quarter was 3.8%. We returned $47 million to shareholders via $26 million of share repurchases and $21 million of dividends. First half capital returns to shareholders totaled $118 million, 45% above first half 2025 levels driven by increased share repurchases.

Now that the Autronica acquisition has closed and consistent with prior messaging, we expect to continue to repurchase shares in the second half, but at a lower rate as we prioritize debt repayment. Liquidity at quarter end was $1.2 billion and our pro forma liquidity post-Autronica is a healthy $600 million. Our M&A pipeline remains robust.

Net debt decreased by $33 million sequentially, and our adjusted net leverage at quarter end was 0.8 times. Including the debt for the acquisition of Autronica, which was financed using a combination of cash on hand and our revolver, pro forma net leverage as of June 30, 2026 is 1.8 times, 0.2 times lower than we discussed for post-acquisition leverage in our last earnings call.

Let's turn to our 2026 outlook on slide 11. Our outlook reflects low double-digit total revenue growth in 2026, supported by our expectations of mid-single-digit organic growth, a mid-single digit contribution from acquisitions, and 1 to 2 points of favorable translational foreign exchange based on current rates.

We maintain our mid-single-digit organic growth outlook, which is supported by our second quarter performance and the overall health of our order book. We have a solid pipeline of opportunities in the US fire business and the global detection market for the second half of the year. We continue to monitor and strategically manage the challenges presented by the geopolitical and macroeconomic environment, most notably in the Middle East. As a reminder, sales in the Middle East represent a mid-single-digit percentage of overall sales. We expect a moderate tempering in gross margin in the second half, which reflects the delayed impact of inflation caused by the Middle East conflict as this higher cost inventory is reflected in our income statement.

Excluding the impact of any new tariffs, we expect full year adjusted gross margin to be in the 47.5% to 48.5% range. For modeling purposes, our interest expense range has increased to $40 million to $43 million. Full year tax rate and pension income remain unchanged. Starting in May and moving forward, our sales growth contributions from M&C will be included in our organic sales number. As we look ahead, we remain focused on executing our Accelerate strategy and are confident in our ability to deliver mid-single-digit organic sales growth in 2026.

With that, I'd like to pass it back to Steve.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

Thank you, Julie. I am on slide 13. Before I close, I do want to take a moment and recognize Dave Howells who retired on July 1 after nearly 45 years with MSA. His career is a testament to the connection so many of our employees feel to our mission and the important work we do every day. Throughout his career, he played an important role in strengthening customer and channel partner relationships around the world. In his role as President MSA International and throughout his years of service, Dave has made a lasting impact on our company. So, on behalf of all of us at MSA, I want to thank Dave for his leadership, partnership, friendship, and many contributions over the course of his career.

We're also excited to officially welcome the Autronica team to the MSA family following the completion of the previously announced transaction in early July. It's been great to see the energy and excitement across both organizations and we're thrilled to have them join the MSA team. I look forward to working together as we begin this next phase of growth. Finally, I'm proud of our team's performance and continued progression of our Accelerate strategy in the second quarter. Thank you to all of our associates for their continued commitment to serving our customers.

With that, I'll turn the call back over to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We'll now begin the question-and-answer session. [Operator Instructions] And our first question comes from Tomo Sano from JPMorgan. Please go ahead.

Q

Good morning. This is [ph] Ethan (00:24:03) on for Tomo. Thanks for taking my question.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Hi, [ph] Ethan (00:24:06).

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.

A

Hi, [ph] Ethan (00:24:06). Good morning.

Q

Good morning. If I recall correctly, you said last quarter that roughly two-thirds of the AFG-related orders were still outstanding and expected to come. Do you expect the bulk of these to kind of come into the second half? And then when looking at more 4Q, do you expect funding to kind of go back to a normalcy or, well, do you anticipate a little bit of slippage into 2027? Thank you.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Yeah. Thanks for the question. So, if we look at the Fire Service, certainly as we parse out the AFG orders from the 25 grants, they've come slower than we anticipated. Our pipelines got the orders in there, but they really just haven't come through as fast as we thought. I would say, as you look at June and July and I talked about this in the prepared remarks, we did see really nice uptick and acceleration of the order pace. As I said in June, but also we've seen the same thing in July. So, that's a good indicator for us that that should continue.

And as far as 2026, the signals on AFG are very positive. FEMA's really indicating a strong desire to accelerate the deliveries versus last year and they've done a nice job thus far working with fire departments really on the application process even though it started later because the government was shut down through mid-May. So, the indicators are really strong for them to action on the 26 grants at a better pace, which I think enables the firefighters and fire departments to do that. So, when we look at the demand signals we have and we think about the pipeline for the second half, we're pretty optimistic about where the Fire Service is going to go. Now, it might lean a little farther into the second half, but and anybody that's followed us for a while understands how this business is lumpy. But we have good confidence there.

Q

Thank you. And then now that all ALTAIR io has kind of been in the field, what has been the initial customer feedback that you've seen? Have you seen any early upticks tracking against your expectations? And it's good to see MSA+ adoption rate of 14% of sales. Do you see this trend kind of continuing to the second half and in the future?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

We do. We do. The short answer is the MSA+ platform, which includes the io 4 and the recently launched io 6, continues to be very well-received by the customer base as well as our other solutions within the portable gas detection market. We talked again about that growth. We still saw growth in that portable gas detection legacy business, but as I noted, we're at 14% of total portables with the MSA+ platform. Io 6 early indicator performance is really good and I expect you're going to see that continue to accelerate.

Again, this is the first year, as we noted, I think I mentioned this in the call earlier this year. That's a longer cycle product. So, it takes a little bit of time for it to build into orders, but we've seen – the order pace has been better than we expected so far, frankly. So, as we continue to see that play out, that's going to have an even bigger impact on that number. So, overall, it's going very well. Customer feedback continues to be super positive, and I think that's going to be just a growing piece of our business in the future.

Q

Thank you.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Thank you.

Operator: The next question comes from Quinn Fredrickson from Baird. Please go ahead.

Quinn T. Fredrickson
Analyst, Robert W. Baird & Co., Inc.

Q

Hi, Steve and Julie.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Good morning, Quinn.

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.

A

Good morning. Hi.

Quinn T. Fredrickson
Analyst, Robert W. Baird & Co., Inc.

Q

Morning. Within Industrial PPE and Other, could you discuss maybe how much of the strength there was short cycle versus ballistic helmet orders and maybe any color on what specific end markets are driving the strength in Americas?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Sure. So, if we start with – you're asking about the international piece on the Industrial PPE. We did see some really nice strength in the protective ballistic helmet side of the business, which we expect to continue as we've seen activity increase there with a lot of the European government spending more money in the defense sector and environment. But we also continue to see nice performance in fall protection and I think that that will be something you see continue in the second half. As we think about just looking at international industrial, really strong quarter overall. We're expecting it to be some solid performance in the second half. The indicators we have in the pipeline of business continue to be really solid across that platform. Certainly, the protective ballistics will be part of that story, but we expect the others to do well as well.

And then in the Americas, the underlying theme really is strong. It's nice to see the industrial strength. You think about infrastructure, really the core industrial investments we're seeing, certainly including some benefits from data centers. But I would have to say you're seeing a nice build-out start to occur as that capital investment on the industrial side is playing out. That coupled with what we talked about with the Type II H2 helmet that we've introduced in the last year, it's really looking pretty positive. The nice thing is we aren't seeing that slowdown. We expect that to continue into the second half and the indicators in July are just that. We're seeing the same strength we saw in the second quarter.

Q

And any update on electronics, supply, and cost? I know some other companies have recently flagged that. Is that becoming more of an issue for you and is that part of the second half moderation in gross margin that you mentioned, or are you still able to manage through that pretty well?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

It is. We are managing through that. We've certainly seen and are managing some of those cost inputs on the electronics side. I'd say the cost is part of the story, which we have certainly accounted for. The second part of the story is just ensuring we have the right inventory in place. So, we have certainly taken an additional inventory and will do so as we go forward to make sure that we have continuity with supply.

So, those two things are right on our radar screen of making sure we don't lose sight of that and I think we're in a good place for that right now. We'd certainly – depending on what happens with that. But as we see and forecast that supply and demand story, I think we've got a good handle on what that looks like in our forecast.

Quinn T. Fredrickson
Analyst, Robert W. Baird & Co., Inc.

Q

Thank you.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

You bet. Thank you.

Operator: The next question comes from Jeff Van Sinderen from B. Riley. Please go ahead.

Jeff Van Sinderen
Analyst, B. Riley Securities, Inc.

Q

Hey. Good morning, everyone.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Morning.

Jeff Van Sinderen
Analyst, B. Riley Securities, Inc.

Q

Just kind of focusing a little bit on the Fire Service. Can you remind us where does the new NFPA standard stand? And then when do you see the replacement cycle really inflecting there?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

The NFPA standard, of course, we launched our product sometime ago and got approval for that. Now, all competitors have approval for the NFPA standard update. So, that is something that's in the rearview mirror and I don't think anybody's really concerned about that going forward. It did certainly slow down as we saw late last year a bit, but not as much as the government challenges. I think you put those two together, it paused a lot of the ordering that we'd hoped to see and it still continues to take a little bit longer than we'd like. But again, that's sometimes that's a fire service.

As we look at the cycle, I would say that when we think of our pipeline of business, we're seeing strengthening pipeline numbers start to show up. So, that's something I would anticipate. It's just going to start playing out in the future years. You're going to see a little bit of that maybe in late 2026, but certainly as you get into 2027, a little bit more and then a little bit more. It wasn't that we had a big drop. I just would note that, too. So, we have seen some moderation over the last few years, but we anticipate that you're going to see an inflection point next year that really reverses itself.

Jeff Van Sinderen
Analyst, B. Riley Securities, Inc.

Q

Okay. Good to hear. And then turning to gross margin for a moment, you had some pretty good expansion there. As we're looking toward kind of the year, I can't believe we're already getting into August, but what gross margin rate should we carry as sort of sustainable exiting 2026? How are you thinking about that?

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.

A

Yeah. So, Jeff, we talked about that we were running in the first half 49% and we're saying 47.5% to 48.5% for the year, which I would – the decline is a little bit of some of those costs that we've talked about, some of it related to the Middle East conflict, whether it's transportation and resins and metallics. And some things like that that are sitting in our balance sheet. And as you know, that it takes 90 to 120 days before those flow through to the margin. So, we're forecasting 47% to 48.5% for the full year and that does include the latest tariff impacts that were announced. So, it's all incorporating. So, we should come out with a run rate of approximately that for the year.

Jeff Van Sinderen
Analyst, B. Riley Securities, Inc.

Q

Okay. And then with your pro forma or I guess your net debt leverage now, I think it's – I think you said 1.8 times. How are you thinking about the M&A pipeline? I know you said it's still robust, but obviously you don't want leverage to get out of control. So, kind of what are you looking at size-wise? How aggressive might you be? How are you thinking about that?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Well, as we've said, the leverage point that we think is a sweet spot for us is 1.5 times to 2.5 times. The fact that we're 1.8 times, we're active in the market to this day. We want to continue to put our capital to work. We've done that. We did that in the first half pretty effectively through M&A as we closed on this Autronica deal in July, but also through some of the buybacks and certainly the dividend.

So, what we anticipate happening is we're going to continue to be active. We've got a great pipeline. We've really accelerated how we look at those pipeline items or those opportunities and we're active in that. We would go over 2.5 times as we've mentioned before, if it's the right deal, but certainly we would de-lever very quickly to make sure we stay within that sweet spot for us, which is that 1.5 times to 2.5 points or times of leverage.

Jeff Van Sinderen
Analyst, B. Riley Securities, Inc.

Q

Okay. Great. Thanks for taking my questions.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.
A

You bet. Thank you.

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.
A

Thanks, Jeff.

Operator: [Operator Instructions] And our next question comes from Ross Sparenblek from William Blair. Please go ahead.

Ross Sparenblek
Analyst, William Blair & Co. LLC
Q

Hey. Good morning, guys.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.
A

Good morning, Ross.

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.
A

Good morning.

Ross Sparenblek
Analyst, William Blair & Co. LLC
Q

Maybe I'll just start on the fixed side, can you help parse out the growth there and size the delay in the Middle East order?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.
A

On the – I'm sorry, Ross.

Ross Sparenblek
Analyst, William Blair & Co. LLC
Q

The Middle East order timing. Yeah, fixed gas. Sorry.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.
A

Yeah. Thanks for that question. So, the Middle East remains challenged and it's affected really Europe and Asia Pacific as well, Asia Pacific to a lesser degree. But when you think about fixed instrumentation and the early build-outs, the EPCs, those engineering, procurement and construction firms, there's a number of those they're in the Middle East and in Europe. So, those are impacted as well as the Middle East has kind of slowed down and certainly our thoughts and prayers continue to go out to our colleagues in the Middle East and our customers. That's cost us north of a 0.5% of revenue in the first half of the year, frankly. I mean, it's mid-single-digit, but just on a year-over-year, even if we didn't get the growth we hope for, it's been something that is disappointing for sure.

I think the nice thing we are seeing is we're starting to see some activity where there are orders coming in for rebuild and restoration work. But until that's done, I really can't. It's hard for me to put a really nice level of confidence on what that business is going to do because those customers have to deal with the ongoing activity. And that is something, we think, is going to mute the Middle East until we get on the other side of this.

Ross Sparenblek
Analyst, William Blair & Co. LLC

Q

Okay. So, you get the sense that the kind of project pipeline is expanding. If we take out the disruption, any other things you can point to demand-wise on project activity, maybe North America outside of the affected regions?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Americas is fine. I mean, even order pace has increased. If you look at our fixed monitoring order pace or detection overall, order pace has certainly accelerated. We saw some really nice growth in the second quarter on order pace, just trying to make sure we action those. And I don't want to give you a false sense until that Middle Eastern conflict is in the rearview mirror, or at least for the most part till they're able to get the activity up that they want.

Ross Sparenblek
Analyst, William Blair & Co. LLC

Q

And then can you maybe clarify what the tariff impact was in the quarter? I mean, sounds like it was probably 50 basis points of the guidance lift so maybe 200 basis points in the second quarter that's not going to repeat.

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.

A

Yeah. So, we received the tariff refund we talked about was $4 million. So, that had about almost close to 100-basis point, 80-basis point to 90-basis point impact on the quarter's margin. And yes, and any new tariffs are reflected in our margin outlook for the remainder of the year.

Ross Sparenblek
Analyst, William Blair & Co. LLC

Q

Okay. Yeah, that's very helpful. And then just quickly on price. Are you seeing any stabilization in resin prices or transportation? Are you guys are making any, yeah, maybe pre-buy decisions you can hedge to offset if this persists and then ability to continue passing price as you look into first half 2027?

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

I would say where Julie can talk about the numbers specifically, but I would say, Ross, that we certainly have seen some increases. And we're accounting for the second half based on – and part of it's transportation, quite frankly. But Julie?

Julie A. Beck
Senior Vice President, Chief Financial Officer & Treasurer, MSA Safety, Inc.

A

Yeah, we do. We have agreements with our customers and with our suppliers, excuse me, so that helps us as we go through. We do have some index pricing that's in the system and I've reflected those costs based upon what we know today in that gross margin guidance, Ross.

Ross Sparenblek
Analyst, William Blair & Co. LLC

Q

Okay. That's helpful. Thank you, guys

.

Steven C. Blanco
President, Chief Executive Officer & Director, MSA Safety, Inc.

A

Thank you, Ross.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Tyler Herzing for any closing remarks.

Tyler Herzing
Senior Manager-Investor Relations, MSA Safety, Inc.

Thank you. We appreciate you joining the call this morning and for your continued interest in MSA Safety. If you missed the 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.