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MSA Safety, Inc. (MSA)

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MANAGEMENT DISCUSSION SECTION

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Okay. Yeah, we're live here. Good morning and welcome to the session for MSA Safety. I'm Rob Mason, the senior analyst at Baird covering advanced industrial equipment, which includes MSA Safety. And as you're about to hear or already know, MSA Safety is a pure-play provider of sophisticated safety equipment globally and the market leader across a large portion of their product lines. Very pleased to have with me up here on the stage is Steve Blanco, the CEO, and Lee McChesney, CFO. Steve and Lee are going to walk through just a few slides, and then we'll be able to jump right into Q&A. And if you have any of – any questions, send those up to me here, and we'll work those into the conversation.

So, Steve, I'll let you have it.

Steven C. Blanco

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

Thanks, Rob. Thanks for having us, and we're delighted to be here. Thanks for your interest in MSA. So, Lee and I have a couple of slides we'll go through real briefly just to calibrate and get everybody on the same page. And, again, just a reminder on the Safe Harbors relative to forward-looking statements and non-GAAP financials.

And let me tell you a little bit about the company. So, this is a 110-year-old company. We've had the same mission in those 110 years about safety, and that mission is that men and women may work in safety, and they and their families and communities may live in health throughout the world. That grounding enables us to attract and retain the top talent that we have and gives us the capabilities to innovate across our space, which we do very well and we're very proud of. We have an impact where we protect over 40 million workers a year. We've shared that in our Impact Report recently. So, that's on a number of different categories globally. And, again, it's all around safety. That's our mission. We're pure-play. We don't do anything but supporting that mission.

When you look at the organization, on trailing 12-month basis, we're about \$1.8 billion in sales. We do about \$80 million of investment in R&D, which enables a 37% product vitality rate, which is products that have been launched within the last five years. And those enable us to have really nice margins from the gross margin profile and the operating margin category. We manage our capital really well, and we've got a lot of runway to use our liquidity as needed to continue to grow the business organically or inorganically, as the case may be. And we've just finished our 54th year of consecutive dividend increases. This year, we announced an 8.5% increase. So, we continue to return capital to our shareholders while we grow the business.

We go to market in two different segments. We have an International segment that's just under a third of our business and the Americas segment that represents over two-thirds of the business. When you look at those two P&Ls, we then break those down by three product categories, and that's how we serve the markets. So, those product categories include fire service, which represents a roughly 39%, detection 36%, and industrial PPE 25%. So, when you think fire service, think head-to-toe, fire service helmets, the turnout gear. So, the equipment and gear that firefighters use to ensure that they can go into a very extremely dangerous situation with high temperatures and be protected. And then SCBAs, self-contained breathing apparatus, which is another key category, and all those categories, we're market leaders around the world.

When you think detection, think fixed asset detection, so we call that fixed asset monitoring. And those are in a number of sites and locations globally. This enables assets as well as people to be protected. And then portable or wearable devices, and that detection is more of an industrial base type of detection or a different – a number of different markets, but enables the user to have detection devices that they wear personally.

In the industrial PPE space, head protection and fall protection are the main categories there. And we tell you, in all our categories, our brand is the leading brand and we have leading positions in most of those categories.

So, Lee, why don't you take it from here?

Lee Breet McChesney

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

Sure. So, thanks, Steve. Just wanted to maybe take a minute just to talk about our most recent third quarter release, and then just some commentary also on the fourth quarter. So, certainly, when you look at the third quarter, I think resiliency comes to mind here despite a little bit of a sales pressure, [ph] VPY (00:16:51), which is more tied to some order timing and things like that, which can happen with some of the large orders we manage. We still had some really nice, resilient, healthy margins, good strong cash flow and put us in a good place here for the full year.

For the full year, we still talk about having low-single-digit growth, which reflects kind of what we've accumulated throughout the year. And then, frankly, the fourth quarter, we're looking at mid-single-digit growth. That speaks to really the order patterns we've seen in the last six months. That's actually been more in the kind of the mid- to high-single-digit growth levels. Certainly, things like the Air Force contract are helpful. And then just, overall, the resiliency of the business we're seeing in detection and in fire overall.

So, good place or a good trajectory here as we finish out the year. And that really – I'll go to – just, finally, we did have back in May our Investor Day, and we put out 2028 goals, which speaks to a couple of things. It speaks to really the performance of the business over the last – if you look at last five years, last 10 years, really consistent performance, and that gave us the view that we could do this as we look forward here to 2028. So, we think we'll have 3% to 5% growth over the next several years.

Certainly, the business system is coming to life at MSA. You certainly have seen that in the progress with margins so far. We talked about going after 30 to 50 basis points on an annual basis and also, similarly, on a balance sheet perspective, continuing to drive efficiency. That puts out certainly a nice, continued perspective on margin expansion. That would overall lead to an EPS. You can see there that's in excess of \$10.

So, some really good organic targets that we're pursuing based on really this – leading with the things Steve talked about in terms of focusing on innovation and really leveraging the market position we have. And, ultimately, that will drive a really strong cash flow that gives us some optionality as well to certainly continue to invest in the business organically, certainly return to our shareholders at a consistent rate, but also M&A is a really nice optionality here to enhance the portfolio as well. Certainly, it's been important in the last decade. We think it will remain so as you look forward here.

But we'll keep it to that, Rob.

QUESTION AND ANSWER SECTION

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. All right. Perfect. Thanks, Lee. Again, if you have any questions, send those up and I'll work them into the conversation. Steve and/or Lee, just first off, let's go ahead and clear this question. We've been trying to poll most of our companies as they've come through this week, just given the change in – upcoming change in administration and what they're talking about policy wise. China tariffs is one issue. To the extent we do have a more austere government in some areas, any thoughts there around where you might have exposure, AFG funding, stability, durability? But maybe just, first, start off around, I think, China tariffs, maybe we can talk Mexico as well. But your footprint, as of today around manufacturing as well as sourcing to deal with that.

Steven C. Blanco

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

A

Yeah. So, I mean, if we think of what might be coming forward, I would first take back to the historical look, right, because we did experience some tariff activity in the first administration and some continuation. But one of the things we did then and we would plan to do again is to price as required to manage those tariffs. So, that would be our expectation. We're monitoring that. We're looking at what that might be. But like other organizations, until that comes to play, that would be the strategy we would expect to employ because we have strong brands with pricing capability that we've been able to do in the past.

I would say, broadly speaking, our footprint and the way we manufacture is set up that we manufacture typically in region for region. That doesn't mean we don't have the supply chain complexities that others have to deal with. We do, right, where we have some of that we'll work through. So, we'll manage through that. But I think our manufacturing strategy and how we've kind of evolved to support the localized manufacturing for those regions helps us in this. And that's how that play out.

I would – when you think about the funding, we've been around for a long time and, historically speaking, we've been really fortunate that both parties are really, I'd say, very interested in value safety. So the space we're in, from a macro environment, whether it be Republican or Democrat, any congressional discussions we have, they're very supportive of the safety market and what's needed to support safety for the workers. So, we don't anticipate any funding changes. The AFG funding this past year was approved for multi-years. I think it was three

years. So, we think that's intact for a while and we don't expect much. Frankly, I'm not sure of any government plan or decision that would make sense where they say I'm going to take away funding from those first responders that help protect us. And I wouldn't see that being the case going forward.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Makes sense. Just around the current state of the business. Lee, you touched on it a little bit just in terms of we go into the fourth quarter, mid-single-digit growth expectation. To frame that, that is a step-up sequentially on the order of maybe 20% or so. You typically do see some strong fourth quarter seasonality, but just implies some acceleration. Just kind of walk through the confidence level around that step-up and how we get there.

Lee Breet McChesney

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

A

Yeah.

Steven C. Blanco

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

A

Yeah. So, I'll start, and you can – if you got some, Lee, jump in. But it does certainly imply a step-up. But I think one of the things we talked about during the call was this Air Force shift to, by and large, the fourth quarter. We expect most of that order to be shipping, and we have a schedule with the Air Force to do that. So, that plus the incoming we've continued to see and has continued through October really gives us confidence behind the business. And that – as we said during the call, we had really nice year-over-year growth in all three of our business categories, as well as some sequential growth. So, all of those put together, along with the Air Force, is why we feel pretty good about the fourth quarter. And it's still intact with what we had said previously.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Right. And your backlog was up sequentially.

Steven C. Blanco

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

A

Correct.

Lee Breet McChesney

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

A

It's up year to date as well, to help underpin that. You talked about also kind of your backlogs normalizing at this point, too. So, in terms of over-shipping, we're kind of past that point on a go-forward basis.

Steven C. Blanco

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

A

Yeah, pretty much, right?

Lee Breet McChesney

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

A

Yeah. I mean, backlogs normalized. I think Steve described it well. It has a tendency to go from 2Q to 3Q, up a bit as you get some of these larger – we saw that and we saw a bit more, which speaks to things like the Air Force and things like that that we or in our outlook for the fourth quarter.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Maybe since we're talking about government orders, there was a press release today around the Coast Guard business, similar to the Air Force.

Steven C. Blanco

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

A

Right.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Just fill us in on just some of the quantitative aspects and maybe shipment timelines that we could expect there, if you have that level of detail at this point.

Steven C. Blanco

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

A

Sure. So, we're delighted that the Coast Guard chose MSA, and that's what that press release was announcing. And it's really more front loaded. It's a 10-year contract that we have with the Coast Guard. We ship, I think, \$10 million this year and probably \$12 million next year, and then the remainder of that rolls out through the rest of the contract period. But we're excited. That order was one that we were anticipating and was part of our overall expectation, so it's nice that that thing came in and we're working that through the system.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah.

Steven C. Blanco

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

A

Yeah.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

And to the extent, we just kind of walk through your end markets, fire service, who's been just, overall, a durable market.

Steven C. Blanco

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

A

Right.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

You did talk about just kind of the timing of – we have the Air Force, some of the AFG funding releases a little bit later year-over-year from that standpoint. I'm trying to tease out whether the later releases, and you talked about decision making was – is it a change in the fire departments deciding to purchase or is it just – and releasing those orders or is it just solely a function of when the AFG funds were released?

Steven C. Blanco

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

A

Well, it's a combination. So it's – they're in the pipeline. So, none of the orders that we anticipate getting or earning from our customer base have gone to any competitors. But there have been delays in the timing with which these orders come into us. And, certainly, AFG this year was a little delayed from last year, which played a bit of part in that. But it's also, as you know, Rob, we – anybody that's followed MSA, the fire service order pace can be lumpy. We've seen this play out in some previous years. Some years, it seems to come exactly when we think it will. Other years, there's some pretty big order activity that seems to be delayed.

But when we talk to those customers, those customers, no, no, I'm still interested. I want to do this. Our time is just a little bit behind for whatever myriad of reasons. We expect that will continue a little bit, right? But we think all of that business is in the pipeline, which remains solid and consistent, specific to what we're talking about with the funding thing on North America.

So I think that, 2025, we'll talk to at the end of the year more so about what we expect for the year. But when you think of the fire service, there's – those dynamics should – just expect that the lumpiness to be part of the thesis of that business.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Yeah.

Steven C. Blanco

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

A

Right? It's not going to change. We don't expect that to change much.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Okay. We'll touch on the Industrial PPE business, more sensitive probably to PMI indicators [indiscernible] (00:27:21). Arguably, it was a little more resilient as we start – at least we went through the first half of the year relative to PMI. Just what you're seeing there now as the PMI has kind of persisted below 50%?

Steven C. Blanco

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

A

It's choppy. It has held up really well. I mean, we had some nice growth in that business in the third quarter, but it's choppy. It depends on the markets. Europe's a little softer. A couple of the country-specific markets in Germany are a little softer. Here, it's okay. It's not growing at a huge rate, but it's holding in there pretty well. And I think when you look at the employment counts, that's kind of helping us understand that, right? There's not a big change in that number, but we watch that really closely and are managing that business accordingly.

The focus really on Industrial is how do we continue to lean into growing share in fall protection, which could offset a little bit of this if we do see some softening in the unemployment. But the markets, they seem to be pretty resilient overall, which for us is we're pleased with.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

And the elements that allow you to grow share in fall protection, what are we leaning on right now, is it innovation, is it channel?

Steven C. Blanco

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

A

It's a combination. So I would say in North America, it's around the innovation that we have and how we've really changed that dynamic with new technology, new products and solutions in the market. And it's a combination of that, along with our commercial efforts in International. The team is really working on some changes in how they go to market with the customer base that I think will provide some benefit not just short term, but more so, long term.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Is there a supply chain element that can drive that? Principally, it goes to distribution.

Steven C. Blanco

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

A

There's been an issue in the past. Yeah. Supply chain has been more of an issue than benefit in the past. It's been lumpy for fall protection. It's such a short cycle business. The customers that buy fall protection expect it to be on the shelf. So, if we're not able to provide that fall protection on the shelf, then we lose that opportunity to garner that business, which we've seen with some of the past hiccups in the supply chain. So, we're really – that's a focus area for MSA to make sure that we have the right inventory in place for the right products and solutions that the customer wants.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Does that come down to a manufacturing issue? Is this a sourcing [ph] delay (00:29:58)?

Steven C. Blanco

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

A

More sourcing – it's more of a sourcing challenge we've had with – and a couple of suppliers that we've moved away from. We just changed, rationalized our footprint. We closed the factory in Europe and relocated much of that manufacturing to Mexico, to one of our sites in Mexico, which was a – which is a real benefit, as well as another site in the UK. And we expect that's going to have a really nice effect on – positive effect on our ability to deliver to the customers.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Okay.

Steven C. Blanco

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

A

And, again, that's part of that strategy of how we try to manufacture in market for that market.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

I see. We don't often talk about this element of the Industrial PPE, but it did come up, I guess, just around customer timing issues on the ballistic helmets. As we go into 2025, is there – can that be a tailwind as we comp against 2024 or just how to think about that? Again, it's kind of a – we think of it as a noncore business, but it is relevant and it's good profitable business.

Steven C. Blanco

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

A

For international, it's – yeah, it's a super important business. I'd say we'll talk more about 2025 as we wrap 2024. We do expect the ballistic business to pick back up next year.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Yeah.

Steven C. Blanco

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

A

For sure.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Just around your Detection business, just give us the state of the union on that business. That's one that's – externally, it's harder to track some of the dynamics and drivers there. Just how you see both either the portable side and the fixed side just from a demand standpoint?

Steven C. Blanco

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

A

Sure. So, if you think broadly about Detection, this business for us is one that we feel has tremendous growth opportunities. We talked about during our Strategy and Investor Day review, we think this has the highest growth profile of our businesses. It's really industrial technology at its best. And when you look at those markets inside of Detection through the fixed monitoring that we talked about a little bit earlier, right, whether it's asset protection and what we do there, by and large, that's a business that's later cycle for projects.

But what's interesting is 80-plus percent of that business is just this ongoing day-to-day business we have either through expansion of sites and facilities. So, if they've already selected MSA, for example, they're expanding that site. So, another 20 points of Detection. We're getting that business. Or there's replacements that are ongoing for sensors and devices and housings and such. So, that becomes a real nice business that just continues to grow.

And we've added some technology with some of the new offerings we've provided that are best-in-class and also provide a ton of customer cost of ownership benefits. So, that business continues to do well. We would expect,

when you think of that business, it supports a market that we see over the next 5 to 10 years growing in the low-to mid-single digit, perhaps a little bit higher depending on what the economic growth is globally.

So, it's got really nice tailwinds. It supports traditional energy as well as new energy. Our solutions hit both of those really well, and we're seeing some really nice growth in those categories.

In portable gas detection, we have a suite of products there that are all wearable, as we talked about before. But we've leaned into recently those connected solutions through our MSA+, which we've been on this journey for a while. Our latest offering in the MSA+ portfolio and branding came out a couple of years ago, and we're starting to see some real replication and growth here. What we like about this Detection business is that for the customer, our diversity of solutions enables them to pick what they think fits their needs. So, we still have this consistent core business that's that discrete product that they can buy. And now we have the connected solution that we sell through a set of different options. But, typically, it's a leased product that they do over a three-year period. And then they have different capabilities that we provide them for a fee.

So, that business has been doing extremely well and the growth there has been really nice and it's becoming a meaningful piece of the business, which I think we'll see more of in the next few years. We expect that to continue to grow. Again, we're going to sell the way the customer wants to buy. We're kind of expecting that to be a real catalyst for growth, but it's going to be driven by our customers.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. And if you think about that, I'm sure you were landing new customers. There's some conversion of existing customers to that. If you think about it from the standpoint of conversion, what's the three – if it's a three-year contract, what's the net lift to the revenue pool from that?

Steven C. Blanco

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

A

Well, it's a – I mean, you only get – you recognize the revenue for one year, right, of – or a third of the revenue during that one year. But I don't know what the lift is on...

Lee Breet McChesney

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

A

Yeah. Well, it depends what they sign up for. So, there's a suite of solutions that could – in terms of everything, up to analytics and reporting. So, there's 2x, 3x type revenue scenarios that can play out there. As Steve said, we've been doing this for a couple of years. We've seen a nice healthy diversity of groups signing up for all. And then you see people coming the entry point and then turning on different solutions as they kind of understand how they can use it more. But it's a [ph] sequence (00:36:00). It's a growing part of the portable business. And, certainly, two years in, I think it's going to be just another catalyst to what's already been a healthy business for us just in portables overall.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Yeah. And if I just go back to the conversation around fixed, the components of growth there, the replace – if I heard you, replacement – just replacement sensors, you're seeing an about 60% of that business. Did I hear that correctly? Plus the installed base, maybe walk it up to 80%.

Steven C. Blanco

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

A

Yeah. About 80% of the business is the ongoing day-to-day, what we would call day-to-day, which includes replacement of sensors, just the ongoing new individual points of detection, and probably up to 20% is the new project business...

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Okay.

Steven C. Blanco

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

A

...if you have a heavy project here. But when that market – as I said, it's a later cycle. When that market's slower, right, and you see that decelerate, it's really – the only thing that falls off there is some of that project business, right? The rest of that business stays. So, if the project business goes from X amount to – I think goes in – goes to half of 75%, that affects that 20%. But that core business continues to go. So, back in 2014 when we had a pretty good economic decline, that business was down low to mid-single digits for that one year, which is really – it just – it speaks to that business, and the margin profile is very strong.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

And you're seeing out of the project business right now what's the tempo.

Steven C. Blanco

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

A

We're not seeing anything slow down. We're seeing a lot of activity, specifically in Latin America and the Middle East, a decent amount of activity in North America. But Latin America and the Middle East, there's quite a bit of activity.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Maybe a good time, you kind of touched on a little bit just the overall connected worker strategy, that MSA gas detection is one element of that. And where else is this starting to proliferate in the portfolio?

Steven C. Blanco

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

A

Well, this connected work plays in a lot of the different categories we talked about. So, where we're seeing it as a revenue generation category is the portable instruments at this stage. And that's because the industrial customer and the customers that typically use portable instruments are really more – they're more active in this continuous improvement in this cost of ownership model. So, we've leaned into that. The customers embrace that. But we also have connected solutions inside of Fire Service. We have over 200,000 of our SCBA that are connected right now. That's not an independent revenue generation area yet, but that's going to turn into one sometime in the future as we marry up our technology and capabilities with the needs of the Fire Service and they mature to the point where they use that. Our expectations is that that will follow at some point in the future.

Again, we're trying to make sure we match the customer's needs in a way that adds value to them and helps them be even better at what they do and focus on fighting fires and protecting all of us.

On the Industrial side, we're seeing the same thing in fall protection. Customer interest in taking fall protection from just a protective device that helps you if you happen to have an incident to something where you are behavior based. So, think of a fall protection device where the – where you can't operate a forklift if you're not connected. You can't do your job if you're not connected appropriately. And we help with that by making sure that the device has that kind technology in it or where they

can monitor as an industrial safety specialist or a site leader can monitor the entire site on who is utilizing our products correctly. Whereas now, they would specifically walk around the site, and, of course, you're not going to be able to see that everybody's using their devices. So that's an area where we're really leaning into and the customers are very interested in it because falls continue to be the number one OSHA violation in the United States and globally the number one cause of deaths in the workplace.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Q

Yes, yes. We're moving quickly through our session. So I want to save time, but at least touch on capital allocation and how you're thinking about the use of the good free cash flow that you're generating and your balance sheet leverage levels in a much more flexible place than they were 18 months ago. So what's the priority for you? Dividend, dividend growth, we know that, but just where I'm getting at, M&A priorities and...

Lee Breet McChesney

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

A

Glad you asked about that, as part of our journey in the past. So yeah. So as you said, we're in a very good place. Our history is very strong. [indiscernible] (28:29) when you look at the balance sheet where it stands, debt levels, things like that. Number one is always going to be, and we talked about this, a third going into just organic growth. So, a lot of the elements Steve and I just talked on, these growth elements, that's where the highest rate of return is. You'll see us – you'll see that the R&D factor, you'll see the [indiscernible] (28:48) factor, that's us focus on organic growth. We did also make sure as clarification this year in the Investor Day, a third goes return to shareholders. So it's – whether it's our seller dividend history going back to 1948 or also making sure we offset any type of share count increase, we're focused on buying – doing buybacks to take that off the table. And that leaves about a third for M&A. And M&A has again been important and we really reiterated how important it is as we go forward here as a complement to this organic growth story we have here. And we're focused in finding things that are [indiscernible] (29:32) to our existing businesses and we are in a marketplace looking but we're going to be disciplined, but we're optimistic that there'll be something that comes out over the next year or so.

Robert W. Mason

Analyst, Robert W. Baird & Co., Inc.

Okay. Perfect. We're at time. We'll wrap there. There is a breakout session afterwards. So if you have any questions, join us there. Thanks, Steve. I appreciate it.

Lee Breet McChesney

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

Thanks, Rob.

Steven C. Blanco

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

Thanks, Rob. I appreciate it.

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