



MSA Safety Inc. (MSA)

Updated May 12th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$161	5 Year CAGR Estimate:	9.5%	Market Cap:	\$6.35 B
Fair Value Price:	\$172	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	05/15/25
% Fair Value:	94%	5 Year Valuation Multiple Estimate:	1.3%	Dividend Payment Date:	06/10/25
Dividend Yield:	1.3%	5 Year Price Target	\$242	Years Of Dividend Growth:	55
Dividend Risk Score:	A	Sector:	Industrials	Rating:	Hold

Overview & Current Events

MSA Safety Incorporated, formerly Mine Safety Appliances, was founded in 1914. Today, it develops and manufactures safety products. Customers come from a variety of industrial markets, including oil & gas, fire service, construction, mining, and the military. MSA Safety's major products include gas and flame detection, air respirators, head protection, fall protection, air purifying respirators, and eye protection gear. The \$6.35 billion market cap company employs about 5,000 people worldwide and has increased its dividend for 55 years.

On April 29th, 2025, MSA released its Q1 results for the period ending March 31st, 2025. For the quarter, revenue came in at \$421.3 million, up 2% compared to Q1-2024. More specifically, the Americas segment's sales were down 1% while the International segment's sales rose by 9%.

MSA's adjusted operating margin declined slightly by 50 basis points to 20.8% compared to last year. Hence, adjusted earnings came in at \$66.4 million, 5% higher from \$63.5 million last year, despite the soft Americas performance. Adjusted EPS improved by 4% to \$1.68.

MSA's management expects low-single digit full-year organic sales growth in 2025. We expect FY2025 adjusted EPS to land close to \$8.20.

On May 2nd, 2025, MSA Safety raised its dividend by 3.9% to a quarterly rate of \$0.53.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.52	\$2.77	\$3.65	\$4.50	\$4.80	\$4.50	\$4.68	\$5.65	\$7.03	\$7.70	\$8.20	\$11.50
DPS	\$1.27	\$1.31	\$1.38	\$1.49	\$1.64	\$1.71	\$1.75	\$1.82	\$1.87	\$2.00	\$2.12	\$2.84
Shares¹	37	38	38	39	39	39	39	39	39	39	39	42

Note that we have used adjusted earnings in the table above. MSA has put together a solid growth record in the past decade, growing by an average rate of 13.2% per year from 2015 through 2024. Results in 2020 fell moderately, with earnings declining by 7%, which was not unexpected given the market conditions (i.e., COVID-19 pandemic) at the time. However, earnings bounced back in 2021 and hit new all-time highs in 2022, 2023, and 2024.

MSA's acquisition of Globe Manufacturing in 2017 boosted the company's revenue growth profile and provided the company with an expansion into new product categories, such as protective clothing for firefighters. Innovations such as the thermal imaging camera in the self-contained breathing apparatus and the company's V-Series line of fall protection have helped as well. In addition, the Sierra Monitor acquisition, Bristol Uniforms acquisition, Bacharach acquisition, and a strong backlog cement the idea of the possibility of continued growth. Most of MSA's products continue to be in high demand in the current environment.

Over the intermediate term, we are assuming a 7% annual growth. MSA has grown its dividend for 55 consecutive years, earning the prestigious title of Dividend King. We believe the company's resilient business model and ample coverage

¹ In millions.

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from earnings is going to sustain continuous dividend increases in the future. We also expect the dividend to grow by 6% per annum through 2030.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	18.5	18.9	20.6	20.7	22.6	28	38.1	23.7	20.4	22.7	19.7	21.0
Avg. Yld.	2.7%	2.5%	1.8%	1.6%	1.5%	1.4%	1.1%	1.4%	1.3%	1.1%	1.3%	1.2%

Over the past 10 years, shares of MSA Safety have traded hands at an average P/E ratio of about 23x adjusted earnings. We are using 21x earnings as a starting place for a “fair” valuation, taking into both MSA’s robust growth and the current level of interest rates. MSA’s P/E now stands at 19.7x based on our 2025 expected earnings, which we believe modestly undervalues the stock. The current 1.3% dividend yield does not add materially to shareholders’ total return potential, but MSA’s potential for continuous dividend growth remains strong.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	50%	47%	38%	33%	34%	38%	37%	32%	27%	26%	26%	25%

MSA Safety has several competitive advantages that fuel its growth as the leader across the safety and protection products industry. It has a global reach that competitors cannot match, with roughly a third of annual sales from outside the Americas, and it can invest in growth initiatives to retain its industry leadership.

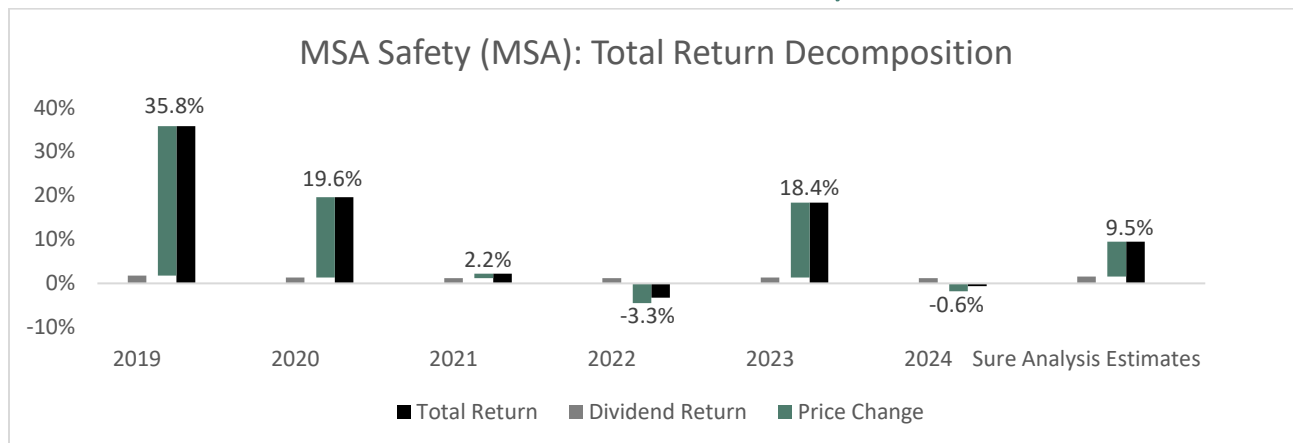
During the Great recession MSA posted earnings-per-share results of \$1.96, \$1.21, \$1.05, and \$1.87 for the 2008 through 2011 stretch. This gives you a fair idea of the cyclical nature inherent in the business – safety is always important, but budgets become squeezed in lesser times. We are somewhat encouraged by the idea that the dividend kept increasing during this time. That was good news for the current income investor, but the payout ratio did become quite elevated for a few years. The current crisis has put MSA’s resilience on display once again.

As of the most recent report, MSA Safety held \$171 million in cash, \$823 million in current assets and \$2.24 billion in total assets against \$280 million in current liabilities and \$1.05 billion in total liabilities. Notably, about a fourth of total assets are made up of goodwill. Long-term debt stood at \$469 million, falling from \$482 million year-over-year.

Final Thoughts & Recommendation

MSA Safety is a strong business with competitive advantages. Further, MSA has a reasonable growth profile. Following the stock’s latest results, we estimate a total return potential of just 9.5% per year through 2030. This is based on a 7.0% annual growth estimate, a 1.3% starting yield, and the possibility of a soft valuation tailwind. We rate MSA as a buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	1131	1150	1197	1358	1402	1348	1400	1528	1788	1808
Gross Profit	501	522	539	612	637	590	615	674	852	860
Gross Margin	44.3%	45.4%	45.0%	45.1%	45.4%	43.8%	43.9%	44.1%	47.7%	47.6%
SG&A Exp.	315	308	300	325	331	290	333	339	397	395
D&A Exp.	32	35	38	38	38	40	50	56	61	64
Operating Profit	137	167	62	189	220	242	225	278	388	399
Operating Margin	12.1%	14.5%	5.2%	13.9%	15.7%	20.0%	16.1%	18.2%	21.7%	22.1%
Net Profit	71	92	26	124	136	120	21	180	59	285
Net Margin	6.3%	8.0%	2.2%	9.1%	9.7%	8.9%	1.5%	11.8%	3.3%	15.8%
Free Cash Flow	19	109	207	230	128	158	150	114	50	242
Income Tax	44	58	3	37	46	42	2	59	148	90

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1423	1354	1685	1608	1740	1872	2396	2377	2170	2206
Cash & Equivalents	106	114	134	140	152	161	141	163	146	165
Accounts Receivable	233	210	244	245	255	252	254	297	295	279
Inventories	126	103	154	157	185	198	281	338	293	297
Goodwill & Int. Ass.	430	410	605	583	608	604	944	903	894	867
Total Liabilities	906	793	1082	968	1007	1063	1563	1453	1203	1062
Accounts Payable	68	63	87	78	89	87	107	113	112	108
Long-Term Debt	465	391	475	361	348	307	598	573	602	508
Shareholder's Equity	513	555	594	630	722	798	831	920	963	1140
LTD/E Ratio	0.90	0.70	0.79	0.57	0.48	0.38	0.72	0.62	0.62	0.44

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.3%	6.6%	1.7%	7.5%	8.2%	6.7%	1.0%	7.5%	2.6%	13.0%
Return on Equity	13.6%	17.2%	4.5%	20.3%	20.2%	15.8%	2.6%	20.5%	6.2%	27.0%
ROIC	8.0%	9.5%	2.6%	11.9%	13.1%	10.9%	1.7%	12.3%	3.8%	17.7
Shares Out.	37	38	38	39	39	39	39.5	39.4	39.5	39.5
Revenue/Share	29.99	30.26	30.93	34.86	35.77	34.32	35.49	38.77	45.29	45.74
FCF/Share	0.50	2.88	5.34	5.90	3.28	4.01	3.80	2.88	1.27	6.13

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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