

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 12, 2018

BRADY CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number 1-14959

Wisconsin
(State of
Incorporation)

39-0971239
(IRS Employer
Identification No.)

**6555 West Good Hope Road
Milwaukee, Wisconsin 53223**
(Address of Principal Executive Offices and Zip Code)

(414) 358-6600
(Registrant's Telephone Number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 or the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On September 13, 2018, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2018 fourth quarter financial results. A copy of the press release is being furnished to the Securities and Exchange Commission as Exhibit 99.1 attached hereto and is incorporated herein by reference.

Item 7.01 REGULATION FD DISCLOSURE

On September 13, 2018, the Company hosted a conference call related to its fiscal 2018 fourth quarter financial results. A copy of the slides referenced in the conference call, which is also posted on the Company’s website, is being furnished to the Securities and Exchange Commission as Exhibit 99.3 attached hereto and is incorporated herein by reference.

Item 8.01 OTHER EVENTS

Increase in Annual Dividend

On September 12, 2018, the Company announced that its Board of Directors had increased the annual cash dividend on its Class A Common Stock from \$0.83 to \$0.85 per share. A quarterly dividend in the amount of \$0.2125 per share will be paid on October 31, 2018, to shareholders of record as of the close of business on October 10, 2018. A copy of the press release regarding the dividend is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
99.1	<u>Press Release of Brady Corporation, dated September 13, 2018, relating to fourth quarter fiscal 2018 financial results.</u>
99.2	<u>Press Release of Brady Corporation, dated September 12, 2018, relating to increase in annual dividend.</u>
99.3	<u>Informational slides provided by Brady Corporation, dated September 13, 2018, relating to fourth quarter fiscal 2018 financial results.</u>

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BRADY CORPORATION

Date: September 13, 2018

/s/ AARON J. PEARCE

Aaron J. Pearce
Chief Financial Officer and Treasurer

For More Information:

Investor contact: Ann Thornton 414-438-6887

Media contact: Kate Venne 414-358-5176

Brady Corporation Reports its Fiscal 2018 Fourth Quarter Results and Announces its Fiscal 2019 EPS Guidance

- Earnings before income taxes increased 26.0 percent, finishing at \$45.2 million in the fourth quarter of fiscal 2018 compared to \$35.9 million in the fourth quarter of fiscal 2017. Earnings before income taxes includes a gain on the sale of the Runelandhs business of \$4.7 million in the fourth quarter of fiscal 2018. The gain on the sale represents approximately half of the increase in earnings before income taxes. This marks the twelfth consecutive quarter of pre-tax earnings growth.
- Earnings per diluted Class A Nonvoting Common Share were \$0.66 in the fourth quarter of fiscal 2018 compared to \$0.48 in the same quarter of the prior year. The sale of the Runelandhs business contributed approximately \$0.09 per diluted Class A Nonvoting Common Share.
- Total revenues increased 2.9 percent, which consisted of organic revenue growth of 2.5 percent and an increase of 1.0 percent from foreign currency translation, partially offset by a decrease of 0.6 percent from the sale of the Runelandhs business. This is our fifth consecutive quarter of organic revenue growth.
- Earnings per diluted Class A Common Share guidance for the full year ending July 31, 2019 announced at a range of \$2.15 to \$2.25.

MILWAUKEE (September 13, 2018)--Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2018 fourth quarter ended July 31, 2018.

Quarter Ended July 31, 2018 Financial Results:

Earnings before income taxes increased 26.0 percent to \$45.2 million for the fourth quarter of fiscal 2018 compared to \$35.9 million for the fourth quarter of fiscal 2017. Earnings before income taxes includes a gain on the sale of the Runelandhs business of \$4.7 million in the fourth quarter of fiscal 2018. The gain on the sale represents approximately half of the increase in earnings before income taxes.

Net earnings for the quarter ended July 31, 2018, were \$35.0 million compared to \$25.2 million in the same quarter last year. The sale of the Runelandhs business increased net earnings by \$4.7 million in the fourth quarter of fiscal 2018.

Earnings per diluted Class A Nonvoting Common Share were \$0.66 for the fourth quarter of fiscal 2018, compared to \$0.48 in the same quarter last year. Results were increased by approximately \$0.09 per diluted Class A Nonvoting Common Share due to the sale of the Runelandhs business.

Sales for the quarter ended July 31, 2018 increased 2.9 percent to \$297.5 million compared to \$289.2 million in the same quarter last year. By segment, sales increased 3.1 percent in Identification Solutions and 2.3 percent in Workplace Safety, which consisted of organic sales growth of 2.4 percent in Identification Solutions and 3.0 percent in Workplace Safety.

Year Ended July 31, 2018 Financial Results:

Earnings before income taxes increased 20.0 percent, finishing at \$152.0 million for the year ended July 31, 2018, compared to \$126.6 million last year. Fiscal 2018 results include a gain on the sale of the Runelandhs business of \$4.7 million.

Net earnings for the year ended July 31, 2018, were \$91.1 million compared to \$95.6 million last year. During the year ended July 31, 2018, net earnings were reduced by \$21.1 million due to income tax charges primarily related to the enactment of the U.S. tax legislation in the second quarter. The sale of the Runelandhs business increased net earnings by \$4.7 million in the current fiscal year. The prior year ended July 31, 2017 was impacted by a cash repatriation which resulted in a lower than normal income tax rate.

Earnings per diluted Class A Nonvoting Common Share were \$1.73 for the year ended July 31, 2018, compared to \$1.84 in the same period last year. Fiscal 2018 results were decreased by approximately \$0.40 per diluted Class A Nonvoting Common Share due to income tax charges primarily related to the enactment of the U.S. tax legislation, and results were increased by approximately \$0.09 per diluted Class A Nonvoting Common Share due to the sale of the Runelandhs business. Income tax expense in the prior year was impacted by a cash repatriation which increased earnings per diluted Class A Nonvoting Common Share by approximately \$0.09.

Sales for the year ended July 31, 2018 increased 5.4 percent to \$1.17 billion compared to \$1.11 billion for the year ended July 31, 2017. By segment, sales increased 5.7 percent in Identification Solutions and 4.7 percent in Workplace Safety, which consisted of organic sales growth of 3.4 percent in Identification Solutions and 0.7 percent in Workplace Safety.

Commentary:

“This quarter marks our twelfth consecutive quarter of year-over-year pre-tax earnings growth and our fifth consecutive quarter of organic sales growth. This is a direct result of our team’s consistent focus and commitment to our strategic initiatives, which are to drive the development of high-quality products while executing sustainable efficiency gains throughout our businesses,” said Brady’s President and Chief Executive Officer, J. Michael Nauman. “We believe that continued development of innovative new products and a strong new product pipeline are essential to Brady’s long-term success and will result in future organic sales growth in both our Identification Solutions and Workplace Safety businesses. Our priorities in fiscal 2019 are to grow our pipeline of innovative new products, provide excellent customer service, accelerate organic sales growth, and deliver sustainable efficiencies throughout the business.”

“We realized benefits from our organic sales growth and our focus on operational efficiencies continues to drive profit improvements,” said Brady’s Chief Financial Officer, Aaron Pearce. “Our spending on research and

development increased by 14.2 percent this fiscal year while pre-tax earnings grew by 20.0 percent this year. Even after this significant investment in research and development, we generated \$143.0 million of cash from operating activities this year, which represents 157 percent of net earnings. Our cash generation was primarily used to return funds to our shareholders in the form of dividends and to strengthen our balance sheet. We finished the year in a net cash position of \$128.8 million compared to a net cash position of \$26.2 million at the beginning of this fiscal year. Our balance sheet continues to provide significant flexibility for investments to drive long-term shareholder value and to return funds to our shareholders.”

Fiscal 2019 Guidance:

The Company expects organic sales growth to range from 2.0 percent to 4.0 percent for the year ending July 31, 2019. Brady expects earnings per diluted Class A Nonvoting Common Share to range from \$2.15 to \$2.25. This guidance is based upon a full-year income tax rate in the mid-20 percent range, and depreciation and amortization expense of approximately \$26 million. The Company expects to achieve efficiency gains in its manufacturing facilities and in selling, general and administrative expenses while continuing to increase investments in research and development. Capital expenditures are anticipated to be approximately \$35 million during the year ending July 31, 2019. The Company’s fiscal 2019 guidance is based on foreign currency exchange rates as of July 31, 2018.

A webcast regarding Brady’s fiscal 2018 fourth quarter financial results will be available at www.bradycorp.com/investors beginning at 9:30 a.m. Central Time today.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect people, products and places. Brady’s products help customers increase safety, security, productivity and performance and include high-performance labels, signs, safety devices, printing systems and software. Founded in 1914, the Company has a diverse customer base in electronics, telecommunications, manufacturing, electrical, construction, medical, aerospace and a variety of other industries. Brady is headquartered in Milwaukee, Wisconsin and as of July 31, 2018, employed approximately 6,200 people in its worldwide businesses. Brady’s fiscal 2018 sales were approximately \$1.17 billion. Brady stock trades on the New York Stock Exchange under the symbol BRC. More information is available on the Internet at www.bradycorp.com.

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In this news release, statements that are not reported financial results or other historic information are “forward-looking statements.” These forward-looking statements relate to, among other things, the Company’s future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations.

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady’s control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: our ability to compete effectively or to successfully execute our strategy; Brady’s ability to develop technologically advanced products that meet customer demands; difficulties in protecting our websites, networks, and systems against security breaches; decreased demand for our products; Brady’s ability to retain large customers; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; risks associated with the loss of key employees; divestitures and contingent liabilities from divestitures; Brady’s ability to properly identify, integrate, and grow acquired companies; litigation, including product liability claims; Brady’s ability to execute facility consolidations and maintain acceptable operational service metrics; foreign currency fluctuations; the impact of the Tax Reform Act and any other changes in tax legislation and tax rates; potential write-offs of Brady’s substantial intangible assets; differing interests of voting and non-voting shareholders; Brady’s ability to meet certain financial covenants required by our debt agreements; numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive, and regulatory nature contained from time to time in Brady’s U.S. Securities and Exchange Commission filings, including, but not limited to, those factors listed in the “Risk Factors” section within Item 1A of Part I of Brady’s Form 10-K for the year ended July 31, 2018.

These uncertainties may cause Brady’s actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.

BRADY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited; Dollars in thousands, except per share data)

	Three months ended July 31,		Year ended July 31,	
	2018	2017	2018	2017
Net sales	\$ 297,499	\$ 289,212	\$ 1,173,851	\$ 1,113,316
Cost of products sold	150,047	145,345	585,560	555,024
Gross margin	147,452	143,867	588,291	558,292
Operating expenses:				
Research and development	11,741	11,047	45,253	39,624
Selling, general and administrative	90,931	96,525	390,342	387,653
Total operating expenses	102,672	107,572	435,595	427,277
Operating income	44,780	36,295	152,696	131,015
Other income (expense):				
Investment and other income	1,184	561	2,487	1,121
Interest expense	(715)	(939)	(3,168)	(5,504)
Earnings before income taxes	45,249	35,917	152,015	126,632
Income tax expense	10,298	10,675	60,955	30,987
Net earnings	\$ 34,951	\$ 25,242	\$ 91,060	\$ 95,645
Net earnings per Class A Nonvoting Common Share:				
Basic	\$ 0.67	\$ 0.49	\$ 1.76	\$ 1.87
Diluted	\$ 0.66	\$ 0.48	\$ 1.73	\$ 1.84
Dividends	\$ 0.21	\$ 0.21	\$ 0.83	\$ 0.82
Net earnings per Class B Voting Common Share:				
Basic	\$ 0.67	\$ 0.49	\$ 1.75	\$ 1.86
Diluted	\$ 0.66	\$ 0.48	\$ 1.72	\$ 1.83
Dividends	\$ 0.21	\$ 0.21	\$ 0.81	\$ 0.80
Weighted average common shares outstanding:				
Basic	51,822	51,307	51,677	51,056
Diluted	52,658	52,180	52,524	51,956

BRADY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited; Dollars in thousands)

	July 31, 2018	July 31, 2017
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 181,427	\$ 133,944
Accounts receivable—net	161,282	149,638
Inventories:		
Finished products	73,133	69,760
Work-in-process	19,903	18,117
Raw materials and supplies	20,035	19,147
Total inventories	113,071	107,024
Prepaid expenses and other current assets	15,559	17,208
Total current assets	471,339	407,814
Other assets:		
Goodwill	419,815	437,697
Other intangible assets	42,588	53,076
Deferred income taxes	7,582	35,456
Other	17,662	18,077
Property, plant and equipment:		
Cost:		
Land	6,994	7,470
Buildings and improvements	96,245	98,228
Machinery and equipment	270,989	261,192
Construction in progress	4,495	4,109
	378,723	370,999
Less accumulated depreciation	280,778	272,896
Property, plant and equipment—net	97,945	98,103
Total	\$ 1,056,931	\$ 1,050,223
<u>LIABILITIES AND STOCKHOLDERS' INVESTMENT</u>		
Current liabilities:		
Notes payable	\$ —	\$ 3,228
Accounts payable	66,538	66,817
Wages and amounts withheld from employees	67,619	58,192
Taxes, other than income taxes	8,318	7,970
Accrued income taxes	3,885	7,373
Other current liabilities	44,567	43,618
Total current liabilities	190,927	187,198
Long-term obligations	52,618	104,536
Other liabilities	61,274	58,349
Total liabilities	304,819	350,083
Stockholders' investment:		
Common Stock:		
Class A nonvoting common stock—Issued 51,261,487 and 51,261,487 shares, respectively, and outstanding 48,393,617 and 47,814,818 shares, respectively	513	513
Class B voting common stock—Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	325,631	322,608
Earnings retained in the business	553,454	507,136
Treasury stock—2,867,870 and 3,446,669 shares, respectively of Class A nonvoting common stock, at cost	(71,120)	(85,470)
Accumulated other comprehensive loss	(56,401)	(44,682)
Total stockholders' investment	752,112	700,140
Total	\$ 1,056,931	\$ 1,050,223

BRADY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited; Dollars in thousands)

	Year ended July 31,	
	2018	2017
Operating activities:		
Net earnings	\$ 91,060	\$ 95,645
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	25,442	27,303
Non-cash portion of stock-based compensation expense	9,980	9,495
Gain on sale of business, net	(4,666)	—
Deferred income taxes	33,656	(8,618)
Changes in operating assets and liabilities:		
Accounts receivable	(16,612)	766
Inventories	(7,563)	(5,687)
Prepaid expenses and other assets	1,747	1,812
Accounts payable and accrued liabilities	13,091	22,255
Income taxes	(3,093)	1,061
Net cash provided by operating activities	143,042	144,032
Investing activities:		
Purchases of property, plant and equipment	(21,777)	(15,167)
Divestiture of business, net of cash transferred with business	19,141	—
Other	(269)	(86)
Net cash used in investing activities	(2,905)	(15,253)
Financing activities:		
Payment of dividends	(42,873)	(41,880)
Proceeds from exercise of stock options	12,099	19,728
Proceeds from borrowing on credit facilities	23,221	180,320
Repayment of borrowing on credit facilities	(78,419)	(244,268)
Principal payments on debt	—	(49,302)
Income tax on equity-based compensation, and other	(4,708)	(839)
Net cash used in financing activities	(90,680)	(136,241)
Effect of exchange rate changes on cash	(1,974)	178
Net decrease in cash and cash equivalents	47,483	(7,284)
Cash and cash equivalents, beginning of period	133,944	141,228
Cash and cash equivalents, end of period	\$ 181,427	\$ 133,944

BRADY CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited; Dollars in thousands)

	Three months ended July 31,		Year ended July 31,	
	2018	2017	2018	2017
NET SALES				
ID Solutions	\$ 217,796	\$ 211,286	\$ 846,087	\$ 800,392
Workplace Safety	79,703	77,926	327,764	312,924
Total	<u>\$ 297,499</u>	<u>\$ 289,212</u>	<u>\$ 1,173,851</u>	<u>\$ 1,113,316</u>

SALES INFORMATION

ID Solutions				
Organic	2.4 %	4.4 %	3.4 %	1.6 %
Currency	<u>0.7 %</u>	<u>(0.4)%</u>	<u>2.3 %</u>	<u>(1.0)%</u>
Total	<u>3.1 %</u>	<u>4.0 %</u>	<u>5.7 %</u>	<u>0.6 %</u>
Workplace Safety				
Organic	3.0 %	(0.6)%	0.7 %	(2.0)%
Currency	<u>1.6 %</u>	<u>(0.6)%</u>	<u>4.6 %</u>	<u>(1.7)%</u>
Divestitures	(2.3)%	— %	(0.6)%	— %
Total	<u>2.3 %</u>	<u>(1.2)%</u>	<u>4.7 %</u>	<u>(3.7)%</u>
Total Company				
Organic	2.5 %	3.0 %	2.6 %	0.5 %
Currency	<u>1.0 %</u>	<u>(0.5)%</u>	<u>3.0 %</u>	<u>(1.2)%</u>
Divestitures	<u>(0.6)%</u>	<u>— %</u>	<u>(0.2)%</u>	<u>— %</u>
Total	<u>2.9 %</u>	<u>2.5 %</u>	<u>5.4 %</u>	<u>(0.7)%</u>

SEGMENT PROFIT

ID Solutions	\$ 36,515	\$ 35,896	\$ 143,411	\$ 130,572
Workplace Safety	10,675	7,939	31,712	25,554
Total	<u>\$ 47,190</u>	<u>\$ 43,835</u>	<u>\$ 175,123</u>	<u>\$ 156,126</u>

SEGMENT PROFIT AS A PERCENT OF SALES

ID Solutions	16.8 %	17.0 %	16.9 %	16.3 %
Workplace Safety	<u>13.4 %</u>	<u>10.2 %</u>	<u>9.7 %</u>	<u>8.2 %</u>
Total	<u>15.9 %</u>	<u>15.2 %</u>	<u>14.9 %</u>	<u>14.0 %</u>

	Three months ended July 31,		Year ended July 31,	
	2018	2017	2018	2017
Total segment profit	\$ 47,190	\$ 43,835	\$ 175,123	\$ 156,126
Unallocated amounts:				
Administrative costs	(7,076)	(7,540)	(27,093)	(25,111)
Gain on sale of business	4,666	—	4,666	—
Investment and other income	1,184	561	2,487	1,121
Interest expense	(715)	(939)	(3,168)	(5,504)
Earnings before income taxes	<u>\$ 45,249</u>	<u>\$ 35,917</u>	<u>\$ 152,015</u>	<u>\$ 126,632</u>

For More Information Contact:

Investor Contact: Ann Thornton (414) 438-6887

Media Contact: Kate Venne (414) 358-5176

Brady Corporation increases its dividend to shareholders for the 33rd consecutive year

MILWAUKEE (September 12, 2018) - On September 12, 2018, Brady Corporation's (NYSE: BRC) Board of Directors announced an increase in its annual dividend to shareholders of the Company's Class A Common stock from \$0.83 per share to \$0.85 per share. A quarterly dividend to shareholders of the company's Class A Common Stock of \$0.2125 per share will be paid on October 31, 2018, to shareholders of record at the close of business on October 10, 2018. This dividend represents the 33rd consecutive annual increase in dividends.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect people, products and places. Brady's products help customers increase safety, security, productivity and performance and include high-performance labels, signs, safety devices, printing systems and software. Founded in 1914, the Company has a diverse customer base in electronics, telecommunications, manufacturing, electrical, construction, medical, aerospace and a variety of other industries. Brady is headquartered in Milwaukee, Wisconsin and as of July 31, 2017, employed approximately 6,300 people in its worldwide businesses. Brady's fiscal 2017 sales were approximately \$1.11 billion. Brady stock trades on the New York Stock Exchange under the symbol BRC. More information is available on the Internet at

www.bradycorp.com.

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Brady Corporation F'18 Q4 Financial Results

September 13, 2018



Forward-Looking Statements

In this presentation, statements that are not reported financial results or other historic information are “forward-looking statements.” These forward-looking statements relate to, among other things, the Company’s future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations.

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady’s control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: our ability to compete effectively or to successfully execute our strategy; Brady’s ability to develop technologically advanced products that meet customer demands; difficulties in protecting our websites, networks, and systems against security breaches; decreased demand for our products; Brady’s ability to retain large customers; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; risks associated with the loss of key employees; divestitures and contingent liabilities from divestitures; Brady’s ability to properly identify, integrate, and grow acquired companies; litigation, including product liability claims; Brady’s ability to execute facility consolidations and maintain acceptable operational service metrics; foreign currency fluctuations; the impact of the Tax Reform Act and any other changes in tax legislation and tax rates; potential write-offs of Brady’s substantial intangible assets; differing interests of voting and non-voting shareholders; Brady’s ability to meet certain financial covenants required by our debt agreements; numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive, and regulatory nature contained from time to time in Brady’s U.S. Securities and Exchange Commission filings, including, but not limited to, those factors listed in the “Risk Factors” section within Item 1A of Part I of Brady’s Form 10-K for the year ended July 31, 2018.

These uncertainties may cause Brady’s actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.

Q4 F'18 Financial Summary

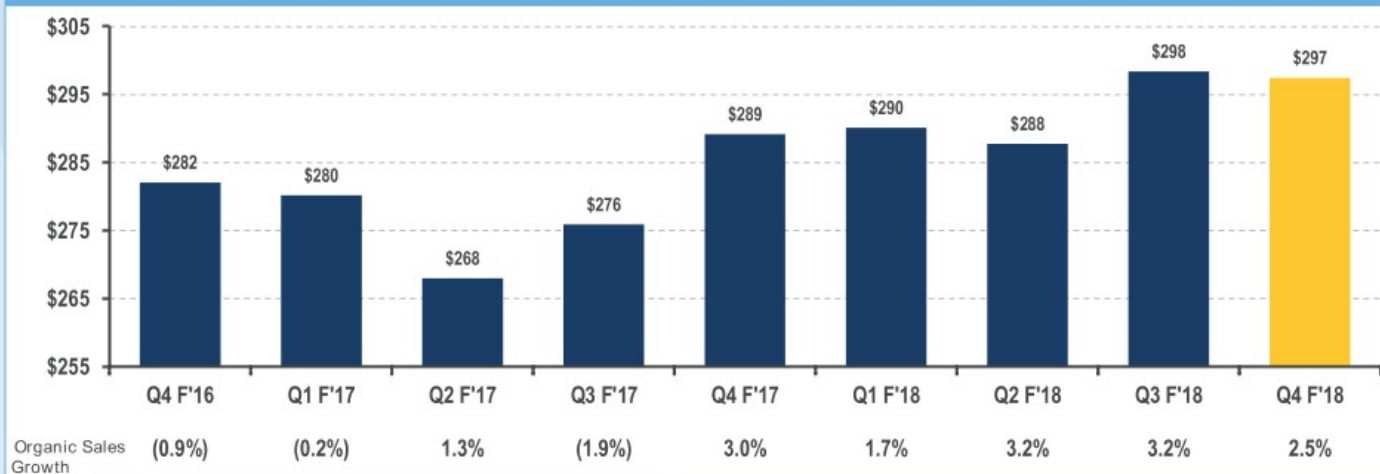
- **Sales increased 2.9% to \$297.5M in Q4 of F'18 compared with \$289.2M in Q4 of F'17.**
 - Organic sales increased 2.5%.
 - Foreign currency translation increased sales 1.0%.
 - Sale of business decreased sales 0.6%.
- **Gross profit margin of 49.6% in Q4 of F'18 compared with 49.7% in Q4 of F'17.**
- **SG&A expense of \$90.9M (30.6% of sales) in Q4 of F'18 compared with \$96.5M (33.4% of sales) in Q4 of F'17.**
 - Q4 F'18 SG&A expense was reduced by a \$4.7M gain on sale of business.
- **R&D expense of \$11.7M (3.9% of sales) in Q4 of F'18 compared with \$11.0M (3.8% of sales) in Q4 of F'17.**
- **Earnings before income taxes increased 26.0% to \$45.2M in Q4 of F'18 compared with \$35.9M in Q4 of F'17.**
 - Q4 F'18 positively impacted by a \$4.7M gain on sale of business.
- **Net earnings per Class A Diluted Nonvoting Common Share of \$0.66 in Q4 of F'18, compared with \$0.48 in Q4 of F'17.**
 - Q4 F'18 EPS positively impacted by a \$0.09 gain on sale of business.

Sales Overview

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SALES

(millions of USD)



Q4 F'18 SALES:

- 2.5% increase in organic sales:
 - ID Solutions – Organic sales increased 2.4%.
 - Workplace Safety – Organic sales increased 3.0%.
- 1.0% increase due to foreign currency translation.
- 0.6% decrease due to the sale of a business.

Q4 F'18 SALES COMMENTARY:

- ID Solutions - Organic sales increased in all three regions.
- Workplace Safety - Organic sales increased in Europe and Australia and were down slightly in North America.
- Foreign currency translation had a positive impact on sales in the quarter.

Gross Profit Margin

GROSS PROFIT & GPM%

(millions of USD)



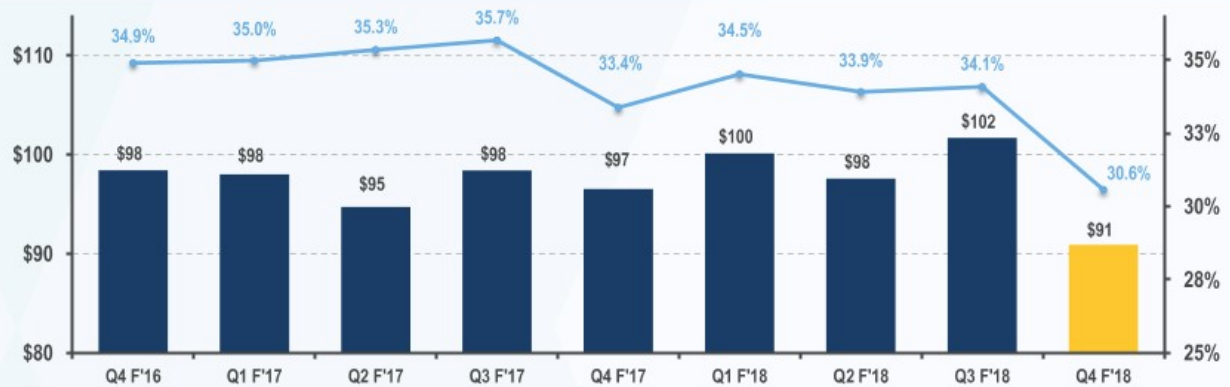
Q4 F'18 – GROSS PROFIT MARGIN:

- Slight decrease in GPM from 49.7% in Q4 of F'17 to 49.6% in Q4 of F'18.
- Costs increased in certain areas including freight and personnel, but have been mostly offset by ongoing efficiency gains. We continue to invest in automation and factory optimization.

SG&A Expense

SG&A EXPENSE AND SG&A EXPENSE AS A % of SALES

(millions of USD)



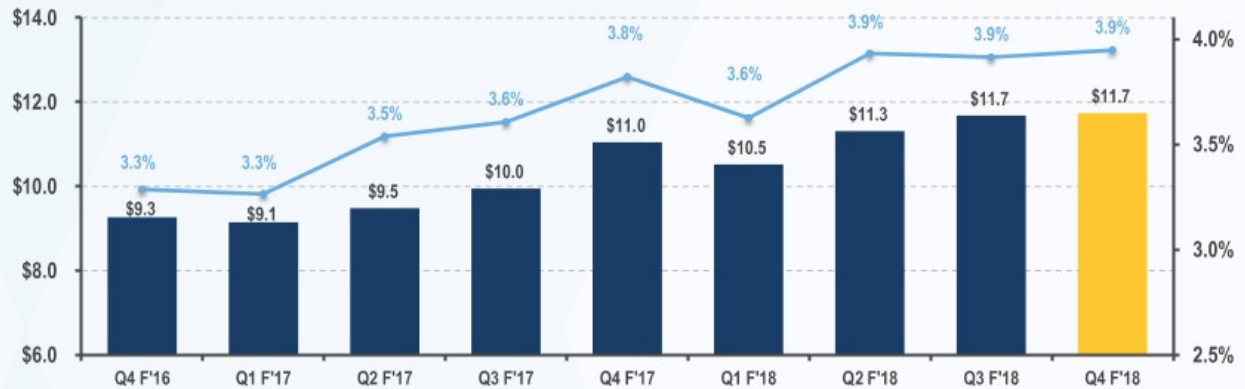
Q4 F'18 – SG&A EXPENSE:

- SG&A expense was \$90.9M (30.6% of sales) in Q4 of F'18 compared to \$96.5M (33.4% of sales) in Q4 of F'17.
- SG&A expense includes a \$4.7M gain from the sale of business in Q4 F'18.
- We continue to drive efficiencies in administrative expenses and non-customer facing selling expenses while investing in sales-generating resources.

R&D Expense

R&D EXPENSE AND R&D EXPENSE AS A % of SALES

(millions of USD)



INCREASING OUR INVESTMENT IN RESEARCH & DEVELOPMENT:

- Investing in R&D to drive future organic sales growth.
- R&D expenses were up 6.3% in Q4 of F'18 compared to Q4 of F'17.
- Improved new product pipeline.

Earnings Before Income Taxes

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EARNINGS BEFORE INCOME TAXES

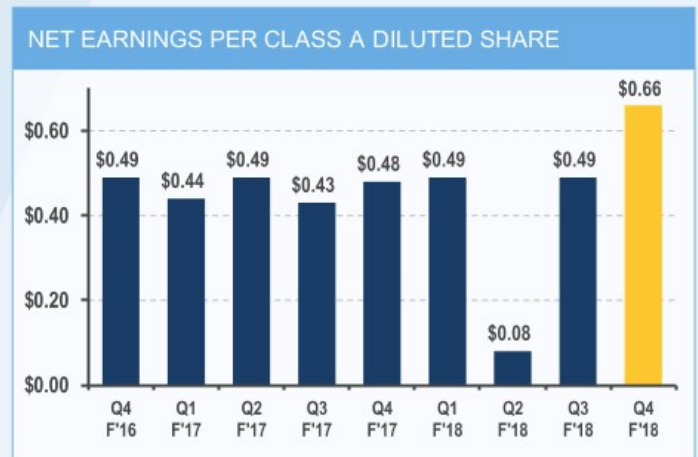
(millions of USD)



EARNINGS BEFORE INCOME TAXES:

- Earnings before income taxes increased 26.0% to \$45.2M in Q4 of F'18 compared to \$35.9M in Q4 of F'17.
- Earnings before income taxes includes a \$4.7M gain from the sale of business in Q4 of F'18. Earnings before income taxes increased 13.0% excluding the gain on the sale.
- The remaining increase in pre-tax earnings was driven by organic sales growth and efficiency gains throughout both the ID Solutions and Workplace Safety businesses.

Net Earnings & Earnings per Share



Q4 F'18 – NET EARNINGS & EPS:

- Net earnings in Q4 of F'18 includes a \$4.7M gain from the sale of business.
- Diluted EPS in Q4 of F'18 includes a \$0.09 benefit from the sale of business.
- The income tax rate in Q4 of F'18 was 22.8%.
- Diluted EPS in Q4 of F'18 also includes a tax rate of 25.4%, exclusive of the gain on the sale of business. This tax rate is below Q4 of F'17, but is in-line with our F'19 expected tax rate in the mid-20% range.
- Net earnings increased 20.0% excluding the gain on the sale of business.

Cash Generation & Uses

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CASH FLOW FROM OPERATING ACTIVITIES (millions of USD)



CASH FLOWS IN Q4 OF F'18:

- Cash flow from operating activities was \$53.8 in Q4 of F'18 compared to \$52.9M in Q4 of F'17.
- Free cash flow* was \$46.8M in Q4 of F'18 compared to \$48.6M in Q4 of F'17.
- Spending on capital projects to expand capabilities and increase efficiencies.
- Returned \$10.8M to our shareholders in the form of dividends in Q4 of F'18.

(millions of USD)

	3 Mos. Ended July 31, 2018	3 Mos. Ended July 31, 2017	Year Ended July 31, 2018	Year Ended July 31, 2017
Cash Balance - Beginning of Period	\$ 130.9	\$ 129.1	\$ 133.9	\$ 141.2
Cash Flow from Operating Activities	53.8	52.9	143.0	144.0
Capital Expenditures	(7.0)	(4.3)	(21.8)	(15.2)
Proceeds from Sale of Business	19.1	-	19.1	-
Dividends	(10.8)	(10.5)	(42.9)	(41.9)
Debt Repayments - Net	(3.6)	(36.5)	(55.2)	(113.3)
Effect of Exchange Rates on Cash	(2.0)	2.7	(2.0)	0.2
Other	1.0	0.5	7.3	18.9
Cash Balance - End of Period	\$ 181.4	\$ 133.9	\$ 181.4	\$ 133.9

* Free Cash Flow is calculated as Net Cash Provided by Operating Activities less Capital Expenditures.



Net Cash (Debt)

NET CASH (DEBT)

(millions of USD)



DEBT STRUCTURE

(millions of USD)

	Interest Rate	July 31, 2018 Balance	July 31, 2017 Balance
Revolver Borrowings:			
USD-denominated	1.94%	\$ -	\$ (17.0)
EUR-denominated	0.75%	-	(34.3)
China Borrowings:			
USD & CNY-denominated	3.52%	-	(3.2)
Private Placements:			
EUR-den. 2010 Series (10-yr.)	4.24%	(52.6)	(53.2)
TOTAL DEBT		\$ (52.6)	\$ (107.7)
Cash and Cash Equivalents		181.4	133.9
NET CASH		\$ 128.8	\$ 26.2

STRONG BALANCE SHEET:

- July 31, 2018 cash = \$181.4M and debt = \$52.6M.
- Net cash increased \$102.6M in F'18.
- Balance sheet provides flexibility for future investments.

F'18 Financial Summary

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	Year Ended July 31,		Change
	2018	2017	
Sales	\$ 1,173.9	\$ 1,113.3	
<i>Organic Sales Growth</i>	<i>2.6%</i>	<i>0.5%</i>	
Gross Margin	588.3	558.3	
<i>% of Sales</i>	<i>50.1%</i>	<i>50.1%</i>	
Research and Development	(45.3)	(39.6)	+ 14.2%
Selling, General and Administrative	(390.3)	(387.7)	+ 0.7%
<i>% of Sales</i>	<i>33.3%</i>	<i>34.8%</i>	
Operating Income	152.7	131.0	+ 16.5%
Other Income (Expense)	(0.7)	(4.4)	
Earnings Before Income Taxes	\$ 152.0	\$ 126.6	+ 20.0%
Less: Gain on Sale of Business	(4.7)	-	
Earnings Before Income Taxes Excluding Gain on Sale of Business	\$ 147.3	\$ 126.6	+ 16.4%
Net Cash Position	\$ 128.8	\$ 26.2	\$ 102.6

Full-Year F'19 Guidance

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F'19 Diluted EPS

\$2.15 to \$2.25

F'19 Guidance Assumptions:

- Organic sales growth of approximately 2% - 4%.
- Full-year depreciation and amortization expense of approximately \$26M.
- Income tax rate in the mid-20% range.
- Full-year capital expenditures of approximately \$35M, inclusive of the construction of certain facilities to replace currently leased facilities.

Identification Solutions

Q4 F'18 vs. Q4 F'17 PERFORMANCE

(millions of USD)

	Q4 F'18	Q4 F'17	Change
Sales	\$ 217.8	\$ 211.3	+ 3.1%
Segment Profit	36.5	35.9	+ 1.7%
Segment Profit %	16.8%	17.0%	- 20 bps

SALES & SEGMENT PROFIT %

(millions of USD)



Q4 F'18 SUMMARY:

- Revenues increased 3.1%:
 - Organic = +2.4%
 - Fx = +0.7%
- Organic sales increased in the mid-single digits in Asia and increased in the low-single digits in EMEA and in the Americas.
- R&D expenses were up due to increased investments to develop innovative products.
- Segment profit as a percent of sales decreased slightly due to cost increases in certain areas including freight and personnel.

OUTLOOK:

- Expect F'19 organic sales to grow from 3% to 4%.
- Further increases in investments in R&D expense and certain sales-generating resources.

Workplace Safety

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Q4 F'18 vs. Q4 F'17 PERFORMANCE

(millions of USD)

	Q4 F'18	Q4 F'17	Change
Sales	\$ 79.7	\$ 77.9	+ 2.3%
Segment Profit	10.7	7.9	+ 34.5%
Segment Profit %	13.4%	10.2%	+ 320 bps

Q4 F'18 SUMMARY:

- Revenues increased 2.3%:
 - Organic = +3.0%
 - Fx = +1.6%
 - Divestiture = (2.3%)
- Organic sales increased in the high-single digits in Australia, increased in the mid-single digits in Europe and declined slightly in North America.
- Segment profit as a percent of sales increased due to sales growth, ongoing efficiency gains in our operations and selling, general and administrative expense structure, as well as strong expense management in the current quarter.

SALES & SEGMENT PROFIT %

(millions of USD)



OUTLOOK:

- Expect F'19 organic sales to grow from 1% to 3%.

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