

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 4, 2019

BRADY CORPORATION
(Exact name of registrant as specified in its charter)

Commission File Number 1-14959

Wisconsin
(State of
Incorporation)

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

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

39-0971239
(IRS Employer
Identification No.)

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Nonvoting Common Stock, par value \$0.01 per share	BRC	New York Stock Exchange

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 6, 2019, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2019 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 6, 2019, the Company hosted a conference call related to its fiscal 2019 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 4, 2019, the Company's Board of Directors approved an increase in the annual cash dividend on its Class A Common Stock from \$0.85 to \$0.87 per share. A quarterly dividend in the amount of \$0.2175 per share will be paid on October 31, 2019, to shareholders of record as of the close of business on October 10, 2019. 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	Press Release of Brady Corporation, dated September 6, 2019, relating to fourth quarter fiscal 2019 financial results.
99.2	Press Release of Brady Corporation, dated September 5, 2019, relating to increase in annual dividend.
99.3	Informational slides provided by Brady Corporation, dated September 6, 2019, relating to fourth quarter fiscal 2019 financial results.

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 6, 2019

/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 Fiscal 2019 Fourth Quarter Results and Announces its Fiscal 2020 EPS Guidance

- Income before income taxes was \$47.1 million in the fourth quarter of fiscal 2019 compared to \$45.2 million in the fourth quarter of fiscal 2018. Income before income taxes in the fourth quarter of fiscal 2018 included a gain on the sale of the Runelandhs business of \$4.7 million.
- Diluted EPS was \$0.68 in the fourth quarter of fiscal 2019 compared to \$0.66 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 in the fourth quarter of fiscal 2018.
- Sales for the quarter ended July 31, 2019 decreased 0.7 percent due to foreign currency and the impact of the sale of the Runelandhs business in fiscal 2018. Organic revenues increased 1.7 percent in the fourth quarter of fiscal 2019.
- Diluted EPS guidance for the full year ending July 31, 2020 announced at a range of \$2.45 to \$2.55.

MILWAUKEE (September 6, 2019)--Brady Corporation (NYSE: BRC) (“Brady” or “Company”), a world leader in identification solutions, today reported its financial results for its fiscal 2019 fourth quarter ended July 31, 2019.

Quarter Ended July 31, 2019 Financial Results:

Income before income taxes was \$47.1 million for the fourth quarter of fiscal 2019 compared to \$45.2 million for the fourth quarter of fiscal 2018. Income before income taxes included a gain on the sale of the Runelandhs business of \$4.7 million in the fourth quarter of fiscal 2018.

Net income for the quarter ended July 31, 2019, was \$36.6 million compared to \$35.0 million in the same quarter last year. The sale of the Runelandhs business increased net income by \$4.7 million in the fourth quarter of fiscal 2018.

Earnings per diluted Class A Nonvoting Common Share were \$0.68 for the fourth quarter of fiscal 2019, compared to \$0.66 in the same quarter last year. Results were increased in the fourth quarter of fiscal 2018 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, 2019 decreased 0.7 percent, which consisted of organic sales growth of 1.7 percent, a decrease in sales of 1.9 percent from foreign currency translation, and a decline in sales of 0.5 percent from the divestiture of our Runelandhs business during the fourth quarter of fiscal 2018. Sales for the quarter ended July 31, 2019 were \$295.3 million compared to \$297.5 million in the same quarter last year. By segment, sales increased 1.8 percent in Identification Solutions and decreased 7.8 percent in Workplace Safety, which consisted of

organic sales growth of 3.3 percent in Identification Solutions and an organic sales decline of 2.6 percent in Workplace Safety.

Year Ended July 31, 2019 Financial Results:

Income before income taxes increased 8.3 percent, finishing at \$164.6 million for the year ended July 31, 2019, compared to \$152.0 million last year. Fiscal 2018 results include a gain on the sale of the Runelandhs business of \$4.7 million.

Net income for the year ended July 31, 2019, was \$131.3 million compared to \$91.1 million last year. Fiscal 2018 net income was reduced by \$21.1 million due to income tax charges primarily related to the enactment of U.S. tax legislation, and was increased by \$4.7 million due to the sale of the Runelandhs business.

Earnings per diluted Class A Nonvoting Common Share were \$2.46 for the year ended July 31, 2019, compared to \$1.73 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 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.

Sales for the year ended July 31, 2019 decreased 1.1 percent, which consisted of organic sales growth of 2.8 percent, a decrease in sales of 2.6 percent from foreign currency translation, and a decline in sales of 1.3 percent from the divestiture of our Runelandhs business during fiscal 2018. Fiscal 2019 sales were \$1.16 billion compared to \$1.17 billion last year. By segment, sales increased 2.0 percent in Identification Solutions and decreased 9.2 percent in Workplace Safety, which consisted of organic sales growth of 4.1 percent in Identification Solutions and an organic sales decline of 0.7 percent in Workplace Safety.

Commentary:

“Our investment in the development of innovative new products, and our dedication to providing excellent customer service continue to drive positive results as we posted our ninth consecutive quarter of organic sales growth,” said Brady’s President and Chief Executive Officer, J. Michael Nauman. “We have seen signs of a weakening industrial economic environment. However, our previous investments along with strong execution have helped us continue to generate organic sales growth in this difficult environment. Our priorities in fiscal 2020 are to continue to launch high-quality new products while further developing our new product pipeline, continue our positive momentum in improving all of our businesses, and execute sustainable efficiency gains throughout Brady. We believe that our actions today will result in continued improvement in our financial results and long-term value for our shareholders.”

“Our organic sales growth and our focus on operational efficiencies continue to drive profit improvements and strong cash flow,” said Brady’s Chief Financial Officer, Aaron Pearce. “Our net cash position increased by \$100.1 million this fiscal year, finishing at \$228.9 million at July 31, 2019. We generated \$162.2 million of cash from operating activities this year, we invested \$32.8 million in capital expenditures, and we returned \$47.9 million

to our shareholders in the form of dividends and share buybacks. Our balance sheet provides significant flexibility for further investments to drive long-term shareholder value and to return funds to our shareholders.”

Fiscal 2020 Guidance:

The Company expects organic sales growth to be approximately 1.5 to 2.5 percent for the year ending July 31, 2020. Brady expects earnings per diluted Class A Nonvoting Common Share to range from \$2.45 to \$2.55. This guidance is based upon a full-year income tax rate in the low twenties percent range, and depreciation and amortization expense of approximately \$25 million. The Company expects to achieve efficiency gains in its manufacturing facilities and in selling, general and administrative expenses while increasing investments in research and development. Capital expenditures are expected to be approximately \$35 million during the year ending July 31, 2020. The Company’s fiscal 2020 guidance is based on foreign currency exchange rates as of July 31, 2019.

A webcast regarding Brady’s fiscal 2019 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, 2019, employed approximately 6,100 people in its worldwide businesses. Brady’s fiscal 2019 sales were approximately \$1.16 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; raw material and other cost increases; 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; 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; 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, 2019.

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,	
	2019	2018	2019	2018
Net sales	\$ 295,278	\$ 297,499	\$ 1,160,645	\$ 1,173,851
Cost of goods sold	148,698	150,047	581,967	585,560
Gross margin	146,580	147,452	578,678	588,291
Operating expenses:				
Research and development	11,331	11,741	45,168	45,253
Selling, general and administrative	89,094	90,931	371,082	390,342
Total operating expenses	100,425	102,672	416,250	435,595
Operating income	46,155	44,780	162,428	152,696
Other income (expense):				
Investment and other income	1,621	1,184	5,046	2,487
Interest expense	(693)	(715)	(2,830)	(3,168)
Income before income taxes	47,083	45,249	164,644	152,015
Income tax expense	10,470	10,298	33,386	60,955
Net income	<u>\$ 36,613</u>	<u>\$ 34,951</u>	<u>\$ 131,258</u>	<u>\$ 91,060</u>
Net income per Class A Nonvoting Common Share:				
Basic	\$ 0.69	\$ 0.67	\$ 2.50	\$ 1.76
Diluted	\$ 0.68	\$ 0.66	\$ 2.46	\$ 1.73
Dividends	\$ 0.21	\$ 0.21	\$ 0.85	\$ 0.83
Net income per Class B Voting Common Share:				
Basic	\$ 0.69	\$ 0.67	\$ 2.48	\$ 1.75
Diluted	\$ 0.68	\$ 0.66	\$ 2.45	\$ 1.72
Dividends	\$ 0.21	\$ 0.21	\$ 0.83	\$ 0.81
Weighted average common shares outstanding:				
Basic	52,885	51,822	52,596	51,677
Diluted	53,647	52,658	53,323	52,524

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

	July 31, 2019	July 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 279,072	\$ 181,427
Accounts receivable—net	158,114	161,282
Inventories	120,037	113,071
Prepaid expenses and other current assets	16,056	15,559
Total current assets	573,279	471,339
Property, plant and equipment—net	110,048	97,945
Goodwill	410,987	419,815
Other intangible assets	36,123	42,588
Deferred income taxes	7,298	7,582
Other	19,573	17,662
Total	<u>\$ 1,157,308</u>	<u>\$ 1,056,931</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 64,810	\$ 66,538
Accrued compensation and benefits	62,509	67,619
Taxes, other than income taxes	8,107	8,318
Accrued income taxes	6,557	3,885
Other current liabilities	49,796	44,567
Current maturities on long-term debt	50,166	—
Total current liabilities	241,945	190,927
Long-term obligations, less current maturities	—	52,618
Other liabilities	64,589	61,274
Total liabilities	306,534	304,819
Stockholders' equity:		
Class A nonvoting common stock—Issued 51,261,487 shares, and outstanding 49,458,841 and 48,393,617 shares, respectively	513	513
Class B voting common stock—Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	329,969	325,631
Retained earnings	637,843	553,454
Treasury stock—1,802,646 and 2,867,870 shares, respectively of Class A nonvoting common stock, at cost	(46,332)	(71,120)
Accumulated other comprehensive loss	(71,254)	(56,401)
Total stockholders' equity	850,774	752,112
Total	<u>\$ 1,157,308</u>	<u>\$ 1,056,931</u>

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

	Year ended July 31,	
	2019	2018
Operating activities:		
Net income	\$ 131,258	\$ 91,060
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,799	25,442
Non-cash portion of stock-based compensation expense	12,092	9,980
Gain on sale of business, net	—	(4,666)
Deferred income taxes	7,825	33,656
Other	2,347	(15)
Changes in operating assets and liabilities:		
Accounts receivable	3,496	(16,612)
Inventories	(9,922)	(7,563)
Prepaid expenses and other assets	368	1,747
Accounts payable and other liabilities	(11,903)	13,106
Income taxes	2,851	(3,093)
Net cash provided by operating activities	162,211	143,042
Investing activities:		
Purchases of property, plant and equipment	(32,825)	(21,777)
Divestiture of business, net of cash transferred with business	—	19,141
Other	(1,638)	(269)
Net cash used in investing activities	(34,463)	(2,905)
Financing activities:		
Payment of dividends	(44,734)	(42,873)
Proceeds from exercise of stock options	23,466	12,099
Purchase of treasury stock	(3,182)	(1,462)
Proceeds from borrowing on credit facilities	13,637	23,221
Repayment of borrowing on credit facilities	(13,568)	(78,419)
Other	(3,247)	(3,246)
Net cash used in financing activities	(27,628)	(90,680)
Effect of exchange rate changes on cash	(2,475)	(1,974)
Net increase in cash and cash equivalents	97,645	47,483
Cash and cash equivalents, beginning of period	181,427	133,944
Cash and cash equivalents, end of period	\$ 279,072	\$ 181,427

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

	Three months ended July 31,		Year ended July 31,	
	2019	2018	2019	2018
NET SALES				
ID Solutions	\$ 221,817	\$ 217,796	\$ 863,100	\$ 846,087
Workplace Safety	73,461	79,703	297,545	327,764
Total	<u>\$ 295,278</u>	<u>\$ 297,499</u>	<u>\$ 1,160,645</u>	<u>\$ 1,173,851</u>

SALES INFORMATION

ID Solutions				
Organic	3.3 %	2.4 %	4.1 %	3.4 %
Currency	(1.5)%	0.7 %	(2.1)%	2.3 %
Total	<u>1.8 %</u>	<u>3.1 %</u>	<u>2.0 %</u>	<u>5.7 %</u>

Workplace Safety				
Organic	(2.6)%	3.0 %	(0.7)%	0.7 %
Currency	(3.3)%	1.6 %	(3.7)%	4.6 %
Divestitures	(1.9)%	(2.3)%	(4.8)%	(0.6)%
Total	<u>(7.8)%</u>	<u>2.3 %</u>	<u>(9.2)%</u>	<u>4.7 %</u>

Total Company				
Organic	1.7 %	2.5 %	2.8 %	2.6 %
Currency	(1.9)%	1.0 %	(2.6)%	3.0 %
Divestitures	(0.5)%	(0.6)%	(1.3)%	(0.2)%
Total	<u>(0.7)%</u>	<u>2.9 %</u>	<u>(1.1)%</u>	<u>5.4 %</u>

SEGMENT PROFIT

ID Solutions	\$ 45,642	\$ 36,515	\$ 164,953	\$ 143,411
Workplace Safety	6,724	10,675	23,025	31,712
Total	<u>\$ 52,366</u>	<u>\$ 47,190</u>	<u>\$ 187,978</u>	<u>\$ 175,123</u>

SEGMENT PROFIT AS A PERCENT OF NET SALES

ID Solutions	20.6 %	16.8 %	19.1 %	16.9 %
Workplace Safety	9.2 %	13.4 %	7.7 %	9.7 %
Total	<u>17.7 %</u>	<u>15.9 %</u>	<u>16.2 %</u>	<u>14.9 %</u>

	Three months ended July 31,		Year ended July 31,	
	2019	2018	2019	2018
Total segment profit	\$ 52,366	\$ 47,190	\$ 187,978	\$ 175,123
Unallocated amounts:				
Administrative costs	(6,211)	(7,076)	(25,550)	(27,093)
Gain on sale of business	—	4,666	—	4,666
Investment and other income	1,621	1,184	5,046	2,487
Interest expense	(693)	(715)	(2,830)	(3,168)
Income before income taxes	<u>\$ 47,083</u>	<u>\$ 45,249</u>	<u>\$ 164,644</u>	<u>\$ 152,015</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 34th consecutive year

MILWAUKEE (September 5, 2019) - On September 4, 2019, Brady Corporation's (NYSE: BRC) Board of Directors approved an increase in the annual dividend to shareholders of the Company's Class A Common stock from \$0.85 per share to \$0.87 per share. A quarterly dividend to shareholders of the Company's Class A Common Stock of \$0.2175 per share will be paid on October 31, 2019, to shareholders of record at the close of business on October 10, 2019. This dividend represents the 34th 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, 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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Brady Corporation

F'19 Q4 Financial Results

September 6, 2019



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; raw material and other cost increases; 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; 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; 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, 2019.

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'19 Financial Summary

- **Sales were \$295.3M in Q4 of F'19 compared with \$297.5M in Q4 of F'18.**
 - Organic sales increased 1.7%.
 - Foreign currency translation decreased sales 1.9%.
 - Sale of business decreased sales 0.5%.
- **Gross profit margin of 49.6% in Q4 of F'19 is consistent with Q4 of F'18.**
- **SG&A expense of \$89.1M (30.2% of sales) in Q4 of F'19 compared with \$90.9M in Q4 of F'18.**
 - Q4 F'18 SG&A expense was reduced by a \$4.7M gain on sale of business.
- **R&D expense of \$11.3M (3.8% of sales) in Q4 of F'19 compared with \$11.7M (3.9% of sales) in Q4 of F'18.**
- **Income before income taxes of \$47.1M in Q4 of F'19 compared with \$45.2M in Q4 of F'18.**
 - Q4 F'18 positively impacted by a \$4.7M gain on sale of business.
- **Net income per Class A Diluted Nonvoting Common Share was \$0.68 in Q4 of F'19 compared with \$0.66 in Q4 of F'18.**
 - Q4 F'18 diluted EPS positively impacted by a \$0.09 gain on sale of business.

Sales Overview

SALES

(millions of US\$)



Q4 F'19 SALES:

- 1.7% increase in organic sales:
 - ID Solutions – Organic sales increased 3.3%.
 - Workplace Safety – Organic sales decreased 2.6%.
- 1.9% decrease due to foreign currency translation.
- 0.5% decrease due to the sale of a business.

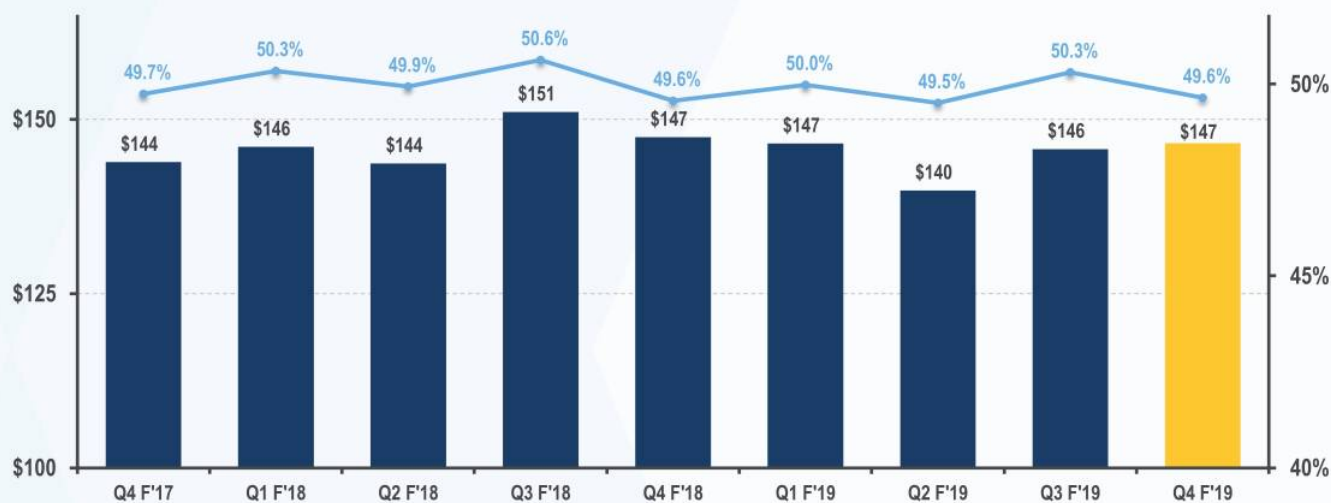
Q4 F'19 SALES COMMENTARY:

- ID Solutions – Organic sales increased in all three regions.
- Workplace Safety – The rate of organic sales decline lessened in North America.
- Foreign currency translation had a negative impact on sales in the quarter.

Gross Profit Margin

GROSS PROFIT & GPM%

(millions of U.S. dollars)



Q4 F'19 – GROSS PROFIT MARGIN:

- Gross profit margin of 49.6% was consistent with Q4 of F'18.
- Costs increased in certain areas including freight and personnel, but were offset by efficiency gains.
- We continue to invest in automation and manufacturing efficiencies to offset cost increases.

SG&A Expense

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

(millions of US\$)



Q4 F'19 – SG&A EXPENSE:

- SG&A expense was \$89.1M (30.2% of sales) in Q4 of F'19 compared to \$90.9M in Q4 of F'18. Q4 F'18 SG&A expense includes a \$4.7M gain from the sale of a business.
- Excluding the gain on the sale of a business from last year, SG&A expense is down in absolute dollars due to ongoing efficiency gains and foreign currency translation.
- We continue to drive sustainable efficiency gains 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 US\$)



Q4 F'19 – R&D EXPENSE:

- Investing in R&D to drive future organic sales growth.
- Improved new product pipeline.
- Two printers launched in the healthcare identification product line during Q4 of F'19.

Income Before Income Taxes

INCOME BEFORE INCOME TAXES

(millions of US\$)



Q4 F'19 - INCOME BEFORE INCOME TAXES:

- Income before income taxes was \$47.1M in Q4 of F'19 compared to \$45.2M in Q4 of F'18.
- Q4 F'18 income before income taxes includes a \$4.7M gain from the sale of a business. Income before income taxes grew 16.0% in Q4 of F'19 excluding this gain on the sale of a business in the prior year.
- The increase in pre-tax income was primarily driven by organic sales growth and reduced SG&A expenses.

Net Income & Diluted EPS

NET INCOME

(millions of USD)



NET INCOME PER CLASS A DILUTED SHARE



Q4 F'19 – NET INCOME & DILUTED EPS:

- Net income was \$36.6M in Q4 of F'19 compared to \$35.0M in Q4 of F'18. Q4 F'18 net income includes a \$4.7M gain on the sale of a business. Excluding this prior year gain on the sale of a business, net income increased by 20.9% in Q4 of F'19.
- Diluted EPS was \$0.68 in Q4 of F'19 compared to \$0.66 in Q4 of F'18. Q4 F'18 diluted EPS includes a \$0.09 benefit from the sale of a business. Excluding this prior year gain on the sale of a business, diluted EPS increased by 19.3% in Q4 of F'19.

Cash Generation & Uses

CASH FLOW FROM OPERATING ACTIVITIES (millions of USD)



CASH FLOWS IN Q4 OF F'19:

- Cash flow from operating activities was \$65.3M in Q4 of F'19 compared to \$53.8M in Q4 of F'18.
- Free cash flow* was \$50.0M in Q4 of F'19 compared to \$46.8M in Q4 of F'18.
- Invested \$15.3 million in capital expenditures in Q4 of F'19.
- Returned \$11.2M to our shareholders in the form of dividends in Q4 of F'19.

(millions of USD)

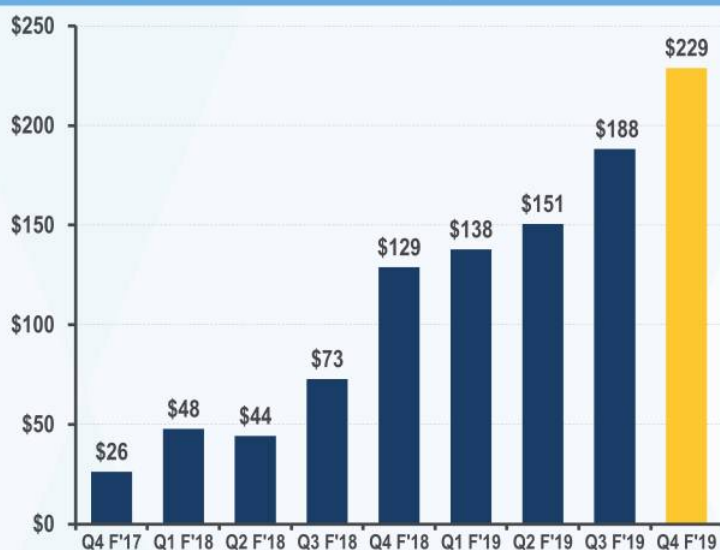
	3 Mos. Ended July 31, 2019	3 Mos. Ended July 31, 2018	Year Ended July 31, 2019	Year Ended July 31, 2018
Cash Balance - Beginning of Period	\$ 238.4	\$ 130.9	\$ 181.4	\$ 133.9
Cash Flow from Operating Activities	65.3	53.8	162.2	143.0
Capital Expenditures	(15.3)	(7.0)	(32.8)	(21.8)
Proceeds from Sale of Business	-	19.1	-	19.1
Dividends	(11.2)	(10.8)	(44.7)	(42.9)
Debt Borrowings (Repayments) - Net	-	(3.6)	0.1	(55.2)
Effect of Exchange Rates on Cash	(0.2)	(2.0)	(2.5)	(2.0)
Other	2.1	1.0	15.4	7.3
Cash Balance - End of Period	\$ 279.1	\$ 181.4	\$ 279.1	\$ 181.4

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

Net Cash

NET CASH

(millions of USD)



DEBT STRUCTURE

(millions of USD)

	Interest Rate	July 31, 2019 Balance	July 31, 2018 Balance
Private Placements:			
EUR-den. 2010 Series (10-yr.)	4.24%	\$ (50.2)	\$ (50.2)
TOTAL DEBT		\$ (50.2)	\$ (50.2)
Cash and Cash Equivalents		279.1	188.3
NET CASH		\$ 228.9	\$ 138.1

STRONG BALANCE SHEET:

- July 31, 2019 cash = \$279.1M and debt = \$50.2M.
- Net cash increased \$40.8M in Q4 of F'19.
- Approximately half of our cash is held in the United States.
- Balance sheet provides flexibility for future investments.

F'19 Financial Summary

	Year Ended July 31,		
	2019	2018	Change
Sales	\$ 1,160.6	\$ 1,173.9	
<i>Organic Sales Growth</i>	2.8%	2.6%	
Gross Margin	578.7	588.3	
<i>% of Sales</i>	49.9%	50.1%	
Research and Development	(45.2)	(45.3)	
Selling, General and Administrative	(371.1)	(390.3)	- 4.9%
<i>% of Sales</i>	32.0%	33.3%	
Operating Income	162.4	152.7	+ 6.4%
Other Income (Expense)	2.2	(0.7)	
Income Before Income Taxes	\$ 164.6	\$ 152.0	+ 8.3%
Less: Gain on Sale of Business	-	(4.7)	
Income Before Income Taxes Excluding Gain on Sale of Business	\$ 164.6	\$ 147.3	+ 11.7%
Net Cash Position	\$ 228.9	\$ 128.8	\$ 100.1

Full-Year F'20 Guidance

F'20 Diluted EPS

\$2.45 to \$2.55

F'20 Guidance Assumptions:

- Full-year organic sales growth of approximately 1.5% - 2.5%.
- Full-year depreciation and amortization expense of approximately \$25M.
- Income tax rate in the low 20% range.
- Full-year capital expenditures of approximately \$35M.

Identification Solutions

Q4 F'19 vs. Q4 F'18

(millions of USD)

	Q4 F'19	Q4 F'18	Change
Sales	\$ 221.8	\$ 217.8	+ 1.8%
Segment Profit	45.6	36.5	+ 25.0%
Segment Profit %	20.6%	16.8%	+ 380 bps

SALES & SEGMENT PROFIT %

(millions of USD)



Q4 F'19 SUMMARY:

- Revenues increased 1.8%:
 - Organic = +3.3%
 - Fx = - (1.5)%
- Organic sales increased in the low-single digits in the Americas, EMEA, and Asia.
- Healthcare identification product line grew organic sales in the mid-single digits.
- Segment profit as a percent of sales increased due to ongoing efficiency gains in our operations and SG&A structure.

OUTLOOK:

- Expect F'20 organic sales to grow from 2% to 3%.
- Anticipate further investments in innovative new products and efficiencies in operations and our SG&A structure.

Workplace Safety

Q4 F'19 vs. Q4 F'18

(millions of USD)

	Q4 F'19	Q4 F'18	Change
Sales	\$ 73.5	\$ 79.7	- 7.8%
Segment Profit	6.7	10.7	- 37.0%
Segment Profit %	9.2%	13.4%	- 420 bps

SALES & SEGMENT PROFIT %

(millions of USD)



Q4 F'19 SUMMARY:

- Revenues decreased (7.8%):
 - Organic = - (2.6%)
 - Fx = - (3.3%)
 - Divestiture = - (1.9%)
- Organic sales decreased in the low-single digits in Europe and Australia and decreased in the mid-single digits in North America.
- Segment profit negatively impacted by organic sales decline, foreign currency translation and the sale of the Runelandhs business in the fourth quarter of last fiscal year.

OUTLOOK:

- Expect F'20 organic sales to be approximately flat.
- Anticipate Europe and Australia to continue to perform well while our North American business continues to recover.

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