

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): November 20, 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))

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 November 21, 2019, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2020 first 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 5.07 SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS

On November 20, 2019, at the Company’s Annual Shareholders’ Meeting, the holders of all of the 3,538,628 shares of the Company’s Class B Common Stock voted unanimously in favor of electing the following persons to serve as the Company’s directors until the next annual meeting of shareholders and until their successors have been elected:

Patrick W. Allender
Gary S. Balkema
David S. Bem
Elizabeth P. Bruno
Nancy L. Gioia
Conrad G. Goodkind
Frank W. Harris
J. Michael Nauman
Bradley C. Richardson
Michelle E. Williams

Item 7.01 REGULATION FD DISCLOSURE

On November 21, 2019, the Company hosted a conference call related to its fiscal 2020 first quarter financial results. A copy of the slides referenced in the conference call, which is also posted on the Corporation’s website, is being furnished to the Securities and Exchange Commission as Exhibit 99.2 attached hereto 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 November 21, 2019, relating to first quarter fiscal 2020 financial results.</u>
99.2	<u>Informational slides provided by Brady Corporation, dated November 21, 2019, relating to first quarter fiscal 2020 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: November 21, 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 2020 First Quarter Results and Increases its Fiscal 2020 EPS Guidance

- Income before income taxes increased 4.2 percent to \$41.6 million in the first quarter of fiscal 2020 compared to \$39.9 million in the same quarter of the prior year.
- Diluted EPS increased 20.7 percent to \$0.70 in the first quarter of fiscal 2020 compared to \$0.58 in the same quarter of the prior year. Diluted EPS in the first quarter of fiscal 2020 was impacted by a reduced income tax rate of 9.8 percent primarily due to a favorable tax audit settlement and tax benefits from equity-based compensation.
- Sales for the quarter decreased 2.1 percent. Organic sales decreased 0.4 percent and the impact of foreign currency translation decreased sales by 1.7 percent.
- Diluted EPS guidance for the full year ending July 31, 2020 was increased to a range of \$2.50 to \$2.60 from the previous range of \$2.45 to \$2.55.

MILWAUKEE (November 21, 2019)--Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2020 first quarter ended October 31, 2019.

Quarter Ended October 31, 2019 Financial Results:

Income before income taxes increased 4.2 percent to \$41.6 million for the quarter ended October 31, 2019, compared to \$39.9 million in the same quarter last year.

Net income for the quarter ended October 31, 2019 increased 22.4 percent to \$37.5 million compared to \$30.6 million in the same quarter last year. Earnings per diluted Class A Nonvoting Common Share were \$0.70 for the first quarter of fiscal 2020, compared to \$0.58 in the same quarter last year. Net income and earnings per diluted Class A Nonvoting Common Share were impacted by a reduced income tax rate of 9.8 percent primarily due to a favorable tax audit settlement and tax benefits from equity-based compensation.

Sales for the quarter ended October 31, 2019 decreased 2.1 percent, which consisted of an organic sales decline of 0.4 percent and a decrease of 1.7 percent from foreign currency translation. Sales for the quarter ended October 31, 2019 were \$286.9 million compared to \$293.2 million in the same quarter last year. By segment, sales decreased 1.4 percent in Identification Solutions and decreased 4.2 percent in Workplace Safety, which consisted of organic sales declines of 0.2 percent in Identification Solutions and 0.8 percent in Workplace Safety.

Commentary:

“This quarter marks our 17th consecutive quarter of year-on-year pre-tax earnings growth. Our investment in innovative new products to provide increased value to our customers while executing efficiencies throughout our manufacturing facilities and SG&A structure continue to drive our improved financial results,” said Brady’s President and Chief Executive Officer, J. Michael Nauman. “We see signs of a weakening industrial economic environment, which makes our commitment to the execution of sustainable efficiency gains throughout our businesses essential this fiscal year. Our priorities for fiscal 2020 are consistent with what has allowed us to deliver improved financial results the last four years, which we believe position us well for strong revenue and earnings growth as our end markets recover from the recent macro-economic weakness.”

“Cash provided by operating activities was \$38.8 million this quarter and we finished in a net cash position of nearly \$245 million at October 31, 2019, an increase of \$107 million since October 31, 2018. Our balance sheet continues to provide significant flexibility for future investment and to return funds to our shareholders, which puts Brady in a strong financial position,” said Brady’s Chief Financial Officer, Aaron Pearce.

Fiscal 2020 Guidance:

The Company is increasing its full year fiscal 2020 earnings per diluted Class A Nonvoting Common Share guidance from its previous range of \$2.45 to \$2.55 to a range of \$2.50 to \$2.60 due to a reduction in its income tax rate. Included in this guidance is organic sales growth of approximately 1.5 to 2.5 percent, a full-year income tax rate of approximately 20 percent, and depreciation and amortization of approximately \$25 million. The Company expects to achieve efficiency gains in its manufacturing facilities and in selling, general and administrative expenses. Capital expenditures are expected to be approximately \$35 million during the year ending July 31, 2020. This guidance is based upon foreign currency exchange rates as of October 31, 2019.

A webcast regarding Brady’s fiscal 2020 first 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 INCOME
(Unaudited; Dollars in thousands, except per share data)

	Three months ended October 31,	
	2019	2018
Net sales	\$ 286,947	\$ 293,196
Cost of goods sold	145,542	146,657
Gross margin	141,405	146,539
Operating expenses:		
Research and development	10,967	11,326
Selling, general and administrative	89,547	94,591
Total operating expenses	100,514	105,917
Operating income	40,891	40,622
Other income (expense):		
Investment and other income (expense)	1,380	(17)
Interest expense	(701)	(712)
Income before income taxes	41,570	39,893
Income tax expense	4,072	9,256
Net income	<u>\$ 37,498</u>	<u>\$ 30,637</u>
Net income per Class A Nonvoting Common Share:		
Basic	\$ 0.71	\$ 0.59
Diluted	\$ 0.70	\$ 0.58
Dividends	\$ 0.22	\$ 0.21
Net income per Class B Voting Common Share:		
Basic	\$ 0.69	\$ 0.57
Diluted	\$ 0.68	\$ 0.56
Dividends	\$ 0.20	\$ 0.20
Weighted average common shares outstanding:		
Basic	53,143	52,201
Diluted	53,736	52,958

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

	October 31, 2019	July 31, 2019
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 295,093	\$ 279,072
Accounts receivable—net	162,561	158,114
Inventories	119,612	120,037
Prepaid expenses and other current assets	16,642	16,056
Total current assets	593,908	573,279
Property, plant and equipment—net	112,565	110,048
Goodwill	411,328	410,987
Other intangible assets	34,860	36,123
Deferred income taxes	7,447	7,298
Operating lease assets	52,233	—
Other assets	18,881	19,573
Total	\$ 1,231,222	\$ 1,157,308
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 59,385	\$ 64,810
Accrued compensation and benefits	63,794	62,509
Taxes, other than income taxes	8,885	8,107
Accrued income taxes	6,790	6,557
Current operating lease liabilities	14,857	—
Other current liabilities	52,092	49,796
Current maturities on long-term debt	50,144	50,166
Total current liabilities	255,947	241,945
Long-term operating lease liabilities	40,124	—
Other liabilities	58,616	64,589
Total liabilities	354,687	306,534
Stockholders' equity:		
Common stock:		
Class A nonvoting common stock—Issued 51,261,487 shares, and outstanding 49,764,799 and 49,458,841 shares, respectively	513	513
Class B voting common stock—Issued and outstanding, 3,538,628 shares	35	35
Additional paid-in capital	327,241	329,969
Retained earnings	663,808	637,843
Treasury stock—1,496,688 and 1,802,646 shares, respectively of Class A nonvoting common stock, at cost	(43,779)	(46,332)
Accumulated other comprehensive loss	(71,283)	(71,254)
Total stockholders' equity	876,535	850,774
Total	\$ 1,231,222	\$ 1,157,308

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

	Three months ended October 31,	
	2019	2018
Operating activities:		
Net income	\$ 37,498	\$ 30,637
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,634	5,960
Non-cash portion of stock-based compensation expense	3,618	4,965
Deferred income taxes	1,009	2,164
Other	1,533	218
Changes in operating assets and liabilities:		
Accounts receivable	(4,362)	(6,709)
Inventories	249	(3,125)
Prepaid expenses and other assets	(1,404)	(2,197)
Accounts payable and accrued liabilities	(5,193)	(14,288)
Income taxes	266	1,193
Net cash provided by operating activities	38,848	18,818
Investing activities:		
Purchases of property, plant and equipment	(7,724)	(6,009)
Other	527	337
Net cash used in investing activities	(7,197)	(5,672)
Financing activities:		
Payment of dividends	(11,533)	(11,096)
Proceeds from exercise of stock options	3,411	13,001
Payments for employee taxes withheld from stock-based awards	(7,269)	(2,937)
Proceeds from borrowing on credit facilities	—	5,737
Repayment of borrowings on credit facilities	—	(2,269)
Other	65	(1,772)
Net cash (used in) provided by financing activities	(15,326)	664
Effect of exchange rate changes on cash	(304)	(3,061)
Net increase in cash and cash equivalents	16,021	10,749
Cash and cash equivalents, beginning of period	279,072	181,427
Cash and cash equivalents, end of period	\$ 295,093	\$ 192,176

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

	Three months ended October 31,	
	2019	2018
NET SALES		
ID Solutions	\$ 214,987	\$ 218,100
Workplace Safety	71,960	75,096
Total	<u>\$ 286,947</u>	<u>\$ 293,196</u>

SALES INFORMATION

<i>ID Solutions</i>		
Organic	(0.2)%	5.7 %
Currency	(1.2)%	(1.7)%
Total	<u>(1.4)%</u>	<u>4.0 %</u>
<i>Workplace Safety</i>		
Organic	(0.8)%	2.2 %
Currency	(3.4)%	(2.6)%
Divestitures	— %	(6.2)%
Total	<u>(4.2)%</u>	<u>(6.6)%</u>
<i>Total Company</i>		
Organic	(0.4)%	4.7 %
Currency	(1.7)%	(2.0)%
Divestitures	— %	(1.7)%
Total	<u>(2.1)%</u>	<u>1.0 %</u>

SEGMENT PROFIT

ID Solutions	\$ 42,443	\$ 41,562
Workplace Safety	5,157	5,541
Total	<u>\$ 47,600</u>	<u>\$ 47,103</u>

SEGMENT PROFIT AS A PERCENT OF NET SALES

ID Solutions	19.7 %	19.1 %
Workplace Safety	7.2 %	7.4 %
Total	<u>16.6 %</u>	<u>16.1 %</u>

	Three months ended October 31,	
	2019	2018
Total segment profit	\$ 47,600	\$ 47,103
Unallocated amounts:		
Administrative costs	(6,709)	(6,481)
Investment and other income (expense)	1,380	(17)
Interest expense	(701)	(712)
Income before income taxes	<u>\$ 41,570</u>	<u>\$ 39,893</u>



Brady Corporation

F'20 Q1 Financial Results

November 21, 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.

Q1 F'20 Financial Summary

- **Sales were \$286.9M in Q1 of F'20 compared with \$293.2M in Q1 of F'19.**
 - Organic sales decreased 0.4%.
 - Foreign currency translation decreased sales 1.7%.
- **Gross profit margin of 49.3% in Q1 of F'20 compared with 50.0% in Q1 of F'19.**
- **SG&A expense of \$89.5M (31.2% of sales) in Q1 of F'20 compared with \$94.6M (32.3% of sales) in Q1 of F'19.**
- **R&D expense of \$11.0M (3.8% of sales) in Q1 of F'20 compared with \$11.3M (3.9% of sales) in Q1 of F'19.**
- **Income before income taxes of \$41.6M in Q1 of F'20 compared with \$39.9M in Q1 of F'19.**
- **Income tax rate of 9.8% in Q1 of F'20 compared with 23.2% in Q1 of F'19.**
- **Net income per Class A Diluted Nonvoting Common Share of \$0.70 in Q1 of F'20 compared with \$0.58 in Q1 of F'19.**

Sales Overview

SALES

(millions of US\$)



Q1 F'20 SALES:

- 0.4% decrease in organic sales:
 - ID Solutions – Organic sales decreased 0.2%.
 - Workplace Safety – Organic sales decreased 0.8%.
- 1.7% decrease due to foreign currency translation.

Q1 F'20 SALES COMMENTARY:

- ID Solutions – Organic sales increased in the Americas and decreased in Europe and Asia.
- 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)



Q1 F'20 – GROSS PROFIT MARGIN:

- Gross profit margin of 49.3% compared to 50.0% in Q1 of F'19.
- Costs increased in certain areas including personnel and raw materials.
- 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\$)



Q1 F'20 – SG&A EXPENSE:

- SG&A expense was \$89.5M (31.2% of sales) in Q1 of F'20 compared to \$94.6M (32.3% of sales) in Q1 of F'19.
- Approximately two-thirds of the decrease in SG&A expense was due to on-going efficiency gains and approximately one-third of the decrease was due to 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\$)



Q1 F'20 – R&D EXPENSE:

- Investing in R&D to drive future organic sales growth.
- Improved new product pipeline.
- Focused on ensuring our R&D spend is efficient and effective.

Income Before Income Taxes

INCOME BEFORE INCOME TAXES

(millions of US\$)



Q1 F'20 - INCOME BEFORE INCOME TAXES:

- Income before income taxes was \$41.6M in Q1 of F'20 compared to \$39.9M in Q1 of F'19.
- The increase in pre-tax income was primarily driven by on-going efficiency activities.

Net Income & Diluted EPS

NET INCOME PER CLASS A DILUTED SHARE



NET INCOME

(millions of US\$)



Q1 F'20 – NET INCOME & DILUTED EPS:

- Net income was \$37.5M in Q1 of F'20 compared to \$30.6M in Q1 of F'19.
- The income tax rate was 9.8% in Q1 of F'20 compared to 23.2% in Q1 of F'19. The income tax rate in Q1 of F'20 was favorably impacted by the settlement of a tax audit and the positive impact of equity-based compensation activity.
- Diluted EPS was \$0.70 in Q1 of F'20 compared to \$0.58 in Q1 of F'19.

Cash Generation & Uses

CASH FLOW FROM OPERATING ACTIVITIES (millions of USD)



CASH FLOWS IN Q1 OF F'20:

- Cash flow from operating activities was \$38.8M in Q1 of F'20 compared to \$18.8M in Q1 of F'19.
- Free cash flow* was \$31.1M in Q1 of F'20 compared to \$12.8M in Q1 of F'19.
- The increase in cash flow from operating activities was primarily due to the timing of annual incentive compensation payments.
- We returned \$11.5M to our shareholders in the form of dividends in Q1 of F'20.

(millions of USD)

	3 Mos. Ended Oct. 31, 2019	3 Mos. Ended Oct. 31, 2018
Cash Balance - Beginning of Period	\$ 279.1	\$ 181.4
Cash Flow from Operating Activities	38.8	18.8
Capital Expenditures	(7.7)	(6.0)
Dividends	(11.5)	(11.1)
Debt Borrowings (Repayments) - Net	-	3.5
Effect of Exchange Rates on Cash	(0.3)	(3.1)
Other	(3.3)	8.7
Cash Balance - End of Period	\$ 295.1	\$ 192.2

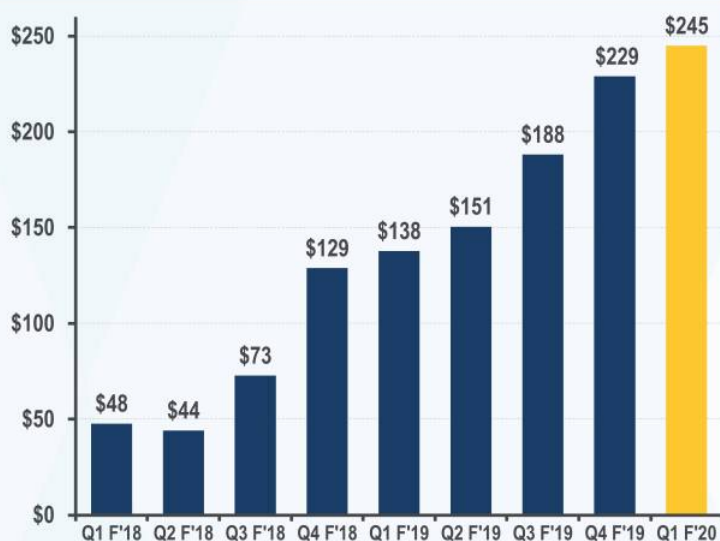
* Free Cash Flow is calculated as Net Cash Provided by Operating Activities less Capital Expenditures.



Net Cash

NET CASH

(millions of USD)



DEBT STRUCTURE

(millions of USD)

	Interest Rate	Oct. 31, 2019 Balance	July 31, 2019 Balance
Private Placements:			
EUR-den. 2010 Series (10-yr.)	4.24%	\$ (50.1)	\$
TOTAL DEBT		\$ (50.1)	\$
Cash and Cash Equivalents		295.1	
NET CASH		\$ 245.0	\$

STRONG BALANCE SHEET:

- October 31, 2019 cash = \$295.1M and debt = \$50.1M.
- Net cash increased \$16.1M in Q1 of F'20.
- Approximately 56% of our cash is held in the United States.
- Balance sheet provides flexibility for future investments.

Full-Year F'20 EPS Guidance

F'20 Diluted EPS guidance range increased to \$2.50 to \$2.60.
(previous guidance range was \$2.45 to \$2.55).

F'20 Guidance Assumptions:

- Organic sales growth of approximately 1.5% - 2.5%.
- Depreciation and amortization expense of approximately \$25M.
- Income tax rate of approximately 20%.
- Capital expenditures of approximately \$35M.

Identification Solutions

Q1 F'20 vs. Q1 F'19

(millions of USD)

	Q1 F'20	Q1 F'19	Change
Sales	\$ 215.0	\$ 218.1	- 1.4%
Segment Profit	42.4	41.6	+ 2.1%
Segment Profit %	19.7%	19.1%	+ 60 bps

SALES & SEGMENT PROFIT %

(millions of USD)



Q1 F'20 SUMMARY:

- Revenues decreased - (1.4%):
 - Organic = - (0.2%)
 - Fx = - (1.2%)
- Organic sales increased in the low-single digits in the Americas, decreased in the low-single digits in Asia, and decreased in the mid-single digits in EMEA.
- Healthcare identification product line sales were approximately flat.
- 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

Q1 F'20 vs. Q1 F'19

(millions of USD)

	Q1 F'20	Q1 F'19	Change
Sales	\$ 72.0	\$ 75.1	- 4.2%
Segment Profit	5.2	5.5	- 6.9%
Segment Profit %	7.2%	7.4%	- 20 bps

SALES & SEGMENT PROFIT %

(millions of USD)



Q1 F'20 SUMMARY:

- Revenues decreased - (4.2%):
 - Organic = - (0.8%)
 - Fx = - (3.4%)
- Organic sales decreased in the low-single digits in North America and Australia and increased modestly in Europe.
- North America continues to show improving financial trends.
- Segment profit negatively impacted by the organic sales decline and foreign currency translation.

OUTLOOK:

- Expect F'20 organic sales to be approximately flat.
- Anticipate our North American business to continue to recover.

Investor Relations

Brady Contact:

Ann Thornton
Investor Relations
414-438-6887

Ann_Thornton@bradycorp.com

See our web site at
www.bradycorp.com



