

**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): February 23, 2017

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))

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 23, 2017, Brady Corporation (the “Company”) issued a press release announcing its fiscal 2017 second 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 February 23, 2017, the Company hosted a conference call related to its fiscal 2017 second 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 | Press Release of Brady Corporation, dated February 23, 2017, relating to second quarter fiscal 2017 financial results. |
| 99.2 | Informational slides provided by Brady Corporation, dated February 23, 2017, relating to second quarter fiscal 2017 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: February 23, 2017

/s/ AARON J. PEARCE

Aaron J. Pearce
Chief Financial Officer and Treasurer

EXHIBIT INDEX

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For More Information:

Investor contact: Ann Thornton 414-438-6887

Media contact: Kate Venne 414-358-5176

Brady Corporation Reports Fiscal 2017 Second Quarter Results and Increases its Fiscal 2017 EPS Guidance

- Earnings per diluted Class A Nonvoting Common Share was \$0.49 in the second quarter of fiscal 2017 compared to \$0.30 in the same quarter of the prior year. Results for the quarter include \$0.09 per share of discrete tax benefits.
- Organic revenue growth was 1.3 percent for the quarter ended January 31, 2017.
- Net debt was \$37.7 million at January 31, 2017 compared to \$132.5 million at January 31, 2016; providing flexibility for future investments.
- Earnings per diluted Class A Common Share guidance for the full year ending July 31, 2017 increased from a range of \$1.55 to \$1.70 to a range of \$1.75 to \$1.85.

MILWAUKEE (February 23, 2017)--Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2017 second quarter ended January 31, 2017.

Quarter Ended January 31, 2017 Financial Results:

Net earnings for the quarter ended January 31, 2017, were \$25.3 million compared to \$15.3 million in the same quarter last year.

Earnings per diluted Class A Nonvoting Common Share were \$0.49 for the quarter ended January 31, 2017, compared to \$0.30 in the same quarter last year.

During the quarter ended January 31, 2017, the Company's effective tax rate was 13.1%, which was impacted by certain one-time tax benefits from a cash repatriation. The one-time tax items benefited earnings per diluted Class A Nonvoting Common Share by approximately \$0.09 during the quarter. Our historical average effective tax rate is approximately 28%.

Sales for the quarter ended January 31, 2017, decreased 0.2 percent to \$268.0 million compared to \$268.6 million in the same quarter last year. Total organic sales increased 1.3 percent while the impact of foreign currency translation decreased sales by 1.5 percent. By segment, organic sales increased 1.9 percent in Identification Solutions and decreased 0.2 percent in Workplace Safety.

Six-Month Period Ended January 31, 2017 Financial Results:

Net earnings for the six-month period ended January 31, 2017, were \$47.9 million compared to \$34.0 million in the same quarter last year.

Earnings per diluted Class A Nonvoting Common Share were \$0.93 for the six-month period ended January 31, 2017, compared to \$0.67 in the same period in fiscal 2016.

During the six-month period ended January 31, 2017, the Company's effective tax rate was 20.4%, which was impacted by certain one-time tax benefits from a cash repatriation. The one-time tax items benefited earnings per diluted Class A Nonvoting Common Share by approximately \$0.09 during the six-month period.

Sales for the six-month period ended January 31, 2017, decreased 0.6 percent to \$548.2 million compared to \$551.7 million in the same quarter last year. Total organic sales increased 0.5 percent while foreign currency translation decreased sales by 1.1 percent. By segment, organic sales increased 1.3 percent in Identification Solutions and decreased 1.3 percent in Workplace Safety.

Commentary:

"Our continued focus on developing high-quality products, identifying efficiencies in our SG&A structure, and driving a culture of local ownership and accountability is working. This quarter marks our sixth consecutive quarter of year-over-year earnings growth. Our actions to improve organic sales are also working as we realized organic sales growth of 1.3 percent this quarter and are at 0.5 percent organic sales growth year-to-date. However, we do expect to see choppy organic growth patterns in the future as our initiatives gain traction and due to fewer billing days in the second half of fiscal 2017," said Brady's President and Chief Executive Officer, J. Michael Nauman. "We believe our actions are starting to result in long-term positive organic sales trends, which we expect will translate into future profit improvements. Looking forward, our priorities remain unchanged, which are to grow our pipeline of innovative new products, deliver efficiency gains, and serve our customers extremely well. We are pleased that we have been able to consistently improve our performance while simultaneously driving our long-term strategy."

"We continue to see profitability improvements as we focus on driving efficiencies throughout our manufacturing operations while actively reducing our selling, general and administrative expense structure, all while investing in organic growth opportunities," said Brady's Chief Financial Officer, Aaron Pearce. "Cash generation for the quarter ended January 31, 2017, was below that of last year due to the timing of certain payments. After taking the impact of these timing items into account, it is clear that our trend of solid cash generation continues as we finished with net debt of \$37.7 million as of January 31, 2017, compared to net debt of \$132.5 million as of January 31, 2016. As a result of this cash generation, our balance sheet is solid and provides significant flexibility for future investment and returning funds to our shareholders."

Fiscal 2017 Guidance:

The Company is increasing its earnings per diluted Class A Common Share guidance from a range of \$1.55 to \$1.70 to a range of \$1.75 to \$1.85 for the full year ending July 31, 2017. Included in this guidance are organic sales ranging from a low single-digit decline to slightly positive growth for the year ending July 31, 2017. Offsetting this challenging revenue environment are ongoing efficiency gains in the Company's manufacturing facilities and selling, general, and administrative expenses. This guidance is based upon foreign currency exchange

rates as of January 31, 2017, a full-year income tax rate in the mid-20 percent range, depreciation and amortization expense of \$30 million, and capital expenditures approximating \$20 million.

A webcast regarding Brady's fiscal 2017 second quarter financial results will be available at www.bradycorp.com 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, 2016, employed approximately 6,500 people in its worldwide businesses. Brady's fiscal 2016 sales were approximately \$1.12 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; deterioration or instability in the global economy and financial markets; decreased demand for our products; Brady's ability to retain large customers; risks associated with the loss of key employees; changes in tax legislation and tax rates; Brady's ability to execute facility consolidations and maintain acceptable operational service metrics; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; litigation, including product liability claims; divestitures and contingent liabilities from divestitures; Brady's ability to properly identify, integrate, and grow acquired companies; foreign currency fluctuations; 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, 2016.

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 January 31, | | Six months ended January 31, | |
|--|--------------------------------|------------------|------------------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Net sales | \$ 268,001 | \$ 268,630 | \$ 548,177 | \$ 551,703 |
| Cost of products sold | 133,843 | 135,738 | 273,661 | 279,462 |
| Gross margin | 134,158 | 132,892 | 274,516 | 272,241 |
| Operating expenses: | | | | |
| Research and development | 9,481 | 9,097 | 18,627 | 17,666 |
| Selling, general and administrative | 94,715 | 100,206 | 192,719 | 200,884 |
| Total operating expenses | 104,196 | 109,303 | 211,346 | 218,550 |
| Operating income | 29,962 | 23,589 | 63,170 | 53,691 |
| Other income (expense): | | | | |
| Investment and other income (expense) | 596 | (992) | 107 | (1,751) |
| Interest expense | (1,458) | (2,130) | (3,190) | (4,281) |
| Earnings before income taxes | 29,100 | 20,467 | 60,087 | 47,659 |
| Income tax expense | 3,803 | 5,177 | 12,237 | 13,666 |
| Net earnings | <u>\$ 25,297</u> | <u>\$ 15,290</u> | <u>\$ 47,850</u> | <u>\$ 33,993</u> |
| | | | | |
| Net earnings per Class A Nonvoting Common Share: | | | | |
| Basic | \$ 0.50 | \$ 0.30 | \$ 0.94 | \$ 0.67 |
| Diluted | \$ 0.49 | \$ 0.30 | \$ 0.93 | \$ 0.67 |
| Dividends | \$ 0.21 | \$ 0.20 | \$ 0.41 | \$ 0.41 |
| Net earnings per Class B Voting Common Share: | | | | |
| Basic | \$ 0.50 | \$ 0.30 | \$ 0.93 | \$ 0.65 |
| Diluted | \$ 0.49 | \$ 0.30 | \$ 0.91 | \$ 0.65 |
| Dividends | \$ 0.21 | \$ 0.20 | \$ 0.39 | \$ 0.39 |
| Weighted average common shares outstanding (in thousands): | | | | |
| Basic | 51,054 | 50,527 | 50,844 | 50,778 |
| Diluted | 51,954 | 50,647 | 51,721 | 50,868 |

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

| | January 31, 2017 | July 31, 2016 |
|---|---------------------|---------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 125,208 | \$ 141,228 |
| Accounts receivable—net | 140,018 | 147,333 |
| Inventories: | | |
| Finished products | 60,642 | 64,313 |
| Work-in-process | 17,029 | 16,678 |
| Raw materials and supplies | 19,737 | 18,436 |
| Total inventories | 97,408 | 99,427 |
| Prepaid expenses and other current assets | 19,051 | 19,436 |
| Total current assets | 381,685 | 407,424 |
| Other assets: | | |
| Goodwill | 424,857 | 429,871 |
| Other intangible assets | 55,980 | 59,806 |
| Deferred income taxes | 27,403 | 27,238 |
| Other | 16,327 | 17,181 |
| Property, plant and equipment: | | |
| Cost: | | |
| Land | 7,272 | 5,809 |
| Buildings and improvements | 94,542 | 95,355 |
| Machinery and equipment | 254,688 | 256,549 |
| Construction in progress | 3,168 | 2,842 |
| | 359,670 | 360,555 |
| Less accumulated depreciation | 262,786 | 258,111 |
| Property, plant and equipment—net | 96,884 | 102,444 |
| Total | \$ 1,003,136 | \$ 1,043,964 |
| <u>LIABILITIES AND STOCKHOLDERS' INVESTMENT</u> | | |
| Current liabilities: | | |
| Notes payable | \$ 5,691 | \$ 4,928 |
| Accounts payable | 58,515 | 62,245 |
| Wages and amounts withheld from employees | 39,157 | 45,998 |
| Taxes, other than income taxes | 6,617 | 7,403 |
| Accrued income taxes | 2,011 | 6,136 |
| Other current liabilities | 38,210 | 40,017 |
| Total current liabilities | 150,201 | 166,727 |
| Long-term obligations, less current maturities | 157,223 | 211,982 |
| Other liabilities | 60,820 | 61,657 |
| Total liabilities | 368,244 | 440,366 |
| Stockholders' investment: | | |
| Common Stock: | | |
| Class A nonvoting common stock—Issued 51,261,487 and 51,261,487 shares, respectively and outstanding 47,594,684 and 46,920,974 shares, respectively | 513 | 513 |
| Class B voting common stock—Issued and outstanding, 3,538,628 shares | 35 | 35 |
| Additional paid-in capital | 317,587 | 317,001 |
| Earnings retained in the business | 480,368 | 453,371 |
| Treasury stock—3,666,803 and 4,340,513 shares, respectively of Class A nonvoting common stock, at cost | (90,998) | (108,714) |
| Accumulated other comprehensive loss | (68,214) | (54,745) |
| Other | (4,399) | (3,863) |
| Total stockholders' investment | 634,892 | 603,598 |
| Total | \$ 1,003,136 | \$ 1,043,964 |

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

| | Six months ended January 31, | |
|---|------------------------------|------------|
| | 2017 | 2016 |
| Operating activities: | | |
| Net earnings | \$ 47,850 | \$ 33,993 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 14,102 | 17,502 |
| Stock-based compensation expense | 5,394 | 4,569 |
| Deferred income taxes | (4,547) | 3,338 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 3,407 | 3,204 |
| Inventories | 224 | 3,403 |
| Prepaid expenses and other assets | 220 | (3,811) |
| Accounts payable and accrued liabilities | (9,384) | (1,618) |
| Income taxes | (3,932) | (2,326) |
| Net cash provided by operating activities | 53,334 | 58,254 |
| Investing activities: | | |
| Purchases of property, plant and equipment | (7,235) | (3,928) |
| Other | 593 | 2,521 |
| Net cash used in investing activities | (6,642) | (1,407) |
| Financing activities: | | |
| Payment of dividends | (20,852) | (20,425) |
| Proceeds from exercise of stock options | 14,659 | 53 |
| Purchase of treasury stock | — | (23,397) |
| Repayment of borrowing on credit facilities | (50,469) | (437) |
| Debt issuance costs | — | (803) |
| Income tax on equity-based compensation, and other | (640) | (1,299) |
| Net cash used in financing activities | (57,302) | (46,308) |
| Effect of exchange rate changes on cash | (5,410) | (4,833) |
| Net (decrease) increase in cash and cash equivalents | (16,020) | 5,706 |
| Cash and cash equivalents, beginning of period | 141,228 | 114,492 |
| Cash and cash equivalents, end of period | \$ 125,208 | \$ 120,198 |

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

| | Three months ended January 31, | | Six months ended January 31, | |
|------------------------------------|--------------------------------|-------------------|------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| SALES TO EXTERNAL CUSTOMERS | | | | |
| ID Solutions | \$ 190,962 | \$ 189,780 | \$ 392,226 | \$ 390,800 |
| Workplace Safety | 77,039 | 78,850 | 155,951 | 160,903 |
| Total | <u>\$ 268,001</u> | <u>\$ 268,630</u> | <u>\$ 548,177</u> | <u>\$ 551,703</u> |

SALES INFORMATION

| | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|
| <i>ID Solutions</i> | | | | |
| Organic | 1.9 % | 0.9 % | 1.3 % | (0.7)% |
| Currency | (1.3)% | (4.6)% | (0.9)% | (5.0)% |
| Total | <u>0.6 %</u> | <u>(3.7)%</u> | <u>0.4 %</u> | <u>(5.7)%</u> |
| <i>Workplace Safety</i> | | | | |
| Organic | (0.2)% | (0.6)% | (1.3)% | (1.4)% |
| Currency | (2.1)% | (7.2)% | (1.8)% | (8.5)% |
| Total | <u>(2.3)%</u> | <u>(7.8)%</u> | <u>(3.1)%</u> | <u>(9.9)%</u> |
| <i>Total Company</i> | | | | |
| Organic | 1.3 % | 0.4 % | 0.5 % | (0.9)% |
| Currency | (1.5)% | (5.4)% | (1.1)% | (6.0)% |
| Total | <u>(0.2)%</u> | <u>(5.0)%</u> | <u>(0.6)%</u> | <u>(6.9)%</u> |

SEGMENT PROFIT

| | | | | |
|------------------|------------------|------------------|------------------|------------------|
| ID Solutions | \$ 28,961 | \$ 23,056 | \$ 62,035 | \$ 48,487 |
| Workplace Safety | 6,059 | 6,296 | 12,504 | 15,678 |
| Total | <u>\$ 35,020</u> | <u>\$ 29,352</u> | <u>\$ 74,539</u> | <u>\$ 64,165</u> |

SEGMENT PROFIT AS A PERCENT OF SALES

| | | | | |
|------------------|---------------|---------------|---------------|---------------|
| ID Solutions | 15.2 % | 12.1 % | 15.8 % | 12.4 % |
| Workplace Safety | 7.9 % | 8.0 % | 8.0 % | 9.7 % |
| Total | <u>13.1 %</u> | <u>10.9 %</u> | <u>13.6 %</u> | <u>11.6 %</u> |

| | Three months ended January 31, | | Six months ended January 31, | |
|---------------------------------------|--------------------------------|------------------|------------------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| Total segment profit | \$ 35,020 | \$ 29,352 | \$ 74,539 | \$ 64,165 |
| Unallocated amounts: | | | | |
| Administrative costs | (5,058) | (5,763) | (11,369) | (10,474) |
| Investment and other income (expense) | 596 | (992) | 107 | (1,751) |
| Interest expense | (1,458) | (2,130) | (3,190) | (4,281) |
| Earnings before income taxes | <u>\$ 29,100</u> | <u>\$ 20,467</u> | <u>\$ 60,087</u> | <u>\$ 47,659</u> |



Brady Corporation F'17 Q2 Financial Results

February 23, 2017



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; deterioration or instability in the global economy and financial markets; decreased demand for our products; Brady’s ability to retain large customers; risks associated with the loss of key employees; changes in tax legislation and tax rates; Brady’s ability to execute facility consolidations and maintain acceptable operational service metrics; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; litigation, including product liability claims; divestitures and contingent liabilities from divestitures; Brady’s ability to properly identify, integrate, and grow acquired companies; foreign currency fluctuations; 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, 2016.

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.

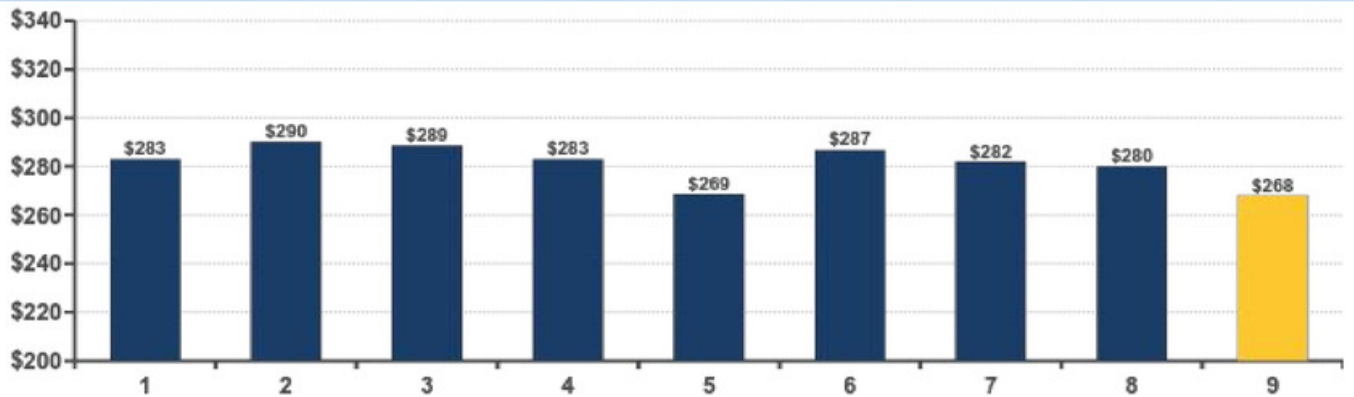
Q2 F'17 Financial Summary

- **Sales down 0.2% to \$268.0M in Q2 of F'17 vs. \$268.6M in Q2 of F'16.**
 - Organic sales increased 1.3%.
 - Foreign currency translation reduced sales by 1.5%.
- **Gross profit margin of 50.1% in Q2 of F'17 compared with 49.5% in Q2 of F'16.**
- **SG&A expense of \$94.7M (35.3% of sales) in Q2 of F'17 compared with \$100.2M (37.3% of sales) in Q2 of F'16.**
- **Net earnings of \$25.3M in Q2 of F'17 compared with \$15.3M in Q2 of F'16.**
 - Q2 of F'17 positively impacted by a tax rate of 13.1%.
- **Net earnings per Class A Diluted Nonvoting Common Share of \$0.49 in Q2 of F'17, compared with \$0.30 in Q2 of F'16.**
 - Net earnings per Class A Diluted Nonvoting Common Share would have been \$0.40 if the tax rate were at its historic average of approximately 28%.
- **Net cash provided by operating activities of \$19.3M in Q2 of F'17 compared with \$27.9M in Q2 of F'16.**

Sales Overview

SALES

(millions of USD)



Organic Sales
Growth

Q2 F'17 SALES:

- 1.3% organic sales growth:
 - ID Solutions – Organic sales growth of 1.9%.
 - Workplace Safety – Organic sales decline of (0.2%).
- (1.5%) decrease due to currency translation.

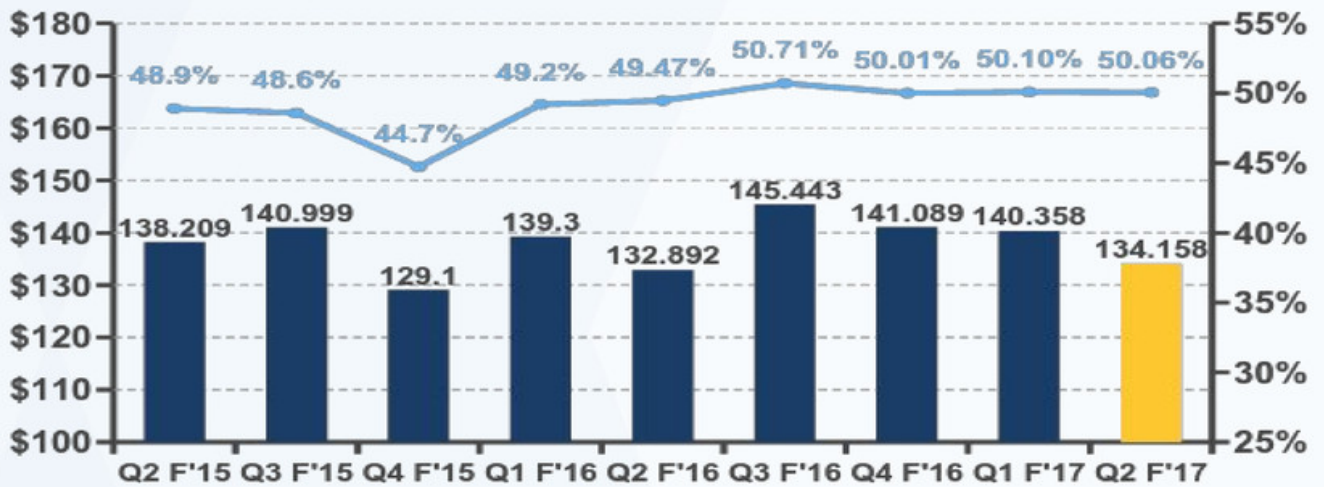
Q2 F'17 SALES COMMENTARY:

- Organic sales growth in all regions of our IDS business, with strongest growth in Europe.
- Organic sales growth continues in our WPS Europe business offset by declines in North America.
- Foreign currency translation headwinds persist.

Gross Profit Margin

GROSS PROFIT & GPM%

(millions of USD)



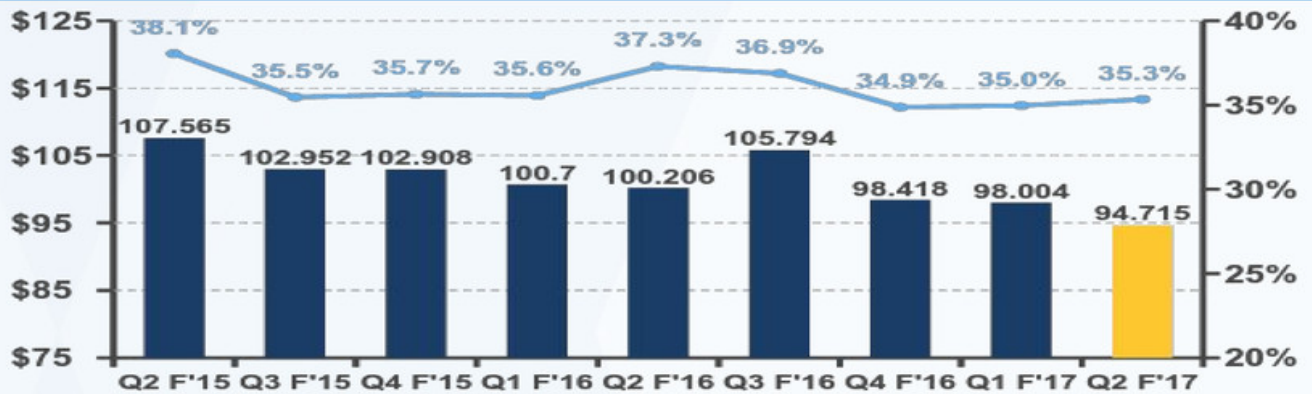
GROSS PROFIT MARGIN COMMENTARY:

- GPM of 50.1% in Q2 of F'17 compared with 49.5% in Q2 of F'16.
- GPM improved due to ongoing efficiency gains throughout our global operations.

SG&A Expense

SG&A and SG&A% of SALES

(millions of USD)



SG&A EXPENSE:

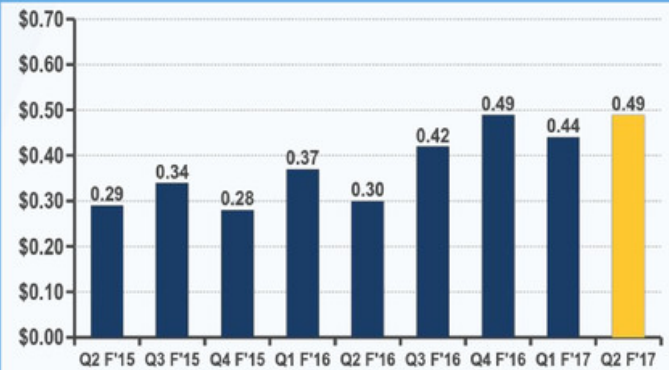
- SG&A expense declined \$5.5M, finishing at \$94.7M in Q2 of F'17 compared to \$100.2M in Q2 of F'16, continuing the general downward trend.
- The ongoing declines in SG&A expense are a direct result of focused efforts on driving efficiencies across the organization, while improving the overall customer buying experience.

Net Earnings & EPS

NET EARNINGS FROM CONTINUING OPERATIONS,
EXCLUDING CERTAIN ITEMS IN F'15* (millions of USD)



NET EARNINGS FROM CONTINUING OPERATIONS PER CLASS
A DILUTED SHARE, EXCLUDING CERTAIN ITEMS IN F'15*



Q2 F'17 – NET EARNINGS & EPS:

- Q2 F'17 net earnings were \$25.3M compared to \$15.3M in Q2 of F'16.
- The increase in earnings was driven by improved gross profit margins, efficiencies in operating expenses, and a lower income tax rate.
- Net earnings were positively impacted by one time discrete tax benefits of \$0.09 per share, resulting in an income tax rate of 13.1% for the quarter ended January 31, 2017.

* Net Earnings from Continuing Operations, Excluding Certain Items in F'15 and Net Earnings from Continuing Operations Per Class A Diluted Share in F'15 are non-GAAP measures. See appendix.

Cash Generation & Uses

Cash Flow from Operating Activities

(millions of USD)



(millions of USD)

| | 3 Mos. Ended Jan. 31, 2017 | 3 Mos. Ended Jan. 31, 2016 |
|---|-------------------------------|-------------------------------|
| Cash Balance - Beginning of Period | \$ 166.3 | \$ 110.6 |
| Cash Flow from Operating Activities | 19.3 | 27.9 |
| Capital Expenditures | (3.3) | (1.6) |
| Repurchase of Stock | - | (7.2) |
| Dividends | (10.5) | (10.2) |
| Debt (Repayments) Borrowings - Net | (50.9) | 2.3 |
| Effect of Exchange Rate on Cash | (1.3) | (2.3) |
| Other | 5.6 | 0.7 |
| Cash Balance - End of Period | \$ 125.2 | \$ 120.2 |

CASH FLOWS IN Q2 OF F'17:

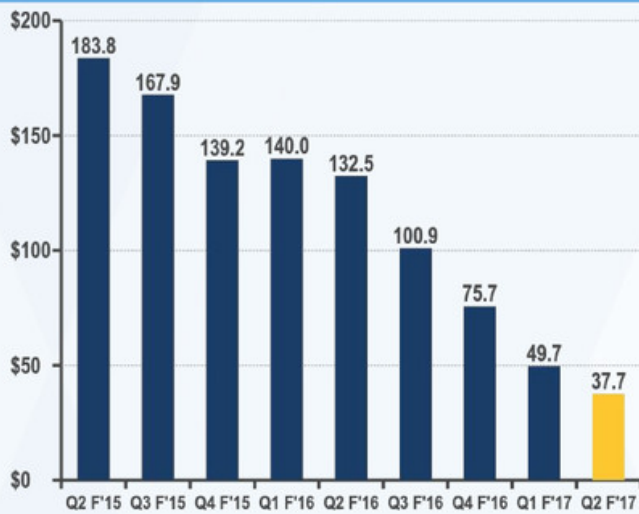
- Cash flow from operating activities was \$19.3M in Q2 of F'17 compared to \$27.9M in Q2 of F'16.
- Free cash flow* was \$16.0M in Q2 of F'17 compared to \$26.3M in Q2 of F'16.
- Returned \$10.5M to our shareholders in the form of dividends in Q2 of F'17.
- Cash flow from operating activities in Q2 of F'17 was down versus Q2 of F'16 due to the timing of certain employee-related incentive compensation payments, which were paid in Q1 of F'16 vs. Q2 of F'17.

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

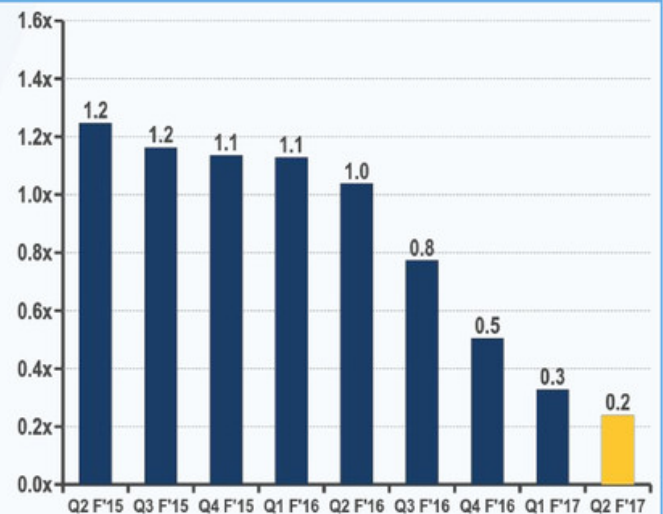
Net Debt & EBITDA

NET DEBT

(millions of USD)



NET DEBT / TTM EBITDA*



STRONG BALANCE SHEET:

- January 31, 2017 Cash = \$125.2M, Debt = \$162.9M, and trailing twelve month EBITDA = \$157.5M.
- Net Debt/EBITDA* = 0.2 to 1.
- Net debt declined \$94.8M over the last twelve months, finishing at \$37.7M at January 31, 2017 compared to \$132.5M at January 31, 2016.
- Balance sheet provides flexibility for future cash uses.

* EBITDA is a non-GAAP measure. See appendix for the reconciliation of net earnings to EBITDA.

Increasing Full Year F'17 EPS Guidance

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F'17 Diluted EPS

\$1.75 to \$1.85

Guidance Assumptions:

- Low single digit organic sales declines to slight organic sales growth.
- Full-year depreciation and amortization expense of approximately \$30M.
- Full-year income tax rate in the mid-20% range and income tax expense for the second half of F'17 in the upper-20% range.
- Full-year capital expenditures of approximately \$20M.

Identification Solutions

Q2 F'17 vs. Q2 F'16 PERFORMANCE (millions of USD)

| | Q2 F'17 | Q2 F'16 | Change |
|------------------|----------|----------|-----------|
| Sales | \$ 191.0 | \$ 189.8 | + 0.6% |
| Segment Profit | 29.0 | 23.1 | + 25.6% |
| Segment Profit % | 15.2% | 12.1% | + 3.1 pts |

SALES & SEGMENT PROFIT % (millions of USD)



Q2 F'17 SUMMARY:

- Revenues up 0.6%:
 - Organic = 1.9%
 - Fx = - (1.3)%
- Organic sales growth in all regions with mid-single digit growth in European business.
- Segment profit as a percent of sales increased as a result of ongoing operational improvements and management of operating expenses.

OUTLOOK:

- Expect low-single digit organic sales growth in F'17.
- Expect segment profit to continue to be in the mid-teens as a percent of sales in F'17.

Workplace Safety

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Q2 F'17 vs. Q2 F'16 PERFORMANCE (millions of USD)

| | Q2 F'17 | Q2 F'16 | Change |
|------------------|---------|---------|-----------|
| Sales | \$ 77.0 | \$ 78.9 | - 0.2% |
| Segment Profit | 6.1 | 6.3 | - 3.8% |
| Segment Profit % | 7.9% | 8.0% | - 0.1 pts |

SALES & SEGMENT PROFIT % (millions of USD)



Q2 F'17 SUMMARY:

- Revenues decreased (2.3%):
 - Organic = - (0.2)%
 - Fx = - (2.1)%
- Continued organic growth in Europe offset by high-single digit declines in the U.S.
- Australia has returned to growth, with mid single-digit organic sales growth in Q2 of F'17.
- Digital sales increased by nearly 20% in Europe.
- Segment profit declined due to decreases in sales and compressed gross profit margins partially caused by business mix.

OUTLOOK:

- Expect low-single digit organic sales declines in F'17.
- Expect segment profit to be in the upper single digits as a % of sales in F'17.

Brady Contact:

Ann Thornton
Investor Relations
414-438-6887

Ann_Thornton@bradycorp.com

See our web site at
www.bradycorp.com



Appendix

Comparable Income Statements

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COMPARABLE INCOME STATEMENTS

(millions of USD)

| | Three Months Ended January 31, | | |
|--|--------------------------------|----------|----------|
| | 2017 | 2016 | Change |
| Sales | \$ 268.0 | \$ 268.6 | \$ (0.6) |
| Gross Margin | 134.2 | 132.9 | 1.3 |
| <i>% of Sales</i> | 50.1% | 49.5% | |
| Research and Development | (9.5) | (9.1) | (0.4) |
| Selling, General and Admin. | (94.7) | (100.2) | 5.5 |
| <i>% of Sales</i> | (35.3%) | (37.3%) | 2.0 pts |
| Operating Income | 30.0 | 23.6 | 6.4 |
| Interest and Other | (0.9) | (3.1) | 2.2 |
| Income Taxes | (3.8) | (5.2) | 1.4 |
| Net Earnings | \$ 25.3 | \$ 15.3 | \$ 10.0 |
| <i>% of Sales</i> | 9.4% | 5.7% | 3.7 pts |
| Net Earnings per diluted Class A Nonvoting Common Share | \$ 0.49 | \$ 0.30 | \$ 0.19 |

Debt Structure

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('000s of USD)

| | | | January 31, 2017 | July 31, 2016 |
|--------------------------------------|---------------|----------|------------------|---------------|
| | Interest Rate | | Balance | Balance |
| Revolver Borrowings: | | | | |
| USD-denominated | 1.60% | Variable | \$ 18,000 | \$ 112,000 |
| EUR-denominated | 0.88% | Variable | 42,768 | - |
| China Borrowings: | | | | |
| USD & CNY-denominated notes payable | 3.73% | Variable | 5,691 | 4,928 |
| Private Placements: | | | | |
| USD-denominated 2007 Series | 5.33% | Fixed | 16,334 | 16,334 |
| EUR-denominated 2010 Series (7-yr.) | 3.71% | Fixed | 32,076 | 33,510 |
| EUR-denominated 2010 Series (10-yr.) | 4.24% | Fixed | 48,045 | 50,138 |
| TOTAL DEBT | | | \$ 162,914 | \$ 216,910 |

EBITDA Reconciliation

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EBITDA

('000s of USD)

Brady is presenting EBITDA because it is used by many of our investors and lenders, and is presented as a convenience to them. EBITDA represents net earnings before interest expense, income taxes, depreciation, amortization and impairment charges. EBITDA is not a calculation based on generally accepted accounting principles ("GAAP"). The amounts included in the EBITDA calculation, however, are derived from amounts included in the Consolidated Statements of Earnings data. EBITDA should not be considered as an alternative to net earnings or operating income as an indicator of the Company's operating performance, or as an alternative to net cash provided by operating activities as a measure of liquidity. The EBITDA measure presented may not always be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation.

| Fiscal 2017 | | | | | |
|----------------------------------|------------------|------------------|-------------|-------------|------------------|
| | Q1 | Q2 | Q3 | Q4 | Total |
| EBITDA: | | | | | |
| Net earnings | \$ 22,553 | \$ 25,297 | | | \$ 47,850 |
| Interest expense | 1,732 | 1,458 | | | 3,190 |
| Income taxes | 8,434 | 3,803 | | | 12,237 |
| Depreciation and amortization | 7,234 | 6,868 | | | 14,102 |
| EBITDA (non-GAAP measure) | \$ 39,953 | \$ 37,426 | \$ - | \$ - | \$ 77,379 |

| Fiscal 2016 | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|-------------------|
| | Q1 | Q2 | Q3 | Q4 | Total |
| EBITDA: | | | | | |
| Net earnings | \$ 18,703 | \$ 15,290 | \$ 20,981 | \$ 25,136 | \$ 80,110 |
| Interest expense | 2,151 | 2,130 | 1,838 | 1,705 | 7,824 |
| Income taxes | 8,489 | 5,177 | 8,686 | 6,883 | 29,235 |
| Depreciation and amortization | 8,889 | 8,613 | 7,394 | 7,536 | 32,432 |
| EBITDA (non-GAAP measure) | \$ 38,232 | \$ 31,210 | \$ 38,899 | \$ 41,260 | \$ 149,601 |

Non-GAAP Reconciliations

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Reconciliations of F'15 Non-GAAP Net Earnings from Continuing Operations

('000s of USD)

Brady is presenting the Non-GAAP measures "Net Earnings from Continuing Operations Excluding Certain Items" and "Net Earnings from Continuing Operations Per Diluted Class A Nonvoting Common Share Excluding Certain Items." These are not calculations based upon GAAP. The amounts included in these Non-GAAP measures are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our sustainable results. We believe these measures provide an important perspective of underlying business trends and results and provide more comparable measures from year to year. The tables below provide reconciliations of Net Earnings from Continuing Operations to Net Earnings from Continuing Operations Excluding Certain Items, and Net Earnings from Continuing Operations Per Diluted Class A Nonvoting Common Share to Net Earnings from Continuing Operations Per Diluted Class A Nonvoting Common Share Excluding Certain Items.

| | Three months ended | | |
|---|--------------------|------------------|--------------------|
| | January 31, 2015 | April 30, 2015 | July 31, 2015 |
| Net Earnings (Loss) from Continuing Operations (GAAP measure) | \$ 11,584 | \$ 17,213 | \$ (39,394) |
| Restructuring charges | 3,445 | 3,198 | 2,158 |
| Impairment charges | - | - | 46,867 |
| Other non-routine charges | - | - | 4,757 |
| Postretirement benefit plan curtailment gain | - | (2,792) | - |
| Net Earnings from Continuing Operations Excluding Certain Items (non-GAAP measure) | \$ 15,029 | \$ 17,619 | \$ 14,388 |

| | Three months ended | | |
|--|--------------------|----------------|------------------|
| | January 31, 2015 | April 30, 2015 | July 31, 2015 |
| Net Earnings (Loss) from Continuing Operations Per Diluted Class A Nonvoting Common Share (GAAP measure) | \$ 0.23 | \$ 0.33 | \$ (0.77) |
| Restructuring charges | 0.07 | 0.06 | 0.04 |
| Impairment charges | - | - | 0.91 |
| Other non-routine charges | - | - | 0.09 |
| Postretirement benefit plan curtailment gain | - | (0.05) | - |
| Net Earnings from Continuing Operations Per Diluted Class A Nonvoting Common Share Excluding Certain Items (non-GAAP measure) | \$ 0.29 | \$ 0.34 | \$ 0.28 |

