

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

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**FORM 8-K**

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**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 6, 2017**

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**BRADY CORPORATION**

(Exact name of registrant as specified in its charter)

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**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)

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

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

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

Emerging growth company

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

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On September 7, 2017, Brady Corporation (the "Company") issued a press release announcing its fiscal 2017 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 7, 2017, the Company hosted a conference call related to its fiscal 2017 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 6, 2017, the Company announced that its Board of Directors had increased the annual cash dividend on its Class A Common Stock from \$0.82 to \$0.83 per share. A quarterly dividend in the amount of \$0.2075 per share will be paid on October 31, 2017, to shareholders of record as of the close of business on October 10, 2017. 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 7, 2017, relating to fourth quarter fiscal 2017 financial results.
99.2	Press Release of Brady Corporation, dated September 6, 2017, relating to increase in annual dividend.
99.3	Informational slides provided by Brady Corporation, dated September 7, 2017, relating to fourth 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: September 7, 2017

/s/ AARON J. PEARCE

Aaron J. Pearce

Chief Financial Officer and Treasurer

EXHIBIT INDEX

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99.3	<a href="#"><u>Informational slides provided by Brady Corporation, dated September 7, 2017, relating to fourth quarter fiscal 2017 financial results.</u></a>

**For More Information:**

Investor contact: Ann Thornton 414-438-6887

Media contact: Kate Venne 414-358-5176

**Brady Corporation Reports Fiscal 2017 Fourth Quarter Results and Announces its Fiscal 2018 EPS Guidance**

- Organic revenues increased 3.0 percent for the quarter ended July 31, 2017.
- Earnings before income taxes increased 12.2 percent to \$35.9 million in the fourth quarter of fiscal 2017 compared to \$32.0 million in the same quarter of the prior year.
- Earnings per diluted Class A Nonvoting Common Share were \$0.48 in the fourth quarter of fiscal 2017 compared to \$0.49 in the same quarter of the prior year.
- Earnings per diluted Class A Common Share guidance for the full year ending July 31, 2018 announced at a range of \$1.85 to \$1.95.

MILWAUKEE (September 7, 2017)--Brady Corporation (NYSE: BRC) ("Brady" or "Company"), a world leader in identification solutions, today reported its financial results for its fiscal 2017 fourth quarter ended July 31, 2017.

**Quarter Ended July 31, 2017 Financial Results:**

Net earnings for the quarter ended July 31, 2017, were \$25.2 million compared to \$25.1 million in the same quarter last year. Net earnings were significantly impacted by quarterly fluctuations in the income tax rate which was 29.7 percent for the quarter ended July 31, 2017, and 21.5 percent for the quarter ended July 31, 2016. Earnings before income taxes increased 12.2 percent to \$35.9 million for the quarter ended July 31, 2017 compared to \$32.0 million for the quarter ended July 31, 2016.

Earnings per diluted Class A Nonvoting Common Share were \$0.48 for the quarter ended July 31, 2017, compared to \$0.49 in the same quarter last year.

Sales for the quarter ended July 31, 2017, increased 2.5 percent to \$289.2 million compared to \$282.1 million in the same quarter last year. Total organic sales increased 3.0 percent and the impact of foreign currency translation decreased sales by 0.5 percent. By segment, organic sales increased 4.4 percent in Identification Solutions and decreased 0.6 percent in Workplace Safety.

**Year Ended July 31, 2017 Financial Results:**

Net earnings for the year ended July 31, 2017, were \$95.6 million compared to \$80.1 million last year. Earnings before income taxes increased 15.8 percent to \$126.6 million for the year ended July 31, 2017, compared to \$109.3 million last year.

Earnings per diluted Class A Nonvoting Common Share were \$1.84 for the year ended July 31, 2017, compared to \$1.58 last year.

Sales for the year ended July 31, 2017, decreased 0.7 percent to \$1.11 billion compared to \$1.12 billion last year. Total organic sales increased 0.5 percent and foreign currency translation decreased sales by 1.2 percent. By segment, organic sales increased 1.6 percent in Identification Solutions and decreased 2.0 percent in Workplace Safety.

**Commentary:**

“We finished fiscal 2017 with our eighth consecutive quarter of year-over-year improvement in pre-tax earnings. This is a direct result of our organic sales growth, our consistent focus on driving efficiencies throughout our SG&A structure, and our improved manufacturing processes,” said Brady’s President and Chief Executive Officer, J. Michael Nauman. “Organic sales growth was 3.0 percent this quarter. Our Identification Solutions business was the driver of our organic sales growth and is where we have been investing the most in the development of innovative new products. This is beginning to generate improved organic sales trends. Our priorities for fiscal 2018 remain unchanged, which are to grow our pipeline of innovative new products, accelerate organic sales growth, provide excellent customer service and deliver operational efficiencies throughout our business. We continue to focus on the long-term by taking actions today that we believe will result in sustainable organic sales growth into the future.”

“The benefits from our organic sales growth were supplemented by our focus on operational efficiencies, our drive for sustainable efficiency gains in our general and administrative cost structure, and a strong focus on cash generation,” said Brady’s Chief Financial Officer, Aaron Pearce. “During the year ended July 31, 2017, we increased our pre-tax earnings by 15.8 percent, increased net earnings by 19.4 percent, and generated \$144.0 million of cash from operating activities, which represents 151 percent of net earnings. Our cash generation was primarily used to return funds to our shareholders in the form of dividends and to strengthen our balance sheet. We finished the year in a net cash position of \$26.2 million compared to a net debt position of \$75.7 million at the start of this fiscal year. Our balance sheet provides significant flexibility for investments to drive long-term shareholder value.”

**Fiscal 2018 Guidance:**

The Company anticipates organic sales to increase in the low-single digits for the year ending July 31, 2018. Brady expects earnings per diluted Class A Common Share to range from \$1.85 to \$1.95. This guidance is based upon a full-year income tax rate of approximately 27 percent to 29 percent, which is higher than fiscal 2017, and depreciation and amortization expense of approximately \$26 million. The Company expects to continue to achieve efficiency gains in its manufacturing facilities and in selling, general and administrative expenses while increasing investments in research and development expenses by approximately 10 percent when compared to fiscal 2017. Capital expenditures are anticipated to be approximately \$30 million during the year ending July 31, 2018. The Company’s fiscal 2018 guidance is based on foreign currency exchange rates as of July 31, 2017.

A webcast regarding Brady's fiscal 2017 fourth quarter financial results will be available at [www.bradycorp.com](http://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, 2017, employed approximately 6,300 people in its worldwide businesses. Brady's fiscal 2017 sales were approximately \$1.11 billion. Brady stock trades on the New York Stock Exchange under the symbol BRC. More information is available on the Internet at [www.bradycorp.com](http://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 July 31,		Year ended July 31,	
	2017	2016	2017	2016
Net sales	\$ 289,212	\$ 282,106	\$ 1,113,316	\$ 1,120,625
Cost of products sold	145,345	141,017	555,024	561,852
Gross margin	143,867	141,089	558,292	558,773
Operating expenses:				
Research and development	11,047	9,268	39,624	35,799
Selling, general and administrative	96,525	98,418	387,653	405,096
Total operating expenses	107,572	107,686	427,277	440,895
Operating income	36,295	33,403	131,015	117,878
Other income (expense):				
Investment and other income (expense)	561	321	1,121	(709)
Interest expense	(939)	(1,705)	(5,504)	(7,824)
Earnings before income taxes	35,917	32,019	126,632	109,345
Income tax expense	10,675	6,883	30,987	29,235
Net earnings	\$ 25,242	\$ 25,136	\$ 95,645	\$ 80,110
Net earnings per Class A Nonvoting Common Share:				
Basic	\$ 0.49	\$ 0.50	\$ 1.87	\$ 1.59
Diluted	\$ 0.48	\$ 0.49	\$ 1.84	\$ 1.58
Dividends	\$ 0.21	\$ 0.20	\$ 0.82	\$ 0.81
Net earnings per Class B Voting Common Share:				
Basic	\$ 0.49	\$ 0.50	\$ 1.86	\$ 1.57
Diluted	\$ 0.48	\$ 0.49	\$ 1.83	\$ 1.56
Dividends	\$ 0.21	\$ 0.20	\$ 0.80	\$ 0.79
Weighted average common shares outstanding (in thousands):				
Basic	51,307	50,355	51,056	50,541
Diluted	52,180	50,834	51,956	50,769

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

	July 31, 2017	July 31, 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 133,944	\$ 141,228
Accounts receivable—net	149,638	147,333
Inventories:		
Finished products	69,760	64,313
Work-in-process	18,117	16,678
Raw materials and supplies	19,147	18,436
Total inventories	107,024	99,427
Prepaid expenses and other current assets	17,208	19,436
<b>Total current assets</b>	<b>407,814</b>	<b>407,424</b>
<b>Other assets:</b>		
Goodwill	437,697	429,871
Other intangible assets	53,076	59,806
Deferred income taxes	35,456	27,238
Other	18,077	17,181
<b>Property, plant and equipment:</b>		
Cost:		
Land	7,470	5,809
Buildings and improvements	98,228	95,355
Machinery and equipment	261,192	256,549
Construction in progress	4,109	2,842
	370,999	360,555
Less accumulated depreciation	272,896	258,111
<b>Property, plant and equipment—net</b>	<b>98,103</b>	<b>102,444</b>
<b>Total</b>	<b>\$ 1,050,223</b>	<b>\$ 1,043,964</b>
<b>LIABILITIES AND STOCKHOLDERS' INVESTMENT</b>		
<b>Current liabilities:</b>		
Notes payable	\$ 3,228	\$ 4,928
Accounts payable	66,817	62,245
Wages and amounts withheld from employees	58,192	45,998
Taxes, other than income taxes	7,970	7,403
Accrued income taxes	7,373	6,136
Other current liabilities	43,618	40,017
<b>Total current liabilities</b>	<b>187,198</b>	<b>166,727</b>
<b>Long-term obligations, less current maturities</b>	<b>104,536</b>	<b>211,982</b>
<b>Other liabilities</b>	<b>58,349</b>	<b>61,657</b>
<b>Total liabilities</b>	<b>350,083</b>	<b>440,366</b>
<b>Stockholders' investment:</b>		
Common Stock:		
Class A nonvoting common stock—Issued 51,261,487 and outstanding 47,814,818 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	322,608	317,001
Earnings retained in the business	507,136	453,371
Treasury stock—3,446,669 and 4,340,513 shares, respectively of Class A nonvoting common stock, at cost	(85,470)	(108,714)
Accumulated other comprehensive loss	(44,682)	(54,745)
Other	—	(3,863)
<b>Total stockholders' investment</b>	<b>700,140</b>	<b>603,598</b>
<b>Total</b>	<b>\$ 1,050,223</b>	<b>\$ 1,043,964</b>

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

	Year ended July 31,	
	2017	2016
<b>Operating activities:</b>		
Net earnings	\$ 95,645	\$ 80,110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,303	32,432
Stock-based compensation expense	9,495	8,154
Deferred income taxes	(8,618)	2,085
Changes in operating assets and liabilities:		
Accounts receivable	766	8,159
Inventories	(5,687)	4,833
Prepaid expenses and other assets	1,812	475
Accounts payable and accrued liabilities	22,255	3,928
Income taxes	1,061	(1,200)
Net cash provided by operating activities	<u>144,032</u>	<u>138,976</u>
<b>Investing activities:</b>		
Purchases of property, plant and equipment	(15,167)	(17,140)
Other	(86)	1,724
Net cash used in investing activities	<u>(15,253)</u>	<u>(15,416)</u>
<b>Financing activities:</b>		
Payment of dividends	(41,880)	(40,808)
Proceeds from exercise of stock options	19,728	5,246
Purchase of treasury stock	—	(23,552)
Proceeds from borrowing on credit facilities	180,320	96,276
Repayment of borrowing on credit facilities	(244,268)	(91,759)
Principal payments on debt	(49,302)	(42,514)
Debt issuance costs	—	(803)
Income tax on equity-based compensation, and other	(839)	(1,662)
Net cash used in financing activities	<u>(136,241)</u>	<u>(99,576)</u>
Effect of exchange rate changes on cash	178	2,752
Net (decrease) increase in cash and cash equivalents	<u>(7,284)</u>	<u>26,736</u>
Cash and cash equivalents, beginning of period	<u>141,228</u>	<u>114,492</u>
Cash and cash equivalents, end of period	<u>\$ 133,944</u>	<u>\$ 141,228</u>

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

	Three months ended July 31,		Year ended July 31,	
	2017	2016	2017	2016
<b>SALES</b>				
ID Solutions	\$ 211,286	\$ 203,229	\$ 800,392	\$ 795,511
Workplace Safety	77,926	78,877	312,924	325,114
Total	\$ 289,212	\$ 282,106	\$ 1,113,316	\$ 1,120,625

**SALES INFORMATION**

<b>ID Solutions</b>				
Organic	4.4 %	(0.6)%	1.6 %	(0.7)%
Currency	(0.4)%	(1.2)%	(1.0)%	(3.1)%
Total	4.0 %	(1.8)%	0.6 %	(3.8)%
<b>Workplace Safety</b>				
Organic	(0.6)%	(1.8)%	(2.0)%	(0.7)%
Currency	(0.6)%	(1.8)%	(1.7)%	(5.0)%
Total	(1.2)%	(3.6)%	(3.7)%	(5.7)%
<b>Total Company</b>				
Organic	3.0 %	(0.9)%	0.5 %	(0.7)%
Currency	(0.5)%	(1.4)%	(1.2)%	(3.7)%
Total	2.5 %	(2.3)%	(0.7)%	(4.4)%

**SEGMENT PROFIT**

ID Solutions	\$ 35,896	\$ 31,891	\$ 130,572	\$ 112,276
Workplace Safety	7,939	9,102	25,554	30,792
Total	\$ 43,835	\$ 40,993	\$ 156,126	\$ 143,068

**SEGMENT PROFIT AS A PERCENT OF SALES**

ID Solutions	17.0 %	15.7 %	16.3 %	14.1 %
Workplace Safety	10.2 %	11.5 %	8.2 %	9.5 %
Total	15.2 %	14.5 %	14.0 %	12.8 %

	Three months ended July 31,		Year ended July 31,	
	2017	2016	2017	2016
Total segment profit	\$ 43,835	\$ 40,993	\$ 156,126	\$ 143,068
Unallocated amounts:				
Administrative costs	(7,540)	(7,590)	(25,111)	(25,190)
Investment and other income (expense)	561	321	1,121	(709)
Interest expense	(939)	(1,705)	(5,504)	(7,824)
Earnings before income taxes	\$ 35,917	\$ 32,019	\$ 126,632	\$ 109,345

**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 32nd consecutive year**

MILWAUKEE (September 6, 2017) - On September 6, 2017, Brady Corporation's (NYSE: BRC) Board of Directors announced an increase in its annual dividend to shareholders of the Company's Class A Common stock from \$0.82 per share to \$0.83 per share. A quarterly dividend to shareholders of the company's Class A Common Stock of \$0.2075 per share will be paid on October 31, 2017, to shareholders of record at the close of business on October 10, 2017. This dividend represents the 32<sup>nd</sup> 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, 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](http://www.bradycorp.com).

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# Brady Corporation F'17 Q4 Financial Results

September 7, 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.

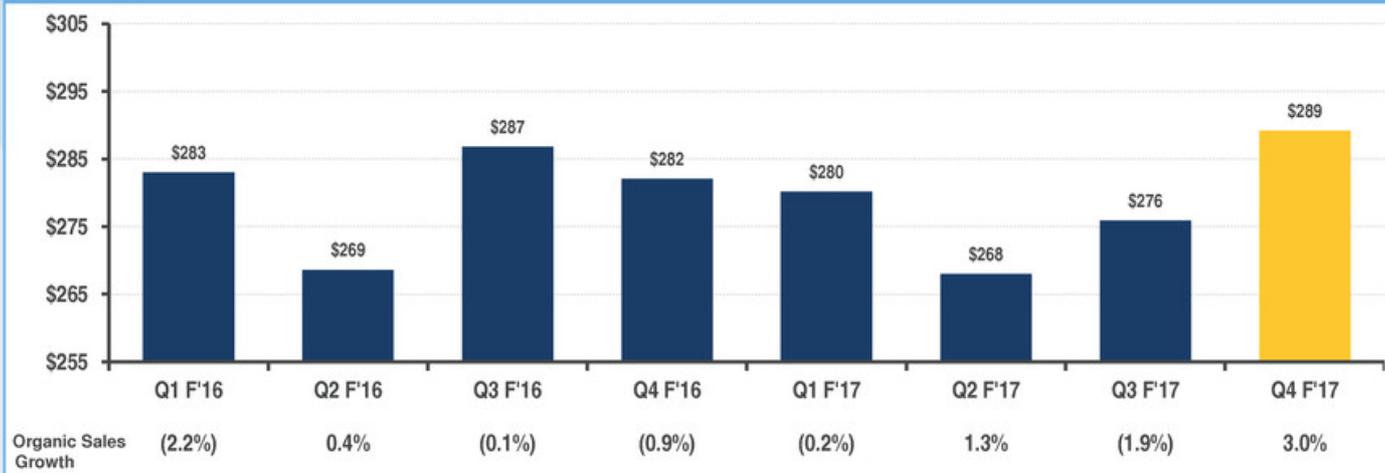
# Q4 F'17 Financial Summary

- **Sales increased 2.5% to \$289.2M in Q4 of F'17 vs. \$282.1M in Q4 of F'16.**
  - Organic sales increased 3.0%.
  - Foreign currency translation reduced sales by 0.5%.
- **Gross profit margin of 49.7% in Q4 of F'17 compared with 50.0% in Q4 of F'16.**
- **SG&A expense of \$96.5M (33.4% of sales) in Q4 of F'17 compared with \$98.4M (34.9% of sales) in Q4 of F'16.**
- **Earnings before income taxes increased 12.2% to \$35.9M in Q4 of F'17 compared with \$32.0M in Q4 of F'16.**
- **Net earnings of \$25.2M in Q4 of F'17 compared with \$25.1M in Q4 of F'16.**
- **Net earnings per Class A Diluted Nonvoting Common Share of \$0.48 in Q4 of F'17, compared with \$0.49 in Q4 of F'16.**
- **Net cash provided by operating activities of \$52.9M in Q4 of F'17 compared with \$40.4M in Q4 of F'16.**

# Sales Overview

## SALES

(millions of USD)



### Q4 F'17 SALES:

- 3.0% increase in organic sales:
  - ID Solutions – Organic sales increase of 4.4%.
  - Workplace Safety – Organic sales decline of (0.6%).
- (0.5%) decrease due to currency translation.

### Q4 F'17 SALES COMMENTARY:

- Organic sales increased in all three regions of the IDS business.
- Organic sales increased in WPS Europe and Australia offset by a decline in North America.
- Foreign currency translation headwinds persisted through most of our fourth quarter.

# Gross Profit Margin

## GROSS PROFIT & GPM%

(millions of USD)



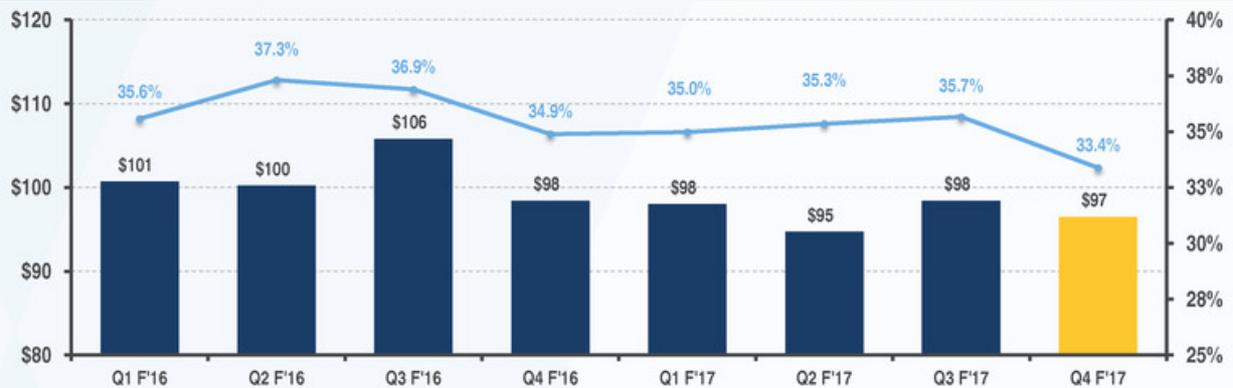
### Q4 F'17 - GROSS PROFIT MARGIN:

- GPM of 49.7% in Q4 of F'17 compared with 50.0% in Q4 of F'16.
- GPM improved in IDS Americas and Europe businesses due to operational efficiency gains, offset by declines in the WPS business due to pricing pressures in certain product categories.

# SG&A Expense

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

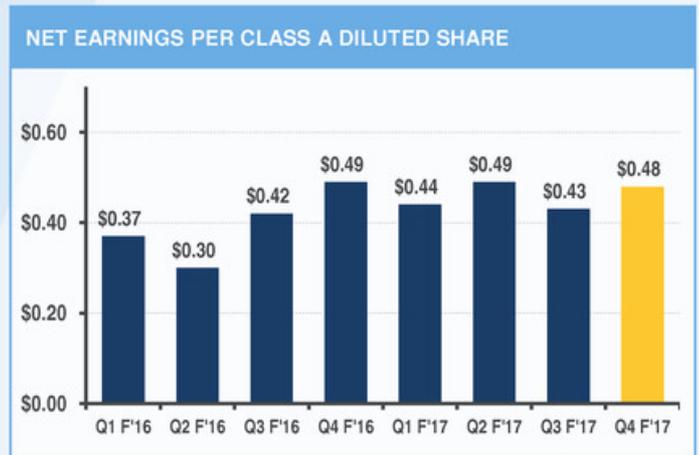
(millions of USD)



### Q4 F'17 - SG&A EXPENSE:

- SG&A expense declined \$1.9M, finishing at \$96.5M in Q4 of F'17 compared to \$98.4M in Q4 of F'16, continuing the general downward trend.
- The declines in SG&A expense were due to our focused efforts on driving sustainable efficiencies across the organization, while improving the overall customer experience. Approximately 25% of the decline from Q4 of F'16 to Q4 of F'17 was due to foreign currency translation.

# Net Earnings & EPS



## Q4 F'17 – NET EARNINGS & EPS:

- Q4 F'17 net earnings were \$25.2M compared to \$25.1M in Q4 of F'16.
- The income tax rate significantly impacted our Q4 earnings as the tax rate was 21.5% in Q4 of F'16 and 29.7% in Q4 of F'17.
- Earnings before income taxes increased 12.2% to \$35.9M in Q4 of F'17 compared with \$32.0M in Q4 of F'16.
- The increase in pre-tax earnings was driven by the 3.0% organic sales growth and efficiencies in SG&A throughout both the IDS and WPS businesses.

# Cash Generation & Uses

## CASH FLOW FROM OPERATING ACTIVITIES (millions of USD)



## CASH FLOWS IN Q4 OF F'17:

- Cash flow from operating activities was \$52.9M in Q4 of F'17 compared to \$40.4M in Q4 of F'16.
- Cash flow from operating activities was positively impacted by the timing of certain payments in Q4 of F'17.
- Free cash flow\* was \$48.6M in Q4 of F'17 compared to \$30.8M in Q4 of F'16.
- Returned \$10.5M to our shareholders in the form of dividends in Q4 of F'17.

(millions of USD)	3 Mos. Ended Jul. 31, 2017	3 Mos. Ended Jul. 31, 2016	Year Ended Jul. 31, 2017	Year Ended Jul. 31, 2016
<b>Cash Balance - Beginning of Period</b>	\$ 129.1	\$ 141.6	\$ 141.2	\$ 114.5
Cash Flow from Operating Activities	52.9	40.4	144.0	139.0
Capital Expenditures	(4.3)	(9.7)	(15.2)	(17.1)
Repurchase of Stock	-	-	-	(23.6)
Proceeds from Exercise of Stock Options	1.1	4.6	19.7	5.2
Dividends	(10.5)	(10.2)	(41.9)	(40.8)
Debt Repayments - Net	(36.5)	(24.3)	(113.3)	(38.0)
Effect of Exchange Rate on Cash	2.7	(0.5)	0.2	2.8
Other	(0.6)	(0.7)	(0.8)	(0.8)
<b>Cash Balance - End of Period</b>	<b>\$ 133.9</b>	<b>\$ 141.2</b>	<b>\$ 133.9</b>	<b>\$ 141.2</b>

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

# Net Cash (Debt)

## NET CASH (DEBT)

(millions of USD)



## DEBT STRUCTURE

(millions of USD)

	Interest Rate	July 31, 2017 Balance	July 31, 2016 Balance
<b>Revolver Borrowings:</b>			
USD-denominated	1.94%	\$ (17.0)	\$ (112.0)
EUR-denominated	0.75%	(34.3)	-
<b>China Borrowings:</b>			
USD & CNY-denominated	3.52%	(3.2)	(4.9)
<b>Private Placements:</b>			
USD-denominated 2007 Series	5.33%	-	(16.3)
EUR-den. 2010 Series (7-yr.)	3.71%	-	(33.5)
EUR-den. 2010 Series (10-yr.)	4.24%	(53.2)	(50.2)
<b>TOTAL DEBT</b>		<b>\$ (107.7)</b>	<b>\$ (216.9)</b>
<b>Cash and Cash Equivalents</b>		<b>133.9</b>	<b>141.2</b>
<b>NET CASH (DEBT)</b>		<b>\$ 26.2</b>	<b>\$ (75.7)</b>

## STRONG BALANCE SHEET:

- July 31, 2017 cash = \$133.9M and debt = \$107.8M.
- Net debt declined \$101.9M over the last twelve months, finishing in a net cash position of \$26.2M at July 31, 2017 compared to net debt of \$75.7M at July 31, 2016.
- Balance sheet provides flexibility for future cash uses.

# F'17 Financial Summary

	Year Ended July 31,		
	2017	2016	Change
<b>Sales</b>	<b>\$ 1,113.3</b>	<b>\$ 1,120.6</b>	
<i>Organic Sales</i>	<i>0.5%</i>	<i>(0.7%)</i>	
<b>Gross Margin</b>	<b>558.3</b>	<b>558.8</b>	
<i>% of Sales</i>	<i>50.1%</i>	<i>49.9%</i>	
Research and Development	(39.6)	(35.8)	+ 11%
Selling, General and Administrative	(387.7)	(405.1)	- 4%
<i>% of Sales</i>	<i>34.8%</i>	<i>36.2%</i>	
<b>Operating Income</b>	<b>131.0</b>	<b>117.9</b>	+ 11%
<b>Earnings before Income Taxes</b>	<b>126.6</b>	<b>109.3</b>	+ 16%
<i>Income Tax Rate</i>	<i>24.5%</i>	<i>26.7%</i>	
<b>Net Earnings</b>	<b>\$ 95.6</b>	<b>\$ 80.1</b>	+ 19%
<b>Net Earnings per diluted Class A Nonvoting Common Share</b>	<b>\$ 1.84</b>	<b>\$ 1.58</b>	+ 16%
<b>Net Cash (Debt) Position</b>	<b>\$ 26.2</b>	<b>\$ (75.7)</b>	<b>\$ 101.9</b>

**F'18 Diluted EPS**

**\$1.85 to \$1.95**

**Guidance Assumptions:**

- Low-single digit organic sales growth.
- Full-year depreciation and amortization expense of approximately \$26M.
- Full-year income tax rate of 27% to 29%.
- Full-year capital expenditures of approximately \$30M.

# Identification Solutions

## Q4 F'17 vs. Q4 F'16 PERFORMANCE (millions of USD)

	Q4 F'17	Q4 F'16	Change
Sales	\$ 211.3	\$ 203.2	+ 4.0%
Segment Profit	35.9	31.9	+ 12.6%
Segment Profit %	17.0%	15.7%	+ 130 pts

## Q4 F'17 SUMMARY:

- Revenues increased 4.0%:
  - Organic = + 4.4%
  - Fx = - (0.4)%
- Organic sales increased in all regions with low-single digit growth in the Americas and Europe and double-digit growth in Asia.
- R&D expenses up 19.2% due to increased investments to develop innovative products.
- Segment profit as a percent of sales increased due to ongoing efficiency gains in our operations and selling, general, and administrative expense structures.

## SALES & SEGMENT PROFIT % (millions of USD)



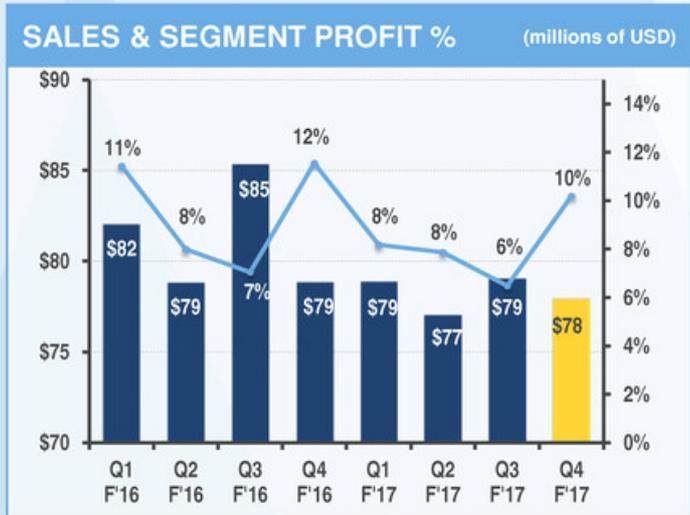
## OUTLOOK:

- Expect low-single digit organic sales growth in F'18.
- Expect segment profit to continue to be in the mid-to-high teens as a percent of sales in F'18.

# Workplace Safety

**Q4 F'17 vs. Q4 F'16 PERFORMANCE** (millions of USD)

	Q4 F'17	Q4 F'16	Change
Sales	\$ 77.9	\$ 78.9	- 1.2%
Segment Profit	7.9	9.1	- 12.8%
Segment Profit %	10.2%	11.5%	- 130 pts



- Q4 F'17 SUMMARY:**
- Revenues decreased - (1.2%):
    - Organic = - (0.6)%
    - Fx = - (0.6)%
  - Organic sales declined in the high-single digits in the WPS North America business, partially offset by low-single digit growth in Europe and high-single digit growth in Australia.
  - Segment profit declined due to decreased organic sales, which includes pricing pressures. These declines were partially mitigated by actions to reduce our cost structure.

- OUTLOOK:**
- Expect approximately flat organic sales in F'18.
  - Expect segment profit to continue to be in the mid-to-high single digits as a % of sales in F'18.

# Future Financial Performance

F'17	Expectation Exiting F'18
<b>Organic Sales Growth</b> Below GDP Organic Growth	<b>Organic Sales Growth</b> GDP+
<b>GPM</b> 50.1%	<b>GPM</b> 50% - 50.5%
<b>SG&amp;A</b> 34.8% of sales	<b>SG&amp;A</b> 33.5% - 34.0% of Sales
<b>EPS</b> \$1.75/share*	<b>EPS</b> \$2.00/share

Organic Revenue Drivers:
<ul style="list-style-type: none"> <li>• Unrivaled customer service.</li> <li>• Industry expertise.</li> <li>• Innovative new products.</li> <li>• Integrated solutions creating smarter products.</li> <li>• E-business / digital.</li> </ul>

Gross Margin Drivers:
<ul style="list-style-type: none"> <li>• Continued pursuit of efficiency gains and simplification.</li> <li>• Expect on-going pricing challenges.</li> <li>• Expect efficiency gains to effectively offset pricing pressures in certain business.</li> </ul>

SG&A Drivers:
<ul style="list-style-type: none"> <li>• Localized ownership and accountability.</li> <li>• Focus on sustainable efficiency gains.</li> <li>• Simplified and streamlined organization.</li> <li>• Cost realignment of under-performing businesses.</li> </ul>

EPS Drivers:
<ul style="list-style-type: none"> <li>• Superior cash generation with disciplined and patient cash deployment expected to enhance shareholder value through dividends and share buybacks.</li> </ul>

\* The actual F'17 diluted EPS of \$1.84 was adjusted to normalize the income tax rate to 28%.

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