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**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, 2012**

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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)

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))
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Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On September 7, 2012, Brady Corporation (the “Corporation”) issued a press release announcing its fiscal 2012 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, 2012, the Corporation hosted a conference call related to its fiscal 2012 fourth 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 99.3 attached hereto and is incorporated herein by reference.

Item 8.01 OTHER EVENTS

Director Compensation

On September 6, 2012, the Corporation’s Board of Directors approved an annual stock-based compensation award of approximately \$75,000, half in time-based options and half in unrestricted shares of Class A Common Stock, for each non-management Director effective September 21, 2012.

Increase in Annual Dividend

On September 6, 2012, the Corporation announced that its Board of Directors had increased the annual cash dividend on its Class A Common Stock from \$0.74 to \$0.76 per share. A quarterly dividend in the amount of \$0.19 per share will be paid on October 31, 2012, to shareholders of record as of the close of business on October 10, 2012. A copy of the press release regarding the dividend is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Share Repurchase Program

On September 7, 2012, the Corporation announced that its Board of Directors authorized a share buyback program for up to two million shares of the Corporation’s Class A Common Stock. The share repurchase plan may be implemented from time to time on the open market or in privately negotiated transactions. The repurchased shares will be available for use in connection with the Corporation’s stock-based plans and for other corporate purposes. A copy of the press release regarding the share buyback program is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

The following are filed as Exhibits to this Report.

| <u>Exhibit No.</u> | <u>Description of Exhibit</u>                                                                                                                    |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| 99.1               | Press Release of Brady Corporation, dated September 7, 2012, relating to fourth quarter fiscal 2012 financial results and share buyback program. |
| 99.2               | Press Release of Brady Corporation, dated September 6, 2012, relating to increase in quarterly dividend.                                         |
| 99.3               | Informational slides provided by Brady Corporation, dated September 7, 2012, relating to fourth quarter fiscal 2012 financial results.           |

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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, 2012

/s/ Thomas J. Felmer

Thomas J. Felmer

Senior Vice President & Chief Financial Officer

## EXHIBIT INDEX

| <u>EXHIBIT<br/>NUMBER</u> | <u>DESCRIPTION</u>                                                                                                                               |
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| 99.2                      | Press Release of Brady Corporation, dated September 6, 2012, relating to increase in quarterly dividend.                                         |
| 99.3                      | Informational slides provided by Brady Corporation, dated September 7, 2012, relating to fourth quarter fiscal 2012 financial results.           |

For More Information:

Investor contact: Aaron Pearce 414-438-6895

Media contact: Carole Herbstreit 414-438-6882

***For Immediate Release*****Brady Corporation Reports Fiscal 2012 Fourth Quarter Results and Announces Share Buyback Program**

MILWAUKEE (September 7, 2012)—Brady Corporation (NYSE: BRC) (“Brady” or “Company”), a world leader in identification solutions, today reported its financial results for the fiscal 2012 fourth quarter ended July 31, 2012. The Company also announced that its Board of Directors authorized a share buyback program for up to two million shares of the company’s Class A Common Stock.

**Quarter Ended July 31, 2012 Financial Results:**

Sales for the fiscal 2012 fourth quarter ended July 31, 2012 were down 6.0 percent to \$322.5 million compared to \$343.1 million in the fourth quarter of fiscal 2011. Organic sales were down 2.6 percent, the impact of foreign currency translation decreased sales by 5.0 percent, and acquisitions added 1.6 percent. By segment, organic sales increased 3.0 percent in the Americas and 0.6 percent in EMEA, and decreased 14.6 percent in the Asia-Pacific region.

Net income in the fiscal 2012 fourth quarter was down 60.6 percent to \$11.7 million compared to \$29.6 million in the same quarter last year. Excluding \$7.1 million of after-tax restructuring charges in the fourth quarter of fiscal 2012 and \$1.6 million of after-tax restructuring charges in the same quarter last year, and a \$5.6 million non-routine, non-cash tax charge in the fourth quarter of fiscal 2012, net income was down 21.7 percent to \$24.4 million compared to \$31.1 million in the same quarter last year.

Earnings per diluted Class A Common Share were down 60.0 percent to \$0.22 in the fourth quarter of fiscal 2012 compared to \$0.55 in the same quarter last year. Excluding the impacts from the after-tax restructuring charges and the non-routine tax charge, earnings per diluted Class A Common Share were down 19.0 percent to \$0.47 in the fourth quarter of fiscal 2012, compared to \$0.58 per share in the same quarter of fiscal 2011.

**Year Ended July 31, 2012 Financial Results:**

Sales for the year ended July 31, 2012 were down 1.1 percent to \$1.32 billion compared to \$1.34 billion for the year ended July 31, 2011. Organic sales were down 0.4 percent; acquisitions, net of divestitures increased sales by 0.3 percent; and the impact of foreign currency translation decreased sales by 1.0 percent. By segment, organic sales increased 3.4 percent in the Americas, and decreased 1.3 percent in EMEA and 5.3 percent in the Asia-Pacific region.

Net loss for the year ended July 31, 2012 was \$17.9 million compared to net income of \$108.7 million for the year ended July 31, 2011. Excluding the impact of the \$115.7 million non-cash goodwill impairment charge incurred in fiscal 2012, after-tax restructuring charges of \$9.6 million in fiscal 2012 and \$6.5 million in fiscal 2011, and the \$5.6 million non-routine tax charge in fiscal 2012, net income was down 1.9 percent to \$113.0 million compared to \$115.2 million in fiscal 2011.

The Company's loss per diluted Class A Common Share was \$0.35 for the year ended July 31, 2012 compared to earnings per diluted Class A Common Share of \$2.04 for the year ended July 31, 2011. Excluding the impacts from the non-cash goodwill impairment charge, the after-tax restructuring charges, and the non-routine tax charge, earnings per diluted Class A Common Share were \$2.14 for the year ended July 31, 2012 compared to \$2.16 in fiscal 2011. In fiscal 2012, net cash provided by operating activities was \$144.7 million.

**Share Buyback Program:**

On September 6, 2012, Brady's Board of Directors authorized a share buyback program for up to two million shares of the Company's common stock. The share buyback plan may be implemented from time to time on the open market or in privately negotiated transactions.

**Commentary and Guidance:**

"In the fourth quarter of fiscal 2012 we were pleased with our organic sales growth in the Americas and EMEA regions, despite a continued challenging economy. Our performance in Asia-Pacific was weaker than expected due to increased market competitiveness, particularly in the mobile handset industry. Throughout fiscal 2012, our focus has been on shifting resources to our highest growth opportunities. As a result, we have recently sold our medical die-cut business in the U.S. and our paper-label business, Etimark in Germany. We also continued to invest in developing and launching a number of proprietary new products and we made three acquisitions in EMEA that increased our market share and expanded our geographic presence," said Brady's President and Chief Executive Officer, Frank M. Jaehnert. "Looking forward, we expect continued moderate organic growth in the Americas, a challenging economic environment in Europe, and improving results in Asia-Pacific due to our restructuring activities and some recent customer wins there."

"As we look to fiscal 2013, we see limited likelihood that the macro-economy will provide a tailwind," said Brady's Chief Financial Officer, Thomas J. Felmer. "As such, we anticipate low single-digit organic growth in fiscal 2013, with all of the growth driven by our initiatives. For fiscal 2013, we expect earnings per diluted Class A Common Share of between \$2.20 and \$2.40, exclusive of after-tax restructuring charges. This guidance is based on current exchange rates, a share count consistent with that as of July 31, 2012, a full-year income tax rate in the mid-to-upper 20 percent range, capital expenditures of approximately \$35 million and depreciation and amortization of approximately \$45 million."

A webcast regarding Brady's fiscal 2012 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 premises, products and people. Brady's products help customers increase safety, security, productivity and performance and include high-performance labels and signs, safety devices, printing systems and software, and precision die-cut materials. Founded in 1914, the company has millions of customers in electronics, telecommunications, manufacturing, electrical, construction, education, medical and a variety of other industries. Brady is headquartered in Milwaukee, Wisconsin and as of July 31, 2012 employed approximately 6,900 people at operations in the Americas, EMEA and Asia-Pacific. Brady's fiscal 2012 sales were approximately \$1.32 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 believes that certain statements in this news release are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements related to future, not past, events included in this news release, including, without limitation, statements regarding Brady'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 are forward-looking statements. When used in this news release, 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 the length or severity of the current worldwide economic downturn or timing or strength of a subsequent recovery; future financial performance of major markets Brady serves, which include, without limitation, telecommunications, manufacturing, electrical, construction, laboratory, education, governmental, public utility, computer, transportation; difficulties in making and integrating acquisitions; risks associated with newly acquired businesses; Brady's ability to develop and successfully market new products; changes in the supply of, or price for, parts and components; increased price pressure from suppliers and customers; fluctuations in currency rates versus the US dollar; unforeseen tax consequences; potential write-offs of Brady's substantial intangible assets; Brady's ability to retain significant contracts and customers; risks associated with international operations; Brady's ability to maintain compliance with its debt covenants; technology changes; business interruptions due to implementing business systems; environmental, health and safety compliance costs and liabilities; future competition; interruptions to sources of supply; Brady's ability to realize cost savings from operating initiatives; difficulties associated with exports; risks associated with restructuring plans; risks associated with obtaining governmental approvals and maintaining regulatory compliance; and 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 located in Item 1A of Part I of Brady's Form 10-K for the year ended July 31, 2011. 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.

**BRADY CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Dollars in Thousands, Except Per Share Amounts)

|                                                            | (Unaudited)                 |           |                   |                              |             |                   |
|------------------------------------------------------------|-----------------------------|-----------|-------------------|------------------------------|-------------|-------------------|
|                                                            | Three Months Ended July 31, |           |                   | Twelve Months Ended July 31, |             |                   |
|                                                            | 2012                        | 2011      | Percentage Change | 2012                         | 2011        | Percentage Change |
| Net sales                                                  | \$322,548                   | \$343,104 | -6.0%             | \$1,324,269                  | \$1,339,597 | -1.1%             |
| Cost of products sold                                      | 167,425                     | 178,068   | -6.0%             | 687,963                      | 683,401     | 0.7%              |
| Gross margin                                               | 155,123                     | 165,036   | -6.0%             | 636,306                      | 656,196     | -3.0%             |
| Operating expenses:                                        |                             |           |                   |                              |             |                   |
| Research and development                                   | 9,719                       | 10,775    | -9.8%             | 38,440                       | 43,001      | -10.6%            |
| Selling, general and administrative                        | 109,821                     | 109,421   | 0.4%              | 430,310                      | 441,815     | -2.6%             |
| Restructuring charges                                      | 8,670                       | 2,202     | 293.7%            | 12,110                       | 9,188       | 31.8%             |
| Impairment charge                                          | —                           | —         | N/A               | 115,688                      | —           | N/A               |
| Total operating expenses                                   | 128,210                     | 122,398   | 4.7%              | 596,548                      | 494,004     | 20.8%             |
| Operating income                                           | 26,913                      | 42,638    | -36.9%            | 39,758                       | 162,192     | -75.5%            |
| Other income and (expense):                                |                             |           |                   |                              |             |                   |
| Investment and other income                                | 362                         | 1,098     | -67.0%            | 2,082                        | 3,990       | -47.8%            |
| Interest expense                                           | (4,375)                     | (5,484)   | -20.2%            | (19,090)                     | (22,124)    | -13.7%            |
| Income before income taxes                                 | 22,900                      | 38,252    | -40.1%            | 22,750                       | 144,058     | -84.2%            |
| Income taxes                                               | 11,241                      | 8,669     | 29.7%             | 40,661                       | 35,406      | 14.8%             |
| Net income (loss)                                          | \$ 11,659                   | \$ 29,583 | -60.6%            | \$ (17,911)                  | \$ 108,652  | -116.5%           |
| Per Class A Nonvoting Common Share:                        |                             |           |                   |                              |             |                   |
| Basic net income (loss)                                    | \$ 0.22                     | \$ 0.56   | -60.7%            | \$ (0.35)                    | \$ 2.06     | -117.0%           |
| Diluted net income (loss)                                  | \$ 0.22                     | \$ 0.55   | -60.0%            | \$ (0.35)                    | \$ 2.04     | -117.2%           |
| Dividends                                                  | \$ 0.185                    | \$ 0.18   | 2.8%              | \$ 0.74                      | \$ 0.72     | 2.8%              |
| Per Class B Voting Common Share:                           |                             |           |                   |                              |             |                   |
| Basic net income (loss)                                    | \$ 0.22                     | \$ 0.56   | -60.7%            | \$ (0.36)                    | \$ 2.04     | -117.6%           |
| Diluted net income (loss)                                  | \$ 0.22                     | \$ 0.55   | -60.0%            | \$ (0.36)                    | \$ 2.03     | -117.7%           |
| Dividends                                                  | \$ 0.185                    | \$ 0.18   | 2.8%              | \$ 0.723                     | \$ 0.70     | 2.8%              |
| Weighted average common shares outstanding (in thousands): |                             |           |                   |                              |             |                   |
| Basic                                                      | 52,196                      | 52,815    |                   | 52,453                       | 52,639      |                   |
| Diluted                                                    | 52,448                      | 53,333    |                   | 52,453                       | 53,133      |                   |



**BRADY CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in Thousands)

|                                                                                                                                                     | (Unaudited)        |                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                                                     | July 31, 2012      | July 31, 2011      |
| <b><u>ASSETS</u></b>                                                                                                                                |                    |                    |
| <b>Current assets:</b>                                                                                                                              |                    |                    |
| Cash and cash equivalents                                                                                                                           | \$ 305,900         | \$ 389,971         |
| Accounts receivable—net                                                                                                                             | 199,006            | 228,483            |
| Inventories:                                                                                                                                        |                    |                    |
| Finished products                                                                                                                                   | 64,740             | 62,152             |
| Work-in-process                                                                                                                                     | 15,377             | 14,550             |
| Raw materials and supplies                                                                                                                          | 25,407             | 27,484             |
| Total inventories                                                                                                                                   | 105,524            | 104,186            |
| Prepaid expenses and other current assets                                                                                                           | 40,424             | 35,647             |
| <b>Total current assets</b>                                                                                                                         | <b>650,854</b>     | <b>758,287</b>     |
| <b>Other assets:</b>                                                                                                                                |                    |                    |
| Goodwill                                                                                                                                            | 676,791            | 800,343            |
| Other intangible assets                                                                                                                             | 84,119             | 89,961             |
| Deferred income taxes                                                                                                                               | 45,356             | 53,755             |
| Other                                                                                                                                               | 20,584             | 19,244             |
| <b>Property, plant and equipment:</b>                                                                                                               |                    |                    |
| Cost:                                                                                                                                               |                    |                    |
| Land                                                                                                                                                | 8,651              | 6,406              |
| Buildings and improvements                                                                                                                          | 101,962            | 104,644            |
| Machinery and equipment                                                                                                                             | 292,130            | 305,557            |
| Construction in progress                                                                                                                            | 10,417             | 11,226             |
|                                                                                                                                                     | 413,160            | 427,833            |
| Less accumulated depreciation                                                                                                                       | 283,145            | 287,918            |
| <b>Property, plant and equipment—net</b>                                                                                                            | <b>130,015</b>     | <b>139,915</b>     |
| <b>Total</b>                                                                                                                                        | <b>\$1,607,719</b> | <b>\$1,861,505</b> |
| <b><u>LIABILITIES AND STOCKHOLDERS' INVESTMENT</u></b>                                                                                              |                    |                    |
| <b>Current liabilities:</b>                                                                                                                         |                    |                    |
| Accounts payable                                                                                                                                    | \$ 86,646          | \$ 98,847          |
| Wages and amounts withheld from employees                                                                                                           | 54,629             | 69,798             |
| Taxes, other than income taxes                                                                                                                      | 9,307              | 7,612              |
| Accrued income taxes                                                                                                                                | 14,357             | 9,954              |
| Other current liabilities                                                                                                                           | 40,815             | 54,406             |
| Current maturities on long-term debt                                                                                                                | 61,264             | 61,264             |
| <b>Total current liabilities</b>                                                                                                                    | <b>267,018</b>     | <b>301,881</b>     |
| <b>Long-term obligations, less current maturities</b>                                                                                               | <b>254,944</b>     | <b>331,914</b>     |
| <b>Other liabilities</b>                                                                                                                            | <b>76,404</b>      | <b>71,518</b>      |
| <b>Total liabilities</b>                                                                                                                            | <b>598,366</b>     | <b>705,313</b>     |
| <b>Stockholders' investment:</b>                                                                                                                    |                    |                    |
| Common stock:                                                                                                                                       |                    |                    |
| Class A nonvoting common stock—Issued 51,261,487 and 51,261,487 shares, respectively and outstanding 47,630,926 and 49,284,252 shares, respectively | 513                | 513                |
| Class B voting common stock—Issued and outstanding, 3,538,628 shares                                                                                | 35                 | 35                 |
| Additional paid-in capital                                                                                                                          | 313,008            | 307,527            |
| Income retained in the business                                                                                                                     | 732,290            | 789,100            |
| Treasury stock—3,320,561 and 1,667,235 shares, respectively of Class A nonvoting common stock, at cost                                              | (92,600)           | (50,017)           |
| Accumulated other comprehensive income                                                                                                              | 59,411             | 113,898            |
| Other                                                                                                                                               | (3,304)            | (4,864)            |
| <b>Total stockholders' investment</b>                                                                                                               | <b>1,009,353</b>   | <b>1,156,192</b>   |
| <b>Total</b>                                                                                                                                        | <b>\$1,607,719</b> | <b>\$1,861,505</b> |

**BRADY CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in Thousands)

|                                                                                                         | (Unaudited)<br>Twelve Months Ended<br>July 31, |                   |
|---------------------------------------------------------------------------------------------------------|------------------------------------------------|-------------------|
|                                                                                                         | 2012                                           | 2011              |
| Operating activities:                                                                                   |                                                |                   |
| Net (loss) income                                                                                       | \$ (17,911)                                    | \$ 108,652        |
| Adjustments to reconcile net income to net cash provided by operating activities:                       |                                                |                   |
| Depreciation and amortization                                                                           | 43,987                                         | 48,827            |
| Non-cash portion of restructuring charges                                                               | 458                                            | 2,155             |
| Non-cash portion of stock-based compensation expense                                                    | 9,735                                          | 9,830             |
| Impairment charge                                                                                       | 115,688                                        | —                 |
| Loss (gain) on divestiture of business                                                                  | 204                                            | (4,394)           |
| Deferred income taxes                                                                                   | (9,679)                                        | (8,161)           |
| Changes in operating assets and liabilities<br>(net of effects of business acquisitions/divestitures):  |                                                |                   |
| Accounts receivable                                                                                     | 18,089                                         | 7,680             |
| Inventories                                                                                             | (7,674)                                        | (2,886)           |
| Prepaid expenses and other assets                                                                       | (2,744)                                        | 5,624             |
| Accounts payable and accrued liabilities                                                                | (29,370)                                       | (3,365)           |
| Income taxes                                                                                            | 23,922                                         | 3,388             |
| Net cash provided by operating activities                                                               | 144,705                                        | 167,350           |
| Investing activities:                                                                                   |                                                |                   |
| Purchases of property, plant and equipment                                                              | (24,147)                                       | (20,532)          |
| Payments of contingent consideration                                                                    | (2,580)                                        | (1,528)           |
| Settlement of net investment hedges                                                                     | (797)                                          | (5,542)           |
| Acquisition of business, net of cash acquired                                                           | (37,649)                                       | (7,970)           |
| Divestiture of business, net of cash retained in business                                               | 856                                            | 12,980            |
| Other                                                                                                   | (287)                                          | (39)              |
| Net cash used in investing activities                                                                   | (64,604)                                       | (22,631)          |
| Financing activities:                                                                                   |                                                |                   |
| Payment of dividends                                                                                    | (38,899)                                       | (38,064)          |
| Proceeds from issuance of common stock                                                                  | 3,864                                          | 8,193             |
| Purchase of treasury stock                                                                              | (49,933)                                       | —                 |
| Principal payments on debt                                                                              | (62,687)                                       | (61,264)          |
| Debt issuance costs                                                                                     | (961)                                          | —                 |
| Income tax benefit from the exercise of stock options and deferred compensation distribution, and other | 792                                            | (439)             |
| Net cash used in financing activities                                                                   | (147,824)                                      | (91,574)          |
| Effect of exchange rate changes on cash                                                                 | (16,348)                                       | 21,986            |
| Net (decrease) increase in cash and cash equivalents                                                    | (84,071)                                       | 75,131            |
| Cash and cash equivalents, beginning of period                                                          | 389,971                                        | 314,840           |
| Cash and cash equivalents, end of period                                                                | <u>\$ 305,900</u>                              | <u>\$ 389,971</u> |
| Supplemental disclosures:                                                                               |                                                |                   |
| Cash paid during the period for:                                                                        |                                                |                   |
| Interest, net of capitalized interest                                                                   | \$ 19,194                                      | \$ 21,298         |
| Income taxes, net of refunds                                                                            | 35,292                                         | 35,851            |
| Acquisitions:                                                                                           |                                                |                   |
| Fair value of assets acquired, net of cash                                                              | \$ 23,792                                      | \$ 4,624          |
| Liabilities assumed                                                                                     | (8,987)                                        | (1,446)           |
| Goodwill                                                                                                | 22,844                                         | 4,792             |
| Net cash paid for acquisitions                                                                          | <u>\$ 37,649</u>                               | <u>\$ 7,970</u>   |

Information by regional segment for the three and twelve months ended July 31, 2012 and 2011 is as follows:

| (in thousands)                     | Americas   | EMEA       | Asia-Pacific | Total Region | Corporate and Eliminations | Total      |
|------------------------------------|------------|------------|--------------|--------------|----------------------------|------------|
| <b>SALES TO EXTERNAL CUSTOMERS</b> |            |            |              |              |                            |            |
| Three months ended:                |            |            |              |              |                            |            |
| July 31, 2012                      | \$ 147,028 | \$ 98,270  | \$ 77,250    | \$ 322,548   | —                          | \$ 322,548 |
| July 31, 2011                      | \$ 146,212 | \$ 102,970 | \$ 93,922    | \$ 343,104   | —                          | \$ 343,104 |
| July 31, 2010                      | \$ 148,929 | \$ 91,020  | \$ 82,945    | \$ 322,894   | —                          | \$ 322,894 |

Twelve months ended:

|               |           |           |           |             |   |             |
|---------------|-----------|-----------|-----------|-------------|---|-------------|
| July 31, 2012 | \$589,925 | \$389,156 | \$345,188 | \$1,324,269 | — | \$1,324,269 |
| July 31, 2011 | \$577,428 | \$404,955 | \$357,214 | \$1,339,597 | — | \$1,339,597 |
| July 31, 2010 | \$551,185 | \$380,121 | \$327,790 | \$1,259,096 | — | \$1,259,096 |

#### SALES INFORMATION

Three months ended July 31, 2012:

|                           |       |        |        |       |   |       |
|---------------------------|-------|--------|--------|-------|---|-------|
| Base                      | 3.0%  | 0.6%   | -14.6% | -2.6% | — | -2.6% |
| Currency                  | -2.4% | -10.7% | -3.2%  | -5.0% | — | -5.0% |
| Acquisitions/Divestitures | 0.0%  | 5.5%   | 0.0%   | 1.6%  | — | 1.6%  |
| Total                     | 0.6%  | -4.6%  | -17.8% | -6.0% | — | -6.0% |

Twelve months ended July 31, 2012:

|                           |       |       |       |       |   |       |
|---------------------------|-------|-------|-------|-------|---|-------|
| Base                      | 3.4%  | -1.3% | -5.3% | -0.4% | — | -0.4% |
| Currency                  | -0.9% | -3.5% | 1.4%  | -1.0% | — | -1.0% |
| Acquisitions/Divestitures | -0.3% | 0.9%  | 0.5%  | 0.3%  | — | 0.3%  |
| Total                     | 2.2%  | -3.9% | -3.4% | -1.1% | — | -1.1% |

#### SEGMENT PROFIT

Three months ended:

|                   |           |           |           |           |           |           |
|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| July 31, 2012     | \$ 37,743 | \$ 27,211 | \$ 4,069  | \$ 69,023 | (\$1,318) | \$ 67,705 |
| July 31, 2011     | \$ 36,850 | \$ 29,882 | \$ 11,775 | \$ 78,507 | (\$3,655) | \$ 74,852 |
| Percentage change | 2.4%      | -8.9%     | -65.4%    | -12.1%    |           | -9.5%     |

Twelve months ended:

|                   |           |           |           |            |            |            |
|-------------------|-----------|-----------|-----------|------------|------------|------------|
| July 31, 2012     | \$155,657 | \$105,643 | \$ 31,704 | \$ 293,004 | (\$7,328)  | \$ 285,676 |
| July 31, 2011     | \$145,516 | \$112,047 | \$ 50,105 | \$ 307,668 | (\$15,742) | \$ 291,926 |
| Percentage change | 7.0%      | -5.7%     | -36.7%    | -4.8%      |            | -2.1%      |

#### NET INCOME RECONCILIATION (in thousands)

|                                      | Three months ended: |               | Twelve months ended: |               |
|--------------------------------------|---------------------|---------------|----------------------|---------------|
|                                      | July 31, 2012       | July 31, 2011 | July 31, 2012        | July 31, 2011 |
| Total profit for reportable segments | \$ 69,023           | \$ 78,507     | \$ 293,004           | \$ 307,668    |
| Corporate and eliminations           | (1,318)             | (3,655)       | (7,328)              | (15,742)      |
| Unallocated amounts:                 |                     |               |                      |               |
| Administrative costs                 | (32,122)            | (30,012)      | (118,120)            | (120,546)     |
| Restructuring charges                | (8,670)             | (2,202)       | (12,110)             | (9,188)       |
| Impairment charge                    | —                   | —             | (115,688)            | —             |
| Investment and other income          | 362                 | 1,098         | 2,082                | 3,990         |
| Interest expense                     | (4,375)             | (5,484)       | (19,090)             | (22,124)      |
| Income before income taxes           | 22,900              | 38,252        | 22,750               | 144,058       |
| Income taxes                         | (11,241)            | (8,669)       | (40,661)             | (35,406)      |
| Net income (loss)                    | \$ 11,659           | \$ 29,583     | \$ (17,911)          | \$ 108,652    |

## NON-GAAP MEASURES

(Dollars in Thousands, Except Per Share Amounts)

In accordance with the U.S. Securities and Exchange Commission's Regulation G, the following provides definitions of the non-GAAP measures used in the earnings release and the reconciliation to the most closely related GAAP measure.

### EBITDA:

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 income before interest expense, income taxes, depreciation and amortization and non-cash 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 Condensed Consolidated Statements of Income data. EBITDA should not be considered as an alternative to net income or operating income as an indicator of the Company's operating performance, or as an alternative to operating cash flows 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 2012     |                  |                 |                 |                  |
|----------------------------------|-----------------|------------------|-----------------|-----------------|------------------|
|                                  | Q1              | Q2               | Q3              | Q4              | Total            |
| <b>EBITDA:</b>                   |                 |                  |                 |                 |                  |
| Net income (loss)                | \$32,732        | \$ (89,954)      | \$27,652        | \$11,659        | \$ (17,911)      |
| Interest expense                 | 5,047           | 4,933            | 4,735           | 4,375           | 19,090           |
| Income taxes                     | 11,109          | 8,635            | 9,676           | 11,241          | 40,661           |
| Depreciation and amortization    | 11,241          | 10,935           | 10,745          | 11,066          | 43,987           |
| Impairment charge                | —               | 115,688          | —               | —               | 115,688          |
| <b>EBITDA (non-GAAP measure)</b> | <b>\$60,129</b> | <b>\$ 50,237</b> | <b>\$52,808</b> | <b>\$38,341</b> | <b>\$201,515</b> |

|                                  | Fiscal 2011     |                 |                 |                 |                  |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
|                                  | Q1              | Q2              | Q3              | Q4              | Total            |
| <b>EBITDA:</b>                   |                 |                 |                 |                 |                  |
| Net income                       | \$26,281        | \$24,199        | \$28,589        | \$29,583        | \$108,652        |
| Interest expense                 | 5,687           | 5,850           | 5,103           | 5,484           | 22,124           |
| Income taxes                     | 9,925           | 8,205           | 8,607           | 8,669           | 35,406           |
| Depreciation and amortization    | 12,594          | 12,908          | 12,020          | 11,305          | 48,827           |
| <b>EBITDA (non-GAAP measure)</b> | <b>\$54,487</b> | <b>\$51,162</b> | <b>\$54,319</b> | <b>\$55,041</b> | <b>\$215,009</b> |

### Diluted Earnings Per Share Excluding Impairment, Restructuring, & Non-Routine Tax Charge:

This is a measure of the Company's diluted net earnings per share excluding the current year Asia non-cash goodwill impairment charge, current and prior year restructuring charges, and current year non-routine non-cash tax charges related to an internal reorganization. We do not view these items to be part of our sustainable results. We believe this earnings per share measure provides an important perspective of underlying business trends and results and provides a more comparable measure of year-on-year earnings per share growth. The table below provides a reconciliation of diluted net earnings per share to diluted earnings per share excluding the impairment charge, restructuring charges, and non-routine tax charge:

|                                                                                                             | Three Months Ended<br>July 31, |                | Twelve Months Ended<br>July 31, |                |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|---------------------------------|----------------|
|                                                                                                             | 2012                           | 2011           | 2012                            | 2011           |
| <b>Diluted Earnings (Loss) per Share</b>                                                                    | <b>\$ 0.22</b>                 | <b>\$ 0.55</b> | <b>\$ (0.34)</b>                | <b>\$ 2.04</b> |
| Non-Cash Goodwill Impairment                                                                                | —                              | —              | 2.19                            | —              |
| Restructuring Charges                                                                                       | 0.14                           | 0.03           | 0.18                            | 0.12           |
| Non-Routine, Non-Cash Tax Charge                                                                            | 0.11                           | —              | 0.11                            | —              |
| <b>Diluted Earnings per Share Excluding Impairment, Restructuring Charges, &amp; Non-Routine Tax Charge</b> | <b>\$ 0.47</b>                 | <b>\$ 0.58</b> | <b>\$ 2.14</b>                  | <b>\$ 2.16</b> |

All reconciling items are presented net of tax. Tax effects are calculated consistent with the nature of the underlying transaction. Diluted loss per share and all reconciling items for the twelve months ended July 31, 2012, are presented using total diluted shares of 52,821 for the period.

### Net Income Excluding Impairment, Restructuring, & Non-Routine Tax Charge:

This is a measure of the Company's net income excluding the current year Asia non-cash goodwill impairment charge, current and prior year restructuring charges, and current year non-routine non-cash tax charges related to an internal reorganization. We do not view these items to be part of our sustainable results. We believe this net income measure provides an important perspective of underlying business trends and results and provides a more comparable measure of year-on-year net income growth. The table below provides a reconciliation of net income to net income excluding the impairment charge, restructuring charges, and non-routine tax charge:

|                                                                                             | Three Months Ended<br>July 31, |                 | Twelve Months Ended<br>July 31, |                  |
|---------------------------------------------------------------------------------------------|--------------------------------|-----------------|---------------------------------|------------------|
|                                                                                             | 2012                           | 2011            | 2012                            | 2011             |
| <b>Net Income (Loss)</b>                                                                    | <b>\$11,659</b>                | <b>\$29,583</b> | <b>\$ (17,911)</b>              | <b>\$108,652</b> |
| Non-Cash Goodwill Impairment                                                                | —                              | —               | 115,688                         | —                |
| Restructuring Charges                                                                       | 7,109                          | 1,563           | 9,567                           | 6,523            |
| Non-Routine, Non-Cash Tax Charge                                                            | 5,616                          | —               | 5,616                           | —                |
| <b>Net Income Excluding Impairment, Restructuring Charges, &amp; Non-Routine Tax Charge</b> | <b>\$24,384</b>                | <b>\$31,146</b> | <b>\$112,960</b>                | <b>\$115,175</b> |

All reconciling items are presented net of tax. Tax effects are calculated consistent with the nature of the underlying transaction.

For More Information Contact:

Aaron Pearce (414) 438-6895

**Brady Corporation Increases Dividend to Shareholders for the 27<sup>th</sup> Straight Year.**

MILWAUKEE (September 6, 2012)—Brady Corporation's (NYSE: BRC) Board of Directors has announced an increase in its annual dividend to shareholders of the company's Class A Common stock from \$0.74 per share to \$0.76 per share. A quarterly dividend of \$0.19 per share will be paid on October 31, 2012 to shareholders of record at the close of business on October 10, 2012. This dividend represents the 27<sup>th</sup> consecutive annual increase in dividends.

Brady Corporation is an international manufacturer and marketer of complete solutions that identify and protect premises, products and people. Brady's products help customers increase safety, security, productivity and performance and include high-performance labels and signs, safety devices, printing systems and software, and precision die-cut materials. Founded in 1914, the company has millions of customers in electronics, telecommunications, manufacturing, electrical, construction, education, medical and a variety of other industries. Brady is headquartered in Milwaukee, Wisconsin and employed approximately 6,500 people at operations in the Americas, Europe and Asia-Pacific as of July 31, 2011. 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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## F'12 – Q4 Financial Results

September 7, 2012



## FORWARD-LOOKING STATEMENTS

Brady believes that certain statements in this presentation are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements related to future, not past, events included in this presentation, including, without limitation, statements regarding Brady'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 are forward-looking statements. When used in this presentation, 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 the length or severity of the current worldwide economic downturn or timing or strength of a subsequent recovery; future financial performance of major markets Brady serves, which include, without limitation, telecommunications, manufacturing, electrical, construction, laboratory, education, governmental, public utility, computer, transportation; difficulties in making and integrating acquisitions; risks associated with newly acquired businesses; Brady's ability to develop and successfully market new products; changes in the supply of, or price for, parts and components; increased price pressure from suppliers and customers; fluctuations in currency rates versus the US dollar; unforeseen tax consequences; potential write-offs of Brady's substantial intangible assets; Brady's ability to retain significant contracts and customers; risks associated with international operations; Brady's ability to maintain compliance with its debt covenants; technology changes; business interruptions due to implementing business systems; environmental, health and safety compliance costs and liabilities; future competition; interruptions to sources of supply; Brady's ability to realize cost savings from operating initiatives; difficulties associated with exports; risks associated with restructuring plans; risks associated with obtaining governmental approvals and maintaining regulatory compliance; and 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 located in Item 1A of Part I of Brady's Form 10-K for the year ended July 31, 2011. 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.

We refer to certain non-GAAP financial measures in this presentation. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found within this presentation.



## Q4 COMPARABILITY ITEMS

## Q4 F'12:

- During the 4<sup>th</sup> quarter, certain restructuring charges and a non-routine, non-cash tax charge was incurred that impact comparability with the prior year.
- The diluted EPS impact of these charges is as follows:

|                           | <u>Q4 F'12</u> |
|---------------------------|----------------|
| Diluted EPS, as Presented | \$ 0.22        |
| Restructuring Charges     | \$ 0.14        |
| Non-Routine Tax Charge    | 0.11           |

## F'12 RECAP

- Net loss of \$17.9M vs. a \$108.7M of net income in F'11.
  - Net Income, excluding impairment, restructuring charges, and non-routine tax charge\*\* of \$113.0M vs. \$115.2M in F'11.
- Diluted EPS of \$(0.35) in F'12 compared to \$2.04 in F'11.
  - Diluted EPS, excluding impairment, restructuring charges, and non-routine tax charge\*\* of \$2.14 vs. \$2.16 in F'11.
- Sales down 1.1% to \$1.32 billion vs. \$1.34 billion in F'11 (Organic sales down 0.4%).
- Gross Profit Margin of 48.0% in F'12 vs. 49.0% in F'11.
- SG&A expense down 50 bps to 32.5% of sales vs. 33.0% in F'11.
- Cash Flow:
  - F'12 free cash flow\* of \$120.6M.
  - Repurchased 1,869,193 shares for \$49.9M and authorized an additional 2 million Class A Common Share buyback program in September 2012.
  - Returned \$38.9 million to shareholders in the form of dividends and announced 27<sup>th</sup> consecutive year of annual dividend increases.

\* Free Cash Flow = Cash Flow from Operating Activities – Capital Expenditures.

\*\* Net Income, excluding impairment, restructuring charges, and non-routine tax charge and Diluted EPS, excluding impairment, restructuring charges, and non-routine tax charge are non-GAAP measures. See slides #19 and #20.

## Q4 F'12 - FINANCIAL SUMMARY

- Net income down 60.6% to \$11.7M vs. \$29.6M in Q4 of F'11.
  - Net Income, excluding restructuring charges and non-routine tax charge\*\* down 21.7% to \$24.4M vs. \$31.1M in Q4 of F'11.
- Diluted EPS down 60.0% to \$0.22 in Q4 of F'12 vs. \$0.55 in Q4 of F'11.
  - Diluted EPS, excluding restructuring charges and non-routine tax charge\*\* down 19.0% to \$0.47 vs. \$0.58 in Q4 of F'11.
- Sales down 6.0% to \$322.5M vs. \$343.1M in Q4 of F'11.
  - Organic sales down 2.6%, Fx decreased sales by 5.0%, and acquisitions increased sales by 1.6%. Negative organic sales growth caused exclusively by the Asia-Pacific region.
- Gross Profit Margin of 48.1% is consistent with the gross profit margin in Q4 of F'11.
- SG&A expense of 34.0% of sales is up 210 bps vs. 31.9% in Q4 of F'11.
- Q4 F'12 Free Cash Flow\* of \$34.5 million.
- July 31, 2012 cash balance of \$306M and debt balance of \$316M.

\* Free Cash Flow = Cash Flow from Operating Activities – Capital Expenditures.

\*\* Net Income, excluding impairment, restructuring charges, and non-routine tax charge and Diluted EPS, excluding impairment, restructuring charges, and non-routine tax charge are non-GAAP measures. See slides #19 and #20.

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## F'13 GUIDANCE

**Diluted EPS** **\$2.20 to \$2.40**  
 (Excluding after-tax restructuring charges)

**Guidance Assumptions:**

- Full-year income tax rate in the mid-to-upper 20% range.
- Diluted share count consistent with that as of July 31, 2012.
- Current foreign currency exchange rates.
- Full-year depreciation and amortization expense of approximately \$45 million.
- Full-year capital expenditures of approximately \$35 million.
- Free cash flow of approximately 100% - 120% of net income.

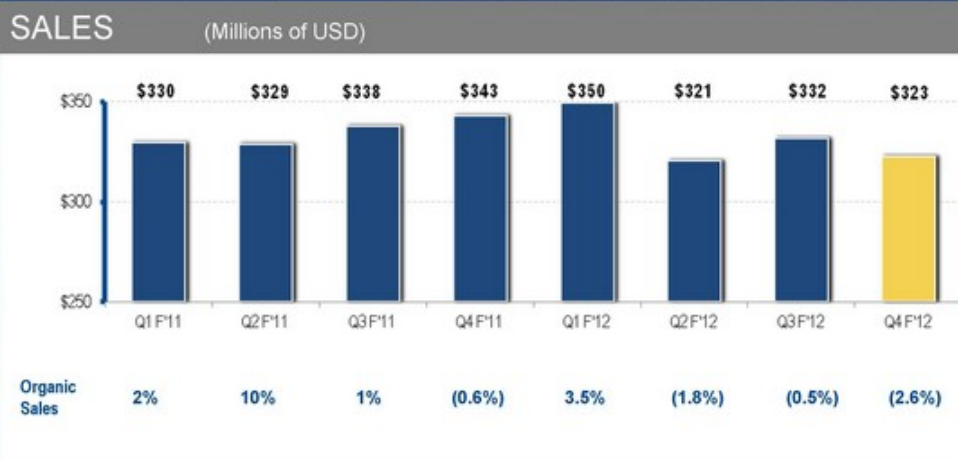
In accordance with our normal practice, our guidance does not assume any acquisitions or dispositions. Brady Corporation's practice is to only change or reconfirm guidance in a public forum.

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## SALES OVERVIEW



## Q4 F'12 TOTAL COMPANY SALES:

- Q4 F'12 Sales Down 6.0%.
  - (2.6%) Organic Sales Decline (Americas and EMEA grew while Asia-Pacific contracted).
  - 1.6% Growth from Acquisitions.
  - (5.0%) Decline due to Currency Translation.

## Q4 F'12 SALES COMMENTARY:

- Americas – Continued growth in North America while Brazil economy slows.
- EMEA – Internal initiatives combating weak macro-economy, driving positive organic sales growth.
- Asia – Die-cut business depressing regional organic sales.

## GROSS PROFIT MARGIN AND SG&amp;A

## GROSS PROFIT &amp; GPM% (Millions of USD)



## GROSS PROFIT MARGIN DRIVERS:

- GPM of 48.1% is flat with Q4 of F'11.
- Asia GPM weakness offset by mix, productivity improvements, and strategic sourcing benefits.

## SG&amp;A &amp; SG&amp;A as % of SALES (Millions of USD)

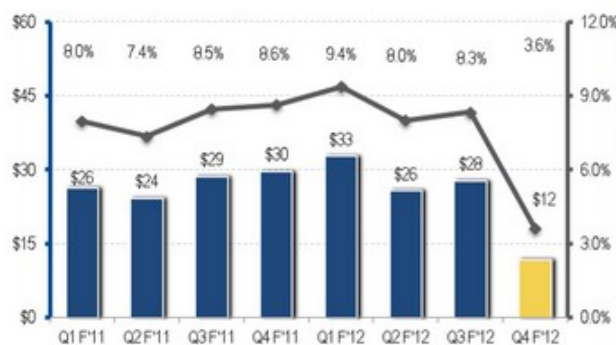


## SG&amp;A EXPENSE DRIVERS:

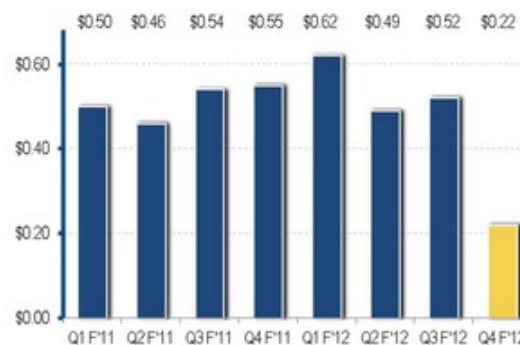
- SG&A expense negatively impacted by acquisitions and internal reorganization related costs and positively impacted by foreign currency translation in Q4 of F'12.
- Benefits from restructuring actions being reinvested into growth initiatives.

## NET INCOME\* AND DILUTED EPS\*

## NET INCOME\* (Millions of USD)



## DILUTED EPS (Class A Shares)\*



## Q4 F'12 NET INCOME &amp; DILUTED EPS:

- Q4 F'12 diluted EPS down 60.0% to \$0.22.
- Q4 F'12 diluted EPS, excluding impairment, restructuring charges, and non-routine tax charge down 19.0% to \$0.47/share.

## NET INCOME &amp; DILUTED EPS DRIVERS:

- F'12 – Restructuring and non-routine costs incurred to right size cost structure in light of stagnant macro-economy.
- F'13 – Benefits from restructuring being redeployed into initiatives to drive future organic growth and profit improvements.

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\* Excludes \$115.7M of non-cash impairment charges in Q2 of F'12.



## CASH BALANCE WALK (Millions of USD)

|                                     | 3 Mos.<br>Ended<br>July 31, 2012 | Year Ended<br>July 31, 2012 |
|-------------------------------------|----------------------------------|-----------------------------|
| Cash Balance - Beginning of Period  | \$ 374.4                         | \$ 390.0                    |
| Cash Flow from Operating Activities | 44.1                             | 144.7                       |
| Capital Expenditures                | (9.6)                            | (24.1)                      |
| Debt Repayments                     | (20.2)                           | (62.7)                      |
| Acquisition of Businesses           | (34.6)                           | (37.6)                      |
| Repurchase of Stock                 | (37.6)                           | (49.9)                      |
| Dividends                           | (9.7)                            | (38.9)                      |
| Effect of Exchange Rate on Cash     | (3.2)                            | (16.3)                      |
| Other                               | 2.3                              | 0.7                         |
| Cash Balance - July 31, 2012        | \$ 305.9                         | \$ 305.9                    |

## CASH GENERATION

## CASH GENERATION – F'12 Q4:

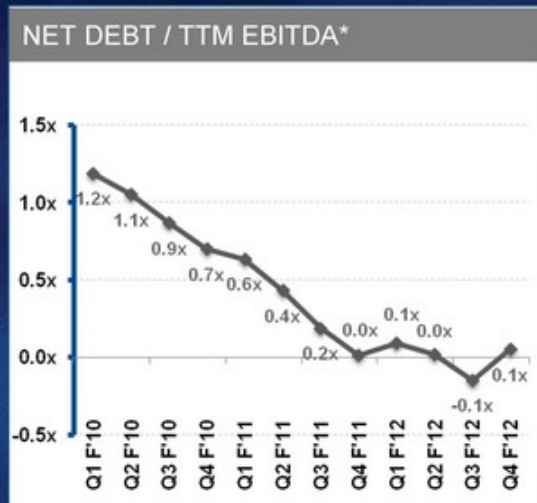
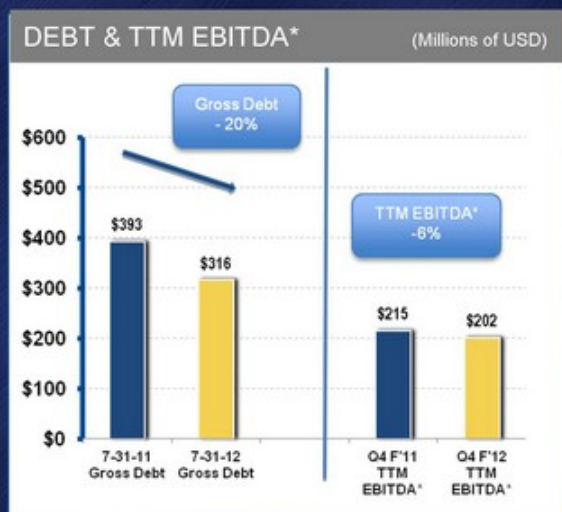
- Cash Flow from Operating Activities in Q4 of F'12 = \$44.1M.
- Returned \$9.7M to our shareholders in dividends in Q4 (\$38.9M for the year ended July 31, 2012).
- Acquired 1,411,833 of shares for \$37.6M in Q4 of F'12 (1,869,193 shares for the year ended July 31, 2012).

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## DEBT &amp; EBITDA



## STRONG BALANCE SHEET:

- July 31, 2012 Debt = \$316M.
- July 31, 2012 Cash = \$306M.

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\* See slide #18 for the calculation of EBITDA.



## Q4 F'12 - NEW PRODUCT LAUNCHES

**Thermal Management Material:**

**Transtherm™ TSoft3HP** - High performance thermal conductive gap filler, used in electronics to dissipate heat. Applications include Power Modules, CPUs, LED lighting and Telecom. Brady's solution offers high performance thermal conductivity with key improvements to handling properties, making it easier for customers to convert and apply.

**Software:**

**LabelMark™ Extensions** - A LabelMark "App" for select major ADM customers that reduces time and complexity of their identification process, giving them compelling reasons to use Brady materials, printers and software.

**LINK360™ Maintenance Center and Lockout Center-** BRADY LINK360 is a cloud based software platform for the management of visual information on and around equipment and machines. It helps customers with the management of their lean and regulatory programs.



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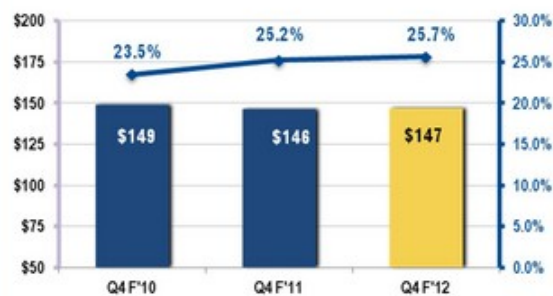


## AMERICAS – Q4 F'12 SUMMARY

## Q4 F'12 vs. Q4 F'11 PERFORMANCE

|                  | Q4 F'11  | Q4 F'12  | Change    |
|------------------|----------|----------|-----------|
| Sales            | \$ 146.2 | \$ 147.0 | + 0.6%    |
| Segment Profit   | 36.9     | 37.7     | + 2.4%    |
| Segment Profit % | 25.2%    | 25.7%    | + 0.5 pts |

## SALES &amp; SEGMENT PROFIT % (Millions of USD)



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## FULL YEAR F'12 RECAP:

- Sales up 2.2% over F'11 (3.4% organic growth).
- Segment profit up 7.0% to \$155.7M (26.4% of sales) vs. \$145.5M (25.2% of sales) in F'11.

## Q4 F'12 SUMMARY:

- Revenues up 0.6%:
  - Organic Growth = 3.0%
  - Fx = (2.4%)
- Strong results in Brady's North American business.
- Macro-economic headwinds in Brazil.
- Direct marketing businesses down slightly as it manages the shift to internet.
- Segment profit up 2.4%. Increased leverage of selling costs.

## F'13 OUTLOOK:

- Low single-digit organic growth driven by initiatives, particularly focused on growing market share.
- Increasing segment profit as % of sales.

## EMEA – Q4 F'12 SUMMARY

## Q4 F'12 vs. Q4 F'11 PERFORMANCE

|                  | Q4 F'11 | Q4 F'12 | Change    |
|------------------|---------|---------|-----------|
| Sales            | \$103.0 | \$ 98.3 | - 4.6%    |
| Segment Profit   | 29.9    | 27.2    | - 8.9%    |
| Segment Profit % | 29.0%   | 27.7%   | - 1.3 pts |

## SALES &amp; SEGMENT PROFIT % (Millions of USD)



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## FULL YEAR F'12 RECAP:

- Sales down 3.9% over F'11 (1.3% organic decline).
- Segment profit down 5.7% to \$105.6M (27.1% of sales) vs. \$112.0M (27.7% of sales) in F'11.

## Q4 F'12 SUMMARY:

- Revenues down 4.6%:
  - Organic growth = 0.6%
  - Fx = (10.7%)
  - Acquisitions = 5.5%
- Growth in Central Europe, Africa and the Middle East as well as growth from initiatives offsetting macro-economic weakness in continental Europe.
- Segment profit down 8.9%. Currency significantly impacting segment profit.

## F'13 OUTLOOK:

- Economic headwinds expected throughout F'13.
- Cost reductions and initiatives partially offsetting the weak macro-economy and the slightly less profitable acquisitions, resulting in a slight decline in segment profit as a % of sales.



## ASIA-PACIFIC – Q4 F'12 SUMMARY

## Q4 F'12 vs. Q4 F'11 PERFORMANCE

|                  | Q4 F'11 | Q4 F'12 | Change    |
|------------------|---------|---------|-----------|
| Sales            | \$ 93.9 | \$ 77.3 | - 17.8%   |
| Segment Profit   | 11.8    | 4.1     | - 65.4%   |
| Segment Profit % | 12.5%   | 5.3%    | - 7.2 pts |

## SALES &amp; SEGMENT PROFIT % (Millions of USD)



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## FULL YEAR F'12 RECAP:

- Sales down 3.4% over F'11 (5.3% organic decline).
- Segment profit down 36.7% to \$31.7M (9.2% of sales) vs. \$50.1M (14.0% of sales) in F'11.

## Q4 F'12 SUMMARY:

- Revenues down 17.8%:
  - Organic = (14.6%)
  - Fx = (3.2%)
- Investing in Asian identification solutions business for future growth.
- Die-cut business challenged, but has improved positions with certain key customers.
- Segment profit down \$7.7M, reflecting challenges in the die-cut business.

## F'13 OUTLOOK:

- Flat organic sales in first half of F'13, improving in second half of the year.
- Ongoing efficiency and improvement programs will lift segment profit.

## INVESTOR RELATIONS

## Brady Contact:

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Investor Relations  
414-438-6895

Aaron\_Pearce@Bradycorp.com

See our web site at  
[www.investor.bradycorp.com](http://www.investor.bradycorp.com)



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## INCOME STATEMENTS

## COMPARABLE INCOME STATEMENT

(Millions of USD)

## Three Months Ended July 31, 2012

|                                     | 2012            | 2011            | Change           |
|-------------------------------------|-----------------|-----------------|------------------|
| <b>Sales</b>                        | <b>\$ 322.5</b> | <b>\$ 343.1</b> | <b>\$ (20.6)</b> |
| <b>Gross Margin</b>                 | <b>155.1</b>    | <b>165.0</b>    | <b>(9.9)</b>     |
| % of Sales                          | 48.1%           | 48.1%           | 0.0 pts          |
| Research and Development            | (9.7)           | (10.8)          | 1.1              |
| Selling, General and Admin.         | (109.8)         | (109.4)         | (0.4)            |
| % of Sales                          | 34.0%           | 31.9%           | (2.1) pts        |
| Restructuring Charges               | (8.7)           | (2.2)           | (6.5)            |
| <b>Operating Income</b>             | <b>26.9</b>     | <b>42.6</b>     | <b>(15.7)</b>    |
| Interest Expense                    | (4.4)           | (5.5)           | 1.1              |
| Investment and Other Income         | 0.4             | 1.1             | (0.7)            |
| Income Taxes                        | (11.2)          | (8.7)           | (2.5)            |
| Income Tax Rate                     | 48.9%           | 22.7%           | (26.3) pts       |
| <b>Net Income</b>                   | <b>\$ 11.7</b>  | <b>\$ 29.6</b>  | <b>\$ (17.9)</b> |
| % of Sales                          | 3.6%            | 8.6%            | (5.0) pts        |
| <b>Diluted EPS</b>                  | <b>\$ 0.22</b>  | <b>\$ 0.55</b>  | <b>\$ (0.33)</b> |
| Weighted Average Shares Outstanding | 52.4            | 53.3            | (0.9)            |
| <b>EBITDA</b>                       | <b>\$ 38.4</b>  | <b>\$ 55.0</b>  | <b>\$ (16.6)</b> |
| % of Sales                          | 11.9%           | 16.0%           | (4.1) pts        |

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## EBITDA RECONCILIATION

## EBITDA

(Millions of USD)

|                               | F'12           |                |                |                | Full Year       |
|-------------------------------|----------------|----------------|----------------|----------------|-----------------|
|                               | Q1             | Q2             | Q3             | Q4             |                 |
| EBITDA <sup>(1)</sup> :       |                |                |                |                |                 |
| Net Income (Loss)             | \$ 32.7        | \$ (90.0)      | \$ 27.7        | \$ 11.7        | \$ (17.9)       |
| Interest Expense              | 5.1            | 4.9            | 4.7            | 4.4            | 19.1            |
| Income Taxes                  | 11.1           | 8.6            | 9.7            | 11.2           | 40.6            |
| Depreciation and Amortization | 11.2           | 11.0           | 10.7           | 11.1           | 44.0            |
| Non-Cash Goodwill Impairment  | -              | 115.7          | -              | -              | 115.7           |
| <b>EBITDA</b>                 | <b>\$ 60.1</b> | <b>\$ 50.2</b> | <b>\$ 52.8</b> | <b>\$ 38.4</b> | <b>\$ 201.5</b> |

|                               | F'11           |                |                |                | Full Year       |
|-------------------------------|----------------|----------------|----------------|----------------|-----------------|
|                               | Q1             | Q2             | Q3             | Q4             |                 |
| EBITDA <sup>(1)</sup> :       |                |                |                |                |                 |
| Net Income                    | \$ 26.3        | \$ 24.2        | \$ 28.6        | \$ 29.6        | \$ 108.7        |
| Interest Expense              | 5.7            | 5.9            | 5.1            | 5.5            | 22.2            |
| Income Taxes                  | 9.9            | 8.2            | 8.6            | 8.6            | 35.3            |
| Depreciation and Amortization | 12.6           | 12.9           | 12.0           | 11.3           | 48.8            |
| <b>EBITDA</b>                 | <b>\$ 54.5</b> | <b>\$ 51.2</b> | <b>\$ 54.3</b> | <b>\$ 55.0</b> | <b>\$ 215.0</b> |

(1) 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 income before interest expense, income taxes, depreciation and amortization, and non-cash 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 Condensed Consolidated Statements of Income data. EBITDA should not be considered as an alternative to net income or operating income as an indicator of the company's operating performance, or as an alternative to operating cash flows as a measure of liquidity. However, 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.

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## Diluted EPS, excluding impairment, restructuring & non-routine tax charge

### Reconciliation of Diluted EPS, excluding impairment, restructuring and non-routine tax charge:

#### Diluted Earnings Per Share Excluding Impairment, Restructuring, & Non-Routine Tax Charge:

This is a measure of the Company's diluted net earnings per share excluding the current year Asia non-cash goodwill impairment charge, current and prior year restructuring charges, and current year non-routine non-cash tax charges related to an internal reorganization. We do not view these items to be part of our sustainable results. We believe this earnings per share measure provides an important perspective of underlying business trends and results and provides a more comparable measure of year-on-year earnings per share growth. The table below provides a reconciliation of diluted net earnings per share to diluted earnings per share excluding the impairment charge, restructuring charges, and non-routine tax charge:

|                                                                                                                     | Three Months Ended<br>July 31, |                | Twelve Months Ended<br>July 31, |                |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|---------------------------------|----------------|
|                                                                                                                     | 2012                           | 2011           | 2012                            | 2011           |
| Diluted Earnings (Loss) per Share                                                                                   | \$ 0.22                        | \$ 0.55        | \$ (0.34)                       | \$ 2.04        |
| Non-Cash Goodwill Impairment                                                                                        | -                              | -              | 2.19                            | -              |
| Restructuring Charges                                                                                               | 0.14                           | 0.03           | 0.18                            | 0.12           |
| Non-Routine, Non-Cash Tax Charge                                                                                    | 0.11                           | -              | 0.11                            | -              |
| <b>Diluted Earnings per Share Excluding<br/>Impairment, Restructuring Charges,<br/>&amp; Non-Routine Tax Charge</b> | <b>\$ 0.47</b>                 | <b>\$ 0.58</b> | <b>\$ 2.14</b>                  | <b>\$ 2.16</b> |

All reconciling items are presented net of tax. Tax effects are calculated consistent with the nature of the underlying transaction. Diluted loss per share and all reconciling items for the twelve months ended July 31, 2012, are presented using total diluted shares of 52,821 for the period.

## Net Income, excluding impairment, restructuring & non-routine tax charge

### Reconciliation of Net income, excluding impairment, restructuring and non-routine tax charge ('000s of USD):

#### Net Income Excluding Impairment, Restructuring, & Non-Routine Tax Charge:

This is a measure of the Company's net income excluding the current year Asia non-cash goodwill impairment charge, current and prior year restructuring charges, and current year non-routine non-cash tax charges related to an internal reorganization. We do not view these items to be part of our sustainable results. We believe this net income measure provides an important perspective of underlying business trends and results and provides a more comparable measure of year-on-year net income growth. The table below provides a reconciliation of net income to net income excluding the impairment charge, restructuring charges, and non-routine tax charge:

|                                                                                                     | Three Months Ended<br>July 31, |                  | Twelve Months Ended<br>July 31, |                   |
|-----------------------------------------------------------------------------------------------------|--------------------------------|------------------|---------------------------------|-------------------|
|                                                                                                     | 2012                           | 2011             | 2012                            | 2011              |
| Net Income (Loss)                                                                                   | \$ 11,659                      | \$ 29,583        | \$ (17,911)                     | \$ 108,652        |
| Non-Cash Goodwill Impairment                                                                        | -                              | -                | 115,688                         | -                 |
| Restructuring Charges                                                                               | 7,109                          | 1,563            | 9,567                           | 6,523             |
| Non-Routine, Non-Cash Tax Charge                                                                    | 5,616                          | -                | 5,616                           | -                 |
| <b>Net Income Excluding<br/>Impairment, Restructuring Charges,<br/>&amp; Non-Routine Tax Charge</b> | <b>\$ 24,384</b>               | <b>\$ 31,146</b> | <b>\$ 112,960</b>               | <b>\$ 115,175</b> |

All reconciling items are presented net of tax. Tax effects are calculated consistent with the nature of the underlying transaction.