



Brady Corporation

F'18 Annual Shareholders' Meeting

November 14, 2018



Forward-Looking Statements

In this presentation, statements that are not reported financial results or other historic information are “forward-looking statements.” These forward-looking statements relate to, among other things, the Company's future financial position, business strategy, targets, projected sales, costs, earnings, capital expenditures, debt levels and cash flows, and plans and objectives of management for future operations.

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady's control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: our ability to compete effectively or to successfully execute our strategy; Brady's ability to develop technologically advanced products that meet customer demands; difficulties in protecting our websites, networks, and systems against security breaches; decreased demand for our products; Brady's ability to retain large customers; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; risks associated with the loss of key employees; divestitures and contingent liabilities from divestitures; Brady's ability to properly identify, integrate, and grow acquired companies; litigation, including product liability claims; Brady's ability to execute facility consolidations and maintain acceptable operational service metrics; foreign currency fluctuations; the impact of the Tax Reform Act and any other changes in tax legislation and tax rates; potential write-offs of Brady's substantial intangible assets; differing interests of voting and non-voting shareholders; 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, 2018.

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.

Agenda

- Election of Board of Directors
- President's Report
- Financial Report
- Questions & Answers

Election of the Board of Directors



Patrick W. Allender
Executive Vice
President and Chief
Financial Officer (ret.),
Danaher Corp.



Nancy Lee Gioia
Director, Global
Connectivity, Electrical
and User Experience (ret.),
Ford Motor Company



Bradley C. Richardson
Executive Vice President
and Chief Financial Officer,
PolyOne Corporation



Gary Balkema
President (ret.),
Worldwide Consumer
Care Division, Bayer AG



Conrad G. Goodkind
Partner (ret.),
Quarles & Brady, LLC



J. Michael Nauman
President and CEO,
Brady Corporation



Dr. Elizabeth P. Bruno
Ph.D., President, Brady
Education Foundation;
Research Associate
Professor, University of
N. Carolina at Chapel Hill



Dr. Frank W. Harris
President and CEO,
Akron Polymer Systems

Election of the Board Of Directors

Shareholders of 100% of the Class B Common Voting Stock vote in favor of the election of the director nominees and they are therefore elected to a one-year term.

President's Report

J. Michael Nauman

President and Chief Executive Officer

OUR FUTURE  BEGINS TODAY



CLICK

TO VIEW THE VIDEO



▶ ⏸ 🔊 1:59 / 2:08



Strategic Vision Statement

Brady will strive to be the expert in safety, identification, and compliance in a diverse range of workplaces. We will possess deep expertise and knowledge in our industries, resulting in trusted partnerships with our customers.

We will provide market leading, **innovative**, high-performance product solutions delivered via world class custom manufacturing capabilities.



RECAP OF F'18



Achieved our twelfth consecutive quarter of earnings growth.



\$143M in operating cash generation.



Foundational improvements in all manufacturing metrics including improved quality, reduced errors, and decreased shipping time.



Increased sales across all channels.



Driving local ownership and accountability.



Expanded pipeline of new products.

CAPTURING THE SPIRIT OF INNOVATION



New products are a direct result of customer input.



Continuous evolution of BradyID.com to allow for a better buying and researching experience.



New proprietary products in Workplace Safety division.



First company-wide Innovation Challenge.



Launched an innovation incubator to grow new product ideas.

LEADING THE PRINTER MARKET



i5100 Industrial Label Printer

Integrates high-volume performance and smart printing technology.



i7100 Industrial Label Printer

Prints on a wide range of high-performance label materials.

Designed to print thousands of labels per day with an easy-to-use touch screen interface.



S3100 Sign and Label Printer

Easy to use stand-alone printer.

On-the-spot printing for multiple applications.

RESPONDING TO CUSTOMERS' NEEDS

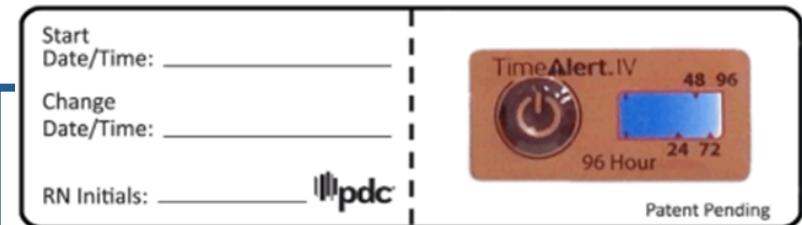
PRODUCTS INSPIRED BY THE PEOPLE WHO USE THEM



Seton Speed Bump

First proprietary product from WPS division.

Easy-to-install, highly durable and visible with long life-expectancy.



Time Alert IV label

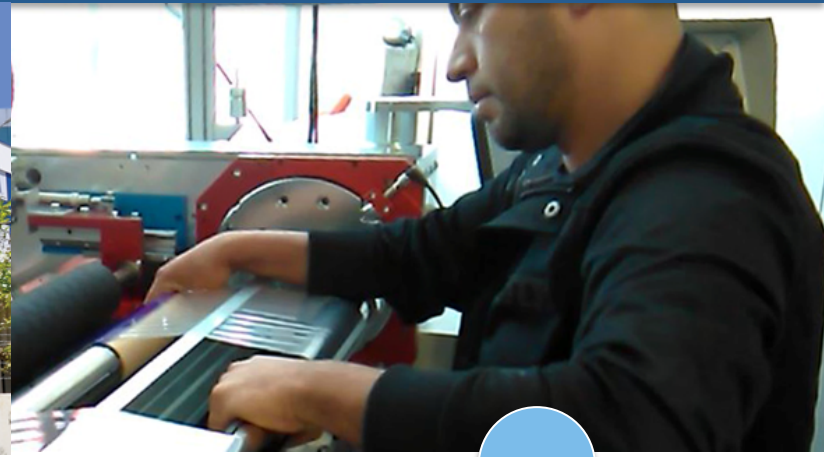
Easy-to-use, visual time-indicating label to help hospital technicians determine when an IV bag needs to be replaced.

INVESTING IN OUR FUTURE



Automation

Digital presses, voice-directed picking and other technologies help accelerate productivity and reduce errors.



New or renovated facilities

36,000 square foot facility in India has become a showcase for Brady products in use.

New facilities planned for France.



New equipment

New printers and slitters in Milwaukee, Tijuana, and Singapore.

OUR CONTINUED FOCUS: F'19



Product Innovation



Customer Interaction



Operational Excellence



Facility Optimization



Employee Engagement



Service Excellence

Financial Report

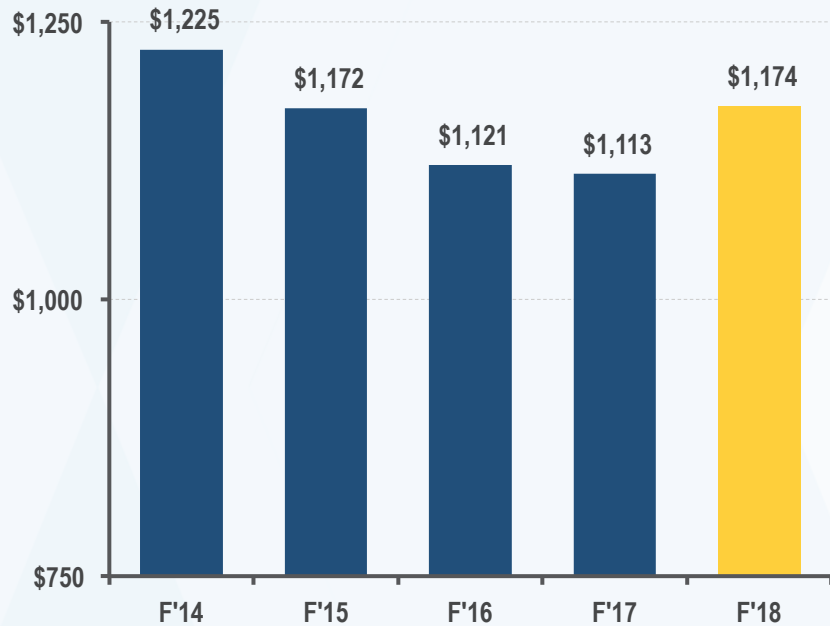
Aaron Pearce

Chief Financial Officer

Revenue & Earnings Trends

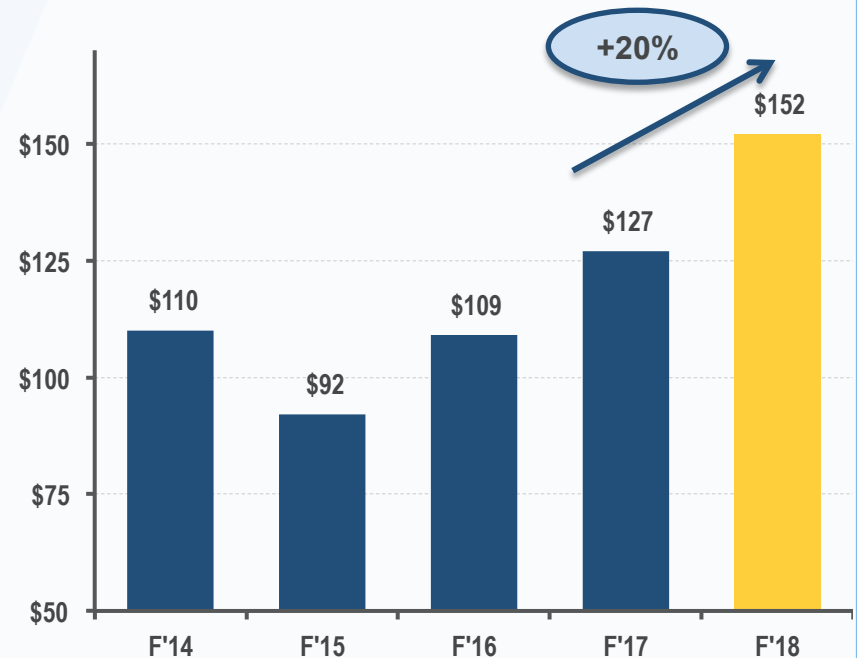
SALES

(millions of USD)



EARNINGS BEFORE INCOME TAXES*

(millions of USD)

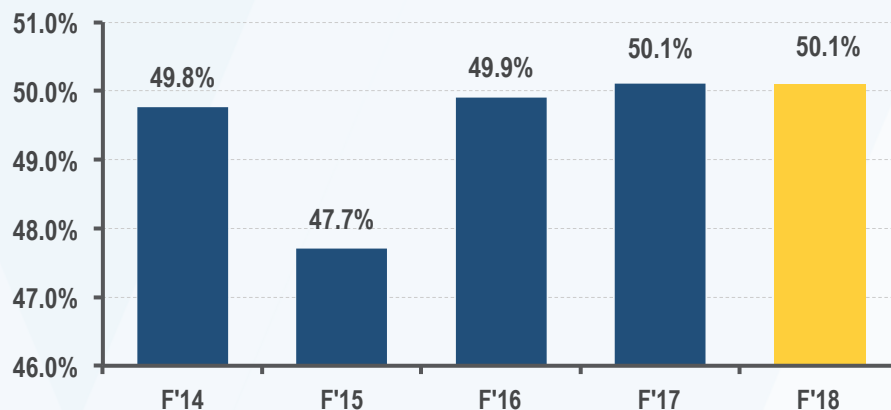


Organic Growth	0.2%	1.0%	(0.7%)	0.5%	2.6%
For. Currency	(0.1%)	(5.4%)	(3.7%)	(1.2%)	3.0%

* See appendix for reconciliation of non-GAAP measures in F'14 and F'15.. There are no Non-GAAP adjustments after F'15.

GPM & SG&A Expense

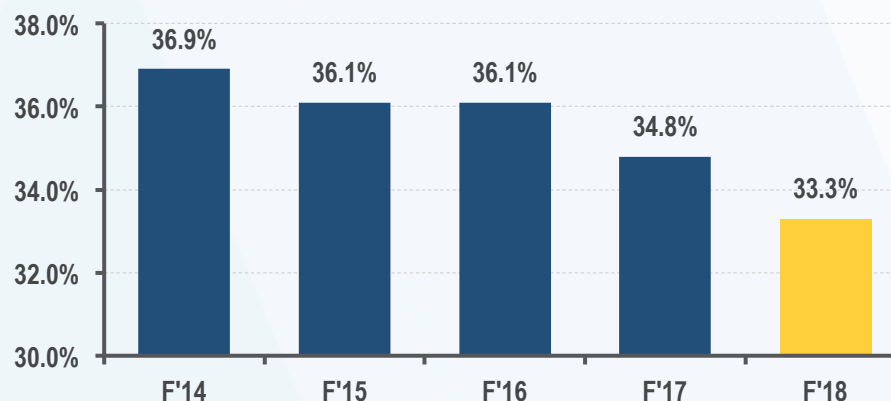
GROSS PROFIT MARGIN



GROSS PROFIT MARGIN:

- Inflationary forces.
- Investments in machinery and equipment increasing capabilities and driving efficiency gains.
- Operational improvements are positively impacting our gross profit margin.

SELLING, GENERAL & ADMIN EXP as % of SALES



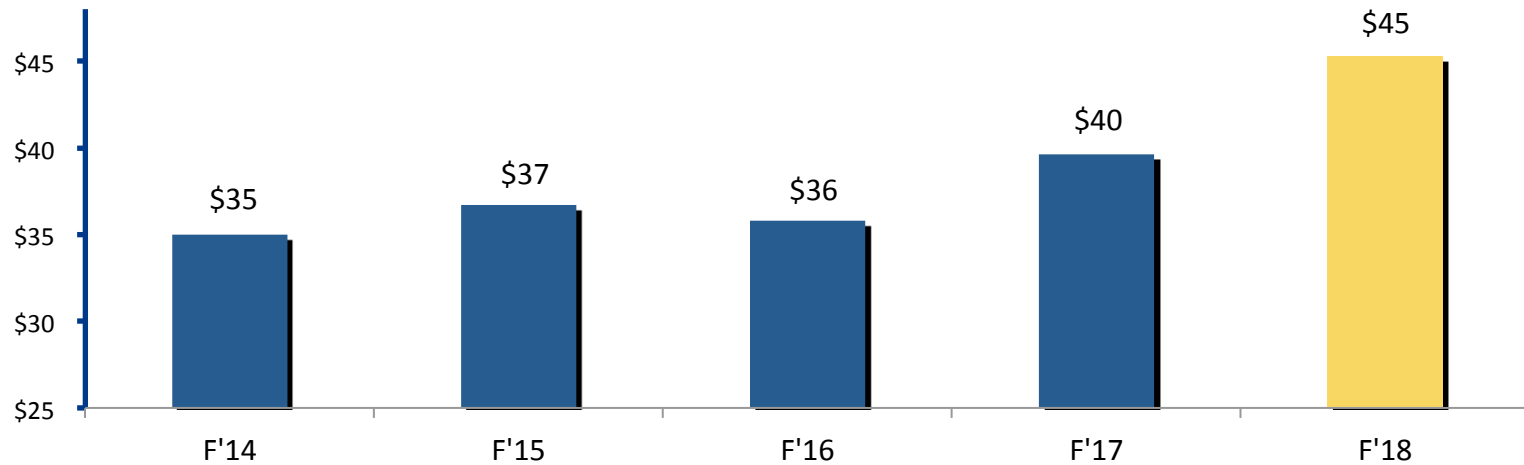
SG&A EXPENSE:

- Decentralized operating philosophy, with standardized processes and policies.
- Simplified and streamlined organization focused on driving sustainable efficiency gains.
- Reducing G&A structure while investing in growth.

Increasing our Investment in R&D

RESEARCH & DEVELOPMENT EXPENSE

(Millions of USD)



INCREASING OUR INVESTMENT IN RESEARCH & DEVELOPMENT:

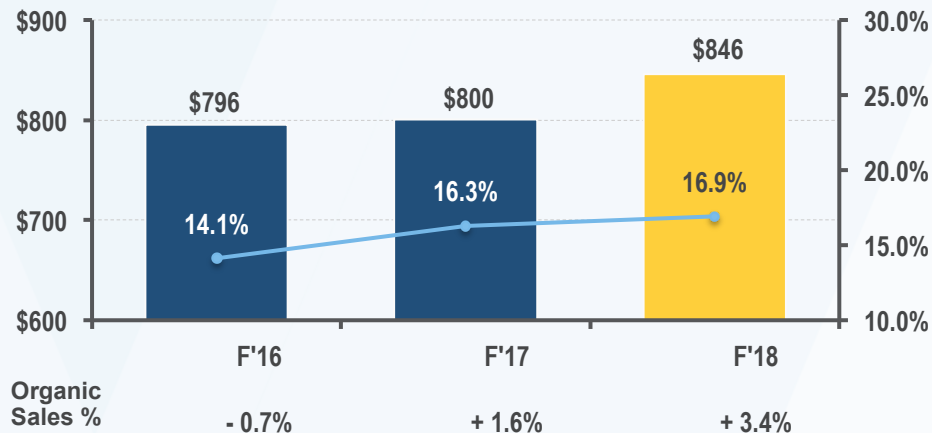
- Investing in R&D to drive future organic sales growth.
- R&D expenses were up 14% in F'18.
- Increase in our new product pipeline.
- Anticipate increased R&D expense of approximately 7% in F'19.

Segment Financial Results

(Sales & Segment Profit %)

IDENTIFICATION SOLUTIONS

(millions of USD)

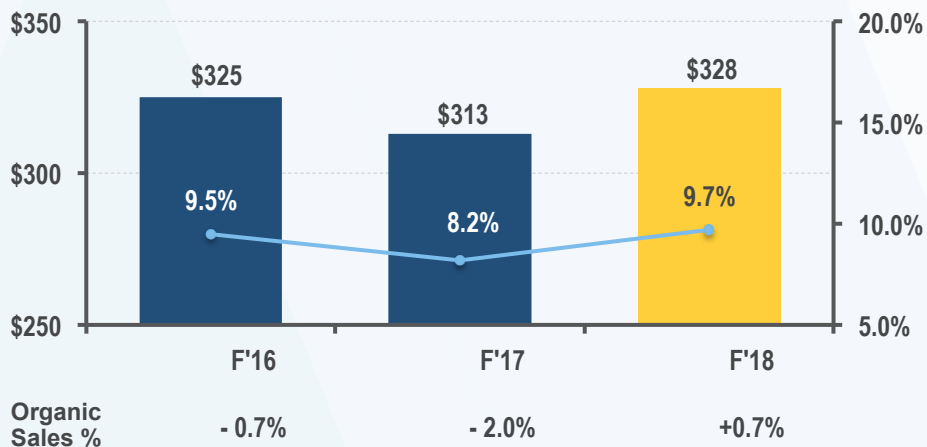


IDENTIFICATION SOLUTIONS:

- Organic sales growth of 3.4%.
- Segment profit increased 9.8% from \$130.6M to \$143.4M.
- Sales and profitability grew in all three geographies, while we increased our investment in R&D.

WORKPLACE SAFETY

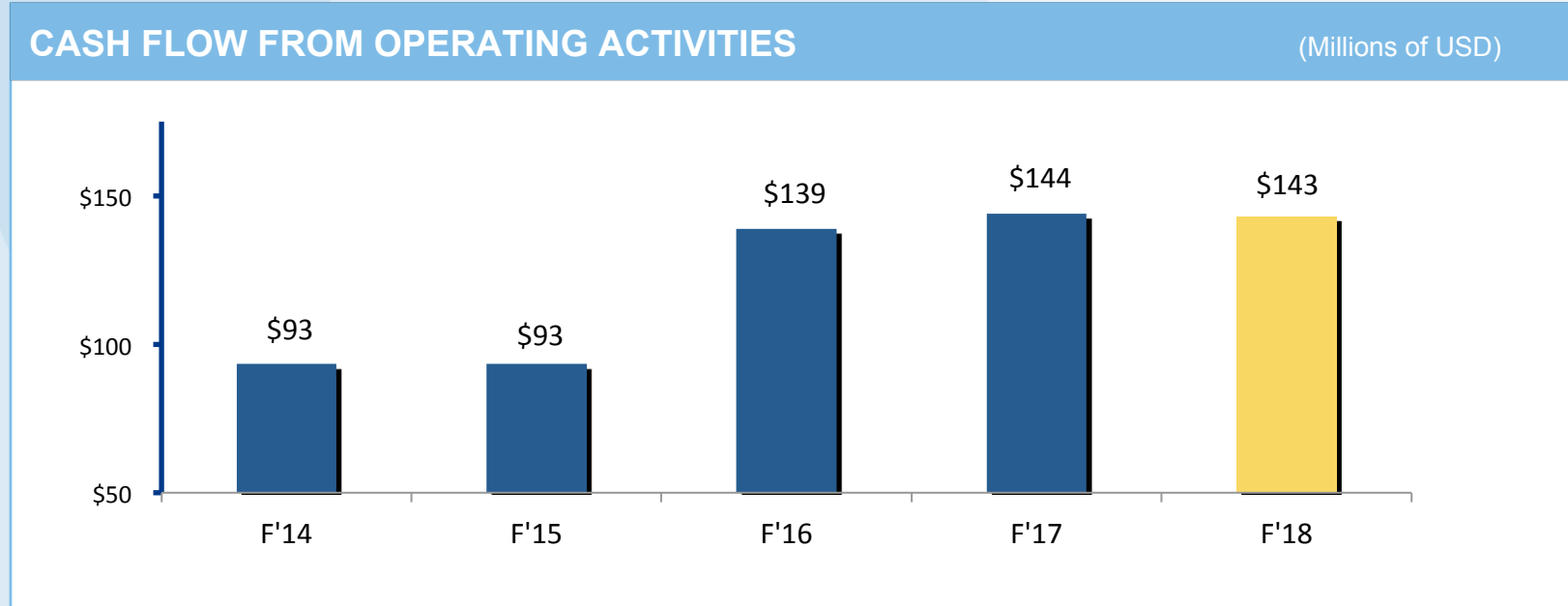
(millions of USD)



WORKPLACE SAFETY:

- Organic sales growth of 0.7%.
- Segment profit increased 24.1% from \$25.6M to \$31.7M.
- Our Australian and European businesses performed well.
- North American Workplace Safety business improved.

Cash Generation



What did we do with our cash in F'18?

Drive Future Organic Growth:

Research & Development	\$ 45M
Capital Expenditures	22M

Strengthen our Balance Sheet:

Repaid Debt	55M
Increased Cash Position	48M

Return Funds to our Shareholders:

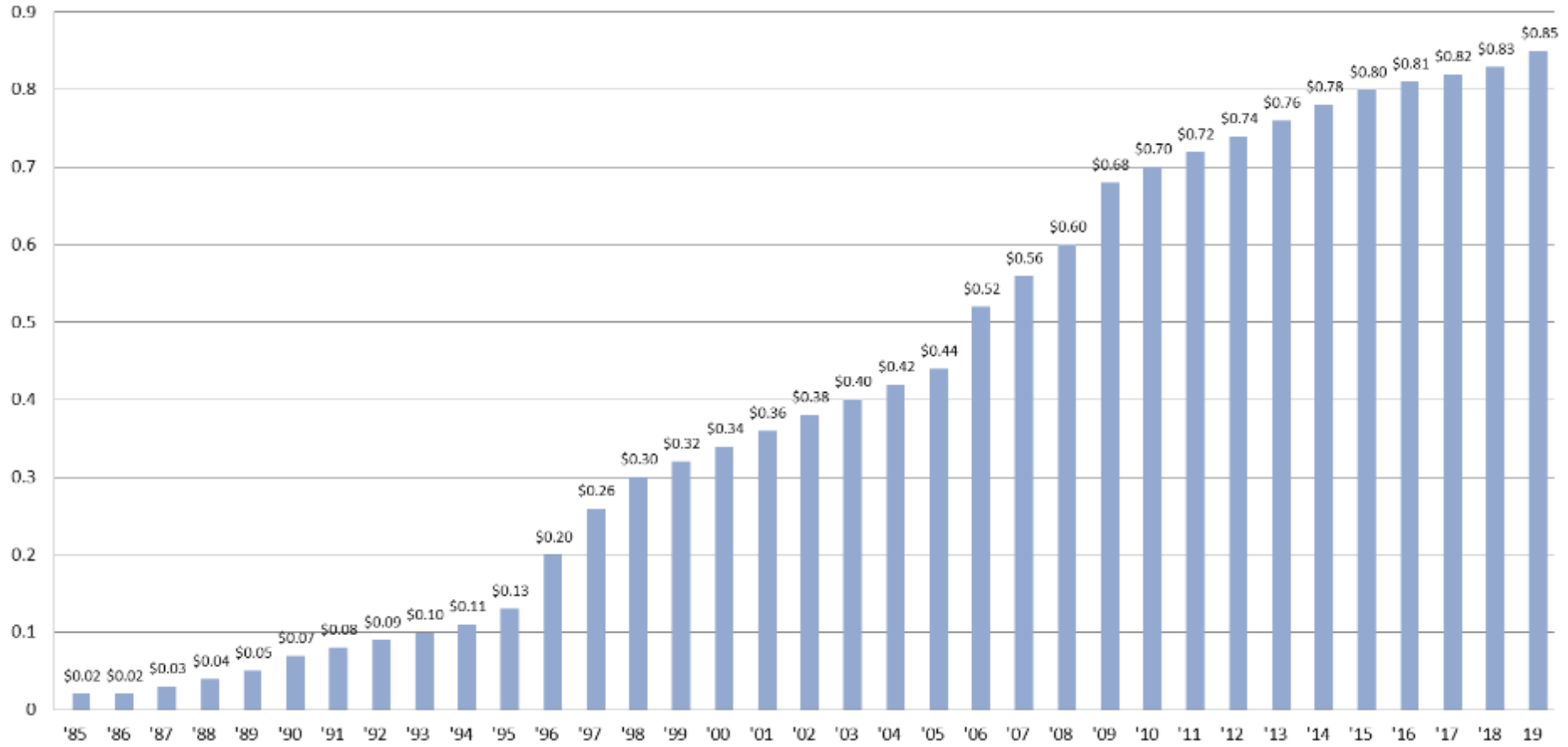
Dividends	43M
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Increased net cash position by \$103M.

History of Increasing Dividends

ANNUAL DIVIDENDS

(Annual dividends per share)



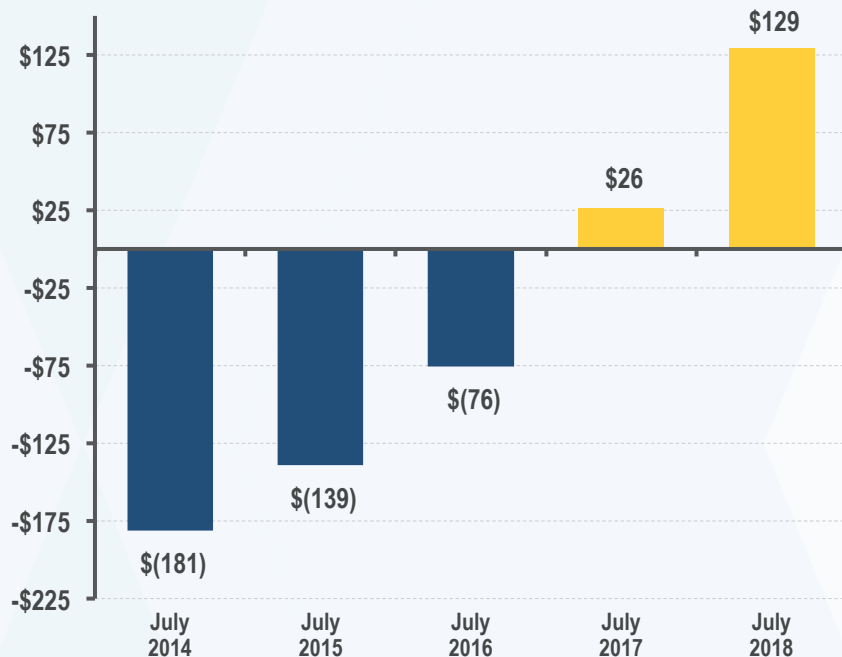
ANNUAL DIVIDENDS

- Increased annual dividends for 33 consecutive years.
- F'19 annual dividend of \$0.85/share.

Net Cash (Debt)

NET CASH (DEBT)

(millions of USD)



DEBT STRUCTURE

(millions of USD)

	Interest Rate	July 31, 2018 Balance	July 31, 2017 Balance
Revolver Borrowings:			
USD-denominated	1.94%	\$ -	\$ (17.0)
EUR-denominated	0.75%	-	(34.3)
China Borrowings:			
USD & CNY-denominated	3.52%	-	(3.2)
Private Placements:			
EUR-den. 2010 Series (10-yr.)	4.24%	(52.6)	(53.2)
TOTAL DEBT		\$ (52.6)	\$ (107.7)
Cash and Cash Equivalents		181.4	133.9
NET CASH		\$ 128.8	\$ 26.2

STRONG BALANCE SHEET:

- July 31, 2018 cash = \$181.4M and debt = \$52.6M.
- Over the last 4 years we've moved from a net debt position of \$181M to a net cash position of \$129M.
- Balance sheet provides flexibility for future cash uses.

- **Investing in R&D to Drive Long-Term Sales Growth.**
- **Investing in Cap. Ex. to drive Automation and Increase Capabilities.**
- **Driving Sustainable Efficiency Gains throughout the Organization.**
- **Increasing Organic Sales Growth.**
- **Improving Profitability and Cash Flow.**
- **Strong Balance Sheet.**

Questions?

Thank You

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Ann_Thornton@Bradycorp.com

See our web site at
www.investor.bradycorp.com



Appendix - Non-GAAP Reconciliation

Non-GAAP Earnings Before Income Taxes

Reconciliation of Non-GAAP Earnings Before Income Taxes

('000s of USD)

Brady is presenting the Non-GAAP measure "Earnings from Continuing Operations Before Income Taxes." This is not a calculation based upon GAAP. The amounts included in this Non-GAAP measure are derived from amounts included in the Consolidated Financial Statements and supporting footnote disclosures. We do not view these items to be part of our sustainable results. We believe this measure provides an important perspective of underlying business trends and results and provides a more comparable measure from year to year. The table below provides a reconciliation of (Loss) Earnings Before Income Taxes to Earnings Before Income Taxes Excluding Certain Items:

	Fiscal Year Ended July 31,				
	2014	2015	2016	2017	2018
(Loss) Earnings from Continuing Operations Before Income Taxes (GAAP measure)	\$ (53,109)	\$ 24,995	\$ 109,345	\$ 126,632	\$ 152,015
Postretirement benefit plan curtailment gain	—	(4,296)	—	—	—
Other non-routine charges	—	7,430	—	—	—
Restructuring charges	15,012	16,821	—	—	—
Impairment charges	148,551	46,867	—	—	—
Gain on sale of business	—	—	—	—	—
Earnings from Continuing Operations Before Income Taxes Excluding Certain Items (non-GAAP measure)	\$ 110,454	\$ 91,817	\$ 109,345	\$ 126,632	\$ 152,015