Brady Corporation

Investor Presentation

May 2017

Forward-Looking Statements

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

The use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “project” or “plan” or similar terminology are generally intended to identify forward-looking statements. These forward-looking statements by their nature address matters that are, to different degrees, uncertain and are subject to risks, assumptions, and other factors, some of which are beyond Brady's control, that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. For Brady, uncertainties arise from: our ability to compete effectively or to successfully execute our strategy; Brady’s ability to develop technologically advanced products that meet customer demands; difficulties in protecting our websites, networks, and systems against security breaches; deterioration or instability in the global economy and financial markets; decreased demand for our products; Brady’s ability to retain large customers; risks associated with the loss of key employees; changes in tax legislation and tax rates; Brady’s ability to execute facility consolidations and maintain acceptable operational service metrics; extensive regulations by U.S. and non-U.S. governmental and self-regulatory entities; litigation, including product liability claims; divestitures and contingent liabilities from divestitures; Brady’s ability to properly identify, integrate, and grow acquired companies; foreign currency fluctuations; potential write-offs of Brady’s substantial intangible assets; differing interests of voting and non-voting shareholders; Brady’s ability to meet certain financial covenants required by our debt agreements; numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive, and regulatory nature contained from time to time in Brady’s U.S. Securities and Exchange Commission filings, including, but not limited to, those factors listed in the “Risk Factors” section within Item 1A of Part I of Brady’s Form 10-K for the year ended July 31, 2016.

These uncertainties may cause Brady's actual future results to be materially different than those expressed in its forward-looking statements. Brady does not undertake to update its forward-looking statements except as required by law.

BRADY

Brady's Mission & Vision

Our **Mission** is to Identify and Protect

PREMISES

PRODUCTS

PEOPLE

Our **Vision** is to Deliver profitable results for shareholders, offer customers innovative products and unparalleled service, and be an employer of choice.

Sustainable long-term shareholder value

Summary

History of Financial Success:

- A global leader in niche identification markets.
- Diversified customer base, and geographic presence and products.
- History of innovation and strong customer service.

Improved Financial Results:

- Profitability and cash flow have improved.
- Driving business fundamentals, efficiencies, and customer service, leading to improved margins and reduced SG&A.
- Increasing investments in innovation
- Parallel path of driving organic growth and operational excellence.

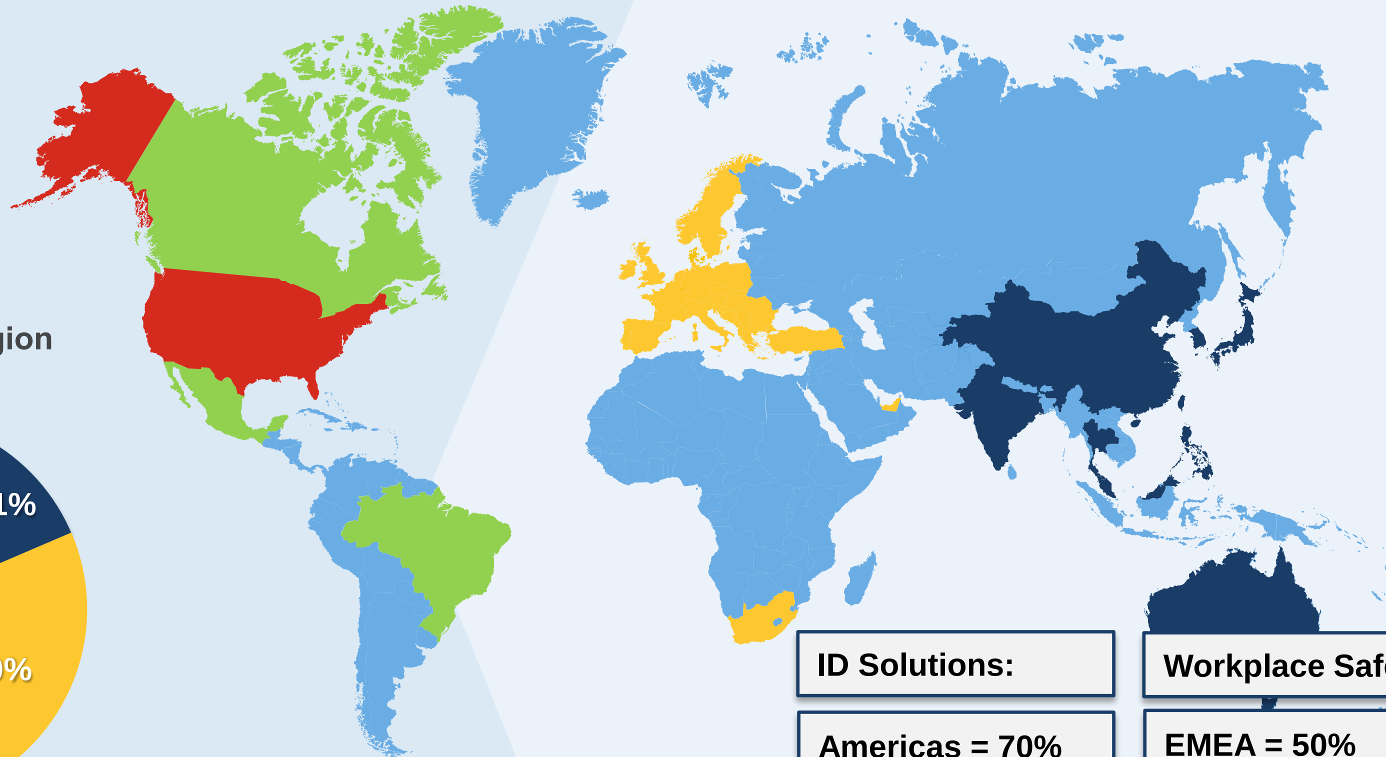
Strong Balance Sheet:

- Declining Debt (net debt of $9M at April 30, 2017).
- Net Debt/EBITDA of 0.1:1 at April 30, 2017.

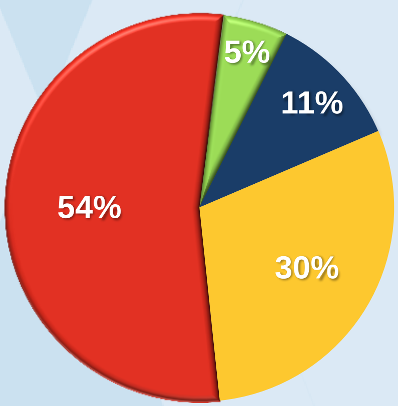
Patient, Priority-Driven Capital Allocation:

- Organic growth & profitability improving investments.
- Dividends (increased 31 consecutive years).
- Technology-based acquisitions that we can leverage.
- Opportunistic share buybacks.

Geographical Presence



F’16 Sales by Region



ID Solutions:

Americas = 70%
EMEA = 20%
Asia = 10%

Workplace Safety:

EMEA = 50%
Americas = 35%
Australia = 15%

U.S.A.	Rest of Americas	Europe, Middle East & Africa	Asia-Pacific
	Brazil, Canada, Mexico.	Belgium, Denmark, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Slovakia, South Africa, Spain, Sweden, Turkey, UAE, U.K.	Australia, China, Hong Kong, India, Japan, South Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand.

Global Divisions

Identification Solutions (approx. 2/3 of sales)

Products:

- Safety & Facility ID
- Wire ID
- Product ID
- People ID
- Healthcare ID.

Primary Brands:

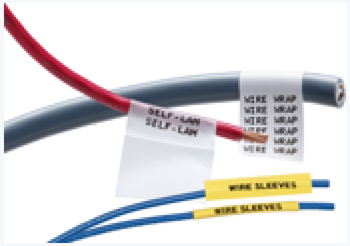
- Brady and PDC.

Primary Channels:

- Distrib. & GPOs. = 70%, remainder = Direct.

Geographic Presence:

- Approx. 2/3 of sales in U.S. and Canada.



Workplace Safety (approx. 1/3 of sales)

Products:

- Vast offering of workplace safety products (signs, tags, labels, safety equip, etc.).

Primary Brands:

- Seton, Emed, Signals, Securimed.

Primary Channels:

- Primarily direct through Catalog, Internet, Telesales.

Geographic Presence:

- Approx. 2/3 of sales in Western Europe & Australia.

Driving Operational Excellence

Right Culture for Success

- Clarity, focus, and culture of innovation.
- Local ownership and individual accountability.
- Incentivize the right behaviors.
- Deliver what we promise.
- Customer at the center.

Operational Improvements

- Invest in more efficient, higher-quality equipment.
- Optimize product offering.
- Simplify processes in our manufacturing facilities (materials, scrap, freight, personnel costs, etc.).
- Drive efficiencies and execute fundamentals.

SG&A Efficiency

- Local ownership with standardized processes.
- Cost structure alignment of under-performing businesses.
- Reduced centralized G&A structure.
- Streamline base processes that are creating inefficiencies.

Driving Organic Growth

Workplace Safety

- Manage catalog-to-digital shift.
- Create an industry-leading digital marketplace with a mobile-first mentality.
- Leadership in safety identification products.
- Focus on compliance and customization for workplace safety critical industries.

Identification Solutions

- Relentless focus on improving the customer buying experience.
- Strategic market and service focus.
- Selected investments in commercial resources.
- Product optimization.
- Leverage expertise and innovation to solve ID challenges in healthcare.

Investing in Our Future

- Renewed innovation development process.
- Investments in emerging and embedded technologies to create smarter products.
- Incentivize the right behaviors to drive profitable growth.
- Leveraging cross-divisional synergies.
- Invest in and grow the next generation of talent.

Patient & Priority-Driven Capital Allocation

1st – Reinvest in the Business:

- Drive sustainable growth.
- Deliver unrivaled customer service and operational excellence.
- Develop innovative new products that create value for our customers.

- **Invested $176M in R&D from F'12 to F'16.**

2nd – Dividends:

- Committed to consistently returning capital to shareholders.
- F'17 marks the 31st consecutive year of dividend increases.

- **Returned $200M of dividends to our shareholders from F'12 to F'16.**

3rd – Share Buybacks:

- Opportunistic and patient use of share buybacks as a mechanism to drive shareholder value.

- **Purchased $109M of stock from F'12 to F'16.**

4th – Acquisitions:

- Acquisitions may be used as a tool to fill strategic gaps. Acquisitions must have clear technological advantages and allow Brady to leverage capabilities.

- **Last acquisition was in December 2012.**

Future Financial Performance

F'16	Expectation Exiting F'18
Organic Sales Growth: Below GDP Organic Growth	**Organic Sales Growth**: GDP+
GPM: 49.9%	**GPM**: 51% - 52%
SG&A: 36.1% of sales	**SG&A**: 33.5% - 34.5%
EPS: $1.58/share	**EPS**: $2.00/share

Organic Revenue Drivers:

- Unrivaled customer service.
- Renewed R&D focus.
- Integrated solutions and technologies creating smarter products.
- E-business / Digital.
- Ability to achieve financial targets is contingent upon our ability to increase organic sales to at least GDP.

Gross Margin Drivers:

- Minimize inefficiencies in our manufacturing facilities.
- Product rationalization and business simplification.
- Expected on-going pricing challenges.
- Significant strides were made in improving gross margins in F'16.

SG&A Drivers:

- Decentralized operating philosophy, with standardized processes.
- Simplified and streamlined organization.
- Cost structure alignment of under-performing businesses.
- Savings to come slower than gross profit margin improvements.

EPS Drivers:

- Double-digit net earnings CAGR.
- Superior cash flow with disciplined and patient cash deployment expected to enhance shareholder value through dividends and share buybacks.

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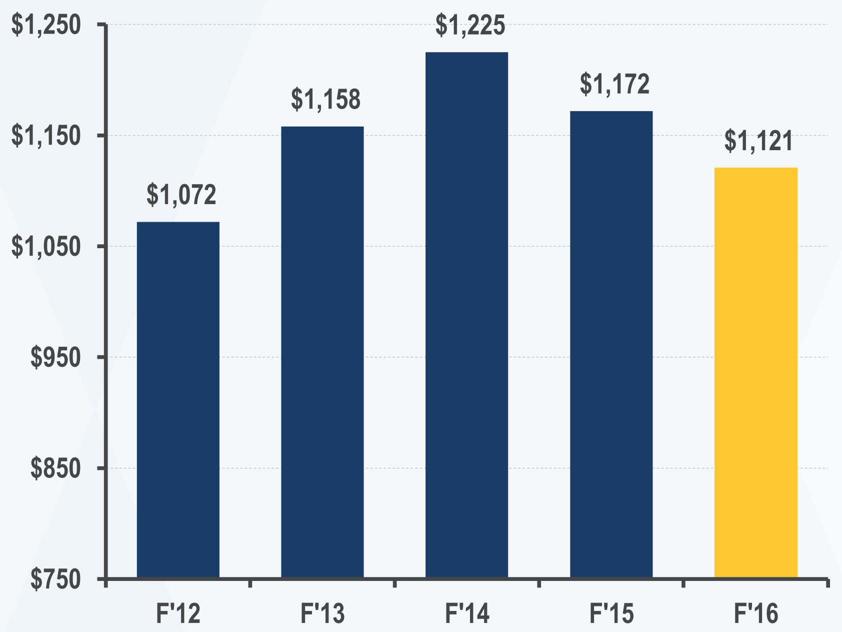
Financial Overview

Revenue & Earnings Trends

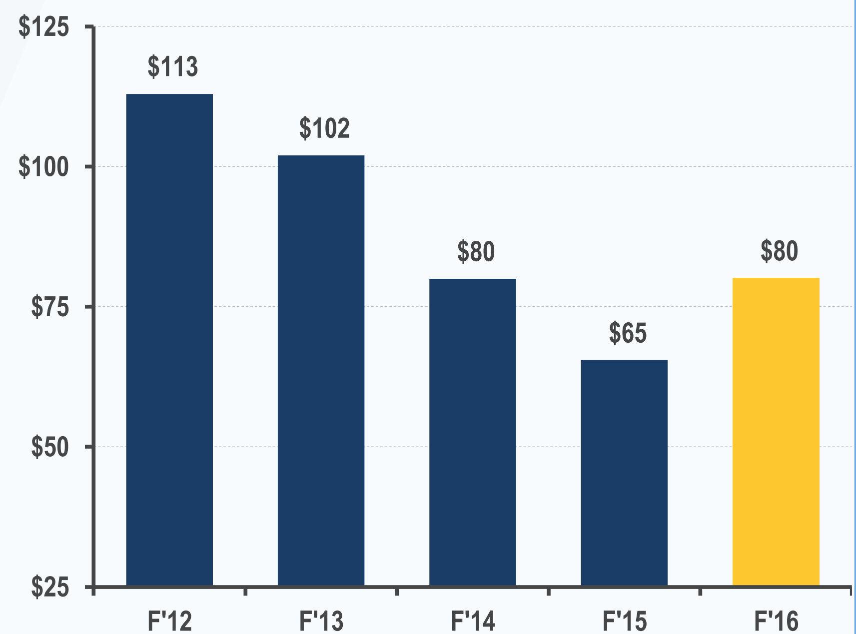
SALES

(millions of USD)



NON-GAAP NET EARNINGS FROM CONTINUING OPERATIONS*

(millions of USD)



* See appendix for reconciliation of non-GAAP measures.

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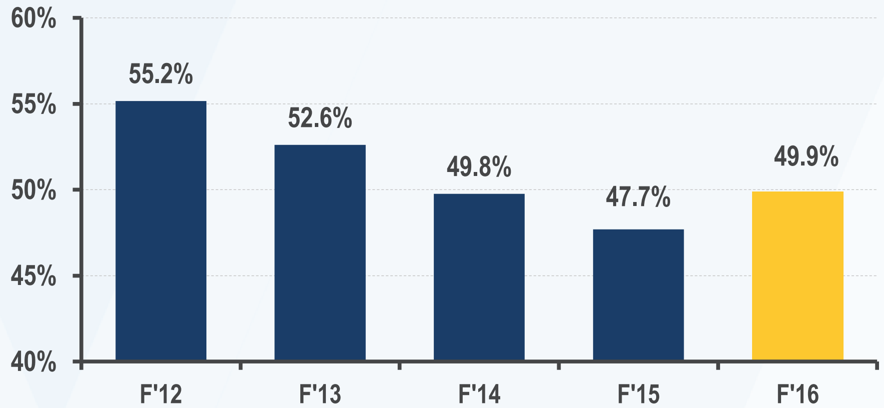
GPM & SG&A Expense

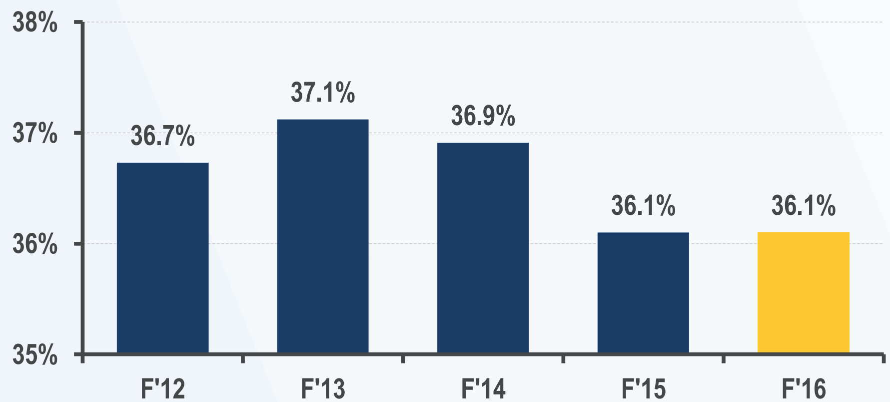
GROSS PROFIT MARGIN



GPM:

- Operational inefficiencies in F'14 and F'15 caused by facility consolidations.
- Improvement in GPM in F'16 primarily within facilities recently consolidated.

SG&A as % of SALES



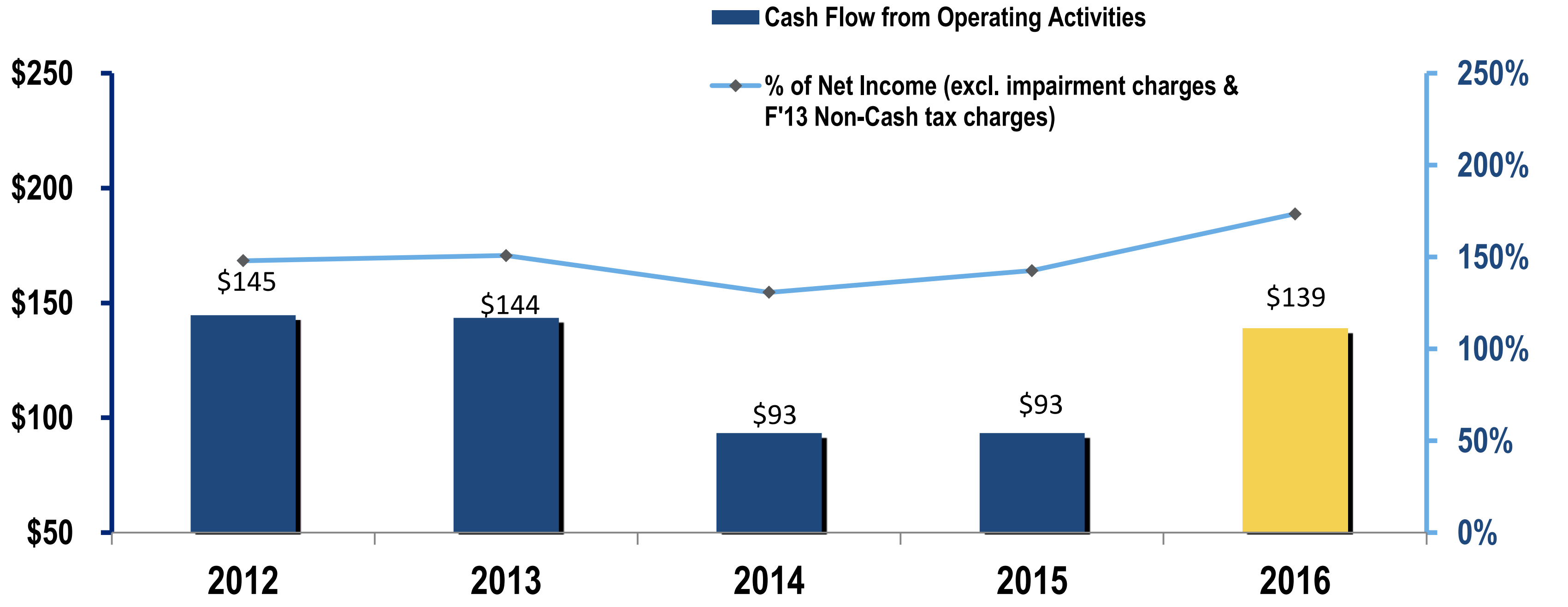
SG&A EXPENSE:

- Decentralized operating philosophy, with standardized processes.
- Simplified and streamlined organization.
- Reduced G&A structure.
- Cost structure alignment of under-performing businesses.

Cash Generation

CASH FLOW FROM OPERATING ACTIVITIES

(Millions of USD)



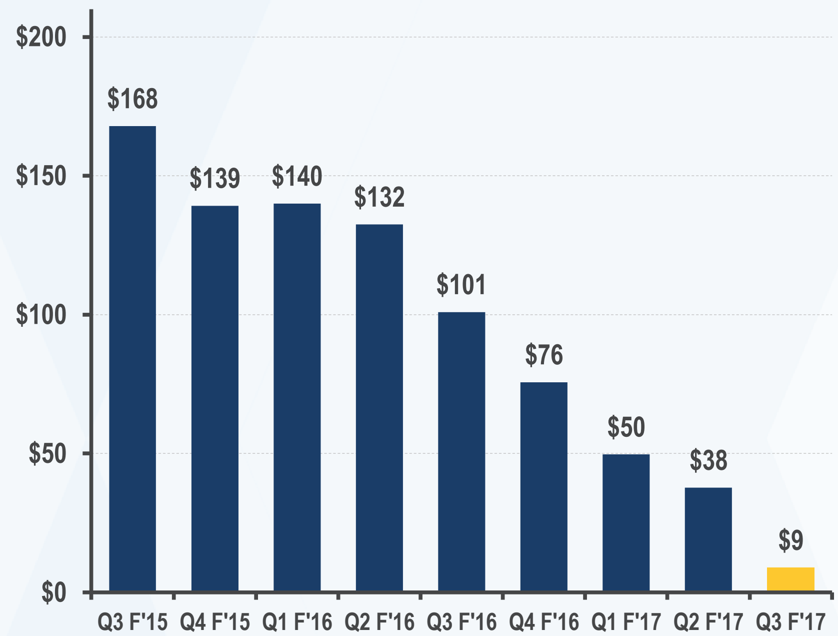
CASH GENERATION:

- Improvement in cash flow driven by increased profitability and stronger working capital management.
- Repurchased $23.6M in stock and invested $17.1M in capital expenditures in F’16.
- Cash is deployed in accordance with our patient and prioritized capital allocation approach.

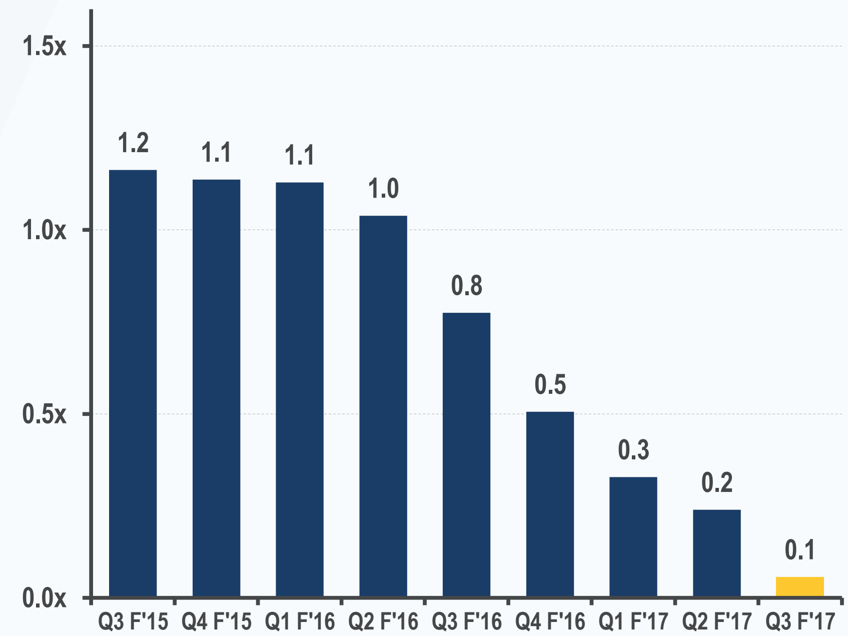
Net Debt & EBITDA

NET DEBT

(millions of USD)



NET DEBT / TTM EBITDA*



STRONG BALANCE SHEET:

- April 30, 2017 Cash = $129M, Debt = $138M, and trailing twelve month EBITDA = $157M.
- Net Debt/EBITDA* = 0.1 to 1.
- Net debt declined $92M over the last twelve months, finishing at $9M at April 30, 2017 compared to $101M at April 30, 2016.
- Balance sheet provides flexibility for future cash uses.

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

Debt Structure

('000s of USD)

	Interest Rate		April 30, 2017 Balance	July 31, 2016 Balance
Revolver Borrowings:				
USD-denominated	1.82%	Variable	$ 22,000	$ 112,000
EUR-denominated	0.88%	Variable	30,442	-
China Borrowings:				
USD & CNY-denominated notes payable	3.42%	Variable	4,072	4,928
Private Placements:				
USD-denominated 2007 Series	5.33%	Fixed	-	16,334
EUR-denominated 2010 Series (7-yr.)	3.71%	Fixed	32,616	33,510
EUR-denominated 2010 Series (10-yr.)	4.24%	Fixed	48,836	50,138
TOTAL DEBT			**$ 137,966**	**$ 216,910**

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Summary

- Improved Profitability and Cash Flow.
- Strong Balance Sheet with Flexibility.
- Opportunities for Efficiency Gains and Profitability Growth.
- Driving Value without Losing Sight of the Long Term.
- Tempered Sales Outlook.

Investor Relations

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Appendix

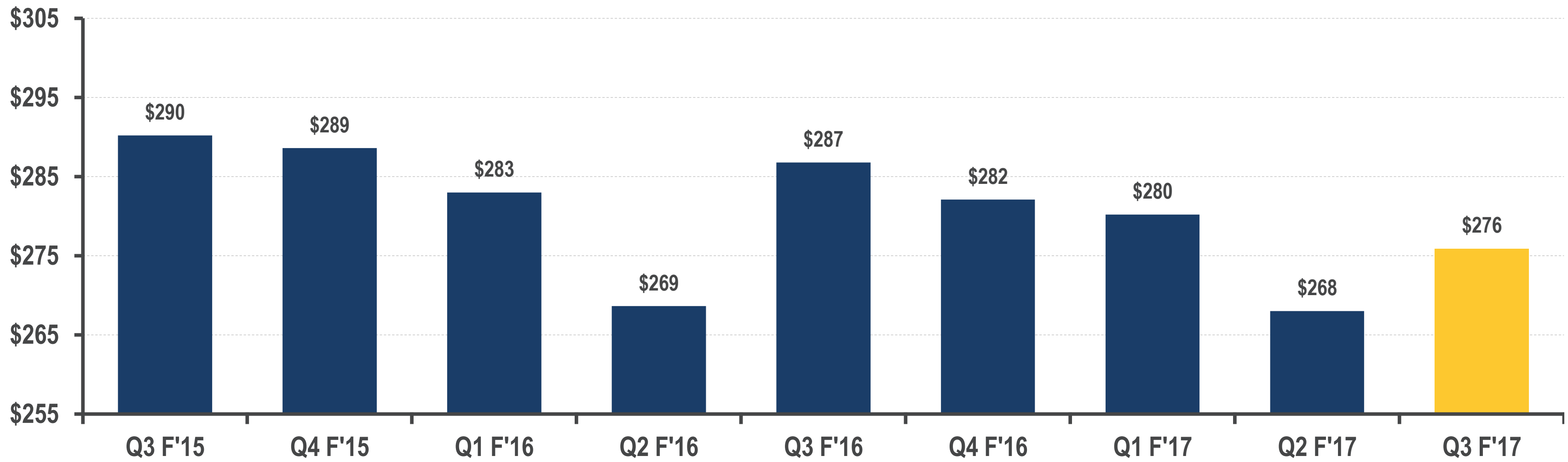
Q3 F’17 Financial Summary

- **Sales down 3.8% to $275.9M in Q3 of F’17 vs. $286.8M in Q3 of F’16.**
  - Organic sales decreased 1.9%.
  - Foreign currency translation reduced sales by 1.9%.
- **Gross profit margin of 50.7% in Q3 of F’17 compared with 50.7% in Q3 of F’16.**
- **SG&A expense of $98.4M (35.7% of sales) in Q3 of F’17 compared with $105.8M (36.9% of sales) in Q3 of F’16.**
- **Net earnings of $22.6M in Q3 of F’17 compared with $21.0M in Q3 of F’16.**
- **Net earnings per Class A Diluted Nonvoting Common Share of $0.43 in Q3 of F’17, compared with $0.42 in Q3 of F’16.**
- **Net cash provided by operating activities of $37.8M in Q3 of F’17 compared with $40.3M in Q3 of F’16.**

Sales Overview

SALES

(millions of USD)



Organic Sales Growth	Q3 F'15	Q4 F'15	Q1 F'16	Q2 F'16	Q3 F'16	Q4 F'16	Q1 F'17	Q2 F'17	Q3 F'17
Organic Sales Growth	1.7%	(1.2%)	(2.2%)	0.4%	(0.1%)	(0.9%)	(0.2%)	1.3%	(1.9%)

Q3 F'17 SALES:

- 1.9% organic sales decline:
  - ID Solutions – Organic sales decline of (0.8%).
  - Workplace Safety – Organic sales decline of (4.6%).
- (1.9%) decrease due to currency translation.

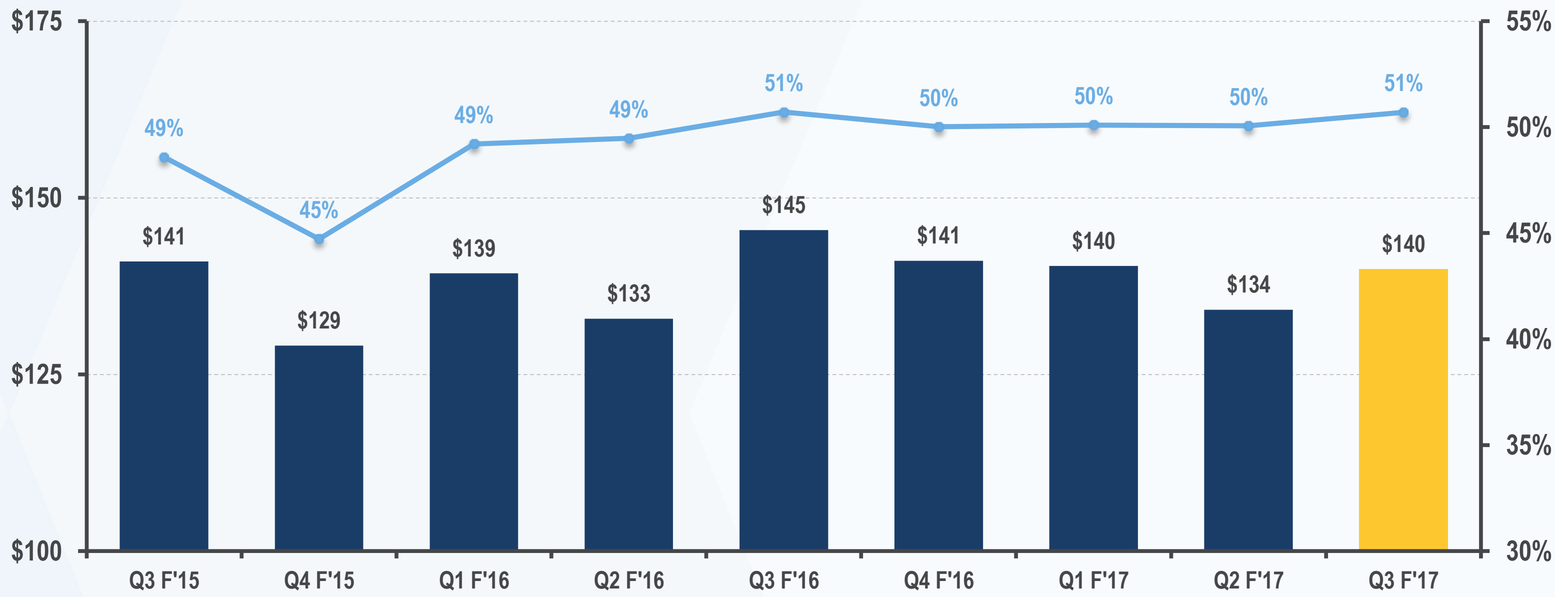
Q3 F'17 SALES COMMENTARY:

- Organic sales decline in IDS Americas, partially offset by strong growth in IDS Asia.
- Organic sales decline in all regions of the WPS business.
- Foreign currency translation headwinds persist.

Gross Profit Margin

GROSS PROFIT & GPM%

(millions of USD)



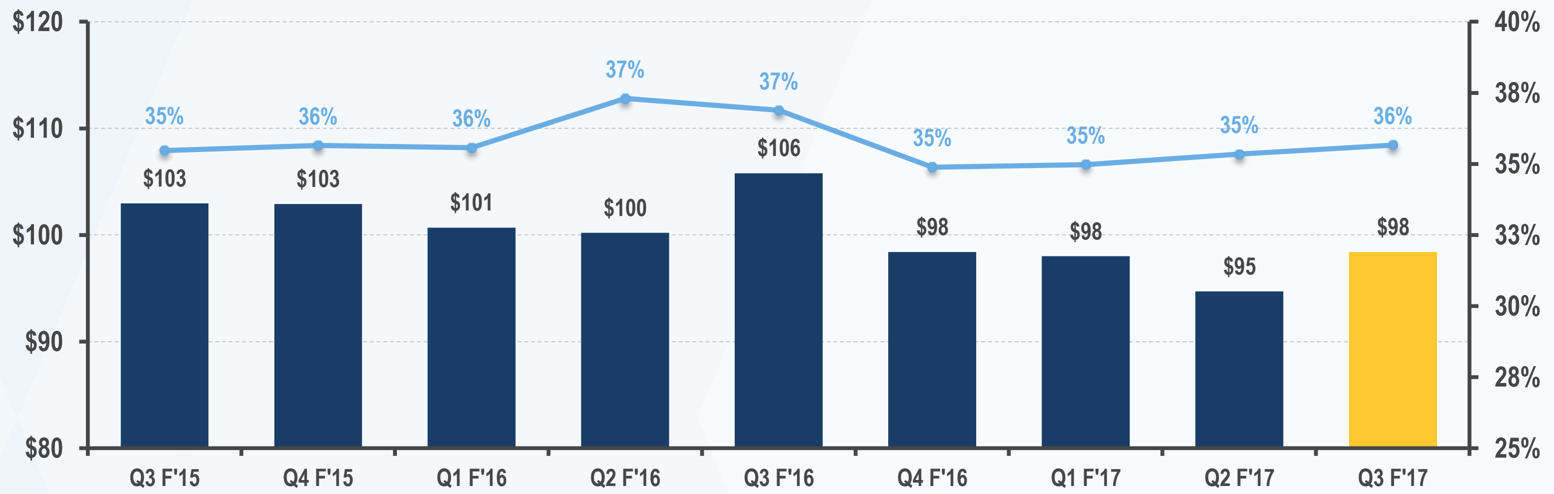
GROSS PROFIT MARGIN COMMENTARY:

- GPM of 50.7% in Q3 of F’17 compared with 50.7% in Q3 of F’16.
- GPM improved in IDS Americas and Europe businesses due to ongoing efficiency gains, offset by declines in the WPS business due to reduced sales volume and pricing pressure.

SG&A Expense

SG&A and SG&A% of SALES

(millions of USD)

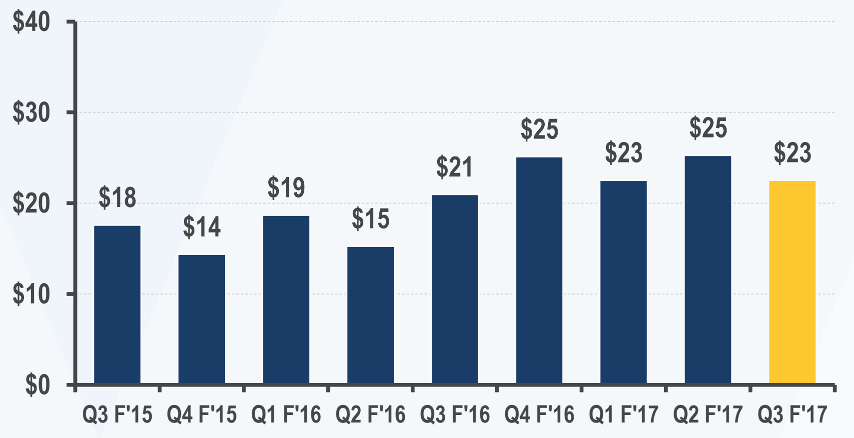


SG&A EXPENSE:

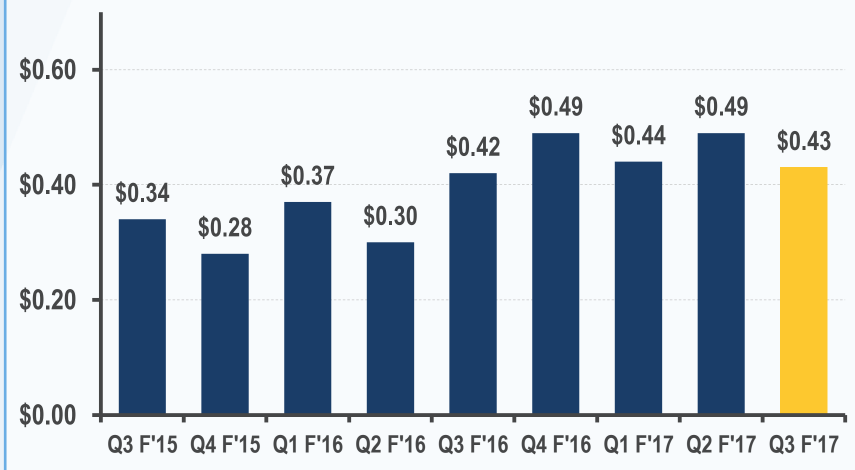
- SG&A expense declined $7.4M, finishing at $98.4M in Q3 of F’17 compared to $105.8M in Q3 of F’16, continuing the general downward trend.
- The ongoing declines in SG&A expense are due to our focused efforts on driving efficiencies across the organization, while improving the overall customer buying experience. Approximately 25% of the decline was due to foreign currency translation.

Net Earnings & EPS

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



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



Q3 F’17 – NET EARNINGS & EPS:

- Q3 F’17 net earnings were $22.6M compared to $21.0M in Q3 of F’16.
- The increase in earnings was driven by efficiencies in SG&A throughout both the IDS and WPS businesses.
- There are neither Non-GAAP amounts nor unusual items to call out in either F’16 or F’17.

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

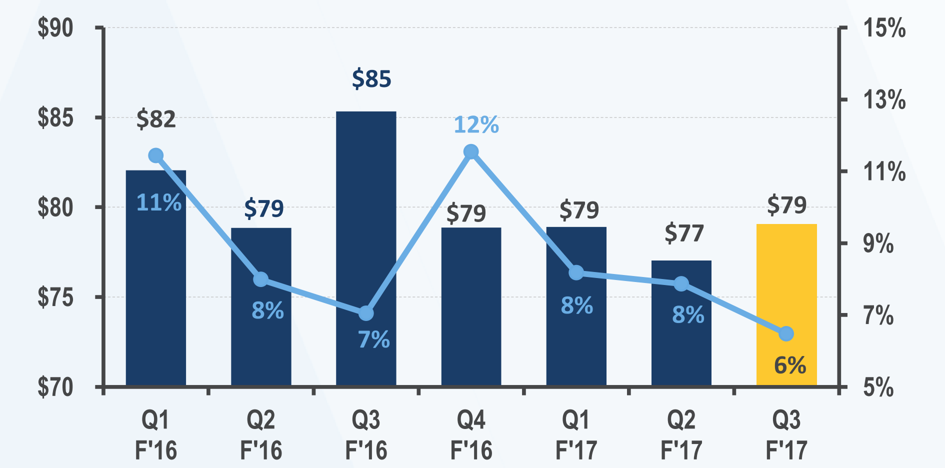
Global Platform Results (Sales & Segment Profit %)

IDENTIFICATION SOLUTIONS (millions of USD)

Q3 F'17 IDENTIFICATION SOLUTIONS:

- Q3 F'17 organic revenues decreased 0.8%.
- Organic sales decline in IDS Americas, partially offset by double-digit sales growth in IDS Asia.
- Segment profit as a percent of sales increased as a result of ongoing operational improvements and the management of operating expenses.

WORKPLACE SAFETY (millions of USD)



Q3 F'17 WORKPLACE SAFETY:

- Q3 F'17 organic revenues down 4.6%.
- Organic sales decline in all regions of the WPS business.
- Digital sales increased in the high-single digits in Europe.
- Segment profit declined due to decrease in organic sales, which includes pricing pressures. These declines were partially mitigated by active reductions in our cost structure.

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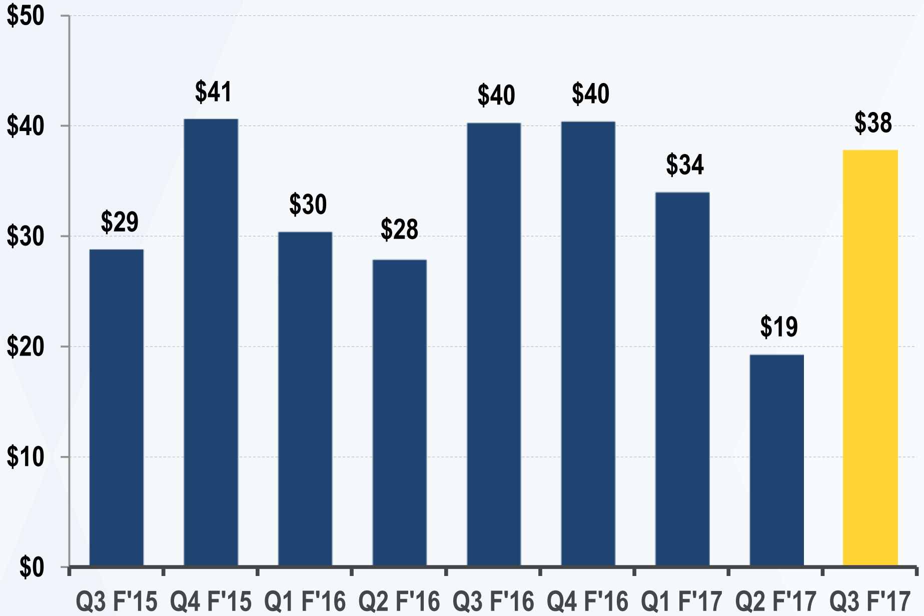
Cash Generation & Uses

Cash Flow from Operating Activities (millions of USD)



(millions of USD)	3 Mos. Ended Apr. 30, 2017	3 Mos. Ended Apr. 30, 2016
Cash Balance - Beginning of Period	**$ 125.2**	**$ 120.2**
Cash Flow from Operating Activities	37.8	40.3
Capital Expenditures	(3.6)	(3.5)
Dividends	(10.5)	(10.2)
Debt (Repayments) Borrowings - Net	(26.3)	(13.3)
Effect of Exchange Rate on Cash	2.9	8.1
Other	3.6	(0.0)
Cash Balance - End of Period	**$ 129.1**	**$ 141.6**

CASH FLOWS IN Q3 OF F'17:

- Cash flow from operating activities was $37.8M in Q3 of F'17 compared to $40.3M in Q3 of F'16.
- Free cash flow* was $34.2M in Q3 of F'17 compared to $36.8M in Q3 of F'16.
- Returned $10.5M to our shareholders in the form of dividends in Q3 of F'17.

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

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Appendix -
Non-GAAP Reconciliations

EBITDA Reconciliation

EBITDA

('000s of USD)

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

	Fiscal 2017				
	Q1	Q2	Q3	Q4	Total
EBITDA:					
Net earnings	$ 22,553	$ 25,297	$ 22,553		$ 70,403
Interest expense	1,732	1,458	1,375		4,565
Income taxes	8,434	3,803	8,075		20,312
Depreciation and amortization	7,234	6,868	6,687		20,789
EBITDA (non-GAAP measure)	$ 39,953	$ 37,426	$ 38,690	$ -	$ 116,069

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

Annual EBITDA Reconciliation – Total Company

EBITDA – Total Company

('000s of USD)

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	Fiscal Year Ended July 31,				
	2012	2013	2014	2015	2016
EBITDA:					
Net earnings (loss)	$ (17,911)	$(154,535)	$ (45,968)	$ 2,987	$ 80,110
Interest expense	19,090	16,641	14,300	11,156	7,824
Income taxes	40,661	47,285	(2,028)	20,320	29,235
Depreciation and amortization	43,987	48,725	44,598	39,458	32,432
Intangible asset write-down in restructuring charges	—	3,207	—	—	—
Loss on sale of discontinued operations	—	—	1,602	487	—
Loss on write-down of assets held for sale	—	15,658	—	—	—
Impairment charges	115,688	204,448	148,551	46,867	—
EBITDA (non-GAAP measure)	$ 201,515	$ 181,429	$ 161,055	$ 121,275	$ 149,601

Annual Non-GAAP Earnings from Continuing Operations

Reconciliation of Non-GAAP Net Earnings from Continuing Operations

('000s of USD)

Brady is presenting the Non-GAAP measure "Net Earnings from Continuing Operations Excluding Certain Items." 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 Net Earnings from Continuing Operations to Net Earnings from Continuing Operations Excluding Certain Items:

	Fiscal Year Ended July 31,				
	2012	2013	2014	2015	2016
Net Earnings (Loss) from Continuing Operations (GAAP measure)	$ 103,493	$ (138,257)	$ (48,146)	$ 4,902	$ 80,110
Purchase accounting expense related to inventory	—	949	—	—	—
PDC acquisition-related expenses	—	2,959	—	—	—
Reversal of restricted stock grant expense	—	(2,624)	—	—	—
Postretirement benefit plan curtailment gain	—	—	—	(2,792)	—
Other non-routine charges	—	—	—	4,757	—
Restructuring charges	4,070	18,889	10,261	11,743	—
Impairment charges	—	191,556	117,394	46,867	—
Non-cash income tax charges	5,616	28,976	—	—	—
Net Earnings from Continuing Operations Excluding Certain Items (non-GAAP measure)	$ 113,179	$ 102,448	$ 79,509	$ 65,477	$ 80,110

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Non-GAAP Reconciliations

Reconciliations of F'15 Non-GAAP Net Earnings from Continuing Operations ('000s of USD)

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

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

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

BRADY