

Initiated 2026-09-28 · Price \$182.46 (as of 2026-09-25 close, stockanalysis.com) · Mkt cap \$7.04bn · Industrials / safety equipment · Model: verified

Rating: Hold — Conviction: Low

MSA is a high-quality, standards-driven franchise in firefighter breathing apparatus and gas detection, with record margins. At ~14.4x trailing EBITDA and ~19x forward earnings, the price already assumes the US fire-service replacement cycle arrives in 2027 as management expects, while organic growth is 3% and its main SCBA rival is growing orders faster. The model's base case sits slightly below the price and the downside is wider than the upside, so this is a Hold. Conviction is Low because the call turns on the timing of grant-funded municipal orders.

MODEL VALUE RANGE VS PRICE



Business overview

MSA sells gas and flame detection (portable and fixed, 40% of H1 2026 sales), fire service equipment (self-contained breathing apparatus (SCBA), turnout gear and helmets, 33%) and industrial PPE (fall protection and head protection, 27%). The Americas are 69% of sales. Q2 2026 sales rose 6% to \$503mm (3% organic). By product, organic growth was 0% in detection, -2% in fire service and +16% in industrial PPE. Adjusted operating margin rose 270bp to 24.1%. Autronica, a Norwegian fire and gas detection maker with ~\$160mm of 2025 sales, closed on 2026-07-09 for ~\$555mm (~3.5x sales). Earnings turn on SCBA replacement timing (NFPA cycles, federal AFG grants), industrial activity and gross margin.

Competition

In SCBA, the thesis's swing driver, MSA competes mainly with Dräger, 3M's Scott Safety and Honeywell. In gas detection it competes with Dräger, Honeywell and Teledyne. Dräger's Safety division grew order intake 9.5% at constant currency in H1 2026 (reported 2026-07). MSA's fire-service sales fell 2% organically over a similar period. The call described AFG '25 orders as materializing "slower than initially expected." Management says every competitor now holds the new NFPA approval, so the standard no longer gives MSA a head start. Pressure would show up first as tender pricing; no current share figure was retrieved. Dräger's earnings are depressed-base and 3M and Honeywell are conglomerates, so on stockanalysis TTM EV/EBITDA (2026-09-25), Brady trades at 11.2x, Teledyne at 18.9x and AMETEK at 23.7x. MSA, at 14.4x, sits between Brady and the instrument compounders.

Bull case

1. **Fire-service cycle inflects in 2027.** The new NFPA standard is approved and the AFG pipeline is "strong," with orders accelerating through June. Plays out if AFG awards convert and US fire-service orders grow double digits into 2027. *Model: rev_growth, exit_ev_ebitda*
2. **Industrial PPE keeps compounding.** Q2 organic growth of +16% came from the H2 helmet and European defense ballistic helmets. Plays out if defense budgets and helmet conversion persist. *Model: rev_growth*
3. **Margin to 30%.** The MSA Business System, MSA+ software (14% of portable sales, up from 10%) and fire-cycle volume lift EBITDA margin from ~26.7% toward 30%. Plays out if gross margin holds near 49% after tariff costs. *Model: ebitda_margin*

Bear case

1. **The cycle slips, and Dräger takes tenders.** AFG orders stay slow, fixed detection keeps shrinking (Middle East drag of more than 1.5 points in H1), and organic growth stalls by 2028. Plays out if fire-service organic sales stay negative through H1 2027. *Model: rev_growth, wacc*
2. **Margin gives back.** Q2's 49.5% gross margin included ~80–100bp from a \$4mm tariff refund, about \$0.08 a share after tax and 0.06% of market cap. The FY2026 guide of 47.5–48.5% already implies a weaker H2, and competitive tenders could push EBITDA margin toward 24%. Plays out if H2 gross margin falls below 47.5%. *Model: ebitda_margin*
3. **The multiple converges on Brady.** A 3%-organic safety company without a visible cycle de-rates toward ~11–12x. *Model: exit_ev_ebitda*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
EV/EBITDA, aggregator (TTM, lease-inclusive, pre-Autronica debt)	14.4x	n/a (unverified)	BRC 11.2x · TDY 18.9x · AME 23.7x	stockanalysis.com, 2026-09-25
EV/EBITDA, model basis (EV \$8.02bn incl. est. Autronica debt; leases excluded)	16.6x FY2025 (no Autronica EBITDA) · 14.4x TTM pre-deal	n/a	n/a (peers not restated)	model-inputs.json
Forward P/E (stockanalysis consensus)	19.4x	n/a (unverified)	BRC 12.8x · TDY 28.2x · AME 28.6x	stockanalysis.com, 2026-09-25
FCF yield (TTM)	5.0% (FCF \$354mm)	FCF \$50mm–\$295mm FY2021–FY2025	BRC 4.9% · TDY 4.0% · AME 3.2%	stockanalysis.com, 2026-09-25

Model-implied value range (from `model-summary.json` ; generic module, Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$91.81 · Base \$166.87 · Bull \$245.63 per share, i.e. implied returns of –49.7% / –8.5% / +34.6% vs \$182.46. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* The price sits above the base case and about a quarter of the way from base to bull, so the market already pays for part of the fire cycle.

Re-rating. The base exit of 14.5x is a 13% de-rating on the model-basis 16.6x (inflated: Autronica debt is in EV, its EBITDA is not in FY2025) and a 1% re-rating on the pre-deal 14.4x TTM, so essentially today's multiple. The methods disagree by 27%: exit gives \$186.60 (+2.3%), Gordon \$147.15, because 8.9% WACC and 3% growth embed a lower terminal multiple. The exit method embeds a re-rating relative to Gordon, and the price sits on it.

Tail. No product line is ≥50% of sales. The bear case is a stall rather than a break, so a harsher sensitivity was run on a scratch copy: revenue +8% / –2% / –4% / 0% / +2%, EBITDA margin falling to 21.5–22%, NWC at 28% of revenue, a 10x exit and a 10.5% WACC. It gives \$62.03 (–66.0%).

Balance sheet: net leverage is 2.0x FY2025 EBITDA on the model's pro forma debt of \$1,155mm (the company states 1.8x pro forma on its own EBITDA definition, inside a 1.5–2.5x target). Coverage is 10.3x. At 2026-06-30 liquidity was \$200mm cash plus \$986mm unused revolver; after an estimated ~\$555mm Autronica draw, roughly \$430mm of the revolver remains (est.). The nearest maturity is \$25mm of

5.25% notes in July 2027. The revolver (\$1.3bn) matures in 2030, and 2.69% notes (\$200mm) mature in 2036. Ratings: n/a (unverified; private-placement notes).

Model note:

- Tier **full** on five fiscal years (FY2021–FY2025). Status **built**, verification **verified** (LibreOffice recalculation matched all 3,207 formula cells). Scenario consistency **OK** on all 14 rows. No assumptions without basis.
- Unverified input: the Autronica revolver draw (\$555mm, 4.31%, 2030). The cash and revolver split was not disclosed, so the whole price is treated as debt against pre-close cash. Net debt (~\$955mm) matches the stated 1.8x pro forma.
- FY0 excludes Autronica; its revenue enters through FY2026–27 growth at MSA's margin (Autronica's was not disclosed).
- No EPS guidance exists to test against. Base Y1 (FY2026) GAAP EPS is \$8.57, against H1 GAAP EPS of \$4.05 and adjusted EPS of \$4.39. The tax rate (24%) is an estimate.

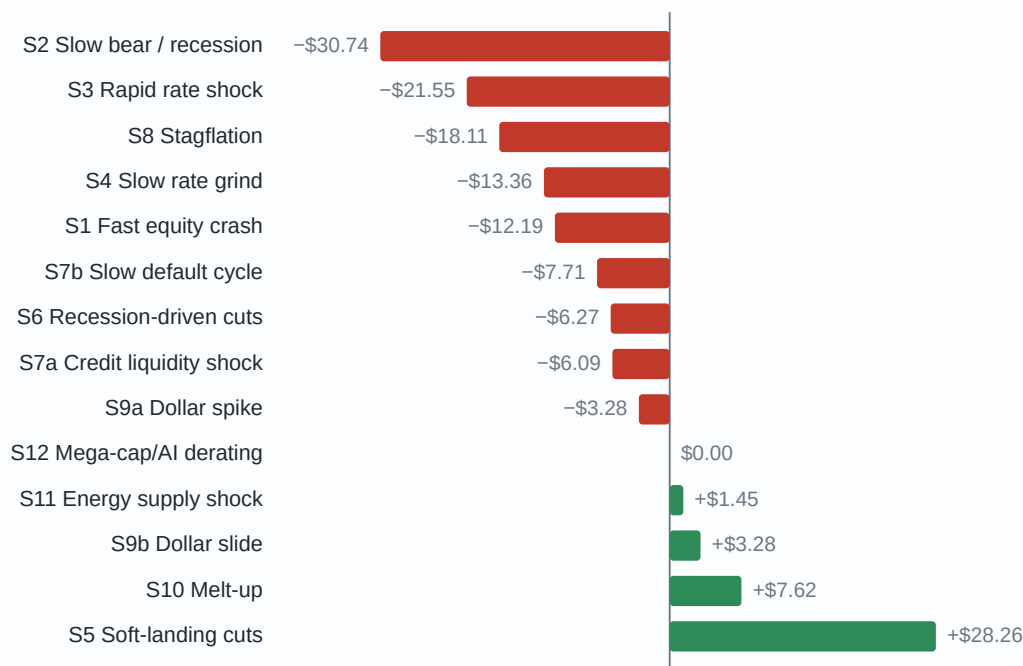
Scenario stress test

Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	Market de-rating; beta 0.94 and non-discretionary demand limit it	Med	–\$12.19
S2 Slow bear / recession	–	Industrial PPE and portable detection fall with employment and plant activity. About 40% of Base – Bear (\$75.06), because fire service (a third of sales) runs on municipal and grant budgets that lag, and a recession is transitory where the bear case is a permanent stall	High	–\$30.74
S3 Rapid rate shock	–	A long-duration quality multiple compresses; demand is not rate-financed	High	–\$21.55
S4 Slow rate grind	–	Same channel, grinding	Med	–\$13.36
S5 Soft-landing cuts	+	Lower discount rate; steadier industrial demand	High	+\$28.26
S6 Recession-driven cuts	–	Industrial volume falls faster than lower rates help; fire budgets tighten with a lag	Low	–\$6.27
S7a Credit liquidity shock	–	Forced selling; 1.8x pro forma leverage, no material maturity before 2030	Low	–\$6.09
S7b Slow default cycle	–	Industrial and contractor customers cut spending; the floating revolver cost rises	Low	–\$7.71
S8 Stagflation	–	Input and tariff costs reach margin 90–120 days before price; municipal budgets lag inflation	Med	–\$18.11
S9a Dollar spike	–	International is ~31% of sales, more after Autronica (Norway); translates lower	Low	–\$3.28
S9b Dollar slide	+	Mirror of S9a	Low	+\$3.28
S10 Melt-up	+	Quality industrials re-rate modestly	Low	+\$7.62
S11 Energy supply shock	±	Energy customers raise detection spend (Autronica serves offshore and maritime); Middle East disruption and input costs offset	Low	+\$1.45
S12 Mega-cap/AI derating	0	No material effect, not modeled; not AI-linked	—	\$0.00

Currently active/on watch per the playbook: `state.md` lists S3 as partially active; the macro log records all three legs crossed from 2026-09-24 (10Y 5.17% on 2026-09-25). S8, S10 and S11 are on watch. S3 is High here, S8 Med, and S10 and S11 Low.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if:

- US fire-service orders grow double digits, with AFG '25/'26 awards converting in Q3–Q4 2026, and organic growth reaches mid-single digits; or
- The price falls toward ~12x TTM EBITDA with gross margin intact at ≥47.5%.

Downgrades if:

- Fire-service organic sales stay negative into H1 2027, or management pushes the 2027 inflection out; or
- H2 2026 gross margin falls below the 47.5% floor of the guide, or Autronica integration dilutes margin.

Watch items

- **W1:** Fire-service organic growth and orders (Q2: ~2% organic; AFG orders slower than expected). Source: Q3 2026 release (late October 2026, date n/a unverified). *Model: rev_growth*
- **W2:** Gross margin against the FY2026 guide of 47.5–48.5% (Q2: 49.5%, including ~80–100bp of tariff refund). Source: Q3 2026 release and call. *Model: ebitda_margin*
- **W3:** Autronica's contribution and margin, and the delivery of low-double-digit FY2026 total growth. Source: Q3 2026 10-Q and Q4 2026 release. *Model: rev_growth*
- **W4:** Deleveraging from 1.8x pro forma, and the pace of buybacks. Source: Q3 2026 10-Q. *Model: none*

Sources

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- Peer statistics: BRC <https://stockanalysis.com/stocks/brc/statistics/> · TDY <https://stockanalysis.com/stocks/tdy/statistics/> · AME <https://stockanalysis.com/stocks/ame/statistics/> — accessed 2026-09-28
- Daily macro log (10Y, S3 status), [logs/macro-2026-09.md](#) , 2026-09-24/25 entries

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