



# Third Quarter 2019 Earnings Release Supplement

*October 25, 2019*

The data in this package should be read in conjunction with Barnes Group Inc.'s earnings release and periodic filings with the SEC.

*Powering Forward*



# Safe Harbor Statement/Non-GAAP Measures



## **THIS PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS**

This presentation contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future operating and financial performance and financial condition, and often contain words such as "anticipate," "believe," "expect," "plan," "estimate," "project," and similar terms. These forward-looking statements do not constitute guarantees of future performance and are subject to a variety of risks and uncertainties that may cause actual results to differ materially from those expressed in the forward-looking statements. These include, among others: difficulty maintaining relationships with employees, including unionized employees, customers, distributors, suppliers, business partners or governmental entities; failure to successfully negotiate collective bargaining agreements or potential strikes, work stoppages or other similar events; difficulties leveraging market opportunities; changes in market demand for our products and services; rapid technological and market change; the ability to protect and avoid infringing upon intellectual property rights; introduction or development of new products or transfer of work; higher risks in global operations and markets; the impact of intense competition; acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses; uncertainties relating to conditions in financial markets; currency fluctuations and foreign currency exposure; future financial performance of the industries or customers that we serve; our dependence upon revenues and earnings from a small number of significant customers; a major loss of customers; inability to realize expected sales or profits from existing backlog due to a range of factors, including changes in customer sourcing decisions, material changes, production schedules and volumes of specific programs; the impact of government budget and funding decisions, including any potential adverse effects associated with a U.S. government shutdown; the impact of new or revised tax laws and regulations; the adoption of laws, directives or regulations that impact the materials processed by our products or their end markets; changes in raw material or product prices and availability; integration of acquired businesses; restructuring costs or savings; the continuing impact of prior acquisitions and divestitures, including the ongoing impact of the acquisition of Gimatic S.r.l., including integration efforts; and any other future strategic actions, including acquisitions, divestitures, restructurings, or strategic business realignments, and our ability to achieve the financial and operational targets set in connection with any such actions; the outcome of pending and future legal, governmental, or regulatory proceedings and contingencies and uninsured claims; product liabilities; future repurchases of common stock; future levels of indebtedness; and numerous other matters of a global, regional or national scale, including those of a political, economic, business, competitive, environmental, regulatory and public health nature; government tariffs, trade agreements and trade policies; and other risks and uncertainties described in documents filed with or furnished to the Securities and Exchange Commission ("SEC") by the Company, including, among others, those in the Management's Discussion and Analysis of Financial Condition and Results of Operations and Risk Factors sections of the Company's filings. The Company assumes no obligation to update its forward-looking statements.

## **NON-GAAP MEASURES**

References to adjusted financial results for 2018 & 2019 are non-GAAP measures. You will find a reconciliation table on our website as part of our third quarter 2019 press releases and in the Forms 8-K submitted to the SEC. This supplement should be read in conjunction with this reconciliation table.

# 2019 Segment Market Outlook \*



	2019 Outlook		End Market Highlights / Comments
	Total	Organic	
Molding Solutions	Down LDD	Down HSD	Auto / Packaging / Personal Care Remain Soft; Medical End Market Doing Well
Force & Motion Control	Down LSD to Down MSD	Down MSD	Tool & Die Market Down
Engineered Components	Down HSD	Down MSD	Auto Production Market Weak
Automation	~ \$55M	-	Slower than Forecasted Automotive; Germany and China Softness
<b>Industrial Segment</b>	<b>Down MSD</b>	<b>Down HSD</b>	
Original Equipment Manufacturing (OEM)		Up HSD to Up LDD	New Engine Programs Ramping, OEM Backlog at a Healthy Level
Maintenance, Repair, and Overhaul (MRO)		Up LDD	Aircraft Utilization Remains High
Spare Parts (RSP Programs)		Up Low Teens	Favorable CFM56 Demographic Trends Continue
<b>Aerospace Segment</b>		<b>Up LDD</b>	
<b>Barnes Group Total</b>	<b>~ Flat</b>	<b>Down LSD</b>	<b>Acquisition Sales Up 4%; F/X Down 2%</b>



# Q3'19 Sales Growth & Highlights



	Sales Growth	Organic <sup>(1)</sup>	F/X	M&A
Industrial	(5%)	(8%)	(3%)	6%
Aerospace	12%	12%		
<b>Total BGI</b>	<b>1%</b>	<b>(1%)</b>	<b>(2%)</b>	<b>4%</b>

- Sales of \$373 million, up 1%; Organic Sales decrease of 1%
- Operating Income of \$67.6 million, up 12% from last year's adjusted \$60.6 million
- Operating Margin of 18.1%, up 170 bps from last year's 16.4%
- EPS of \$0.89 per diluted share, up 14% from last year's adjusted \$0.78
- Total Company Backlog of \$1,110 million, down 4% from Q3'18 and Flat compared to Q2'19; Aerospace Total Backlog of \$824 million, up 1% from Q3'18 and up 3% from Q2'19
- YTD Free Cash Flow<sup>(2)</sup> was \$124 million vs. \$118 million last year
- YTD Capital Expenditures of \$38 million vs. \$40 million last year

# 2018 & 2019 Results and 2019 Guidance

(\$M, except per share)



	2018 Full Year Results	2019 YTD Results	Variance Over 2018 YTD Results	2019 Full Year Guidance
Net Sales	\$1,496	\$1,121	+ 1%	~ Flat
Organic Sales			- 1%	Down Low-Single Digits
Operating Margin %	15.5%	15.6%	- 60 bps	
Adjusted Operating Margin <sup>(1)</sup>	16.0%	16.1%	- 20 bps	~16.0%
EPS (diluted):	\$3.15	\$2.27	- 5%	\$3.10 to \$3.15
Adjusted EPS (diluted): <sup>(1)</sup>	\$3.22	\$2.35	- 2%	\$3.18 to \$3.23
Cash Conversion <sup>(2)</sup>	110%			- 1% to ~ Flat to PY ~ 100%

## Key Factors in 2019 Guidance Range Include:

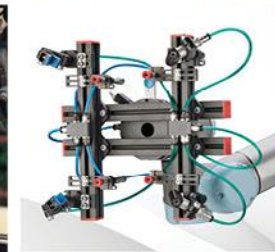
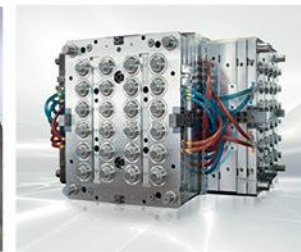
### Low-End

- Slowing Global Growth; Trade Uncertainties
- Delayed Customer Program Launches
- Softening Auto Production

### High-End

- + Aero Aftermarket Strength
- + Strength in Medical Mold Systems
- + Additional Productivity

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Additional information is  
available at:

[www.BGInc.com](http://www.BGInc.com)



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