

# Second Quarter 2017 Earnings Release Supplement July 28, 2017

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



One Team. *One Company.*



# 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 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; 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; 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; 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; 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.

References to adjusted financial results for 2016 and 2017 are non-GAAP measures. You will find a reconciliation table on our website as part of our second quarter 2017 press release and in the Form 8-K submitted to the SEC. This supplement should be read in conjunction with this reconciliation table.

# 2017 Segment Market Outlook



	Actual % of 2016 Sales	2017 Total Sales Growth Outlook*	End Market Highlights / Comments
Molding Solutions	31%	▲ Up Mid 20s	Favorable Hot Runner Demand, Focus on MRO Growth & Global Expansion, FOBOHA & Gammaflux Contribution
Nitrogen Gas Products	9%	▲ Up LDD	Tool & Die Markets Remain Strong
Engineered Components	27%	▲ Up LSD	Global Auto Production Good - but North America declining; General Industrial Markets Improving
<b>Industrial Segment</b>	<b>67%</b>	<b>▲ Up Low Teens</b>	



Original Equipment Manufacturing (OEM)	23%	▲ Up Mid Teens	New Engine Programs Ramping as OEM Sales Growth Returns, Solid Backlog
Maintenance, Repair, and Overhaul (MRO)	6%	▲ Up LDD	Aircraft Utilization Remains High
Spare Parts (RSP Programs)	4%	▲ Up High Teens	Favorable CFM56 Demographic Trends Continue
<b>Aerospace Segment</b>	<b>33%</b>	<b>▲ Up Mid Teens</b>	



M&A		▲	FOBOHA & Gammaflux Acquisition Sales ~+5%
F/X		=	F/X Sales Impact ~0%

**2017 TOTAL SALES EXPECTATION UP 14% TO 15%; UP 9% TO 10% ORGANICALLY**

\* LDD – Low double digits %, LSD - Low single digits %

# Q2 2017 Sales Growth & Highlights



	Sales Growth		Organic <sup>(1)</sup>		F/X	M&A	
Industrial	23%	=	12%	+	(1%)	+	12%
Aerospace	10%	=	10%	+	-	+	-
<b>Total BGI</b>	<b>19%</b>	<b>=</b>	<b>11%</b>	<b>+</b>	<b>(1%)</b>	<b>+</b>	<b>8%</b>

- Sales of \$364 million, up 19%; Organic Sales up 11%
- Adjusted Operating Income of \$56.7 million, up 16%
- Adjusted Operating Margin of 15.6%, down 40 bps
- Adjusted EPS of \$0.81 per diluted share, up 29%
- Total Company Backlog of \$1.0 billion, up 3% sequentially from Q1'17; Aerospace Backlog of \$683 million, down 1% sequentially from Q1'17
- YTD Free Cash Flow<sup>(2)</sup> was \$75 million vs. \$74 million last year; Discretionary Pension Contributions: 2017 - \$5 million, 2016 - \$15 million
- YTD Capital Expenditures of \$27 million vs. \$23 million last year

Notes: <sup>(1)</sup> Organic sales growth represents the total reported sales increase within the Company's ongoing businesses less the impact of foreign currency translation and acquisition and divestitures completed in the preceding twelve months. <sup>(2)</sup> The Company defines free cash flow as net cash provided by operating activities less capital expenditures.

# 2016 & 2017 Results and 2017 Guidance

(\$M, except per share)



	2016 Full Year Results	2017 YTD Results	Variance Over 2016 YTD Results	2017 Full-Year Guidance
Net Sales	\$1,231	\$706	+19%	+14% to +15%
Organic Sales			+13%	+9% to +10%
Operating Margin %	15.6%	16.0%	+100 bps	
Adjusted Operating Margin <sup>(1)</sup>	16.0%	16.0%	+60 bps	+15.5% to +16.0%
EPS (diluted):	\$2.48	\$1.52	+33%	\$2.77 to \$2.87
Adjusted EPS (diluted): <sup>(1)</sup>	\$2.53	\$1.51	+29%	\$2.80 to \$2.90
Cash Conversion <sup>(2)</sup>	125%			>90%

## Key Factors in 2017 Guidance Range Include:

### Low-End

- Global Auto Production Leveling; North America Declining
- Aerospace OEM Transition to New Programs

### High-End

- + Sales Volume Leverage
- + Aero Aftermarket Strength

(1) References to Adjusted Operating Margin and Adjusted EPS for 2016 and 2017 are non-GAAP measures. A reconciliation table is available on our website as part of our Q2 2017 press release and in the Form 8-K submitted to the SEC.  
 (2) Cash Conversion is equal to Net Cash Provided by Operating Activities less Capital Expenditures divided by Net Income.



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Additional information is  
available at:

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

