

Third Quarter 2016 Earnings Release Supplement October 28, 2016

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. Among others, our sales outlook, backlog, aircraft utilization, demographics, exchange rate assumptions, sales per aircraft and guidance are all forward-looking statements. 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; 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 international 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 or consistent with projected sales per aircraft due to a range of factors, including changes in customer sourcing decisions, materials, material costs, part design, quantity of parts per engine, percentage of work directed to us, engine spares, cost schedules, 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, including the integration of the FOBOHA business, 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, including the arbitration proceedings involving Triumph Actuation Systems - Yakima, LLC; 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 2015 and 2016 are non-GAAP measures. You will find a reconciliation table on our website as part of our third quarter 2016 press release and in the Form 8-K submitted to the SEC. This supplement should be read in conjunction with this reconciliation table.

Q3 2016 Sales Growth & Highlights



	Sales Growth		Organic		F/X		M&A
Industrial	10%	=	6%	+	(1%)	+	5%
Aerospace	0%	=	0%	+	0%	+	0%
Total BGI	7%	=	4%	+	(0%)	+	3%

- Sales of \$312 million, up 7%; Organic Sales increase of 4%
- Adjusted Operating Income of \$54.1 million, up 12%
- Adjusted Operating Margin of 17.4%, up 80 bps
- Adjusted EPS of \$0.71 per diluted share, up 16%
- Total Company Backlog of \$897 million, up 4% sequentially from Q2'16; Aerospace Backlog of \$638 million, down 3% sequentially from Q2'16
- YTD Free Cash Flow was \$127 million vs. \$129 million last year
- YTD Capital Expenditures of \$33 million vs. \$31 million last year

2016 Segment Market Outlook

(Updated 10/28/2016)



**INDUSTRIAL
SEGMENT**

	Actual % of 2015 Sales	2016 Sales Growth Outlook*	End Market Highlights / Comments
Molding Solutions	27%	High Teens	Hot Runner Demand Stable, China Market Improving, Auto Model Changes Favorable
Engineered Components	29%	LSD	Global Auto Production Increasing - but Growth is Slowing; General Industrial Weakness Persists
Nitrogen Gas Products	9%	LSD	Tool & Die Markets Recovering After Slow 2H'15 and H1'16
Industrial Segment	65%	Mid to HSD	



**AEROSPACE
SEGMENT**

Original Equipment Manufacturing (OEM)	25%	LSD	Transition Year in 2016, Very Strong BGI Backlog, Robust Boeing & Airbus Backlog, Airlines Profitable
Maintenance Repair and Overhaul (MRO)	6%	Mid to HSD	Aircraft Utilization Strong, Low Fuel Prices, Moderating Traffic Growth
Spare Parts (RSP Programs)	4%	Mid to HSD	Favorable CFM56 Demographic Trends, Tough 2015 Comparable
Aerospace Segment	35%	LSD	



OTHER

M&A			Thermoplay, Priamus, and FOBOHA Acquisition Sales +5%
F/X			F/X Sales Headwind of ~1%

2016 TOTAL SALES EXPECTATION UP 3.5% TO 4.5%; ~FLAT ORGANICALLY

* HSD - High single digits, MSD - Mid single digits, LSD - Low single digits

2015 & 2016 Results and 2016 Guidance

(\$M, except per share)



	2015 Full Year Results	2016 Sep YTD Actual	Variance Over 2015 Sep YTD Actual	2016 Full-Year Guidance
Net Sales	\$1,194	\$907	~Flat	+3.5% to +4.5%
Organic Sales			-3%	~ Flat
Operating Margin %	14.1%	15.5%	+30 bps	
Adjusted Operating Margin ⁽¹⁾	15.8%	16.1%	+20 bps	~ 16%
EPS (diluted):	\$2.19	\$1.81	+4%	\$2.39 to \$2.44
Adjusted EPS (diluted): ⁽¹⁾	\$2.38	\$1.87	+6%	\$2.48 to \$2.53
				+4% to +6%
Cash Conversion - Adjusted ⁽²⁾	128%			>100%

Key Factors in 2016 Guidance Range Include:

Low-End

- Aerospace OEM Transition to New Programs
- Economic Uncertainty & Slow Growth
- Global Auto Production Leveling

High-End

- + Aero Aftermarket Spare Parts Acceleration
- + Productivity Benefits
- + Sales Volume Leverage

(1) References to Adjusted Operating Margin and Adjusted EPS for 2015 and 2016 are non-GAAP measures. A reconciliation table is available on our website as part of our Q3 2016 press release and in the Form 8-K submitted to the SEC.

(2) Cash Conversion – Adjusted is equal to Net Cash Provided by Operating Activities less Capital Expenditures divided by Net Income. (For the purpose of calculating the cash conversion ratio, the Company has excluded the pension lump-sum settlement charge, net of tax, from 2015 net income.)

Strategic Fit

Leading Market Positions ✓

- Recognized brand
- Supplier to packaging, medical, consumer, and automotive markets

Intellectual Property (IP) ✓

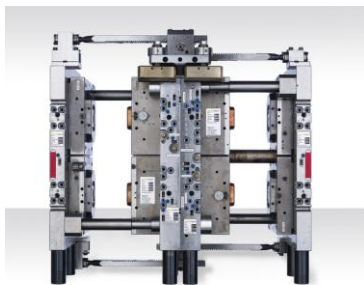
- Complex, highly-engineered products

Cyclical Moderation ✓

- Highly complementary end markets in the injection molding industry

Growth Markets / Global Access ✓

- Opportunity to further penetrate specific end markets, expand geographically and add complementary technical capabilities



Financial Summary

- **Purchase Price CHF 133M, or ~\$136M**, excluding customary adjustments
- **Annual Sales of ~\$75 million with ~15% EBITDA Margin**
- **Acquisition Closed During Q3'16**
- **Funding:** ~45% Cash / ~55% Existing Credit Facility
- BGI Debt to EBITDA was 1.8x at 9/30/16
- Projected EPS Impact ...
 - **FY'16 - No meaningful impact** excluding short-term purchase accounting adjustments and transaction costs
 - **FY'17 - Accretive by \$0.05 to \$0.08**, excluding short-term purchase accounting adjustment



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NYSE.

Additional information is
available at:

www.BGInc.com

