

Fourth Quarter and Full Year 2016 Earnings Release Supplement February 17, 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. 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; 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 fourth quarter and full year 2016 press release and in the Form 8-K submitted to the SEC. This supplement should be read in conjunction with this reconciliation table.

Q4 & FY 2016 Sales Growth



Fourth Quarter 2016:

	Sales Growth		Organic		F/X		M&A
Industrial	13%	=	8%	+	(2%)	+	8%
Aerospace	12%	=	12%	+	-	+	-
Total BGI	13%	=	9%	+	(1%)	+	5%

Full Year 2016:

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

Note: ⁽¹⁾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.

2017 Segment Market Outlook



	Actual % of 2016 Sales	2017 Total Sales Growth Outlook*	End Market Highlights / Comments
Molding Solutions	31%	▲ Up DD	Favorable Hot Runner Demand, Focus on MRO Growth, Global Expansion, FY FOBOHA Contribution
Nitrogen Gas Products	9%	▲ Up LSD	Tool & Die Markets in Asia and Europe are Solid; North America T&D Order Intake Improving
Engineered Components	27%	▬ FLAT	Global Auto Production Good - but Growth is Peaking; General Industrial Weakness Persists, but Improving
Industrial Segment	67%	▲ Up HSD	



Original Equipment Manufacturing (OEM)	23%	▲ Up MSD	Transition Continues though OEM Growth Returns, Solid BGI Backlog, Large Boeing & Airbus Backlogs
Maintenance, Repair, and Overhaul (MRO)	6%	▲ Up MSD	Aircraft Utilization Remains High, Low Fuel Prices, Aircraft Retirements Slowing
Spare Parts (RSP Programs)	4%	▲ Up MSD	Favorable CFM56 Demographic Trends
Aerospace Segment	33%	▲ Up MSD	



M&A		▲	FOBOHA Acquisition Sales ~+4%
F/X		▼	F/X Sales Headwind of ~1%

2017 TOTAL SALES EXPECTATION UP 6% TO 8%; UP 3% TO 5% ORGANICALLY

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

Fourth Quarter 2016:

- Sales of \$324 million, up 13%; Organic Sales increase of 9%
- Adjusted Operating Income of \$51.8 million, up 16%
- Adjusted Operating Margin of 16.0%, up 50 bps
- Adjusted EPS of \$0.67 per diluted share, up 12%

Full Year 2016:

- Sales of \$1,231 million, up 3%; Organic Sales flat to 2015
- Adjusted Operating Income of \$197.3 million, up 4%
- Adjusted Operating Margin of 16.0%, up 20 bps
- Adjusted EPS of \$2.53 per diluted share, up 6%
- Total Company Backlog of \$886 million, up 16% from Q4'15;
Aerospace Backlog of \$636 million, up 11% from Q4'15
- YTD Free Cash Flow⁽¹⁾ was \$170 million vs. \$171 million last year;
Free Cash Flow to Net Income of 125%
- YTD Capital Expenditures of \$48 million vs. \$46 million last year

(1) The Company defines free cash flow as net cash provided by operating activities less capital expenditures.

2015 & 2016 Results; 2017 Guidance

(\$M, except per share)



	2015 Full Year Results	2016 Full Year Results	Variance Over 2015 Results	2017 Full Year Guidance
Net Sales	\$1,194	\$1,231	+3%	+6% to +8%
Organic Sales			~Flat	+3% to +5%
Operating Margin %	14.1%	15.6%	+150 bps	
Adjusted Operating Margin ⁽¹⁾	15.8%	16.0%	+20 bps	+ 16% to +17%
EPS (diluted):	\$2.19	\$2.48	+13%	\$2.58 to \$2.73
Adjusted EPS (diluted): ⁽¹⁾	\$2.38	\$2.53	+6%	\$2.61 to \$2.76
				+3% to +9%
Cash Conversion - Adjusted ⁽²⁾	134%	125%		~100%

Key Factors in 2017 Guidance Range Include:

Low-End

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

High-End

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

(1) References to Adjusted Operating Margin and Adjusted EPS for 2015, 2016 and 2017 are non-GAAP measures. A reconciliation table is available on our website as part of our Q4 and Full Year 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.)



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Additional information is
available at:

www.BGInc.com

