



First Quarter 2024 Earnings Presentation

April 26, 2024



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

Today's Speakers



Thomas Hook

President & CEO



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SVP, Finance & CFO



Safe Harbor Statement and 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," "continue," "will," "should," "may," 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 risks and uncertainties include, among others: the Company's ability to manage economic, business and geopolitical conditions, including rising interest rates, global price inflation and shortages impacting the availability of materials; the duration and severity of unforeseen events such as an epidemic or a pandemic, including their impacts across our business on demand, supply chains, operations and liquidity; 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 and avoid infringing upon intellectual property rights; challenges associated with the introduction or development of new products or transfer of work; higher risks in global operations and markets; the impact of intense competition; the physical and operational risks from natural disasters, severe weather events, and climate change which may limit accessibility to sufficient water resources, outbreaks of contagious diseases and other adverse public health developments; acts of war, terrorism and other international conflicts; the failure to achieve anticipated cost savings and benefits associated with workforce reductions and restructuring actions; currency fluctuations and foreign currency exposure; impacts from goodwill impairment and related charges; 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; our ability to successfully integrate and achieve anticipated synergies associated with recently announced and future acquisitions, including the acquisition of MB Aerospace; government-imposed sanctions, tariffs, trade agreements and trade policies; changes or uncertainties in laws, regulations, rates, policies or interpretations that impact the Company's business operations or tax status, including those that address climate change, environmental, health and safety matters, and the materials processed by our products or their end markets; fluctuations in the pricing or availability of raw materials, freight, transportation, energy, utilities and other items required by our operations; labor shortages or other business interruptions at transportation centers, shipping ports, our suppliers' facilities or our facilities; disruptions in information technology systems, including as a result of cybersecurity attacks or data security breaches; the ability to hire and retain senior management and qualified personnel; the continuing impact of prior acquisitions and divestitures, and any ongoing and future strategic actions, and our ability to achieve the financial and operational targets set in connection with any such actions; the ability to achieve social and environmental performance goals; the outcome of pending and future litigation and governmental proceedings; the impact of actual, potential or alleged defects or failures of our products or third-party products within which our products are integrated, including product liabilities, product recall costs and uninsured claims; future repurchases of common stock; future levels of indebtedness; the impact of shareholder activism; 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 First Quarter 2023 and 2024 are non-GAAP measures. You will find a reconciliation table in the appendix of this presentation, as well as on our Investor Relations website as part of First Quarter 2024 press release and in the Forms 8-K submitted to the SEC. This supplement should be read in conjunction with the reconciliation table.



First Quarter 2024 Key Messages and Overview

1

Q1 performance in line with targets

Sales
\$431M

+28%

Y/Y Reported

+4%

Y/Y Organic⁽¹⁾

2

Portfolio transformation progressing as Aerospace exceeds 66% of Adj. EBITDA

Adjusted EBITDA⁽²⁾

\$80.4M

18.7%

Margin

3

Growth opportunities from high Aerospace demand

**Aerospace OEM
Book to Bill**

2.6x

1. Organic sales growth represents the total reported sales increase within the Company's ongoing business less the impact of foreign currency translation and acquisition and divestitures completed in the preceding twelve months.

2. Non-GAAP measure. See the appendix of this presentation for a reconciliation to the appropriate GAAP measure.



Focused on Strategic Priorities

Execute Core Business

- Restructuring program on track
- Targeting run-rate savings of \$38M by the end of 2024 and \$42M by 2025
- Pursuing additional cost rationalization opportunities
- Commercial strategies developed by leadership teams named in Q4 are gaining traction



Focused on Strategic Priorities

Scale Aerospace

- Global presence and scale with MB Aerospace positions us for more wins as a primary partner
- \$2 billion of full-term value in recent and pending long-term agreements
- Prioritizing productivity improvements to fully benefit from high OEM demand
- Generating strong Aftermarket growth due to constraints on new aircraft production
- On-track to \$12M 2024 run-rate synergies



Focused on Strategic Priorities

Integrate, Consolidate, and Rationalize Industrial

- Portfolio shifting toward higher value businesses
- Closed divestiture of Associated Spring™ and Hänggi™
- Net cash proceeds of ~\$150M to reduce debt
- Business Transformation Office (BTO) making progress on supply chain efficiencies and manufacturing footprint rationalization



First Quarter 2024 Highlights⁽¹⁾

\$431M

Sales

+28% Reported YoY
+4% Organic YoY⁽²⁾

\$51.1M

Adj. Operating Income

+37% YoY
11.9% Adj. Operating Margin

\$80.4M

Adj EBITDA

+38% YoY
18.7% Adj EBITDA Margin

\$0.38

Adj. EPS

(19%) YoY

Inorganic sales growth (MB Aerospace)	+25%
F/X impact on sales growth	0%
Interest expense	\$24.8M
Adj. tax rate	28%

- Aerospace: strong industry demand driving sales and order growth in both OEM and Aftermarket businesses
- Industrial: sales were soft YoY as expected, though increased sequentially
- Repriced \$650M Term Loan B resulting in \$1.4M interest expense and tax savings in 2024, \$4.7M in 2025
- Adjusted EPS reflects higher interest expense, tax rate, and long-term amortization from acquisition

1. Adjusted Operating Income, Adjusted EBITDA, and Adjusted EPS are Non-GAAP measures. See the appendix of this presentation for a reconciliation to the appropriate GAAP measure. Free Cash Flow is equal to Net Cash Provided by Operating Activities less Capital Expenditures.

2. Organic sales growth represents the total reported sales increase within the Company's ongoing business less the impact of foreign currency translation and acquisition and divestitures completed in the preceding twelve months.



Aerospace Segment⁽¹⁾

First Quarter 2024 Results

(\$ in millions)	1Q 2024	1Q 2023	YoY Reported	YoY Organic ⁽²⁾
Sales	\$221	\$117	89%	19%
OEM	\$135	\$73	85%	16%
MRO	\$64	\$27	136%	19%
RSP	\$23	\$17	30%	30%
Adj. Operating Income	\$34.6	\$20.5	69%	
Adj. Operating Margin	15.7%	17.5%	(180 bps)	
Adj. EBITDA	\$53.5	\$30.6	75%	
Adj. EBITDA Margin	24.2%	26.1%	(190 bps)	

70% YoY
Inorganic Sales
Growth
(MB Aerospace)

57% YoY
Organic Orders

2.6x
OEM Book to Bill

1. Adjusted Operating Income and Adjusted EBITDA are Non-GAAP measures. A reconciliation of GAAP to Non-GAAP measures is available on the Barnes Investor Relations website as part of the First Quarter 2024 Earnings press release and in the Form 8-K submitted to the SEC.

2. Organic sales growth represents the total reported sales increase within the Company's ongoing business less the impact of foreign currency translation and acquisition and divestitures completed in the preceding twelve months.



Industrial Segment⁽¹⁾

First Quarter 2024 Results

(\$ in millions)	1Q 2024	1Q 2023	YoY Reported	YoY Organic ⁽²⁾
Sales	\$209	\$218	(4%)	(4%)
Molding Solutions	\$101	\$104	(2%)	(2%)
Motion Control Sol.	\$93	\$98	(5%)	(7%)
Automation	\$15	\$16	(8%)	(7%)
Adj. Operating Income	\$16.4	\$16.6	(1%)	
Adj. Operating Margin	7.8%	7.6%	20 bps	
Adj. EBITDA	\$27.2	\$29.0	(6%)	
Adj. EBITDA Margin	13.0%	13.3%	(30 bps)	

0% YoY
FX-related Sales
Growth

(8%) YoY
Organic Orders

1.0x
Book to Bill

1. Adjusted Operating Income and Adjusted EBITDA are Non-GAAP measures. A reconciliation of GAAP to Non-GAAP measures is available on the Barnes Investor Relations website as part of the First Quarter 2024 Earnings press release and in the Form 8-K submitted to the SEC.

2. Organic sales growth represents the total reported sales increase within the Company's ongoing business less the impact of foreign currency translation and acquisition and divestitures completed in the preceding twelve months.



Balance Sheet, Cash Flow, and Capital Allocation

First Quarter Free Cash Flow⁽¹⁾

(\$ in millions)	2024	2023	YoY
Net Income (GAAP)	\$1.9	\$13.2	(85%)
Cash from Operating Activities	(\$2.3)	\$32.2	
Capital Expenditures	\$12.8	\$10.9	17%
Free Cash Flow	(\$15.2)	\$21.3	

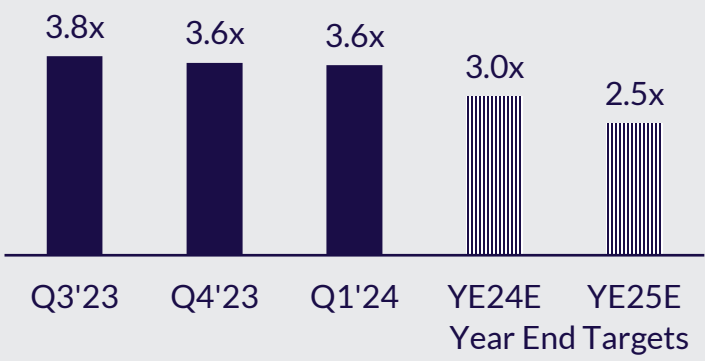
Balance Sheet

(\$ in millions)	March 2024	December 2023	Change
Cash and Cash Equivalents	\$82	\$90	(9%)
Total Debt	\$1,314	\$1,291	2%
Net Debt	\$1,232	\$1,201	3%
Working Capital	\$499	\$555	(10%)

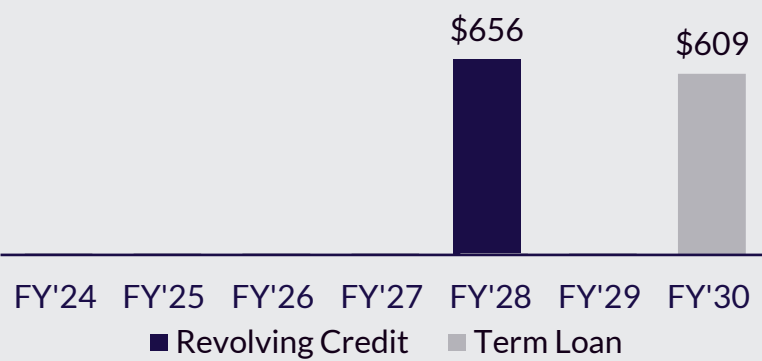
Capital Allocation Priorities Remain Focused on

- Debt reduction
- Organic investments
- M&A
- Shareholder return

Net Debt to EBITDA Ratio⁽²⁾



Debt Maturity Profile (\$M)⁽³⁾



1. Free Cash Flow is a Non-GAAP measure. See the appendix of this presentation for a reconciliation to the appropriate GAAP measure. Free Cash Flow is equal to Net Cash Provided by Operating Activities less Capital Expenditures.

2. Q3'23, Q4'23 and Q1'24 ratios as defined by current credit agreements.

3. Term loan annual principal payment ~\$7M (FY'24 – FY'30).



2024 Full Year Outlook

FY 2024

Total Sales Growth YoY	Total: 13% to 16% Organic: 5% to 8%
Aerospace Sales Growth YoY	Total: ~60% Organic: Mid teens
Industrial Sales Growth YoY	Organic: Low single digit
Adj. Operating Margin	12% to 14%
Adj. EBITDA Margin	20% to 22%
Adj. EPS (Diluted Shares)	\$1.62 to \$1.82
Free Cash Flow ⁽¹⁾	\$75M to \$85M
Free Cash Flow Conversion ⁽¹⁾	~140%

1. Free Cash Flow is equal to Net Cash Provided by Operating Activities less Capital Expenditures.
Free cash flow conversion based on GAAP net income to free cash flow.

FY 2024 Impact Acquisition / Divestiture

MB Aerospace

- Includes full year contribution (versus 4 months in 2023)
- 2024 contribution:
~19% revenue growth, ~25% adj. EBITDA growth
- Exiting 2024 EPS neutral to accretive

Associated Spring and Hänggi Divestiture

- 2024 impact:
(~11%) revenue growth, (~10%) adj. EBITDA growth
- Transaction closed April 4, 2024
- YoY EPS impact (\$0.28)



2024 Full Year Outlook

Additional Modeling Considerations

FY 2024

CapEx	\$60M to \$70M
Depreciation and Amortization	~\$130M
Interest Expense	\$81M to \$84M
Adjusted Effective Tax Rate	31% to 33%
Share Count (diluted)	~51M
Adj. EPS excludes: \$0.23 restructuring and transformation-related activities \$0.02 acquisition related items \$0.20 divestiture related items \$0.06 short-term purchase accounting adjustments \$0.03 shareholder advisory costs	

Cost Savings Program on Track Run-rate Savings Adjusted for Divestiture

2023 Actual Savings	\$25M; Ex Divestiture \$18M
2023 Run-rate Savings	\$40M; Ex Divestiture \$28M
2024 Run-rate Savings	\$38M
2025 Run-rate Savings	\$42M

2024 and 2025 exclude \$11M of savings forecast
for Associated Spring and Hänggi





Appendix

Financial Schedules

Non-GAAP Financial Measure Reconciliation (1 of 6)

Adjusted Operating Profit
(unaudited, dollars in thousands)

	Three months ended March 31,		
	2024	2023	% Change
<u>SEGMENT RESULTS</u>			
Operating Profit - Aerospace Segment (GAAP)	\$ 31,087	\$ 18,751	65.8
Restructuring/reduction in force and transformation related charges	391	1,769	
Shareholder advisory costs	1,028	-	
MB Short-term purchase accounting adjustments	2,141	-	
Operating Profit - Aerospace Segment as adjusted (Non-GAAP) ⁽¹⁾	\$ 34,647	\$ 20,520	68.8
Operating Margin - Aerospace Segment (GAAP)	14.0%	16.0%	(200) bps.
Operating Margin - Aerospace Segment as adjusted (Non-GAAP) ⁽¹⁾	15.7%	17.5%	(180) bps.
Operating Profit - Industrial Segment (GAAP)	\$ 8,595	\$ 4,533	89.6
Restructuring/reduction in force and transformation related charges	3,721	12,110	
Shareholder advisory costs	972	-	
Divestiture transaction costs	3,134	-	
Operating Profit - Industrial Segment as adjusted (Non-GAAP) ⁽¹⁾	\$ 16,422	\$ 16,643	(1.3)
Operating Margin - Industrial Segment (GAAP)	4.1%	2.1%	200 bps.
Operating Margin - Industrial Segment as adjusted (Non-GAAP) ⁽¹⁾	7.8%	7.6%	20 bps.

See Notes on Appendix Slide 4 of 6

Non-GAAP Financial Measure Reconciliation (2 of 6)

Adjusted Operating Profit and Adjusted Diluted Earnings Per Share
(unaudited, dollars in thousands, except per share data)

	Three months ended March 31,			
	2024	2023	% Change	
CONSOLIDATED RESULTS				
Operating Income (GAAP)	\$ 39,682	\$ 23,284	70.4	
Restructuring/reduction in force and transformation related charges	4,112	13,879		
Shareholder advisory costs	2,000	-		
Divestiture transaction costs	3,134	-		
MB Short-term purchase accounting adjustments	2,141	-		
Operating Income as adjusted (Non-GAAP) ⁽¹⁾	\$ 51,069	\$ 37,163	37.4	
Operating Margin (GAAP)	9.2%	6.9%	230	bps.
Operating Margin as adjusted (Non-GAAP) ⁽¹⁾	11.9%	11.1%	80	bps.
Diluted Net Income per Share (GAAP)	\$ 0.04	\$ 0.26	(84.6)	
Restructuring/reduction in force and transformation related charges	0.06	0.21		
Shareholder advisory costs	0.03	-		
Divestiture transaction costs	0.20	-		
MB Short-term purchase accounting adjustments	0.03	-		
Acquisition related costs	0.02	-		
Diluted Net Income per Share as adjusted (Non-GAAP) ⁽¹⁾	\$ 0.38	\$ 0.47	(19.1)	

See Notes on Appendix Slide 4 of 6

Non-GAAP Financial Measure Reconciliation (3 of 6)

Full Year 2024 Outlook

	Full-Year 2023	Full-Year 2024 Outlook			
Operating Margin (GAAP)	6.1%	11.2%	to		13.2%
Restructuring/reduction in force and transformation related charges	3.2%			0.9%	
Divesiture transaction costs	0.1%			-0.5%	
MB Short-term purchase accounting adjustments	1.3%			0.1%	
Shareholder advisory costs	0.0%			0.2%	
Acquisition related costs	0.8%			-	
Operating Margin as adjusted (Non-GAAP) ⁽¹⁾	11.5%	12.0%	to		14.0%
Diluted Net Income per Share (GAAP)	\$ 0.31	\$ 1.08	to	\$	1.28
Restructuring/reduction in force and transformation related charges	0.66			0.23	
Divesiture transaction costs	0.02			0.20	
MB Short-term purchase accounting adjustments	0.29			0.06	
Shareholder advisory costs	-			0.03	
Acquisition related costs	0.37			0.02	
Diluted Net Income per Share as adjusted (Non-GAAP) ⁽¹⁾	\$ 1.65	\$ 1.62	to	\$	1.82

See Notes on Appendix Slide 4 of 6

Non-GAAP Financial Measure Reconciliation (4 of 6)

Notes:

(1) The Company has excluded the following from its "as adjusted" financial measurements:

2024: 1) charges related to restructuring/reduction in force actions at certain businesses and transformation costs (consulting/professional fees related to business and portfolio transformation initiatives), 2) divestiture transaction costs related to the divestiture of the Associated Spring™ and Hänggi™ businesses, including \$3.1M reflected within operating profit, \$1.4M reflected within other expense, net and a \$6.8M charge reflected within income taxes, 3) shareholder advisory costs, 4) short-term purchase accounting adjustments related to its MB Aerospace acquisition, and 5) acquisition costs related to the acquisition of MB Aerospace, including \$1.6M reflected within interest expense.

2023: charges related to restructuring/reduction in force actions at certain businesses and business transformation costs (consulting fees related to transformation initiatives) from its "as adjusted" financial measurements for 2023.

The tax effects of the restructuring related actions and acquisition related actions were calculated based on the respective tax jurisdictions and ranged from approximately 15% to approximately 30%. Management believes that these adjustments provide the Company and its investors with an indication of our baseline performance excluding items that are not considered to be reflective of our ongoing results. Management does not intend results excluding the adjustments to represent results as defined by GAAP, and the reader should not consider it as an alternative measurement calculated in accordance with GAAP, or as an indicator of the Company's performance. Accordingly, the measurements have limitations depending on their use.

Non-GAAP Financial Measure Reconciliation (5 of 6)

Adjusted EBITDA and Adjusted EBITDA Margins (unaudited, dollars in thousands)

	Three months ended March 31,							
	2024				2023			
	Aerospace	Industrial	Other ⁽¹⁾	Total	Aerospace	Industrial	Other ⁽¹⁾	Total
Net Sales	\$ 221,371	209,267	-	\$ 430,638	\$ 117,256	218,109	(8)	\$ 335,357
Net Income				\$ 1,947				\$ 13,159
Interest expense				24,831				5,308
Other expense (income), net				1,696				1,340
Income taxes				11,208				3,477
Operating Profit (GAAP)	<u>\$ 31,087</u>	<u>\$ 8,595</u>	<u>\$ -</u>	<u>\$ 39,682</u>	<u>\$ 18,751</u>	<u>\$ 4,533</u>	<u>\$ -</u>	<u>\$ 23,284</u>
Operating Margin (GAAP)	14.0%	4.1%		9.2%	16.0%	2.1%		6.9%
Other expense (income), net	-	-	(1,696)	(1,696)	-	-	(1,340)	(1,340)
Depreciation ⁽²⁾	7,856	5,591	-	13,447	4,952	7,476	-	12,428
Amortization ⁽³⁾	11,636	5,926	-	17,562	5,106	6,514	-	11,620
EBITDA (Non-GAAP) ⁽⁴⁾	<u>\$ 50,579</u>	<u>\$ 20,112</u>	<u>\$ (1,696)</u>	<u>\$ 68,995</u>	<u>\$ 28,809</u>	<u>\$ 18,523</u>	<u>\$ (1,340)</u>	<u>\$ 45,992</u>
EBITDA Margin (Non-GAAP) ⁽⁴⁾	22.8%	9.6%		16.0%	24.6%	8.5%		13.7%
Restructuring/reduction in force and transformation related charges	391	2,997	-	3,388	1,769	10,517	-	12,286
Shareholder advisory costs	1,028	972	-	2,000	-	-	-	-
MB Short-term purchase accounting adjustments	1,498	-	-	1,498	-	-	-	-
Pension related loss	-	-	1,370	1,370	-	-	-	-
Divestiture transaction costs	-	3,134	-	3,134	-	-	-	-
Adjusted EBITDA (Non-GAAP) ⁽⁴⁾	<u>\$ 53,496</u>	<u>\$ 27,215</u>	<u>\$ (326)</u>	<u>\$ 80,385</u>	<u>\$ 30,578</u>	<u>\$ 29,040</u>	<u>\$ (1,340)</u>	<u>\$ 58,278</u>
Adjusted EBITDA Margin (Non-GAAP) ⁽⁴⁾	24.2%	13.0%		18.7%	26.1%	13.3%		17.4%

Notes:

(1) "Other" includes intersegment sales and items that are included within Other expense (income), net that are not allocated to the Company's reportable business segments.

(2) Depreciation expense in 2024 includes \$0.7 million of accelerated depreciation charges related to restructuring actions. Depreciation in 2023 includes \$1.5 million of similar accelerated depreciation charges.

(3) Amortization expense in 2024 includes \$0.6 million of short-term purchase accounting adjustments related to backlog amortization, attributed to the acquisition of MB Aerospace.

(4) The Company defines EBITDA as net income plus interest expense, income taxes, and depreciation and amortization which the Company incurs in the normal course of business; in addition to these adjustments, the Company also excludes the impact of its "as adjusted items" above ("Adjusted EBITDA"). The Company does not intend EBITDA nor Adjusted EBITDA to represent cash flows from operations as defined by GAAP, and the reader should not consider it as an alternative to net income, net cash provided by operating activities or any other items calculated in accordance with GAAP, or as an indicator of the Company's operating performance. Accordingly, the measurements have limitations depending on their use.

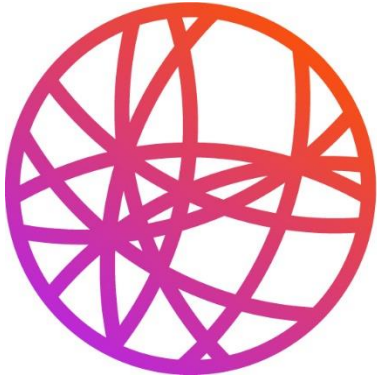
Non-GAAP Financial Measure Reconciliation (6 of 6)

Reconciliation of Free Cash Flow

	Three months ended March 31,	
	2024	2023
Free cash flow:		
Net cash (used) provided by operating activities	\$ (2,315)	\$ 32,215
Capital expenditures	(12,838)	(10,946)
Free cash flow ⁽¹⁾	<u>\$ (15,153)</u>	<u>\$ 21,269</u>

Notes:

(1) The Company defines free cash flow as net cash provided by operating activities less capital expenditures. The Company believes that the free cash flow metric is useful to investors and management as a measure of cash generated by business operations that can be used to invest in future growth, pay dividends, repurchase stock and reduce debt. This metric can also be used to evaluate the Company's ability to generate cash flow from business operations and the impact that this cash flow has on the Company's liquidity.



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Additional information available at:

www.onebarnes.com

