



Company Overview

February 2019

Powering Forward

Safe Harbor Statement



THIS PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS

Forward-looking statements are made based upon management's good faith expectations and beliefs concerning future developments and their potential effect upon the Company.

These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed in the forward-looking statements, including the risks and uncertainties set forth under our full disclosure located at the end of this presentation and included in our SEC filings.

Any forward-looking statements speak only as of the date on which it is made, and the Company assumes no obligation to update our forward-looking statements.

References to adjusted financial results are non-GAAP measures. You will find GAAP reconciliation tables at the end of this presentation.

"EPS" refers to diluted earnings per share.

Barnes Group at a Glance

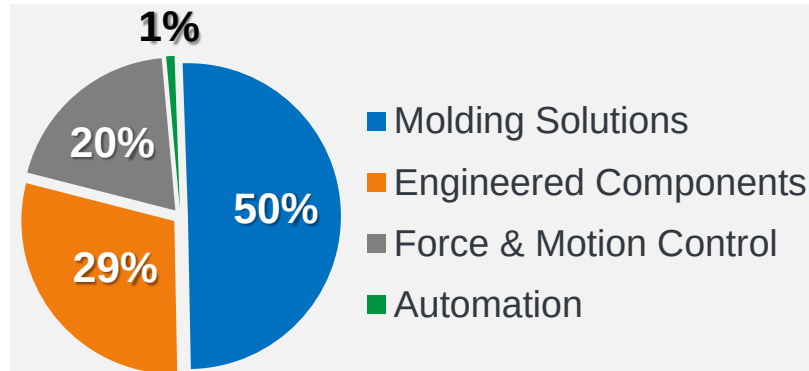


KEY STATISTICS

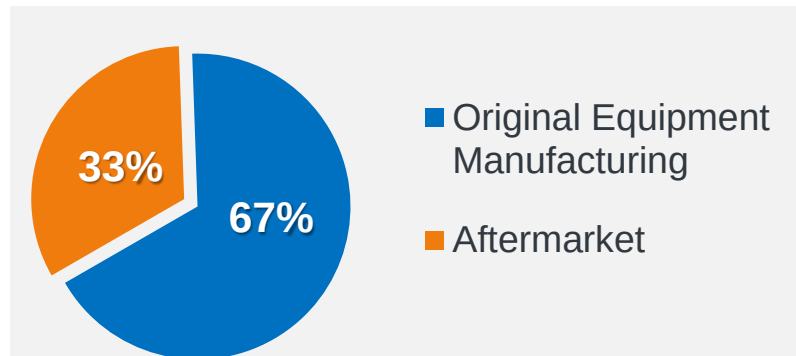
Headquarters	Bristol, CT USA
Total 2018 Revenue	\$1.5B
Employees	~5,900
Dividend History ²	85 Years

**Global Provider of Engineered Products,
Differentiated Industrial Technologies,
and Innovative Solutions Serving
Diversified End Markets**

INDUSTRIAL | 66%¹



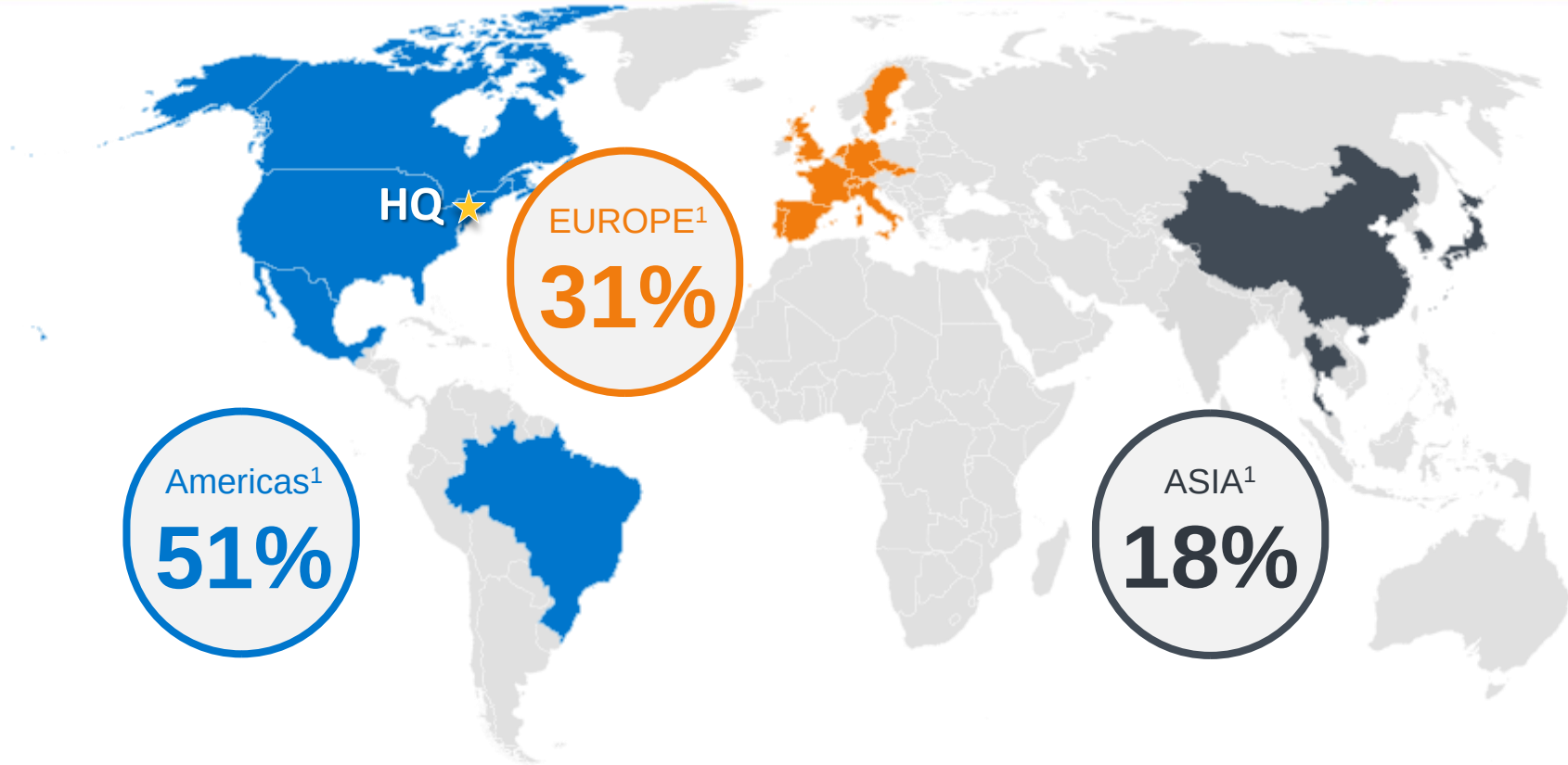
AEROSPACE | 34%¹



Growing Our Global Presence

LOCATIONS

	Sales & Technical Service	Manufacturing
INDUSTRIAL	63	30
AEROSPACE	2	16



Expand Footprint via
Acquisitions and Globalization

Focus
on Local for Local

Increase Aftermarket
Services/ Field Support

Creating Superior Value for Our Customers; Aligned with Industry Leaders



Providing Differentiated Service through
Global Network and Capabilities

Delivering Highly Valued Engineering and Manufacturing
Expertise from Initial Concept to Production

INDUSTRIAL

Engineered Solutions that
Enhance Performance

Applied Research and Technical
Service Centers

Active Onsite Customer
Engagement

AEROSPACE

Concurrent Engineering,
Complex Fabrication and
Machining Expertise

OEM Certified Spare Parts and
Repair Services; Life of Engine
Support



Portfolio Aligned with Several Long-Term Macro Drivers



**AGING POPULATION,
RISING HEALTH NEEDS**

Rising Rate of Diabetes and COPD

Greater Demand for Medical
& Pharmaceutical Devices

Accelerating Technology
Innovation

Product Safety &
Effectiveness

Rise in Home Healthcare



**CONSUMER-DRIVEN
SUSTAINABILITY**

Vehicle Fuel Efficiency / Light-weighting

Advanced Metal-forming
Applications

Carbon Fiber Reinforced
Polymers

Increased Utilization of Plastics
in Automobiles

Vehicle Electrification



PACKAGING INNOVATION

Safety / Design

High Volume Packaging
Applications

Multi-material Plastic Assemblies

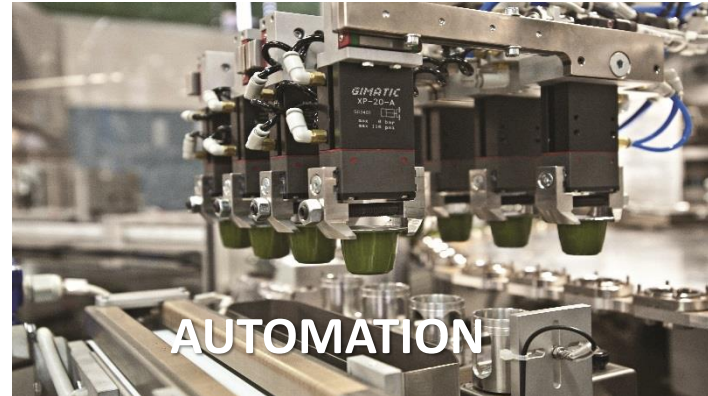
Thin-wall Technology

Portfolio Aligned with Several Long-Term Macro Drivers (Continued)



Increasing Air Travel

- Next Generation Aircraft
- Growing Aftermarket for Repairs & Spares
- Intra-Region Travel Demand Driving Narrowbody Production



Large & Growing Installed Base of Industrial Robots

- Emergence of Intelligent Robotic Handling Solutions
- Enhanced Manufacturing Control and Repeatability
- Perform More Complex Tasks at Higher Speeds
- Greater Affordability of Robotics

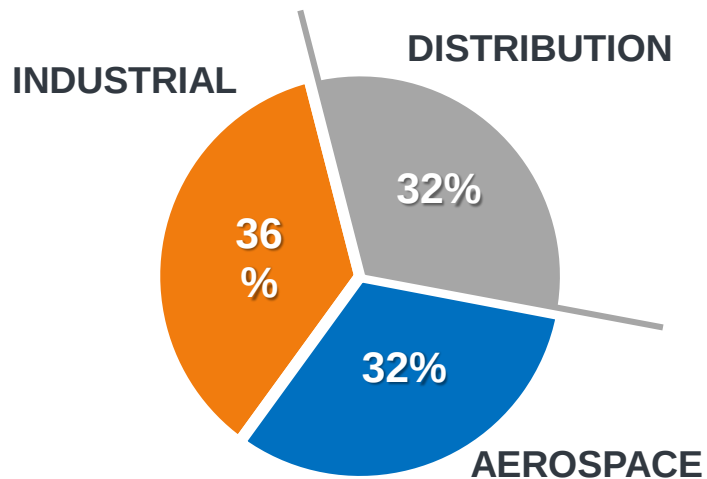


Advanced Digitalization and Smart Connectivity

- Smart Connected Factories to Drive Productivity
- Connected Services to Augment Core Value
- Advanced Robotics and Automation
- 3D Printing / Additive Manufacturing

Portfolio Transformation Has Driven Significant Financial Results

2010 SALES MIX¹



Sales ¹	\$1,133M
Op. Inc. ¹	\$86.5M
Op. Margin ¹	7.6%
Share Price ³	\$20.67
Market Cap ³	\$1.1B



PROACTIVE MANAGEMENT

Divested Distribution 2011 to 2013



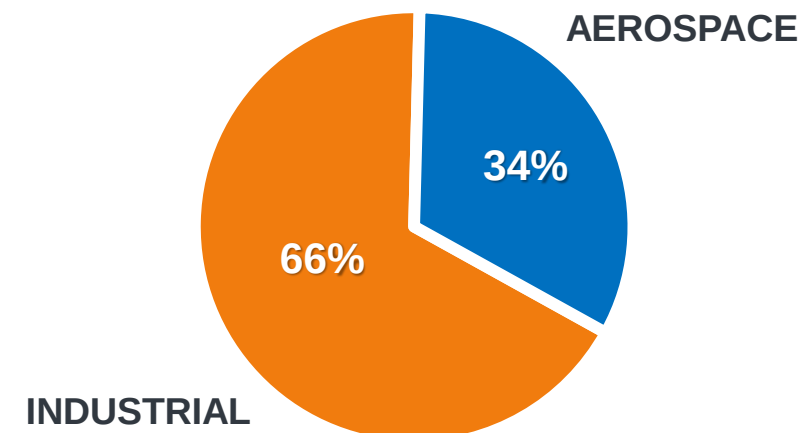
Built Molding Solutions 2012 to 2017



Launched Automation 2018, Established Force & Motion Control 2019



2018 SALES MIX



Sales	\$1,496M	+32%
Adj. Op. Inc. ²	\$239.7M	+177%
Adj. Op. Margin ²	16.0%	+840 bps
Share Price ³	\$53.62	+159%
Market Cap ³	\$2.8B	+155%

¹ 2010 Sales, Operating Income and Margin are "as reported" in the Company's 2010 10-K. 2010 Sales Mix re-calculated to reflect three segments – Aerospace, Industrial & Distribution vs. the original two reported segments of Precision Components & Logistics and Manufacturing Services. ² References to adjusted operating income and adjusted operating margin are non-GAAP measures. For a reconciliation to the appropriate GAAP measure, see the Appendix of this presentation. ³ Share Price and Market Cap as of December 31, 2010 and 2018.

Major Portfolio Shifts Over Last Several Years



WHERE WE **WERE**

WHERE WE **ARE**

PORTFOLIO COMPOSITION	3 Segments	2 Segments
PORTFOLIO PROFILE	Cyclical	More Secular
GEOGRAPHIC EXPOSURE	Overweight U.S.	Globally Balanced
PATENTS	~300	~1,500
CORE COMPETENCY	Manufacturing	Design, Applications, Manufacturing & Service
IP OWNERSHIP	Primarily Process	Process, Products & Systems
NEW MARKETS	-	Auto Model Changes, Medical, Personal Care & Packaging, Automation

Barnes Group Strategy



1

Build a World-class Company Focused on High Margin, High Growth Businesses

- Actively Manage Portfolio with a Focus on Multiple Platforms/Market Channels
- Identify End Markets with Long-term Sustainable, Profitable Growth
- Create Superior Value for Our Customers
- Target Global Expansion Aligned with Macro Trends

2

Leverage BES to be a Significant Competitive Advantage

- Achieve Commercial, Operational and Financial Excellence
- Drive Margin Expansion through Relentless Focus on Productivity
- Invigorate Employee Development, Empowerment and Engagement

3

Expand and Protect Our Core IP to Deliver Differentiated Solutions

- Build on Intellectual Property (IP) as Core Differentiator
- Drive Innovation in Processes, Products and Systems
- Share Best Practices through Global Innovation Forum

4

Effectively Allocate Capital to Drive Top Quartile TSR¹

- Drive Profitable Growth
 - Investment in Core to Drive Organic Growth
 - Disciplined, Strategic M&A
- Return Cash to Shareholders via Dividends and Buybacks

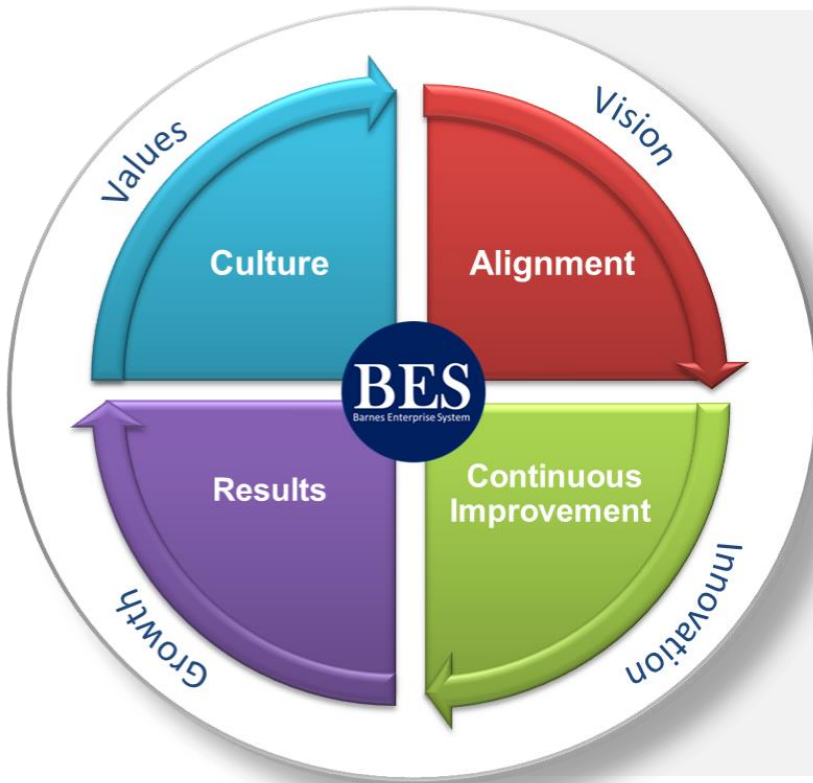
Recent Acquisitions Result in Stronger, More Diversified Portfolio



	YEAR	IP/CRITICAL PROCESS TECHNOLOGY	MARKET LEADERSHIP	ADDED END MARKET DIVERSITY	GLOBAL PRESENCE	CONSUMABLES/ RECURRING REVENUES
 Synventive molding solutions A business of BARNES GROUP INC	2012	✓	✓	✓	✓	✓
 männer SOLUTIONS FOR PLASTICS A business of BARNES GROUP INC	2013	✓	✓	✓	✓	✓
 THERMOPLAY HotRunnersystems A business of BARNES GROUP INC	2015	✓		✓	✓	✓
 PRIAMUS A business of BARNES GROUP INC	2015	✓	✓		✓	
 FOBOHA A business of BARNES GROUP INC	2016	✓	✓	✓	✓	✓
 Gammaflux A business of BARNES GROUP INC	2017	✓	✓		✓	
 IGS INDUSTRIAL GAS SPRINGS A business of BARNES GROUP INC	2018	✓		✓	✓	✓
 AMATIC A business of BARNES GROUP INC	2018	✓	✓	✓	✓	✓

✓ Some capability at time of acquisition.

Barnes Enterprise System (BES) is Our Fully Integrated Operating System



Promotes a **CULTURE** of Employee Engagement and Empowerment Reflecting Our Strong Corporate Values

Drives **ALIGNMENT** across the Organization around a Common Vision

Fosters **CONTINUOUS IMPROVEMENT** and Innovation in All of Our Business Processes

Achieves **RESULTS** that Drive Sustainable, Long-term Profitable Growth

Building a Foundation of Excellence, Empowerment and Growth

BES: Productivity Goals Focused on Five Main Areas



EARLY STAGE

OPPORTUNITY

MORE MATURE

- Revenue Focus
- Cost Focus

1 SALES EFFECTIVENESS
Volume and Pricing

2 LEVERAGE TECHNOLOGY
Innovation and New Product Introductions

3 GLOBAL SOURCING
Supply Chain and Logistics

4 OPERATIONAL EXCELLENCE
Performance and Quality

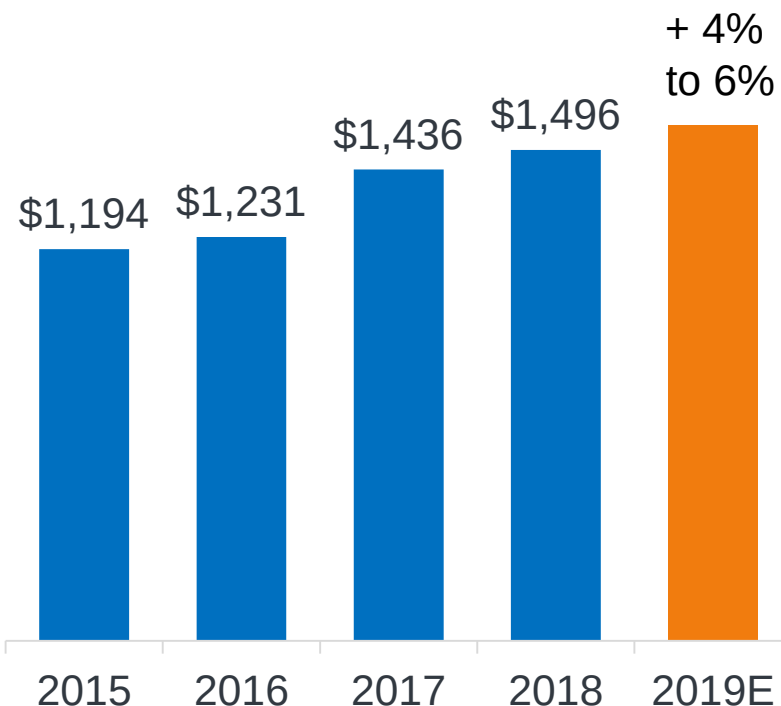
5 FUNCTIONAL EXCELLENCE
SG&A Optimization



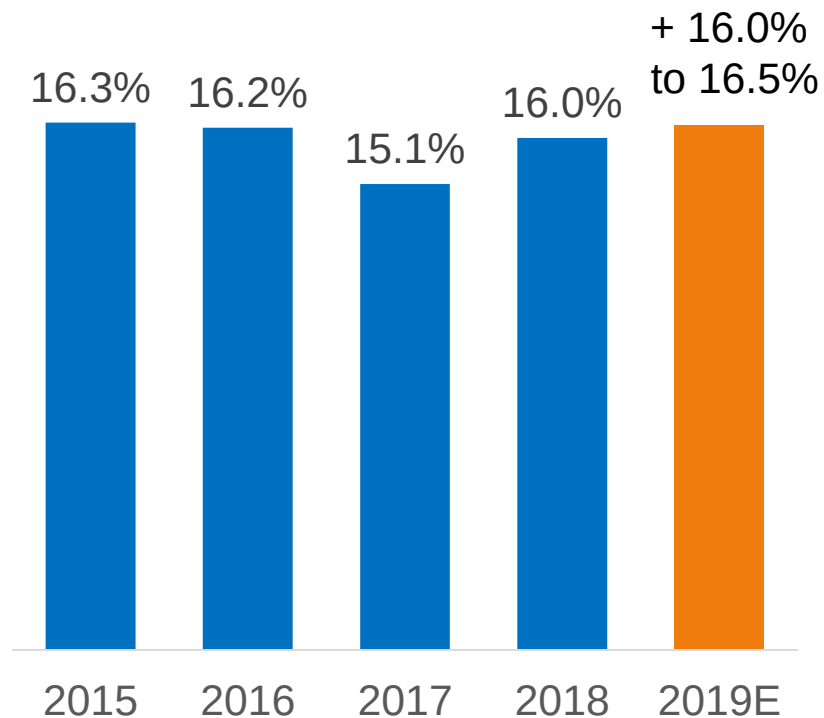
Financial Performance

Financial Performance Trends¹

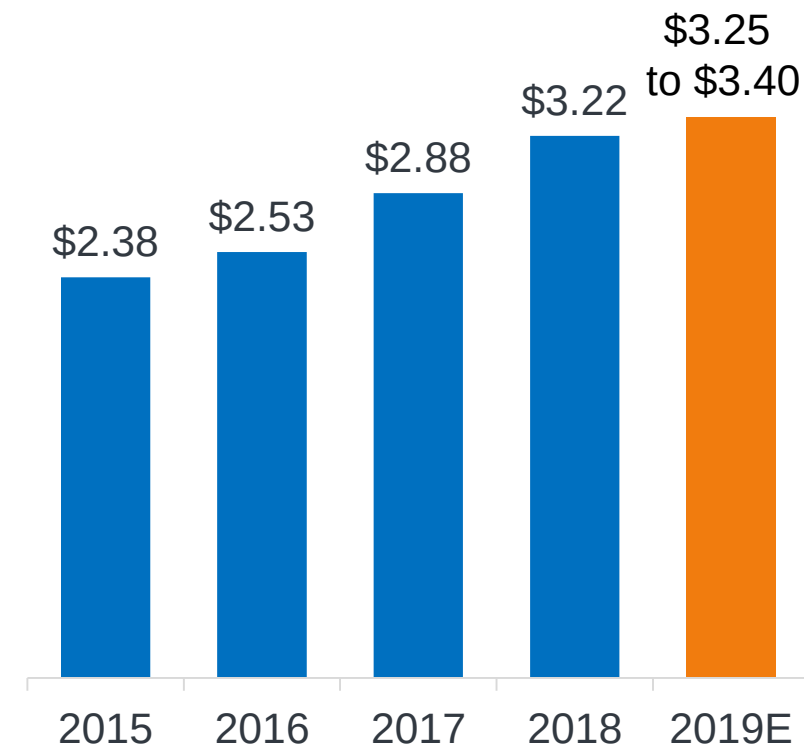
NET SALES (\$M)



ADJ. OPERATING MARGINS²



ADJ. EPS²



Strategy Execution Driving Strong Results

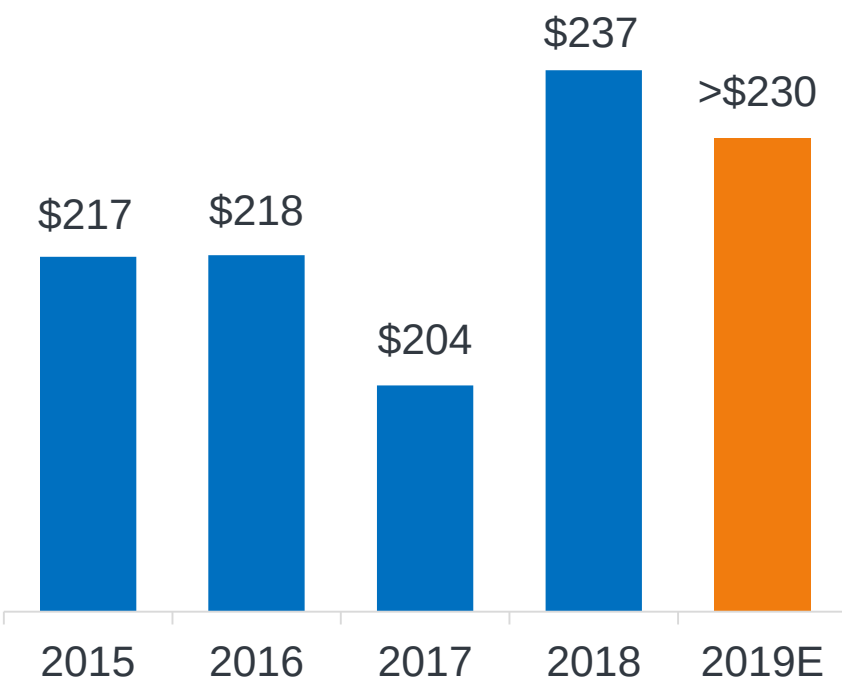


¹ Our 2019 full-year outlook is only as of our February 22, 2019 earnings release and is not being updated or affirmed at this time. ² References to Adjusted Operating Margin and Adjusted EPS are non-GAAP measures. For a reconciliation to the appropriate GAAP measure, see the Appendix of this presentation. For 2019 adjusted full year outlook, see our February 22, 2019 earnings release. Operating Margin results have been adjusted on a retrospective basis to reflect the impact of the adoption of revised guidance for the presentation of pension and other postretirement benefit costs in the first quarter of 2018.

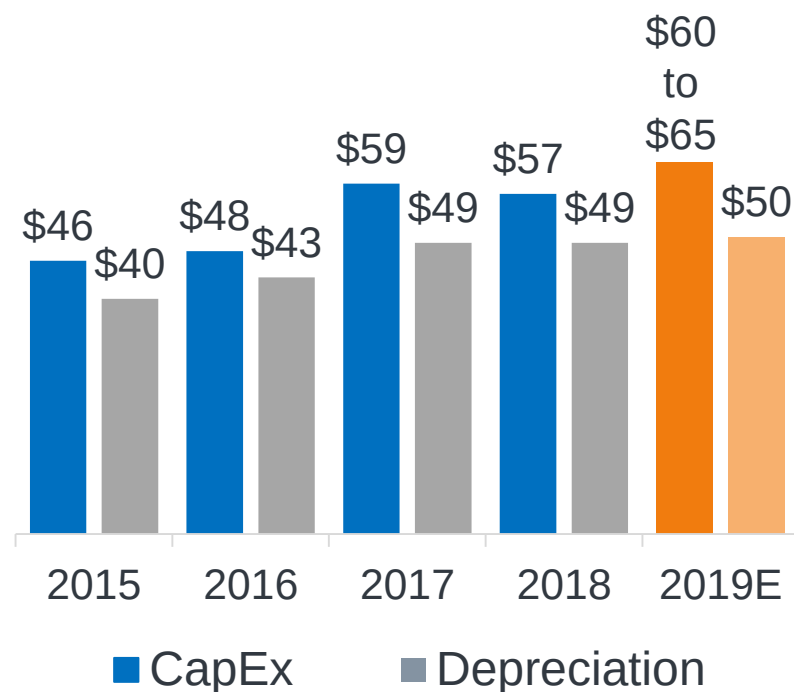
Cash Performance Trends¹ (\$M)



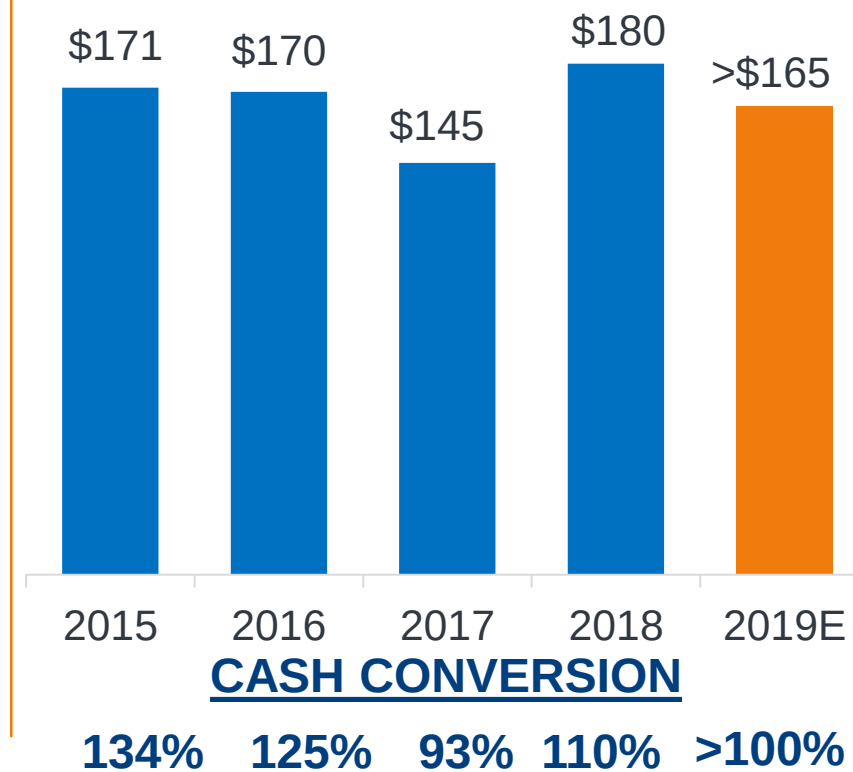
ADJ. CASH FROM OPERATIONS²



CAPITAL EXPENDITURES & DEPRECIATION

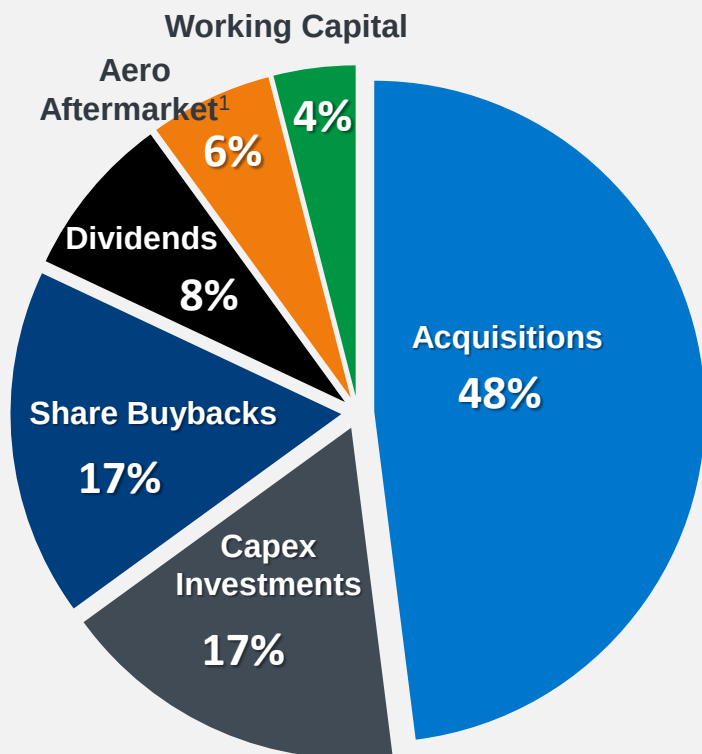


ADJ. FREE CASH FLOW²



Capital Allocation Framework

USES OF CASH 2013 TO 2018 ~\$1.9B



DRIVE ORGANIC GROWTH

- Annual Capex \$60M to \$65M; ~50% Growth Programs
- R&D and Innovation Investments
- New Product and Process Introductions

PURSUE STRATEGIC ACQUISITIONS

- Strict Strategic and Financial Criteria/Metrics
- Target Highly Engineered Products and Services
- Expand Global Reach/Channel Penetration

RETURN CASH TO SHAREHOLDERS

- 85 Years of Consecutive Dividend Payout; Expected to Grow Commensurate with Earnings Growth
- Opportunistic Share Repurchases, Largely to Offset Dilution

Strategic M&A Framework



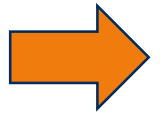
BROAD IP FOCUS

PROCESS

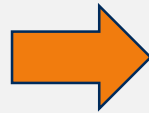
PRODUCT

SYSTEMS

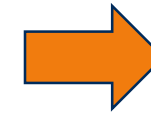
IN THE RIGHT MARKETS



CLOSE TO CORE



HIGH GROWTH /
MACRO-DRIVEN



DEFENSIVE

BUILDING ON EXISTING CAPABILITIES IN AEROSPACE & INDUSTRIAL

DIFFERENTIATED PROCESSES

Complex Machining

Hot Forming / Advanced Fabrications

Fine Blanking / Progressive Stamping

ENABLING TECHNOLOGIES

Plastics Processing Expertise

Thermal Management

Robotics/Automation Systems

Force Control Technology

Sensing & Control Systems

We Have a Disciplined Approach to M&A

STRATEGIC ACQUISITION FILTERS



Close to Core
Globalization Opportunity

SCALE /
ALIGNMENT

Recurring Revenues
Downturn Resilience

CYCLICAL
MODERATION

INTELLECTUAL
PROPERTY

Proprietary Technologies
IP Type / Complexity & Protection

ATTRACTIVE
MARKETS

Market Size / Fragmentation
Macro Trend Alignment

LEADERSHIP
POSITION

Market Share
Technical Expertise

PROFITABILITY

35%+ Gross Margin
20%+ EBITDA Potential



INVESTMENT RETURN CRITERIA

EPS ACCRETION in First Full Year • **IRR** > Cost of Capital • **ROIC** > Cost of Capital w/in 5 Yrs.



Industrial Segment



Industrial Highlights



Comprehensive Portfolio of Highly-Engineered, Differentiated Industrial Products and Technologies; High Barriers Include Patents and Trade Secrets

More Balanced End Market Portfolio Leveraged to Favorable Macro Trends

Focused and Strategically Aligned Business; Global Aftermarket Infrastructure in Place and Beginning to See Benefits – Early Days

Expanding Opportunities Include Continued Innovation, Global Presence and M&A

BES Continues to Enable Profitable Growth and Margin Expansion

Industrial Segment at a Glance



Leading Global Manufacturer of Highly-Engineered Products and Systems

OVERVIEW

BRANDS

2018 % OF REVENUE

LEADING CUSTOMERS

AUTOMATION

Robotic grippers, advanced end-of-arm tooling systems, sensors and other automation components for intelligent robotic handling solutions.

Gimatic

(New) 1%



MOLDING SOLUTIONS

A Comprehensive Portfolio of Premium Mold Based Products and Services Serving the High Quality Segments of the Plastic Injection Molding Industry.

Synventive • FOBOHA • Männer Priamus • Gammaflux • Thermoplay

50%



FORCE & MOTION CONTROL

Providing innovation solutions enabling customers to overcome challenges in metal forming, heavy duty suspension and industrial markets.

KALLER • HYSON AS RAYMOND Industrial Gas Springs

20%



ENGINEERED COMPONENTS

Comprised of a comprehensive range of manufacturing capabilities including fine-blanked solutions, precision components, snap & retaining rings and assemblies for industrial applications.

Associated Spring Seeger • Hänggi

29%

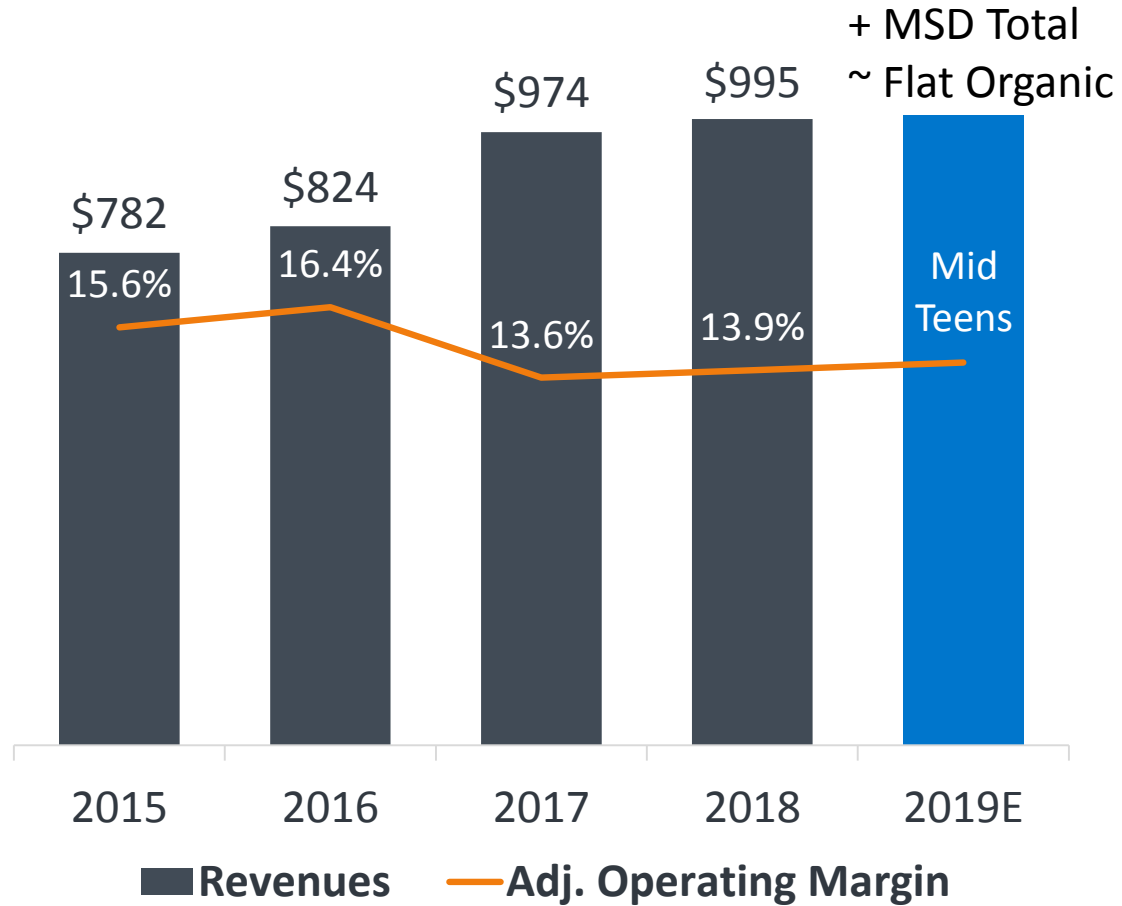


**Provide Value-added Engineering: R&D, Manufacturing, Test and Evaluation;
Serving Customers in Auto, Medical, Packaging, Personal Care, Automation and Other Industrial**

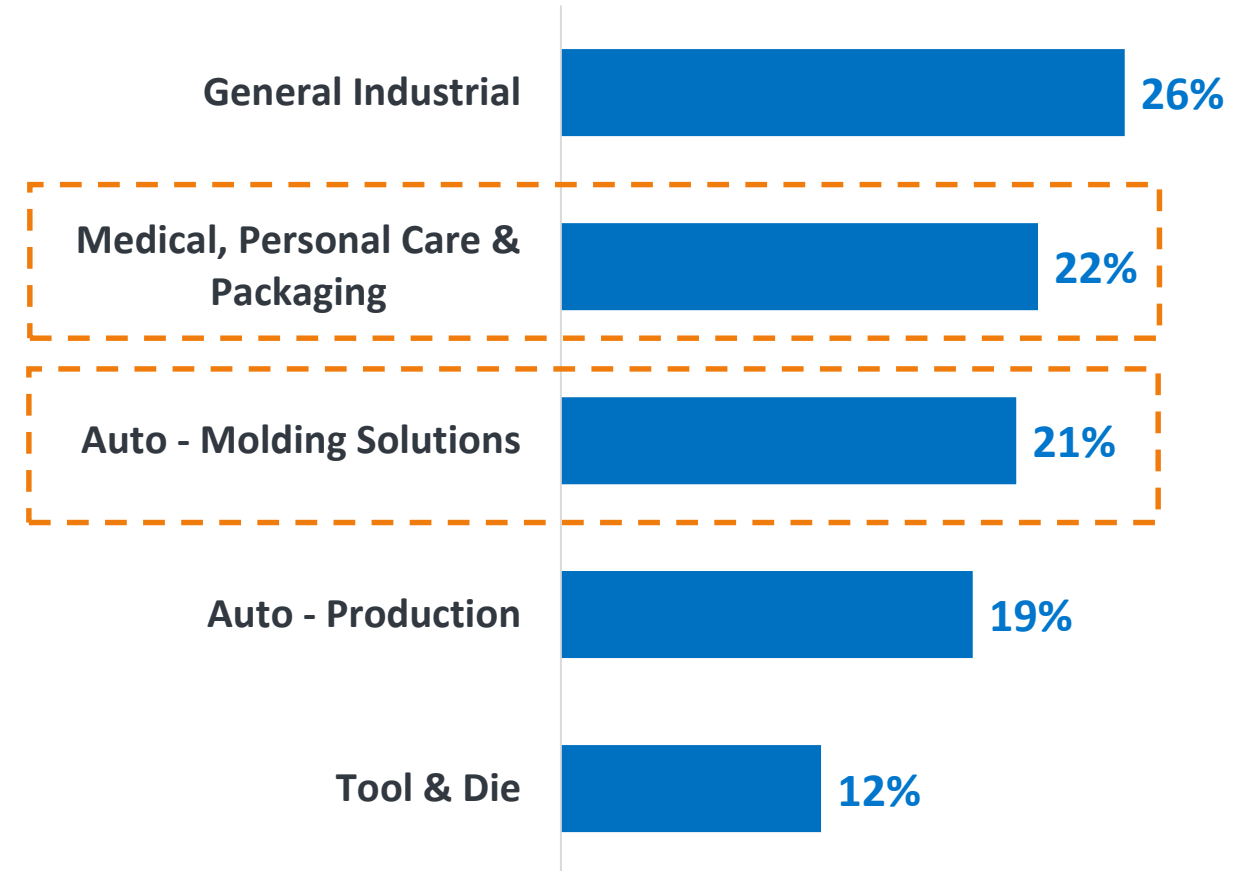
Continuing Profitable Growth through New Markets



REVENUES / ADJ. OPERATING MARGIN (\$M)¹



END MARKETS²

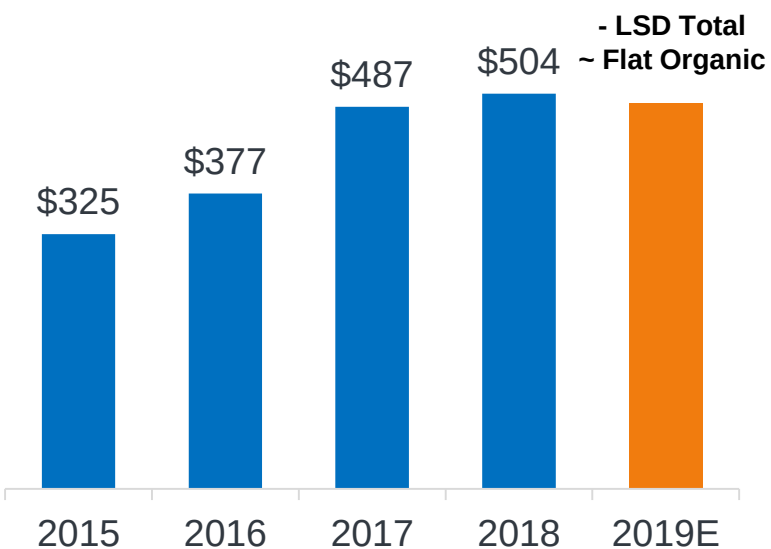


NEW MARKETS WITH TRANSFORMATION

Molding Solutions Overview



REVENUES (\$M)¹



END MARKETS²

43% MEDICAL, PERSONAL CARE & PACKAGING

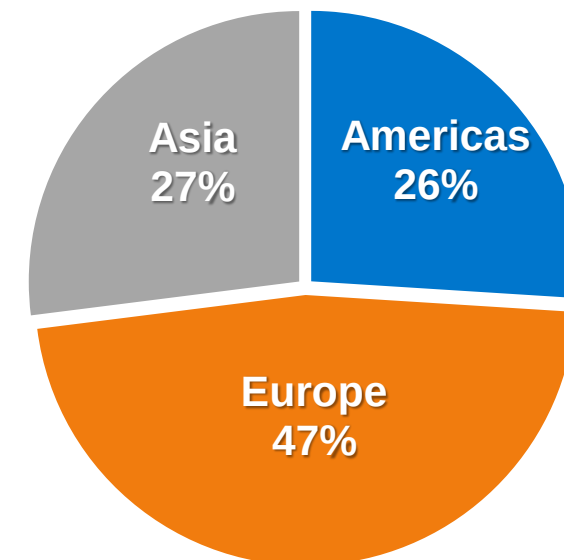
- Strong Brands: Männer, FOBOHA

41% AUTO MOLDING SOLUTIONS

- Market Leader with Synventive

16% GENERAL INDUSTRIAL

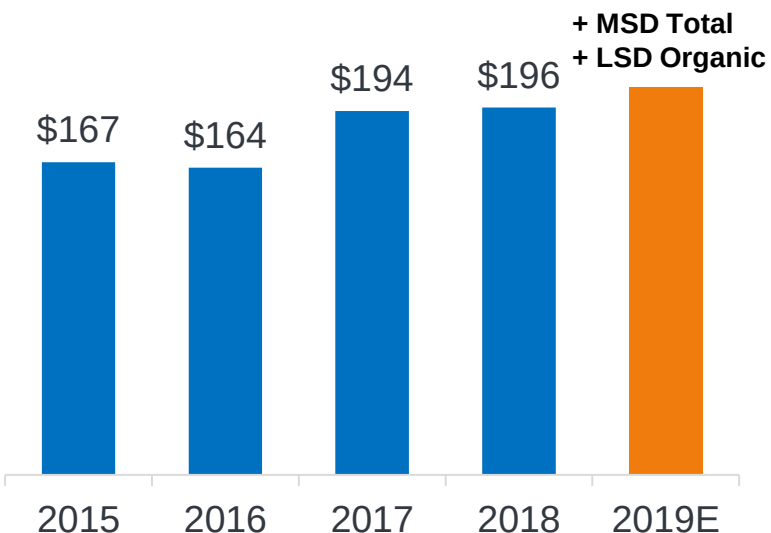
GEOGRAPHY²



Force & Motion Control Overview



REVENUES (\$M)¹



END MARKETS²

59% TOOL & DIE

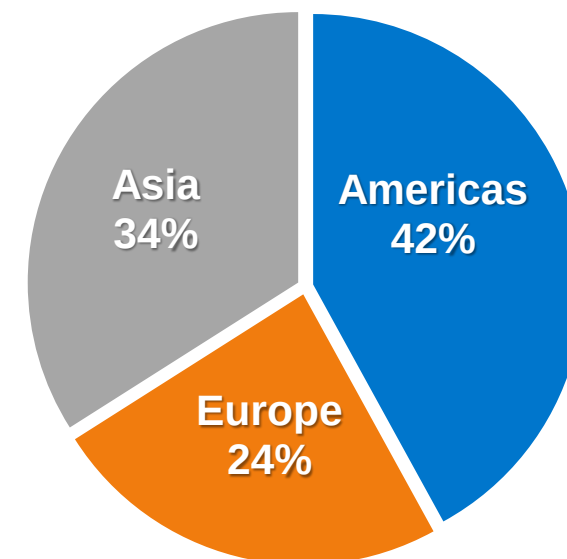
- Market Leader
- High-quality Brands: KALLER and HYSON
- More Controlled Force in Less Space

38% GENERAL INDUSTRIAL

- Brands: Raymond, IGS and KALLER

3% OTHER

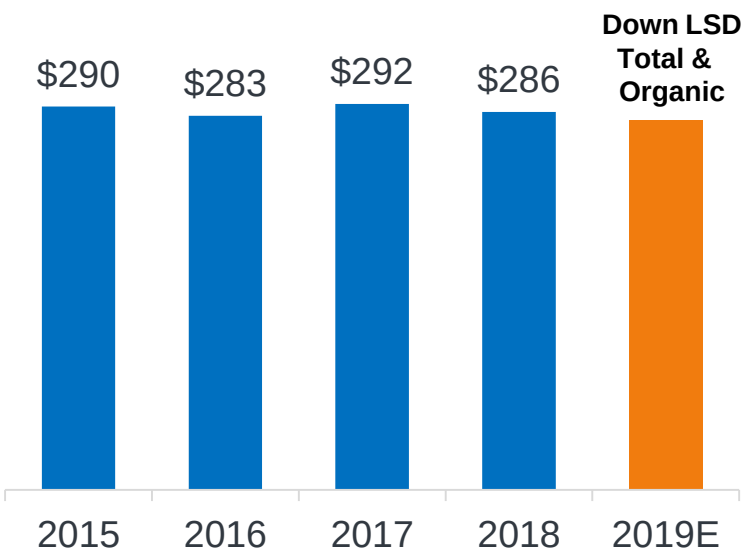
GEOGRAPHY²



Engineered Components Overview



REVENUES (\$M)¹



END MARKETS²

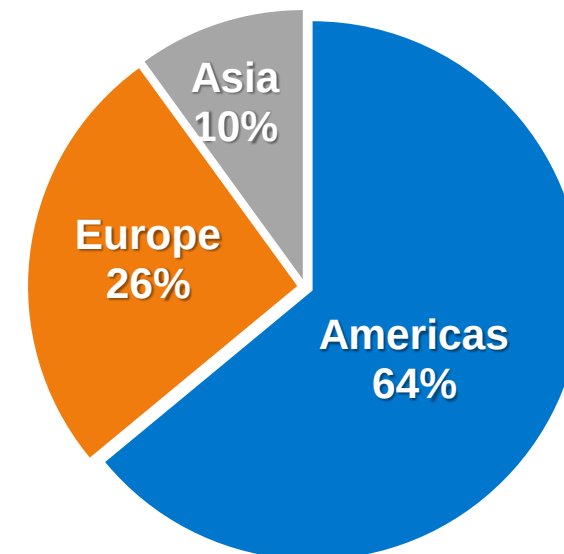
65% AUTO PRODUCTION

32% GENERAL INDUSTRIAL

3% OTHER

Well-respected brands : Associated Spring, Seeger-Orbis & Heinz Hänggi

GEOGRAPHY²



¹ Our 2019 full-year outlook is only as of our February 22, 2019 earnings release and is not being updated or affirmed at this time. Historical performance recast to reflect the move of AS Raymond from Engineered Components to Force and Motion Control. ² Percentage split by 2018 Revenue. Company estimates.

Automation Overview



REVENUES¹

2019E of \$62M to \$65M,
up double digits % from FY'18

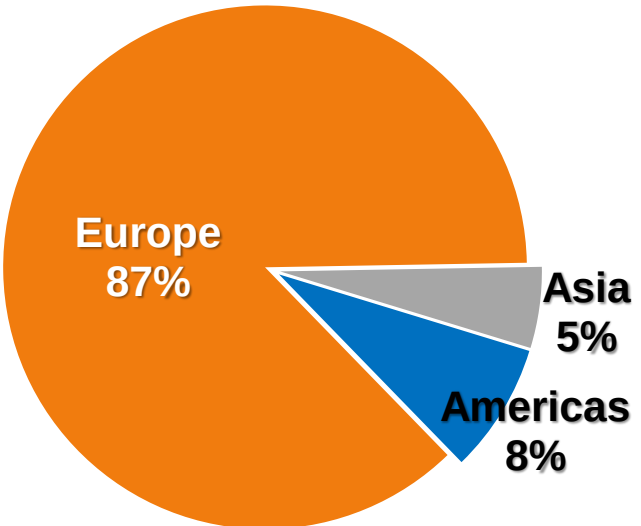


END MARKETS

100% AUTOMATION

IN APPLICATIONS SUCH AS
AUTOMOTIVE, FACTORY
AUTOMATION, FOOD &
BEVERAGE, TOOLING,
HOME APPLIANCES,
PHARMA & MEDICAL,
AMONG OTHERS

GEOGRAPHY²



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Industrial Segment Strategic Path Forward



Accelerate Growth

- Align Capabilities & Footprint to Key Market Trends/Global Customers
- Invest in Strong Innovation Pipeline
- Leverage Functional & Operational Synergies across SBUs
- Expand Aftermarket & Global Reach
- Target Strategic Acquisitions

Expand Margin

- Drive toward World-class Commercial Excellence
- Utilize BES Enablers to Improve Productivity
- Optimize Global Spend



Aerospace Segment



Aerospace Highlights



Continued Growth with Transition from Legacy to New Engine Programs

Concurrent Engineering Expertise and Execution through BES Creating Strong Customer Relationships

Flexible New Product Introduction Processes Creating Innovative Solutions to Address Customer Challenges

Drive Aftermarket Presence through Investments and Partnerships

Aerospace at a Glance



OVERVIEW

2018 % OF
REVENUE

LEADING
CUSTOMERS

OEM

*Highly Engineered Machined and
Fabricated Components*

*Concurrent Engineering, New Product
Introduction and Execution through BES*

67%



Safran • Boeing • Honeywell
Bell Helicopter • Northrop Grumman

AFTERMARKET

MRO

*OEM-Source Approved Repair portfolio and
Repair Development for major OEMs*

*FAA/EASA/CAAC¹ Certified Engine
Component Repair Stations*

Component Repair Programs (CRPs)

33%



Korean Air • Delta • Iberia
Safran • SR Technics • SAESL
HAESL • Pratt & Whitney • MTU

SPARE PARTS

Revenue Sharing Programs (RSPs)

*Select Aftermarket Spare Parts for CFM56
and CF6 Engines*



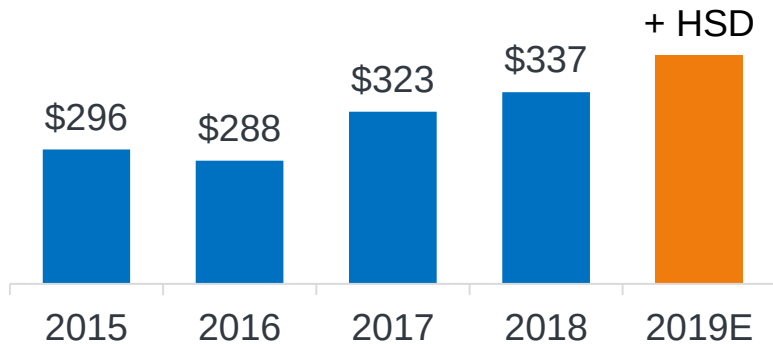
*GE's Airline and
Repair Shop Customers*

Well-Positioned in Commercial Aerospace Markets

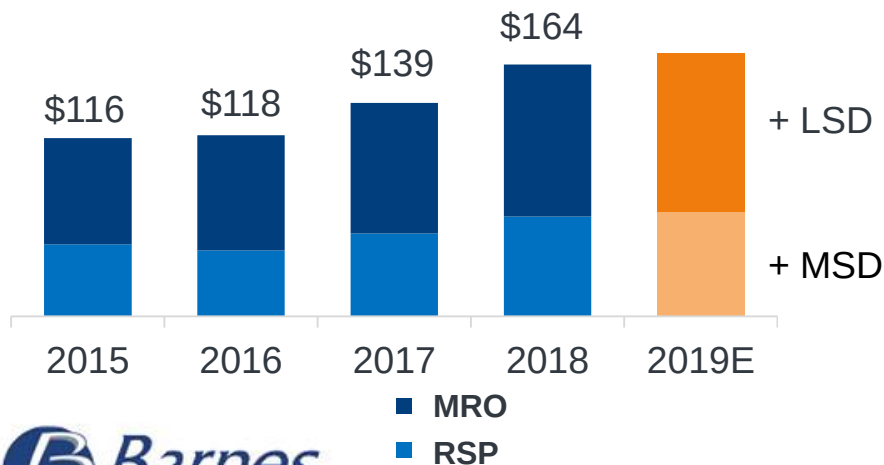
Aerospace Overview | New Engine Platforms Fueling Our Growth

REVENUES (\$M)¹

OEM



Aftermarket



AEROSPACE TRENDS

- Unprecedented number of new airplanes introduced
- Commercial aircraft portfolio renewed
- Very large aircraft in decline (A380/B747)
 - Engines T900, GP7200, GEnx-2B
- Large aircraft (twin aisle) modest growth (B777/B787/A330/A350)
 - Engines GE90, GE9X, GEnx-1B, T1000, T700, T7000, XWB
- Single aisle growing (B737 MAX/A320neo)
 - Engines CFM56, LEAP B, V2500, LEAP A, GTF
- CFM56 shop visits (aftermarket) increasing (B737/A320ceo)
 - Engine time on wing driving MRO growth
 - Still in production/25+ year lifecycle

Aerospace Product Lifecycle



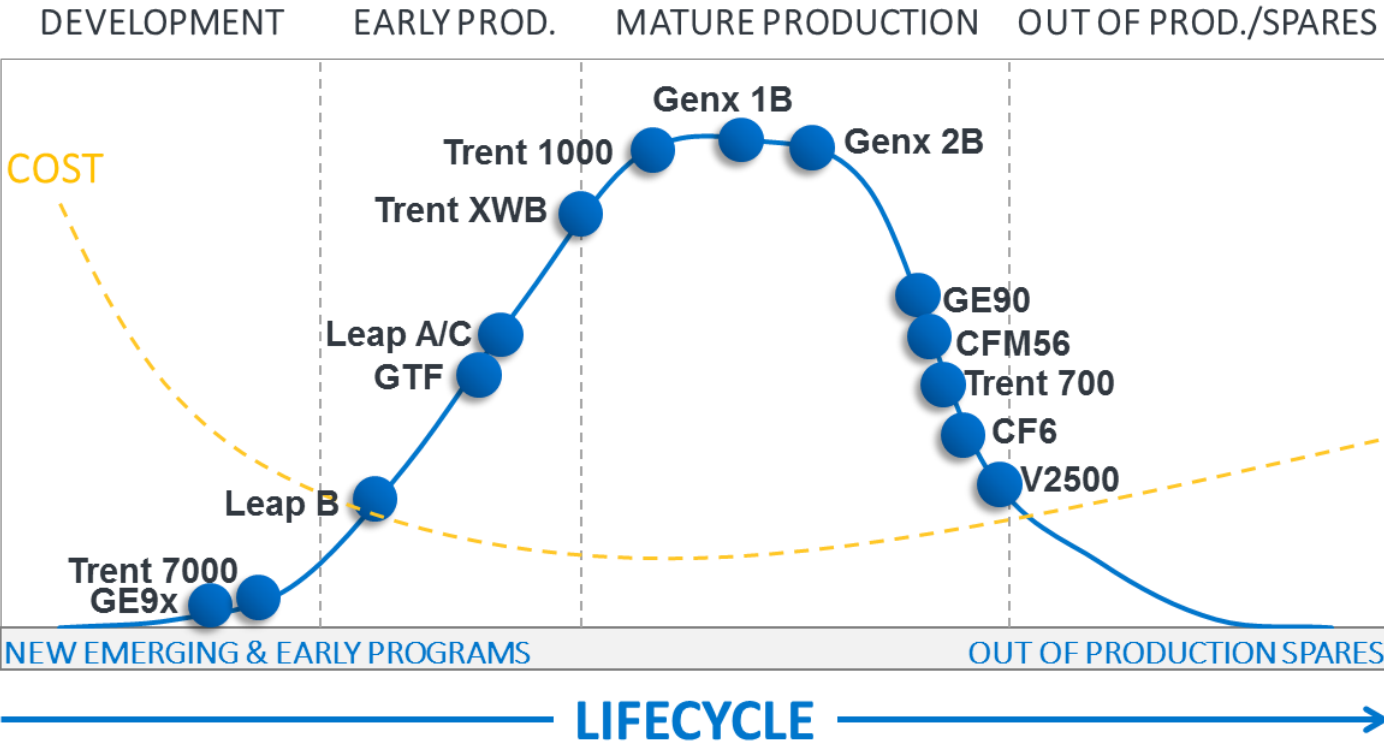
NEW PLATFORMS

Design Change Management

Rate Readiness

Dual Sourcing

Learning Curve



LEGACY PLATFORMS

Pricing Pressure

Cost Cycle

Repair Development/Service Network

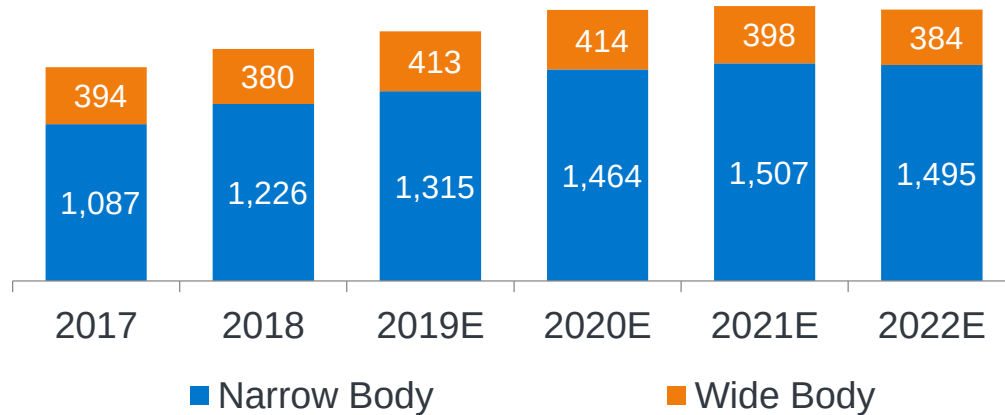
Spares Management

Focused on Platform Transition and Managing Ramp

OEM Market Environment



COMMERCIAL AIRCRAFT UNITS¹



OEM SALES PER AIRCRAFT (\$K)²

Boeing 777 (GE90)	~\$900
Boeing 787 (GEnx-1B/Trent 1000)	~\$200
Airbus A350 (XWB)	~\$500
Airbus A320neo (LEAP A)	~\$200 to ~\$250
Boeing 737 (LEAP B)	~\$50 + Opportunity

- Airbus and Boeing backlog at robust levels; equivalent to ~8 years of estimated production
- 2018 leading indicators such as GDP growth, air traffic growth, and airline profitability continue to be healthy
- Strong commercial aircraft deliveries forecasted over next several years; narrow body ramping

Well-Positioned with Innovative Solutions and Services

Opportunities for Growth

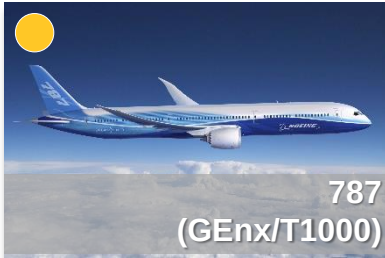
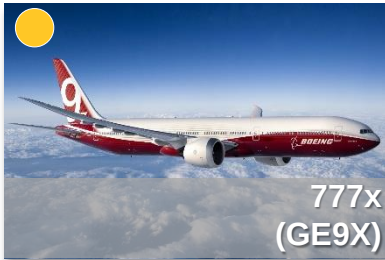


PROGRAMS

NARROW BODY



WIDE BODY



● Active Participation



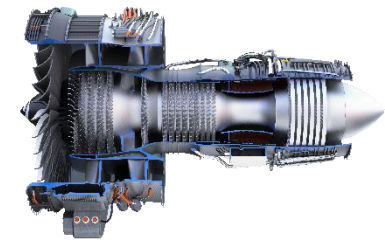
CUSTOMERS

- ▶ AIRBUS
- ▶ BOEING
- ▶ GE AVIATION
- ▶ ROLLS-ROYCE
- ▶ COLLINS AEROSPACE
- ▶ SAFRAN
- ▶ PRATT & WHITNEY
- ▶ MTU AERO ENGINES
- ▶ KAWASAKI HEAVY INDUSTRIES
- ▶ MITSUBISHI HEAVY INDUSTRIES
- ▶ GKN AEROSPACE



PRODUCT LINES

ENGINE



NACELLE

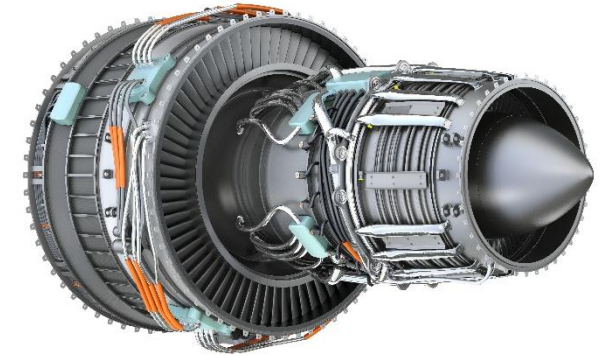


AIRFRAME



Aftermarket Drivers

- Growing passenger traffic
- Highly regulated industry by FAA, EASA and CAAC¹
- Source approval controlled by customers
- Niche capabilities on large engine cases
- CFM56: most successful commercial engine
 - Installed base: ~28,000² engines
 - 2017: ~1,400 built
 - 2018: ~1,040 built
 - Latest model (5B & 7B) just entering 1st shop visit cycle
- Product Lifecycle: ~25 years



2019 to 2028 Engine MRO Market Estimated to Grow at ~5%³ CAGR

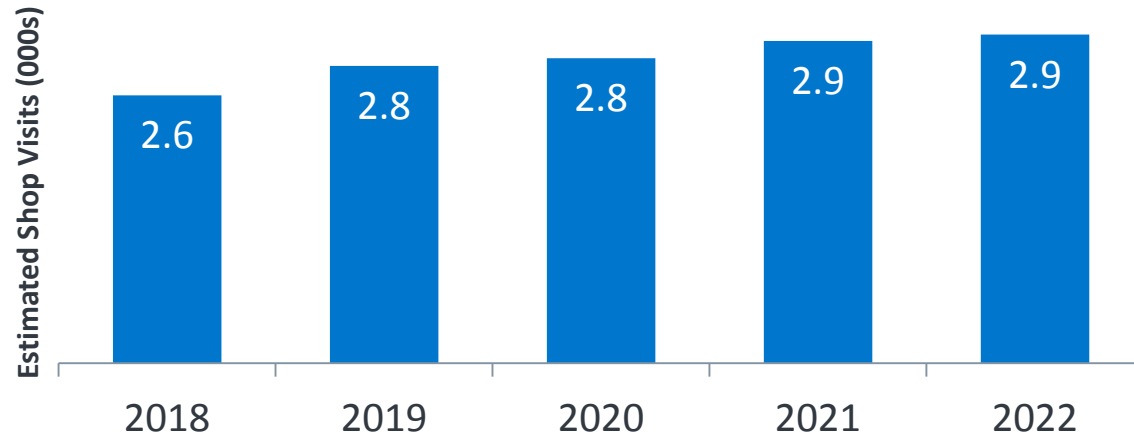
Aftermarket Programs



Revenue Sharing Programs (RSPs)

- Exclusivity to supply GE certain aftermarket spare parts
- Covers life of CFM56 & CF6 commercial engine programs
- 13 agreements entered between 2003 – 2007; Agreement to cover dual-use parts in 2018
- Investment: \$300M; amortized as a reduction of sales

CFM56 Family of Engines¹

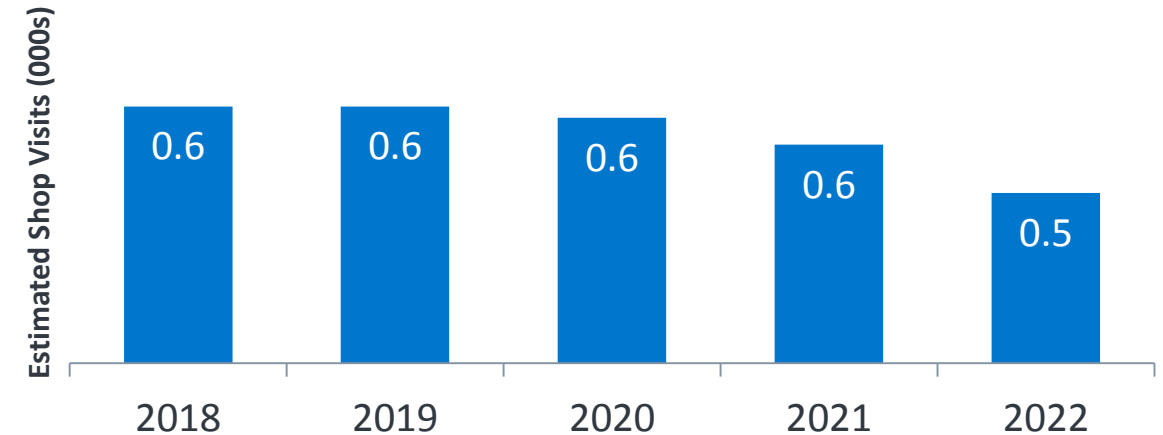


■ Estimated Shop Visits

Component Repair Programs (CRPs)

- License for GE-certified repair of certain critical components; enables access to serve global market
- Covers life of CFM56, CF6 & CF34 engine programs
- Agreements: 3; entered between 2013 - 2015
- Investment: \$112M; amortized as a reduction of sales

CF6 Family of Engines¹



Aerospace Strategic Path Forward



Execution

- Utilize Barnes Enterprise System to Drive Our Competitive Advantage
- New Product Introduction Driving Customer Excellence through Speed and Agility

Fabrication

- Focus on Growth in Engine, Nacelle and Airframe
- Optimize Footprint and Expand Customer Base

LEAP Program

- Flawless Execution of LEAP Program in Support of GE Ramp
- Create Further Opportunities through Flexibility and Performance

Aftermarket Business

- Enhance OEM and Key Airline Relationships to Achieve Growth Expectations
- Build on Regional Capability to Enhance Growth Opportunities

Acquisitions

- Focus on Opportunities that Create Value with IP and Content on Strategic Programs



Why Invest In Barnes Group?



A Strong Legacy and Bright Future



Business Transformation Delivering Enhanced Growth and Margin Performance

Building Portfolio of Differentiated Technologies and Highly-engineered Products

Reinvigorating Our Innovation Process with a Significant Focus on IP

Clear Strategy to Drive Sustainable, Long-term Profitable Growth

Passionate, Experienced Leadership Team Fostering Cultural Transformation



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; 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 this Annual Report. The Company assumes no obligation to update its forward-looking statements.

Non-GAAP Financial Measure Reconciliation (1 of 4)



(Dollars in thousands)
(Unaudited, See note below)

	Twelve Months Ended December 31,			
	2018	2017	2016	2015
SEGMENT RESULTS				
Operating Profit - Industrial Segment (GAAP)	\$ 130,404	\$ 122,849	\$ 131,799	\$ 115,099
Männer short-term purchase accounting adjustments	-	-	-	1,481
Thermoplay short-term purchase accounting adjustments	-	-	-	1,167
FOBOHA short-term purchase accounting adjustments	-	2,294	2,316	-
IGS short-term purchase accounting adjustments	2,887	-	-	-
Gimatic short-term purchase accounting adjustments	2,707	-	-	-
Acquisition transaction costs	2,350	-	1,164	970
Restructuring/reduction in force	-	7,460	-	3,448
Operating Profit - Industrial Segment as adjusted (Non-GAAP)¹	\$ 138,348	\$ 132,603	\$ 135,279	\$ 122,165
Operating Margin - Industrial Segment (GAAP)	13.1%	12.6%	16.0%	14.7%
Operating Margin - Industrial Segment as adjusted (Non-GAAP)¹	13.9%	13.6%	16.4%	15.6%
Operating Profit - Aerospace Segment (GAAP)	\$ 101,360	\$ 83,602	\$ 62,497	\$ 68,443
Restructuring/reduction in force	-	-	-	774
Contract termination dispute charges	-	-	3,005	2,788
Contract termination arbitration award	-	-	(1,371)	-
Operating Profit - Aerospace Segment as adjusted (Non-GAAP)¹	\$ 101,360	\$ 83,602	\$ 64,131	\$ 72,005
Operating Margin - Aerospace Segment (GAAP)	20.2%	18.1%	15.4%	16.6%
Operating Margin - Aerospace Segment as adjusted (Non-GAAP)¹	20.2%	18.1%	15.8%	17.5%

Non-GAAP Financial Measure Reconciliation (2 of 4)



(Dollars in thousands, except per share data)
(Unaudited, See note below)

CONSOLIDATED RESULTS

Operating Income (GAAP)

Männer short-term purchase accounting adjustments

Thermoplay short-term purchase accounting adjustments

FOBOHA short-term purchase accounting adjustments

IGS short-term purchase accounting adjustments

Gimatic short-term purchase accounting adjustments

Acquisition transaction costs

Restructuring/reduction in force

Contract termination dispute charges

Contract termination arbitration award

Operating Income as adjusted (Non-GAAP)¹

Operating Margin (GAAP)

Operating Margin as adjusted (Non-GAAP)¹

Diluted Net Income per Share (GAAP)

Männer short-term purchase accounting adjustments

Thermoplay short-term purchase accounting adjustments

FOBOHA short-term purchase accounting adjustments

IGS short-term purchase accounting adjustments

Gimatic short-term purchase accounting adjustments

Acquisition transaction costs

Restructuring/reduction in force

Contract termination dispute charges

Contract termination arbitration award

Pension lump-sum settlement charge

Tax benefit recognized for refund of withholding taxes

Effects of U.S. tax reform

Diluted Net Income per Share as adjusted (Non-GAAP)¹

Twelve Months Ended December 31,

	2018	2017	2016	2015
Operating Income (GAAP)	\$ 231,764	\$ 206,451	\$ 194,296	\$ 183,542
Männer short-term purchase accounting adjustments	-	-	-	1,481
Thermoplay short-term purchase accounting adjustments	-	-	-	1,167
FOBOHA short-term purchase accounting adjustments	-	2,294	2,316	-
IGS short-term purchase accounting adjustments	2,887	-	-	-
Gimatic short-term purchase accounting adjustments	2,707	-	-	-
Acquisition transaction costs	2,350	-	1,164	970
Restructuring/reduction in force	-	7,460	-	4,222
Contract termination dispute charges	-	-	3,005	2,788
Contract termination arbitration award	-	-	(1,371)	-
Operating Income as adjusted (Non-GAAP)¹	<u>\$ 239,708</u>	<u>\$ 216,205</u>	<u>\$ 199,410</u>	<u>\$ 194,170</u>
Operating Margin (GAAP)	15.5%	14.4%	15.8%	15.4%
Operating Margin as adjusted (Non-GAAP)¹	<u>16.0%</u>	<u>15.1%</u>	<u>16.2%</u>	<u>16.3%</u>
Diluted Net Income per Share (GAAP)	\$ 3.15	\$ 1.09	\$ 2.48	\$ 2.19
Männer short-term purchase accounting adjustments	-	-	-	0.02
Thermoplay short-term purchase accounting adjustments	-	-	-	0.01
FOBOHA short-term purchase accounting adjustments	-	0.03	0.03	-
IGS short-term purchase accounting adjustments	0.04	-	-	-
Gimatic short-term purchase accounting adjustments	0.04	-	-	-
Acquisition transaction costs	0.04	-	0.02	0.02
Restructuring/reduction in force	-	(0.01)	-	0.05
Contract termination dispute charges	-	-	0.03	0.03
Contract termination arbitration award	-	-	(0.03)	-
Pension lump-sum settlement charge	-	-	-	0.11
Tax benefit recognized for refund of withholding taxes	-	-	-	(0.05)
Effects of U.S. tax reform	(0.05)	1.77	-	-
Diluted Net Income per Share as adjusted (Non-GAAP)¹	<u>\$ 3.22</u>	<u>\$ 2.88</u>	<u>\$ 2.53</u>	<u>\$ 2.38</u>

Non-GAAP Financial Measure Reconciliation (3 of 4)



NOTES:

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

2018: 1) \$2,613 of adjustments made in 2018 to reduce the tax expense recorded in December 2017 related to the U.S. tax reform (commonly referred to as the Tax Cuts and Jobs Act), 2) short-term purchase accounting adjustments related to its Industrial Gas Springs (IGS) and Gimatic acquisitions and 3) transaction costs related to the IGS and Gimatic acquisitions.

2017: 1) The effects of U.S. tax reform (\$96,700), 2) short-term purchase accounting adjustments related to its FOBOHA acquisition, 3) charges from restructuring actions related to the closure and consolidation of two manufacturing facilities within the Industrial segment and 4) the related pension curtailment and settlement gains included in non-operating income.

2016: 1) Transaction costs related to its FOBOHA acquisition, 2) short-term purchase accounting adjustments related to its FOBOHA acquisition, 3) charges related to the contract termination dispute and 4) operating income related to the contract termination arbitration award and the non-operating interest income awarded.

2015: 1) Short-term purchase accounting adjustments related to its Männer and Thermoplay acquisitions, 2) transaction costs related to its Thermoplay and Priamus acquisitions, 3) restructuring and workforce reduction charges, 4) certain charges recorded in the Aerospace segment in the third quarter of 2015 related to a contract termination dispute following a customer sourcing decision, 5) the pension lump-sum settlement charge recorded in 2015 and 6) a tax benefit recognized in the third quarter of 2015 related to a refund of withholding taxes that were previously paid and included in tax expense in prior years.

The tax effects of these items, excluding the effects of U.S. Tax Reform in 2017 which impacted tax expense directly, were calculated based on the respective tax jurisdiction of each item. 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 (4 of 4)



(Dollars in thousands)
(Unaudited)

	Twelve Months Ended December 31,			
	2018	2017	2016	2015
FREE CASH FLOW (FCF):				
Net cash provided by operating activities ¹	\$ 237,199	\$ 203,920	\$ 217,646	\$ 217,475
Capital expenditures	(57,273)	(58,712)	(47,577)	(45,982)
Free cash flow ²	<u>\$ 179,926</u>	<u>\$ 145,208</u>	<u>\$ 170,069</u>	<u>\$ 171,493</u>
Free cash flow to net income cash conversion ratio (as adjusted):				
Net income	166,186	59,415	135,601	121,380
Effects of U.S. tax reform	(2,613)	96,700	-	-
Pension lump-sum settlement charge, net of tax	-	-	-	6,182
Net income (as adjusted) ³	<u>\$ 163,573</u>	<u>\$ 156,115</u>	<u>\$ 135,601</u>	<u>\$ 127,562</u>
Free cash flow to net income cash conversion ratio (as adjusted) ³	110%	93%	125%	134%

NOTES:

¹ The Company has reclassified certain components of 2015 Net cash provided by operating activities to reflect new accounting guidance related to certain aspects of share-based payments to employees.

² 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.

³ For the purpose of calculating the cash conversion ratio, the Company has excluded the following:

2018 & 2017: The effects of U.S. tax reform, commonly referred to as the Tax Cuts and Jobs Act, from net income.

2015: The pension lump-sum settlement charge, net of tax, from net income.

Powering Forward

