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## Barnes Group Inc. Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) And your first question comes from the line of Matt Summerville with KeyBanc.

#### **Matt J. Summerville - KeyBanc Capital Markets**

Good morning. A couple of questions. First on Distribution, can you talk about what you're seeing in terms of current order activity in both North America and Europe, and if you can characterize that by some of the major end markets you serve, that would also be helpful.

#### **Gregory F. Milzcik - President, CEO**

I think one of the things I'll comment on - because a lot of people look at Distribution as a leading indicator because it's such a diverse market - but we see a little bit of softness here and there, but overall it's still pretty stable. We don't think that there's a broad-based decline in any of the end markets that we're servicing.

#### **Matt J. Summerville - KeyBanc Capital Markets**

Do you expect this business in North America to rebound, or your North American business to rebound to positive organic growth beginning in the first quarter? And I guess as we move through '08, you talked about what you anticipate for margins. What are your organic growth targets for both North America and Europe?

#### **Gregory F. Milzcik - President, CEO**

Well, first of all, we're very cautious, so one point in time does not make a trend and January is the only numbers that we have plus part of February.

We've taken everything into account and are re-committing to the 8% operating margin for 2008.

We also believe that we have made a lot of changes and there's still going to be some turbulence, but we expect margins to improve throughout the year.

#### **Matt J. Summerville - KeyBanc Capital Markets**

So I guess can you go back to my organic growth question and maybe give a little more detail just on what your expectations are?

I'm trying to figure out what kind of top line growth, Greg, you are embedding into getting to that 8%. That's all.

**Gregory F. Milzcik - President, CEO**

Well first of all, I think that we've always characterized it as a GDP type of growth business because of its diverse end markets. But I think that we've been committed towards margin first, and we've given the management and leadership throughout the organization the flexibility that if they see sales that do not meet our model and our criteria that we can attrite those sales.

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