

MSC Completes Acquisition Of Barnes Group

The Associated Press

MELVILLE, N.Y. (AP) — MSC Industrial Direct Co. Inc. said Monday that it has completed its \$550 million acquisition of the [North American distribution business](#) [1] of Barnes Group Inc.

MSC, which is based in Melville, N.Y., is a major distributor of metalworking and maintenance supplies to industrial customers. The company said the deal expands its service and product offerings for customers and establishes a significant presence in the Canadian market.

Barnes Distribution North America, headquartered in Cleveland, provides inventory management and production supply items to customers. It has approximately 1,400 employees and generated revenue of roughly \$300 million in 2012.

MSC paid for the deal with a mix of existing cash and a new credit facility, which was closed simultaneously with the acquisition. The company said it expects the deal will add 15 to 20 cents per share to its fiscal 2014 earnings and 30 to 40 cents per share in 2015.

The distribution unit's parent, Barnes Group, said that it plans to use its after-tax proceeds of approximately \$400 million to reduce debt, buy back common shares, help pay for potential acquisitions and for general corporate purposes.

Barnes Group, which is based in Bristol, Conn., updated its 2013 guidance to include the impact of the sale and the costs of a previously-disclosed transition to a new CEO. It now expects to earn \$1.83 to \$1.98 per share on an adjusted basis for the year from continuing operations, up from \$1.52 in 2012. Analysts polled by FactSet had forecast earnings of \$2.09.

The company also said Monday that a U.S. Tax Court earlier this month rejected the company's objections to a \$16.5 million tax adjustment arising out of an IRS audit for 2000 through 2002 and imposing penalties. Barnes said it is currently evaluating its options, including appealing the decision. The company said its guidance does not include any impact on expected earnings or cash flow as a result of the court's decision.

Shares of MSC added 35 cents to reach \$77.86 in midday trading. Barnes Group shares fell 29 cents, or 1.1 percent, to \$26.85.

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