



Energy | Aerospace & Defense

Second Quarter 2014

Investor Review

Presented August 1, 2014

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Any statements in this presentation that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's future performance, including third-quarter revenue and earnings guidance, as well as the savings anticipated to result from the restructuring activities discussed herein. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. BEFORE MAKING ANY INVESTMENT DECISIONS REGARDING OUR COMPANY, WE STRONGLY ADVISE YOU TO READ THE SECTION ENTITLED "RISK FACTORS" IN OUR MOST RECENT ANNUAL REPORT ON FORM 10-K AND SUBSEQUENT REPORTS ON FORMS 10-Q, WHICH CAN BE ACCESSED UNDER THE "INVESTORS" LINK OF OUR WEBSITE AT WWW.CIRCOR.COM. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Within this presentation the Company uses non-GAAP financial measures, including adjusted net income, adjusted earnings per diluted share, adjusted operating income, adjusted operating margin, net debt and free cash flow. These measures are intended to serve as a complement to results provided in accordance with accounting principles generally accepted in the United States. CIRCOR believes that such information provides an additional measurement and consistent historical comparison of the Company's performance. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's second-quarter 2014 news release available on its website at www.circor.com.

Q2 2014 Financial Highlights



- **Orders of \$204 million** **+2%**
- **Revenues of \$208 million** **(7%)**
- **Adjusted Operating Margin of 10.7%** **+70 bps**
- **Adjusted EPS of \$0.91** **+12%**

Note: AOI Margin and Adjusted EPS exclude net special and restructuring charges, including \$1.3 million related to restructuring and \$5.1 million in inventory charges related to the restructuring of certain landing gear product lines, net of taxes.

Energy Segment Highlights



\$US, in millions except per share data and percentages

	Q2 2014	Q2 2013	YOY Change
Revenues	160.6	173.6	(7%)
Adjusted operating margin	14.6%	13.3%	130 bps

- **Revenues decreased 7%**
 - Lower upstream large international project shipments
 - Higher volumes in upstream North American short-cycle business
 - Downstream instrumentation & sampling business up
 - Favorable foreign currency impact
- **Adjusted operating margin increased 130 bps**
 - Restructuring and productivity benefits offsetting volume declines



New zero leak, severe service control valve

Note: AOI Margin excludes special and restructuring charges.

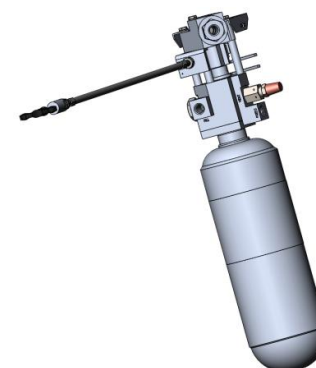
Aerospace & Defense Segment Highlights



\$US, in millions except per share data and percentages

	Q2 2014	Q2 2013	YOY Change
Revenues	47.3	50.1	(6%)
Adjusted operating margin	7.1%	11.4%	-430 bps

- **Revenues decreased 6%**
 - Lower landing gear sales
 - Higher actuation product shipments
 - Favorable foreign currency impact
- **Adjusted operating margin decreased 430 bps**
 - California operational inefficiencies
 - Restructuring benefits offsetting lower volume



Emergency blowdown systems
for landing gear failure

Note: AOI Margin excludes special and restructuring charges.

Q2 P&L Highlights



\$US, in millions except per share data and percentages

	Q2 2014	Q2 2013
Segments' adjusted operating income ¹	26.9	28.8
Special charges, net	1.3	2.2
Restructuring inventory charges (benefit), net	5.1	(0.2)
Corporate expenses ^{1,2}	4.6	6.6
Operating Income	15.8	20.3
Net interest (expense)	(0.9)	(0.8)
Other income (expense)	0.4	(0.6)
Income taxes	(3.4)	(6.1)
Net Income	11.9	12.7
Tax Rate	22.2%	32.6%
Diluted shares	17,767	17,607
US GAAP EPS	0.67	0.72
Adjusted EPS ³	0.91	0.81

¹Excludes special and restructuring charges

²Includes corporate stock based compensation of \$1.5 million and \$0.7 million for Q2 2014 and Q2 2013, respectively

³Excludes special and restructuring charges, net of tax

Q2 2014 Special and Restructuring-Related Items



\$US, in millions except per share data

	Amount
Special Charges	1.3
Inventory Restructuring Charges	5.1
Total Charges	6.4
EPS Impact	(0.24)

- **Aerospace & Defense segment recorded a backlog reduction of \$28.6 million associated with the exit of certain landing gear product lines in Q2 2014**
- **Total restructuring charges for the third quarter of 2014 are expected to be \$1.6 million to \$2.0 million**

Cash Flow and Debt Highlights



\$US, in millions except per share data and percentages

	<u>YTD 2014</u>	<u>YTD 2013</u>
Cash Flow from Operations	27.4	19.4
Capital Expenditures	<u>(5.6)</u>	<u>(8.8)</u>
Free Cash Flow	<u>21.8</u>	<u>10.6</u>
Total Debt	43.4	59.6
Cash, Cash Equivalents & ST Investments	116.4	60.9
Net Debt (Cash)	(73.0)	(1.4)
Debt to Equity	9%	14%

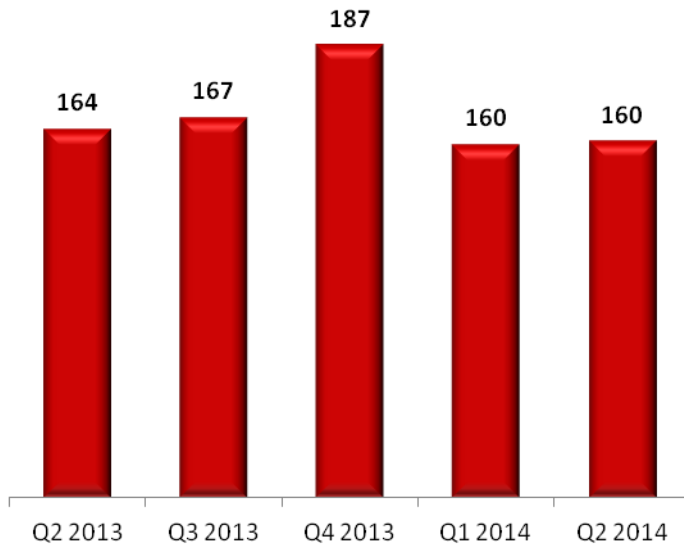
Note: Net Debt is defined as Total Debt less cash, cash equivalents and short term investments.

Order Trends



\$US, in millions

Energy



Aerospace & Defense



Q3 2014 Guidance as of August 1, 2014



\$US, in millions except per share data and percentages

	Q3 2014	
	Low	High
Revenue	200	215
Expected Adjusted Earnings Per Common Share (Diluted)	0.87	0.94
Less:		
Restructuring related charges		
Special charges	0.08	0.06
Expected Earnings Per Common Share (Diluted)	0.79	0.88

Note: Assumes 26% to 27% tax rate and exchange rates at present levels