



CIRCOR Reports Second-Quarter 2018 Financial Results

July 26, 2018

BURLINGTON, Mass.--(BUSINESS WIRE)--Jul. 26, 2018-- CIRCOR International, Inc. (NYSE: CIR), a leading provider of flow control solutions and other highly engineered products for the Industrial, Energy and Aerospace & Defense markets, today announced financial results for the second quarter ended July 1, 2018. Results include the acquisition of the Colfax Fluid Handling business, which CIRCOR acquired in December 2017.

Second-Quarter 2018 Highlights

- Orders of \$309.4 million, up 116% on a reported basis and up 15% on a pro forma organic basis
- Revenue of \$301.4 million, up 99% on a reported basis and up 9% on a pro forma organic basis
- GAAP Earnings per Share of \$0.30; Adjusted Earnings per Share of \$0.57
- Acquisition integration on track

"Our top-line momentum continued in the second quarter as most of our end markets remained strong," said [Scott Buckhout](#), President and Chief Executive Officer. "We generated over \$300 million of sales in the quarter. Our book to bill ratio was again above one, positioning us well for the second half of 2018."

"Our organizational re-alignment around end markets is producing results and our integration activities are on track. We remain confident in our ability to realize the committed synergies," added Buckhout.

"Our priorities remain driving long-term growth, generating strong cash flow and de-levering the Company by reducing debt and expanding margins," concluded Buckhout.

Third-Quarter 2018 Guidance

For the third quarter of 2018, CIRCOR expects revenue in the range of \$290 million to \$300 million, and GAAP loss per share of \$0.23 to \$0.06, which reflects acquisition-related amortization expense of \$0.52 to \$0.54 and other special and restructuring charges of \$0.09 to \$0.14. Excluding the impact of amortization, special and restructuring charges, adjusted EPS is expected to be in the range of \$0.45 to \$0.55 per share. Presentation slides that provide supporting information to this guidance and second-quarter results are posted on the "Investors" section of the Company's website, <http://investors.circor.com>, and will be discussed during the conference call at 9:00 a.m. ET tomorrow, July 27, 2018.

Selected Consolidated Results (unaudited)

(\$ millions except EPS)	Q2 2018	Q2 2017	Change
Revenue	\$ 301.4	\$ 151.2	99%
GAAP Operating Income	\$ 8.3	\$ 11.4	(27)%
Adjusted Operating Income ¹	\$ 24.8	\$ 12.0	107%
GAAP Operating Margin	2.7%	7.5%	(490) bps
Adjusted Operating Margin ¹	8.2%	8.0%	20 bps
GAAP Earnings Per Share (Diluted)	\$ 0.30	\$ 0.54	(44)%
Adjusted Earnings Per Share (Diluted) ¹	\$ 0.57	\$ 0.39	46%
Operating Cash Flow	\$ (1.9)	\$ 2.7	N/M
Free Cash Flow ²	\$ (5.9)	\$ 0.3	N/M
Orders	\$ 309.4	\$ 142.9	116%

Segment Results

(\$ millions)	Q2 2018	Q2 2017	Change
Industrial			
Revenue	\$ 131.1	\$ 29.7	341%
Segment Operating Income	\$ 15.0	\$ 4.9	206%
Segment Operating Margin	11.5%	16.5%	(500) bps
Orders	\$ 136.7	\$ 29.9	357%

Energy

Revenue	\$ 112.8	\$ 78.3	44%
Segment Operating Income	\$ 9.2	\$ 8.2	12%
Segment Operating Margin	8.2%	10.4%	(230) bps
Orders	\$ 113.2	\$ 73.1	55%

Aerospace & Defense

Revenue	\$ 57.5	\$ 43.3	33%
Segment Operating Income	\$ 7.0	\$ 4.4	59%
Segment Operating Margin	12.2%	10.1%	210 bps
Orders	\$ 59.4	\$ 39.9	49%

1. Adjusted Consolidated and Segment Results for Q2 2018 exclude non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$16.6 million (\$5.5 million, net of tax). These charges include: (i) \$13.5 million charge for non-cash acquisition-related intangible amortization expense and amortization of the step-up in fixed asset values; (ii) \$1.9 million charge related to restructuring activities, primarily severance, related to our Engineered Valves, Reliability Services and Germany-based Pumps business; and (iii) \$1.2 million primarily related to the separation of the Fluid Handling business from Colfax Corporation and exiting a product line. Consolidated and Segment Results for Q2 2017 exclude special and restructuring charges and non-cash acquisition-related intangible amortization, totaling \$0.6 million (\$2.5 million, net of tax). These charges include (i) \$2.6 million charge for non-cash acquisition-related intangible amortization expense, (ii) \$5.3 million charge related to the sale of our France build-to-print business, (iii) \$1.3 million charge related to the exit of manufacturing operations in China, including \$0.8 million related to environmental clean-up costs, (iv) \$1.1 million charge related to other restructuring activities, primarily reductions-in-force, across Europe and North America, and (v) a \$9.7 million gain related to the revaluation of the contingent consideration for purchase of Critical Flow Solutions.

2. Free Cash Flow is a non-GAAP financial measure and is calculated by subtracting GAAP capital expenditures, net of proceeds from asset sales, from GAAP Operating Cash Flow.

N/M = Not meaningful

Conference Call Information

CIRCOR International will hold a conference call to review its financial results at 9:00 a.m. ET tomorrow, July 27, 2018. To listen to the live conference call and view the accompanying presentation slides, please visit "Webcasts & Presentations" in the "Investors" portion of CIRCOR's website. The live call also can be accessed by dialing (877) 407-5790 or (201) 689-8328. The webcast will be archived on the Company's website for one year.

Use of Non-GAAP Financial Measures

Adjusted operating income, Adjusted operating margin, Adjusted net income, Adjusted earnings per share (diluted), EBITDA, Adjusted EBITDA, net debt, free cash flow, organic growth, pro forma combined amounts and pro forma organic growth are non-GAAP financial measures. These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they better reflect our ongoing business and allow for meaningful period-to-period comparisons. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating the Company's current operating performance and future prospects in the same manner as management does, if they so choose. These non-GAAP financial measures also allow investors and others to compare the Company's current financial results with the Company's past financial results in a consistent manner.

For example:

- We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.
- We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.
- Due to the significance of the Fluid Handling acquisition and to provide a more meaningful comparison of changes in our orders and revenue, we also discuss these changes on a "pro forma organic" basis. Pro forma organic is calculated assuming the Fluid Handling acquisition was completed on January 1, 2017 and excluding the impact of changes in foreign currency exchange rates.

CIRCOR's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company's operating performance and comparing such performance to that of prior periods and to the performance of our competitors. We use such measures when publicly providing our business outlook, assessing future earnings potential, evaluating potential acquisitions and dispositions and in our financial and operating decision-making process, including for compensation purposes.

Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance

with accounting principles generally accepted in the United States. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is included in this news release.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended, and Section 21 E 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 press release that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's third-quarter 2018 guidance, our future performance, including realization of cost reductions from restructuring activities and expected synergies, and our corporate priorities. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to vary from expectations include, but are not limited to: our ability to respond to competitive developments and to grow our business, both domestically and internationally; changes in the cost, quality or supply of raw materials; our ability to comply with our debt obligations; our ability to successfully implement our acquisition, divestiture or restructuring strategies, including our integration of the Fluid Handling business; changes in industry standards, trade policies or government regulations, both in the United States and internationally; and our ability to operate our manufacturing facilities at current or higher levels and respond to increases in manufacturing costs. 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.

About CIRCOR International, Inc.

CIRCOR International, Inc. designs, manufactures and markets differentiated technology products and sub-systems for markets including oil & gas, industrial, aerospace & defense and commercial marine. CIRCOR has a diversified flow and motion control product portfolio with recognized, market-leading brands that fulfill its customers' mission critical needs. The Company's strategy is to grow organically and through complementary acquisitions; simplify CIRCOR's operations; achieve world class operational excellence; and attract and retain top talent. For more information, visit the Company's investor relations website at <http://investors.circor.com>.

CIRCOR INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

(in thousands, except per share data)

(UNAUDITED)

	Three Months Ended		Six Months Ended	
	July 1, 2018	July 2, 2017	July 1, 2018	July 2, 2017
Net revenues	\$ 301,368	\$ 151,231	\$ 576,948	\$ 296,439
Cost of revenues	213,117	103,563	412,393	202,139
GROSS PROFIT	88,251	47,668	164,555	94,300
Selling, general and administrative expenses	77,999	38,218	155,237	78,305
Special and restructuring charges (recoveries), net	2,000	(1,954)	14,446	(2,763)
OPERATING INCOME (LOSS)	8,252	11,404	(5,128)	18,758
Other expense (income):				
Interest expense, net	13,755	2,184	25,556	3,853
Other (income) expense, net	(3,759)	) 974	(5,620)	) 1,200
TOTAL OTHER EXPENSE, NET	9,996	3,158	19,936	5,053
(LOSS) INCOME BEFORE INCOME TAXES	(1,744)	) 8,246	(25,064)	) 13,705
(Benefit from) provision for income taxes	(7,646)	) (724)	(13,525)	) (37)
NET INCOME (LOSS)	\$ 5,902	\$ 8,970	\$ (11,539)	) \$ 13,742
Earnings (Loss) per common share:				
Basic	\$ 0.30	\$ 0.54	\$ (0.58)	) \$ 0.83
Diluted	\$ 0.30	\$ 0.54	\$ (0.58)	) \$ 0.82
Weighted average number of common shares outstanding:				
Basic	19,836	16,497	19,821	16,478
Diluted	20,005	16,762	19,906	16,726
Dividends declared per common share	\$ —	\$ 0.0375	\$ —	\$ 0.0750

CIRCOR INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(UNAUDITED)

Six Months Ended

OPERATING ACTIVITIES	July 1, 2018	July 2, 2017
Net (loss) income	\$ (11,539)	\$ 13,742
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation	14,491	7,345
Amortization	24,611	6,216
Bad debt expense (recovery)	532	(319)
Loss on write down of inventory	9,084	1,068
Compensation expense of share-based plans	2,866	1,386
Change in fair value of contingent consideration	—	(12,200)
Interest amortization	1,172	—
Loss (gain) on sale or write down of property, plant and equipment	1,124	(66)
Loss on sale of business	—	5,300
Changes in operating assets and liabilities, net of effects of acquisition and disposition:		
Trade accounts receivable	13,223	16,478
Inventories	(12,920)	(12,382)
Prepaid expenses and other assets	(17,534)	(8,011)
Accounts payable, accrued expenses and other liabilities	(27,146)	305
Net cash (used in) provided by operating activities	(2,036)	18,862
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(12,315)	(5,504)
Proceeds from the sale of property, plant and equipment	175	318
Business acquisition, working capital adjustment	6,300	1,467
Net cash used in investing activities	(5,840)	(3,719)
FINANCING ACTIVITIES		
Proceeds from long-term debt	137,162	333,021
Payments of long-term debt	(104,194)	(332,233)
Dividends paid	—	(1,251)
Proceeds from the exercise of stock options	440	707
Return of cash to seller	(61,201)	—
Net cash used in financing activities	(27,793)	(206)
Effect of exchange rate changes on cash and cash equivalents	(5,755)	4,056
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(41,424)	18,993
Cash, cash equivalents and restricted cash at beginning of period	112,247	58,279
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	\$ 70,823	\$ 77,272

CIRCOR INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(UNAUDITED)

	July 1, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 69,030	\$ 110,356
Trade accounts receivable, less allowance for doubtful accounts of \$6,704 and \$4,791, respectively	199,805	223,922
Inventories	244,153	244,896
Restricted cash	1,792	1,937
Prepaid expenses and other current assets	70,133	57,282
Total Current Assets	584,913	636,456
PROPERTY, PLANT AND EQUIPMENT, NET	217,471	217,539
OTHER ASSETS:		
Goodwill	501,723	505,762
Intangibles, net	481,585	513,364
Deferred income taxes	41,498	22,334

Other assets	11,995	9,407
TOTAL ASSETS	\$ 1,839,185	\$ 1,904,862
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 114,152	\$ 117,329
Accrued expenses and other current liabilities	105,922	170,454
Accrued compensation and benefits	32,041	34,734
Total Current Liabilities	252,115	322,517
LONG-TERM DEBT	819,779	787,343
DEFERRED INCOME TAXES	27,320	26,122
PENSION LIABILITY, NET	142,417	150,719
OTHER NON-CURRENT LIABILITIES	23,561	18,124
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock	212	212
Additional paid-in capital	442,318	438,721
Retained earnings	259,948	274,243
Common treasury stock, at cost	(74,472)	(74,472)
Accumulated other comprehensive loss, net of tax	(54,013)	(36,730)
Total Shareholders' Equity	573,993	601,974
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,839,185	\$ 1,906,799

CIRCOR INTERNATIONAL, INC.
SUMMARY OF ORDERS AND BACKLOG
(in millions)
UNAUDITED

	Three Months Ended		Six Months Ended	
	July 1, 2018	July 2, 2017	July 1, 2018	July 2, 2017
ORDERS (1) (3)				
Energy	\$ 113.2	\$ 73.1	\$ 242.9	\$ 173.2
Aerospace & Defense	59.4	39.9	119.2	96.3
Industrial	136.7	29.9	273.4	57.5
Total orders	\$ 309.3	\$ 142.9	\$ 635.5	\$ 327.0
BACKLOG (2) (3)				
	July 1, 2018	July 2, 2017		
Energy	\$ 217.7	\$ 140.1		
Aerospace & Defense	152.1	105.7		
Industrial	167.3	33.8		
Total backlog	\$ 537.1	\$ 279.6		

Note 1: Orders do not include the foreign exchange impact due to the re-measurement of customer order backlog amounts denominated in foreign currencies.

Note 2: Backlog represents unshipped customer orders for which revenue has not been recognized.

Note 3: 2018 backlog reflects adjustments related to the cumulative impact of changes in revenue recognition due to the Company's adoption of ASC 606. July 2, 2017 amounts restated for Q1 2018 organizational realignment.

CIRCOR INTERNATIONAL, INC.
SEGMENT INFORMATION
(in thousands, except percentages)
UNAUDITED

Restructuring related inventory charges	—	—	—	—	—	473	1,067	1,540
Amortization of inventory step-up	—	—	—	4,300	4,300	6,600	—	6,600
Restructuring charges, net	1,458	3,566	341	697	6,062	9,615	844	10,459
Acquisition amortization	2,552	2,599	2,694	4,697	12,542	11,797	11,767	23,564
Acquisition depreciation	—	—	—	233	233	1,837	1,735	3,572
Special (recoveries) charges, net	(2,268)	(5,520)	1,978	13,799	7,989	2,831	1,156	3,987
Income tax impact	(1,137)	(3,124)	(1,497)	(8,279)	(14,037)	(7,687)	(11,056)	(18,743)
ADJUSTED NET INCOME	\$ 5,378	\$ 6,491	\$ 7,133	\$ 9,876	\$ 28,878	\$ 8,025	\$ 11,415	\$ 19,440
EARNINGS (LOSS) PER COMMON SHARE (Diluted)	\$ 0.29	\$ 0.54	\$ 0.22	\$ (0.32)	\$ 0.70	\$ (0.88)	\$ 0.30	\$ (0.58)
LESS:								
Restructuring related inventory charges	—	—	—	—	—	0.02	0.05	0.08
Amortization of inventory step-up	—	—	—	0.25	0.26	0.33	—	0.33
Restructuring charges, net	0.09	0.21	0.02	0.04	0.36	0.49	0.04	0.53
Acquisition amortization	0.15	0.16	0.16	0.27	0.74	0.60	0.59	1.18
Acquisition depreciation	—	—	—	0.01	0.01	0.09	0.09	0.18
Special (recoveries) charges, net	(0.14)	(0.33)	0.12	0.80	0.47	0.14	0.06	0.20
Income tax impact	(0.07)	(0.19)	(0.09)	(0.48)	(0.83)	(0.39)	(0.55)	(0.94)
ADJUSTED EARNINGS PER SHARE (Diluted)	\$ 0.32	\$ 0.39	\$ 0.43	\$ 0.57	\$ 1.71	\$ 0.40	\$ 0.57	\$ 0.98

CIRCOR INTERNATIONAL, INC.

RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS

(in thousands)

UNAUDITED

	2017					2018		
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	TOTAL
NET INCOME (LOSS)	\$ 4,773	\$ 8,970	\$ 3,617	\$ (5,571)	\$ 11,789	\$ (17,441)	\$ 5,902	\$ (11,539)
LESS:								
Interest expense, net	(1,669)	(2,184)	(2,445)	(4,479)	(10,777)	(11,801)	(13,755)	(25,556)
Depreciation	(3,798)	(3,547)	(3,544)	(4,401)	(15,290)	(7,334)	(7,157)	(14,491)
Amortization	(3,092)	(3,124)	(3,275)	(5,256)	(14,747)	(12,329)	(12,282)	(24,611)
(Provision for) benefit from income taxes	(687)	724	21	5,618	5,676	5,879	7,646	13,525
EBITDA	\$ 14,019	\$ 17,101	\$ 12,860	\$ 2,947	\$ 46,927	\$ 8,144	\$ 31,450	\$ 39,594
LESS:								
Restructuring related inventory charges	—	—	—	—	—	(473)	(1,067)	(1,540)
Amortization of inventory step-up	—	—	—	(4,300)	(4,300)	(6,600)	—	(6,600)
Restructuring charges, net	(1,458)	(3,566)	(341)	(697)	(6,062)	(9,615)	(844)	(10,459)
Special recoveries (charges), net	2,268	5,520	(1,978)	(13,799)	(7,989)	(2,831)	(1,156)	(3,987)
ADJUSTED EBITDA	\$ 13,209	\$ 15,147	\$ 15,179	\$ 21,743	\$ 65,278	\$ 27,663	\$ 34,517	\$ 62,180

CIRCOR INTERNATIONAL, INC.

RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS

(in thousands, except percentages)

UNAUDITED

	2017					2018		
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	TOTAL
GAAP OPERATING INCOME (LOSS)	\$ 7,354	\$ 11,404	\$ 6,864	\$ (5,054)	\$ 20,568	\$ (13,380)	\$ 8,252	\$ (5,128)
LESS:								
Restructuring related inventory charges	—	—	—	—	—	473	1,067	1,540
Amortization of inventory step-up	—	—	—	4,300	4,300	6,600	—	6,600
Restructuring charges, net	1,458	3,566	341	697	6,062	9,615	844	10,459
Acquisition amortization	2,552	2,599	2,694	4,697	12,542	11,797	11,767	23,564
Acquisition depreciation	—	—	—	233	233	1,837	1,735	3,572
Special (recoveries) charges, net	(2,268)	(5,520)	1,978	13,799	7,989	2,831	1,156	3,987

ADJUSTED OPERATING INCOME	\$ 9,096	\$ 12,049	\$ 11,877	\$ 18,672	\$ 51,694	\$ 19,773	\$ 24,821	\$ 44,594	
GAAP OPERATING MARGIN	5.1	% 7.5	% 4.3	% (2.5)	)% 3.1	% (4.9)	)% 2.7	% (0.9))%
LESS:									
Restructuring related inventory charges	—	% —	% —	% —	% —	% 0.2	% 0.4	% 0.3	%
Amortization of inventory step-up	—	% —	% —	% 2.1	% 0.6	% 2.4	% —	% 1.1	%
Restructuring charges, net	1.0	% 2.4	% 0.2	% 0.3	% 0.9	% 3.5	% 0.3	% 1.8	%
Acquisition amortization	1.8	% 1.7	% 1.7	% 2.3	% 1.9	% 4.3	% 3.9	% 4.1	%
Acquisition depreciation	—	% —	% —	% 0.1	% —	% 0.7	% 0.6	% 0.6	%
Special (recoveries) charges, net	(1.6)	)% (3.7)	)% 1.2	% 6.7	% 1.2	% 1.0	% 0.4	% 0.7	%
ADJUSTED OPERATING MARGIN	6.3	% 8.0	% 7.4	% 9.1	% 7.8	% 7.2	% 8.2	% 7.7	%

The Company is providing certain combined information related to the recently acquired Fluid Handling business.

CIRCOR INTERNATIONAL, INC.
SEGMENT INFORMATION - COMBINED
(in thousands, except percentages)
UNAUDITED

	2017				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
ORDERS - Recast					
Energy	\$ 100,012	\$ 73,140	\$ 84,857	\$ 118,073	\$ 376,082
Aerospace & Defense	56,416	39,902	45,939	52,043	194,300
Industrial	27,654	29,889	27,296	46,407	131,246
Total	\$ 184,082	\$ 142,931	\$ 158,092	\$ 216,523	\$ 701,628
ORDERS - Fluid Handling					
Energy	\$ 23,679	\$ 16,882	\$ 21,401	\$ 11,803	\$ 73,765
Aerospace & Defense	8,255	24,375	9,716	6,816	49,162
Industrial	77,944	76,866	87,378	60,193	302,381
Total	\$ 109,878	\$ 118,123	\$ 118,495	\$ 78,812	\$ 425,308
ORDERS - Combined					
Energy	\$ 123,690	\$ 90,022	\$ 106,258	\$ 129,876	\$ 449,846
Aerospace & Defense	64,671	64,277	55,655	58,859	243,462
Industrial	105,598	106,755	114,674	106,601	433,628
Total	\$ 293,959	\$ 261,054	\$ 276,587	\$ 295,336	\$ 1,126,936
NET REVENUES - Recast					
Energy	\$ 76,210	\$ 78,276	\$ 88,570	\$ 96,561	\$ 339,617
Aerospace & Defense	41,601	43,304	41,117	56,961	182,983
Industrial	27,397	29,651	30,006	52,056	139,110
Total	\$ 145,208	\$ 151,231	\$ 159,693	\$ 205,578	\$ 661,710
NET REVENUES - Fluid Handling					
Energy	\$ 15,546	\$ 17,705	\$ 17,789	\$ 13,663	\$ 64,703
Aerospace & Defense	10,728	17,044	11,208	6,918	45,898
Industrial	85,264	83,310	85,604	72,489	326,667
Total	\$ 111,538	\$ 118,059	\$ 114,601	\$ 93,070	\$ 437,268
NET REVENUES - Combined					
Energy	\$ 91,756	\$ 95,981	\$ 106,359	\$ 110,224	\$ 404,320
Aerospace & Defense	52,329	60,348	52,325	63,879	228,881
Industrial	112,661	112,961	115,610	124,545	465,777
Total	\$ 256,746	\$ 269,290	\$ 274,294	\$ 298,648	\$ 1,098,978

Notes:

- Items labeled "Recast" represent previously reported CIRCOR information, adjusted to reflect the impact of our February 28, 2018 organizational realignment

- Items labeled "Fluid Handling" represent the information from the Fluid Handling businesses prior to their acquisition by CIRCOR on December 10, 2017

- Items labeled "Combined" represent the sum of the Recast and Fluid Handling information

CIRCOR INTERNATIONAL, INC.
SEGMENT INFORMATION - COMBINED
(in thousands, except percentages)
UNAUDITED

	2017					
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	
SEGMENT OPERATING INCOME - Recast						
Energy	\$ 6,407	\$ 8,170	\$ 6,936	\$ 8,618	\$ 30,131	
Aerospace & Defense	3,784	4,374	4,333	10,884	23,375	
Industrial	4,384	4,901	5,675	4,972	19,932	
Corporate expenses	(5,479)	(5,396)	(5,067)	(5,802)	(21,744)	
Total	\$ 9,096	\$ 12,049	\$ 11,877	\$ 18,672	\$ 51,694	
SEGMENT OPERATING INCOME - Fluid Handling						
Energy	\$ (83)	\$ 1,080	\$ 1,761	\$ 812	\$ 3,570	
Aerospace & Defense	1,488	3,661	2,201	(367)	6,983	
Industrial	8,833	7,709	4,365	(1,414)	19,493	
Corporate expenses	—	—	—	—	—	
Total	\$ 10,238	\$ 12,450	\$ 8,327	\$ (969)	\$ 30,046	
SEGMENT OPERATING INCOME - Combined						
Energy	\$ 6,324	\$ 9,250	\$ 8,697	\$ 9,430	\$ 33,701	
Aerospace & Defense	5,272	8,035	6,534	10,517	30,358	
Industrial	13,217	12,610	10,040	3,558	39,425	
Corporate expenses	(5,479)	(5,396)	(5,067)	(5,802)	(21,744)	
Total	\$ 19,334	\$ 24,499	\$ 20,204	\$ 17,703	\$ 81,740	
SEGMENT OPERATING MARGIN - Combined						
Energy	6.9	% 9.6	% 8.2	% 8.6	% 8.3	%
Aerospace & Defense	10.1	% 13.3	% 12.5	% 16.5	% 13.3	%
Industrial	11.7	% 11.2	% 8.7	% 2.9	% 8.5	%
Corporate expenses	(2.1))% (2.0))% (1.8))% (1.9))% (2.0))%
Total	7.5	% 9.1	% 7.4	% 5.9	% 7.4	%

Notes:

- Items labeled "Recast" represent previously reported CIRCOR information, adjusted to reflect the impact of our February 28, 2018 organizational realignment

- Items labeled "Fluid Handling" represent the information from the Fluid Handling businesses prior to their acquisition by CIRCOR on December 10, 2017

- Items labeled "Combined" represent the sum of the Recast and Fluid Handling information

- Segment Operating Margin - Combined represent Segment Operating Income - Combined divided by Segment Net Revenues Combined

CIRCOR INTERNATIONAL, INC.
Q2 2018 Organic Growth Calculations
(in thousands, except percentages)
UNAUDITED

ORDERS

	Industrial		Energy		Aerospace & Defense	
	Reported	Pro Forma Combined	Reported	Pro Forma Combined	Reported	Pro Forma Combined
	\$	%	\$	%	\$	%
2017	29,889	106,755	73,140	90,022	39,902	64,277

Product line transfer	—		14,600	—	—	—	—	—	(14,600)			
2017 as Adjusted	29,889		121,355	73,140	90,022	39,902	49,677					
Organic	3,267	11 %	9,780	8 %	19,470	27 %	21,449	24 %	2,766	7 %	8,664	17 %
Acquisitions	102,460	343 %	—	—%	18,389	25 %	—	—%	15,661	39 %	—	—%
Foreign Exchange	1,130	4 %	5,611	5 %	2,172	3 %	1,700	2 %	1,112	3 %	1,100	2 %
Total Change	106,857	358 %	15,391	13 %	40,031	55 %	23,149	26 %	19,539	49 %	9,764	20 %

2018	136,746		136,746	113,171	113,171	59,441	59,441			
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NET REVENUE

	Industrial				Energy				Aerospace & Defense			
	Reported		Pro Forma Combined		Reported		Pro Forma Combined		Reported		Pro Forma Combined	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
2017	29,651		112,961		78,276		95,981		43,304		60,348	
Organic	(220)	(1)%	13,003	12 %	15,765	20 %	15,824	16 %	1,319	3 %	(3,948)	(7)%
Acquisitions	100,602	339 %	—	—%	17,419	22 %	—	—%	11,793	27 %	—	—%
Foreign Exchange	1,031	3 %	5,100	5 %	1,346	2 %	1,000	1 %	1,084	3 %	1,100	2 %
Total Change	101,413	341 %	18,103	16 %	34,529	44 %	16,824	18 %	14,196	33 %	(2,848)	(5)%
2018	131,064		131,064		112,804		112,804		57,500		57,500	

CIRCOR INTERNATIONAL, INC. Q2 2018 Organic Growth Calculations (in thousands, except percentages) UNAUDITED

ORDERS

	Total Reported		Pro Forma Combined	
	\$	%	\$	%
2017	142,931		261,054	
Product line transfer	—		—	
2017 as Adjusted	142,931		261,054	
Organic	25,502	18 %	39,893	15 %
Acquisitions	136,511	96 %	—	— %
Foreign Exchange	4,414	3 %	8,411	3 %
Total Change	166,427	116 %	48,304	18 %
2018	309,358		309,358	

NET REVENUE

	Total Reported		Pro Forma Combined	
	\$	%	\$	%
2017	151,231		269,290	
Organic	16,863	11 %	24,878	9 %
Acquisitions	129,814	86 %	—	— %
Foreign Exchange	3,460	2 %	7,200	3 %
Total Change	150,137	99 %	32,078	12 %
2018	301,368		301,368	

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF FLUID HANDLING SEGMENT INFORMATION TO GAAP OPERATING INCOME
(in thousands, except percentages)
UNAUDITED

	2017				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
FLUID HANDLING GAAP OPERATING INCOME (LOSS)	\$ 4,359	\$ 19,738	\$ 2,241	\$ 3,129	\$ 29,467
LESS:					
Asbestos costs	2,690	2,517	2,379	1,274	8,860
Impairment charges	—	—	—	—	—
Exited businesses	65	(26)	(47)	—	(8)
Acquisition amortization	796	810	818	—	2,424
Restructuring and other special charges (recoveries)	2,328	(10,589)	636	(5,372)	(12,997)
Stay bonus	—	—	2,300	—	2,300
FLUID HANDLING ADJUSTED OPERATING INCOME	\$ 10,238	\$ 12,450	\$ 8,327	\$ (969)	\$ 30,046

Notes

- Amounts relate to Fluid Handling results prior to December 10, 2017, the date of CIRCOR's acquisition.

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Source: Circor International, Inc.

CIRCOR International
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