



## **CIRCOR Announces Sale of Non-Core Reliability Services Business for \$85 Million**

January 28, 2019

*Company Plans to Use Cash Proceeds to Pay Down Debt*

BURLINGTON, Mass.--(BUSINESS WIRE)--Jan. 28, 2019-- [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 the sale of its Reliability Services business to an affiliate of RelaDyne LLC, a leading provider of lubricants and industrial reliability services, for approximately \$85 million in cash, on a cash-free, debt-free basis. The Company expects to use the net proceeds from the sale to pay down outstanding debt.

"This transaction is in line with our strategy to focus on CIRCOR's core mission-critical flow control platform and underscores our commitment to strengthening our balance sheet," said Scott Buckhout, President and Chief Executive Officer of CIRCOR. "We continue to evaluate the sale of other non-core businesses to further accelerate the reduction of our outstanding debt."

For 2018, CIRCOR currently estimates that the Reliability Services business will generate approximately \$65 million of revenue with an adjusted operating margin of approximately 10%. The Reliability Services business provides critical lubrication and flushing services, and oil misting equipment to customers in the Oil & Gas, Petrochemical, Power Generation, Industrial and Navy markets.

### **About CIRCOR International, Inc.**

CIRCOR International, Inc. designs, manufactures and markets highly engineered products and sub-systems for markets including oil & gas, power generation and aerospace & defense. CIRCOR has a diversified product portfolio with recognized, market-leading brands that fulfill its customers' unique application 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 industry talent. For more information, visit the Company's investor relations website at <http://investors.circor.com>.

### **Use of non-GAAP measures**

Adjusted operating margin is one of several non-GAAP measures used by management. 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 cost.
- We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory 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 of 5 to 20 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.

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 and potential 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. Reconciliations of forward-looking non-GAAP measures, such as the forward-looking estimate of adjusted operating margin for 2018, to their most directly comparable GAAP measures are not being provided because the corresponding GAAP operating results cannot be reasonably calculated at this time. Accordingly, such reconciliations are not available without unreasonable effort.

### **Safe Harbor Statement**

This press release 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 press release that are not statements of historical fact are forward-looking statements, including, but not limited to, the uses of cash from the proceeds of the sale of Reliability Services, the evaluation of the sale of other non-core businesses to further accelerate the reduction of outstanding debt, and the expected results from Reliability Services. 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 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 QUARTERLY REPORTS ON FORMS 10-Q, WHICH CAN BE ACCESSED UNDER THE "INVESTORS" LINK OF OUR WEBSITE AT [WWW.CIRCOR.COM](http://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.

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Source: CIRCOR International, Inc.

Sharon Merrill Associates, Inc.  
Scott Solomon, Senior Vice President  
(617) 542-5300  
[CIR@investorrelations.com](mailto:CIR@investorrelations.com)