

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 6, 2019



CIRCOR INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-14962
(Commission File Number)

04-3477276
(I.R.S. Employer
Identification No.)

30 CORPORATE DRIVE, SUITE 200
Burlington, MA
(Address of principal executive offices and Zip Code)

01803-4238
(Zip Code)

(781) 270-1200
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	CIR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

By press release dated November 6, 2019, CIRCOR International, Inc. (the “Company”) announced its financial results for the three and nine months ended September 29, 2019. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 of Form 8-K and the Exhibits 99.1 and 99.2 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by special reference in such filing.

The Company’s management evaluates segment operating performance using operating income before certain charges/credits to cost of revenues and selling, general and administrative expenses, principally associated with acquisition-related activities; restructuring and other costs/income including costs arising from facility consolidations and gains and losses from the sale of product lines; and amortization of acquisition-related intangible assets. The Company also refers to this measure as segment operating income or adjusted operating income. The Company uses this measure because it helps management understand and evaluate the segments’ core operating results and facilitates comparison of performance for determining incentive compensation achievement.

In the press release and accompanying supplemental information, the Company uses the following non-GAAP financial measures: Adjusted operating income, adjusted operating margin, free cash flow, adjusted net income, adjusted earnings per share (EPS), EBITDA, adjusted EBITDA, net debt, combined financial information, and organic revenue, described as follows:

- Adjusted operating income is defined as GAAP operating income excluding intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains.
- Adjusted operating margin is defined as adjusted operating income divided by net revenues.
- Free cash flow is defined as net cash flow from operating activities, less net capital expenditures. Management of this Company believes free cash flow is an important measure of its liquidity as well as its ability to service long-term debt, fund future growth and to provide a return to shareholders. We also believe this free cash flow definition does not have any material limitations.
- Adjusted net income is defined as net income, excluding intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains, net of tax.
- Adjusted EPS is defined as earnings per common share diluted, excluding the per share impact of intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory,

impairment and special charges or gains, net of tax.

- **EBITDA** is defined as net income plus net interest expense, provision for income taxes, depreciation and amortization.
- **Adjusted EBITDA** is defined as EBITDA plus the impact of special charges/gains including the impact of restructuring related inventory charges, cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, and impairments, net of tax.
- **Net Debt** is defined as total debt minus cash and cash equivalents.
- **Organic growth** - the change in revenue and orders excluding the impact of acquisitions, divestitures and changes in foreign exchange rates.

Our management uses these non-GAAP measures to gain an understanding of our comparative operating performance (when comparing such results with previous periods or forecasts). These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they reflect our ongoing business and facilitate 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 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 peers and 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 incentive 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 our non-GAAP financial measures to the most directly comparable GAAP financial measure is provided in the supplemental information table titled “Reconciliation of Key Performance Measures to Commonly Used Generally Accepted Accounting Principle Terms” which is included as an attachment to the press release in Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release regarding Earnings
99.2	Third Quarter 2019 Investor Review Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

November 6, 2019

CIRCOR INTERNATIONAL, INC.

/s/ Chadi Chahine

Chadi Chahine

Senior Vice President and Chief Financial Officer

CIRCOR Reports Preliminary Third-Quarter 2019 Financial Results

Burlington, MA - November 6, 2019

CIRCOR International, Inc. (NYSE: CIR), a leading provider of flow control solutions and other highly engineered products for the Industrial, Aerospace & Defense, and Energy markets, today announced adjusted and preliminary GAAP financial results for the third quarter ended September 29, 2019.

The results presented in this press release are considered preliminary, as the Company has not completed its review procedures related to reporting discontinued operations and related impairments and associated tax effects. As the Company completes its review, material adjustments may arise between the date of this press release and the date the Company files with the Securities and Exchange Commission its Quarterly Report on Form 10-Q for the quarter ended September 29, 2019.

Third-Quarter 2019 Highlights

- *Results including Distributed Valves (consistent with guidance)*
 - *Revenue of \$252 million*
 - *Adjusted Earnings per Share of \$0.48*
- *Results from continuing operations excluding divestitures*
 - *Revenue of \$237 million*
 - *Preliminary GAAP Loss per Share of (\$1.05)*
 - *Adjusted Earnings per Share of \$0.63*
 - *Preliminary GAAP operating margin of (1.0)%*
 - *Adjusted Operating Margin of 11.0% (excluding divestitures)*
- *Completed divestiture of non-core Engineered Valves*
- *Completed divestiture of non-core Spence and Nicholson Product lines for ~\$85M*
- *Announced intention to exit non-core Distributed Valves now classified as discontinued operations*
- *Debt Paydown of \$89 million in the quarter; \$148 million YTD*
- *On track to deliver 2019 and 2020 targets communicated in 18-month plan*

“We had a solid third-quarter 2019 with continuing operations delivering 7% organic revenue growth and 11.0% adjusted operating margin, up 160 basis points from a year ago,” said Scott Buckhout, President and Chief Executive Officer. “Consistent with our stated strategy to exit commodity businesses, simplify the Company, and accelerate the deleveraging process, we completed divestitures of two non-core businesses and reduced our debt by \$89 million during the quarter. In October, we announced our intention to sell our Distributed Valves business, in-line with our strategic shift away from upstream oil and gas and focus on more attractive end markets with enhanced growth and earnings potential.

“Our third quarter performance and outlook for the remainder of the year are in-line with the targets communicated in our 18-month plan. We remain committed to driving long-term growth, expanding margins, generating strong free cash flow, and deleveraging the Company as we drive value for shareholders,” concluded Mr. Buckhout.

Fourth-Quarter 2019 Guidance

For the fourth quarter of 2019, CIRCOR expects revenue in the range of \$238 million to \$248 million, and GAAP earnings per share from continuing operations in the range of \$0.03 to \$0.19, which reflects acquisition-related amortization expense of \$(0.49), and other special and restructuring charges of \$(0.24)

to \$(0.20). Excluding the impact of amortization and special and restructuring (charges) gains, adjusted EPS is expected to be in the range of \$0.78 to \$0.88 per share. The revenue and adjusted EPS exclude the results from the Company's Distributed Valves business, which will continue to be reported as discontinued operations until a sale is completed. Presentation slides that provide supporting information to this guidance and third-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 today, November 6, 2019.

Selected Preliminary Consolidated Results (unaudited)

<i>(\$ millions except EPS)</i>	Q3 2019	Q3 2018	Change
Revenue	\$ 237.1	\$ 247.2	(4)%
Revenue excluding divested businesses¹	\$ 234.1	\$ 223.5	5%
GAAP Operating (Loss) Income	\$ (2.3)	\$ 8.5	N/M
Adjusted Operating Income²	\$ 25.6	\$ 25.0	2%
GAAP Operating Margin	(1.0)%	3.5%	(450) bps
Adjusted Operating Margin²	10.8%	10.1%	70 bps
Adjusted Operating Margin excluding divestitures²	11.0%	9.4%	160 bps
GAAP (Loss) Earnings Per Share (Diluted)	\$ (5.30)	\$ (0.34)	N/M
Adjusted Earnings Per Share (Diluted)²	\$ 0.63	\$ 0.53	11%
Operating Cash Flow	\$ 8.1	\$ 24.1	N/M
Free Cash Flow³	\$ 9.0	\$ 19.0	N/M
Orders	\$ 223.0	\$ 283.6	(21)%
Orders excluding divested businesses¹	\$ 218.2	\$ 257.3	(15)%

Segment Results

(\$ millions)	Q3 2019	Q3 2018	Change
Energy			
Revenue	\$ 55.8	\$ 70.7	(21)%
Revenue excluding divested business ¹	\$ 55.8	\$ 54.1	3%
Segment Operating Income ²	\$ 5.3	\$ 9.5	(44)%
Segment Operating Margin ²	9.4%	13.4%	(400) bps
Orders	\$ 53.3	\$ 87.1	(39)%
Orders excluding divested business ¹	\$ 53.3	\$ 68.0	(22)%
Aerospace & Defense			
Revenue	\$ 67.6	\$ 57.8	17%
Segment Operating Income ²	\$ 13.5	\$ 8.7	55%
Segment Operating Margin ²	20.0%	15.1%	490 bps
Orders	\$ 64.0	\$ 81.5	(21)%
Industrial			
Revenue	\$ 113.6	\$ 118.7	(4)%
Revenue excluding divested business ¹	\$ 110.6	\$ 111.6	(1)%
Segment Operating Income ²	\$ 14.0	\$ 14.6	(4)%
Segment Operating Margin ²	12.3%	12.3%	0 bps
Orders	\$ 105.7	\$ 114.9	(8)%
Orders excluding divested business ¹	\$ 100.9	\$ 107.8	(6)%

1. Orders and revenue excluding divested businesses, are non-GAAP measures and are calculated by subtracting the orders and revenues generated by the divested businesses during the periods prior to their divestiture from the reported orders and revenues. Divested businesses include Reliability Services (Energy), Spence/Nicholson (Industrial), and Delden (Industrial) which were sold before September 29, 2019.
2. Adjusted Consolidated and Segment Results for Q3 2019 exclude a loss from discontinued operations of \$84.7 million and a net gain from non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$18.8 million (\$13.9 million, net of tax). These charges include: (i) \$12.3 million charge for non-cash acquisition-related intangible amortization and depreciation expense; (ii) \$4.0 million of professional fees associated with an unsolicited tender offer to acquire all outstanding shares of the Company's common stock; (iii) \$6.7 million for restructuring-related programs across Industrial, Energy and Corporate; (iv) \$4.6 million net loss associated with the sale of businesses; and (v) \$0.3 million of other special and restructuring charges. Adjusted Consolidated and Segment Results for Q3 2018 exclude a loss from discontinued operations of \$2.9 and non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$16.5 million (\$14.7 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 and (ii) \$3.0 million of other special and restructuring charges.
3. 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.

Conference Call Information

CIRCOR International will hold a conference call to review its financial results at 9:00 a.m. ET today, November 6, 2019. 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 and organic growth, (and such measures further excluding divested businesses) 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 reflect our ongoing business and facilitate 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.
- We exclude the results of discontinued operations.
- Due to the significance of recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures completed prior to September 29, 2019 were completed on January 1, 2018 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 fourth-quarter 2019 guidance, our future performance, including future growth and profitability, increase in shareholder value, realization of cost reductions from restructuring activities and expected synergies, plans to reduce our outstanding debt 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; our ability to operate our manufacturing facilities at current or higher levels and respond to increases in manufacturing costs; and any actions of stockholders or other in response to expiration of the recent unsolicited tender offer and the cost and disruption of responding to those actions. 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. For more information, visit the Company's investor relations website at <http://investors.circor.com>.

Contact:

David F. Mullen
Senior Vice President Finance
CIRCOR International

CIRCOR INTERNATIONAL, INC.
Preliminary Condensed Consolidated Statement of Operations
(in millions, except per share data)
(UNAUDITED)

	Three Months Ended	
	September 29, 2019	September 30, 2018
Net revenues	\$ 237.1	\$ 247.2
Cost of revenues	162.6	167.1
GROSS PROFIT	74.5	80.1
Selling, general and administrative expenses	60.0	68.5
Special and restructuring charges, net	16.7	3.0
OPERATING (LOSS) INCOME	(2.3)	8.5
Other expense (income):		
Interest expense, net	11.8	14.1
Other income, net	(0.8)	(1.6)
LOSS FROM CONTINUING OPEARTIONS BEFORE INCOME TAXES	(13.3)	(4.0)
Provision for income taxes	7.5	—
Loss from continuing operations, net of tax	(20.8)	(4.0)
Loss from discontinued operations, net of tax	(84.7)	(2.9)
NET LOSS	\$ (105.5)	\$ (6.8)
Basic loss per common share:		
Basic loss from continuing operations	\$ (1.05)	\$ (0.20)
Basic loss from discontinuing operations	\$ (4.25)	\$ (0.14)
Net Loss	\$ (5.30)	\$ (0.34)
Diluted loss per common share:		
Diluted loss from continuing operations	\$ (1.05)	\$ (0.20)
Diluted loss from discontinuing operations	\$ (4.25)	\$ (0.14)
Net Loss	\$ (5.30)	\$ (0.34)
Weighted average number of common shares outstanding:		
Basic	19.9	19.8
Diluted	19.9	19.8

Numbers may not add due to rounding.

The results presented in this press release are considered preliminary, as the Company has not completed its review procedures related to reporting discontinued operations and related impairments and associated tax effects. As the Company completes its review, material adjustments may arise between the date of this press release and the date the company files with the SEC its Quarterly Report on Form 10-Q for the quarter ended September 29, 2019

CIRCOR INTERNATIONAL, INC.
Segment Information
(in millions, except percentages)
UNAUDITED

As Reported	2018					2019				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	TOTAL	
ORDERS										
Energy	\$ 85.3	\$ 66.8	\$ 87.1	\$ 72.3	\$ 311.6	\$ 48.1	\$ 44.0	\$ 53.3	\$ 145.3	
Aerospace & Defense	59.8	59.4	81.5	76.7	277.5	88.1	93.4	64.0	245.5	
Industrial	136.6	136.7	114.9	121.9	510.1	123.7	120.7	105.7	350.1	
Total	\$ 281.7	\$ 263.0	\$ 283.6	\$ 270.9	\$ 1,099.2	\$ 259.9	\$ 258.0	\$ 223.0	\$ 740.9	

NET REVENUES										
Energy	\$ 64.3	\$ 71.1	\$ 70.7	\$ 82.8	\$ 288.9	\$ 66.9	\$ 61.8	\$ 55.8	\$ 184.5	
Aerospace & Defense	58.5	57.5	57.8	63.3	237.0	61.2	64.7	67.6	193.6	
Industrial	117.1	131.1	118.7	120.6	487.6	110.7	119.3	113.6	343.7	
Total	\$ 239.9	\$ 259.7	\$ 247.2	\$ 266.7	\$ 1,013.5	\$ 238.9	\$ 245.8	\$ 237.1	\$ 721.7	

DIVESTED BUSINESSES (a)	2018					2019				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	Total	1ST QTR	2ND QTR	3RD QTR	Total	
ORDERS										
Energy	\$ 16.9	\$ 18.4	\$ 19.1	\$ 15.5	\$ 69.9	\$ 4.1	\$ —	\$ —	\$ 4.1	
Industrial	\$ 9.7	\$ 9.8	\$ 7.1	\$ 11.4	\$ 38.0	\$ 4.1	\$ 5.3	\$ 4.8	\$ 14.2	

NET REVENUES										
Energy	\$ 14.7	\$ 17.4	\$ 16.6	\$ 16.9	\$ 65.6	\$ 3.1	\$ —	\$ —	\$ 3.1	
Industrial	\$ 8.8	\$ 6.3	\$ 7.1	\$ 9.0	\$ 31.3	\$ 5.4	\$ 5.2	\$ 2.9	\$ 13.5	

<u>OTHER INFORMATION</u>	<u>Q3 2019</u>	<u>Q3 2018</u>	<u>Q3 2019</u>	<u>Q4 2018</u>
BACKLOG (b)			Debt & Cash	
Energy	\$ 59.3	\$ 121.6	Gross Debt	\$ 659.1
Aerospace & Defense	206.9	150.6	Cash & Equivalents	69.2
Industrial	159.1	178.0	Net Debt	\$ 589.9
Total	\$ 425.3	\$ 450.2		\$ 738.5

Numbers may not add due to rounding.

(a) Divested businesses include Reliability Services (Energy), Spence / Nicholson (Industrial) and Delden (Industrial) which were sold before September 29, 2019. Engineered Valves and Distributed Valves are discontinued operations and not reflected in the As Reported figures in accordance with US GAAP.

(b) Backlog at Q3 2018 includes \$21.6 and \$15.0 for Energy and Industrial, respectively related to divested businesses. A&D 2018 backlog has been adjusted to conform to current period reporting methodology.

CIRCOR INTERNATIONAL, INC.
Segment Information
(in millions)
UNAUDITED

	Three Months Ended	
	September 29, 2019	September 30, 2018
ORDERS		
Energy	\$ 53.3	\$ 87.1
Aerospace & Defense	64.0	81.5
Industrial	105.7	114.9
Total orders	<u>\$ 223.0</u>	<u>\$ 283.6</u>
NET REVENUES		
Energy	\$ 55.8	\$ 70.7
Aerospace & Defense	67.6	57.8
Industrial	113.6	118.7
Total	<u>\$ 237.1</u>	<u>\$ 247.2</u>
SEGMENT OPERATING INCOME		
Energy	\$ 5.3	\$ 9.5
Aerospace & Defense	13.5	8.7
Industrial	14.0	14.6
Corporate expenses	(7.1)	(7.8)
CIRCOR Adjusted Operating Income	<u>\$ 25.6</u>	<u>\$ 25.0</u>
SEGMENT OPERATING MARGIN %		
Energy	9.4%	13.4%
Aerospace & Defense	20.0%	15.1%
Industrial	12.3%	12.3%
CIRCOR Adjusted Operating Margin	10.8%	10.1%
SEGMENT OPERATING MARGIN % EXCLUDING DIVESTITURES (a)		
Energy	9.4%	12.2%
Aerospace & Defense	20.0%	15.1%
Industrial	12.6%	12.0%
CIRCOR	11.0%	9.4%

Numbers may not add due to rounding.

(a) Divested businesses include Reliability Services (Energy), Spence / Nicholson (Industrial) and Delden (Industrial) which were sold before September 29, 2019. Engineered Valves and Distributed Valves are discontinued operations and not reflected in the As Reported figures in accordance with US GAAP.

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS
(in millions, except per share data)
UNAUDITED

	2019 3RD QTR	2018 3RD QTR
NET (LOSS) INCOME	\$ (105.5)	\$ (6.8)
LESS:		
Restructuring related inventory charges	(1.1)	—
Amortization of inventory step-up	—	—
Restructuring charges, net	5.0	1.1
Acquisition amortization	11.2	11.7
Acquisition depreciation	1.1	1.7
Special charges, net	11.7	1.9
Income tax impact	6.8	(1.9)
Net Income from discontinued operations	84.7	2.9
ADJUSTED NET INCOME	\$ 13.9	\$ 10.6
EARNINGS (LOSS) PER COMMON SHARE (Diluted)	\$ (5.30)	\$ (0.34)
LESS:		
Restructuring related inventory charges	(0.06)	—
Amortization of inventory step-up	—	—
Restructuring charges, net	0.25	0.05
Acquisition amortization	0.56	0.59
Acquisition depreciation	0.05	0.09
Special charges, net	0.58	0.10
Income tax impact	0.29	(0.09)
Earnings Per Share from discontinued Operations	4.25	0.14
ADJUSTED EARNINGS PER SHARE (Diluted)	\$ 0.63	\$ 0.54

Numbers may not add due to rounding.

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS CONTINUED
(in millions, except per share data)
UNAUDITED

	2019	2018
	3RD QTR	3RD QTR
NET (LOSS) INCOME	\$ (105.5)	\$ (6.8)
LESS:		
Interest Expense, net	(11.8)	(14.1)
Depreciation & Amortization	(17.2)	(18.6)
Benefit from (provision for) income taxes	(7.5)	—
Loss From Discontinued Operations	(84.7)	(2.9)
EBITDA	15.7	28.7
LESS:		
Restructuring charges, net	(5.0)	(1.1)
Special charges, net	(10.5)	(1.9)
ADJUSTED EBITDA	\$ 31.2	\$ 31.7
<i>Numbers may not add due to rounding.</i>		

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS CONTINUED
(in millions, except percentages)
UNAUDITED

	2019 3RD QTR	2018 3RD QTR
GAAP OPERATING INCOME (LOSS)	\$ (2.3)	\$ 8.5
LESS:		
Restructuring related inventory charges	(1.1)	—
Amortization of inventory step-up	—	—
Restructuring charges, net	5.0	1.1
Acquisition amortization	11.2	11.7
Acquisition depreciation	1.1	1.7
Special charges, net	11.7	1.9
ADJUSTED OPERATING INCOME	\$ 25.6	\$ 25.0
GAAP OPERATING MARGIN	(1.0)%	3.5 %
LESS:		
Restructuring related inventory charges	(0.5)%	— %
Amortization of inventory step-up	— %	— %
Restructuring charges, net	2.1 %	0.4 %
Acquisition amortization	4.7 %	4.7 %
Acquisition depreciation	0.5 %	0.7 %
Special charges, net	4.9 %	0.8 %
ADJUSTED OPERATING MARGIN	10.8 %	10.1 %
Impact of Divestitures (a)	0.2 %	(0.8)%
ADJUSTED OPERATING MARGIN EXCLUDING DIVESTITURES	11.0 %	9.4 %

Numbers may not add due to rounding.

(a) Divested businesses include Reliability Services (Energy), Spence / Nicholson (Industrial) and Delden (Industrial) which were sold before September 29, 2019. Engineered Valves and Distributed Valves are discontinued operations and not reflected in the As Reported figures in accordance with US GAAP.



Energy
Aerospace & Defense
Industrial

Third Quarter 2019 Investor Review

Presented November 6, 2019

*This presentation 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 presentation that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's third-quarter 2019 guidance, our future performance, including future growth and profitability, increase in shareholder value, 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 and any actions of stockholders or other in response to expiration of the recent unsolicited tender offer and the cost and disruption of responding to those actions. **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.*

See page 13 for information on the use of non-GAAP financial measures.

Q3 Results



(\$ millions, except EPS)

	Q3 2019				Q3 2018		
	GAAP	Adjusted*	Adj Ex Div*	Adjusted + Distributed Valves*	GAAP	Adjusted*	Adj Ex Div*
Orders	223	223	218	227	284	284	257
Sales	237	237	234	252	247	247	224
Gross Margin	74	79	79	77	80	86	78
SG&A	60	53	53	55	69	61	57
Special & Restructuring charges (recoveries), net	17	-	-	-	3	-	-
Operating Income	(2)	26	26	22	9	25	21
Interest Expense	12	12		12	14	14	
Other (income) expense	(1)	(1)		(1)	(2)	(2)	
Pre-tax	(13)	15		11	(4)	12	
Tax (provision) benefit	(8)	(2)		(2)	(0)	(2)	
Net (Loss) Income from continuing operations	(21)	13		10	(4)	11	
Net (loss) from discontinued operations	(85)	-			(3)	-	
Net Income	(106)	13		10	(7)	11	
EPS - Continuing Operations	\$ (1.05)	\$ 0.63		\$ 0.48	\$ (0.20)	\$ 0.53	
EPS - Net Income	\$ (5.30)	\$ 0.63			\$ (0.34)	\$ 0.53	

* Adjusted: Reflects non-GAAP measures, see CIRCOR Q3 2019 earnings press release for definitions and a reconciliation to GAAP.

* Adj Ex Div: Adjusted P&L items excluding the impact of businesses divested prior to the end of Q3 2019 which are Reliability Services, Delden and Spence/ Nicholson.

* Adjusted + Distributed Valves: Reflects the Adjusted income statement as though Distributed Valves were not accounted for as discontinued operations. Provided for comparability to the Company's previously provided Q3 2019 guidance.

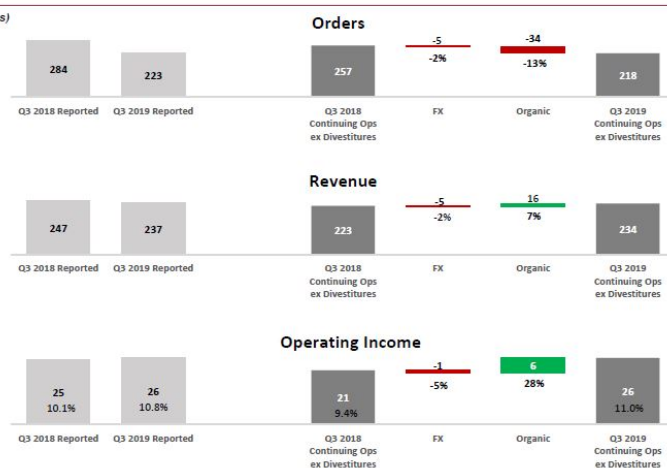
EPS: (Loss) Per Share or Diluted Earnings Per Share

Numbers may not add due to rounding.

Q3 2019 Highlights



(\$ millions)



* Divestitures include businesses sold prior to the end of Q3 2019 which are Reliability Services, Delden and Spence/ Nicholson. 2019 Q3 and 2018 Q3 exclude discontinued operations (Engineered Valves and Distributed Valves).

Numbers may not add due to rounding.

Industrial Segment Highlights

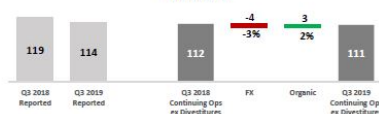


(\$ millions)

Orders



Revenue



Operating Income



Comments on YOY Results

Q3 2019 Orders

- Down primarily due to softness in large projects
- OEM weakness in Europe offset by modest growth in N. America and Asia
- Strong global growth in aftermarket

Q3 2019 Revenues

- Up mainly as a result of strong backlog and order execution
- Growth in Aftermarket, Commercial Marine and Cryogenic valves

Q3 2019 Segment Operating Income & Margin

- Margin expansion due to ongoing price increases, integration synergies, and productivity improvements

* Divested figures include businesses sold prior to the end of Q3 2019 which are Delden, Spence and Nicholson.

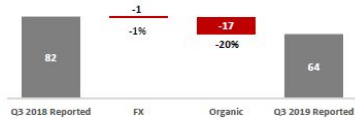
Numbers may not add due to rounding.

Aerospace & Defense Segment Highlights



(\$ millions)

Orders

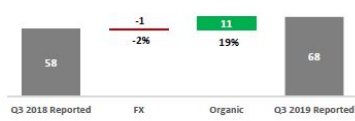


Comments on YOY Results

Q3 2019 Orders

- Down due to timing of large orders in 2018
- YTD orders up 22% with book to bill ratio of over 1.25

Revenue



Q3 2019 Revenues

- Growth across all Commercial Aerospace and Defense businesses, most notably JSF

Operating Income



Q3 2019 Segment Operating Income & Margin

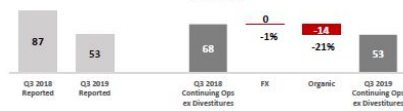
- Significant margin expansion driven by higher revenue, low cost manufacturing growth, and pricing initiatives

Energy Segment Highlights



(\$ millions)

Orders



Comments on YOY Results

Q3 2019 Orders

- Down mainly due to a difficult compare in Refinery Valves vs. prior year
- Order pipeline of Refinery Valves remains strong albeit lumpy

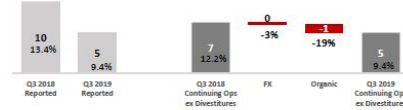
Revenue



Q3 2019 Revenues

- Up primarily driven by growth in downstream Refinery Valves

Operating Income



Q3 2019 Segment Operating Income & Margin

- Margin decline mainly associated with one time project expenses in Refinery Valves business

* Divested figures include businesses sold prior to the end of Q3 2019 which is Reliability Services.
2019 Q3 and 2018 Q3 exclude discontinued operations (Engineered Valves and Distributed Valves).

Numbers may not add due to rounding.

Q3 P&L Selected Items



(\$ millions, except EPS)	Q3 2019			Q3 2018		
	GAAP	Special	Adjusted*	GAAP	Special	Adjusted*
Orders	223	-	223	284	-	284
Sales	237	-	237	247	-	247
Operating Income	(2)	28	26	9	16	25
Interest Expense	12	-	12	14	-	14
Other (income) expense	(1)	-	(1)	(2)	-	(2)
Pre-tax	(13)	28	15	(4)	16	12
Tax (provision) benefit	(8)	6	(2)	(8)	(2)	(2)
Net (Loss) Income from continuing operations	(21)	33	13	(4)	15	11
Net (loss) from discontinued operations	(85)	85	-	(3)	3	-
Net Income	(106)	118	13	(7)	18	11
EPS - Continuing Operations	\$ (1.05)		\$ 0.63	\$ (0.20)		\$ 0.53
EPS - Net Income	\$ (5.30)		\$ 0.63	\$ (0.34)		\$ 0.53
Restructuring & Special Charges (excluded from AOCI)						
Special Charges in Cost of Goods Sold						
Acquisition-related depreciation & amortization		5			6	
Other costs good sold		(1)			-	
- subtotal		4			6	
Special Charges in SG&A and Special						
Acquisition-related depreciation & amortization		7			8	
Industrial business restructuring actions		5			-	
Energy & Corporate restructuring actions		2			-	
Professional fees related to unsolicited offer		4			-	
Other special & restructuring actions		2			3	
Loss on sale of business		5			-	
- subtotal		24			11	
Total		28			16	

* Adjusted: Reflects non-GAAP measures, see CIRCOR Q3 2019 earnings press release for definitions and a reconciliation to GAAP.
EPS: (Loss) Per Share or Diluted Earnings Per Share

Numbers may not add due to rounding.

Cash Flow and Debt Position



(\$ millions)

	Q3 2019	Q3 2018
Cash Flow from Operations	8	24
Capital Expenditures, net	1	(5)
Free Cash Flow	9	19











	29-Sep-19	31-Dec-18
Total Debt	659	807
Cash and Cash Equivalents	69	69
Net Debt	590	739

148 debt paydown
in YTD Q3 2019

Note: Total debt is comprised of current and long-term debt, net of approximately \$18 and \$21 of unamortized debt issuance costs at Q3/19 and Q4 2018, respectively.

End Market Overview



Segment	Trends	Outlook
 Industrial	<ul style="list-style-type: none"> Muted growth in global capital projects driving lower demand for machinery Strength in Asia, modest growth in N. America, weakness in Europe Energy efficiency initiatives driving equipment growth Strength in aftermarket globally 	
 Commercial Marine	<ul style="list-style-type: none"> Shipbuilding demand for merchant marine remains flat Off-shore vessels build rate very low IMO 2020 Low Sulfur regulation increasing demand for scrubber pumps Expanded global fleet aging, increasing aftermarket demand 	
 Oil & Gas	<ul style="list-style-type: none"> N. American up/midstream weakness due to operator efficiency and focus on cash Refining capacity growth in Middle East and Asia Pacific Refining expansions and upgrades in the Americas 	
 Aerospace	<ul style="list-style-type: none"> Commercial aircraft build rates and backlog at historic highs Global airline passenger traffic growth Ramp up of newer programs 	
 Defense	<ul style="list-style-type: none"> Global increases in defense spending Key programs to receive increased funding / ramping up <ul style="list-style-type: none"> Submarines / aircraft carriers Joint Strike Fighter Missiles 	

Q4 2019 Guidance as of November 6, 2019



(millions, except per share amounts)

	Q4 2019	
	Low	High
Net Revenue	\$ 235	\$ 248
Expected Adjusted Earnings Per Share	\$ 0.76	\$ 0.88
Expected Special / Restructuring Charges per share:		
- Special & Restructuring Charges	\$ (0.24)	\$ (0.20)
- Special Charges - M&A amortization related	\$ (0.49)	\$ (0.49)

Use of Non-GAAP Financial Measures



Within this presentation the Company uses non-GAAP financial measures, including Adjusted operating income, Adjusted operating margin, Adjusted net income, Adjusted earnings per share (diluted), EBITDA, Adjusted EBITDA, net debt, free cash flow and organic growth (and such measures further excluding Engineered Valves). These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they reflect our ongoing business and facilitate 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 recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss orders and revenue changes on an "organic" basis. Organic change is calculated assuming the divestitures completed prior to June 30, 2019 were completed on January 1, 2018 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 available in the Company's second-quarter 2019 news release available on its website at www.CIRCOR.com.

Figures labeled "Adjusted" exclude certain charges and recoveries. A description of these charges and recoveries and a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's second-quarter 2019 news release available on its website at www.CIRCOR.com.