



Energy | Aerospace & Defense

Fourth Quarter 2013

Investor Review






Presented February 27, 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 first-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 fourth-quarter 2013 news release available on its website at www.circor.com.

Q4 2013 Financial Highlights







- **Orders of \$231 million**  **14%**
- **Revenues of \$214 million**  **6%**
- **Adjusted operating margin of 11.6%**  **380 bps**
- **Adjusted EPS of \$0.95**  **38%**
- **Backlog of \$462.6 million**  **3%**

Note: AOI Margin and Adjusted EPS exclude special and impairment charges.

FY 2013 Financial Highlights



- Revenues of \$857.8 million  1%
- Adjusted operating margin of 9.9%  210 bps
- Adjusted EPS of \$3.21  24%
- Orders of \$881.3 million  2%

Note: AOI Margin and Adjusted EPS exclude special and impairment charges.

Energy Segment Highlights



(\$US Millions)	Q4 2013	Q4 2012	YOY Change
Revenues	\$162.6	\$156.2	4%
Adjusted operating margin	17.1%	11.9%	520 bps

- **Revenues increased 4%**
 - Increased shipments for large upstream international projects
 - Higher demand in global downstream market
 - Lower sales in distributed valves and Brazil
- **Adjusted operating margin increased 520 bps**
 - Improved pricing
 - Favorable product mix
 - Restructuring and productivity benefits



Strength in Upstream
Offshore Orders

Note: AOI Margin excludes special and impairment charges.

Aerospace & Defense Segment Highlights



(\$US Millions)	Q4 2013	Q4 2012	YOY Change
Revenues	\$51.4	\$45.4	13%
Adjusted operating margin	8.4%	5.1%	330 bps

- **Revenues increased 13%**
 - Strength in US defense business
 - UK defense business up 30%

- **Adjusted operating margin increased 330 bps**
 - Product mix impact
 - UK defense business up
 - Lower volume in fluid controls
 - Restructuring savings
 - Higher costs from factory consolidation and supplier fire



CIRCOR A&D provides the kinetic switch module on the next generation Hellfire missile

Note: AOI Margin excludes special and impairment charges.

Q4 P&L Highlights



(\$US, In Millions except share and per share data)

	Q4 2013	Q4 2012
Segments' adjusted operating income ¹	\$32.2	\$20.9
Restructuring inventory charges	0.6	-
Impairment charges	6.9	-
Special charges, net	5.2	3.9
Corporate expenses ²	(7.4)	(5.3)
Operating Income	12.1	11.7
Net interest	(0.8)	(1.0)
Other income (expense)	(0.2)	0.4
Income taxes	(2.3)	(1.8)
Net Income	\$8.8	\$9.2
Tax Rate	20.7%	16.5%
Diluted shares	17,710	17,499
EPS	\$0.50	\$0.53
Adjusted EPS ³	\$0.95	\$0.69

¹Excludes inventory restructuring, impairment and special charges, net

²Includes corporate stock based compensation of \$0.9 million and \$0.5 million for Q4 2013 and Q4 2012, respectively

³Diluted EPS excluding the impact of inventory restructuring, impairment and special charges, net of tax

Impairment, Special and Restructuring-Related Charges

<i>(\$US, In Millions except EPS Impact)</i>	Q4 2013
Impairment Charges	\$ 6.9
Restructuring Special Charges	4.7
Restructuring Inventory Charges	0.6
Other Special Charges	0.5
Total Charges	\$ 12.7
EPS Impact	\$ 0.5

- **Annualized savings from restructuring activities announced in 2013 are expected to be \$9.0 million**
- **Trailing restructuring costs of 2013 actions are expected to be \$2.9 million to \$3.2 million in 2014**

Cash Flow and Debt Highlights

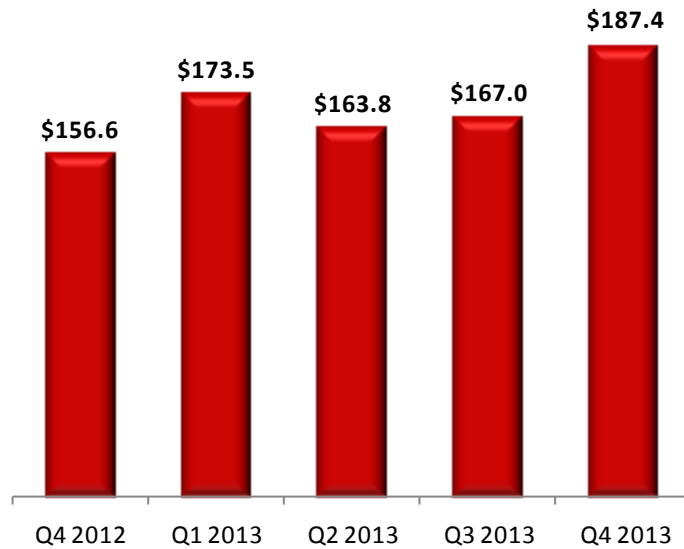


<i>\$US, In Millions</i>	<u>Q4 2013</u>	<u>Q4 2012</u>
Cash Flow from Operations	\$18.4	\$29.7
Capital Expenditures	<u>(3.7)</u>	<u>(4.1)</u>
Free Cash Flow	<u>\$14.7</u>	<u>\$25.6</u>
Total Debt	\$49.6	\$70.5
Cash, Cash Equivalents & ST Investments	\$102.3	\$61.8
Net Debt	(\$52.7)	\$8.7
Debt to Equity	10%	17%

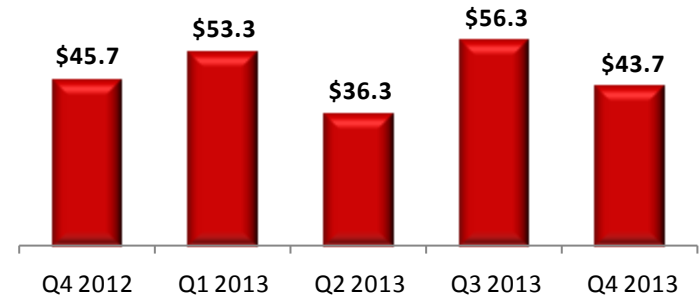
Note: Net Debt is defined as Total Debt less cash, cash equivalents and short term investments.

(\$US Millions)

Energy



Aerospace & Defense



Guidance as of February 27, 2014



Q1 2014

	Low	High
Revenue (in millions)	\$200	\$210
Expected Adjusted Earnings Per Common Share (Diluted)	\$0.68	\$0.73
Less:		
Restructuring related charges		
Impairment charges	\$0.07	\$0.06
Special charges		
Plus:		
Special gain on legal settlement	\$0.09	\$0.09
Expected Earnings Per Common Share (Diluted)	\$0.70	\$0.76

Note: Assumes 29% tax rate and exchange rates at present levels