CIRCOR

March 29, 2019

To Our Stockholders:

2018 was a transformational year for CIRCOR. We delivered on our strategic objectives becoming a more dynamic company with greater product diversification, a healthier balance sheet and stronger market opportunities. Highlights of 2018 included:

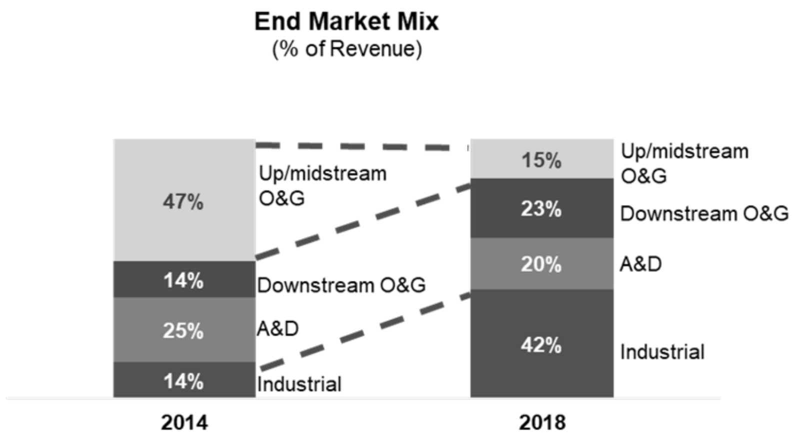
- Successfully integrated the Fluid Handling acquisition
- Reorganized the company into three segments to align with end markets
- Improved working capital and cash performance
- Launched 24 new products across all segments
- Divested two non-core businesses
- Continued to scale manufacturing facilities in India, Mexico and Morocco
- Developed and bolstered talent across organization

CIRCOR Transformation

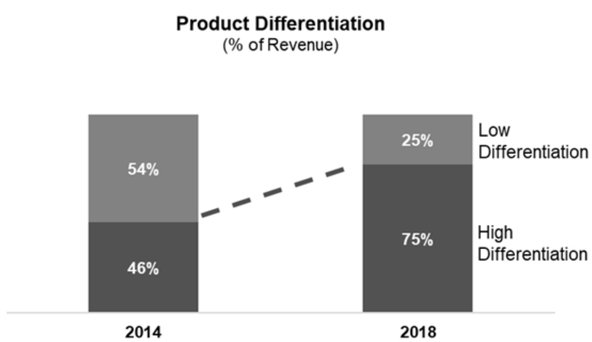
We successfully completed the first year of the integration of the Fluid Handling acquisition, the largest in CIRCOR's history. I am pleased to report that we are on track to achieve our committed cost synergies of $23 million at the end of year three, one year earlier than originally planned. We significantly increased CIRCOR's scale, thereby creating greater opportunities to leverage our supply chain and improve the value proposition we can provide our expanded customer base. Additionally, we created more opportunities for talent development, leading to internal promotions across multiple levels within the company. As part of the integration, we reorganized the company around end markets to enhance our ability to serve the unique needs of our customers. In doing so, we created an Industrial segment, which is now the largest in the company. We relocated the Industrial headquarters to Germany, marking our first international group headquarters.

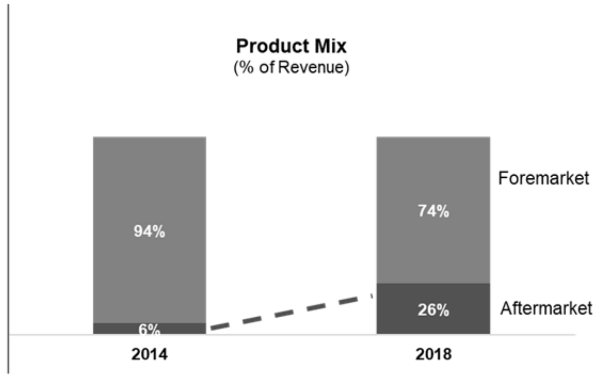
Our Fluid Handling acquisition, combined with key divestitures, prior acquisitions, new product launches, and our expansion in India and the Middle East has resulted in a significantly transformed company from just a few years ago. Today, we are more diversified by region, product mix, technology and end market.

The addition of pumps has been an important complement to our legacy product line of valves and actuation devices, and has provided us with increased exposure to the fast-growing industrial market – one of the more profitable markets we serve.



We partner with our customers to offer solutions that are differentiated and reliable. We focus on niche end markets that require mission critical or severe service applications. Since 2014, we increased our percentage of revenue from differentiated products from 46% to 75%. Additionally, we are more engaged with our customers to ensure that they get the best product and service throughout our product's life cycle, thereby limiting our customer's risk associated with downtime or failure. Our aftermarket revenue increased from 6% to 26% of revenue.





Delivering Growth and an Expanded Customer Value Proposition

We continue to invest in the business to further enhance our customers' experience, bringing reliable solutions for mission critical flow control applications, and creating long-term value for our stockholders. We launched 24 new products during the year, including eight in the fourth quarter. The new products span all three of our segments, and include:

- Delayed Coker Isolation Valve for Refinery applications
- High Pressure Industrial Coolant Pump designed to deliver precise and efficient performance for machining and metalworking applications
- High Temperature Kinetic Switch Module in support of Hypersonic Weapon Technology (Mach 20)

Our new product pipeline is an important way for us to continue expanding the value proposition we offer our customers. We expect an accelerated pace of new product introductions in 2019, when we plan to launch more than 35 new products.

Our Industrial Group delivered an exceptional year despite significant integration activities. We delivered a seamless transition for our customers and reported pro forma orders growth of 17%. Industrial end markets remain strong, driven by global increase in capital spending and equipment upgrades linked to stringent regulations on energy and green initiatives. Our Aerospace & Defense Group is firing on all cylinders with organic orders growth of 13% in 2018, mainly driven by new products, strength in commercial aerospace, and the increase in US defense spending. Within the Energy Group, our Refinery Valves business saw exceptional orders growth due to a global increase in refinery investment and the IMO 2020 regulation.

CIRCOR India continued to mature in 2018. Our focus on the domestic market led to double-digit order growth and penetration of several large strategic accounts. We continue to leverage India as a low-cost manufacturing source to serve markets inside and outside of India. I am pleased to report that our Coimbatore plant achieved the CIRCOR Operating System Bronze level certification in 2018. In addition, we significantly increased the capacity of our Indian Engineering Center of Excellence, thereby supporting our global businesses with design, sourcing, and application engineering needs.

Simplifying our Business and Driving Margin Improvement

We made progress in our simplification efforts using the CIRCOR Operating System (COS) fundamentals. We rolled out COS at all the acquired Fluid Handling businesses, and our legacy businesses continued to mature as well. We saw measurable improvement across all key metrics including safety, quality, productivity, and customer on-time delivery.

Within our Energy segment, we began shipping Refinery Valve products from our expanded manufacturing facility in India, a capability that strengthens our position in the downstream market. The transition of this business to India allows us to better serve high-growth Asian markets, and generates substantial manufacturing cost savings and supply chain efficiencies.

In addition, we transitioned production of Distributed Valves from Oklahoma City to Monterrey, Mexico. We are on track to exit Oklahoma City during the first half of 2019. We expect to see Distributed Valves margins improve through the balance of the year. The American Petroleum Institute's recent certification of our Monterrey facility expands the breadth of products we can produce there.

Divesting non-core assets has simplified the business, improved margins, and strengthened our balance sheet. In October 2018, we divested SES Rosscor for a nominal amount. SES Rosscor was a loss-making, non-core business based in the Netherlands. In January 2019, we sold our Reliability Services business for $85 million, using all the net proceeds to reduce debt. These transactions are in line with our strategy to focus on our core mission critical flow control platforms; and underscores our commitment to strengthening our balance sheet. We will continue to evaluate the sale of additional non-core assets to simplify the company, strengthen the portfolio, and further de-lever the balance sheet.

Disciplined Capital Deployment

We concluded 2018 with a net debt position of $738 million (total debt of $807 million less $69 million of cash and equivalents). We invested $26 million in restructuring and integration efforts in 2018. In addition, we spent $23 million on capital expenditures, largely in support of growth and productivity initiatives.

We fundamentally changed the culture around cash management in 2018. We leveraged the CIRCOR Operating System to roll out best practices for inventory, accounts payable, and receivables management; and, we improved the way cash was forecasted across the organization. Additionally, we linked a portion of our annual employee bonus program directly to cash flow. The combination of top talent, clear accountability, robust process, and the appropriate incentive delivered results. We reduced working capital as a percentage of sales from 32% at the end of 2017 to 24% at the end of last year. We see opportunities to drive further improvement in 2019.

Enhancing our Leadership Team

Since my letter to you a year ago, two new executives have joined our leadership team. In January we welcomed Chadi Chahine as our Chief Financial Officer from global medical device company Smith & Nephew. As the CFO of its U.S. business, and before that, International markets, Chadi helped drive sustained, profitable growth. We look forward to capitalizing on Chadi's proven cash management capabilities, deep operational expertise, and global business acumen. This skillset will be especially valuable as we enter the next stage of CIRCOR's evolution.

In June 2018, Lane Walker became President of our Energy Group. He previously served in leadership roles at Schlumberger and Cameron. Most recently he was the President of Testing Services unit, where he managed Schlumberger's downhole and surface testing business. We are excited to have him at the helm of our Energy business.

Since the announcement of our Industrial group headquarters in Germany, we created a strong local leadership team. We successfully filled the top leadership roles, including Finance, Human Resources, and the EMEA region P&L.

Looking Ahead

We have a great team in place to further enhance CIRCOR's performance and capitalize on opportunities in the robust end markets we serve. Our path forward is clear. We are committed to driving long-term growth, expanding margins, generating strong free cash flow, and de-levering the company. On behalf of everyone at CIRCOR, I want to thank our customers, our suppliers, and you, our stockholders, for your support in 2018. We are committed to rewarding that confidence in 2019 and beyond.

Sincerely,

Scott Buckhout
President and Chief Executive Officer