

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): May 12, 2021



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.

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**Item 2.02. Results of Operations and Financial Condition.**

By press release dated May 12, 2021, CIRCOR International, Inc. (the “Company”) announced its financial results for the three months ended April 4, 2021. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by herein by reference.

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 at 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.
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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 7.01. Regulation FD Disclosure**

Presentation slides discussing the Company's quarterly operating results are attached to this Current Report on Form 8-K, as Exhibit 99.2, and are incorporated herein by reference. The information in this Item 7.01 of Form 8-K and the attached Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability 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.

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Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	Press Release regarding Earnings
<a href="#">99.2</a>	First Quarter 2021 Investor Review Presentation
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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## 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.

May 12, 2021

CIRCOR INTERNATIONAL, INC.

/s/ Abhi Khandelwal

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Abhi Khandelwal  
Senior Vice President and Chief Financial Officer

**Burlington, MA – May 12, 2021**

CIRCOR International, Inc. (NYSE: CIR), one of the world's leading providers of mission critical flow control products and services for the Industrial and Aerospace & Defense markets, today announced GAAP and adjusted financial results for the first quarter ended April 4, 2021.

**First Quarter 2021 Overview:**

- Strong orders of \$227 million, up 35% sequentially, with improvement across end markets
- Orders up 9% reported and 7% organically
  - Industrial orders of \$154 million, up 13% reported and 11% organically
  - Aerospace & Defense orders of \$73 million, up 1% reported and flat organically
- Revenue of \$181 million, down (6)% reported and (8)% organically
  - Industrial revenue of \$121 million, down (5)% reported and (6)% organically
  - Aerospace & Defense revenue of \$60 million, down (8)% reported and (10)% organically
- GAAP operating margin of 0.2%; Adjusted operating margin of 6.9%, up 110 bps
- GAAP loss per share of \$(0.35); Adjusted earnings per share of \$0.24, up 20%
- GAAP operating cash flow of \$(18) million; Free cash flow of \$(21) million, up 23%

CIRCOR President and CEO Scott Buckhout said, "Our team delivered solid first quarter 2021 results highlighted by sequential orders growth of 35%. Notably, we secured several large orders in our Defense business and saw recovery across virtually all industrial end markets. We are well positioned to deliver our 2021 commitments."

Mr. Buckhout continued, "We continue to make progress on our strategic priorities. With eight new product launches in the first quarter, we are on track to deliver 45 new products in 2021 that will further improve our product line vitality and support our long-term organic growth targets. In addition, we expect continued margin expansion and free cash flow improvement through the year as we drive value-based pricing, and further improve our operations using the CIRCOR Operating System."

Mr. Buckhout concluded, "With our \$421 million backlog, we're confident that we will deliver the high end of our 2021 organic revenue growth and adjusted EPS guidance provided in March. Going forward, we continue to focus on creating long-term value for shareholders by positioning the Company for growth, expanding margins, generating strong free cash flow, and de-levering the balance sheet". "

## **2Q'21 Guidance Update**

In the second quarter of 2021, CIRCOR expects reported revenue to increase from 0 to 2% and organic revenue to decline (2) - (4)%. On a reported basis, Industrial revenue is expected to grow 1 to 4% led by our shorter cycle businesses and Aerospace & Defense revenue is expected to decrease 0 to (5)% driven by continued lower demand in Commercial Aerospace and timing of Defense shipments. In both businesses, strong orders in the first quarter will lead to higher deliveries in the second half of 2021. In addition, CIRCOR expects adjusted EPS of \$0.30 to \$0.35 and free cash flow is expected to be breakeven to slightly negative.

## **2021 Guidance Update**

For the full year of 2021, CIRCOR now expects organic revenue growth in the range of 2 to 4% (previously 0 to 4%) and Adjusted EPS of \$2.10 to \$2.30 (previously \$2.00 to \$2.20). This updated guidance reflects our latest view of the Industrial business, which is now expected to grow low to mid-single digits, and increased confidence in our Aerospace & Defense outlook. We continue to expect adjusted net income to free cash flow conversion to be 85% to 95% and will use 2021 free cash flow to deleverage CIRCOR.

Presentation slides that provide supporting information to this guidance and first-quarter results are posted on the “Investors” section of the Company’s website and will be discussed during the conference call at 9:00 a.m. ET today.

## **Conference Call Information**

CIRCOR International will hold a conference call to review its financial results at 9:00 a.m. ET today, May 12, 2021. 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. Participants are encouraged to dial in to the call at least 15 minutes prior to the start time. The webcast will be archived on the Company’s website for one year.

## Selected Preliminary Consolidated Results

(\$ millions except EPS)	Q1 2021	Q1 2020	Change
Revenue	\$ 180.7	\$ 192.2	-6 %
Revenue - excluding divested businesses <sup>1</sup>	180.7	187.3	-4 %
GAAP operating (loss) income	0.4	(73.4)	101 %
Adjusted operating income <sup>2</sup>	12.4	11.1	12 %
GAAP operating margin	0.2 %	(38.2)%	3840 bps
Adjusted operating margin <sup>2</sup>	6.9 %	5.8 %	110 bps
Adjusted operating margin ex divestitures <sup>2</sup>	6.9 %	5.9 %	100 bps
GAAP loss per share (diluted)	\$ (0.35)	\$ (3.96)	91 %
Adjusted earnings per share (diluted) <sup>2</sup>	\$ 0.24	\$ 0.20	20 %
Operating cash flow	(17.7)	(23.9)	26 %
Free cash flow <sup>3</sup>	(21.1)	(27.4)	23 %
Orders	226.7	208.5	9 %
Orders - excluding divested businesses <sup>1</sup>	226.7	204.0	11 %

## Segment Results

(\$ in millions)	Q1 2021	Q1 2020	Change
<b>Aerospace &amp; Defense</b>			
Revenue	\$ 60.0	\$ 65.5	-8 %
Segment operating income	10.7	12.5	-14 %
Segment operating margin	17.8 %	19.1 %	-130 bps
Orders	73.0	72.0	1 %
<b>Industrial</b>			
Revenue	\$ 120.7	\$ 126.7	-5 %
Revenue - excluding divested businesses <sup>1</sup>	120.7	121.8	-1 %
Segment operating income	9.7	5.2	88 %
Segment operating margin (adjusted)	8.1 %	4.2 %	380 bps
Orders	153.7	136.4	13 %
Orders - excluding divested businesses <sup>1</sup>	153.7	132.0	16 %

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 reported orders and revenues. Divested businesses include Instrumentation & Sampling (all Industrial) which was sold during Q1 2020.
2. Adjusted consolidated and segment results for Q1 2021 exclude net loss from discontinued operations of \$0.2 million and net loss from non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$12.1 million. These charges include: (i) \$12.9 million for non-cash acquisition-related intangible amortization and depreciation expense; and (ii) \$0.8 million of other special and restructuring recoveries. Adjusted consolidated and segment results for Q1 2020 exclude income from discontinued operations of \$9.2 million and net loss from non-cash acquisition-related intangible amortization, special and restructuring charges and goodwill impairment charge totaling \$84.5 million (\$92.2 million, net of tax). These charges include: (i) \$11.2 million charge for non-cash acquisition-related intangible amortization and depreciation expense; (ii) \$2.4 million of professional fees associated with an unsolicited tender offer to acquire all outstanding shares of the Company's common stock; (iii) \$53.2 million net gain from the divestiture of our Instrumentation & Sampling business; (iv) \$3.5 million amortization of debt issuance fee; (v) \$4.4 million of other special and restructuring charges; and (vi) \$116.2 million goodwill impairment charge related to our Industrial segment.
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.



**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 discontinued operations) 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.

We exclude goodwill impairment charges. We exclude these costs because we do not believe they are indicative of our normal operating costs.

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 April 4, 2021 were completed on January 1, 2020 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 peers. 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 certain statements that are “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995 (the “Act”). The words “may,” “hope,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” “continue,” and other expressions, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements, although not all forward-looking statements are accompanied by such words. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements, including statements about outlook for the fourth quarter, the expected and potential direct or indirect impacts of the COVID-19 pandemic on our business, the realization of cost reductions from restructuring activities and expected synergies, the number of new product launches and future cash flows from operating activities, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the duration and severity of the COVID-19 pandemic and its impact on the global economy; changes in the price of and demand for oil and gas in both domestic and international markets; any adverse changes in governmental policies; variability of raw material and component pricing; changes in our suppliers’ performance; fluctuations in foreign currency exchange rates; changes in tariffs or other taxes related to doing business internationally; our ability to hire and retain key personnel; our ability to operate our manufacturing facilities at efficient levels including our ability to prevent cost overruns and reduce costs; our ability to generate increased cash by reducing our working capital; our prevention of the accumulation of excess inventory; our ability to successfully implement our divestiture; restructuring or simplification strategies; fluctuations in interest rates; our ability to successfully defend product liability actions; as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world, including as a result of COVID-19, natural disasters, terrorist attacks and other similar matters. We advise you to read further about these and other risk factors set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020, which is filed with the Securities and Exchange Commission (“SEC”) and is available on the SEC’s website at [www.sec.gov](http://www.sec.gov). 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 is one of the world’s leading providers of mission critical flow control products and services for the Industrial and Aerospace & Defense markets. The Company has a product portfolio of market-leading brands serving its customers’ most demanding applications. CIRCOR markets its solutions directly and through various sales partners to more than 14,000 customers in approximately 100 countries. The Company has a global presence with approximately 3,200 employees and is headquartered in Burlington, Massachusetts. For more information, visit the Company’s investor relations website at <http://investors.circor.com>.

## Contact:

Alex Maki  
Vice President - FP&A and Investor Relations  
CIRCOR International  
(781) 270-1200

## CIRCOR INTERNATIONAL, INC.

Condensed Consolidated Statements of Operations  
(in thousands, except per share data) (unaudited)

	Three Months Ended	
	April 4, 2021	March 29, 2020
<b>Net revenues</b>	\$ 180,655	\$ 192,213
<b>Cost of revenues</b>	124,574	132,170
<b>Gross profit</b>	56,081	60,043
Selling, general and administrative expenses	56,504	59,558
Goodwill impairment charge	—	116,182
Special and restructuring charges (recoveries), net	(809)	(42,292)
<b>Operating income (loss)</b>	386	(73,405)
Other expense (income), net:		
Interest expense, net	8,369	9,011
Other expense (income), net	(1,503)	(2,680)
Total other expense, net	6,866	6,331
(Loss) income from continuing operations before income taxes	(6,480)	(79,736)
Provision for (benefit from) income taxes	400	8,374
(Loss) income from continuing operations, net of tax	(6,880)	(88,110)
Income (loss) from discontinued operations, net of tax	(239)	9,162
<b>Net loss</b>	<u>\$ (7,119)</u>	<u>\$ (78,948)</u>
<b>Basic income (loss) per common share:</b>		
Basic from continuing operations	\$ (0.34)	\$ (4.42)
Basic from discontinued operations	\$ (0.01)	\$ 0.46
Net loss	\$ (0.35)	\$ (3.96)
<b>Diluted income (loss) per common share:</b>		
Diluted from continuing operations	\$ (0.34)	\$ (4.42)
Diluted from discontinued operations	\$ (0.01)	\$ 0.46
Net loss	\$ (0.35)	\$ (3.96)
<b>Weighted average number of common shares outstanding:</b>		
Basic	20,054	19,935
Diluted	20,054	19,935

**CIRCOR INTERNATIONAL, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
**(in thousands) (unaudited)**

	<b>Three Months Ended</b>	
	<b>April 4, 2021</b>	<b>March 29, 2020</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (7,119)	\$ (78,948)
Loss from discontinued operations, net of income taxes	(239)	9,162
Loss from continuing operations	(6,880)	(88,110)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	6,509	5,121
Amortization	10,696	10,611
Provision for bad debt expense	(254)	5,802
Write down of inventory	129	343
Compensation expense for share-based plans	1,402	608
Amortization of debt issuance costs	995	4,513
Deferred tax provision	823	—
Goodwill impairment charge	—	116,182
(Gain) loss on sale of businesses	(1,947)	(54,356)
Changes in operating assets and liabilities, net of effects of acquisition and disposition:		
Trade accounts receivable	(3,793)	(1,550)
Inventories	(8,055)	(13,365)
Prepaid expenses and other assets	(15,332)	(5,507)
Accounts payable, accrued expenses and other liabilities	(1,360)	1,081
Net cash (used in) provided by continuing operating activities	(17,067)	(18,627)
Net cash used in discontinued operating activities	(636)	(5,320)
<b>Net cash used in operating activities</b>	<b>(17,703)</b>	<b>(23,947)</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(3,394)	(3,412)
Proceeds from sale of property, plant and equipment	2	—
Proceeds from the sale of business	7,193	169,773
Proceeds from beneficial interest of factored receivables	812	599
Net cash provided by continuing investment activities	4,613	166,960
Net cash used in discontinued investing activities	—	68
<b>Net cash provided by investing activities</b>	<b>4,613</b>	<b>167,028</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	63,500	129,325
Payments of long-term debt	(46,500)	(180,891)
Withholding tax payments on restricted and performance stock units converted	(3,274)	—
Proceeds from the exercise of stock options	151	118
<b>Net cash provided by (used) in financing activities</b>	<b>13,877</b>	<b>(51,448)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,545)	(5,389)
<b>(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>(758)</b>	<b>86,244</b>
Cash, cash equivalents, and restricted cash at beginning of period	77,696	85,727
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD</b>	<b>\$ 76,938</b>	<b>\$ 171,971</b>

**CIRCOR INTERNATIONAL, INC.**  
**Condensed Consolidated Balance Sheets**  
(in thousands) (unaudited)

	April 4, 2021	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 75,680	\$ 76,452
Trade accounts receivable, less allowance for doubtful accounts of \$8,585 and \$9,035 at April 4, 2021 and December 31, 2020, respectively	105,607	102,730
Inventories	135,291	129,084
Prepaid expenses and other current assets	103,632	93,226
Assets held for sale	—	5,073
Total Current Assets	420,210	406,565
PROPERTY, PLANT AND EQUIPMENT, NET	163,431	168,763
<b>OTHER ASSETS:</b>		
Goodwill	156,917	158,944
Intangibles, net	337,864	353,595
Deferred income taxes	781	779
Other assets	43,999	41,882
<b>TOTAL ASSETS</b>	<b>\$ 1,123,202</b>	<b>\$ 1,130,528</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 67,126	\$ 61,236
Accrued expenses and other current liabilities	67,059	75,624
Accrued compensation and benefits	31,338	28,332
Total Current Liabilities	165,523	165,192
LONG-TERM DEBT	525,573	507,888
DEFERRED INCOME TAXES	27,071	28,980
PENSION LIABILITY, NET	156,746	163,642
OTHER NON-CURRENT LIABILITIES	52,183	58,785
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 29,000,000 shares authorized; 21,543,496 and 21,373,813 issued at April 4, 2021 and December 31, 2020 respectively	216	214
Additional paid-in capital	451,858	452,728
(Accumulated deficit) retained earnings	(93,580)	(86,461)
Common treasury stock, at cost (1,372,488 shares at April 4, 2021 and December 31, 2020)	(74,472)	(74,472)
Accumulated other comprehensive loss, net of tax	(87,916)	(85,968)
Total Shareholders' Equity	196,106	206,041
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 1,123,202</b>	<b>\$ 1,130,528</b>

**CIRCOR INTERNATIONAL, INC.**  
**Summary of Orders and Backlog**  
**(in millions) (unaudited)**

		<b>Three Months Ended</b>	
		<b>April 4, 2021</b>	<b>March 29, 2020</b>
<b>ORDERS (1)</b>			
	Aerospace & Defense	\$ 73.0	\$ 72.0
	Industrial	153.7	136.4
	Total Orders	<u>\$ 226.7</u>	<u>\$ 208.5</u>
		<b>April 4, 2021</b>	<b>March 29, 2020</b>
<b>BACKLOG (2)</b>			
	Aerospace & Defense	\$ 194.7	\$ 199.0
	Industrial	226.4	222.2
	Total Backlog	<u>\$ 421.1</u>	<u>\$ 421.2</u>

Note 1: Orders do not include the foreign exchange impact due to the re-measurement of customer backlog amounts denominated in foreign currencies. Orders for the three months ended March 29, 2020 include orders from businesses divested prior to March 29, 2020 of \$4.4 million.

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

**As reported**

## NET REVENUES

**SEGMENT OPERATING INCOME**

### SEGMENT OPERATING MARGIN %

Results of divested businesses (1)	2020					2021
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR
ORDERS - Industrial	\$ 4,449	\$ —	\$ —	\$ —	\$ 4,449	\$ —
NET REVENUES - Industrial	\$ 4,900	\$ —	\$ —	\$ —	\$ 4,900	\$ —
SEGMENT OP. INC. -Industrial	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

**CIRCOR INTERNATIONAL, INC.**  
**Supplemental Information Regarding Divested Businesses**  
(in thousands, except percentages) (unaudited)

Results excluding divested businesses	2020					2021
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR
<b>ORDERS</b>						
Aerospace & Defense	\$72,031	\$76,616	\$59,105	\$46,796	\$254,548	\$72,999
Industrial	131,994	116,023	107,453	121,690	477,160	153,695
Total	\$204,025	\$192,639	\$166,558	\$168,486	\$731,708	\$226,693
<b>NET REVENUES</b>						
Aerospace & Defense	\$65,493	\$62,241	\$62,249	\$77,839	\$267,822	\$60,001
Industrial	121,820	123,825	124,391	130,513	500,549	120,654
Total	\$187,313	\$186,066	\$186,640	\$208,352	\$768,371	\$180,655
<b>SEGMENT OPERATING INCOME</b>						
Aerospace & Defense	\$12,494	\$13,142	\$14,782	\$18,675	\$59,093	\$10,706
Industrial	5,169	12,406	9,807	12,441	39,823	9,735
Corporate expenses	(6,588)	(9,664)	(7,244)	(7,789)	(31,285)	(8,002)
Total	\$11,075	\$15,884	\$17,345	\$23,327	\$67,631	\$12,439
<b>SEGMENT OPERATING MARGIN</b>						
%						
Aerospace & Defense	19.1%	21.1%	23.7%	24.0%	22.1%	17.8%
Industrial	4.2%	10.0%	7.9%	9.5%	8.0%	8.1%
Total	5.9%	8.5%	9.3%	11.2%	8.8%	6.9%

(1) Divested businesses are related to the Industrial Segment and include Instrumentation & Sampling. 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 thousands, except percentages) (unaudited)

	2020					2021
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR
Net Cash (Used In) Provided By Operating Activities	\$(23,947)	\$(24,883)	\$2,465	\$23,641	\$(22,724)	\$(17,703)
LESS						
Capital expenditures, net of sale proceeds (a)	3,412	3,527	2,330	3,275	12,544	3,392
FREE CASH FLOW	<u>\$(27,359)</u>	<u>\$(28,410)</u>	<u>\$135</u>	<u>\$20,366</u>	<u>\$(35,268)</u>	<u>\$(21,095)</u>
Gross Debt	\$602,288	\$592,038	\$540,463	\$519,938	\$519,938	\$536,938
Less: Cash & Cash equivalents	170,861	125,421	72,772	76,452	76,452	75,680
GROSS DEBT, NET OF CASH	<u>\$431,427</u>	<u>\$466,617</u>	<u>\$467,691</u>	<u>\$443,486</u>	<u>\$443,486</u>	<u>\$461,258</u>
TOTAL SHAREHOLDERS' EQUITY	\$290,845	\$273,351	\$220,814	\$206,041	\$206,041	\$196,106
GROSS DEBT AS % OF EQUITY	207%	217%	245%	252%	252%	274%
GROSS DEBT, NET OF CASH AS % OF EQUITY	148%	171%	212%	215%	215%	235%
(a) includes capital expenditures, net of sales proceeds of discontinued operations						

CIRCOR INTERNATIONAL, INC.  
Reconciliation of Key Performance Measures to Commonly Used Generally Accepted Accounting Principle Terms  
(in thousands, except percentages) (unaudited)

	1ST QTR	2ND QTR	2020 3RD QTR	4TH QTR	TOTAL	2021 1ST QTR
<b>NET (LOSS) INCOME</b>	\$ (78,948)	\$ (34,092)	\$ (58,524)	\$ (13,934)	\$ (185,498)	\$ (7,119)
<b>LESS:</b>						
Restructuring related inventory charges	(602)	—	351	—	(251)	—
Restructuring charges, net	2,883	588	502	972	4,945	2,060
Acquisition amortization	10,218	10,681	10,625	10,939	42,463	10,487
Acquisition depreciation	974	980	1,011	1,021	3,986	2,375
Special (recoveries) charges, net	(45,175)	5,019	436	473	(39,247)	(2,869)
Goodwill Impairment charge	116,182	—	—	—	116,182	—
Income tax impact	7,704	(22,549)	53,240	13,125	51,521	(335)
Net loss (income) from discontinued operations	(9,162)	43,848	(341)	795	35,140	239
<b>ADJUSTED NET INCOME</b>	<b>\$ 4,074</b>	<b>\$ 4,475</b>	<b>\$ 7,300</b>	<b>\$ 13,390</b>	<b>\$ 29,240</b>	<b>\$ 4,838</b>
<b>(LOSS) EARNINGS PER COMMON SHARE (Diluted)</b>	<b>\$ (3.96)</b>	<b>\$ (1.68)</b>	<b>\$ (2.93)</b>	<b>\$ (0.70)</b>	<b>\$ (9.28)</b>	<b>\$ (0.35)</b>
<b>LESS:</b>						
Restructuring related inventory charges	(0.03)	—	0.02	—	(0.01)	—
Restructuring charges, net	0.14	0.03	0.02	0.05	0.25	0.10
Acquisition amortization	0.51	0.53	0.53	0.55	2.13	0.52
Acquisition depreciation	0.05	0.05	0.05	0.05	0.20	0.12
Special (recoveries) charges, net	(2.27)	0.25	0.02	0.02	(1.96)	(0.14)
Impairment charge	5.83	—	—	—	5.81	—
Income tax impact	0.39	(1.11)	2.66	0.66	2.58	(0.02)
Earnings (Loss) per share from discontinued operations	(0.46)	2.16	(0.02)	0.04	1.76	0.01
<b>ADJUSTED EARNINGS PER SHARE (Diluted)</b>	<b>\$ 0.20</b>	<b>\$ 0.22</b>	<b>\$ 0.36</b>	<b>\$ 0.66</b>	<b>\$ 1.43</b>	<b>\$ 0.24</b>

CIRCOR INTERNATIONAL, INC.  
Reconciliation of Key Performance Measures to Commonly Used Generally Accepted Accounting Principle Terms  
(in thousands, except percentages) (unaudited)

	2020					2021
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR
<b>NET (LOSS) INCOME</b>	\$ (78,948)	\$ (34,092)	\$ (58,524)	\$ (13,934)	\$ (185,498)	\$ (7,119)
LESS:						
Interest expense, net	9,011	8,486	8,202	8,520	34,219	8,369
Depreciation	5,121	4,958	4,802	5,504	20,385	6,509
Amortization	10,516	10,976	10,925	11,245	43,662	10,696
Provision for income taxes	8,374	(21,769)	54,318	15,299	56,222	400
Loss (income) from discontinued operations	(9,162)	43,847	(341)	795	35,140	239
<b>EBITDA</b>	\$ (55,088)	\$ 12,406	\$ 19,383	\$ 27,429	\$ 4,130	\$ 19,094
LESS:						
Restructuring related inventory charges (recoveries)	(602)	—	351	—	(251)	—
Restructuring charges, net	2,883	588	502	972	4,945	2,060
Special (recoveries) charges, net	(45,175)	5,019	436	473	(39,247)	(2,869)
Goodwill impairment charge	116,182	—	—	—	116,182	—
<b>ADJUSTED EBITDA</b>	<u>\$ 18,200</u>	<u>\$ 18,013</u>	<u>\$ 20,671</u>	<u>\$ 28,873</u>	<u>\$ 85,758</u>	<u>\$ 18,285</u>

CIRCOR INTERNATIONAL, INC.  
Reconciliation of Key Performance Measures to Commonly Used Generally Accepted Accounting Principle Terms  
(in thousands, except percentages) (unaudited)

	2020					2021
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR
<b>GAAP OPERATING INCOME (LOSS)</b>	\$ (73,405)	\$ (1,384)	\$ 4,420	\$ 9,923	\$ (60,446)	\$ 386
<b>LESS:</b>						
Restructuring related inventory charges (recoveries)	(602)	—	351	—	(251)	—
Amortization of inventory step-up	—	—	—	—	—	—
Restructuring charges, net	2,883	588	502	972	4,945	2,060
Acquisition amortization	10,218	10,681	10,625	10,939	42,463	10,487
Acquisition depreciation	974	980	1,011	1,021	3,986	2,375
Special (recoveries) charges, net	(45,175)	5,019	436	473	(39,247)	(2,869)
Goodwill impairment charge	116,182	—	—	—	116,182	—
<b>ADJUSTED OPERATING INCOME</b>	<b>\$ 11,075</b>	<b>\$ 15,884</b>	<b>\$ 17,345</b>	<b>\$ 23,327</b>	<b>\$ 67,631</b>	<b>\$ 12,439</b>
<b>GAAP OPERATING MARGIN</b>	<b>(38.2)%</b>	<b>(0.7)%</b>	<b>2.4 %</b>	<b>4.8 %</b>	<b>(7.8)%</b>	<b>0.2 %</b>
<b>LESS:</b>						
Restructuring related inventory charges (recoveries)	(0.3)%	— %	0.2 %	— %	— %	— %
Amortization of inventory step-up	— %	— %	— %	— %	— %	— %
Restructuring charges, net	1.5 %	0.3 %	0.3 %	0.5 %	0.6 %	1.1 %
Acquisition amortization	5.3 %	5.7 %	5.7 %	5.3 %	5.5 %	5.8 %
Acquisition depreciation	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	1.3 %
Special (recoveries) charges, net	(23.5)%	2.7 %	0.2 %	0.2 %	(5.1)%	(1.6)%
Goodwill impairment charge	60.4 %	— %	— %	— %	15.0 %	— %
<b>ADJUSTED OPERATING MARGIN</b>	<b>5.8 %</b>	<b>8.5 %</b>	<b>9.3 %</b>	<b>11.2 %</b>	<b>8.7 %</b>	<b>6.9 %</b>



INDUSTRIAL  
AEROSPACE & DEFENSE



## 2021 First Quarter Earnings Call

May 12, 2021

*This presentation contains certain statements that are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 (the "Act"). The words "may," "hope," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," and other expressions, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements, although not all forward-looking statements are accompanied by such words. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements, including statements about outlook for future quarters, the expected and potential direct or indirect impacts of the COVID-19 pandemic on our business, the realization of cost reductions from restructuring activities and expected synergies, the number of new product launches and future cash flows from operating activities, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the duration and severity of the COVID-19 pandemic and its impact on the global economy; changes in the price of and demand for oil and gas in both domestic and international markets; any adverse changes in governmental policies; variability of raw material and component pricing; changes in our suppliers' performance; fluctuations in foreign currency exchange rates; changes in tariffs or other taxes related to doing business internationally; our ability to hire and retain key personnel; our ability to operate our manufacturing facilities at efficient levels including our ability to prevent cost overruns and reduce costs; our ability to generate increased cash by reducing our working capital; our prevention of the accumulation of excess inventory; our ability to successfully implement our divestiture; restructuring or simplification strategies; fluctuations in interest rates; our ability to successfully defend product liability actions; as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world, including as a result of COVID-19, natural disasters, terrorist attacks and other similar matters. We advise you to read further about these and other risk factors set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020, which is filed with the Securities and Exchange Commission ("SEC") and is available on the SEC's website at [www.sec.gov](http://www.sec.gov). 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 16 for information on the use of non-GAAP financial measures.*

# 1Q'21 Reported Results



(\$ millions except EPS)

	1Q'21	y/y	vs. 4Q'20	Comments on 1Q'21 results
Backlog	421	0%	11%	Organic orders strength driven by large orders in Defense and recovery across virtually all Industrial end markets
Orders	227	9%	35%	
Organic %		7%	34%	
Revenue	181	(6)%	(13)%	Sequential financial performance impacted by typical seasonality
Organic %		(8)%	(14)%	
AOI	12	12%	(47)%	Revenue lower versus prior year driven by backlog entering the year ... in line with expectations
AOI %	6.9%	110 bps	(430) bps	
GAAP EPS	\$(0.35)	n/a	n/a	Adjusted operating margin of \$12 / 6.9% ... expect strong expansion through 2021
Adj. EPS	\$0.24	20%	(64)%	
FCF	(21)	23%	n/a	FCF driven by timing of annual disbursements

Strong start to 2021

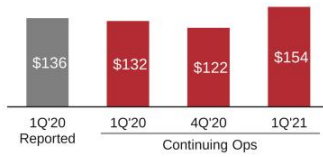
Organic revenue, Adjusted Operating Income (AOI), Adjusted EPS, and Free Cash Flow (FCF) are non-GAAP measures

# 1Q'21 Industrial Segment Highlights



(\$ millions)

## Orders



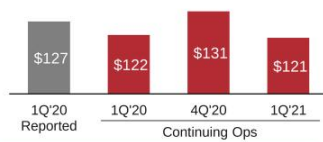
### Organic

vs. 4Q'20	y/y
+25%	+11%

### 1Q 2021 Orders

- Broad market recovery with particular strength in EMEA, China, and rest of Asia
- Timing of large international project orders in downstream
- Book-to-bill of 1.3x

## Revenue



### Organic

vs. 4Q'20	y/y
(9)%	(6)%

### 1Q 2021 Revenue

- Entered 2021 with lower backlog driven by COVID-19
- Revenue impacted by COVID-related customer issues

## AOI



### AOI expansion

vs. 4Q'20	y/y
(150)bps	+380bps

### 1Q 2021 AOI

- Favorable y/y results driven by non-repeat of a one-time write off in 1Q'20 partially offset by lower sales volume
- Organic decrements of 32% excl. prior year write off
- Expect operating margins to expand through the year

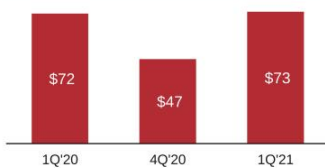
Organic revenue and Adjusted Operating Income (AOI) are non-GAAP measures.  
Continuing Ops figures exclude the impact of businesses divested prior to the end of 1Q 2021.

# 1Q'21 Aerospace & Defense Segment Highlights



(\$ millions)

## Orders



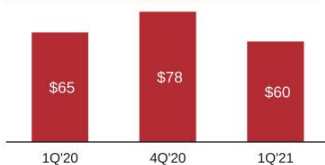
### Organic

vs. 4Q'20	y/y
+55%	0%

### 1Q 2021 Orders

- Received large Defense orders for JSF program and CVN aircraft carriers
- Sequential improvement in Commercial Aerospace but demand remains below pre-COVID 19 levels

## Revenue



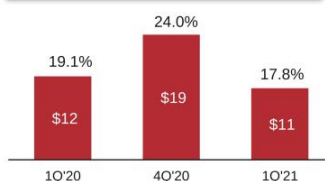
### Organic

vs. 4Q'20	y/y
(23)%	(10)%

### 1Q 2021 Revenue

- Lower sequential and y/y revenue driven by timing of large defense shipments
- Continued slow recovery in commercial aerospace

## AOI



### AOI expansion

vs. 4Q'20	y/y
(620)bps	(130)bps

### 1Q 2021 AOI

- Lower AOI driven by sales volume and mix
- Organic decrements of 29%
- Expect operating margins to expand through the year

Organic revenue and Adjusted Operating Income (AOI) are non-GAAP measures



# 1Q'21 Cash Flow and Debt Position



(\$ millions)

	1Q'21	1Q'20	y/y	Comments on 1Q'21 Results
Cash Flow from Operations	\$(18)	\$(24)	26%	Free cash flow in line with typical seasonality and timing of annual disbursements
Capital Expenditures, net	(3)	(3)	1%	
Free Cash Flow	\$(21)	\$(27)	23%	FCF improvement primarily driven by exit of upstream oil & gas
Total Debt	\$537	\$602	(11)%	Total debt reduced by \$65 / (11)% ... net debt up 7% driven by 1Q'21 FCF
Cash and Cash Equivalents	76	171	(56)%	
Net Debt	\$461	\$431	7%	Expect to improve net debt to adjusted EBITDA leverage by >1 turn in 2021

Free cash flow and net debt are non-GAAP measures

## 2Q'21 and 2021 Financial Framework



	2Q'21	2021 Guide	Previous
Org. revenue growth	(2) – (4)%	2 - 4%	0 - 4%
Adjusted EPS	\$0.30 - \$0.35	\$2.10 - \$2.30	\$2.00 - \$2.20
FCF Conversion % of adjusted net income	FCF breakeven to slightly negative	85 - 95%	85 - 95%

### 2Q commentary

- Industrial: Recovery across virtually all end markets ... deliveries increase in 2H'21
- A&D: Timing of backlog and large defense orders driving strong 2H'21... gradual improvement in Commercial Aerospace
- Corporate and interest expenses in line with 1Q

### 2021 commentary

- Strong start to 2021 ... now expect revenue at high end of previous guidance and EPS of \$2.10 to \$2.30
- FCF conversion remains at 85 – 95%
- CIRCOR Operating System continues to drive broad-based operational improvements

High confidence in delivering 2021 commitments

Organic revenue, Adjusted EPS, and Free Cash Flow (FCF) are non-GAAP measures

## 2Q'21 Industrial Revenue Outlook



Primary End Market		Share of 2020 revenue	2Q'21 y/y revenue	
Short Cycle	Chemical processing	7%	1 – 5%	Improving as consumer demand increases
	Power Generation	7%	(1) – 3%	Global capex activity improving
	Machinery manufacturing	6%	1 – 5%	Recovery in OEM orders
	Building & construction	1%	0 – 4%	} Commercial activity picking up
	Wastewater	1%	3 – 8%	
	Aftermarket	37%	3 – 6%	Increased utilization driving higher demand
	Short-cycle total	60%	2 – 5%	
Long Cycle	Downstream	10%	(1) – 3%	Refinery project & aftermarket activity improving
	Commercial Marine	9%	(3) – 1%	Global ship building slowly recovering
	Midstream O&G	5%	(3) – 3%	Global capex activity improving
	Other end markets	16%	0 – 4%	
	Long-cycle total	40%	(1) – 3%	
Memo: Price		1%	1%	2020 carry over and surgical pricing
Total Industrial		100%	1 – 4%	Organic revenue flat to (4)%

## 2Q'21 A&D Revenue Outlook



Primary End Market		Share of 2020 revenue	2Q'21 y/y revenue	
Defense	Top programs <small>JSF, submarines, carriers, DDG</small>	27%	5 – 10%	Growth from CVN, Virginia and Dreadnought
	Other OEM <small>Drone, missile, helicopter, other</small>	23%	~ Flat	Expect 2H growth from new and existing programs
	Aftermarket	19%	~ Flat	Slower spares shipments offset by higher MRO
	Memo: Price	4%	3%	Expect full year pricing in line with 2020
	Defense subtotal	69%	0 – 5%	
Commercial	Boeing / Airbus	7%	(5) – (10)%	COVID-19 impact on demand for new aircraft
	Other OEM <small>Biz/regional jets, helicopters, civil, other</small>	7%	(10) – (15)%	Signs of recovery, still below pre-COVID levels
	Aftermarket	2%	(10) – (15)%	COVID-19 impact on air traffic and utilization
	Memo: Price	2%	3%	Expect full year pricing in line with 2020
	Commercial subtotal	16%	(10) - (15)%	
Other end markets		15%	(10) – (15)%	Timing of medical/industrial ... expect 2H growth
Total A&D		100%	~Flat – (5)%	

Organic revenue  
down (1) – (6)%

2021+ Strategic Priorities	
People	<ul style="list-style-type: none"><li>• Attract, develop, and retain top talent</li><li>• Foster diversity, equity, and inclusion</li></ul>
Accelerate Growth	<ul style="list-style-type: none"><li>• Invest in differentiated technology and digital<ul style="list-style-type: none"><li>– New products</li><li>– Aftermarket support technology</li><li>– Enhanced customer interface</li></ul></li><li>• Expand regionally</li></ul>
Expand Margins	<ul style="list-style-type: none"><li>• Value based pricing that reflects technology and market position</li><li>• Ongoing simplification to address structural cost opportunity</li><li>• Expand low-cost manufacturing and back-office operations</li><li>• Manufacturing and supply chain optimization through CIRCOR Operating System</li></ul>
Allocate Capital Effectively	<ul style="list-style-type: none"><li>• Enhance FCF with more efficient working capital management</li><li>• Prioritize deleveraging</li><li>• Target 2.0x to 2.5x net debt to adjusted EBITA leverage ratio</li></ul>

## 1Q'21 Update

Planning to launch 45 new products in 2021 ... approaching 3-year NPD vitality of ~10%

Launched CIRCOR SmartApp in Industrial ... will achieve >50% product coverage in 1H'21

Continued investment in aftermarket growth with new A&D repair and overhaul center in Virginia

Seeing broad-based operational improvements driven by the CIRCOR Operating System

Investing to deliver long-term customer and shareholder value

# Appendix

# 1Q'21 Selected Items



(\$ millions, except EPS)	Q1 2021			Q1 2020			
	GAAP	Special	Adjusted	GAAP	Special	Adjusted	Adj Ex Div*
<b>Sales</b>	<b>180.7</b>	-	<b>180.7</b>	<b>192.2</b>	-	<b>192.2</b>	<b>187.3</b>
Gross margin	56.1	5.5498	61.6	60.0	3.8	63.9	63.8
SG&A	56.5	(7.3)	49.2	59.6	(6.7)	52.8	52.8
Goodwill impairment charge	-	-	-	116.2	(116.2)	-	-
Special & restructuring income, net	(0.8)	0.8	-	(42.3)	42.3	-	-
<b>Operating (loss) income</b>	<b>0.4</b>	<b>12.1</b>	<b>12.4</b>	<b>(73.4)</b>	<b>84.4</b>	<b>11.0</b>	<b>11.0</b>
Interest expense	8.4	0.0	8.4	9.0	-	9.0	-
Other (income) expense	(1.5)	0.0	(1.5)	(2.7)	-	(2.7)	-
Pre-tax	(6.5)	12.0	5.6	(79.7)	84.4	4.7	-
Tax benefit (provision)	(0.4)	(0.3)	(0.7)	(8.4)	7.6	(0.7)	-
<b>Net income (loss) from continuing operations</b>	<b>(6.9)</b>	<b>11.7</b>	<b>4.8</b>	<b>(88.1)</b>	<b>92.1</b>	<b>4.0</b>	<b>4.0</b>
<b>Net (loss) income from discontinued operations</b>	<b>(0.2)</b>	<b>0.2</b>	<b>-</b>	<b>9.2</b>	<b>(9.2)</b>	<b>-</b>	<b>-</b>
<b>Net (loss) income</b>	<b>(7.1)</b>	<b>11.9</b>	<b>4.8</b>	<b>(78.9)</b>	<b>82.9</b>	<b>4.0</b>	<b>4.0</b>
<b>EPS - continuing operations</b>	<b>\$ (0.34)</b>		<b>\$ 0.24</b>	<b>\$ (4.42)</b>		<b>\$ 0.20</b>	<b>\$ 0.20</b>
<b>EPS - net (loss) income</b>	<b>\$ (0.35)</b>		<b>\$ 0.24</b>	<b>\$ (3.96)</b>		<b>\$ 0.20</b>	<b>\$ 0.20</b>

Restructuring & Special Charges (excluded from AOI)			
	Q1 2021	Q1 2020	
<b>Special charges in cost of goods sold</b>			
Acquisition-related depreciation & amortization	5.5	4.4	
Restructuring	-	(0.6)	
- subtotal	5.5	3.8	
<b>Special charges in operating expenses</b>			
Acquisition-related depreciation & amortization	7.3	6.8	
Impairment charges		116.2	
Gain on sale of business	(1.9)	(54.6)	
Loss from divested business		1.4	
Issuance fee amortization		3.5	
Professional Fees relating to tender		2.4	
Cyber incident		0.7	
Other business sales		0.2	
Other special / restructuring charges	1.1	4.0	
- subtotal	6.5	80.6	
<b>Total</b>	<b>12.1</b>	<b>84.4</b>	

\* Adj. Ex Div & Disc Ops: Adjusted P&L items excluding the impact of divested businesses (Spence/Nicholson and Instrumentation & Sampling) and discontinued operations (Engineered Valves and Distributed Valves).  
EPS: (Loss) Per Share or Diluted Earnings Per Share

## Organic orders and revenue – vs. 1Q'20



(\$ in thousands)

	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>
Reported Orders	\$ 226,693	\$ 208,474	9%	\$ 153,695	\$ 136,443	13%	\$ 72,999	\$ 72,031	1%
Divestitures	-	(4,449)		-	(4,449)		-	-	
FX	(8,690)	-		(7,549)	-		(1,141)	-	
Organic Orders	\$ 218,003	\$ 204,025	7%	\$ 146,146	\$ 131,994	11%	\$ 71,858	\$ 72,031	0%

	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>
Reported Revenue	\$ 180,655	\$ 192,213	-6%	\$ 120,654	\$ 126,720	-5%	\$ 60,001	\$ 65,493	-8%
Divestitures	-	(4,900)		-	(4,900)		-	-	
FX	(7,522)	-		(6,356)	-		(1,165)	-	
Organic Revenue	\$ 173,133	\$ 187,313	-8%	\$ 114,298	\$ 121,820	-6%	\$ 58,836	\$ 65,493	-10%



## Organic orders and revenue – vs. 4Q'20

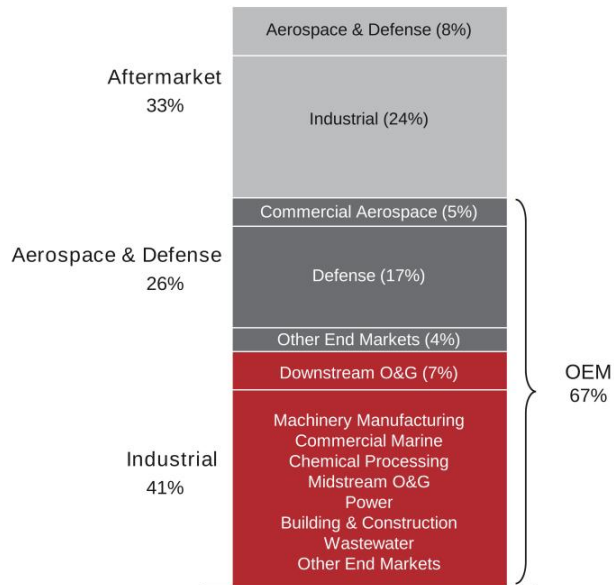


(\$ in thousands)

	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>
Reported Orders	\$ 226,693	\$ 168,486	35%	\$ 153,695	\$ 121,690	26%	\$ 72,999	\$ 46,796	56%
Divestitures	-	-		-	-		-	-	
FX	(1,670)	-		(1,381)	-		(289)	-	
Organic Orders	\$ 225,024	\$ 168,486	34%	\$ 152,314	\$ 121,690	25%	\$ 72,710	\$ 46,796	55%

	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>
Reported Revenue	\$ 180,655	\$ 208,352	-13%	\$ 120,654	\$ 130,513	-8%	\$ 60,001	\$ 77,839	-23%
Divestitures	-	-		-	-		-	-	
FX	(1,568)	-		(1,289)	-		(279)	-	
Organic Revenue	\$ 179,087	\$ 208,352	-14%	\$ 119,365	\$ 130,513	-9%	\$ 59,722	\$ 77,839	-23%

## CIRCOR 2020 Revenue by End Market



## Comments

- Completed exit from Upstream Oil & Gas with divestiture of Distributed Valves
- Large global installed base driving higher margin Aftermarket orders, mitigating broader economic decline
- Key program wins and existing platform growth in Defense driving strong performance
- Strength in Defense offsetting pressure in Commercial Aerospace due to COVID-19
- Diversified Industrial portfolio with no single end market contributing more than 7% of revenue

Note: Revenue excludes divested businesses.

## Organic Growth



- +100 to 150 bps higher than end market growth driven by strategic initiatives
- Continued execution on price initiatives

## Margin Expansion



- Near term (18-24 months) AOI% outlook
  - Industrial: low teens
  - A&D: mid-20s
- CIRCOR Operating System delivering improved operating performance

## Free Cash Flow



- FCF conversion of 90-95% of adjusted net income
- Intense focus on working capital

## Debt & Leverage



- Operating cash flow used to pay down debt
- Targeting long-term leverage ratio of 2 to 2.5x net debt to adjusted EBITDA

# 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 discontinued operations). 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.
- We exclude goodwill impairment charges.
- 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 April 4, 2021 were completed on January 1, 2020 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 peers. 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 first quarter 2021 news release available on its website at [www.CIRCOR.com](http://www.CIRCOR.com).

