



INDUSTRIAL  
AEROSPACE & DEFENSE



# Fourth-Quarter and Full-Year 2022 Earnings Call

March 15, 2023

# Forward-Looking Statements



This press release contains “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. All statements that address expectations or projections about the future, including with respect to the Company’s expectations for its performance in 2023 or relating to the Company’s strategic review are forward-looking statements. Actual results may differ materially from the expectations the Company describes in its forward-looking statements. Substantial 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. Important factors that could cause actual results to differ materially from expectations include, but are not limited to the inability to achieve expected results in pricing and cost out actions and the related impact on margins and cash flow; the effectiveness of the Company’s internal control over financial reporting and disclosure controls and procedures; the remediation of the material weaknesses in the Company’s internal controls over financial reporting or other potential weaknesses of which the Company is not currently aware or which have not been detected; the timing and outcome, if any, of the Company’s strategic alternatives review; 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, rising inflation, increasing interest rates, natural disasters, military conflicts, including the conflict between Russia and Ukraine, terrorist attacks and other similar matters, and the risks detailed from time to time in the Company’s periodic reports filed with the SEC. The Company has provided additional information about the risks facing the business in its annual report on Form 10-K and subsequent periodic and current reports most recently filed with the Securities and Exchange Commission. These forward-looking statements are made as of the date of this press release, and the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

# Use of Non-GAAP Financial Measures



Within this presentation, the Company uses the non-GAAP financial measures organic revenue, adjusted net income, adjusted EBITDA, compliance adjusted EBITDA, adjusted operating income (or AOI), adjusted operating margin (or AOI%), adjusted earnings per share, net debt, net leverage, compliance leverage and adjusted free cash flow. 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 that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating CIRCOR'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 CIRCOR's current financial results with CIRCOR's past financial results in a consistent manner.

Non-GAAP reconciliations can be found in the Appendix.

Specifically:

- We exclude the FX impact on revenue as FX can materially change. We believe the FX impact are not indicative to our normal operating revenue.
- We exclude costs and tax effects associated with special and restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to special and 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 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 or exited businesses and to provide a comparison of changes in our revenue and orders (an operating measure), we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures and/or exited businesses completed prior to December 31, 2022, were completed on January 1, 2021, and excluding the impact of changes in foreign currency exchange rates.

Please refer to the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.

# Agenda and Speakers



- Executive Overview
- 4Q'22 and FY'22 Financial Performance
- FY'23 Guidance
- Market Outlook
- Q&A



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**Tony Najjar**

President &  
Chief Executive Officer

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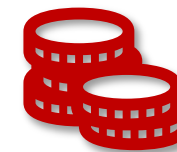
**AJ Sharma**

Chief Financial Officer  
& SVP, Business Development

# CEO Commentary



- **People.** Our teams demonstrated strong focus on execution and on our customers, and resilience delivering a great quarter, exceeding expectations.
- **Performance.** We delivered 19% organic orders growth and 550 bps of margin expansion in the quarter, navigating ongoing supply chain and macroeconomic challenges.
- **Progress.** We continued to make measurable progress on our strategic priorities: growth, margin expansion, and de-levering our balance sheet.



# Delivering on our Strategic Priorities



## Growth

- Leveraging products and technologies in growing markets
- Deepening customer engagement
- Expanding strong aftermarket business

## Margin Expansion

- Value pricing
- Simplification
- Best-cost country sourcing and manufacturing
- Factory modernization

## De-Levering our Balance Sheet

- Exited loss-making Pipeline Engineering business
- Continued focus on improving cash flow from operations
- Leveraging select sale-leaseback transactions

# 4Q'22 and FY'22 Highlights



## YOY Compare

	4Q'22	FY'22
Organic orders	+19%	+12%
Backlog	+22%	
Revenue	+5%	+4%
<i>Organic revenue</i>	+11%	+9%
AOI (%)	+550bps	+390bps
AOI (\$)	+62%	+61%
Adjusted EPS	+67%	+78%

## Commentary

### 4Q'22:

- Record backlog of \$543M
- Industrial organic orders +29% y/y
- Value pricing, volume, cost-out actions and exit of PE delivering margin expansion

### FY'22:

- Solid execution navigating supply chain constraints and inflationary environment
- Successful pricing performance
- Overhead cost reduction and cost controls

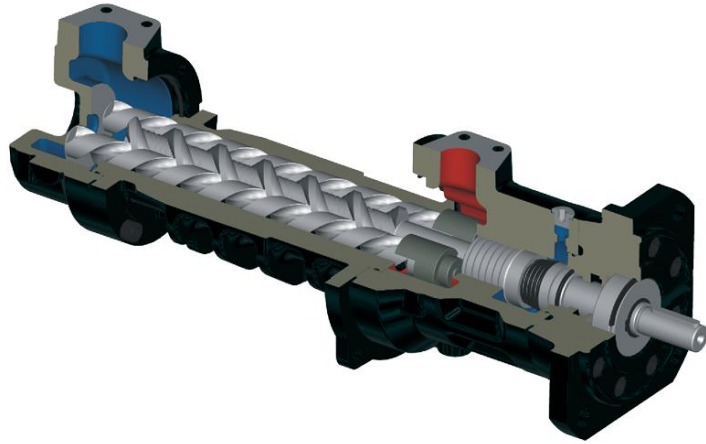
Organic revenue, Adjusted Operating Income (AOI), AOI%, and Adjusted EPS are non-GAAP measures.



# Targeted Growth Initiatives



## Higher Pressure / Lower Viscosity 3-Screw pumps



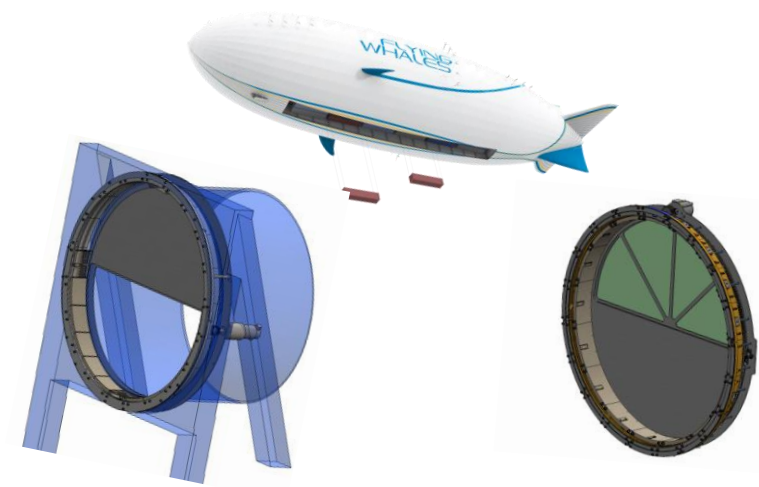
Severe service, mission critical applications, pumping low viscosity fluids up to 100 Bar

Three frame size pumps covering six displacements

**Competitive benefits include:**

- 2X life expectancy
- Reduced noise levels
- Reduced pressure pulsation

## Helium Valves for Flying Whales Airship



Flying Whales new airship designed for heavy load transport up to 60 tons and low environmental footprint

FLYING WHALES selected CIRCOR for the development and production of the helium valves

**Competitive benefits include:**

- Innovative valve solution with low leakage control
- Leverages our core technology in valve design and Electromechanical actuation into new market



# 4Q'22 Financial Results Summary



(\$ in millions, except EPS)

CIRCOR	4Q'22	4Q'21	Change
<b>Backlog</b>	<b>\$543</b>	<b>\$444</b>	22%
<b>Orders</b>	<b>249</b>	<b>220</b>	13%
<i>Organic %</i>			19%
<b>Revenue</b>	<b>215</b>	<b>205</b>	5%
<i>Organic %</i>			11%
<b>GAAP operating income (loss)</b>	<b>20.2</b>	<b>(19.0)</b>	206%
<b>GAAP operating margin</b>	<b>9.4%</b>	<b>(9.2)%</b>	1860 bps
<b>Adjusted operating income (AOI)</b>	<b>33.2</b>	<b>20.5</b>	62%
<b>AOI%</b>	<b>15.5%</b>	<b>10.0%</b>	550 bps
<b>GAAP earnings (loss) per share (diluted)</b>	<b>\$0.27</b>	<b>\$(1.40)</b>	119%
<b>Adjusted EPS</b>	<b>\$0.77</b>	<b>\$0.46</b>	67%
<b>Adjusted EBITDA</b>	<b>37.3</b>	<b>25.0</b>	50%
<b>Adjusted FCF</b>	<b>\$19.8</b>	<b>\$6.4</b>	209%

## Comments on 4Q'22 Results

- Organic orders growth primarily driven by navy, pumps aftermarket and downstream
- Broad based organic revenue growth across end markets and businesses
- +550 bps of AOI margin expansion driven by pricing, volume/mix, cost take-out, and exit of Pipeline Engineering
- Adjusted EPS growth of +67%...higher AOI partly offset by higher interest cost
- Strong adjusted FCF performance...cash from operations partially offset by special expenses and CAPEX

\* Financial results include results from the Pipeline Engineering business, including \$0.0 million of orders, \$0.0 million of revenue and \$0.0 million of AOI in Q4'22 and \$7.1 million of orders, \$5.2 million of revenue, and \$(3.2) million of AOI in Q4'21.

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

# 4Q'22 A&D Segment Highlights



(\$ in millions)

Aerospace & Defense	4Q'22	4Q'21	Change
<b>Backlog</b>	<b>\$208</b>	\$185	12%
<b>Orders</b>	<b>71</b>	74	-4%
<i>Organic %</i>			-1%
<b>Revenue</b>	<b>80</b>	70	14%
<i>Organic %</i>			18%
<b>AOI</b>	<b>\$21.8</b>	\$18.4	18%
AOI%	<b>27.3%</b>	26.3%	100bps

## Comments on 4Q'22 Results

- Organic orders decline...growth in navy, offset by timing of large medical order in prior period
- Broad-based organic revenue growth...growth across all businesses
- Highest ever AOI margin...pricing, volume, and mix

# 4Q'22 Industrial Segment Highlights



(\$ in millions)

<i>Industrial</i>	<b>4Q'22</b>	<b>4Q'21</b>	<b>Change</b>
<b>Backlog</b>	<b>\$335</b>	\$258	30%
<b>Orders</b>	<b>178</b>	146	22%
<i>Organic %</i>			29%
<b>Revenue</b>	<b>135</b>	135	0%
<i>Organic %</i>			7%
<b>AOI</b>	<b>\$18.2</b>	\$8.7	109%
<b>AOI%</b>	<b>13.5%</b>	6.4%	710 bps

## Comments on 4Q'22 Results

- Orders growth driven by pumps aftermarket and downstream
- Organic revenue...growth across businesses and markets partly offset by exit of Pipeline Engineering
- +710 bps AOI margin expansion...pricing, volume/mix, costs outs, and Pipeline Engineering exit

\* Financial results include results from the Pipeline Engineering business, including \$0.0 million of orders, \$0.0 million of revenue and \$0.0 million of AOI in Q4'22 and \$7.1 million of orders, \$5.2 million of revenue, and \$(3.2) million of AOI in Q4'21.

Organic Revenue, Adjusted Operating Income (AOI), and AOI% are non-GAAP measures.

# Net Debt and Leverage



(\$ in millions)

	1Q'22	2Q'22	3Q'22	4Q'22
<b>Net Debt<sup>1</sup></b>	<b>\$487</b>	<b>\$488</b>	<b>\$476</b>	<b>\$453</b>
Adjusted Earnings Before Interest Taxes, Depreciation and Amortization (TTM <sup>2</sup> )	\$78	\$83	\$96	\$108
<b>Net Leverage<sup>3</sup></b>	<b>6.3x</b>	<b>5.9x</b>	<b>5.0x</b>	<b>4.2x</b>
Compliance Adjusted Earnings Before Interest Taxes, Depreciation and Amortization (TTM)	\$96	\$100	\$108	\$118
<b>Compliance Leverage<sup>4</sup></b>	<b>5.1x</b>	<b>4.9x</b>	<b>4.4x</b>	<b>3.8x</b>

## Comments

- ~\$55M in sale and sale leaseback transactions in 2022
- Continued De-levering throughout the year...cash from sale leasebacks, and expanding EBITDA

**Expect 2023 Year-End Net Leverage in the Mid to High 3s**

Net Debt, Adjusted EBITDA and Compliance Adjusted EBITDA are non-GAAP measures. <sup>1</sup> – Net Debt defined as total debt (Term Loan B and revolvers) less cash or cash equivalents <sup>2</sup> – TTM defined as trailing twelve months <sup>3</sup> – Net Leverage is defined as calculated measure of net debt divided by adjusted earnings before taxes, depreciation and amortization TTM <sup>4</sup> – Compliance Leverage is defined as adjusted EBITDA as per the definition in CIRCOR's credit agreement entered into on December 20, 2021, available at: <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001091883/000109188321000033/cir-20211220.htm>.

# FY'23 Guide



(\$ in millions, except EPS)

CIRCOR	1st Quarter 2023		Full Year 2023	
	1Q'23 Guidance	Change vs. 1Q'22 (Midpoint)	FY'23 Guidance	Change vs. FY'22 (Midpoint)
Revenue	\$180 to \$190	Organic 3%	\$767 to \$857	Organic 3%
AOI	\$17.5 to 19.0	75%	\$90 to 105	11%
Adjusted EBITDA	\$21 to \$23	41%	\$110 to \$125	8%
Interest Cost	~(15)	54%	~\$(60)	35%
Adjusted EPS	\$0.11 to \$0.17	184%	\$1.19 to \$1.74	-20%

## Commentary:

- Strong backlog and orders trend...helps de-risk demand slow down scenario
- Expect easing of inflation and improving supply chains
- Continued focus on value pricing, cost controls, and simplification
- Continued investment in growth and modernizing of critical factories
- Interest rate headwinds

Adjusted Operating Income (AOI), Adjusted EBITDA and Adjusted EPS are non-GAAP measures. Please see "Reconciliation of Forward-Looking Non-GAAP Measures" in the Appendix for a discussion of the reconciliation of our Q1 and full year 2023 non-GAAP guidance.

# FY'23 Market Outlook – Orders



Industrial	Vs. PY	Approximate Sales Mix (%)	Growth Drivers
General Industrial	➔	57	Power generation, new business activities for lithium batteries manufacturing, aftermarket, and pricing
Commercial Marine	➔	15	Aftermarket growth supported by pricing and increased utilization
Downstream O&G	➔	19	Down compared to prior year due to timing of large capital order
Other	➔	9	Increase driven by Naval defense orders in US and Europe
<b>Aftermarket</b>	➔	40-45	Solid growth supported by pricing and increased utilization

Aerospace & Defense	Vs. PY	Approximate Sales Mix (%)	Growth Drivers
Defense	➔	61	Growth driven by the aftermarket, new products for missiles fusing devices and space applications, and pricing
Commercial	➔	18	Growth driven by the recovery in the single isle platforms at Airbus and Boeing and the aftermarket supported by pricing and the rebound in air travel
Other	➔	21	Decline driven by timing of large medical order
<b>Aftermarket</b>	➔	25-30	Strength in commercial aero and defense

<sup>1</sup> References in this presentation to “Sales Mix” refers to 2022 financial revenue by end market and geographic market.

# 2023 Outlook



- Ended 2022 with strong momentum, delivering on our strategic priorities
- Industrial segment:
  - Continue leveraging strong aftermarket position and value-based pricing to drive growth and margin expansion
- A&D segment:
  - Benefitting from ongoing rebound of commercial aerospace market, new products in defense and hydrogen, and sustained momentum in core defense business
- Striving for value creation for shareholders through organic revenue and margin growth
  - New product development, value-based pricing, and simplification
  - Simultaneously progressing with strategic review





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# Appendix

# 4Q'22 Organic Orders and Revenue vs. PY



(\$ in thousands)

	CIRCOR			Aerospace & Defense			Industrial		
	4Q 22	4Q 21	Variance %	4Q 22	4Q 21	Variance %	4Q 22	4Q 21	Variance %
<b>Orders</b>	\$ 248,847	\$ 219,964	13%	\$ 70,778	\$ 73,898	-4%	\$ 178,069	\$ 146,065	22%
Divestitures	-	-		-	-		-	-	
FX	13,096			2,263			10,833		
<b>Organic</b>	\$ 261,943	\$ 219,964	19%	\$ 73,041	\$ 73,898	-1%	\$ 188,902	\$ 146,065	29%

	CIRCOR			Aerospace & Defense			Industrial		
	4Q 22	4Q 21	Variance %	4Q 22	4Q 21	Variance %	4Q 22	4Q 21	Variance %
<b>Revenue</b>	\$ 214,527	\$ 204,917	5%	\$ 79,855	\$ 69,979	14%	\$ 134,672	\$ 134,938	0%
Divestitures	-	-		-	-		-	-	
FX	12,360			2,516			9,844		
<b>Organic</b>	\$ 226,887	\$ 204,917	11%	\$ 82,371	\$ 69,979	18%	\$ 144,516	\$ 134,938	7%

Orders, an operating measure, is defined as a legally binding agreement from an authorized individual at a customer requesting CIRCOR to provide goods and/or services at a fixed or determinable price and CIRCOR is capable of providing such goods and services, when the terms and conditions are firm enough to assure subsequent payment by the customer. The Company uses the measure of Orders to provide a leading indicator of current business demand from customers for products and services. Due to the significance of recently sold or exited businesses and to provide a comparison of changes in orders, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures and/or exited businesses completed prior to December 31, 2022, were completed on January 1, 2021, and excluding the impact of changes in foreign currency exchange rates. Organic Revenue is a non-GAAP measure.

# FY'22 Organic Orders and Revenue vs. PY



(\$ in thousands)

	CIRCOR			Aerospace & Defense			Industrial		
	FY 22	FY 21	Variance %	FY 22	FY 21	Variance %	FY 22	FY 21	Variance %
<b>Orders</b>	\$ 907,221	\$ 850,578	7%	\$ 308,207	\$ 255,168	21%	\$ 599,014	\$ 595,410	1%
Divestitures	-	-		-	-		-	-	
FX	49,518			9,241			40,277		
<b>Organic</b>	\$ 956,739	\$ 850,578	12%	\$ 317,448	\$ 255,168	24%	\$ 639,291	\$ 595,410	7%

	CIRCOR			Aerospace & Defense			Industrial		
	FY 22	FY 21	Variance %	FY 22	FY 21	Variance %	FY 22	FY 21	Variance %
<b>Revenue</b>	\$ 786,919	\$ 758,667	4%	\$ 282,715	\$ 252,541	12%	\$ 504,204	\$ 506,126	0%
Divestitures	-	-		-	-		-	-	
FX	42,923			8,037			34,886		
<b>Organic</b>	\$ 829,842	\$ 758,667	9%	\$ 290,752	\$ 252,541	15%	\$ 539,090	\$ 506,126	7%

Orders, an operating measure, is defined as a legally binding agreement from an authorized individual at a customer requesting CIRCOR to provide goods and/or services at a fixed or determinable price and CIRCOR is capable of providing such goods and services, when the terms and conditions are firm enough to assure subsequent payment by the customer. The Company uses the measure of Orders to provide a leading indicator of current business demand from customers for products and services. Due to the significance of recently sold or exited businesses and to provide a comparison of changes in orders, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures and/or exited businesses completed prior to December 31, 2022, were completed on January 1, 2021, and excluding the impact of changes in foreign currency exchange rates. Organic Revenue is a non-GAAP measure.

# 4Q'22 GAAP Operating (Loss) Income to Adjusted Operating Income



(\$ in thousands)

	2021					2022				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
<b>GAAP OPERATING (LOSS) INCOME</b>	\$ (5,266)	\$ (8,557)	\$ 3,451	\$ (18,952)	\$ (29,323)	\$ (11,789)	\$ 11,878	\$ 42,556	\$ 20,161	\$ 62,806
LESS:										
Restructuring related inventory charges (recoveries)	-	958	(60)	(299)	599	2,757	-	-	-	2,757
Restructuring charges (recoveries), net	2,060	2,281	(312)	205	4,234	6,447	4,695	(173)	97	11,066
Acquisition amortization	10,487	10,498	10,417	10,370	41,772	9,391	9,178	9,118	8,651	36,338
Acquisition depreciation	2,375	1,326	1,412	1,397	6,511	1,045	1,239	1,335	995	4,614
Special (recoveries) charges, net	(2,870)	4,523	1,126	17,259	20,038	2,556	(10,425)	(25,529)	3,319	(30,079)
Goodwill impairment charge	-	-	-	10,500	10,500	-	-	-	-	-
<b>ADJUSTED OPERATING INCOME</b>	\$ 6,787	\$ 11,028	\$ 16,034	\$ 20,480	\$ 54,331	\$ 10,407	\$ 16,565	\$ 27,307	\$ 33,223	\$ 87,502
<b>GAAP OPERATING MARGIN</b>	-3.0%	-4.6%	1.8%	-9.2%	-3.9%	-6.3%	6.2%	21.8%	9.4%	8.0%
LESS:										
Restructuring related inventory charges (recoveries)	0.0%	0.5%	0.0%	-0.1%	0.1%	1.5%	0.0%	0.0%	0.0%	0.4%
Restructuring charges (recoveries), net	1.2%	1.2%	-0.2%	0.1%	0.6%	3.5%	2.5%	-0.1%	0.0%	1.4%
Acquisition amortization	5.9%	5.6%	5.5%	5.1%	5.5%	5.1%	4.8%	4.7%	4.0%	4.6%
Acquisition depreciation	1.3%	0.7%	0.7%	0.7%	0.9%	0.6%	0.6%	0.7%	0.5%	0.6%
Special (recoveries) charges, net	-1.6%	2.4%	0.6%	8.4%	2.6%	1.4%	-5.4%	-13.1%	1.5%	-3.8%
Goodwill impairment charge	0.0%	0.0%	0.0%	5.1%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>ADJUSTED OPERATING MARGIN</b>	3.8%	5.9%	8.5%	10.0%	7.2%	5.6%	8.7%	14.0%	15.5%	11.1%

Note regarding financial statements: Amounts are computed independently each quarter; therefore, the sum of the quarterly amounts may not equal the total amount for the respective year due to rounding.

# 4Q'22 GAAP Net (Loss) Income to Adjusted EBITDA



(\$ in thousands)

	2021					2022				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
<b>NET (LOSS) INCOME</b>	\$ (11,796)	\$ (18,784)	\$ (2,629)	\$ (28,427)	\$ (61,638)	\$ (21,481)	\$ 3,960	\$ 31,470	\$ 5,439	\$ 19,388
LESS:										
Interest expense, net	8,369	7,958	7,997	8,040	32,365	9,456	10,203	11,821	13,405	44,886
Depreciation	6,509	5,460	5,536	5,348	22,854	5,000	5,056	4,956	4,679	19,691
Amortization	10,696	10,657	10,576	10,375	42,304	9,397	9,183	9,124	8,656	36,360
Provision for income taxes	(297)	2,659	850	1,970	5,182	1,523	(647)	1,661	1,742	4,279
Loss (income) from discontinued operations	239	878	(2,510)	(13)	(1,406)	-	-	-	-	-
<b>EBITDA</b>	\$ 13,720	\$ 8,828	\$ 19,820	\$ (2,707)	\$ 39,661	\$ 3,895	\$ 27,755	\$ 59,032	\$ 33,921	\$ 124,604
LESS:										
Restructuring related inventory charges (recoveries)	-	958	(60)	(299)	599	2,757	-	-	-	2,757
Restructuring charges (recoveries), net	2,060	2,281	(312)	205	4,234	6,447	4,695	(173)	97	11,066
Special (recoveries) charges, net	(2,870)	4,523	1,126	17,259	20,038	2,556	(10,425)	(25,529)	3,319	(30,079)
Goodwill impairment charge	-	-	-	10,500	10,500	-	-	-	-	-
<b>ADJUSTED EBITDA</b>	\$ 12,910	\$ 16,590	\$ 20,574	\$ 24,958	\$ 75,032	\$ 15,655	\$ 22,025	\$ 33,330	\$ 37,337	\$ 108,348

Note regarding financial statements: Amounts are computed independently each quarter; therefore, the sum of the quarterly amounts may not equal the total amount for the respective year due to rounding.



# 4Q'22 GAAP Net (Loss) Income to Adjusted Net Income



(\$ in thousands)

	2021					2022				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
<b>NET (LOSS) INCOME</b>	\$ (11,796)	\$ (18,784)	\$ (2,629)	\$ (28,427)	\$ (61,638)	\$ (21,481)	\$ 3,960	\$ 31,470	\$ 5,439	\$ 19,388
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Restructuring related inventory charges	-	958	(60)	(299)	599	2,757	-	-	-	\$ 2,757
Restructuring charges, net	2,060	2,281	(312)	205	4,234	6,447	4,695	(173)	97	\$ 11,066
Acquisition amortization	10,487	10,498	10,417	10,369	41,772	9,391	9,178	9,118	8,651	\$ 36,338
Acquisition depreciation	2,375	1,327	1,412	1,397	6,511	1,045	1,239	1,335	995	\$ 4,614
Special (recoveries) charges, net	(2,870)	4,523	1,126	17,259	20,038	2,556	(10,425)	(25,529)	3,319	\$ (30,079)
Goodwill Impairment charge	-	-	-	10,500	10,500	-	-	-	-	\$ -
Income tax impact	(44)	2,425	(596)	(1,622)	163	384	(2,207)	(2,066)	(2,739)	\$ (6,628)
Net loss (income) from discontinued operations	239	878	(2,510)	(13)	(1,406)	-	-	-	-	\$ -
<b>ADJUSTED NET INCOME</b>	\$ 451	\$ 4,106	\$ 6,848	\$ 9,369	\$ 20,773	\$ 1,099	\$ 6,440	\$ 14,155	\$ 15,762	\$ 37,456
<b>(LOSS) EARNINGS PER COMMON SHARE (Diluted)</b>	\$ (0.59)	\$ (0.93)	\$ (0.13)	\$ (1.40)	\$ (3.05)	\$ (1.06)	\$ 0.19	\$ 1.54	\$ 0.27	\$ 0.95
LESS:										
Restructuring related inventory charges	-	0.05	(0.00)	(0.01)	0.03	0.14	-	-	\$ -	\$ 0.14
Restructuring charges, net	0.10	0.11	(0.02)	0.01	0.21	0.32	0.23	(0.01)	0.00	\$ 0.54
Acquisition amortization	0.52	0.52	0.51	0.51	2.07	0.46	0.45	0.45	0.42	\$ 1.78
Acquisition depreciation	0.12	0.07	0.07	0.07	0.32	0.05	0.06	0.07	0.05	\$ 0.23
Special (recoveries) charges, net	(0.14)	0.22	0.06	0.85	0.99	0.13	(0.51)	(1.25)	0.16	\$ (1.47)
Impairment charge	-	-	-	0.52	0.52	-	-	-	-	\$ -
Income tax impact	(0.00)	0.12	(0.03)	(0.08)	0.01	0.02	(0.11)	(0.10)	(0.13)	\$ (0.32)
Earnings (Loss) per share from discontinued operations	0.01	0.04	(0.12)	(0.00)	(0.07)	-	-	-	-	\$ -
<b>ADJUSTED EARNINGS PER SHARE (Diluted)</b>	\$ 0.02	\$ 0.20	\$ 0.34	\$ 0.46	\$ 1.03	\$ 0.05	\$ 0.32	\$ 0.69	\$ 0.77	\$ 1.83

Note regarding financial statements: Amounts are computed independently each quarter; therefore, the sum of the quarterly amounts may not equal the total amount for the respective year due to rounding.

# 4Q'22 Net Cash (Used In) Provided by Operating Activities to Adjusted Free Cash Flow



(\$ in thousands)

	2021					2022				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
<b>Net Cash (Used In) Provided By Operating Activities</b>	\$ (19,210)	\$ 8,866	\$ 10,197	\$ 10,595	\$ 10,448	\$ (15,924)	\$ (3,593)	\$ (9,815)	\$ 28,511	\$ (821)
LESS										
Capital expenditures, net of sale proceeds <sup>1</sup>	3,392	2,644	4,541	4,168	14,745	3,592	5,461	4,156	8,675	21,884
<b>ADJUSTED FREE CASH FLOW</b>	<b>\$ (22,602)</b>	<b>\$ 6,222</b>	<b>\$ 5,656</b>	<b>\$ 6,427</b>	<b>\$ (4,297)</b>	<b>\$ (19,516)</b>	<b>\$ (9,054)</b>	<b>\$ (13,971)</b>	<b>\$ 19,836</b>	<b>\$ (22,705)</b>
<b>Gross Debt</b>	\$538,541	\$ 524,391	\$ 518,464	\$526,311	\$526,311	\$547,681	\$ 543,100	\$522,975	\$516,925	\$516,925
Less: Cash & Cash equivalents	64,837	58,862	58,013	59,924	59,924	61,122	55,238	47,131	64,275	64,275
<b>NET DEBT</b>	<b>\$473,704</b>	<b>\$ 465,529</b>	<b>\$ 460,451</b>	<b>\$466,387</b>	<b>\$466,387</b>	<b>\$486,559</b>	<b>\$ 487,862</b>	<b>\$475,844</b>	<b>\$452,650</b>	<b>\$452,650</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$138,663</b>	<b>\$ 122,185</b>	<b>\$ 121,256</b>	<b>\$133,716</b>	<b>\$133,716</b>	<b>\$110,321</b>	<b>\$ 103,663</b>	<b>\$122,082</b>	<b>\$159,046</b>	<b>\$159,046</b>
GROSS DEBT AS % OF EQUITY	388%	429%	428%	394%	394%	496%	524%	428%	325%	325%
GROSS DEBT, NET OF CASH AS % OF EQUITY	342%	381%	380%	349%	349%	441%	471%	390%	285%	285%

1. Includes capital expenditures, net of proceeds of asset sales from GAAP operating cash flow.

Previous earnings slides reflected "Net Debt" as "Gross Debt, Net of Cash." Note regarding financial statements: Amounts are computed independently each quarter; therefore, the sum of the quarterly amounts may not equal the total amount for the respective year due to rounding.



# 4Q'22 Segment Information



(\$ in thousands)

	2021					2022				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
<b>ORDERS</b>										
Aerospace & Defense	\$ 72,999	\$ 54,243	\$ 54,028	\$ 73,898	\$ 255,168	\$ 77,890	\$ 69,053	\$ 90,486	\$ 70,778	\$ 308,207
Industrial	153,695	155,959	139,691	146,065	595,410	143,727	139,370	137,848	178,069	599,014
Total	\$ 226,693	\$ 210,203	\$ 193,719	\$ 219,964	\$ 850,578	\$ 221,617	\$ 208,423	\$ 228,334	\$ 248,847	\$ 907,221
<b>NET REVENUES</b>										
Aerospace & Defense	\$ 58,488	\$ 60,613	\$ 63,461	\$ 69,979	\$ 252,541	\$ 63,370	\$ 67,271	\$ 72,219	\$ 79,855	\$ 282,715
Industrial	117,963	126,977	126,248	134,938	506,126	122,285	124,105	123,143	134,672	504,204
Total	\$ 176,451	\$ 187,590	\$ 189,709	\$ 204,917	\$ 758,667	\$ 185,655	\$ 191,376	\$ 195,362	\$ 214,527	\$ 786,919
<b>SEGMENT OPERATING INCOME</b>										
Aerospace & Defense	\$ 9,988	\$ 11,741	\$ 15,927	\$ 18,416	\$ 56,073	\$ 11,320	\$ 13,566	\$ 16,891	\$ 21,807	\$ 63,584
Industrial	5,834	7,237	7,124	8,700	28,896	6,857	8,484	15,717	18,244	49,302
Corporate expenses	(9,035)	(7,950)	(7,017)	(6,636)	(30,638)	(7,770)	(5,485)	(5,301)	(6,828)	(25,384)
Total	\$ 6,787	\$ 11,028	\$ 16,034	\$ 20,480	\$ 54,331	\$ 10,407	\$ 16,565	\$ 27,307	\$ 33,223	\$ 87,502
<b>SEGMENT OPERATING MARGIN %</b>										
Aerospace & Defense	17.1%	19.4%	25.1%	26.3%	22.2%	17.9%	20.2%	23.4%	27.3%	22.5%
Industrial	4.9%	5.7%	5.6%	6.4%	5.7%	5.6%	6.8%	12.8%	13.5%	9.8%
Total	3.8%	5.9%	8.5%	10.0%	7.2%	5.6%	8.7%	14.0%	15.5%	11.1%

	2021					2022				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
<b>Pipeline Engineering<sup>1</sup></b>										
ORDERS - Industrial	\$ 5,531	\$ 5,192	\$ 6,575	\$ 7,121	\$ 24,419	\$ 2,260	\$ -	\$ -	\$ -	\$ 2,260
NET REVENUES - Industrial	\$ 2,994	\$ 3,124	\$ 3,236	\$ 5,248	\$ 14,602	\$ 3,012	\$ 218	\$ 8	\$ 11	\$ 3,249
SEGMENT OP. INC. -Industrial	\$ (2,479)	\$ (1,754)	\$ (2,470)	\$ (3,191)	\$ (9,893)	\$ (3,190)	\$ (1,074)	\$ (150)	\$ 26	\$ (4,388)

<sup>1</sup> Quantifies the impact of the Pipeline Engineering business on the Industrial Segment.

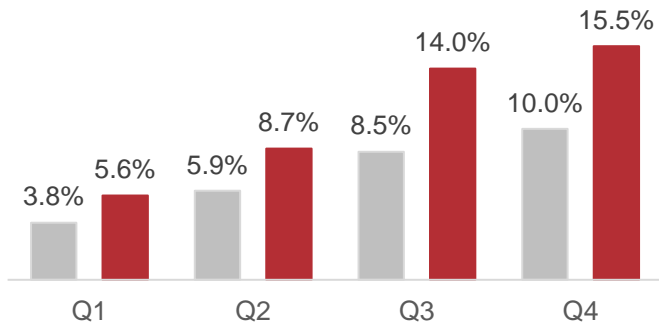
Note regarding financial statements: Amounts are computed independently each quarter; therefore, the sum of the quarterly amounts may not equal the total amount for the respective year due to rounding.

# Quarterly Adjusted Operating Income

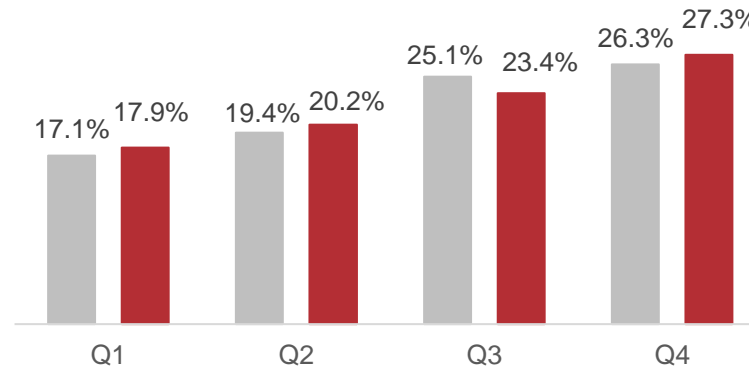


Step Change Performance in H2

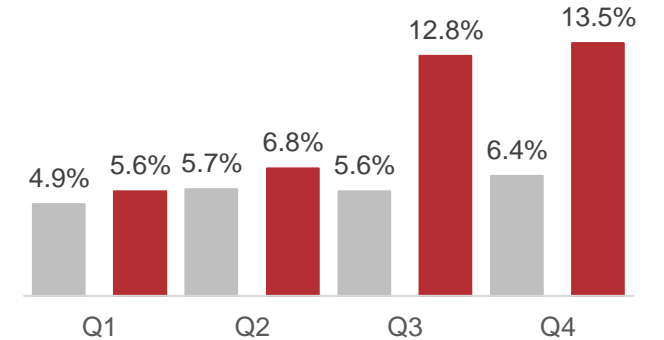
CIRCOR AOI%



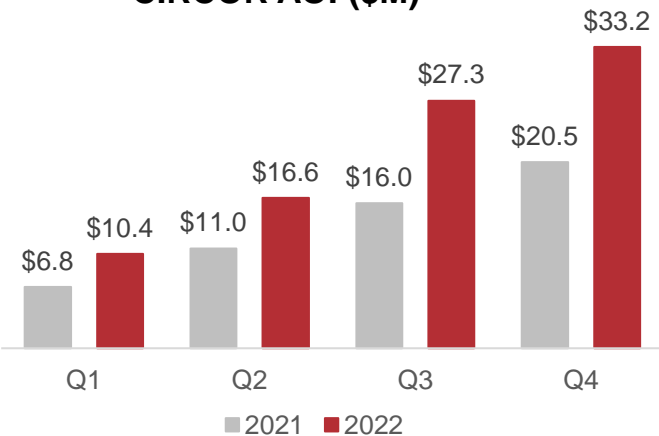
A&D Segment AOI%



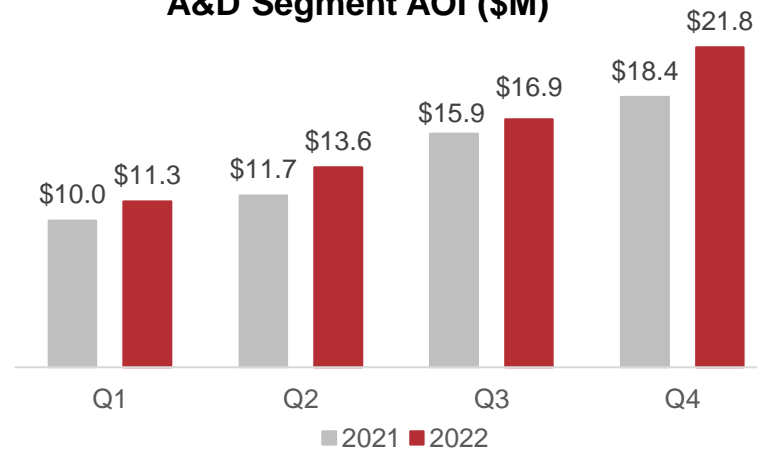
Industrial Segment AOI%



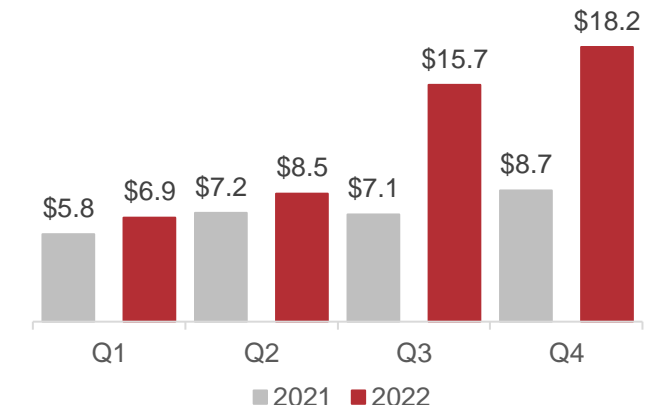
CIRCOR AOI (\$M)



A&D Segment AOI (\$M)



Industrial Segment AOI (\$M)



\* Financial results include results from the Pipeline Engineering business of Q1'2022 \$3.0M of revenue and \$(3.2M) in AOI, Q2'2022 \$0.2M of revenue and \$(1.1M) in AOI, Q3'2022 \$0.0M of revenue and \$(0.2M) in AOI, Q4'2022 \$0.0M of revenue and \$0.0M in AOI and Q1'2021 \$3.0M of revenue and \$(2.5M) in AOI, Q2'2021 \$3.1M of revenue and \$(1.8M) in AOI, Q3'2021 \$3.2M of revenue and \$(2.5M) in AOI, Q4'2021 \$5.2M of revenue and \$(3.2M) in AOI. Note regarding financial statements: Amounts are computed independently each quarter; therefore, the sum of the quarterly amounts may not equal the total amount for the respective year due to rounding. Adjusted Operating Income (AOI) and AOI % is a non-GAAP measure.

# Reconciliation of Forward-Looking Non-GAAP Measures



This presentation contains forward-looking estimates of organic revenue growth, AOI, adjusted EBITDA and adjusted EPS for full year 2022. We provide these non-GAAP measures to investors on a prospective basis for the same reasons (set forth on slide 3 (“Use of Non-GAAP Financial Measures”)) that we provide to investors on a historical basis. We are unable to provide a reconciliation of our forward-looking estimate of full year 2023 organic revenue growth, AOI, adjusted EBITDA and adjusted EPS to a forward-looking estimate of full year 2023 GAAP revenue growth, GAAP operating income (loss), GAAP net income (loss) and GAAP EPS because certain information needed to make a reasonable forward-looking estimate of such non-GAAP measures for full year 2023 is difficult to predict and estimate and is often dependent on future events that may be uncertain or outside of our control. Such events may include unanticipated changes in currency exchange rates, our GAAP effective tax rate, unanticipated gains or losses, and other unanticipated non-recurring items not reflective of ongoing operations. Our forward-looking estimates of both GAAP and non-GAAP measures of our financial performance may differ materially from our actual results and should not be relied upon as statements of fact.