

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

**FORM 8-K/A**  
(Amendment No. 2)

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

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



**CIRCOR INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**001-14962**  
(Commission File Number)

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

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

**01803-4238**  
(Zip Code)

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

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

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

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

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

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

Emerging growth company ☐

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

## Item 2.02 Results of Operations and Financial Condition

On November 6, 2019, CIRCOR International, Inc. (the “Company”) issued a press release announcing preliminary financial results for the third quarter ended September 29, 2019. On November 12, 2019, the Company filed a Form 12b-25 with the Securities and Exchange Commission (the “SEC”) that included updated financial results for the third quarter ended September 29, 2019. On November 13, 2019, the Company filed a Form 10-Q with the SEC that included final financial results for the third quarter ended September 29, 2019. A copy of the press release issued on November 6, 2019, updated to reflect the final financial results contained in the Form 10-Q, is attached as Exhibit 99.1 to this Form 8-K/A. A copy of the investor presentation presented on November 6, 2019, updated to reflect the final financial results contained in the Form 10-Q is attached as Exhibit 99.2 to this Form 8-K/A.

The information in this item Exhibit 99.1 and Exhibit 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.

## Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

| <b><u>Exhibit No.</u></b>   | <b><u>Description</u></b>   |
|-----------------------------|---|
| <a href="#"><u>99.1</u></a> | Press Release issued on November 6, 2019, updated to reflect final financial results for the third quarter ended September 29, 2019                                       |
| <a href="#"><u>99.2</u></a> | Third Quarter 2019 Investor Review Presentation, presented on November 6, 2019, updated to reflect final financial results for the third quarter ended September 29, 2019 |
| 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)  |

## **SIGNATURES**

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

**November 14, 2019**

**CIRCOR INTERNATIONAL, INC.**

*/s/ Chadi Chahine*

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**Chadi Chahine**

**Senior Vice President and Chief Financial Officer**

## CIRCOR Reports Third-Quarter 2019 Financial Results

**Burlington, MA - November 6, 2019 (as updated November 13, 2019)**

CIRCOR International, Inc. (NYSE: CIR), a leading provider of flow control solutions and other highly engineered products for the Industrial, Aerospace & Defense, and Energy markets, today announced the filing of its Form 10-Q financial results for the third quarter ended September 29, 2019.

The Form 10-Q reports final results for the quarter ended September 29, 2019, updating its previously reported preliminary results for the third quarter ended September 29, 2019.

### Third-Quarter 2019 Highlights

- *Results from continuing operations excluding divestitures*
  - *Revenue of \$237 million*
  - *GAAP Loss per Share of (\$1.39)*
  - *Adjusted Earnings per Share of \$0.63*
  - *GAAP operating margin of (3.8)%*
  - *Adjusted Operating Margin of 10.9% (excluding divestitures)*
- *Results including Distributed Valves (consistent with guidance)*
  - *Revenue of \$251 million*
  - *Adjusted Earnings per Share of \$0.48*
- *Completed divestiture of non-core Engineered Valves*
- *Completed divestiture of non-core Spence and Nicholson Product lines for ~\$85M*
- *Announced intention to exit non-core Distributed Valves now classified as discontinued operations*
- *Debt Paydown of \$89 million in the quarter; \$148 million YTD*
- *On track to deliver 2019 and 2020 targets communicated in 18-month plan*

“We had a solid third-quarter 2019 with continuing operations delivering 7% organic revenue growth and 10.9% adjusted operating margin, up 150 basis points from a year ago,” said Scott Buckhout, President and Chief Executive Officer. “Consistent with our stated strategy to exit commodity businesses, simplify the Company, and accelerate the deleveraging process, we completed divestitures of two non-core businesses and reduced our debt by \$89 million during the quarter. In October, we announced our intention to sell our Distributed Valves business, in-line with our strategic shift away from upstream oil and gas and focus on more attractive end markets with enhanced growth and earnings potential.

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

### Fourth-Quarter 2019 Guidance

For the fourth quarter of 2019, CIRCOR expects revenue in the range of \$235 million to \$248 million, and GAAP earnings per share from continuing operations in the range of \$0.03 to \$0.19, which reflects acquisition-related amortization expense of \$(0.49), and other special and restructuring charges of \$(0.24) to \$(0.20). Excluding the impact of amortization and special and restructuring (charges) gains, adjusted EPS is expected to be in the range of \$0.76 to \$0.88 per share. The revenue and adjusted EPS exclude the

results from the Company's Distributed Valves business, which will continue to be reported as discontinued operations until a sale is completed. Presentation slides that provide supporting information to this guidance and third-quarter results are posted on the "Investors" section of the Company's website, <http://investors.circor.com>, and were discussed during the conference call on November 6, 2019. The conference call is available for replay on the Company's website.

#### **Selected Consolidated Results (unaudited)**

| <i>(\$ millions except EPS)</i>                                     | <b>Q3 2019</b>   | <b>Q3 2018</b>   | <b>Change</b>    |
|---|------------------|------------------|------------------|
| <b>Revenue</b>  | <b>\$ 237.1</b>  | <b>\$ 247.2</b>  | <b>(4)%</b>      |
| <b>Revenue excluding divested businesses<sup>1</sup></b>            | <b>\$ 234.2</b>  | <b>\$ 223.5</b>  | <b>5%</b>        |
| <b>GAAP Operating (Loss) Income</b>                                 | <b>\$ (9.1)</b>  | <b>\$ 8.5</b>    | <b>(207)%</b>    |
| <b>Adjusted Operating Income<sup>2</sup></b>                        | <b>\$ 25.6</b>   | <b>\$ 25.0</b>   | <b>2%</b>        |
| <b>GAAP Operating Margin</b>  | <b>(3.8)%</b>    | <b>3.4%</b>      | <b>(730) bps</b> |
| <b>Adjusted Operating Margin<sup>2</sup></b>                        | <b>10.8%</b>     | <b>10.1%</b>     | <b>70 bps</b>    |
| <b>Adjusted Operating Margin excluding divestitures<sup>2</sup></b> | <b>10.9%</b>     | <b>9.4%</b>      | <b>150 bps</b>   |
| <b>GAAP (Loss) Earnings Per Share (Diluted)</b>                     | <b>\$ (5.64)</b> | <b>\$ (0.34)</b> | <b>N/M</b>       |
| <b>Adjusted Earnings Per Share (Diluted)<sup>2</sup></b>            | <b>\$ 0.63</b>   | <b>\$ 0.53</b>   | <b>19%</b>       |
| <b>Operating Cash Flow</b>  | <b>\$ 9.1</b>    | <b>\$ 24.1</b>   | <b>(62)%</b>     |
| <b>Free Cash Flow<sup>3</sup></b>                                   | <b>\$ 10.1</b>   | <b>\$ 19.0</b>   | <b>(47)%</b>     |
| <b>Orders</b>   | <b>\$ 223.0</b>  | <b>\$ 283.6</b>  | <b>(21)%</b>     |
| <b>Orders excluding divested businesses<sup>1</sup></b>             | <b>\$ 218.2</b>  | <b>\$ 257.3</b>  | <b>(15)%</b>     |

## Segment Results

| (\$ millions)                                    | Q3 2019  | Q3 2018  | Change    |
|--|----------|----------|-----------|
| <b>Energy</b>                                    |          |          |           |
| Revenue  | \$ 55.8  | \$ 70.7  | (21)%     |
| Revenue excluding divested business <sup>1</sup> | \$ 55.8  | \$ 54.1  | 3%        |
| Segment Operating Income <sup>2</sup>            | \$ 5.3   | \$ 9.7   | (45)%     |
| Segment Operating Margin <sup>2</sup>            | 9.5%     | 13.8%    | (430) bps |
| Orders   | \$ 53.3  | \$ 87.1  | (39)%     |
| Orders excluding divested business <sup>1</sup>  | \$ 53.3  | \$ 68.0  | (22)%     |
| <b>Aerospace &amp; Defense</b>                   |          |          |           |
| Revenue  | \$ 67.6  | \$ 57.8  | 17%       |
| Segment Operating Income <sup>2</sup>            | \$ 13.6  | \$ 8.7   | 56%       |
| Segment Operating Margin <sup>2</sup>            | 20.1%    | 15.1%    | 500 bps   |
| Orders   | \$ 64.0  | \$ 81.5  | (21)%     |
| <b>Industrial</b>                                |          |          |           |
| Revenue  | \$ 113.6 | \$ 118.7 | (4)%      |
| Revenue excluding divested business <sup>1</sup> | \$ 110.7 | \$ 111.6 | (1)%      |
| Segment Operating Income <sup>2</sup>            | \$ 14.0  | \$ 14.6  | (4)%      |
| Segment Operating Margin <sup>2</sup>            | 12.3%    | 12.3%    | 0 bps     |
| Orders   | \$ 105.7 | \$ 114.9 | (8)%      |
| Orders excluding divested business <sup>1</sup>  | \$ 100.9 | \$ 107.8 | (6)%      |

1. Orders and revenue excluding divested businesses are non-GAAP measures and are calculated by subtracting the orders and revenues generated by the divested businesses during the periods prior to their divestiture from the reported orders and revenues. Divested businesses include Reliability Services (Energy), Spence/Nicholson (Industrial), and Delden (Industrial), which were sold before September 29, 2019.
2. Adjusted Consolidated and Segment Results for Q3 2019 exclude a loss from discontinued operations of \$84.7 million and non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$34.7 million (\$40.2 million, net of tax). These charges include: (i) \$12.3 million charge for non-cash acquisition-related intangible amortization and depreciation expense; (ii) \$4.0 million of professional fees associated with an unsolicited tender offer to acquire all outstanding shares of the Company's common stock; (iii) \$6.7 million for restructuring-related programs across Industrial, Energy and Corporate; (iv) \$11.4 million net loss associated with the sale of businesses; and (v) \$0.3 million of other special and restructuring charges. Adjusted Consolidated and Segment Results for Q3 2018 exclude a loss from discontinued operations of \$2.9 million and non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$16.5 million (\$14.7 million, net of tax). These charges include: (i) \$13.5 million-charge for non-cash acquisition-related intangible amortization expense and amortization of the step-up in fixed asset values and (ii) \$3.0 million of other special and restructuring charges.
3. Free Cash Flow is a non-GAAP financial measure and is calculated by subtracting GAAP capital expenditures, net of proceeds from asset sales, from GAAP Operating Cash Flow.

## Use of Non-GAAP Financial Measures

Adjusted operating income, Adjusted operating margin, Adjusted net income, Adjusted earnings per share (diluted), EBITDA, Adjusted EBITDA, net debt, free cash flow and organic growth (and such measures further excluding divested businesses) are non-GAAP financial measures. These non-GAAP financial measures are used by management in our financial and operating decision making because

we believe they reflect our ongoing business and facilitate period-to-period comparisons. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating the Company's current operating performance and future prospects in the same manner as management does, if they so choose. These non-GAAP financial measures also allow investors and others to compare the Company's current financial results with the Company's past financial results in a consistent manner.

For example:

- We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.
- We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.
- We exclude the results of discontinued operations.
- Due to the significance of recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures completed prior to September 29, 2019 were completed on January 1, 2018 and excluding the impact of changes in foreign currency exchange rates.

CIRCOR's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company's operating performance and comparing such performance to that of prior periods and to the performance of our competitors. We use such measures when publicly providing our business outlook, assessing future earnings potential, evaluating potential acquisitions and dispositions and in our financial and operating decision-making process, including for compensation purposes.

Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with accounting principles generally accepted in the United States. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is included in this news release.

### **Safe Harbor Statement**

This press release contains forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended, and Section 21 E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown

risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Any statements in this press release that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's fourth-quarter 2019 guidance, our future performance, including future growth and profitability, increase in shareholder value, realization of cost reductions from restructuring activities and expected synergies, plans to reduce our outstanding debt and our corporate priorities. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to vary from expectations include, but are not limited to: our ability to respond to competitive developments and to grow our business, both domestically and internationally; changes in the cost, quality or supply of raw materials; our ability to comply with our debt obligations; our ability to successfully implement our acquisition, divestiture or restructuring strategies, including our integration of the Fluid Handling business; changes in industry standards, trade policies or government regulations, both in the United States and internationally; our ability to operate our manufacturing facilities at current or higher levels and respond to increases in manufacturing costs; and any actions of stockholders or other in response to expiration of the recent unsolicited tender offer and the cost and disruption of responding to those actions. BEFORE MAKING ANY INVESTMENT DECISIONS REGARDING OUR COMPANY, WE STRONGLY ADVISE YOU TO READ THE SECTION ENTITLED "RISK FACTORS" IN OUR MOST RECENT ANNUAL REPORT ON FORM 10-K AND SUBSEQUENT REPORTS ON FORMS 10-Q, WHICH CAN BE ACCESSED UNDER THE "INVESTORS" LINK OF OUR WEBSITE AT [WWW.CIRCOR.COM](http://WWW.CIRCOR.COM). We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

#### **About CIRCOR International, Inc.**

CIRCOR International, Inc. designs, manufactures and markets differentiated technology products and sub-systems for markets including oil & gas, industrial, aerospace & defense and commercial marine. CIRCOR has a diversified flow and motion control product portfolio with recognized, market-leading brands that fulfill its customers' mission critical needs. For more information, visit the Company's investor relations website at <http://investors.circor.com>.

#### **Contact:**

David F. Mullen  
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**CIRCOR INTERNATIONAL, INC.**  
**Condensed Consolidated Statement of Operations**  
*(in thousands, except per share data)*  
**(UNAUDITED)**

|   | Three Months Ended |                    | Nine Months Ended  |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | September 29, 2019 | September 30, 2018 | September 29, 2019 | September 30, 2018 |
| Net revenues  | \$ 237,052         | \$ 247,209         | \$ 721,675         | \$ 746,754         |
| Cost of revenues                                      | 162,578            | 167,132            | 490,870            | 511,563            |
| Gross profit  | 74,474             | 80,077             | 230,805            | 235,191            |
| Selling, general and administrative expenses          | 60,039             | 68,544             | 190,227            | 211,909            |
| Special and restructuring charges, net                | 23,519             | 2,988              | 19,893             | 11,924             |
| Operating (loss), income                              | (9,084)            | 8,545              | 20,685             | 11,358             |
| Other expense (income):                               |                    |                    |                    |                    |
| Interest expense, net                                 | 11,804             | 14,137             | 37,846             | 39,711             |
| Other income, net                                     | (759)              | (1,580)            | (2,755)            | (7,079)            |
| Total other expense, net                              | 11,045             | 12,557             | 35,091             | 32,632             |
| Loss from continuing operations before income taxes   | (20,129)           | (4,012)            | (14,406)           | (21,274)           |
| Provision for (benefit from) income taxes             | 7,520              | (45)               | 13,513             | (4,434)            |
| Loss from continuing operations, net of tax           | (27,649)           | (3,967)            | (27,919)           | (16,840)           |
| Loss from discontinued operations, net of tax         | (84,688)           | (2,874)            | (107,572)          | (1,540)            |
| Net loss  | \$ (112,337)       | \$ (6,841)         | \$ (135,491)       | \$ (18,380)        |
| Basic loss per common share:                          |                    |                    |                    |                    |
| Basic from continuing operations                      | \$ (1.39)          | \$ (0.20)          | \$ (1.40)          | \$ (0.85)          |
| Basic from discontinued operations                    | \$ (4.25)          | \$ (0.14)          | \$ (5.41)          | \$ (0.08)          |
| Net loss  | \$ (5.64)          | \$ (0.34)          | \$ (6.81)          | \$ (0.93)          |
| Diluted loss per common share:                        |                    |                    |                    |                    |
| Diluted from continuing operations                    | \$ (1.39)          | \$ (0.20)          | \$ (1.40)          | \$ (0.85)          |
| Diluted from discontinued operations                  | \$ (4.25)          | \$ (0.14)          | \$ (5.41)          | \$ (0.08)          |
| Net loss  | \$ (5.64)          | \$ (0.34)          | \$ (6.81)          | \$ (0.93)          |
| Weighted average number of common shares outstanding: |                    |                    |                    |                    |
| Basic   | 19,916             | 19,843             | 19,898             | 19,829             |
| Diluted   | 19,916             | 19,843             | 19,898             | 19,829             |

**CIRCOR INTERNATIONAL, INC.**  
**Condensed Consolidated Statement of Cash Flows**  
*(in thousands)*  
**(UNAUDITED)**

|   | Nine Months Ended  |                    |
|---|--------------------|--------------------|
|   | September 29, 2019 | September 30, 2018 |
| <b>OPERATING ACTIVITIES</b>   |                    |                    |
| Net loss  | \$ (135,491)       | \$ (18,380)        |
| Loss from discontinued operations, net of income taxes                                      | (107,572)          | (1,540)            |
| Loss from continuing operations   | (27,919)           | (16,840)           |
| Adjustments to reconcile net loss to net cash provided by operating activities:             |                    |                    |
| Depreciation  | 16,618             | 20,096             |
| Amortization  | 36,023             | 36,805             |
| Provision for bad debt expense  | (469)              | 932                |
| Loss on write down of inventory   | 301                | 2,556              |
| Amortization of inventory fair value step-up  | —                  | 6,600              |
| Compensation expense for share-based plans  | 4,200              | 4,146              |
| Amortization of debt issuance costs   | 3,669              | 2,852              |
| Loss on sale or write-down of property, plant and equipment                                 | 2,889              | 1,366              |
| Loss on sale of businesses  | 2,707              | —                  |
| Changes in operating assets and liabilities, net of effects of acquisition and disposition: |                    |                    |
| Trade accounts receivable   | 17,413             | 5,520              |
| Inventories   | (11,724)           | (2,903)            |
| Prepaid expenses and other assets   | (20,546)           | (20,526)           |
| Accounts payable, accrued expenses and other liabilities                                    | (6,488)            | (10,380)           |
| Net cash provided by continuing operating activities  | 16,674             | 30,224             |
| Net cash used in discontinued operating activities  | (17,585)           | (6,761)            |
| <b>Net cash (used in) provided by operating activities</b>                                  | <b>(911)</b>       | <b>23,463</b>      |
| <b>INVESTING ACTIVITIES</b>   |                    |                    |
| Additions to property, plant and equipment  | (9,519)            | (14,902)           |
| Proceeds from the sale of property, plant and equipment                                     | 99                 | 137                |
| Proceeds from the sale of business  | 163,056            | —                  |
| Business acquisition, working capital consideration adjustment                              | —                  | 6,300              |
| Net cash provided by (used in) continuing investing activities                              | 153,636            | (8,465)            |
| Net cash provided by (used in) discontinued investing activities                            | (2,435)            | (2,058)            |
| <b>Net cash provided by (used in) investing activities</b>                                  | <b>151,201</b>     | <b>(10,523)</b>    |
| <b>FINANCING ACTIVITIES</b>   |                    |                    |
| Proceeds from long-term debt  | 231,950            | 199,600            |
| Payments of long-term debt  | (379,897)          | (186,874)          |
| Proceeds from the exercise of stock options   | 106                | 690                |
| Return of cash to Fluid Handling Seller   | —                  | (61,201)           |
| Net cash used in continuing financing activities  | (147,841)          | (47,785)           |
| Net cash used in discontinued financing activities  | —                  | —                  |
| <b>Net cash used in financing activities</b>  | <b>(147,841)</b>   | <b>(47,785)</b>    |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash               | (1,753)            | (5,154)            |
| <b>INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>                   | <b>696</b>         | <b>(39,999)</b>    |
| Cash, cash equivalents, and restricted cash at beginning of period                          | 69,525             | 112,293            |
| <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD</b>                         | <b>\$ 70,221</b>   | <b>\$ 72,294</b>   |

**CIRCOR INTERNATIONAL, INC.**  
**Condensed Consolidated Balance Sheets**  
*(in thousands, except per share data)*  
**(UNAUDITED)**

|   | <u>September 29, 2019</u>  | <u>December 31, 2018</u>   |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>   |                            |                            |
| <b>CURRENT ASSETS:</b>  |                            |                            |
| Cash and cash equivalents   | \$ 69,225                  | \$ 68,517                  |
| Trade accounts receivable, less allowance for doubtful accounts of \$4,342 and \$5,884 at September 29, 2019 and December 31, 2018, respectively                                | 141,117                    | 167,181                    |
| Inventories   | 151,744                    | 143,682                    |
| Prepaid expenses and other current assets   | 89,854                     | 71,428                     |
| Assets held for sale  | 29,935                     | 197,238                    |
| Total Current Assets  | <u>481,875</u>             | <u>648,046</u>             |
| <b>PROPERTY, PLANT AND EQUIPMENT, NET</b>   | <u>177,936</u>             | <u>189,672</u>             |
| <b>OTHER ASSETS:</b>  |                            |                            |
| Goodwill  | 360,304                    | 450,605                    |
| Intangibles, net  | 392,515                    | 440,281                    |
| Deferred income taxes   | 24,449                     | 19,906                     |
| Assets held for sale  | —                          | 30,374                     |
| Other assets  | 31,052                     | 12,728                     |
| <b>TOTAL ASSETS</b>   | <u><u>\$ 1,468,131</u></u> | <u><u>\$ 1,791,612</u></u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                            |                            |
| <b>CURRENT LIABILITIES:</b>   |                            |                            |
| Accounts payable  | \$ 90,293                  | \$ 94,715                  |
| Accrued expenses and other current liabilities  | 110,682                    | 92,496                     |
| Accrued compensation and benefits   | 25,564                     | 30,703                     |
| Current portion of long-term debt   | —                          | 7,850                      |
| Liabilities held for sale   | 17,674                     | 58,298                     |
| Total Current Liabilities   | <u>244,213</u>             | <u>284,062</u>             |
| <b>LONG-TERM DEBT</b>   | <u>640,884</u>             | <u>778,187</u>             |
| <b>DEFERRED INCOME TAXES</b>  | <u>26,809</u>              | <u>33,607</u>              |
| <b>PENSION LIABILITY, NET</b>   | <u>144,809</u>             | <u>150,623</u>             |
| <b>LIABILITIES HELD FOR SALE</b>  | <u>—</u>                   | <u>861</u>                 |
| <b>OTHER NON-CURRENT LIABILITIES</b>  | <u>36,028</u>              | <u>15,279</u>              |
| <b>COMMITMENTS AND CONTINGENCIES (NOTE 12)</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; 19,906,263 and 19,845,205 shares issued and outstanding at September 29, 2019 and December 31, 2018, respectively | 212                        | 212                        |
| Additional paid-in capital  | 445,305                    | 440,890                    |
| Retained earnings   | 97,728                     | 232,102                    |
| Common treasury stock, at cost (1,372,488 shares at September 29, 2019 and December 31, 2018)   | (74,472)                   | (74,472)                   |
| Accumulated other comprehensive loss, net of tax  | (93,385)                   | (69,739)                   |
| Total Shareholders' Equity  | <u>375,388</u>             | <u>528,993</u>             |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>   | <u><u>\$ 1,468,131</u></u> | <u><u>\$ 1,791,612</u></u> |

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

|                     | Three Months Ended |                    | Nine Months Ended  |                    |
|---------------------|--------------------|--------------------|--------------------|--------------------|
|                     | September 29, 2019 | September 30, 2018 | September 29, 2019 | September 30, 2018 |
| <b>ORDERS (1)</b>   |                    |                    |                    |                    |
| Energy              | \$ 53.3            | \$ 87.1            | \$ 145.3           | \$ 239.3           |
| Aerospace & Defense | 64.0               | 81.5               | 245.5              | 200.8              |
| Industrial          | 105.7              | 114.9              | 350.1              | 388.2              |
| Total orders        | <u>\$ 223.0</u>    | <u>\$ 283.6</u>    | <u>\$ 740.9</u>    | <u>\$ 828.3</u>    |
| <b>BACKLOG (1)</b>  |                    |                    |                    |                    |
| Energy              | \$59.3             | \$121.6            |                    |                    |
| Aerospace & Defense | 206.9              | 150.6              |                    |                    |
| Industrial          | 159.1              | 178.0              |                    |                    |
| Total orders        | <u>\$425.3</u>     | <u>\$450.2</u>     |                    |                    |

*Numbers may not add due to rounding.*

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 and nine months ended September 29, 2019 include orders from businesses divested prior to September 29, 2019 of \$4.8 million and \$19.0 million, respectively. Orders for the three and nine months ended September 30, 2018 include orders from businesses divested of \$26.2 million and \$81.0 million, respectively. Divested businesses are Reliability Services (Energy), Spence / Nicholson (Industrial) and Delden (Industrial).

Note 2: Backlog include unshipped customer orders for which revenue has not been recognized. Backlog at Q3 2018 includes \$21.6 million and \$15.0 million for Energy and Industrial related to divested businesses. A&D Q3 2018 backlog has been adjusted to conform to current period reporting methodology.

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

| As Reported  | 2018      |           |           |           |             | 2019      |           |           |           |
|--|-----------|-----------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|
|  | 1ST QTR   | 2ND QTR   | 3RD QTR   | 4TH QTR   | TOTAL       | 1ST QTR   | 2ND QTR   | 3RD QTR   | TOTAL     |
| <b>ORDERS (1)</b>  |           |           |           |           |             |           |           |           |           |
| Energy   | \$85,336  | \$66,825  | \$87,146  | \$72,319  | \$311,626   | \$48,088  | \$43,982  | \$53,276  | \$145,346 |
| Aerospace & Defense  | 59,793    | 59,441    | 81,533    | 76,702    | 277,469     | 88,107    | 93,405    | 63,968    | 245,480   |
| Industrial   | 136,607   | 136,746   | 114,876   | 121,886   | 510,115     | 123,746   | 120,660   | 105,710   | 350,116   |
| Total orders   | \$281,735 | \$263,012 | \$283,555 | \$270,907 | \$1,099,210 | \$259,941 | \$258,047 | \$222,954 | \$740,941 |
| <b>NET REVENUES</b>  |           |           |           |           |             |           |           |           |           |
| Energy   | \$64,278  | \$71,094  | \$70,718  | \$82,786  | \$288,877   | \$66,877  | \$61,752  | \$55,835  | \$184,464 |
| Aerospace & Defense  | 58,477    | 57,500    | 57,757    | 63,283    | 237,017     | 61,240    | 64,694    | 67,621    | 193,555   |
| Industrial   | 117,132   | 131,064   | 118,734   | 120,646   | 487,575     | 110,738   | 119,322   | 113,596   | 343,656   |
| Total  | \$239,888 | \$259,658 | \$247,209 | \$266,715 | \$1,013,470 | \$238,855 | \$245,768 | \$237,052 | \$721,675 |
| <b>Segment Operating Income</b>                                  |           |           |           |           |             |           |           |           |           |
| Energy   | \$5,627   | \$10,691  | \$9,726   | \$12,735  | \$38,779    | \$9,978   | \$8,343   | \$5,286   | \$23,607  |
| Aerospace & Defense  | 8,931     | 6,992     | 8,709     | 11,415    | 36,047      | 9,374     | 10,443    | 13,564    | 33,382    |
| Industrial   | 12,946    | 15,037    | 14,609    | 14,748    | 57,340      | 10,787    | 16,138    | 13,953    | 40,878    |
| Corporate Expenses   | (7,800)   | (6,450)   | (8,034)   | (8,004)   | (30,289)    | (6,705)   | (6,336)   | (7,209)   | (20,250)  |
| Total  | \$19,704  | \$26,269  | \$25,010  | \$30,894  | \$101,877   | \$23,433  | \$28,589  | \$25,594  | \$77,617  |
| <b>Segment Operating Margin %</b>                                |           |           |           |           |             |           |           |           |           |
| Energy   | 8.8%      | 15.0%     | 13.8%     | 15.4%     | 13.4%       | 14.9%     | 13.5%     | 9.5%      | 12.8%     |
| Aerospace & Defense  | 15.3%     | 12.2%     | 15.1%     | 18.0%     | 15.2%       | 15.3%     | 16.1%     | 20.1%     | 17.2%     |
| Industrial   | 11.1%     | 11.5%     | 12.3%     | 12.2%     | 11.8%       | 9.7%      | 13.5%     | 12.3%     | 11.9%     |
| Total  | 8.2%      | 10.1%     | 10.1%     | 11.6%     | 10.1%       | 9.8%      | 11.6%     | 10.8%     | 10.8%     |
| <b>Segment Operating Margin %<br/>Excluding Divestitures (1)</b> |           |           |           |           |             |           |           |           |           |
| Energy   | 11.3%     | 16.0%     | 12.6%     | 16.9%     | 14.4%       | 15.6%     | 13.5%     | 9.5%      | 13.0%     |
| Aerospace & Defense  | 15.3%     | 12.2%     | 15.1%     | 18.0%     | 15.2%       | 15.3%     | 16.1%     | 20.1%     | 17.2%     |
| Industrial   | 10.5%     | 11.3%     | 12.0%     | 11.5%     | 11.4%       | 8.7%      | 12.7%     | 12.6%     | 11.4%     |
| Total  | 8.4%      | 9.9%      | 9.4%      | 11.4%     | 9.8%        | 9.5%      | 11.2%     | 10.9%     | 10.5%     |

*Numbers may not add due to rounding.*

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

**CIRCOR INTERNATIONAL, INC.**  
**Supplemental Information Regarding Divested Businesses**  
*(in thousands)*  
**UNAUDITED**

| Divested Businesses (1)         | 2018     |          |          |          |           | 2019    |         |         |          |
|---------------------------------|----------|----------|----------|----------|-----------|---------|---------|---------|----------|
|                                 | 1ST QTR  | 2ND QTR  | 3RD QTR  | 4TH QTR  | TOTAL     | 1ST QTR | 2ND QTR | 3RD QTR | TOTAL    |
| <b>ORDERS</b>                   |          |          |          |          |           |         |         |         |          |
| Energy                          | \$16,891 | \$18,389 | \$19,145 | \$15,451 | \$69,875  | \$4,104 | \$—     | \$—     | \$4,104  |
| Industrial                      | 9,708    | 9,836    | 7,078    | 11,351   | 37,973    | 4,778   | 5,275   | 4,798   | 14,851   |
| Total                           | \$26,599 | \$28,225 | \$26,223 | \$26,802 | \$107,849 | \$8,882 | \$5,275 | \$4,798 | \$18,955 |
| <b>NET REVENUES</b>             |          |          |          |          |           |         |         |         |          |
| Energy                          | \$14,731 | \$17,419 | \$16,579 | \$16,885 | \$65,613  | \$3,106 | \$—     | \$—     | \$3,106  |
| Industrial                      | 8,816    | 6,317    | 7,123    | 9,762    | 32,017    | 5,366   | 5,198   | 2,891   | 13,456   |
| Total                           | \$23,547 | \$23,735 | \$23,702 | \$26,647 | \$97,630  | \$8,473 | \$5,198 | \$2,891 | 16,562   |
| <b>SEGMENT OPERATING INCOME</b> |          |          |          |          |           |         |         |         |          |
| Energy                          | \$8      | \$2,085  | \$2,905  | \$1,597  | \$6,596   | \$—     | \$—     | \$—     | \$—      |
| Industrial                      | 1,573    | 897      | 1,174    | 1,983    | 5,627     | 1,630   | 1,642   | 0       | 3,272    |
| Total                           | \$1,582  | \$2,982  | \$4,079  | \$3,580  | \$12,223  | \$1,630 | \$1,642 | \$—     | \$3,272  |

*Numbers may not add due to rounding.*

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

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

**UNAUDITED**

|  | 2018             |                  |                  |                  |                  | 2019              |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
|  | 1ST QTR          | 2ND QTR          | 3RD QTR          | 4TH QTR          | TOTAL            | 1ST QTR           | 2ND QTR          | 3RD QTR          | TOTAL            |
| <b>Net Cash (Used In) Provided by Operating Activities</b> | <b>\$(145)</b>   | <b>\$(465)</b>   | <b>\$24,073</b>  | <b>\$30,531</b>  | <b>\$53,994</b>  | <b>\$(22,378)</b> | <b>\$12,339</b>  | <b>\$9,128</b>   | <b>\$(911)</b>   |
| LESS:  |                  |                  |                  |                  |                  |                   |                  |                  |                  |
| Capital expenditures, net of sale proceeds                 | 8,141            | 3,563            | 5,119            | 6,534            | 23,357           | 3,689             | 2,995            | (963)            | 5,721            |
| <b>FREE CASH FLOW</b>                                      | <b>\$(8,286)</b> | <b>\$(4,028)</b> | <b>\$18,954</b>  | <b>\$23,997</b>  | <b>\$30,637</b>  | <b>\$(26,067)</b> | <b>\$9,344</b>   | <b>\$10,091</b>  | <b>\$(6,632)</b> |
|  |                  |                  |                  |                  |                  |                   |                  |                  |                  |
| <b>Gross Debt</b>  |                  |                  |                  |                  |                  |                   |                  |                  |                  |
| Less: Cash & Cash Equivalents                              | \$823,665        | \$827,629        | \$831,613        | \$807,050        | \$807,050        | \$753,950         | \$748,250        | \$659,100        | \$659,100        |
| <b>GROSS DEBT, NET OF CASH</b>                             | <b>123,305</b>   | <b>69,030</b>    | <b>71,334</b>    | <b>68,517</b>    | <b>68,517</b>    | <b>73,619</b>     | <b>76,082</b>    | <b>69,225</b>    | <b>69,225</b>    |
|  | <b>\$700,360</b> | <b>\$758,599</b> | <b>\$760,279</b> | <b>\$738,533</b> | <b>\$738,533</b> | <b>\$680,331</b>  | <b>\$672,168</b> | <b>\$589,875</b> | <b>\$589,875</b> |
|  |                  |                  |                  |                  |                  |                   |                  |                  |                  |
| <b>TOTAL SHAREHOLDER'S EQUITY</b>                          | <b>\$592,096</b> | <b>\$573,992</b> | <b>\$574,171</b> | <b>\$528,993</b> | <b>\$528,993</b> | <b>\$516,177</b>  | <b>\$494,899</b> | <b>\$375,388</b> | <b>\$375,388</b> |
|  |                  |                  |                  |                  |                  |                   |                  |                  |                  |
| <b>GROSS DEBT AS % OF EQUITY</b>                           | <b>139%</b>      | <b>144%</b>      | <b>145%</b>      | <b>153%</b>      | <b>153%</b>      | <b>146%</b>       | <b>151%</b>      | <b>176%</b>      | <b>176%</b>      |
| <b>GROSS DEBT, NET OF CASH AS % OF EQUITY</b>              | <b>118%</b>      | <b>132%</b>      | <b>132%</b>      | <b>140%</b>      | <b>140%</b>      | <b>132%</b>       | <b>136%</b>      | <b>157%</b>      | <b>157%</b>      |

*Numbers may not add due to rounding.*

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

|  | 2018              |                 |                  |                   |                   | 2019             |                   |                    |                    |
|--|-------------------|-----------------|------------------|-------------------|-------------------|------------------|-------------------|--------------------|--------------------|
|  | 1ST QTR           | 2ND QTR         | 3RD QTR          | 4TH QTR           | TOTAL             | 1ST QTR          | 2ND QTR           | 3RD QTR            | TOTAL              |
| <b>NET (LOSS) INCOME</b>                               | <b>\$(17,441)</b> | <b>\$5,902</b>  | <b>\$(6,841)</b> | <b>\$(21,005)</b> | <b>\$(39,384)</b> | <b>\$(4,633)</b> | <b>\$(18,520)</b> | <b>\$(112,337)</b> | <b>\$(135,491)</b> |
| LESS:  |                   |                 |                  |                   |                   |                  |                   |                    |                    |
| Restructuring related inventory charges                | 473               | 16              | —                | (137)             | 352               | 325              | —                 | (1,145)            | (820)              |
| Amortization of inventory step-up                      | 6,600             | —               | —                | —                 | 6,600             | —                | —                 | —                  | —                  |
| Restructuring charges, net                             | 3,424             | 524             | 1,075            | 825               | 5,848             | 358              | 299               | 5,038              | 5,695              |
| Acquisition amortization                               | 11,797            | 11,767          | 11,735           | 12,012            | 47,311            | 12,078           | 11,247            | 11,202             | 34,527             |
| Acquisition depreciation                               | 1,837             | 1,735           | 1,742            | 1,735             | 7,049             | 1,123            | 1,106             | 1,101              | 3,331              |
| Special charges, net                                   | 3,360             | 1,629           | 1,913            | 6,160             | 13,061            | (8,200)          | 3,916             | 18,481             | 14,196             |
| Income tax impact                                      | (5,798)           | (4,213)         | (1,857)          | 10,998            | (870)             | 3,625            | (2,266)           | 5,533              | 6,892              |
| Net income (loss) from discontinued operations         | 3,468             | (4,802)         | 2,874            | 4,498             | 6,038             | 5,728            | 17,156            | 84,719             | 107,603            |
| <b>ADJUSTED NET INCOME</b>                             | <b>\$7,719</b>    | <b>\$12,556</b> | <b>\$10,642</b>  | <b>\$15,086</b>   | <b>\$46,004</b>   | <b>\$10,404</b>  | <b>\$12,938</b>   | <b>\$12,592</b>    | <b>\$35,935</b>    |
| <b>(LOSS) EARNINGS PER COMMON SHARE (Diluted)</b>      | <b>\$(0.88)</b>   | <b>\$0.30</b>   | <b>\$(0.34)</b>  | <b>\$(1.06)</b>   | <b>\$(1.99)</b>   | <b>\$(0.23)</b>  | <b>\$(0.93)</b>   | <b>\$(5.64)</b>    | <b>\$(6.81)</b>    |
| LESS:  |                   |                 |                  |                   |                   |                  |                   |                    |                    |
| Restructuring related inventory charges                | 0.02              | —               | —                | (0.01)            | 0.02              | 0.02             | —                 | (0.06)             | (0.04)             |
| Amortization of inventory step-up                      | 0.33              | —               | —                | —                 | 0.33              | —                | —                 | —                  | —                  |
| Restructuring charges, net                             | 0.17              | 0.03            | 0.05             | 0.04              | 0.29              | 0.02             | 0.02              | 0.25               | 0.29               |
| Acquisition amortization                               | 0.60              | 0.59            | 0.59             | 0.61              | 2.39              | 0.61             | 0.57              | 0.56               | 1.74               |
| Acquisition depreciation                               | 0.09              | 0.09            | 0.09             | 0.09              | 0.36              | 0.06             | 0.06              | 0.06               | 0.17               |
| Special charges (recoveries), net                      | 0.17              | 0.08            | 0.10             | 0.31              | 0.66              | (0.41)           | 0.20              | 0.93               | 0.71               |
| Income tax impact                                      | (0.29)            | (0.21)          | (0.10)           | 0.55              | (0.06)            | 0.18             | (0.12)            | 0.28               | 0.33               |
| Earnings (Loss) Per Share from discontinued operations | 0.18              | (0.24)          | 0.14             | 0.23              | 0.30              | 0.29             | 0.86              | 4.25               | 5.41               |
| <b>ADJUSTED EARNINGS PER SHARE (Diluted)</b>           | <b>\$0.39</b>     | <b>\$0.63</b>   | <b>\$0.53</b>    | <b>\$0.76</b>     | <b>\$2.30</b>     | <b>\$0.52</b>    | <b>\$0.64</b>     | <b>\$0.63</b>      | <b>\$1.79</b>      |

*Numbers may not add due to rounding.*



**CIRCOR INTERNATIONAL, INC.**  
**RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS**  
*(in thousands)*  
**UNAUDITED**

|   | 2018              |                 |                  |                   |                   | 2019             |                   |                    |                    |
|---|-------------------|-----------------|------------------|-------------------|-------------------|------------------|-------------------|--------------------|--------------------|
|   | 1ST QTR           | 2ND QTR         | 3RD QTR          | 4TH QTR           | TOTAL             | 1ST QTR          | 2ND QTR           | 3RD QTR            | TOTAL              |
| <b>NET (LOSS) INCOME</b>                  | <b>\$(17,441)</b> | <b>\$5,902</b>  | <b>\$(6,841)</b> | <b>\$(21,005)</b> | <b>\$(39,384)</b> | <b>\$(4,633)</b> | <b>\$(18,520)</b> | <b>\$(112,338)</b> | <b>\$(135,491)</b> |
| LESS:                                     |                   |                 |                  |                   |                   |                  |                   |                    |                    |
| Interest expense, net                     | 11,810            | 13,764          | 14,137           | 13,264            | 52,975            | 13,094           | 12,947            | 11,804             | 37,846             |
| Depreciation                              | 4,834             | 4,791           | 9,983            | 6,576             | 26,183            | 5,499            | 5,568             | 5,551              | 16,618             |
| Amortization                              | 14,134            | 13,985          | 8,632            | 12,477            | 49,228            | 12,536           | 11,685            | 11,629             | 35,851             |
| Benefit from (provision for) income taxes | (3,782)           | (608)           | (45)             | 13,885            | 9,451             | 5,709            | 284               | 7,490              | 13,483             |
| Loss from discontinued operations         | 3,468             | (4,802)         | 2,874            | 4,498             | 6,038             | 5,728            | 17,156            | 84,719             | 107,603            |
| <b>EBITDA</b>                             | <b>\$13,023</b>   | <b>\$33,032</b> | <b>\$28,740</b>  | <b>\$29,695</b>   | <b>\$104,490</b>  | <b>\$37,933</b>  | <b>\$29,120</b>   | <b>\$8,857</b>     | <b>\$75,910</b>    |
| LESS:                                     |                   |                 |                  |                   |                   |                  |                   |                    |                    |
| Restructuring related inventory charges   | 473               | 16              | —                | (137)             | 352               | 325              | —                 | (1,145)            | (820)              |
| Amortization of inventory step-up         | 6,600             | —               | —                | —                 | 6,600             | —                | —                 | —                  | —                  |
| Restructuring charges, net                | 3,424             | 524             | 1,075            | 825               | 5,848             | 358              | 299               | 5,038              | 5,695              |
| Special recoveries (charges), net         | 3,360             | 1,629           | 1,913            | 6,160             | 13,061            | (8,200)          | 3,916             | 18,481             | 14,196             |
| <b>ADJUSTED EBITDA</b>                    | <b>\$26,880</b>   | <b>\$35,200</b> | <b>\$31,728</b>  | <b>\$36,544</b>   | <b>\$130,351</b>  | <b>\$30,416</b>  | <b>\$33,335</b>   | <b>\$31,230</b>    | <b>\$94,982</b>    |

*Numbers may not add due to rounding.*

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

|   | 2018              |                  |                 |                  |                  | 2019             |                  |                   |                  |
|---|-------------------|------------------|-----------------|------------------|------------------|------------------|------------------|-------------------|------------------|
|   | 1ST QTR           | 2ND QTR          | 3RD QTR         | 4TH QTR          | TOTAL            | 1ST QTR          | 2ND QTR          | 3RD QTR           | TOTAL            |
| <b>GAAP OPERATING (LOSS) INCOME</b>                         | <b>\$ (7,787)</b> | <b>\$ 10,599</b> | <b>\$ 8,545</b> | <b>\$ 10,295</b> | <b>\$ 21,653</b> | <b>\$ 17,750</b> | <b>\$ 12,020</b> | <b>\$ (9,083)</b> | <b>\$ 20,687</b> |
| LESS:   |                   |                  |                 |                  |                  |                  |                  |                   |                  |
| Restructuring related inventory charges                     | 473               | 16               | —               | (137)            | 352              | 325              | —                | (1,145)           | (820)            |
| Amortization of inventory step-up                           | 6,600             | —                | —               | —                | 6,600            | —                | —                | —                 | —                |
| Restructuring charges, net                                  | 3,424             | 524              | 1,075           | 825              | 5,848            | 358              | 299              | 5,038             | 5,695            |
| Acquisition amortization                                    | 11,797            | 11,767           | 11,735          | 12,012           | 47,311           | 12,078           | 11,247           | 11,202            | 34,527           |
| Acquisition depreciation                                    | 1,837             | 1,735            | 1,742           | 1,735            | 7,049            | 1,123            | 1,106            | 1,101             | 3,331            |
| Special charges (recoveries), net                           | 3,360             | 1,629            | 1,913           | 6,160            | 13,061           | (8,200)          | 3,916            | 18,481            | 14,196           |
| <b>ADJUSTED OPERATING INCOME</b>                            | <b>\$19,704</b>   | <b>\$26,269</b>  | <b>\$25,010</b> | <b>\$30,890</b>  | <b>\$101,873</b> | <b>\$23,433</b>  | <b>\$28,589</b>  | <b>\$25,594</b>   | <b>\$77,617</b>  |
| <b>GAAP OPERATING MARGIN</b>                                | <b>(3.2)%</b>     | <b>4.1 %</b>     | <b>3.5 %</b>    | <b>3.9 %</b>     | <b>2.1 %</b>     | <b>7.4 %</b>     | <b>4.9 %</b>     | <b>(3.8)%</b>     | <b>2.9 %</b>     |
| LESS:   | — %               | — %              | — %             | — %              | — %              |                  |                  |                   |                  |
| Restructuring related inventory charges                     | 0.2 %             | — %              | — %             | (0.1)%           | — %              | 0.1 %            | — %              | (0.5)%            | (0.1)%           |
| Amortization of inventory step-up                           | 2.8 %             | — %              | — %             | — %              | 0.7 %            | — %              | — %              | — %               | — %              |
| Restructuring charges, net                                  | 1.4 %             | 0.2 %            | 0.4 %           | 0.3 %            | 0.6 %            | 0.2 %            | 0.1 %            | 2.1 %             | 0.8 %            |
| Acquisition amortization                                    | 4.9 %             | 4.5 %            | 4.7 %           | 4.5 %            | 4.7 %            | 5.1 %            | 4.6 %            | 4.7 %             | 4.8 %            |
| Acquisition depreciation                                    | 0.8 %             | 0.7 %            | 0.7 %           | 0.7 %            | 0.7 %            | 0.5 %            | 0.5 %            | 0.5 %             | 0.5 %            |
| Special charges (recoveries), net                           | 1.4 %             | 0.6 %            | 0.8 %           | 2.3 %            | 1.3 %            | (3.4)%           | 1.6 %            | 7.8 %             | 2.0 %            |
| Income tax impact   | — %               | — %              | — %             | — %              | — %              | — %              | — %              | — %               | — %              |
| Net income loss from discontinued operations                | — %               | — %              | — %             | — %              | — %              | — %              | — %              | — %               | — %              |
| <b>ADJUSTED OPERATING MARGIN</b>                            | <b>8.2 %</b>      | <b>10.1 %</b>    | <b>10.1 %</b>   | <b>11.6 %</b>    | <b>10.1 %</b>    | <b>9.8 %</b>     | <b>11.6 %</b>    | <b>10.8 %</b>     | <b>10.8 %</b>    |
| Impact of Divestitures (1)                                  | — %               | — %              | (1)%            | (0.2)%           | (0.3)%           | (0.3)%           | (0.4)%           | 0.1 %             | (0.2)%           |
| <b>ADJUSTED OPERATING MARGIN EXCLUDING DIVESTITURES (1)</b> | <b>8.4 %</b>      | <b>9.9 %</b>     | <b>9.4 %</b>    | <b>11.4 %</b>    | <b>9.8 %</b>     | <b>9.5 %</b>     | <b>11.2 %</b>    | <b>10.9 %</b>     | <b>10.5 %</b>    |
| <i>Numbers may not add due to rounding.</i>                 |                   |                  |                 |                  |                  |                  |                  |                   |                  |



Energy  
Aerospace & Defense  
Industrial

## Third Quarter 2019 Investor Review

Presented November 6, 2019  
(Updated November 13, 2019)

*This presentation contains forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended, and Section 21 E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Any statements in this presentation that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's third-quarter 2019 guidance, our future performance, including future growth and profitability, increase in shareholder value, realization of cost reductions from restructuring activities and expected synergies, and our corporate priorities. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to vary from expectations include, but are not limited to: our ability to respond to competitive developments and to grow our business, both domestically and internationally; changes in the cost, quality or supply of raw materials; our ability to comply with our debt obligations; our ability to successfully implement our acquisition, divestiture or restructuring strategies, including our integration of the Fluid Handling business; changes in industry standards, trade policies or government regulations, both in the United States and internationally; and our ability to operate our manufacturing facilities at current or higher levels and respond to increases in manufacturing costs and any actions of stockholders or other in response to expiration of the recent unsolicited tender offer and the cost and disruption of responding to those actions. **BEFORE MAKING ANY INVESTMENT DECISIONS REGARDING OUR COMPANY, WE STRONGLY ADVISE YOU TO READ THE SECTION ENTITLED "RISK FACTORS" IN OUR MOST RECENT ANNUAL REPORT ON FORM 10-K AND SUBSEQUENT REPORTS ON FORMS 10-Q, WHICH CAN BE ACCESSED UNDER THE "INVESTORS" LINK OF OUR WEBSITE AT [WWW.CIRCOR.COM](http://WWW.CIRCOR.COM).** We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

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

# Q3 Results



(\$ millions, except EPS)

|   | Q3 2019   |           |             |                                      | Q3 2018   |           |             |
|---|-----------|-----------|-------------|--------------------------------------|-----------|-----------|-------------|
|   | GAAP      | Adjusted* | Adj Ex Div* | Adjusted +<br>Distributed<br>Valves* | GAAP      | Adjusted* | Adj Ex Div* |
| Orders  | 223       | 223       | 218         | 227                                  | 284       | 284       | 257         |
| Sales   | 237       | 237       | 234         | 251                                  | 247       | 247       | 224         |
| Gross Margin                                      | 74        | 79        | 79          | 77                                   | 80        | 86        | 78          |
| SG&A  | 60        | 53        | 53          | 55                                   | 69        | 61        | 57          |
| Special & Restructuring charges (recoveries), net | 24        | -         | -           | -                                    | 3         | -         | -           |
| Operating Income                                  | (9)       | 26        | 26          | 22                                   | 9         | 25        | 21          |
| Interest Expense                                  | 12        | 12        |             | 12                                   | 14        | 14        |             |
| Other (income) expense                            | (1)       | (1)       |             | (1)                                  | (2)       | (2)       |             |
| Pre-tax   | (20)      | 15        |             | 11                                   | (4)       | 12        |             |
| Tax (provision) benefit                           | (8)       | (2)       |             | (2)                                  | 0         | (2)       |             |
| Net (Loss) Income from continuing operations      | (28)      | 13        |             | 10                                   | (4)       | 11        |             |
| Net (loss) from discontinued operations           | (85)      | -         |             |                                      | (3)       | -         |             |
| Net Income  | (112)     | 13        |             | 10                                   | (7)       | 11        |             |
| EPS - Continuing Operations                       | \$ (1.39) | \$ 0.63   |             | \$ 0.48                              | \$ (0.20) | \$ 0.53   |             |
| EPS - Net Income                                  | \$ (5.64) | \$ 0.63   |             |                                      | \$ (0.34) | \$ 0.53   |             |

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

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

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

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

Numbers may not add due to rounding.

# Q3 2019 Highlights



(\$ millions)



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

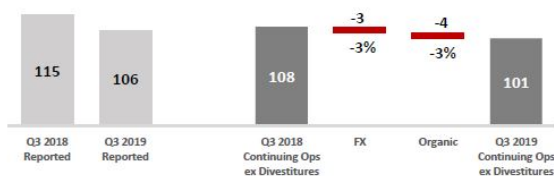
Numbers may not add due to rounding.

# Industrial Segment Highlights

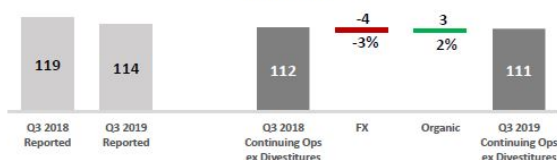


(\$ millions)

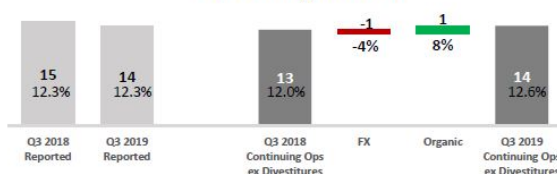
## Orders



## Revenue



## Operating Income



## Comments on YOY Results

### Q3 2019 Orders

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

### Q3 2019 Revenues

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

### Q3 2019 Segment Operating Income & Margin

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

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

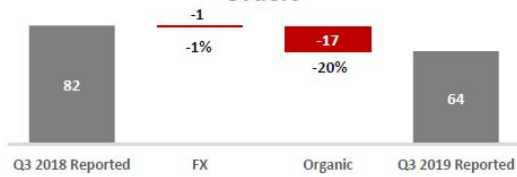
Numbers may not add due to rounding.

# Aerospace & Defense Segment Highlights



(\$ millions)

## Orders

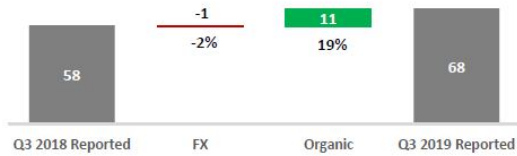


## Comments on YOY Results

### Q3 2019 Orders

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

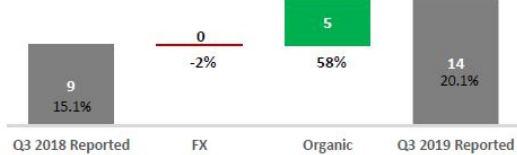
## Revenue



### Q3 2019 Revenues

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

## Operating Income



### Q3 2019 Segment Operating Income & Margin

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

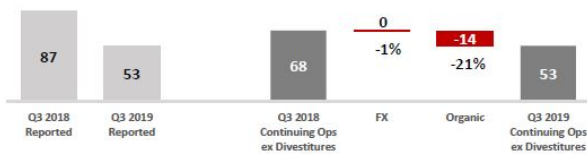


# Energy Segment Highlights



(\$ millions)

## Orders



## Comments on YOY Results

### Q3 2019 Orders

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

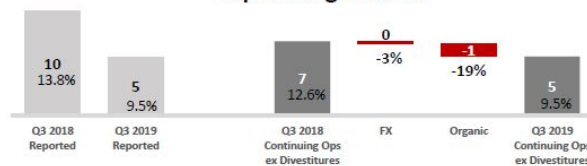
## Revenue



### Q3 2019 Revenues

- Up primarily driven by growth in downstream Refinery Valves

## Operating Income



### Q3 2019 Segment Operating Income & Margin

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

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

Numbers may not add due to rounding.

## Q3 P&L Selected Items



(\$ millions, except EPS)

|  | Q3 2019   |         |           | Q3 2018   |         |           |
|--|-----------|---------|-----------|-----------|---------|-----------|
|  | GAAP      | Special | Adjusted* | GAAP      | Special | Adjusted* |
| Orders                                       | 223       | -       | 223       | 284       | -       | 284       |
| Sales  | 237       | -       | 237       | 247       | -       | 247       |
| Operating Income                             | (9)       | 35      | 26        | 9         | 16      | 25        |
| Interest Expense                             | 12        | -       | 12        | 14        | -       | 14        |
| Other (income) expense                       | (1)       | -       | (1)       | (2)       | -       | (2)       |
| Pre-tax                                      | (20)      | 35      | 15        | (4)       | 16      | 12        |
| Tax (provision) benefit                      | (8)       | 6       | (2)       | 0         | (2)     | (2)       |
| Net (Loss) Income from continuing operations | (28)      | 40      | 13        | (4)       | 15      | 11        |
| Net (loss) from discontinued operations      | (85)      | 85      | -         | (3)       | 3       | -         |
| Net Income                                   | (112)     | 125     | 13        | (7)       | 17      | 11        |
| EPS - Continuing Operations                  | \$ (1.39) |         | \$ 0.63   | \$ (0.20) |         | \$ 0.53   |
| EPS - Net Income                             | \$ (5.64) |         | \$ 0.63   | \$ (0.34) |         | \$ 0.53   |

### Restructuring & Special Charges (excluded from AOI)

|   |     |    |
|---|-----|----|
| <b>Special Charges in Cost of Goods Sold</b>    |     |    |
| Acquisition-related depreciation & amortization | 5   | 6  |
| Other costs good sold                           | (1) | -  |
| - subtotal                                      | 4   | 6  |
| <b>Special Charges in SG&amp;A and Special</b>  |     |    |
| Acquisition-related depreciation & amortization | 7   | 8  |
| Industrial business restructuring actions       | 5   | -  |
| Energy & Corporate restructuring actions        | 2   | -  |
| Professional fees related to unsolicited offer  | 4   | -  |
| Other special & restructuring actions           | 2   | 3  |
| Loss on sale of business                        | 11  | -  |
| - subtotal                                      | 31  | 11 |
| Total   | 35  | 16 |

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

Numbers may not add due to rounding.

## Cash Flow and Debt Position



(\$ millions)











|                                  | Q3 2019          | Q3 2018          |
|----------------------------------|------------------|------------------|
| <b>Cash Flow from Operations</b> | <b>9</b>         | <b>24</b>        |
| Capital Expenditures, net        | 1                | (5)              |
| <b>Free Cash Flow</b>            | <b>10</b>        | <b>19</b>        |
|                                  |                  |                  |
|                                  | <b>29-Sep-19</b> | <b>31-Dec-18</b> |
| <b>Total Debt</b>                | <b>659</b>       | <b>807</b>       |
| Cash and Cash Equivalents        | 69               | 69               |
| <b>Net Debt</b>                  | <b>590</b>       | <b>739</b>       |

148 debt paydown  
in YTD Q3 2019

Note: Total debt is comprised of current and long-term debt, net of approximately \$18 and \$21 of unamortized debt issuance costs at Q3 2019 and Q4 2018, respectively.

# End Market Overview



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

## Q4 2019 Guidance as of November 6, 2019



(millions, except per share amounts)

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

# Use of Non-GAAP Financial Measures



Within this presentation the Company uses non-GAAP financial measures, including Adjusted operating income, Adjusted operating margin, Adjusted net income, Adjusted earnings per share (diluted), EBITDA, Adjusted EBITDA, net debt, free cash flow and organic growth (and such measures further excluding Engineered Valves). These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they reflect our ongoing business and facilitate period-to-period comparisons. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating the Company's current operating performance and future prospects in the same manner as management does, if they so choose. These non-GAAP financial measures also allow investors and others to compare the Company's current financial results with the Company's past financial results in a consistent manner.

For example:

- We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.
- We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.
- Due to the significance of recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss orders and revenue changes on an "organic" basis. Organic change is calculated assuming the divestitures completed prior to September 29, 2019 were completed on January 1, 2018 and excluding the impact of changes in foreign currency exchange rates.

CIRCOR's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company's operating performance and comparing such performance to that of prior periods and to the performance of our competitors. We use such measures when publicly providing our business outlook, assessing future earnings potential, evaluating potential acquisitions and dispositions and in our financial and operating decision-making process, including for compensation purposes.

Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with accounting principles generally accepted in the United States. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in Exhibit 99.1 to this Form 8-K/A and on the Company's website at [www.CIRCOR.com](http://www.CIRCOR.com).

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