

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 25, 2017

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, MASSACHUSETTS 01803-4238
(Address of principal executive offices) (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 (*see* General Instruction A.2. below):

- ☐ 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))

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 7.01. Regulation FD Disclosure.

On September 25, 2017, CIRCOR International, Inc., a Delaware corporation (the “Company”), issued a press release announcing the execution of a definitive agreement providing for the acquisition of the fluid handling business of Colfax Corporation, a Delaware corporation, by the Company and announcing a conference call to discuss the acquisition on September 25, 2017 at 9:00 a.m. EDT. A copy of the press release and a copy of the investor presentation to be used on the conference call are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K.

The information in this Item 7.01 of Form 8-K and the Exhibits 99.1 and 99.2 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit No. Description of Exhibit

[99.1](#) Press release dated September 25, 2017

[99.2](#) Investor Presentation dated September 25, 2017

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.

Date: September 25, 2017 **CIRCOR INTERNATIONAL, INC.**

/s/ Rajeev Bhalla

Rajeev Bhalla

Executive Vice President and Chief Financial Officer



CIRCOR to Acquire Colfax's Fluid Handling Business from Colfax Corporation for \$855 Million in Cash and Stock

Acquisition of Leader in Differentiated Pump Technology Enhances Ability to Deliver Complete Flow Control Solutions

Expected to be Accretive to Earnings and Margins within the First Year

Company to Hold Conference Call at 9:00 a.m. ET this Morning

BURLINGTON, Mass. - September 25, 2017 - CIRCOR International, Inc. (NYSE: CIR), a leading provider of flow control solutions and other highly engineered products for markets including oil & gas, aerospace, power, process, and general industrial, today announced that it has signed a definitive agreement to acquire Colfax Fluid Handling (CFH) from Colfax Corporation (NYSE: CFX) for approximately \$855 million including cash, newly issued CIRCOR shares, and the assumption of pension plan liabilities linked to the CFH business. The acquisition will expand CIRCOR's product and service offering while strengthening its position as a leading provider of flow control solutions. The combination results in estimated pro forma combined revenues of approximately \$1.1 billion based on the trailing 12 month results as of June 2017.

Under the terms of the agreement, CIRCOR will pay \$542 million in cash, issue approximately 3.3 million new CIRCOR shares to Colfax representing approximately \$163 million in value, and assume global pension plans with a net liability of \$150 million on a pre-tax basis. Upon closing of the transaction, Colfax will own approximately 16% of CIRCOR. Colfax has agreed to certain restrictions on the transfer of shares, including a six month lock-up.

CFH is a world leader in the engineering, development, manufacturing, distribution, service and support of fluid handling systems. With a history dating back to 1860, CFH is the leading supplier of screw pumps for high demand, severe service applications across a range of markets including general industry, commercial marine, defense, and oil & gas. CFH leverages differentiated technology, and provides critical aftermarket customer support, to maintain leading positions in high demand niche markets.

"CFH's differentiated product offering enhances our ability to provide critical flow control solutions, and expands our presence into new markets," said Scott Buckhout, President and Chief Executive Officer of CIRCOR. "CFH's compelling growth and margin characteristics, combined with attractive synergy opportunities, are expected to make this transaction accretive in the first year and generate strong returns for our shareholders. CFH and its strong team are an excellent addition to the CIRCOR family."

Compelling Strategic Benefits

- **Complementary and Differentiated Portfolio.** CFH's differentiated product portfolio, recognized brands, and large installed base enhance CIRCOR's ability to deliver more comprehensive flow control solutions into existing and new end markets.
- **Diversified End Markets.** The combination enhances CIRCOR's position in the industrial, defense, and oil & gas end markets while expanding CIRCOR's reach into commercial marine.
- **Significant Aftermarket Exposure.** CFH's extensive installed base and related aftermarket business provide a complementary source of growth and margin expansion.
- **Increased Scale.** On a pro forma basis, the combined company had approximately \$1.1 billion in revenue based on the trailing 12 months ended June 2017. The combination provides a more diverse product portfolio serving a broader range of end markets. CIRCOR expects to capture additional revenue opportunities over time as it realizes the benefits of cross selling.

Robust Financial Drivers

- **Defined Operating Synergies.** CIRCOR expects to realize cost synergies of \$23 million by the fourth year following the transaction close, primarily driven by improved supply chain efficiency, SG&A cost reductions, and manufacturing rationalization. The company expects to incur approximately \$10 million in one-time costs to achieve these synergies.
- **Accretive Financial Impact.** The acquisition is expected to be accretive to CIRCOR's cash EPS and adjusted operating margins in the first year following close, with additional margin expansion and long-term EPS growth going forward as synergies are realized.
- **Compelling Valuation.** The purchase price represents a multiple of 8.3X adjusted EBITDA for the trailing twelve months ended June 30, 2017, including the benefit of synergies and the net present value of acquired and pension tax benefits. Excluding synergies and tax benefits, the purchase price represents a multiple of 12.3X adjusted EBITDA.
- **Strong Return Profile.** The transaction is expected to generate a return on invested capital that exceeds CIRCOR's cost of capital by year four.

Additional Transaction Details

CIRCOR's Board of Directors has unanimously approved the transaction, which is subject to regulatory approvals and other customary closing conditions, and is expected to close by the end of 2017. Following the close of the transaction, the CFH portfolio of brands will remain in place and the majority of the business will operate as a separate segment within CIRCOR.

Upon closing, CIRCOR expects to have a net debt-to-EBITDA ratio of 5.0X. CIRCOR expects to reduce its net debt-to-EBITDA ratio to below 4.0X by the end of 2018 and to approximately 3.0X by the end of 2019.

Third Quarter 2017 Guidance

In connection with today's transaction announcement, CIRCOR also reaffirmed its third quarter 2017 Net Revenue and Adjusted EPS guidance originally announced on July 28, 2017. The Company will announce third quarter results on October 27, 2017.

Conference Call

CIRCOR will host a conference call to discuss the transaction today at 9:00 a.m. EDT. To listen to the live conference call and view the accompanying presentation slides, please visit “Webcasts & Presentations” within the “Investors” portion of CIRCOR’s website. The live call can also be accessed by dialing (877) 407-5790 or (201) 689-8328. The webcast will be archived on the Company’s website for one year.

Deutsche Bank acted as financial advisor and WilmerHale acted as legal counsel to CIRCOR. Deutsche Bank and SunTrust Robinson Humphrey are committed to providing the financing. Cahill Gordon & Reindel LLP acted as legal counsel to the financing sources.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements may often be identified by the use of words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” “will,” “potential,” and similar terms and expressions. 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, statements regarding the benefits and synergies of the proposed acquisition of CFH, including the effect of the transaction on revenue, cost savings, earnings and operating margin; the expected timing for completing the transaction; CIRCOR’s expected product offerings, market position and market opportunities; the availability of debt financing for the transaction; and CIRCOR’s guidance for the third quarter of the fiscal year ending December 31, 2017. The following important factors and uncertainties, among others, could cause actual events, performance or results to differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements: the ability to satisfy the conditions to closing of the proposed transaction, on the expected timing or at all; the ability to obtain required regulatory approvals for the proposed transaction, on the expected timing or at all; the occurrence of any event that could give rise to the termination of the acquisition agreement; higher than expected or unexpected costs associated with or relating to the transaction; the risk that expected benefits, synergies and growth prospects of the transaction may not be achieved in a timely manner, or at all; the risk that CFH may not be successfully integrated with CIRCOR’s business following the closing; the risk that CIRCOR will be unable to retain and hire key personnel; and the risk that disruption from the transaction may adversely affect CIRCOR’s business and relationships with its customers, suppliers or employees. For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to our filings with the Securities and Exchange Commission, including the risk factors contained in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

Adjusted operating income, Adjusted operating margin, Adjusted net income, Adjusted earnings per share (diluted), EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, pro forma combined figures, net debt, net leverage and free cash flow 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 better reflect our ongoing business and allow for meaningful 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 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 of 5 to 20 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.

CIRCOR's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company's operating performance and comparing such performance to that of prior periods and to the performance of our 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. Reconciliations of forward-looking non-GAAP measures, including net debt-to-EBITDA ratio, to their most directly comparable GAAP measures are not being provided in this release because future operating results, cash flows and debt levels cannot be reasonably calculated or predicted at this time. Accordingly, such reconciliations are not available without unreasonable effort.

About CIRCOR International, Inc.

CIRCOR International, Inc. designs, manufactures and markets highly engineered products and sub-systems for markets including oil & gas, power generation and aerospace & defense. CIRCOR has a diversified product portfolio with recognized, market-leading brands that fulfill its customers' unique application needs. The Company's strategy is to grow organically and through complementary acquisitions; simplify CIRCOR's operations; achieve world class operational excellence; and attract and retain top industry talent. For more information, visit the Company's investor relations website at <http://investors.circor.com>.

Contact

Rajeev Bhalla
781-270-1210

Executive Vice President and Chief Financial Officer



Acquisition of Colfax's Fluid Handling Business

September 25, 2017

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements may often be identified by the use of words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” “will,” “potential,” and similar terms and expressions. 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, statements regarding the benefits and synergies of the proposed acquisition of the Fluid Handling business, including the effect of the transaction on revenue, cost savings, earnings and operating margin; the expected timing for completing the transaction; CIRCOR’s expected product offerings, market position and market opportunities; and the availability of debt financing for the transaction. The following important factors and uncertainties, among others, could cause actual events, performance or results to differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements: the ability to satisfy the conditions to closing of the proposed transaction, on the expected timing or at all; the ability to obtain required regulatory approvals for the proposed transaction, on the expected timing or at all; the occurrence of any event that could give rise to the termination of the acquisition agreement; higher than expected or unexpected costs associated with or relating to the transaction; the risk that expected benefits, synergies and growth prospects of the transaction may not be achieved in a timely manner, or at all; the risk that the Fluid Handling business may not be successfully integrated with CIRCOR’s business following the closing; the risk that CIRCOR will be unable to retain and hire key personnel; and the risk that disruption from the transaction may adversely affect CIRCOR’s business and relationships with its customers, suppliers or employees. For additional information about factors that could cause actual results to differ materially from those described in the forward-looking statements, please refer to our filings with the Securities and Exchange Commission, including the risk factors contained in our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.



Transaction Highlights

(\$ millions)

CIRCOR to acquire Colfax Fluid Handling, a leading global provider of specialty pumps

Strategic Overview

- Differentiated technologies for severe service flow control applications
- Highly complementary product portfolio
 - Natural and attractive adjacency in the flow control sector
 - Significant sourcing, manufacturing and engineering synergies
 - Broadens and diversifies product technology portfolio
- Cross-sell opportunity with portfolio of leading brands
- Strong and growing after-market exposure
- Strengthens presence in existing end markets
- Expands reach into new attractive markets

Financial Overview

- \$855 purchase price, comprised of:
 - \$542 cash funded with a new committed debt financing
 - ~3.3 million CIRCOR shares
 - ~\$150 of assumed net pension liabilities
- \$23 run-rate operating synergies by year 4
- Compelling financial returns and impact on CIRCOR earnings
 - Cash EPS and operating margin accretive in year 1

Transaction expected to close in late Q4'17



Note: Pre-tax net pension liability as of 12/31/2016; equates to ~\$118 on an after-tax basis
Based on 20-day volume weighted average price of \$49.48, value of CIRCOR shares issued is \$163.

Transaction Consistent with Disciplined M&A Strategy

Differentiated Technology

- Severe service engineered applications in niche flow control markets
- Leader in 3-screw pumps
- A leader in 2-screw and specialty centrifugal pumps

Compelling Growth Opportunity

- Robust new product development pipeline
- Cyclical rebound in Commercial Marine and Oil & Gas
- Steady aftermarket growth

Realizable Synergies

- Sourcing savings, G&A reductions, and manufacturing rationalization
- Upside sales synergies in certain end markets

Attractive Financial Impact

- Margin and EPS accretion with upside from synergies
- Strong ROIC

Building on Track Record
of Successful M&A



Diversifies CIRCOR with complementary technologies and end markets









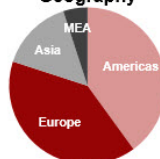
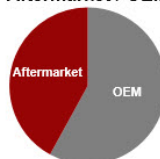
Fluid Handling at-a-Glance

(\$ millions)

Global Manufacturer of Specialty Fluid Handling Solutions











- Designs, manufactures, distributes and supports specialty pumps for severe service applications
- Employees: ~1,900 globally

Pump Products	3 Screw 	2 Screw 	Centrifugal 	Precision Metering 	Progressing Cavity 
Sales Mix	End Markets 		Geography 		Aftermarket / OEM 
Footprint	<ul style="list-style-type: none">• 260 authorized distributors in 90 countries• 26 service centers in 10 countries• 11 production facilities in 8 countries				
Key Financial Information	<ul style="list-style-type: none">• Sales: ~\$463• Adj. EBITDA: ~\$69• Adj. EBITDA margin: ~15%				













Note: Financial information based on LTM as of 6/30/17. Adjusted EBITDA based on diligence results.

Fluid Handling: Leading Supplier of Specialty Pumps

Market Leading Player	Key Brands	
✓ Leader in 3-screw pumps		
✓ Leadership positions in 2-screw, progressing cavity and specialty centrifugal pumps		
✓ Experienced engineers with a track record of developing specialized customer solutions		
✓ Innovation leader with active patent portfolio		
✓ Strong and growing aftermarket business supported by large and increasing installed base		

Fluid Handling: Differentiated Product Portfolio

Products	Applications	% of 2016 Sales	Severity of Application	Key Differentiators
3 Screw Pump 	<ul style="list-style-type: none"> Fuel oil transfer Machinery lubrication Hydraulic systems 	 39%	High	<ul style="list-style-type: none"> Highest efficiency Ultra-quiet pumps World-class manufacturer Global reach
Specialty Centrifugal Pump 	<ul style="list-style-type: none"> Marine engine room and other ship applications Chemical processing Water treatment 	 24%	High	<ul style="list-style-type: none"> Wide range of low viscosity fluid applications Low vibration Continuous pumping, pulsation-free
Progressing Cavity 	<ul style="list-style-type: none"> Sludge removal Chemical slurries and coagulants Drilling mud 		Extreme	<ul style="list-style-type: none"> Extreme high viscosity capabilities Handles shear-sensitive fluids Leader in industrial / wastewater
2 Screw Pump 	<ul style="list-style-type: none"> Fuel loading / unloading Tank stripping Multiphase flows 	 22%	Extreme	<ul style="list-style-type: none"> High temperature compatibility High fluid contaminant capability Versatile self-priming pumps Lubricating / non-lubricating liquids
Precision Metering Pumps 	<ul style="list-style-type: none"> Chemical dosing Pipeline and process injection Food and beverage filling 		High	<ul style="list-style-type: none"> Broadest portfolio in capacity range Highest accuracy metering Handles difficult applications Long product life
Reliability Services 	<ul style="list-style-type: none"> Oil purification Chemical cleaning 	 15%	N/A	<ul style="list-style-type: none"> Co-locations near large customers Proprietary oil mist systems Specialized to clean / recondition

Pro forma Combined Company Profile

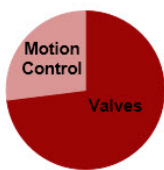
(\$ millions)

Broader Product Offering

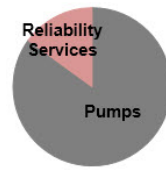
Margin Expansion (Adj. EBITDA)

Greater Scale (Sales)

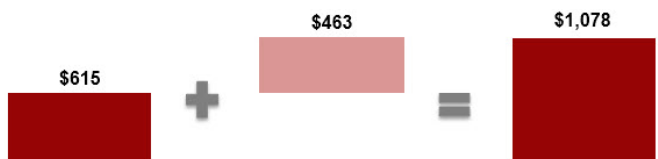
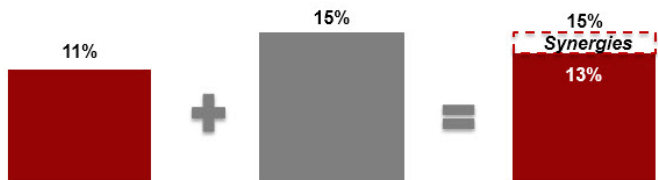
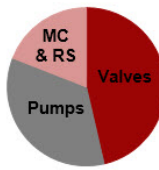
CIRCOR



COLFAX
Fluid Handling



CIRCOR
Pro forma

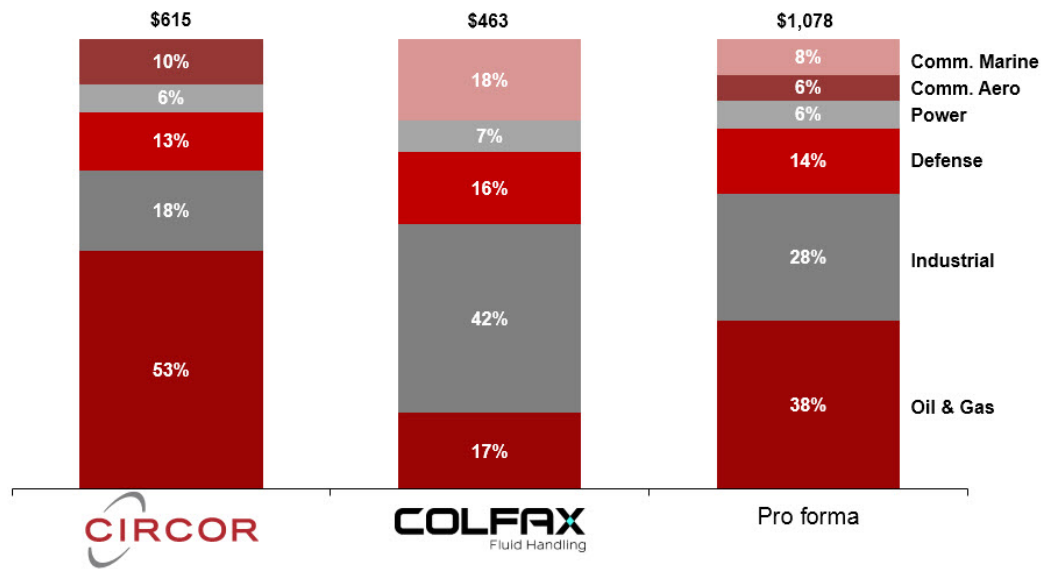


Note: Amounts LTM as of 6/30/17. Adjusted EBITDA based on diligence results. CIRCOR figures pro forma for CFS acquisition.

Pro forma End Market Diversification

(\$ millions)







Sales Mix by End Market



Note: Amounts LTM as of 6/30/2017. CIRCOR figures pro forma for CFS acquisition.



End Market Outlook

Segment	Trends	Outlook
 Oil & Gas	<ul style="list-style-type: none"> • Increase in Global CAPEX spending in upstream • Exceptional strength in unconventional investment in N. America • Increase in new pipelines and upgrades • Refining capacity growth in Middle East and Asia Pacific • Refining expansions and upgrades in the Americas 	
 Industrial	<ul style="list-style-type: none"> • Chemical processing <u>buildout</u> in Asia • Global increase in wastewater processing • Energy efficiency initiatives 	
 Defense	<ul style="list-style-type: none"> • Global increases in defense spending • Key programs to receive increased funding <ul style="list-style-type: none"> - Submarines / aircraft carriers - F35 Joint Strike Fighter 	
 Power Generation	<ul style="list-style-type: none"> • Emerging markets fuel power investment growth • Asia representing 70% of incremental power capacity 	
 Aerospace	<ul style="list-style-type: none"> • Commercial aircraft build rates and backlog at historic highs • Global airline passenger traffic growth over 5% 	
 Commercial Marine	<ul style="list-style-type: none"> • Shipbuilding demand showing signs of recovery • Expanded global fleet aging, increasing aftermarket demand • Continued growth in trade import and export volume 	

Significant Synergy Potential

(\$ millions)

Anticipate \$23 of Synergies by Year 4

Cost

- ☒ Sourcing Savings
- ☒ G&A Reduction
- ☒ Manufacturing Rationalization



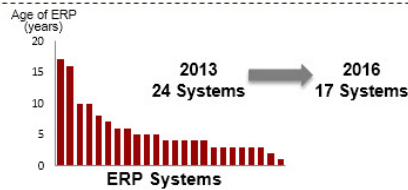
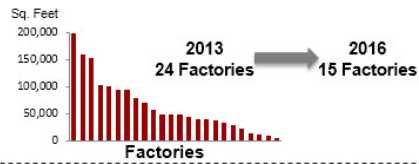
Potential Upside on Sales

- ☒ Oil & Gas and Defense end markets



Applying the CIRCOR Playbook to Fluid Handling

CIRCOR Simplification Since 2013



Note: CIRCOR 2013 – 2016 excludes acquisitions

Opportunities with Fluid Handling

Manufacturing



Description	Opportunity
<ul style="list-style-type: none"> > 10 factories in high-cost locations (95% of hours) > Vertically integrated 	<ul style="list-style-type: none"> > Rationalization > Make-to-buy opportunities > Transition to low-cost

Supply Chain

Description	Opportunity
<ul style="list-style-type: none"> > ~630 suppliers > >95% of suppliers in high-cost locations 	<ul style="list-style-type: none"> > Consolidation > Transition to low-cost

OPEX

Description	Opportunity
<ul style="list-style-type: none"> > Duplicative OPEX infrastructure 	<ul style="list-style-type: none"> > Leverage existing CIRCOR shared services and overhead

Transaction Detail

(\$ millions)

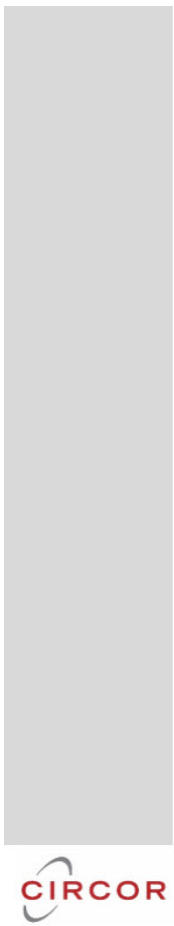
Purchase price	<ul style="list-style-type: none"> Total consideration of \$855, comprised of: <ul style="list-style-type: none"> \$542 cash at closing Approx. 3.3 million CIRCOR shares, valued at \$163 Approx. \$150 of assumed net pension liabilities (equates to ~\$118 after-tax) Colfax retains assets and liabilities related to its asbestos litigation
Transaction multiples	<ul style="list-style-type: none"> Purchase price multiple based on trailing twelve month Adjusted EBITDA <ul style="list-style-type: none"> Standalone: 12.3x; Including synergies and tax benefits: 8.3x
Equity funding	<ul style="list-style-type: none"> Colfax will own approx. 16% of CIRCOR's fully diluted pro forma shares outstanding <ul style="list-style-type: none"> Lock-up period of 6 months for Colfax No governance rights Other customary terms
Debt funding and liquidity	<ul style="list-style-type: none"> Expected net leverage of 5.0x at closing Expected deleveraging to ~4.0x by the end of 2018, and ~3.0x by the end of 2019 Flexible structure involving a new first lien term loan and revolving credit facility Over \$150 of available liquidity at closing
Financial impact	<ul style="list-style-type: none"> Operating margin, cash EPS and free cash flow accretive in year 1 Meaningful annual tax benefit from step-up available ROIC > WACC by year 4 Attractive IRR

Transaction is expected to close in late Q4'17
(subject to customary closing conditions including regulatory approvals)

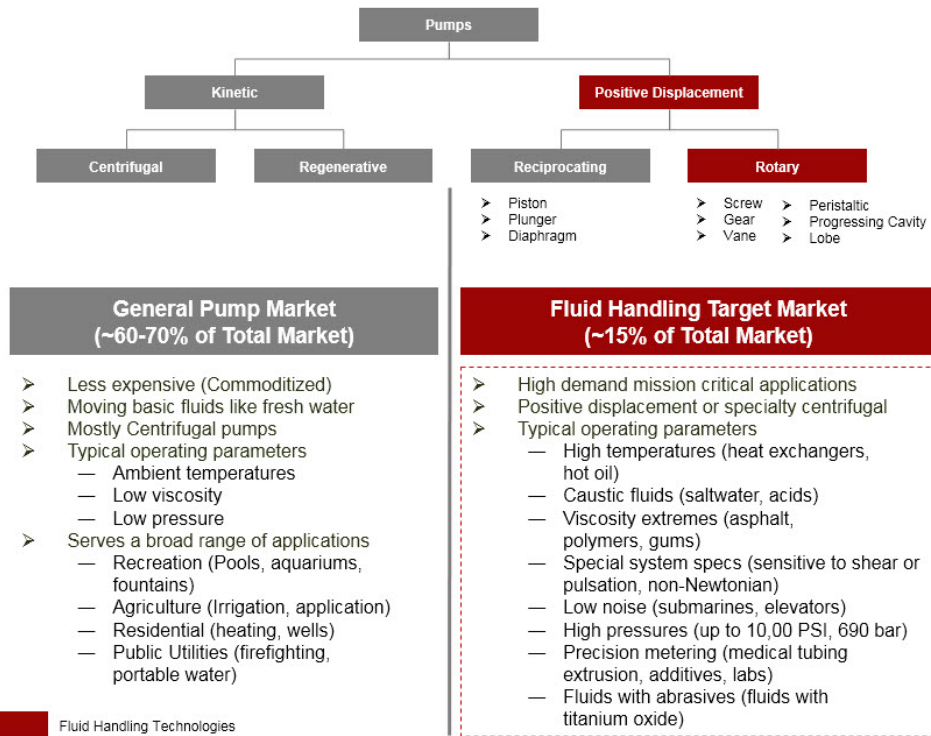


Note: Based on 20-day volume weighted average price of \$49.48. Net pension liability pre-tax as of 12/31/2016, equates to ~\$118 on an after-tax basis

Appendix



Pump Market Overview



Support for Transaction Purchase Price Multiples

(\$ millions)

Total Enterprise Value (TEV)	\$855
Approximate value of tax benefits	(90)
Adjusted TEV	\$765

Standalone	EBITDA multiples	
	Metric	Multiple
TEV / LTM (6/30/17) EBITDA	\$69	12.3x
Includes operating synergies and tax benefits		
Adj. TEV / LTM (6/30/17) EBITDA + synergies	\$92	8.3x

*Note: NPV of tax-step up at 10.0% discount rate. Assumes tax rate of 35%. Assumes run-rate synergies of \$23.
Synergized multiples based on adjusted TEV, reflecting NPV of tax step-up and tax benefit from pension contribution*



Use of Non-GAAP Financial Measures

(\$ millions)

Use of Non-GAAP Financial Measures

Adjusted operating income, Adjusted operating margin, Adjusted net income, Adjusted earnings per share (diluted), EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, pro forma combined figures, net debt, net leverage and free cash flow 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 better reflect our ongoing business and allow for meaningful 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 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 of 5 to 20 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.

We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements. CIRCOR's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the Company's operating performance and comparing such performance to that of prior periods and to the performance of our 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 used in this presentation is presented below. Reconciliations of forward-looking non-GAAP measures, including net debt-to-EBITDA ratio, to their most directly comparable GAAP measures are not being provided in this presentation because future operating results, cash flows and debt levels cannot be reasonably calculated or predicted at this time. Accordingly, such reconciliations are not available without unreasonable effort.

Reconciliation of Adjusted EBITDA Margin					
Twelve Months Ended Q2 2017					
	CIRCOR (a)	Fluid Handling (b)	Pro Forma Combined (c)		
Revenue	590				
Critical Flow Solutions (e)	26				
Pro forma Revenue	616	463	1,078		
	Margin %	Margin %	Margin %		
Net Income	16 3%	15 3%	31 3%		
Interest Expense	8 1%	1 0%	7 1%		
Income Taxes	(3) -1%	7 2%	3 0%		
Depreciation & Amortization	28 5%	12 3%	40 4%		
Stock Compensation Expense	4 1%	- 0%	4 0%		
Restructuring, Special & Other Charges	10 2%	29 6%	40 4%		
Diligence Adjustments (d)	- 0%	5 1%	5 0%		
	61	69	130		
Critical Flow Solutions (e)	5 0%	- 0%	5 0%		
Adjusted EBITDA	66	69	135		
Adjusted EBITDA Margin	11%	15%	13%		

Notes:

(a) Represents CIRCOR twelve months ended Q2 2017

(b) Represents Fluid Handling twelve months ended Q2 2017

(c) Represents the sum of the CIRCOR and Fluid Handling columns

(d) Diligence adjustments includes certain pension adjustments and losses associated with closed business to better reflect ongoing operations post-acquisition

(e) Adjustment to include a full year impact of Critical Flow Solutions which was acquired by CIRCOR on October 12, 2016

