



Energy | Flow Technologies | Aerospace

***Third Quarter 2013***

***Investor Review***

*Presented October 31, 2013*

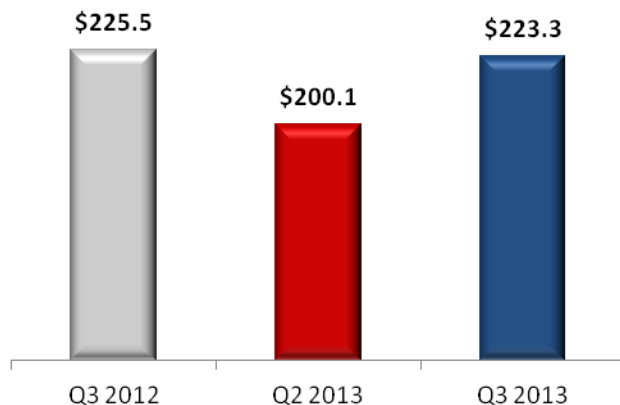
***This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties 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 future performance, including fourth-quarter revenue and earnings guidance, as well as the savings anticipated to result from the restructuring activities discussed herein. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. 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.***

***Within this presentation the Company uses non-GAAP financial measures, including adjusted net income, adjusted earnings per diluted share, adjusted operating income, adjusted operating margin, net debt and free cash flow. These measures are intended to serve as a complement to results provided in accordance with accounting principles generally accepted in the United States. CIRCOR believes that such information provides an additional measurement and consistent historical comparison of the Company's performance. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's third-quarter 2013 news release available on its website at [www.circor.com](http://www.circor.com).***

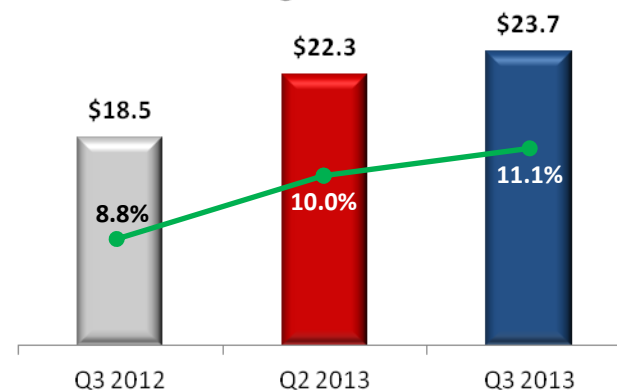
# Consolidated Q3 2013 Financial Results



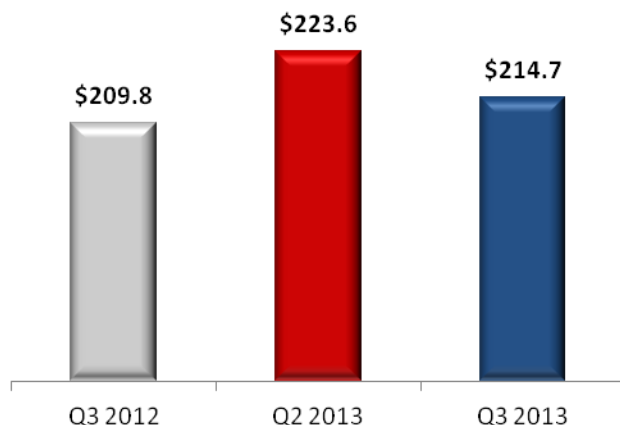
Orders (\$US Millions)



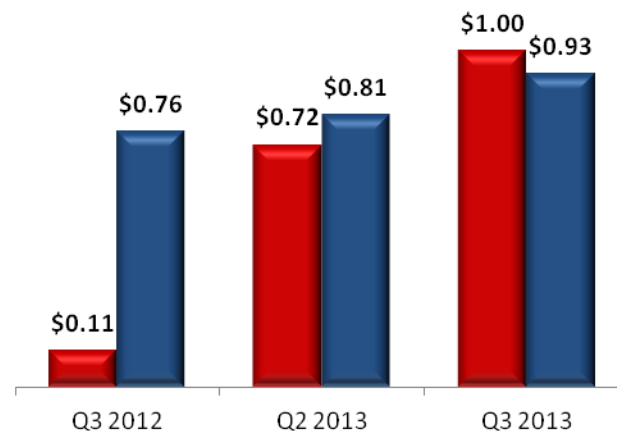
Adjusted Operating Income<sup>1</sup> & AOI Margin<sup>1</sup> (\$US Millions)



Net Revenues (\$US Millions)



GAAP & Adjusted EPS<sup>1</sup>



■ GAAP ■ Adjusted

<sup>1</sup> Adjusted Operating Income, AOI Margin and Adjusted EPS exclude inventory restructuring, impairment and special charges

# 2012 Announced Restructuring-Related Charges



## Charges for Three Months Ended September 29, 2013

| <i>(USD, In Millions)</i> | <b>Restructuring</b> | <b>Special</b> | <b>Total</b>   |
|---------------------------|----------------------|----------------|----------------|
| <b>Segment</b>            | <b>Inventory</b>     | <b>Charges</b> | <b>Charges</b> |
| Energy                    | \$0.0                | \$0.1          | \$0.1          |
| Flow Technologies         | \$0.0                | \$0.0          | \$0.0          |
| Aerospace                 | \$0.0                | \$0.9          | \$0.9          |
| <b>Total</b>              | <b>\$0.0</b>         | <b>\$1.0</b>   | <b>\$1.0</b>   |

2012 Announced Expected Annualized Savings = Approximately \$7.0 Million

We do not anticipate any additional special charges to be incurred associated with the 2012 Announced Restructurings.

# August 1, 2013 Restructuring-Related Charges



## Charges for Three Months Ended September 29, 2013

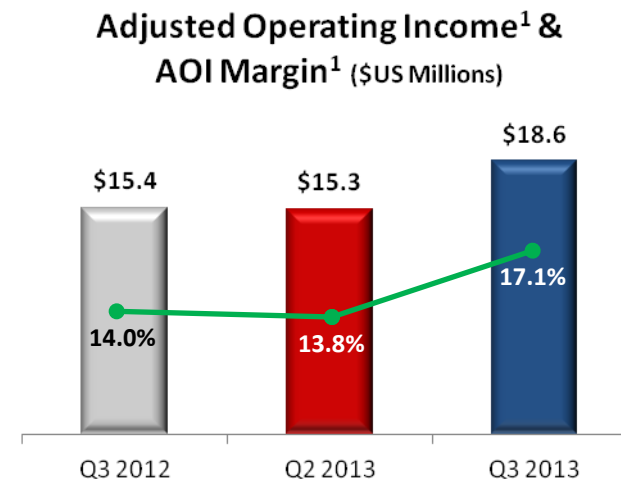
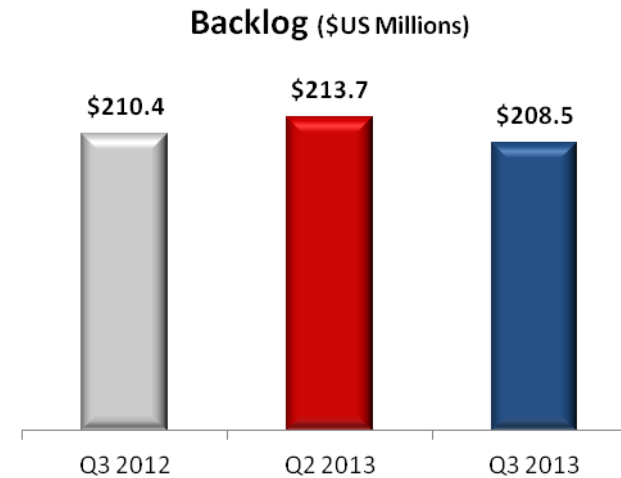
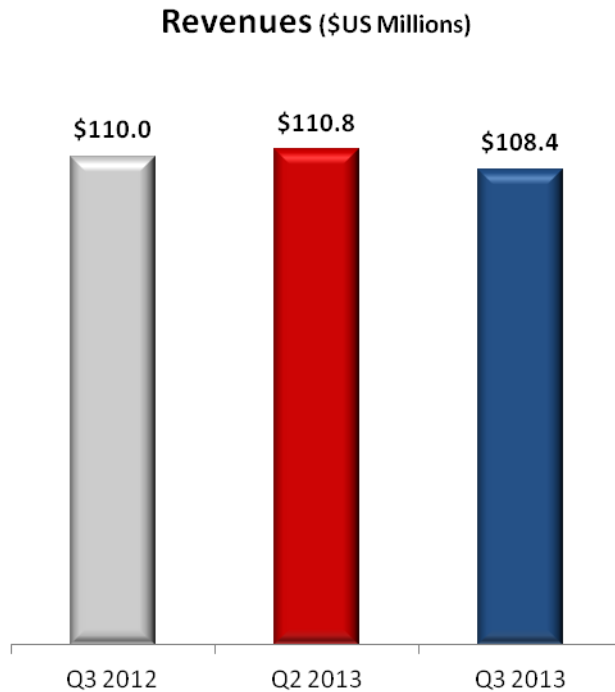
| <i>(USD, In Millions)</i> | Restructuring | Special      | Total        |
|---------------------------|---------------|--------------|--------------|
| Segment                   | Inventory     | Charges      | Charges      |
| Flow Technologies         | \$0.0         | \$1.1        | \$1.1        |
| Aerospace                 | \$0.0         | \$0.3        | \$0.3        |
| <b>Total</b>              | <b>\$0.0</b>  | <b>\$1.4</b> | <b>\$1.4</b> |

August 1, 2013 Announced Expected Annualized Savings = Approximately \$4.0 Million

October 31, 2013 Announced Expected Annualized Savings = Approximately \$5.0 Million

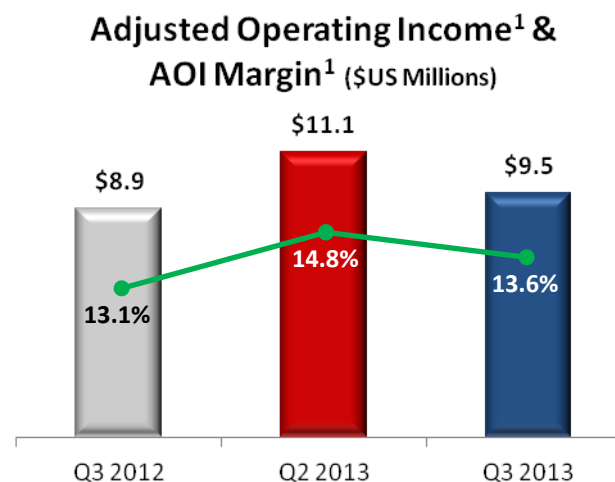
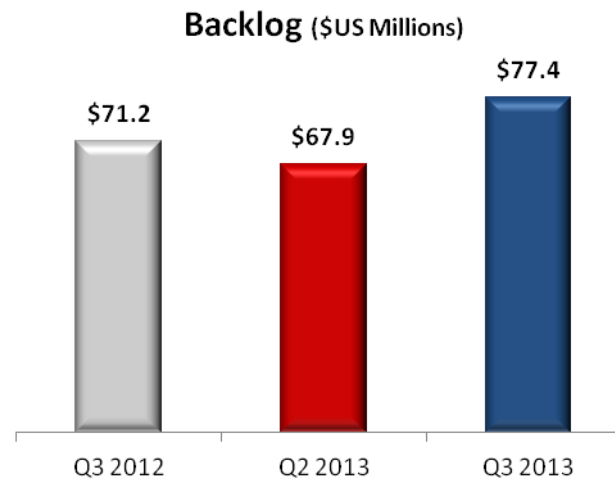
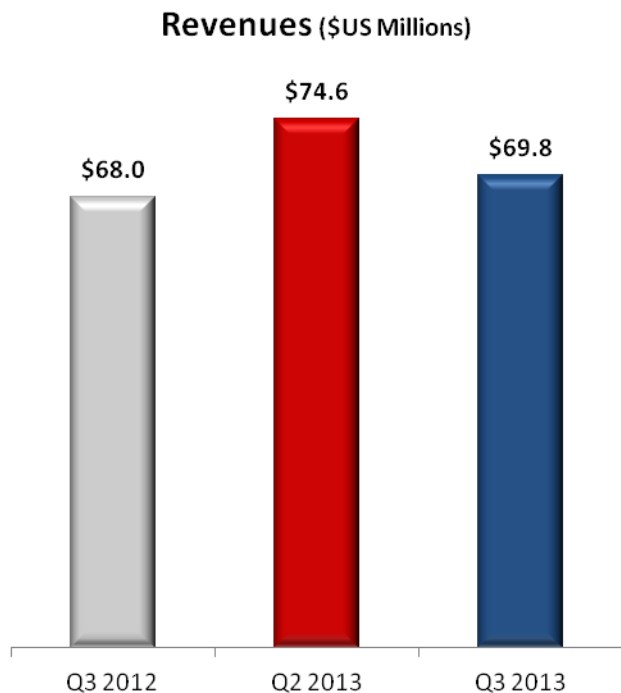
| <i>(USD, In Millions)</i> | *Q4 2013        |                 | FY 2014         |                 | Total Charges   |                 |
|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Segment                   | Low             | High            | Low             | High            | Low             | High            |
| Energy                    | (0.8)           | (0.9)           | -               | -               | (0.8)           | (0.9)           |
| Flow Technologies         | (3.2)           | (3.7)           | (3.4)           | (3.7)           | (6.6)           | (7.4)           |
| Aerospace                 | (1.3)           | (1.4)           | (0.5)           | (0.6)           | (1.8)           | (1.9)           |
| <b>Total</b>              | <b>(\$5.3)</b>  | <b>(\$6.0)</b>  | <b>(\$3.9)</b>  | <b>(\$4.3)</b>  | <b>(\$9.2)</b>  | <b>(\$10.3)</b> |
| <b>EPS</b>                | <b>(\$0.19)</b> | <b>(\$0.22)</b> | <b>(\$0.14)</b> | <b>(\$0.16)</b> | <b>(\$0.34)</b> | <b>(\$0.38)</b> |

\*Q4 2013 includes a range of \$2.6 and \$3.0 million of October 31, 2013 Announced special charges. Remaining Q4 2013 and FY 2014 are August 1, 2013 Announced Restructuring related charges.



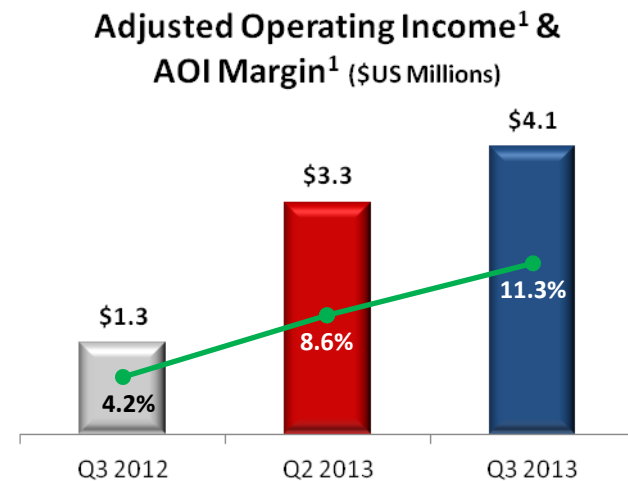
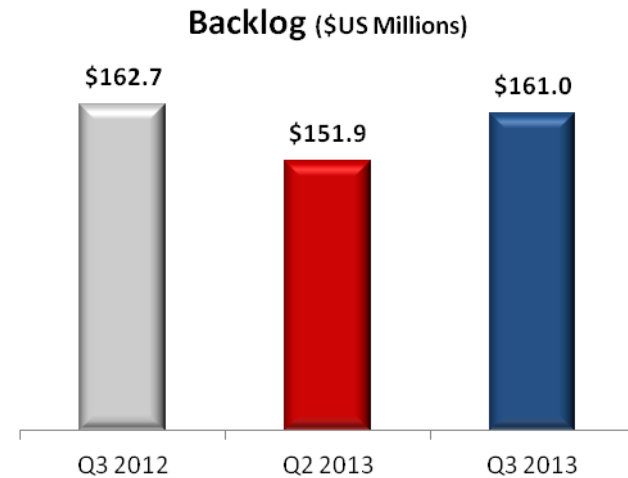
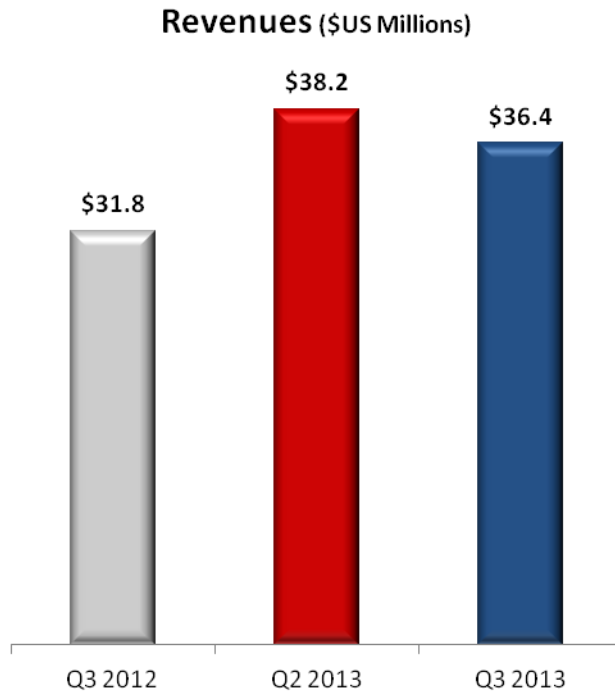
<sup>1</sup> Adjusted Operating Income and AOI Margin exclude inventory restructuring, impairment and special charges

# Flow Technologies Segment



<sup>1</sup> Adjusted Operating Income and AOI Margin exclude inventory restructuring, impairment and special charges

# Aerospace Segment



<sup>1</sup> Adjusted Operating Income and AOI Margin exclude inventory restructuring, impairment and special charges



# Net Income



*(USD, In Millions except share and per share data)*

|  | Q3 2012       | Q2 2013       | Q3 2013       |
|--|---------------|---------------|---------------|
| <sup>1</sup> Segments' adjusted operating income | \$25.7        | \$29.6        | \$32.2        |
| Restructuring inventory charges (benefit)        | 4.1           | (0.2)         | -             |
| Impairment charges                               | 10.3          | -             | -             |
| Special charges (recoveries)                     | 1.4           | 2.3           | (0.2)         |
| <sup>1</sup> Corporate expenses                  | (7.2)         | (7.3)         | (8.4)         |
| <b>Operating Income</b>                          | <b>2.7</b>    | <b>20.3</b>   | <b>23.9</b>   |
| Net interest                                     | (1.1)         | (0.8)         | (0.7)         |
| Other expense i.e. FX                            | (0.6)         | (0.6)         | (0.6)         |
| Income tax benefit (provision)                   | 0.9           | (6.1)         | (4.9)         |
| <b>Net Income</b>                                | <b>\$1.9</b>  | <b>\$12.7</b> | <b>\$17.7</b> |
| Tax Rate   | (92.8%)       | 32.6%         | 21.7%         |
| Diluted shares                                   | 17,467        | 17,607        | 17,667        |
| EPS  | \$0.11        | \$0.72        | \$1.00        |
| <sup>2</sup> <b>Adjusted EPS</b>                 | <b>\$0.76</b> | <b>\$0.81</b> | <b>\$0.93</b> |

<sup>1</sup>Adjusted operating income = Operating income excluding inventory restructuring, impairment and special charges

<sup>2</sup>Adjusted EPS = Diluted EPS excluding the impact of inventory restructuring, impairment and special charges, net of tax

# Free Cash Flow & Net Debt



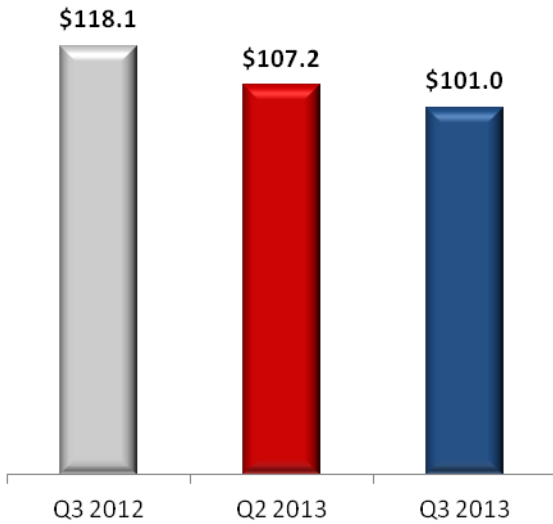
| <i>USD, In Millions</i>                 | <u>Q3 2012</u> | <u>Q2 2013</u> | <u>Q3 2013</u> |
|---|----------------|----------------|----------------|
| Cash Flow from Operations               | <u>\$22.1</u>  | <u>\$13.6</u>  | <u>\$34.3</u>  |
| Capital Expenditures                    | <u>(3.3)</u>   | <u>(4.1)</u>   | <u>(4.8)</u>   |
| <sup>1</sup> Free Cash Flow             | <u>\$18.7</u>  | <u>\$9.5</u>   | <u>\$29.6</u>  |
| <br>                                    |                |                |                |
| Total Debt                              | \$83.8         | \$59.6         | \$49.9         |
| Cash, Cash Equivalents & ST Investments | \$49.1         | \$60.9         | \$86.4         |
| <sup>2</sup> Net Debt                   | \$34.7         | (\$1.4)        | (\$36.5)       |
| Debt to Equity                          | 20%            | 14%            | 11%            |

<sup>1</sup> Free cash flow defined as net cash from operating activities less capital expenditures

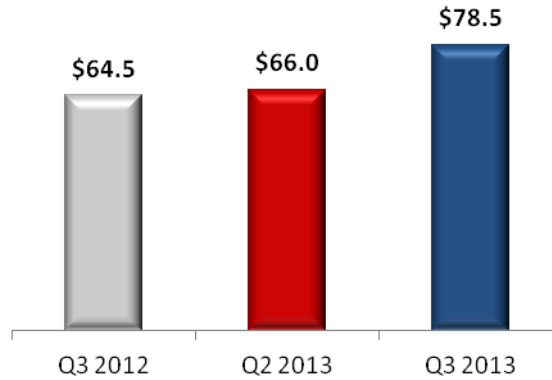
<sup>2</sup> Net Debt defined as Total Debt less cash & cash equivalents, less investments

(\$US Millions)

## Energy



## Flow Technologies



## Aerospace



# Market Assumptions



## ENERGY

- ❖ North America Energy Short-Cycle
  - Rig counts flat in North America
  - Some distribution inventory corrections
- ❖ Large International Energy Projects
  - Stable demand in quotations
  - Delayed project finalization
- ❖ Pipeline Equipment & Services
  - Market flat in North America
  - International activity recovering

## AEROSPACE

- ❖ Commercial Aerospace
  - Strong OEM production at Boeing and Airbus
  - Passenger traffic remains strong
  - Business jet remains flat
- ❖ Military Aerospace
  - Missile defense market strong despite budget cuts

## FLOW TECHNOLOGIES

- ❖ Oil & Gas
  - Strength in off-shore platforms
  - Delayed project finalization
- ❖ Power Generation
  - Long-term outlook is positive, but short-term delays
  - MRO opportunities related to upgrades in North America continue to be strong
- ❖ Industrial & Process
  - Base industrials in US flat; uncertainty in Europe; growth opportunities in China
- ❖ Chemical & Refining
  - Demand environment is mixed
- ❖ Navy
  - MRO stable
  - Uncertainty related to long-term defense budgets
- ❖ HVAC/Steam
  - Project and MRO market steady
  - Seeing limited recovery in new construction activity

# Guidance as of October 31, 2013



## Q4 2013

|   | Low           | High          |
|---|---------------|---------------|
| <b>Revenue (in millions)</b>  | <b>\$222</b>  | <b>\$228</b>  |
| <b>Expected Adjusted Earnings Per Common Share (Diluted) [EPS Excluding Settlement, Restructuring Related Inventory, Impairment and Special charges, Net of Tax]*</b> | <b>\$0.88</b> | <b>\$0.95</b> |
| Less:   |               |               |
| Restructuring related inventory charges   |               |               |
| Impairment charges  |               |               |
| Special charges   |               |               |
|   | \$0.22        | \$0.19        |
| <b>Expected Earnings Per Common Share (Diluted)</b>   | <b>\$0.66</b> | <b>\$0.76</b> |

\*Assumes 29% tax rate

\*Assumes exchange rates at present levels



**Q & A Session**  
**Third Quarter Results**