

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): AUGUST 10, 2021



CIRCOR INTERNATIONAL, INC.  
(Exact name of registrant as specified in its charter)

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

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

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

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

**01803-4238**  
(Zip Code)

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

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

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

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

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

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

Emerging growth company

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

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

By press release dated August 10, 2021, CIRCOR International, Inc. (the “Company”) announced its financial results for the three and six months ended July 4, 2021. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by herein by reference.

The information in this Item 2.02 of Form 8-K and the Exhibits 99.1 and 99.2 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by special reference in such filing.

The Company’s management evaluates segment operating performance using operating income before certain charges/credits to cost of revenues and selling, general and administrative expenses, principally associated with acquisition-related activities; restructuring and other costs/income including costs arising from facility consolidations and gains and losses from the sale of product lines; and amortization of acquisition-related intangible assets. The Company also refers to this measure as segment operating income or adjusted operating income. The Company uses this measure because it helps management understand and evaluate the segments’ core operating results and facilitates comparison of performance for determining incentive compensation achievement.

In the press release and accompanying supplemental information, the Company uses the following non-GAAP financial measures: adjusted operating income, adjusted operating margin, free cash flow, adjusted net income, adjusted earnings per share (EPS), EBITDA, adjusted EBITDA, net debt, combined financial information, and organic revenue, described as follows:

- Adjusted operating income is defined as GAAP operating income excluding intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains.
  - Adjusted operating margin is defined as adjusted operating income divided by net revenues.
  - Free cash flow is defined as net cash flow from operating activities, less net capital expenditures. Management of this Company believes free cash flow is an important measure of its liquidity as well as its ability to service long-term debt, fund future growth and to provide a return to shareholders. We also believe this free cash flow definition does not have any material limitations.
  - Adjusted net income is defined as net income, excluding intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains, net of tax.
  - Adjusted EPS is defined as earnings per common share diluted, excluding the per share impact of intangible amortization from acquisitions completed subsequent to December 31, 2011, depreciation and cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, the impact of restructuring related inventory, impairment and special charges or gains, net of tax.
  - EBITDA is defined as net income plus net interest expense, provision for income taxes, depreciation and amortization.
  - Adjusted EBITDA is defined as EBITDA plus the impact of special charges/gains including the impact of restructuring related inventory charges, cost of goods sold charges related to step-up valuations from acquisitions completed subsequent to December 31, 2016, and impairments, net of tax.
  - Net Debt is defined as total debt minus cash and cash equivalents.
  - Organic growth - the change in revenue and orders excluding the impact of acquisitions, divestitures and changes in foreign exchange rates.
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Our management uses these non-GAAP measures to gain an understanding of our comparative operating performance (when comparing such results with previous periods or forecasts). These non-GAAP financial measures are used by management in our financial and operating decision making because we believe they reflect our ongoing business and facilitate period-to-period comparisons. We believe these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating the Company's current operating performance and future prospects in the same manner as management does, if they so choose. These non-GAAP financial measures also allow investors and others to compare the Company's current financial results with the Company's past financial results in a consistent manner. For example:

- We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.
- We exclude certain acquisition-related costs, including significant transaction costs and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives of 5 to 20 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.

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

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

A reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measure is provided in the supplemental information table titled "Reconciliation of Key Performance Measures to Commonly Used Generally Accepted Accounting Principle Terms" which is included as an attachment to the press release in Exhibit 99.1.

#### **Item 7.01. Regulation FD Disclosure**

Presentation slides discussing the Company's quarterly operating results are attached to this Current Report on Form 8-K, as Exhibit 99.2, and are incorporated herein by reference. The information in this Item 7.01 of Form 8-K and the attached Exhibit 99.2 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability that section, nor shall it be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by special reference in such filing.

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**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

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

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**SIGNATURES**

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

**August 10, 2021**

**CIRCOR INTERNATIONAL, INC.**

**/s/ Abhi Khandelwal**

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**Abhi Khandelwal**  
**Senior Vice President and Chief Financial Officer**

## CIRCOR Delivers Strong Second Quarter Results and Reaffirms 2021 Guidance

Well positioned for second half revenue growth and margin expansion

**Burlington, MA – August 10, 2021**

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

### Second Quarter 2021 Overview:

- Orders of \$210 million, up 9% reported and 4% organically
  - Industrial orders of \$156 million, up 34% reported and 27% organically due to strength across almost all end markets and regions
  - Aerospace & Defense orders of \$54 million, down (29)% reported and (31)% organically due to timing of large Defense orders
- Revenue of \$190 million, up 2% reported and down (2)% organically
  - Industrial revenue of \$130 million, up 5% reported and down (1)% organically
  - Aerospace & Defense revenue of \$61 million, down (2)% reported and (5)% organically
- GAAP operating margin of (2.6)%; Adjusted operating margin of 7.7%, down 80 bps
- GAAP loss per share of \$(0.77); Adjusted earnings per share of \$0.35, up 59%
- GAAP operating cash flow of \$11 million; Free cash flow of \$8 million, 115% of adj. net income
- Total debt reduced by \$14 million versus prior quarter driven by 2Q'21 free cash flow performance

CIRCOR President and CEO Scott Buckhout said, "Our team delivered another solid quarter highlighted by 27% organic orders growth in our Industrial business and strong free cash flow conversion of 115%. Revenue and earnings per share were both in line with our expectations and we are encouraged by the pace of recovery across our Industrial and Aerospace & Defense end markets. Our performance in the first half positions CIRCOR for a strong second half and achievement of our 2021 commitments."

Mr. Buckhout continued, "In addition to our financial performance, we continue to make progress on our strategic priorities. We launched 21 products in the first half of 2021 and remain on track to deliver 45 new products in 2021. In an effort to build on our simplification program and accelerate sustainable margin expansion, we kicked off 80/20 in three of our largest Industrial businesses. And finally, we used our free cash flow generated in the quarter to pay down debt. We expect greater than one turn of leverage improvement in 2021."

Mr. Buckhout concluded, "Based on our strong orders performance in the 1st half, and our \$436 million backlog, we're confident that we will deliver on our 2021 organic revenue and adjusted EPS guidance provided in May. Going forward, we continue to focus on creating long-term value for shareholders by positioning the Company for growth, expanding margins, generating strong free cash flow, and de-levering the balance sheet."

### **3Q'21 Guidance Update**

In the third quarter of 2021, CIRCOR expects reported revenue to increase 10 to 12% and organic revenue to increase 8 to 10%. On a reported basis, Industrial revenue is expected to grow 7 to 11% driven by increased deliveries across end markets and regions. Aerospace & Defense revenue is expected to increase 12 to 15% driven by the timing of large Defense shipments and favorable year-over-year comparisons in our Commercial end markets. In addition, CIRCOR expects adjusted EPS of \$0.55 to \$0.60 (+53% to 67% versus prior year) and free cash flow conversion of 120 to 140% (\$13 to \$17 million).

### **2021 Guidance**

For the full year of 2021, CIRCOR reiterated its guidance of organic revenue growth of 2 to 4%, Adjusted EPS of \$2.10 to \$2.30, and adjusted net income to free cash flow conversion of 85% to 95%.

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

### **Conference Call Information**

CIRCOR International will hold a conference call to review its financial results at 9:00 a.m. ET today, August 10, 2021. To listen to the live conference call and view the accompanying presentation slides, please visit "Webcasts & Presentations" in the "Investors" portion of CIRCOR's website. The live call also can be accessed by dialing (877) 407-5790 or (201) 689-8328. Participants are encouraged to dial in to the call at least 15 minutes prior to the start time. The webcast will be archived on the Company's website for one year.

## Selected Preliminary Consolidated Results

(\$ millions except EPS)	Q2 2021	Q2 2020	Change	Q2 YTD 2021	Q2 YTD 2020	Change
<b>Orders</b>	\$ 210.2	\$ 192.6	9 %	\$ 436.9	\$ 401.1	9 %
<b>Orders - excluding divested businesses<sup>1</sup></b>	210.2	192.6	9 %	436.9	396.7	10 %
<b>Revenue</b>	\$ 190.3	\$ 186.1	2 %	\$ 371.0	\$ 378.3	-2 %
<b>Revenue - excluding divested businesses<sup>1</sup></b>	190.3	186.1	2 %	371.0	373.4	-1 %
<b>GAAP operating (loss) income</b>	(4.9)	(1.4)	-250 %	(4.6)	(74.8)	94 %
<b>Adjusted operating income<sup>2</sup></b>	14.6	15.9	-8 %	27.1	27.0	— %
<b>GAAP operating margin</b>	(2.6)%	(0.7)%	-190 bps	(1.2)%	(19.8)%	1860 bps
<b>Adjusted operating margin<sup>2</sup></b>	7.7 %	8.5 %	-80 bps	7.3 %	7.1 %	20 bps
<b>Adjusted operating margin ex divestitures<sup>2</sup></b>	7.7 %	8.5 %	-80 bps	7.3 %	7.2 %	10 bps
<b>GAAP loss per share (diluted)</b>	\$ (0.77)	\$ (1.68)	54 %	\$ (1.13)	\$ (5.66)	80 %
<b>Adjusted earnings per share (diluted)<sup>2</sup></b>	\$ 0.35	\$ 0.22	59 %	\$ 0.60	\$ 0.42	43 %
<b>Operating cash flow</b>	10.9	(24.9)	144 %	(6.7)	(48.8)	86 %
<b>Free cash flow<sup>3</sup></b>	8.3	(28.4)	129 %	(12.8)	(55.8)	77 %

## Segment Results

(\$ in millions)	Q2 2021	Q2 2020	Change
<b>Aerospace &amp; Defense</b>			
<b>Orders</b>	\$ 54.2	\$ 76.6	-29 %
<b>Revenue</b>	\$ 60.8	\$ 62.2	-2 %
<b>Segment operating income</b>	12.1	13.1	-8 %
<b>Segment operating margin</b>	19.9 %	21.1 %	-120 bps
<b>Industrial</b>			
<b>Orders</b>	\$ 156.0	\$ 116.0	34 %
<b>Revenue</b>	\$ 129.6	\$ 123.8	5 %
<b>Segment operating income</b>	10.4	12.4	-16 %
<b>Segment operating margin (adjusted)</b>	8.0 %	10.0 %	-200 bps

- Orders and revenue excluding divested businesses are non-GAAP measures and are calculated by subtracting the orders and revenues generated by the divested businesses during the periods prior to their divestiture from reported orders and revenues. Divested businesses include Instrumentation & Sampling (all Industrial) which was sold during Q1 2020.
- Adjusted consolidated and segment results for Q2 2021 exclude net loss from discontinued operations of \$0.9 million and net loss from non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$19.6 million (\$21.9 million after tax). These charges include: (i) \$11.8 million for non-cash acquisition-related intangible amortization and depreciation expense; (ii) \$3.0 million of special charges related to the Heater & Control Valve divestiture; (iii) \$3.8 million of other special and restructuring charges; and (iv) \$1.0 million of restructuring related inventory charges. Adjusted consolidated and segment results for Q2 2020 exclude net loss from discontinued operations of \$43.8 million and net loss from non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$17.3 million (\$5.3 million income, net of tax). These charges include: (i) \$11.7 million for non-cash acquisition-related intangible amortization and depreciation expense; (ii) \$4.6 million of professional fees associated with an unsolicited tender offer to acquire all outstanding shares of the Company's common stock; and (iii) \$1.0 million of other special and restructuring charges.
- Free cash flow is a non-GAAP financial measure and is calculated by subtracting GAAP capital expenditures, net of proceeds from asset sales, from GAAP operating cash flow.

**Use of Non-GAAP Financial Measures**

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

We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.

We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.

We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.

We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements. We exclude the results of discontinued operations.

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

Due to the significance of recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures completed prior to July 4, 2021 were completed on January 1, 2020 and excluding the impact of changes in foreign currency exchange rates.

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

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

## Safe Harbor Statement

This press release contains certain statements that are “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995 (the “Act”). The words “may,” “hope,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” “continue,” and other expressions, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements, although not all forward-looking statements are accompanied by such words. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements, including statements about outlook for the fourth quarter, the expected and potential direct or indirect impacts of the COVID-19 pandemic on our business, the realization of cost reductions from restructuring activities and expected synergies, the number of new product launches and future cash flows from operating activities, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the duration and severity of the COVID-19 pandemic and its impact on the global economy; changes in the price of and demand for oil and gas in both domestic and international markets; any adverse changes in governmental policies; variability of raw material and component pricing; changes in our suppliers’ performance; fluctuations in foreign currency exchange rates; changes in tariffs or other taxes related to doing business internationally; our ability to hire and retain key personnel; our ability to operate our manufacturing facilities at efficient levels including our ability to prevent cost overruns and reduce costs; our ability to generate increased cash by reducing our working capital; our prevention of the accumulation of excess inventory; our ability to successfully implement our divestiture; restructuring or simplification strategies; fluctuations in interest rates; our ability to successfully defend product liability actions; as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world, including as a result of COVID-19, natural disasters, terrorist attacks and other similar matters. We advise you to read further about these and other risk factors set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2020, which is filed with the Securities and Exchange Commission (“SEC”) and is available on the SEC’s website at [www.sec.gov](http://www.sec.gov). We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## About CIRCOR International, Inc.

CIRCOR International is one of the world’s leading providers of mission critical flow control products and services for the Industrial and Aerospace & Defense markets. The Company has a product portfolio of market-leading brands serving its customers’ most demanding applications. CIRCOR markets its solutions directly and through various sales partners to more than 14,000 customers in approximately 100 countries. The Company has a global presence with approximately 3,200 employees and is headquartered in Burlington, Massachusetts. For more information, visit the Company’s investor relations website at <http://investors.circor.com>.

## Contact:

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

## CIRCOR INTERNATIONAL, INC.

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

	Three Months Ended		Six Months Ended	
	July 4, 2021	June 28, 2020	July 4, 2021	June 28, 2020
<b>Net revenues</b>	\$ 190,346	\$ 186,066	\$ 371,001	\$ 378,279
Cost of revenues	130,460	127,105	255,034	259,275
<b>Gross profit</b>	59,886	58,961	115,967	119,004
Selling, general and administrative expenses	58,023	54,738	114,526	114,296
Goodwill impairment charge	—	—	—	116,182
Special and restructuring charges (recoveries), net	6,803	5,607	5,995	(36,685)
<b>Operating income (loss)</b>	(4,940)	(1,384)	(4,554)	(74,789)
Other expense (income), net:				
Interest expense, net	7,957	8,486	16,327	17,497
Other expense (income), net	(1,173)	2,144	(2,676)	(536)
Total other expense, net	6,784	10,630	13,651	16,961
(Loss) income from continuing operations before income taxes	(11,724)	(12,014)	(18,205)	(91,750)
Provision for (benefit from) income taxes	2,961	(21,769)	3,360	(13,395)
(Loss) income from continuing operations, net of tax	(14,685)	9,755	(21,565)	(78,355)
Income (loss) from discontinued operations, net of tax	(878)	(43,847)	(1,117)	(34,685)
<b>Net loss</b>	\$ (15,563)	\$ (34,092)	\$ (22,682)	\$ (113,040)
<b>Basic income (loss) per common share:</b>				
Basic from continuing operations	\$ (0.73)	\$ 0.49	\$ (1.07)	\$ (3.93)
Basic from discontinued operations	\$ (0.04)	\$ (2.19)	\$ (0.06)	\$ (1.74)
Net loss	\$ (0.77)	\$ (1.71)	\$ (1.13)	\$ (5.66)
<b>Diluted income (loss) per common share:</b>				
Diluted from continuing operations	\$ (0.73)	\$ 0.48	\$ (1.07)	\$ (3.93)
Diluted from discontinued operations	\$ (0.04)	\$ (2.16)	\$ (0.06)	\$ (1.74)
Net loss	\$ (0.77)	\$ (1.68)	\$ (1.13)	\$ (5.66)
<b>Weighted average number of common shares outstanding:</b>				
Basic	20,230	19,987	20,143	19,962
Diluted	20,230	20,286	20,143	19,962

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

	<b>Six Months Ended</b>	
	<b>July 4, 2021</b>	<b>June 28, 2020</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (22,682)	\$ (113,040)
Loss from discontinued operations, net of income taxes	(1,117)	(34,685)
Loss from continuing operations	(21,565)	(78,355)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	11,970	10,079
Amortization	21,353	21,492
Provision for bad debt expense	(350)	7,768
Write down of inventory	961	352
Compensation expense for share-based plans	2,903	2,290
Amortization of debt issuance costs	2,005	5,488
Deferred tax provision	823	—
Goodwill impairment charge	—	116,182
(Gain) loss on sale of businesses	1,031	(54,253)
Changes in operating assets and liabilities, net of effects of acquisition and disposition:		
Trade accounts receivable	6,345	768
Inventories	(14,038)	(12,370)
Prepaid expenses and other assets	(17,792)	(25,264)
Accounts payable, accrued expenses and other liabilities	214	(31,475)
Net cash (used in) provided by continuing operating activities	(6,140)	(37,298)
Net cash used in discontinued operating activities	(579)	(11,532)
<b>Net cash used in operating activities</b>	<b>(6,719)</b>	<b>(48,830)</b>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(6,038)	(6,815)
Proceeds from sale of property, plant and equipment	2	(142)
Proceeds from the sale of business	9,993	169,375
Proceeds from beneficial interest of factored receivables	998	1,339
Net cash provided by continuing investment activities	4,955	163,757
Net cash used in discontinued investing activities	—	(10,071)
<b>Net cash provided by investing activities</b>	<b>4,955</b>	<b>153,686</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	103,350	129,325
Payments of long-term debt	(100,250)	(191,141)
Withholding tax payments on restricted and performance stock units converted	(4,119)	—
Proceeds from the exercise of stock options	151	118
<b>Net cash provided by (used) in financing activities</b>	<b>(868)</b>	<b>(61,698)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1,627)	(2,421)
<b>(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>(4,259)</b>	<b>40,737</b>
Cash, cash equivalents, and restricted cash at beginning of period	77,696	85,727
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD</b>	<b>\$ 73,437</b>	<b>\$ 126,464</b>

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

	July 4, 2021	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 72,181	\$ 76,452
Trade accounts receivable, less allowance for doubtful accounts of \$8,596 and \$9,035 at July 4, 2021 and December 31, 2020, respectively	96,591	102,730
Inventories	136,012	129,084
Prepaid expenses and other current assets	109,683	93,226
Assets held for sale	—	5,073
Total Current Assets	<u>414,467</u>	<u>406,565</u>
PROPERTY, PLANT AND EQUIPMENT, NET	160,817	168,763
<b>OTHER ASSETS:</b>		
Goodwill	156,785	158,944
Intangibles, net	328,957	353,595
Deferred income taxes	776	779
Other assets	40,199	41,882
TOTAL ASSETS	<u>\$ 1,102,001</u>	<u>\$ 1,130,528</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 68,224	\$ 61,236
Accrued expenses and other current liabilities	72,294	75,624
Accrued compensation and benefits	29,721	28,332
Total Current Liabilities	<u>170,239</u>	<u>165,192</u>
LONG-TERM DEBT	512,375	507,888
DEFERRED INCOME TAXES	27,562	28,980
PENSION LIABILITY, NET	156,501	163,642
OTHER NON-CURRENT LIABILITIES	52,284	58,785
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 29,000,000 shares authorized; 21,620,528 and 21,373,813 issued at July 4, 2021 and December 31, 2020 respectively	216	214
Additional paid-in capital	452,512	452,728
(Accumulated deficit) retained earnings	(109,143)	(86,461)
Common treasury stock, at cost (1,372,488 shares at July 4, 2021 and December 31, 2020)	(74,472)	(74,472)
Accumulated other comprehensive loss, net of tax	(86,073)	(85,968)
Total Shareholders' Equity	<u>183,040</u>	<u>206,041</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,102,001</u>	<u>\$ 1,130,528</u>

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

	Three Months Ended		Six Months Ended	
	July 4, 2021	June 28, 2020	July 4, 2021	June 28, 2020
ORDERS (1)				
Aerospace & Defense	\$ 54.2	\$ 76.6	\$ 127.2	\$ 148.6
Industrial	156.0	116.0	309.7	252.5
Total Orders	<u>\$ 210.2</u>	<u>\$ 192.6</u>	<u>\$ 436.9</u>	<u>\$ 401.1</u>
	July 4, 2021	June 28, 2020		
BACKLOG (2)				
Aerospace & Defense	\$ 188.3	\$ 214.2		
Industrial	248.2	217.8		
Total Backlog	<u>\$ 436.5</u>	<u>\$ 432.0</u>		

Note 1: Orders do not include the foreign exchange impact due to the re-measurement of customer backlog amounts denominated in foreign currencies. Orders for the six months ended June 28, 2020 include orders from businesses divested prior to June 28, 2020 of \$4.4 million.

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

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

As reported	2020					2021	
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR
<b>ORDERS</b>							
Aerospace & Defense	\$ 72,031	\$ 76,616	\$ 59,105	\$ 46,796	\$ 254,548	\$ 72,999	\$ 54,243
Industrial	136,443	116,023	107,453	121,690	481,609	153,695	155,959
<b>Total</b>	<b>\$ 208,474</b>	<b>\$ 192,639</b>	<b>\$ 166,558</b>	<b>\$ 168,486</b>	<b>\$ 736,157</b>	<b>\$ 226,693</b>	<b>\$ 210,203</b>

<b>NET REVENUES</b>							
Aerospace & Defense	\$ 65,493	\$ 62,241	\$ 62,249	\$ 77,839	\$ 267,822	\$ 60,001	\$ 60,761
Industrial	126,720	123,825	124,391	130,513	505,449	120,654	129,585
<b>Total</b>	<b>\$ 192,213</b>	<b>\$ 186,066</b>	<b>\$ 186,640</b>	<b>\$ 208,352</b>	<b>\$ 773,271</b>	<b>\$ 180,655</b>	<b>\$ 190,346</b>

<b>SEGMENT OPERATING INCOME</b>							
Aerospace & Defense	\$ 12,494	\$ 13,142	\$ 14,782	\$ 18,675	\$ 59,093	\$ 10,706	\$ 12,095
Industrial	5,169	12,406	9,807	12,441	39,823	9,735	10,400
Corporate expenses	(6,588)	(9,664)	(7,244)	(7,789)	(31,285)	(8,002)	(7,850)
<b>Total</b>	<b>\$ 11,075</b>	<b>\$ 15,884</b>	<b>\$ 17,345</b>	<b>\$ 23,327</b>	<b>\$ 67,631</b>	<b>\$ 12,439</b>	<b>\$ 14,645</b>

<b>SEGMENT OPERATING MARGIN %</b>							
Aerospace & Defense	19.1 %	21.1 %	23.7 %	24.0 %	22.1 %	17.8 %	19.9 %
Industrial	4.1 %	10.0 %	7.9 %	9.5 %	7.9 %	8.1 %	8.0 %
<b>Total</b>	<b>5.8 %</b>	<b>8.5 %</b>	<b>9.3 %</b>	<b>11.2 %</b>	<b>8.7 %</b>	<b>6.9 %</b>	<b>7.7 %</b>

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

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

Results excluding divested businesses	2020					2021	
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR
<b>ORDERS</b>							
Aerospace & Defense	\$72,031	\$76,616	\$59,105	\$46,796	\$254,548	\$72,999	\$54,243
Industrial	131,994	116,023	107,453	121,690	477,160	153,695	155,959
<b>Total</b>	<b>\$204,025</b>	<b>\$192,639</b>	<b>\$166,558</b>	<b>\$168,486</b>	<b>\$731,708</b>	<b>\$226,693</b>	<b>\$210,203</b>
<b>NET REVENUES</b>							
Aerospace & Defense	\$65,493	\$62,241	\$62,249	\$77,839	\$267,822	\$60,001	\$60,761
Industrial	121,820	123,825	124,391	130,513	500,549	120,654	129,585
<b>Total</b>	<b>\$187,313</b>	<b>\$186,066</b>	<b>\$186,640</b>	<b>\$208,352</b>	<b>\$768,371</b>	<b>\$180,655</b>	<b>\$190,346</b>
<b>SEGMENT OPERATING INCOME</b>							
Aerospace & Defense	\$12,494	\$13,142	\$14,782	\$18,675	\$59,093	\$10,706	\$12,095
Industrial	5,169	12,406	9,807	12,441	39,823	9,735	10,400
Corporate expenses	(6,588)	(9,664)	(7,244)	(7,789)	(31,285)	(8,002)	(7,850)
<b>Total</b>	<b>\$11,075</b>	<b>\$15,884</b>	<b>\$17,345</b>	<b>\$23,327</b>	<b>\$67,631</b>	<b>\$12,439</b>	<b>\$14,645</b>
<b>SEGMENT OPERATING MARGIN %</b>							
Aerospace & Defense	19.1%	21.1%	23.7%	24.0%	22.1%	17.8%	19.9%
Industrial	4.2%	10.0%	7.9%	9.5%	8.0%	8.1%	8.0%
<b>Total</b>	<b>5.9%</b>	<b>8.5%</b>	<b>9.3%</b>	<b>11.2%</b>	<b>8.8%</b>	<b>6.9%</b>	<b>7.7%</b>

(1) Divested businesses are related to the Industrial Segment and include Instrumentation & Sampling. Distributed Valves are discontinued operations and not reflected in the As Reported figures in accordance with US GAAP.

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

	2020					2021	
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR
Net Cash (Used In) Provided By Operating Activities	\$(23,947)	\$(24,883)	\$2,465	\$23,641	\$(22,724)	\$(17,703)	\$ 10,984
LESS							
Capital expenditures, net of sale proceeds (a)	3,412	3,527	2,330	3,275	12,544	3,392	2,644
<b>FREE CASH FLOW</b>	<b>\$(27,359)</b>	<b>\$(28,410)</b>	<b>\$135</b>	<b>\$20,366</b>	<b>\$(35,268)</b>	<b>\$(21,095)</b>	<b>\$ 8,340</b>
Gross Debt	\$602,288	\$592,038	\$540,463	\$519,938	\$519,938	\$536,938	\$ 523,038
Less: Cash & Cash equivalents	170,861	125,421	72,772	76,452	76,452	75,680	72,181
<b>GROSS DEBT, NET OF CASH</b>	<b>\$431,427</b>	<b>\$466,617</b>	<b>\$467,691</b>	<b>\$443,486</b>	<b>\$443,486</b>	<b>\$461,258</b>	<b>\$ 450,857</b>
TOTAL SHAREHOLDERS' EQUITY	\$290,845	\$273,351	\$220,814	\$206,041	\$206,041	\$196,106	\$ 183,039
GROSS DEBT AS % OF EQUITY	207%	217%	245%	252%	252%	274%	286 %
GROSS DEBT, NET OF CASH AS % OF EQUITY	148%	171%	212%	215%	215%	235%	246 %

(a) includes capital expenditures, net of sales proceeds of discontinued operations

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

	2020					2021	
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR
<b>NET (LOSS) INCOME</b>	\$ (78,948)	\$ (34,092)	\$ (58,524)	\$ (13,934)	\$ (185,498)	\$ (7,119)	\$ (15,563)
LESS:							
Restructuring related inventory charges	(602)	—	351	—	(251)	—	958
Restructuring charges, net	2,883	588	502	972	4,945	2,060	2,281
Acquisition amortization	10,218	10,681	10,625	10,939	42,463	10,487	10,498
Acquisition depreciation	974	980	1,011	1,021	3,986	2,375	1,326
Special (recoveries) charges, net	(45,175)	5,019	436	473	(39,247)	(2,869)	4,522
Goodwill Impairment charge	116,182	—	—	—	116,182	—	—
Income tax impact	7,704	(22,549)	53,240	13,125	51,521	(335)	2,266
Net loss (income) from discontinued operations	(9,162)	43,847	(341)	795	35,140	239	878
<b>ADJUSTED NET INCOME</b>	<b>\$ 4,074</b>	<b>\$ 4,475</b>	<b>\$ 7,300</b>	<b>\$ 13,390</b>	<b>\$ 29,240</b>	<b>\$ 4,838</b>	<b>\$ 7,165</b>
<b>(LOSS) EARNINGS PER COMMON SHARE (Diluted)</b>	<b>\$ (3.96)</b>	<b>\$ (1.68)</b>	<b>\$ (2.93)</b>	<b>\$ (0.70)</b>	<b>\$ (9.28)</b>	<b>\$ (0.35)</b>	<b>\$ (0.77)</b>
LESS:							
Restructuring related inventory charges	(0.03)	—	0.02	—	(0.01)	—	0.05
Restructuring charges, net	0.14	0.03	0.02	0.05	0.25	0.10	0.11
Acquisition amortization	0.51	0.53	0.53	0.55	2.13	0.52	0.52
Acquisition depreciation	0.05	0.05	0.05	0.05	0.20	0.12	0.07
Special (recoveries) charges, net	(2.27)	0.25	0.02	0.02	(1.96)	(0.14)	0.22
Impairment charge	5.83	—	—	—	5.81	—	—
Income tax impact	0.39	(1.11)	2.66	0.66	2.58	(0.02)	0.11
Earnings (Loss) per share from discontinued operations	(0.46)	2.16	(0.02)	0.04	1.76	0.01	0.04
<b>ADJUSTED EARNINGS PER SHARE (Diluted)</b>	<b>\$ 0.20</b>	<b>\$ 0.22</b>	<b>\$ 0.36</b>	<b>\$ 0.66</b>	<b>\$ 1.43</b>	<b>\$ 0.24</b>	<b>\$ 0.35</b>

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

	2020					2021	
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR
<b>NET (LOSS) INCOME</b>	\$ (78,948)	\$ (34,092)	\$ (58,524)	\$ (13,934)	\$ (185,498)	\$ (7,119)	\$ (15,563)
LESS:							
Interest expense, net	9,011	8,486	8,202	8,520	34,219	8,369	7,957
Depreciation	5,121	4,958	4,802	5,504	20,385	6,509	5,461
Amortization	10,516	10,976	10,925	11,245	43,662	10,696	10,657
Provision for income taxes	8,374	(21,769)	54,318	15,299	56,222	400	2,961
Loss (income) from discontinued operations	(9,162)	43,847	(341)	795	35,140	239	878
<b>EBITDA</b>	\$ (55,088)	\$ 12,406	\$ 19,383	\$ 27,429	\$ 4,130	\$ 19,094	\$ 12,351
LESS:							
Restructuring related inventory charges (recoveries)	(602)	—	351	—	(251)	—	958
Restructuring charges, net	2,883	588	502	972	4,945	2,060	2,281
Special (recoveries) charges, net	(45,175)	5,019	436	473	(39,247)	(2,869)	4,522
Goodwill impairment charge	116,182	—	—	—	116,182	—	—
<b>ADJUSTED EBITDA</b>	\$ 18,200	\$ 18,013	\$ 20,671	\$ 28,873	\$ 85,758	\$ 18,285	\$ 20,112

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

	2020					2021	
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR
<b>GAAP OPERATING INCOME (LOSS)</b>	\$ (73,405)	\$ (1,384)	\$ 4,420	\$ 9,923	\$ (60,446)	\$ 386	\$ (4,940)
<b>LESS:</b>							
Restructuring related inventory charges (recoveries)	(602)	—	351	—	(251)	—	958
Amortization of inventory step-up	—	—	—	—	—	—	—
Restructuring charges, net	2,883	588	502	972	4,945	2,060	2,281
Acquisition amortization	10,218	10,681	10,625	10,939	42,463	10,487	10,498
Acquisition depreciation	974	980	1,011	1,021	3,986	2,375	1,326
Special (recoveries) charges, net	(45,175)	5,019	436	473	(39,247)	(2,869)	4,522
Goodwill impairment charge	116,182	—	—	—	116,182	—	—
<b>ADJUSTED OPERATING INCOME</b>	<b>\$ 11,075</b>	<b>\$ 15,884</b>	<b>\$ 17,345</b>	<b>\$ 23,327</b>	<b>\$ 67,631</b>	<b>\$ 12,439</b>	<b>\$ 14,645</b>
<b>GAAP OPERATING MARGIN</b>	<b>(38.2)%</b>	<b>(0.7)%</b>	<b>2.4 %</b>	<b>4.8 %</b>	<b>(7.8)%</b>	<b>0.2 %</b>	<b>(2.7)%</b>
<b>LESS:</b>							
Restructuring related inventory charges (recoveries)	(0.3)%	— %	0.2 %	— %	— %	— %	0.5 %
Amortization of inventory step-up	— %	— %	— %	— %	— %	— %	— %
Restructuring charges, net	1.5 %	0.3 %	0.3 %	0.5 %	0.6 %	1.1 %	1.3 %
Acquisition amortization	5.3 %	5.7 %	5.7 %	5.3 %	5.5 %	5.8 %	5.8 %
Acquisition depreciation	0.5 %	0.5 %	0.5 %	0.5 %	0.5 %	1.3 %	0.7 %
Special (recoveries) charges, net	(23.5)%	2.7 %	0.2 %	0.2 %	(5.1)%	(1.6)%	2.5 %
Goodwill impairment charge	60.4 %	— %	— %	— %	15.0 %	— %	— %
<b>ADJUSTED OPERATING MARGIN</b>	<b>5.8 %</b>	<b>8.5 %</b>	<b>9.3 %</b>	<b>11.2 %</b>	<b>8.7 %</b>	<b>6.9 %</b>	<b>8.1 %</b>



INDUSTRIAL  
AEROSPACE & DEFENSE



## 2021 Second Quarter Earnings Call

August 10, 2021

*This presentation contains certain statements that are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 (the "Act"). The words "may," "hope," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," and other expressions, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements, although not all forward-looking statements are accompanied by such words. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements, including statements about outlook for future quarters, the expected and potential direct or indirect impacts of the COVID-19 pandemic on our business, the realization of cost reductions from restructuring activities and expected synergies, the number of new product launches and future cash flows from operating activities, involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: the duration and severity of the COVID-19 pandemic and its impact on the global economy; changes in the price of and demand for oil and gas in both domestic and international markets; any adverse changes in governmental policies; variability of raw material and component pricing; changes in our suppliers' performance; fluctuations in foreign currency exchange rates; changes in tariffs or other taxes related to doing business internationally; our ability to hire and retain key personnel; our ability to operate our manufacturing facilities at efficient levels including our ability to prevent cost overruns and reduce costs; our ability to generate increased cash by reducing our working capital; our prevention of the accumulation of excess inventory; our ability to successfully implement our divestiture; restructuring or simplification strategies; fluctuations in interest rates; our ability to successfully defend product liability actions; as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world, including as a result of COVID-19, natural disasters, terrorist attacks and other similar matters. We advise you to read further about these and other risk factors set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2020, which is filed with the Securities and Exchange Commission ("SEC") and is available on the SEC's website at [www.sec.gov](http://www.sec.gov). We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

*See page 17 for information on the use of non-GAAP financial measures.*

## 2Q'21 Reported Results



(\$ millions except EPS)

	2Q'21	y/y	vs. 1Q'21	Comments on 2Q'21 results
Backlog	436	1%	4%	<p>Organic orders +4% driven by strength across almost all Industrial end markets and regions offset by timing of large Defense orders</p> <ul style="list-style-type: none"> <li>• Industrial: +27%</li> <li>• A&amp;D: (31)%</li> </ul> <p>Organic revenue (2)% in line with expectations based on lead times and customer request dates</p> <p>Adjusted operating margin of \$15 / 7.7%</p> <ul style="list-style-type: none"> <li>• Inflation offset by productivity</li> <li>• Expect strong 2H margin expansion</li> </ul> <p>Free cash flow driven by working capital improvement</p>
Orders	210	9%	(7)%	
Organic %		4%	(7)%	
Revenue	190	2%	5%	
Organic %		(2)%	5%	
AOI	15	(8)%	18%	
AOI %	7.7%	(80) bps	80 bps	
GAAP EPS	\$(0.77)	54%	(117)%	
Adj. EPS	\$0.35	59%	47%	
FCF	8	n/a	n/a	
% of adj. net income	115%			

Solid 2Q results ... well positioned for 2H growth

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

# 2Q'21 Industrial Segment Highlights



(\$ millions)



Organic	
y/y	vs. 1Q'21
+27%	+1%

### 2Q 2021 Orders

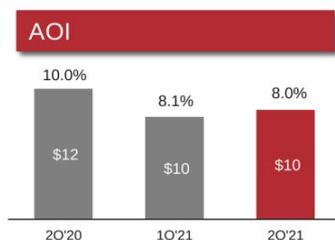
- Orders growth driven by strength in North America and Asia ... y/y improvement across virtually all end markets
- Strong project orders reflect improving capex environment
- Book-to-bill of 1.2



Organic	
y/y	vs. 1Q'21
(1)%	+7%

### 2Q 2021 Revenue

- Revenue in line with expectations led by solid performance in EMEA and China
- 1H orders position Industrial for strong 2H deliveries



AOI expansion	
y/y	vs. 1Q'21
(200)bps	(10)bps

### 2Q 2021 AOI

- AOI impacted by Downstream volume/mix, COVID related supply chain constraints in India, and customer aftermarket delays
- Expect 2H margin expansion driven by operating leverage, ongoing simplification, and pricing actions

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

Numbers may not add due to rounding

# 2Q'21 Aerospace & Defense Segment Highlights

(\$ millions)



Organic	
y/y	<b>vs. 1Q'21</b>
(31)%	(26)%

## 2Q 2021 Orders

- Lower sequential and y/y orders driven by timing of large Virginia Class Submarine and Joint Strike Fighter orders in 2Q'20 and 1Q'21
- Modest improvement in Commercial Aerospace ... slow recovery continues



Organic	
y/y	<b>vs. 1Q'21</b>
(5)%	+1%

## 2Q 2021 Revenue

- Revenue in line with expectations and customer requirements
- Expect significant increase in Defense deliveries in 2H'21



AOI expansion	
y/y	<b>vs. 1Q'21</b>
(120)bps	+210bps

## 2Q 2021 AOI

- Sequential margin expansion driven by price and cost productivity
- 2Q y/y margin impacted by OEM / Aftermarket mix
- Expect 2H margin expansion driven by operating leverage from Defense and aftermarket volume

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

4

Numbers may not add due to rounding

## 2Q'21 Cash Flow and Debt Position



(\$ millions)

	2Q'21	2Q'20	y/y	Comments on 2Q'21 Results
Cash Flow from Operations	\$11	\$(25)	n/a	Free cash flow performance better than expectations driven by strong collections and timing of customer down payments
Capital Expenditures, net	(3)	(4)	(25)%	
Free Cash Flow	\$8	\$(28)	n/a	Total debt reduced by \$69 million / (12)% y/y ... \$14 million reduction in 2Q primarily driven by FCF performance
Total Debt	\$523	\$592	(12)%	
Cash and Cash Equivalents	72	125	(42)%	
Net Debt	\$451	\$467	(3)%	Expect to improve net debt to adjusted EBITDA leverage by >1 turn in 2021

Free cash flow and net debt are non-GAAP measures

5

Numbers may not add due to rounding

	3Q'21	2021 Guide
Organic revenue growth	8 - 10%	2 - 4%
Adjusted EPS	\$0.55 - \$0.60	\$2.10 - \$2.30
FCF Conversion % of adjusted net income	120 - 140% ~\$13 - 17 million	85 - 95% ~\$36 - 45 million

## 3Q'21 commentary

- Industrial: Increased deliveries across regions and end markets driven by 1H orders volume
- A&D: Large Defense programs ramp up in 2H; slow commercial recovery continues
- Expect to offset 3Q and 2H inflation pressure with cost productivity and price
- Corporate and interest expenses roughly in line with 2Q'21 ... adj. tax rate expected to be ~18%

## 2021 commentary

- Strong backlog, strategic pricing, and operating leverage drive 2H growth
- Expect to exit the year with 4Q adjusted operating margin of 13 to 15%
- FCF conversion remains at 85 to 95%
- Continue to monitor impact of COVID-19 variants ... actively managing supplier constraints and production schedules

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

# 3Q'21 Industrial Revenue Outlook



Primary End Market	Share of 2020 revenue	3Q'21 y/y revenue	
Short Cycle	Chemical processing	7%	11 – 15% Accelerating recovery as demand increases
	Power Generation	7%	9 – 13% Global capex activity improving
	Machinery manufacturing	6%	11 – 15% Strength in OEM orders from 1H
	Building & construction	1%	7 – 11% } Commercial activity picking up
	Wastewater	1%	
	Aftermarket	37%	9 – 13%
Short-cycle total		60%	9 – 13%
Long Cycle	Downstream	10%	~Flat – (3)% Project quote activity increasing
	Commercial Marine	9%	4 – 8% Growth in new build vessel orders
	Midstream O&G	5%	10 – 14% Global capex activity improving
	Other end markets	16%	9 – 13%
	Long-cycle total		40%
Memo: Price		1%	1% 2020 carry over and surgical pricing
Total Industrial		100%	~7 – 11%

Organic revenue up 6% to 10%

Organic revenue is a non-GAAP measure

7

Numbers may not add due to rounding

# 3Q'21 A&D Revenue Outlook



Primary End Market		Share of 2020 revenue	3Q'21 y/y revenue	
Defense	Top programs <small>JSF, submarines, carriers, DDG</small>	27%	2 – 5%	Growth from CVN, VCS, Dreadnought, and JSF
	Other OEM <small>Drone, missile, helicopter, other</small>	23%	35 – 40%	Broad based program growth
	Aftermarket	19%	(5) – (10)%	Delayed government spending
	Memo: Price	4%	3%	Full year pricing in line with 2020
	<b>Defense subtotal</b>	<b>69%</b>	<b>10 – 15%</b>	
Commercial	Boeing / Airbus	7%	50 – 55%	Increase driven by A320 volume
	Other OEM <small>Biz/regional jets, helicopters, civil, other</small>	7%	(8) – (10)%	Continued impact from COVID downturn
	Aftermarket	2%	30 – 32%	Recovery of commercial aircraft utilization
	Memo: Price	2%	5%	Full year pricing in line with 2020
	<b>Commercial subtotal</b>	<b>16%</b>	<b>15 – 20%</b>	
Other end markets	15%	10 – 15%	Medical and industrial recovery	
<b>Total A&amp;D</b>		<b>100%</b>	<b>~12 – 15%</b>	

Organic revenue  
up 10% – 13%

Organic revenue is a non-GAAP measure

8

Numbers may not add due to rounding

**2021+ Strategic Priorities**

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

**2Q'21 Update**

- Launched 21 new products in the 1<sup>st</sup> half ... on track to deliver 45 new products in 2021
- Regional expansion gaining traction in Asia ... secured large multi-product pumps order with Korean Navy
- Completed Industrial customer perception study to support growth strategy
- Kicked-off 80/20 at three large Industrial sites
- Focus remains on deleveraging

Investing to deliver long-term customer and shareholder value

Independent global survey of ~70 largest customers to support strategic growth strategy

5 Evaluation Criteria	Highlights of Results
<p data-bbox="319 324 359 840" style="writing-mode: vertical-rl; transform: rotate(180deg);">Order of Importance to customers</p> <ol style="list-style-type: none"><li data-bbox="399 358 837 403">1 Product quality</li><li data-bbox="399 459 837 504">2 Technical Customer Support</li><li data-bbox="399 560 837 604">3 Operational Performance</li><li data-bbox="399 660 837 705">4 Price</li><li data-bbox="399 761 837 806">5 Product Enhancements</li></ol>	<ul style="list-style-type: none"><li data-bbox="885 347 1444 414">✓ Net Promoter Score (NPS) of 67 ... very high customer satisfaction and loyalty</li><li data-bbox="885 459 1444 548">✓ Product quality is the clear #1 priority for our customers ... and the highest scoring criterion for CIRCOR</li><li data-bbox="885 604 1444 694">✓ &gt; 70% of customers solely rely on OEMs for aftermarket parts and support ... high margin aftermarket grows with installed base</li><li data-bbox="885 750 1444 817">✓ Mission-critical nature of products and high cost of failure drives pricing power</li></ul>

CIRCOR's differentiators aligned with top priorities of customers

# Appendix

## 2Q'21 GAAP to Adjusted Results



(\$ millions, except EPS)	Q2 2021			Q2 2020		
	GAAP	Special	Adjusted	GAAP	Special	Adjusted
Orders	210.2	-	210.2	192.6	-	192.6
Sales	190.3	-	190.3	186.1	-	186.1
Gross margin	59.9	5.2	65.0	59.0	4.6	63.5
SG&A	58.0	(7.6)	50.4	54.7	(7.1)	47.6
Special & restructuring, net	6.8	(6.8)	-	5.6	(5.6)	-
Operating (loss) income	(4.9)	19.6	14.6	(1.4)	17.3	15.9
Interest expense	8.0	-	8.0	8.5	-	8.5
Other (income) expense	(1.2)	-	(1.2)	2.1	-	2.1
Intercompany income & expense	-	-	-	-	-	-
Pre-tax	(11.7)	19.6	7.9	(12.0)	17.3	5.3
Tax benefit (provision)	(3.0)	2.3	(0.7)	21.8	(22.5)	(0.8)
Net income (loss) from continuing operations	(14.7)	21.9	7.2	9.8	(5.3)	4.5
Net (loss) income from discontinued operations	(0.9)	0.9	-	(43.8)	43.8	-
Net (loss) income	(15.6)	22.7	7.2	(34.1)	38.6	4.5
EPS - continuing operations	\$ (0.73)		\$ 0.35	\$ 0.48		\$ 0.22
EPS - net (loss) income	\$ (0.77)		\$ 0.35	\$ (1.68)		\$ 0.22

Restructuring & Special Charges (excluded from AOI)		
	Q2 2021	Q2 2020
Special charges in cost of goods sold		
Acquisition-related depreciation & amortization	4.2	4.6
Restructuring - Inventory	1.0	
- Subtotal	5.2	4.6
Special charges in SG&A		
Acquisition-related depreciation & amortization	7.6	7.1
Loss on sale of business	3.0	-
Professional fees related to restructuring and cost reductions	-	0.6
Professional Fees relating to tender	-	4.6
Cyber incident	-	0.2
Other business sales	-	(0.3)
Other special / restructuring charges	3.8	0.6
- Subtotal	14.4	12.7
Total	19.6	17.3

# Organic Orders and Revenue – vs. 2Q'20



(\$ in thousands)

	CIRCOR			Aerospace & Defense			Industrial		
	2Q 21	2Q 20	V%	2Q 21	2Q 20	V%	2Q 21	2Q 20	V%
<b>Reported Orders</b>	\$ 210,203	\$ 192,639	9%	\$ 54,243	\$ 76,616	-29%	\$ 155,959	\$ 116,023	34%
Divestitures	-	-		-	-		-	-	
FX	(9,872)			(1,488)			(8,385)		
<b>Organic Orders</b>	\$ 200,330	\$ 192,639	4%	\$ 52,755	\$ 76,616	-31%	\$ 147,575	\$ 116,023	27%

	CIRCOR			Aerospace & Defense			Industrial		
	2Q 21	2Q 20	V%	2Q 21	2Q 20	V%	2Q 21	2Q 20	V%
<b>Reported Revenue</b>	\$ 190,346	\$ 186,066	2%	\$ 60,761	\$ 62,241	-2%	\$ 129,585	\$ 123,825	5%
Divestitures	-	-		-	-		-	-	
FX	(8,840)			(1,412)			(7,428)		
<b>Organic Revenue</b>	\$ 181,506	\$ 186,066	-2%	\$ 59,349	\$ 62,241	-5%	\$ 122,157	\$ 123,825	-1%

Organic revenue is a non-GAAP measure

Numbers may not add due to rounding

# Organic Orders and Revenue – vs. 1Q'21



(\$ in thousands)

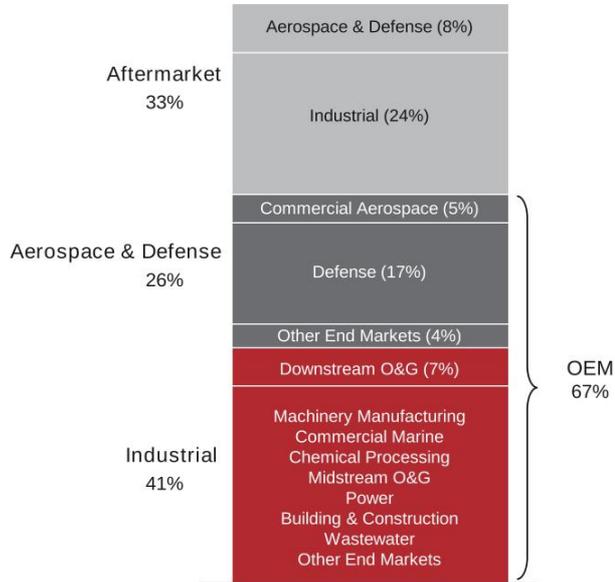
	CIRCOR			Aerospace & Defense			Industrial		
	2Q 21	1Q 21	V%	2Q 21	1Q 21	V%	2Q 21	1Q 21	V%
<b>Reported Orders</b>	\$ 210,203	\$ 226,693	-7%	\$ 54,243	\$ 72,999	-26%	\$ 155,959	\$ 153,695	1%
Divestitures	-	-		-	-		-	-	
FX	(376)			(109)			(267)		
<b>Organic Orders</b>	\$ 209,827	\$ 226,693	-7%	\$ 54,134	\$ 72,999	-26%	\$ 155,693	\$ 153,695	1%

	CIRCOR			Aerospace & Defense			Industrial		
	2Q 21	1Q 21	V%	2Q 21	1Q 21	V%	2Q 21	1Q 21	V%
<b>Reported Revenue</b>	\$ 190,346	\$ 180,655	5%	\$ 60,761	\$ 60,001	1%	\$ 129,585	\$ 120,654	7%
Divestitures	-	-		-	-		-	-	
FX	(287)			(89)			(198)		
<b>Organic Revenue</b>	\$ 190,059	\$ 180,655	5%	\$ 60,672	\$ 60,001	1%	\$ 129,387	\$ 120,654	7%

Organic revenue is a non-GAAP measure

Numbers may not add due to rounding

CIRCOR 2020 Revenue by End Market



## Comments

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

Note: Revenue excludes divested businesses.

## Organic Growth

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

## Margin Expansion

- Near term (12-18 months) AOI% outlook
  - Industrial: low to mid-teens
  - A&D: mid-20s
- CIRCOR Operating System delivering improved operating performance

## Free Cash Flow

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

## Debt & Leverage

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

# Use of Non-GAAP Financial Measures



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

For example:

- We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.
- We exclude certain acquisition-related costs, including significant transaction costs and amortization of inventory and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.
- We exclude the results of discontinued operations.
- We exclude goodwill impairment charges.
- Due to the significance of recently sold businesses and to provide a comparison of changes in our orders and revenue, we also discuss these changes on an "organic" basis. Organic is calculated assuming the divestitures completed prior to July 4, 2021 were completed on January 1, 2020 and excluding the impact of changes in foreign currency exchange rates.

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

Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with accounting principles generally accepted in the United States. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's second quarter 2021 press release available on its website at [www.CIRCOR.com](http://www.CIRCOR.com).

