

**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): July 26, 2018**

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

DELAWARE
(State or other jurisdiction
of incorporation)

001-14962
(Commission
file number)

04-3477276
(IRS 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 2.02. Results of Operations and Financial Condition.

By press release dated July 26, 2018, CIRCOR International, Inc. (the “Company”) announced its financial results for the three and six months ended July 1, 2018. The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

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.
- Combined financial information - Combined segment revenue, combined segment operating income and combined segment operating margin represent the historical CIRCOR segment revenue, segment operating income and segment operating margins all adjusted to include the respective amount related to the Fluid Handling acquisition as though the acquisition was completed on January 1, 2017.
- Organic growth - the change in revenue and orders excluding the impact of acquisitions and changes in foreign exchange rates.
- Pro Forma Organic Growth - revenue and orders growth excluding the impact of changes in foreign exchange rates and assuming the Fluid Handling acquisition occurred on January 1, 2017.

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 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
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99.1	Press Release regarding Earnings
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99.2	Second Quarter 2018 Investor Review Presentation
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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.

Date: July 26, 2018

CIRCOR INTERNATIONAL, INC.

/s/ Rajeev Bhalla

By: Rajeev Bhalla

Title: Executive Vice President and Chief Financial Officer

CIRCOR Reports Second-Quarter 2018 Financial Results

Burlington, MA - July 26, 2018 - CIRCOR International, Inc. (NYSE: CIR), a leading provider of flow control solutions and other highly engineered products for the Industrial, Energy and Aerospace & Defense markets, today announced financial results for the second quarter ended July 1, 2018. Results include the acquisition of the Colfax Fluid Handling business, which CIRCOR acquired in December 2017.

Second-Quarter 2018 Highlights

- *Orders of \$309.4 million, up 116% on a reported basis and up 15% on a pro forma organic basis*
- *Revenue of \$301.4 million, up 99% on a reported basis and up 9% on a pro forma organic basis*
- *GAAP Earnings per Share of \$0.30; Adjusted Earnings per Share of \$0.57*
- *Acquisition integration on track*

“Our top-line momentum continued in the second quarter as most of our end markets remained strong,” said [Scott Buckhout](#), President and Chief Executive Officer. “We generated over \$300 million of sales in the quarter. Our book to bill ratio was again above one, positioning us well for the second half of 2018.”

“Our organizational re-alignment around end markets is producing results and our integration activities are on track. We remain confident in our ability to realize the committed synergies,” added Buckhout.

“Our priorities remain driving long-term growth, generating strong cash flow and de-levering the Company by reducing debt and expanding margins,” concluded Buckhout.

Third-Quarter 2018 Guidance

For the third quarter of 2018, CIRCOR expects revenue in the range of \$290 million to \$300 million, and GAAP loss per share of \$0.23 to \$0.06, which reflects acquisition-related amortization expense of \$0.52 to \$0.54 and other special and restructuring charges of \$0.09 to \$0.14. Excluding the impact of amortization, special and restructuring charges, adjusted EPS is expected to be in the range of \$0.45 to \$0.55 per share. Presentation slides that provide supporting information to this guidance and second-quarter results are posted on the “Investors” section of the Company’s website, <http://investors.circor.com>, and will be discussed during the conference call at 9:00 a.m. ET tomorrow, July 27, 2018.

Selected Consolidated Results (unaudited)

(\$ millions except EPS)	Q2 2018	Q2 2017	Change
Revenue	\$ 301.4	\$ 151.2	99%
GAAP Operating Income	\$ 8.3	\$ 11.4	(27)%
Adjusted Operating Income ¹	\$ 24.8	\$ 12.0	107%
GAAP Operating Margin	2.7%	7.5%	(490) bps
Adjusted Operating Margin ¹	8.2%	8.0%	20 bps
GAAP Earnings Per Share (Diluted)	\$ 0.30	\$ 0.54	(44)%
Adjusted Earnings Per Share (Diluted) ¹	\$ 0.57	\$ 0.39	46%
Operating Cash Flow	\$ (1.9)	\$ 2.7	N/M
Free Cash Flow ²	\$ (5.9)	\$ 0.3	N/M
Orders	\$ 309.4	\$ 142.9	116%

Segment Results

(\$ millions)	Q2 2018	Q2 2017	Change
Industrial			
Revenue	\$ 131.1	\$ 29.7	341%
Segment Operating Income	\$ 15.0	\$ 4.9	206%
Segment Operating Margin	11.5%	16.5%	(500) bps
Orders	\$ 136.7	\$ 29.9	357%
Energy			
Revenue	\$ 112.8	\$ 78.3	44%
Segment Operating Income	\$ 9.2	\$ 8.2	12%
Segment Operating Margin	8.2%	10.4%	(230) bps
Orders	\$ 113.2	\$ 73.1	55%
Aerospace & Defense			
Revenue	\$ 57.5	\$ 43.3	33%
Segment Operating Income	\$ 7.0	\$ 4.4	59%
Segment Operating Margin	12.2%	10.1%	210 bps
Orders	\$ 59.4	\$ 39.9	49%

- Adjusted Consolidated and Segment Results for Q2 2018 exclude non-cash acquisition-related intangible amortization, special and restructuring charges totaling \$16.6 million (\$5.5 million, net of tax). These charges include: (i) \$13.5 million charge for non-cash acquisition-related intangible amortization expense and amortization of the step-up in fixed asset values; (ii) \$1.9 million charge related to restructuring activities, primarily severance, related to our Engineered Valves, Reliability Services and Germany-based Pumps business; and (iii) \$1.2 million primarily related to the separation of Fluid Handling business from Colfax Corporation and exiting a product line. Consolidated and Segment Results for Q2 2017 exclude special and restructuring charges and non-cash acquisition-related intangible amortization, totaling \$0.6 million (\$2.5 million, net of tax). These charges include (i) \$2.6 million charge for non-cash acquisition-related intangible amortization expense, (ii) \$5.3 million charge related to the sale of our France build-to-print business, (iii) \$1.3 million charge related to the exit of manufacturing operations in China, including \$0.8 million related to environmental clean-up costs, (iv) \$1.1 million charge related to other restructuring activities, primarily reductions-in-force, across Europe and North America, and (v) a \$9.7 million gain related to the revaluation of the contingent consideration for purchase of Critical Flow Solutions.
- 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.

N/M = Not meaningful

Conference Call Information

CIRCOR International will hold a conference call to review its financial results at 9:00 a.m. ET tomorrow, July 27, 2018. 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. The webcast will be archived on the Company’s website for one year.

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, organic growth, pro forma combined amounts and pro forma organic growth 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 and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.
- Due to the significance of the Fluid Handling acquisition and to provide a more meaningful comparison of changes in our orders and revenue, we also discuss these changes on a “pro forma organic” basis. Pro forma organic is calculated assuming the Fluid Handling acquisition was completed on January 1, 2017 and excluding the impact of changes in foreign currency exchange rates.

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

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

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended, and Section 21 E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Any statements in this press release that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's third-quarter 2018 guidance, our future performance, including realization of cost reductions from restructuring activities and expected synergies, and our corporate priorities. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to vary from expectations include, but are not limited to: our ability to respond to competitive developments and to grow our business, both domestically and internationally; changes in the cost, quality or supply of raw materials; our ability to comply with our debt obligations; our ability to successfully implement our acquisition, divestiture or restructuring strategies, including our integration of the Fluid Handling business; changes in industry standards, trade policies or government regulations, both in the United States and internationally; and our ability to operate our manufacturing facilities at current or higher levels and respond to increases in manufacturing costs. 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. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

About CIRCOR International, Inc.

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

Contact:

Rajeev Bhalla
Executive Vice President & Chief Financial Officer
CIRCOR International
(781) 270-1200

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
(in thousands, except per share data)
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	July 1, 2018	July 2, 2017	July 1, 2018	July 2, 2017
Net revenues	\$ 301,368	\$ 151,231	\$ 576,948	\$ 296,439
Cost of revenues	213,117	103,563	412,393	202,139
GROSS PROFIT	88,251	47,668	164,555	94,300
Selling, general and administrative expenses	77,999	38,218	155,237	78,305
Special and restructuring charges (recoveries), net	2,000	(1,954)	14,446	(2,763)
OPERATING INCOME (LOSS)	8,252	11,404	(5,128)	18,758
Other expense (income):				
Interest expense, net	13,755	2,184	25,556	3,853
Other (income) expense, net	(3,759)	974	(5,620)	1,200
TOTAL OTHER EXPENSE, NET	9,996	3,158	19,936	5,053
(LOSS) INCOME BEFORE INCOME TAXES	(1,744)	8,246	(25,064)	13,705
(Benefit from) provision for income taxes	(7,646)	(724)	(13,525)	(37)
NET INCOME (LOSS)	\$ 5,902	\$ 8,970	\$ (11,539)	\$ 13,742
Earnings (Loss) per common share:				
Basic	\$ 0.30	\$ 0.54	\$ (0.58)	\$ 0.83
Diluted	\$ 0.30	\$ 0.54	\$ (0.58)	\$ 0.82
Weighted average number of common shares outstanding:				
Basic	19,836	16,497	19,821	16,478
Diluted	20,005	16,762	19,906	16,726
Dividends declared per common share	\$ —	\$ 0.0375	\$ —	\$ 0.0750

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(UNAUDITED)

	Six Months Ended	
	July 1, 2018	July 2, 2017
OPERATING ACTIVITIES		
Net (loss) income	\$ (11,539)	\$ 13,742
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation	14,491	7,345
Amortization	24,611	6,216
Bad debt expense (recovery)	532	(319)
Loss on write down of inventory	9,084	1,068
Compensation expense of share-based plans	2,866	1,386
Change in fair value of contingent consideration	—	(12,200)
Interest amortization	1,172	—
Loss (gain) on sale or write down of property, plant and equipment	1,124	(66)
Loss on sale of business	—	5,300
Changes in operating assets and liabilities, net of effects of acquisition and disposition:		
Trade accounts receivable	13,223	16,478
Inventories	(12,920)	(12,382)
Prepaid expenses and other assets	(17,534)	(8,011)
Accounts payable, accrued expenses and other liabilities	(27,146)	305
Net cash (used in) provided by operating activities	<u>(2,036)</u>	<u>18,862</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(12,315)	(5,504)
Proceeds from the sale of property, plant and equipment	175	318
Business acquisition, working capital adjustment	6,300	1,467
Net cash used in investing activities	<u>(5,840)</u>	<u>(3,719)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	137,162	333,021
Payments of long-term debt	(104,194)	(332,233)
Dividends paid	—	(1,251)
Proceeds from the exercise of stock options	440	707
Return of cash to seller	(61,201)	—
Net cash used in financing activities	<u>(27,793)</u>	<u>(206)</u>
Effect of exchange rate changes on cash and cash equivalents	(5,755)	4,056
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>(41,424)</u>	<u>18,993</u>
Cash, cash equivalents and restricted cash at beginning of period	112,247	58,279
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD	<u><u>\$ 70,823</u></u>	<u><u>\$ 77,272</u></u>

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
(UNAUDITED)

	<u>July 1, 2018</u>	<u>December 31, 2017</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 69,030	\$ 110,356
Trade accounts receivable, less allowance for doubtful accounts of \$6,704 and \$4,791, respectively	199,805	223,922
Inventories	244,153	244,896
Restricted cash	1,792	1,937
Prepaid expenses and other current assets	70,133	57,282
Total Current Assets	<u>584,913</u>	<u>638,393</u>
PROPERTY, PLANT AND EQUIPMENT, NET	217,471	217,539
OTHER ASSETS:		
Goodwill	501,723	505,762
Intangibles, net	481,585	513,364
Deferred income taxes	41,498	22,334
Other assets	11,995	9,407
TOTAL ASSETS	<u>\$ 1,839,185</u>	<u>\$ 1,906,799</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 114,152	\$ 117,329
Accrued expenses and other current liabilities	105,922	170,454
Accrued compensation and benefits	32,041	34,734
Total Current Liabilities	<u>252,115</u>	<u>322,517</u>
LONG-TERM DEBT	819,779	787,343
DEFERRED INCOME TAXES	27,320	26,122
PENSION LIABILITY, NET	142,417	150,719
OTHER NON-CURRENT LIABILITIES	23,561	18,124
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock	212	212
Additional paid-in capital	442,318	438,721
Retained earnings	259,948	274,243
Common treasury stock, at cost	(74,472)	(74,472)
Accumulated other comprehensive loss, net of tax	(54,013)	(36,730)
Total Shareholders' Equity	<u>573,993</u>	<u>601,974</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,839,185</u>	<u>\$ 1,906,799</u>

CIRCOR INTERNATIONAL, INC.
SUMMARY OF ORDERS AND BACKLOG
(in millions)
UNAUDITED

	Three Months Ended		Six Months Ended	
	July 1, 2018	July 2, 2017	July 1, 2018	July 2, 2017
ORDERS (1) (3)				
Energy	\$ 113.2	\$ 73.1	\$ 242.9	\$ 173.2
Aerospace & Defense	59.4	39.9	119.2	96.3
Industrial	136.7	29.9	273.4	57.5
Total orders	<u>\$ 309.3</u>	<u>\$ 142.9</u>	<u>\$ 635.5</u>	<u>\$ 327.0</u>
BACKLOG (2) (3)				
Energy	\$ 217.7	\$ 140.1		
Aerospace & Defense	152.1	105.7		
Industrial	167.3	33.8		
Total backlog	<u>\$ 537.1</u>	<u>\$ 279.6</u>		

Note 1: Orders do not include the foreign exchange impact due to the re-measurement of customer order backlog amounts denominated in foreign currencies.

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

Note 3: 2018 backlog reflects adjustments related to the cumulative impact of changes in revenue recognition due to the Company's adoption of ASC 606.
July 2, 2017 amounts restated for Q1 2018 organizational realignment.

CIRCOR INTERNATIONAL, INC.
SEGMENT INFORMATION
(in thousands, except percentages)
UNAUDITED

	2017					2018		
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	TOTAL
ORDERS								
Energy	\$ 100,012	\$ 73,140	\$ 84,857	\$ 118,073	\$ 376,082	\$ 129,762	\$ 113,171	\$ 242,933
Aerospace & Defense	56,416	39,902	45,939	\$ 52,043	194,300	59,793	59,441	119,234
Industrial	27,654	29,889	27,296	46,407	131,246	136,607	136,746	273,353
Total	\$ 184,082	\$ 142,931	\$ 158,092	\$ 216,523	\$ 701,628	\$ 326,162	\$ 309,358	\$ 635,520

NET REVENUES

Energy	\$ 76,210	\$ 78,276	\$ 88,570	\$ 96,561	\$ 339,617	\$ 99,972	\$ 112,804	\$ 212,776
Aerospace & Defense	41,601	43,304	41,117	\$ 56,961	182,983	58,477	57,500	\$ 115,977
Industrial	27,397	29,651	30,006	52,056	139,110	117,131	131,064	\$ 248,195
Total	\$ 145,208	\$ 151,231	\$ 159,693	\$ 205,578	\$ 661,710	\$ 275,580	\$ 301,368	\$ 576,948

SEGMENT OPERATING INCOME

Energy	\$ 6,407	\$ 8,170	\$ 6,936	\$ 8,618	\$ 30,131	\$ 5,696	\$ 9,242	\$ 14,938
Aerospace & Defense	3,784	4,374	4,333	10,884	23,375	8,931	6,992	\$ 15,923
Industrial	4,384	4,901	5,675	4,972	19,932	12,948	15,037	\$ 27,985
Corporate expenses	(5,479)	(5,396)	(5,067)	(5,802)	(21,744)	(7,802)	(6,448)	\$ (14,250)
Adjusted Operating Income	\$ 9,096	\$ 12,049	\$ 11,877	\$ 18,672	\$ 51,694	\$ 19,773	\$ 24,823	\$ 44,596

SEGMENT OPERATING MARGIN %

Energy	8.4%	10.4%	7.8%	8.9%	8.9%	5.7%	8.2%	7.0%
Aerospace & Defense	9.1%	10.1%	10.5%	19.1%	12.8%	15.3%	12.2%	13.7%
Industrial	16.0%	16.5%	18.9%	9.6%	14.3%	11.1%	11.5%	11.3%
Adjusted Operating Margin	6.3%	8.0%	7.4%	9.1%	7.8%	7.2%	8.2%	7.7%

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

	2017					2018		
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	TOTAL
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 16,195	\$ 2,667	\$ (16,854)	\$ 7,629	\$ 9,637	\$ (147)	\$ (1,893)	\$ (2,040)
LESS:								
Capital expenditures, net of sale proceeds	2,811	2,375	2,318	6,103	13,607	8,141	3,999	12,140
FREE CASH FLOW	\$ 13,384	\$ 292	\$ (19,172)	\$ 1,526	\$ (3,970)	\$ (8,288)	\$ (5,892)	\$ (14,180)
TOTAL DEBT	\$243,000	\$252,856	\$269,026	\$795,208	\$795,208	\$823,665	\$827,629	\$827,629
LESS:								
Cash & cash equivalents	65,656	77,272	75,627	110,356	110,356	123,305	69,030	69,030
NET DEBT	\$177,344	\$175,584	\$193,399	\$684,852	\$684,852	\$700,360	\$758,599	\$758,599
TOTAL SHAREHOLDERS' EQUITY	\$415,537	\$438,097	\$451,885	\$601,974	\$601,974	\$588,312	\$573,992	\$573,992
TOTAL DEBT AS % OF EQUITY	58%	58%	60%	132%	132%	140%	144%	144%
NET DEBT AS % OF EQUITY	43%	40%	43%	114%	114%	119%	132%	132%

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

	2017					2018		
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	TOTAL
NET INCOME (LOSS)	\$ 4,773	\$ 8,970	\$ 3,617	\$ (5,571)	\$ 11,789	\$ (17,441)	\$ 5,902	\$ (11,539)
LESS:								
Restructuring related inventory charges	—	—	—	—	—	473	1,067	1,540
Amortization of inventory step-up	—	—	—	4,300	4,300	6,600	—	6,600
Restructuring charges, net	1,458	3,566	341	697	6,062	9,615	844	10,459
Acquisition amortization	2,552	2,599	2,694	4,697	12,542	11,797	11,767	23,564
Acquisition depreciation	—	—	—	233	233	1,837	1,735	3,572
Special (recoveries) charges, net	(2,268)	(5,520)	1,978	13,799	7,989	2,831	1,156	3,987
Income tax impact	(1,137)	(3,124)	(1,497)	(8,279)	(14,037)	(7,687)	(11,056)	(18,743)
ADJUSTED NET INCOME	\$ 5,378	\$ 6,491	\$ 7,133	\$ 9,876	\$ 28,878	\$ 8,025	\$ 11,415	\$ 19,440
EARNINGS (LOSS) PER COMMON SHARE (Diluted)	\$ 0.29	\$ 0.54	\$ 0.22	\$ (0.32)	\$ 0.70	\$ (0.88)	\$ 0.30	\$ (0.58)
LESS:								
Restructuring related inventory charges	—	—	—	—	—	0.02	0.05	0.08
Amortization of inventory step-up	—	—	—	0.25	0.26	0.33	—	0.33
Restructuring charges, net	0.09	0.21	0.02	0.04	0.36	0.49	0.04	0.53
Acquisition amortization	0.15	0.16	0.16	0.27	0.74	0.60	0.59	1.18
Acquisition depreciation	—	—	—	0.01	0.01	0.09	0.09	0.18
Special (recoveries) charges, net	(0.14)	(0.33)	0.12	0.80	0.47	0.14	0.06	0.20
Income tax impact	(0.07)	(0.19)	(0.09)	(0.48)	(0.83)	(0.39)	(0.55)	(0.94)
ADJUSTED EARNINGS PER SHARE (Diluted)	\$ 0.32	\$ 0.39	\$ 0.43	\$ 0.57	\$ 1.71	\$ 0.40	\$ 0.57	\$ 0.98

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

	2017					2018		
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	TOTAL
NET INCOME (LOSS)	\$ 4,773	\$ 8,970	\$ 3,617	\$ (5,571)	\$ 11,789	\$ (17,441)	\$ 5,902	\$ (11,539)
LESS:								
Interest expense, net	(1,669)	(2,184)	(2,445)	(4,479)	(10,777)	(11,801)	(13,755)	(25,556)
Depreciation	(3,798)	(3,547)	(3,544)	(4,401)	(15,290)	(7,334)	(7,157)	(14,491)
Amortization	(3,092)	(3,124)	(3,275)	(5,256)	(14,747)	(12,329)	(12,282)	(24,611)
(Provision for) benefit from income taxes	(687)	724	21	5,618	5,676	5,879	7,646	13,525
EBITDA	\$ 14,019	\$ 17,101	\$ 12,860	\$ 2,947	\$ 46,927	\$ 8,144	\$ 31,450	\$ 39,594
LESS:								
Restructuring related inventory charges	—	—	—	—	—	(473)	(1,067)	(1,540)
Amortization of inventory step-up	—	—	—	(4,300)	(4,300)	(6,600)	—	(6,600)
Restructuring charges, net	(1,458)	(3,566)	(341)	(697)	(6,062)	(9,615)	(844)	(10,459)
Special recoveries (charges), net	2,268	5,520	(1,978)	(13,799)	(7,989)	(2,831)	(1,156)	(3,987)
ADJUSTED EBITDA	\$ 13,209	\$ 15,147	\$ 15,179	\$ 21,743	\$ 65,278	\$ 27,663	\$ 34,517	\$ 62,180

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

	2017					2018		
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR	2ND QTR	TOTAL
GAAP OPERATING INCOME (LOSS)	\$ 7,354	\$ 11,404	\$ 6,864	\$ (5,054)	\$ 20,568	\$(13,380)	\$ 8,252	\$ (5,128)
LESS:								
Restructuring related inventory charges	—	—	—	—	—	473	1,067	1,540
Amortization of inventory step-up	—	—	—	4,300	4,300	6,600	—	6,600
Restructuring charges, net	1,458	3,566	341	697	6,062	9,615	844	10,459
Acquisition amortization	2,552	2,599	2,694	4,697	12,542	11,797	11,767	23,564
Acquisition depreciation	—	—	—	233	233	1,837	1,735	3,572
Special (recoveries) charges, net	(2,268)	(5,520)	1,978	13,799	7,989	2,831	1,156	3,987
ADJUSTED OPERATING INCOME	\$ 9,096	\$ 12,049	\$ 11,877	\$ 18,672	\$ 51,694	\$ 19,773	\$ 24,821	\$ 44,594
GAAP OPERATING MARGIN	5.1 %	7.5 %	4.3%	(2.5)%	3.1%	(4.9)%	2.7%	(0.9)%
LESS:								
Restructuring related inventory charges	— %	— %	—%	— %	—%	0.2 %	0.4%	0.3 %
Amortization of inventory step-up	— %	— %	—%	2.1 %	0.6%	2.4 %	—%	1.1 %
Restructuring charges, net	1.0 %	2.4 %	0.2%	0.3 %	0.9%	3.5 %	0.3%	1.8 %
Acquisition amortization	1.8 %	1.7 %	1.7%	2.3 %	1.9%	4.3 %	3.9%	4.1 %
Acquisition depreciation	— %	— %	—%	0.1 %	—%	0.7 %	0.6%	0.6 %
Special (recoveries) charges, net	(1.6)%	(3.7)%	1.2%	6.7 %	1.2%	1.0 %	0.4%	0.7 %
ADJUSTED OPERATING MARGIN	6.3 %	8.0 %	7.4%	9.1 %	7.8%	7.2 %	8.2%	7.7 %

The Company is providing certain combined information related to the recently acquired Fluid Handling business.

CIRCOR INTERNATIONAL, INC.
SEGMENT INFORMATION - COMBINED
(in thousands, except percentages)
UNAUDITED

	2017									
	1ST QTR		2ND QTR		3RD QTR		4TH QTR		TOTAL	
ORDERS - Recast										
Energy	\$	100,012	\$	73,140	\$	84,857	\$	118,073	\$	376,082
Aerospace & Defense		56,416		39,902		45,939		52,043		194,300
Industrial		27,654		29,889		27,296		46,407		131,246
Total	\$	184,082	\$	142,931	\$	158,092	\$	216,523	\$	701,628

ORDERS - Fluid Handling										
Energy	\$	23,679	\$	16,882	\$	21,401	\$	11,803	\$	73,765
Aerospace & Defense		8,255		24,375		9,716		6,816		49,162
Industrial		77,944		76,866		87,378		60,193		302,381
Total	\$	109,878	\$	118,123	\$	118,495	\$	78,812	\$	425,308

ORDERS - Combined										
Energy	\$	123,690	\$	90,022	\$	106,258	\$	129,876	\$	449,846
Aerospace & Defense		64,671		64,277		55,655		58,859		243,462
Industrial		105,598		106,755		114,674		106,601		433,628
Total	\$	293,959	\$	261,054	\$	276,587	\$	295,336	\$	1,126,936

NET REVENUES - Recast										
Energy	\$	76,210	\$	78,276	\$	88,570	\$	96,561	\$	339,617
Aerospace & Defense		41,601		43,304		41,117		56,961		182,983
Industrial		27,397		29,651		30,006		52,056		139,110
Total	\$	145,208	\$	151,231	\$	159,693	\$	205,578	\$	661,710

NET REVENUES - Fluid Handling										
Energy	\$	15,546	\$	17,705	\$	17,789	\$	13,663	\$	64,703
Aerospace & Defense		10,728		17,044		11,208		6,918		45,898
Industrial		85,264		83,310		85,604		72,489		326,667
Total	\$	111,538	\$	118,059	\$	114,601	\$	93,070	\$	437,268

NET REVENUES - Combined										
Energy	\$	91,756	\$	95,981	\$	106,359	\$	110,224	\$	404,320
Aerospace & Defense		52,329		60,348		52,325		63,879		228,881
Industrial		112,661		112,961		115,610		124,545		465,777
Total	\$	256,746	\$	269,290	\$	274,294	\$	298,648	\$	1,098,978

Notes:

- Items labeled "Recast" represent previously reported CIRCOR information, adjusted to reflect the impact of our February 28, 2018 organizational realignment
- Items labeled "Fluid Handling" represent the information from the Fluid Handling businesses prior to their acquisition by CIRCOR on December 10, 2017
- Items labeled "Combined" represent the sum of the Recast and Fluid Handling information

CIRCOR INTERNATIONAL, INC.
SEGMENT INFORMATION - COMBINED
(in thousands, except percentages)
UNAUDITED

	2017					
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	
SEGMENT OPERATING INCOME - Recast						
Energy	\$ 6,407	\$ 8,170	\$ 6,936	\$ 8,618	\$ 30,131	
Aerospace & Defense	3,784	4,374	4,333	10,884	23,375	
Industrial	4,384	4,901	5,675	4,972	19,932	
Corporate expenses	(5,479)	(5,396)	(5,067)	(5,802)	(21,744)	
Total	\$ 9,096	\$ 12,049	\$ 11,877	\$ 18,672	\$ 51,694	

SEGMENT OPERATING INCOME - Fluid Handling									
Energy	\$	(83)	\$	1,080	\$	1,761	\$	812	\$ 3,570
Aerospace & Defense		1,488		3,661		2,201		(367)	6,983
Industrial		8,833		7,709		4,365		(1,414)	19,493
Corporate expenses		—		—		—		—	—
Total	\$	10,238	\$	12,450	\$	8,327	\$	(969)	\$ 30,046

SEGMENT OPERATING INCOME - Combined									
Energy	\$	6,324	\$	9,250	\$	8,697	\$	9,430	\$ 33,701
Aerospace & Defense		5,272		8,035		6,534		10,517	30,358
Industrial		13,217		12,610		10,040		3,558	39,425
Corporate expenses		(5,479)		(5,396)		(5,067)		(5,802)	(21,744)
Total	\$	19,334	\$	24,499	\$	20,204	\$	17,703	\$ 81,740

SEGMENT OPERATING MARGIN - Combined									
Energy		6.9 %		9.6 %		8.2 %		8.6 %	8.3 %
Aerospace & Defense		10.1 %		13.3 %		12.5 %		16.5 %	13.3 %
Industrial		11.7 %		11.2 %		8.7 %		2.9 %	8.5 %
Corporate expenses		(2.1)%		(2.0)%		(1.8)%		(1.9)%	(2.0)%
Total		7.5 %		9.1 %		7.4 %		5.9 %	7.4 %

Notes:

- Items labeled "Recast" represent previously reported CIRCOR information, adjusted to reflect the impact of our February 28, 2018 organizational realignment
- Items labeled "Fluid Handling" represent the information from the Fluid Handling businesses prior to their acquisition by CIRCOR on December 10, 2017
- Items labeled "Combined" represent the sum of the Recast and Fluid Handling information
- Segment Operating Margin - Combined represent Segment Operating Income - Combined divided by Segment Net Revenues Combined

CIRCOR INTERNATIONAL, INC.
Q2 2018 Organic Growth Calculations
(in thousands, except percentages)
UNAUDITED

	Industrial				Energy				Aerospace & Defense			
ORDERS	Reported		Pro Forma Combined		Reported		Pro Forma Combined		Reported		Pro Forma Combined	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
2017	29,889		106,755		73,140		90,022		39,902		64,277	
Product line transfer	—		14,600		—		—		—		(14,600)	
2017 as Adjusted	29,889		121,355		73,140		90,022		39,902		49,677	
Organic	3,267	11 %	9,780	8%	19,470	27%	21,449	24%	2,766	7%	8,664	17 %
Acquisitions	102,460	343 %	—	—%	18,389	25%	—	—%	15,661	39%	—	— %
Foreign Exchange	1,130	4 %	5,611	5%	2,172	3%	1,700	2%	1,112	3%	1,100	2 %
Total Change	106,857	358 %	15,391	13%	40,031	55%	23,149	26%	19,539	49%	9,764	20 %
2018	136,746		136,746		113,171		113,171		59,441		59,441	
	Industrial				Energy				Aerospace & Defense			
NET REVENUE	Reported		Pro Forma Combined		Reported		Pro Forma Combined		Reported		Pro Forma Combined	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
2017	29,651		112,961		78,276		95,981		43,304		60,348	
Organic	(220)	(1)%	13,003	12%	15,765	20%	15,824	16%	1,319	3%	(3,948)	(7)%
Acquisitions	100,602	339 %	—	—%	17,419	22%	—	—%	11,793	27%	—	— %
Foreign Exchange	1,031	3 %	5,100	5%	1,346	2%	1,000	1%	1,084	3%	1,100	2 %
Total Change	101,413	341 %	18,103	16%	34,529	44%	16,824	18%	14,196	33%	(2,848)	(5)%
2018	131,064		131,064		112,804		112,804		57,500		57,500	

CIRCOR INTERNATIONAL, INC.
Q2 2018 Organic Growth Calculations
(in thousands, except percentages)
UNAUDITED

ORDERS	CIRCOR			
	Reported		Pro Forma Combined	
	\$	%	\$	%
2017	142,931		261,054	
Product line transfer	—		—	
2017 as Adjusted	142,931		261,054	
Organic	25,502	18%	39,893	15%
Acquisitions	136,511	96%	—	—%
Foreign Exchange	4,414	3%	8,411	3%
Total Change	166,427	116%	48,304	18%
2018	309,358		309,358	
NET REVENUE	CIRCOR			
	Reported		Pro Forma Combined	
	\$	%	\$	%
2017	151,231		269,290	
Organic	16,863	11%	24,878	9%
Acquisitions	129,814	86%	—	—%
Foreign Exchange	3,460	2%	7,200	3%
Total Change	150,137	99%	32,078	12%
2018	301,368		301,368	

CIRCOR INTERNATIONAL, INC.
RECONCILIATION OF FLUID HANDLING SEGMENT INFORMATION TO GAAP OPERATING INCOME
(in thousands, except percentages)
UNAUDITED

	2017				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL
FLUID HANDLING GAAP OPERATING INCOME (LOSS)	\$ 4,359	\$ 19,738	\$ 2,241	\$ 3,129	\$ 29,467
LESS:					
Asbestos costs	2,690	2,517	2,379	1,274	8,860
Impairment charges	—	—	—	—	—
Exited businesses	65	(26)	(47)	—	(8)
Acquisition amortization	796	810	818	—	2,424
Restructuring and other special charges (recoveries)	2,328	(10,589)	636	(5,372)	(12,997)
Stay bonus	—	—	2,300	—	2,300
FLUID HANDLING ADJUSTED OPERATING INCOME	\$ 10,238	\$ 12,450	\$ 8,327	\$ (969)	\$ 30,046

Notes

- Amounts relate to Fluid Handling results prior to December 10, 2017, the date of CIRCOR's acquisition.



Energy
Aerospace & Defense
Industrial

Second Quarter 2018

Investor Review

Presented July 27, 2018

10-22

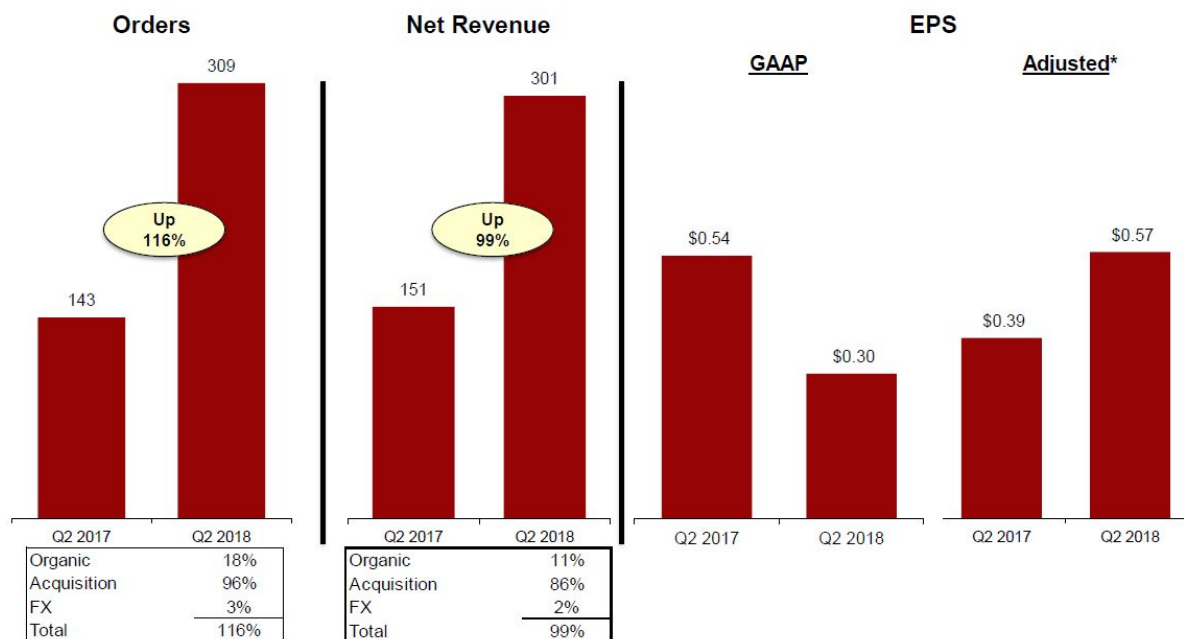
This presentation contains forward-looking statements within the meaning of Section 27 A of the Securities Act of 1933, as amended, and Section 21 E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Any statements in this presentation that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's future performance, including the realization of cost reductions from restructuring activities. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to vary from expectations include, but are not limited to: our ability to respond to competitive developments and to grow our business, both domestically and internationally; changes in the cost, quality or supply of raw materials; our ability to comply with our debt obligations; our ability to successfully implement our acquisition, divestiture or restructuring strategies, including our integration of the recently acquired Fluid Handling business; changes in industry standards or government regulations, both in the United States and internationally; and our ability to operate our manufacturing facilities at current or higher levels and respond to increases in manufacturing costs. 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. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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

Q2 2018 Results



(\$ millions, except EPS)



EPS: Diluted Earnings Per Share

* Reflects a non-GAAP measure, see CIRCOR's Q2 2018 earnings press release for definitions and a reconciliation to GAAP

Q2 2018 Orders



(\$ millions)

Year-over-Year Comparison

	Industrial				Energy				Aerospace & Defense			
	Reported		Pro Forma Combined ⁽¹⁾		Reported		Pro Forma Combined ⁽¹⁾		Reported		Pro Forma Combined ⁽¹⁾	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
2017	29.9		121.4		73.1		90.0		39.9		49.7	
Organic	3.3	11%	9.8	8%	19.5	27%	21.4	24%	2.8	7%	8.7	17%
Acquisitions	102.5	343%	-	0%	18.4	25%	-	0%	15.7	39%	-	0%
FX	1.1	4%	5.6	5%	2.2	3%	1.7	2%	1.1	3%	1.1	2%
Total change	106.9	358%	15.4	13%	40.0	55%	23.1	26%	19.5	49%	9.8	20%
2018	136.7		136.7		113.2		113.2		59.4		59.4	

(1) Pro Forma Combined reflects 2017 orders and order changes as though Fluid Handling was acquired January 1, 2017. The 2017 figures reflect a \$14.6 transfer of a product line from Aerospace & Defense to Industrial.

Q2 2018 Revenue



(\$ millions)

Year-over-Year Comparison

	Industrial				Energy				Aerospace & Defense			
	Reported		Pro Forma Combined ⁽¹⁾		Reported		Pro Forma Combined ⁽¹⁾		Reported		Pro Forma Combined ⁽¹⁾	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
2017	29.7		113.0		78.3		96.0		43.3		60.3	
Organic	(0.2)	-1%	13.0	12%	15.8	20%	15.8	16%	1.3	3%	(3.9)	-7%
Acquisitions	100.6	339%	-	0%	17.4	22%	-	0%	11.8	27%	-	0%
FX	1.0	3%	5.1	5%	1.3	2%	1.0	1%	1.1	3%	1.1	2%
Total change	101.4	341%	18.1	16%	34.5	44%	16.8	18%	14.2	33%	(2.8)	-5%
2018	131.1		131.1		112.8		112.8		57.5		57.5	

(1) Pro Forma Combined reflects revenue changes as though Fluid Handling was acquired January 1, 2017

Industrial Segment Highlights



(\$ millions)

	Q2 2018	Prior Year		YOY Change	
		Reported	Pro Forma Combined	Reported	Pro Forma Combined
Net Revenues	131.1	29.7	113.0	101.4	18.1
Segment Operating Income	15.0	4.9	12.6	10.1	2.4
Segment Operating Margin	11.5%	16.5%	11.2%	-500 bps	30 bps

Comments (YOY Pro Forma)

- **Q2 2018 revenues**
 - Increased shipments in Pumps EMEA and North America across most end markets
 - Higher control valve shipments into power in Asia
 - Both aftermarket and new equipment markets healthy
- **Q2 2018 segment operating margin**
 - Restructuring and productivity benefits
 - G&A synergy savings
 - Volume leverage

Note: Pro Forma Combined assumes Fluid Handling was acquired January 1, 2017

Energy Segment Highlights



(\$ millions)

	Q2 2018	Prior Year		YOY Change	
		Reported	Pro Forma Combined	Reported	Pro Forma Combined
Net Revenues	112.8	78.3	96.0	34.5	16.8
Segment Operating Income	9.2	8.2	9.2	1.1	-
Segment Operating Margin	8.2%	10.4%	9.6%	-220 bps	-140 bps

Comments (YOY Pro Forma)

- **Q2 2018 revenues**
 - Distributed Valves up 40%
 - Refinery Valves up approximately 40%
 - Engineered Valves volume down
- **Q2 2018 segment operating margin**
 - Refinery Valves margin expansion
 - Higher costs in Distributed Valves
 - Engineered Valves loss in quarter

Note: Pro Forma Combined assumes Fluid Handling was acquired January 1, 2017

Aerospace & Defense Segment Highlights



(\$ millions)

	Q2 2018	Prior Year		YOY Change	
		Reported	Pro Forma Combined	Reported	Pro Forma Combined
Net Revenues	57.5	43.3	60.3	14.2	(2.8)
Segment Operating Income	7.0	4.4	8.0	2.6	(1.0)
Segment Operating Margin	12.2%	10.1%	13.3%	210 bps	-110 bps

Comments (YOY Pro Forma)

- **Q2 2018 revenues**
 - Higher volumes for commercial fluid control products
 - Lower pump revenues for defense market
- **Q2 2018 segment operating margin**
 - Price increase benefit offset by mix
 - Operational improvements

Note: Pro Forma Combined assumes Fluid Handling was acquired January 1, 2017

Q2 P&L Highlights



(\$ millions, except EPS)

	Q2 2018			Q2 2017		
	Reported GAAP	Special & Restructuring Charges	Adjusted	Reported GAAP	Special & Restructuring Charges	Adjusted
Net Revenue	301.4	-	301.4	151.2	-	151.2
Operating Income	8.3	16.6	24.8	11.4	0.6	12.0
Net Interest (Expense)	(13.8)	-	(13.8)	(2.2)	-	(2.2)
Other Income (Expense)	3.8	-	3.8	(1.0)	-	(1.0)
Pre-Tax (Loss) Income	(1.7)	16.6	14.8	8.2	0.6	8.9
Benefit from (provision for) income taxes	7.6	(11.1)	(3.4)	0.7	(3.1)	(2.4)
Net Income (Loss)	5.9	5.5	11.4	9.0	(2.5)	6.5
Diluted EPS	0.30		0.57	0.54		0.39

Special & Restructuring Charges

	Q2 2018
Charges in Cost of Goods Sold	
Acquisition-related amortization	3.9
Amortization of Fluid Handling PP&E Step Up	1.7
Restructuring Actions	1.0
Charges in SG&A	
Acquisition-related amortization	7.9
Restructuring Actions	2.1
Total Special Charges & Restructuring Charges	16.6

Cash Flow and Debt Position



(\$ millions)

	Q2 2018	Q2 2017
Cash Flow from Operations	(2)	3
Capital Expenditures, net	(4)	(2)
Free Cash Flow	(6)	0

	1-Jul-18	1-Apr-18
Total Debt	828	824
Cash and Cash Equivalents	69	68
Net Debt	759	756
Net Debt to Equity	132%	128%

Note: Cash and cash equivalents at April 1, 2018 excludes approximately \$55 million which was returned to seller of Fluid Handling in accordance with the terms of the purchase agreement











Q3 Guidance as of July 27, 2018



(\$ millions, except EPS)

	Q3 2018	
	Low	High
Net Revenue	\$ 290	\$ 300
Expected Adjusted Earnings Per Share	\$ 0.45	\$ 0.55
Expected Special / Restructuring Charges per share:		
- Special Charges - M&A amortization related	\$(0.54)	\$(0.52)
- Restructuring Charges & Special Charges	\$(0.14)	\$(0.09)

Note: EPS amounts assume 23% tax rate

Segment	Trends	Outlook
 Industrial	<ul style="list-style-type: none"> Continued strong demand for machinery and rotating equipment Chemical processing strength in N. America and Asia Global increase in wastewater construction and processing Energy efficiency initiatives growth 	
 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 	
 Oil & Gas	<ul style="list-style-type: none"> Strength in unconventional N. America Moderate increase in upstream outside N. America Refining capacity growth in Middle East and Asia Pacific Refining expansions and upgrades in the Americas 	
 Aerospace	<ul style="list-style-type: none"> Commercial aircraft build rates and backlog at historic highs Global airline passenger traffic growth Ramp up of newer programs 	
 Defense	<ul style="list-style-type: none"> Global increases in defense spending Key programs to receive increased funding / ramping up <ul style="list-style-type: none"> Submarines / aircraft carriers F35 Joint Strike Fighter 	

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, organic growth and pro forma combined amounts. 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 and fixed-asset step-ups and the related tax effects. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- We exclude the expense and tax effects associated with the non-cash amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives up to 25 years. Exclusion of the non-cash amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- We also exclude certain gains/losses and related tax effects, which are either isolated or cannot be expected to occur again with any predictability, and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business, significant litigation-related matters and lump-sum pension plan settlements.
- Due to the significance of the Fluid Handling acquisition and to provide a more meaningful comparison of changes in our orders and revenue, we also discuss these changes on a "pro forma organic" basis. Pro forma organic is calculated assuming the Fluid Handling acquisition was completed on January 1, 2017 and excluding the impact of changes in foreign currency exchange rates.

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

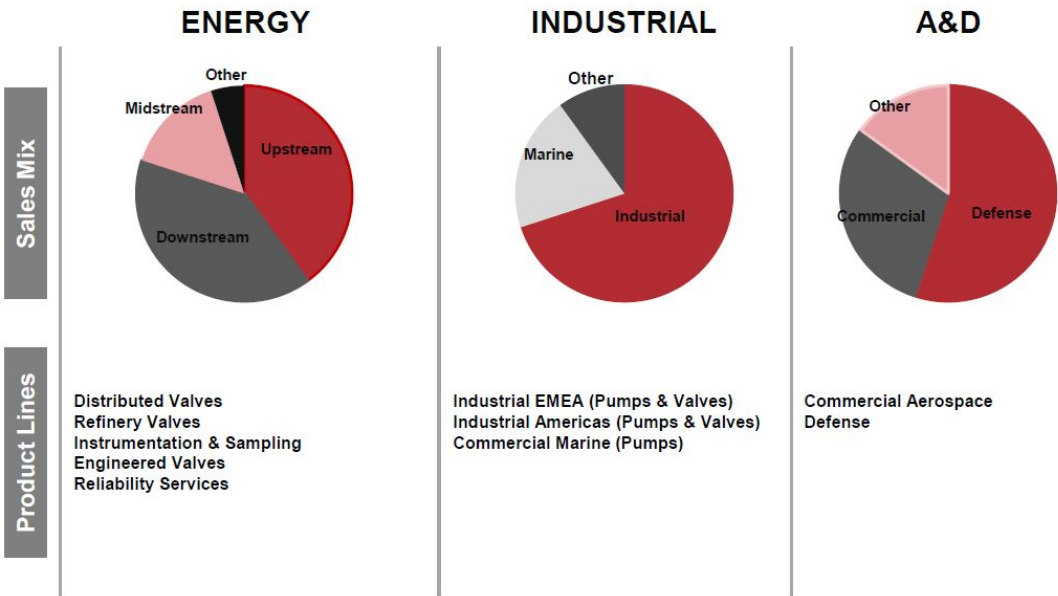
Investors should recognize that these non-GAAP measures might not be comparable to similarly titled measures of other companies. These measures should be considered in addition and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with accounting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

A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's second-quarter 2018 news release available on its website at www.CIRCOR.com.

Figures labeled "Adjusted" exclude certain charges and recoveries. A description of these charges and recoveries and a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's second-quarter 2018 news release available on its website at www.CIRCOR.com.

APPENDIX

CIRCOR by End Market



Note: Based on 2017 pro forma combined revenues