



INDUSTRIAL
AEROSPACE & DEFENSE



2021 First Quarter Earnings Call

May 12, 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. 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 16 for information on the use of non-GAAP financial measures.

1Q'21 Reported Results



(\$ millions except EPS)

	1Q'21	y/y	vs. 4Q'20	Comments on 1Q'21 results
Backlog	421	0%	11%	Organic orders strength driven by large orders in Defense and recovery across virtually all Industrial end markets
Orders	227	9%	35%	
<i>Organic %</i>		<i>7%</i>	<i>34%</i>	
Revenue	181	(6)%	(13)%	Sequential financial performance impacted by typical seasonality
<i>Organic %</i>		<i>(8)%</i>	<i>(14)%</i>	
AOI	12	12%	(47)%	Revenue lower versus prior year driven by backlog entering the year ... in line with expectations
<i>AOI %</i>	<i>6.9%</i>	<i>110 bps</i>	<i>(430) bps</i>	
GAAP EPS	\$(0.35)	n/a	n/a	Adjusted operating margin of \$12 / 6.9% ... expect strong expansion through 2021
Adj. EPS	\$0.24	20%	(64)%	
FCF	(21)	23%	n/a	FCF driven by timing of annual disbursements

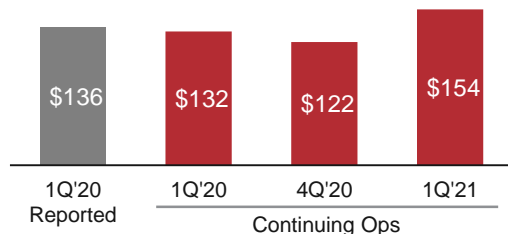
Strong start to 2021

1Q'21 Industrial Segment Highlights



(\$ millions)

Orders



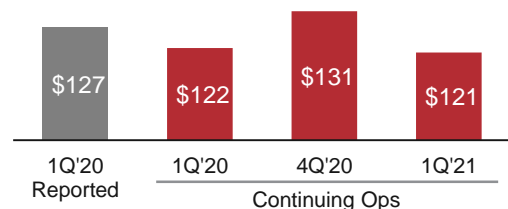
Organic

vs. 4Q'20	y/y
+25%	+11%

1Q 2021 Orders

- Broad market recovery with particular strength in EMEA, China, and rest of Asia
- Timing of large international project orders in downstream
- Book-to-bill of 1.3x

Revenue



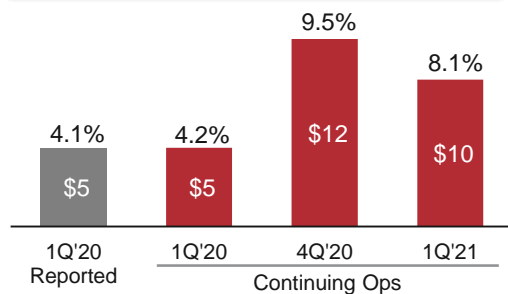
Organic

vs. 4Q'20	y/y
(9)%	(6)%

1Q 2021 Revenue

- Entered 2021 with lower backlog driven by COVID-19
- Revenue impacted by COVID-related customer issues

AOI



AOI expansion

vs. 4Q'20	y/y
(150)bps	+380bps

1Q 2021 AOI

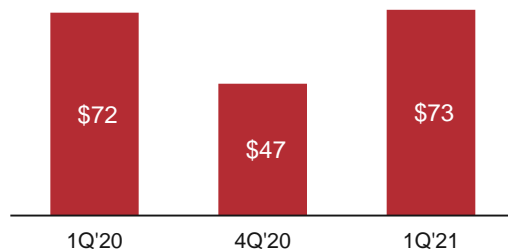
- Favorable y/y results driven by non-repeat of a one-time write off in 1Q'20 partially offset by lower sales volume
- Organic decrements of 32% excl. prior year write off
- Expect operating margins to expand through the year

1Q'21 Aerospace & Defense Segment Highlights



(\$ millions)

Orders



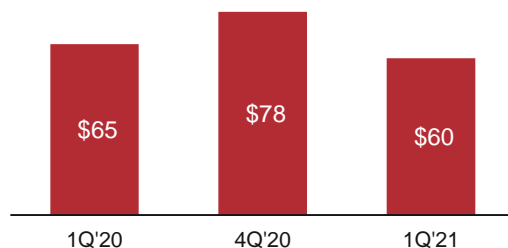
Organic

vs. 4Q'20	y/y
+55%	0%

1Q 2021 Orders

- Received large Defense orders for JSF program and CVN aircraft carriers
- Sequential improvement in Commercial Aerospace but demand remains below pre-COVID 19 levels

Revenue



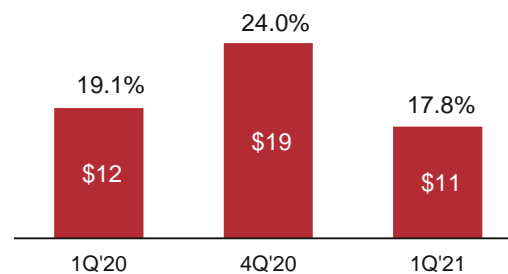
Organic

vs. 4Q'20	y/y
(23)%	(10)%

1Q 2021 Revenue

- Lower sequential and y/y revenue driven by timing of large defense shipments
- Continued slow recovery in commercial aerospace

AOI



AOI expansion

vs. 4Q'20	y/y
(620)bps	(130)bps

1Q 2021 AOI

- Lower AOI driven by sales volume and mix
- Organic decrements of 29%
- Expect operating margins to expand through the year

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

1Q'21 Cash Flow and Debt Position



(\$ millions)

	1Q'21	1Q'20	y/y	Comments on 1Q'21 Results
Cash Flow from Operations	\$(18)	\$(24)	26%	Free cash flow in line with typical seasonality and timing of annual disbursements FCF improvement primarily driven by exit of upstream oil & gas
Capital Expenditures, net	(3)	(3)	1%	
Free Cash Flow	\$(21)	\$(27)	23%	
Total Debt	\$537	\$602	(11)%	Total debt reduced by \$65 / (11)% ... net debt up 7% driven by 1Q'21 FCF Expect to improve net debt to adjusted EBITDA leverage by >1 turn in 2021
Cash and Cash Equivalents	76	171	(56)%	
Net Debt	\$461	\$431	7%	

Free cash flow and net debt are non-GAAP measures

2Q'21 and 2021 Financial Framework



	2Q'21	2021 Guide	<i>Previous</i>
Org. revenue growth	(2) – (4)%	2 - 4%	0 - 4%
Adjusted EPS	\$0.30 - \$0.35	\$2.10 - \$2.30	\$2.00 - \$2.20
FCF Conversion % of adjusted net income	FCF breakeven to slightly negative	85 - 95%	85 - 95%

2Q commentary

- Industrial: Recovery across virtually all end markets ... deliveries increase in 2H'21
- A&D: Timing of backlog and large defense orders driving strong 2H'21... gradual improvement in Commercial Aerospace
- Corporate and interest expenses in line with 1Q

2021 commentary

- Strong start to 2021 ... now expect revenue at high end of previous guidance and EPS of \$2.10 to \$2.30
- FCF conversion remains at 85 – 95%
- CIRCOR Operating System continues to drive broad-based operational improvements

High confidence in delivering 2021 commitments

2Q'21 Industrial Revenue Outlook



Primary End Market		Share of 2020 revenue	2Q'21 y/y revenue	
Short Cycle	Chemical processing	7%	1 – 5%	Improving as consumer demand increases
	Power Generation	7%	(1) – 3%	Global capex activity improving
	Machinery manufacturing	6%	1 – 5%	Recovery in OEM orders
	Building & construction	1%	0 – 4%	Commercial activity picking up
	Wastewater	1%	3 – 8%	
	Aftermarket	37%	3 – 6%	Increased utilization driving higher demand
Short-cycle total		60%	2 – 5%	
Long Cycle	Downstream	10%	(1) – 3%	Refinery project & aftermarket activity improving
	Commercial Marine	9%	(3) – 1%	Global ship building slowly recovering
	Midstream O&G	5%	(3) – 3%	Global capex activity improving
	Other end markets	16%	0 – 4%	
Long-cycle total		40%	(1) – 3%	
Memo: Price		1%	1%	2020 carry over and surgical pricing
Total Industrial		100%	1 – 4%	Organic revenue flat to (4)%

2Q'21 A&D Revenue Outlook



Primary End Market		Share of 2020 revenue	2Q'21 y/y revenue	
Defense	Top programs <small>JSF, submarines, carriers, DDG</small>	27%	5 – 10%	Growth from CVN, Virginia and Dreadnought
	Other OEM <small>Drone, missile, helicopter, other</small>	23%	~ Flat	Expect 2H growth from new and existing programs
	Aftermarket	19%	~ Flat	Slower spares shipments offset by higher MRO
	Memo: Price	4%	3%	Expect full year pricing in line with 2020
	Defense subtotal	69%	0 – 5%	
Commercial	Boeing / Airbus	7%	(5) – (10)%	COVID-19 impact on demand for new aircraft
	Other OEM <small>Biz/regional jets, helicopters, civil, other</small>	7%	(10) – (15)%	Signs of recovery, still below pre-COVID levels
	Aftermarket	2%	(10) – (15)%	COVID-19 impact on air traffic and utilization
	Memo: Price	2%	3%	Expect full year pricing in line with 2020
	Commercial subtotal	16%	(10) - (15)%	
Other end markets		15%	(10) – (15)%	Timing of medical/industrial ... expect 2H growth
Total A&D		100%	~Flat – (5)%	

Organic revenue down (1) – (6)%

1Q'21 Update

Planning to launch 45 new products in 2021 ... approaching 3-year NPD vitality of ~10%

Launched CIRCOR SmartApp in Industrial ... will achieve >50% product coverage in 1H'21

Continued investment in aftermarket growth with new A&D repair and overhaul center in Virginia

Seeing broad-based operational improvements driven by the CIRCOR Operating System

2021+ Strategic Priorities



People

- Attract, develop, and retain top talent
- Foster diversity, equity, and inclusion

Accelerate Growth

- Invest in differentiated technology and digital
 - New products
 - Aftermarket support technology
 - Enhanced customer interface
- Expand regionally

Expand Margins

- Value based pricing that reflects technology and market position
- Ongoing simplification to address structural cost opportunity
- Expand low-cost manufacturing and back-office operations
- Manufacturing and supply chain optimization through CIRCOR Operating System

Allocate Capital Effectively

- Enhance FCF with more efficient working capital management
- Prioritize deleveraging
- Target 2.0x to 2.5x net debt to adjusted EBITA leverage ratio

Investing to deliver long-term customer and shareholder value

Appendix

1Q'21 Selected Items



(\$ millions, except EPS)

	Q1 2021			Q1 2020			
	GAAP	Special	Adjusted	GAAP	Special	Adjusted	Adj Ex Div*
Sales	180.7	-	180.7	192.2	-	192.2	187.3
Gross margin	56.1	5.5498	61.6	60.0	3.8	63.9	63.8
SG&A	56.5	(7.3)	49.2	59.6	(6.7)	52.8	52.8
Goodwill impairment charge	-	-	-	116.2	(116.2)	-	-
Special & restructuring income, net	(0.8)	0.8	-	(42.3)	42.3	-	-
Operating (loss) income	0.4	12.1	12.4	(73.4)	84.4	11.0	11.0
Interest expense	8.4	0.0	8.4	9.0	-	9.0	
Other (income) expense	(1.5)	0.0	(1.5)	(2.7)	-	(2.7)	
Pre-tax	(6.5)	12.0	5.6	(79.7)	84.4	4.7	
Tax benefit (provision)	(0.4)	(0.3)	(0.7)	(8.4)	7.6	(0.7)	
Net income (loss) from continuing operations	(6.9)	11.7	4.8	(88.1)	92.1	4.0	
Net (loss) income from discontinued operations	(0.2)	0.2	-	9.2	(9.2)	-	
Net (loss) income	(7.1)	11.9	4.8	(78.9)	82.9	4.0	
EPS - continuing operations	\$ (0.34)		\$ 0.24	\$ (4.42)		\$ 0.20	
EPS - net (loss) income	\$ (0.35)		\$ 0.24	\$ (3.96)		\$ 0.20	

Restructuring & Special Charges (excluded from AOI)

	Q1 2021	Q1 2020
Special charges in cost of goods sold		
Acquisition-related depreciation & amortization	5.5	4.4
Restructuring	-	(0.6)
- subtotal	5.5	3.8
Special charges in operating expenses		
Acquisition-related depreciation & amortization	7.3	6.8
Impairment charges		116.2
Gain on sale of business	(1.9)	(54.6)
Loss from divested business		1.4
Issuance fee amortization		3.5
Professional Fees relating to tender		2.4
Cyber incident		0.7
Other business sales		0.2
Other special / restructuring charges	1.1	4.0
- subtotal	6.5	80.6
Total	12.1	84.4

* Adj Ex Div & Disc Ops: Adjusted P&L items excluding the impact of divested businesses (Spence/Nicholson and Instrumentation & Sampling) and discontinued operations (Engineered Valves and Distributed Valves).
EPS: (Loss) Per Share or Diluted Earnings Per Share

Organic orders and revenue – vs. 1Q'20



(\$ in thousands)

	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>
Reported Orders	\$ 226,693	\$ 208,474	9%	\$ 153,695	\$ 136,443	13%	\$ 72,999	\$ 72,031	1%
Divestitures	-	(4,449)		-	(4,449)		-	-	
FX	(8,690)	-		(7,549)	-		(1,141)	-	
Organic Orders	\$ 218,003	\$ 204,025	7%	\$ 146,146	\$ 131,994	11%	\$ 71,858	\$ 72,031	0%

	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>1Q'20</u>	<u>V%</u>
Reported Revenue	\$ 180,655	\$ 192,213	-6%	\$ 120,654	\$ 126,720	-5%	\$ 60,001	\$ 65,493	-8%
Divestitures	-	(4,900)		-	(4,900)		-	-	
FX	(7,522)	-		(6,356)	-		(1,165)	-	
Organic Revenue	\$ 173,133	\$ 187,313	-8%	\$ 114,298	\$ 121,820	-6%	\$ 58,836	\$ 65,493	-10%

Organic orders and revenue – vs. 4Q'20



(\$ in thousands)

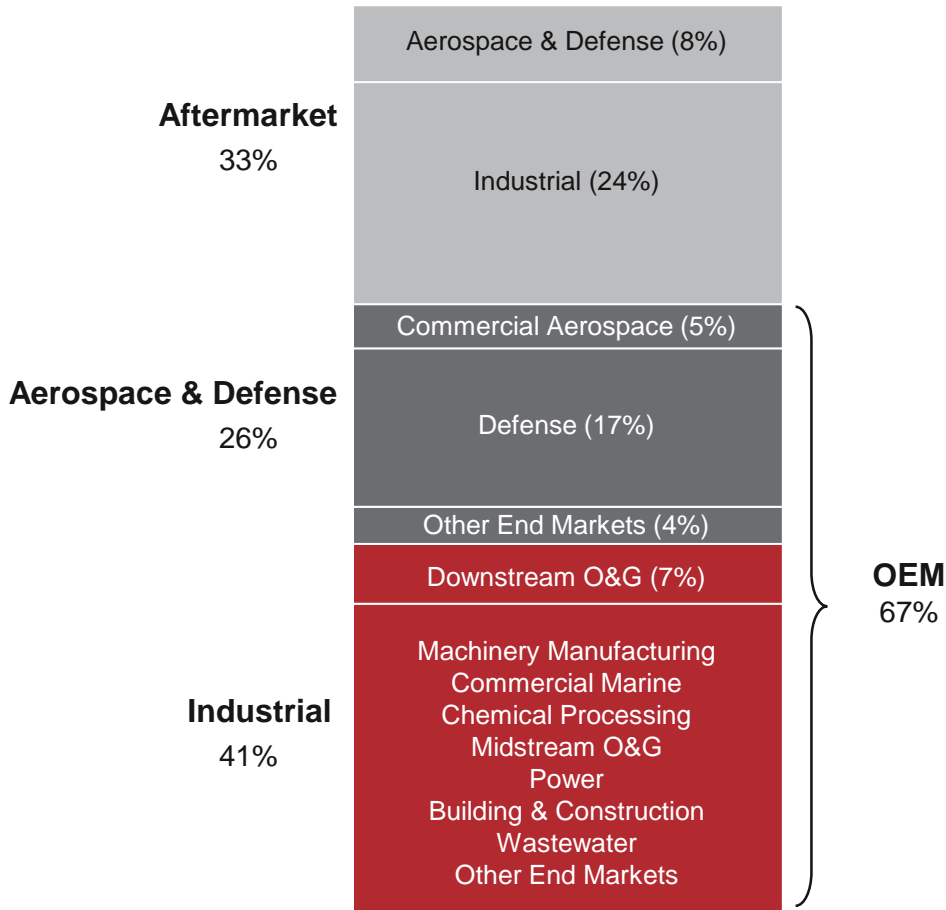
	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>
Reported Orders	\$ 226,693	\$ 168,486	35%	\$ 153,695	\$ 121,690	26%	\$ 72,999	\$ 46,796	56%
Divestitures	-	-		-	-		-	-	
FX	(1,670)	-		(1,381)	-		(289)	-	
Organic Orders	\$ 225,024	\$ 168,486	34%	\$ 152,314	\$ 121,690	25%	\$ 72,710	\$ 46,796	55%

	CIRCOR			Industrial			Aerospace & Defense		
	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>	<u>1Q'21</u>	<u>4Q'20</u>	<u>V%</u>
Reported Revenue	\$ 180,655	\$ 208,352	-13%	\$ 120,654	\$ 130,513	-8%	\$ 60,001	\$ 77,839	-23%
Divestitures	-	-		-	-		-	-	
FX	(1,568)	-		(1,289)	-		(279)	-	
Organic Revenue	\$ 179,087	\$ 208,352	-14%	\$ 119,365	\$ 130,513	-9%	\$ 59,722	\$ 77,839	-23%

CIRCOR End Market Exposure



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

Organic Growth



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

Margin Expansion



- Near term (18-24 months) AOI% outlook
 - Industrial: low 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 April 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 first quarter 2021 news release available on its website at www.CIRCOR.com.