



Energy | Aerospace & Defense

***First Quarter 2014***

***Investor Review***

*Presented April 22, 2014*

***This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Any statements in this presentation that are not statements of historical fact are forward-looking statements, including, but not limited to, those relating to CIRCOR's future performance, including second-quarter revenue and earnings guidance, as well as the savings anticipated to result from the restructuring activities discussed herein. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. BEFORE MAKING ANY INVESTMENT DECISIONS REGARDING OUR COMPANY, WE STRONGLY ADVISE YOU TO READ THE SECTION ENTITLED "RISK FACTORS" IN OUR MOST RECENT ANNUAL REPORT ON FORM 10-K AND SUBSEQUENT REPORTS ON FORMS 10-Q, WHICH CAN BE ACCESSED UNDER THE "INVESTORS" LINK OF OUR WEBSITE AT [WWW.CIRCOR.COM](http://WWW.CIRCOR.COM). We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.***

***Within this presentation the Company uses non-GAAP financial measures, including adjusted net income, adjusted earnings per diluted share, adjusted operating income, adjusted operating margin, net debt and free cash flow. These measures are intended to serve as a complement to results provided in accordance with accounting principles generally accepted in the United States. CIRCOR believes that such information provides an additional measurement and consistent historical comparison of the Company's performance. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the Company's first-quarter 2014 news release available on its website at [www.circor.com](http://www.circor.com).***

# Q1 2014 Financial Highlights

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- **Orders of \$199 million** **(12%)**
- **Revenues of \$211 million** **+3%**
- **Adjusted operating margin of 9.4%** **+230 bps**
- **Adjusted EPS of \$0.78** **+50%**
- **Backlog of \$448.3 million** **(2%)**

Note: AOI Margin and Adjusted EPS exclude special recoveries and charges.

# Energy Segment Highlights



*\$US, in millions except per share data and percentages*

	Q1 2014	Q1 2013	YOY Change
Revenues	162.6	157.1	3%
Adjusted operating margin	13.8%	10.8%	300 bps

- **Revenues increased 3%**
  - Increased volume for large upstream international projects
  - Growth in upstream instrumentation & sampling business
  - Lower volume in short-cycle business
- **Adjusted operating margin increased 300 bps**
  - Increased volume
  - Favorable product mix
  - Restructuring benefits



Distributed Valve business signed long-term agreement for KF valves on wellhead applications

Note: AOI Margin excludes special recoveries and charges.

# Aerospace & Defense Segment Highlights



*\$US, in millions except per share data and percentages*

	Q1 2014	Q1 2013	YOY Change
Revenues	48.6	48.3	1%
Adjusted operating margin	9.1%	5.9%	320 bps

- **Revenues increased 1%**
  - Favorable foreign currency impact
  - Strength in defense business
  - Softness in landing gear business
- **Adjusted operating margin increased 320 bps**
  - Favorable product mix
  - Restructuring benefits



Lockheed Martin Aeronautics  
Awarded CIRCOR 2013 Supplier of  
the Year for supplying the F35  
pneumatic power module

Note: AOI Margin excludes special recoveries and charges.

# Q1 P&L Highlights



\$US, in millions except per share data and percentages

	Q1 2014	Q1 2013
Segments' <b>adjusted operating income</b> <sup>1</sup>	26.9	19.8
Special (recoveries) charges, net	(1.2)	1.4
Restructuring inventory charges	-	0.3
Corporate expenses <sup>2</sup>	(7.1)	(5.3)
<b>Operating Income</b>	<b>20.9</b>	<b>12.9</b>
Net interest	(0.9)	(0.8)
Other income (expense)	0.5	(0.6)
Income taxes	(5.8)	(3.6)
<b>Net Income</b>	<b>14.6</b>	<b>7.9</b>
Tax Rate	28.5%	31.2%
Diluted shares	17,741	17,529
US GAAP EPS	0.82	0.45
<b>Adjusted EPS</b> <sup>3</sup>	<b>0.78</b>	<b>0.52</b>

<sup>1</sup>Excludes inventory restructuring and special recoveries and charges, net

<sup>2</sup>Includes corporate stock based compensation of \$1.5 million and \$0.7 million for Q1 2014 and Q1 2013, respectively

<sup>3</sup>Diluted EPS excluding the impact of special recoveries and charges, net of tax

# Q1 2014 Special Recoveries and Charges



*\$US, in millions except per share data and percentages*

	<b>Amount</b>	<b>EPS Impact</b>
<b>Restructuring Special Charges</b>	<b>0.8</b>	
<b>Other Special Charges</b>	<b>0.3</b>	
<b>Total Special Charges</b>	<b>1.1</b>	<b>0.04</b>
<b>Special (Recoveries)</b>	<b>(2.2)</b>	<b>(0.08)</b>
<b>Net Special (Recoveries) and Charges</b>	<b>(1.1)</b>	<b>(0.04)</b>

- **Total restructuring costs for the second quarter of 2014 are expected to be \$5 million to \$6 million**

# Cash Flow and Debt Highlights



*\$US, in millions except per share data and percentages*

	<u>Q1 2014</u>	<u>Q1 2013</u>
Cash Flow from Operations	17.1	5.8
Capital Expenditures	<u>(2.7)</u>	<u>(4.7)</u>
Free Cash Flow	<u>14.4</u>	<u>1.1</u>
Total Debt	56.1	66.5
Cash, Cash Equivalents & ST Investments	122.2	57.6
Net Debt	(66.1)	8.8
Debt to Equity	11%	16%

Note: Net Debt is defined as Total Debt less cash, cash equivalents and short term investments.

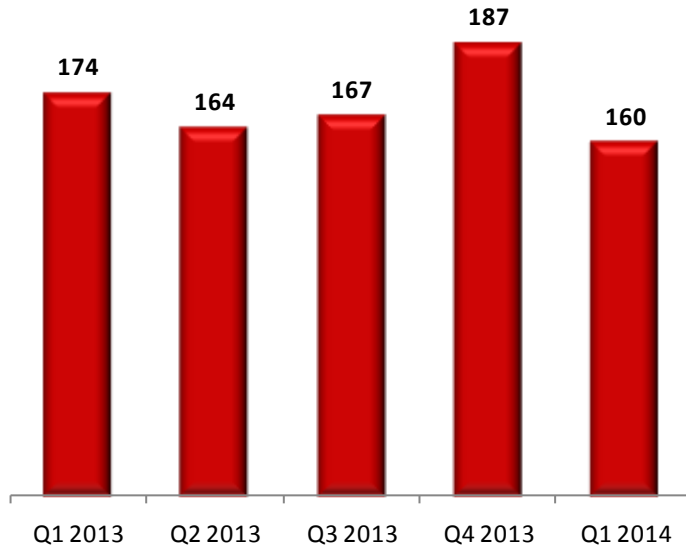


# Order Trends

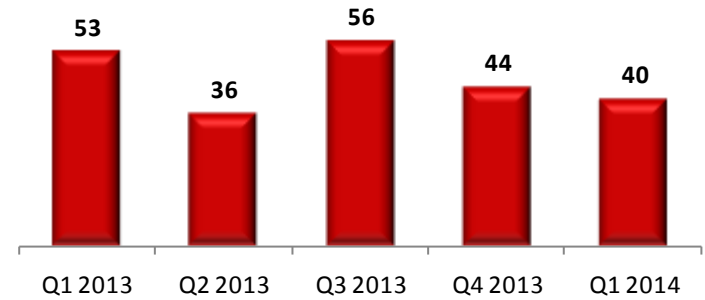


\$US, in millions except per share data and percentages

## Energy



## Aerospace & Defense



# Q2 2014 Guidance as of April 22, 2014



*\$US, in millions except per share data and percentages*

	Q2 2014	
	Low	High
<b>Revenue</b>	<b>220</b>	<b>230</b>
<b>Expected Adjusted Earnings Per Common Share (Diluted)</b>	<b>0.88</b>	<b>0.94</b>
Less:		
Restructuring related charges		
Special charges	0.25	0.21
<b>Expected Earnings Per Common Share (Diluted)</b>	<b>0.63</b>	<b>0.73</b>

Note: Assumes 26% to 27% tax rate and exchange rates at present levels