



3Q 2012  
Earnings  
Conference Call



Technologies that Matter

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# Overview of Third Quarter 2012 Results

- Sales declined 6% despite solid demand in Metal Treatment segment and continued growth in Commercial OEM market
- Operating income impacted by labor strike, AP1000 strategic investments and modest softening of new orders
  - Adjusted operating income increased 5%
- Diluted EPS of \$0.24, reflecting aforementioned impacts to operating income
- Focused on restructuring and cost reduction initiatives to drive long-term profitability

# Third Quarter 2012 Results (Continuing Operations)

(\$ in Millions)

	<u>Third Quarter 2012</u>	<u>% Change vs. Prior Yr</u>
<b>Sales:</b>		
Flow Control	\$ 236.7	(11%)
Motion Control	174.6	(3%)
Metal Treatment	67.9	5%
<b>Total Sales</b>	<b>\$ 479.2</b>	<b>(6%)</b>
<b>Operating Income:</b>		
Flow Control	\$ 1.2	(95%)
Motion Control	22.8	19%
Metal Treatment	8.2	0%
<b>Total Segments</b>	<b>\$ 32.2</b>	<b>(38%)</b>
Corporate and Other	(8.8)	(47%)
<b>Total Operating Income</b>	<b>\$ 23.4</b>	<b>(49%)</b>

## Key sales highlights:

- Sales declined 6%, despite solid performance in Metal Treatment segment
- Commercial markets mixed, led by 12% growth in commercial aerospace OEM
- Defense sales impacted by weaker demand and slower new orders
- Naval defense sales flat excluding impact of strike

## Key operating income highlights:

- Adjusted operating income\* increased 5%, led by strong 21% growth in Motion Control
- Adjusted operating margin\* was 9.8%, up 70 bps from prior year
- Reported operating income impacted by labor strike, AP1000 strategic investments, and softer demand in defense and oil and gas markets
- Higher pension costs

\* Adjusted operating income and margin exclude 3Q'12 labor strike, AP1000 strategic investments and segment restructuring charges

# Third Quarter 2012 Operating Income Drivers

	3Q'12 Reported	Strike, AP1000 & Restruct. Charges	3Q'12 Adjusted Excl. Charges	% Change vs. 3Q'11
Flow Control	\$1.2	\$24.0	\$25.2	2%
Motion Control	\$22.8	\$0.4	\$23.2	21%
Metal Treatment	\$8.2	\$0.8	\$9.0	10%
Corp & Other	(\$8.8)	-	(\$8.8)	(47%)
<b>Total</b>	<b>\$23.4M</b>	<b>\$25.2M</b>	<b>\$48.6M</b>	<b>5%</b>

## Key Positives

- Solid performance in Motion Control (+19% reported) due to higher commercial sales, higher income from our ACRA Controls acquisition and benefits of prior restructuring initiatives, despite weaker orders in defense (13.3% adjusted operating margin and 270 basis points improvement)
- Solid 10% growth in Metal Treatment (ex-restructuring) led by sales growth in commercial markets
- Benefiting from ongoing ramp up in commercial aircraft production rates

## Key Challenges

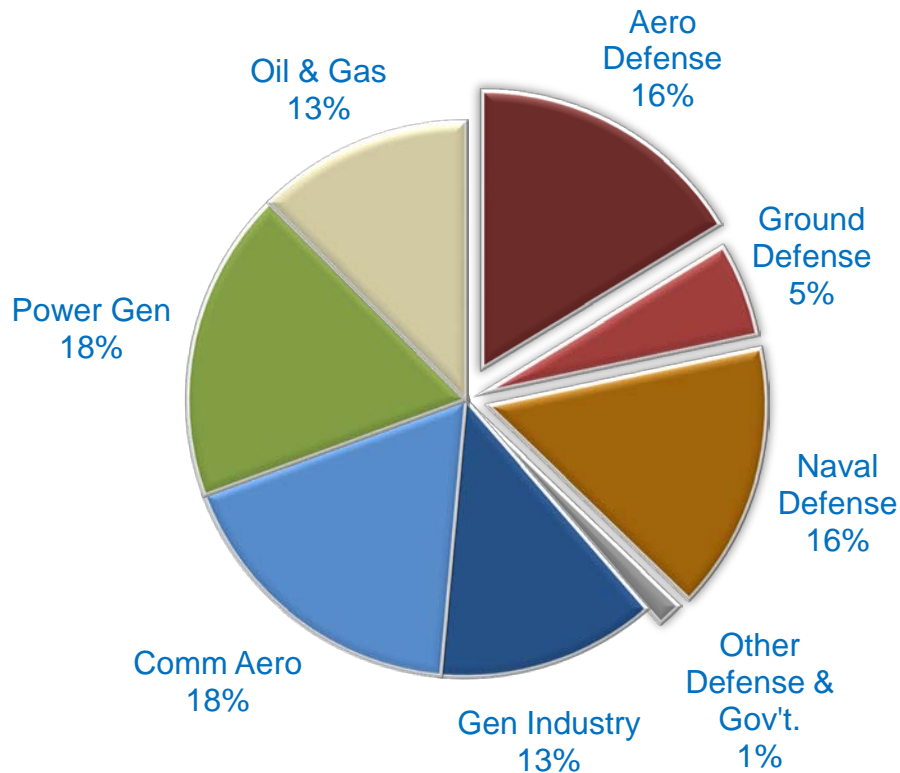
- Flow Control:
  - Labor strike and shift in milestones on long-term contracts into 2013
  - Additional AP1000 strategic investments
  - Continued delays in anticipated orders for large, international capital projects and additional learning curve costs for super vessel business in oil & gas market
  - Lower new orders in commercial power generation market

# Third Quarter 2012 Flow Control Bridge

	2012			2011		
(\$ millions)	Sales	Operating Income	OI %	Sales	Operating Income	OI %
Reported 3Q'12	\$236.7	\$1.2	0.5%	\$265.2	\$24.8	9.4%
Adjustments:						
AP1000	-	\$12.2	4.8%			
Strike Impact	\$18.0	\$11.3	4.4%			
Restructuring	-	\$0.5	0.2%			
<b>Adjusted 3Q'12</b>	<b>\$254.7</b>	<b>\$25.2</b>	<b>9.9%</b>	<b>\$265.2</b>	<b>\$24.8</b>	<b>9.4%</b>

# Third Quarter 2012 End Markets Summary

## Defense



Note: Percentages in chart relate to third quarter 2012 sales.

### Key Positives

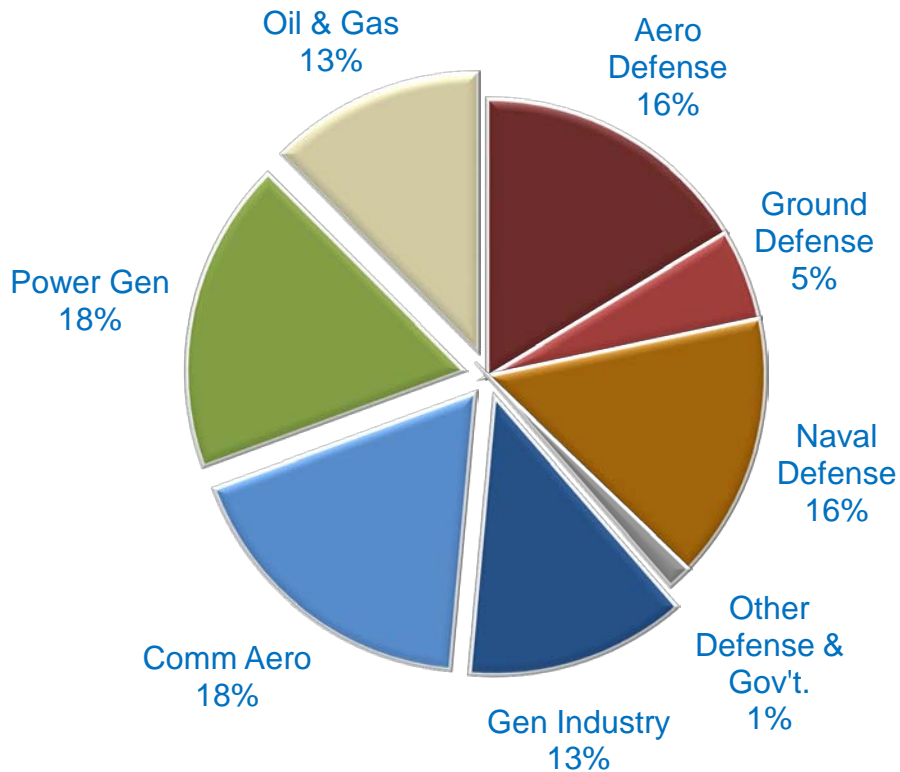
- Higher CVN-79 aircraft carrier revenues for pumps and valves
- Ground defense sales flat with slight uptick in Abrams and Stryker, as well as higher sales of ammunition handling systems to international ground defense customers
- Higher thermal spray coatings sales in aerospace defense
- Solid revenues on DDG-51 destroyer program

### Key Challenges

- Lower overall naval defense sales due to strike and timing on long-term contracts on VA class submarine; completion of AAG program
  - Excluding strike, naval defense sales flat
- Decreased sales on military helicopters (particularly Blackhawk)
- Transition from development to production phase on Global Hawk (aerospace defense)

# Third Quarter 2012 End Markets Summary

## Commercial



Note: Percentages in chart relate to third quarter 2012 sales.

### Key Positives

- Commercial growth led by ongoing ramp up in commercial aircraft production rates
- Oil and gas slightly higher, led by strong MRO demand
- General industrial market benefiting from higher sales of analytical services and thermal spray coatings
- Modest demand in U.S. automotive industry

### Key Challenges

- Strike impact led to reduced production on China AP1000 program
- Slow recovery of large, international capital projects in oil & gas market
- Domestic nuclear operating reactors declined slightly as plant operators prepare for new NRC regulations
- Slower orders in HVAC and international auto



# 2012E Market Outlook (as of November 6, 2012)

Management Guidance	FY2012E (Prior)	FY2012E (Current)
Aero Defense	2 - 4%	2 - 4%
Ground Defense	(12) - (14%)	(21) - (23%)
Naval Defense	6 - 8%	2 - 4%
<b>Total Defense</b> Including Other Defense	<b>2 - 4%</b>	<b>0%</b>
Commercial Aero	18 - 20%	18 - 20%
Oil & Gas	3 - 5%	(3) - (5%)
Power Generation	15 - 17%	10 - 12%
General Industrial	1 - 3%	0%
<b>Total Commercial</b>	<b>10 - 12%</b>	<b>6 - 8%</b>
<b>Total Curtiss-Wright</b>	<b>7 - 9%</b>	<b>3 - 5%</b>

Note: Guidance presented on a continuing operations basis and excludes the impact of the heat treating business from current and prior year results.

# 2012E Financial Outlook (as of November 6, 2012)

Management Guidance	FY2012E (Prior Qtr.)	FY2012E (Current)
Total Sales	\$2,150 - 2,190M	\$2,080 - 2,120M
Flow Control	\$1,160 - 1,170M	\$1,100 - 1,110M
Motion Control	\$720 - 740M	\$710 - 730M
Metal Treatment	\$270 - 280M	\$270 - 280M
Operating Income	\$207 - 215M	\$170 - 178M
CW Margin	9.6% - 9.8%	8.2% - 8.4%
Flow Control	\$111 - 114M	\$73 - 76M
Margin	9.6% - 9.7%	6.6% - 6.8%
Motion Control	\$100 - 103M	\$97 - 100M
Margin	13.8% - 13.9%	13.7% - 13.8%
Metal Treatment	\$29 - 31M	\$29 - 31M
Margin	10.9% - 11.1%	10.9% - 11.1%
Corporate and Other	~\$33M	~\$29M

Notes: Guidance presented on a continuing operations basis and excludes the impact of the heat treating business and the related gain on sale.



Full year amounts may not add due to rounding.

# 2012E Financial Outlook (as of November 6, 2012)

Management Guidance	FY2012E (Prior Qtr.)	FY2012E (Current)
Operating Income	\$207 - 215M	\$170 - 178M
Pension Expense	~\$27.0M	~\$27.0M
Interest Expense	\$32 - 33M	\$27 - 28M
Diluted EPS	\$2.50 - 2.60	\$2.05 - 2.15
Diluted Shares Outstanding	47.8M	47.8M
Effective Tax Rate	32.0%	32.0%
Free Cash Flow <sup>(1)</sup>	\$80 - 90M	\$60 - 70M
Depreciation & Amortization	\$100 - 105M	\$93 - 98M
Capital Expenditures	\$85 - 90M	\$80 - 85M

(1) Free Cash Flow is defined as cash flow from operations less capital expenditures and includes estimated payments of approximately \$40 million to the Curtiss-Wright Pension Plan and \$27 million in interest payments in 2012.

Notes: Guidance presented on a continuing operations basis and excludes the impact of the heat treating business and the related gain on sale.

# Outlook for 2012 and Closing Comments

- Progressing through recent challenges to position Curtiss-Wright for solid future growth organically and through strategic acquisitions
- Strong performances anticipated in commercial aerospace and power generation markets
- Mixed performance in defense led by higher naval and aerospace markets, despite overall flat sales based on continued uncertainty impacting industry
- Implementation of restructuring and cost reduction activities will provide improved profitability for remainder of 2012 and future years

# Appendix

# Non-GAAP Reconciliation

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES  
NON-GAAP FINANCIAL DATA (UNAUDITED)  
(\$ in millions)

Three Months Ended September 30,

	Flow Control			Motion Control			Metal Treatment			Corporate & Other			Total Curtiss - Wright		
	2012	2011	Chg	2012	2011	Chg	2012	2011	Chg	2012	2011	Chg	2012	2011	Chg
<b>Sales</b>															
Organic	\$ 231.7	\$ 263.0	(12%)	\$ 172.8	\$ 179.2	(4%)	\$ 67.8	\$ 64.7	5%	\$ -	\$ -		\$ 472.3	\$ 506.9	(7%)
Incremental <sup>(1)</sup>	5.7 <sup>(2)</sup>	2.2 <sup>(5)</sup>		4.0 <sup>(2)</sup>	-		1.3 <sup>(2)</sup>	-		-	-		11.0 <sup>(2)</sup>	2.2 <sup>(5)</sup>	
Foreign Currency Fav (Unfav) <sup>(4)</sup>	(0.7)	-		(2.2)	-		(1.2)	-		-	-		(4.1)	-	
<b>Total</b>	<b>\$ 236.7</b>	<b>\$ 265.2</b>	<b>(11%)</b>	<b>\$ 174.6</b>	<b>\$ 179.2</b>	<b>(3%)</b>	<b>\$ 67.9</b>	<b>\$ 64.7</b>	<b>5%</b>	<b>\$ -</b>	<b>\$ -</b>		<b>\$ 479.2</b>	<b>\$ 509.1</b>	<b>(6%)</b>
<b>Operating Income</b>															
Organic	\$ 1.9	\$ 25.2	(93%)	\$ 23.2	\$ 19.1	22%	\$ 8.5	\$ 8.2	3%	\$ (8.9)	\$ (6.0)	(49%)	\$ 24.6	\$ 46.5	(47%)
<i>OI Margin %</i>	<i>0.8%</i>	<i>9.6%</i>	<i>(880)bps</i>	<i>13.4%</i>	<i>10.6%</i>	<i>280bps</i>	<i>12.5%</i>	<i>12.6%</i>	<i>(10)bps</i>				<i>5.2%</i>	<i>9.2%</i>	<i>(400)bps</i>
Incremental <sup>(1)</sup>	(0.6) <sup>(2)</sup>	(0.4) <sup>(5)</sup>		(0.3) <sup>(2)</sup>	-		(0.0) <sup>(2)</sup>	-		-	-		(0.9) <sup>(2)</sup>	(0.4) <sup>(5)</sup>	
Foreign Currency Fav (Unfav) <sup>(4)</sup>	(0.1)	-		(0.2)	-		(0.2)	-		0.1	-		(0.3)	-	
<b>Total</b>	<b>\$ 1.2</b>	<b>\$ 24.8</b>	<b>(95%)</b>	<b>\$ 22.8</b>	<b>\$ 19.1</b>	<b>19%</b>	<b>\$ 8.2</b>	<b>\$ 8.2</b>	<b>0%</b>	<b>\$ (8.8)</b>	<b>\$ (6.0)</b>	<b>(47%)</b>	<b>\$ 23.4</b>	<b>\$ 46.1</b>	<b>(49%)</b>
<i>OI Margin %</i>	<i>0.5%</i>	<i>9.4%</i>	<i>(890)bps</i>	<i>13.1%</i>	<i>10.6%</i>	<i>250bps</i>	<i>12.1%</i>	<i>12.6%</i>	<i>(50)bps</i>				<i>4.9%</i>	<i>9.1%</i>	<i>(420)bps</i>

(1) The term incremental is used to highlight the impact acquisitions had on the current year results, for which there was no comparable prior year data. Therefore, the results of operations for acquisitions are incremental for the first twelve months from the date of acquisition and are removed from our organic results. Additionally, the results of operations for divested businesses are removed from the comparable prior year period for purposes of calculating organic results. The remaining businesses are referred to as organic.

(2) Our organic growth calculations do not include the operating results for our December 2, 2011 acquisition of Anatec International, Inc. and Lambert, MacGill, Thomas, Inc. (LMT), October 11, 2011 acquisition of South Bend Controls, and one month of operating results for our July 28, 2011 acquisition of ACRA Control, Limited (ACRA) and July 22, 2011 acquisition of IMR Test Labs.

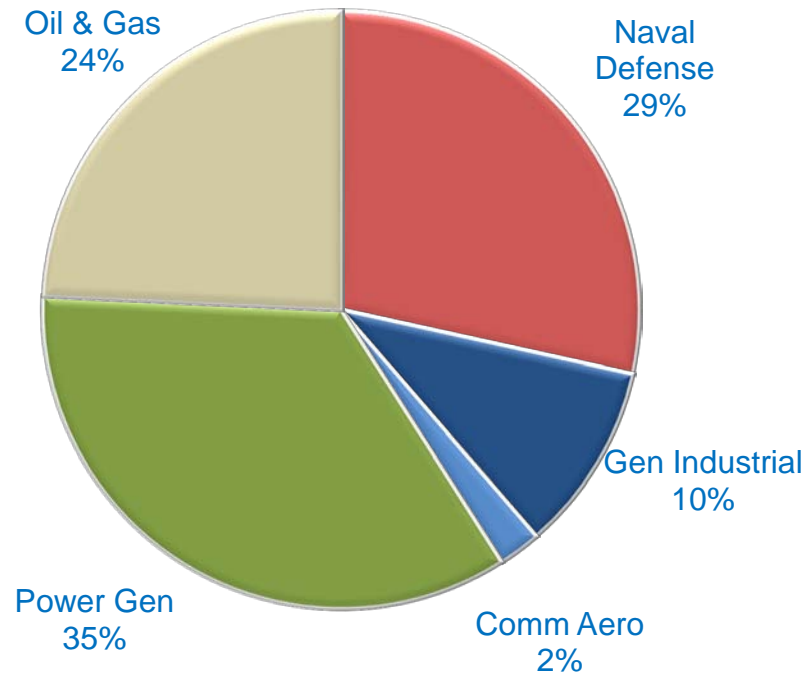
(3) Our organic growth calculations do not include the operating results for our December 2, 2011 acquisition of Anatec International, Inc. and Lambert, MacGill, Thomas, Inc. (LMT), October 11, 2011 acquisition of South Bend Controls, and one month of operating results for our July 28, 2011 acquisition of ACRA Control, Limited (ACRA) and July 22, 2011 acquisition of IMR Test Labs, as well as three months of operating results for our April 6, 2011 acquisition of Douglas, and April 8, 2011 acquisition of BASF.

(4) Organic results exclude the effects of current period foreign currency translation.

(5) We sold our Legacy business on July 22, 2011. The three months and six months ended June 30, 2011 results of operations for this business have been removed from the comparable prior year period for purposes of calculating organic results.

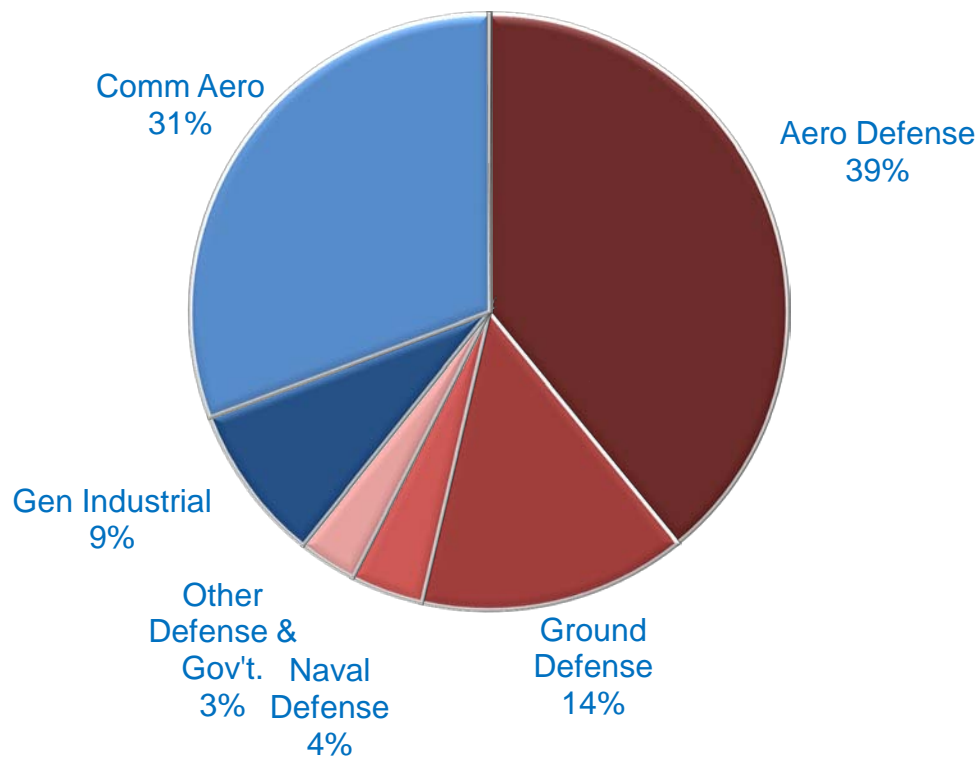
**Note: Amounts may not add due to rounding**

# 3Q 2012 Segment Review – Flow Control



**Segment Sales: \$237 M**

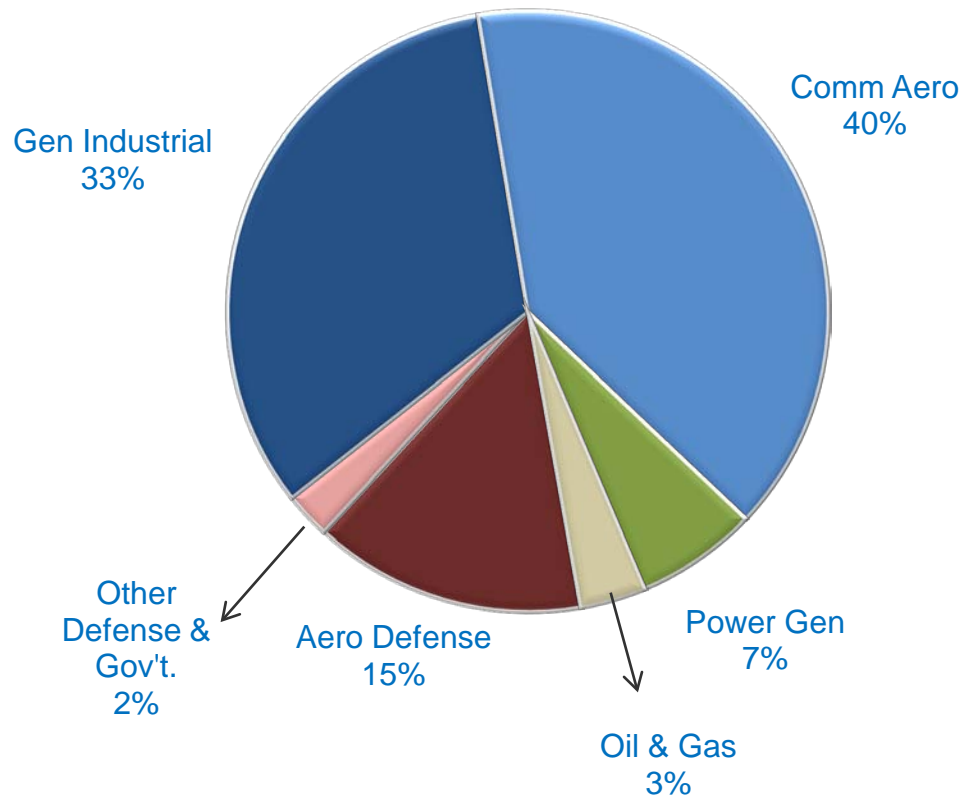
# 3Q 2012 Segment Review – Motion Control



**Segment Sales: \$175 M**



# 3Q 2012 Segment Review – Metal Treatment



**Segment Sales: \$68 M**