



Third Quarter 2019 Earnings Conference Call

October 31, 2019

Forward Looking Statements and Non-GAAP Measures

Safe Harbor Statement: This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Words or phrases such as, "may," "should," "expects," "could," "intends," "plans," "anticipates," "estimates," "believes," "forecasts," "predicts," "targets" or other similar expressions are intended to identify forward-looking statements, which include, without limitation, statements concerning our future financial performance, future debt and financing levels, investment objectives, implications of litigation and regulatory investigations and other management plans for future operations and performance.

The forward-looking statements included in this presentation are based on our current expectations, projections, estimates and assumptions. These statements are only predictions, not guarantees. Such forward-looking statements are subject to numerous risks and uncertainties that are difficult to predict. These risks and uncertainties may cause actual results to differ materially from what is forecast in such forward-looking statements, and include, without limitation, the following: a portion of our bookings may not lead to completed sales, and our ability to convert bookings into revenues at acceptable profit margins; changes in global economic conditions and the potential for unexpected cancellations or delays of customer orders in our reported backlog; our dependence on our customers' ability to make required capital investment and maintenance expenditures; if we are not able to successfully execute and realize the expected financial benefits from our strategic transformation and realignment initiatives, our business could be adversely affected; risks associated with cost overruns on fixed-fee projects and in taking customer orders for large complex custom engineered products; the substantial dependence of our sales on the success of the oil and gas, chemical, power generation and water management industries; the adverse impact of volatile raw materials prices on our products and operating margins; economic, political and other risks associated with our international operations, including military actions, trade embargoes or changes to tariffs or trade agreements that could affect customer markets, particularly North African, Russian and Middle Eastern markets and global oil and gas producers, and non-compliance with U.S. export/re-export control, foreign corrupt practice laws, economic sanctions and import laws and regulations; increased aging and slower collection of receivables, particularly in Latin America and other emerging markets; our exposure to fluctuations in foreign currency exchange rates, including in hyperinflationary countries such as Venezuela and Argentina; our furnishing of products and services to nuclear power plant facilities and other critical processes; potential adverse consequences resulting from litigation to which we are a party, such as litigation involving asbestos-containing material claims; expectations regarding acquisitions and the integration of acquired businesses; our relative geographical profitability and its impact on our utilization of deferred tax assets, including foreign tax credits; the potential adverse impact of an impairment in the carrying value of goodwill or other intangible assets; our dependence upon third-party suppliers whose failure to perform timely could adversely affect our business operations; the highly competitive nature of the markets in which we operate; environmental compliance costs and liabilities; potential work stoppages and other labor matters; access to public and private sources of debt financing; our inability to protect our intellectual property in the U.S., as well as in foreign countries; obligations under our defined benefit pension plans; our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud; the recording of increased deferred tax asset valuation allowances in the future or the impact of tax law changes on such deferred tax assets could affect our operating results; our information technology infrastructure could be subject to service interruptions, data corruption, cyber-based attacks or network security breaches, which could disrupt our business operations and result in the loss of critical and confidential information; ineffective internal controls could impact the accuracy and timely reporting of our business and financial results; and other factors described from time to time in our filings with the Securities and Exchange Commission.

All forward-looking statements included in this presentation are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

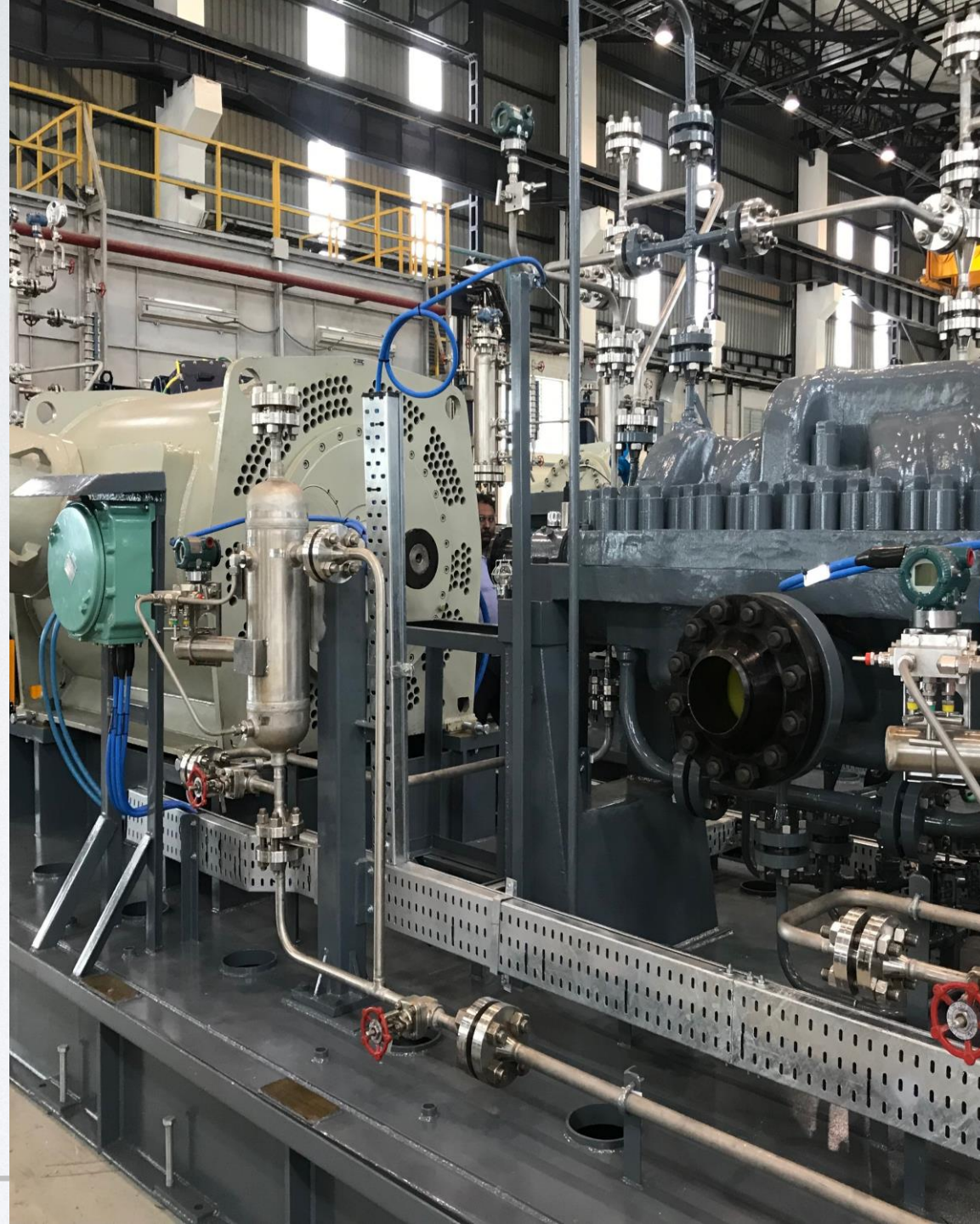
The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that non-GAAP financial measures which exclude certain non-recurring items present additional useful comparisons between current results and results in prior operating periods, providing investors with a clearer view of the underlying trends of the business. Management also uses these non-GAAP financial measures in making financial, operating, planning and compensation decisions and in evaluating the Company's performance. Throughout our materials we refer to non-GAAP measures as "Adjusted." Non-GAAP financial measures, which may be inconsistent with similarly captioned measures presented by other companies, should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

We have provided tables on pages 10 and 11 that reconcile these non-GAAP measures to their corresponding GAAP-based measures.

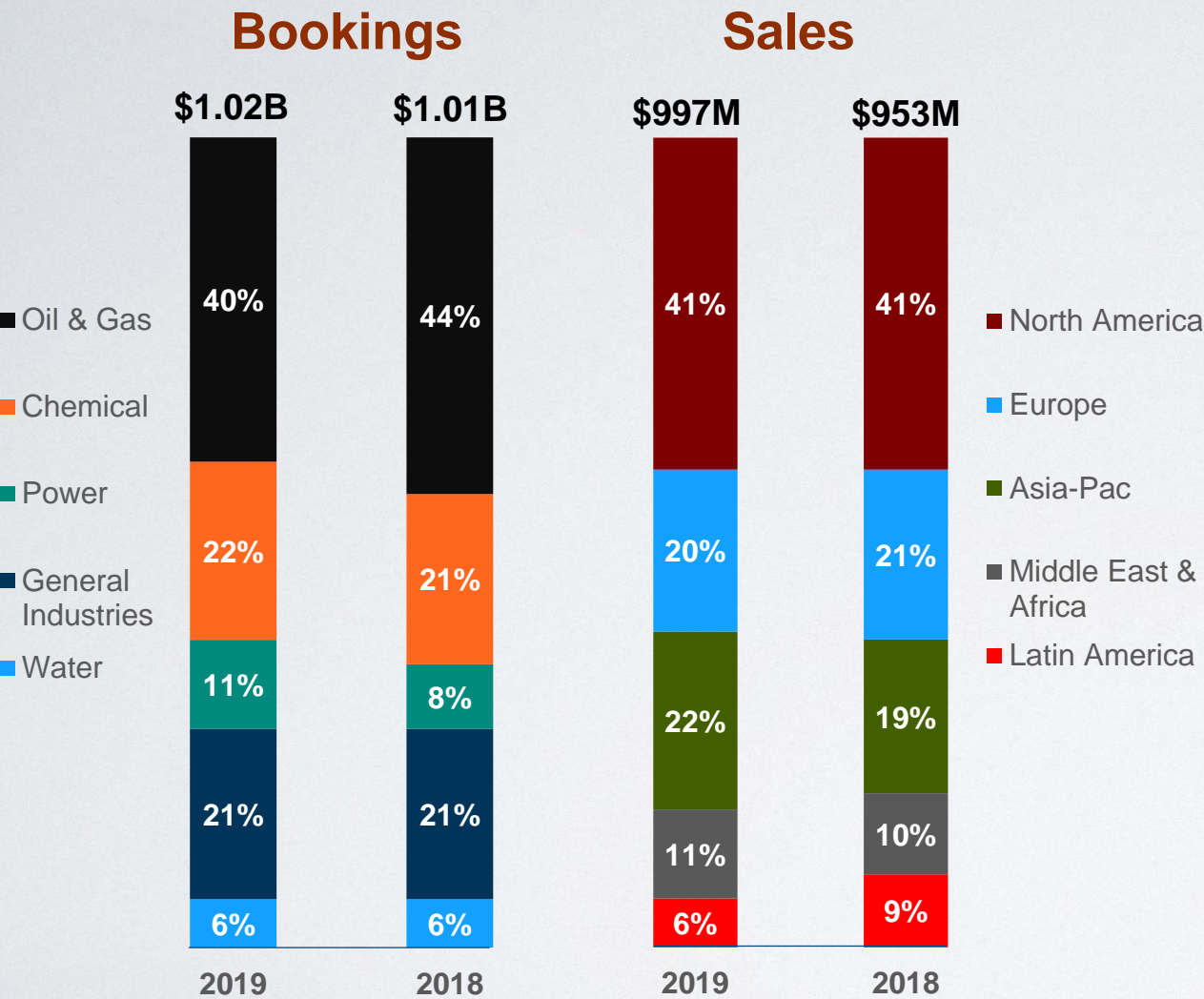
Q3 2019 Overview

- Q3 2019 Reported and Adjusted EPS of \$0.52 and \$0.59*
- Bookings increased 1.3%, or 3.5% constant currency
 - *Strong original equipment growth of 5.6% driven by power, chemical and water markets*
- Revenue increased 4.6%, or 6.9% constant currency driven primarily by conversion of strong backlog growth
- Adjusted gross and operating margins increased 60 and 100 basis points to 33.8% and 12.0%*
 - *FLS 2.0 transformation progress continues to drive operating improvement and earnings growth*
- Strong year-to-date free cash flow improvement of \$123 million versus prior year
- Backlog increased 13% versus 2018 year-end backlog

* See table on page 10 for reconciliation to corresponding GAAP-based measure



Q3 Bookings & Sales Mix



End-Markets

Oil & Gas

- Downstream upgrade and expansion opportunities continue with demand growth and regulatory initiatives
- Dynamic geopolitical environment dampening global spending and slowing project timing
- Global LNG projects continue to move toward FID
- Midstream pipeline opportunities continue globally – targeted by Flowserve strike zone initiatives

Chemical

- Asia continues to invest in chemical production to support population growth
- Expected global chemical demand driving investment in the Middle East and North America where abundant low cost natural gas supports ethylene production

Power

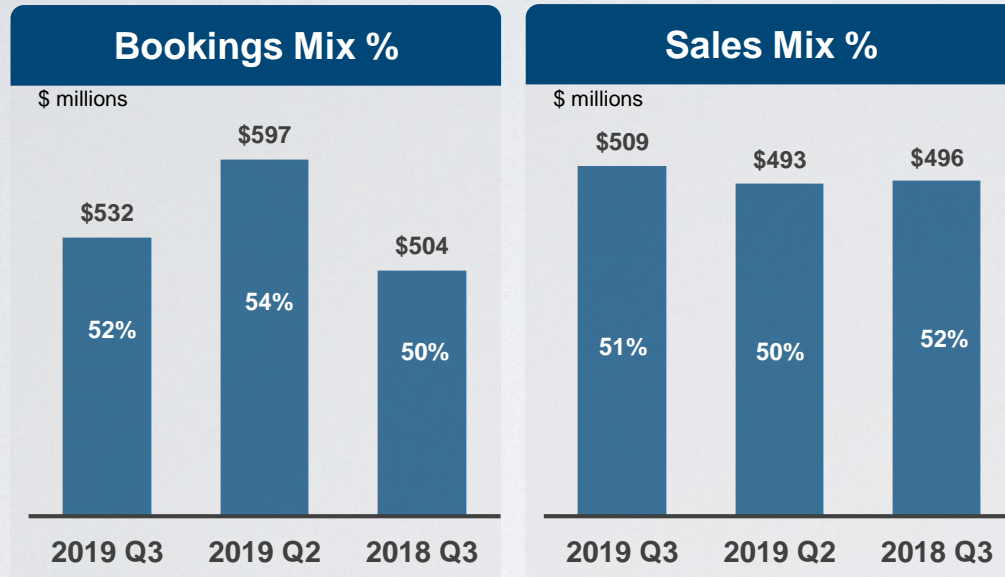
- Renewable opportunity in growing thermal solar market where Flowserve is positioned with broad technical offering
- Investment to maintain existing nuclear and fossil infrastructure with new build combined cycle opportunities on fuel switching

General Industries & Water

- North American distributors continue to destock with slowdown in upstream activity
- Desalination opportunities continue in the Middle East, Asia and Latin America

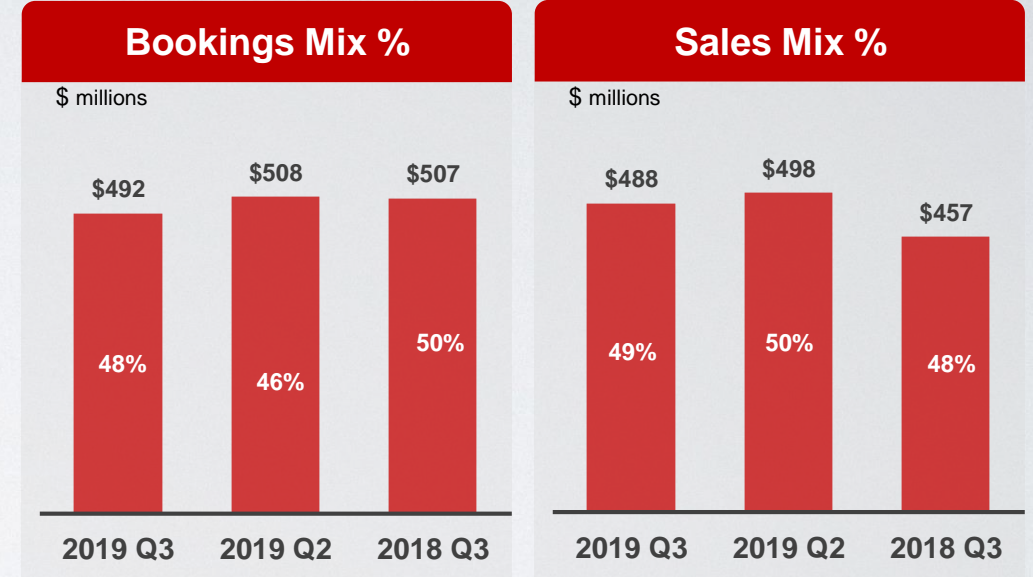
Original Equipment / Aftermarket Mix

Original Equipment



- Original equipment bookings increased 5.6%, or 7.7% constant currency vs. Q3 2018
- Original equipment sales increased 2.8%, or 4.6% constant currency vs. Q3 2018

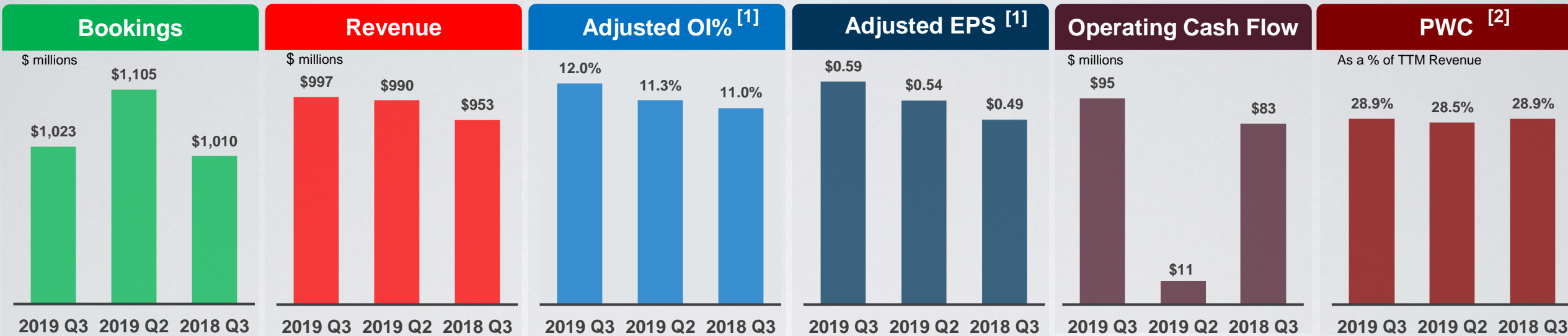
Aftermarket



- Aftermarket bookings decreased 3.0%, or 0.7% constant currency vs. Q3 2018
- Aftermarket sales increased 6.7%, or 9.4% constant currency vs. Q3 2018

2019 Q3 Booking and Sales include headwind from 2018 business divestitures of approximately 0.6% and 0.5%, respectively

Q3 2019 Financial Scorecard^[1]



Q3 Highlights

- Organic* bookings growth of 4.1% driven by transformation growth initiatives and strength in power and chemical markets
- Organic* revenue increased 7.4%, including FPD's aftermarket growth and FCD's OE growth
- Adjusted operating margin increased 100 basis points on continued operational improvement and tight SG&A control^[1]
- Adjusted EPS of \$0.59 increased over 20% on continued FLS 2.0 transformation progress and solid sales leverage^[1]
- Operating cash flow increased roughly 15% versus prior year as we continue to drive progress with sustainable, systemic process improvement

[1] See table on page 10 for reconciliation to corresponding GAAP-based measure

[2] Primary working capital "PWC" includes accounts receivable, inventory, contract assets, accounts payable and contract liabilities.

* Adjusted for currency and divestitures

2019 Guidance Assumptions

Guidance Assumptions	Prior Guidance	2019 Guidance ^[1]
Revenue Guidance ^[2]	4% - 5%	2.5% - 3.5%
Reported EPS Guidance	\$1.75 - \$1.90	\$1.85 - \$1.90
Adjusted EPS Guidance ^[3]	\$2.05 - \$2.20	\$2.15 - \$2.20
EUR Rate	1.12	1.11
Adjusted Tax Rate	26% - 28%	25% - 27%
Capital Expenditures	\$90 - \$100 million	\$75 - \$85 million

[1] 2019 Reported and Adjusted EPS guidance updated October 31, 2019, assumes 132 million diluted shares

[2] 2019 Revenue guidance includes approximately 3.0% negative impact from currency and 2018 divestitures

[3] Adjusted EPS guidance excludes expected realignment and transformation charges of approximately \$50 million, below-the-line FX impact and other specific discrete items.

Questions & Answers



Appendix



Q3 2019 Consolidated Financial Results

3rd Quarter						3rd Quarter Adjusted					
(\$ millions)	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019 Adjusted Items	2019 Adjusted Results	2018 Adjusted Results	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 1,023.4	\$ 1,010.4	\$ 13.0	1.3%	3.5%	\$ -	\$ 1,023.4	\$ 1,010.4	\$ 13.0	1.3%	3.5%
Sales	\$ 996.5	\$ 952.7	\$ 43.8	4.6%	6.9%	\$ -	\$ 996.5	\$ 952.7	\$ 43.8	4.6%	6.9%
Gross Profit	\$ 333.7	\$ 308.5	\$ 25.2	8.2%		\$ (3.4) ⁽¹⁾	\$ 337.1	\$ 316.7 ⁽⁵⁾	\$ 20.4	6.4%	
Gross Margin (%)	33.5%	32.4%		110 bps			33.8%	33.2%		60 bps	
SG&A	\$ 226.2	\$ 241.9	\$ (15.7)	-6.5%	-4.8%	\$ 6.4 ⁽²⁾	\$ 219.8	\$ 215.0 ⁽⁶⁾	\$ 4.8	2.2%	4.1%
SG&A (%)	22.7%	25.4%		(270) bps			22.1%	22.6%		(50) bps	
Loss on Sale of businesses	\$ -	\$ (7.7)	\$ 7.7			\$ -	\$ -	\$ - ⁽⁷⁾	\$ -	-	
Income from Affiliates	\$ 2.1	\$ 3.3	\$ (1.2)	-36.4%		\$ -	\$ 2.1	\$ 3.3	\$ (1.2)	-36.4%	
Operating Income	\$ 109.6	\$ 62.2	\$ 47.4	76.2%	79.8%	\$ (9.9)	\$ 119.4	\$ 105.0	\$ 14.4	13.7%	15.9%
Operating Margin (%)	11.0%	6.5%		450 bps			12.0%	11.0%		100 bps	
Other (Expense)/Income, net **	\$ (1.6)	\$ (5.3)	\$ 3.7	-69.8%		\$ (0.9) ⁽³⁾	\$ (0.7)	\$ (1.0) ⁽⁸⁾	\$ 0.3	-30.0%	
Tax Expense	\$ (25.6)	\$ (14.9)	\$ (10.7)	71.8%		\$ 2.1 ⁽⁴⁾	\$ (27.7)	\$ (26.4) ⁽⁹⁾	\$ 1.3	4.9%	
Net Earnings	\$ 68.4	\$ 28.2	\$ 40.2	142.6%		\$ (8.7)	\$ 77.2	\$ 63.8	\$ 13.4	21.0%	
Diluted EPS	\$ 0.52	\$ 0.21	\$ 0.31	147.6%		\$ (0.07)	\$ 0.59	\$ 0.49	\$ 0.10	20.4%	

- Diluted EPS calculated using fully diluted shares of 131.8 and 131.4 million shares for Q3 2019 and Q3 2018, respectively

* Constant FX represents the year-over-year variance assuming 2019 results at 2018 FX rates

1. Cost of sales includes realignment charges
2. SG&A includes \$1.4 million of net realignment charges and \$5.0 million of transformation charges
3. Below-the-line FX impacts
4. Includes tax impact of above items

** Third Quarter 2019 and 2018 include losses of \$0.9 million and \$4.3 million arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts, respectively

5. Excludes \$8.2 million of realignment charges
6. Excludes \$2.9 million of realignment charges and \$24.0 million of transformation charges
7. Excludes \$7.7 million loss on sale of FPD assets
8. Excludes \$4.3 million below-the-line FX loss
9. Excludes tax impact of above items

Year-to-Date 2019 Consolidated Financial Results

Year-to-Date						Year-to-Date Adjusted					
(\$ millions)	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019 Adjusted Items	2019 Adjusted Results	2018 Adjusted Results	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 3,188.4	\$ 2,974.5	\$ 213.9	7.2%	10.5%	\$ -	\$ 3,188.4	\$ 2,974.5	\$ 213.9	7.2%	10.5%
Sales	\$ 2,876.7	\$ 2,845.8	\$ 30.9	1.1%	4.0%	\$ -	\$ 2,876.7	\$ 2,845.8	\$ 30.9	1.1%	4.0%
Gross Profit	\$ 945.8	\$ 866.0	\$ 79.8	9.2%		\$ (12.8) ⁽¹⁾	\$ 958.6	\$ 905.3 ⁽⁵⁾	\$ 53.3	5.9%	
Gross Margin (%)	32.9%	30.4%		250 bps			33.3%	31.8%		150 bps	
SG&A	\$ 655.0	\$ 711.8	\$ (56.8)	-8.0%	-5.8%	\$ 7.4 ⁽²⁾	\$ 647.6	\$ 655.7 ⁽⁶⁾	\$ (8.1)	-1.2%	1.2%
SG&A (%)	22.8%	25.0%		(220) bps			22.5%	23.0%		(50) bps	
(Loss) / Gain on Sale of businesses	\$ -	\$ (7.7)	\$ 7.7	-		\$ - ⁽³⁾	\$ -	\$ - ⁽⁷⁾	\$ -	-	
Income from Affiliates	\$ 8.1	\$ 7.9	\$ 0.2	2.5%		\$ -	\$ 8.1	\$ 7.9	\$ 0.2	2.5%	
Operating Income	\$ 298.8	\$ 154.3	\$ 144.5	93.6%	100.7%	\$ (20.2)	\$ 319.0	\$ 257.4	\$ 61.6	23.9%	28.2%
Operating Margin (%)	10.4%	5.4%		500 bps			11.1%	9.0%		210 bps	
Other (Expense)/Income, net **	\$ (8.1)	\$ (17.2)	\$ 9.1	-52.9%		\$ (6.7) ⁽³⁾	\$ (1.4)	\$ (0.8) ⁽⁸⁾	\$ (0.6)	75.0%	
Tax Expense	\$ (64.6)	\$ (37.0)	\$ 27.6	74.6%		\$ 8.3 ⁽⁴⁾	\$ (72.9)	\$ (59.9) ⁽⁹⁾	\$ 13.0	21.7%	
Net Earnings	\$ 183.9	\$ 56.6	\$ 127.3	224.9%		\$ (18.6)	\$ 202.5	\$ 153.2	\$ 49.3	32.2%	
Diluted EPS	\$ 1.40	\$ 0.43	\$ 0.97	225.6%		\$ (0.14)	\$ 1.54	\$ 1.17	\$ 0.37	31.6%	

- Diluted EPS calculated using fully diluted shares of 131.7 and 131.2 million shares for YTD 2019 and YTD 2018, respectively

* Constant FX represents the year-over-year variance assuming 2019 results at 2018 FX rates

1. Cost of sales includes realignment charges
2. SG&A includes \$13.6 million of net realignment benefit and \$21.0 million of transformation charges
3. Below-the-line FX impacts
4. Includes tax impact of above items

** YTD 2019 and 2018 include losses of \$6.7 million and \$16.4 million arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts, respectively

5. Excludes \$31.6 million of realignment charges and \$7.7 million FPD asset write-down
6. Excludes \$11.7 million of realignment charges, \$9.7 million of FPD asset write-down, \$27.4 million of transformation charges and \$7.3 million of discrete corporate items
7. Excludes \$7.7 million loss on sale of FPD assets
8. Excludes \$16.4 million below-the-line FX loss
9. Excludes tax impact of above items

Flowserve Pump Division

Q3 2019 Segment Results

(\$ millions)	3rd Quarter					Year-to-Date				
	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 742.1	\$ 698.4	\$ 43.7	6.3%	8.7%	\$ 2,253.5	\$ 2,023.2	\$ 230.3	11.4%	14.9%
Sales	\$ 682.7	\$ 648.0	\$ 34.7	5.4%	7.7%	\$ 1,966.8	\$ 1,960.8	\$ 6.0	0.3%	3.3%
Gross Profit	\$ 230.4	\$ 199.9	\$ 30.5	15.3%		\$ 653.8	\$ 569.6	\$ 84.2	14.8%	
Gross Margin (%)	33.7%	30.8%		290 bps		33.2%	29.0%		420 bps	
SG&A	\$ 147.1	\$ 139.0	\$ 8.1	5.8%	7.8%	\$ 419.7	\$ 447.8	\$ (28.1)	-6.3%	-3.8%
SG&A (%)	21.5%	21.5%		-		21.3%	22.8%		(150) bps	
Loss on Sale of businesses	\$ -	\$ (7.7)	\$ 7.7	-		\$ -	\$ (7.7)	\$ -	-	
Income from Affiliates	\$ 2.2	\$ 3.3	\$ (1.1)	-33.3%		\$ 8.0	\$ 8.7	\$ (0.7)	-8.0%	
Operating Income	\$ 85.5	\$ 56.5	\$ 29.0	51.3%	55.0%	\$ 242.1	\$ 122.8	\$ 119.3	97.1%	104.7%
Operating Margin (%)	12.5%	8.7%		380 bps		12.3%	6.3%		600 bps	
Adjusted Operating Income**	\$ 88.5	\$ 71.1	\$ 17.4	24.5%	27.4%	\$ 237.2	\$ 180.9	\$ 56.3	31.1%	36.2%
Adjusted Operating Margin**	13.0%	11.0%		200 bps		12.1%	9.2%		290 bps	

* Constant FX represents the year over year variance assuming 2019 results at 2018 FX rates

** Adjusted Operating Income and Adjusted Operating Margin exclude realignment charges of \$3.0 million and (\$4.9) million for Q3 2019 and YTD 2019, respectively, and \$6.9 million and \$33.0 million for Q3 2018 and YTD 2018, respectively, and FPD asset write-down of \$17.4 million YTD 2018 and \$7.7 million loss on sale of FPD asset for Q3 2018 and YTD 2018, respectively

Flowserve Pump Division

Q3 2019 Bookings and Sales

3rd Quarter 2019						Year-to-Date			
(\$ millions)		2019	2018	Delta (%)	Constant FX(%)*	2019	2018	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	322	265	22%	25%	962	763	26%	31%
		43%	38%	500 bps		43%	38%	500 bps	
	AM	420	433	-3%	-1%	1,291	1,260	2%	5%
		57%	62%	(500) bps		57%	62%	(500) bps	
Sales Mix **	OE	257	256	-	3%	707	757	-7%	-4%
		38%	40%	(200) bps		36%	39%	(300) bps	
	AM	426	392	9%	11%	1,260	1,204	5%	8%
		62%	60%	200 bps		64%	61%	300 bps	

* Constant FX represents the year over year variance assuming 2019 results at 2018 FX rates

** Gross bookings and sales do not include interdivision eliminations

Flow Control Division

Q3 2019 Segment Results

(\$ millions)	3rd Quarter					Year-to-Date				
	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 282.7	\$ 314.2	\$ (31.5)	-10.0%	-8.3%	\$ 942.8	\$ 957.9	\$ (15.1)	-1.6%	1.2%
Sales	\$ 314.8	\$ 306.2	\$ 8.6	2.8%	4.9%	\$ 913.9	\$ 889.9	\$ 24.0	2.7%	5.5%
Gross Profit	\$ 102.6	\$ 109.4	\$ (6.8)	-6.2%		\$ 299.8	\$ 298.6	\$ 1.2	0.4%	
Gross Margin (%)	32.6%	35.7%		(310) bps		32.8%	33.6%		(80) bps	
SG&A	\$ 52.6	\$ 52.9	\$ (0.3)	-0.6%	1.3%	\$ 159.2	\$ 161.1	\$ (1.9)	-1.2%	1.2%
SG&A (%)	16.7%	17.3%		(60) bps		17.4%	18.1%		(70) bps	
Income from Affiliates	\$ (0.0)	\$ (0.1)	\$ 0.1	-		\$ 0.0	\$ (0.7)	\$ 0.7	-	
Operating Income	\$ 50.0	\$ 56.4	\$ (6.4)	-11.3%	-10.6%	\$ 140.6	\$ 136.7	\$ 3.9	2.9%	4.8%
Operating Margin (%)	15.9%	18.4%		(250) bps		15.4%	15.4%		0 bps	
Adjusted Operating Income**	\$ 50.8	\$ 56.9	\$ (6.1)	-10.7%	-10.0%	\$ 142.4	\$ 141.3	\$ 1.1	0.8%	2.7%
Adjusted Operating Margin***	16.1%	18.6%		(250) bps		15.6%	15.9%		(30) bps	

* Constant FX represents the year over year variance assuming 2019 results at 2018 FX rates

** Adjusted Operating Income and Adjusted Operating Margin exclude realignment charges of \$0.8 million and \$1.8 million for Q3 2019 and YTD 2019, respectively, and \$0.5 million and \$4.6 million for Q3 2018 and YTD 2018, respectively

Flow Control Division

Q3 2019 Bookings and Sales

3rd Quarter 2019						Year-to-Date			
(\$ millions)		2019	2018	Delta (%)	Constant FX(%)*	2019	2018	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	210	240	-12%	-11%	720	722	-	1%
		74%	76%	(200) bps		76%	75%	100 bps	
	AM	72	74	-2%	2%	223	236	-6%	-
		26%	24%	200 bps		24%	25%	(100) bps	
Sales Mix **	OE	253	241	5%	6%	717	692	4%	5%
		80%	79%	100 bps		79%	78%	100 bps	
	AM	62	66	-6%	-	197	198	-	7%
		20%	21%	(100) bps		21%	22%	(100) bps	

* Constant FX represents the year over year variance assuming 2019 results at 2018 FX rates

** Gross bookings and sales do not include interdivision eliminations



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