



Second Quarter 2019 Earnings Conference Call

August 1, 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.

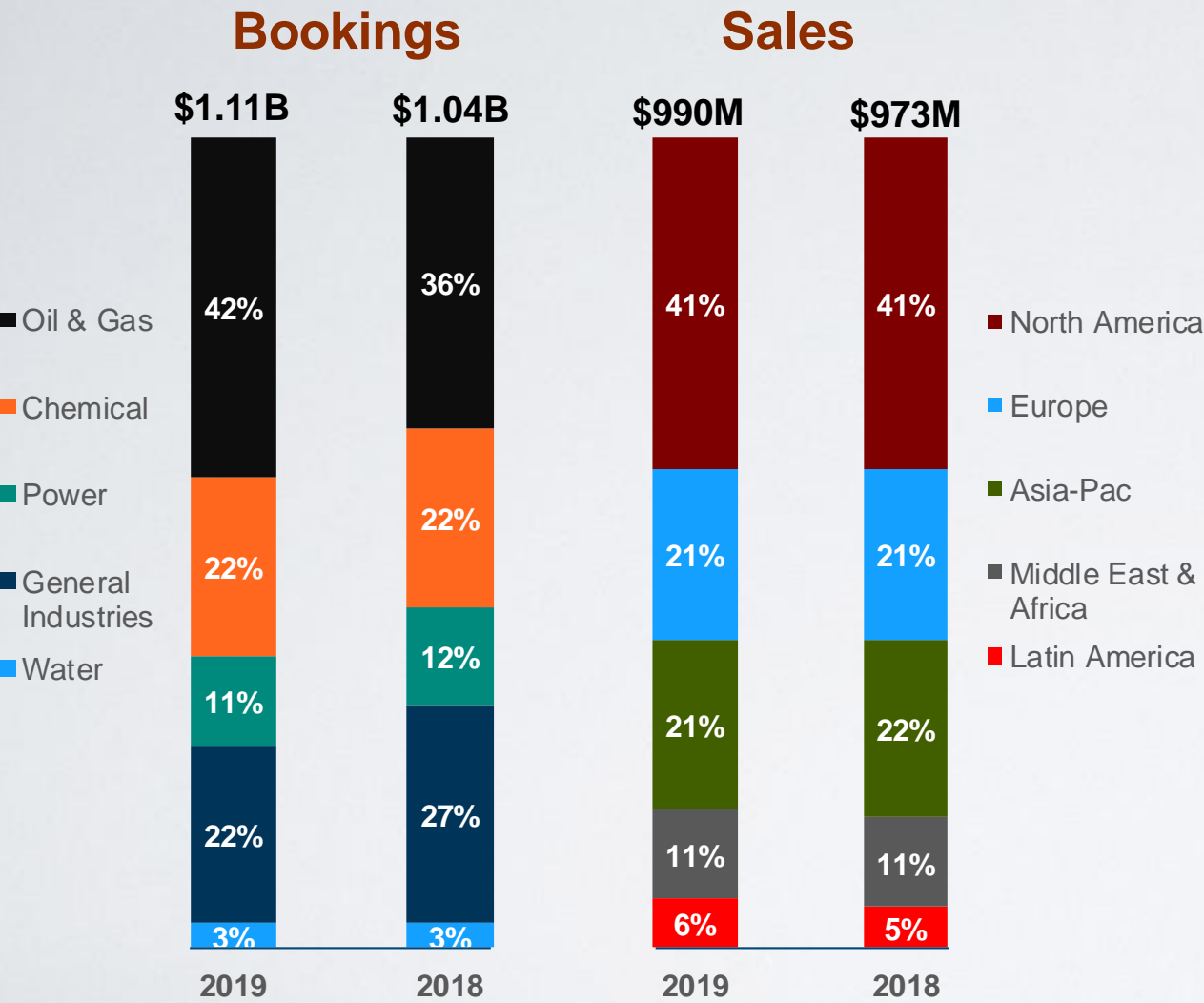
Q2 2019 Overview

- Q2 2019 Reported and Adjusted EPS of \$0.44 and \$0.54*
- Bookings increased 6.5%, or 9.9% constant currency
 - Strong original equipment growth of 11.9% driven by oil and gas, chemical and water strength
 - Aftermarket bookings increased 0.8%, or 4.5% constant currency
- Revenue increased 1.7%, or approximately 6.2% excluding currency and divestiture headwinds
- Adjusted gross and operating margins increased 60 and 200 basis points to 32.5% and 11.3%*
 - Strong results driven by continued FLS 2.0 transformation progress
- Strong first half operating cash flow improvement of \$106 million versus prior year
- Backlog increased 14% versus 2018 year-end backlog on 1.12 book-to-bill

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



Q2 Bookings & Sales Mix



End-Markets

Oil & Gas

- Greenfield LNG projects continue progressing towards FID
- North American pipeline build continues to provide opportunities
- Global refinery expansions and upgrades driven by regulatory changes and increased focus on maintenance and efficiency

Chemical

- Global demand outlook continues to support increased Middle East and North American ethylene and derivative project investment
- National oil companies investing further up the petrochemical value chain in the Middle East, Asia and North America

Power

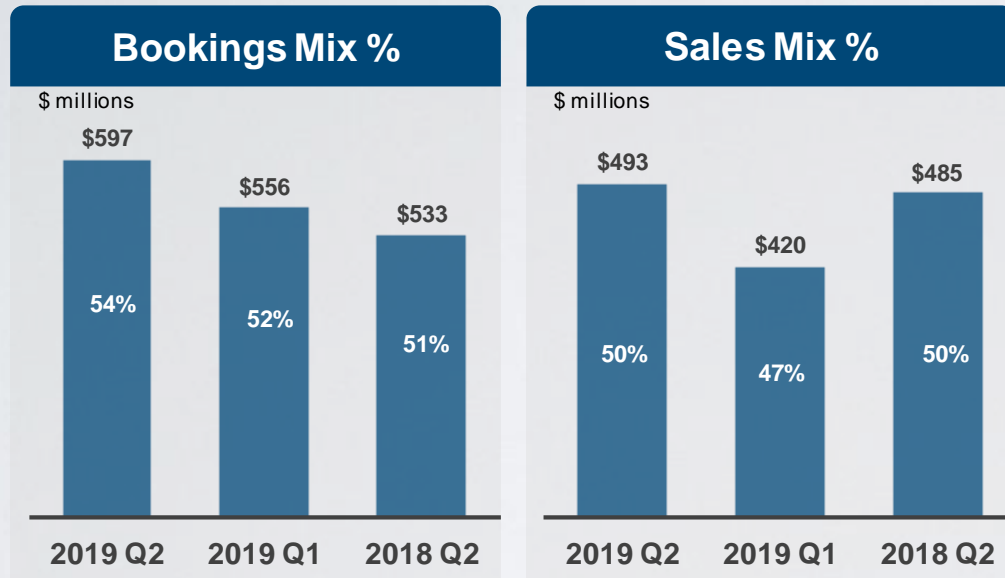
- Limited and competitive fossil investment with opportunities in fuel switching and current capacity maintenance
- Growing opportunity in thermal solar where we are uniquely positioned with proven, strong technical offering
- Investment to maintain and increase life of existing nuclear fleet continues to provide opportunity along with limited new construction

General Industries

- Macro uncertainty and commodity volatility impacting general industry markets and North American distribution

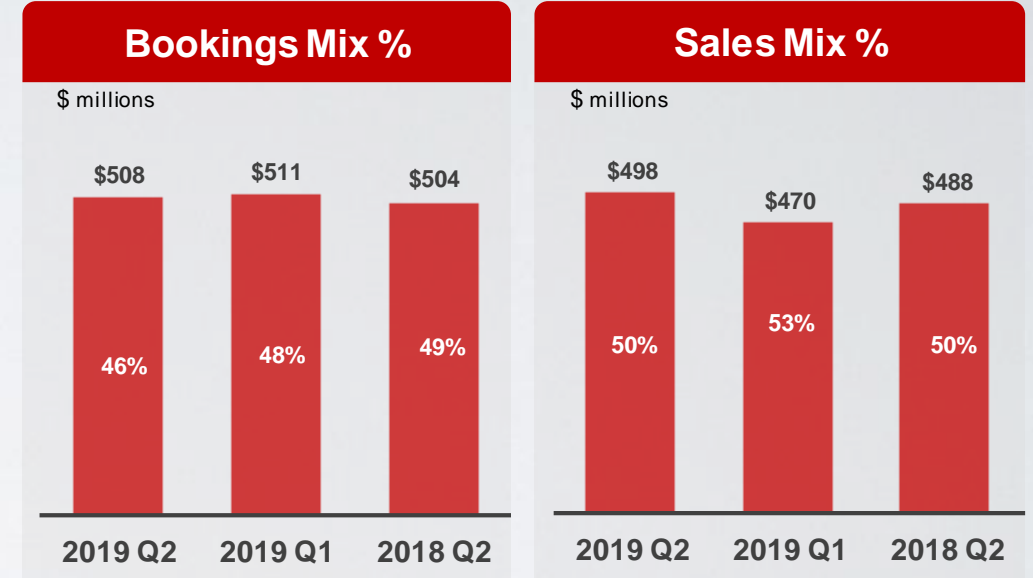
Original Equipment / Aftermarket Mix

Original Equipment



- Original equipment bookings increased 11.9%, or 15.0% constant currency vs. Q2 2018
- Original equipment sales increased 1.6%, or 3.9% constant currency vs. Q2 2018

Aftermarket



- Aftermarket bookings increased 0.8%, or 4.5% constant currency vs. Q2 2018
- Aftermarket sales increased 2.0%, or 5.4% constant currency vs. Q2 2018

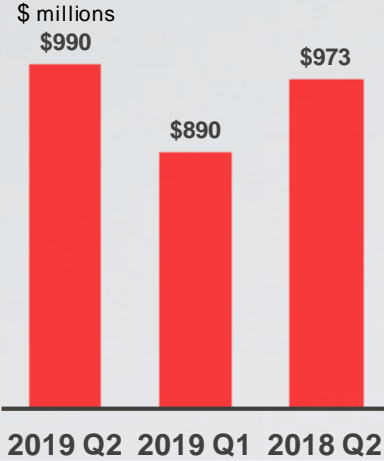
2019 Q2 Booking and Sales include headwind from 2018 business divestitures of approximately 1.0% and 1.5%, respectively

Q2 2019 Financial Scorecard^[1]

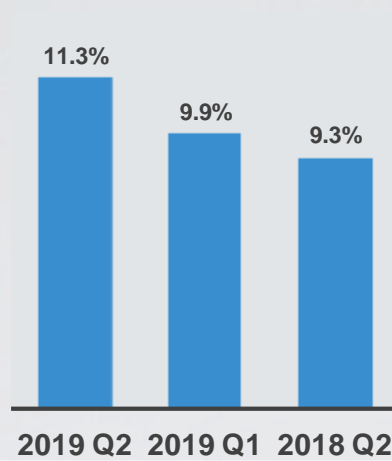
Bookings



Revenue



Adjusted OI%^[1]



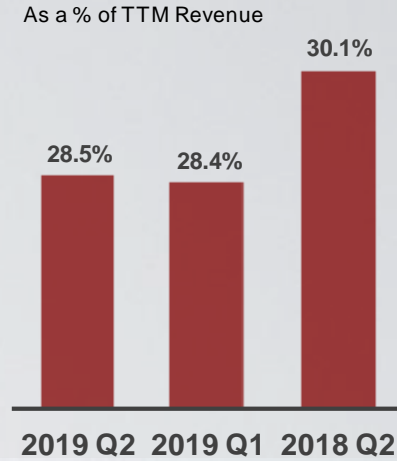
Adjusted EPS^[1]



Oper. Cash Flow



PWC^[2]



Q2 Highlights

- Bookings growth of 6.5% included strong OE increase of 11.9% driven by oil and gas growth of 22.4%
- Revenue increased 1.7% including roughly 4.5% headwinds from currency and divested assets
- Adjusted operating margin increased 200 basis points on continued operational improvement in planning, productivity and inventory management^[1]
- Adjusted EPS of \$0.54 increased over 30% on continued FLS 2.0 transformation progress^[1]
- Primary working capital as a percent of sales decreased 160 basis points on \$56 million improvement versus prior year second quarter

[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.

2019 Guidance Assumptions

Guidance Assumptions	2019 Prior Guidance	2019 Guidance ^[1]
Revenue Guidance ^[2]	4% - 6%	4% - 5%
Reported EPS Guidance	\$1.60 - \$1.80	\$1.75 - \$1.90
Adjusted EPS Guidance ^[3]	\$1.95 - \$2.15	\$2.05 - \$2.20
EUR Rate	1.16	1.12
Adjusted Tax Rate	26% - 28%	26% - 28%
Capital Expenditures	\$90 - \$100 million	\$90 - \$100 million

[1] 2019 Reported and Adjusted EPS guidance as of August 1, 2019, assumes 132 million diluted shares

[2] 2019 Revenue guidance includes approximately 2.5% 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



Q2 2019 Consolidated Financial Results

2nd Quarter						2nd Quarter Adjusted					
(\$ millions)	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019 Adjusted Items	2019 Adjusted Results	2018 Adjusted Results	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 1,105.0	\$ 1,037.3	\$ 67.7	6.5%	9.9%	\$ -	\$ 1,105.0	\$ 1,037.3	\$ 67.7	6.5%	9.9%
Sales	\$ 990.1	\$ 973.1	\$ 17.0	1.7%	4.7%	\$ -	\$ 990.1	\$ 973.1	\$ 17.0	1.7%	4.7%
Gross Profit	\$ 318.0	\$ 286.1	\$ 31.9	11.1%		\$ (3.9) ⁽¹⁾	\$ 321.9	\$ 310.0 ⁽⁵⁾	\$ 11.9	3.8%	
Gross Margin (%)	32.1%	29.4%		270 bps			32.5%	31.9%		60 bps	
SG&A	\$ 223.7	\$ 240.8	\$ (17.1)	-7.1%	-4.9%	\$ 10.0 ⁽²⁾	\$ 213.7	\$ 221.3 ⁽⁶⁾	\$ (7.6)	-3.4%	-1.1%
SG&A (%)	22.6%	24.7%		(210) bps			21.6%	22.7%		(110) bps	
Income from Affiliates	\$ 3.7	\$ 1.4	\$ 2.3	164.3%		\$ -	\$ 3.7	\$ 1.4	\$ 2.3	164.3%	
Operating Income	\$ 98.0	\$ 46.7	\$ 51.3	109.9%	117.2%	\$ (13.9)	\$ 111.9	\$ 90.1	\$ 21.8	24.2%	28.0%
Operating Margin (%)	9.9%	4.8%		510 bps			11.3%	9.3%		200 bps	
Other (Expense)/Income, net **	\$ (1.1)	\$ (3.4)	\$ 2.3	-67.6%		\$ (3.1) ⁽³⁾	\$ 2.0	\$ 0.7 ⁽⁷⁾	\$ 1.3	185.7%	
Tax Expense	\$ (22.4)	\$ (13.5)	\$ (8.9)	65.9%		\$ 3.5 ⁽⁴⁾	\$ (25.9)	\$ (19.7) ⁽⁸⁾	\$ 6.2	31.5%	
Net Earnings	\$ 58.2	\$ 13.2	\$ 45.0	340.9%		\$ (13.5)	\$ 71.6	\$ 54.5	\$ 17.1	31.4%	
Diluted EPS	\$ 0.44	\$ 0.10	\$ 0.34	340.0%		\$ (0.10)	\$ 0.54	\$ 0.41	\$ 0.13	31.7%	

- Diluted EPS calculated using fully diluted shares of 131.8 and 131.2 million shares for Q2 2019 and Q2 2018, respectively

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

1. Cost of sales includes \$3.9 million of realignment charges
2. SG&A includes \$2.4 million of net realignment charges and \$7.6 million of transformation charges
3. Below-the-line FX impacts
4. Includes tax impact of above items

** Second Quarter 2019 and 2018 include losses of \$3.1 million and \$4.1 million arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts, respectively

5. Excludes \$16.2 million of realignment charges and \$7.7 million FPD asset write-down
6. Excludes \$4.5 million of realignment charges and \$9.7 million of FPD asset write-down related to planned divestiture and \$5.3 million of discrete corporate items
7. Excludes \$4.1 million below-the-line FX loss
8. 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	\$ 2,165.1	\$ 1,965.8	\$ 199.3	10.1%	14.0%	\$ -	\$ 2,165.1	\$ 1,965.8	\$ 199.3	10.1%	14.0%
Sales	\$ 1,880.1	\$ 1,893.1	\$ (13.0)	-0.7%	2.6%	\$ -	\$ 1,880.1	\$ 1,893.1	\$ (13.0)	-0.7%	2.6%
Gross Profit	\$ 612.1	\$ 557.5	\$ 54.6	9.8%		\$ (9.4) ⁽¹⁾	\$ 621.5	\$ 588.6 ⁽⁵⁾	\$ 32.9	5.6%	
Gross Margin (%)	32.6%	29.4%		320 bps			33.1%	31.1%		200 bps	
SG&A	\$ 428.8	\$ 470.0	\$ (41.2)	-8.8%	-6.2%	\$ 1.0 ⁽²⁾	\$ 427.8	\$ 440.8 ⁽⁶⁾	\$ (13.0)	-2.9%	-0.3%
SG&A (%)	22.8%	24.8%		(200) bps			22.8%	23.3%		(50) bps	
Income from Affiliates	\$ 6.0	\$ 4.6	\$ 1.4	30.4%		\$ -	\$ 6.0	\$ 4.6	\$ 1.4	30.4%	
Operating Income	\$ 189.2	\$ 92.1	\$ 97.1	105.4%	114.9%	\$ (10.4)	\$ 199.6	\$ 152.4	\$ 47.2	31.0%	36.7%
Operating Margin (%)	10.1%	4.9%		520 bps			10.6%	8.1%		250 bps	
Other (Expense)/Income, net **	\$ (2.2)	\$ (9.0)	\$ 6.8	-75.6%		\$ (5.8) ⁽³⁾	\$ 3.6	\$ 3.0 ⁽⁷⁾	\$ 0.6	20.0%	
Tax Expense	\$ (39.0)	\$ (22.1)	\$ 16.9	76.5%		\$ 6.2 ⁽⁴⁾	\$ (45.2)	\$ (33.5) ⁽⁸⁾	\$ 11.7	34.9%	
Net Earnings	\$ 115.4	\$ 28.4	\$ 87.0	306.3%		\$ (10.0)	\$ 125.4	\$ 89.3	\$ 36.1	40.4%	
Diluted EPS	\$ 0.88	\$ 0.22	\$ 0.66	300.0%		\$ (0.08)	\$ 0.95	\$ 0.68	\$ 0.27	39.7%	

- Diluted EPS calculated using fully diluted shares of 131.6 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 \$9.4 million of realignment charges
2. SG&A includes \$15.0 million of net realignment benefit and \$16.0 million of transformation charges
3. Below-the-line FX impacts
4. Includes tax impact of above items

** YTD 2019 and 2018 include losses of \$5.8 million and \$12.0 million arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts, respectively

5. Excludes \$23.4 million of realignment charges and \$7.7 million FPD asset write-down
6. Excludes \$8.8 million of realignment charges and \$9.7 million of FPD asset write-down related to planned divestiture and \$10.7 million of discrete corporate items
7. Excludes \$12.0 million below-the-line FX loss
8. Excludes tax impact of above items

Flowserve Pump Division

Q2 2019 Segment Results

	2nd Quarter					Year-to-Date				
(\$ millions)	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 761.9	\$ 720.8	\$ 41.1	5.7%	9.2%	\$ 1,512.0	\$ 1,324.9	\$ 187.1	14.1%	18.2%
Sales	\$ 674.6	\$ 668.4	\$ 6.2	0.9%	3.9%	\$ 1,284.0	\$ 1,312.9	\$ (28.9)	-2.2%	1.1%
Gross Profit	\$ 222.7	\$ 186.4	\$ 36.3	19.5%		\$ 423.3	\$ 369.8	\$ 53.5	14.5%	
Gross Margin (%)	33.0%	27.9%		510 bps		33.0%	28.2%		480 bps	
SG&A	\$ 150.2	\$ 157.0	\$ (6.8)	-4.3%	-2.0%	\$ 272.6	\$ 308.7	\$ (36.1)	-11.7%	-9.0%
SG&A (%)	22.3%	23.5%		(120) bps		21.3%	23.6%		(230) bps	
Income from Affiliates	\$ 3.7	\$ 2.2	\$ 1.5	68.2%		\$ 5.9	\$ 5.3	\$ 0.6	11.3%	
Operating Income	\$ 76.2	\$ 31.6	\$ 44.6	141.1%	149.8%	\$ 156.6	\$ 66.3	\$ 90.3	136.2%	146.9%
Operating Margin (%)	11.3%	4.7%		660 bps		12.2%	5.0%		720 bps	
Adjusted Operating Income**	\$ 81.6	\$ 67.0	\$ 14.6	21.8%	25.9%	\$ 148.7	\$ 109.8	\$ 38.9	35.4%	41.9%
Adjusted Operating Margin%**	12.1%	10.0%		210 bps		11.6%	8.4%		320 bps	

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

** Adjusted Operating Income and Adjusted Operating Margin exclude net realignment expense/(benefit) of \$5.4 million and (\$7.9) million for Q2 2019 and YTD 2019, respectively, and \$18.0 million and \$26.1 million for Q2 2018 and YTD 2018, respectively, and FPD asset write-down of \$17.4 million for both Q2 2018 and YTD 2018

Flowserve Pump Division

Q2 2019 Bookings and Sales

		2nd Quarter				Year-to-Date			
(\$ millions)		2019	2018	Delta (%)	Constant FX(%)*	2019	2018	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	\$ 323	\$ 294	10%	14%	\$ 640	\$ 498	29%	34%
		42%	41%	100 bps		42%	38%	400 bps	
	AM	\$ 439	\$ 427	3%	6%	\$ 872	\$ 827	5%	9%
		58%	59%	(100) bps		58%	62%	(400) bps	
Sales Mix **	OE	\$ 244	\$ 249	-2%	1%	\$ 451	\$ 505	-11%	-7%
		36%	37%	(100) bps		35%	38%	(300) bps	
	AM	\$ 430	\$ 419	3%	5%	\$ 833	\$ 808	3%	6%
		64%	63%	100 bps		65%	62%	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

Q2 2019 Segment Results

2nd Quarter						Year-to-Date				
(\$ millions)	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 346.4	\$ 318.6	\$ 27.8	8.7%	11.9%	\$ 659.6	\$ 645.3	\$ 14.3	2.2%	5.4%
Sales	\$ 316.9	\$ 306.5	\$ 10.4	3.4%	6.3%	\$ 599.1	\$ 583.7	\$ 15.4	2.6%	5.8%
Gross Profit	\$ 99.4	\$ 101.0	\$ (1.6)	-1.6%		\$ 197.2	\$ 189.2	\$ 8.0	4.2%	
Gross Margin (%)	31.4%	33.0%		(160) bps		32.9%	32.4%		50 bps	
SG&A	\$ 53.3	\$ 53.9	\$ (0.6)	-1.1%	1.2%	\$ 106.6	\$ 108.2	\$ (1.6)	-1.5%	1.2%
SG&A (%)	16.9%	17.6%		(70) bps		17.8%	18.5%		(70) bps	
Income from Affiliates	\$ 0.1	\$ (0.7)	\$ 0.8	-		\$ -	\$ (0.7)	\$ 0.7	-	
Operating Income	\$ 46.2	\$ 46.4	\$ (0.2)	-0.4%	1.8%	\$ 90.6	\$ 80.3	\$ 10.3	12.8%	15.7%
Operating Margin (%)	14.6%	15.1%		(50) bps		15.1%	13.8%		130 bps	
Adjusted Operating Income**	\$ 46.4	\$ 48.2	\$ (1.8)	-3.7%	-1.5%	\$ 91.6	\$ 84.4	\$ 7.2	8.5%	11.3%
Adjusted Operating Margin%**	14.6%	15.7%		(110) bps		15.3%	14.5%		80 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 \$0.2 million and \$1.0 million for Q2 2019 and YTD 2019, respectively, and \$1.8 million and \$4.1 million for Q2 2018 and YTD 2018, respectively

Flow Control Division

Q2 2019 Bookings and Sales

		2nd Quarter				Year-to-Date			
(\$ millions)		2019	2018	Delta (%)	Constant FX(%)*	2019	2018	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	\$ 276	\$ 240	15%	17%	\$ 509	\$ 484	5%	7%
		80%	75%	500 bps		77%	75%	200 bps	
	AM	\$ 71	\$ 78	-10%	-3%	\$ 150	\$ 162	-7%	0%
		20%	25%	(500) bps		23%	25%	(200) bps	
Sales Mix **	OE	\$ 250	\$ 239	4%	6%	\$ 465	\$ 449	3%	4%
		79%	78%	100 bps		78%	77%	100 bps	
	AM	\$ 67	\$ 67	1%	8%	\$ 134	\$ 132	2%	10%
		21%	22%	(100) bps		22%	23%	(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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