



Fourth Quarter 2019 Earnings Conference Call

February 18, 2020

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" or other similar expressions are intended to identify forward-looking statements, which include, without limitation, earnings forecasts, statements relating to our business strategy and statements of expectations, beliefs, future plans and strategies and anticipated developments concerning our industry, business, operations and financial performance and condition.

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, epidemics or pandemics 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 in the appendix that reconcile these non-GAAP measures to their corresponding GAAP-based measures.

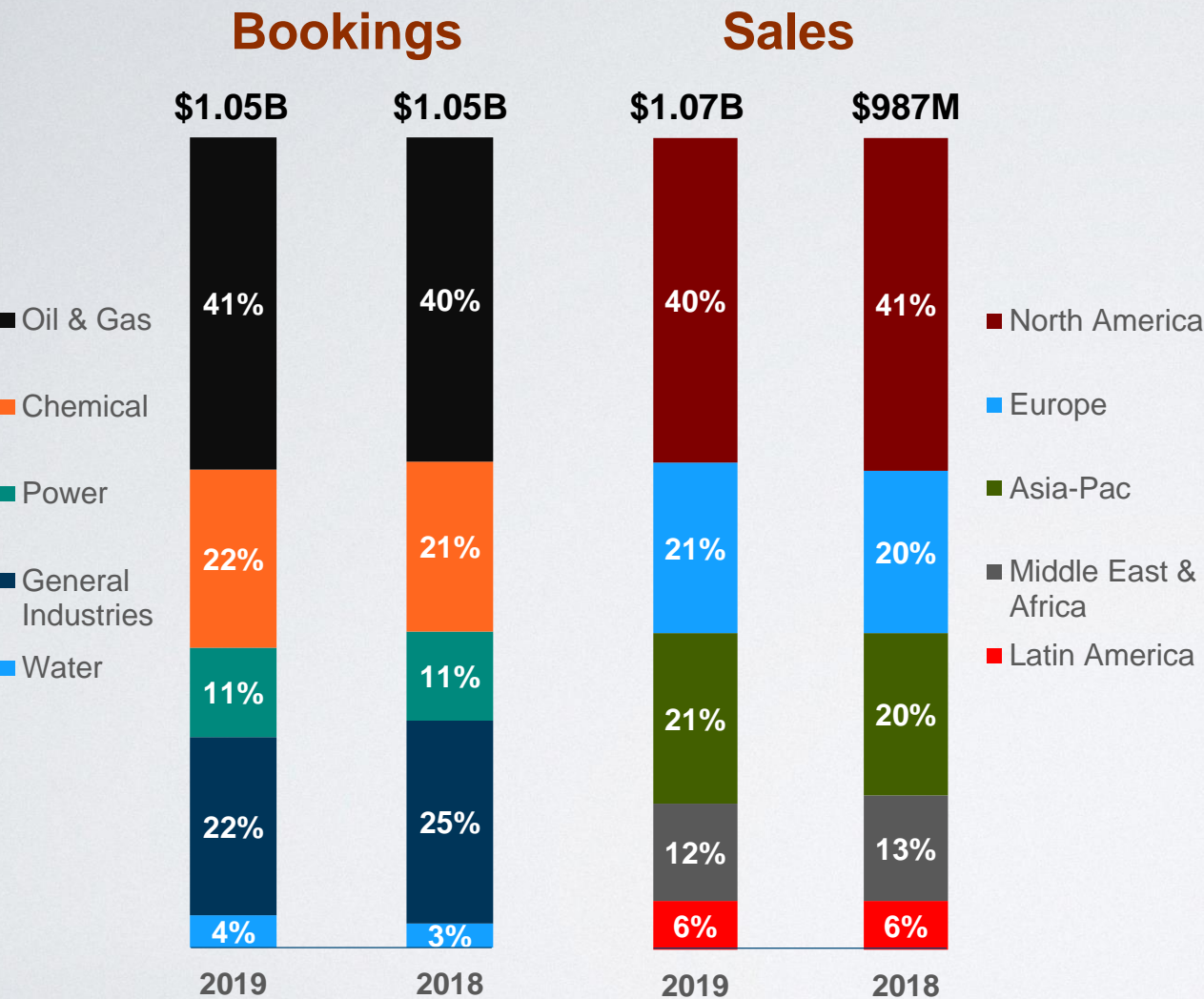
Q4 2019 Overview

- Q4 2019 Reported and Adjusted EPS of \$0.53 and \$0.66*
- Bookings increased 0.7%, or 1.7% constant currency
 - *Strong constant currency original equipment growth of 5.3% driven by oil and gas and power markets*
- Revenue increased 8.2%, or 9.3% constant currency driven primarily by conversion of strong backlog growth
- Backlog increased 14.0% versus 2018 year-end backlog
- Q4 Adjusted gross and operating margins decreased 50 and 10 basis points to 33.2% and 11.8%*
- Adjusted full-year gross and operating margins increased 100 and 150 basis points to 33.3% and 11.3%*
 - *FLS 2.0 transformation progress continues to drive operating improvement and earnings growth*
- Strong full-year free cash flow improvement of \$140 million versus prior year, including solid working capital progress

* See tables on pages 11 and 12 for reconciliation to corresponding GAAP-based measure

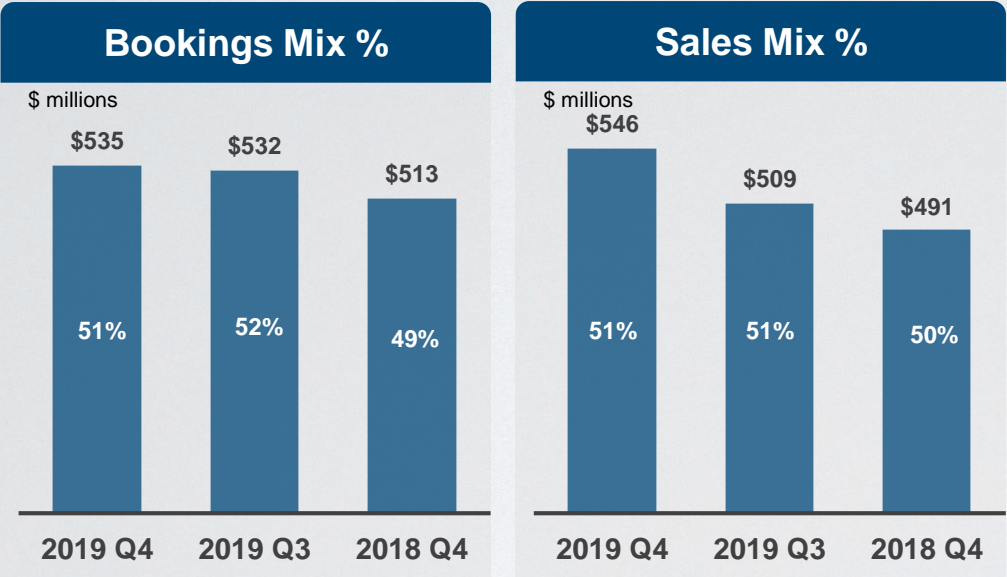


Q4 Bookings & Sales Mix



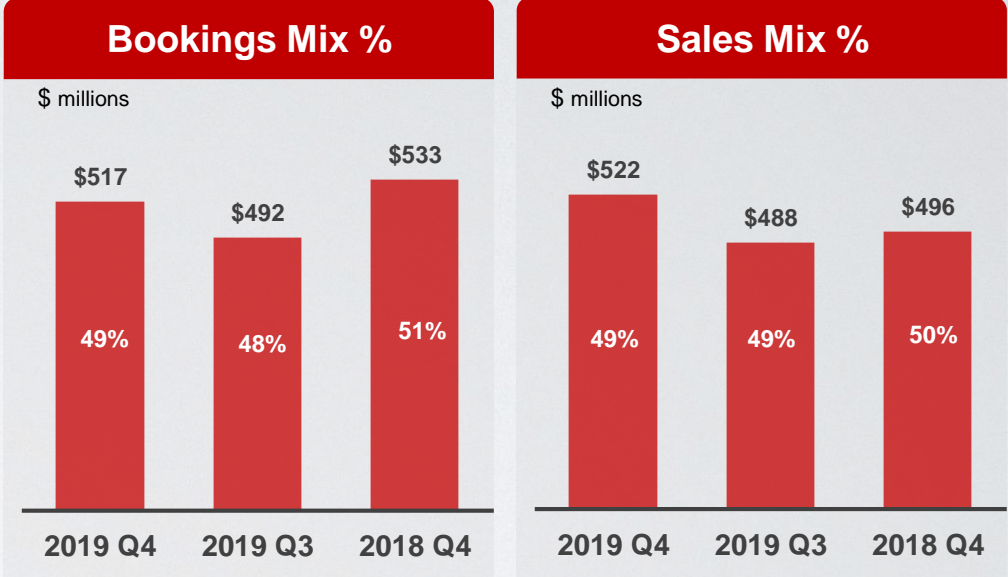
Original Equipment / Aftermarket Mix

Original Equipment



- Original equipment bookings increased 4.5%, or 5.3% constant currency vs. Q4 2018
- Original equipment sales increased 11.3%, or 12.1% constant currency vs. Q4 2018

Aftermarket

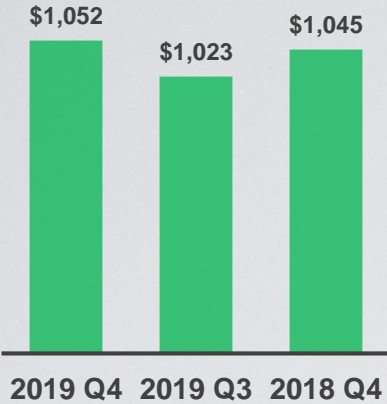


- Aftermarket bookings decreased 2.9%, or 1.8% constant currency vs. Q4 2018
- Aftermarket sales increased 5.3%, or 6.6% constant currency vs. Q4 2018

Q4 2019 Financial Scorecard^[1]

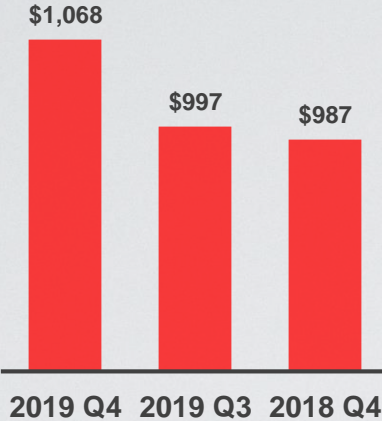
Bookings

\$ millions

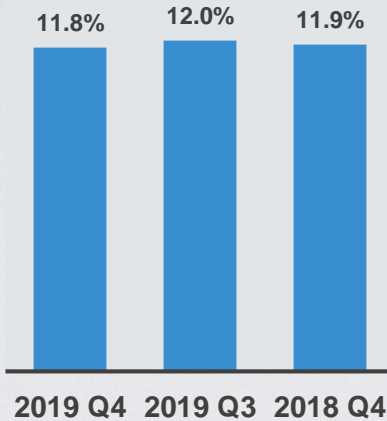


Revenue

\$ millions



Adjusted OI%^[1]

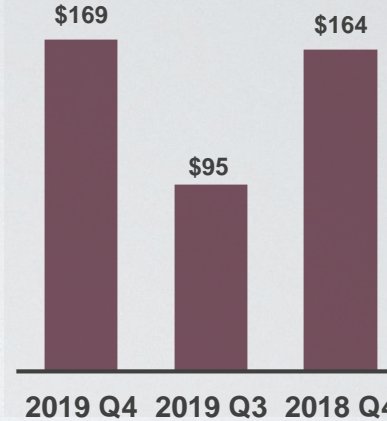


Adjusted EPS^[1]



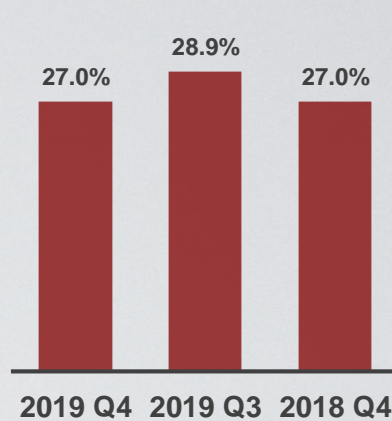
Operating Cash Flow

\$ millions



PWC^[2]

As a % of TTM Revenue



Q4 Highlights

- Constant currency bookings growth of 1.7% driven by transformation growth initiatives and strength in oil and gas and power markets
- Constant currency revenue increased 9.3%, including FPD's strong OE growth and both segments' AM growth
- Adjusted operating margin^[1] decreased 10 basis points as continued operational improvement and tight SG&A control offset mix headwinds
- Adjusted EPS^[1] of \$0.66 increased 13.8% on continued FLS 2.0 transformation progress and solid operating leverage
- Strong fourth quarter operating cash flow drove a 64% increase in full-year operating cash flow versus prior year

[1] See table on page 11 for reconciliation to corresponding GAAP-based measure

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

2020 Guidance Assumptions

Guidance Assumptions	2020 Guidance ^[1]
Revenue Guidance	3.0% - 5.0%
Reported EPS Guidance	\$2.05 - \$2.20
Adjusted EPS Guidance ^[2]	\$2.30 - \$2.45
EUR Rate	1.12
Adjusted Tax Rate	24% - 26%
Capital Expenditures	\$90 - \$100 million

[1] 2020 Reported and Adjusted EPS guidance as of February 18, 2020, assumes 132 million diluted shares

[2] Adjusted EPS guidance excludes expected realignment and transformation charges of approximately \$40 million, below-the-line FX impact and other specific discrete items.

Progress Towards Long-Term Targets

	2017	2018	2019	
Organic Year-over-Year Revenue Growth ^[2]	(9.1%)	5.0%	6.2%	✓
Adjusted Operating Margin ^[3]	8.8%	9.8%	11.3%	✓
Adjusted Free Cash Flow Conversion ^[4]	140.0%	46.0%	85.0%	✓
ROIC ^[5]	7.6%	10.7%	12.9%	✓



Strong progress towards our 2022 financial targets

[1] As presented at Flowserve's December 13, 2018 analyst day

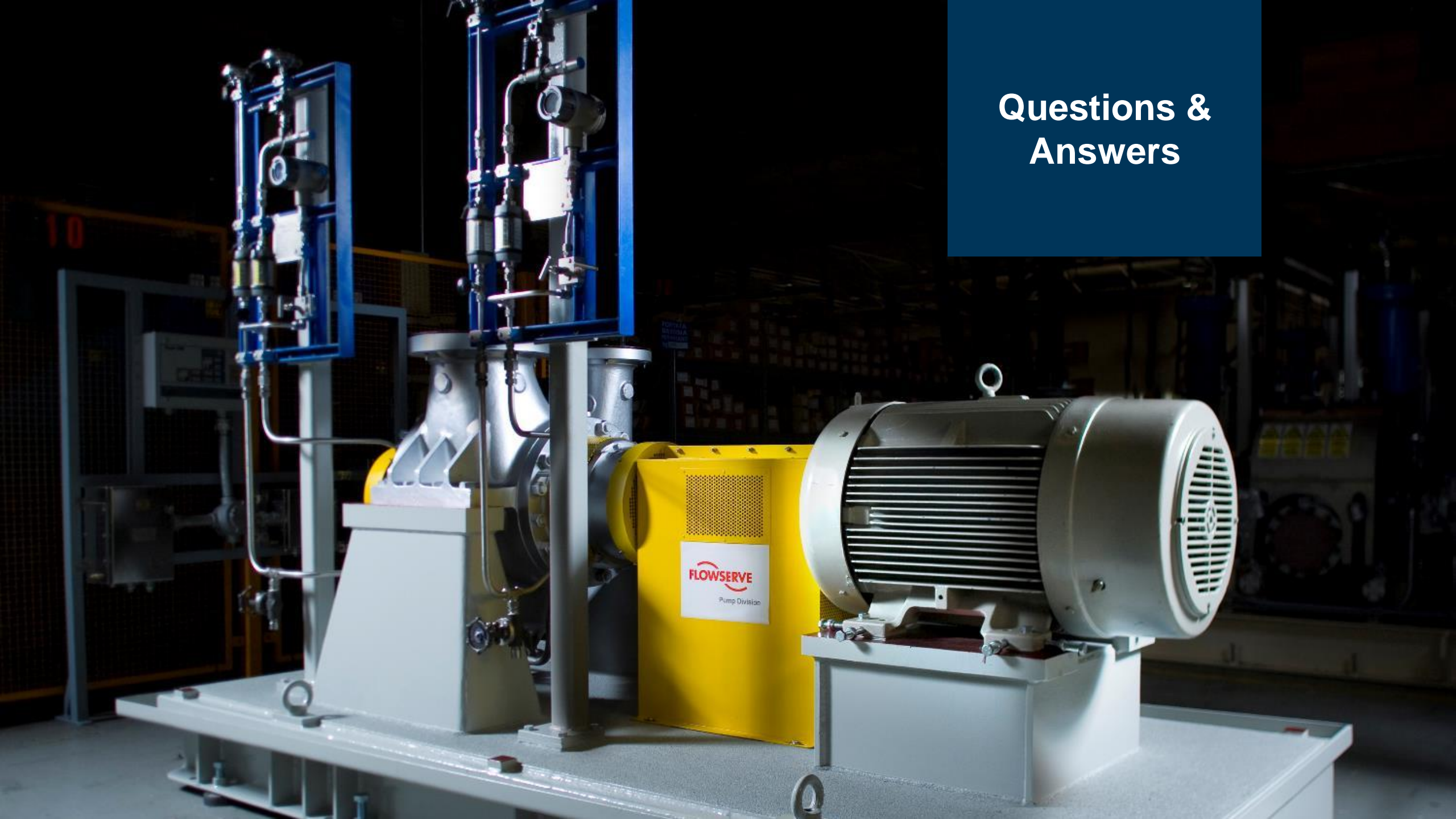
[2] Organic Revenue excludes foreign exchange and divestiture impacts. See reconciliation on page 18

[3] See reconciliation on pages 12 and 17

[4] (Cash Flow from Operations - Capital Expenditures) / Adjusted Net Income. See reconciliation on page 18

[5] (Adjusted Operating Income - Income Taxes +/- other adjusted items) / (Allowance for Doubtful Accounts + Debt + Equity - Cash). See page 19 for reconciliation

Questions & Answers



Appendix



Q4 2019 Consolidated Financial Results

4th Quarter						4th Quarter Adjusted					
(\$ millions)	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019 Adjusted Items	2019 Adjusted Results	2018 Adjusted Results	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 1,052.1	\$ 1,045.1	\$ 7.0	0.7%	1.7%	\$ -	\$ 1,052.1	\$ 1,045.1	\$ 7.0	0.7%	1.7%
Sales	\$ 1,068.2	\$ 986.9	\$ 81.3	8.2%	9.3%	\$ -	\$ 1,068.2	\$ 986.9	\$ 81.3	8.2%	9.3%
Gross Profit	\$ 349.6	\$ 321.8	\$ 27.8	8.6%		\$ (4.7) ⁽¹⁾	\$ 354.3	\$ 332.9 ⁽⁵⁾	\$ 21.4	6.4%	
Gross Margin (%)	32.7%	32.6%		10 bps			33.2%	33.7%		(50) bps	
SG&A	\$ 244.8	\$ 231.9	\$ 12.9	5.6%	6.4%	\$ 14.6 ⁽²⁾	\$ 230.2	\$ 218.6 ⁽⁶⁾	\$ 11.6	5.3%	6.2%
SG&A (%)	22.9%	23.5%		(60) bps			21.6%	22.2%		(60) bps	
Income from Affiliates	\$ 2.4	\$ 3.2	\$ (0.8)	-25.0%		\$ -	\$ 2.4	\$ 3.2	\$ (0.8)	-25.0%	
Operating Income	\$ 107.2	\$ 93.2	\$ 14.0	15.0%	16.5%	\$ (19.3)	\$ 126.5	\$ 117.6	\$ 8.9	7.6%	8.7%
Operating Margin (%)	10.0%	9.4%		60 bps			11.8%	11.9%		(10) bps	
Other Expense, net **	\$ (9.5)	\$ (2.4)	\$ 7.1	295.8%		\$ (7.7) ⁽³⁾	\$ (1.8)	- ⁽⁷⁾	\$ 1.8	-	
Tax Expense	\$ (15.4)	\$ (14.2)	\$ 1.2	8.5%		\$ 9.8 ⁽⁴⁾	\$ (25.2)	\$ (27.5) ⁽⁸⁾	\$ (2.3)	-8.4%	
Net Earnings	\$ 69.8	\$ 63.1	\$ 6.7	10.6%		\$ (17.2)	\$ 87.0	\$ 76.6	\$ 10.4	13.6%	
Diluted EPS	\$ 0.53	\$ 0.48	\$ 0.05	10.4%		\$ (0.13)	\$ 0.66	\$ 0.58	\$ 0.08	13.8%	

- Diluted EPS calculated using fully diluted shares of 131.7 and 131.4 million shares for Q4 2019 and Q4 2018, respectively

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

1. Cost of sales includes \$4.5 million of realignment charges and \$0.2 million of voluntary retirement program charges
2. SG&A includes \$4.3 million of realignment charges, \$7.0 million of transformation charges and \$3.3 million of voluntary retirement program charges
3. Below-the-line FX impacts
4. Includes tax impact of above items and exit tax benefit of \$4.0 million

** Fourth Quarter 2019 and 2018 include losses of \$7.7 million and \$2.4 million arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts, respectively

5. Excludes \$11.1 million of realignment charges
6. Excludes \$0.5 million of realignment credit and \$13.8 million of transformation charges
7. Excludes \$2.4 million below-the-line FX loss
8. Excludes tax impact of above items

Full Year 2019 Consolidated Financial Results

(\$ millions)	Full Year					Full Year Adjusted					
	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019 Adjusted Items	2019 Adjusted Results	2018 Adjusted Results	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 4,238.3	\$ 4,019.8	\$ 218.5	5.4%	8.1%	\$ -	\$ 4,238.3	\$ 4,019.8	\$ 218.5	5.4%	8.1%
Sales	\$ 3,944.8	\$ 3,832.7	\$ 112.1	2.9%	5.4%	\$ -	\$ 3,944.8	\$ 3,832.7	\$ 112.1	2.9%	5.4%
Gross Profit	\$ 1,295.4	\$ 1,187.8	\$ 107.6	9.1%		\$ (17.4) ⁽¹⁾	\$ 1,312.8	\$ 1,238.2 ⁽⁵⁾	\$ 74.6	6.0%	
Gross Margin (%)	32.8%	31.0%		180 bps			33.3%	32.3%		100 bps	
SG&A	\$ 899.8	\$ 943.7	\$ (43.9)	-4.7%	-2.8%	\$ 22.0 ⁽²⁾	\$ 877.8	\$ 874.3 ⁽⁶⁾	\$ 3.5	0.4%	2.4%
SG&A (%)	22.8%	24.6%		(180) bps			22.3%	22.8%		(50) bps	
(Loss) on Sale of businesses	\$ -	\$ (7.7)	\$ 7.7	-		\$ -	\$ -	\$ - ⁽⁷⁾	\$ -	-	
Income from Affiliates	\$ 10.5	\$ 11.1	\$ (0.6)	-5.4%		\$ -	\$ 10.5	\$ 11.1	\$ (0.6)	-5.4%	
Operating Income	\$ 406.0	\$ 247.5	\$ 158.5	64.0%	69.0%	\$ (39.4)	\$ 445.4	\$ 375.0	\$ 70.4	18.8%	22.1%
Operating Margin (%)	10.3%	6.5%		380 bps			11.3%	9.8%		150 bps	
Other Expense, **	\$ (17.6)	\$ (19.6)	\$ 2.0	-10.2%		\$ (14.5) ⁽³⁾	\$ (3.1)	\$ (0.9) ⁽⁸⁾	\$ 2.2	244.4%	
Tax Expense	\$ (80.1)	\$ (51.2)	\$ 28.9	56.4%		\$ 18.1 ⁽⁴⁾	\$ (98.2)	\$ (87.4) ⁽⁹⁾	\$ 10.8	12.4%	
Net Earnings	\$ 253.7	\$ 119.7	\$ 134.0	111.9%		\$ (35.8)	\$ 289.5	\$ 229.8	\$ 59.7	26.0%	
Diluted EPS	\$ 1.93	\$ 0.91	\$ 1.02	112.1%		\$ (0.27)	\$ 2.20	\$ 1.75	\$ 0.45	25.7%	

- Diluted EPS calculated using fully diluted shares of 131.7 and 131.3 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 \$17.2 million of realignment charges and \$0.2 million of voluntary retirement program charges
2. SG&A includes \$9.3 million of net realignment benefit, \$28.0 million of transformation charges and \$3.3 million of voluntary retirement program charges
3. Below-the-line FX impacts
4. Includes tax impact of above items and exit tax benefit of \$4.0 million

** YTD 2019 and 2018 include losses of \$14.5 million and \$18.7 million arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts, respectively

5. Excludes \$42.7 million of realignment charges and \$7.7 million FPD asset write-down
6. Excludes \$11.2 million of realignment charges, \$9.7 million of FPD asset write-down, \$41.2 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 \$18.7 million below-the-line FX loss
9. Excludes tax impact of above items

Flowserve Pump Division

2019 Segment Results

	4th Quarter					Full Year				
(\$ millions)	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 756.0	\$ 728.6	\$ 27.4	3.8%	4.9%	\$ 3,007.9	\$ 2,753.5	\$ 254.4	9.2%	12.1%
Sales	\$ 739.5	\$ 662.5	\$ 77.0	11.6%	12.7%	\$ 2,706.3	\$ 2,623.3	\$ 83.0	3.2%	5.7%
Gross Profit	\$ 245.6	\$ 206.1	\$ 39.5	19.2%		\$ 899.3	\$ 775.7	\$ 123.6	15.9%	
Gross Margin (%)	33.2%	31.1%		210 bps		33.2%	29.6%		360 bps	
SG&A	\$ 146.6	\$ 131.1	\$ 15.5	11.8%	12.8%	\$ 566.3	\$ 578.9	\$ (12.6)	-2.2%	-
SG&A (%)	19.8%	19.8%		- bps		20.9%	22.1%		(120) bps	
Loss on Sale of businesses	\$ -	\$ -	\$ -	-		\$ -	\$ (7.7)	\$ 7.7	-	
Income from Affiliates	\$ 2.4	\$ 3.2	\$ (0.8)	-25.0%		\$ 10.5	\$ 11.9	\$ (1.4)	-11.8%	
Operating Income	\$ 101.4	\$ 78.2	\$ 23.2	29.7%	31.1%	\$ 343.5	\$ 201.0	\$ 142.5	70.9%	76.0%
Operating Margin (%)	13.7%	11.8%		190 bps		12.7%	7.7%		500 bps	
Adjusted Operating Income**	\$ 104.7	\$ 90.6	\$ 14.1	15.6%	16.8%	\$ 341.9	\$ 271.5	\$ 70.4	25.9%	29.7%
Adjusted Operating Margin**	14.2%	13.7%		50 bps		12.6%	10.3%		230 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 (\$1.9) million for Q4 2019 and YTD 2019, respectively, and \$12.4 million and \$45.4 million for Q4 2018 and YTD 2018, respectively, FPD asset write-down of \$17.4 million YTD 2018, \$7.7 million loss on sale of FPD asset YTD 2018 and \$0.3 million of voluntary retirement program charges for Q4 2019 and YTD 2019

Flowserve Pump Division 2019 Bookings and Sales

		4th Quarter 2019				Full Year			
(\$ millions)		2019	2018	Delta (%)	Constant FX(%)*	2019	2018	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	301	267	13%	14%	1,261	1,031	22%	26%
		40%	37%	300 bps		42%	37%	500 bps	
	AM	455	462	-2%	-1%	1,747	1,722	1%	4%
		60%	63%	(300) bps		58%	63%	(500) bps	
Sales Mix **	OE	289	236	22%	23%	995	993	0%	3%
		39%	36%	300 bps		37%	38%	(100) bps	
	AM	451	426	6%	7%	1,711	1,630	5%	7%
		61%	64%	(300) bps		63%	62%	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

Flow Control Division

2019 Segment Results

(\$ millions)	4th Quarter					Year-to-Date				
	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*	2019	2018	Delta (\$)	Delta (%)	Constant FX(%)*
Bookings	\$ 298.6	\$ 318.0	\$ (19.4)	-6.1%	-5.3%	\$ 1,240.9	\$ 1,274.3	\$ (33.4)	-2.6%	-0.4%
Sales	\$ 330.2	\$ 325.9	\$ 4.3	1.3%	2.2%	\$ 1,244.0	\$ 1,215.8	\$ 28.2	2.3%	4.6%
Gross Profit	\$ 111.8	\$ 118.3	\$ (6.5)	-5.5%		\$ 411.6	\$ 416.9	\$ (5.3)	-1.3%	
Gross Margin (%)	33.9%	36.3%		(240) bps		33.1%	34.3%		(120) bps	
SG&A	\$ 54.4	\$ 53.8	\$ 0.6	1.1%	2.1%	\$ 213.6	\$ 215.0	\$ (1.4)	-0.7%	1.4%
SG&A (%)	16.5%	16.5%		-		17.2%	17.7%		(50) bps	
Income from Affiliates	\$ (0.1)	\$ -	\$ (0.1)	-		\$ 0.0	\$ (0.7)	\$ 0.7	-	
Operating Income	\$ 57.3	\$ 64.5	\$ (7.2)	-11.2%	-10.5%	\$ 198.0	\$ 201.2	\$ (3.2)	-1.6%	-0.1%
Operating Margin (%)	17.4%	19.8%		(240) bps		15.9%	16.5%		(60) bps	
Adjusted Operating Income**	\$ 61.7	\$ 62.8	\$ (1.1)	-1.8%	-1.2%	\$ 204.3	\$ 204.1	\$ 0.2	0.1%	1.6%
Adjusted Operating Margin%**	18.7%	19.3%		(60) bps		16.4%	16.8%		(40) 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 \$3.3 million and \$5.2 million for Q4 2019 and YTD 2019, respectively, and (\$1.7) million and \$2.9 million for Q4 2018 and YTD 2018, respectively, and \$1.1 million of voluntary retirement program charges for Q4 2019 and YTD 2019

Flow Control Division

2019 Bookings and Sales

		4th Quarter 2019				Full Year			
(\$ millions)		2019	2018	Delta (%)	Constant FX(%)*	2019	2018	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	236	247	-4%	-4%	955	967	-1%	0%
		79%	78%	100 bps		77%	76%	100 bps	
	AM	63	71	-12%	-10%	286	307	-7%	-2%
		21%	22%	(100) bps		23%	24%	(100) bps	
Sales Mix **	OE	258	255	1%	2%	975	947	3%	4%
		78%	78%	-		78%	78%	-	
	AM	72	71	2%	5%	269	268	0%	6%
		22%	22%	-		22%	22%	-	

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

** Gross bookings and sales do not include interdivision eliminations

Reconciliation of Non-GAAP Measures

(Amounts in millions, except per share data)	Twelve Months Ended December 31, 2017		
	As Reported (a)	Adjustments	As Adjusted
Sales	\$ 3,660.8	\$ -	\$ 3,660.8
Operating income	341.1	19.3 (1)	321.8
<i>Operating income as a percentage of sales</i>	9.3%		8.8%
Other (expense) income, net	(21.8)	(14.0) (2)	(7.8)
Earnings (loss) before income taxes	263.0	5.4	257.6
Provision for income taxes	(258.7)	(181.3) (3)	(77.4)
<i>Tax Rate</i>	98.4%	NM	30.0%
Net earnings (loss) attributable to Flowserve Corporation	\$ 2.7	\$ (175.8)	\$ 178.5
Diluted earnings per share	\$ 0.02	\$ (1.34)	\$ 1.36

(a) Reported in conformity with U.S. GAAP

(1) Includes \$71.3 million of realignment charges, \$4.4 million of PPA expense, \$29.0 million of asset impairment charges, \$17.3 million reserve for Latin America oil and gas contract and \$141.3 million gain on sale of businesses

(2) Below-the-line foreign exchange impacts

(3) Includes tax impact of footnotes (1) and (2), a \$115.3 million tax charge related to the U.S. Tax Cuts and Jobs Act of 2017 and certain tax valuation allowances totalling \$43.1 million

Reconciliation of Non-GAAP Measures

Organic Revenue Growth

\$ millions	2017	2018	2019
Reported Revenue	\$ 3,660.8	\$ 3,832.7	\$ 3,944.8
Foreign exchange impact	34.0	31.0	(94.0)
Divestiture impact		(41.2)	(31.0)
Organic Revenue	\$ 3,626.8	\$ 3,842.9	\$ 4,069.8
Prior Year Reported Revenue	\$ 3,990.5	\$ 3,660.8	\$ 3,832.7
Organic Revenue year-over-year growth	-9.1%	5.0%	6.2%

Adjusted Free Cash Flow Conversion

\$ millions	2017	2018	2019
Cash Flow from Operations	\$ 311.1	\$ 190.8	\$ 312.7
Capital Expenditures	(61.6)	(84.0)	(66.2)
Free Cash Flow	\$ 249.5	\$ 106.8	\$ 246.5
Adjusted Net Earnings	\$ 178.5	\$ 229.8	\$ 289.5
Adjusted Free Cash Flow conversion	140%	46%	85%

Reconciliation of Non-GAAP Measures

(Amounts in millions, except ROIC)	Twelve Months Ended December 31, 2017			Twelve Months Ended December 31, 2018			Twelve Months Ended December 31, 2019		
	As Reported (a)	ROIC Adjustments	ROIC Adjusted	As Reported (a)	ROIC Adjustments	ROIC Adjusted	As Reported (a)	ROIC Adjustments	ROIC Adjusted
Operating income	\$ 341.1	\$ 39.1 (1)	\$ 302.0	\$ 247.5	\$ (126.2) (5)	\$ 373.7	\$ 406.0	\$ (37.1) (7)	\$ 443.1
Provision for income taxes	(258.7)	(166.2) (2)	(92.5)	(51.2)	45.8 (6)	(97.0)	(80.1)	30.2 (8)	(110.3)
Net Operating Profit After Taxes	\$ 82.4	\$ (127.1)	\$ 209.5	\$ 196.3	\$ (80.4)	\$ 276.7	\$ 325.9	\$ (6.9)	\$ 332.8
Allowance for doubtful accounts	59.1	(3.6)	55.5	51.5	3.8	55.3	53.4	(1.0)	52.5
Short- and Long-term debt	1,575.3	(2.3)	1,572.9	1,483.0	46.1	1,529.2	1,377.2	52.9	1,430.1
Total equity	1,671.0	(16.8)	1,654.2	1,660.8	5.1	1,665.9	1,816.0	(77.6)	1,738.4
Cash and cash equivalents	703.4	(168.1)	535.3	619.7	41.9	661.6	671.0	(25.6)	645.3
Average Invested Capital (3) (4)	\$ 2,601.9	\$ 145.4	\$ 2,747.3	\$ 2,575.6	\$ 13.1	\$ 2,588.7	\$ 2,575.6	\$ 0.0	\$ 2,575.6
Return on Invested Capital	3.2%	4.5%	7.6%	7.6%	3.1%	10.7%	12.7%	0.3%	12.9%

(a) Reported in conformity with U.S. GAAP

(1) Includes \$71.3 million of realignment charges, \$26.0 million of Brazil asset impairment charges, \$141.3 million gain on sale of businesses and \$4.9 million for pension expense in excess of service cost

(2) Tax impacts of realignment including exit tax, Brazil asset impairment charge and gain on sale of businesses. Also comprises \$18.6 million of interest expense tax shield, \$5.7 million for non-operating impacts, \$115.3 million tax charge related to the U.S. Tax Cuts and Jobs Act of 2017 and certain tax valuation allowances totaling \$43.1 million.

(3) Invested Capital is a two-year average of the current and prior year periods

(4) Average Invested Capital is the sum of allowance for doubtful accounts, short- and long-term debt, and total equity minus cash and cash equivalents

(5) Includes \$53.9 million of realignment charges, \$17.4 million of FPD divestiture write-down of assets, \$41.2 million of Flowserve 2.0 transformation costs, \$7.3 million of ASC 606 adoption costs, \$7.7 million loss on sale from the divestiture of two FPD locations and related product lines and \$1.3 million for service cost in excess of pension expense

(6) Includes tax impacts of: realignment, write-down of assets, Flowserve 2.0 transformation costs, ASC 606 adoption costs, and loss on sale. Also comprises \$15.0 million of interest expense tax shield and \$3.4 million for non-operating impacts

(7) Includes \$7.9 million of realignment charges, \$28.0 million of Flowserve 2.0 transformation costs and \$1.2 million for pension expense in excess of service cost

(8) Tax impacts of realignment and Flowserve 2.0 transformation costs. Also comprises \$13.7 million of interest expense tax shield and \$2.3 million for non-operating impacts.

Note: Net Operating Profit After Taxes (NOPAT), Average Invested Capital and Return on Invested Capital (ROIC) are non-GAAP measures



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