FLOWSERVE

Flowserve Second Quarter 2017 Earnings Conference Call

July 28, 2017

Experience In Motion

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; 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; our ability to execute and realize the expected financial benefits from our strategic manufacturing optimization and realignment initiatives; economic, political and other risks associated with our international operations, including military actions or trade embargoes that could affect customer markets, particularly 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; 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; a foreign government investigation regarding our participation in the United Nations Oil-for-Food Program; expectations regarding acquisitions and the integration of acquired businesses; our ability to anticipate and manage cybersecurity risk, including the risk of potential business disruptions or financial losses; 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; our inability to protect our intellectual property in the U.S., as well as in foreign countries; obligations under our defined benefit pension plans; the review of the Company's internal financial records and controls that is being conducted, including any additional time that may be required to complete the review; the timing and nature of the final resolution of the accounting issues discussed in this news release; any delay in the filing of required periodic reports with the SEC; the ability of the Company to remediate any material weakness in its internal control over financial reporting and ineffectiveness in disclosure controls and procedures; increased regulatory, media, or financial reporting issues and practices, rumors, or otherwise; and other factors described from time to time in our filings with the Securities and Exchange Commission.

All forward-looking statements included in this news release 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.

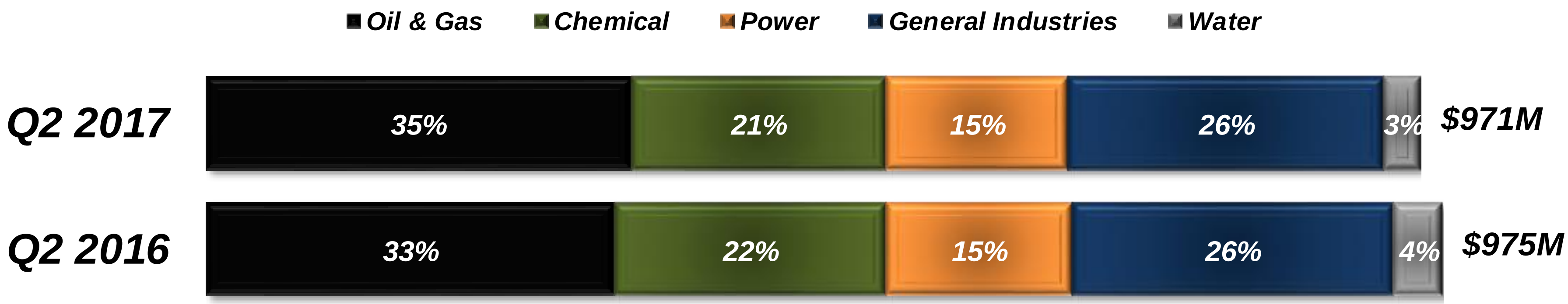
We have provided a table on pages 6 and 7 that reconcile these non-GAAP measures to their corresponding GAAP-based measures.

Q2 Overview

- Reported 2017 Second quarter EPS* of $0.32, Adjusted EPS of $0.22
  - Adjusted EPS[(1)] excludes $0.10 of adjusted items
- Bookings decreased 0.4%, or increased 0.8% on a constant currency basis, with solid OE constant currency bookings growth of 5.1%
- Continued progress on transformational $400 million realignment program to produce $230 million of annualized savings by 2018
  - Expect to announce all facility closures by year-end 2017 and substantially complete by 2017
  - Recognized $32 million expense and $21 million incremental savings in Q2 2017
- Modest Q2 sequential adjusted operating margin improvement driven by EPD and IPD
- IPD recovery plan to drive systemic and sustainable improvement

***Calculated using Q2 fully diluted shares of 131.3 million**
(1) See pg. 6 for reconciliation
All comparisons vs. Q2 2016 unless otherwise noted

Q2 2017 Bookings and Industry Outlook



OIL & GAS

- ✓ *OPEC announcements have stimulated a moderate rebound. Oil price continues to trade in a limited range.*
- ✓ *North America upstream capex starts to strengthen; some midstream projects especially in Europe and Asia with longer-term outlook for downstream stabilizing*
- ✓ *Long term refining growth focused in emerging markets*

POWER

- ✓ *Combined cycle gas-fired new build continues to be fairly strong; significant coal and nuclear retirements in North America expected*
- ✓ *Coal fired opportunities in China and India decline but remain strong in other developing markets.*

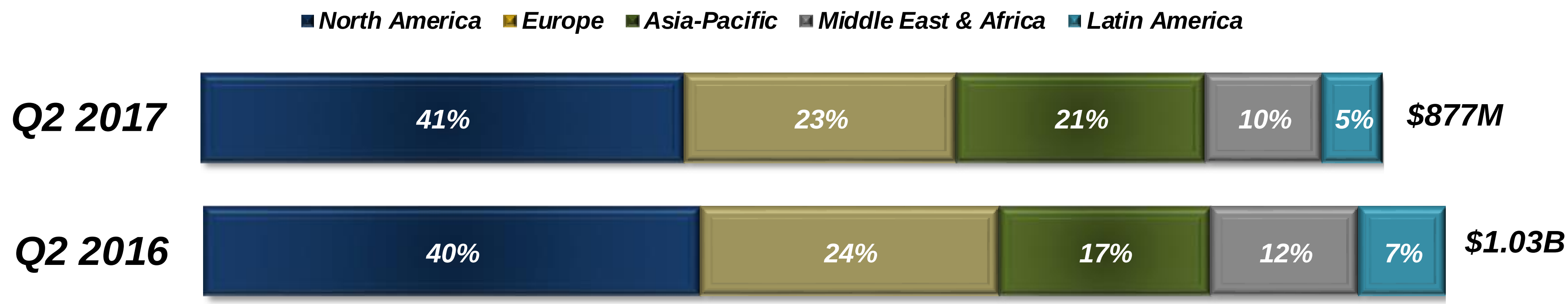
CHEMICAL

- ✓ *Global capacity utilization remains below the long-term average, with constrained growth as consolidation continues*
- ✓ *OECD economies increasing demand for low cost ethylene feedstock supports localized plant enhancements over grass roots facilities*
- ✓ *Derivative & intermediates recovering. US exports increasing based on improved infrastructure in pipelines, storage and terminals.*

GENERAL INDUSTRIES

- ✓ *Cyclical bottom in several commodities has likely passed, however expectations for a slow recovery hamper significant capex investment*
- ✓ *Distribution is mixed with many plants focused on MRO; softness continues in some markets with areas of regional growth*

Q2 2017 Sales & Regional Outlook



NORTH AMERICA

- ✓ *Oil & Gas upstream and midstream investments firm. Ethylene crackers 2nd wave momentum builds for 2018 – 2028 in North America*
- ✓ *Combined cycle gas fired new build continues to be fairly strong*

EUROPE

- ✓ *Refining & chemical market activity solidifying*
- ✓ *Fossil power market flat with a couple bright spots in Eastern Europe; some nuclear opportunities*

MIDDLE EAST & AFRICA

- ✓ *Oil & Gas spending down overall, with some emerging opportunities in refining and petrochemicals; privatization trend continues*
- ✓ *Chinese EPCs ascendant in Sub-Saharan Africa power market & expanding. Some significant power capacity additions planned.*

ASIA-PACIFIC

- ✓ *Regional GDP per capita driven growth in Oil and Gas, with select refining and LNG regasification opportunities starting to appear*
- ✓ *Global mega-mergers with Chinese chemicals companies will increasingly require local manufacturing footprint*
- ✓ *China coal-fired construction expected to fall with some CCGT activity. S Korea cancels nuclear projects. India market reforms continue.*

LATIN AMERICA

- ✓ *Regional Oil and Gas challenges remain.*
- ✓ *Mining bottoming with slow growth prospects; some improvements in other served general industries markets*

Q2 2017 - Consolidated Financial Results

($ millions)	2nd Quarter 2017	2016	Delta ($)	Delta (%)	Constant FX (%)*	2nd Quarter Adjusted 2017 Adjusted Items		2017 Adjusted Results	2016 Adjusted Results		Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 971.3	$ 975.4	$ (4.1)	(0.4)%	0.8%	$ —		$ 971.3	$ 975.4		$ (4.1)	(0.4)%	0.8%
Sales	$ 877.1	$ 1,027.4	$ (150.3)	(14.6)%	(13.6)%	$ —		$ 877.1	$ 1,027.4		$ (150.3)	(14.6)%	(13.6)%
Gross Profit	$ 245.0	$ 320.7	$ (75.7)	(23.6)%		$ (31.0)	**(1)**	$ 276.0	$ 333.2	**(5)**	$ (57.2)	(17.2)%	
Gross Margin (%)	27.9%	31.2%		(330) bps				31.5%	32.4%			(90) bps	
SG&A	$ 252.8	$ 228.7	$ 24.1	10.5%	11.5%	$ 45.5	**(2)**	$ 207.3	$ 217.7	**(6)**	$ (10.4)	(4.8)%	(3.7)%
SG&A (%)	28.8%	22.3%		650 bps				23.6%	21.2%			240 bps	
Gain on Sale of business	$ 131.3	$ —	$ 131.3			$ (131.3)		$ —	$ —		$ —		
Income from Affiliates	$ 2.7	$ 1.8	$ 0.9	50.0%		$ —		$ 2.7	$ 1.8		$ 0.9	50.0%	
Operating Income	$ 126.1	$ 93.8	$ 32.3	34.4%	39.7%	$ 54.8		$ 71.3	$ 117.3		$ (46.0)	(39.2)%	(35.0)%
Operating Margin (%)	14.4%	9.1%		530 bps				8.1%	11.4%			(330) bps	
Other (Expense) / Income, net **	$ (8.1)	$ 5.4	$ (13.5)	(250.0)%		$ (7.1)	**(3)**	$ (1.0)	$ (0.3)	**(7)**	$ (0.7)	233.3%	
Tax (Expense)/Benefit	$ (60.9)	$ (29.5)	$ (31.4)	106.4%		$ (35.2)	**(4)**	$ (25.7)	$ (34.5)	**(8)**	$ 8.8	(25.5)%	
Net Earnings	$ 41.9	$ 54.4	$ (12.5)	(23.0)%		$ 12.5		$ 29.4	$ 67.2		$ (37.8)	(56.3)%	
Diluted EPS	$ 0.32	$ 0.42	$ (0.10)	(23.8)%		$ 0.10		$ 0.22	$ 0.51		$ (0.29)	(56.9)%	

- Diluted EPS calculated using fully diluted shares of 131.3 million and 130.9 million shares in Q2 2017 and Q2 2016, respectively

* Constant FX represents the year-over-year variance assuming 2017 results at 2016 FX rates

** Second Quarter 2017 includes $7.1 million of loss arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts vs. a gain of $5.7 million in Q2 2016

1. Cost of sales includes $14.1 million of realignment charges and $16.9 million charge to reserve for costs incurred related to a contract to supply oil and gas platform equipment to an end user in Latin America
2. SG&A includes $17.6 million of realignment charges, $26.0 million Brazil asset impairment, $1.4 million of SIHI integration costs and purchase price adjustments and $0.4 million loss on Brazil contract
3. Includes $7.1 million below-the-line FX impacts
4. Includes tax impact of above items
5. Excludes $11.2 million of realignment charges and $1.3 million of Brazil inventory write-down
6. Excludes $8.9 million of realignment charges and $2.1 million of PPA and integration expenses
7. Excludes $5.7 million below-the-line FX impacts
8. Excludes tax impact of above items

Year-to-Date 2017 - Consolidated Financial Results

($ millions)	Year to Date					Year-to-Date Adjusted							
	2017	2016	Delta ($)	Delta (%)	Constant FX (%)*	2017 Adjusted Items		2017 Adjusted Results	2016 Adjusted Results		Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 1,928.1	$ 1,896.7	$ 31.4	1.7%	2.9%	$ —		$ 1,928.1	$ 1,896.7		$ 31.4	1.7%	2.9%
Sales	$ 1,743.4	$ 1,973.6	$ (230.2)	(11.7)%	(10.8)%	$ —		$ 1,743.4	$ 1,973.6		$ (230.2)	(11.7)%	(10.8)%
Gross Profit	$ 513.4	$ 625.8	$ (112.4)	(18.0)%		$ (36.1)	(1)	$ 549.5	$ 648.8	(5)	$ (99.3)	(15.3)%	
Gross Margin (%)	29.4%	31.7%		(230) bps				31.5%	32.9%			(140) bps	
SG&A	$ 474.9	$ 466.3	$ 8.6	1.8%	2.7%	$ 51.5	(2)	$ 423.4	$ 447.6	(6)	$ (24.2)	(5.4)%	(6.3)%
SG&A (%)	27.2%	23.6%		360 bps				24.3%	22.7%			(160) bps	
Gain on sale of business	$ 131.3	$ —	$ 131.3			$ (131.3)		$ —	$ —		$ —		
Income from Affiliates	6.1	5.1	$ 1.0	19.6%		$ —		6.1	5.1		$ 1.0	19.6%	
Operating Income	$ 176.0	$ 164.7	$ 11.3	6.9%	9.7%	$ 43.7		$ 132.2	$ 206.3		$ (74.1)	(35.9)%	(33.7)%
Operating Margin (%)	10.1%	8.3%		180 bps				7.6%	10.5%			(290) bps	
Other Income / (Expense), net **	$ (18.6)	$ 0.5	$ (19.1)	(3,820.0)%		$ (18.1)	(3)	$ (0.5)	$ (0.6)	(7)	$ 0.1	(16.7)%	
Tax (Expense) / Benefit	$ (66.2)	$ (46.7)	$ (19.5)	41.8%		$ (28.8)	(4)	$ (37.4)	$ (57.8)	(8)	$ 20.4	(35.3)%	
Net Earnings	$ 60.9	$ 88.2	$ (27.3)	(31.0)%		$ (3.2)		$ 64.1	$ 117.7		$ (53.6)	(45.5)%	
Diluted EPS	$ 0.46	$ 0.67	$ (0.21)	(31.3)%		$ (0.03)		$ 0.49	$ 0.90		$ (0.41)	(45.6)%	

- Diluted EPS calculated using fully diluted shares of 131.3 million and 130.9 million shares in YTD 2017 and YTD 2016, respectively

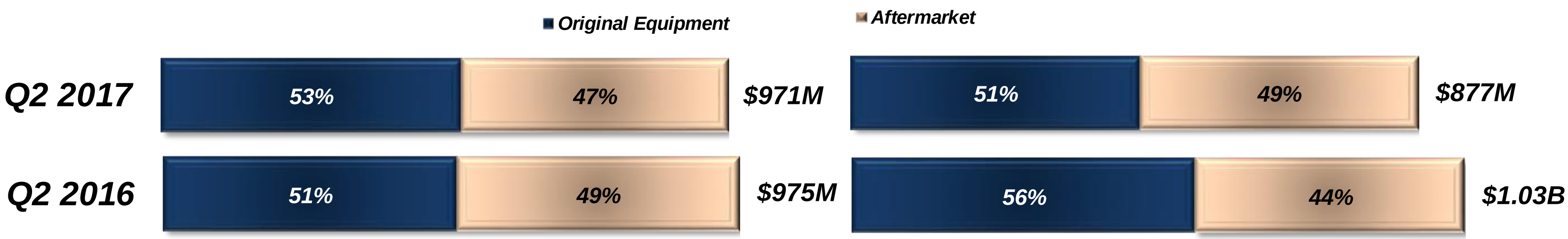
* Constant FX represents the year-over-year variance assuming 2017 results at 2016 FX rates

** YTD 2017 includes $18.1 million of losses arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts vs. a gain of $2.1 million YTD 2016

1. Cost of sales includes $19.2 million of realignment charges and $16.9 million charge to reserve for costs incurred related to a contract to supply oil and gas platform equipment to an end user in Latin America
2. SG&A includes $23.1 million of realignment charges, $26.0 million of Brazil property, plant and equipment impairment charge and $0.4 million of loss on Brazil contract and $2.0 million of SIHI integration costs and purchase price adjustments
3. Includes $18.1 below-the-line FX impacts
4. Includes tax impact of above items
5. Excludes $18.4 million of realignment charges and $4.6 million of Brazil inventory write-down
6. Excludes $15.2 million of realignment charges and $3.4 million of PPA and integration expenses
7. Excludes $1.1 million below-the-line FX impacts
8. Excludes tax impact of above items

Q2 Consolidated Bookings & Sales

Bookings **Sales**



Q2 Bookings

- Bookings decreased 0.4%, or increased 0.8% constant currency
  - Original equipment bookings increased 3.7%, or 5.1% constant currency
  - Aftermarket bookings decreased 4.7%, or 3.7% constant currency

Q2 Sales

- Sales decreased 14.6%, or 13.6% constant currency
  - Original equipment sales decreased 22.5%, or 21.5% constant currency
  - Aftermarket sales decreased 4.6%, or 3.6% constant currency

Q2 & Year-to-Date 2017 Cash Flows

	Q2	Q1	Year-to-Date	
($ millions)	**2017**	**2017**	**2017**	**2016**
Net Income	$ 46	$ 15	$ 61	$ 89
Depreciation and amortization	28	29	57	58
Change in working capital	83	(56)	27	(175)
Gain on sale of business & other	(114)	16	(98)	39
Total Operating Activities	**43**	**4**	**47**	**11**
Capital expenditures	(13)	(16)	(29)	(37)
Acquisitions, dispositions and other	183	1	184	(4)
Total Investing Activities	**170**	**(15)**	**155**	**(41)**
Payments of long-term debt, net	(15)	(15)	(30)	(30)
Dividends	(25)	(25)	(50)	(48)
Short-term financing and other, net	(4)	1	(3)	—
Repurchase of common shares	—	—	—	—
Total Financing Activities	**(44)**	**(39)**	**(83)**	**(78)**
Effect of exchange rates	10	9	19	5
Net Increase / (Decrease) in Cash	**$ 179**	**$ (41)**	**$ 138**	**$ (103)**

Working capital improvement drove increased cash flow from operations

2017 Guidance Assumptions

Revenue Guidance Assumptions	Previous 2017 Guidance	Current 2017 Guidance [1]
Revenue Guidance vs. 2016	-6% to -11%	-6% to -10%
EUR Rate	1.05 (yr-end 2016)	1.15 (current)
FX headwinds vs. 2016	~2.5%	~0.5%
Constant Currency Guidance	~-3.5% to ~-8.5%	~-5.5% to ~-9.5%

EPS Guidance Assumptions	Previous 2017 Guidance	Current 2017 Guidance [1]
Reported EPS Guidance	$0.72 - $1.02	$0.85 - $1.05
Adjusted EPS Guidance	$1.55 - $1.85	$1.30 - $1.50
EUR Rate	1.05 (yr-end 2016)	1.15 (current)
FX Headwinds vs. prior year	~$0.10/share	~$0.02/share

(1) Updated 2017 Reported and Adjusted EPS guidance as of July 28, 2017

– Adjusted EPS guidance excludes expected realignment expenses of $120 million, below-the-line FX impact and other specific discrete items.

2017 Cash Use Priorities

- Strategic investment of approximately $100 million in cost efficiency and manufacturing optimization initiatives
- Estimate capital expenditures to be $80 – $90 million
- Capital allocation policy of annually returning 40 – 50% of running 2-year average net earnings to shareholders
- Scheduled full year debt principal reduction of $60 million
- Estimate U.S. and non-U.S. pension fund pre-tax contributions to be approximately $25 million
- Other strategic opportunities, after disciplined analysis

Questions and Answers

Appendix

Engineered Product Division
Q2 & Year-to-Date 2017 Segment Results

($ millions)	2nd Quarter 2017	2nd Quarter 2016	Delta ($)	Delta (%)	Constant FX (%)*	Year-to-Date 2017	Year-to-Date 2016	Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 465.1	$ 465.6	$ (0.5)	(0.1)%	1.2%	$ 925.1	$ 890.2	$ 34.9	3.9%	5.2%
Sales	$ 427.7	$ 512.9	$ (85.2)	(16.6)%	(15.4)%	$ 852.4	$ 985.7	$ (133.3)	(13.5)%	(12.7)%
Gross Profit	$ 130.6	$ 163.4	$ (32.8)	(20.1)%		$ 267.3	$ 319.2	$ (51.9)	(16.3)%	
Gross Margin (%)	30.5%	31.9%		(140) bps		31.4%	32.4%		(100) bps	
SG&A	$ 123.7	$ 101.6	$ 22.1	21.8%	22.7%	$ 218.2	$ 204.8	$ 13.4	6.5%	7.2%
SG&A (%)	28.9%	19.8%		910 bps		25.6%	20.8%		480 bps	
Income from Affiliates	$ 2.6	$ 1.8	$ 0.8	44.4%		$ 6.1	$ 5.0	$ 1.1	22.0%	
Operating Income	$ 9.5	$ 63.6	$ (54.1)	(85.1)%	(82.5)%	$ 55.1	$ 119.4	$ (64.3)	(53.9)%	(51.1)%
Operating Margin (%)	2.2%	12.4%		(1020) bps		6.5%	12.1%		(560) bps	
Adjusted Operating Income **	$ 49.7	$ 76.9	$ (27.2)	(35.4)%	(33.3)%	$ 93.7	$ 139.8	$ (46.1)	(33.0)%	(30.6)%
Adjusted Operating Margin % **	11.6%	15.0%		(340) bps		11.0%	14.2%		(320) bps	

Solid first half bookings drove 11.4% backlog increase over year-end 2016

* Constant FX represents the year over year variance assuming 2017 results at 2016 FX rates
** Adjusted Operating Income excludes a $26.0 million of Brazil impairment for Q2 2017 and YTD 2017, respectively, and realignment charges of $14.2 million and $12.6 million for Q2 2017 and YTD 2017, respectively, and $12.0 million and $15.8 million for Q2 2016 and YTD 2016, respectively, and $1.3 million and $4.6 million for Brazil inventory write down for Q2 2016 and YTD 2016, respectively

Engineered Product Division
Q2 & Year-to-Date 2017 Bookings and Sales

($ millions)		2nd Quarter				Year-to-Date			
		2017	2016	Delta (%)	Constant FX (%)*	2017	2016	Delta (%)	Constant FX (%)*
Bookings	OE	144	129	12%	14%	288	240	20%	23%
Mix **		31%	28%	300 bps		31%	27%	400 bps	
	AM	321	336	(4)%	(4)%	637	650	(2)%	(1)%
		69%	72%	(300) bps		69%	73%	(400) bps	
Sales	OE	124	185	(33)%	(32)%	254	352	(28)%	(26)%
Mix **		29%	36%	(700) bps		30%	36%	(600) bps	
	AM	304	326	(7)%	(6)%	598	634	(6)%	(5)%
		71%	64%	700 bps		70%	64%	600 bps	

Strong first half original equipment bookings driven by $80 million China refinery order booked in Q1

* Constant FX represents the year over year variance assuming 2017 results at 2016 FX rates

** Gross bookings and sales do not include interdivision eliminations

Industrial Product Division
Q2 & Year-to-Date 2017 Segment Results

	2nd Quarter					Year-to-Date					
($ millions)	**2017**	**2016**	**Delta ($)**	**Delta (%)**	**Constant FX (%)***	**2017**	**2016**		**Delta ($)**	**Delta (%)**	**Constant FX (%)***
Bookings	$ 213.3	$ 212.3	$ 1.0	0.5%	1.6%	$ 420.0	$ 420.0		$ —	—%	1.3%
Sales	$ 191.8	$ 215.0	$ (23.2)	(10.8)%	(9.7)%	$ 370.2	$ 412.5		$ (42.3)	(10.3)%	(9.0)%
Gross Profit	$ 24.0	$ 48.0	$ (24.0)	(50.0)%		$ 58.8	$ 98.0	**(3)**	$ (39.2)	(40.0)%	
Gross Margin (%)	12.5%	22.3%		(980) bps		15.9%	23.8%			(790) bps	
SG&A	$ 52.9	$ 45.2	$ 7.7	17.0%	18.4%	$ 101.4	$ 91.8	**(4)**	$ 9.6	10.5%	12.0%
SG&A (%)	27.6%	21.0%		660 bps		27.4%	22.3%			510 bps	
Income from Affiliates	$ 0.2	$ 0.1	$ 0.1	100.0%		$ 0.2	$ 0.4		$ (0.2)	(50.0)%	
Operating (Loss) Income	$ (28.7)	$ 2.9	$ (31.6)	—%	—%	$ (42.5)	$ 6.6		$ (49.1)	—%	—%
Operating (Loss) income Margin (%)	(15.0)%	1.3%		(1630) bps		(11.5)%	1.6%			(1310) bps	
Adjusted Operating Income **	$ 0.7	$ 9.7	$ (9.0)	(93.8)%	(92.8)%	$ (2.6)	$ 18.6		$ (21.2)	—%	—%
Adjusted Operating Margin % **	0.4%	4.5%		(410) bps		(0.7)%	4.5%			(520) bps	

Aggressively realigning business to current volume levels

* Constant FX represents the year over year variance assuming 2017 results at 2016 FX rates
** Adjusted Operating Income excludes realignment charges of $10.6 million and $20.5 million for Q2 2017 and YTD 2017, respectively, and $4.7 million and $8.6 million for Q2 2016 and YTD 2016, respectively, and $1.4 million and $2.0 million of SIHI integration costs and purchase price adjustments for Q2 2017 and YTD 2017, respectively, and $2.1 million and $3.4 million for Q2 2016 and YTD 2016, respectively, and $17.4 million charge to reserve for costs incurred related to a contract to supply oil and gas platform equipment to an end user in Latin America for Q2 2017 and YTD 2017

Industrial Product Division
Q2 & Year-to-Date 2017 Bookings and Sales

($ millions)		2nd Quarter 2017	2nd Quarter 2016	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)*	Year to Date 2017	Year to Date 2016	Year to Date Delta (%)	Year to Date Constant FX (%)*
Bookings	OE	135	129	5%	6%	267	262	2%	3%
Mix **		63%	61%	200 bps		64%	62%	200 bps	
	AM	78	83	(6)%	(5)%	153	158	(3)%	(2)%
		37%	39%	(200) bps		36%	38%	(200) bps	
Sales	OE	118	145	(19)%	(18)%	231	277	(17)%	(16)%
Mix **		61%	67%	(600) bps		62%	67%	(500) bps	
	AM	74	70	6%	7%	139	136	2%	4%
		39%	33%	600 bps		38%	33%	500 bps	

Increased second quarter original equipment bookings reflects lead-time improvement

* Constant FX represents the year over year variance assuming 2017 results at 2016 FX rates
** Gross bookings and sales do not include interdivision eliminations

Flow Control Division
Q2 & Year-to-Date 2017 Segment Results

($ millions)	2nd Quarter 2017	2nd Quarter 2016	2nd Quarter Delta ($)	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)*	Year-to-Date 2017	Year-to-Date 2016	Year-to-Date Delta ($)	Year-to-Date Delta (%)	Year-to-Date Constant FX (%)*
Bookings	$ 316.2	$ 312.9	$ 3.3	1.1%	1.9%	$ 625.6	$ 622.6	$ 3.0	0.5%	1.6%
Sales	$ 275.4	$ 317.2	$ (41.8)	(13.2)%	(12.4)%	$ 555.8	$ 616.2	$ (60.4)	(9.8)%	(9.0)%
Gross Profit	$ 87.7	$ 108.3	$ (20.6)	(19.0)%		$ 185.7	$ 206.9	$ (21.2)	(10.2)%	
Gross Margin (%)	31.8%	34.1%		(230) bps		33.4%	33.6%		(20) bps	
Gain on sale of business	$ 131.3	$ —	$ 131.3	100.0%		$ 131.3	$ —	$ 131.3	100.0%	
SG&A	$ 54.9	$ 59.8	$ (4.9)	(8.2)%	(7.0)%	$ 111.5	$ 119.9	$ (8.4)	(7.0)%	(5.9)%
SG&A (%)	19.9%	18.9%		100 bps		20.1%	19.5%		60 bps	
Income from Affiliates	$ (0.1)	$ (0.1)	$ —	—%		$ (0.2)	$ (0.3)	$ 0.1	(33.3)%	
Operating Income	$ 164.2	$ 48.4	$ 115.8	239.3%	245.9%	$ 205.6	$ 86.8	$ 118.8	136.9%	139.3%
Operating Margin (%)	59.6%	15.3%		4430 bps		37.0%	14.1%		2290 bps	
Adjusted Operating Income **	$ 38.4	$ 50.7	$ (12.3)	(24.3)%	(17.9)%	$ 80.9	$ 94.7	$ (13.8)	(14.6)%	(12.4)%
Adjusted Operating Margin % **	13.9%	16.0%		(210) bps		14.6%	15.4%		(80) bps	

Solid first half adjusted margin performance driven by execution and realignment savings

* Constant FX represents the year over year variance assuming 2017 results at 2016 FX rates
** ** Adjusted Operating Income excludes realignment charges of $5.5 million and $6.6 million for Q2 2017 and YTD 2017, respectively, and $2.3 million and $7.9 million for Q2 2016 and YTD 2016, respectively, and $131.3 million gain on sale of Gestra for Q2 2017 and YTD 2017

Flow Control Division
Q2 & Year-to-Date 2017 Bookings and Sales

($ millions)		2nd Quarter				Year-to-Date			
		2017	2016	Delta (%)	Constant FX (%)*	2017	2016	Delta (%)	Constant FX (%)*
Bookings Mix **	OE	245	244	—%	1%	479	485	(1)%	—%
		78%	78%	(0) bps		77%	78%	(100) bps	
	AM	71	69	3%	3%	147	138	7%	7%
		22%	22%	0 bps		23%	22%	100 bps	
Sales Mix **	OE	210	252	(17)%	(16)%	434	490	(11)%	(11)%
		77%	79%	(200) bps		78%	80%	(200) bps	
	AM	63	66	(5)%	(4)%	122	126	(3)%	(2)%
		23%	21%	200 bps		22%	20%	200 bps	

Strong Q2 aftermarket orders drove 1.15 book-to-bill

* Constant FX represents the year over year variance assuming 2017 results at 2016 FX rates
** Gross bookings and sales do not include interdivision eliminations

Primary Working Capital

Balances for All Periods as a % of Trailing Twelve Months Sales

($ millions)	Q2 2017		Q2 2016	
	$	**%**	**$**	**%**
Receivables	832	22.1%	942	21.6%
Inventory	942	25.1%	1,033	23.7%
Payables	(367)	-9.8%	(417)	(9.6)%
Primary Working Capital	1,407	37.4%	1,558	35.7%
Advance Cash*	(273)	(7.3)%	(306)	(7.0)%
Total	1,134	**30.1%**	1,252	**28.7%**
Backlog	**2,134**		**2,103**	

Accounts Receivable

Accounts Receivable DSO at 85 days for Q2 2017, versus 87 days prior year Q2

Inventory

Inventory turns were 2.7 times in Q2 2017 and Q2 2016

*** Advance cash commitments from customers to fund working capital**

FLOWSERVE®