

New York Analyst Meetings  
*Scott Rowe, President & Chief Executive Officer*



SEPTEMBER 27, 2017

# Safe Harbor Statement

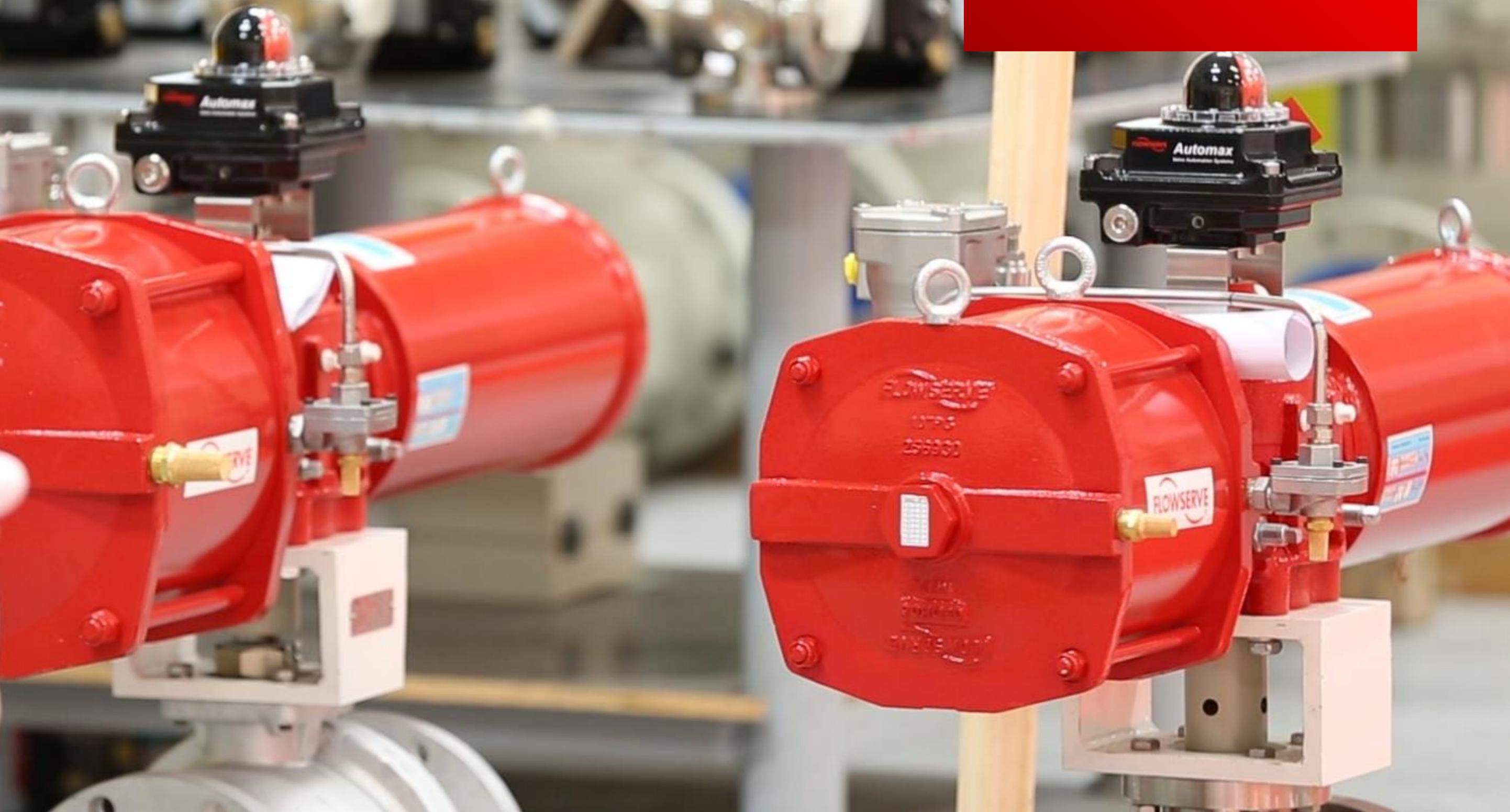
This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Words 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 delays 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, 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 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.

# Company Overview



....

# Key Messages and Investment Highlights

(NYSE: FLS)



Distinguished history of flow control expertise



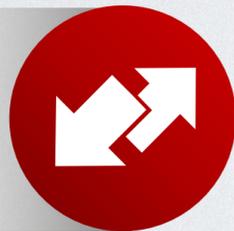
Breadth and depth of product and services offering



Significant installed base provides recurring aftermarket opportunities



Energy end markets appear at, or near, bottom of the cycle



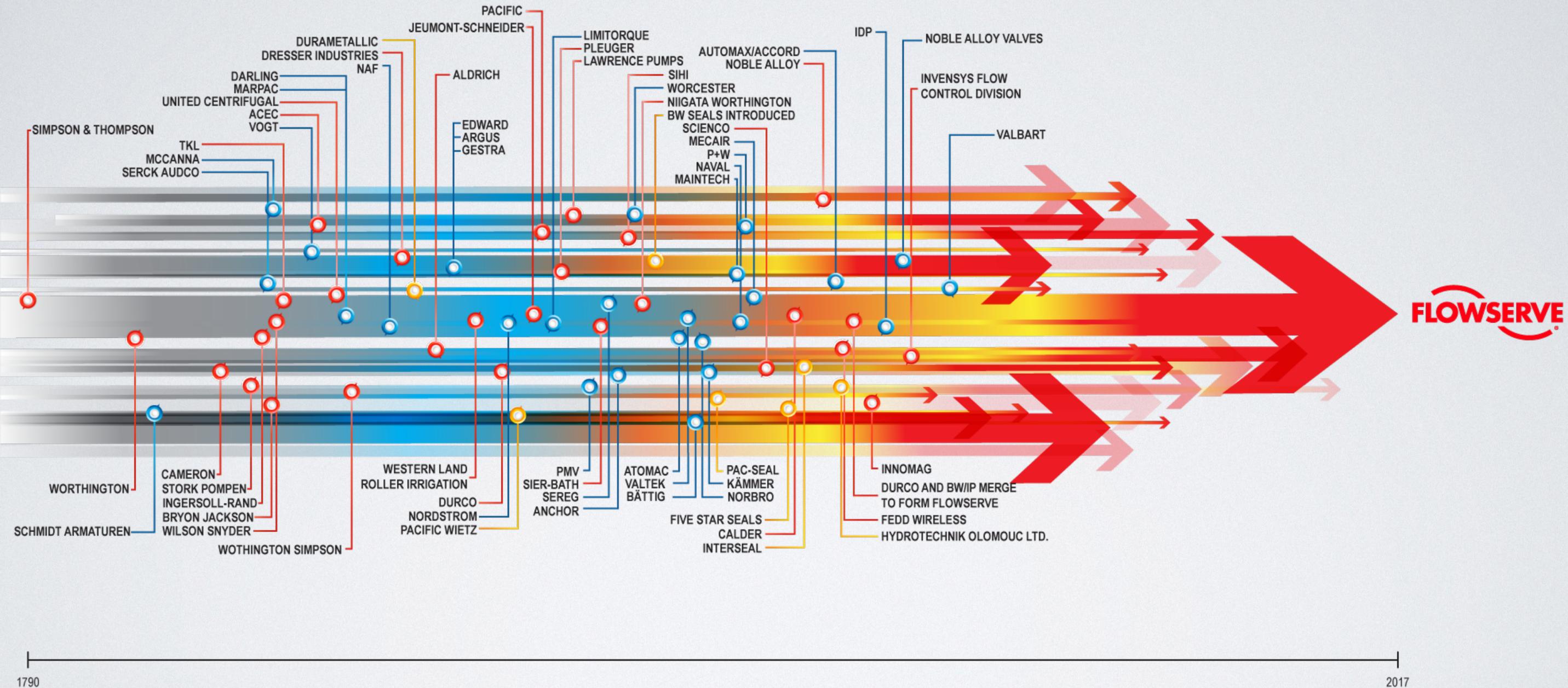
Transforming Flowserve to capitalize on opportunities in any market cycle



Disciplined yet opportunistic capital allocation approach

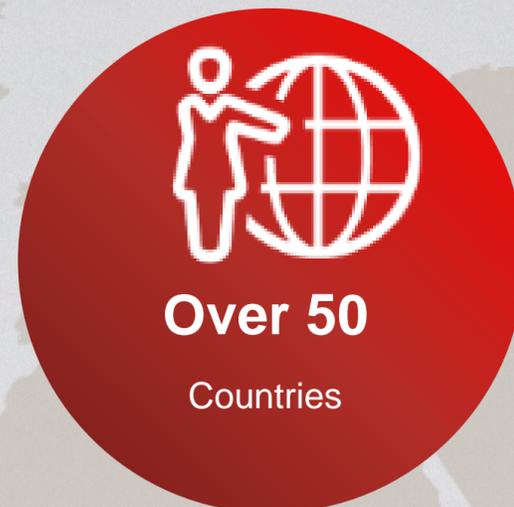
# A Comprehensive, Pure-play Flow Control Company

With a Heritage of More Than 220 Years





# Flowserve by the Numbers



*By combining global reach with a personalized local presence, each day our products, services & solutions help control the most volatile fluids and gases safely and securely*



# New Leadership Team in Place

Creating a blend of veteran staff and new members



**Scott Rowe**  
President & CEO



**Kim Jackson**  
President, EPD



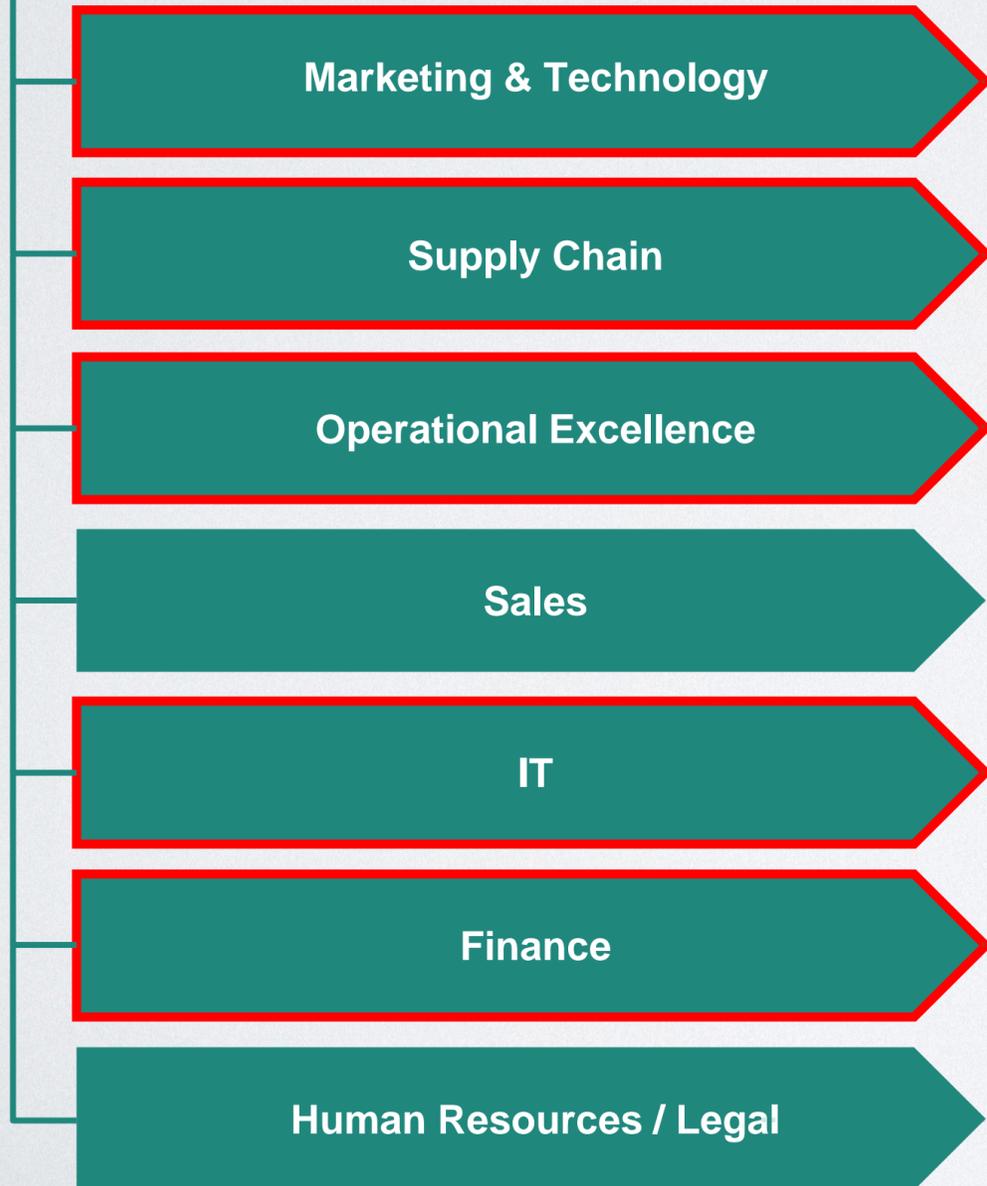
**David Wilson**  
President, IPD



**Kirk Wilson**  
President, AMSS



**John Lenander**  
President, FCD



Combining veteran Flowserve experience and external leaders with proven track records of success

— Red line indicates new member of the leadership team



# Platform Alignment

Platforms aligned around products, services and customer buying process



**Scott Rowe**  
President & CEO



**Kim Jackson**  
President, EPD



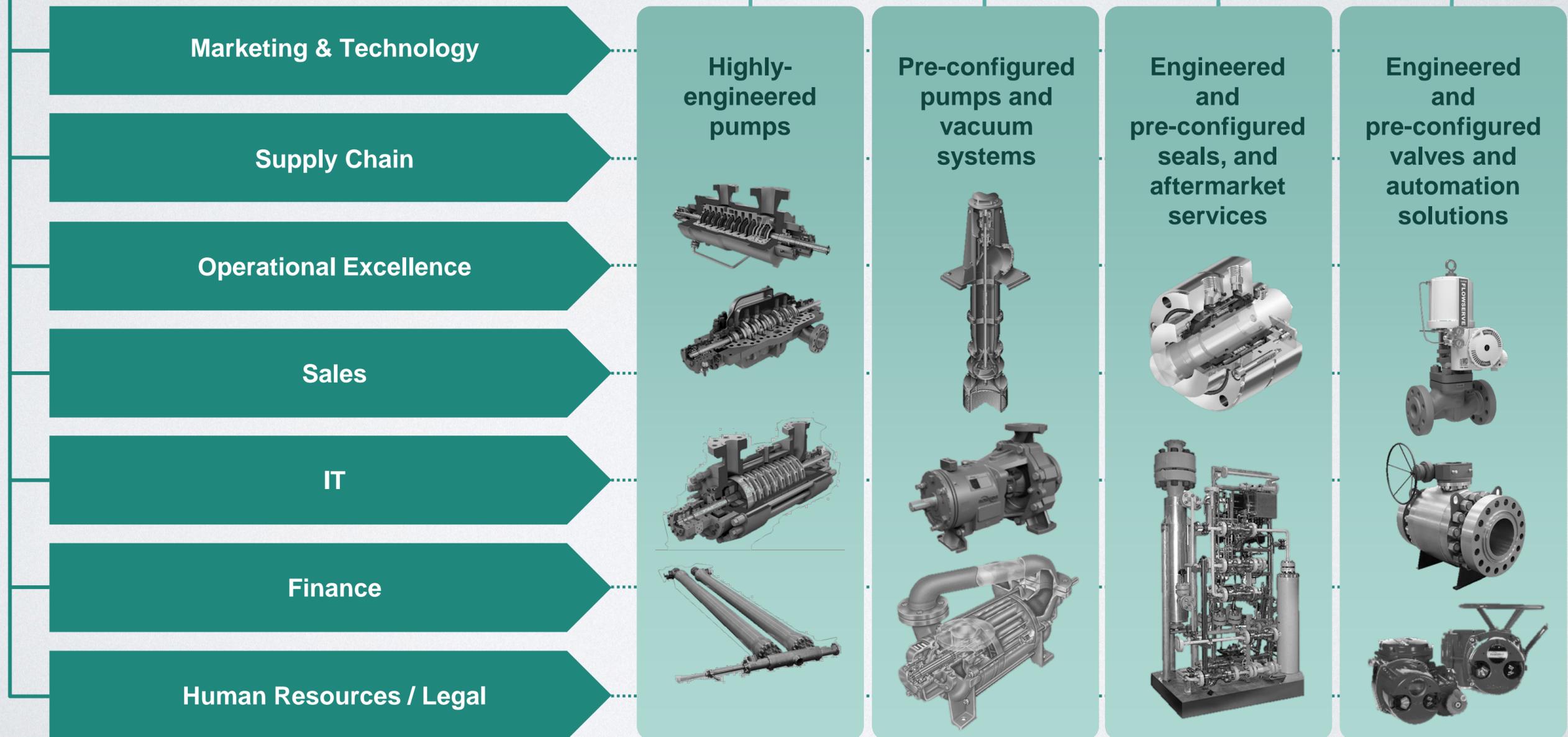
**David Wilson**  
President, IPD



**Kirk Wilson**  
President, AMSS



**John Lenander**  
President, FCD





# Functional Leadership

Provide Enterprise-wide leverage and subject matter expertise



**Scott Rowe**  
President & CEO



**Kim Jackson**  
President, EPO



**David Wilson**  
President, IPD



**Kirk Wilson**  
President, AMSS



**John Lenander**  
President, FCD

**Marketing & Technology**

Drive new sources of growth through market analytics and technology development

**Supply Chain**

Revamp and leverage global scale

**Operational Excellence**

Further implement lean principles to reduce cost and improve manufacturing performance

**Sales**

Drive market share through improved customer-facing processes and leveraging historical relationships

**IT**

Implement enterprise-wide systems to improve efficiency and enhance productivity

**Finance**

Improve controls and enhance effectiveness while reducing cost

**Human Resources / Legal**

Reducing cost through enterprise shared services

# Hurricane Harvey Recovery

- Flowserve has ~400 employees located in the region
- Significant aftermarket presence exists in the Gulf Coast serving refineries and chemical facilities
  - QRCs located in Houston, Pasadena, Corpus Christi, Angleton and Beaumont/Port Arthur
- As our customers restart normal operations, we expect Flowserve will have an opportunity for increased work
  - Primarily in repairs and replacement activity
- Assisting our employees, customers and the region return to normal following the storm has been a top priority



# Market Outlook





# Industries Served



Oil & Gas



Power Generation



Chemical



Water Resources



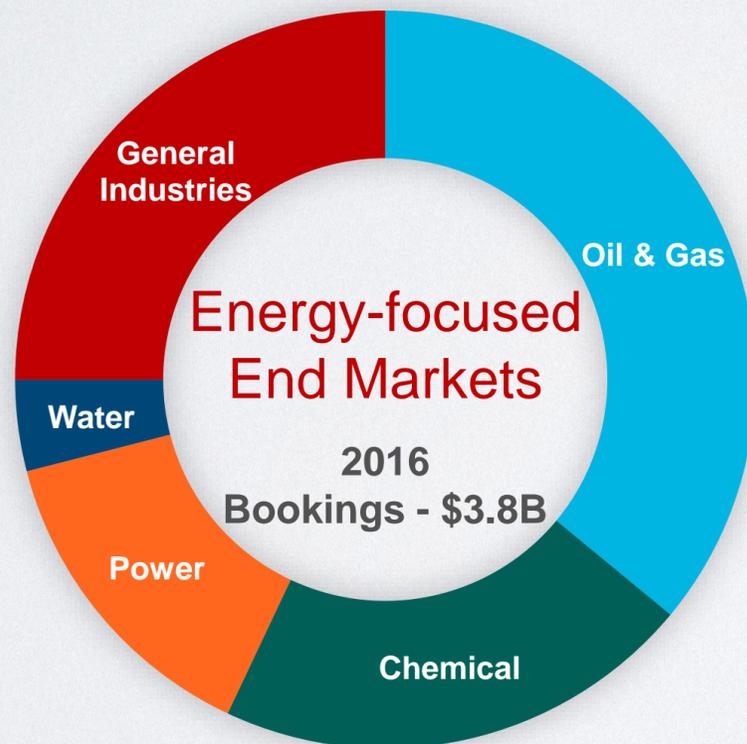
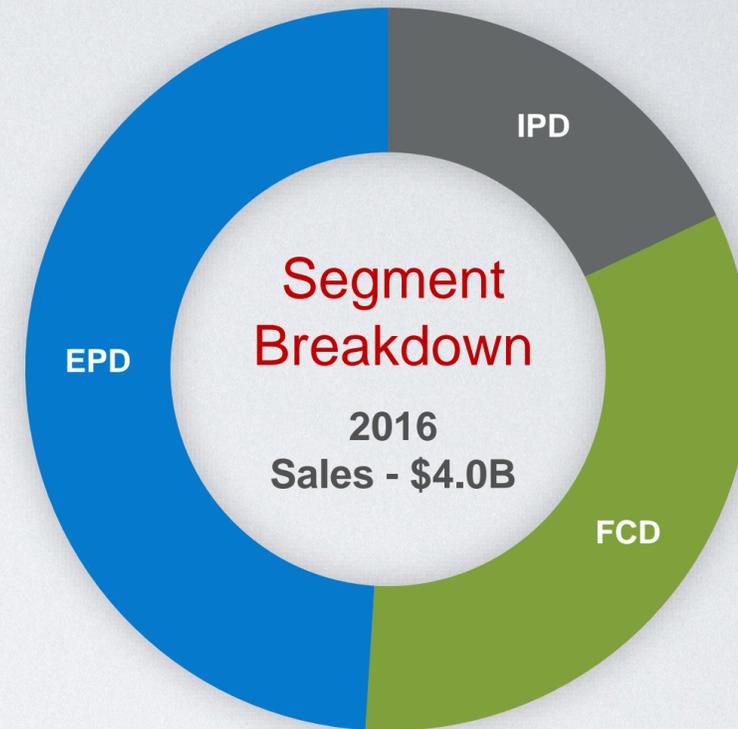
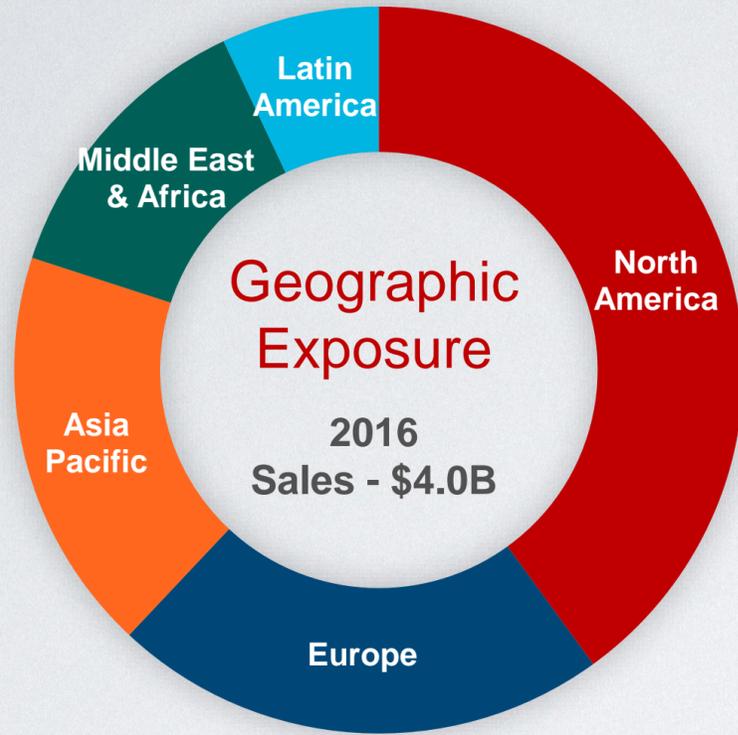
Renewable /  
Alternative Energy



General Industry



# Diversified Business Model

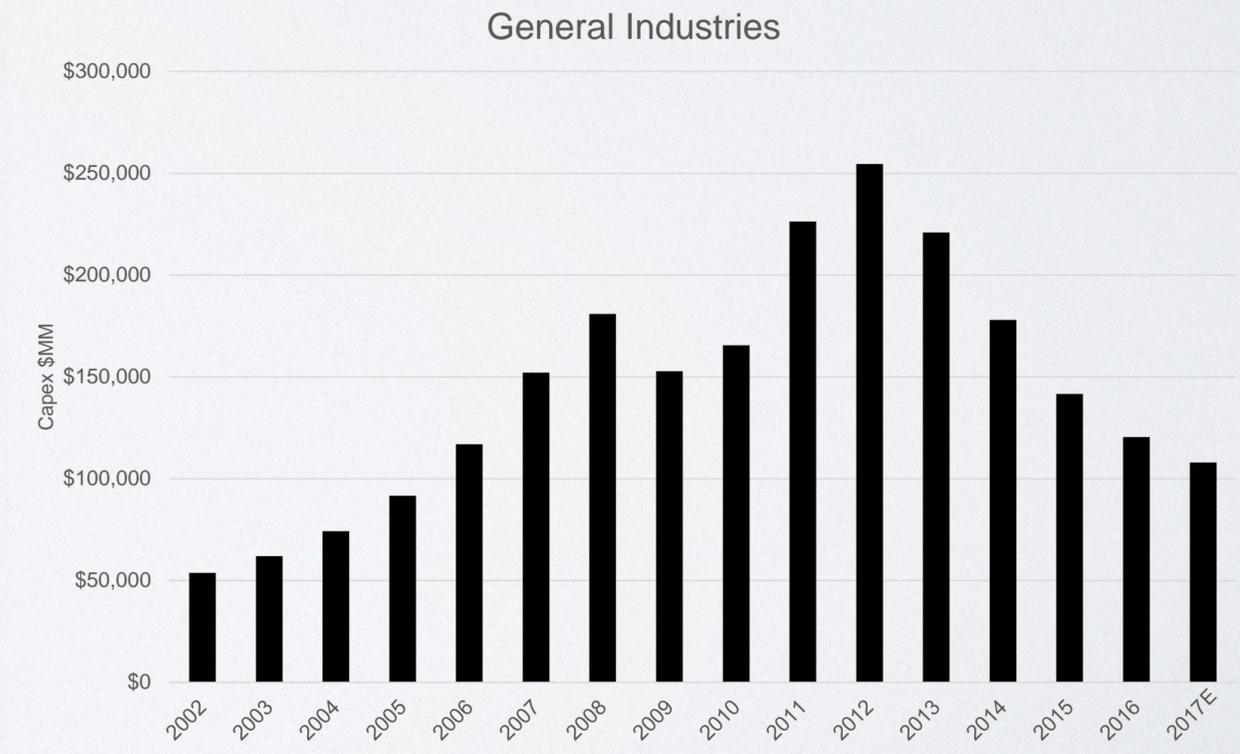
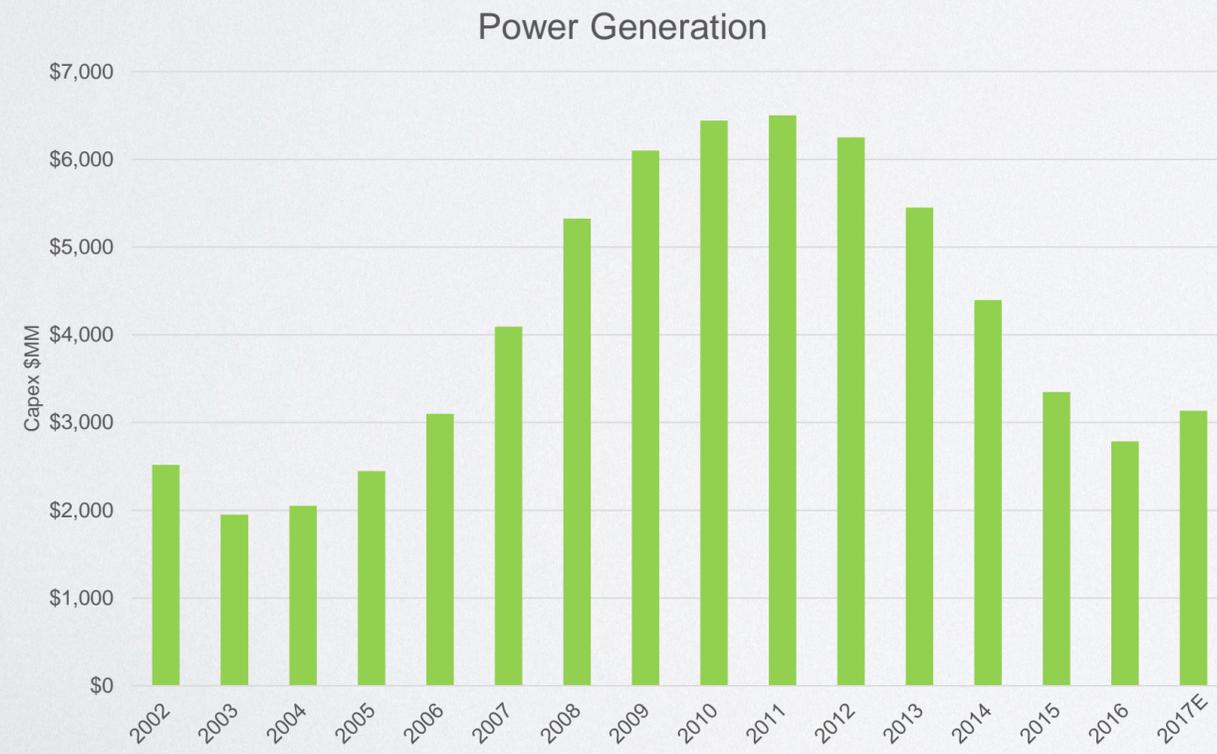
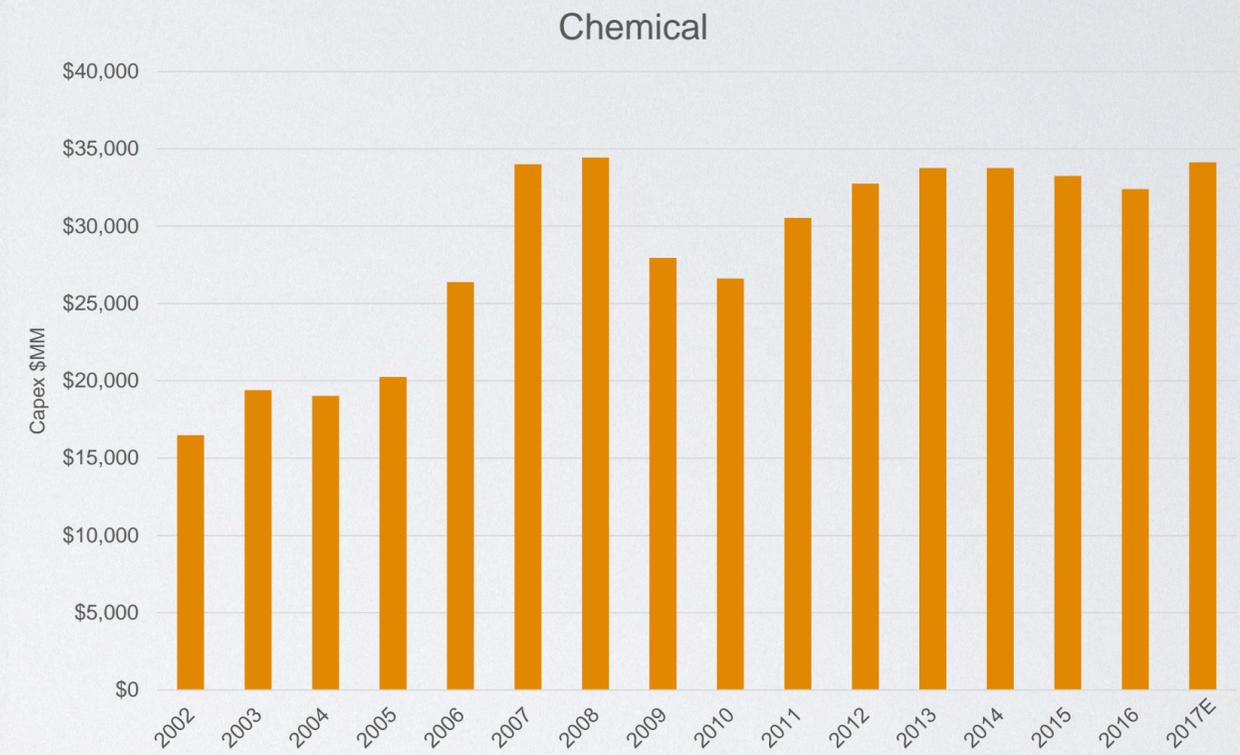
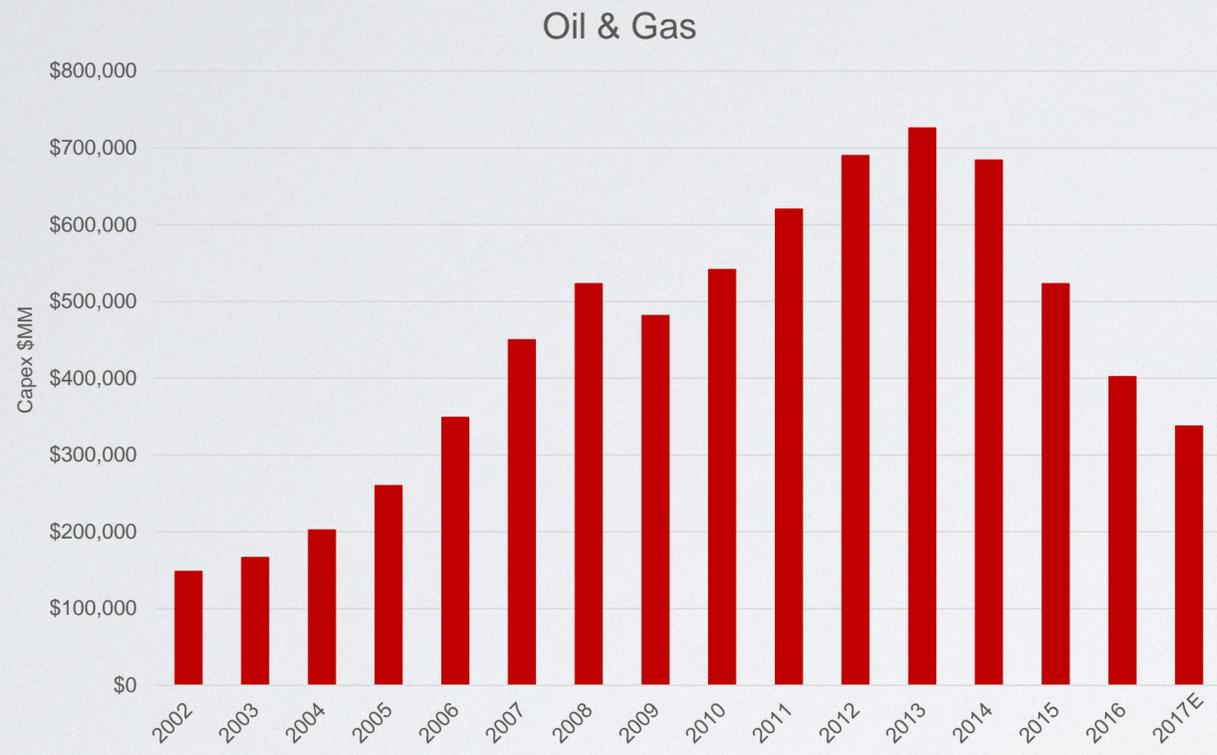


*Balanced flow control portfolio of products and aftermarket services provides diversification and reduces risk profile*



# Industrial Capex Spend

Historical investment in capacity



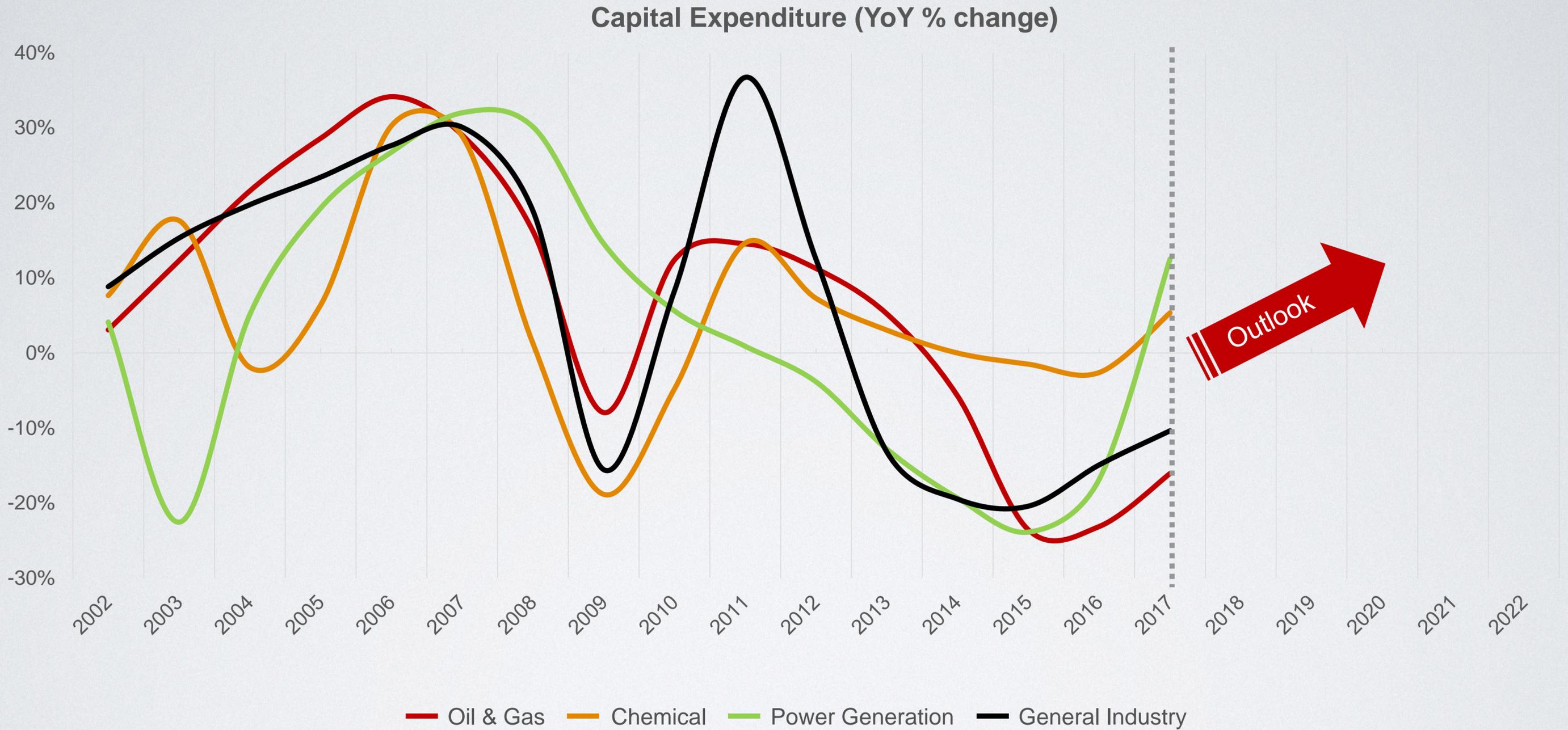
Source: S&P CapitalIQ, Oxford Economics and Flowserve internal estimates





# Industrial Market Cycles

*Cycle appears at, or near, the bottom*



Source: S&P CapitalIQ, Oxford Economics and Flowserve internal estimates

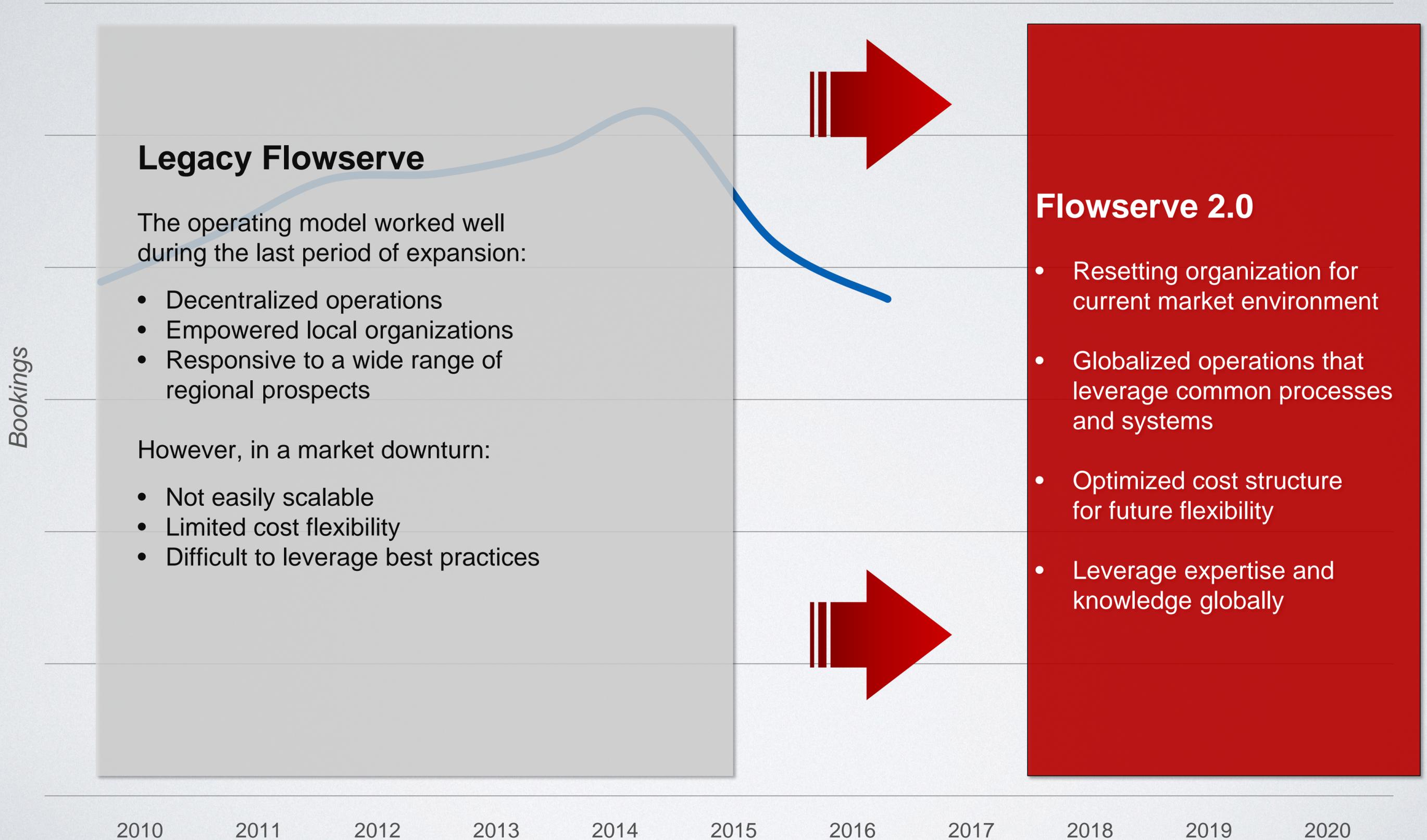


# **FLOWSERVE** [2.0]



# Transforming the Organization

*Repositioning through the cycle*



....

# Flowserve 2.0

## Realignment

- Continue pursuit of optimized manufacturing footprint
- Accelerate the program and move to normal operations

## Flowserve Operating System

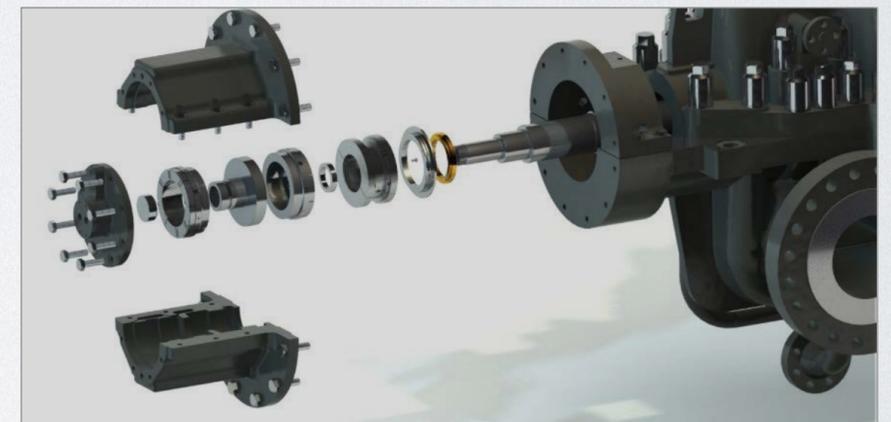
- Create and implement a consistent operating model
- Pursue common global systems
- Centralize approach to manufacturing and supply chain

## Commit to Technology

- Differentiate through product innovation
- Invest in core and next generation technologies
- Enhance product management and discipline

## Market-led and Customer Focused

- Segment and exploit attractive market opportunities
- Enhance strong relationships with customer-first mindset



....

# Flowserve 2.0

## Realignment

- Continue pursuit of optimized manufacturing footprint
- Accelerate the program and move to normal operations

## Flowserve Operating System

- Create and implement a consistent operating model
- Pursue common global systems
- Centralize approach to manufacturing and supply chain

## Commit to Technology

- Differentiate through product innovation
- Invest in core and next generation technologies
- Enhance product management and discipline

## Market-led and Customer Focused

- Segment and exploit attractive market opportunities
- Enhance strong relationships with customer-first mindset



# Financial Principles





# Financial Principles

*Creating Long-term Shareholder Value*

- Return capital to shareholders
- Capital to drive organic growth
- Disciplined approach to portfolio management
- Remain investment grade



*Invest with a shareholders' perspective*

....

# Key Messages and Investment Highlights

(NYSE: FLS)



Distinguished history of flow control expertise



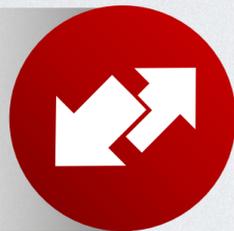
Breadth and depth of product and services offering



Significant installed base provides recurring aftermarket opportunities



Energy end markets appear at, or near, bottom of the cycle



Transforming Flowserve to capitalize on opportunities in any market cycle



Disciplined yet opportunistic capital allocation approach



*Experience In Motion*

## Investor Relations Contacts

*Jay Roueche*

972.443.6560

[jroueche@flowserve.com](mailto:jroueche@flowserve.com)

*Mike Mullin*

972.443.6636

[mmullin@flowserve.com](mailto:mmullin@flowserve.com)