Flowserve First Quarter 2015 Earnings Conference Call

May 1, 2015

Experience In Motion

Special Note

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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.

Q1 2015 Financial Highlights

- Reported first quarter Adjusted EPS* of $0.58
  - Excludes $0.38 of adjusted items[(1)]
- Bookings of $1.04 billion, including SIHI bookings of $85.2 million
  - Q1 was below expectations as oil price volatility and currency headwinds prompted a broad-based capital spending decline deeper than anticipated
  - Original equipment bookings of $577 million, including SIHI bookings of $66 million
  - Aftermarket bookings of $466 million, including SIHI bookings of $19 million
- Gross margin was flat excluding adjusted items at 35.3%
- Operating margin excluding 2015 adjusted items and gain on sale of Naval in Q1 2014, decreased 40 basis points to 13.8%
- Backlog of $2.7 billion, including $127.2 million from SIHI acquisition, which was offset by approximately $129.5 million of currency reduction

***Calculated using Q1 2015 fully diluted shares of 136.0 million**
(1) See pg. 22 for reconciliation

Flexibility Through Market Transitions

Strategic Strengths

- Balance Sheet
- Diversification
- Infrastructure Markets
- Operational Focus
- Aftermarket Business
- Localized Assets

Strategic Deployment

Launched Initiatives

- Capital Allocation Discipline
- Operational Flexibility
- Driving Growth
- SG&A Alignment
- Manufacturing Optimization

Market Headwinds

- FX
- Oil and Gas
- Emerging Markets
- Geopolitical Turbulence

Response to Market

Accelerating Deployment

- SG&A Reductions
- Manufacturing Migration
- Right-size to Market Conditions

Targets

$100 Million
Cost Reduction Efforts

5 Percent
Workforce Reduction*

$70 Million
Annual Run-rate Savings

Excludes SIHI realignment

Planned $100 million investment in SG&A efficiency initiatives, manufacturing optimization and other actions combine for expected annual run-rate savings of over $70 million

Resiliency of Business

Traditional mix of sales		Recent years' mix of sales	Long-Term Drivers
~20%	OE large projects	Has trended lower: only 10-15%	• New capacity / greenfield • Highly engineered solutions • Infrastructure build out
~40%	Run-rate OE: short cycle, recurring	Has trended higher	• Replacing / adding equipment in existing infrastructure • Need for upgrades as facilities age • Typically customer direct and shorter lead-time
~40%	Aftermarket	Has trended higher	• MRO recovery and ongoing replacement business • Efficiency upgrades • Service and repairs require localized presence

Approximately 80% of business is traditionally aftermarket or run-rate original equipment ➡ stability and resiliency

Cost Actions & Strategic Manufacturing Optimization

Immediate Cost Actions

- $100 million in 2015
  - SG&A reduction
  - Manufacturing consolidation into low cost facilities
  - Other initiatives
  - Excludes SIHI
- Expected run-rate savings of over $70 million
- SIHI initiatives / synergies launched and separate
- Strategic plans being accelerated in current market conditions

Strategic Manufacturing Optimization

- Accelerating existing manufacturing optimization and supply chain savings
- Leveraging significant investments made in low-cost manufacturing footprint
  - Increased capacity primarily in Asia and Latin America
  - Manufacturing transition underway
- Core strategy which enhances Flowserve's long-term competitive positions
- Provides permanent financial return
- Benefits to included reduced under-absorption, enhanced margins on products, and improved long-term competitive position

Specific and measurable actions expected to yield over $70 million annual run-rate savings, driving an optimized, low cost manufacturing footprint strategically aligned to maximize growth and profitability

Cash Flow Usage & Capital Allocation Priorities

Cash Flow Usage

	Since Q4 '11 *	Q1'15
Returned to shareholders[1]	**$ 1.9 billion**	**$102 million**
# shares repurchased	*34.9 million*	*1.4 million*
Avg. repurchase price / share	*<$48*	*<$58*
% of FCF	*147%*	*NM*
Acquisition spend	**$508 million**	**$342 million**
Capex	**$528 million**	**$84 million**

* Includes Q1 2015 amounts

Capital Allocation Priorities

Debt Management

- Long-term gross leverage ratio of 1-2x total debt / EBITDA; currently 2.0x[2]
- Raised €500 million 7-year Senior Notes at coupon of 1.25%

Dividends

- Dividend increased for the past 8 consecutive years
- Past 5 years provided double-digit percentage increase

Share Repurchases & Acquisitions

- Total shareholder payout ratio target at 40-50% of net income
- Completed $1 billion stock repurchase program in 2013
- ~$384 million available under current program[3] as if 3/31/15
- Strict acquisition criteria includes EPS accretion & achievement of ROIC hurdles
- Discipline in evaluating inorganic vs. organic investment and returning capital to shareholders

Capital spending focuses on most accretive, long-term investment in both the operating platform and returning capital to shareholders

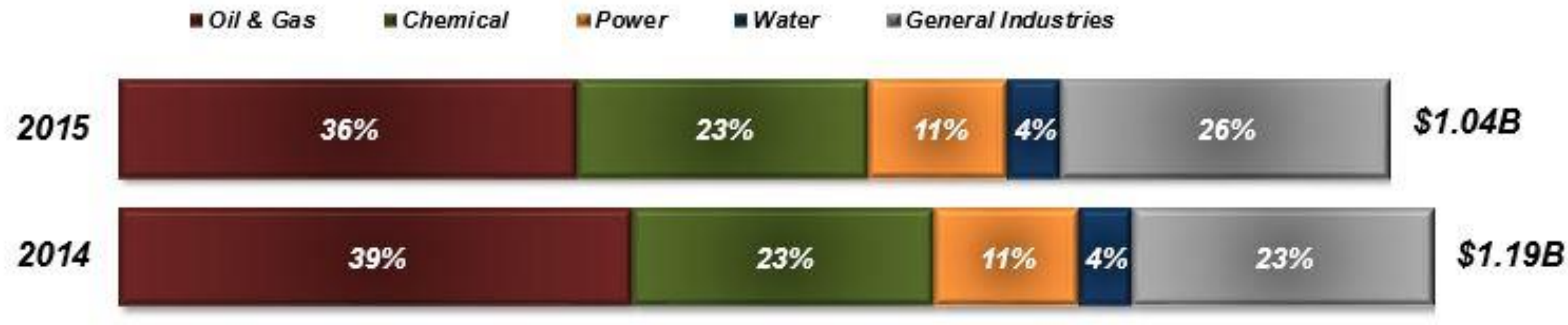
[1] Includes dividends and share repurchases; [2] Including one-time items; [3] Current authorization of $500 million as of 3/31/15

Business Outlook

- **Multiple factors contributing to current business conditions as customers deliberate on both new order and aftermarket activity**
  - Oil & Gas volatility - reduced capital budgets and oil price down ~40% since Q1 2014
  - FX volatility headwinds - U.S. dollar appreciated ~20% versus the EUR since Q1 2014
  - Geopolitical and economic turmoil in selected regions including Latin America / Middle East
  - One-time events / dislocations / refinery strikes
- **Flowserve addressing market conditions by leveraging strategic, operating and financial strengths**
  - Accelerating efficiency and manufacturing optimization program
  - Maintaining disciplined bidding; bundling differentiated product / service offering
  - Strong balance sheet and disciplined capital allocation; continuing to focus on organic growth initiatives
- **Long-term strategy remains focused on profitable growth**
  - Diverse, attractive long-term end markets with FLS global presence
  - Accelerating growth opportunities in aftermarket, chemical, Asian power and distribution channels
  - Competitive advantages include operating platform, product portfolio and installed base
  - R&D investment and new product development
  - Strong financial position to invest in growth, both organic and inorganic

Strong business model, including leading aftermarket franchise, diverse end markets & geographic exposure, positions Flowserve for long-term value creation despite short-term volatility

Q1 2015 Bookings & Industry Outlook



OIL & GAS

- *Investment volatility driven by low oil prices and geopolitical conflicts in key energy producing regions*
- *Upstream spending cuts permeating into mid- and downstream, albeit with some bright spots*
- *Middle East strength across the oil & gas value chain partially offsets declines in other regions*
- *Distributors destocking inventories in US, but positive developments in international distribution*

POWER

- *Power market opportunities continue in combined cycle globally and coal-fired power in Asia Pacific*
- *Nuclear still soft but future outlook supported by recent positive developments in China and India*
- *Desalination activity on the rise in core markets of Middle East and North Africa, as well as Asia*

CHEMICAL

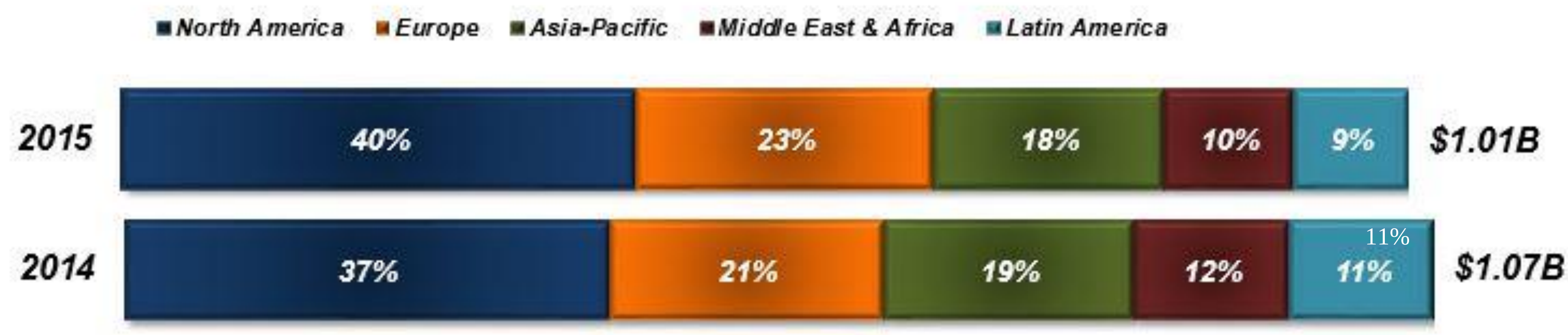
- *Chemical market transitioning to slower growth phase as a result of new capacity coming online and industry economics*
- *Investment activity in Middle East and North America continue due to feedstock cost advantages*

GENERAL INDUSTRIES

- *Mining market driven by need for replacement capacity and continued maintenance*
- *South Asia processing activity picking up again*

Sources: GlobalData, Industrial Info Resources, American Chemistry Council, ITR Economics, IMF, Flowserve internal data

Q1 2015 Sales & Regional Outlook



NORTH AMERICA
- *Oil & gas market experiencing capital expenditure cuts and project delays; US refinery strikes also impacting MRO spend*
- *Mixed opportunities further downstream with combined-cycle power increasing and chemical lower vs. robust prior year business*

EUROPE
- *Inconsistent economic conditions in the Euro zone with mixed results*
- *Some fossil-fuel power investment in Europe given the region's partial retreat from nuclear power generation*

MIDDLE EAST & AFRICA
- *Oil & gas activity solid throughout the Persian Gulf and North Africa; national oil companies investing across the value chain*
- *Favorable conditions for chemicals and phosphate mining given the region's development toward downstream diversification*

ASIA-PACIFIC
- *Mixed prospects with areas of accelerating growth and opportunity, such as Southeast Asia, and slowing growth in China*
- *New coal-fired power plants in Asia Pacific; environmental and diversification factors support growth in other fuel sources*

LATIN AMERICA
- *Difficult oil & gas and chemical business conditions due to challenges in Brazil and Venezuela*
- *Realizing power opportunities; leveraging strengths in mining while spend on projects remains restrained*

Sources: GlobalData, Industrial Info Resources, American Chemistry Council, ITR Economics, IMF, Flowserve internal data

Engineered Product Division
Q1 2015 Segment Results

($ millions)	2015	2014[1]	Delta ($)	Delta (%)	Constant FX (%)*
	1st Quarter				
Bookings	$ 495.4	$ 628.2	$ (132.8)	(21.1)%	(14.0)%
Sales	$ 484.2	$ 524.1	$ (39.9)	(7.6)%	1.6%
Gross Profit	$ 165.6	$ 185.3	$ (19.7)	(10.6)%	
Gross Margin (%)	34.2%	35.4%		(120 bps)	
SG&A	$ 98.4	$ 107.5	$ (9.1)	(8.5)%	0.7%
SG&A (%)	20.3%	20.5%		(20 bps)	
Income from Affiliates	$ 1.6	$ 3.6	$ (2.0)	(55.6)%	
Operating Income	$ 68.8	$ 81.4	$ (12.6)	(15.5)%	(5.9)%
Operating Margin (%)	14.2%	15.5%		(130 bps)	

Continued disciplined cost focus resulted in 20 basis point reduction in SG&A as a percent of Sales

* Constant FX represents the year over year variance assuming 2015 results at 2014 FX rates
(1) Effective January 1, 2015, certain facilities that were previously included in IPD are now reported in EPD. 2014 results have been adjusted to reflect this change.

Engineered Product Division
Q1 2015 Bookings and Sales

($ millions)		1st Quarter 2015	1st Quarter 2014 (1)	Delta (%)	Constant FX (%)*
Bookings	OE	163	213	(23)%	(15)%
Mix **		33%	34%	(100 bps)	
	AM	332	416	(20)%	(14)%
		67%	66%	100 bps	
Sales	OE	155	181	(14)%	(3)%
Mix **		32%	35%	(300 bps)	
	AM	329	343	(4)%	4%
		68%	65%	300 bps	

Execution of solid backlog drove constant currency revenue growth

* Constant FX represents the year over year variance assuming 2015 results at 2014 FX rates
** Gross bookings and sales do not include interdivision eliminations
(1) Effective January 1, 2015, certain facilities that were previously included in IPD are now reported in EPD. 2014 results have been adjusted to reflect this change.

Engineered Product Division Q1 Overview

- Bookings decreased 21.1%, or 14.0% on a constant currency basis
  - Decrease driven primarily by oil and gas and to a lesser extent, chemical, power and general industries
  - All regions were negatively impacted during the quarter
- Sales decreased 7.6%, or increased 1.6% on a constant currency basis
  - The decrease was more heavily weighted towards original equipment, resulting from decreased sales into Asia Pacific and Latin America
- SG&A as a percent of sales decreased 20 basis points to 20.3% on disciplined cost control
- Operating margin decreased 130 basis points to 14.2%
- Backlog decreased 7.2% to $1.5 billion vs. 2014 year-end, or 2.3% on constant currency basis

Industrial Product Division
Q1 2015 Segment Results

($ millions)	1st Quarter					1st Quarter Adjusted				
	2015	2014 (1)	Delta ($)	Delta (%)	Constant FX (%)*	SIHI	IPD Ex-SIHI	Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 247.7	$ 191.8	$ 55.9	29.1%	34.4%	$ 85.2	$ 162.5	$ (29.3)	(15.3)%	(10.1)%
Sales	223.4	186.2	$ 37.2	20.0%	26.0%	66.8	156.6	$ (29.6)	(15.9)%	(9.9)%
Gross Profit (Loss)	42.9	45.9	$ (3.0)	(6.5)%		(0.6)	43.5	$ (2.4)	(5.2)%	
Gross Margin (%)	19.2%	24.7%		(550 bps)		(0.9)%	27.8%		310 bps	
SG&A	56.2	27.1	$ 29.1	107.4%	115.1%	32.1	24.1	$ (3.0)	(11.1)%	(3.3)%
SG&A (%)	25.2%	14.6%		1,060 bps		48.1%	15.4%		80 bps	
Operating (Loss) Income	$ (13.3)	$ 18.8	$ (32.1)	(170.7)%	(163.3)%	$ (32.8)	19.5	$ 0.7	3.7%	11.2%
Operating Margin (%)	(6.0)%	10.1%		(1,610 bps)		(49.1)%	12.5%		240 bps	

IPD Ex-SIHI operating margin improvement of 240 bps demonstrates continued solid operating improvement and progress towards 14 - 15% target

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(1) Effective January 1, 2015, certain facilities that were previously included in IPD are now reported in EPD. 2014 results have been adjusted to reflect this change.

Industrial Product Division
Q1 2015 Bookings and Sales

($ millions)		1st Quarter				1st Quarter Adjusted			
		2015	2014 (1)	Delta (%)	Constant FX (%)*	SIHI	IPD Ex-SIHI	Delta (%)	Constant FX (%)*
Bookings	OE	176	134	31%	35%	66	110	(18)%	(14)%
Mix **		71%	70%	100 bps		78%	67%	(300 bps)	
	AM	72	58	24%	33%	19	53	(9)%	0%
		29%	30%	(100 bps)		22%	33%	300 bps	
Sales	OE	155	130	19%	25%	47	108	(17)%	(10)%
Mix **		70%	70%	0 bps		70%	69%	(100 bps)	
	AM	68	56	21%	29%	20	48	(14)%	(11)%
		30%	30%	0 bps		30%	31%	100 bps	

The acquisition of SIHI provides scale and synergies to IPD, positioning the segment for enhanced growth while executing on cost reduction opportunities

* Constant FX represents the year over year variance assuming 2015 results at 2014 FX rates
** Gross bookings and sales do not include interdivision eliminations
(1) Effective January 1, 2015, certain facilities that were previously included in IPD are now reported in EPD. 2014 results have been adjusted to reflect this change.

Industrial Product Division Q1 Overview

- Bookings increased 29.1%, or 34.4% on a constant currency basis
  - Includes SIHI bookings of $85.2 million
  - Excluding SIHI, bookings declined 10.1%, primarily due to water, general industries and oil and gas, partially offset by increased bookings in power
- Sales increased 20.0%, or 26.0% on a constant currency basis
  - Includes SIHI sales of $66.8 million
  - Excluding SIHI, constant currency sales decreased 9.9%, due to decreased sales into all regions except Asia Pacific
- Gross margin decreased 550 basis points to 19.2%, primarily due to impacts of SIHI purchase price accounting adjustments and realignment charges
  - Excluding SIHI, gross margin increased 310 bps to 27.8%
- Excluding SIHI, operating margin increased 240 bps to 12.5%

Flow Control Division
Q1 2015 Segment Results

($ millions)	Q1 2015 2015	2014	Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 323.0	$ 413.7	$ (90.7)	(21.9)%	(15.7)%
Sales	$ 327.2	$ 382.9	$ (55.7)	(14.5)%	(7.2)%
Gross Profit	$ 118.9	$ 144.4	$ (25.5)	(17.7)%	
Gross Margin (%)	36.3%	37.7%		(140 bps)	
SG&A (1)	$ 64.1	$ 61.1	$ 3.0	4.9%	14.4%
SG&A (%)	19.6%	16.0%		360 bps	
Income from Affiliates	$ (0.1)	$ (0.2)	$ 0.1	(50.0)%	
Operating Income (1)	$ 54.7	$ 83.1	$ (28.4)	(34.2)%	(29.8)%
Operating Margin (%)	16.7%	21.7%		(500 bps)	

FCD's reported 2014 results include a one-time, $12.6 million gain on the sale of assets

* Constant FX represents the year over year variance assuming 2015 results at 2014 FX rates
(1) First Quarter 2014 includes $12.6 million impact of net gain from sale of the Naval business

Flow Control Division
Q1 2015 Bookings and Sales

($ millions)		1st Quarter 2015	2014	Delta (%)	Constant FX (%)*
Bookings Mix **	OE	250	349	(28)%	(22)%
		77%	84%	(700 bps)	
	AM	73	64	14%	21%
		23%	16%	700 bps	
Sales Mix **	OE	267	315	(15)%	(8)%
		82%	83%	(100 bps)	
	AM	60	68	(12)%	(6)%
		18%	17%	100 bps	

FCD continuing to drive increased aftermarket bookings - third consecutive quarter of year-over-year growth

* Constant FX represents the year over year variance assuming 2015 results at 2014 FX rates
** Gross bookings and sales do not include interdivision eliminations

Flow Control Division Q1 Overview

- Bookings decreased 21.9%, or 15.7% on a constant currency basis, including approximately 2% of negative impact from the sale of our Naval business in the first quarter of 2014
  - Decreased bookings driven primarily by the oil and gas, general industries and chemical industry
  - Decreased bookings in all regions with the exception of North America
- Sales decreased 14.5%, or 7.2% on a constant currency basis, including approximately 2% of negative impact from the sale of our Naval business in the first quarter of 2014
  - Driven primarily by decreased original equipment sales
  - Sales decreased into all regions with the exception of North America
- Gross margin decreased 140 basis points to 36.3%, primarily due to unfavorable shift in product mix
- Operating margin decreased 500 basis points to 16.7%
  - Excluding $12.6 million gain on the sale of Naval business, operating margin decreased 170 bps
- Backlog decreased 5.3% to $734 million vs. 2014 year-end, or 0.6% on constant currency basis

Q1 2015 – Consolidated Bookings & Sales

Bookings **Sales**

Bookings

- Bookings decreased 12.7%, or 5.9% on a constant currency basis including $85.2 million SIHI bookings
  - Original equipment bookings decreased 14.8%, or 8.3% constant currency
  - Aftermarket bookings decreased 9.8%, or 2.8% constant currency

Sales

- Sales decreased 5.0%, or 3.2% on a constant currency basis
  - Includes $66.8 million SIHI sales
  - Sales decreased into all regions except North America

Sources: Flowserve Internal Data

Q1 2015 - Consolidated Financial Results

	1st Quarter					1st Quarter Adjusted							
($ millions)	2015	2014	Delta ($)	Delta (%)	Constant FX (%)*	SIHI		Other Items		Adjusted Results	Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 1,042.6	$ 1,193.9	$ (151.3)	(12.7)%	(5.9)%	$ 85.2				$ 957.4	$ (236.5)	(19.8)%	(13.1)%
Sales	$ 1,014.6	$ 1,068.1	$ (53.5)	(5.0)%	3.2%	$ 66.8				$ 947.8	$ (120.3)	(11.3)%	(3.1)%
Gross Profit	$ 331.7	$ 377.1	$ (45.4)	(12.0)%		$ (0.6)	(1)	$ (2.5)	(5)	$ 334.8	$ (42.3)	(11.2)%	
Gross Margin (%)	32.7%	35.3%		(260 bps)						35.3%		0 bps	
SG&A	$ 239.9	$ 216.2	$ 23.7	11.0%	19.3%	$ 32.1	(2)	$ 2.1	(6)	$ 205.7	$ (10.5)	(4.9)%	3.5%
SG&A (%)	23.6%	20.2%		340 bps						21.7%		150 bps	
Income from Affiliates	$ 1.6	$ 3.4	$ (1.8)	(52.9)%									
Operating Income **	$ 93.4	$ 164.3	$ (70.9)	(43.2)%	(35.8)%	$ (32.8)		$ (4.6)		$ 130.8	$ (33.5)	(20.4)%	(13.0)%
Operating Margin (%)	9.2%	15.4%		(620 bps)						13.8%		(160 bps)	
Other Income / (Expense), net ***	$ (19.9)	$ (2.9)	$ (17.0)	(586.2)%		$ 5.4	(3)	$ (25.1)	(7)	$ (0.2)	$ 2.7	(93.1)%	
Tax Expense	$ 28.5	$ 38.0	$ (9.5)	(25.0)%		$ 2.9	(4)	$ 3.3	(8)	$ 34.7	$ (3.3)	(8.7)%	
Net Earnings	$ 27.7	$ 107.7	$ (80.0)	(74.3)%		$ (24.4)		$ (26.8)		$ 78.9	$ (28.8)	(26.7)%	
Diluted EPS	$ 0.20	$ 0.78	$ (0.58)	(74.4)%		$ (0.18)		$ (0.20)		$ 0.58	$ (0.20)	(25.6)%	

- Diluted EPS calculated using fully diluted shares of 136.0 million and 138.9 million shares in Q1 2015 and Q4 2014, respectively
- Flowserve repurchased 1,382,025 and 1,436,423 shares in Q1 2015 and Q1 2014, respectively

* Constant FX represents the year-over-year variance assuming 2015 results at 2014 FX rates

** First Quarter 2014 includes $12.6 million net gain from the sale Naval business

*** First Quarter 2015 includes $19.1 million impact including Venezuela remeasurement, losses arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts vs. a loss of $2.2 in Q1 2014

1. Cost of sales includes $8.1 million of purchase price accounting expense (PPA) and $13.2 million of realignment charges
2. SG&A includes $1.1 million of PPA expense, $7.5 million of realignment charges and $5.0 million of acquisition-related costs
3. Includes $6.1 million foreign exchange gain, partially offset by $0.7 million in net interest expense
4. Tax benefit offset by $5.0 million of site exit taxes from realignment
5. Includes primarily $2.2 million of Venezuela remeasurement impact and $0.3 million of write-down and realignment expense
6. Includes $0.6 million of realignment charges and $1.5 million of other severance
7. Includes $18.5 million of Venezuela remeasurement impact and $6.6 million of other below the line FX impacts
8. Includes tax impact of items above - there is no tax benefit on the $18.5 Venezuela remeasurement loss

Q1 2015 Cash Flows

	Q1	
($ millions)	**2015**	**2014**
Net Income	$ 30	$ 109
Depreciation and amortization	34	27
Change in working capital	(210)	(207)
Other	53	(14)
Total Operating Activities	**(93)**	**(85)**
Capital expenditures	(84)	(32)
Acquisitions, dispositions and other	(340)	47
Total Investing Activities	**(424)**	**15**
Proceeds / (payments) of long-term debt, net	513	(10)
Dividends	(22)	(19)
Short-term financing and other, net	8	10
Repurchase of common shares	(80)	(110)
Total Financing Activities	**419**	**(129)**
Effect of exchange rates	**(18)**	**(1)**
Net Decrease in Cash	**$ (116)**	**$ (199)**

Capital expenditures include investments to increase capabilities in Asia and strategic aftermarket license

Primary Working Capital

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

	Q1 2015		Q1 2014	
($ millions)	**$**	**%**	**$**	**%**
Receivables	1,016	21.1%	1,064	21.6%
Inventory	1,119	23.2%	1,121	22.8%
Payables	(485)	(10.1)%	(470)	(9.5)%
Primary Working Capital	**1,650**	**34.2%**	**1,715**	**34.8%**
Advance Cash*	(366)	(7.6)%	(350)	(7.1)%
Total	**1,284**	**26.6%**	**1,365**	**27.7%**
Backlog	**2,689**		**2,689**	

Accounts Receivable

Accounts Receivable DSO at 94 days in Q1 2015, versus 90 days in prior year Q1

- *Driven by certain Latin American customers with extended terms compared to our usual terms and balances are not disputed. We have not historically experienced write-offs relating to these customers.*
- *Targeted DSO in the mid 60s*

Inventory

Inventory turns were 2.4 times, versus 2.5 times prior year Q1

- *Driving towards inventory turns goal of 4.0x to 4.5x*

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

2015 Guidance Assumptions

Revenue Guidance Assumptions	2014 Actual	Previous 2015 Guidance (1)	Current 2015 Guidance (2)
Revenue Guidance vs. 2014		-1% to +3%	-8% to -12%
EUR Rate (actual/assumed)	1.33	1.21 (yr-end 2014)	1.07 (3/31/15)
FX headwinds vs. 2014		~5%	~10%
Constant Currency Guidance		~4% to + ~8%	~-2% to ~+2%

Adjusted EPS Guidance Assumptions	2014 Actual	Previous 2015 Guidance	Current 2015 Guidance
Adjusted EPS Guidance	$3.76	$3.60 - $4.00	$3.25 - $3.65
EUR Rate (actual/assumed)	1.33	1.21 (yr-end 2014)	1.07 (3/31/15)
FX Headwinds vs. 2014		~$0.20/share	~$0.40/share

(1) Provided January 28, 2015
(2) Provided April 30, 2015
- Revenue & Adjusted EPS guidance exclude the impact of the January 2015 acquisition of SIHI. Adjusted EPS guidance also excludes realignment, below-the-line FX impact and other specific one-time items.

2015 EPS Guidance

- 2015 Adjusted EPS guidance range excludes the impact of recent SIHI Group acquisition, expected to be $0.25 dilutive in 2015. The guidance range further assumes revenue decline of 8% to 12%, assuming 3/31/15 exchange rates, and further excludes realignment, below the line foreign exchange impacts and other one-time items
- Similar to prior year, 2015 earnings will be second half weighted. Estimated negative translation impact of approximately $0.40 included in the $3.25-$3.65 range assumes 3/31/15 exchange rates.

Updated 2015 full year Adjusted EPS target range of $3.25 to $3.65 - Range excludes approximately $0.25 expected dilutive impact of SIHI Group acquisition

* EPS amounts for 2006 and 2007 have not been retrospectively adjusted to reflect the adoption of the two class method of calculating earnings per share under ASC 260, "Earnings Per Share" which was effective January 1, 2009. The impact of adoption was a decrease to EPS of $0.01 for 2006 and $0.02 for 2007.

2015 Outlook

Cash Use Priorities in 2015

- Continue to execute on announced capital allocation policy of annually returning 40 – 50% of running 2-year average net earnings to shareholders
- Estimate capital expenditures to be $170 – $180 million
- Scheduled debt principal reduction of $45 million
- Estimate U.S. and non-U.S. pension fund contributions to be approximately $30 – $35 million
- Other strategic opportunities, after disciplined analysis

Working Capital

- Execute on working capital initiatives to increase on-time delivery and improve DSO and inventory turns to targeted levels

SG&A Cost Focus

- Continue expense-management culture as we target our longer term goal of SG&A as a percent of sales of 18% while making strategic growth investments

Questions and Answers