

FLOWSERVE CORPORATION

(NYSE: FLS)

SIHI Group Acquisition

November 14, 2014

Safe Harbor Statement

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.

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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.

SIHI Group BV:

Strong Strategic and Financial Fit

- ✓ **Complementary product offering adding high quality vacuum pumps**
- ✓ **Substantial industry exposure to the desirable chemical market**
- ✓ **Strengthens Flowserve's Industrial Product Division, providing scale**
- ✓ **Large installed base provides opportunity to accelerate the aftermarket**
- ✓ **Significant prospects to expand geographic reach of product offering**
- ✓ **Experienced employees, many efficient facilities and strong customer relationships**
- ✓ **Meaningful synergies through top-line growth, optimization and cost leverage**

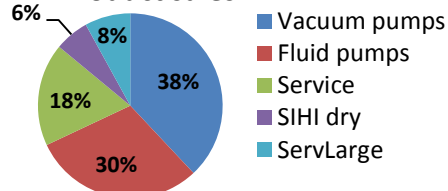
SIHI Overview



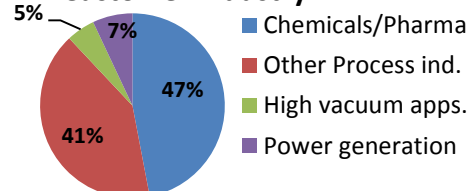
- Global pumping solution provider with innovative and customized solutions for demanding applications in the process industry
- Headquarters: Itzehoe, Germany
- Key products: Vacuum pumps, fluid pumps, ISO, ring section, side channel, end suction industrial

Products and end markets

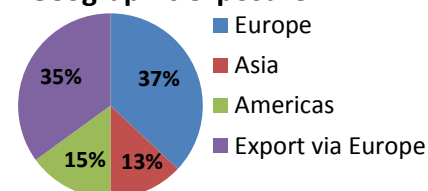
Product sales



Customer industry



Geographic exposure

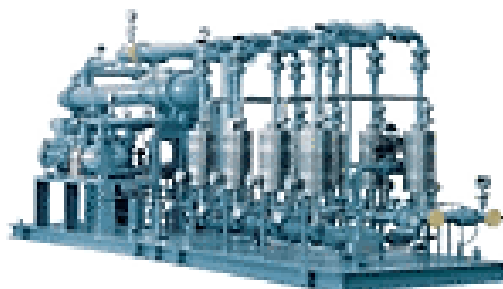


Locations and employees

- 28 Facilities: Germany (3), 1 each in Spain, Belgium, The Netherlands, US, France, Canada, Colombia, China, Thailand, with foundry in UK and 16 service centers around the world
- Employees: ~1,700

Est. 2014 key financial information

- Revenues: ~ €280M
- Gross Margin: ~ 30%
- EBITDA: ~ €30M



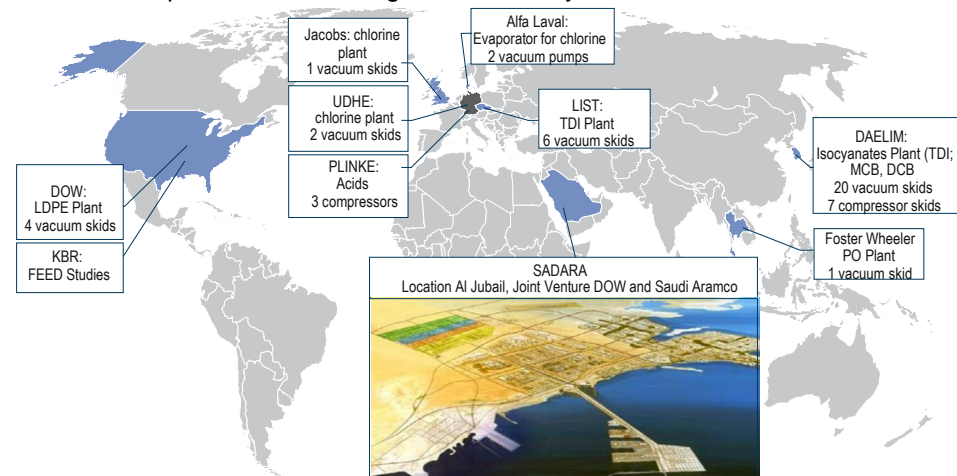
Leading Provider of Engineered Vacuum and Fluid Pumps and Related Systems

A Market Leading Player

- ✓ **#2 globally in process vacuum and a leader in selected fluid applications**
- ✓ **Extensive application knowledge provided to customers across the globe**
- ✓ **Ability to engineer customized pumps and systems is a key differentiator**
- ✓ **Continuous R&D efforts to develop new proprietary pump technologies**
- ✓ **Excellent track record of international projects with blue-chip customers**

Engineering and Project Expertise

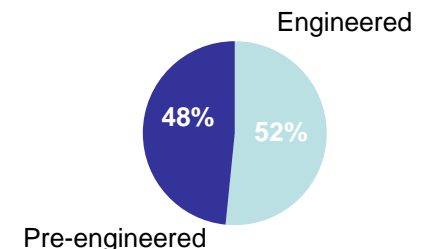
In 2012, SIHI won all vacuum system orders related to the “SADARA” project including 46 vacuum and compressor systems with a value of €16m plus about €4m engineered fluid systems



Product Example – Highly Engineered System



Sales Split – Engineered vs. Pre-engineered ⁽¹⁾



(1) Refers to 2013 European sales of pumps and pump sets.

Complementary Products and Applications

New product for Flowserve

Vacuum Pumps

Description

- Liquid ring vacuum pumps and compressors
- Engineered vacuum pump, compressor and membrane systems
- Mechatronically controlled dry screw vacuum pumps
- Aftermarket services

End Markets

- Chemical
- Pharmaceutical
- Industrial
- Refinery



Fluid Pumps

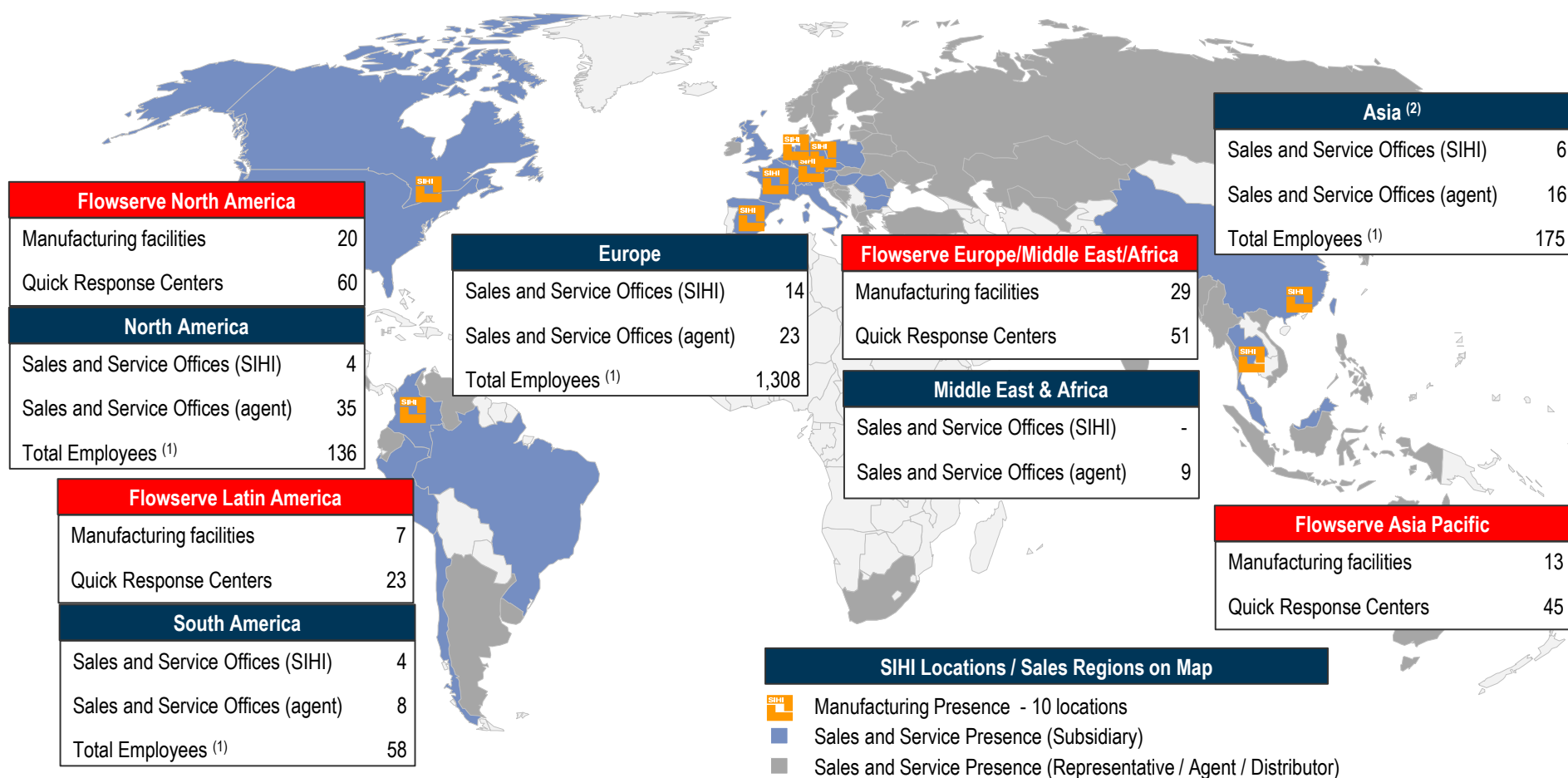
- Single-stage chemical process end-suction pumps
- Multi-stage high pressure centrifugal pumps
- Single-stage water standard end-suction pumps
- Hot media centrifugal pumps
- Multi-stage side channel pumps
- Aftermarket services

- Chemical
- Pharmaceutical
- Industrial
- Food and Beverage
- LPG filling stations

Complementary Industries



Solid Global Footprint



SIHI has a strong presence in Western Europe and is well positioned to expand its existing footprint in growth markets such as Asia, the Americas and Eastern Europe

Source: Company information.

Note: SIHI has a specialist steel foundry in Sheffield, UK.

(1) Refers to number of full time equivalent employees as at 30 November 2013.

(2) Asia includes Australia region.

Sales Acceleration & Leveraging Platform Drive Value

Revenue

- Leverage high quality vacuum pumps and niche fluid pumps across Flowserve's global sales presence
- SIHI's solid installed base of pumps provides opportunities for Flowserve seal products
- Aftermarket opportunities on SIHI installed base utilizing Flowserve's global Quick Response Centers

Cost

- Leverage Flowserve's global supply chain and low-cost sourcing network
- Optimize combined manufacturing and aftermarket footprint between high-quality FLS & SIHI facilities

Income / Margin

- Plan to double the expected 2014 EBITDA by 2017 through growth and synergy realization
- Post-integration & PPA operating margins, SIHI will support IPD's 14-15% target range

EPS

- Immediately EPS accretive excluding purchase price accounting (PPA) and transaction/integration costs
- Modestly GAAP accretive in 2016, with full annualized run-rate synergies in place by year end
- PPA, with transaction and integration costs, result in expected 2015 GAAP EPS dilution of ~ \$0.25

Leverage

- Purchase price funded with cash on hand and debt
- Post purchase Debt/EBITDA comfortably within Flowserve's targeted 1-to-2 times leverage range

Key Financial Highlights:

Significant Opportunity for Value Enhancement

- Purchase price of €298 million for SIHI equity
 - Implied 2014(e) EBITDA multiple of ~10x before synergies and 1.1x 2014(e) sales
 - Incorporating full benefit of expected annualized synergies, implied multiple is below 7x EBITDA
- Anticipate funding through foreign cash and incremental debt
 - Creates opportunity to utilize current and future overseas “trapped” cash
- Structure: purchase of equity ownership
- Expect to generate significant synergies through growth, leverage and cost
- Textbook example of Flowserve’s disciplined M&A approach
 - Immediately accretive to EPS absent PPA & transaction/integration costs
 - Expected to be accretive to GAAP EPS in 2016 and beyond

Timeline to Expected Close

Event	Date
Announcement	November 14, 2014
Regulatory Approvals	Now through Q4 2014
Works Council Consultation	Now through Closing
Expected Close	Early first quarter 2015
Integration	Continuous through 2016

Summary: SIHI Exemplifies M&A Strategy

Achieving Key Strategic Objectives	Rationale for Acquisition of SIHI
<i>Invest in markets/units that “earned the right to grow”</i>	<ul style="list-style-type: none"> • Significant progress in IPD operating platform excellence • Demonstrated success in integrating past acquisitions including Lawrence Pumps and Innomag
<i>Niche, bolt-on top line growth</i>	<ul style="list-style-type: none"> • Products include high quality vacuum pumps and niche fluid pumps with little Flowserve product overlap • SIHI installed pump base provides Flowserve seal opportunities
<i>Attractive businesses, markets and filling gaps</i>	<ul style="list-style-type: none"> • Vacuum pumps are additive to Flowserve’s pump portfolio • Leading provider in demanding process industry applications • High product exposure to chemical market, significantly increases Flowserve’s exposure to EMA
<i>Strong fit with our competitive advantages</i>	<ul style="list-style-type: none"> • Leverage Flowserve’s worldwide sales force to drive SIHI’s vacuum pumps into growth regions • Large installed base supports aftermarket sales synergies
<i>Drive long-term value</i>	<ul style="list-style-type: none"> • Quickly accretive; IRR exceeds WACC • Opportunities to reinforce core business, markets and operating platform to improve profitability

SIHI acquisition supports long-term profitable growth and increased shareholder value