FLOWSERVE®

First Quarter 2018 Earnings Conference Call

May 11, 2018

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, statements concerning our future financial performance, future debt and financing levels, investment objectives, implications of litigation and regulatory investigations and other management plans for future operations and performance.

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 North Africa, Russia 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, particularly the Euro and British pound and 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 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; risks and potential liabilities associated with cyber security threats; our inability to execute and realize the expected financial benefits of our strategic manufacturing optimization and other cost-saving initiatives; 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; if we are not able to successfully execute and realize the expected financial benefits from our strategic realignment and other cost-saving initiatives, our business could be adversely affected; 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 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.

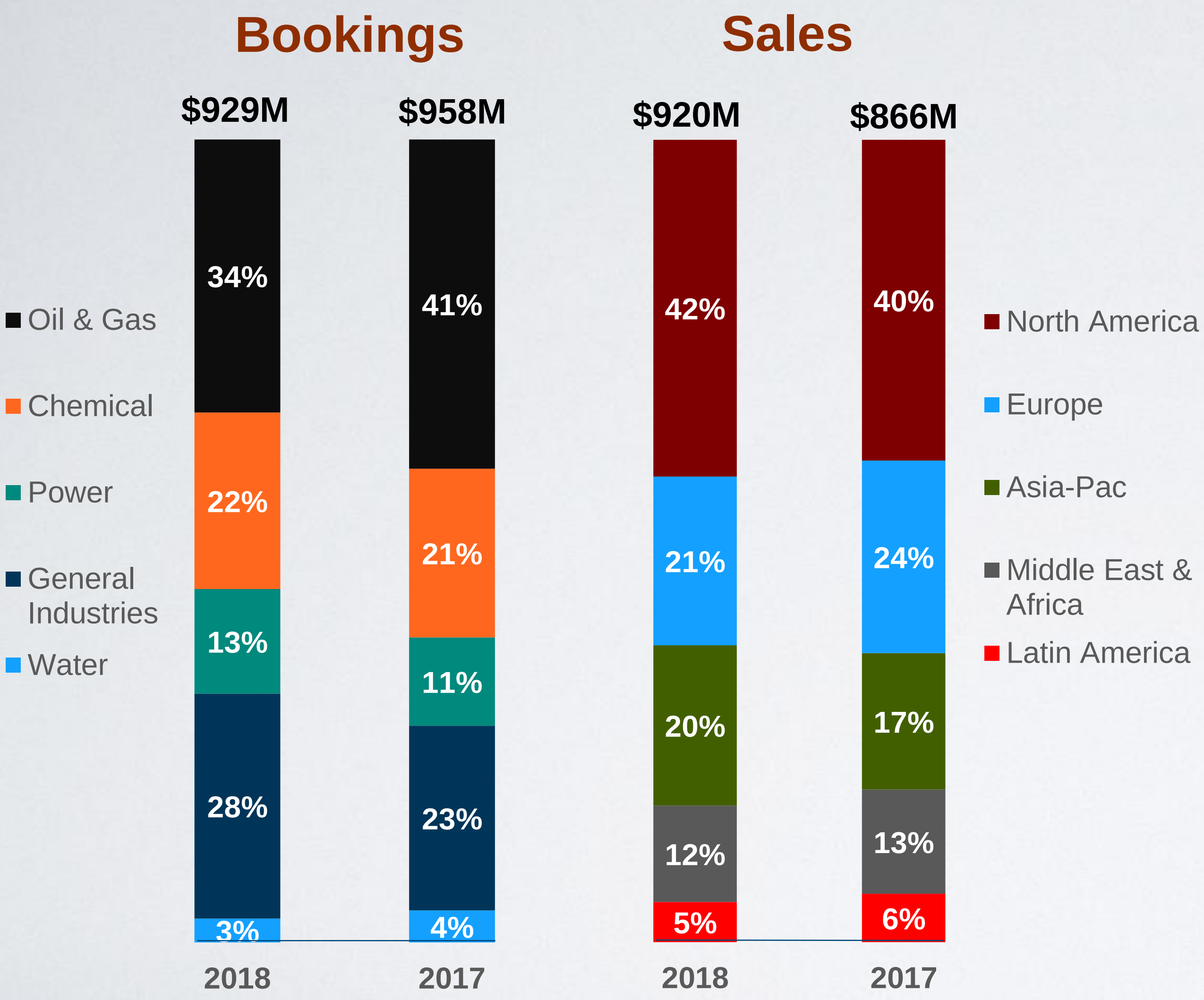
We have provided a table on pages 10 that reconciles these non-GAAP measures to their corresponding GAAP-based measures.

Q1 2018 Overview

- **Q1 2018 Reported and Adjusted Earnings per share of $0.12 and $0.27**
  - ***Adjusted EPS* excludes approximately $25 million consisting primarily of realignment and below-the-line foreign exchange expenses***
- **Bookings decreased 3.1%, including approximately 2.5% headwind from 2017 business divestitures**
  - ***2017 first quarter included large project award of $80 million***
- **Implemented ASC 606 increasing the number of contracts accounted for under percentage of completion accounting method**
- **Total revenue increased 6.2%; strong aftermarket sales growth of 11.1%**
  - ***Includes approximately 2.5% headwind from 2017 business divestitures***
- **Backlog decreased 9.7% versus year-end 2017**
  - ***ASC 606 reduced 2017 year-end backlog by $237 million***
- **Aggressively pursuing Flowserve 2.0 transformation initiatives to simplify and streamline our operating model and accelerate growth**
- **Reaffirmed 2018 Adjusted EPS guidance of $1.50 – $1.70**

***** See table on page 10 for reconciliation to corresponding GAAP-based measure

Q1 Bookings & Sales Mix



End-Markets

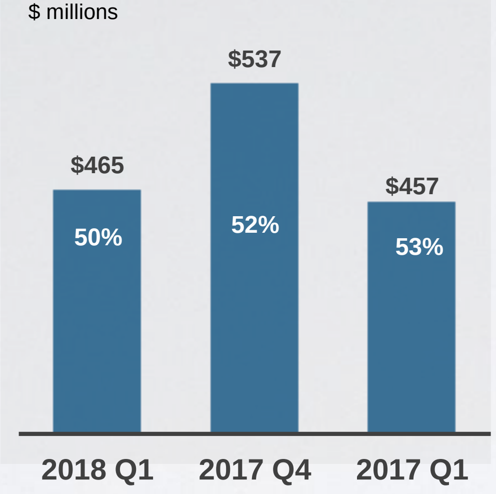
- **Oil & Gas**
  - MRO spending outlook improved on expected increased refinery maintenance and efficiency upgrades
  - North America LNG activity increasing
  - International upstream projects remain challenged
  - Overall oil and gas pipeline is growing
- **Chemical**
  - Expected global chemical demand driving increased ethylene and derivative facility investment
  - North American second wave ethylene projects moving forward at a deliberate pace, including three awarded to E&C
  - Expected increased Middle East investment
- **Power**
  - Nuclear opportunity remains in maintaining our global installed base while participating in new builds, particularly in China
  - Fuel switching continues to drive combined cycle investment
  - Flowserve well positioned for growing thermal solar market
- **General Industries**
  - General industries supported by improving distribution channel and mining growth

Q1 Original Equipment / Aftermarket Mix

Original Equipment

Bookings Mix %

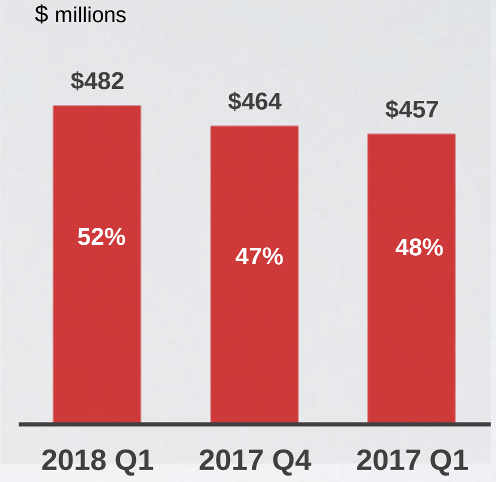
Sales Mix %



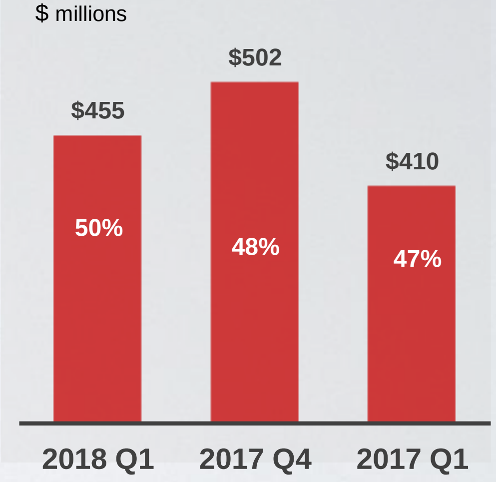
- **Original equipment bookings decreased 10.8%, or 14.7% constant currency**
  - ***2017 included $80 million project award***
- **Original equipment sales increased 1.8% due to ASC 606 and FX, or decreased 3.1% constant currency**

Aftermarket

Bookings Mix %



Sales Mix %



- **Aftermarket bookings increased 5.4%, or decreased 0.9% constant currency**
- **Aftermarket sales increased 11.1%, or 4.5% constant currency**

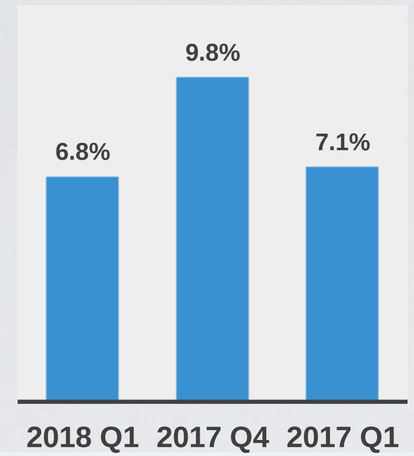
Note: 2018 Booking and Sales include approximately 2.5% headwinds from 2017 business divestitures

Q1 2018 Financial Scorecard [1]

Bookings

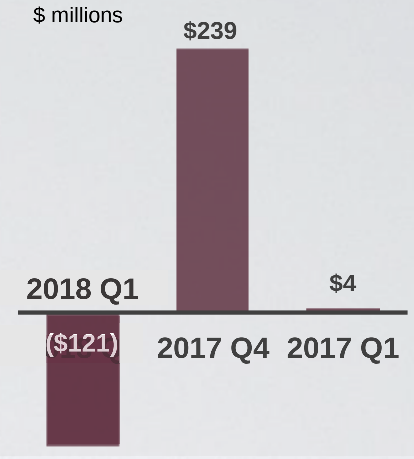
Revenue

Adjusted OI%



Adjusted EPS

Oper. Cash Flow



PWC [2]

Q1 Highlights

- **Solid aftermarket bookings growth of 5.4% partially offset original equipment bookings decrease of 10.8% on challenging year-over-year compare due to $80 million large project award in 2017 Q1**
- **Revenue increased 6.2% year-over-year and decreased 11.0% sequentially; sequential declines reflect normal seasonality**
- **Adjusted operating margin of 6.8% in-line with expectations**
- **Adjusted EPS of $0.27 excludes realignment of $0.07, below-the-line FX of $0.05 and $0.03 of discrete corporate items**
- **Operating cash flow use driven by normal seasonality and increased primary working capital**

(1) See table on page 10 for reconciliation to corresponding GAAP-based measure
(2) Primary working capital "PWC" for 2018 includes accounts receivable, inventory, contract assets, accounts payable and contract liabilities. 2017 includes accounts receivable, inventory, accounts payable and advance cash payments.

Note: First quarter included adoption of ASC 606. Detailed impacts are included in our March 31, 2018 10Q.

2018 Guidance Assumptions

Guidance Assumptions	2018 Guidance [1]
Revenue Guidance	3% - 6%
Reported EPS Guidance	$0.95 - $1.15
Adjusted EPS Guidance	$1.50 - $1.70
EUR Rate	1.22
Effective Tax Rate	27% - 28%
Capital Expenditures	$80 - $90 million

[1] 2018 Reported and Adjusted EPS guidance as of May 11, 2018, assumes 132 million diluted shares

[2] 2018 Revenue guidance includes approximately 2% currency benefit and 1% negative impact from 2017 divestitures

– Adjusted EPS guidance excludes expected realignment charges of approximately $90 million, below-the-line FX impact and other specific discrete items.

Questions & Answers

Appendix

Q1 2018 Consolidated Financial Results

($ millions)	1st Quarter 2018	1st Quarter 2017	1st Quarter Delta ($)	1st Quarter Delta (%)	1st Quarter Constant FX(%)*	2018 Adjusted Items	2018 Adjusted Results	2017 Adjusted Results	Adjusted Delta ($)	Adjusted Delta (%)	Adjusted Constant FX(%)*
Bookings	$ 928.5	$ 958.2	**$ (29.7)**	**-3.1%**	**-8.1%**	$ -	$ 928.5	$ 958.2	**$ (29.7)**	**-3.1%**	**-8.1%**
Sales	$ 920.0	$ 866.3	**$ 53.7**	**6.2%**	**0.5%**	$ -	$ 920.0	$ 866.3	**$ 53.7**	**6.2%**	**0.5%**
Gross Profit	$ 271.4	$ 269.0	**$ 2.4**	**0.9%**		$ (7.2) (1)	$ 278.6	$ 274.0 (5)	**$ 4.6**	**1.7%**	
Gross Margin (%)	29.5%	31.1%		**(160) bps**			30.3%	31.6%		**(130) bps**	
SG&A	$ 229.2	$ 221.8	**$ 7.4**	**3.3%**	**-0.7%**	$ 9.8 (2)	$ 219.4	$ 215.7 (6)	**$ 3.7**	**1.7%**	**-2.5%**
SG&A (%)	24.9%	25.6%		**(70) bps**			23.8%	24.9%		**(110) bps**	
Income from Affiliates	$ 3.2	$ 3.5	**$ (0.3)**	**-8.6%**		$ -	$ 3.2	$ 3.5	**$ (0.3)**	**-8.6%**	
Operating Income	$ 45.4	$ 50.7	**$ (5.3)**	**-10.5%**	**-18.4%**	$ (17.0)	$ 62.4	$ 61.8	**$ 0.6**	**1.0%**	**-5.6%**
Operating Margin (%)	4.9%	5.9%		**(100) bps**			6.8%	7.1%		**(30) bps**	
Other (Expense), net **	$ (5.5)	$ (11.4)	**$ 5.9**			$ (7.9) (3)	$ 2.4	$ 0.5 (7)	**$ 1.9**		
Tax (Expense)	$ (8.6)	$ (5.3)	**$ (3.3)**	**62.3%**		$ 5.1 (4)	$ (13.7)	$ (11.7) (8)	**$ (2.0)**	**17.1%**	
Net Earnings	$ 15.1	$ 19.1	**$ (4.0)**	**-20.9%**		$ (19.8)	$ 34.9	$ 34.8	**$ 0.1**	**0.3%**	
Diluted EPS	**$ 0.12**	**$ 0.15**	**$ (0.03)**	**-20.0%**		**$ (0.15)**	**$ 0.27**	**$ 0.26**	**$ 0.01**	**3.8%**	

- Diluted EPS calculated using fully diluted shares of 131.1 million and 131.3 million shares for Q1 2018 and Q1 2017, respectively
* Constant FX represents the year-over-year variance assuming 2018 results at 2017 FX rates

1. Cost of sales includes $7.2 million of realignment charges
2. SG&A includes $4.3 million of realignment charges and $5.5 million of discrete corporate items
3. Below-the-line FX impacts
4. Includes tax impact of above items

** First Quarter 2018 includes a loss of $8.0 million arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts vs. a loss of $11.0 million in Q1 2017

5. Excludes $5.0 million of realignment charges
6. Excludes $5.5 million of realignment charges and $0.6 million of PPA and integration expenses
7. Excludes $11.0 million below-the-line FX gains
8. Excludes tax impact of above items

Engineered Product Division
Q1 2018 Segment Results

1st Quarter					
($ millions)	2018	2017	Delta ($)	Delta (%)	Constant FX(%)*
Bookings	$ 424.3	$ 460.9	**$ (36.6)**	**-7.9%**	**-12.2%**
Sales	$ 467.7	$ 424.7	**$ 43.0**	**10.1%**	**4.4%**
Gross Profit	$ 139.8	$ 136.7	**$ 3.1**	**2.3%**	
Gross Margin (%)	29.9%	32.2%		**(230) bps**	
SG&A	$ 103.9	$ 94.6	**$ 9.3**	**9.8%**	**6.0%**
SG&A (%)	22.2%	22.3%		**(10) bps**	
Income from Affiliates	$ 3.5	$ 3.8	**$ (0.3)**	**-7.9%**	
Operating Income	$ 39.4	$ 45.9	**$ (6.5)**	**-14.2%**	**-23.0%**
Operating Margin (%)	8.4%	10.8%		**(240) bps**	
Adjusted Operating Income**	$ 46.4	$ 44.3	**$ 2.1**	**4.7%**	**-4.4%**
Adjusted Operating Margin%**	9.9%	10.4%		**(50) bps**	

* Constant FX represents the year over year variance assuming 2018 results at 2017 FX rates
** Adjusted realignment charges of $7.0 million and ($1.6) million for Q1 2018 and Q1 2017, respectively

Engineered Product Division
Q1 2018 Bookings and Sales

($ millions)		1st Quarter 2018	2017	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	$ 92	$ 145	-36%	-41%
		22%	31%	(900) bps	
	AM	$ 332	$ 316	5%	1%
		78%	69%	900 bps	
Sales Mix **	OE	$ 143	$ 130	10%	2%
		31%	31%	-	
	AM	$ 325	$ 295	10%	6%
		69%	69%	-	

* Constant FX represents the year over year variance assuming 2018 results at 2017 FX rates
** Gross bookings and sales do not include interdivision eliminations

Industrial Product Division
Q1 2018 Segment Results

1st Quarter					
($ millions)	2018	2017	Delta ($)	Delta (%)	Constant FX(%)*
Bookings	$ 198.5	$ 206.7	$ (8.2)	-4.0%	-9.9%
Sales	$ 198.1	$ 178.4	$ 19.7	11.0%	4.4%
Gross Profit	$ 45.9	$ 34.8	$ 11.1	31.9%	
Gross Margin (%)	23.2%	19.5%		370 bps	
SG&A	$ 47.9	$ 48.5	$ (0.6)	-1.2%	-7.3%
SG&A (%)	24.2%	27.2%		(300) bps	
Income from Affiliates	$ (0.3)	$ -	$ (0.3)	-	
Operating Loss	$ (2.3)	$ (13.7)	$ 11.4	83.2%	78.7%
Operating Margin (%)	-1.2%	-7.7%		650 bps	
Adjusted Operating Loss**	$ (1.2)	$ (3.2)	$ 2.0	62.5%	43.1%
Adjusted Operating Margin%**	-0.6%	-1.8%		120 bps	

* Constant FX represents the year over year variance assuming 2018 results at 2017 FX rates
** Adjusted Operating Income excludes realignment charges of $1.1 million and $9.9 million for Q1 2018 and Q1 2017, respectively, and $0.6 million of SIHI integration costs and purchase price adjustments for Q1 2017

Industrial Product Division
Q1 2018 Bookings and Sales

($ millions)		1st Quarter 2018	2017	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	$ 120	$ 132	-9%	-14%
		60%	64%	(400) bps	
	AM	$ 78	$ 75	4%	-2%
		40%	36%	400 bps	
Sales Mix **	OE	$ 121	$ 113	7%	1%
		61%	63%	(200) bps	
	AM	$ 77	$ 65	18%	11%
		39%	37%	200 bps	

* Constant FX represents the year over year variance assuming 2018 results at 2017 FX rates
** Gross bookings and sales do not include interdivision eliminations

Flow Control Division
Q1 2018 Segment Results

1st Quarter					
($ millions)	2018	2017	Delta ($)	Delta (%)	Constant FX(%)*
Bookings	$ 327.3	$ 309.8	$ 17.5	5.6%	0.6%
Sales	$ 277.2	$ 280.4	$ (3.2)	-1.1%	-5.8%
Gross Profit	$ 88.2	$ 98.0	$ (9.8)	-10.0%	
Gross Margin (%)	31.8%	35.0%		(320) bps	
SG&A	$ 54.3	$ 56.5	$ (2.2)	-3.9%	-7.9%
SG&A (%)	19.6%	20.1%		(50) bps	
Income from Affiliates	$ (0.0)	$ (0.3)	$ 0.3	-	
Operating Income	$ 33.9	$ 41.8	$ (7.9)	-18.9%	-21.1%
Operating Margin (%)	12.2%	14.9%		(270) bps	
Adjusted Operating Income**	$ 36.2	$ 42.9	$ (6.7)	-15.6%	-17.7%
Adjusted Operating Margin%**	13.1%	15.3%		(220) bps	

* Constant FX represents the year over year variance assuming 2017 results at 2016 FX rates
** Adjusted Operating Income excludes realignment charges of $2.3 million and $1.1 million for Q1 2018 and Q1 2017, respectively

Flow Control Division
Q1 2018 Bookings and Sales

($ millions)		1st Quarter 2018	1st Quarter 2017	Delta (%)	Constant FX(%)*
Bookings Mix **	OE	$ 244	$ 234	4%	2%
		74%	75%	(100) bps	
	AM	$ 84	$ 76	10%	-3%
		26%	25%	100 bps	
Sales Mix **	OE	$ 212	$ 222	-5%	-7%
		76%	79%	(300) bps	
	AM	$ 66	$ 58	13%	-3%
		24%	21%	300 bps	

* Constant FX represents the year over year variance assuming 2018 results at 2017 FX rates

** Gross bookings and sales do not include interdivision eliminations

FLOWSERVE®

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