



Scott Rowe
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(NYSE: FLS)

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FORWARD LOOKING STATEMENT 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: global supply chain disruptions and the current inflationary environment could adversely affect the efficiency of our manufacturing and increase the cost of providing our products to customers; 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; if we are not able to successfully execute and realize the expected financial benefits from any restructuring and realignment initiatives, our business could be adversely affected; the substantial dependence of our sales on the success of the energy, chemical, power generation and general industries; the adverse impact of volatile raw materials prices on our products and operating margins; economic, political and other risks associated with our international operations, including military actions, trade embargoes, epidemics or pandemics and changes to tariffs or trade agreements that could affect customer markets, particularly North African, Latin American, Asian 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; the impact of public health emergencies, such as outbreaks of epidemics, pandemics, and contagious diseases, on our business and operations; increased aging and slower collection of receivables, particularly in Latin America and other emerging markets; potential adverse effects resulting from the implementation of new tariffs and related retaliatory actions and changes to or uncertainties related to tariffs and trade agreements; our exposure to fluctuations in foreign currency exchange rates, including in hyperinflationary countries such as Argentina; potential adverse consequences resulting from litigation to which we are a party, such as litigation involving asbestos-containing material claims; expectations regarding acquisitions and the integration of acquired businesses; 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; if we are not able to maintain our competitive position by successfully developing and introducing new products and integrate new technologies, including artificial intelligence and machine learning; environmental compliance costs and liabilities; potential work stoppages and other labor matters; access to public and private sources of debt financing; our inability to protect our intellectual property in the United States, as well as in foreign countries; obligations under our defined benefit pension plans; 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; our information technology infrastructure could be subject to service interruptions, data corruption, cyber-based attacks or network security breaches, which could disrupt our business operations and result in the loss of critical and confidential information; 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 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. 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 tables in the appendix that reconcile these non-GAAP measures to their corresponding GAAP-based measures.

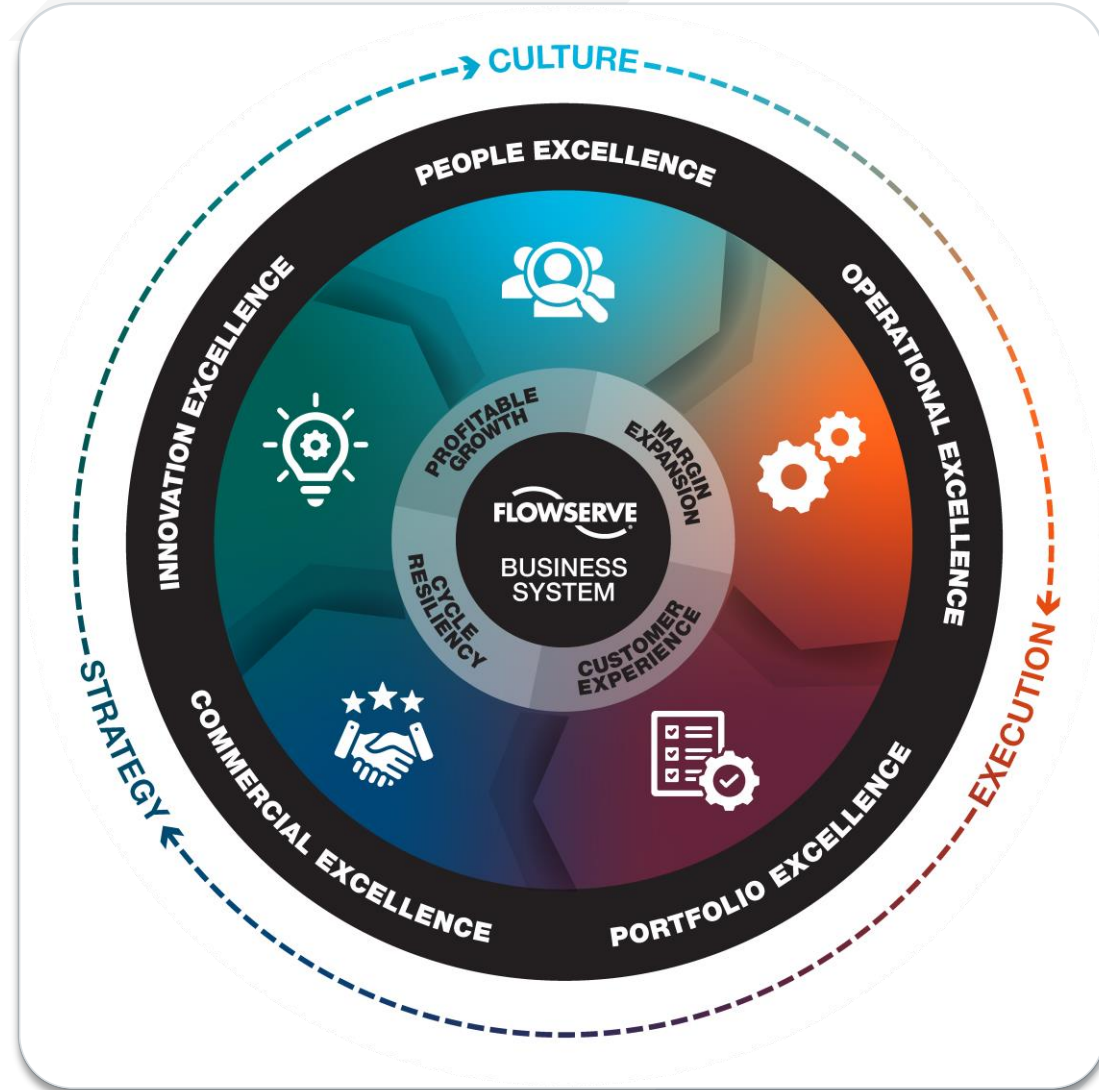
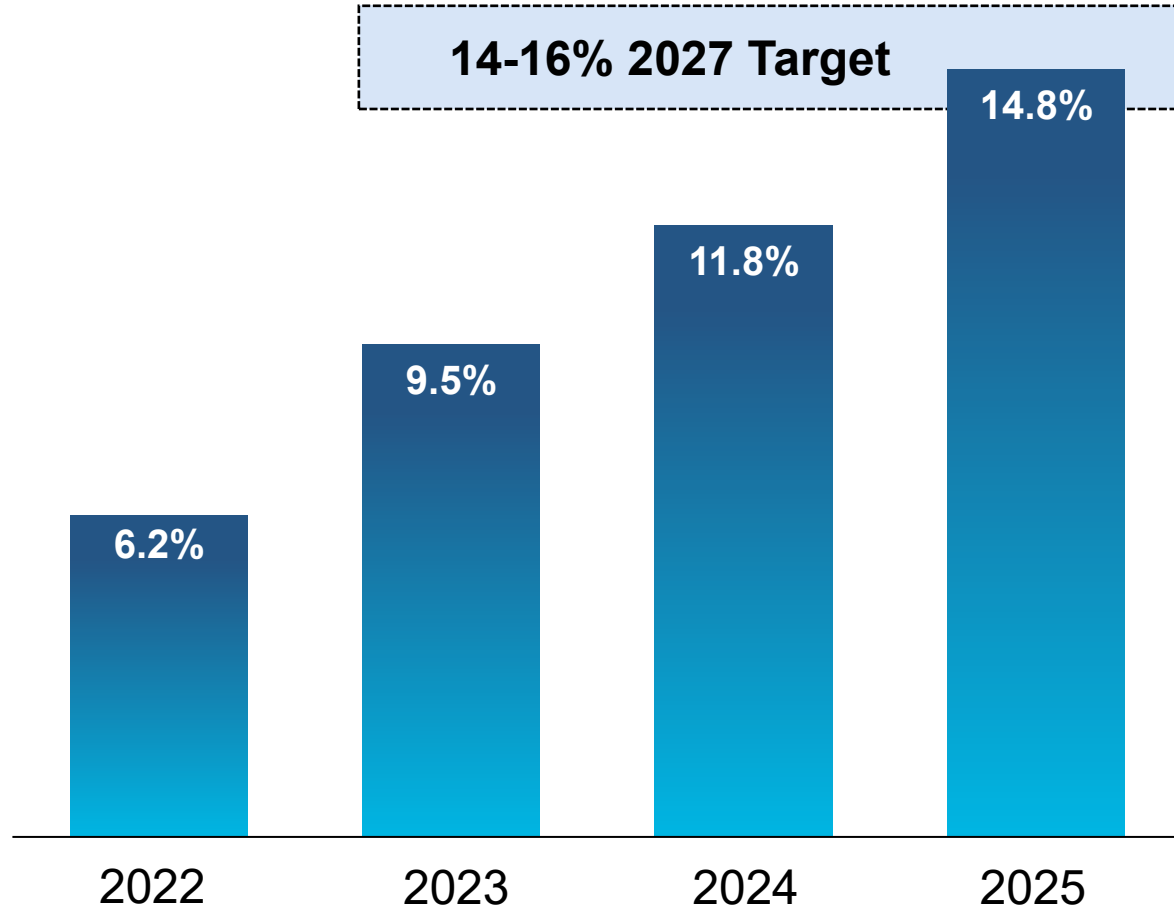




FLOWSERVE BUSINESS SYSTEM: IMPROVING MARGINS



ADJUSTED OPERATING MARGIN*



*See appendix for reconciliation to corresponding GAAP-based measure, operating income.





2030 FINANCIAL TARGETS

ORGANIC SALES
GROWTH

Mid-Single Digits

2025-2030 CAGR

ADJUSTED
OPERATING MARGIN*

~20%

By 2030

ADJUSTED EPS
GROWTH*

Double Digits

2025-2030 CAGR

Continued profit momentum with a focus on growth

*A reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP measures is not available without unreasonable effort due to the inherent and increasing difficulty in forecasting certain items, including those that may be material to our results.





Appendix

FY 2025 CONSOLIDATED FINANCIAL RESULTS



Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands, except per share data)

	Gross Profit	Selling, General & Administrative Expense	Loss on Divestiture of Related Assets and Liabilities	Operating Income	Other Income (Expense), Net	Provision For (Benefit From) Income Taxes	Net Earnings (Loss)	Effective Tax Rate	Diluted EPS
Twelve Months Ended December 31, 2025									
Reported	\$ 1,581,437	\$ 1,062,100	\$ 140,092	\$ 399,924	\$ 195,663	\$ 155,596	\$ 346,247	29.6%	2.64
<i>Reported as a percent of sales</i>	<i>33.4%</i>	<i>22.5%</i>	<i>3.0%</i>	<i>8.5%</i>	<i>4.1%</i>	<i>3.3%</i>	<i>7.3%</i>		
Realignment charges (a)	54,660	(3,595)	-	58,255	-	13,687	44,568	23.5%	0.34
Acquisition related (b)(c)	635	(13,895)	-	14,530	-	3,417	11,113	23.5%	0.08
Purchase accounting step-up and intangible asset amortization (d)	9,180	(5,200)	-	14,380	-	4,138	10,242	28.8%	0.08
Discrete items (e)(f)(g)	121	(31,412)	-	31,533	13,064	8,609	35,988	19.3%	0.27
Merger transaction costs (h)	-	(41,197)	-	41,197	-	9,534	31,663	23.1%	0.24
Merger termination payment (i)	-	-	-	-	(266,000)	(60,957)	(205,043)	22.9%	(1.57)
Discrete tax items (j)	-	-	-	-	-	(24,860)	24,860	0.0%	0.19
Loss on asbestos divestiture (k)	-	-	(140,092)	140,092	-	2,644	137,448	1.9%	1.05
Below-the-line foreign exchange impacts (l)	-	-	-	-	43,893	4,821	39,072	11.0%	0.30
Adjusted	\$ 1,646,033	\$ 966,801	\$ -	\$ 699,911	\$ (13,380)	\$ 116,629	\$ 476,158	18.9%	3.64
<i>Adjusted as a percent of sales</i>	<i>34.8%</i>	<i>20.4%</i>	<i>0.0%</i>	<i>14.8%</i>	<i>-0.3%</i>	<i>2.5%</i>	<i>10.1%</i>		

Note: Amounts may not calculate due to rounding

(a) Charges represent realignment costs incurred as a result of realignment programs of which \$5,300 is non-cash and net of a \$6,888 gain associated with the divestiture of a pump product line.

(b) Charge represents \$12,790 of acquisition and integration related costs associated with the MOGAS acquisition.

(c) Charge represents \$1,740 of costs associated with merger and acquisition activity.

(d) Charge represents amortization of step-up in value of acquired inventories and acquisition related intangible assets associated with the MOGAS acquisition.

(e) Charge represents non-cash share-based compensation expense associated with a one-time discretionary restricted stock grant, subject to three-year cliff vesting, provided to certain employees in conjunction with the freeze of our US Qualified pension plan.

(f) Charge includes \$5,141 for a non-cash pension settlement accounting loss incurred in conjunction with the freeze of our US Qualified pension plan and \$7,923 for a non-cash pension settlement accounting loss incurred in conjunction with a United Kingdom based pension plan.

(g) Charge of \$30,100 represents the Q3 2025 non-cash adjustment to our estimated liability for incurred by not reported asbestos claims based on an annual actuarial study.

(h) Charge represents transaction costs incurred associated with the terminated Chart Industries merger.

(i) Amount represents the Chart Industries merger termination fee paid to Flowserve.

(j) Amount represents a one-time tax charge related to enactment of the One Big Beautiful Bill Act during Q3 2025.

(k) Charge represents the one-time loss associated with the divestiture of our asbestos-related assets and liabilities including \$199,000 of cash funded to the divested entity and \$8,335 of transaction costs incurred.

(l) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.



FY 2024 CONSOLIDATED FINANCIAL RESULTS



Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands, except per share data)

Twelve Months Ended December 31, 2024	Gross Profit	Selling, General & Administrative	Loss on Sale of	Operating	Other Income	Provision For	Net	Effective	Diluted
		Expense	Business	Income	(Expense), Net	(Benefit From) Income Taxes	Earnings (Loss)	Tax Rate	EPS
Reported	\$ 1,434,246	\$ 978,037	\$ 12,981	\$ 462,279	\$ (12,194)	\$ 84,929	\$ 282,759	22.0%	2.14
<i>Reported as a percent of sales</i>	<i>31.5%</i>	<i>21.5%</i>	<i>0.3%</i>	<i>10.1%</i>	<i>-0.3%</i>	<i>1.9%</i>	<i>6.2%</i>		
Realignment charges (a)	31,576	(4,939)	(12,981)	49,496	-	4,884	44,612	9.9%	0.34
Discrete items (b)(c)(d)	2,700	(7,500)	-	10,200	-	2,869	7,331	28.1%	0.06
Acquisition related (e)	-	(9,944)	-	9,944	-	2,340	7,604	23.5%	0.06
Discrete asset write-downs (f)(g)	-	(1,795)	-	1,795	3,567	1,342	4,020	25.0%	0.03
Purchase accounting step-up and intangible asset amortization (h)	3,067	(1,033)	-	4,100	-	1,300	2,800	31.7%	0.02
Below-the-line foreign exchange impacts (i)	-	-	-	-	(2,302)	(1,912)	(390)	83.1%	(0.00)
Adjusted	\$ 1,471,589	\$ 952,826	\$ -	\$ 537,814	\$ (10,929)	\$ 95,752	\$ 348,736	20.7%	2.63
<i>Adjusted as a percent of sales</i>	<i>32.3%</i>	<i>20.9%</i>	<i>0.0%</i>	<i>11.8%</i>	<i>-0.2%</i>	<i>2.1%</i>	<i>7.7%</i>		

Note: Amounts may not calculate due to rounding

(a) Charges represent realignment costs incurred as a result of realignment programs of which \$33,700 is non-cash.

(b) Charge represents a reduction to reserves of \$2,000 associated with our ongoing financial exposure in Russia that were adjusted for Non-GAAP measures when established in 2022.

(c) Charge represents a one-time \$5,000 discretionary cash transition benefit provided to certain employees in conjunction with the freeze of our US Qualified pension plan.

(d) Charge represents the \$7,200 strategic acquisition of intellectual property related to certain liquefied natural gas technology.

(e) Charge represents acquisition and integration related costs associated with the MOGAS acquisition.

(f) Charge represents a \$1,795 non-cash write-down of a software asset.

(g) Charge represents a \$3,567 non-cash write-down of a debt investment.

(h) Charge represents amortization of step-up in value of acquired inventories and acquisition related intangible assets associated with the MOGAS acquisition.

(i) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.



FY 2023 CONSOLIDATED FINANCIAL RESULTS



Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands, except per share data)

Twelve Months Ended December 31, 2023	Gross Profit	Selling, General & Administrative Expense	Operating Income	Other Income (Expense), Net	Provision For (Benefit From) Income Taxes	Net Earnings Attributable to Noncontrolling Interests	Net Earnings (Loss)	Effective Tax Rate	Diluted EPS
Reported	\$ 1,276,828	\$ 961,169	\$ 333,553	\$ (49,870)	\$ 18,562	\$ 18,445	\$ 186,743	8.3%	1.42
<i>Reported as a percent of sales</i>	29.6%	22.2%	7.7%	-1.2%	0.4%	0.4%	4.3%		
Realignment charges (a)	21,012	(45,025)	66,037	-	14,949	-	51,088	22.6%	0.39
Discrete asset write-downs (b)(c)(d)(e)	715	(3,955)	4,670	2,000	1,611	-	5,059	24.2%	0.04
Acquisition related (f)	-	(7,247)	7,247	-	1,704	-	5,543	23.5%	0.04
Below-the-line foreign exchange impacts (g)	-	-	-	41,092	2,395	-	38,697	5.8%	0.29
Correction of prior period errors (h)	-	-	-	-	-	(3,559)	3,559	0.0%	0.03
Discrete tax benefit (i)	-	-	-	-	13,000	-	(13,000)	0.0%	(0.10)
Adjusted	\$ 1,298,555	\$ 904,942	\$ 411,507	\$ (6,778)	\$ 52,221	\$ 14,886	\$ 277,689	15.1%	2.10
<i>Adjusted as a percent of sales</i>	30.1%	20.9%	9.5%	-0.2%	1.2%	0.3%	6.4%		

Note: Amounts may not calculate due to rounding

(a) Charges represent realignment costs incurred as a result of realignment programs of which \$9,701 is non-cash.

(b) Charge represents a further expense of \$1,834 associated with a sales contract that was initially adjusted out of Non-GAAP measures in 2017.

(c) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$81.

(d) Charge represents a \$2,917 non-cash write-down of a licensing agreement.

(e) Charge represents a non-cash asset write-down of \$2,000 associated with the impairment of an equity investment.

(f) Charges represent costs associated with a terminated acquisition.

(g) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.

(h) Represents the amount to correct the cumulative impact of immaterial prior period errors.

(i) Represents a discrete tax benefit due to release of tax valuation allowance on the net deferred tax assets in a foreign jurisdiction. The associated tax expense was adjusted out on Non-GAAP measures in 2015.



FY 2022 CONSOLIDATED FINANCIAL RESULTS

Consolidated Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP Financial Measure (Unaudited)

(Amounts in thousands, except per share data)

Twelve Months Ended December 31, 2022	Gross Profit	Selling, General & Administrative Expense	Operating Income	Other Income (Expense), Net	Provision For (Benefit From) Income Taxes	Net Earnings (Loss)	Effective Tax Rate	Diluted EPS
Reported	\$ 994,295	\$ 815,545	\$ 197,219	\$ (559)	\$ (43,639)	\$ 188,689	-28.3%	\$ 1.44
<i>Reported as a percent of sales</i>	27.5%	22.6%	5.5%	0.0%	-1.2%	5.2%		
Realignment charges (a)	355	520	(165)	-	1,799	(1,964)	-1090.3%	(0.01)
Discrete asset write-downs (b)(c)(d)	13,490	(13,591)	27,081	-	1,967	25,114	7.3%	0.19
Below-the-line foreign exchange impacts (e)	-	-	-	(9,694)	(1,591)	(8,103)	16.4%	(0.06)
Discrete tax benefit (f)	-	-	-	-	59,313	(59,313)	0.0%	(0.45)
Adjusted	\$ 1,008,140	\$ 802,474	\$ 224,135	\$ (10,253)	\$ 17,849	\$ 144,423	10.4%	\$ 1.10
<i>Adjusted as a percent of sales</i>	27.9%	22.2%	6.2%	-0.3%	0.5%	4.0%		

Note: Amounts may not calculate due to rounding

(a) Charges represent realignment costs incurred as a result of realignment programs of which \$170 is non-cash.

(b) Includes reversals of expenses that were adjusted for Non-GAAP measures in previous periods of \$9,843.

(c) Charges represent a \$33,888 reserve of Russia-related financial exposures.

(d) Charge represents a \$3,036 non-cash asset write-down associated with the impairment of a trademark.

(e) Below-the-line foreign exchange impacts represent the remeasurement of foreign exchange derivative contracts as well as the remeasurement of assets and liabilities that are denominated in a currency other than a site's respective functional currency.

(f) Represents a discrete tax benefit due to release of tax valuation allowance on the net deferred tax assets in foreign jurisdictions. The associated tax expense was adjusted out of Non-GAAP measures in 2017.