



## News Release

# Flowserve Announces Agreement to Acquire SIHI Group

11/14/14

- ***Attractive acquisition of a leading supplier of complementary vacuum and fluid pumps***
- ***Strong strategic fit with Flowserve's Industrial Product Division and chemical industry focus***
- ***Transaction economics fulfill our strict financial discipline and valuation requirements***
- ***Solid gross margin profile with opportunities for revenue growth, cost leverage, operating margin improvement, aftermarket capture and operational initiatives***

DALLAS--(BUSINESS WIRE)--Nov. 14, 2014-- Flowserve Corporation (NYSE:FLS), a leading provider of flow control products and services for the global infrastructure markets, announced today that it has submitted a binding offer to acquire the equity of SIHI Group B.V., a global provider of engineered vacuum and fluid pumps and related services, from TBG Europe NV for consideration of approximately €298 million (\$372.5 million equivalent<sup>1</sup>). Closing is subject to standard regulatory approvals and other customary conditions. The relevant work councils of SIHI and other employee representative bodies will also be consulted prior to formal agreement. Flowserve anticipates funding the transaction with cash on hand and debt, with closing expected to occur early in first quarter of 2015.

SIHI Group, based in the Netherlands, and its subsidiaries ("SIHI") provides engineered vacuum and fluid pumps, with associated aftermarket parts and services, primarily serving the chemical market, as well as the pharmaceutical, food & beverage and other process industries. SIHI has operations

across Europe, the Americas and Asia. SIHI anticipates FY2014 sales of approximately €280 million (\$350 million<sup>1</sup>) with EBITDA of approximately €30 million (\$37.5 million<sup>1</sup>) and gross margins approaching 30 percent. Including anticipated synergies, expected to be achieved in full on an annual basis beginning in 2017, the transaction economics indicate a multiple of less than 7x EBITDA. With anticipated growth and synergies, Flowserve expects to double SIHI's EBITDA by 2017 as well as support IPD's target margins of 14-15%, following the impact of non-cash purchase price accounting, as well as transaction, integration and optimization expenses.

"We are excited about the acquisition of SIHI, which is consistent with Flowserve's ongoing growth strategy to add complementary assets to our portfolio and then accelerate their growth and leverage our operating platform," said Mark Blinn, president and chief executive officer of Flowserve. "The expected combination of SIHI's solid installed base, with its leading position as a supplier of vacuum and fluid pumps, ability to enhance our chemical ISO pump strategy, engineering and manufacturing experience, strong gross margin profile, opportunity to leverage increased scale and both revenue and financial synergy potential make SIHI a natural fit for Flowserve that exceeds our disciplined financial requirements which drives solid long-term value for our shareholders."

### **Investor Conference Call**

Flowserve will host its conference call with the financial community on Friday, November 14 at 9:00 AM Eastern to discuss the proposed acquisition and answer questions. Mark Blinn, president and chief executive officer of Flowserve, as well as other members of the management team will participate. The call can be accessed by shareholders and other interested parties by dialing 1-800-471-6718 with the passcode 38502012. The call, and the accompanying slide presentation containing additional information on this transaction, can also be accessed at [www.flowserve.com](http://www.flowserve.com) under the Investor Relations section.

(1) Utilizing a 1.25 foreign currency exchange rate

### **About Flowserve**

Flowserve Corp. is one of the world's leading providers of fluid motion and control products and services. Operating in more than 50 countries, the company produces engineered and industrial pumps, seals and valves as well as a range of related flow management services. More information about Flowserve can be obtained by visiting the company's Web site at [www.flowserve.com](http://www.flowserve.com).

**SAFE HARBOR STATEMENT:** This news release 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 news release 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 the global financial markets and the availability of capital 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; 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 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; and other factors described from time to time in our filings with the Securities and Exchange Commission.

All forward-looking statements included in this news release are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

Source: Flowserve Corporation

Flowserve

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