



News Release

Flowserve Corporation Reports Fourth Quarter and Full Year 2014 Results

02/17/15

Reports Fourth Quarter & Full Year 2014 EPS of \$1.16 and \$3.76 respectively

Increased bookings, backlog, gross profit, operating income and EPS year-over-year

Increased gross and operating margins demonstrate strong operating platform and bidding discipline

Announced 12.5% increase in the quarterly dividend, to 18 cents per share

Reaffirms 2015 Full Year Adjusted EPS Target Range of \$3.60 to \$4.00

DALLAS--(BUSINESS WIRE)--Feb. 17, 2015-- Flowserve Corporation (NYSE:FLS), a leading provider of flow control products and services for the global infrastructure markets, announced today its financial results for the fourth quarter and full year 2014, and filed its 2014 Annual Report on Form 10-K with the Securities and Exchange Commission.

Highlights of 2014 Fourth Quarter (all comparisons versus prior year quarter, unless otherwise noted):

- Fully diluted EPS of \$1.16, up 14.9% compared to \$1.01 per share
- Bookings of \$1.32 billion, up 5.6%, or 11.2% on a constant currency basis

- Original equipment bookings of \$768 million increased 6.4%, or 12.5% on a constant currency basis
- Aftermarket bookings of \$554 million increased 4.4%, or 9.5% on a constant currency basis
- Sales of \$1.4 billion, decreased 0.6%, or increased 5.6% on a constant currency basis
 - Aftermarket sales of \$577 million increased 0.9%, or 6.8% on a constant currency basis
- Gross profit increased \$15.2 million to \$485.7 million, or 3.2%
 - Gross margin increased 130 basis points to 35.2%
- SG&A expense decreased \$9.0 million to \$251.6 million
 - SG&A as a percent of sales decreased 60 basis points to 18.2%
- Operating income increased \$25.8 million to \$238.7 million, up 12.1%, or up 20.2% on a constant currency basis
- Operating margin increased 200 basis points to 17.3%
- Backlog increased \$147.3 million year-to-date to \$2.7 billion, up 5.8%, or 11.8% on a constant currency basis

Highlights of 2014 Full Year (all comparisons versus prior year, unless otherwise noted):

- Fully diluted EPS of \$3.76, up 10.3% compared to \$3.41 per share
- Bookings of \$5.16 billion, up 5.7%, or 8.0% on a constant currency basis
 - Original equipment bookings of \$3.04 billion, up 5.2%, or 7.5% on a constant currency basis

- Aftermarket bookings of \$2.12 billion, up 6.4%, or 8.9% on a constant currency basis
- Sales of \$4.88 billion, down 1.5%, or up 0.7% on a constant currency basis
 - Full year 2013 revenues included approximately \$37 million of revenues from Naval OY business that was divested in the first quarter of 2014
 - Aftermarket sales of \$2.04 billion, up 2.9%, or 5.5% on a constant currency basis
- Gross profit increased \$26.5 million to \$1.71 billion, up 1.6%
- Gross margin improved 110 basis points to 35.2%
- SG&A spend as a percentage of sales decreased 30 basis points to 19.2%
- Operating income increased \$29.5 million to \$789.8 million, up 3.9%, or 7.0% on a constant currency basis
- Operating margin increased 90 basis points to 16.2%
- Full year operating cash flow increased over \$80 million, up 17 percent, to \$571 million

"I am pleased with our solid fourth quarter and full year results, as we drove continued gross and operating margin improvement through our strong operating performance and sound bidding discipline. We executed at a high level throughout 2014 and we believe our operating platform is performing as well as ever. Although we are not immune to the recent decline in crude oil price or the strengthening U.S. dollar, I believe Flowserve is well positioned, and will pursue numerous growth opportunities, in this environment," commented Mark Blinn, Flowserve's president and chief executive officer. "With a strong financial foundation, combined with our improved backlog, resilient aftermarket franchise, diverse market and geographic exposures, and a proven ability to manage our cost structure, we are prepared to deliver on our recent 2015 financial targets and are confident reaffirming today." Key takeaways from the 2014 fourth quarter and full year results include:

- Full year book-to-bill of 1.06 increased year-to-date backlog by \$147 million, up 5.8% or 11.8% on a constant currency basis, and provides a solid foundation as we enter 2015;
- Strong fourth quarter and full year bookings, up 11.2% and 8.0% on a constant currency basis;
- Focused end-user aftermarket strategies drove record full year bookings and sales of \$2.12 billion and \$2.04 billion, respectively;
- Fourth consecutive quarter of gross margins exceeding 35% with a full year operating margin of 16.2%, reaching the top end of our three year target range;
- Strong operational performance provides increased bandwidth to accelerate our organic and acquisitive growth strategies, as well as further pursue asset optimization opportunities;
- Disciplined cost management demonstrated by SG&A reductions for both the quarter and full year;
- Delivered a 17% increase in year-over-year operating cash flow, to \$571 million
- Returned \$332 million in capital to shareholders, representing over 60% of net income;
- While an uncertain macro environment has diminished market visibility, we remain confident that our diverse business model, growth strategies and investments support long-term earnings growth; and
- In short, we believe 2015 will provide the opportunity for Flowserve to differentiate itself, leverage the operational improvements made and build upon its leadership position in the flow control industry.

Operational Commentary and Segment Performance

Tom Pajonas, executive vice president and chief operating officer, said, "Flowserve's impressive operating performance includes gross and operating margin improvement across all segments for the full year 2014, culminating in a consolidated operating margin of 16.2 percent, at the top end of our target range established three years ago. While I'm pleased with the consistent progress over

the last three years, opportunity remains and we will continue to focus on the customer, invest in our people, increase productivity and optimize our operating platform to deliver long-term profitable growth.

"The recent decline in crude oil price has challenged certain oil and gas projects, but Flowserve's approximate 40 percent oil and gas exposure predominantly services existing infrastructure in the mid- and downstream. With roughly 80 percent of our total revenues focused on existing facilities and their respective maintenance budgets, we believe Flowserve will be less impacted than others might perceive due to the recently announced upstream-focused capital spending reductions and project delays. As we demonstrated in prior commodity downturns, we expect our aftermarket franchise and our original equipment run-rate business to remain resilient throughout the cycle.

"With our strong operational performance as a foundation, we believe the current environment provides Flowserve significant opportunities to enhance its long-term strategic position. Even in our areas of strength, we see solid prospects to accelerate our aftermarket and chemical positions, and believe market share growth is achievable in emerging market power, upstream oil & gas and mining, to name a few. We will pursue these and other growth strategies on both an organic and acquisitive approach, and we will continue to invest in R&D and technologies. Additionally, with the completion of our 2015 SIHI acquisition, we expect to further improve that business and drive growth through scale and operational efficiencies."

Financial Performance and Guidance

"Flowserve's strong operational execution, cost focus and share count reduction combined to deliver solid full year 2014 EPS growth of over 10 percent," commented Mike Taff, Flowserve's senior vice president and chief financial officer. "We delivered solid cash flow from operations of \$571 million for the full year of 2014 and ended the year with \$450 million of cash and cash equivalents. Our gross leverage ratio was 1.3 times EBITDA at year end, well within our stated 1-2 times range, and our net leverage ratio was 0.8 times. Flowserve remains well-positioned from a capital structure standpoint, possessing the financial flexibility to pursue growth and efficiency initiatives to drive long-term value for our shareholders.

"While we expect 2015 to continue to demonstrate our normal seasonality, we also expect the first half of 2015 to experience the largest year-over-year comparable challenges, due to the FX differentials, gains from the 2014 Naval sale and the market view on commodity prices that exist between the two years. For 2015, we are reaffirming our Adjusted EPS target range of \$3.60 to

\$4.00 on a revenue range between down 1 to up 3 percent, as detailed in our January 29, 2015 press release.

"We also returned over 60 percent of our 2014 net income to our shareholders in the form of share repurchases and dividends, as our strong cash flow provided additional capital to be allocated for repurchases at attractive valuations, continuing our disciplined approach. Our Board of Directors further emphasized their commitment to this policy through the recent approval of a 12.5 percent increase to our quarterly dividend, the fifth consecutive annual double digit increase," Taff concluded.

Flowserve reports its operations through three segments: Engineered Product Division (EPD), Industrial Product Division (IPD) and Flow Control Division (FCD). Key financial highlights of segment performance for the fourth quarter and full year 2014 include:

Fourth Quarter and Full Year 2014 - Segment Results

(dollars in millions, comparison vs. 2013 fourth quarter and full year, unaudited)

	EPD		IPD		FCD	
	4th Qtr	Full Year	4th Qtr	Full Year	4th Qtr	Full Year
Bookings	\$684.9	\$2,706.3	\$224.6	\$931.0	\$448.3	\$1,665.2
- vs. prior year	8.3%	9.4%	-9.2%	4.7%	8.7%	0.2%
- on constant currency	15.2%	13.5%	-5.4%	5.2%	13.0%	0.6%
Sales	\$728.8	\$2,464.0	\$251.6	\$932.9	\$439.4	\$1,615.7
- vs. prior year	1.1%	-2.9%	-9.4%	-1.8%	3.1%	0.0%
- on constant currency	8.9%	1.1%	-4.9%	-1.4%	7.0%	0.4%
Gross Profit	\$246.0	\$852.4	\$76.8	\$259.3	\$162.6	\$603.0
- vs. prior year	0.9%	-1.0%	4.8%	5.7%	7.8%	4.1%
Gross Margin (% of sales)	33.8%	34.6%	30.5%	27.8%	37.0%	37.3%
- vs. prior year (in basis points)	0	70	410	200	160	150
Operating Income	\$131.9	\$427.1	\$41.9	\$125.3	\$88.3	\$322.8
- vs. prior year	4.3%	0.9%	8.5%	8.3%	24.0%	4.8%
- on constant currency	13.5%	5.6%	16.6%	9.8%	27.8%	5.6%
Operating Margin (% of sales)	18.1%	17.3%	16.7%	13.4%	20.1%	20.0%
- vs. prior year (in basis points)	60	60	280	120	340	90

Backlog	1,492.5	\$ 491.4	\$ 774.8
---------	---------	----------	----------

Increase in Quarterly Dividend

Flowserve announced today that its Board of Directors has authorized the payment of a quarterly cash dividend of \$0.18 per share on the company's outstanding shares of common stock. This dividend represents a 12.5% increase compared to the \$0.16 per share amount paid in January 2015.

The dividend is payable on April 10, 2015, to shareholders of record as of the close of business on March 27, 2015.

While Flowserve currently intends to pay regular quarterly cash dividends for the foreseeable future, any future dividends, whether at this \$0.18 per share quarterly rate or otherwise, will be reviewed individually and declared by the Board at its discretion, dependent upon the Board's assessment of the company's financial condition and business outlook at the applicable time.

Fourth Quarter 2014 Results Conference Call

Flowserve will host its conference call with the financial community on Wednesday, February 18th at 11:00 AM Eastern. Mark Blinn, president and chief executive officer, as well as other members of the management team will be presenting. The call can be accessed by shareholders and other interested parties at www.flowserve.com under the "Investor Relations" section.

About Flowserve

Flowserve Corp. is one of the world's leading providers of fluid motion and control products and services. Operating in more than 55 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.

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.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)	December 31, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 450,350	\$ 363,804
Accounts receivable, net	1,082,447	1,155,327
Inventories, net	995,564	1,060,670
Deferred taxes	158,912	157,448
Prepaid expenses and other	106,890	110,133
Total current assets	<u>2,794,163</u>	<u>2,847,382</u>
Property, plant and equipment, net	693,881	716,289
Goodwill	1,067,255	1,107,551
Deferred taxes	31,419	19,533
Other intangible assets, net	146,337	160,548
Other assets, net	234,965	185,430
Total assets	<u><u>\$ 4,968,020</u></u>	<u><u>\$ 5,036,733</u></u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 611,715	\$ 612,092
Accrued liabilities	794,072	861,010
Debt due within one year	53,131	72,678
Deferred taxes	12,957	12,319
Total current liabilities	<u>1,471,875</u>	<u>1,558,099</u>
Long-term debt due after one year	1,101,791	1,127,619
Retirement obligations and other liabilities	452,511	473,894
Shareholders' equity:		
Common shares, \$1.25 par value	220,991	220,991
Shares authorized – 305,000		
Shares issued – 176,793 and 176,793, respectively		

Capital in excess of par value	495,600	476,218
Retained earnings	3,415,738	2,985,391
Treasury shares, at cost – 42,444 and 39,630 shares, respectively	(1,830,919)	(1,600,266)
Deferred compensation obligation	10,558	9,522
Accumulated other comprehensive loss	(380,406)	(221,477)
Total Flowserve Corporation shareholders' equity	<u>1,931,562</u>	<u>1,870,379</u>
Noncontrolling interests	<u>10,281</u>	<u>6,742</u>
Total equity	<u>1,941,843</u>	<u>1,877,121</u>
Total liabilities and equity	<u>\$ 4,968,020</u>	<u>\$ 5,036,733</u>

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share data)	Year Ended December 31,		
	2014	2013	2012
Sales	\$ 4,877,885	\$ 4,954,619	\$ 4,751,339
Cost of sales	(3,163,268)	(3,266,524)	(3,170,388)
Gross profit	<u>1,714,617</u>	<u>1,688,095</u>	<u>1,580,951</u>
Selling, general and administrative expense	(936,900)	(966,829)	(922,125)
Net earnings from affiliates	12,115	39,017	16,952
Operating income	<u>789,832</u>	<u>760,283</u>	<u>675,778</u>
Interest expense	(60,322)	(54,413)	(43,520)
Interest income	1,680	1,431	954
Other income (expense), net	2,000	(14,280)	(21,647)
Earnings before income taxes	<u>733,190</u>	<u>693,021</u>	<u>611,565</u>
Provision for income taxes	(208,305)	(204,701)	(160,766)
Net earnings, including noncontrolling interests	<u>524,885</u>	<u>488,320</u>	<u>450,799</u>
Less: Net earnings attributable to noncontrolling interests	(6,061)	(2,790)	(2,460)
Net earnings attributable to Flowserve Corporation	<u>\$ 518,824</u>	<u>\$ 485,530</u>	<u>\$ 448,339</u>
Net earnings per share attributable to Flowserve Corporation common shareholders:			
Basic	\$ 3.79	\$ 3.43	\$ 2.86
Diluted	3.76	3.41	2.84
Cash dividends declared per share	\$ 0.64	\$ 0.56	\$ 0.48

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Amounts in thousands, except per share data)	Three Months Ended December 31,	
	2014	2013
Sales	\$ 1,381,358	\$ 1,389,440
Cost of sales	(895,659)	(918,968)
Gross profit	485,699	470,472
Selling, general and administrative expense	(251,623)	(260,552)
Net earnings from affiliates	4,673	2,974
Operating income	238,749	212,894
Interest expense	(15,016)	(16,151)
Interest income	443	555
Other income (expense), net	3,127	(5,601)
Earnings before income taxes	227,303	191,697
Provision for income taxes	(66,771)	(49,703)
Net earnings, including noncontrolling interests	160,532	141,994
Less: Net earnings attributable to noncontrolling interests	(1,516)	(912)
Net earnings attributable to Flowserve Corporation	\$ 159,016	\$ 141,082
Net earnings per share attributable to Flowserve Corporation common shareholders:		
Basic	\$ 1.17	\$ 1.01
Diluted	1.16	1.01
Cash dividends declared per share	\$ 0.16	\$ 0.14

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)	Year Ended December 31,		
	2014	2013	2012
Cash flows – Operating activities:			
Net earnings, including noncontrolling interests	\$ 524,885	\$ 488,320	\$ 450,799
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	93,307	90,695	88,572
Amortization of intangible and other assets	16,970	15,697	18,654

Net loss (gain) on the disposition of assets	1,094	956	(10,521)
Gain on sale of business	(13,403)	-	-
Gain on sale of equity investment in affiliate	-	(12,995)	-
Gain on remeasurement of acquired assets	-	(15,315)	-
Excess tax benefits from stock-based payment arrangements	(8,587)	(10,111)	(11,207)
Stock-based compensation	42,675	35,757	35,403
Foreign currency and other non-cash adjustments	38,533	(2,418)	(13,605)
Change in assets and liabilities, net of acquisitions:			
Accounts receivable, net	(79,655)	(53,823)	(35,074)
Inventories, net	(35,519)	28,616	(72,706)
Prepaid expenses and other	(9,371)	(6,824)	(4,863)
Other assets, net	(24,509)	(18,002)	2,393
Accounts payable	50,752	(15,642)	24,542
Accrued liabilities and income taxes payable	(22,669)	(65,702)	90,773
Retirement obligations and other liabilities	(7,905)	(3,145)	(21,553)
Net deferred taxes	4,364	31,695	(24,477)
Net cash flows provided by operating activities	<u>570,962</u>	<u>487,759</u>	<u>517,130</u>
Cash flows – Investing activities:			
Capital expenditures	(132,619)	(139,090)	(135,539)
Payments for acquisitions, net of cash acquired	-	(76,801)	(3,996)
Proceeds from disposal of assets	1,731	1,653	16,933
Proceeds from sale of business, net of cash divested	46,805	-	-
Proceeds from (contributions to) equity investments in affiliates	-	46,240	(3,825)
Net cash flows used by investing activities	<u>(84,083)</u>	<u>(167,998)</u>	<u>(126,427)</u>
Cash flows – Financing activities:			
Excess tax benefits from stock-based payment arrangements	8,587	10,111	11,207
Payments on long-term debt	(40,000)	(25,000)	(480,000)
Proceeds from issuance of senior notes	-	298,596	498,075
Proceeds from issuance of long-term debt	-	-	400,000
Payments of deferred loan costs	-	(3,744)	(9,901)
Proceeds under other financing arrangements	18,483	10,674	15,886
Payments under other financing arrangements	(20,502)	(11,075)	(10,079)
Repurchases of common shares	(246,504)	(458,310)	(771,942)
Payments of dividends	(85,118)	(76,897)	(73,765)
Other	(2,604)	(179)	(8,403)
Net cash flows used by financing activities	<u>(367,658)</u>	<u>(255,824)</u>	<u>(428,922)</u>
Effect of exchange rate changes on cash	(32,675)	(4,385)	5,115
Net change in cash and cash equivalents	<u>86,546</u>	<u>59,552</u>	<u>(33,104)</u>
Cash and cash equivalents at beginning of year	<u>363,804</u>	<u>304,252</u>	<u>337,356</u>
Cash and cash equivalents at end of year	<u>\$ 450,350</u>	<u>\$ 363,804</u>	<u>\$ 304,252</u>

Income taxes paid (net of refunds)	\$ 159,520	\$ 195,532	\$ 158,433
Interest paid	58,269	49,618	34,173

CONSOLIDATED QUARTERLY FINANCIAL DATA
(Unaudited)

(Amounts in millions, except per share data)

Quarter	2014			
	4th	3rd	2nd	1st
Sales	\$ 1,381.4	\$ 1,204.0	\$ 1,224.4	\$ 1,068.1
Gross profit	485.7	421.5	430.3	377.1
Earnings before income taxes	227.3	183.3	176.0	146.6
Net earnings attributable to Flowserve Corporation	159.0	128.6	123.5	107.7
Earnings per share (1):				
Basic	\$ 1.17	\$ 0.94	\$ 0.90	\$ 0.78
Diluted	1.16	0.93	0.90	0.78

Quarter	2013			
	4th	3rd	2nd	1st
Sales	\$ 1,389.4	\$ 1,229.1	\$ 1,239.5	\$ 1,096.6
Gross profit	470.5	422.7	421.6	373.3
Earnings before income taxes	191.7	182.4	171.3	147.6
Net earnings attributable to Flowserve Corporation	141.1	126.3	120.4	97.8
Earnings per share (1):				
Basic	\$ 1.01	\$ 0.90	\$ 0.85	\$ 0.68
Diluted	1.01	0.90	0.84	0.67

(1) Earnings per share is computed independently for each of the quarters presented. The sum of the quarters may not equal the total year amount due to the impact of changes in weighted average quarterly shares outstanding.

SEGMENT INFORMATION

ENGINEERED PRODUCT DIVISION

(Amounts in millions, except percentages)

	Three Months Ended December 31,	
	2014	2013
Bookings	\$ 684.9	\$ 632.2
Sales	728.8	721.1
Gross profit	246.0	243.9
Gross profit margin	33.8%	33.8%
Operating income	131.9	126.5

Operating margin	18.1%	17.5%
------------------	-------	-------

INDUSTRIAL PRODUCT DIVISION

(Amounts in millions, except percentages)

	Three Months Ended December 31,	
	2014	2013
Bookings	\$ 224.6	\$ 247.4
Sales	251.6	277.6
Gross profit	76.8	73.3
Gross profit margin	30.5%	26.4%
Operating income	41.9	38.6
Operating margin	16.7%	13.9%

FLOW CONTROL DIVISION

(Amounts in millions, except percentages)

	Three Months Ended December 31,	
	2014	2013
Bookings	\$ 448.3	\$ 412.6
Sales	439.4	426.2
Gross profit	162.6	150.8
Gross profit margin	37.0%	35.4%
Operating income	88.3	71.2
Operating margin	20.1%	16.7%

SEGMENT INFORMATION

ENGINEERED PRODUCT DIVISION

(Amounts in millions, except percentages)

	Year Ended December 31,		
	2014	2013	2012
Bookings	\$ 2,706.3	\$ 2,474.1	\$ 2,373.1
Sales	2,464.0	2,537.1	2,403.1
Gross profit	852.4	861.3	811.2
Gross profit margin	34.6%	33.9%	33.8%
Operating income	427.1	423.3	396.1
Operating margin	17.3%	16.7%	16.5%

INDUSTRIAL PRODUCT DIVISION

(Amounts in millions, except percentages)

	Year Ended December 31,		
	2014	2013	2012
Bookings	\$ 931.0	\$ 889.1	\$ 964.3
Sales	932.9	950.2	953.9
Gross profit	259.3	245.3	230.3
Gross profit margin	27.8%	25.8%	24.1%
Operating income	125.3	115.7	99.5
Operating margin	13.4%	12.2%	10.4%

FLOW CONTROL DIVISION (Amounts in millions, except percentages)	Year Ended December 31,		
	2014	2013	2012
Bookings	\$ 1,665.2	\$ 1,661.9	\$ 1,526.8
Sales	1,615.7	1,615.7	1,557.1
Gross profit	603.0	579.2	541.4
Gross profit margin	37.3%	35.8%	34.8%
Operating income	322.8	308.0	253.4
Operating margin	20.0%	19.1%	16.3%

Source: Flowserve Corporation

Flowserve Corporation

Investor Contacts:

Jay Roueche, 972-443-6560

Vice President, IR & Treasurer

or

Mike Mullin, 972-443-6636

Director, Investor Relations

or

Media Contact:

Lars Rosene, 972-443-6644

Vice President, Global Communications and Public Affairs