



News Release

Flowserve Corporation Reports Second Quarter 2015 Results

07/30/15

Delivers Adjusted¹ EPS of \$0.80 for 2015 Second Quarter

Manufacturing optimization and cost efficiency realignment programs progressing as planned

SIHI integration and synergies remain on track

Returned more than \$185 million to shareholders through repurchases and dividends year-to-date

Revised 2015 full year Adjusted EPS guidance range to \$3.10 to \$3.40

DALLAS--(BUSINESS WIRE)--Jul. 30, 2015-- Flowserve Corporation (NYSE: FLS), a leading provider of flow control products and services for the global infrastructure markets, today reported Adjusted¹ Earnings Per Share (EPS) of \$0.80 for the 2015 second quarter, which includes \$0.06 per share of negative currency translation as compared to last year, and excludes \$0.24 per share of adjusted items. As previously disclosed, Flowserve's 2015 Adjusted EPS calculation excludes the impact of the SIHI Group ("SIHI") acquisition, which was completed on January 7, 2015, as well as below-the-line foreign currency effects and specific one-time events, such as the 2015 realignment initiatives.

Second Quarter 2015 Summary (all comparisons versus prior year quarter, unless otherwise noted):

- Bookings were \$1.12 billion, including \$61.5 million from SIHI

- Bookings increased 7.0% sequentially and included approximately \$636 million of original equipment and \$479 million of aftermarket bookings
- Excluding SIHI's contribution, bookings increased 11.3% sequentially and decreased 15.3% as compared to prior year on a constant currency basis
- Sales were \$1.16 billion, including \$77.2 million from SIHI
 - Aftermarket sales were \$492 million, or approximately 42% of total sales
 - Excluding SIHI's contribution, aftermarket sales increased 1.5% constant currency
- Gross profit was \$369.1 million, including \$8.9 million from SIHI
 - Excluding adjusted items, gross profit decreased 4.4% constant currency
 - Gross margin excluding adjusted items was 34.5%, down 60 basis points
- SG&A expense was \$243.6 million, including \$25.3 million from SIHI
- Excluding adjusted items, SG&A decreased \$30.3 million or 12.7%
- Operating income was \$127.6 million, including negative impacts from realignment and SIHI of \$24.7 million and \$16.4 million, respectively
 - Adjusted operating margin, excluding realignment and SIHI effects, was 15.5%, down 40 basis points
- Backlog at June 30, 2015 was \$2.68 billion, including SIHI backlog of \$132 million
 - Excluding SIHI, backlog increased 0.7% constant currency as compared to prior year

¹ See Reconciliation of Non-GAAP Measures table for detailed reconciliation of reported results to adjusted measures.

“Flowserve produced solid operating results for the 2015 second quarter against a backdrop of reduced global capital spending in our served end markets, increased headwinds in some emerging markets, low oil prices and a strong U.S. dollar,” said Mark Blinn, Flowserve’s president and chief executive officer. “We delivered double-digit sequential bookings and sales growth, which trends with seasonal patterns, and indicated some signs of market stability at current low levels. However, with the expected persistence of the current environment, including increased challenges in some emerging markets, coupled with ongoing delays and deferrals, we reset our outlook for the year while undertaking proactive cost control measures to better align with the market.

“Our accelerated manufacturing and SG&A initiatives will better position Flowserve to serve customers and reward shareholders now and in the future. Our management has effectively navigated through similar market cycles before, characterized by fewer project and upgrade opportunities with increased price sensitivity. We believe that our manufacturing optimization will permanently improve our cost structure and will position Flowserve to better serve its customers while generating profitable long-term growth.

“The resiliency and underlying strength of our business model has enabled Flowserve to return over \$185 million of capital to our shareholders, through dividends and share repurchases in the first half of 2015. At current levels, we believe Flowserve shares remain a compelling investment and we will continue to opportunistically repurchase shares.

“At the same time, we are committed to investments in growth. We are pleased with the recent SIHI acquisition and the ongoing integration progress remains on track. We believe our strategies to expand our offerings, and leverage Flowserve’s global platform to drive increased aftermarket activity, will better serve our customers and create additional long-term shareholder value,” Blinn concluded.

Operational Commentary and Segment Performance

Tom Pajonas, executive vice president and chief operating officer, said, “Throughout the second quarter, our customers remained deliberate in their decision making and project evaluation. As refining and chemical customers enjoyed strong margins in their markets, they sought to capture improved economics in the period by further delaying planned maintenance and enhancement projects. In our other served markets, expected investments were generally re-evaluated to reflect the current lower oil price environment, strong U.S. dollar and global macro conditions, which created additional delays in activity. Across the customer base, we have seen a heightened focus on reducing overall costs, and believe Flowserve’s realignment efforts, tight cost controls, supply

chain management and comprehensive portfolio enable us to simultaneously respond to our customers' needs and produce value for shareholders.

"Flowserve made solid progress during the quarter on both its manufacturing optimization and SG&A efficiency initiatives. We recognized \$24.7 million of the previously announced, total planned \$100 million investment for these initiatives, which is expected to deliver approximately \$70 million of annual run-rate savings when fully implemented. The structural and permanent changes we are making to our operating platform should position Flowserve well in the current market environment and beyond.

"As evidenced by our solid backlog and sequential bookings and revenue growth, we believe our served markets began to demonstrate signs of moderating decline, albeit while at current low levels. With our strong product and service offerings, global footprint and focus on operational excellence, we believe Flowserve remains well positioned to capture new business opportunities when global spending activity resumes."

Financial Performance and Guidance

Based upon current market conditions and traditional seasonality, but supported by a solid backlog and strong operating profile, Flowserve today revised its 2015 Adjusted EPS guidance to \$3.10 to \$3.40 and now expects full-year revenues, excluding SIHI, to be down 10% to 15% versus prior year, which includes an expected 10% currency headwind.

Karyn Ovelmen, executive vice president and chief financial officer, commented, "Flowserve continues to operate from a position of financial strength within the current market environment. Two months into my role with the company, I have witnessed firsthand the talent and resources of the organization and our culture of continuous improvement, as well as opportunities for growth. I believe our diversified exposures and comprehensive portfolio, combined with our growth initiatives and cost reductions, positions the company well to continue driving meaningful long-term shareholder value.

"Looking at our second quarter beyond the Adjusted EPS, the acquisition of SIHI had a \$0.10 per share dilutive impact on reported results, bringing its year-to-date impact to \$0.28 per share. We continue to expect that SIHI's net dilutive impact to full year 2015 reported results will be approximately \$0.25 per share, primarily due to one-time purchase price accounting, integration and cost reduction expenses. Flowserve continues to expect SIHI to be modestly accretive on a reported basis in 2016, with full annualized run-rate synergies in place by year end 2017."

Ovelmen added, "In addition, our Adjusted EPS calculation excludes realignment costs of \$0.13 per share and below-the-line currency impacts of \$0.01 per share. Including of the full impact of realignment, SIHI dilution and below-the-line currency effects, Flowserve reported earnings per share of \$0.56 in the 2015 second quarter."

Please see Reconciliation of Non-GAAP Measures table for detailed reconciliation of reported results to Adjusted measures.

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 second quarter 2015 include:

Second Quarter and Year-to-Date 2015 - Segment Results

(dollars in millions, comparison vs. 2014 second quarter and full year, unaudited)

	EPD		IPD		IPD Ex-SIHI		FCD	
	2nd Qtr	YTD	2nd Qtr	YTD	2nd Qtr	YTD	2nd Qtr	YTD
Bookings	\$ 575.3	\$1,070.6	\$ 205.3	\$ 452.8	\$ 143.8	\$ 306.1	\$ 355.5	\$ 678.0
- vs. prior year	-25.1%	-23.3%	-6.5%	10.2%	-34.5%	-25.5%	-15.8%	-18.9%
- on constant currency	-15.5%	-14.9%	-1.8%	15.2%	-29.8%	-20.5%	-7.8%	-11.7%
Sales	\$ 570.8	\$1,054.9	\$ 260.8	\$ 484.2	\$ 183.6	\$ 340.1	\$ 356.4	\$ 683.5
- vs. prior year	-10.8%	-9.4%	28.0%	24.2%	-9.9%	-12.8%	-12.3%	-13.4%
- on constant currency	-0.1%	0.7%	36.1%	31.3%	-1.8%	-5.7%	-3.5%	-5.3%
Gross Profit	\$ 189.9	\$ 355.5	\$ 58.8	\$ 101.7	\$ 49.9	\$ 93.5	\$ 123.7	\$ 242.7
- vs. prior year	-13.8%	-12.4%	-2.0%	-4.0%	-16.8%	-11.7%	-19.0%	-18.3%
Gross Margin (% of sales)	33.3%	33.7%	22.5%	21.0%	27.2%	27.5%	34.7%	35.5%
- vs. prior year (in basis points)	-110	-110	-690	-620	-220	30	-290	-210
Operating Income	\$ 86.2	\$ 155.1	\$ 7.1	\$ (6.3)	\$ 23.5	\$ 42.9	\$ 54.5	\$ 109.2
- vs. prior year	-20.8%	-18.4%	-76.5%	-112.9%	-22.2%	-12.4%	-31.1%	-32.7%
- on constant currency	-13.9%	-10.8%	-70.9%	-106.7%	-16.6%	-6.3%	-27.4%	-28.7%
Operating Margin (% of sales)	15.1%	14.7%	2.7%	-1.3%	12.8%	12.6%	15.3%	16.0%

- vs. prior year (in basis points)	-190	-160	-1210	-1390	-200	-	-420	-460
Adjusted Operating Income *	\$ 96.2	\$ 165.7	\$ 9.4	\$ (4.0)	\$ 25.8	\$ 45.2	\$ 66.8	\$ 121.5
- vs. prior year	-11.6%	-12.8%	-68.9%	-108.2%	-14.6%	-7.8%	-15.5%	-25.1%
- on constant currency	-4.7%	-5.2%	-63.2%	-102.0%	-8.9%	-1.6%	-11.9%	-21.1%
Adj. Oper. Margin (% of sales)*	16.9%	15.7%	3.6%	-0.8%	14.1%	13.3%	18.7%	17.8%
- vs. prior year (in basis points)	-10	-60	-1120	-1340	-70	70	-80	-280
Backlog		\$1,459.3		\$ 508.3		\$ 376.1		\$ 741.2

*Adjusted Operating Income and Adjusted Operating Margin exclude realignment charges, purchase price accounting charges and acquisition related costs

Second Quarter 2015 Results Conference Call

Flowserve will host its conference call with the financial community on Friday, July 31st 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.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Amounts in thousands, except par value)	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 315,304	\$ 450,350
Accounts receivable, net of allowance for doubtful accounts of \$31,729 and \$25,469, respectively	1,042,404	1,082,447
Inventories, net	1,129,695	995,564
Deferred taxes	153,395	158,912
Prepaid expenses and other	138,142	106,890
Total current assets	<u>2,778,940</u>	<u>2,794,163</u>
Property, plant and equipment, net of accumulated depreciation of \$844,655 and \$836,981, respectively	767,904	693,881
Goodwill	1,236,374	1,067,255
Deferred taxes	27,047	31,419
Other intangible assets, net	242,671	146,337
Other assets, net	259,186	234,965
Total assets	<u><u>\$ 5,312,122</u></u>	<u><u>\$ 4,968,020</u></u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 502,969	\$ 611,715
Accrued liabilities	781,812	794,072
Debt due within one year	67,365	53,131
Deferred taxes	13,272	12,957
Total current liabilities	<u>1,365,418</u>	<u>1,471,875</u>
Long-term debt due after one year	1,626,150	1,101,791
Retirement obligations and other liabilities	536,640	452,511
Shareholders' equity:		
Common shares, \$1.25 par value	220,991	220,991
Shares authorized – 305,000		
Shares issued – 176,793		

Capital in excess of par value	478,629	495,600
Retained earnings	3,469,687	3,415,738
Treasury shares, at cost – 44,200 and 42,444 shares, respectively	(1,945,235)	(1,830,919)
Deferred compensation obligation	11,180	10,558
Accumulated other comprehensive loss	(466,675)	(380,406)
Total Flowserve Corporation shareholders' equity	<u>1,768,577</u>	<u>1,931,562</u>
Noncontrolling interests	15,337	10,281
Total equity	<u>1,783,914</u>	<u>1,941,843</u>
Total liabilities and equity	<u>\$ 5,312,122</u>	<u>\$ 4,968,020</u>

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,	
(Amounts in thousands, except per share data)	2015	2014
Sales	\$ 1,162,247	\$ 1,224,378
Cost of sales	(793,155)	(794,072)
Gross profit	<u>369,092</u>	<u>430,306</u>
Selling, general and administrative expense	(243,594)	(238,178)
Net earnings from affiliates	2,079	2,187
Operating income	<u>127,577</u>	<u>194,315</u>
Interest expense	(15,392)	(15,027)
Interest income	249	507
Other expense, net	(4,882)	(3,836)
Earnings before income taxes	<u>107,552</u>	<u>175,959</u>
Provision for income taxes	(30,920)	(50,794)
Net earnings, including noncontrolling interests	<u>76,632</u>	<u>125,165</u>
Less: Net earnings attributable to noncontrolling interests	(1,624)	(1,652)
Net earnings attributable to Flowserve Corporation	<u>\$ 75,008</u>	<u>\$ 123,513</u>
Net earnings per share attributable to Flowserve Corporation common shareholders:		
Basic	\$ 0.56	\$ 0.90
Diluted	0.56	0.90
Cash dividends declared per share	\$ 0.18	\$ 0.16

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Six Months Ended June 30,	
(Amounts in thousands, except per share data)	2015	2014
Sales	\$ 2,176,867	\$ 2,292,514
Cost of sales	(1,476,045)	(1,485,086)
Gross profit	700,822	807,428
Selling, general and administrative expense	(483,521)	(454,405)
Net earnings from affiliates	3,652	5,617
Operating income	220,953	358,640
Interest expense	(31,429)	(30,176)
Interest income	1,006	838
Other expense, net	(24,828)	(6,741)
Earnings before income taxes	165,702	322,561
Provision for income taxes	(59,426)	(88,809)
Net earnings, including noncontrolling interests	106,276	233,752
Less: Net earnings attributable to noncontrolling interests	(3,602)	(2,505)
Net earnings attributable to Flowserve Corporation	<u>\$ 102,674</u>	<u>\$ 231,247</u>
Net earnings per share attributable to Flowserve Corporation common shareholders:		
Basic	\$ 0.76	\$ 1.68
Diluted	0.76	1.67
Cash dividends declared per share	\$ 0.36	\$ 0.32

RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)

	Three Months Ended June 30, 2015			
(Amounts in thousands, except percentages and per share data)	As Reported(a)	SIHI Impact	Other Items (1)	As Adjusted
Sales	\$1,162,247	\$ 77,247	\$ -	\$1,085,000
Gross profit	369,092	8,892 (2)	(14,314) (5)	374,514
<i>Gross margin</i>	31.8%	11.5%	-	34.5%

Selling, general and administrative expense	(243,594)	(25,275) (3)	(10,353) (6)	(207,966)
Operating income (loss)	127,577	(16,383)	(24,667)	168,627
<i>Operating income (loss) as a percentage of sales</i>	<i>11.0%</i>	<i>-21.2%</i>	<i>-</i>	<i>15.5%</i>
Interest and other (expense) income, net	(20,025)	(1,877)	(2,756) (7)	(15,392)
Earnings (loss) before income taxes	107,552	(18,260)	(27,423)	153,235
Provision for income taxes	(30,920)	4,775 (4)	7,953 (8)	(43,648)
<i>Tax Rate</i>	<i>28.7%</i>	<i>26.2%</i>	<i>29.0%</i>	<i>28.5%</i>
Net earnings (loss) attributable to Flowserve Corporation	\$ 75,008	\$ (13,485)	\$ (19,470)	\$ 107,963
Net earnings per share attributable to Flowserve Corporation common shareholders:				
Basic	\$ 0.56	\$ (0.10)	\$ (0.14)	\$ 0.80
Diluted	\$ 0.56	\$ (0.10)	\$ (0.14)	\$ 0.80
Basic number of shares used for calculation	134,237	134,237	134,237	134,237
Diluted number of shares used for calculation	134,831	134,831	134,831	134,831

(a) Reported in conformity with U.S. GAAP

Notes:

(1) Represents the results of SIHI, including related realignment charges, acquisition-related costs and purchase price adjustment ("PPA") expenses

(2) SIHI sales less SIHI cost of sales which includes \$6.591 million of PPA expenses and \$5.311 million of realignment charges

(3) SIHI SG&A, which includes \$1.154 million of PPA expenses, \$2.690 million of realignment charges and \$2.277 million of acquisition-related costs

(4) Tax benefit offset by \$0.520 million of realignment charges recorded in provision for income taxes

(5) Represents \$14.314 million of realignment charges

(6) Represents \$10.353 million of realignment charges

(7) Represents \$2.756 million of foreign exchange impacts

(8) Includes tax impact of items above

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Amounts in thousands)	Six Months Ended June 30,	
	2015	2014
Cash flows – Operating activities:		
Net earnings, including noncontrolling interests	\$ 106,276	\$ 233,752
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	49,270	46,316
Amortization of intangible and other assets	17,833	9,327
Gain on sale of business	-	(13,403)
Excess tax benefits from stock-based payment arrangements	(5,858)	(8,490)
Stock-based compensation	17,396	18,272
Foreign currency and other non-cash adjustments	49,794	11,489
Change in assets and liabilities, net of acquisitions:		
Accounts receivable, net	45,376	(14,695)
Inventories, net	(113,005)	(115,109)
Prepaid expenses and other	(2,017)	(8,038)
Other assets, net	(22,435)	(1,692)
Accounts payable	(124,001)	(85,599)
Accrued liabilities and income taxes payable	(24,471)	(86,059)
Retirement obligations and other liabilities	7,003	(5)
Net deferred taxes	16,903	2,667
Net cash flows provided (used) by operating activities	<u>18,064</u>	<u>(11,267)</u>
Cash flows – Investing activities:		
Capital expenditures	(113,794)	(53,666)
Payments for acquisitions, net of cash acquired	(341,545)	-
Proceeds from disposal of assets	1,872	789
Proceeds from sale of business, net of cash divested	-	46,805
Net cash flows used by investing activities	<u>(453,467)</u>	<u>(6,072)</u>
Cash flows – Financing activities:		
Excess tax benefits from stock-based payment arrangements	5,858	8,490
Payments on long-term debt	(20,000)	(20,000)
Proceeds from issuance of senior notes	526,332	-
Payments of deferred loan costs	(5,108)	-
Proceeds under other financing arrangements	2,902	13,233

Payments under other financing arrangements	(7,631)	(4,789)
Repurchases of common shares	(139,644)	(153,068)
Payments of dividends	(45,928)	(41,382)
Other	160	(2,499)
Net cash flows provided (used) by financing activities	316,941	(200,015)
Effect of exchange rate changes on cash	(16,584)	(2,881)
Net change in cash and cash equivalents	(135,046)	(220,235)
Cash and cash equivalents at beginning of period	450,350	363,804
Cash and cash equivalents at end of period	<u>\$ 315,304</u>	<u>\$ 143,569</u>

SEGMENT INFORMATION

ENGINEERED PRODUCT DIVISION

(Amounts in millions, except percentages)

	Three Months Ended June 30,	
	2015	2014
Bookings	\$ 575.3	\$ 768.2
Sales	570.8	640.2
Gross profit	189.9	220.2
Gross profit margin	33.3%	34.4%
Operating income	86.2	108.8
Operating margin	15.1%	17.0%

INDUSTRIAL PRODUCT DIVISION

(Amounts in millions, except percentages)

	Three Months Ended June 30,	
	2015	2014
Bookings	\$ 205.3	\$ 219.6
Sales	260.8	203.8
Gross profit	58.8	60.0
Gross profit margin	22.5%	29.4%
Operating income	7.1	30.2
Operating margin	2.7%	14.8%

FLOW CONTROL DIVISION

(Amounts in millions, except percentages)

	Three Months Ended June 30,	
	2015	2014
Bookings	\$ 355.5	\$ 422.2
Sales	356.4	406.4
Gross profit	123.7	152.7
Gross profit margin	34.7%	37.6%
Operating income	54.5	79.1
Operating margin	15.3%	19.5%

SEGMENT INFORMATION

ENGINEERED PRODUCT DIVISION

(Amounts in millions, except percentages)

	Six months Ended June 30,	
	2015	2014
Bookings	\$ 1,070.6	\$ 1,396.3
Sales	1,054.9	1,164.3
Gross profit	355.5	405.6
Gross profit margin	33.7%	34.8%
Operating income	155.1	190.1
Operating margin	14.7%	16.3%

INDUSTRIAL PRODUCT DIVISION

(Amounts in millions, except percentages)

	Six months Ended June 30,	
	2015	2014
Bookings	\$ 452.8	\$ 411.0
Sales	484.2	390.0
Gross profit	101.7	105.9
Gross profit margin	21.0%	27.2%
Operating (loss) income	(6.3)	49.0
Operating margin	(1.3%)	12.6%

FLOW CONTROL DIVISION

(Amounts in millions, except percentages)

	Six months Ended June 30,	
	2015	2014
Bookings	\$ 678.0	\$ 835.9
Sales	683.5	789.3
Gross profit	242.7	297.1
Gross profit margin	35.5%	37.6%
Operating income	109.2	162.3
Operating margin	16.0%	20.6%

View source version on businesswire.com:

<http://www.businesswire.com/news/home/20150730006658/en/>

Source: Flowserve Corporation

Flowserve Contacts

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