



## News Release

### Flowserve Executives to Discuss Priorities for the Future at Analyst Day; Introduce 2022 Financial Targets

12/13/18

DALLAS--(BUSINESS WIRE)--Dec. 13, 2018-- Flowserve Corporation (NYSE: FLS), a leading provider of flow control products and services for the global infrastructure markets, today is holding its 2018 Analyst Day meeting in New York City.

Speaking at an event in the Grand Hyatt Hotel, Flowserve's management team will provide an overview of the company's strategy, including an update on the Flowserve 2.0 transformation. Additionally, the company will introduce new 4-year financial targets, which include:

- Average revenue growth of 200 basis points above market levels through 2022
- Fiscal year 2022 operating margins between 15%-17%
- Free cash flow generation of 100%+ of net income in full year 2022
- Return on Invested Capital between 15%-20% in 2022

"As we continue to work on delivering a strong close to the current year, Flowserve is aggressively positioning itself for success in 2019 and beyond," stated Scott Rowe, Flowserve's president and chief executive officer. "We believe our Flowserve 2.0 strategic initiatives will position the company well for above market growth and provide substantial financial improvement in the years ahead. Today we are presenting new 2022 financial targets that underscore our earnings potential once the Flowserve 2.0 transformation is complete. Our transformation efforts are intended to deliver outsized growth through a market-led, customer centric focus, create a flexible cost structure and

establish an operating platform utilizing enterprise wide processes. Through successful execution of our plan, we are confident in our ability to drive significant value for our customers, associates and shareholders.”

Flowserve today will also reiterate its 2018 financial guidance, which was last provided on November 7, 2018. Additionally, the company will announce that it plans to combine its Industrial Product Division and Engineered Product Division segments into a single financial reporting segment, known as the Flowserve Pumps Division, beginning in 2019. Flowserve believes this unified structure will enable the company to better serve customers and operate more efficiently. David J. Wilson, current president of the Industrial Product Division, will lead the new Flowserve Pumps operation.

For shareholders and other interested parties, a live audio webcast of Flowserve’s Analyst Day presentation, along with the corresponding slides, will be available through the Investor Relations section of [www.flowserve.com](http://www.flowserve.com) beginning today at 8:30 am ET. A taped webcast, with the related presentation materials, will also be available on the company’s website following the live event.

## **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," "targets" 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 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; economic, political and other risks associated with our international operations, including military actions or trade embargoes that could affect customer markets, particularly North African, Russian 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, including in hyperinflationary countries such as Venezuela and Argentina; 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; access to public and private sources of debt financing; our inability to protect our intellectual property in the U.S., 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; if we are not able to successfully execute and realize the expected financial benefits from our strategic realignment and other cost-savings initiatives, including with respect to our Flowserve 2.0 transformation initiative, 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 news 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.

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20181213005214/en/>

Source: Flowserve Corporation

Flowserve Contacts

Investor Contacts:

Jay Roueche, Vice President, Investor Relations & Treasurer (972) 443-6560

Mike Mullin, Director, Investor Relations (972) 443-6636

Media Contact:

Lars Rosene, Vice President, Corporate & Marketing Communications (972) 443-6644