STARBOARD VALUE®

FLOWSERVE®

# 2026 Capitalize for Kids

November 2026

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# The Essentials We Use Every Day Are Produced by Complex Industrial Facilities

**Complex industrial facilities produce many of the essential products and services we use every day.**

## The Industrial Facilities Behind Our Everyday Essentials

| | | | | |
|---|---|---|---|---|
|  |  |  |  |  |
| Electricity | Gasoline | Natural Gas | Water | Chemicals |
| ⬆ | ⬆ | ⬆ | ⬆ | ⬆ |
|  |  |  |  |  |
| Power Plant | Oil Refinery | LNG Facility | Water Treatment Plant | Chemical Plant |

**These industrial facilities are essential to our everyday lives.**

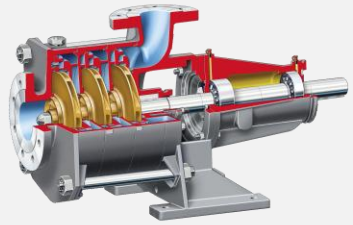
Source: Company websites.

# What Do All of These Industrial Facilities Have in Common? They Rely on Pumps, Valves, and Mechanical Seals…

**Pumps move liquids, valves control the flow of liquids and gases, and mechanical seals prevent leaks — all of which are essential to keeping industrial facilities running.**

## Flow Control Equipment

### Pumps



**MOVE**

Move fluids through a process

### Valves



**CONTROL**

Regulate or isolate flow and pressure

### Mechanical Seals



**CONTAIN**

Prevent leakage around rotating shafts

**Mission-Critical Flow Control Equipment**

**Together, these products help industrial facilities operate safely, reliably, and continuously.**

Source: Company websites.

# …And Flowserve Is One of the Few One-Stop Shops for Mission-Critical Flow-Control Equipment

**Few global suppliers offer comparable breadth across pumps, valves, mechanical seals, and aftermarket services for demanding industrial customers.**

## Competitive Landscape

| | Products & Services | | | | End Markets | | | |
|---|---|---|---|---|---|---|---|---|
| | Pumps | Valves | Mechanical Seals | Aftermarket Services | Energy | Power | General Industries | Chemicals |
| FLOWSERVE | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| GOULDS PUMPS An ITT Brand | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ |
| SULZER | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| KSB | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| john crane | × | × | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| EMERSON | × | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ |
| GRUNDFOS | ✓ | × | × | ✓ | ✓ | ✓ | ✓ | ✓ |
| EBARA | ✓ | × | × | ✓ | ✓ | ✓ | ✓ | ✓ |
| WEIR | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | × |
| CRANE | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ |
| Baker Hughes | ✓ | ✓ | × | ✓ | ✓ | ✓ | ✓ | ✓ |

**Flowserve's broad product portfolio and service capabilities differentiate it from more specialized competitors.**

Source: Company websites, public company filings, Starboard estimates. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's products and services as well as end-market mix. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. The peer set for this analysis was selected based on product and service offerings and end-market exposure, rather than financial comparability, and therefore differs from the peer sets used in the financial benchmarking analyses elsewhere in this presentation. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included. The estimates included here for products and services as well as end-market mix are based on several data points.

# Flowserve Is Well-Positioned as the Industrial Economy Enters a New Era of Investment

**New Industrial Era**

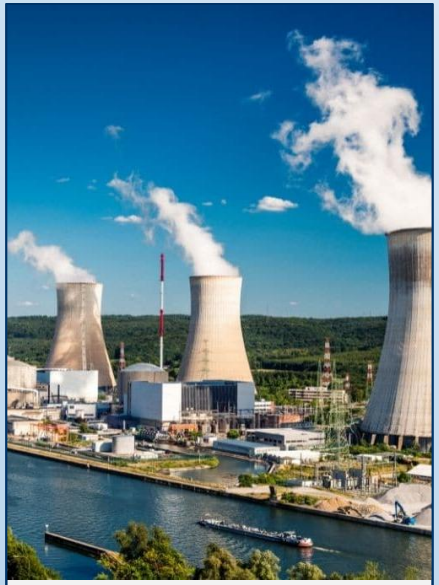


Source: Company websites.

# Nuclear Power Is Returning to the Forefront of Global Energy Investment…

**New investments in nuclear reactors, plant upgrades, and capacity expansions are being driven by surging demand for electricity.**

**Industrials Backdrop Today**



Surging power demand is fueling a nuclear resurgence…

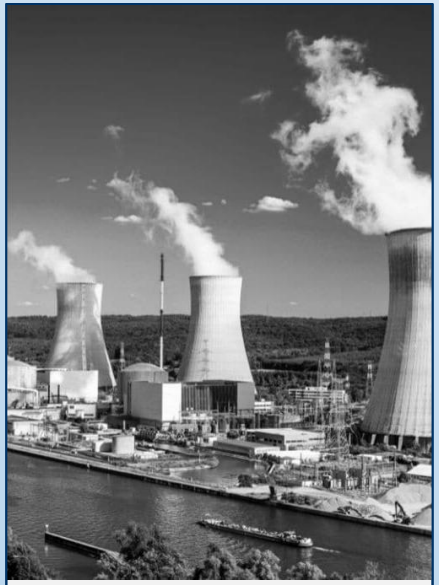
**Flowserve's safety-critical equipment plays an important role in nuclear power plants.**

Source: Company websites.

# …And Rising Electricity Demand Is Driving Investment in Natural Gas-Fired Power Generation

**Utilities are investing in both simple-cycle gas turbines and more efficient combined-cycle power plants to meet growing electricity demand.**

## Industrials Backdrop Today



Surging power demand is fueling a nuclear resurgence…



…and accelerating investment in natural gas-fired power generation.

**Flowserve is well-positioned to benefit from investment in both simple-cycle and combined-cycle natural gas power plants.**

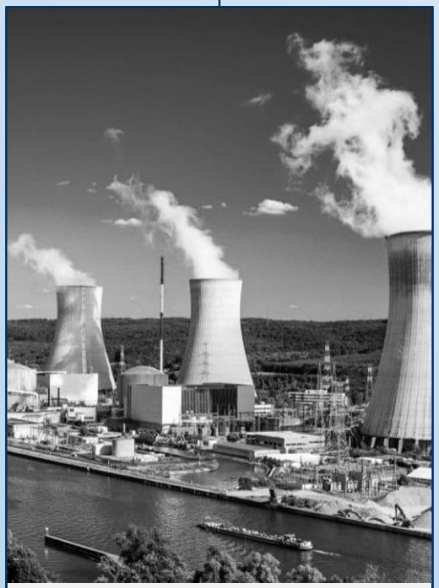
Source: Company websites.

# Meanwhile, Growing Global Demand for Natural Gas Is Fueling Significant Investment in LNG Infrastructure…

**New LNG export terminals and capacity expansions are being developed to connect natural gas supplies with growing international demand.**

## Industrials Backdrop Today

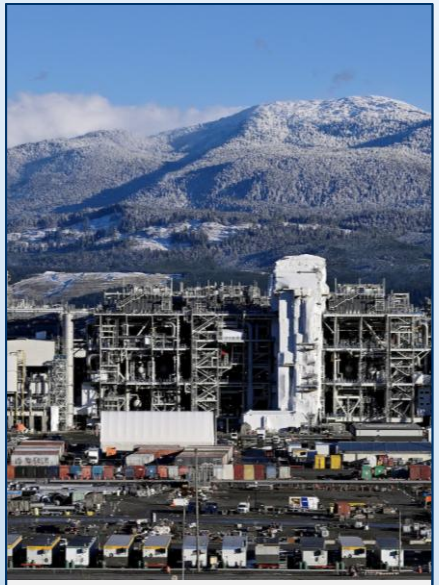
**Power**



Surging power demand is fueling a nuclear resurgence…



…and accelerating investment in natural gas-fired power generation.



**Global natural gas demand is driving a wave of new LNG export projects…**

**Flowserve's highly engineered pumps and valves are critical components in LNG facilities.**

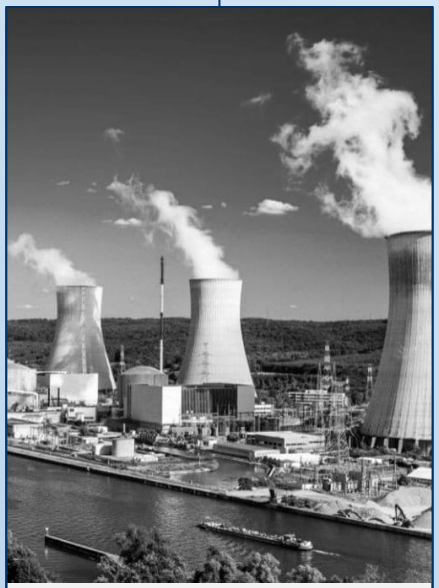
Source: Company websites.

# …While a Renewed Focus on Energy Security Is Driving Investment Across the Broader Energy Sector…

**Countries are prioritizing reliable energy supplies, supporting investment in domestic production, refining, and critical energy infrastructure.**

## Industrials Backdrop Today

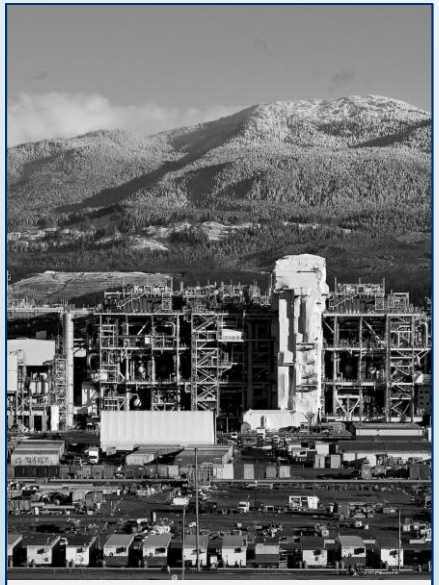
**Power**



Surging power demand is fueling a nuclear resurgence…



…and accelerating investment in natural gas-fired power generation.



Global natural gas demand is driving a wave of new LNG export projects…



**…as countries increasingly prioritize secure and reliable energy supplies.**

**Flowserve's installed base positions it to benefit from energy infrastructure investment.**

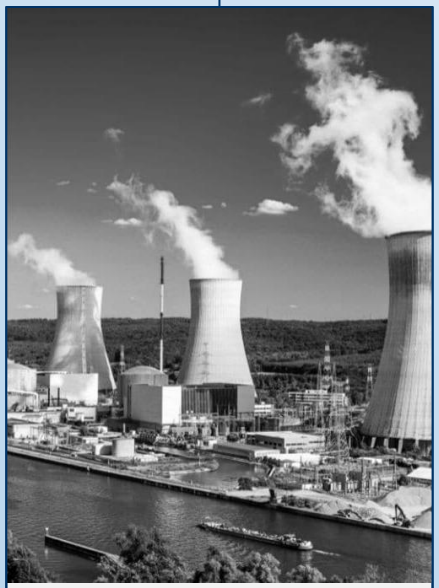
Source: Company websites.

# …And a Wave of Industrial Investment Is Creating Opportunities Across a Broad Range of End Markets

**Reshoring of manufacturing, growing global demand for critical minerals, and investment in pharmaceutical production are supporting industrial capital spending.**

## Industrials Backdrop Today

### Power

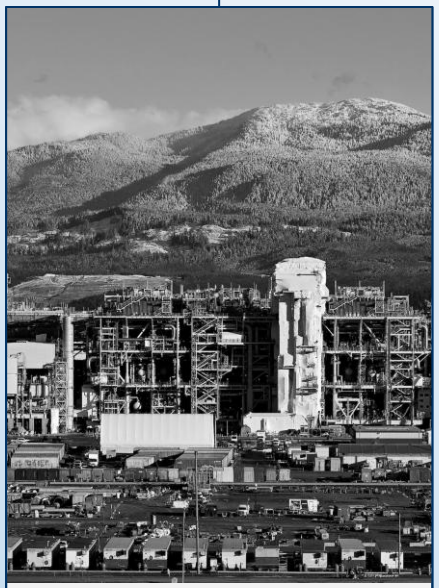


Surging power demand is fueling a nuclear resurgence…

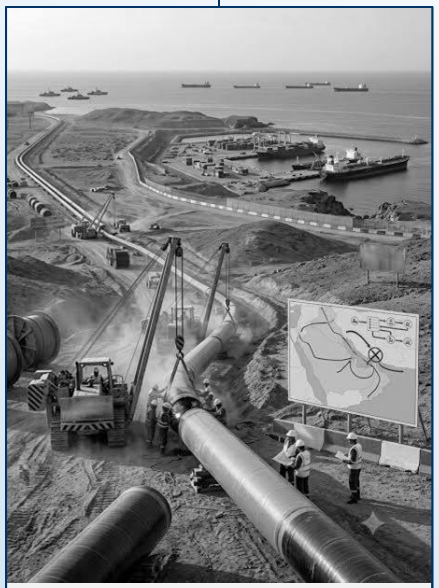


…and accelerating investment in natural gas-fired power generation.

### Energy



Global natural gas demand is driving a wave of new LNG export projects…



…as countries increasingly prioritize secure and reliable energy supplies.



**Reindustrialization and global investment in mining and manufacturing are creating new opportunities.**

**Flowserve's equipment is critical across mining, pharmaceuticals, and industrial manufacturing.**

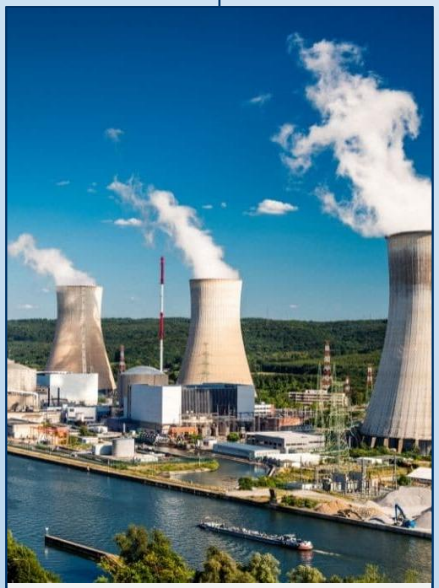
Source: Company websites.

# We Believe Now Is an Exceptionally Attractive Time to Invest in These End Markets…

**Significant investment across power, energy, and general industries is creating multiple avenues for sustained growth.**

## Industrials Backdrop Today

### Power

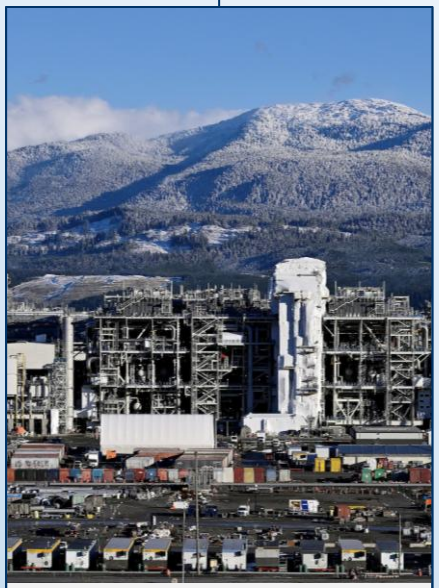


Surging power demand is fueling a nuclear resurgence…



…and accelerating investment in natural gas-fired power generation.

### Energy



Global natural gas demand is driving a wave of new LNG export projects…



…as countries increasingly prioritize secure and reliable energy supplies.

### General Industries



Reindustrialization and global investment in mining and manufacturing are creating new opportunities.

**We believe Flowserve is well-positioned to capitalize on this new industrial investment cycle.**

Source: Company websites.

# …Nuclear, in Particular, Plays Right into Flowserve's Strengths, Where Reliability and Service Are Paramount

**Life extensions, upgrades, and new reactors should support both original equipment and aftermarket demand.**

## Nuclear Positioning

### Leading Market Position

**#1**

FLOWSERVE + TRILLIUM FLOW TECHNOLOGIES Valves Division

CRANE · CURTISS-WRIGHT · KSB

### Large Installed Base

**75%**

Of operating nuclear reactors globally contain Flowserve equipment

### New Reactor Opportunity

**$120mm**

Flowserve potential content per new GW for traditional reactors

**$200mm**

Flowserve potential content per GW for SMRs

**Well-Positioned for the Nuclear Renaissance**

**We believe renewed nuclear investment will benefit Flowserve's original equipment and aftermarket businesses.**

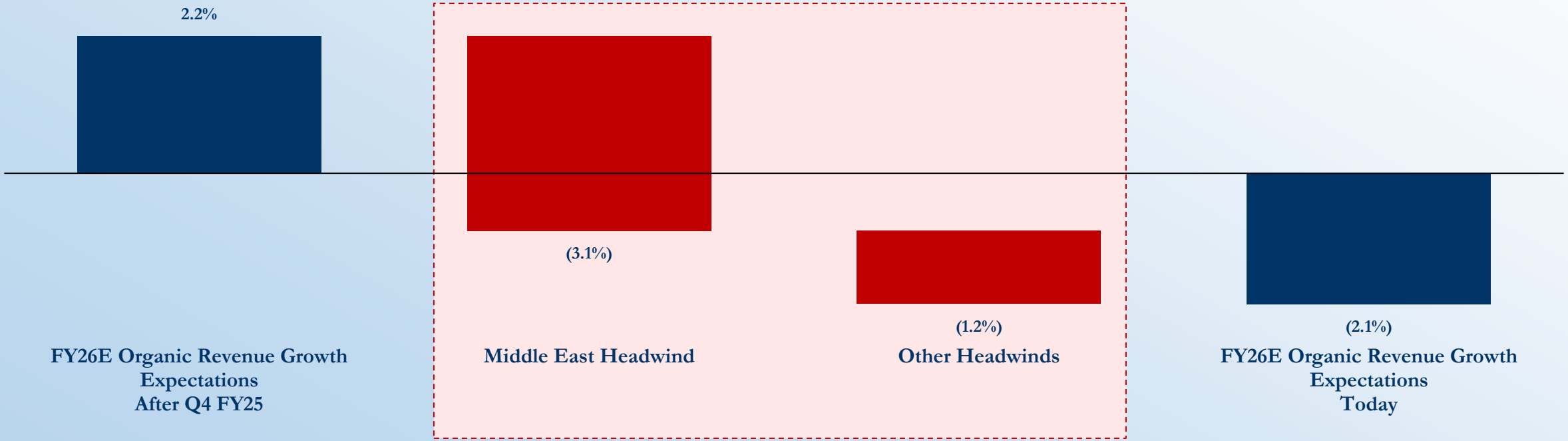
Source: Public company filings, third-party research, Starboard estimates. The estimate of Flowserve's #1 market position in nuclear pumps and valves is based on publicly available information regarding revenue, product breadth, installed base, and competitive positioning. The "New Reactor Opportunity" figures reflect estimated potential equipment content for Flowserve and do not represent actual or committed orders or revenue.

# Middle East Disruptions Have Temporarily Prevented Stronger Demand From Translating into Revenue

**Disruptions in the Middle East have delayed equipment deliveries, weighing more heavily on revenue than orders in FY26.**

## FY26E Consensus Organic Revenue Growth Expectations

**The majority of Flowserve's FY26 headwinds have been related to Middle East disruptions, while we believe other pressures, including 80/20 initiatives and reduced refinery book-and-ship activity, are also temporary in nature.**




**We believe these disruptions represent a temporary headwind.**

Source: Public company filings, Wall Street consensus estimates, Starboard estimates. Market data as of November 13, 2026. The estimates included here for Middle East headwind are based on several data points.

# As Disruptions Ease, Revenue Should Recover While Rebuild and Resiliency Projects Drive Additional Orders

**Beyond recovering delayed revenue, Flowserve should benefit from new orders associated with repairing damaged facilities and investing in additional pipelines, export routes, and other infrastructure.**

## Select News Articles

Updated March 18, 2026 3:48pm ET

### Qatar: 'Extensive Damage' From Iranian Missile Strike on Major Gas Hub

By Stephen Kalin and Summer Said

### Saudi Arabia Shuts Down Pipeline That Was a Crucial Hormuz Bypass

The kingdom said drones fired from Iraq damaged the East-West pipeline, which can carry up to 7 million barrels of oil a day

By Summer Said, Georgi Kantchev and Saleh al-Batati
Updated Sept. 11, 2026 4:46 pm ET

March 23, 2026 12:01am ET

### At Least 40 Energy Assets Severely Damaged, IEA Says

By Rhiannon Hoyle

April 15, 2026 12:41pm ET

### The Mideast Energy Repair Bill Is Ballooning

By Chelsey Dulaney

**We believe Flowserve will benefit from Middle East repairs and new redundancy and resiliency investments.**

Source: *The Wall Street Journal*.

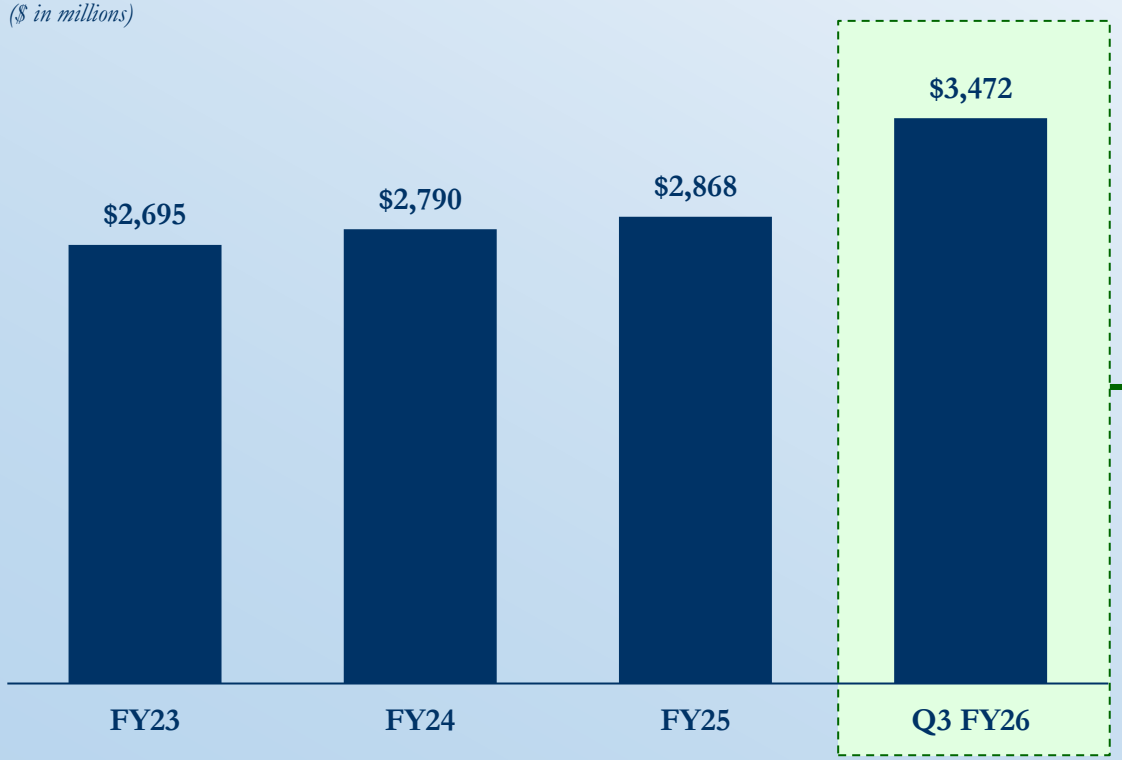
# Record Backlog Should Convert into Revenue as Disruptions Ease

**With backlog reaching a record $3.5bn in Q3 FY26, management expects backlog conversion in FY27 to remain broadly in line with FY26 at approximately 75%.**

## Backlog & Conversion Expectations

**A** Reported Backlog

*($ in millions)*




Management Commentary

"As we enter 2026, we anticipate converting roughly 76% of our existing backlog into revenue in the next 12 months."

*– Q4 FY25 Earnings Call (Feb. 2026)*

"…And so I think we came into 2026 with that number around 75%, 76%. So we'll see where we land going into next year with that percentage. I don't expect a major movement…"

*– Q3 FY26 Earnings Call (Oct. 2026)*

"Our conversion rate…It's kind of mid 70 percentile on backlog conversion. You know next year may be slightly off to that. But it's in the ballpark."

*– Baird 2026 Global Industrial Conference (Nov. 2026)*

**Record backlog should provide significant visibility into future revenue growth.**

Source: Public company filings. Note: Quotes are bolded and underlined for emphasis.

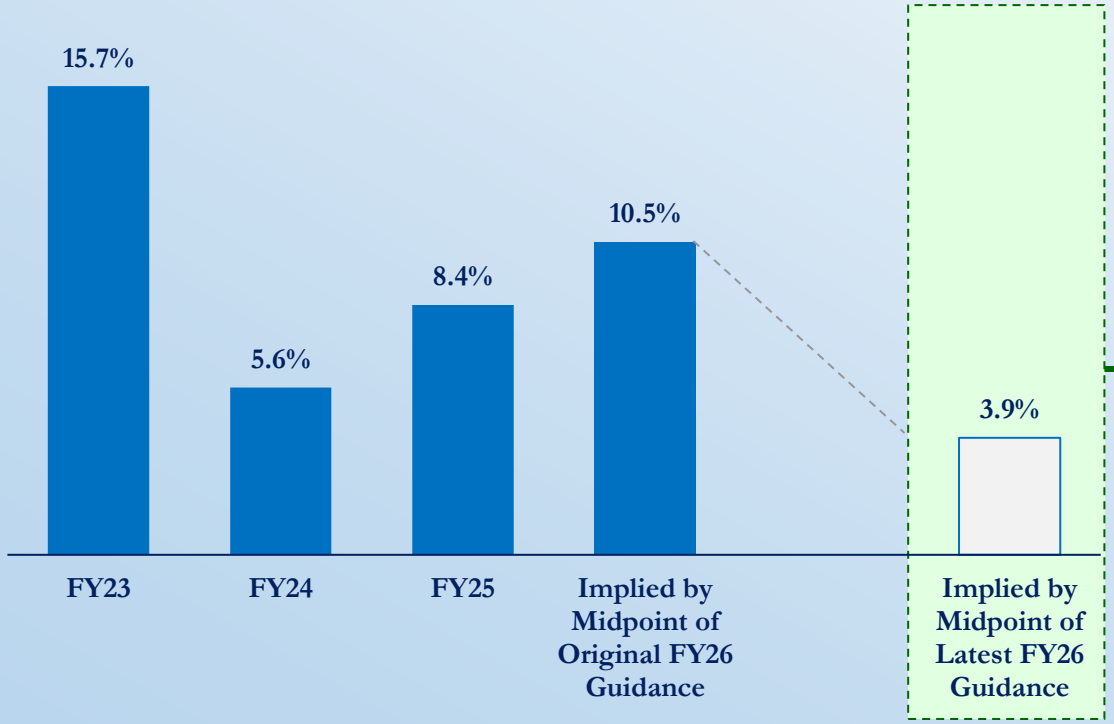
# And Book-and-Ship Business Is Also Poised to Recover

**Flowserve's book-and-ship business includes spare parts, emergency repairs, and maintenance orders booked and recognized as revenue within the same year. Activity was pressured in FY26 by Middle East disruptions and deferred refinery maintenance, both of which should reverse in FY27.**

## Book-and-Ship Trends

B

### Estimated Organic Book-and-Ship Revenue Growth[(1)]




### Management & Wall Street Analyst Commentary

"We now anticipate full year organic sales to decline…This outlook reflects lower book-and-ship activity in the Middle East as well as some modest impact to our global aftermarket book-and-ship activity as process industries operate at full utilization rates."

*– Q3 FY26 Earnings Call (Oct. 2026)*

"Management noted North America customers are deferring non-critical maintenance and larger turnaround activity impacting the company's book-and-ship business…Management noted 2027 could be a strong turnaround year as delayed activity is eventually undertaken."

*– Stifel Research Report (Oct. 2026)*

**Flowserve should benefit from improving order trends and a recovery in shorter-cycle business.**

Source: Public company filings, Starboard estimates, Wall Street research. The estimates included here for organic book-and-ship revenue growth are based on several data points. Note: Quotes are bolded and underlined for emphasis. (1) Organic book-and-ship revenue growth is an estimate. Book-and-ship revenue is calculated as fiscal-year revenue less prior fiscal year-end backlog multiplied by the Company's backlog conversion rate as disclosed in its 10-K. Organic growth is then derived by excluding the M&A contribution to book-and-ship revenue and adjusting for FX, consistent with the Company's total-company organic growth methodology. For FY26E, Trillium's 2H FY26 revenue contribution is estimated by annualizing the $62mm of Q3 FY26 Trillium revenue disclosed by the Company; the M&A adjustment assumes Trillium's non-OE (aftermarket) revenue is recognized in book-and-ship, while Trillium OE revenue is treated as conversion of its acquired backlog.

# Together, This Could Support High-Single-Digit Organic Revenue Growth Once Disruptions Ease

**Assuming backlog conversion remains in line with management's expectations of ~75%-76% and mid-single-digit organic book-and-ship growth, we believe Flowserve can achieve high-single-digit or better organic revenue growth.**

## Organic Revenue Growth Expectations[1]

A

B

| Organic Book-and-Ship YoY Growth % \ Total Company Backlog Conversion % | 68% | 70% | 72% | 74% | 76% | 78% | 80% |
|---|---|---|---|---|---|---|---|
| 2% | 3.0% | 4.4% | 5.8% | 7.3% | 8.7% | 10.1% | 11.5% |
| 4% | 4.1% | 5.5% | 6.9% | 8.3% | 9.8% | 11.2% | 12.6% |
| 6% | 5.2% | 6.6% | 8.0% | 9.4% | 10.9% | 12.3% | 13.7% |
| 8% | 6.2% | 7.7% | 9.1% | 10.5% | 11.9% | 13.4% | 14.8% |
| 10% | 7.3% | 8.7% | 10.2% | 11.6% | 13.0% | 14.4% | 15.9% |

**Flowserve must focus on *both* converting its elevated backlog into increased revenue growth *and* replenishing the backlog to capitalize on the significant growth opportunities ahead.**

The Company has set a FY25–FY30 organic revenue CAGR target of mid-single-digits. The backlog math suggests growth could be much higher.

**We believe Flowserve's record backlog supports high-single-digit organic revenue growth.**

Source: Public company filings, Starboard estimates. All estimates are based on information obtained from sources believed to be reliable and reflect certain underlying assumptions, any of which may prove to be inaccurate. The estimates above for FY27E organic revenue growth are derived from several data points. **(1) Illustrative organic revenue growth is calculated by applying an assumed backlog conversion rate to FY26E ending backlog of $3.45bn, adding expected revenue from book-and-ship orders (orders booked and shipped within the same year), and excluding the estimated un-lapped revenue contribution from Trillium. FY26E ending backlog assumes 5% organic order growth in Q4 FY26 (~12% total order growth) and Q4 FY26 revenue of $1.37bn.**

# We Believe This Is Just the Beginning of a Multiyear Growth Opportunity

**We believe Flowserve's long-standing presence and extensive installed base across the Middle East, Venezuela, and nuclear power globally position it to benefit from substantial investment in these markets.**

## Potential Project Spending in Select End-Market Opportunities

| | Middle East | Venezuela | Nuclear |
|---|---|---|---|
| Opportunity | **$660bn**<br>BlackRock Estimated Gulf Cooperation Council Strategic Redundancy & Resiliency Capex (2026–2030) | **$183bn**<br>Rystad Energy Estimated Capex to Grow Oil Production to 3 mbpd (2026–2040) | **$2.5tn**<br>IEA Estimated Cumulative Global Nuclear Investment (2024–2050, Announced Pledges Scenario) |
| Peer Commentary | "I'm pleased to share that in Q3, some very good orders start[ed] materializing…But the things are moving and we booked some good orders for some very good investment with Saudi Aramco…"<br>– ITT Q3 FY26 Earnings Call (Nov. 2026) | "…we have a very positive situation in Venezuela...what is going on is generating a lot of orders for refurbishment, spare parts, and we started seeing these orders since the end of last year. "<br>– ITT D.A. Davidson Conference (Sep. 2026) | "So 5 years ago, nuclear plants were decreasing or shutting down. And now we're seeing licenses being extended 50 years or so, and that requires upgrades and investments."<br>– CRANE Q4 FY25 Earnings Call (Jan. 2026) |

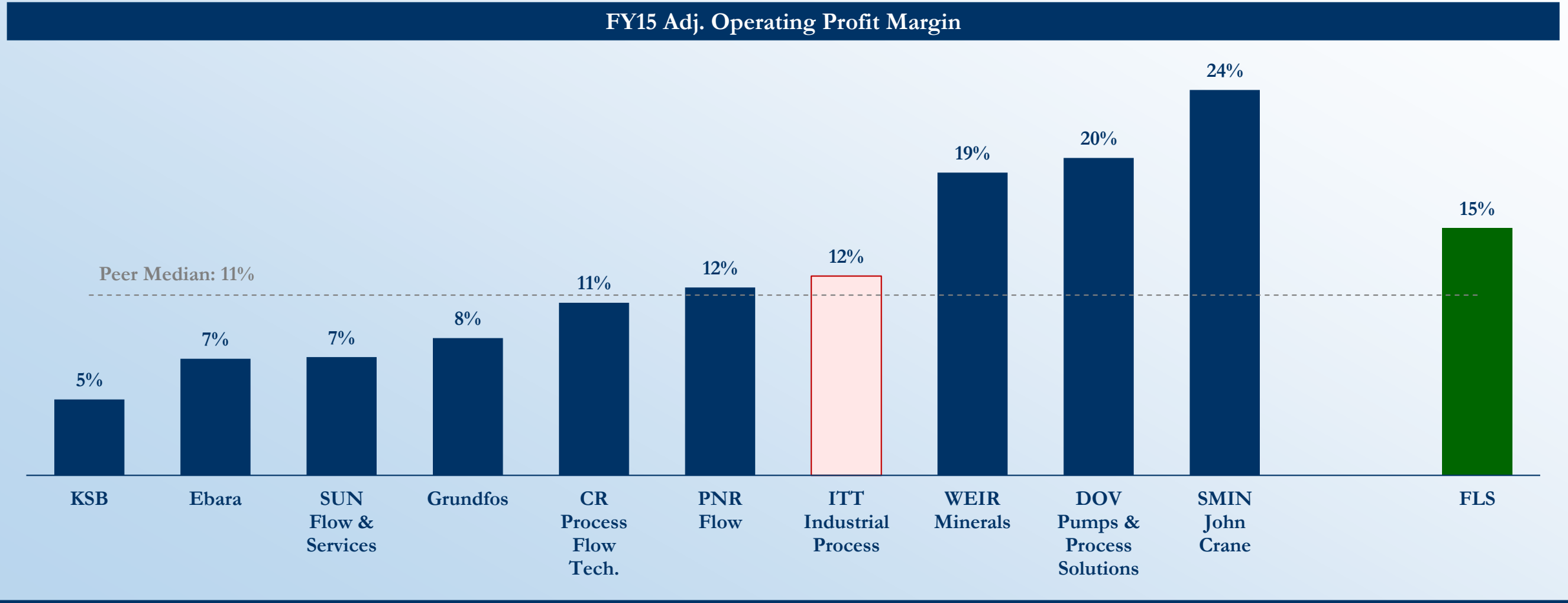
**We believe investment across these markets could provide a meaningful tailwind to Flowserve's growth for years to come.**

Source: Public company filings, BlackRock Investment Institute, *Resilience Reshapes the GCC's Investment Cycle* (August 2026); Rystad Energy, *Venezuela Oil Investment Analysis* (January 2026); International Energy Agency (IEA), *The Path to a New Era for Nuclear Energy* (January 2025). Note: Quotes are bolded for emphasis. Per management commentary on the Q4 FY25 earnings call, Venezuela was historically a meaningful market for Flowserve, generating up to ~$80mm in annual revenue during the 2010–2014 period, with three operational Quick Response Centers (QRCs). The Company continues to operate one QRC in Venezuela and maintains a large installed base of pumps and valves in the country.

# But Growth Is Only Half the Story…

# A Decade Ago, Flowserve Had Margins Comparable to, if Not Better Than, Peers – Even Better Than ITT!

**In FY15, Flowserve generated ~15% adjusted operating margins, compared to ~11% for the peer median.**



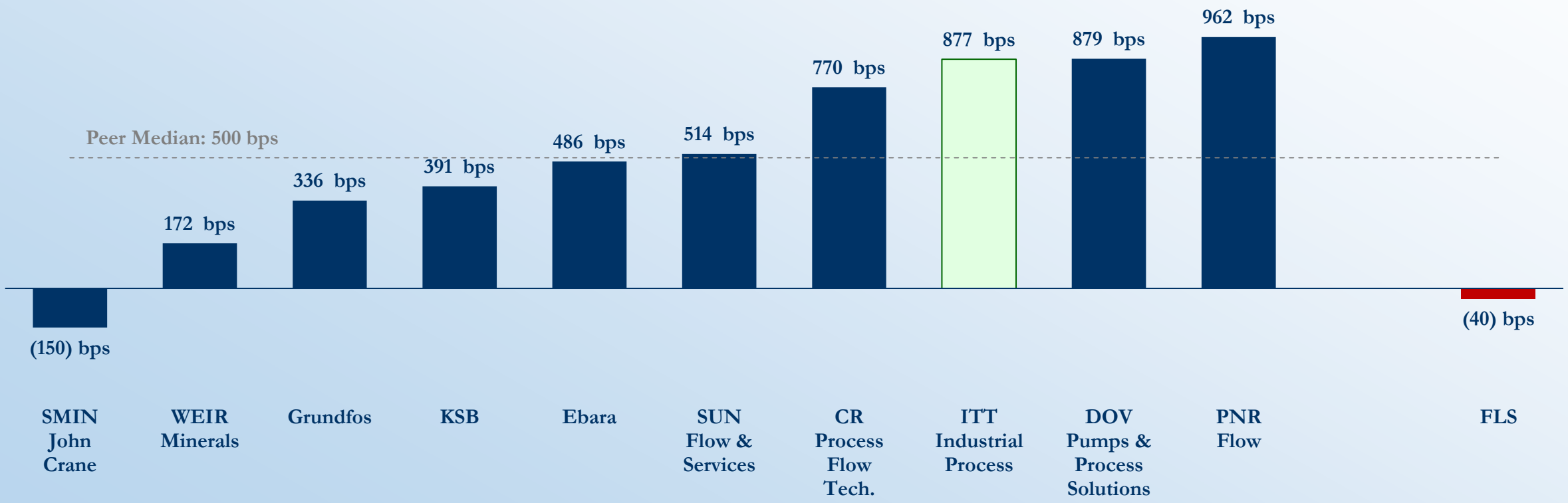

**Flowserve historically operated at margins above its peers.**

Source: Public company filings. Note: Margins are shown based on each company's respective fiscal year-end reporting period and include unallocated corporate expense. Unallocated corporate expense is allocated based on each segment's share of total company revenue. Peer segment definitions have changed in some cases over the past ten years due to renaming or resegmentation; however, we have sought to maintain the most comparable analysis possible. Emerson Final Control has been excluded from both the FY15 and FY25 analyses to maintain comparability, as Emerson did not disclose operating income for its Valves, Actuators, and Regulators business in FY15. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's margin profile. The peer set for this analysis was selected based on comparable flow-control businesses with available historical operating profit information, allowing for an assessment of margin performance over the past decade. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

# Over the Past Decade, Peers Expanded Margins While Flowserve Fell Behind…

**While Flowserve's margins stood still, flow-control peers facing similar market conditions expanded operating margins by several hundred basis points.**

## FY15 – FY25 Change in Adj. Operating Profit Margin

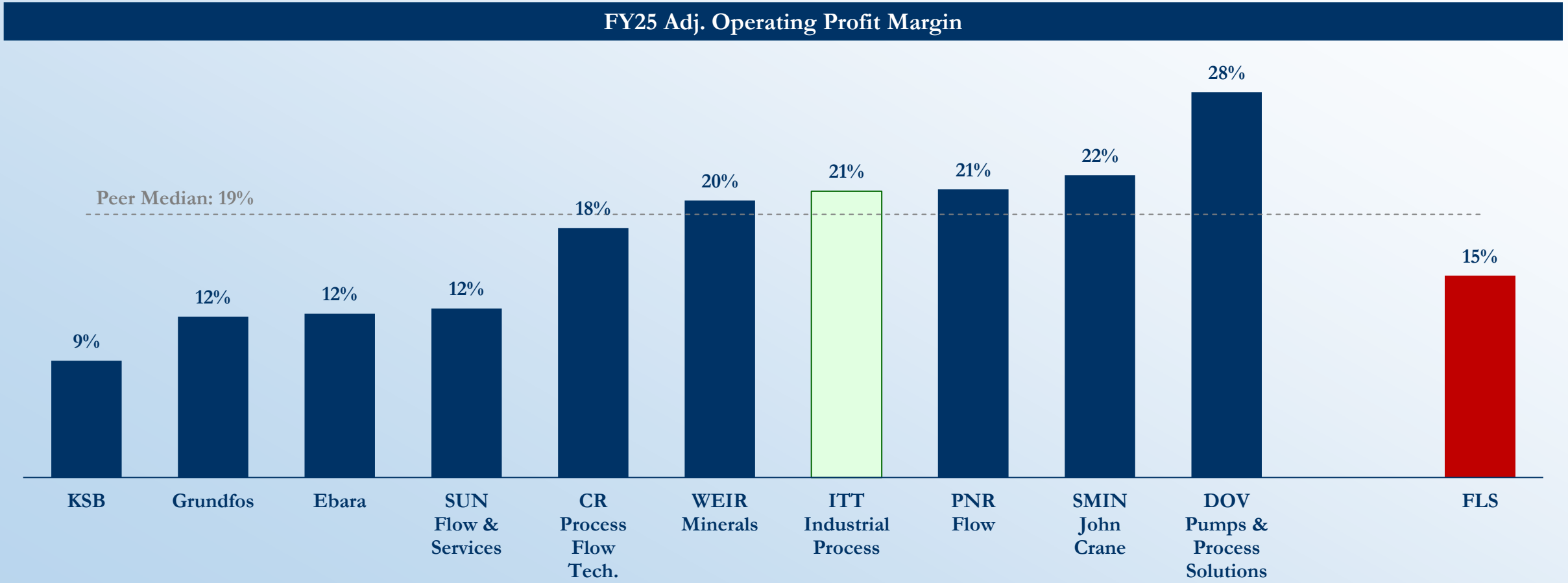



**Flowserve's leading market position has not translated into meaningful improvements in profitability.**

Source: Public company filings. Note: Margins are shown based on each company's respective fiscal year-end reporting period and include unallocated corporate expense. Unallocated corporate expense is allocated based on each segment's share of total company revenue. Peer segment definitions have changed in some cases over the past ten years due to renaming or resegmentation; however, we have sought to maintain the most comparable analysis possible. Emerson Final Control has been excluded from both the FY15 and FY25 analyses to maintain comparability, as Emerson did not disclose operating income for its Valves, Actuators, and Regulators business in FY15. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's margin profile. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

# …Leaving Flowserve with Margins Well Below Peers

**Flowserve's historically favorable margin position has reversed, with most peers now generating meaningfully higher margins.**



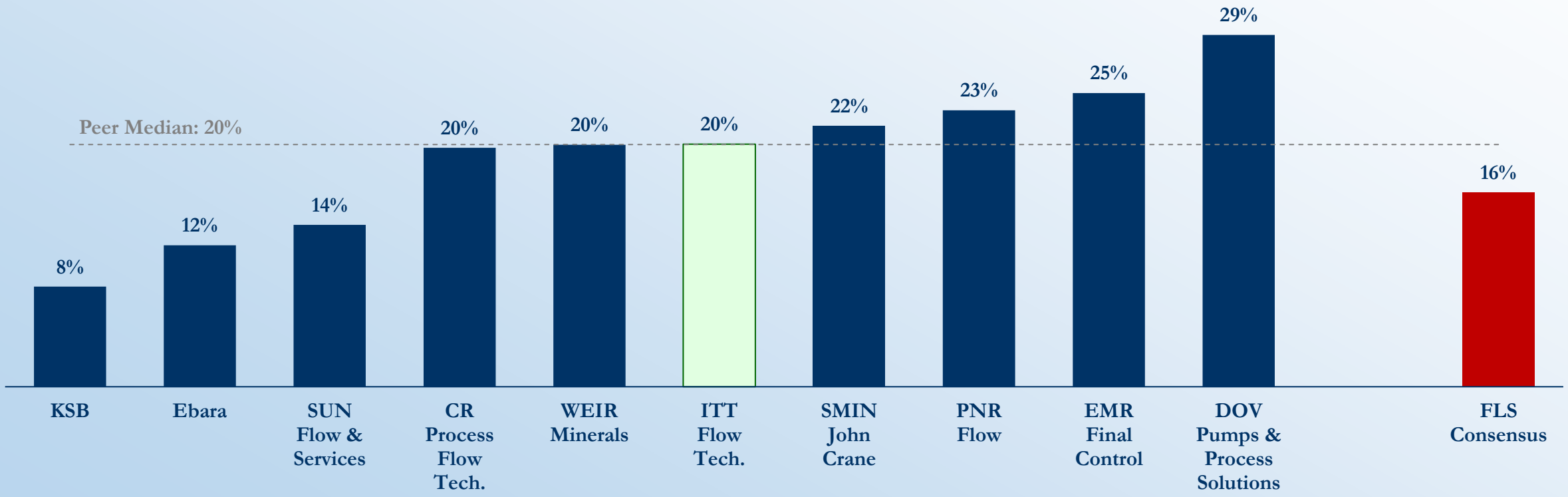

**We believe Flowserve's leading competitive position should support meaningfully higher margins.**

Source: Public company filings. Note: Margins are shown based on each company's respective fiscal year-end reporting period and include unallocated corporate expense. Unallocated corporate expense is allocated based on each segment's share of total company revenue. Peer segment definitions have changed in some cases over the past ten years due to renaming or resegmentation; however, we have sought to maintain the most comparable analysis possible. Emerson Final Control has been excluded from both the FY15 and FY25 analyses to maintain comparability, as Emerson did not disclose operating income for its Valves, Actuators, and Regulators business in FY15. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's margin profile. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

# While Flowserve Has Made Progress This Year, Its Margins Still Trail Peers by More Than 400bps

**The margin gap is particularly striking given that Flowserve and its peers serve many of the same industrial end markets.**

## FY26E Adj. Operating Profit Margin




**Flowserve's profitability fails to reflect the competitive strength of its underlying business.**

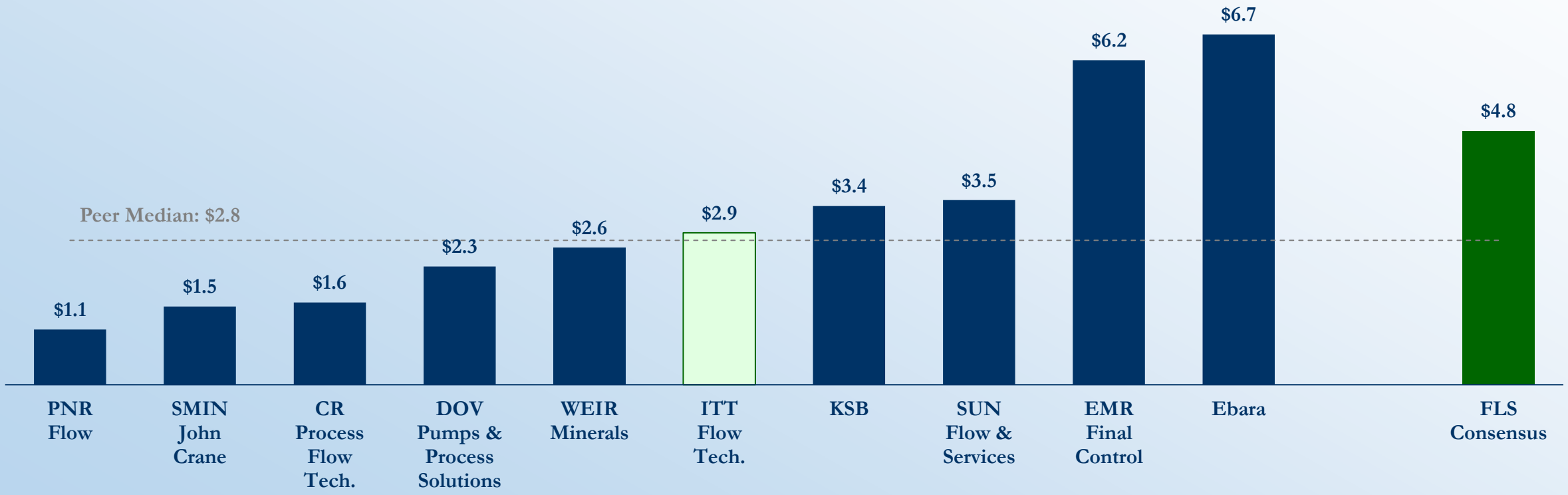
Source: Public company filings, Wall Street consensus estimates. Market data as of November 13, 2026. Note: Margins reflect each company's respective fiscal year-end and include unallocated corporate expenses. FY26 figures are based on reported actuals where available and Wall Street consensus estimates otherwise. Unallocated corporate expense is allocated based on each segment's share of total company revenue. Grundfos is excluded from the FY26E peer benchmarking analysis because it is privately held and Wall Street consensus estimates are not publicly available. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's margin profile. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. The peer set for this analysis was selected based on comparable flow-control businesses with available Wall Street consensus estimates, and therefore differs from the historical benchmarking peer set, which includes certain privately held companies. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

# We Believe the Margin Gap Is Not Structural, as Flowserve Has Comparable Scale to Its Peers…

**Flowserve is one of the largest companies in its peer group, so size alone cannot explain why its margins trail.**

## FY26E Revenue

*($ in billions)*



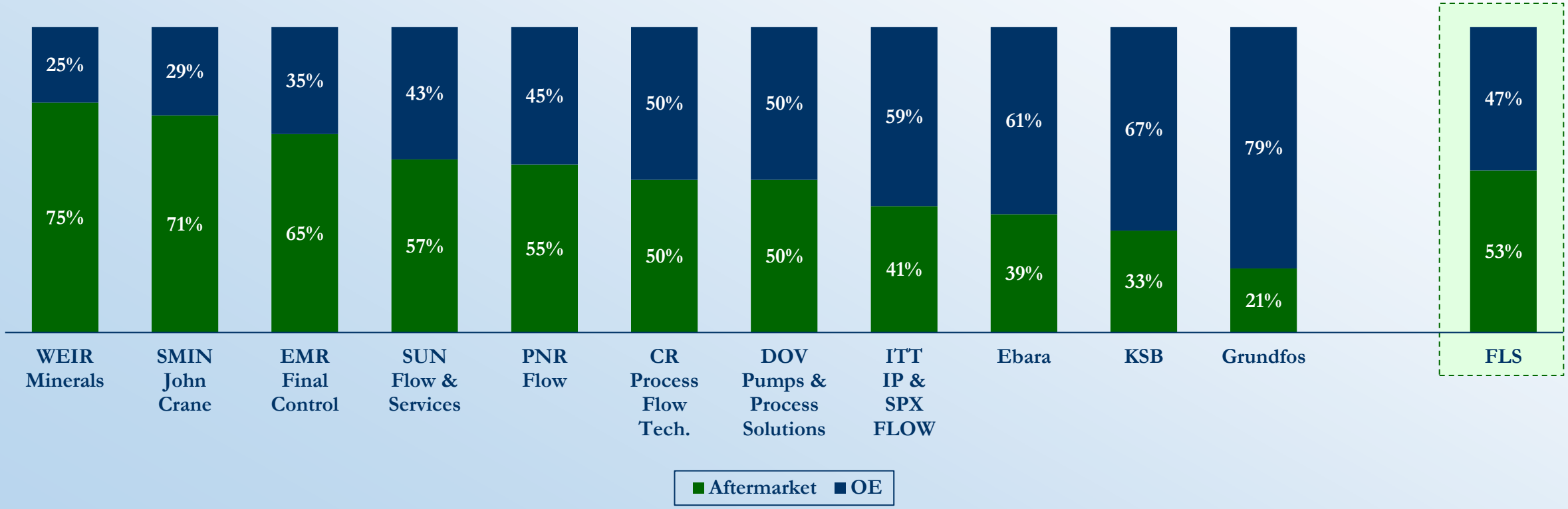

**Peers with similar or smaller revenue bases earn meaningfully higher margins, which points to execution shortfalls rather than scale.**

Source: Public company filings, Capital IQ. Market data as of November 13, 2026. Note: Revenue figures reflect each company's respective fiscal year-end. FY26 figures are based on reported actuals where available and Wall Street consensus estimates otherwise. Grundfos is excluded from the FY26E peer benchmarking analysis because it is privately held and Wall Street consensus estimates are not publicly available. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's scale. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. The peer set for this analysis was selected based on comparable flow-control businesses with available Wall Street consensus estimates, and therefore differs from the historical benchmarking peer set, which includes certain privately held companies. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

# …And There Are No Major Differences in Aftermarket vs. Original Equipment Mix to Explain the Gap

**Flowserve's aftermarket exposure is in line with peers, so its margin shortfall cannot be attributed to a less favorable mix of equipment and service revenue.**

## FY25 Original Equipment vs. Aftermarket Revenue Mix




**Flowserve benefits from a healthy mix of recurring aftermarket revenue, comparable to that of its peers.**

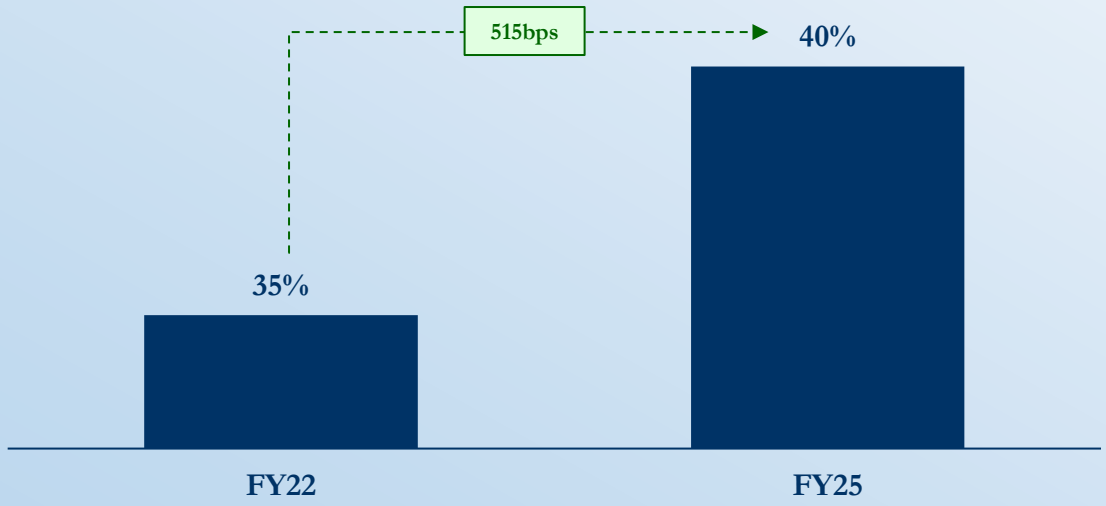
Source: Public company filings, Starboard estimates. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's revenue mix. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included. The estimates included here for revenue mix between original equipment and aftermarket are based on several data points.

# We Don't Need to Speculate about Whether this Sort of Improvement Is Possible. One of Flowserve's Closest Peers Has Already Demonstrated It

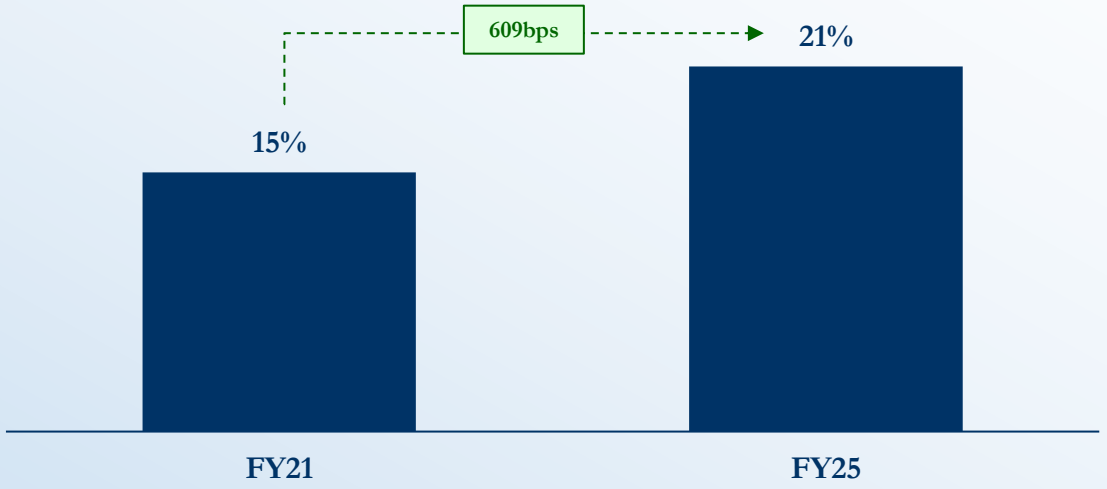
**ITT's Industrial Process segment includes Goulds Pumps, perhaps Flowserve's closest competitor. This business drove significant margin expansion through a focused transformation that Flowserve can replicate.**

## ITT Industrial Process Case Study

### Gross Profit Margin




### Adj. Operating Profit Margin




## Operational Improvement Initiatives

**Value Engineering Pump Redesign**
Stripping material cost out of the full pump portfolio

**Lean Operating Playbook**
Lean manufacturing, automation and productivity targets

**Value-Based Pricing**
Replaced blanket price lists with pricing by customer value

**SG&A & Footprint Cuts**
Overhead reduction and plant closures

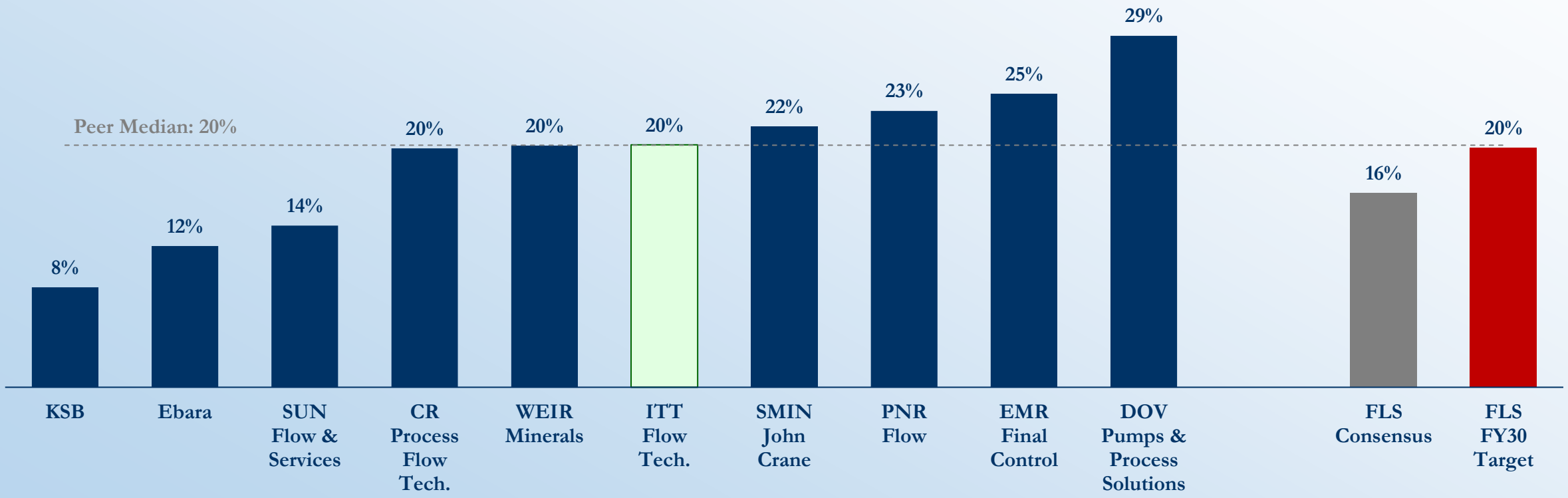
**We believe Flowserve can execute a similar operational playbook.**

Source: Public company filings. Note: Unallocated corporate expense is allocated based on the Industrial Process' segment share of revenue. ITT Industrial Process gross profit disclosure is not available prior to FY22.

# This Year, Flowserve Introduced 2030 Margin Targets That Should Get the Company Close to the Peer Median…

**Closing the operating gap through cost savings, productivity and commercial excellence initiatives can drive substantially higher profitability—even without assuming a major improvement in end-market demand.**

**FY26E Adj. Operating Margin**



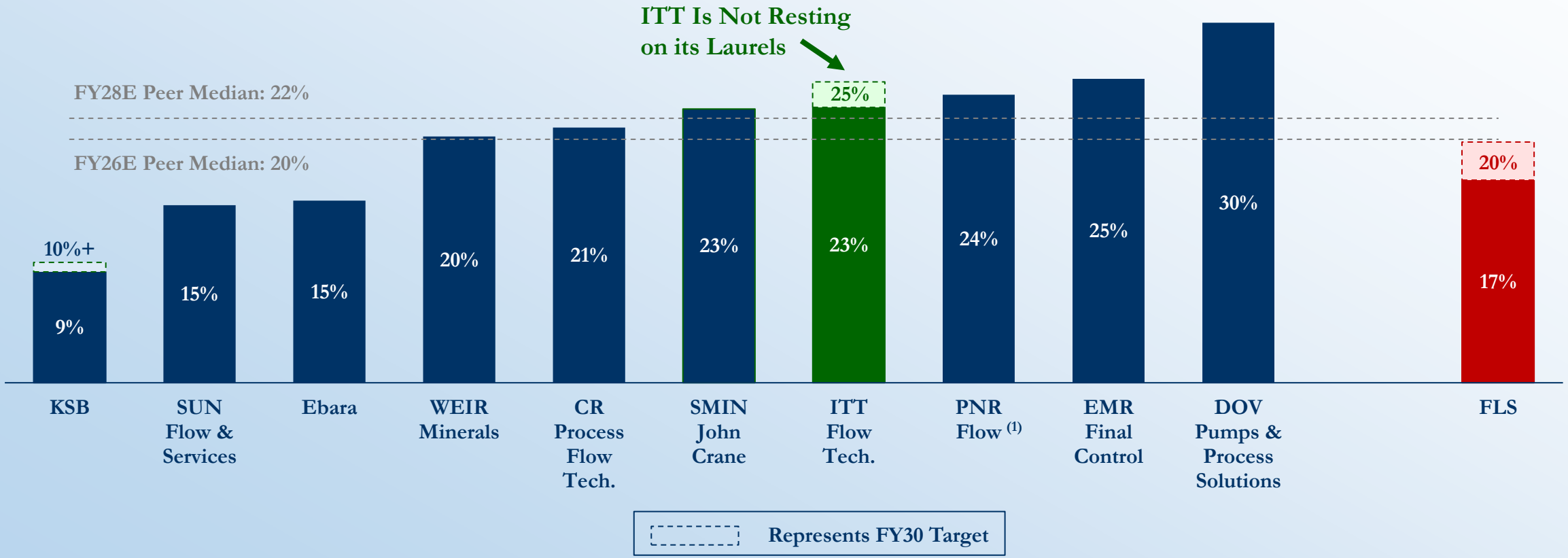

**Flowserve's 20% margin target is undemanding relative to where peers are operating today.**

Source: Public company filings, Wall Street consensus estimates. Market data as of November 13, 2026. Note: Margins reflect each company's respective fiscal year-end and include unallocated corporate expenses. FY26 figures are based on reported actuals where available and Wall Street consensus estimates otherwise. Unallocated corporate expense is allocated based on each segment's share of total company revenue. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's margin profile. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. The peer set for this analysis was selected based on comparable flow-control businesses with available Wall Street consensus estimates, and therefore differs from the historical benchmarking peer set, which includes certain privately held companies. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

# …Except the Target Only Gets to *Today's* Peer Median, While Peers Are Continuing to Improve

**While Flowserve's long-term margin target implies meaningful expansion from current levels, peers are not standing still, which means by 2030 there will be more room for improvement.**

## FY28E Adj. Operating Margin




**We believe Flowserve's 20% margin target would still leave a meaningful gap to peers.**

Source: Public company filings, Wall Street consensus estimates. Market data as of November 13, 2026. Note: Margins are shown based on each company's respective fiscal year-end reporting period and include unallocated corporate expense. Unallocated corporate expense is allocated based on each segment's share of total company revenue. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's margin profile. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. The peer set for this analysis was selected based on comparable flow-control businesses with available Wall Street consensus estimates, and therefore differs from the historical benchmarking peer set, which includes certain privately held companies. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included. (1) Effective January 1, 2026, PNR's residential and irrigation flow business was reclassified from the Flow segment to the Water Solutions segment. FY28E consensus estimates reflect this change, while FY25 and prior historical results do not, impacting comparability.

# What's Particularly Exciting Is that the Path to 20% Doesn't Require Heroic Growth Assumptions…

**Management has expressed confidence in achieving 20% operating margins through self-help initiatives, even without significant revenue growth.**

**Management Commentary**

"…what I'll call is to get to the 20%, a steady progression of margins of 500 basis points or 100 basis points approximately every year…**And so obviously, revenue growth and leverage would help us substantially but I feel confident that we can get to these margins even without significant revenue growth.**"

***- Q4 FY25 Earnings Call, CEO Scott Rowe (Feb. 2026)***

**We believe self-help alone can deliver 20% margins, with organic growth providing additional upside.**

Source: Public company filings. Note: Quotes are bolded and underlined for emphasis.

# …Self-Help Initiatives Alone Could Get Flowserve to 20% Operating Margins Without Incremental Revenue Growth…

**The Company's 20% margin target does NOT require revenue growth beyond FY25.**

**FY25 Pro Forma Adj. Operating Profit**

*($ in millions)*

| | | | |
|---|---|---|---|
| **Revenue** | **$4,939** | ***0% Revenue Growth*** | **$4,939** |
| **Adj. Operating Profit Margin** | **14.8%** | | **20.0%** |




**Self-help delivers the Company's 20% target, which merely brings Flowserve to today's peer median.**

Source: Public company filings, Starboard estimates. (1) Assumes $210mm of Trillium revenue and $30mm of adjusted operating profit, implying a ~14.5% margin, consistent with management's commentary that Trillium's margins are slightly below the Company average. All estimates are based on information obtained from sources believed to be reliable and incorporate certain assumptions. Such information and assumptions could turn out to be inaccurate. The estimates included here for FY25 pro forma revenue, adj. operating profit, and adj. operating profit margin are based on several data points.

# …But as We've Just Shown, Flowserve Should Grow, and That Growth Should Come with Higher Incremental Margins

**Historical management commentary and Wall Street estimates support the potential for Flowserve to achieve incremental margins of 30%[(1)] or better.**

**Wall Street Research and Management Quotes**

**"…Flowserve in the best of times has kind of been in a 40% incremental margin range…"**

***- Citi's 2023 Global Industrial Tech and Mobility Conference, Fmr. CFO Amy Schwetz (Feb. 2023)***

**"…2026E-2028E EBITDA is driven by a 30% incremental margin on organic growth…"**

***- Stifel (Jun. 2025)***

**We believe 30% incremental margins represent a reasonable starting point, with potential for even better performance.**

Source: Public company filing, Wall Street research. Note: Quotes are bolded and underlined for emphasis. (1) ITT's Industrial Process segment and Crane's Process Flow Technologies segment achieved median incremental margins of 31% and 26%, respectively, from FY21 to FY25.

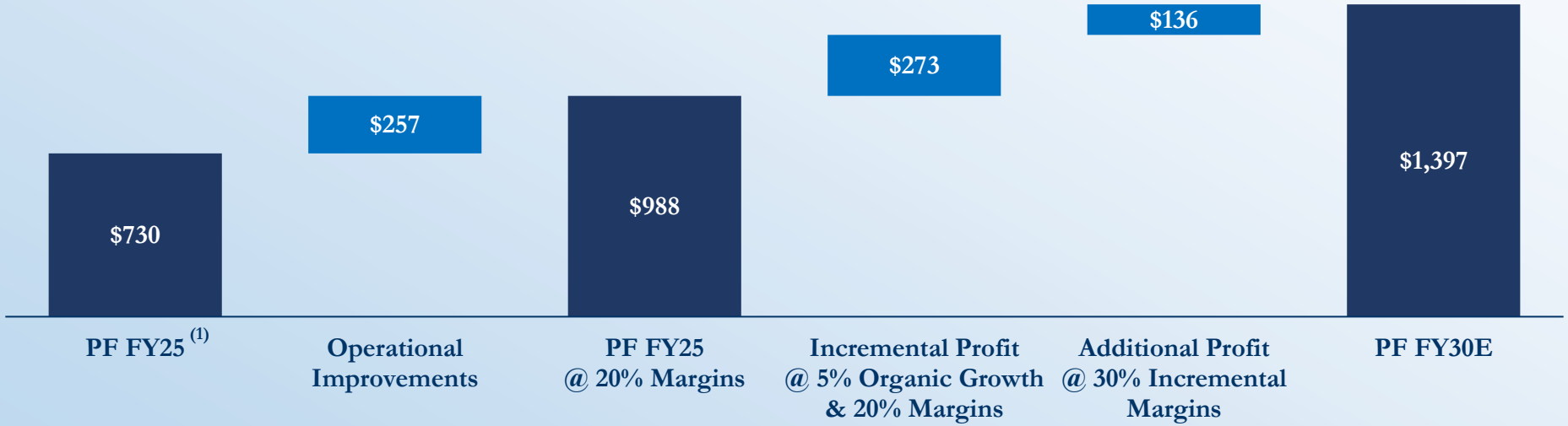
# Incremental Margins from Organic Growth Could Drive Flowserve's Operating Margins Above 22%...

**Growth on a leaner cost base drops through at attractive margins, pushing margins past the Company's 20% target.**

**FY30 Illustrative Pro Forma Adj. Operating Profit**

*($ in millions)*

| | | | | | |
|---|---|---|---|---|---|
| Revenue | $4,939 | *0% Revenue Growth* → | $4,939 | *5% Organic CAGR* → | $6,304 |
| Adj. Operating Profit Margin | 14.8% | | 20.0% | *30% Incrementals* → | 22.2% |




**22% adj. operating margins would still just get Flowserve at or below where peers are expected to be.**

Source: Public company filings, Starboard estimates. (1) Assumes $210mm of Trillium revenue and $30mm of adjusted operating profit, implying a ~14.5% margin, consistent with management's commentary that Trillium's margins are slightly below the Company average. All estimates are based on information obtained from sources believed to be reliable and incorporate certain assumptions. Such information and assumptions could turn out to be inaccurate. The estimates included here for FY30 revenue, adj. operating profit, and adj. operating profit margin are based on several data points.

# …And There Could Be Meaningful Upside Beyond 22% Operating Margins

**Starting from a 20% adjusted operating margin base, a range of organic growth and incremental margin assumptions illustrates the potential for further margin expansion by FY30.**

## Illustrative FY30 Adjusted Operating Margins

| Incremental Margin % \ PF FY25 - FY30 Organic Growth CAGR % | 1.0% | 2.0% | 3.0% | 4.0% | 5.0% | 6.0% | 7.0% | 8.0% | 9.0% |
|---|---|---|---|---|---|---|---|---|---|
| **20.0%** | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| **22.5%** | 20.1% | 20.2% | 20.3% | 20.4% | 20.5% | 20.6% | 20.7% | 20.8% | 20.9% |
| **25.0%** | 20.2% | 20.5% | 20.7% | 20.9% | 21.1% | 21.3% | 21.4% | 21.6% | 21.8% |
| **27.5%** | 20.4% | 20.7% | 21.0% | **21.3%** | **21.6%** | **21.9%** | **22.2%** | **22.4%** | **22.6%** |
| **30.0%** | 20.5% | 20.9% | 21.4% | **21.8%** | **22.2%** | **22.5%** | **22.9%** | **23.2%** | **23.5%** |
| **32.5%** | 20.6% | 21.2% | 21.7% | **22.2%** | **22.7%** | **23.2%** | **23.6%** | **24.0%** | **24.4%** |
| **35.0%** | 20.7% | 21.4% | 22.1% | **22.7%** | **23.2%** | **23.8%** | **24.3%** | **24.8%** | **25.3%** |
| **37.5%** | 20.8% | 21.6% | 22.4% | **23.1%** | **23.8%** | **24.4%** | **25.0%** | **25.6%** | **26.1%** |
| **40.0%** | 21.0% | 21.9% | 22.7% | **23.6%** | **24.3%** | **25.1%** | **25.7%** | **26.4%** | **27.0%** |

**Best-in-Class Margins**

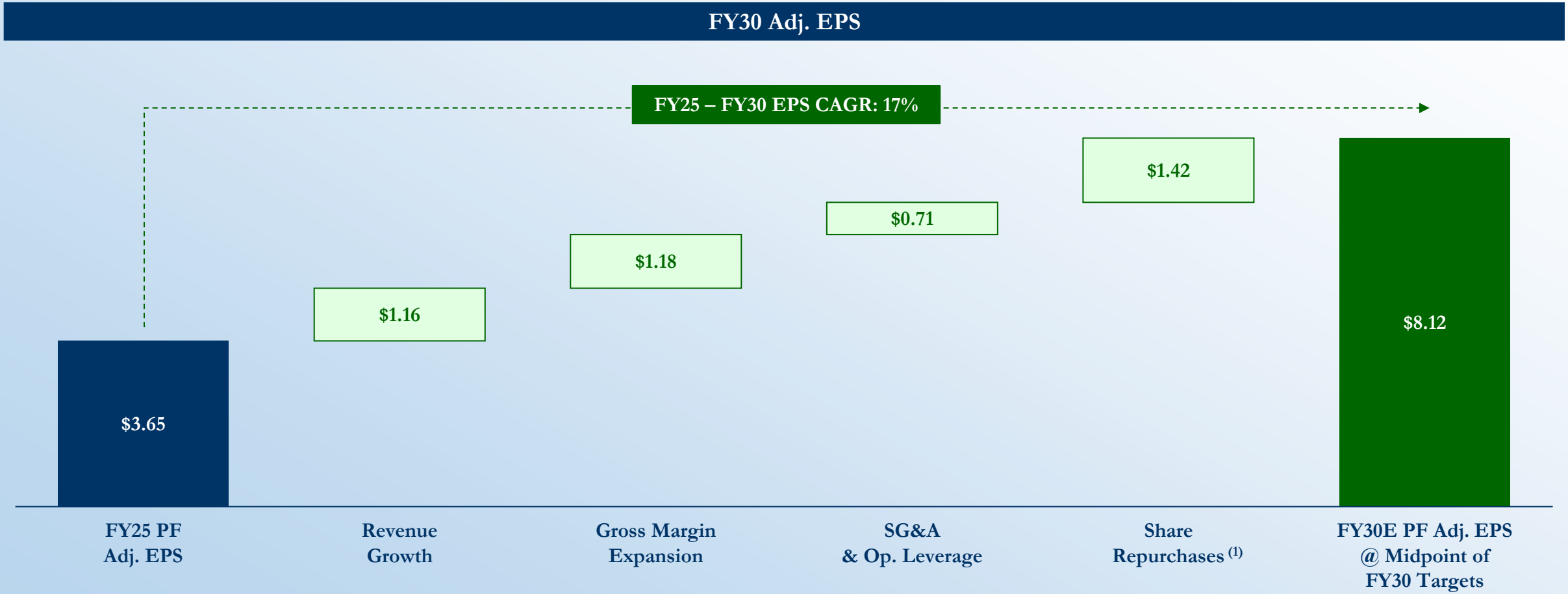
CRANE · DOVER · EMERSON · ITT · PENTAIR · smiths

**We believe Flowserve has a credible path to operating margins well above 22% by FY30.**

Source: Public company filings, company websites, Starboard estimates. All estimates are based on information obtained from sources believed to be reliable and incorporate certain assumptions. Such information and assumptions could turn out to be inaccurate. The estimates included here for FY25 – FY30 organic revenue growth CAGRs and incremental margins are based on several data points. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's margin profile. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included.

# The Midpoint of Management's FY30 Targets Implies More Than a Doubling of EPS…

**Assuming the Company achieves its long-term revenue growth, margin expansion, and free cash flow conversion targets, the Company should be able to drive significant earnings growth.**

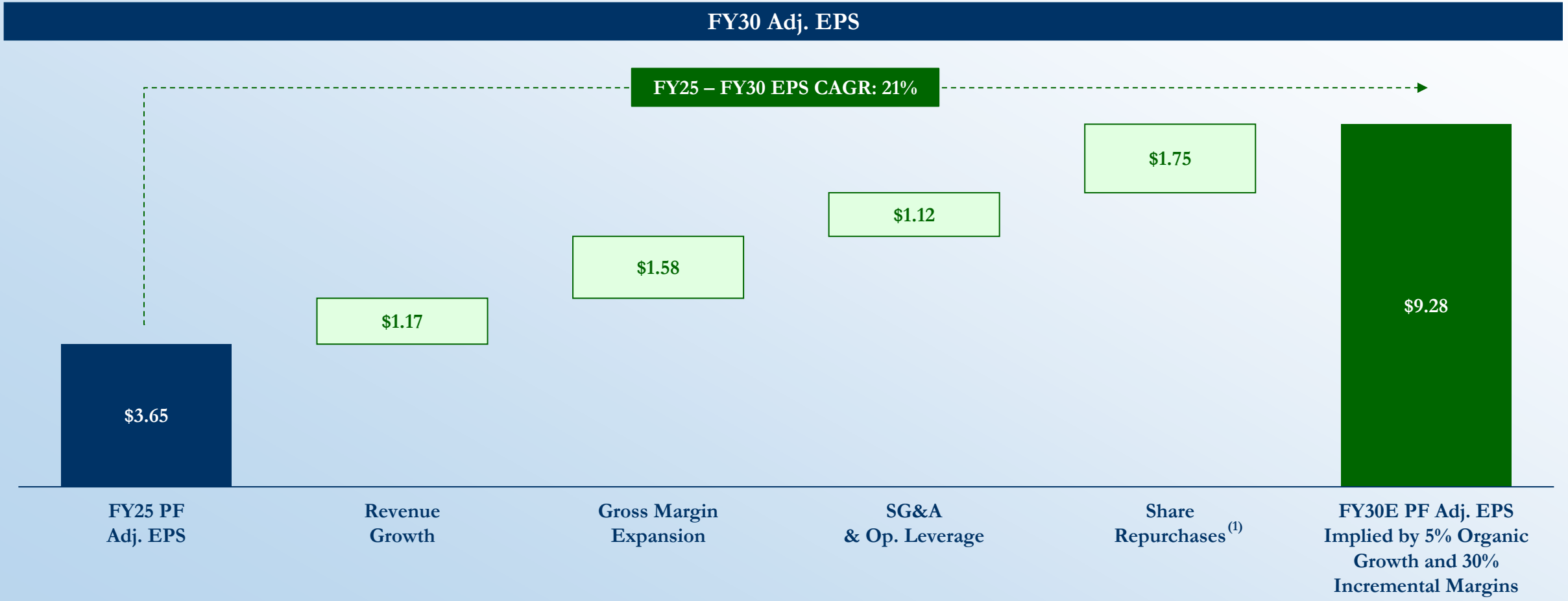



**We believe the Company's FY30 targets should represent a starting point, not the ceiling of its earnings potential.**

Source: Public company filings, Capital IQ, Starboard estimates. Market data as of November 13, 2026. All estimates are based on information obtained from sources believed to be reliable and incorporate certain assumptions. Such information and assumptions could turn out to be inaccurate. The estimates included here for FY30 Adj. EPS are based on several data points. (1) Assumes $3.23bn in free cash flow generated from Q4 FY26 through FY30 with a 104% FCF conversion (defined as free cash flow / adj. net income). Assumes all excess free cash flow after dividends goes to share repurchases: 24.3mm shares repurchased at an average price of $115.16, a 39% premium to today's price of $83.10.

# …But with Realistic Incremental Margins Driving Margins Above 22%, EPS Should Exceed $9.00…

**Further gross margin improvement and SG&A leverage, combined with continued share repurchases, could drive adj. EPS to more than $9.00 by FY30.**



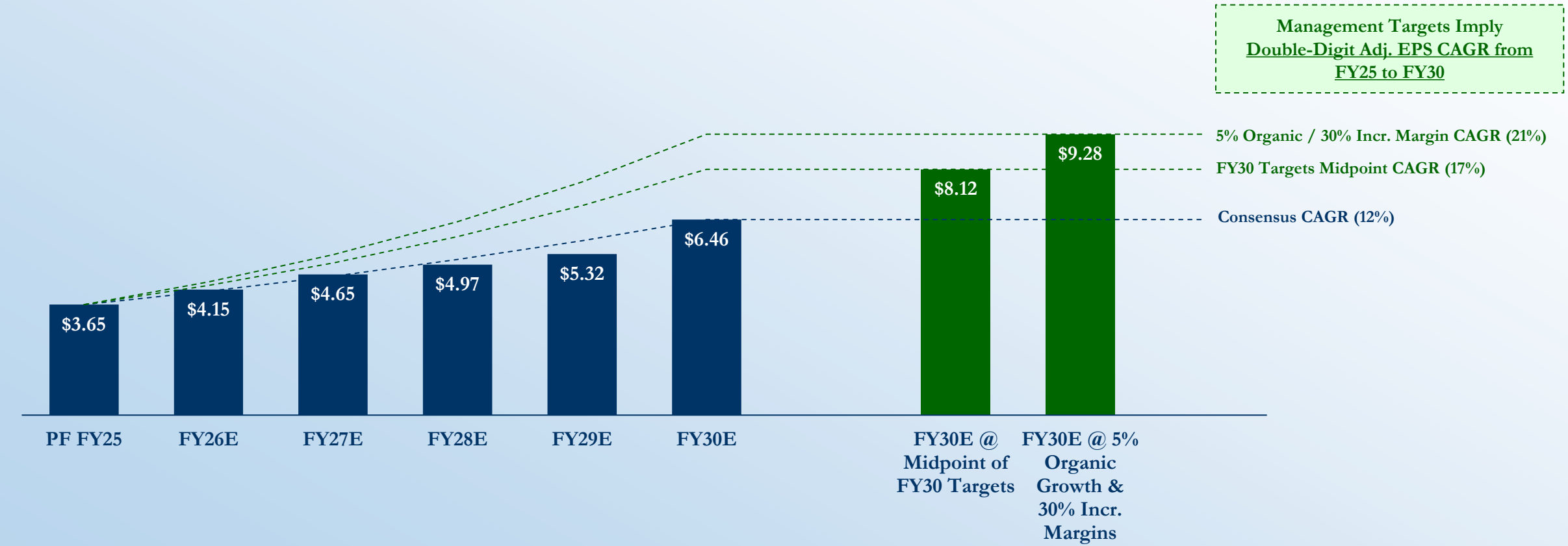

**We believe Flowserve can meaningfully exceed management's long-term targets, unlocking even greater earnings potential.**

Source: Public company filings, Capital IQ, Starboard estimates. Market data as of November 13, 2026. All estimates are based on information obtained from sources believed to be reliable and incorporate certain assumptions. Such information and assumptions could turn out to be inaccurate. The estimates included here for FY30 Adj. EPS are based on several data points. (1) Assumes $3.70bn in free cash flow generated from Q4 FY26 through FY30 with a 105% FCF conversion (defined as free cash flow / adj. net income). Assumes all excess free cash flow after dividends goes to share repurchases: 26.0mm shares repurchased at an average price of $126.10, a 52% premium to today's price of $83.10.

# …Yet Consensus Estimates Remain Well Below What Is Implied by the Company's Long-Term Targets

**Consensus estimates continue to discount management's targets, consistent with the skepticism that has followed Flowserve for a decade.**

## Adj. EPS Wall Street Estimates

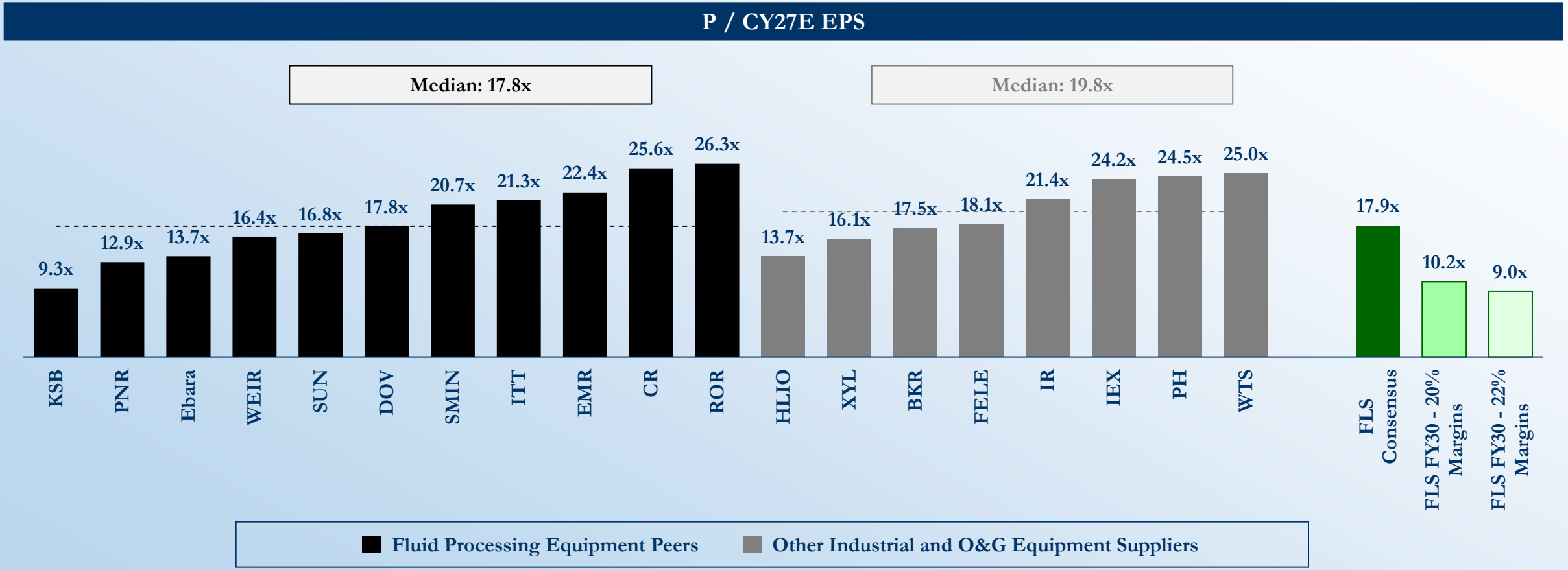



**If Flowserve delivers on its targets, consensus estimates will need to move materially higher.**

Source: Public company filings, Bloomberg, Wall Street consensus estimates, Starboard estimates. Market data as of November 13, 2026. All estimates are based on information obtained from sources believed to be reliable and incorporate certain assumptions. Such information and assumptions could turn out to be inaccurate. The estimates included here for FY30E EPS are based on several data points.

# Pro Forma for Flowserve's Earnings Potential, the Company Trades at a Compelling Valuation

**Assuming Flowserve achieves its long-term targets or better, the Company would trade at just 9-10x FY30 EPS!**




**We believe Flowserve offers substantial upside in both its earnings and multiple.**

Source: Public company filings, Bloomberg, Capital IQ, Wall Street consensus estimates, Starboard estimates. Market data as of November 13, 2026. Starboard has identified the peers listed above as the relevant peer set for comparing Flowserve's P / CY27E EPS multiple. Starboard views these peers as representative of the range of flow control products and services Flowserve offers, as well as the diverse end markets it serves. The peer set for this analysis includes a broader universe of publicly traded industrial equipment companies selected based on business and valuation comparability, whereas the operating margin benchmarking analyses focus on comparable flow-control businesses, including individual segments of publicly traded companies. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other firms had been included. All estimates are based on information obtained from sources believed to be reliable and incorporate certain assumptions. Such information and assumptions could turn out to be inaccurate. The estimates included here for FLS FY30 EPS are based on several data points.

# Flowserve Is in the Right Place at the Right Time. Now It Needs to Execute.

**Flowserve has leading flow-control products, exposure to attractive end markets and a significant opportunity to improve profitability.**

## Flowserve Opportunity

FLOWSERVE®

| Leading Assets | Attractive End Markets | Margin Expansion Opportunity | Execution |
|---|---|---|---|
| ✓ | ✓ | ✓ | ? |
| Mission-critical products and services | Power, energy, and industrial investment | 400+bps to close the gap to where peers are today, 600+ to get where they are going | |

**The products are right. The markets are right. It is our job to ensure the execution is right.**

Source: Public company filings.

STARBOARD VALUE®