Risk Factors Comparison 2024-02-20 to 2023-03-07 Form: 10-K

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Please carefully consider the following discussion of material factors, events, and uncertainties that make an investment in our securities risky. If any of the factors, events and contingencies discussed below or elsewhere in this Annual Report materialize, our business, financial condition, results of operations, cash flows, reputation or prospects could be materially adversely affected. While we believe all known material risks are disclosed, additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also materially adversely affect our business, financial condition, results of operations, cash flows, reputation, prospects or stock price. Because of the risk factors discussed below and elsewhere in this Annual Report and in other filings we make with the SEC, as well as other variables affecting our operating results, past financial performance may not be a reliable indicator of future performance, historical trends should not be used to anticipate results or trends in future periods and actual results could differ materially from those projected in the forward- looking statements contained in this Annual Report. Business and Operating Risks Our business depends on our customers' levels of capital investment and maintenance expenditures, which in turn are affected by numerous factors, including changes in the state of domestic and global economies, global energy demand and the liquidity cyclicality and condition of global credit and capital markets, which have impacted and which could continue to impact the ability or willingness of our customers to invest in our products and services and adversely affect our financial condition, results of operations and cash flow. Demand for most of our products and services depends on the level of new capital investment and planned maintenance expenditures by our customers. The level of capital expenditures by our customers depends, in turn, on general economic conditions, availability of credit, economic conditions within their respective industries and expectations of future market behavior. Additionally, volatility in commodity prices can negatively affect the level of these activities and can result in postponement of capital spending decisions or the delay or cancellation of existing orders. The ability of our customers to finance capital investment and maintenance is also affected by factors independent of the conditions in their industry, such as the condition of global credit and capital markets. The businesses of many of our customers, particularly oil and gas companies, chemical companies and general industrial companies, are to varying degrees cyclical and have experienced periodic downturns. Our customers in these industries, particularly those whose demand for our products and services is primarily profit- driven, tend to delay large capital projects, including expensive maintenance and upgrades, during economic downturns. For example, our chemical customers generally tend to reduce their spending on capital investments and operate their facilities at lower levels in a soft economic environment, which reduces demand for our products and services. **An economic slowdown or recession in the United States or in any other country that significantly affects the supply of or demand for oil or natural gas could negatively impact our operations and therefore adversely affect our results.** Additionally, fluctuating energy demand forecasts and lingering uncertainty concerning commodity pricing, specifically the price of oil, have caused, and may in the future cause, our customers to be more conservative in their capital planning, reducing demand for our products and services. Reduced demand for our products and services from time to time results in the delay or cancellation of existing orders or ~~lead~~ **leads** to excess manufacturing capacity, which unfavorably impacts our absorption of fixed manufacturing costs. This reduced demand has in the past and may continue in the future to also erode average selling prices in our industry. Any of these results could continue to adversely affect our business, financial condition, results of operations and cash flows. The ~~ongoing~~ COVID- 19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, ~~have~~ precipitated or aggravated many of the factors described above, and ~~we expect that~~ **a resurgence or development of new strains or variants of COVID- 19, or other public health emergencies, could cause** these factors ~~will~~ **to** continue to adversely impact our operations and financial performance as well as those of many of our customers and suppliers. For further discussion of the risks presented by the ~~ongoing~~ pandemic, see the discussion below under the heading " The COVID- 19 pandemic ~~has had,~~ **adversely impacted our operations** and ~~may continue to~~ **financial performance, and a resurgence or development of new strains or variants of COVID- 19, or other public health emergencies, could** have ~~, an~~ **a material** adverse impact on our **business, results of** ~~operations~~ - **operation** ~~and~~ **,** financial ~~performance~~ **condition and liquidity, the nature and extent of which is highly uncertain** . " Additionally, our customers sometimes delay capital investment and maintenance even during favorable conditions in their industries or markets. Despite these favorable conditions, the general health of global credit and capital markets and our customers' ability to access such markets impacts investments in large capital projects, including necessary maintenance and upgrades. In addition, the liquidity and financial position of our customers impacts capital investment decisions and their ability to pay in full and / or on a timely basis. Any of these factors, whether individually or in the aggregate, could have a material adverse effect on our customers and, in turn, our business, financial condition, results of operations and cash flows. Volatility in commodity prices, effects from credit and capital market conditions and global economic growth forecasts have in the past prompted and may in the future prompt customers to delay or cancel existing orders, which could adversely affect the viability of our backlog and could impede our ability to realize revenues on our backlog. Our backlog represents the value of uncompleted customer orders. While we cannot be certain that reported backlog will be indicative of future results, our ability to accurately value our backlog can be adversely affected by numerous factors, including the health of our customers' businesses and their access to capital, volatility in commodity prices (e. g., copper, nickel, stainless steel) and economic uncertainty. While we attempt to mitigate the financial consequences of order delays and cancellations through contractual provisions and other means, if we were to experience a significant increase in order delays or cancellations that can result from the aforementioned economic conditions or other factors beyond our control, it could impede or delay our ability to realize anticipated revenues on our backlog. Such a loss of anticipated revenues could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our inability to deliver our backlog on time could affect our revenues, future sales and profitability and our relationships with customers. At December 31, ~~2022~~ **2023**, our backlog was $ 2. 7 billion. In ~~2023~~ **2024**, our ability to meet customer delivery schedules for backlog is dependent on a number of factors including, but not limited to, sufficient manufacturing plant capacity, adequate supply channel access to the raw materials and other inventory required for production, an adequately trained and capable workforce, project engineering expertise for certain large projects and appropriate planning and scheduling of manufacturing resources. Our manufacturing plant operations, capacity and supply chain are subject to disruption as a result of equipment failure, severe weather conditions and other natural or manmade disasters, including power outages, fires, explosions, terrorism, cyber- based attacks, conflicts or unrest, epidemics or pandemics ~~(including the ongoing COVID- 19 pandemic)~~, labor disputes, acts of God, or other reasons. We may also encounter capacity limitations due to changes in demand despite our forecasting efforts. Many of the contracts we enter into with our customers require long manufacturing lead times and contain penalty clauses related to late delivery. Failure to deliver in accordance with contract terms and customer expectations could subject us to financial penalties, damage existing customer relationships, increase our costs, reduce our sales and have a material adverse effect on our business, financial condition, results of operations and cash flows. Failure to successfully execute and realize the expected financial benefits from any restructuring and strategic realignment and other cost- saving initiatives could adversely affect our business. Adverse effects from our execution of any **current or** future restructuring and realignment activities could interfere with our realization of anticipated synergies, customer service improvements and cost savings from these strategic initiatives. Moreover, because such expenses are difficult to predict and are necessarily inexact, we may incur substantial expenses in connection with the execution of any **current or** future restructuring and realignment plans in excess of what is currently anticipated. Further, restructuring and realignment activities are a complex and time- consuming process that can place substantial demands on management, which could divert attention from other business priorities or disrupt our daily operations. Any of these failures could, in turn, materially adversely affect our business, financial condition, results of operations and cash flows, which could constrain our liquidity. If these measures are not successful or sustainable, we may undertake additional realignment and cost reduction efforts, which could result in future charges. Moreover, our ability to achieve our other strategic goals and business plans may be adversely affected, and we could experience business disruptions with customers and elsewhere if any restructuring and realignment efforts prove ineffective. We sell our products in highly competitive markets, which results in pressure on our profit margins and limits our ability to maintain or increase the market share of our products. The markets for our products and services are geographically diverse and highly competitive. We compete against large and well- established national and global companies, as well as regional and local companies, low- cost replicators of spare parts and in- house maintenance departments of our end- user customers. We compete based on price, technical expertise, timeliness of delivery, contractual terms, project management, proximity to service centers, previous installation history and reputation for quality and reliability. Competitive environments in slow- growth industries and for original equipment orders have been inherently more influenced by pricing and domestic and global economic conditions and current economic forecasts suggest that the competitive influence of pricing has broadened. Additionally, some of our customers have been attempting to reduce the number of vendors from which they purchase in order to reduce the size and diversity of their supply chain. To remain competitive, we must invest in manufacturing, technology, marketing, customer service and support and our distribution networks. No assurances can be made that we will have sufficient resources to continue to make the investment required to maintain or increase our market share or that our investments will be successful. A relatively strong U. S. dollar has made and may continue to make our products more expensive overseas, which may make our ability to meet our international customers' pricing expectations particularly challenging and may result in erosion of product margin and market share. In addition, negative publicity or other organized campaigns critical of us, through social media or otherwise, could negatively affect our reputation and competitive position. If we do not compete successfully, our business, financial condition, results of operations and cash flows could be materially adversely affected. Failure to successfully develop and introduce new products could limit our ability to grow and maintain our competitive position and adversely affect our financial condition, results of operations and cash flow. The success of new and improved products and services depends on their initial and continued acceptance by our customers. Our businesses are affected by varying degrees of technological change and corresponding shifts in customer demand, which result in unpredictable product transitions, shortened life cycles and increased importance of being first to market with new products and services. Difficulties or delays in the research, development, production and / or marketing of new products and services negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to continue to bring these products and services to market. Our inability to obtain raw materials at favorable prices may adversely affect our operating margins and results of operations. We purchase substantially all electric power and other raw materials we use in the manufacturing of our products from outside sources. The costs of these raw materials have been volatile historically and are influenced by factors that are outside our control ~~, including more recently due to the COVID- 19 pandemic~~. In recent years, the prices for energy, metal alloys, nickel and certain other of our raw materials have been volatile. Our operating margins and results of operations and cash flows may be adversely affected if we are unable to pass increases in the costs of our raw materials on to our customers or if other methods to offset our increased costs through supply chain management, contractual provisions and gains in operational efficiencies are not achieved. Inflation has the potential to adversely affect our business, financial condition and results of operations by increasing our overall cost structure, including with respect to purchased parts, commodity and raw material costs. Our operating costs are subject to fluctuations, particularly due to changes in prices for commodities, parts, raw materials, energy and related utilities, freight, and cost of labor which have been and may continue to be driven by inflation, tightening labor markets, prevailing price levels, exchange rates, and other economic factors. Throughout ~~2022~~ **2023**, our operating costs **were** ~~have been~~ impacted by price inflation, including with respect to the cost of certain raw materials, commodities, freight and logistics, and we expect this to continue for the foreseeable future. In order to remain competitive, we may not be able to recover all or a portion of these higher costs from our customers through price increases, which would reduce our profit margins and cash flows. Actions we take to mitigate volatility in manufacturing and operating costs may not be successful and, as a result, our business, financial condition, cash flows and results of operations could be materially and adversely affected. **Our operations expose us to risks associated with public health emergencies, such as outbreaks of epidemics, pandemics, and contagious diseases, including COVID- 19.** The COVID- 19 pandemic ~~has had, and may continue to have an adverse impact on our operations and financial performance. The COVID- 19 pandemic~~ , including actions taken by governments in response, caused and ~~may continue to~~ **could in the future** cause, a substantial curtailment of business activities (including the decrease in demand for a broad variety of goods and services), weakened economic conditions, supply chain disruptions, significant economic uncertainty and volatility in the financial and commodity markets, including global volatility in supply and demand for oil and gas. These effects ~~have~~ had an adverse impact on our operations and financial performance and the operations and financial performance of many of our customers and suppliers. **Our operations** ~~For example, the global supply chain and logistics constraints affecting global markets adversely affected the speed at which we can manufacture and ship our products to customers, and~~ have **generally stabilized since** ~~also led to an increase in logistics, transportation and freight costs, requiring that we diversify our supply chain and, in some instances, source materials from new suppliers. These effects in some cases impacted our ability to deliver products to customers on time, which has in turn led to an increase in backlog at some of our manufacturing sites. These disruptions in our supply chain and their effects have continued into 2023 and we expect they~~ - **the peak** ~~will continue as ongoing global supply chain and logistics headwinds continue to affect global markets. The ultimate impact~~ of the COVID- 19 pandemic ~~on~~ **. In May 2023, the World Health Organization declared an end to COVID- 19 as a public health emergency. However, a resurgence** ~~our~~ - **or development of new strains of COVID- 19 or other public health emergencies could result in unpredictable responses by authorities around the world which could negatively impact our global** operations **, customers** and **suppliers. Any future public health emergencies could result in disruptions to our manufacturing operations, including higher rates of employee absenteeism, and supply chain, which could negatively impact our ability to meet customer demand. The extent to which new strains or variants of COVID- 19, or other public health emergencies, could impact our business, results of operations,** financial ~~performance will continue to~~ **condition or liquidity is highly uncertain and would** depend on **future developments** ~~many factors that are not within our control~~ , including **the scope** , **spread and duration of** ~~but not limited, to,~~ any ~~future resurgence~~ **such virus** and **variants, potential responsive** actions taken by ~~governments~~ **governmental** ~~in response thereto~~ **authorities, and how quickly economic conditions stabilize and recover** . Terrorist acts, conflicts, wars, natural or manmade disasters, epidemics or pandemics, acts of God and other such events around the world at times materially adversely affect our business, financial condition and results of operations and the market for our common stock. As a global company with a large international footprint, we are subject to increased risk of damage or disruption to us, our employees, facilities, partners, suppliers, distributors, resellers or customers due to, among other things, terrorist acts, conflicts (including as a result of geopolitical uncertainty and / or conflicts in the countries and / or regions where we operate, including the United Kingdom, the European Union, Ukraine **, the Middle East** and the Trans- Pacific region), severe weather conditions **, the potential physical effects of climate change,** and other natural or manmade disasters, including power outages, fires **, floods, earthquakes, hurricanes, storms, rising sea levels** , explosions, cyber- based attacks, epidemics or pandemics ~~(including the ongoing COVID- 19 pandemic)~~ , labor disputes, and acts of God wherever located around the world. The potential for future such events, the national and international responses to such events or perceived threats to national security, and other actual or potential conflicts or wars, such as the Russia- Ukraine conflict, the ~~Israeli~~ **Israel** - Hamas ~~conflict~~ **war** and ongoing instability in Syria and Egypt, have created many economic and political uncertainties. In addition, as a global company with headquarters and significant operations located in the U. S., actions against or by the U. S. may impact our business or employees. Changes in general economic conditions or any of the foregoing events, or our inability to accurately forecast these changes or events or mitigate the impact of these conditions on our business, could materially adversely affect us. See also the discussion below under the heading" Economic, political and other risks associated with international operations could adversely affect our business." Global climate change and our commitments to reduce our carbon emissions presents challenges to our business which could materially adversely affect us. The effects of climate change create financial and operational risks to our business, both directly and indirectly. There is a general consensus that greenhouse gas (" GHG ") emissions are linked to global climate change, and that these emissions must be reduced dramatically to avert the worst effects of climate change. Increased public awareness and concern regarding global climate change will result in more regulations designed to reduce GHG emissions. As a result, and as discussed hereafter in our risk factor entitled " We are exposed to certain regulatory and financial risks related to climate change, which could adversely affect our financial condition, results of operations and cash flows, " we may be required to make increased capital expenditures to adapt our business and operations to meet new regulations and standards. Over the years, we have made several public commitments regarding our intended reduction of carbon emissions including other short- and mid- term environmental sustainability goals. We may be required to expend significant resources to meet these commitments, which could significantly increase our operational costs. Further, there can be no assurance of the extent to which any of our ambitions will be achieved, or that any future investments we make in furtherance of achieving our sustainability goals will meet customer expectations and needs, investor expectations or any binding or non- binding legal standards regarding sustainability performance. In particular, our ability to meet those commitments depends in part on innovations and significant technological advancements with respect to the development and availability of reliable, affordable and sustainable alternative solutions. Moreover, we may determine that it is in the best interest of our company and our shareholders to prioritize other business, social, governance or sustainable investments over the achievement of our current commitments based on economic, regulatory and social factors, business strategy or pressure from investors, activist groups or other stakeholders. If we are unable to meet these commitments, then, in addition to regulatory and legal risks related to compliance, we could incur adverse publicity and reaction from investors, customers or other stakeholders, which could adversely impact our reputation, which could in turn adversely impact our results of operations. While we have been and remain committed to being responsive to climate change and to reducing our carbon footprint, there can be no assurance that our commitments and current and future strategic plans to achieve those commitments will be successful, that the costs related to the foregoing energy transition may not be higher than expected, that the technological advancements and innovations we are relying upon will come to fruition in the timeframe we expect, or at all, or that proposed regulation or deregulation related to climate change will not have a negative competitive impact, any one of which could have a material adverse effect on our capital expenditures, operating margins and results of operations. Our business may be adversely impacted by work stoppages and other labor matters. As of December 31, ~~2022~~ **2023**, we had approximately 16, 000 employees, of which approximately 4, ~~500~~ **600** were located in the U. S. Approximately 5 % of our U. S. employees are represented by unions. We also have unionized employees or employee work councils in Argentina, Australia, Austria, Brazil, Finland, France, Germany, India, Italy, Japan, Mexico, The Netherlands ~~, Romania~~, South Africa, Spain, and Sweden. Although we believe that our relations with our employees are generally satisfactory and we have not experienced any material strikes or work stoppages recently, no assurances can be made that we will not in the future experience these and other types of conflicts with labor unions, works councils, other groups representing employees or our employees generally, or that any future negotiations with our labor unions will not result in significant increases in our cost of labor. Our ability to successfully negotiate new and acceptable agreements when the existing agreements with employees covered by collective bargaining expire could result in business disruptions or increased costs. Our ability to implement our business strategy and serve our customers is dependent upon the continuing ability to employ talented professionals and attract, train, develop and retain a skilled workforce. We are subject to the risk that we will not be able to effectively replace the knowledge and expertise of an aging workforce as workers retire. Without a properly skilled and experienced workforce, our costs, including productivity costs and costs to replace employees may increase, and this could negatively impact our earnings. We may also encounter additional costs from claims made and / or legal proceedings brought against us with respect to alleged workplace harassment or discrimination, and we could suffer reputational harm. Our growth strategy depends on our ability to continue to expand our market presence through acquisitions, and any future acquisitions may present unforeseen integration difficulties or costs which could materially affect our business. Since 1997, we have expanded through a number of acquisitions, and we may pursue strategic acquisitions of businesses in the future. Our ability to implement this growth strategy ~~will~~ **may** be limited by our ability to identify appropriate acquisition candidates **, secure the requisite regulatory approvals**, covenants in our credit agreement and other debt agreements and our financial resources, including available cash and borrowing capacity. Acquisitions may require additional debt financing, resulting in higher leverage and an increase in interest expense or may require equity financing, resulting in ownership dilution to existing shareholders. In addition, acquisitions sometimes require large one- time charges and can result in the incurrence of contingent liabilities, adverse tax consequences, substantial depreciation or deferred compensation charges, the amortization of identifiable purchased intangible assets or impairment of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations and cash flows. When we acquire another business, the process of integrating acquired operations into our existing operations creates operating challenges and requires significant financial and managerial resources that would otherwise be available for the ongoing development or expansion of existing operations. Some of the more common challenges associated with acquisitions that we may experience, and have experienced in the past, include: • loss of key employees or customers of the acquired company; • conforming the acquired company' s standards, processes, procedures and controls, including accounting systems and controls, with our operations, which could cause deficiencies related to our internal control over financial reporting; • coordinating operations that are increased in scope, geographic diversity and complexity; • retooling and reprogramming of equipment; • hiring additional management and other critical personnel; and • the diversion of management' s attention from our day- to- day operations. Further, no guarantees can be made that we would realize the cost savings, synergies or revenue enhancements that we may anticipate from any acquisition, or that we will realize such benefits within the time frame that we expect. If we are not able to timely address the challenges associated with acquisitions and successfully integrate acquired businesses, or if our integrated product and service offerings fail to achieve market acceptance, our business could be adversely affected. A significant data breach or disruption to our information technology infrastructure could materially adversely affect our business operations. Our information technology networks and related systems and devices and those technology systems under control of third parties with whom we do business are critical to the operation of our business and essential to our ability to successfully perform day- to- day operations. These information technology networks and related systems and devices and those under control of third parties are susceptible to damage, disruptions or shutdowns due to programming errors, defects or other vulnerabilities, power outages, hardware failures, computer viruses, cyber- attacks, malware attacks, ransomware attacks, theft, misconduct by employees or other insiders, misuse, human errors or other ~~events~~ **cybersecurity incidents**. If any of the aforementioned ~~breaches~~ **cybersecurity incidents** or disruptions occur and our business continuity plans do not effectively resolve the issues in a timely manner, our business, financial condition, results of operations, and liquidity could be materially adversely affected. In addition, any of the aforementioned ~~breaches~~ **cybersecurity incidents** or disruptions could expose us to a risk of loss, disclosure, misuse, corruption, or interruption of sensitive and critical data, information and functions, including our proprietary and confidential information and information related to our customers, suppliers and employees. It is also possible a ~~security~~ **cybersecurity** ~~breach~~ **incident** could result in theft of material trade secrets or other material intellectual property. While we devote substantial resources to maintaining adequate levels of cybersecurity, there can be no assurance that we will be able to prevent all of the rapidly evolving forms of increasingly sophisticated and frequent cyberattacks, or avoid or limit a material adverse impact on our systems after such incidents or attacks occur. The potential consequences of a material cybersecurity incident include reputational damage, loss of customers, litigation with third parties, regulatory actions and fines, theft of intellectual property, **systems disruption,**

disruption of manufacturing plant operations and increased cybersecurity protection and remediation costs **. Any of the foregoing can be exacerbated by a delay or failure to detect a cybersecurity incident or the full extent of such incident. In addition, our liability insurance, which includes cyber insurance, might not be sufficient in type or amount to cover us against claims related to cybersecurity incidents, attacks and other related incidents** . If we are unable to prevent, anticipate, detect or adequately respond to ~~security~~ **cybersecurity** ~~breaches~~ **incidents** , our operations could be disrupted and our business could be materially and adversely affected. Developments in the applicable legal standards for the handling of personal data from time to time require changes to our business practices, penalties, increased cost of operations, or otherwise harm our business. To conduct our operations, we regularly move data across national borders and must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in the U. S. and elsewhere. For example, the E. U. ~~recently~~ **has** adopted the General Data Protection Regulation (the " GDPR "). The GDPR imposes additional obligations on companies regarding the handling of personal data and provides certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws and regulations can be costly; any failure to comply with these regulatory standards could subject us to legal and reputational risks, including proceedings against the Company by governmental entities or others, fines and penalties, damage to our reputation and credibility and could have a negative impact on our business and results of operations. Risks Related to International Operations Economic, political and other risks associated with our international operations could adversely affect our business. A substantial portion of our operations is conducted and located outside the U. S. We have manufacturing, sales or service facilities in more than 50 countries and sell to customers in over 90 countries, in addition to the U. S. Moreover, we primarily source certain of our manufacturing and engineering functions, raw materials and components from China, Eastern Europe, India and Latin America. Accordingly, our business and results of operations are subject to risks associated with doing business internationally, including: • instability in a specific country' s or region' s political or economic conditions, particularly economic conditions in Europe and Latin America, and political conditions in the Middle East, Asia, North Africa, Latin America, the Trans- Pacific region and other emerging markets; • trade protection measures, such as tariff increases, and import and export licensing and control requirements; • political, financial market or economic instability relating to epidemics or pandemics ~~(including the ongoing COVID- 19 pandemic)~~ ; • uncertainties related to any geopolitical, economic and regulatory effects or changes due to recent or upcoming domestic and international elections; • the imposition of governmental economic sanctions on countries in which we do business; • potentially negative consequences from changes in tax laws or tax examinations; • difficulty in staffing and managing widespread operations; • increased aging and slower collection of receivables, particularly in Latin America and other emerging markets; • difficulty of enforcing agreements and collecting receivables through some foreign legal systems; • differing and, in some cases, more stringent labor regulations; • potentially negative consequences from fluctuations in foreign currency exchange rates; • partial or total expropriation; • differing protection of intellectual property; • inability to repatriate income or capital; and • difficulty in administering and enforcing corporate policies, which may be different than the customary business practices of local cultures. For example, political unrest or work stoppages negatively impact the demand for our products from customers in affected countries and other customers, such as U. S. oil refineries, that are affected by the resulting disruption in the supply of crude oil. Similarly, military conflicts in Russia / Ukraine, the Middle East, Asia and North Africa could soften the level of capital investment and demand for our products and services. **We have experienced logistics disruptions as a result of the Israel- Hamas war that have increased expenses and delayed import of our products in the region. The conflict is ongoing and the length, impact, and outcome is highly unpredictable. If the conflict further intensifies or develops, it could have an adverse impact on our business operations in the Middle East or other affected areas.** In response to the Russia- Ukraine conflict, several countries, including the United States, have imposed economic sanctions and export controls on certain industry sectors and parties in Russia. As a result of this conflict, including the aforementioned sanctions and overall instability in the region, in ~~February~~ **March** 2022 we ~~stopped accepting new orders in Russia and temporarily suspended fulfillment of existing orders. In March 2022, we made the decision to~~ permanently ~~cease~~ **ceased** all Company operations in Russia ~~. We have commenced~~ **and are currently taking** the necessary ~~actions to cease operations of our Russian subsidiary, including taking~~ steps to **wind down in** ~~cancel existing contracts with customers, terminate our approximately 50 Russia- based employees and terminate other~~ -- **the country** ~~related contractual commitments and currently expect this process to continue throughout 2023~~ . See Note 1 to our consolidated financial statements included in Item 8 of this Annual Report for further discussion of the termination of our Russian operations. In order to manage our day- to- day operations, we must overcome cultural and language barriers and assimilate different business practices. In addition, we are required to create compensation programs, employment policies and other administrative programs that comply with laws of multiple countries. We also must communicate and monitor standards and directives across our global network. In addition, emerging markets pose other uncertainties, including challenges to our ability to protect our intellectual property, pressure on the pricing of our products and increased risk of political instability, and may prefer local suppliers because of existing relationships, local restrictions or incentives. Our failure to successfully manage our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with standards and procedures **. Additionally, increasing tensions between the U. S. and China may result in further restrictions or actions by the U. S. government with respect to doing business in China or by the Chinese government with respect to business conducted by foreign entities in China, which could impact certain of our manufacturing operations, as well as supply for our raw materials and components** . Our future success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Any of these factors could, however, materially adversely affect our international operations and, consequently, our financial condition, results of operations and cash flows. Implementation of new tariffs and changes to or uncertainties related to tariffs and trade agreements could adversely affect our business. The U. S. has implemented certain tariffs on steel and aluminum imported into the country. In response, certain foreign governments have implemented or reportedly considered implementing additional tariffs on U. S. goods. In addition, there have been recent changes to trade agreements, like the U. S. withdrawal from the Trans- Pacific Partnership and the replacement of the North American Free Trade Agreement with the United States- Mexico- Canada Agreement. Uncertainties with respect to tariffs, trade agreements, or any potential trade wars negatively impact the global economic markets and could affect our customers' ability to invest in capital expenditures, which may in turn result in reduced demand for our products and services, and could have a material adverse effect on our financial condition, results of operations and cash flows. Changes in tariffs could also result in changes in supply and demand of our raw material needs, affect our manufacturing capabilities and lead to increased prices that we may not be able to effectively pass on to customers, each of which could materially adversely affect our operating margins, results of operations and cash flows. Our international operations expose us to fluctuations in foreign currency exchange rates which could adversely affect our business. A significant portion of our revenue and certain of our costs, assets and liabilities, are denominated in currencies other than the U. S. dollar. The primary currencies to which we have exposure are the Euro, British pound, Mexican peso, Brazilian real, Indian rupee, Japanese yen, Singapore dollar, Argentine peso, Canadian dollar, Australian dollar, Chinese yuan, Colombian peso, Chilean peso and South African rand. Certain of the foreign currencies to which we have exposure, such as the Venezuelan bolivar and Argentine peso, have undergone significant devaluation in the past, which reduce the value of our local monetary assets, reduce the U. S. dollar value of our local cash flow, generate local currency losses that may impact our ability to pay future dividends from our subsidiary to the parent company and potentially reduce the U. S. dollar value of future local net income. Although we enter into forward exchange contracts to economically hedge some of our risks associated with transactions denominated in certain foreign currencies, no assurances can be made that exchange rate fluctuations will not adversely affect our financial condition, results of operations and cash flows. We could be adversely affected by violations of the U. S. Foreign Corrupt Practices Act and similar worldwide anti- bribery laws and regulations. The U. S. Foreign Corrupt Practices Act (" FCPA") and similar anti- bribery laws and regulations in other jurisdictions, such as the UK Bribery Act, generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business or securing an improper advantage. Because we operate in many parts of the world and sell to industries that have experienced corruption to some degree, our policies mandate compliance with applicable anti- bribery laws worldwide. Violation of the FCPA or other similar anti- bribery laws or regulations, whether due to our or others' actions or inadvertence, could subject us to civil and criminal penalties or other sanctions that could have a material adverse impact on our business, financial condition, results of operations and cash flows. In addition, actual or alleged violations could damage our reputation or ability to do business. Regulatory and Legal Risks Our operations are subject to a variety of complex and continually changing laws, regulations and policies, both internationally and domestically, which could adversely affect our business. Due to the international scope of our operations, the system of laws, regulations and policies to which we are subject is complex and includes, without limitation, regulations issued by the U. S. Customs and Border Protection, the U. S. Department of Commerce' s Bureau of Industry and Security, the U. S. Treasury Department' s Office of Foreign Assets Control and various foreign governmental agencies, including applicable export controls, customs, currency exchange control and transfer pricing regulations, as applicable. No assurances can be made that we will continue to be found to be operating in compliance with, or be able to detect violations of, any such laws, regulations or policies. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted. Compliance with laws and any new laws or regulations may increase our operations costs or require significant capital expenditures. Any failure to comply with applicable laws, regulations or policies in the U. S. or in any other country in which we operate could result in substantial fines and penalties, which could adversely affect our business. In particular, there is uncertainty related to ~~the Biden administration' s plans for~~ new or existing treaty and trade relationships with other countries ~~, including with respect to the January 2017 U. S. withdrawal from the Trans- Pacific Partnership,~~ which may affect restrictions or tariffs imposed on products we buy or sell. These factors, together with other key global events during ~~2022~~ **2023** (such as the ~~ongoing global economic impact of the COVID- 19 pandemic, as well as~~ ongoing conflicts and terrorist activity), may adversely impact the ability or willingness of non- U. S. companies to transact business in the U. S. This uncertainty may also affect regulations and trade agreements affecting U. S. companies, global stock markets (including the NYSE, on which our common shares are traded), currency exchange rates, and general global economic conditions. All of these factors are outside of our control, but may nonetheless cause us to adjust our strategy in order to compete effectively in global markets. For further discussion of the impact of tariffs and trade agreements on our business, please see the discussion above under the heading" Implementation of new tariffs and changes to or uncertainties related to tariffs and trade agreements could adversely affect our business." Environmental compliance costs and liabilities could adversely affect our financial condition, results of operations and cash flows. Our operations and properties are subject to regulation under environmental laws, which can impose substantial sanctions for violations. We must conform our operations to applicable regulatory requirements and adapt to changes in such requirements in all countries in which we operate. We use hazardous substances and generate hazardous wastes in many of our manufacturing and foundry operations. Most of our current and former properties are or have been used for industrial purposes, and some may require clean- up of historical contamination. We are currently conducting investigation and / or remediation activities at a number of locations where we have known environmental concerns. In addition, we have been identified as one of many PRPs at four Superfund sites. The projected cost of remediation at these sites, as well as our alleged" fair share" allocation, while not anticipated to be material, has been reserved. However, until all studies have been completed and the parties have either negotiated an amicable resolution or the matter has been judicially resolved, some degree of uncertainty remains **with respect to the anticipated impact** . We have incurred, and expect to continue to incur, operating and capital costs to comply with environmental requirements. In addition, new laws and regulations, stricter enforcement of existing requirements, the discovery of previously unknown contamination or the imposition of new clean- up requirements could require us to incur costs or become the basis for new or increased liabilities. Moreover, environmental and sustainability initiatives, practices, rules and regulations are under increasing scrutiny of both governmental and non- governmental bodies, which can cause rapid change in operational practices, standards and expectations and, in turn, increase our compliance costs. Any of these factors could have a material adverse effect on our financial condition, results of operations and cash flows. We are exposed to certain regulatory and financial risks related to climate change, which could adversely affect our financial condition, results of operations and cash flows. Emissions of carbon dioxide and other greenhouse gases and their role in climate change are receiving ever increasing attention worldwide, which has led to significant legislative and regulatory efforts to limit GHG emissions. Existing or future legislation and regulations related to GHG emissions and climate change by the U. S. Congress, state and foreign legislatures and federal, state, local and foreign governmental agencies could adversely affect our business. Additionally, it is uncertain whether, when and in what form mandatory carbon dioxide emissions reduction programs may be adopted. Similarly, certain countries, including the U. S., have adopted the Paris Climate Agreement and these and other existing international initiatives **, such as the agreement resulting from the 2023 United Nations Climate Change Conference,** or those under consideration **may** affect our operations. When our customers, particularly those involved in the oil and gas, power generation, petrochemical processing or petroleum refining industries, are subject to any of these or other similar proposed or newly enacted laws and regulations, we are exposed to risks that the additional costs by customers to comply with such laws and regulations could impact their ability or desire to continue to operate at similar levels in certain jurisdictions as historically seen or as currently anticipated, which could negatively impact their demand for our products and services. In addition, new laws and regulations that might favor the increased use of non- fossil fuels, including nuclear, wind, solar and bio- fuels or that are designed to increase energy efficiency, could dampen demand for oil and gas production or power generation resulting in lower spending by customers for our products and services. These actions could also increase costs associated with our operations, including costs for raw materials and transportation. There is also increased focus, including by governmental and non- governmental organizations, environmental advocacy groups, investors and other stakeholders on these and other sustainability matters, and adverse publicity in the global marketplace about the levels of GHG emissions by companies in the manufacturing and energy industry could reduce customer demand for our products and services or harm our reputation. Because it is uncertain what laws will be enacted, we cannot predict the potential impact of such laws on our future financial condition, results of operations and cash flows, but such new or additional laws could adversely affect our business. We are party to asbestos- containing product litigation that could adversely affect our financial condition, results of operations and cash flows. We are a defendant in a substantial number of lawsuits that seek to recover damages for personal injury allegedly resulting from exposure to asbestos- containing products formerly manufactured and / or distributed by us. Such products were used as internal components of process equipment, and we do not believe that there was any significant emission of asbestos- containing fibers during the use of this equipment. Although we are defending these allegations vigorously and believe that a high percentage of these lawsuits are covered by insurance or indemnities from other companies, there can be no assurance that we will prevail or that coverage or payments made by insurance or such other companies would be adequate. Unfavorable rulings, judgments or settlement terms could have a material adverse impact on our business, financial condition, results of operations and cash flows. Inability to protect our intellectual property could negatively affect our competitive position. We cannot guarantee that the steps we have taken to protect our intellectual property will be adequate to prevent infringement of our rights or misappropriation of our technology. For example, effective patent, trademark, copyright and trade secret protection are unavailable or limited in some of the foreign countries in which we operate. In addition, confidentiality agreements which we enter into with employees and third parties could be breached or otherwise may not provide meaningful protection for our trade secrets and know- how related to the design, manufacture or operation of our products. Resorting to litigation to protect our intellectual property rights is burdensome and costly, and we may not always prevail. Further, adequate remedies are not always available in the event of an unauthorized use or disclosure of our trade secrets and manufacturing expertise. Failure to successfully enforce our intellectual property rights could harm our competitive position, business, financial condition, results of operations and cash flows. Increased costs as a result of product liability and warranty claims could adversely affect our financial condition, results of operations and cash flows. From time to time, we are exposed to product liability and warranty claims when the use of one of our products results in, or is alleged to result in, bodily injury and / or property damage or our products actually or allegedly fail to perform as expected. Some of our products are designed to support the most critical, severe service applications in the markets that we serve and any failure of such products could result in significant product liability and warranty claims, as well as damage to our reputation in the marketplace. While we maintain insurance coverage with respect to certain product liability claims, we may not be able to obtain such insurance on acceptable terms in the future, and any such insurance may not provide adequate coverage against product liability claims. In addition, product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. An unsuccessful defense of a product liability claim could have an adverse effect on our business, financial condition, results of operations and cash flows. Even if we are successful in defending against a claim relating to our products, claims of this nature could cause our customers to lose confidence in our products and our company. Warranty claims are not generally covered by insurance, and we may incur significant warranty costs that are not reimbursable, which could adversely affect our financial condition, results of operations and cash flows. Financial and Accounting Risks Significant changes in pension fund investment performance or assumptions changes may have a material effect on the valuation of our obligations under our defined benefit pension plans, the funded status of these plans and our pension expense. We maintain funded defined benefit pension plans that are either currently funded in accordance with local requirements in the U. S., Belgium, Canada, The Netherlands, Switzerland and the U. K., or above funded requirements in India and Mexico, and defined benefit plans that are not required to be funded and are not funded in Austria, France, Germany, Italy, Japan and Sweden. Our pension liability is materially affected by the discount rate used to measure our pension obligations and, in the case of the plans that are required to be funded, the level of plan assets available to fund those obligations and the expected long- term rate of return on plan assets. A change in the discount rate can result in a significant increase or decrease in the valuation of pension obligations, affecting the reported status of our pension plans and our pension expense. Significant changes in investment performance or a change in the portfolio mix of invested assets can result in increases and decreases in the valuation of plan assets or in a change of the expected rate of return on plan assets. This impact may be particularly prevalent where we maintain significant concentrations of specified investments, such as the U. K. equity and fixed income securities in our non- U. S. defined benefit plans. Changes in the expected return on plan assets assumption can result in significant changes in our pension expense and future funding requirements. We continually review our funding policy related to our U. S. pension plan in accordance with applicable laws and regulations. U. S. regulations have increased the minimum level of funding for U. S. pension plans in prior years, which has at times required significant contributions to our pension plans. Contributions to our pension plans reduce the availability of our cash flows to fund working capital, capital expenditures, R & D efforts and other general corporate purposes. 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 adversely affect our operating results. We currently have significant net deferred tax assets resulting from tax credit carryforwards, net operating losses and other deductible temporary differences that are available to reduce taxable income in future periods. Based on our assessment of our deferred tax assets, we determined, based on projected future income and certain available tax planning strategies, that approximately $ ~~297~~ **331** million of our deferred tax assets will more likely than not be realized in the future, and no valuation allowance is currently required for this portion of our deferred tax assets. Should we determine in the future that these assets will more likely than not be realized we will be required to record an additional valuation allowance in connection with these deferred tax assets and our operating results would be adversely affected in the period such determination is made. In addition, tax law changes could negatively impact our deferred tax assets. Our outstanding indebtedness and the restrictive covenants in the agreements governing our indebtedness limit our operating and financial flexibility. Under certain events of default, mandatory repayments on our outstanding indebtedness, which requires us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures, R & D efforts and other general corporate purposes, such as dividend payments and share repurchases, and could generally limit our flexibility in planning for, or reacting to, changes in our business and industry. In addition, we may need new or additional financing in the future to expand our business or refinance our existing indebtedness. Our current senior credit facility matures on September 13, 2026 and our senior notes are due in 2030 and 2032. Additionally, we have drawn amounts under a term loan fund. For additional information regarding our current indebtedness refer to Note 12 to our consolidated financial statements included in Item 8 of this Annual Report. Our inability to timely access capital on satisfactory terms, including as a result of market disruptions, could limit our ability to expand our business as desired and refinance our indebtedness. In addition, the agreements governing our indebtedness impose certain operating and financial restrictions on us and somewhat limit management' s discretion in operating our businesses. These agreements limit or restrict our ability, among other things, to: incur additional debt; fully utilize the capacity under the senior credit facility; pay dividends and make other distributions; repurchase shares of our common stock in certain circumstances; prepay subordinated debt; make investments and other restricted payments; create liens; sell assets; and enter into transactions with affiliates. We are also required to maintain debt ratings, comply with leverage and interest coverage financial covenants and deliver to our lenders audited annual and unaudited quarterly financial statements. Our ability to comply with these covenants may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default which, if not cured or waived, may have a material adverse effect on our business, financial condition, results of operations and cash flows. Goodwill impairment could negatively impact our net income and shareholders' equity. Goodwill is not amortized, but is tested for impairment at the reporting unit level, which is an operating segment or one level below an operating segment. Goodwill is required to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying value. Reductions in or impairment of the value of our goodwill or other intangible assets will result in charges against our earnings, which could have a material adverse effect on our reported results of operations and financial position in future periods. There are numerous risks that may cause the fair value of a reporting unit to fall below its carrying amount, which could lead to the measurement and recognition of goodwill impairment. These risks include, but are not limited to, lowered expectations of future financial results, adverse changes in the business climate, increase in the discount rate, an adverse action or assessment by a regulator, the loss of key personnel, a more- likely- than- not expectation that all or a significant portion of a reporting unit may be disposed of, failure to realize anticipated synergies from acquisitions, a sustained decline in the Company' s market capitalization, and significant, prolonged negative variances between actual and expected financial results. In recent years, the estimated fair value of our pump reporting unit has fluctuated, partially due to broad- based capital spending declines and heightened pricing pressures experienced in the oil and gas markets. Although we have concluded that there is no impairment on the goodwill associated with our pump reporting unit as of December 31, ~~2022~~ **2023** , we will continue to monitor its performance and related market conditions for future indicators of potential impairment. For additional information, see the discussion in Item 7 of this Annual Report and under Note 1 to our consolidated financial statements included in Item 8 of this Annual Report. The failure to maintain effective ~~internal~~ **Internal** controls could impact the accuracy and timely reporting of our business and financial results. Our internal control over financial reporting has not always prevented or detected misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls or fraud. We have in the past discovered, and may in the future discover, areas of our internal controls that need improvement, including material weaknesses in internal controls. We have devoted significant resources to remediate and improve our internal controls and to monitor the effectiveness of these remediated measures. There can be no assurance that these measures will ensure that we maintain at all times effective internal controls over our financial processes and reporting in the future. Even effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements. Any future failures to maintain the adequacy of our internal controls, including any failure to implement required new or improved controls, or difficulties in their implementation, could harm our business and financial results and we could fail to meet our financial reporting obligations. General Risks We depend on key personnel, the loss of whom would harm our business. Our future success will depend in part on the continued service of key executive officers and personnel. The loss of the services of any key individual could harm our business. Our future success also depends on our ability to recruit, retain and engage our personnel sufficiently, both to maintain our current business and to execute our strategic initiatives. Competition for officers and employees in our industry is intense and we may not be successful in attracting and retaining such personnel. Changes in accounting principles and guidance could result in unfavorable accounting charges or effects. We prepare our consolidated financial statements in conformity with accounting principles generally accepted in the U. S. A change in these principles can have a significant effect on our reported financial position and financial results. The adoption of new or revised accounting principles may require us to make changes to our systems, processes and internal controls, which could have a significant effect on our reported financial results and internal controls, cause unexpected financial reporting fluctuations, retroactively affect previously reported results or require us to make costly changes to our operational processes and accounting systems upon our following the adoption of these standards. Forward- Looking Information is Subject to Risk and Uncertainty This Annual Report and other written reports and oral statements we make from time- to- time include " forward- looking statements " within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this Annual Report regarding our financial position, business strategy and expectations, plans and objectives of management for future operations, industry conditions, market conditions and indebtedness covenant compliance are forward- looking statements. Forward- looking statements may include, among others, statements about our goals and strategies, new product introductions, plans to cultivate new businesses, future economic conditions, revenue, pricing, gross profit margin and costs, capital spending, expected cost savings from our realignment programs, depreciation and amortization, research and development expenses, potential impairment of assets, tax rate and pending tax and legal proceedings. In some cases forward- looking statements can be identified by terms such as" may,"" should,"" expects,"" could,"" intends,"" projects,"" predicts,"" plans,"" anticipates,"" estimates,"" believes,"" forecasts,"" seeks" or other comparable terminology. These statements are not historical facts or guarantees of future performance, but instead are based on current expectations and are subject to material risks, uncertainties and other factors, many of which are outside of our control. We have identified factors that could cause actual plans or results to differ materially from those included in any forward- looking statements. These factors include those described above under this" Risk Factors" heading, or as may be identified in our other SEC filings from time to time. These uncertainties are beyond our ability to control, and in many cases, it is not possible to foresee or identify all the factors that may affect our future performance or any forward- looking information, and new risk factors can emerge from time to time. Given these risks and uncertainties, undue reliance should not be placed on forward- looking statements as a prediction of actual results. All forward- looking statements included in this Annual Report are based on information available to us on the date of this Annual Report and the risk that actual results will differ materially from expectations expressed in this report will increase with the passage of time. We undertake no obligation, and disclaim any duty, to publicly update or revise any forward- looking statement or disclose any facts, events or circumstances that occur after the date hereof that may affect the accuracy of any forward- looking statement, whether as a result of new information, future events, changes in our expectations or otherwise. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995 and all of our forward- looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.