



# Q2 2022 Earnings Release

July 26, 2022



# Caution Concerning Forward-Looking Statements

This presentation contains statements that we believe to be “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact are forward-looking statements. Without limitation, any statements preceded or followed by or that include the words “targets,” “plans,” “believes,” “expects,” “intends,” “will,” “likely,” “may,” “anticipates,” “estimates,” “projects,” “should,” “would,” “could,” “positioned,” “strategy,” “future” or words, phrases or terms of similar substance or the negative thereof, are forward-looking statements. All statements made about the anticipated Manitowoc Ice acquisition, including the anticipated time for completing the acquisition, the expected financial results of the Manitowoc Ice business and the anticipated benefits of the acquisition, and statements about our expected 2022 financial results are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include our ability to close the Manitowoc Ice acquisition on the expected terms and time schedule, including satisfying closing conditions; our ability to integrate the Manitowoc Ice acquisition successfully; our ability to retain customers and employees of Manitowoc Ice; the overall impact of the COVID-19 pandemic on our and the Manitowoc Ice business; the duration and severity of the COVID-19 pandemic, the impact of virus variants and the effectiveness of vaccinations; actions that may be taken by us, other businesses and governments to address or otherwise mitigate the impact of the COVID-19 pandemic, including those that may impact our ability to operate our facilities, meet production demands, and deliver products to our customers; the impacts of the COVID-19 pandemic on the global economy, our workforce, customers and suppliers, and customer demand; overall global economic and business conditions impacting our business, including the strength of housing and related markets and conditions relating to the conflict between Russia and Ukraine and related sanctions; supply, demand, logistics, competition and pricing pressures related to and in the markets we serve; volatility in currency exchange rates; failure of markets to accept new product introductions and enhancements; the ability to successfully identify, finance, complete and integrate acquisitions; the ability to achieve the benefits of our restructuring plans, cost reduction initiatives and transformation program; risks associated with operating foreign businesses and foreign supply chains; the impact of raw material, logistics and labor costs and other inflation; the impact of seasonality of sales and weather conditions; our ability to comply with laws and regulations; the impact of changes in laws, regulations and administrative policy, including those that limit U.S. tax benefits or impact trade agreements and tariffs; the outcome of litigation and governmental proceedings; and the ability to achieve our long-term strategic operating and ESG goals. Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2021 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022. All forward-looking statements, including all financial forecasts, speak only as of the date of this presentation. Pentair assumes no obligation, and disclaims any obligation, to update the information contained in this presentation.



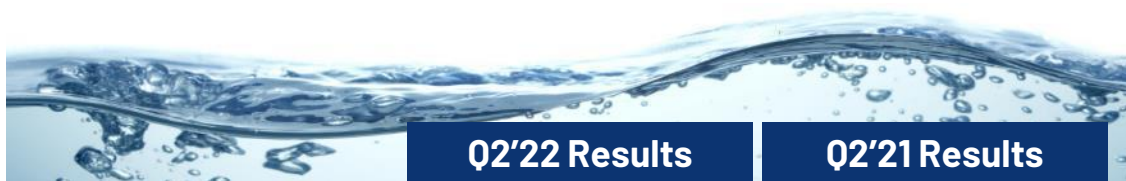
# Key Definitions

- Except as otherwise noted all references to 2022 and 2021 represent our results from continuing operations for the period indicated, presented on an adjusted basis
- "Core sales" refers to GAAP revenue from continuing operations excluding (1) the impact of currency translation and (2) the impact of revenue from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to divested product lines not considered discontinued operations
- Segment income represents equity income of unconsolidated subsidiaries and operating income from continuing operations exclusive of non-cash intangible amortization, certain acquisition related expenses, costs of transformation and restructuring activities, impairments, and other unusual non-operating items
- Return on sales ("ROS") equals segment income divided by sales
- See appendix for GAAP to non-GAAP reconciliations

# Executive Summary

## ✓ Strong financial results for Q2

- Sales growth of 13%
- Segment Income up 18%
- ROS expanded 70 basis points
- Adjusted EPS increased 21%



	Q2'22 Results	Q2'21 Results
Sales	\$1.06B	\$941M
Segment Income	\$206M	\$175M
Adjusted EPS	\$1.02	\$0.84

## ✓ Acquisition of Manitowoc Ice expected to close on or around July 28, subject to closing conditions

## ✓ New segmentation to begin January 1, 2023, to enhance focus on delivering our growth and transformation plans

## ✓ Introducing Q3 and updating full year 2022 guidance

# Advancing Total Water Management and Building a Stronger Commercial Water Solutions Platform\*



**Pentair Everpure  
~\$225M**

- Respected industry brand
- Water expertise
- Key account excellence
- **Deliver great water**
- Filtration solutions
- Marketing resources

**Manitowoc Ice  
~\$325M**

- Respected industry brand
- Refrigeration expertise
- Key account excellence
- **Deliver quality ice**
- Channel: product availability
- Aftermarket support

**Pentair KBI Services  
~\$125M**

- National service footprint
- Direct owner/operator access
- **Deliver consistency**
- Infrastructure to track and execute water as a service
- Customer trust & loyalty



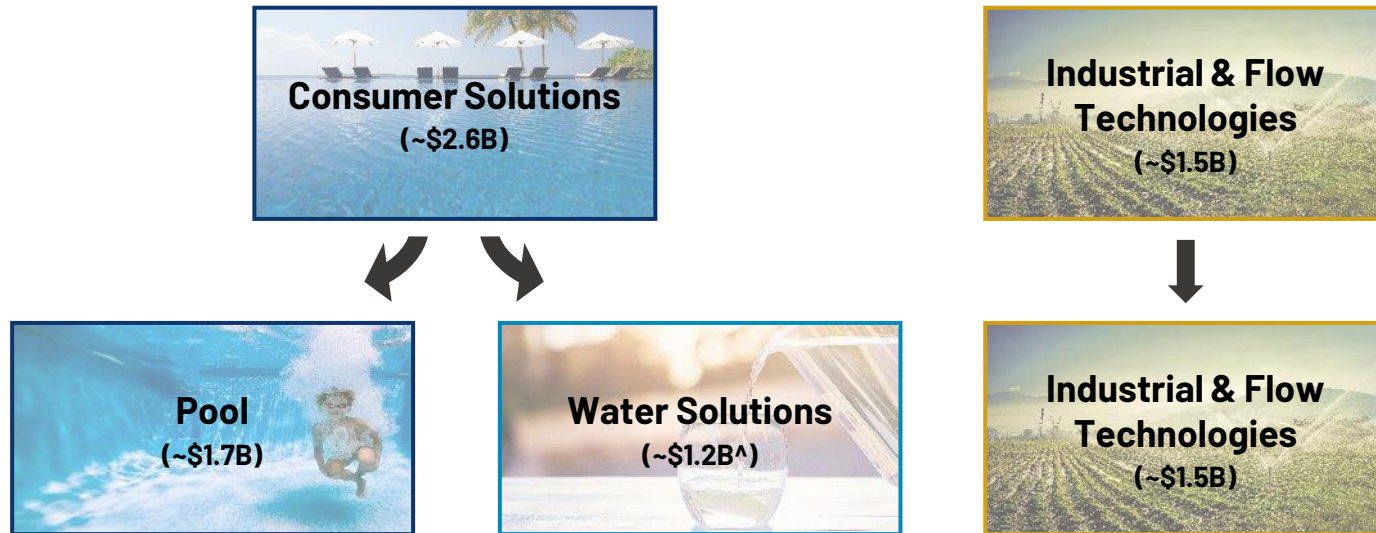
**Commercial Water Solutions ~\$675M**

- **Water as a Service**
- **Rental/leasing recurring revenue**
- Global, national, regional, and local customer reach
- **Seamless & frictionless experience**

\*Expected 2022 sales performance: Results dependent on closing of Manitowoc Ice acquisition, which is expected to close on or around July 28, subject to closing conditions

# Aligning Organization for Accelerated Success\*

Committed to driving value for all of our stakeholders



**We inspire people to move, improve, and enjoy life's essential resources for happier, healthier lives**

\*Expected 2022 sales performance representing mid-point of 2022F

^ Water Solutions includes pro forma FY contribution of Manitowoc Ice

# Transformation to Enhance Value Creation

## Execution Underway



Transformation to  
**unlock value and  
fund growth**

### Centered Around Four Key Themes

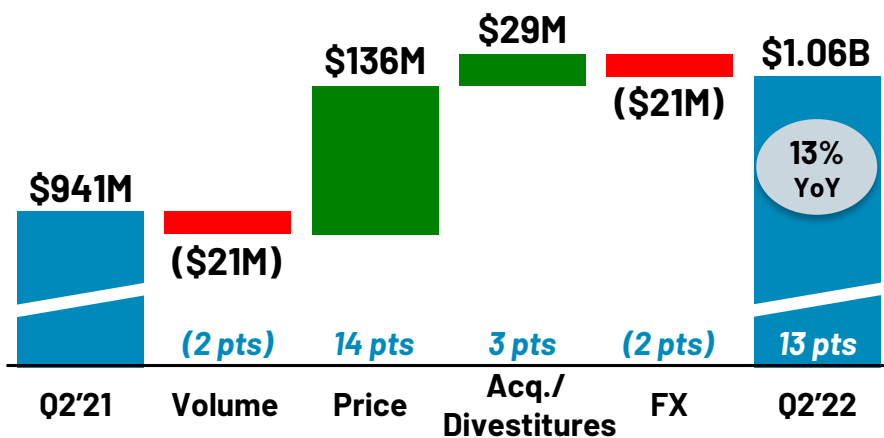
- **Pricing Excellence**
- **Strategic Sourcing**
- **Operations Excellence**
- **Organizational Effectiveness**

### Enablers

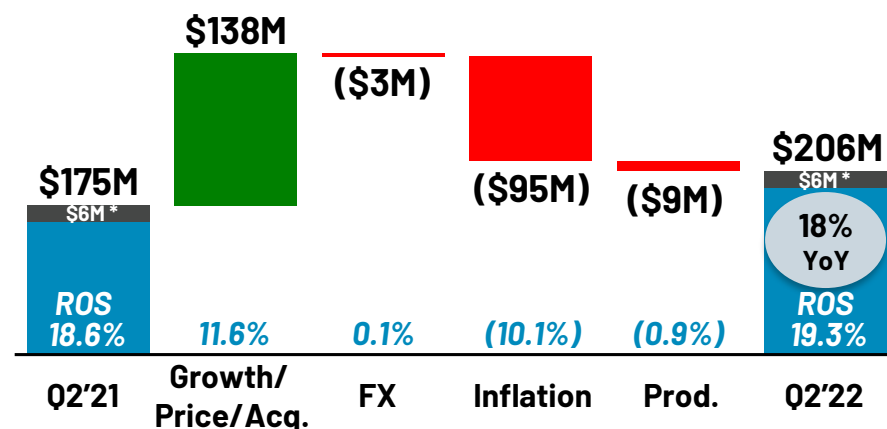
- **Focus & Prioritization**
- **Digital Enterprise (ERP & Data Analytics)**

# Q2'22 Pentair Performance

## Sales



## Segment Income



\*Non-Cash Intangible Amortization

### Core Sales up 12%

- Consumer Solutions up 15%
- Industrial & Flow Technologies up 7%

### Segment Income up 18%

ROS 19.3% ... up 70 bps

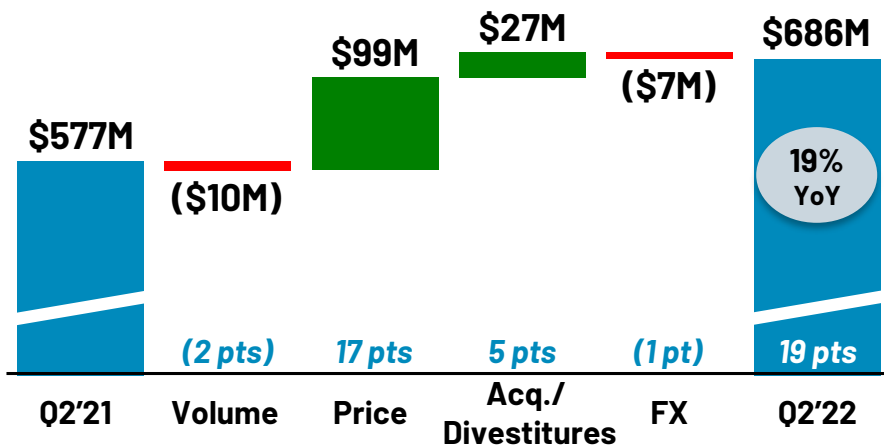
Adj. EPS \$1.02 ... up 21%

- Adjusted Tax Rate of 16%
- Net Interest/Other of \$4.6M; Shares 165.5M

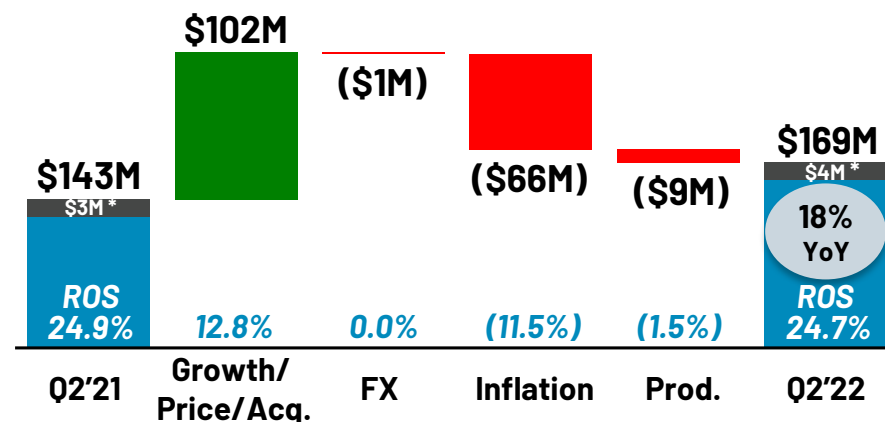


# Q2'22 Consumer Solutions Performance

## Sales



## Segment Income



\*Non-Cash Intangible Amortization

## Pool

- Sales up 20%

## Water Treatment

- Sales up 19%

## Segment Income up 18%

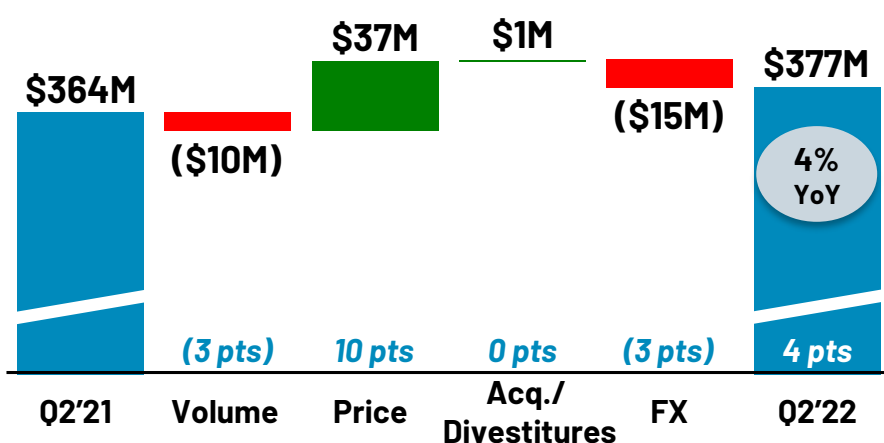
## ROS 24.7% ... down 20 bps

- Strong price contribution
- Supply chain inefficiencies continued

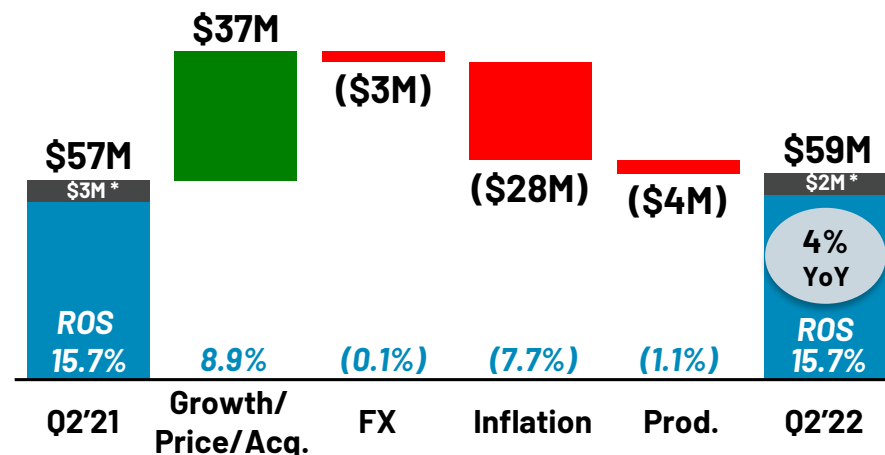


# Q2'22 Industrial & Flow Technologies Performance

## Sales



## Segment Income



\*Non-Cash Intangible Amortization

## Flow

- Residential sales up 6%
- Commercial sales down 6%

## Industrial Solutions

- Sales up 9%

## Segment Income up 4%

### ROS 15.7% ... flat

- Longer cycle business recovery
- Complexity reduction



# Balance Sheet and Cash Flow

## Debt Summary

<b>\$912M*</b>		<b>Maturity</b>
<b>\$497M</b>	<b>54% Fixed</b>	<b>2022 - 2029</b>
<b>\$415M</b>	<b>46% Variable</b>	<b>2024 - 2026</b>
<b>6/30/2022</b>		<b>Average Rate ~2.8%</b>

\*Does Not Include \$135M of Cash on Hand

## Debt Roll-Forward (\$M)

	Q2 2022	YTD 2022
<b>Beginning Debt</b>	<b>\$1,091</b>	<b>\$894</b>
Used (Generated) Cash	(287)	(138)
Share Repurchase	50	50
Dividends	35	69
Acquisitions/Other	23	37
<b>Ending Debt</b>	<b>\$912</b>	<b>\$912</b>

## Cash Flow (\$M)

	Q2 2022	YTD 2022
<b>Net Income - Continuing Ops</b>	<b>\$153</b>	<b>\$272</b>
Amortization	6	13
<b>Subtotal</b>	<b>\$159</b>	<b>\$285</b>
Depreciation	14	27
Capital Expenditures	(22)	(40)
Asset Sales	3	3
Working Capital	78	(123)
Other Accruals/Other	55	(14)
<b>Free Cash Flow - Total</b>	<b>\$287</b>	<b>\$138</b>
Free Cash Flow - Discontinued Ops	(1)	(1)
<b>Free Cash Flow - Continuing Ops</b>	<b>\$288</b>	<b>\$139</b>

## Other Items

- **Net Debt/Adjusted EBITDA at Quarter End 1.0x**
- **ROIC at Quarter End 18.7%**



# Q3 and Full Year 2022 Pentair Outlook\*

- Strong price contribution expected to continue
- Expecting more normal seasonality at end of residential season
- FX headwinds increasing
- Momentum building on Transformation funnel
- Expect Manitowoc Ice acquisition to close on or around July 28; expect neutral EPS contribution in 2022 ... not yet included in FY guidance

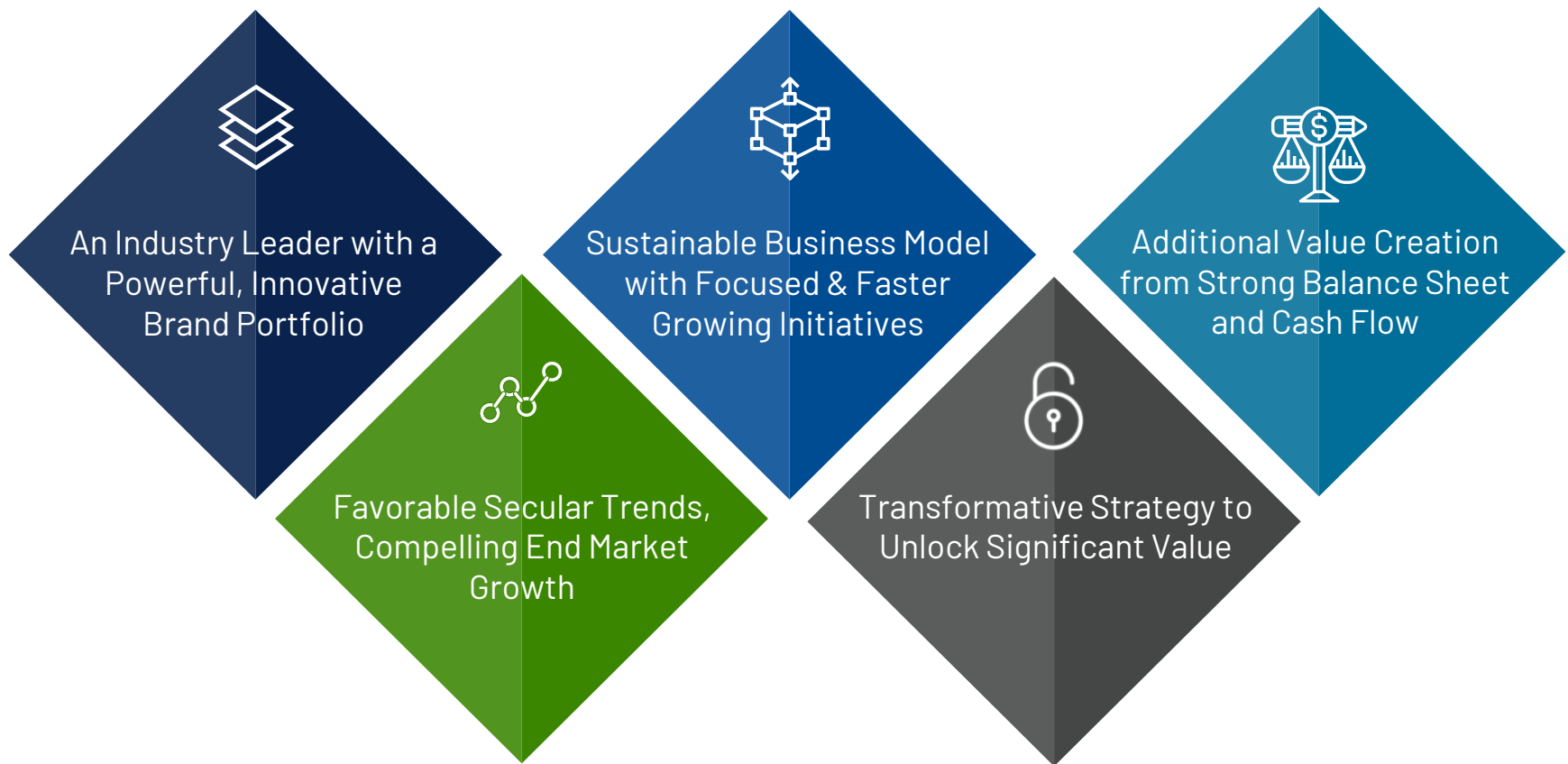
	Q3'22	FY'22
Sales	• Total Sales up ~3% to 5%	• Total Sales up ~8% to 10%
Income	• Segment Income up ~5% to 7%	• Segment Income up ~9% to 11%
EPS	• Adjusted EPS ~\$0.93 to \$0.95 (Up ~4% to 7%)	• Adjusted EPS ~\$3.70 to \$3.75 (Up ~9% to 10%)
Other Items	• Corp. Expense ~\$20M • Net Interest/Other ~\$6M to \$7M • Adjusted Tax Rate of ~16% • Shares ~165M to 166M	• Corp. Expense ~\$80M • Net Interest/Other ~\$21M to \$22M • Adjusted Tax Rate of ~16% • Shares ~165M to 166M
Cash Flow		• Targeting FCF ~100% of Net Income • Capital Expenditures ~\$70M to \$80M • D&A of ~\$80M and ~\$30M of Non-Cash Stock Comp

\*Does not include Manitowoc Ice acquisition, which is expected to close on or around July 28, subject to closing conditions



# We Believe PNR is a Compelling Investment Opportunity

## Our Long-Term Expectations



A Strong Foundation and the Opportunity to Create Substantial Value





# Appendix

GAAP TO NON-GAAP MEASUREMENTS &  
RECONCILIATIONS

# Reported To Adjusted 2022 Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of GAAP to Non-GAAP Financial Measures for the Year Ending December 31, 2022**  
**Excluding the Effect of 2022 Adjustments (Unaudited)**

<i>In millions, except per-share data</i>	Actual		Forecast			
	First Quarter	Second Quarter	Third Quarter			Full Year
Net sales	\$ 999.6	\$ 1,064.2	approx	Up 3% - 5%	approx	Up 8% - 10%
Operating income	145.8	190.8	approx	Up 9% - 11%	approx	Up 9% - 11%
<i>% of net sales</i>	<i>14.6 %</i>	<i>17.9 %</i>				
Adjustments:						
Restructuring and other	2.1	1.1	approx \$	—	approx \$	3
Transformation costs	5.5	5.2	approx	—	approx	11
Intangible amortization	6.6	6.3	approx	5	approx	23
Legal accrual adjustments and settlements	(0.7)	0.5	approx	—	approx	—
Deal-related costs and expenses	6.4	1.6	approx	—	approx	8
Russia business exit costs	5.9	—	approx	—	approx	6
Equity income of unconsolidated subsidiaries	0.5	0.4	approx	1	approx	3
Segment income	172.1	205.9	approx	Up 5% - 7%	approx	Up 9% - 11%
<i>Return on sales</i>	<i>17.2 %</i>	<i>19.3 %</i>				
Net income from continuing operations—as reported	118.5	153.0	approx	\$149 - \$152	approx	\$563 - \$572
Amortization of bridge financing fees	2.6	5.1	approx	1	approx	9
Adjustments to operating income	25.8	14.7	approx	5	approx	51
Income tax adjustments	(5.4)	(3.8)	approx	(1)	approx	(11)
Net income from continuing operations—as adjusted	\$ 141.5	\$ 169.0	approx	\$154 - \$157	approx	\$612 - \$621
<b>Continuing earnings per ordinary share—diluted</b>						
Diluted earnings per ordinary share—as reported	\$ 0.71	\$ 0.92	approx	\$0.90 - \$0.92	approx	\$3.40 - \$3.45
Adjustments	0.14	0.10	approx	0.03	approx	0.30
Diluted earnings per ordinary share—as adjusted	\$ 0.85	\$ 1.02	approx	\$0.93 - \$0.95	approx	\$3.70 - \$3.75



# Reported To Adjusted 2021 Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of GAAP to Non-GAAP Financial Measures for the Year Ended December 31, 2021**  
**Excluding the Effect of 2021 Adjustments (Unaudited)**

<i>In millions, except per-share data</i>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Full Year</b>
Net sales	\$ 865.9	\$ 941.1	\$ 969.2	\$ 988.6	\$ 3,764.8
Operating income	157.1	161.8	167.3	150.7	636.9
<i>% of net sales</i>	<i>18.1 %</i>	<i>17.2 %</i>	<i>17.3 %</i>	<i>15.2 %</i>	<i>16.9 %</i>
<b>Adjustments:</b>					
Restructuring and other	1.5	3.9	0.1	2.0	7.5
Transformation costs	—	1.9	4.0	5.8	11.7
Intangible amortization	7.1	6.3	6.0	6.9	26.3
COVID-19 related costs and expenses	0.2	0.1	0.1	0.2	0.6
Legal accrual adjustments and settlements	(2.4)	—	—	(5.2)	(7.6)
Inventory step-up	—	—	—	2.3	2.3
Deal-related costs and expenses	0.7	1.0	2.1	4.1	7.9
Equity income (loss) of unconsolidated subsidiaries	0.2	(0.1)	0.1	0.1	0.3
Segment income	164.4	174.9	179.7	166.9	685.9
<i>Return on sales</i>	<i>19.0 %</i>	<i>18.6 %</i>	<i>18.5 %</i>	<i>16.9 %</i>	<i>18.2 %</i>
Net income from continuing operations—as reported	131.1	132.6	143.7	148.6	556.0
Gain on sale of businesses	—	—	(1.4)	—	(1.4)
Pension and other post-retirement mark-to-market gain	—	—	—	(2.4)	(2.4)
Other income	—	(0.3)	—	—	(0.3)
Adjustments to operating income	7.1	13.2	12.3	16.1	48.7
Income tax adjustments	(2.4)	(4.6)	(6.2)	(17.0)	(30.2)
Net income from continuing operations—as adjusted	\$ 135.8	\$ 140.9	\$ 148.4	\$ 145.3	\$ 570.4
<b>Continuing earnings per ordinary share—diluted</b>					
Diluted earnings per ordinary share—as reported	\$ 0.78	\$ 0.79	\$ 0.86	\$ 0.89	\$ 3.32
Adjustments	0.03	0.05	0.03	(0.02)	0.08
Diluted earnings per ordinary share—as adjusted	\$ 0.81	\$ 0.84	\$ 0.89	\$ 0.87	\$ 3.40



# Core Sales Growth Reconciliation

Pentair plc and Subsidiaries  
Reconciliation of Net Sales Growth to Core Net Sales Growth by Segment  
For the Quarter Ended June 30, 2022 (Unaudited)

	Q2 Net Sales Growth			
	Core	Currency	Acq. / Div.	Total
<b>Total Pentair</b>	<b>12.3 %</b>	<b>(2.2)%</b>	<b>3.0 %</b>	<b>13.1 %</b>
Consumer Solutions	15.4 %	(1.2) %	4.7 %	18.9 %
Industrial & Flow Technologies	7.4 %	(4.1) %	0.4 %	3.7 %



# ROIC Reconciliation

	Second Quarter 2021	Third Quarter 2021	Fourth Quarter 2021	First Quarter 2022	Second Quarter 2022
<i>Dollars in millions</i>					
<b>Return on Invested Capital (ROIC)</b>					
Segment income	\$ 174.9	\$ 179.7	\$ 166.9	\$ 172.1	\$ 205.9
Reported effective tax rate	15.9 %	13.3 %	2.0 %	15.4 %	15.7 %
Adjusted effective tax rate	17.4 %	16.0 %	12.1 %	16.0 %	16.0 %
NOPAT	\$ 144.5	\$ 150.9	\$ 146.7	\$ 144.6	\$ 173.0
Depreciation	12.8	12.8	12.9	13.0	13.5
Capital expenditures ("Cap Ex")	(11.1)	(14.3)	(21.6)	(17.7)	(22.4)
Total NOPAT, Depreciation, and Cap Ex	\$ 146.2	\$ 149.4	\$ 138.0	\$ 139.9	\$ 164.1
Trailing four quarter NOPAT, Depreciation, and Cap Ex	\$ 521.5	\$ 551.5	\$ 573.7	\$ 573.5	\$ 591.4
Ending Invested Capital	2,892.3	2,865.8	3,222.0	3,492.9	3,339.7
Trailing five quarter average invested capital	2,886.4	2,885.1	2,975.0	3,100.8	3,162.5
After-tax Return on Invested Capital	18.1 %	19.1 %	19.3 %	18.5 %	18.7 %

*NOPAT (Net Operating Profit After Tax) is Defined as [(Segment Income) X (1 - Adjusted Effective Tax Rate)]*

*Ending Invested Capital is Defined as [Total Shareholders' Equity + Long-term Debt + Current Maturities of Long-term Debt and Short-term Borrowings - Cash and Cash Equivalents]*



# Free Cash Flow Reconciliation

## Pentair plc and Subsidiaries Reconciliation of the GAAP Operating Activities Cash Flow to the Non-GAAP Free Cash Flow (Unaudited)

	Three months ended	Three months ended	Six months ended
	March 31, 2022	June 30, 2022	June 30, 2022
<i>In millions</i>			
Net cash (used for) provided by operating activities of continuing operations	\$ (131.5)	\$ 307.8	\$ 176.3
Capital expenditures	(17.7)	(22.4)	(40.1)
Proceeds from sale of property and equipment	—	2.9	2.9
<b>Free cash flow from continuing operations</b>	<b>\$ (149.2)</b>	<b>\$ 288.3</b>	<b>\$ 139.1</b>
Net cash used for discontinued operations	—	(1.0)	(1.0)
<b>Free cash flow</b>	<b>\$ (149.2)</b>	<b>\$ 287.3</b>	<b>\$ 138.1</b>

	Three months ended	Three months ended	Six months ended
	March 31, 2021	June 30, 2021	June 30, 2021
<i>In millions</i>			
Net cash (used for) provided by operating activities of continuing operations	\$ (18.8)	\$ 379.8	\$ 361.0
Capital expenditures	(13.2)	(11.1)	(24.3)
Proceeds from sale of property and equipment	3.4	0.1	3.5
<b>Free cash flow from continuing operations</b>	<b>\$ (28.6)</b>	<b>\$ 368.8</b>	<b>\$ 340.2</b>
Net cash used for discontinued operations	(0.2)	—	(0.2)
<b>Free cash flow</b>	<b>\$ (28.8)</b>	<b>\$ 368.8</b>	<b>\$ 340.0</b>



# Last Twelve Months Adjusted EBITDA Reconciliation

## Pentair plc and Subsidiaries Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA (Unaudited)

<i>In millions</i>	Third Quarter 2021	Fourth Quarter 2021	First Quarter 2022	Second Quarter 2022	Last Twelve Months
Net income from continuing operations	\$ 143.7	\$ 148.6	\$ 118.5	\$ 153.0	\$ 563.8
Adjustments:					
Deal-related costs and expenses	2.1	4.1	6.4	1.6	14.2
Restructuring and other	0.1	2.0	2.1	1.1	5.3
Transformation costs	4.0	5.8	5.5	5.2	20.5
Intangible amortization	6.0	6.9	6.6	6.3	25.8
COVID-19 related costs and expenses	0.1	0.2	—	—	0.3
Legal accrual adjustments and settlements	—	(5.2)	(0.7)	0.5	(5.4)
Pension and other post-retirement mark-to-market gain	—	(2.4)	—	—	(2.4)
Inventory step-up	—	2.3	—	—	2.3
Gain on sale of businesses	(1.4)	—	—	—	(1.4)
Russia business exit costs	—	—	5.9	—	5.9
Net interest expense	2.6	1.0	5.7	9.2	18.5
Other expense	0.4	0.5	0.6	0.5	2.0
Provision for income taxes	22.1	3.1	21.5	28.5	75.2
Segment income	\$ 179.7	\$ 166.9	\$ 172.1	\$ 205.9	\$ 724.6
Adjustments:					
Depreciation	12.8	12.9	13.0	13.5	52.2
Adjusted EBITDA	\$ 192.5	\$ 179.8	\$ 185.1	\$ 219.4	\$ 776.8





Essential Resources

**For Life**