



Badger Meter

Third Quarter 2024 Financial Results

October 17, 2024





Forward Looking Statements

Certain statements contained in this presentation as well as other information provided from time to time by Badger Meter, Inc. (the “Company”) or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those statements. The words “anticipate,” “believe,” “estimate,” “expect,” “think,” “should,” “could” and “objective” or similar expressions are intended to identify forward looking statements. All such forward looking statements are based on the Company’s then current views and assumptions and involve risks and uncertainties. The Company’s results are subject to its ability to develop and manufacture technologically advanced products that are accepted by the market, supply chain risk, legal and regulatory risks, political and general economic risks, risks related to doing business in foreign countries, including foreign currency risk, competition for skilled employees, material and labor cost increases, competitive pricing and operating efficiencies, the effects of climate change, cybersecurity attacks and disruptions to our information technology and the successful integration of acquisitions. See the Company’s Form 10-K filed with the SEC for further information regarding risk factors, which are incorporated herein by reference. The Company disclaims any obligation to publicly update or revise any forward-looking statements as a result of new information, future events or any other reason.

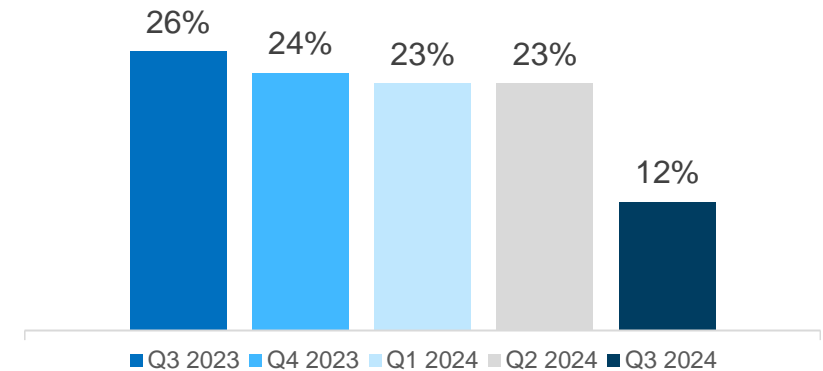
In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation for a reconciliation to the appropriate GAAP measure.



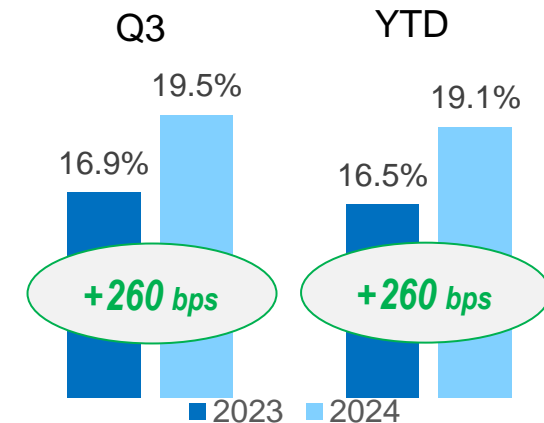
Third Quarter Results Demonstrate Strong Execution of Strategic Priorities

- Sales of \$208M in Q3 2024, 12% higher than the prior year's difficult comparison benefitting from continued strong, yet normalizing smart water demand
- Delivered record operating margins in Q3 2024 of 19.5%; 260 bps higher than the prior year with both year-over-year gross margin expansion and SEA leverage contributing to the increase
- Record free cash flow generation from higher earnings and solid working capital management
- Announced 26% increase in annual dividend rate representing 32nd consecutive year of increases

Consolidated Y-O-Y Sales Growth Trend



Operating Profit Margin





Third Quarter Financial Snapshot Reflects Strong Performance Across an Array of Metrics

(US\$ in millions, except per share data)

	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>Change</u>
Sales	\$208.4	\$186.2	11.9%
Gross Margin	83.9 40.2%	72.7 39.1%	15.3% 110 bps
SEA	43.3 20.8%	41.3 22.2%	4.7% (140) bps
Op Income	40.6 19.5%	31.4 16.9%	29.3% 260 bps
Income Tax Rate	25.3%	20.3%	
EBITDA	48.6 23.3%	38.5 20.7%	26.3% 260 bps
EPS	1.08	0.88	22.7%
Free Cash Flow	\$42.0	\$28.4	47.9%

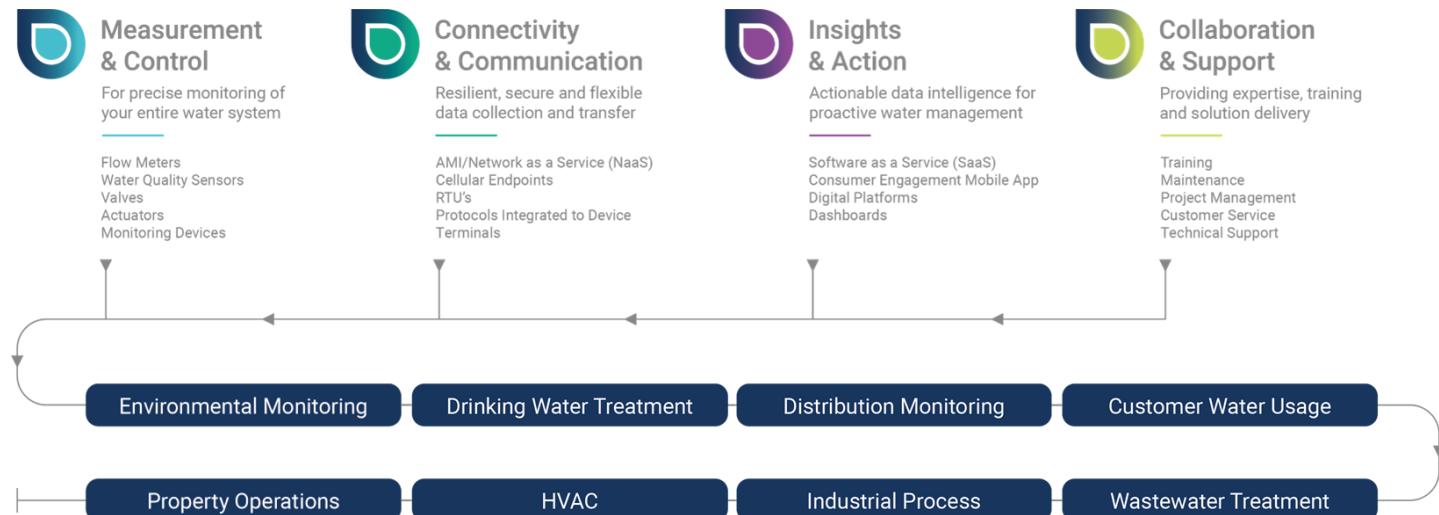
- Utility water sales increased 14% with solid adoption across the tailorable BlueEdge suite of solutions including meters, water quality, pressure and other sensors coupled with ORION communication endpoints and BEACON SaaS
- Flow instrumentation sales were flat with steady demand trends across water-focused end markets
- Gross margins improved 110 bps on favorable sales mix, price/cost and higher volumes
- Continued favorable SEA spend leverage reflecting ongoing investments for growth
- 23% year-over-year increase in EPS despite \$0.06 EPS headwind from prior year effective tax rate
- Record quarterly free cash flow reflecting both improved earnings and working capital management

See appendix for reconciliation of GAAP to Non-GAAP measures



Recent WEFTEC Tradeshow Featured Various BlueEdge Solutions for Customer Applications in Wastewater and Distribution Network Monitoring

- BlueEdge suite of tailorable solutions that integrate water technology, software and services for the management of water
- BlueEdge is customizable to address diverse applications across the water cycle
- Wastewater and Distribution Network Monitoring increasingly utilizing data and insights to improve operating efficiency and resiliency
- Consistency of communication critical to restoring operational resiliency in storm events
 - Cellular advantage in durability and uptime
 - Near real-time alerts to pipeline bursts, water quality anomalies and other infrastructure issues to pinpoint locations and prioritize scarce labor



Outlook Continues to Support Long-Term Shareholder Value Creation with Favorable Demand and Industry Dynamics

- Innovation leader with expanding technology-enabled software offerings
- Attractive bid funnel and strong order rates
- Growing SaaS revenue base

Consistently Resilient Results



- Durable macro trends support long-term smart water solution adoption
- 85% replacement-driven base demand
- Demonstrated benefits of efficiency, resiliency and sustainability

Constructive Industry Backdrop



- Strong cash flow and borrowing capacity
- Organic and inorganic strategic growth investments
- Dividend aristocrat

Investing for Growth



- Differentiated performance despite evolving macro-challenges
- Positive structural sales mix and SEA leverage drive margins

Differentiated Execution



- Strong engagement
- Values-driven
- Customer-focused execution
- Continuous improvement focus across enterprise

Exceptional Team





Questions

For your planning purposes, Badger Meter Q4 2024 earnings are tentatively scheduled for January 29, 2025





GAAP To Non-GAAP Reconciliations

EBITDA

	(US\$ in millions)			
	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Net Earnings (GAAP)	\$32.0	\$26.0	\$94.2	\$67.9
Interest income	(2.3)	(1.2)	(5.7)	(2.6)
Income tax provision	10.9	6.6	30.2	20.6
Depreciation	2.6	2.7	8.3	8.1
Amortization	<u>5.4</u>	<u>4.4</u>	<u>15.8</u>	<u>12.8</u>
EBITDA	\$48.6	\$38.5	\$142.8	\$106.8

Free Cash Flow

	(US\$ in millions)	
	<u>Q3 2024</u>	<u>Q3 2023</u>
Cash from Ops (GAAP)	\$45.1	\$31.4
Capital Expenditures	<u>(3.1)</u>	<u>(3.0)</u>
Free Cash Flow	\$42.0	\$28.4
	<u>YTD 2024</u>	<u>YTD 2023</u>
Cash from Ops (GAAP)	\$103.0	\$72.2
Capital Expenditures	<u>(8.1)</u>	<u>(10.0)</u>
Free Cash Flow	\$94.9	\$62.2