



Q2 2021 Earnings Release

July 27, 2021



Forward-Looking Statements

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. 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 THE OVERALL IMPACT OF THE COVID-19 PANDEMIC ON OUR BUSINESS; THE DURATION AND SEVERITY OF THE COVID-19 PANDEMIC, THE IMPACT OF VIRUS VARIANTS AND THE RATE 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 NEGATIVE IMPACTS OF THE COVID-19 PANDEMIC ON THE GLOBAL ECONOMY, OUR CUSTOMERS AND SUPPLIERS, AND CUSTOMER DEMAND; OVERALL GLOBAL ECONOMIC AND BUSINESS CONDITIONS IMPACTING OUR BUSINESS, INCLUDING THE STRENGTH OF HOUSING AND RELATED MARKETS; 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; THE IMPACT OF RAW MATERIAL COSTS, 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 GOALS. ADDITIONAL INFORMATION CONCERNING THESE AND OTHER FACTORS IS CONTAINED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2020 AND OUR QUARTERLY REPORTS ON FORM 10-Q. ALL FORWARD-LOOKING STATEMENTS, INCLUDING ALL FINANCIAL FORECASTS, SPEAK ONLY AS OF THE DATE OF THIS PRESENTATION. PENTAIR PLC ASSUMES NO OBLIGATION, AND DISCLAIMS ANY OBLIGATION, TO UPDATE THE INFORMATION CONTAINED IN THIS PRESENTATION.



Key Definitions

- Except as Otherwise Noted All References to 2021 and 2020 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

- ✓ Continued residential strength and recovery in commercial and industrial businesses
 - Sales up 32% to \$941M
 - Adj. EPS up 42% to \$0.84
 - Robust Free Cash Flow
- ✓ Orders and backlog at record levels; operations and supply performance drove production to record levels
- ✓ Balance sheet remains strong; strong M&A pipeline tied to strategic growth initiatives
- ✓ Introducing Q3 guidance and raising full year expectations



Building a Track Record of Consistent Growth

Expected Growth Drivers



Grow the core to drive consistent value creation



Strategic growth initiatives to accelerate the top line



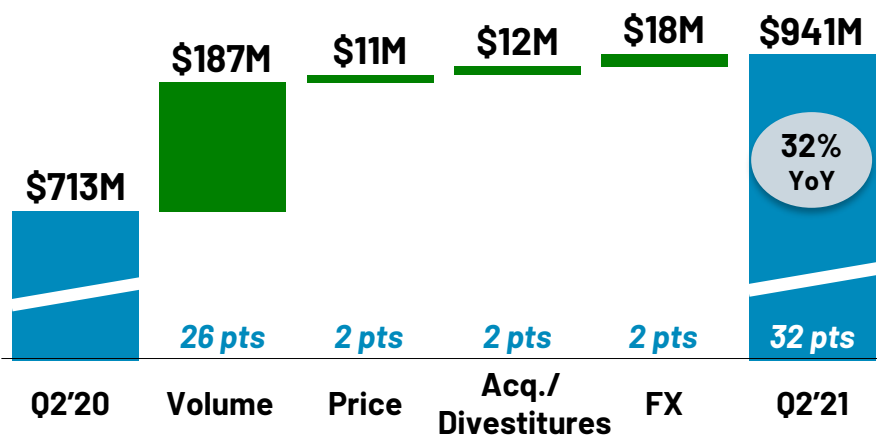
Transformation to **unlock value and fund growth**



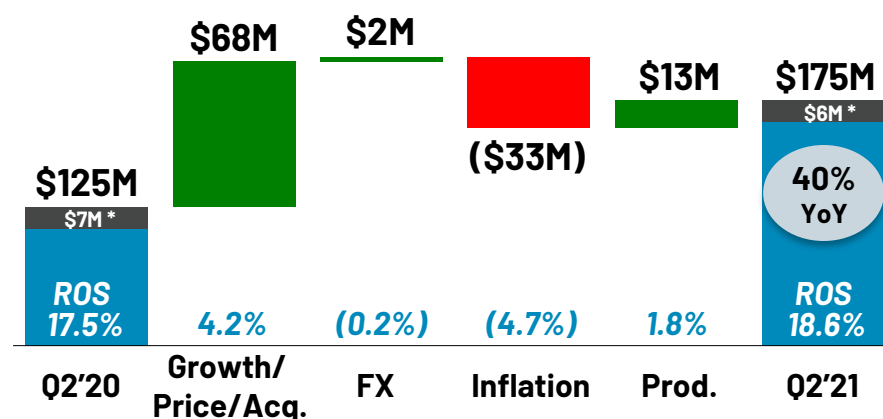
Balance sheet to provide flexibility and upside acceleration

Q2'21 Pentair Performance

Sales Performance



Segment Income Performance



*Non-Cash Intangible Amortization

Core Sales up 28%

- Consumer Solutions up 39%
- Industrial & Flow Technologies up 12%

Segment Income up 40%

ROS 18.6%... up 110 bps

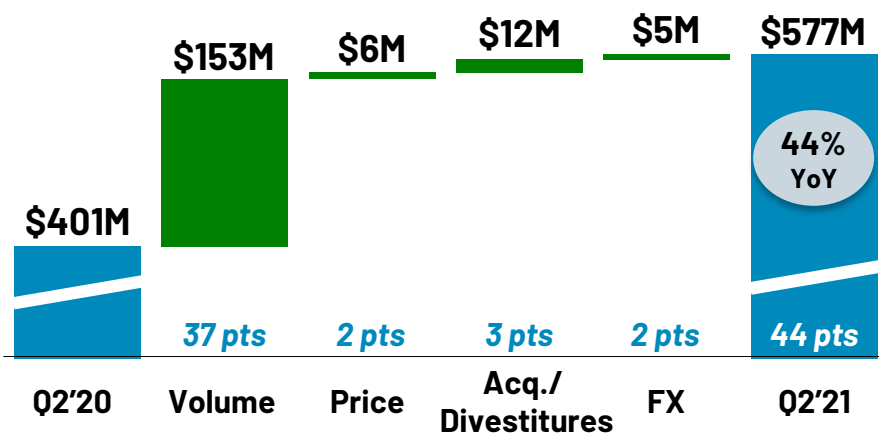
Adj. EPS \$0.84... up 42%

- Adjusted Tax Rate of 17.4%
- Net Interest/Other of \$4.3M; Shares 167.8M

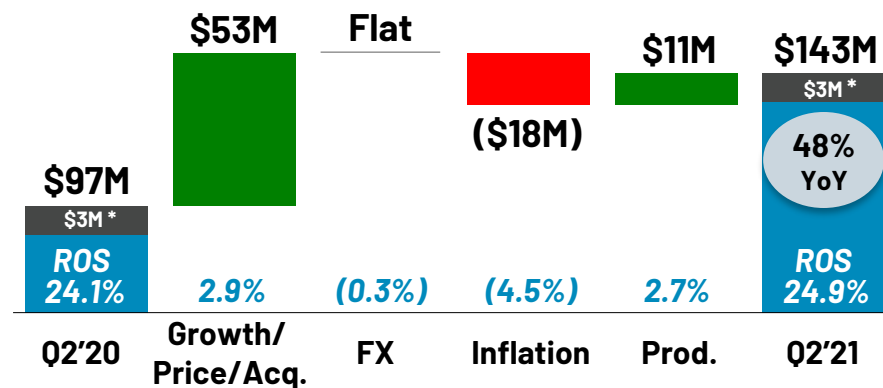


Q2'21 Consumer Solutions Performance

Sales Performance



Segment Income Performance



*Non-Cash Intangible Amortization

Pool

- Sales up 50%
- Record orders and backlog
- Continued to drive capacity expansion
- Strong industry demand

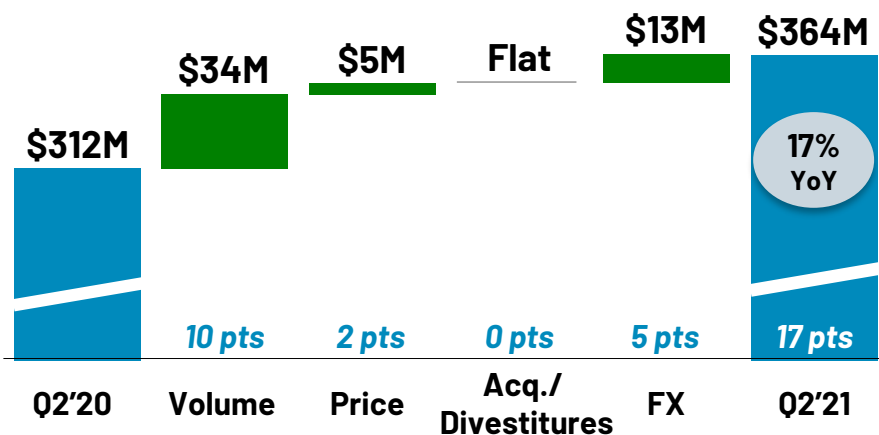
Water Treatment

- Sales up 35%
- Residential strength continued
- Commercial strong YOY growth
- KBI integration on track

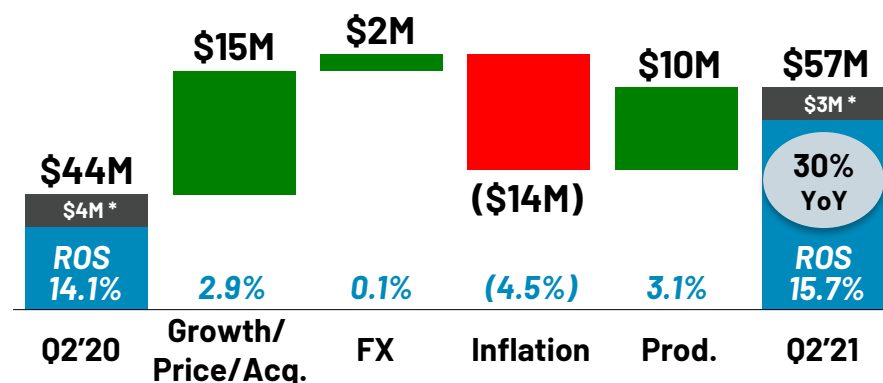


Q2'21 Industrial & Flow Technologies Performance

Sales Performance



Segment Income Performance



*Non-Cash Intangible Amortization

Flow

- Residential sales up 22%
- Commercial sales up 11%

Industrial Filtration

- Sales up 14%
- Further signs of recovery



Balance Sheet and Cash Flow

Debt Summary

| | | |
|------------------|---------------------|---------------------------|
| \$717M* | | <u>Maturity</u> |
| \$501M | 70% Fixed | 2022 - 2029 |
| \$216M | 30% Variable | 2023 |
| 6/30/2021 | | Average Rate ~2.1% |

*Does Not Include \$96M of Cash on Hand

Debt Roll-Forward

| Use of Cash: (\$M) | Q2 2021 | YTD 2021 |
|-----------------------|--------------|--------------|
| Beginning Debt | \$932 | \$840 |
| Used (Generated) Cash | (369) | (340) |
| Share Repurchase | 40 | 50 |
| Dividends | 33 | 67 |
| Acquisitions/Other | 81 | 100 |
| Ending Debt | \$717 | \$717 |

Cash Flow (\$M)

| | Q2 2021 | YTD 2021 |
|--|--------------|--------------|
| Net Income - Continuing Ops | \$133 | \$264 |
| Amortization | 6 | 13 |
| Subtotal | \$139 | \$277 |
| Depreciation | 13 | 26 |
| Capital Expenditures | (11) | (24) |
| Asset Sales | 1 | 4 |
| Working Capital | 130 | (30) |
| Other Accruals/Other | 97 | 87 |
| Free Cash Flow - Total | \$369 | \$340 |
| Free Cash Flow - Discontinued Ops | - | - |
| Free Cash Flow - Continuing Ops | \$369 | \$340 |

Other Items

- **Net Debt/Adjusted EBITDA at Quarter End 0.9x**
- **ROIC at Quarter End 18.1%**



Q3'21 and Full Year 2021 Pentair Outlook

Q3'21

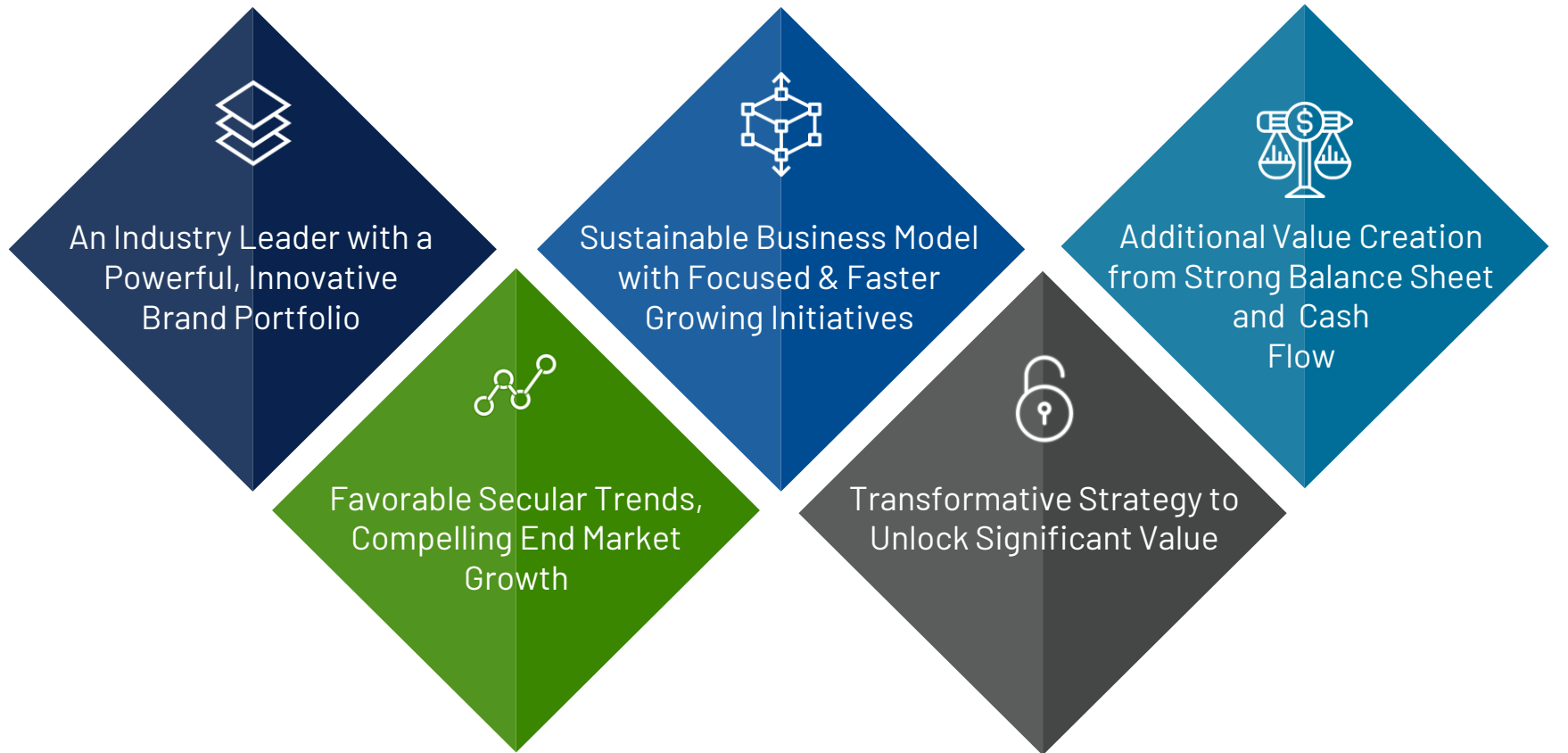
FY'21

| | | |
|---|---|--|
| <p>Sales and Income</p> | <ul style="list-style-type: none"> • Total Sales up ~16% to 19% • Segment Income up ~18% to 23% | <ul style="list-style-type: none"> • Total Sales up ~21% to 23% • Segment Income up ~30% to 34% |
| <p>EPS</p> | <ul style="list-style-type: none"> • Adjusted EPS ~\$0.81 to \$0.85 (Up ~16% to 21%) | <ul style="list-style-type: none"> • Adjusted EPS ~\$3.30 to \$3.40 (Up ~32% to 36%) |
| <p>Other Items</p> | <ul style="list-style-type: none"> • Corp. Expense ~\$20M • Net Interest/Other ~\$4M • Adjusted Tax Rate of ~16% • Shares ~168M | <ul style="list-style-type: none"> • Corp. Expense ~\$80M • Net Interest/Other ~\$15M to \$16M • Adjusted Tax Rate of ~16% • Shares ~167M to 168M |
| <p>Balance Sheet & Cash Flow</p> | | <ul style="list-style-type: none"> • Expecting FCF \geq 100% of Net Income • Capital Expenditures ~\$60M • D&A of ~\$80M and ~\$30M of Non-Cash Stock Compensation |



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 2021 Reconciliation

Pentair plc and Subsidiaries
Reconciliation of GAAP to non-GAAP financial measures for the year ending December 31, 2021
excluding the effect of 2021 adjustments (Unaudited)

| <i>In millions, except per-share data</i> | Actual | | Forecast | | | |
|---|------------------|-------------------|------------------|-----------------|--------------|-----------------|
| | First Quarter | Second Quarter | Third Quarter | | Full Year | |
| Net sales | \$ 865.9 | \$ 941.1 | approx | Up 16% - 19% | approx | Up 21% - 23% |
| Operating income | 157.1 | 161.8 | | | | |
| <i>% of net sales</i> | <i>18.1 %</i> | <i>17.2 %</i> | | | | |
| Adjustments: | | | | | | |
| Restructuring, transformation and other costs | 1.5 | 5.8 | approx | \$ — | approx | \$ 7 |
| Intangible amortization | 7.1 | 6.3 | approx | 6 | approx | 26 |
| COVID-19 related costs and expenses | 0.2 | 0.1 | approx | — | approx | — |
| Legal accrual adjustments | (2.4) | — | approx | — | approx | (2) |
| Deal-related costs and expenses | 0.7 | 1.0 | approx | — | approx | 2 |
| Equity income (loss) of unconsolidated subsidiaries | 0.2 | (0.1) | approx | 1 | approx | 2 |
| Segment income | 164.4 | 174.9 | approx | Up 18% - 23% | approx | Up 30% - 34% |
| <i>Return on sales</i> | <i>19.0 %</i> | <i>18.6 %</i> | | | | |
| Net income from continuing operations—as reported | 131.1 | 132.6 | approx | \$129 - \$136 | approx | \$525 - \$542 |
| Other income | — | (0.3) | approx | — | approx | — |
| Adjustments to operating income | 7.1 | 13.2 | approx | 6 | approx | 33 |
| Income tax adjustments | (2.4) | (4.6) | approx | 1 | approx | (5) |
| Net income from continuing operations—as adjusted | \$ 135.8 | \$ 140.9 | approx | \$136 - \$143 | approx | \$553 - \$570 |
| Continuing earnings per ordinary share—diluted | | | | | | |
| Diluted earnings per ordinary share—as reported | \$ 0.78 | \$ 0.79 | approx | \$0.77 - \$0.81 | approx | \$3.13 - \$3.23 |
| Adjustments | 0.03 | 0.05 | approx | 0.04 | approx | 0.17 |
| Diluted earnings per ordinary share—as adjusted | \$ 0.81 | \$ 0.84 | approx | \$0.81 - \$0.85 | approx | \$3.30 - \$3.40 |



Reported To Adjusted 2020 Reconciliation

Pentair plc and Subsidiaries
Reconciliation of GAAP to non-GAAP financial measures for the year ended December 31, 2020
excluding the effect of 2020 adjustments (Unaudited)

| <i>In millions, except per-share data</i> | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Full Year |
|---|--------------------------|---------------------------|--------------------------|---------------------------|----------------------|
| Net sales | \$ 710.0 | \$ 713.3 | \$ 798.5 | \$ 796.0 | \$ 3,017.8 |
| Operating income | 100.7 | 111.1 | 128.1 | 121.5 | 461.4 |
| <i>% of net sales</i> | 14.2 % | 15.6 % | 16.0 % | 15.3 % | 15.3 % |
| Adjustments: | | | | | |
| Restructuring and other | 2.4 | 1.1 | 2.1 | 9.8 | 15.4 |
| Intangible amortization | 7.6 | 7.0 | 6.9 | 6.9 | 28.4 |
| COVID-19 related costs and expenses | 0.9 | 4.8 | 2.6 | 2.1 | 10.4 |
| Deal related costs and expenses | 0.4 | — | — | 0.2 | 0.6 |
| Equity (loss) income of unconsolidated subsidiaries | (0.5) | 0.7 | 0.8 | 0.4 | 1.4 |
| Segment income | 111.5 | 124.7 | 140.5 | 140.9 | 517.6 |
| <i>Return on sales</i> | 15.7 % | 17.5 % | 17.6 % | 17.7 % | 17.2 % |
| Net income from continuing operations—as reported | 72.7 | 73.8 | 110.8 | 99.8 | 357.1 |
| Loss on sale of businesses | — | 0.1 | — | — | 0.1 |
| Pension and other post-retirement mark-to-market loss | — | — | — | 6.7 | 6.7 |
| Other income | — | — | (2.2) | — | (2.2) |
| Adjustments to operating income | 11.3 | 12.9 | 11.6 | 19.0 | 54.8 |
| Income tax adjustments | 3.3 | 11.1 | (3.6) | (8.1) | 2.7 |
| Net income from continuing operations—as adjusted | \$ 87.3 | \$ 97.9 | \$ 116.6 | \$ 117.4 | \$ 419.2 |
| Continuing earnings per ordinary share—diluted | | | | | |
| Diluted earnings per ordinary share—as reported | \$ 0.43 | \$ 0.44 | \$ 0.66 | \$ 0.60 | \$ 2.13 |
| Adjustments | 0.09 | 0.15 | 0.04 | 0.10 | 0.37 |
| Diluted earnings per ordinary share—as adjusted | \$ 0.52 | \$ 0.59 | \$ 0.70 | \$ 0.70 | \$ 2.50 |



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, 2021 (Unaudited)

| | Q2 Net Sales Growth | | | |
|--------------------------------|---------------------|--------------|--------------|---------------|
| | Core | Currency | Acq. / Div. | Total |
| Total Pentair | 27.7 % | 2.5 % | 1.7 % | 31.9 % |
| Consumer Solutions | 39.4 % | 1.3 % | 3.1 % | 43.8 % |
| Industrial & Flow Technologies | 12.4 % | 4.3 % | — % | 16.7 % |



ROIC Reconciliation

| | Second Quarter 2020 | Third Quarter 2020 | Fourth Quarter 2020 | First Quarter 2021 | Second Quarter 2021 |
|---|---------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
| <i>Dollars in millions</i> | | | | | |
| Return on Invested Capital (ROIC) | | | | | |
| Segment income | \$ 124.7 | \$ 140.5 | \$ 140.9 | \$ 164.4 | \$ 174.9 |
| Reported effective tax rate | 28.8 % | 11.5 % | 9.8 % | 13.5 % | 15.9 % |
| Adjusted effective tax rate | 16.0 % | 13.4 % | 13.9 % | 14.5 % | 17.4 % |
| NOPAT | \$ 104.7 | \$ 121.7 | \$ 121.3 | \$ 140.6 | \$ 144.5 |
| Depreciation | 11.2 | 11.6 | 12.3 | 12.7 | 12.8 |
| Capital expenditures ("Cap Ex") | (11.8) | (13.9) | (17.8) | (13.2) | (11.1) |
| Total NOPAT, Depreciation, and Cap Ex | \$ 104.1 | \$ 119.4 | \$ 115.8 | \$ 140.1 | \$ 146.2 |
| Trailing fourth quarter NOPAT, Depreciation, and Cap Ex | \$ 412.1 | \$ 429.9 | \$ 425.9 | \$ 479.4 | \$ 521.5 |
| Ending Invested Capital | 2,872.1 | 2,772.5 | 2,863.8 | 3,031.2 | 2,892.3 |
| Trailing five quarter average invested capital | 2,952.1 | 2,918.5 | 2,916.5 | 2,942.7 | 2,886.4 |
| After-tax Return on Invested Capital | 14.0 % | 14.7 % | 14.6 % | 16.3 % | 18.1 % |

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, 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 |
| Free cash flow from continuing operations | \$ (28.6) | \$ 368.8 | \$ 340.2 |
| Net cash used for discontinued operations | (0.2) | — | (0.2) |
| Free cash flow | \$ (28.8) | \$ 368.8 | \$ 340.0 |

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, 2020 | June 30, 2020 | June 30, 2020 |
| <i>In millions</i> | | | |
| Net cash (used for) provided by operating activities of continuing operations | \$ (162.4) | \$ 428.9 | \$ 266.5 |
| Capital expenditures | (18.7) | (11.8) | (30.5) |
| Proceeds from sale of property and equipment | 0.1 | — | 0.1 |
| Free cash flow from continuing operations | \$ (181.0) | \$ 417.1 | \$ 236.1 |
| Net cash used for discontinued operations | — | (0.5) | (0.5) |
| Free cash flow | \$ (181.0) | \$ 416.6 | \$ 235.6 |



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 2020 | Fourth Quarter 2020 | First Quarter 2021 | Second Quarter 2021 | Last Twelve Months |
|---|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
| Net income from continuing operations | \$ 110.8 | \$ 99.8 | \$ 131.1 | \$ 132.6 | \$ 474.3 |
| Adjustments: | | | | | |
| Deal-related costs and expenses | — | 0.2 | 0.7 | 1.0 | 1.9 |
| Restructuring, transformation and other costs | 2.1 | 9.8 | 1.5 | 5.8 | 19.2 |
| Intangible amortization | 6.9 | 6.9 | 7.1 | 6.3 | 27.2 |
| COVID-19 related costs and expenses | 2.6 | 2.1 | 0.2 | 0.1 | 5.0 |
| Legal accrual adjustments | — | — | (2.4) | — | (2.4) |
| Pension and other post-retirement mark-to-market loss | — | 6.7 | — | — | 6.7 |
| Net interest expense | 5.4 | 3.9 | 5.1 | 3.8 | 18.2 |
| Other expense (income) | (1.7) | 0.6 | 0.6 | 0.2 | (0.3) |
| Provision for income taxes | 14.4 | 10.9 | 20.5 | 25.1 | 70.9 |
| Segment income | \$ 140.5 | \$ 140.9 | \$ 164.4 | \$ 174.9 | \$ 620.7 |
| Adjustments: | | | | | |
| Depreciation | 11.6 | 12.3 | 12.7 | 12.8 | 49.4 |
| Adjusted EBITDA | \$ 152.1 | \$ 153.2 | \$ 177.1 | \$ 187.7 | \$ 670.1 |





Essential Resources

For Life