



Q1 2020 EARNINGS RELEASE
April 30, 2020



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; 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 THE HOUSING AND RELATED MARKETS; DEMAND, COMPETITION AND PRICING PRESSURES 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 SUCCESSFULLY INTEGRATE THE AQUION AND PELICAN WATER SYSTEMS ACQUISITIONS; THE ABILITY TO ACHIEVE THE BENEFITS OF OUR RESTRUCTURING PLANS AND COST REDUCTION INITIATIVES; RISKS ASSOCIATED WITH OPERATING FOREIGN BUSINESSES; THE IMPACT OF MATERIAL COST 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, 2019. ALL FORWARD-LOOKING STATEMENTS 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 2020 and 2019 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 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

- ✓ **Delivered first quarter results in line with expectations, inclusive of COVID-19 challenges**
- ✓ **Actively responded to challenges of COVID-19 pandemic with key focus on employee safety and well being**
- ✓ **Announced new CFO and leadership of segments as expected**
- ✓ **Planning for significantly reduced demand in 2020 ... taking appropriate actions while staying focused on our strategy**
- ✓ **Maintaining a strong liquidity position**

Delivered Q1 ... Planning for COVID-19 impacts in 2020

COVID-19 Update & Focus

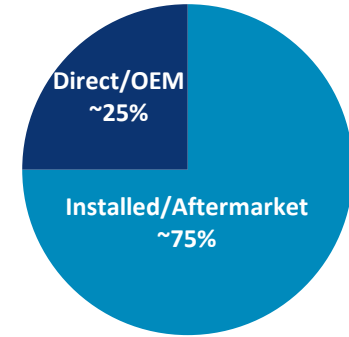
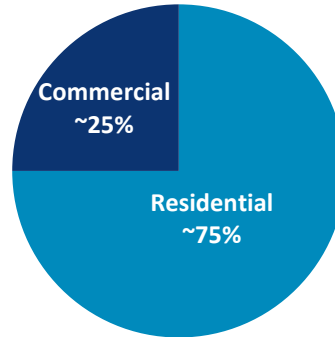
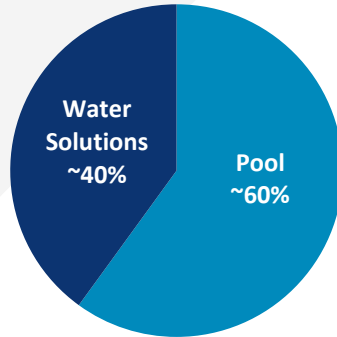
- ❑ We continue to focus on the health and safety of our employees, our customers, and our businesses while delivering the best results possible
- ❑ Began to see softening demand in most businesses in April ... actions underway to reduce bottom line impact
- ❑ Focused on cost reductions in the short term while watching for signs of recovery
- ❑ We have solid liquidity and cash flow, and our balance sheet remains strong
- ❑ We are focused on our long-term goals and strategy and are preparing to take advantage of opportunities when business recovers

Planning for an Uncertain Environment ... Focused on Longer-Term

Consumer Solutions

Segment Breakdown

All Information Reflects Historical 2019 Sales of \$1.6B



Pool

A leader in North America pool equipment serving a market that is ~80% replacement

- Expect the ~5.5M installed pools to still need service and repairs
- New pool construction and remodeling could be negatively impacted in the near term

Water Solutions

Residential & Commercial Components, Residential Systems, and Commercial Systems

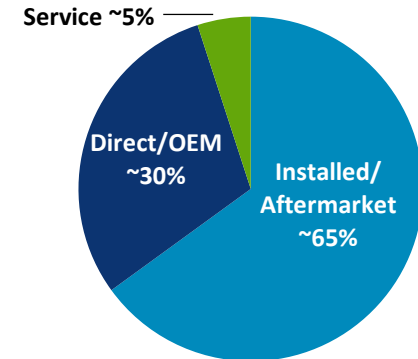
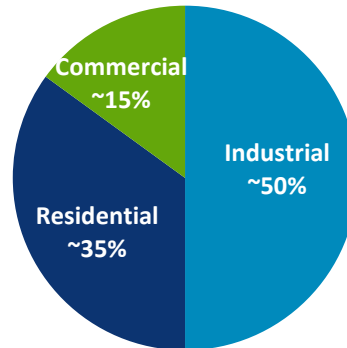
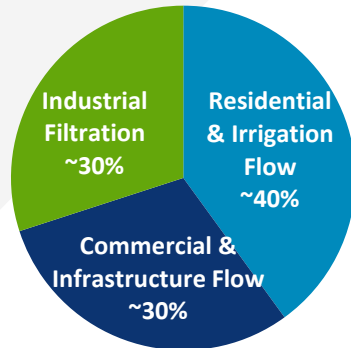
- Wholesale demand remains healthy
- Residential Systems may see slowing due to less retail traffic
- Commercial foodservice impacted by temporary shutdowns in hospitality and restaurants

Expect Short-Term Disruption but Water Quality Remains Important

Industrial & Flow Technologies

Segment Breakdown

All Information Reflects Historical 2019 Sales of \$1.3B



Residential & Irrigation Flow

Small pumps focused on residential and agriculture

- Distributors volumes are slower; limited visibility
- Products are more “break and fix” oriented

Commercial & Infrastructure Flow

Larger engineered pumps focused on fire suppression & flood control

- Backlog driven business
- Monitoring order book for likely changes in demand

Industrial Filtration

Niche applications focused on industrial reuse, beer, and sustainable gas

- Mostly driven by customer capital expenditures that have slowed recently
- Long-term demand drivers not significantly changed

Expect Top Line Pressure Offset by Longer-Term Margin Opportunities

Cost Structure and Actions

2019 Cost Structure % of Sales

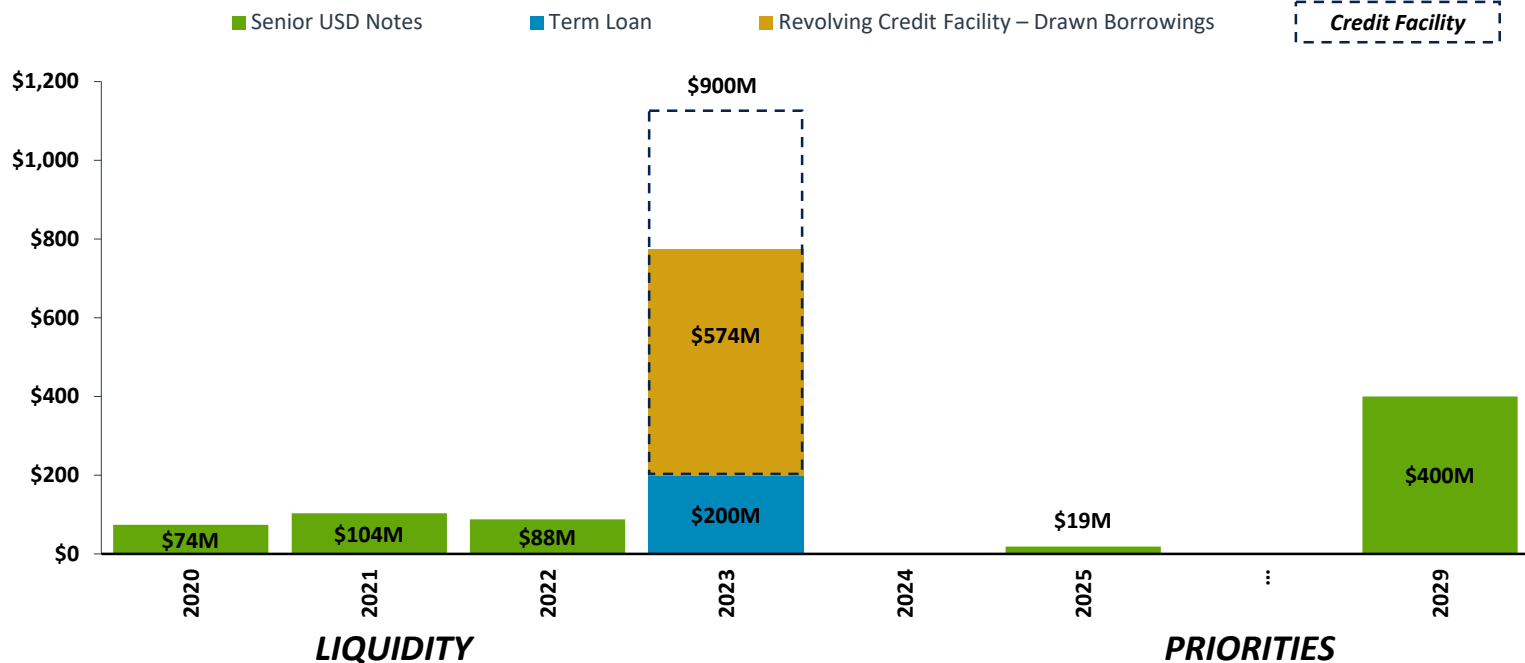
2020 Cost Management / Mitigation Actions

Manufacturing Costs	Materials ~40%	<ul style="list-style-type: none"> Materials are a real variable cost ... revenue decline drops through at ~60% before cost actions Engaged in supplier rapid re-negotiations to reduce input costs
	Mfg. Direct & Indirect Labor ~11%	<ul style="list-style-type: none"> Driving manufacturing direct labor reductions in line with volume drop Focused on temporary measures to keep team intact for recovery
	Mfg. Fixed and Variable Overhead ~13%	<ul style="list-style-type: none"> Most of overhead is fixed (factories, depreciation, etc.) Targeting variable overhead reduction at ~50% of expected volume drop Less opportunity in fixed overhead structure in near-term
Operating Expenses	Labor ~12% Non-Labor / Other ~7%	<ul style="list-style-type: none"> Hiring freezes implemented except for critical few strategic openings Driving significant savings from delaying, reducing, or eliminating purchased services & travel

Taking Actions to Align Costs with Expected Volume Drop

Balance Sheet and Access to Liquidity

Debt Maturity Profile (3/31/2020)



- \$900M revolver – currently \$326M available
- \$169M cash
- Entering strongest cash flow quarter – expect to be positive for first half
- Covenant 3.75x; currently at 2.1x

- Committed to investment grade ratings
- 44 consecutive years of dividend increase
- Reduced cap ex forecast >10%
- Temporarily suspended share buyback during Q1

Committed to Maintaining a Well-Balanced Maturity Profile

Balance Sheet and Cash Flow

Cash Flow (\$M)

	Q1 2020	Q1 2019
Net Income - Continuing Ops	\$ 73	\$ 52
Amortization	8	8
Subtotal	\$ 81	\$ 60
Depreciation	12	12
Capital Expenditures	(19)	(17)
Working Capital	(237)	(294)
Other Accruals/Other	(18)	(34)
Free Cash Flow- Total	\$ (181)	\$ (273)
Free Cash Flow-Discontinued Ops	-	1
Free Cash Flow - Continuing Ops	\$ (181)	\$ (274)

Debt Roll-Forward (\$M)

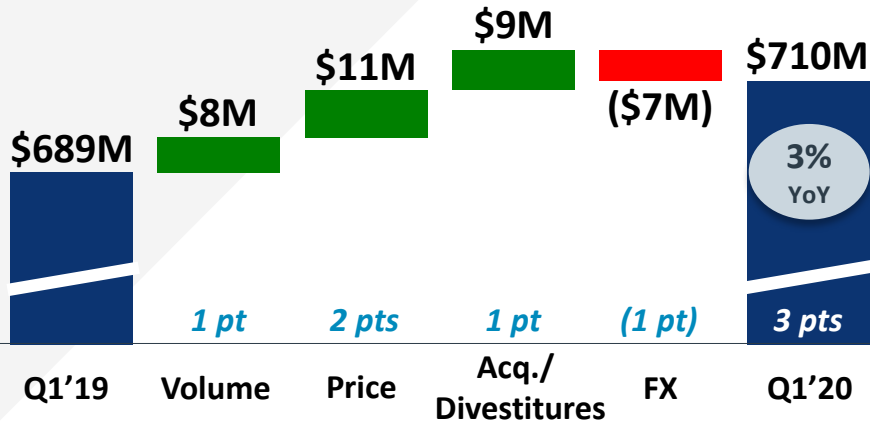
	Q1 2020	Q1 2019
Use of Cash: (\$M)		
Beginning Debt	\$ 1,029	\$ 788
Used (Generated) Cash	181	273
Share Repurchase	115	-
Dividends	32	31
Acquisitions/Other	94	279
Ending Debt	\$ 1,451	\$ 1,371

- *Fixed/Variable Rate: 47%/53%*
- *Average Rate 2.6%*
- *ROIC 14.4%*

Balance Sheet Remains Strong

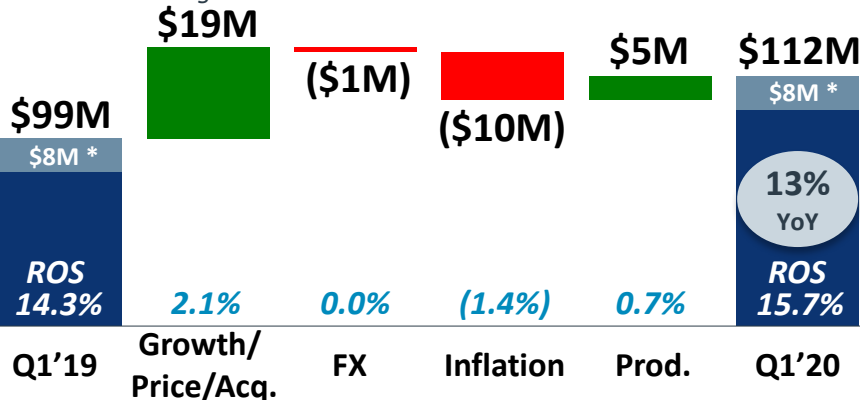
Q1'20 Pentair Performance

Sales



Segment Income

*Non-Cash Intangible Amortization



Financial Highlights (YoY)

Core Sales Up 3%

- Consumer Solutions Up 7%
- Industrial & Flow Technologies Down 2%

Segment Income Up 13%

ROS 15.7% ... Up 140 bps

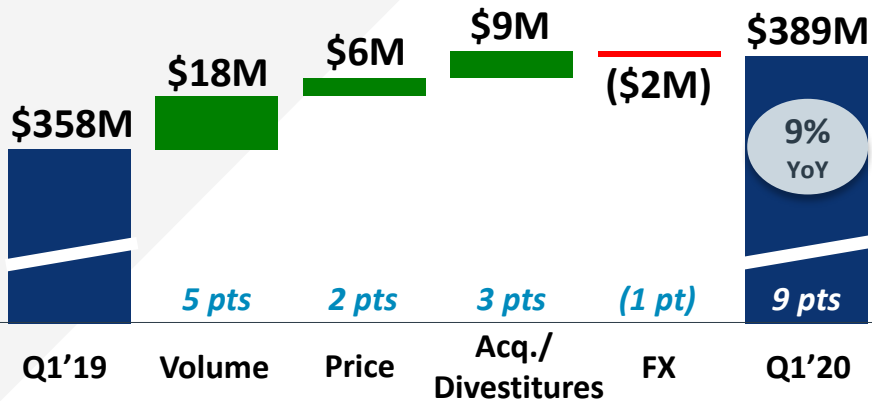
Adj. EPS \$0.52 ... Up 21%

- Adjusted Tax Rate of 16%
- Net Interest/Other of \$7.5M; Shares 168.7M

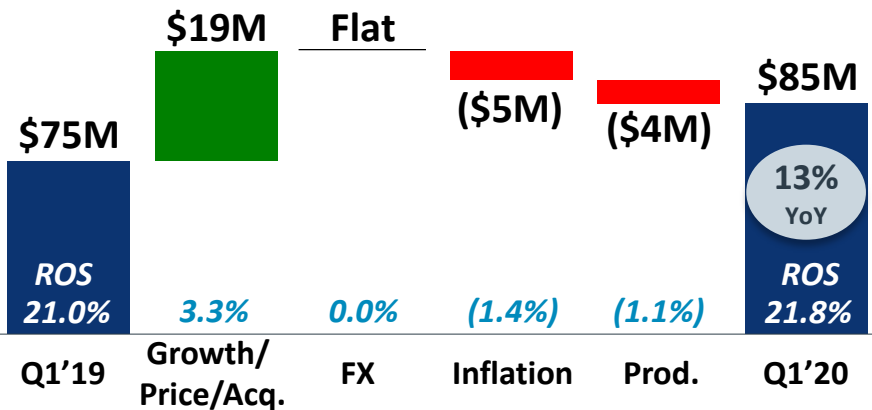
First Quarter at Higher End of EPS Expectations, Despite COVID-19

Q1'20 Consumer Solutions Performance

Sales



Segment Income



Financial Highlights (YoY)

Pool

- Grew sales low double digits against easy comp and more normal weather patterns

Water Solutions

- Grew sales high single digits as positive acquisition contribution offset sharp declines in China and Southeast Asia

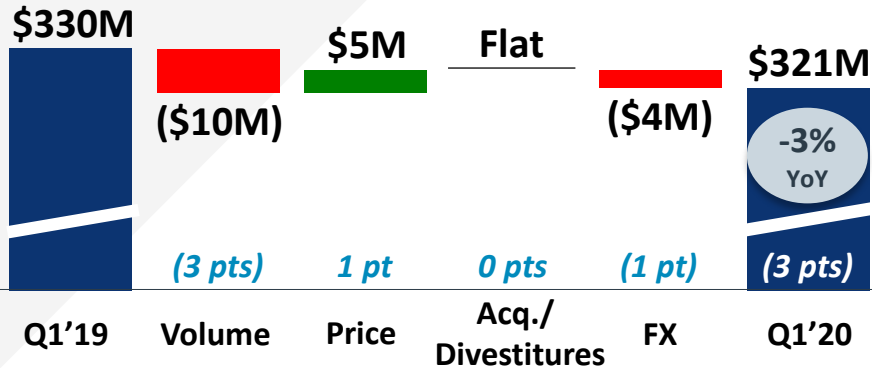
Segment Income

- ROS up 80 bps
- Positive sales mix
- Price/cost positive

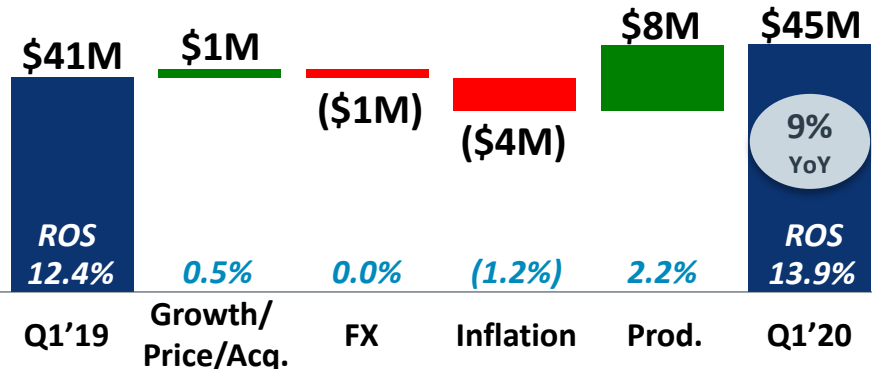
Strong Core Growth and Margin Expansion

Q1'20 Industrial & Flow Technologies Performance

Sales



Segment Income



Financial Highlights (YoY)

Residential & Irrigation Flow

- Sales flat on modest growth in pricing

Commercial & Infrastructure Flow

- Sales down mid single digits driven by COVID-19 related delays

Industrial Filtration

- Sales down low single digits as global projects began to see delays

Segment Income

- ROS up 150 bps
- Price/cost positive
- Strong productivity despite top line softness

Productivity Remains a Focus

2020 Current Planning Assumptions

Planning for recessionary environment for balance of 2020

Aligning costs with lower volumes

Additional cost levers available and plan to pull if necessary; maintaining our investments in our focused and prioritized businesses

Solid liquidity and cash flow, and balance sheet remains strong

Goals remain: 1) Protecting our employees, customers, and our businesses; 2) Optimizing our free cash flow and liquidity; and 3) Delivering the best financial results possible in near-term while staying focused on longer-term strategies

Suspending Guidance Until Visibility Returns

Our Strategy Remains Unchanged

Serving Large and Stable End Markets ...

- **Leading Pool franchise serving large installed base with opportunities to increase content**
- **Residential & Commercial Water Solutions offer room for growth and expansion**
- **Sustainability awareness drives significant opportunities**

... With Numerous Growth Lever Opportunities ...

- **Recent acquisitions moved us closer to the consumer**
- **Acceleration of prioritized growth investments to fuel growth**
- **Further acceleration of PIMS to fund growth**

... and Disciplined Capital Allocation

- **Commitment to investment grade ratings**
- **Fund most attractive growth opportunities**
- **44 consecutive years of dividend increases**

Building a Leading Water Treatment Company



APPENDIX

GAAP TO NON-GAAP MEASUREMENTS & RECONCILIATIONS

Reported To Adjusted 2020 Reconciliation

Pentair plc and Subsidiaries
Reconciliation of the GAAP quarter ended March 31, 2020 to the non-GAAP
excluding the effect of 2020 adjustments (Unaudited)

<i>In millions, except per-share data</i>	Actual First Quarter
Net sales	\$ 710.0
Operating income	100.7
<i>% of net sales</i>	14.2%
Adjustments:	
Restructuring and other	2.4
Intangible amortization	7.6
COVID-19 related costs and expenses	0.9
Deal-related costs and expenses	0.4
Equity (loss) income of unconsolidated subsidiaries	(0.5)
Segment income	111.5
<i>Return on sales</i>	15.7%
Net income from continuing operations—as reported	72.7
Adjustments to operating income	11.3
Income tax adjustments	3.3
Net income from continuing operations—as adjusted	\$ 87.3
Continuing earnings per ordinary share—diluted	
Diluted earnings per ordinary share—as reported	\$ 0.43
Adjustments	0.09
Diluted earnings per ordinary share—as adjusted	\$ 0.52

Reported To Adjusted 2019 Reconciliation

Pentair plc and Subsidiaries
Reconciliation of the GAAP year ended December 31, 2019 to the non-GAAP
excluding the effect of 2019 adjustments (Unaudited)

<i>In millions, except per-share data</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net sales	\$ 688.9	\$ 799.5	\$ 713.6	\$ 755.2	\$ 2,957.2
Operating income	67.6	133.8	108.8	122.3	432.5
<i>% of net sales</i>	9.8%	16.7%	15.2%	16.2%	14.6%
Adjustments:					
Restructuring and other	1.1	6.7	5.9	7.3	21.0
Intangible amortization	8.2	8.3	7.6	7.6	31.7
Asset impairment	15.3	2.9	—	3.0	21.2
Inventory step-up	1.7	0.5	—	—	2.2
Deal related costs and expenses	4.2	—	—	—	4.2
Equity income of unconsolidated subsidiaries	0.6	1.9	0.5	0.5	3.5
Segment income	98.7	154.1	122.8	140.7	516.3
<i>Return on sales</i>	14.3%	19.3%	17.2%	18.6%	17.5%
Net income from continuing operations—as reported	52.4	115.1	91.3	102.9	361.7
(Gain) loss on sale of businesses	(3.5)	0.1	0.1	1.1	(2.2)
Pension and other post-retirement mark-to-market (gain) loss	—	(12.2)	0.4	8.4	(3.4)
Adjustments to operating income	30.5	18.4	13.5	17.9	80.3
Income tax adjustments	(5.4)	(3.8)	(7.4)	(14.8)	(31.4)
Net income from continuing operations—as adjusted	\$ 74.0	\$ 117.6	\$ 97.9	\$ 115.5	\$ 405.0
Continuing earnings per ordinary share—diluted					
Diluted earnings per ordinary share—as reported	\$ 0.30	\$ 0.68	\$ 0.54	\$ 0.61	\$ 2.12
Adjustments	0.13	0.01	0.04	0.07	0.26
Diluted earnings per ordinary share—as adjusted	\$ 0.43	\$ 0.69	\$ 0.58	\$ 0.68	\$ 2.38

Core Sales Growth Reconciliation

Pentair plc and Subsidiaries
Reconciliation of net sales growth to core net sales growth by segment
for the quarter ending March 31, 2020 (Unaudited)

	Actual			
	Q1 Net Sales Growth			
	Core	Currency	Acq. / Div.	Total
Total Pentair	2.7%	(1.0)%	1.4%	3.1%
Consumer Solutions	6.6%	(0.7)%	2.6%	8.5%
Industrial & Flow Technologies	(1.5)%	(1.3)%	—%	(2.8)%

ROIC Reconciliation

	First Quarter 2019	Second Quarter 2019	Third Quarter 2019	Fourth Quarter 2019	First Quarter 2020
<i>Dollars in millions</i>					
Return on Invested Capital (ROIC)					
Segment Income	\$ 98.7	\$ 154.1	\$ 122.8	\$ 140.7	\$ 111.5
Reported Effective Tax Rate	17.1%	16.1%	9.8%	2.8%	21.5%
Adjusted Effective Tax Rate	18.0%	18.0%	15.0%	13.4%	16.0%
NOPAT	\$ 80.9	\$ 126.4	\$ 104.4	\$ 121.8	\$ 93.7
Depreciation	12.0	12.4	12.0	11.9	11.6
Capital Expenditures ("Cap Ex")	(16.8)	(13.0)	(14.8)	(13.9)	(18.7)
Total NOPAT, Depreciation, and Cap Ex	\$ 76.1	\$ 125.8	\$ 101.6	\$ 119.8	\$ 86.6
Trailing Four Quarter NOPAT, Depreciation, and Cap Ex	\$ 420.7	\$ 408.5	\$ 411.7	\$ 423.3	\$ 433.8
Ending Invested Capital	3,161.4	2,940.5	2,873.6	2,900.4	3,173.7
Trailing Five Quarter Average Invested Capital	2,755.2	2,770.8	2,827.5	2,884.9	3,009.9
After Tax Return on Invested Capital	15.3%	14.7%	14.6%	14.7%	14.4%

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 - Net Assets Held for Sale]

Free Cash Flow Reconciliation

Pentair plc and Subsidiaries
Reconciliation of the GAAP operating activities cash flow to the non-GAAP free cash flow (Unaudited)

<i>In millions</i>	Three months ended	
	March 31, 2020	March 31, 2019
Net cash used for operating activities of continuing operations	\$ (162.4)	\$ (257.1)
Capital expenditures	(18.7)	(16.8)
Proceeds from sale of property and equipment	0.1	0.3
Free cash flow from continuing operations	\$ (181.0)	\$ (273.6)
Net cash provided by operating activities of discontinued operations	—	0.8
Free cash flow	\$ (181.0)	\$ (272.8)