BADGER METER
FIRST QUARTER 2021 EARNINGS

April 20, 2021

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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. Potential factors that could affect such forward-looking statements include the duration, severity and geographic spread of the COVID-19 pandemic, government actions to address or mitigate the impact of the COVID-19 pandemic, and the potential negative impacts of COVID-19 on the global economy, the company’s operations and those of our customers and suppliers. 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.

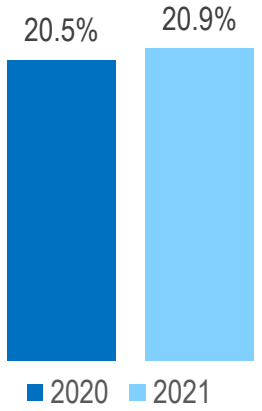
In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation for a reconciliation to the appropriate GAAP measure.

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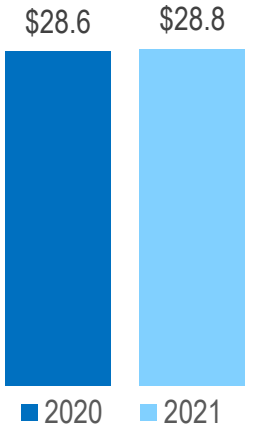
HIGHLIGHTS

- Completed acquisition of Analytical Technology, Inc. (ATi) in early January 2021 adding to online water quality monitoring solutions
- Record core order pace with strong momentum in adoption of smart water offerings. Exiting quarter with record backlog.
- First quarter sales of $117.8 million, up 9% year-over-year
  - Utility water sales increased 12%. Excluding acquisitions, core sales were flat as robust orders exceeded sales on manufacturing disruption from electronics constraints/logistics.
  - Flow instrumentation sales declined 3%; sequential improvement within array of industrial end markets
- Improved gross margin, operating profit margin and EBITDA margins year-over-year effectively managing price/cost
- Robust free cash flow

Q1 EBITDA Margin %



Q1 Free Cash Flow



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FIRST QUARTER FINANCIAL SNAPSHOT

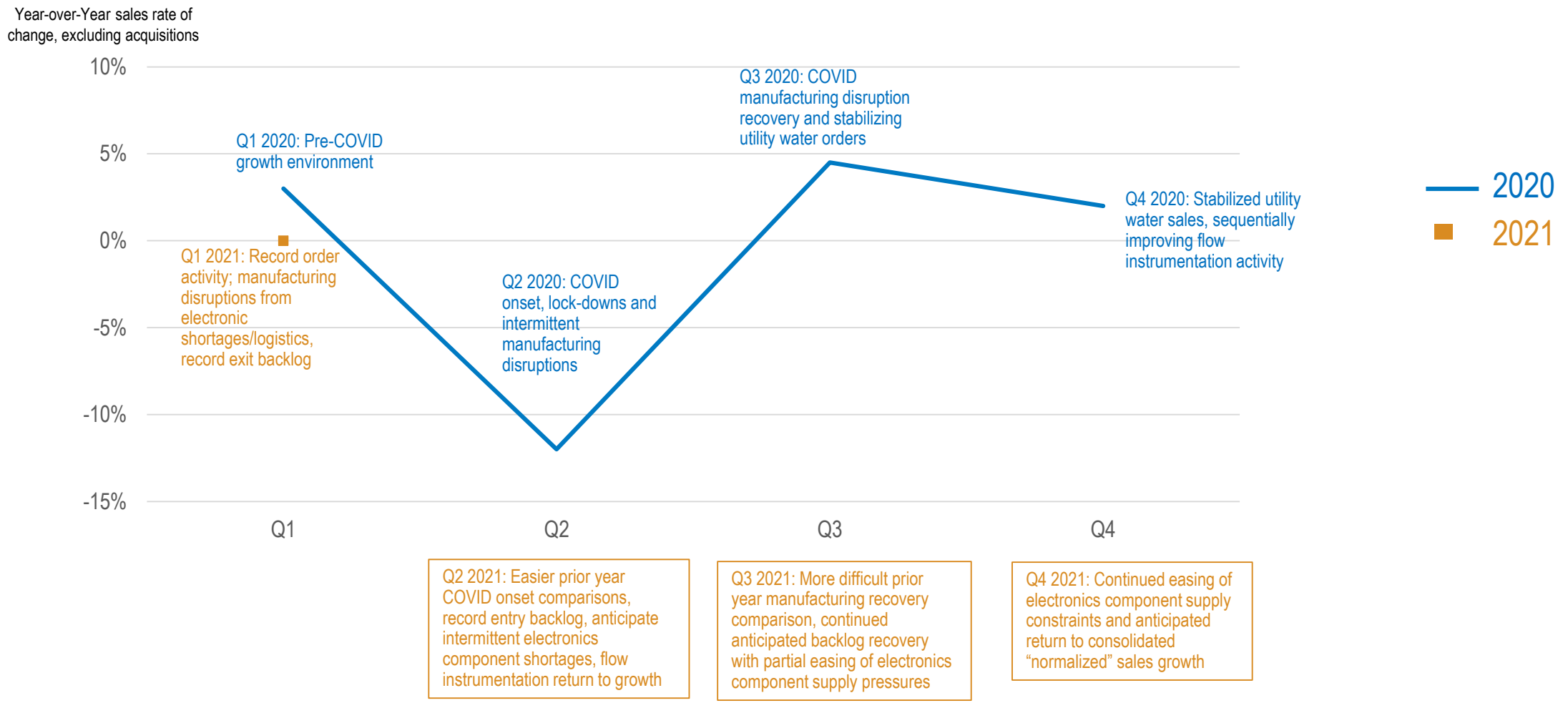
(US$ in millions, except per share data)	Q1 2021	Q1 2020	Change
Sales	$117.8	$108.5	8.6%
Gross Margin	49.4	43.3	13.9%
	41.9%	*39.9%*	*200 bps*
SEA	31.6	27.3	15.8%
	26.8%	*25.2%*	*160 bps*
Op Income	17.7	16.0	10.8%
	15.1%	*14.8%*	*30 bps*
Income Tax Rate	*22.2%*	*25.6%*	
EBITDA	24.7	22.2	11.1%
	20.9%	*20.5%*	*40 bps*
EPS	0.47	0.41	14.6%
Free Cash Flow	$28.8	$28.6	

See appendix for reconciliation of GAAP to Non-GAAP measures

- Utility water sales increased 12%, acquisitions contributed $10M with flat core growth as record orders exceeded sales due to electronics and logistics challenges.
- Flow instrumentation sales declined 3%; sequentially improving demand trends across majority of end markets.
- Gross margin expansion on pricing, acquisition mix, and favorable sales mix which more than offset cost inflation and amortization of inventory step-up.
- SEA includes base acquisition spending levels and related intangible amortization.
- Continued strong free cash flow generation.

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ANTICIPATE UNEVEN QUARTERLY SALES GROWTH TRENDS



Robust Order Trends and Record Backlog; Uneven Sales Patterns Given Comparisons and Supply Chain Circumstances

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OUTLOOK / MACRO-TRENDS

- Macro trends continue to drive acceleration in interest/adoption of digital smart water solutions – COVID-19, water security and climate events spotlight additional demand trends
- Potential for stimulus adds to existing underlying drivers
- Actively manage what we can control, including pricing/inflation and electronics supply chains and logistics.
- Strong cash flow to invest both organically and through acquisitions
- Advancing ESG journey - first GHG intensity reduction target set – 15% reduction by 2030

Benefits of Cellular AMI evident during extreme Texas/MS/LA weather

I just wanted to take a minute and tell you guys THANK YOU for introducing us to badger Meters with Beacon endpoints. They were a life saver. I truly believe if we did not have them we would not have been able to keep our customers in water and for sure would have been under a boil order!! With the ability to see the leaks we sent guys out to shut meters off as soon as they reported saving gallons upon gallons of water from just dumping out on the ground or flooding some homes. It has been a long road getting to where we are now but we still have a ways to go implementing our district metering for leak detection. Our consecutive systems are also very appreciative they have them as well!! Once again thank you very much!!!!

Thanks, Ron

Ron Littell | **Distribution Operations Manager**
299 Lakeshore Drive Greers Ferry, AR 72067
P: (501)825-7294 | F: (501)825-7683

COMMUNITY WATER SYSTEM

Source: Linked-In



Executing Strategic Growth Priorities and Actively Managing Market Dynamics

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Q & A

Note: For your planning purposes, our Q2 2021 earnings release/call is tentatively scheduled for July 20, 2021



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GAAP TO NON-GAAP RECONCILIATIONS

EBITDA

(US$ in millions)

	Q1 2021	Q1 2020
Net Earnings (GAAP)	$13.8	$11.9
Interest expense	0.0	0.0
Income tax provision	3.9	4.1
Depreciation	2.9	3.0
Amortization	4.1	3.2
EBITDA	$24.7	$22.2

Free Cash Flow

(US$ in millions)

	Q1 2021	Q1 2020
Cash from Ops (GAAP)	$30.6	$30.5
Capital Expenditures	(1.8)	(1.9)
Free Cash Flow	$28.8	$28.6

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