BADGER METER
SECOND QUARTER 2021 EARNINGS

July 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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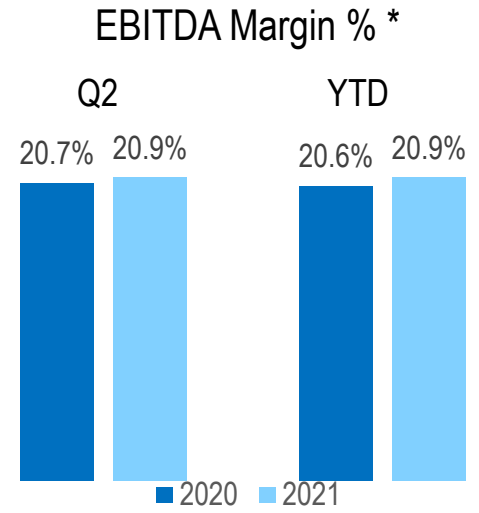
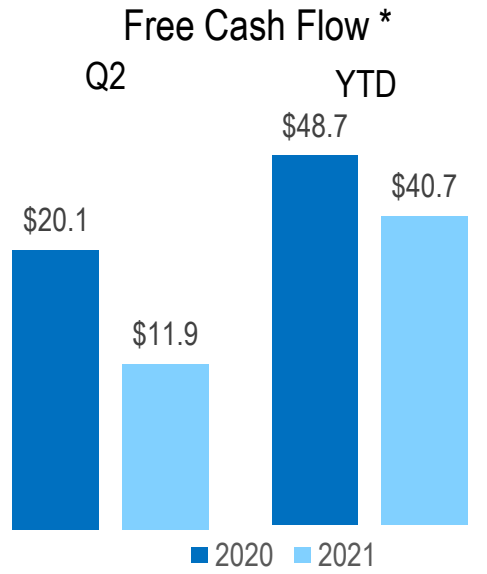
HIGHLIGHTS

- Sustained robust order pace as customers embrace digital water solution offerings. Exiting quarter with record backlog.
- Record second quarter sales of $122.9 million, up 35% year-over-year
  - Conversion of orders to sales constrained by electronics and other component availability
  - Water quality acquisitions deliver strong results
  - Easier comparison against prior year COVID-19 lockdowns, manufacturing inefficiencies
- Improved gross profit, operating profit and EBITDA margins year-over-year, effectively managing price/cost
- Strong free cash flow conversion of earnings





* See appendix for reconciliation of GAAP to Non-GAAP measures

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SECOND QUARTER FINANCIAL SNAPSHOT

(US$ in millions, except per share data)	Q2 2021	Q2 2020	Change
Sales	$122.9	$91.1	34.9%
Gross Margin	50.1	35.9	39.7%
	40.8%	*39.3%*	*150 bps*
SEA	31.4	23.2	35.6%
	25.6%	*25.4%*	*20 bps*
Op Income	18.7	12.7	47.4%
	15.2%	*13.9%*	*130 bps*
Income Tax Rate	*25.0%*	*24.3%*	
EBITDA	25.7	18.9	36.1%
	20.9%	*20.7%*	*20 bps*
EPS	0.48	0.33	45.5%
Free Cash Flow	$11.9	$20.1	

See appendix for reconciliation of GAAP to Non-GAAP measures

- Utility water sales increased 38%, acquisitions contributed $12M with 22% core growth. Strong order activity, SaaS growth and easier COVID-19-impacted comparisons. Sales limited by supply chain disruptions.
- Flow instrumentation sales increased 22%; improving demand trends and easier comparisons across array of end markets.
- Gross margin expansion on volume, pricing, and favorable sales and acquisition mix which offset brass and other component cost inflation.
- SEA includes base acquisition spending levels and related intangible amortization; prior year includes benefit of furlough and other COVID-19 related cost reduction actions.
- Income tax payments and working capital build on higher sales led to decline in second quarter free cash flow year-over-year.

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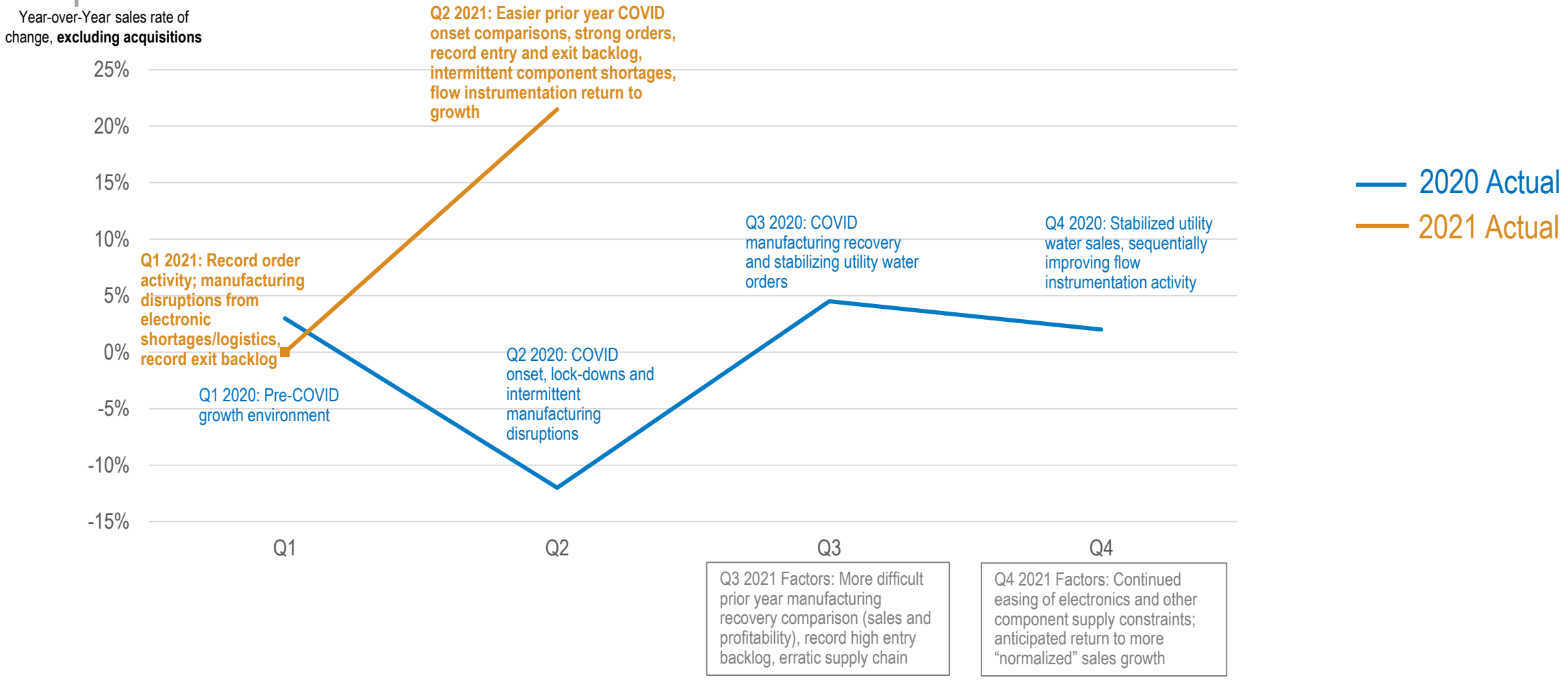
QUARTERLY SALES GROWTH TRENDS TO REMAIN UNEVEN



Orders and Backlog Supportive of Strong Long-Term Sales Performance

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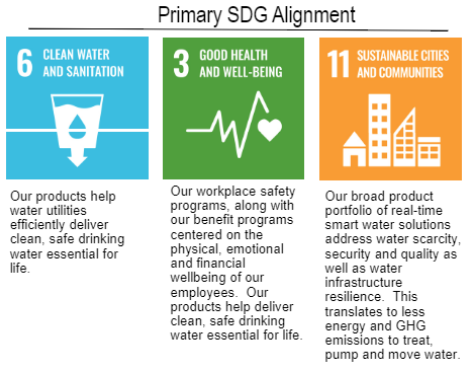
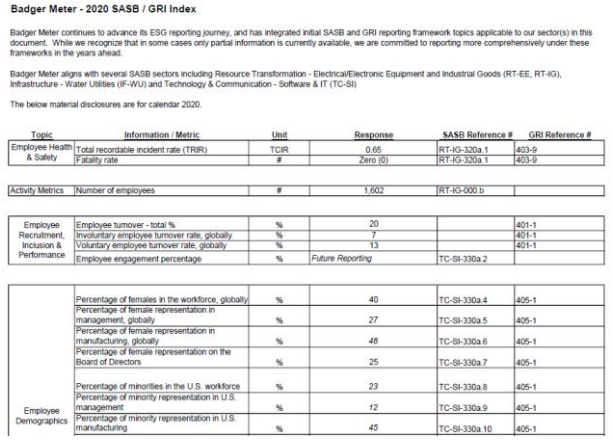
IN SUMMARY

- “Choice matters” provides differentiation and protection in supply-constrained environment – full line of meter offerings and leader in flexible, infrastructure-free cellular AMI.
- Operational agility – actively managing price/cost dynamics and varied electronics and other component supply chain challenges.
- Strong cash flow and balance sheet flexibility to execute capital allocation priorities including both organic and acquisition growth
- Advancing ESG journey
  - Alignment to United Nations Sustainable Development Goals
  - 2020 SASB / GRI report - annual disclosure of key metrics outside of biennial sustainability report





Badger Meter - 2020 SASB / GRI Index

Badger Meter continues to advance its ESG reporting journey, and has integrated initial SASB and GRI reporting framework topics applicable to our sector(s) in this document. While we recognize that in some cases only partial information is currently available, we are committed to reporting more comprehensively under these frameworks in the years ahead.

Badger Meter aligns with several SASB sectors including Resource Transformation - Electrical/Electronic Equipment and Industrial Goods (RT-EE, RT-IG), Infrastructure - Water Utilities (IF-WU) and Technology & Communication - Software & IT (TC-SI)

The below material disclosures are for calendar 2020.

Topic	Information / Metric	Unit	Response	SASB Reference #	GRI Reference #
Employee Health & Safety	Total recordable incident rate (TRIR)	TCIR	0.65	RT-IG-320a.1	403-9
	Fatality rate	#	Zero (0)	RT-IG-320a.1	403-9
Activity Metrics	Number of employees	#	1,602	RT-IG-000.b	
Employee Recruitment, Inclusion & Performance	Employee turnover - total %	%	20		401-1
	Involuntary employee turnover rate, globally	%	7		401-1
	Voluntary employee turnover rate, globally	%	13		401-1
	Employee engagement percentage	%	*Future Reporting*	TC-SI-330a.2	
Employee Demographics	Percentage of females in the workforce, globally	%	40	TC-SI-330a.4	405-1
	Percentage of female representation in management, globally	%	27	TC-SI-330a.5	405-1
	Percentage of female representation in manufacturing, globally	%	48	TC-SI-330a.6	405-1
	Percentage of female representation on the Board of Directors	%	25	TC-SI-330a.7	405-1
	Percentage of minorities in the U.S. workforce	%	23	TC-SI-330a.8	405-1
	Percentage of minority representation in U.S. management	%	12	TC-SI-330a.9	405-1
	Percentage of minority representation in U.S. manufacturing	%	45	TC-SI-330a.10	405-1

Executing Strategic Growth Priorities and Actively Managing Market Dynamics

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Q & A

Note: For your planning purposes, our Q3 2021 earnings release/call is tentatively scheduled for Friday October 15, 2021



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GAAP TO NON-GAAP RECONCILIATIONS

EBITDA

(US$ in millions)

	Q2 2021	Q2 2020	YTD 2021	YTD 2020
Net Earnings (GAAP)	$14.0	$9.5	$27.8	$21.4
Interest expense	0.0	0.1	0.0	0.1
Income tax provision	4.7	3.1	8.6	7.1
Depreciation	3.0	3.0	5.8	6.0
Amortization	4.0	3.2	8.1	6.5
EBITDA	$25.7	$18.9	$50.3	$41.1

Free Cash Flow

(US$ in millions)

	Q2 2021	Q2 2020
Cash from Ops (GAAP)	$14.5	$21.7
Capital Expenditures	(2.6)	(1.6)
Free Cash Flow	$11.9	$20.1

	YTD 2021	YTD 2020
Cash from Ops (GAAP)	$45.1	$52.3
Capital Expenditures	(4.4)	(3.6)
Free Cash Flow	$40.7	$48.7

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