BADGER METER
THIRD QUARTER 2022 EARNINGS

October 19, 2022

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FORWARD LOOKING STATEMENTS

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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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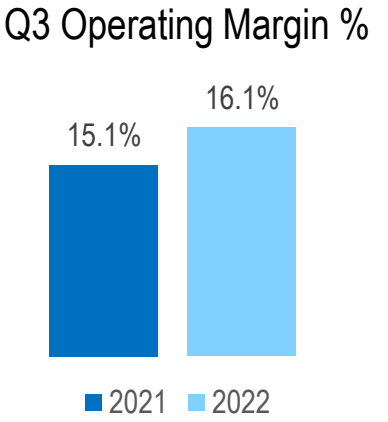
THIRD QUARTER 2022 HIGHLIGHTS

- Strong order pace/momentum continued
- Record sales in third quarter of $148.0 million, up 15% year-over-year (nearly 17% excluding currency)
- Operating profit growth of 23%; operating profit margins expanded 100 bps year-over-year
- Continued strong execution on supply chain, inflation and other macro challenges differentiating performance
- Strong free cash flow at $21.9 million
- 30th consecutive year of annual dividend increases





* Core sales growth, excluding y-o-y impact of water quality acquisitions

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THIRD QUARTER FINANCIAL SNAPSHOT

(US$ in millions, except per share data)	Q3 2022	Q3 2021	Change
Sales	$148.0	$128.7	15.0%
Gross Margin	57.5	51.2	12.4%
	38.9%	*39.8%*	*(90) bps*
SEA	33.7	31.7	6.0%
	22.7%	*24.7%*	*(200) bps*
Operating Earnings	23.9	19.4	22.8%
	16.1%	*15.1%*	*100 bps*
Income Tax Rate	*25.1%*	*18.3%*	
EBITDA	30.5	26.4	15.7%
	20.6%	*20.5%*	*10 bps*
EPS	0.61	0.54	13.0%
Free Cash Flow	$21.9	$13.9	

See appendix for reconciliation of GAAP to Non-GAAP measures

- Utility water sales increased 17%, growth most notable in ultrasonic meters, ORION® cellular endpoints and BEACON® SaaS
- Flow instrumentation sales up 5% with FX headwind and manufacturing output limited by supply chain constraints
- Operating profit margins up 100 bps year-over-year
  - Gross margin as a percent of sales in middle of normalized range despite acute inflation challenges
  - SEA spend increase on growth investments, yet strong leverage on higher sales
- Strong free cash flow generation due to higher earnings and working capital timing between years

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CELLULAR TECHNOLOGY LEADERSHIP – "CHANGING THE WAY UTILITIES LIVE"

April 2019 Earnings Call Slides

Columbia, South Carolina

- 150,000 connections
- ORION® LTE-M end points – 20+ year service contract
- Recordall® mechanical meters
- BEACON® AMA software
- Three-year installation



- Celebrated successful completion of single largest ORION ® Cellular AMI deployment *to date* in September 2022
- 152,000 services with 99.8% read rate
  - Meters - residential mechanical/commercial ultrasonic
  - 20-year SaaS with BEACON® and EyeOnWater ®
- Columbia, SC utility leadership *"It has changed the way we live as a utility"*
  - 96% reduction in monthly truck rolls
  - Improved customer service
  - Reduced inactive accounts consuming water by 21%
  - Faster leak detection
- Unrivaled leader in infrastructure-free communications – sustainable, resilient and scalable Network-as-a-Service (NaaS)
- Since introduction in 2014 (AquaCue acquisition), Badger Meter has deployed millions of cellular endpoints
- Nearly a decade of experience in, and advancement of, cellular AMI technology; strong partnerships across leading cellular providers



https://www.facebook.com/ColumbiaSCWater/videos/473144511539492/

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OUTLOOK / MACRO-TRENDS

Well Positioned to Capitalize on Secular Tailwinds Driving Smart Water Solution Adoption; Growing Addressable Market

- Innovation leader
- “Choice matters” portfolio
- Demonstrated benefits of efficiency, resiliency and sustainability

Demonstrated Execution and Operational Rigor

- Successfully navigating robust demand
- Differentiated performance on dynamic macro-challenges related to inflation, component availability, etc.

Business Model Resiliency

- 85% replacement driven
- Record backlog, AMI adoption trends
- Growing SaaS revenue base

Ample Capacity to Invest for Growth

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

Industry Fundamentals and Orders/Backlog Supportive of Durable Multi-Year Profitable Growth

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Q & A

Note: For your planning purposes, our Q4/Full Year 2022 earnings release/call is tentatively scheduled for January 27, 2023



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GAAP TO NON-GAAP RECONCILIATIONS

EBITDA

(US$ in millions)

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Net Earnings (GAAP)	$17.9	$15.9	$49.0	$43.6
Interest (income) expense	(0.1)	0.0	(0.1)	0.0
Income tax provision	6.0	3.5	15.9	12.2
Depreciation	2.8	2.7	8.4	8.6
Amortization	3.9	4.3	11.7	12.5
EBITDA	$30.5	$26.4	$84.9	$76.9

Free Cash Flow

(US$ in millions)

	Q3 2022	Q3 2021
Cash from Ops (GAAP)	$23.8	$15.4
Capital Expenditures	(1.9)	(1.5)
Free Cash Flow	$21.9	$13.9

	YTD 2022	YTD 2021
Cash from Ops (GAAP)	$52.7	$60.4
Capital Expenditures	(4.7)	(5.8)
Free Cash Flow	$48.0	$54.6

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