BADGER METER
FOURTH QUARTER / FULL YEAR 2022 EARNINGS

January 27, 2023

© 2023 Badger Meter, Inc.

FORWARD LOOKING STATEMENTS

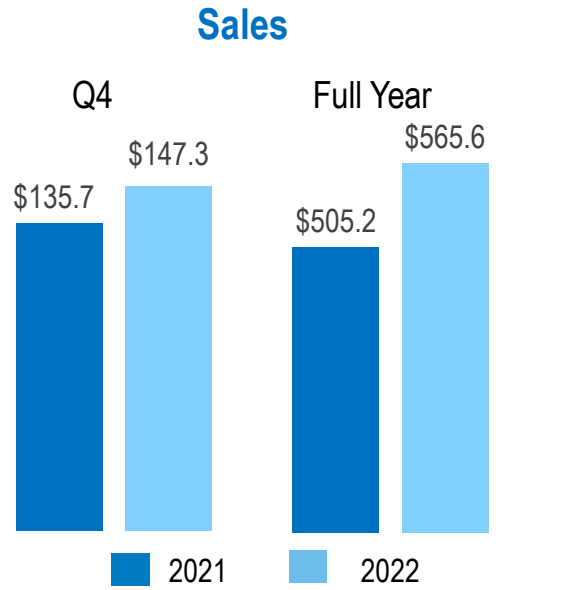
Certain statements contained in this presentation as well as other information provided from time to time by Badger Meter, Inc. (the "company") or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those 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. 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.

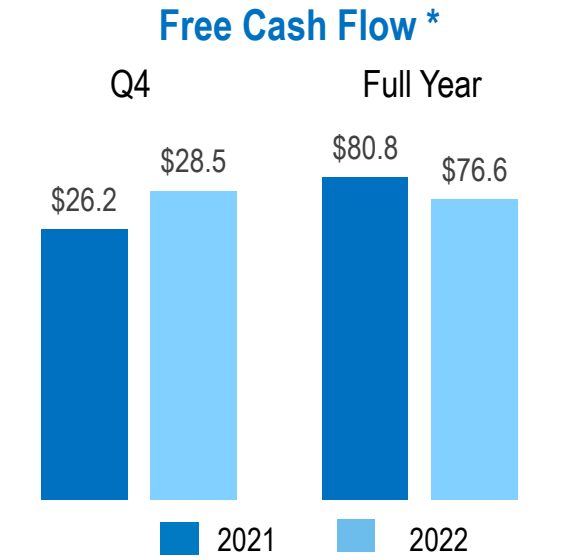
In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation for a reconciliation to the appropriate GAAP measure.

© 2023 Badger Meter, Inc.

HIGHLIGHTS

- Strong fourth quarter results capped off outstanding year; full year sales growth of 12% to $566 million
- Record utility water order pace in fourth quarter; record backlog exiting the year bodes well for 2023
- Disciplined operating execution enabled us to differentiate our performance, enhance our competitive position, and deliver for our customers
- Fourth quarter sales of $147.3 million, up 9% year-over-year against a more difficult comparison with both utility water and flow instrumentation contributing
- Strong cash flow finish to the year; full year free cash flow conversion of earnings at 115%*





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

© 2023 Badger Meter, Inc.

FOURTH QUARTER FINANCIAL SNAPSHOT

(US$ in millions, except per share data)	Q4 2022	Q4 2021	Change
Sales	$147.3	$135.7	8.5%
Gross Margin	57.0	54.8	3.9%
	38.7%	*40.4%*	*(170) bps*
SEA	34.5	32.0	7.9%
	23.4%	*23.6%*	*(20) bps*
Operating Earnings	22.5	22.9	-1.6%
	15.3%	*16.8%*	*(150) bps*
Income Tax Rate	*23.4%*	*24.5%*	
EBITDA	28.5	29.7	-4.0%
	19.4%	*21.9%*	*(250) bps*
EPS	0.60	0.59	1.7%
Free Cash Flow	$28.5	$26.2	

See appendix for reconciliation of GAAP to Non-GAAP measures

- Utility water sales increased 9%, growth most notable in ultrasonic meters, cellular endpoints and BEACON SaaS
- Flow instrumentation sales up 8% despite FX headwind and manufacturing output limited by supply constraints
- Gross margin in middle of normalized range and unchanged sequentially despite continued inflation and supply chain challenges
- SEA spend increase on incentive compensation and growth investments; modest leverage on higher sales
- Higher free cash flow generation due to successful working capital management efforts

© 2023 Badger Meter, Inc.

EXTENDING CAPABILITIES WITH ADDITION OF SYRINIX PRESSURE MONITORING

- Growth opportunity supported by:
  - Secular demand drivers (aging assets; climate change; regulation)
  - Time-critical incidents (burst pipes)
  - Over-pressurized systems (pumping power/maintenance)
- Extends capabilities of our smart water offerings – time synchronized, high frequency pressure monitoring
- Distribution network monitoring allows customers to be more proactive vs. reactive in leak management
- Additive technology to existing pressure monitoring within E-Series ultrasonic meters
- RADAR software capabilities will be integrated into BEACON
- Works in tandem with water quality sensors – e.g. pipe fractures can result in intrusion of contaminants



Syrinix Snapshot

- Technology start-up founded 2010, HQ in UK
- Software-enabled hardware – data loggers, sensors, RADAR software
- Time synchronized, high frequency pressure monitoring with alarms, location identification
- Growing customer base, including US utility customers
- Long-standing relationship with ATi
- £15M / $18M purchase price
- Modest sales / pre-profit

Enhancing Comprehensive Digital Solutions to Solve Customer Challenges

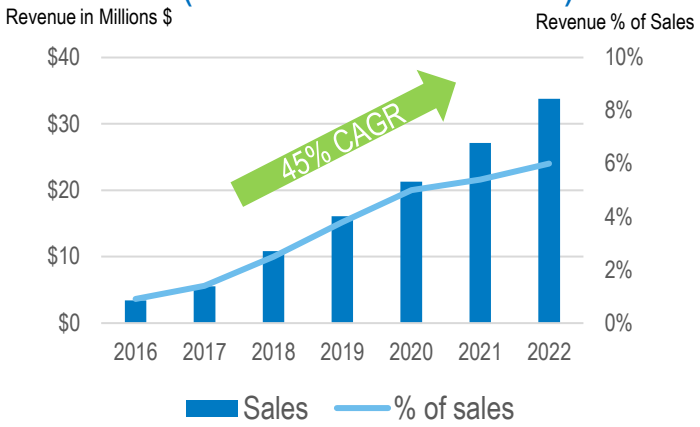
© 2023 Badger Meter, Inc.

SHORT AND LONGER TERM RESULTS DEMONSTRATE DIFFERENTIATED EXECUTION OF GROWTH STRATEGY

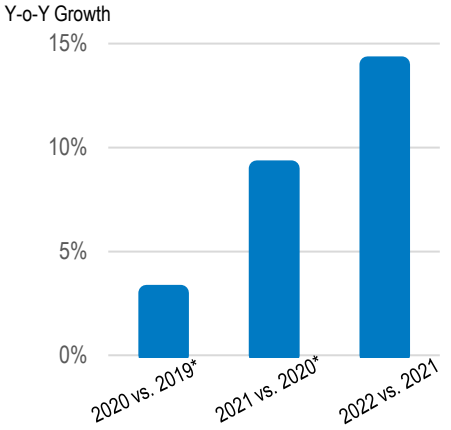
Full Year 2022

- 12% Sales Growth
- SaaS revenue 6% of sales
- 11% Operating Profit Growth
- 115% Free Cash Flow Conversion
- 9% EPS Growth

SaaS Growth (linked to Cellular AMI)

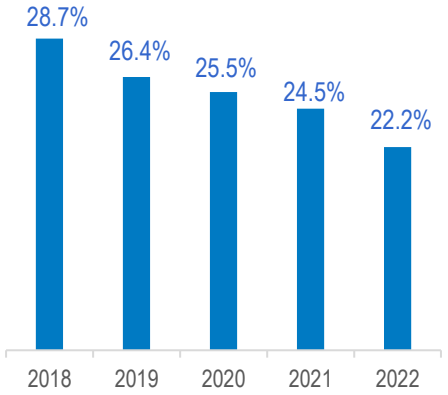


Utility Water Sales Growth

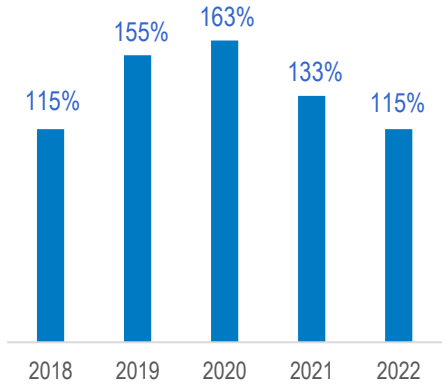


* Core sales growth, excluding y-o-y impact of water quality acquisitions

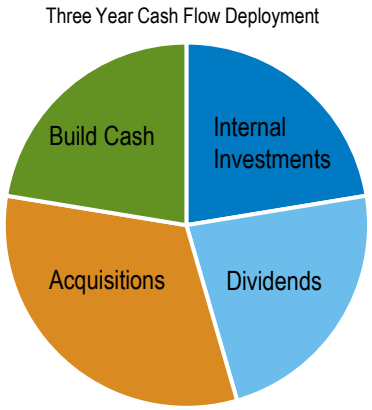
PWC % of Sales



Free Cash Flow Conversion



Balanced Capital Allocation



© 2023 Badger Meter, Inc.

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

- Differentiated performance on evolving macro-challenges related to inflation, component availability, etc.
- Successful focus on customer satisfaction in navigating robust demand environment

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

© 2022 Badger Meter, Inc.

Q & A

Note: For your planning purposes, our First Quarter 2023 earnings release/call is tentatively scheduled for April 20, 2023



© 2023 Badger Meter, Inc.

GAAP TO NON-GAAP RECONCILIATIONS

EBITDA

(US$ in millions)

	Q4 2022	Q4 2021	2022	2021
Net Earnings (GAAP)	$17.5	$17.3	$66.5	$60.9
Interest (income) expense	(0.5)	0.0	(0.6)	0.0
Income tax provision	5.4	5.6	21.2	17.7
Depreciation	2.7	2.6	11.1	11.3
Amortization	3.4	4.2	15.2	16.6
EBITDA	$28.5	$29.7	$113.4	$106.5

Free Cash Flow / Conversion

(US$ in millions)

	Q4 2022	Q4 2021
Cash from Ops (GAAP)	$29.7	$27.1
Capital Expenditures	(1.2)	(0.9)
Free Cash Flow	$28.5	$26.2

	2022	2021
Cash from Ops (GAAP)	$82.5	$87.5
Capital Expenditures	(5.9)	(6.7)
Free Cash Flow	$76.6	$80.8
Earnings (GAAP)	$66.5	$60.9
Free Cash Flow Conversion	115%	133%

© 2023 Badger Meter, Inc.