Badger Meter

First Quarter 2024 Financial Results

April 18, 2024



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Forward Looking Statements

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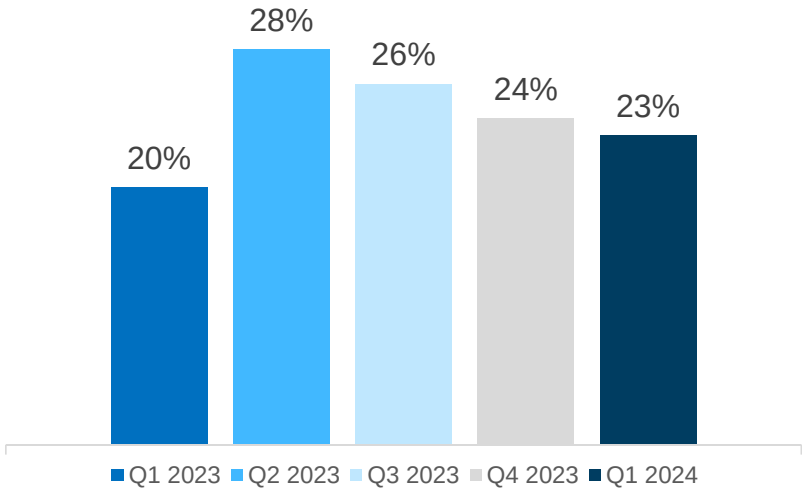
In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation for a reconciliation to the appropriate GAAP measure.

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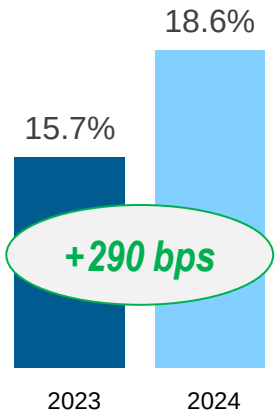
Strong First Quarter Results to Start Off the Year

- Sales of $196.3M in Q1 2024, 23% higher versus the prior year; and up nearly 8% sequentially. Q1 represents the easiest year-over-year comparison of the year.
- Strong execution with record operating margins in Q1 2024 at 18.6%; 290 bps operating margin improvement reflective of higher volumes, favorable mix and SEA leverage
- Exceptional EPS growth of 50% year-over-year to $0.99 in Q1 2024
- Free cash flow increased year-over-year and reflects typical seasonally low first quarter
- Robust order pace across array of smart water solutions; expanded water management offerings with Telog/Unity acquisition of remote monitoring assets at start of year

Consolidated Y-O-Y Sales Growth Trend



First Quarter Operating Profit Margin



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First Quarter Financial Snapshot Demonstrates Continued Strong Operating Performance

(US$ in millions, except per share data)	Q1 2024	Q1 2023	Change
Sales	$196.3	$159.1	23.4%
Gross Margin	77.2	62.8	22.9%
	39.3%	*39.5%*	*(20) bps*
SEA	40.6	37.8	7.5%
	20.7%	*23.7%*	*(300) bps*
Op Income	36.6	25.0	46.2%
	18.6%	*15.7%*	*290 bps*
Income Tax Rate	*23.5%*	*24.3%*	
EBITDA	44.6	32.0	39.4%
	22.7%	*20.1%*	*260 bps*
EPS	0.99	0.66	50.0%
Free Cash Flow	$18.8	$13.7	37.2%

See appendix for reconciliation of GAAP to Non-GAAP measures

- Utility water sales increased 29% with strong AMI demand inclusive of cellular endpoints, BEACON SaaS and ultrasonic meters; water quality, pressure and network monitoring also contributed
- Flow instrumentation sales declined 3% against a difficult comparison that benefitted from supply chain easing; sales increased 13% sequentially from Q4 2023
- Gross margin in normalized range on strong volumes and favorable sales mix, offset by inflationary cost pressures
- Continued favorable SEA spend leverage despite ongoing investments for growth
- Robust 50% year-over-year increase in EPS
- Cash flow reflects typical Q1 seasonality

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Providing Insight into Recent Investor Topics of Interest

(Please refer to transcript of the Q1 earnings call for further details on each item)

Common Investor Topics	Badger Meter View
An ultrasonic meter is a smart meter	Meter measurement technology is not what makes a meter "smart" – it is the addition of a communication device. An ultrasonic meter can be read manually, and a mechanical meter can connect with Cellular AMI/BEACON software
Long term growth algorithm	While macro fundamentals and our portfolio of solutions remains supportive, the cycle of bids, awards and installations, all are inherently uneven. Advanced from MSD to now endorsing HSD growth in utility water over the cycle, with variation year-to-year. Law of larger numbers also affects *rate* of growth.
Status of federal infrastructure investments	Some "chatter" but little AMI activity financed with federal infrastructure spend to-date. Badger Meter has several Build America "BABA" compliant offerings. Recently chose to file a response to an EPA "request for information" for manufacturers regarding BABA. The letter supplemented a WWEMA (industry trade group) similar comment letter. This was not a "waiver" request. Goal was to inform EPA of: • Lack of electronics availability in US supply chain (applicable to all industry participants) • Customer (and EPA) benefit from industry-level versus project-by-project waivers for electronics
Drivers of gross margins / "normalized" range	We operate with a continuous improvement mindset. While there are underlying structural sales mix benefits over the long term, there are also realities of competition, inflation, technology/electronics complexity that limit "stairway to heaven" on gross margins
How do you win in the market	Respect all competitors; believe our durable growth driven by (among other items): • "Choice matters" broad portfolio of solutions • Innovative and differentiated Cellular AMI - span and scope of reference accounts • Breadth of solutions beyond metering/AMI – water quality, pressure, network monitoring, software, etc.

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Outlook Continues to Support Long-Term Shareholder Value Creation with Favorable Demand and Industry Dynamics

- Innovation leader with expanding technology-enabled software offerings
- Strong order rates, elevated backlog
- Growing SaaS revenue base

Consistently Resilient Results



- Durable macro trends support long-term smart water solution adoption
- 85% replacement-driven base demand
- Demonstrated benefits of efficiency, resiliency and sustainability

Constructive Industry Backdrop



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

Investing for Growth



- Differentiated performance on evolving macro-challenges related to inflation, component availability, etc.
- Positive structural mix and SEA leverage drive margins

Differentiated Execution



- Strong engagement
- Values-driven
- Customer-focused execution
- Continuous improvement focus across enterprise

Exceptional Team



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Questions

For your planning purposes, Badger Meter Q2 2024 earnings are tentatively scheduled for July 19, 2024

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GAAP To Non-GAAP Reconciliations

EBITDA

(US$ in millions)

	Q1 2024	Q1 2023
Net Earnings (GAAP)	$29.1	$19.4
Interest income	(1.5)	(0.6)
Income tax provision	9.0	6.2
Depreciation	2.9	2.7
Amortization	5.1	4.3
EBITDA	$44.6	$32.0

Free Cash Flow

(US$ in millions)

	Q1 2024	Q1 2023
Cash from Ops (GAAP)	$21.5	$18.0
Capital Expenditures	(2.7)	(4.3)
Free Cash Flow	$18.8	$13.7

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