BADGER METER
FOURTH QUARTER 2020 EARNINGS

January 29, 2021

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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.

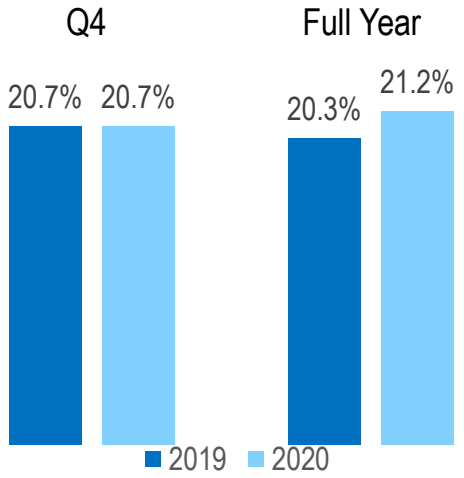


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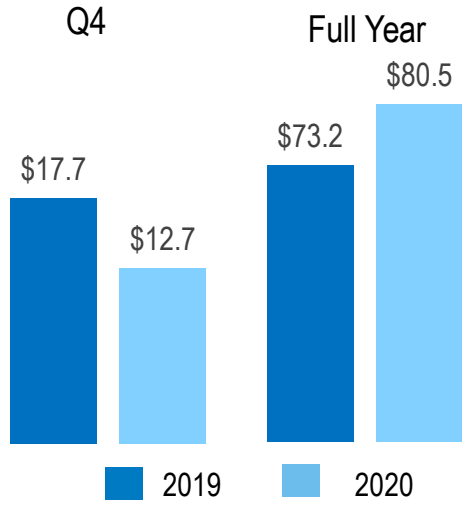
HIGHLIGHTS

- Completed s::can acquisition in November 2020 and Analytical Technology, Inc. (ATi) in early January 2021 adding online water quality monitoring
- Fourth quarter sales of $112.3 million, up 4% year-over-year
  - Utility water sales increased 8%, with 3% contribution from s::can; mid-single digit organic growth from continued AMI adoption, Software as a Service (SaaS) revenue and demand for higher technology products and solutions
  - Flow instrumentation sales declined 10% as anticipated on sluggish industrial end markets
- Sustained EBITDA margins >20% all year; full year increase of 90 bps year-over-year to 21.2%
- Record full year 2020 free cash flow with robust net earnings conversion of 163%

EBITDA Margin % *



Free Cash Flow *



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

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FOURTH QUARTER FINANCIAL SNAPSHOT

(US$ in millions, except per share data)	Q4 2020	Q4 2019	Change
Sales	$112.3	$107.6	4.4%
Gross Margin	44.1	41.1	7.1%
	39.2%	*38.2%*	*100 bps*
SEA	27.1	24.8	9.3%
	24.1%	*23.0%*	*110 bps*
Op Income	17.0	16.3	3.8%
	15.1%	*15.2%*	*(10) bps*
Income Tax Rate	*22.6%*	*24.3%*	
EBITDA	23.2	22.3	4.0%
	20.7%	*20.7%*	*- bps*
EPS	0.45	0.42	7.1%
Free Cash Flow	$12.7	$17.7	

See appendix for reconciliation of GAAP to Non-GAAP measures

- Utility water sales increased 8%, with 5% organic growth reflecting higher meter, radio and software sales. 3% contribution from two months of s::can.
- Flow instrumentation sales declined 10%; weakness continued across majority of end markets.
- Gross margin expansion on higher volumes, pricing and favorable sales mix which more than offset network sunset provision and cost inflation.
- SEA includes s::can operations and related intangible amortization.
- Continued strong free cash flow generation.

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WATER QUALITY MONITORING – S::CAN AND ATI

- Complementary offerings
  - Product technology – robust and full portfolio of both electrochemical and optical sensors
  - Geographies - ATi strong in the US and UK, while s::can has installed product in 50 countries, with concentration in W. Europe and SE Asia
  - Scale – customer relationships, inside sales, rep networks, distributors, for greater ability to cross sell
  - Coverage - combined solutions provide opportunities across all aspects of the water eco-system – including water utilities, wastewater treatment and industrial water applications
- Long-term growth synergies
  - Quantity plus quality data parameters – online, near real-time via ORION® Cellular radio
  - BEACON® and EyeOnWater® to store, integrate, analyze and visualize information providing holistic view of water network
  - Expanded international footprint/customer relationships for smart metering

Macro Trends Driving Applications



Potable water monitoring; optimize water treatment and ensure safety of water supply



Increased reporting mandates for wastewater discharge



Heightened COVID-19 impact to vulnerable populations – hospitals, senior living, education



Corporate ESG reporting requirements

Evolving to Smart Water Solutions Provider - On Demand / Real Time / Anywhere

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RECAP / OUTLOOK

- Strong performance in 2020 despite backdrop of pandemic's health and economic implications
- Build on leading market position with comprehensive and tailorable solutions across our differentiated flow measurement, temperature, pressure and water quality monitoring products, communication and data analytics offerings
- Continue to organically invest in software solutions that operationalize real-time data to enhance operational efficiency
- Balance sheet flexibility and strong cash flow to enable strategic, tuck-in acquisitions to expand offerings
- Further advance sustainability efforts in our products/solutions and within our operations, helping to conserve the world's most precious resource

Every drop counts.

Full Year 2020



4% Utility Water Sales Growth



90 BPS EBITDA Margin Expansion



163% Free Cash Flow Conversion



5% EPS Growth



TCIR 0.59
↓ 35%

Optimistic About Opportunities for Growth in 2021 and Beyond

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Every drop counts.

Q & A

Note: For your planning purposes, our Q1 2021 earnings release/call is tentatively scheduled for April 20, 2021



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GAAP TO NON-GAAP RECONCILIATIONS

EBITDA

(US$ in millions)

	Q4 2020	Q4 2019	2020	2019
Net Earnings (GAAP)	$13.1	$12.3	$49.3	$47.2
Interest expense	0.0	0.0	0.0	0.2
Income tax provision	3.8	3.9	15.6	14.4
Depreciation	3.1	2.9	12.3	11.6
Amortization	3.2	3.2	13.0	12.6
EBITDA	$23.2	$22.3	$90.2	$86.0

Free Cash Flow

(US$ in millions)

	Q4 2020	Q4 2019
Cash from Ops (GAAP)	$15.9	$19.6
Capital Expenditures	(3.2)	(1.9)
Free Cash Flow	$12.7	$17.7

	2020	2019
Cash from Ops (GAAP)	$89.6	$80.7
Capital Expenditures	(9.1)	(7.5)
Free Cash Flow	$80.5	$73.2
Net Earnings (GAAP)	$49.3	$47.2
FCF Conversion	163%	155%

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