



BADGER METER, INC.

GENERAL INVESTOR PRESENTATION

January 2023



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.



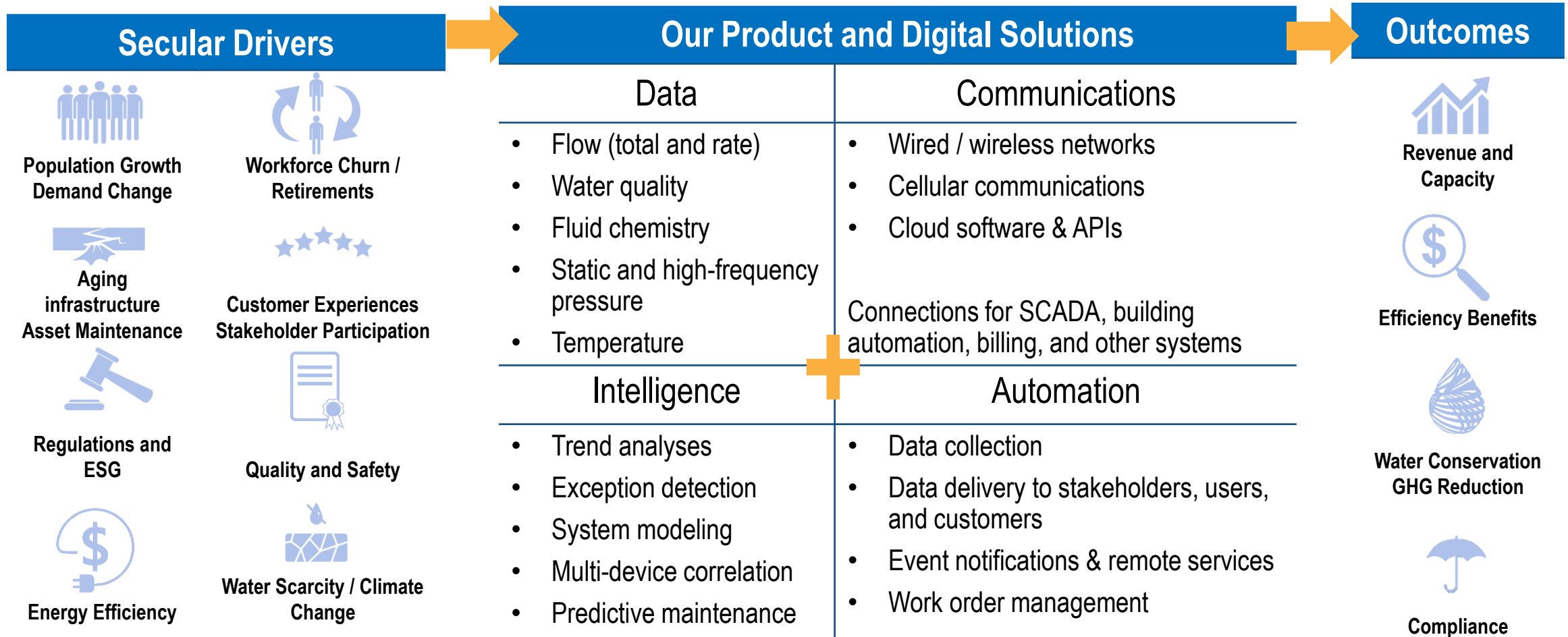
BADGER METER IS A PREMIER SMART WATER SOLUTIONS PROVIDER



- Comprehensive suite of digital smart water offerings including flow measurement, water quality, pressure and other parameters with software / analytics solutions
- Industry leader in North American smart water solutions, with a strong global position in flow measurement and water quality technologies
- Attractive, long-term growth fundamentals:
 - Technology/digital adoption accelerating - improve operating efficiency, resiliency and sustainability
 - Stable business model supported by replacement demand
 - Strategic tuck-in acquisitions and partnerships to expand breadth of offerings
- Culture of innovation, continuous improvement and sustainability
- Premium financial profile and exceptional operational track record



COMPREHENSIVE PORTFOLIO OF SMART WATER OFFERINGS TO SOLVE CUSTOMER CHALLENGES



Competitive Advantage with “Choice Matters” – Broadest Portfolio of Solutions Continues to Expand



FOURTH QUARTER FINANCIAL SNAPSHOT

(US\$ in millions, except per share data)

	<u>Q4 2022</u>	<u>Q4 2021</u>	<u>Change</u>
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



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



Syrinx 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



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

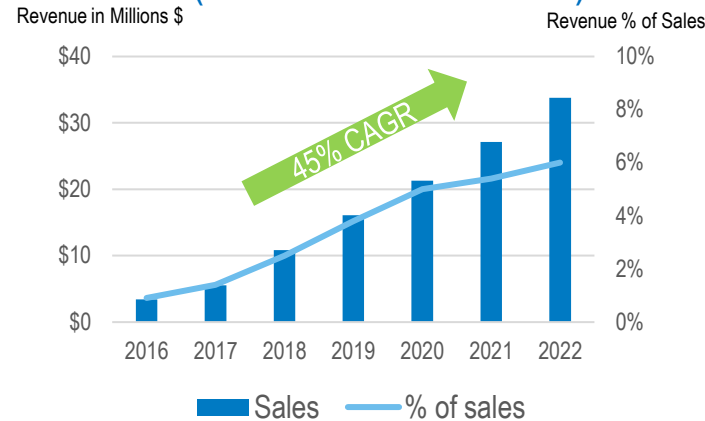


115% Free Cash Flow Conversion

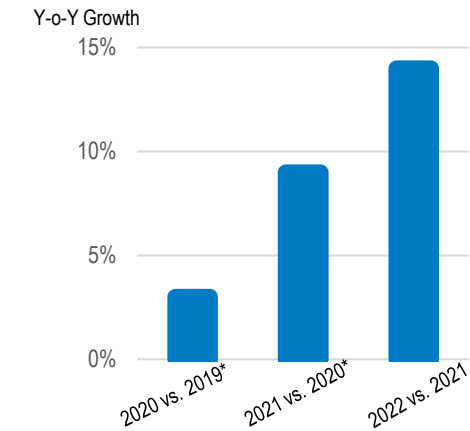


9% EPS Growth

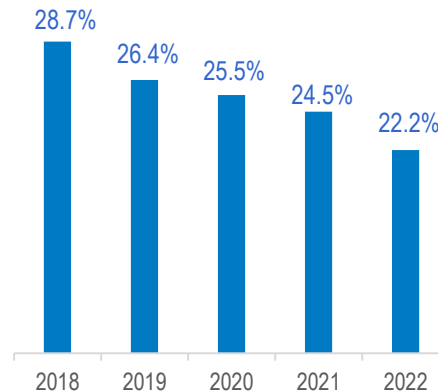
SaaS Growth (linked to Cellular AMI)



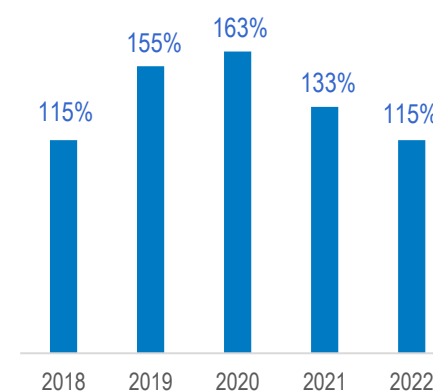
Utility Water Sales Growth



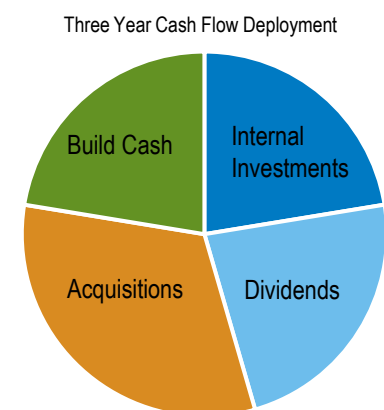
PWC % of Sales



Free Cash Flow Conversion



Balanced Capital Allocation





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, AML 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



CAPITAL ALLOCATION PRIORITIES

- 1 **Internal Investment** to support organic growth and sustain core business
- 2 Grow the **dividend** annually in line with earnings
- 3 Accelerate **acquisitions** that align to strategy and return targets

- Strong free cash flow, working capital management
- No outstanding debt obligations and \$138M of cash at December 31, 2022; \$150M untapped revolver
- Deployed £15M/\$18M on acquisition of Syrinix in early January 2023.
- August 2022 dividend increase of 12.5% marked 30 consecutive years of dividend increases.

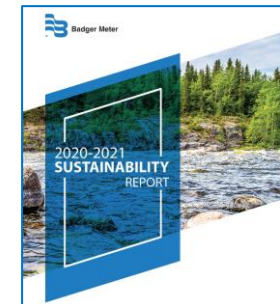


Ample Liquidity to Fund Growth Priorities



ENVIRONMENTAL, SOCIAL AND GOVERNANCE INTEGRAL TO BUSINESS STRATEGY

- Top ESG ratings – recognition of our ESG journey
- Smart water solutions enable water conservation, resiliency and improved water quality – aligned with United Nations SDGs
- Governance
 - Values/Culture
 - ESG risk and opportunity oversight by Board/Committees; informed by stakeholder outreach
 - SASB, GRI and TCFD reporting included in 2020-2021 biennial Sustainability Report
- Diversity & Inclusion
 - 33% of Board is diverse
 - 40% of executive officers diverse
- 2020 baseline GHG emissions; Goal=15% intensity reduction by 2030; exceeded annual targets in 2021 and 2022
- Continuous improvement processes for employee engagement, employee safety and regrettable turnover





SMART WATER INNOVATION LEADER

Driving Enhancements in Smarter Measurement & Actionable Data → Enhanced Operational Efficiencies

Ultrasonic Metering

- Smarter meters – flow, pressure, temperature, valves
- 2nd generation platform releases started in 2020
- Vertical integration of chip sets in order to control the evolution of smarter devices
- Improved accuracies

Innovation Centers:
Lulea, Sweden
Milwaukee, WI, USA



Water Quality

- Low maintenance, reagent-less sensors
- Advanced IoT edge computing detects events
- 60+ parameters for water and gas
- 20+ years of leadership in optical spectrometry, 30+ years in electrochemical

Innovation Centers:
Vienna, Austria
Philadelphia, PA, USA



Cellular & IoT

- 5th generation endpoint released in 2021
- 18-24 month iterative development cycles
- Pioneer in market; first generation debut was 2014
- Millions of cellular endpoints deployed

Innovation Center:
Milwaukee, WI, USA



Software & Analytics

- Cloud software for utility operations, sustainability
- Holistic view of water systems
- Real time detection of anomalies and events
- Decision dashboards
- Process automation

Innovation Center:
Los Gatos, CA, USA





BACKGROUND INFORMATION



MORE THAN A CENTURY OF SMART WATER INNOVATION



Two Milwaukee entrepreneurs developed first “frost-proof” water meter for use in the frigid northern US climate



- Listed on the American Stock Exchange.
- Launched trademarked “flowing B” symbol.
- Formed Badger Meter Europe GmbH in Germany

- Acquired Racine Federated, broadening industrial flow measurement applications
- 2013 Acquired AquaCue to advance smart water offerings - cellular radio and BEACON software expertise



- Acquired s::can and ATi, leaders in real-time water quality monitoring utilizing optical and electrochemical sensing

1905

1930's-
60s

1970s

1980s-
2000s

2010-
2014

2015-
2019

2020-
2021

2022 +



- Survived great depression
- Assisted war effort manufacturing bomb fuses
- Moved to current Brown Deer facility
- Split off foundry business

- Established Nogales, Mexico facility
- Launched first Drive-By AMR radio endpoints
- Extensive expansion into industrial flow technologies and markets
- Opened Czech Republic Facility
- Launched advanced metering infrastructure (AMI)



- Acquired D-Flow bringing advanced ultrasonics expertise
- Innovating cellular offerings with LTE-M technology
- BEACON and EyeOnWater consumer app



- Acquired Syrinix –dynamic pressure monitoring hardware-enabled software technology
- Expanding digital solutions to solve customer challenges



GLOBAL INNOVATION AND MANUFACTURING FOOTPRINT



♦ Innovation / R&D Centers

● Manufacturing Facilities

Also operate four US distribution centers and a variety of global sales offices

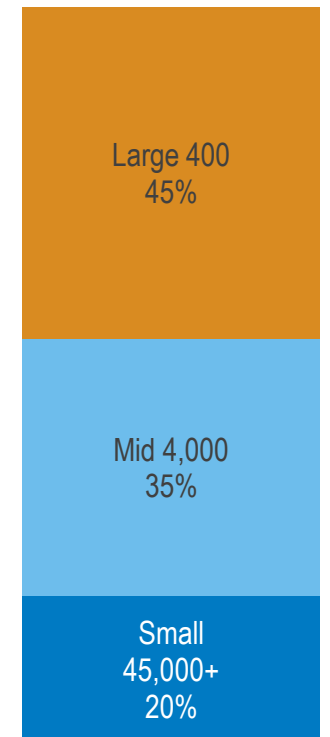


COMPETITIVE ADVANTAGES – WHY BADGER METER WINS

Broadest Range of Offerings – Choice Matters	<ul style="list-style-type: none"> • Brass and polymer • Mechanical and static (ultrasonic) • Drive by, fixed and cellular radio technology
Technology Leadership	<ul style="list-style-type: none"> • Well established E-Series Ultrasonic expertise • ORION Cellular – leverages existing infrastructure, flexible, coverage • BEACON/EyeOnWater – actionable data for utility and homeowner
Innovation	<ul style="list-style-type: none"> • Ultrasonic expertise • Remote actuating flow restriction valve • Real-time water quality sensing – optical and electrochemical • Network monitoring – pressure / acoustics
High Service Levels and Customer Support	<ul style="list-style-type: none"> • Strong brand preference – long term relationships / loyalty • Channel coverage - regional service center and local distribution to cover smaller utilities • Highly trained Solution Architect, customer care and field technology support
Low Lifecycle Costs	<ul style="list-style-type: none"> • Highly accurate and quality products / low warranty • Exceptional battery life • Leverage existing cellular technology network

>50K Water Utilities in US

Utility Size and their Share of Meter connections



Strong Market Position in North American Oligopoly; Significant Customer Diversity



CELLULAR COMMUNICATION VS. FIXED NETWORK

DATA COLLECTOR FIXED NETWORK

SINGLE PURPOSE NETWORK



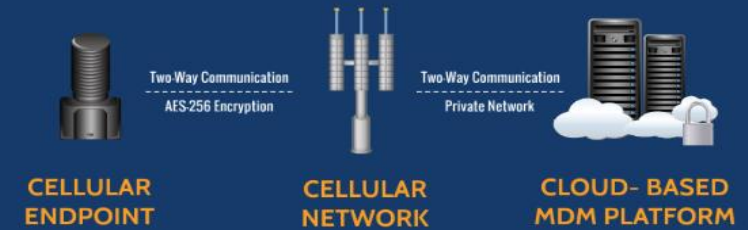
SYSTEM ENGINEERING / DEPLOYMENT



ONGOING SYSTEM MAINTENANCE / FEES

CELLULAR FIXED NETWORK

LONG-TERM EVOLUTION M2M (LTE-M) / SMART CITY / IoT NETWORK



SYSTEM ENGINEERING / DEPLOYMENT



ONGOING SYSTEM MAINTENANCE / FEES

- *Easy*
- *Flexible*
- *Resilient*
- *Savings*
- *Standard*

LTE-M Cellular Communication Technology – Example of Innovation Leadership



SMART WATER ACCELERATION

The Business Case

Why are utilities willing to pay more?

- Reduce non-revenue water (NRW)
 - Mechanical meters lose some accuracy over time
 - Leak detection
- Lower operating cost / improve efficiencies
 - Move out reads / billings
 - Flow shut-off/restriction technology – labor to turn off and on water services
- Encourage conservation
 - Manage what you measure
 - Leak avoidance / fix

The Solutions

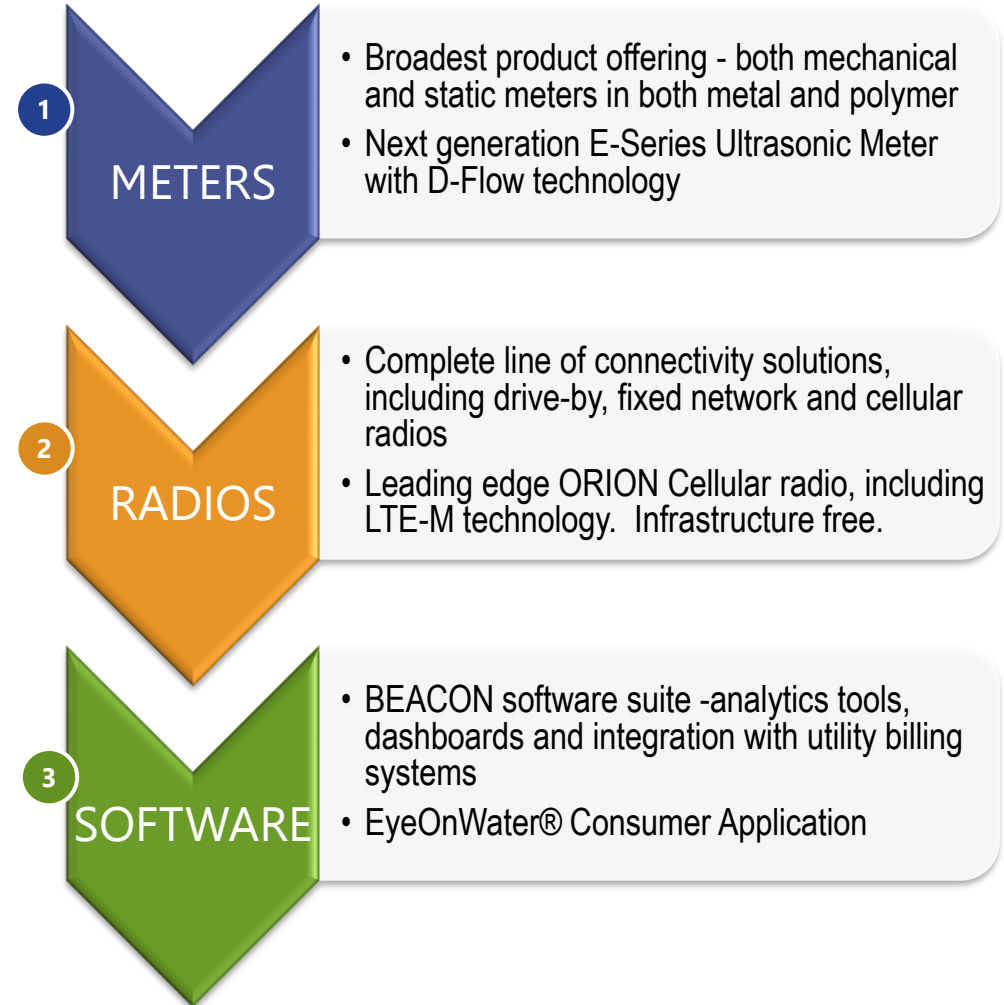
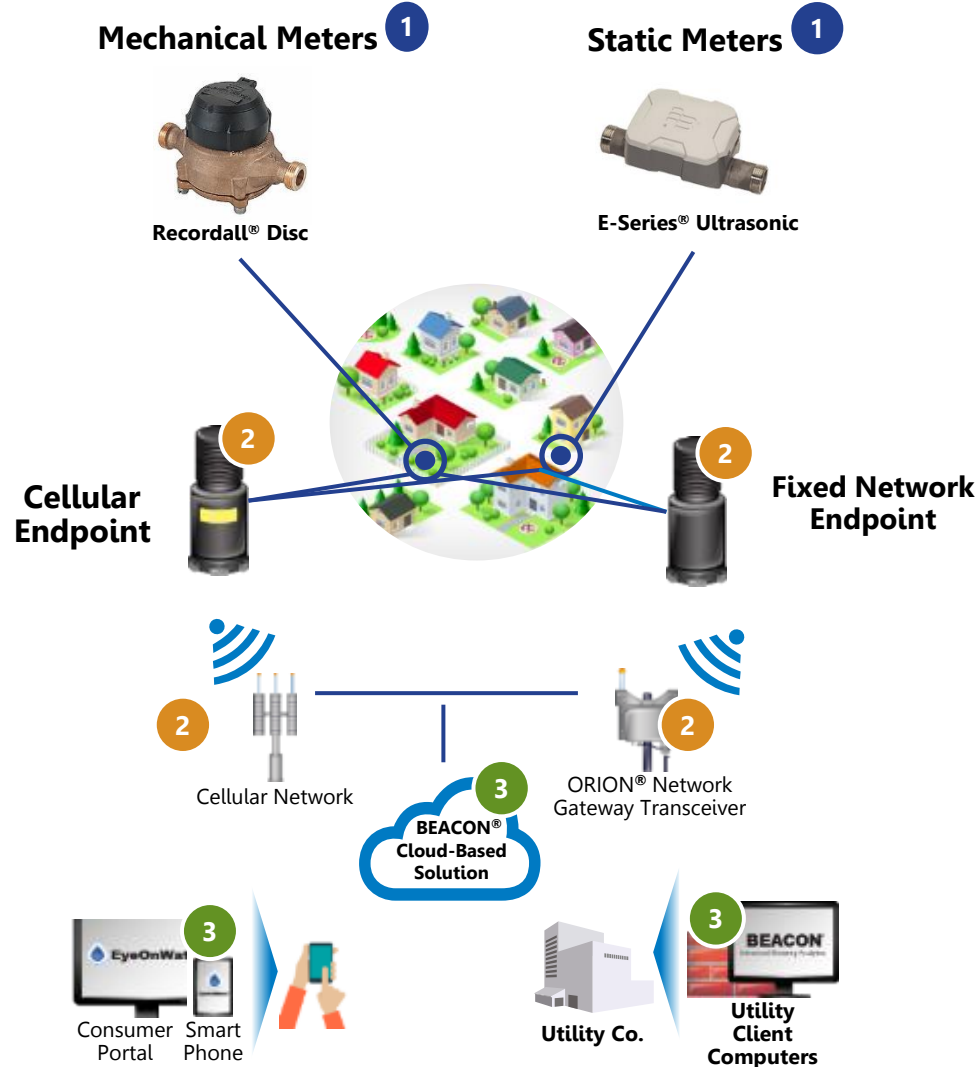
How our leading technologies deliver

- Meters
 - Static (E-series ultrasonic) holds accuracy over life; residential and commercial sizes
- Radio Endpoints
 - Efficient and safe - remote reads
 - Data and analytics – more data, more often
 - Cellular – infrastructure-free for utilities; enables efficiencies for remote flow restriction, move-outs, installation pacing
- Software
 - Leak identification / detection
 - EyeOnWater for consumer engagement

Overall Served Available Market Value Continues to Trend Higher



UTILITY WATER-INTEGRATED SOLUTION OFFERING





SMART WATER KEY GROWTH STRATEGIES

- Maintain leading position in the North American smart water market through continued development of leading-edge offerings
- Penetrate and grow select international markets (e.g. Middle East, UK) with fit-for-market solutions
- Leverage addition of real-time water quality monitoring, pressure monitoring and other system health parameters into actionable data to improve utility operations
- Augment software, including consumer engagement technology, for optimized customer solution





RADIO CONNECTIVITY - PENETRATION

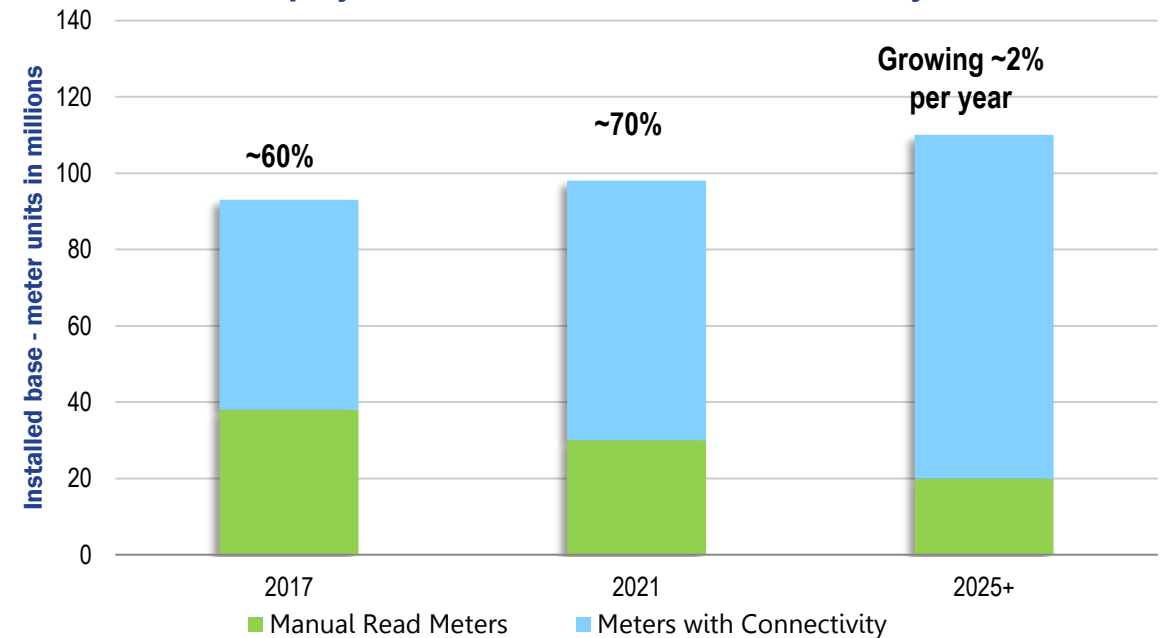
CONVERSION TO CONTINUE

- Badger Meter was the first US company to offer radios on water meters (1988)
- Radio connectivity allows for automated metering and integration of real-time data with analytics software
- Radio connectivity reduces utility costs, improves billing accuracy, aids in leak detection and encourages conservation
- Approximately 70% of the U.S. market has been converted (per IHS) – additional conversions represents increased sales opportunity for Badger Meter for both hardware and SaaS

MANUAL READ \$50-\$60 price per meter	METERS WITH RADIOS/SOFTWARE \$175-\$250 price per system
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North American water meter market
projected conversion to radio connectivity



Source: IHS Research



FLOW INSTRUMENTATION KEY GROWTH STRATEGIES

- Expand niche share by targeting water-related applications, predominately
 - Building Automation/HVAC/Sustainability
 - Water and Wastewater treatment and distribution
- Leverage addition of real-time water quality monitoring for industrial process and discharge water
- Penetrate international markets where both smart water and industrial applications exist





STRATEGIC ACQUISITIONS

- Technology solutions that can be leveraged across both utility and flow instrumentation markets
 - Water quality monitoring
 - Leak detection, conservation
- Software enhancements - SaaS
 - Utility operations
 - Consumer portals
- Smart City / Internet of Things
- International penetration

Year	Company	Type	Location	Price
Utility Water Instrumentation and Connectivity:				
2023	Syrinix, Ltd.	Pressure monitoring	UK	\$18M
2021	Analytical Technology, Inc	Water quality monitoring	USA / UK	\$44M
2020	s::can	Water quality monitoring	Vienna, Austria	\$31M
2018	Innovative Metering Solutions	Distributor	Tampa, FL	\$8M
2017	Carolina Meter	Distributor	Wilmington, NC	\$6M
2017	D-Flow	Ultrasonic Technology/R&D	Lulea, Sweden	\$23M
2015	United Utilities	Distributor	Smyrna, TN	\$3M
2014	National Meter	Distributor	Denver, CO	\$23M
2013	Aquacue	Software/cellular technology/R&D	Los Gatos, CA	\$14M
Flow and Industrial Instrumentation:				
2012	Racine Federated	Technology/Manufacturing	Racine, WI	\$57M
2011	Remag	Technology/Manufacturing	Bern, Switzerland	\$5M
2010	Cox Instruments	Technology/Manufacturing	Scottsdale, AZ	\$8M

Disciplined Capital Allocation – accretive, growth synergies, leverage globally



FIVE YEAR FINANCIAL TREND

(US\$ in millions, except per share data)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Sales	\$433.7	\$424.6	\$425.5	\$505.2	\$565.6
Adj Oper Earnings	59.4 13.7%	62.2 14.6%	65.2 15.3%	78.7 15.6%	87.3 15.4%
Adj EBITDA	83.8 19.3%	86.0 20.3%	90.2 21.2%	106.5 21.1%	113.4 20.0%
Adj EPS	1.54	1.61	1.69	2.08	2.26
Free Cash Flow	\$51.7	\$73.2	\$80.5	\$80.8	\$76.6
FCF Conversion	115%	155%	163%	133%	115%

- Sales growth driven primarily by smart water solution adoption
 - Communications and SaaS
 - Water quality
- Margins driven predominately by favorable sales mix, volume and long-term price/cost
- SEA expense control with leverage improvement
- Robust cash flow generation with working capital management; conversion above 100%
- Ample balance sheet flexibility

Note: Adjusted figures in 2018 which exclude pension termination settlement and executive retirement charges.
See Annual Report for GAAP to Non-GAAP reconciliations.



GAAP TO NON-GAAP RECONCILIATIONS

EBITDA

	(US\$ in millions)			
	<u>Q4 2022</u>	<u>Q4 2021</u>	<u>2022</u>	<u>2021</u>
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	<u>3.4</u>	<u>4.2</u>	<u>15.2</u>	<u>16.6</u>
EBITDA	\$28.5	\$29.7	\$113.4	\$106.5

Free Cash Flow / Conversion

	(US\$ in millions)	
	<u>Q4 2022</u>	<u>Q4 2021</u>
Cash from Ops (GAAP)	\$29.7	\$27.1
Capital Expenditures	<u>(1.2)</u>	<u>(0.9)</u>
Free Cash Flow	\$28.5	\$26.2
	<u>2022</u>	<u>2021</u>
Cash from Ops (GAAP)	\$82.5	\$87.5
Capital Expenditures	<u>(5.9)</u>	<u>(6.7)</u>
Free Cash Flow	\$76.6	\$80.8
Earnings (GAAP)	\$66.5	\$60.9
Free Cash Flow Conversion	115%	133%