



Badger Meter

General Investor Presentation*

April 2024

**See separate Q1 2024 Earnings Slide Deck*



Badger Meter



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.



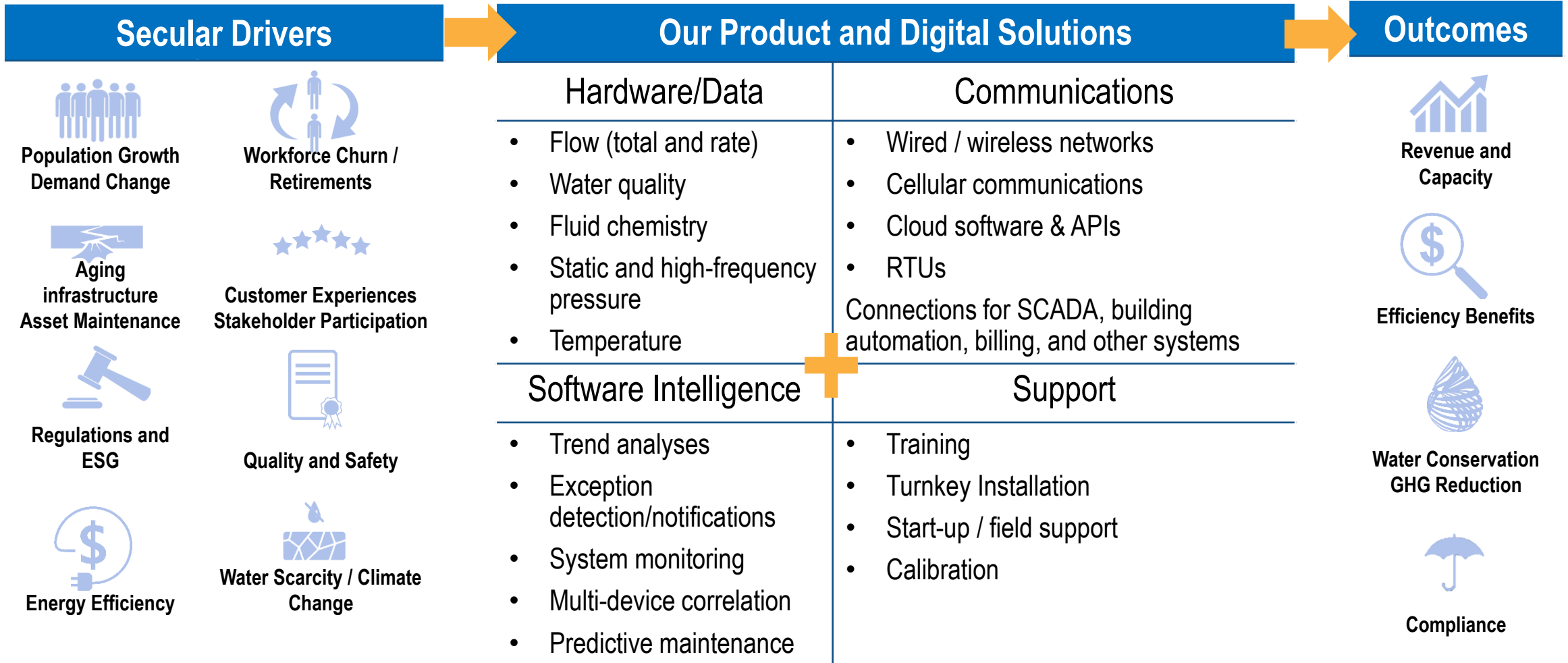
Badger Meter is a Premier Smart Water Solutions Provider



- Comprehensive suite of digital smart water offerings including flow measurement, water quality, pressure and network monitoring with software / analytics solutions
- Industry leader in North American smart water solutions; global niche position in flow measurement; expanding international presence
- Attractive, long-term growth fundamentals:
 - Technology/digital adoption accelerating - improve operating efficiency, resiliency and sustainability
 - Stable business model supported by replacement demand
 - Expansive and growing suite of offerings with both organic and acquisition-related investments
- Culture of innovation, continuous improvement and sustainability
- Premium financial profile and exceptional operational track record



Comprehensive “Choice Matters” Portfolio of Smart Water Offerings to Solve Customer Challenges





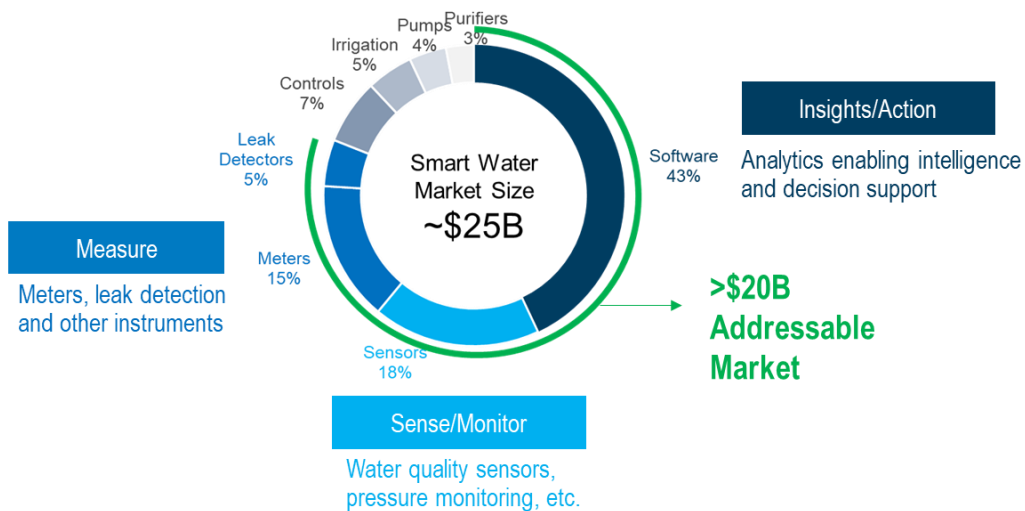
Over the Past Five Years We've Evolved and Expanded Our Served Market Capitalizing On Macro Growth Tailwinds

CEO Transition
Defend and grow
US Utility Sales

Early 2020s
Premier AMI
solutions provider

Today
Comprehensive & scalable
water management solutions

"Smart Water" Market Breakdown



- Strategy evolution aligned with customer desire for comprehensive and tailorable solutions from trusted source
- Broad and expanding portfolio to meet each customer at their pace on the smart water journey
 - Smart measurement hardware – meters, pressure, water quality, network monitoring
 - Reliable, secure communication solutions
 - Integrated software – data and analytics that enable intelligence, decision support and consumer engagement
 - Training, project management, installation oversight, support
- Ample financial capacity for continued organic and M&A investments to further evolve solution offerings

Source: JPMorgan (Frost & Sullivan, Technavio, research, estimates)

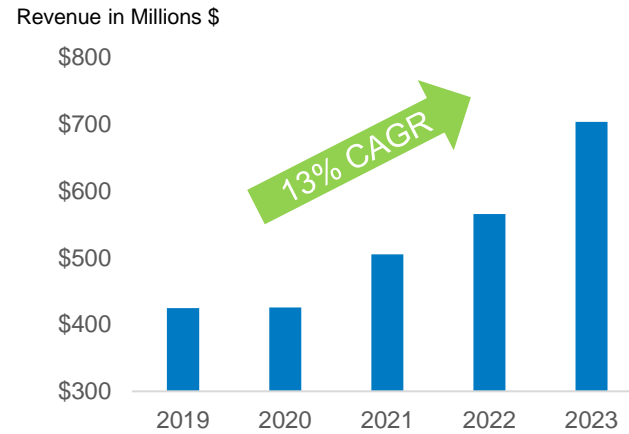


We Have Fundamentally Improved Our Financial Profile Delivering Strong Sales Growth, Recurring Revenue, Improving Margins and Cash Generation

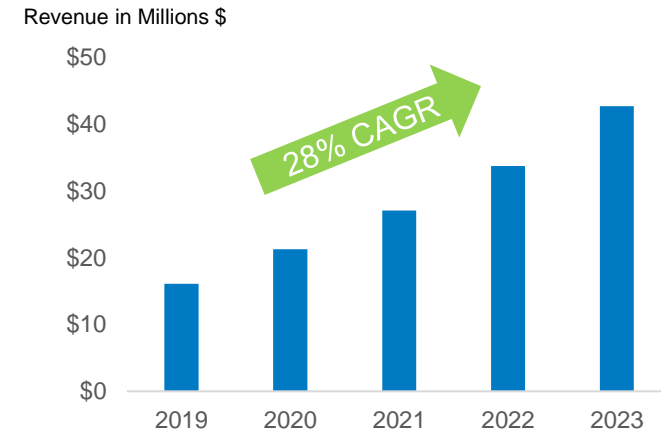
Full Year 2023

- 24% Sales Growth**
- SaaS revenue 6% of sales**
- +140 bps Operating Margin**
- 106% Free Cash Flow Conversion**
- 39% EPS Growth**

Consolidated Sales Growth

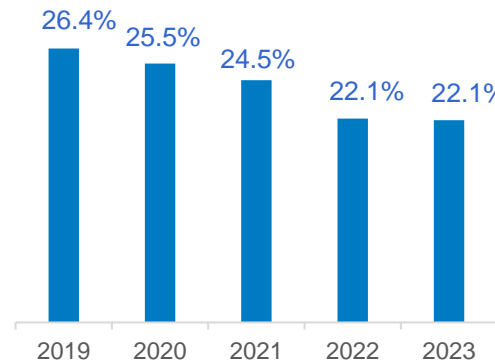


SaaS Revenue Growth

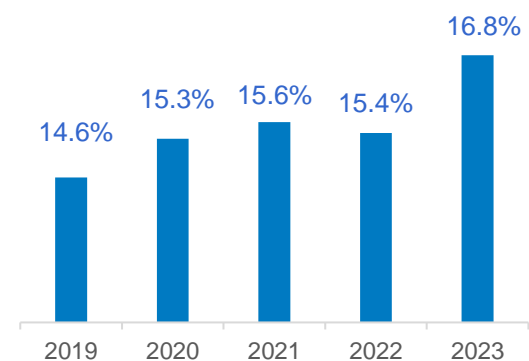


Reduced Working Capital Intensity

Net Working Capital as a % of Sales



Improved Operating Profit Margins



Longstanding Capital Allocation Priorities with Ample Liquidity to Execute

- 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 \$199M of cash at March 31, 2024; \$150M untapped revolver
- August 2023 dividend increase of 20% marked 31 consecutive years of dividend increases.





First Quarter Financial Snapshot Demonstrates Continued Strong Operating Performance

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

	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>Change</u>
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%

- 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

See last slide for reconciliation of GAAP to Non-GAAP measures



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 <u>rate</u> of growth.
Status of federal infrastructure investments	<p>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:</p> <ul style="list-style-type: none"> • 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	<p>Respect all competitors; believe our durable growth driven by (among other items):</p> <ul style="list-style-type: none"> • “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.

2022 Sustainability Report Highlights Progress on ESG Journey

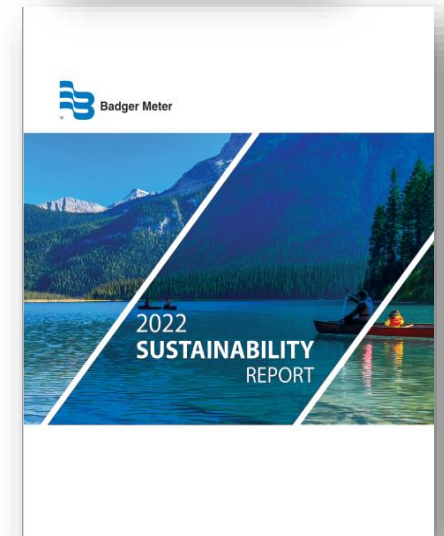
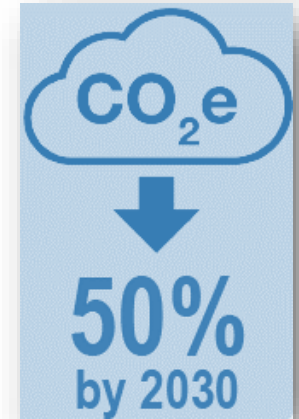
- Demonstrated outperformance from both a financial and sustainability perspective
- ESG integral to our business - both value preserving and value creating
 - Profitable growth solving customer water challenges; ~95% of revenues generated from water-related applications
 - Attracting and retaining talent to drive innovation, customer loyalty
 - Ethics, values and risk management cornerstone of culture
- Recognized outcomes
 - Barron's Top 100 Sustainable Companies
 - AAA rating- MSCI
 - USA Top Companies / Global Top Manufacturing

↓ 32%
GHG emissions intensity 2020-2022

↓ 55%
TCIR improvement 2018-2022

↑ 93%
Employee Engagement Survey Participation

17%
Positions filled via employee referrals





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





Background Information



Badger Meter



Badger Meter Is the Smart Water Innovation Leader and Continues to Invest in R&D

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

Ultrasonic Metering

- Additional data elements – flow, pressure, temperature, valves
- 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

- Multi-carrier
- 18-24 month iterative development cycles for latest advancements
- 10-year headstart – array of reference accounts
- Millions of cellular endpoints deployed



Innovation Center:
Milwaukee, WI, USA

Software & Analytics

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



Innovation Centers:
Los Gatos, CA, USA
Milwaukee, WI, USA
Hethel, UK



Badger Meter Delivers on 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



- 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 and Telog/Unity – further expanding hardware-enabled software technology





Supporting Customers from Our Global Manufacturing and Innovation Footprint



❖ Innovation / R&D Centers

● Manufacturing Facilities

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

AMI Adoption Accelerating with Business Case for Utilities Well Understood; Timing Aligned to Meter Replacement Cycle Bringing Higher ASP Opportunity

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

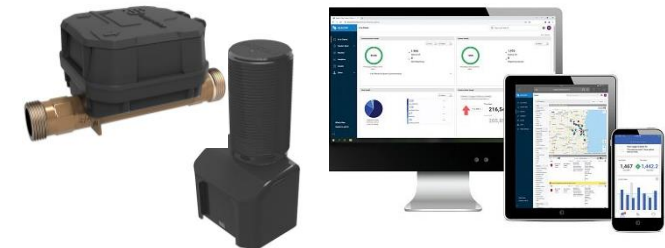
How our leading technologies deliver

- 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; flexible and resilient
- Software
 - Leak identification / detection
 - EyeOnWater for consumer engagement

MANUAL READ MECHANICAL METER WITH REGISTER
~\$70



STATIC METER WITH CELLULAR RADIOS/OFTWARE
\$200-\$250 per System





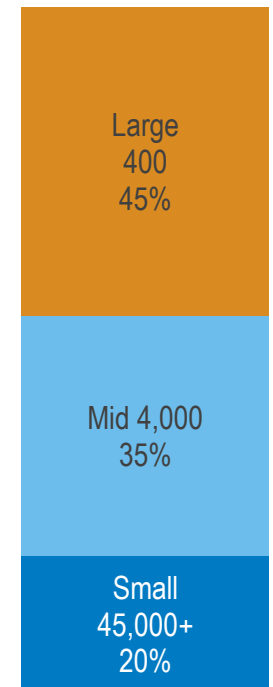
Badger Meter Enjoys a Strong Market Position in North American AMI Adoption; Customer Diversity with Tailorable and Differentiated Offerings

AMI “Choice Matters” Differentiation

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"> • ORION Cellular – leverages existing infrastructure, flexible, secure, broad coverage • SaaS with 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 – RTUs, high frequency pressure, acoustic leak detection
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 Architects, 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

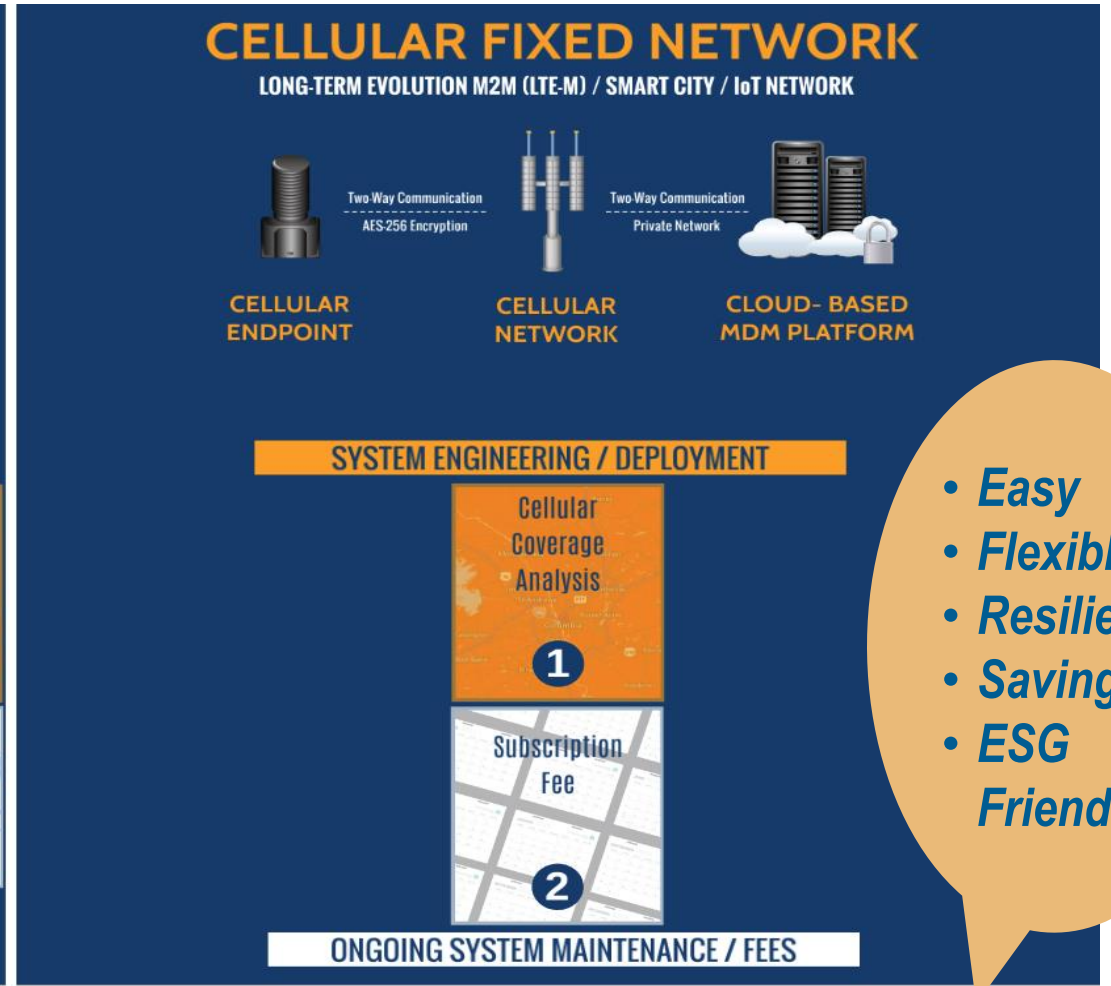
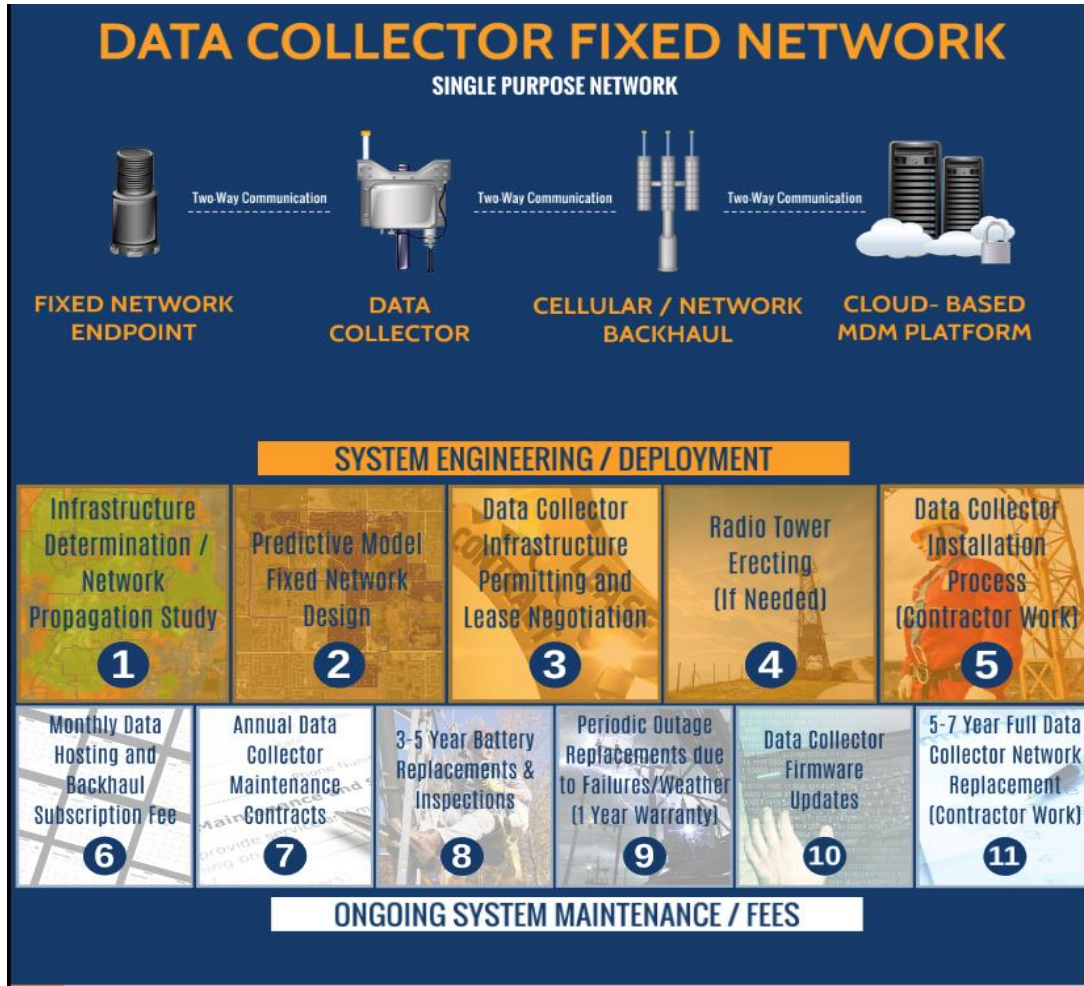
>50K Water Utilities in US

Utility Size and their Share of Meter connections





Badger Meter Is the Undisputed Leader in Cellular Communication with Millions of Endpoints Deployed; Provides Myriad of Benefits to Utilities



- **Easy**
- **Flexible**
- **Resilient**
- **Savings**
- **ESG Friendly**

Key Growth Strategies for Utility Smart Water

- Maintain leading position in the North American smart water market through continued development of leading-edge offerings
 - AMI adoption rate only at one third of connections
 - Leverage natural meter replacement cycle to upgrade customers (no radio or AMR to AMI)
- Penetrate and grow select international markets (e.g. Middle East, UK) with fit-for-market solutions
- Leverage addition of real-time water quality monitoring, high frequency pressure & network monitoring and other system health parameters into actionable data to improve utility operations
- Augment software, including consumer engagement technology, for optimized customer solution



Key Growth Strategies for Flow Instrumentation

- Expand niche share by targeting water-related applications, predominately
 - Building Automation/HVAC/Sustainability
 - 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 M&A is an Enabler to Expand Offerings and Accelerate Growth

- 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:				
2024	Telog / Unity	RTUs and software	US	\$3M
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



Attractive Five Year Financial Trends Showcase Execution of Strategy

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Sales	\$424.6	\$425.5	\$505.2	\$565.6	\$703.6
Adj Oper Earnings	62.2 14.6%	65.2 15.3%	78.7 15.6%	87.3 15.4%	118.0 16.8%
Adj EBITDA	86.0 20.3%	90.2 21.2%	106.5 21.1%	113.4 20.0%	146.0 20.8%
Adj EPS	1.61	1.69	2.08	2.26	3.14
Free Cash Flow	\$73.2	\$80.5	\$80.8	\$76.6	\$98.1
FCF Conversion	155%	163%	133%	115%	106%

- Sales growth driven primarily by smart water solution adoption
 - Communications and SaaS
 - Water quality / pressure / network monitoring
- 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: See Annual Report for GAAP to Non-GAAP reconciliations.



GAAP To Non-GAAP Reconciliations

EBITDA

(US\$ in millions)

	<u>Q1 2024</u>	<u>Q1 2023</u>
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	<u>5.1</u>	<u>4.3</u>
EBITDA	\$44.6	\$32.0

Free Cash Flow

(US\$ in millions)

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