



BADGER METER INVESTOR PRESENTATION

November 2018



FORWARD LOOKING STATEMENTS

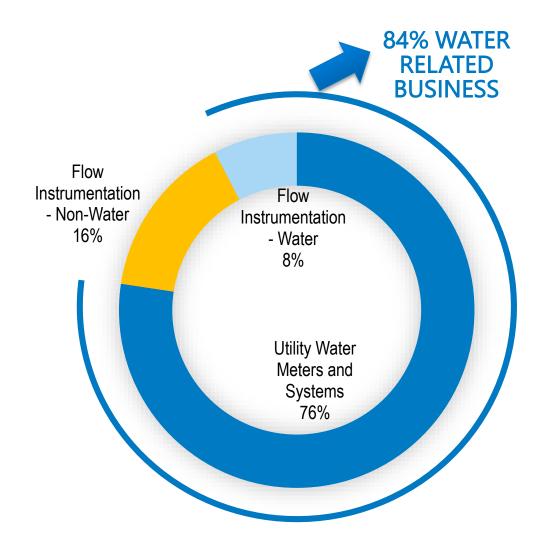
Certain statements contained in this presentation as well as other information provided from time to time by the Company or its employees, may contain forward looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements. Please refer to our Form 10-K and other SEC filings for a list of words or expressions that identify such statements.





BADGER METER IS A WATER FOCUSED, FLOW MEASUREMENT LEADER

- Integrated technology company providing a comprehensive suite of flow measurement, connectivity and software / analytics solutions to a diverse customer base
- Industry leader in North American water metering, with a strong global position in flow metering technologies
- Attractive, long-term industry growth fundamentals:
 - Stable business model supported by replacement demand
 - Strong position in growing markets
- Culture of innovation and investment in R&D drives new product/service expansions
- Premium financial profile and exceptional operational track record





LEADERSHIP TRANSITION

- Bockhorst to assume Chief Executive Officer role effective January 1, 2019
- Meeusen to remain as Chairman of Board in 2019
- Chief Financial Officer (Johnson) intends to retire sometime in 2019; VP Finance (Robert Wrocklage) hired August 2018
- Leadership message no significant change in strategic framework



Preserve the legacy of trusted solutions, broad offerings and innovation earned since Badger Meter's founding in 1905



Accelerate customer-focused growth

- Emphasis on profitable growth over quantity
- R&D and capital investments leveraged across served markets



Execution as a differentiator and value driver

- Operational excellence as the foundation
- Superior cash conversion



Disciplined **investment** where there is a compelling competitive advantage

- Software / Analytics / Internet of Things
- Water quality assurance



THIRD QUARTER SNAPSHOT

	Q3 2018 *	Q3 2017	<u>Change</u>
Sales	110.6	100.0	10.6%
Gross Profit	43.9	37.0	18.6%
	39.7%	37.0%	
SEA	26.1	24.7	5.7%
	23.6%	24.7%	
Operating Income	17.8	12.3	44.7%
Income Tax Rate	22.8%	34.5%	
EBITDA	23.8	18.5	28.6%
	21.5%	18.5%	
EPS	0.46	0.27	70.4%
Free Cash Flow	12.7	3.8	

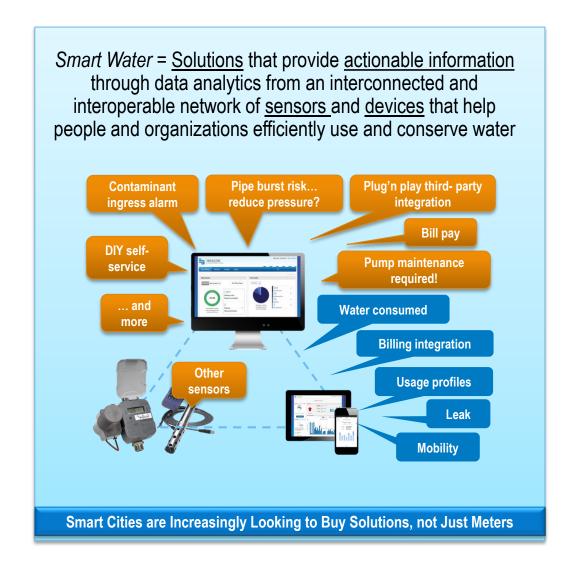
^{*} Excludes pension settlement and executive retirement charges of \$13.8M pretax, or \$0.36 per share, after tax.

- Record sales for any third quarter; all time record adjusted EPS
- Strong municipal water activity levels
- Favorable sales mix, further penetration of ultrasonic and cellular technologies with strong service growth
- Pricing actions to offset cost inflation



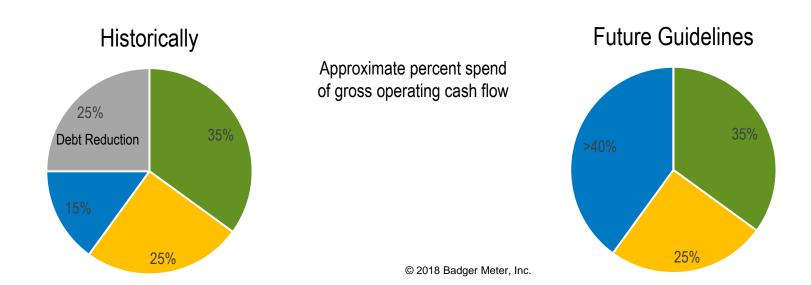
2019 AND BEYOND

- Positive backlog and outlook for Q4 2018 and into 2019
- Launch of E-Series in additional sizes both a technology enhancement and cost saving benefit
- LTE-M cellular coverage, performance and lower cost
- AT&T Smart City Alliance
 - While in early stages, Badger Meter sees two categories of long-term benefits associated with this alliance:
 - Leverage Mayor / "C-Office" relationships
 which can go both directions
 - Keep abreast of cellular / IoT technology
- Disciplined and strategic tuck-in acquisitions





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

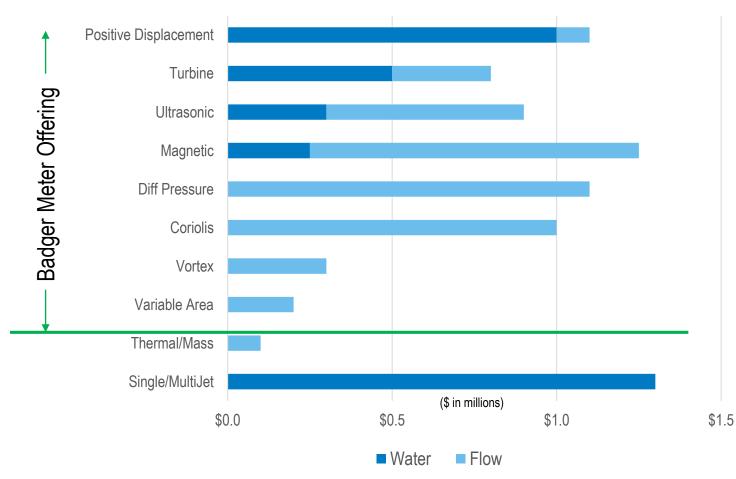




BACKGROUND INFORMATION



FLOW MEASUREMENT METHODS



- Badger Meter offers eight of the ten common flow technologies
- North American water meter market primarily uses positive displacement meters
- Global water meter markets are starting to shift from mechanical to electronic meters, such as magnetic and ultrasonic
- Rest of world water meter market primarily uses single/multi-jet and turbine meters



WATER METERING KEY GROWTH STRATEGIES

- Maintain our leading position in the North American water metering market through continued development of leading-edge technologies for
 - Meters
 - Radios
 - Software
- Penetrate and grow select international markets (Middle East) with leading solutions
- Leverage AT&T alliance to gain access to Mayor/"Coffice" decision makers
- Identify strategic acquisition opportunities to enhance technology and market channels – e.g. actionable information through analytics and sensors





COMPETITIVE ADVANTAGES – WHY BADGER METER WINS

Broadest Range of Offerings	 Brass and polymer Mechanical and electronic (ultrasonic) Drive by, fixed and cellular radio technology
Technology Leadership	 Well established E-Series Ultrasonic expertise – maintains accuracy and lower cost circuit boards ORION Cellular – leverages existing infrastructure and coverage BEACON/Eye on Water – actionable data for utility and homeowner
Innovation	 D-Flow technology for performance enhancement and cost reduction LTE CAT-M (data) – "Smart City" ready
High Service Levels and Customer Support	 Strong brand preference 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	 Highly accurate and quality products / low warranty Exceptional battery life Leverage existing cellular technology network

>50K Water Utilities in US

Utility Size/Share of Meters

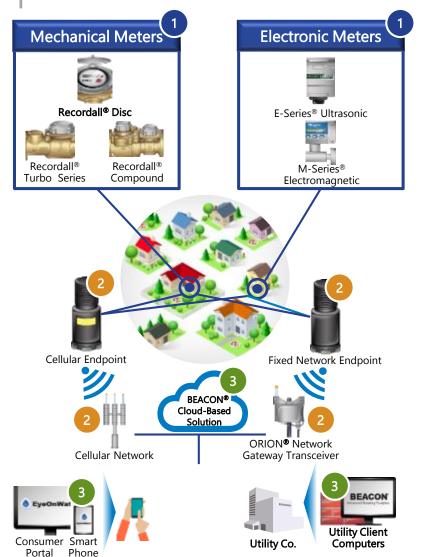
Large 400 45%

Mid 4,000 35%

Small 45,000+ 20%



TECHNOLOGY LEADER



Leading-Edge Integrated Solutions



- •Broadest product offering both mechanical and electronic meters in both metal and polymer housing
- •Leading Edge Product: E-Series Ultrasonic Meter
- New Development: D-Flow Technology will be incorporated into the E-Series meters in late 2018; cost reduction and performance improvements



- •Complete family of two-way connectivity solutions, including drive-by, fixed network and cellular radios
- •Leading edge ORION Cellular Radio, allowing connectivity to future Smart City solutions
- New Development: ORION Cellular LTE introduced in 2017; LTE Cat-M in development



- •BEACON AMA, (Advanced Metering Analytics) software suite provides analytics tools, dashboards and integration with utility billing systems to transform measurement data into a proactive decision making tool
- •Leading Edge BEACON® AMA with EyeOnWater® Consumer Application
- Additional analytics in development



SMART CITY ALLIANCE



Deloitte.





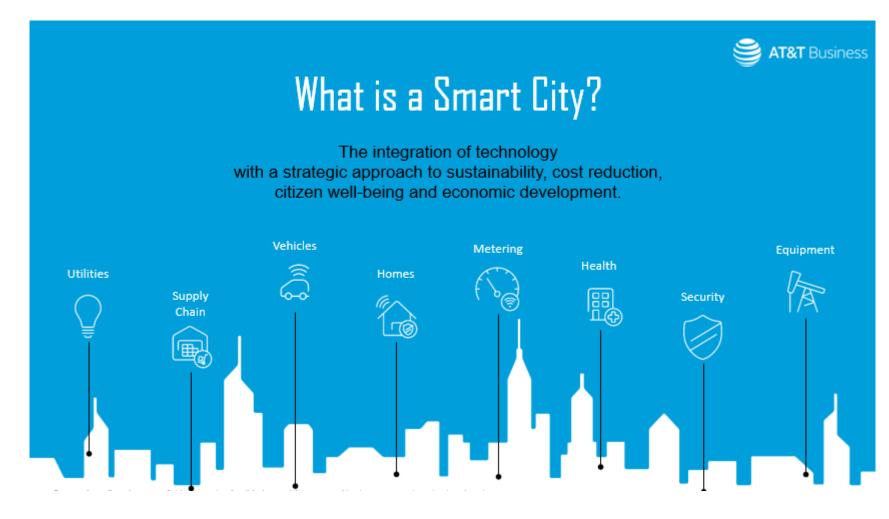






Qualconn

- One of 11 companies aligned with AT&T to drive initiatives
- Initiative includes improving utilization of limited budget resources
 - Efficient city operations
 - Deployment of resources
 - Service and delivery
 - Smart water metering increases utility revenue and drives conservation and sustainability





FLOW INSTRUMENTATION KEY GROWTH STRATEGIES

- Expand niche share by targeting four faster growing core markets:
 - Chemical/Petrochemical
 - Oil & Gas
 - Building Automation/HVAC
 - Water and Wastewater
- Continue to expand new product development to target niche market gaps
- Align with key market focused Reps to further penetrate sales channels (e.g. DNOW)
- Identify strategic acquisition opportunities to enhance technology and market channels



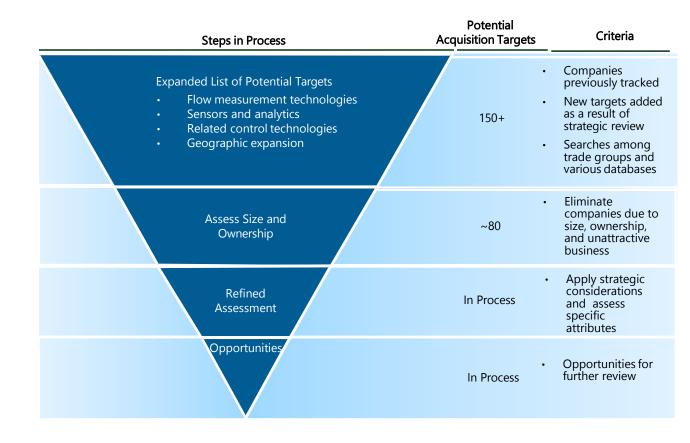








- Technology solutions that can be leveraged across both utility and flow instrumentation markets
- Smart City / Internet of Things water usage reduction, cleanliness, leaks, shutoffs, etc.
- SaaS
- International penetration
- Flow instrumentation core market penetration (caveat that total mix no more than 30% of consolidated revenue)
- Disciplined capital allocation





APPENDIX

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GLOBAL MANUFACTURING AND INNOVATION



- 2 Innovation / R&D Centers



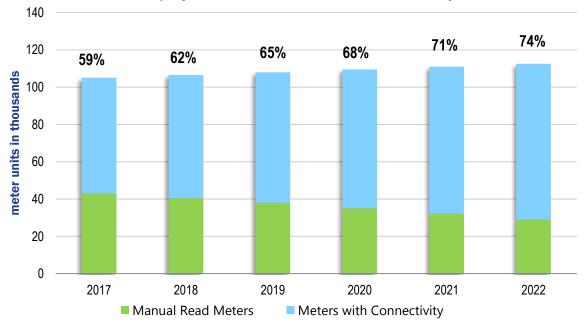
RADIO CONNECTIVITY - PENETRATION

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 60% of the U.S. market has been converted (per IHS) – every 1% additional conversion represents significant increased sales opportunity for Badger Meter



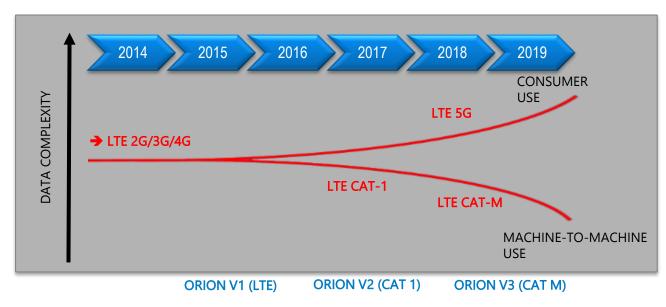
North American water meter market projected conversion to radio connectivity



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CELLULAR TECHNOLOGY ROADMAP



- Badger Meter introduced the first cellular radio for North American water utilities in 2014 using 2G/3G networks
- In 2017, Version 2 was introduced using the LTE CAT-1 networks for machine-to-machine data communication first step to "Internet of Things" (IoT) and "Smart City" applications
- Cellular network technology will soon be splitting between LTE 5G for consumers (phone calls, texts and video streaming) vs LTE CAT-M technology for IoT/Smart City
- ORION Version 3 is under development using the new LTE CAT-M network technology
- Each cellular phase represents cost reduction/performance improvement and each version is backward and forward compatible

Advantages of Cellular Technology

- Compared to fixed networks, no infrastructure for the water utility to maintain (cost advantage)
- 100% coverage: no "hard-toread" locations compared to fixed networks
- Technology upgrades do not require water utility to replace equipment on towers
- After natural disasters, cellular systems are the first to come back on line



ACQUISITION HISTORY

Over the past 8 years, Badger Meter has made 9 strategic acquisitions, for a total of \$147M

Year	Company	Туре	Location	Price		
Water Utility Instrumentation and Connectivity:						
2018	Innovative Metering Solutions	Distributor	Tampa, FL	\$8M		
2017	Carolina Meter	Distributor	Wilmington, NC	\$6M		
2017	D-Flow	Technology/R&D	Lulea, Sweden	\$23M		
2015	United Utilities	Distributor	Smyrna, TN	\$3M		
2014	National Meter	Distributor	Denver, CO	\$23M		
2013	Aquacue	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		

The distribution acquisition strategy is now completed