PENTAIR ACQUISITION OF MANITOWOC ICE

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Pentair Acquisition of Manitowoc Ice

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Operator: Good day and thank you for standing by. Welcome to the Pentair acquisition of Manitowoc Ice conference call. At this time, all participants are in a listen only mode. After the speaker's presentation, there will be a question-and-answer session. To ask a question, please press star then the number under telephone keypad. If you require any further assistance, press star, zero. I would now like to hand the conference over to your speaker today, Jim Lucas. Thank you. Please, go ahead.

Jim Lucas: Thank you. I'm Jim Lucas, Senior Vice President, Treasurer, FP&A and Investor Relations. And we're glad you could join us for today's conference call on short notice. With me today is John Stauch, our President and COO, and Bob Fishman, our Chief Financial Officer. Before we begin, let me remind you that any statements made about the company's anticipated financial results or forward-looking statements subject to future risks and uncertainties such as the risks outline in Pentair's most recent 10-K in today's release. The forward-looking statements included here and our made as of today and the company undertakes no obligation to update publicly such statements to reflect subsequent events or circumstances.

Actual results could differ materially from anticipated results. Today's webcast is accompanied by a presentation which can be found in the investor's section of Pentair's website. We will reference these slides throughout our prepared remarks. Any references to non-GAAP financials are reconciled in the appendix of the presentation. We will be sure to reserve time for questions and answers after our prepared remarks. I will now turn the call over to John.

John Stauch: Thank you, Jim. And good morning, everyone. I will begin on slide three titled, Expected Strategic and Financial Benefits. As you saw this morning, we announced that we have signed a definitive agreement to acquire Manitowoc Ice, which is being sold by Welbilt, Inc. As part of the Ali group's proposed merger with Welbilt, I'll start with a few key points to detail our rationale on why this acquisition is beneficial for our business, our customers and our shareholders. First, we are impressed by Manitowoc's market leadership. Manitowoc has a rich history of innovative product development and customer centricity. We are excited to continue these traditions while also taking advantage of the fact that every ice machine should have a filter. We believe this presents opportunities for us to expand our commercial water solutions platform and provide better products and services to customers while also expanding wallet share and gaining an attractive path for growth.

Secondly, we see significant opportunity for expansion. Manitowoc has a large installed base and many of these customers currently rely on Pentair for water quality solutions and services. We believe these opportunities should allow Pentair to become the go-to scaled solution provider to deliver a seamless experience to customers in the food service, grocery, convenience store and hospitality end markets. We also plan to enhance our best-in-class Everpure filtration technology to improve the purity and quality of ice products, while we simultaneously grow and improve our services network. We expect our strength and service capabilities stemming from our KPI acquisition paired with Manitowoc to unlock opportunities to provide end to end maintenance for commercial customers.

Financially, we believe this addition will create an expanded commercial water solutions platform that will drive performance in both the short and long term. We expect approximately 25 cents of adjusted EPS secretion in 2023 and 40 cents in 2025. We expect EPS accretion in 2022, but the amount will be dependent on the timing of closing and that depends on the regulatory processes. I will discuss this in greater detail, but we are committed to quickly reducing our debt following close, and we believe that favorable free cash flow will help to support that.

Please turn to slide four, titled Overview of Manitowoc Ice. Manitowoc is a respected industry brand and market leader in the commercial ice machine business. They have more than 50 years of experience producing ice machines. And during that time they've established trusted relationships with customers of all sizes from around the world and solidified their position as an industry leader. As you can see, along the bottom, they're leading designer, manufacturer and distributor of commercial ice machines in the US and globally. In fact, one out of every two cube ice machines sold in the US is a Manitowoc ice machine.

We are also impressed and enthusiastic about many of the competitive advantages that Manitowoc has to offer. For instance, they have demonstrated superior engineering capabilities, making Manitowoc ice machines more dependable, longer lasting and easy to use. The vertical integration of evaporator manufacturing is an industry leading trade secret that provides both higher quality products and enhanced margins. Manitowoc consistently achieves world class customer satisfaction ratings exemplifying the customer first mentality that we are making priority here at Pentair. With the global installed base of approximately one million units and more than 200 models of commercial ice machines worldwide, Manitowoc has excelled delivering differentiated product innovation, food safety, and sustainability in ice making. And we are very excited to welcome them to the Pentair family.

Please turn to slide five, labelled Advancing Total Water Management and Building a Stronger Commercial Water Solutions Platform. You can see our expectations for sales performance, the components that make up what will be nearly a 700 million commercial water solutions platform based on 2022 pro forma of projections. Pentair is a projected 225 million, very high margin, respected industry brand that we expect will enable us to provide high quality, clean and sustainable water for ice products to enhance the quality of the ice and extend the life of the machines while continuing to provide our leading energy efficiency and superior water characteristic filtration to many of the same customers.

Manitowoc is a projected 325 million, high margin brand that has a proven track record of creating and delivering dependable ice machines. And KBI is a projected 125 million lower margin, but significantly important and well-known service leader with a reputation for providing one of a kind service, preventative maintenance and infrastructure. Combined, these three businesses can offer end to end water filtration and ice solutions for food service customers, along with predictive services that identify and address customer issues before they arise. Together, we anticipate that we can deliver sustained commercial water solutions, double digit revenue growth at mid-twenties margins by providing better, cleaner water and ice to people all around the world.

Please turn to slide six, titled Aligns with Pentair's M&A strategy. I want to emphasize that this deal aligns very well with our previously communicated M&A strategy. This is exactly the type of transaction we had in mind when we laid out our plans to grow sales by mid-single digits by 2025 and find smart tuck in and bolt on M&A that could add to those results. Additionally, we expect Pentair to return on invested capital to still exceed 15% after completing this deal. With the expected cash profile from Manitowoc, combined with our strong cash performance, we expect that we will rapidly expand our return on invested capital from here.

With that, I will turn the call over to Bob to discuss the acquisition details, including the financials. Bob.

Bob Fishman: Thank you, John. Please turn to slide seven, labelled Acquisition Details. As mentioned previously, Manitowoc is a leading designer, manufacturer and distributor of ice machines in the US and globally. They had 308 million of revenue in 2021 and EBITDA margins of approximately 30% reflecting the fact that they are well run company. The purchase price of 1.6 billion dollars is expected to be funded with new debt, which is expected to be investment grade. The transaction will include a step up in tax basis, which we expect to provide us with a 220 million tax benefit on a net present value basis. This results in a net purchase price of about 1.38 billion or a 14 times multiple on expected 2022 EBITDA, or a 12 times multiple using 20 million of run rate synergies.

Our expectation is that this deal will close in the second quarter of 2022, but is dependent on the regulatory process. With this acquisition, we will be creating a combined commercial water solutions, food service platform of approximately 700 million in sales with an operating margin of around 25% in 2023. As discussed, we expect this deal will be meaningfully accretive to adjusted EPS and will add significant sales growth, EBITDA margin expansion and cash flow. We are committed to rapidly de-leveraging and maintaining our investment grade rating. We expect this combined business will allow us to expand from filtration and beverage components to a broader set of water enabled systems with significant runway for growth.

Please turn to slide eight, labelled Projected Manitowoc Financials. As discussed, we expect adjusted EPS accretion of 25 cents in 2023 and 40 cents in 2025. We will share more details on expected 2022 adjusted EPS accretion in the coming months, after the closing of the acquisition. We are anticipating a 10% revenue CAGR including revenue synergies between 2021 and 2025, with revenue reaching approximately $450 million and EBITDA of more than 31%. We anticipate half of the revenue growth is base business growth and roughly half is from revenue synergies.

The revenue synergies come through at lower profitability as some are services related, which have lower margins, but higher recurring revenue. We expect total EBITDA synergies in 2025 should reach approximately 20 to 25 million dollars. Finally, we anticipate Manitowoc's cashflow to be roughly 80% of EBITDA when including the tax asset benefit of roughly 20 million dollars per year.

Please turn to slide nine, labeled Capital Allocation Rooted in Shareholder Value Creation. I will quickly go through our capital allocation priorities as these have not changed. We are committed to maintaining our investment grade rating. We see opportunistic M&A in core markets as a lever for value creation. We remain dedicated to sustaining our annual dividend increase and we expect to continue to repurchase shares advantageously.

All of this funnels into our priorities, remain a low but healthy leverage profile between one and a half times and two and a half times, and robust liquidity to support financial flexibility. We expect our net pro forma leverage to be approximately two and a half times by the expected closing day of June 30th, 2022.

Please turn to slide 10, labelled Commitment to De-Leveraging and Maintaining Financial Flexibility. Looking at the current proforma balance sheet, we have approximately 750 million dollars in liquidity, which we expect to use in part to de-lever quickly. We expect the debt to fund this deal will have both variable and fixed rates with an anticipated average coupon rate of 3%. Along the bottom of the slide, you can see our anticipated path to de-leveraging the below two times by the end of 2023. I will now turn the call back over to John.

John Stauch: Thank you, Bob. Please turn the slide 11, titled the Well Positioned Balanced Portfolio. Here you see our estimated 2022 proforma revenue breakdowns, which showcase a well-balanced and diversified portfolio of businesses. Looking at our platforms, Manitowoc will expand our Water Treatment Solutions offerings while growing our food service, commercial, industrial and infrastructure and market presence. Regionally, Manitowoc will bolster our footprint in all regional groups. Our leading brands combined with our strong trade channel loyalty provides more stable growth profile normally insulating us from larger industry swings. Manitowoc shares these same characteristics, and with their complimentary and shared trade channel, they fit nicely into our channel profile and expands our brand portfolio.

In a summary, Manitowoc will add an attractive margin business with significant growth potential. We plan to build upon our channels to increase sales of Manitowoc's products and increase direct service coverage through installation and preventative maintenance services. Together by capitalizing on these synergistic opportunities, we expect to be able to drive notable growth and long-term value for our shareholders.

Please turn to slide 12, titled Delivering Value for Pentair Shareholders. I would like to close by emphasizing our belief that this acquisition will create significant, short and longer term value for Pentair shareholders. After Pool, Water Solutions that are second largest business platform. This deal will meaningfully expand and enhance our offering in that space. And accelerate growth with key customers and food service, grocery, convenience store and hospitality and markets. And we expect it to do so while simultaneously delivering EPS accretion, compelling cash flow and an opportunity for us to maintain a healthy balance sheet and financial flexibility. Operator, we are now ready to open the call to questions.

Operator: At this time. If you would like to ask a question, please press star, then the number one on your telephone keypad. That's star, one. Your first question comes from Mike Halloran with Baird.

Mike Halloran: Hey, good morning everyone.

John Stauch: Morning, Mike.

Mike Halloran: First, just on the synergy side, could you provide some more color? Seems like it's pretty heavily biased towards the revenue side, but we'd just love to hear some of the early thoughts you have and how you think are going to capture those. And if there are any cost synergies in there, considering how high the margins there already are?

John Stauch: Yeah. The strategic fit of this deal, it is a high margin business and first of all, really well run. So I want to compliment the team for their efforts there. Clearly, over time we would think that our transformational efforts around pricing, sourcing, operational efficiencies will fall into this business and drive some operational synergies, certainly by 2025. And then we have some natural revenue synergies that we think attach nicely and combination those two drive a pretty significant drop through by 2025.

Mike Halloran: And what are some of those natural revenue synergies?

John Stauch: Well, we have a label there, but we really believe that the penetration rate of filtration actually on the back of ice machines is not where it should be. And they're also not replaced necessarily at the rate that we think would be helpful to extend the life of those machines, and also provide the quality of water, which provides the quality of ice that we think is long term beneficial. And when you filter, descale the water, you actually extend the life of the machine itself. So there's a nice complimentary opportunity there. So that's the obvious one between Everpure and Manitowoc. And then we believe the service offering we have from the acquisition for KBI, they are a provider of this service today, gives us an opportunity to provide more end-to-end solutions that we could provide, but also work with their existing dealer channel, Manitowoc, to also create that opportunity for other dealers to provide the end to end service for key customers.

Mike Halloran: Makes sense. And then follow up then is just a little bit more historical, when you think about revenue, not quite back to previous peak levels, which I'm assuming is pandemic oriented. But the margin profile has expanded pretty consistently through that time period and that very healthy levels. Maybe just talk about that dynamic and what happened through that period to drive the margin expansion despite the static revenue levels.

John Stauch: Yeah, real quickly, our Everpure profile would look similar to this. With the shutdown relative to COVID, we saw a pretty big pullback in 2020, and we are generally back to 2019 levels, but not with the same global profile that we had before. So the mix of businesses today, like our healthy set of restaurants that are opened and providing services, a lot of quick service restaurants. And they value both the filtered water and the ice needs for their beverage offerings. So I think this is a healthier margin profile because of the customers we're serving today. And I think when global hospitality reopens, I think we'll still see that growth, but I think we will see a little bit margin pressure in the future, which we baked into this outlook.

Mike Halloran: Thanks for that, John. Appreciate it. Congrats.

John Stauch: Thank you.

Operator: Your next question is from Joe Giordano with Cowen.

Joe Giordano: Hey guys, morning.

John Stauch: Morning. How are you?

Joe Giordano: So it says that Manitowoc Ice is at 80% of the top 10 restaurants and 75% of the top 50. Just curious, for scale, what is Pentair's filtration penetration in the top 10 restaurant chains and top 50?

John Stauch: That would be about the same as Manitowoc's. As we noted here though, there is some complimentary, some of our accounts are different than their accounts.

Joe Giordano: So the opportunity other than just adding a new business, can you force penetration of filtration on the machines themselves? Is that where that 500 basis points is essentially coming from? You install your filtration systems on the unit and that's the new product that's in the market?

John Stauch: I think we would change the work force to incentivize or work with to provide that. Because that is true. I think there's a natural incentive for everybody to have these filtered. And some of the dealers are currently, our dealers, some them aren't, but I think it's educating and making sure that the installer understands the value of that filtration. And that also creates the service contract and an ongoing basis to replace that filtration. Also, these machines themselves get maintained by a set of dealer networks on a regular basis. And using that as an opportunity to change our filters simultaneously, is what we're thinking about here.

Bob Fishman: The way that I think about the revenue synergies is about half of them come from the complimentary accounts that enable these cross sale opportunities that John referred to. The other half comes from the filter opportunity and then the services opportunity within KBI. So we think the revenue synergies are a mix of those three things, pretty balanced, but upside potential in each of those.

Joe Giordano: So the KBI is switching out of the filters on a contract basis? Is that what you're talking about?

Bob Fishman: Well, think of KBI as also helping out with end to end, so anywhere from installation to preventative maintenance, to filter replacement. So really that end to end service that they can provide.

Joe Giordano: Okay. Cool. And then, is there any changes to the management team as a part of this deal or the leaders coming over? How do you see that rolling up?

John Stauch: We certainly want all the leaders in the current business to come on over and continue to do what they've been doing for several years. This is a pretty impressive business, really well run, and we are really excited to welcome that whole entire team into our family.

Joe Giordano: I assume the brand's going to stay the same, right?

John Stauch: Oh yeah.

Joe Giordano: Yeah.

John Stauch: We want the Manitowoc brand. I'm sure over time, Pentair Manitowoc or Pentair Everpure, they're all three very, very powerful brands. And we're working on the best way to utilize that right now.

Joe Giordano: Thanks guys.

Operator: Your next question is from Deane Dray with RBC Capital Markets.

Deane Dray: Thank you. Good morning, everyone. Congrats. This is a business we've known for a long time and looks like you guys are the natural owner. So this is good news. Thanks.

John Stauch: Dean. Yes. And I never thought I'd have the opportunity. So when I heard it was available, man, I got excited.

Deane Dray: Yeah. No, I've seen bidding wars for this business, I want to say 10 years ago. It doesn't come up often, so I'm glad you guys pulled the trigger here. Hey, just a couple follow up questions, and I appreciate of detail

you provided. What's the opportunity for global expansion? This is more of a US centric business, but how much can you expand globally? And do you have to manufacture in those regions? Because it's kind of hard to ship that kind of product, so what's the opportunity there?

John Stauch: Yeah. Candidly, none of that's in here yet. That's a conversation I really want to have with the leadership team of this business. I do believe that there is an opportunity to expand successfully. And we do have a plant here in Mexico for instance, and I think this is a broad opportunity, but we have not had those conversations yet.

Deane Dray: All right. Appreciate that. And look, this is a bigger expansion, faster and commercial water than I think a lot of people were expecting, but it certainly sounds like you're not done. What's your line of sight on further adjacencies here, and just in terms of the rate of expansion from an M&A standpoint and commercial water?

John Stauch: Yeah. Thank you for noticing. I think the addition of KBI and understanding the end market customer through the services lens, one of the things we're excited about this particular acquisition is their IOT enabled machines, but oftentimes that connectivity with the dealer is not obvious. We're going to learn through that KBI relationship with the Manitowoc IOT platform. It'd be pretty exciting. I think we've got a pretty full set of capabilities right now, Deane, but down the road, we want to see where the commercial market evolves into, especially in commercial buildings and offices spaces, and look for opportunities to think about how do we serve better water into those spaces as well.

Deane Dray: Great. And if I just need a quickly one in for Bob on the tax benefit. Will that be a one-time use or will you be able to access that over the next few quarters a year? What's the timeline for that?

Bob Fishman: Yeah, so the 220 million dollars is the net present value. Think of that as the net present value of the 20 million dollars of annual tax savings that we achieved from the step up in the tax basis. So because that amortized over a 15 year period.

Deane Dray: Got it. All right. I just want to make sure it wasn't like an NOL or something, but that's real helpful, Bob. Thanks.

Operator: Your next question is from Brian Lee with Goldman Sachs.

Miguel: Hi. Hello everyone. This is Miguel on for Brian. Thanks for taking the question. Just have a couple questions. For Manitowoc 30% margins, it's quite attractive. Can you talk about, maybe the specifics on how they're able to achieve this level of profitability? Is there something unique about the way they manage their supply chain or is it just inherently a higher margin kind of profile for the products that they sell?

Bob Fishman: Yeah, I'll start. And the if John wants to add, we'll go back to it. It's a very, very, very well run company. They have their three manufacturing sites. And as we went through the diligence process that was validated. I think they did a really nice job, kept coming out of 2020 in terms of working with their supply chain, having inventories in the right place. And then I would say they can charge a premium based on the innovation and the leading position of their products. So a combination of those two things.

John Stauch: I'll just add that our profile in the food service industry is quite profitable as well. And it's really because, I think, customers value the clean water that they have to be required to produce. We don't see chances taken around the water in the food service industry, and our commitment back is that we're going to have that commitment to providing the best on products and the best services available to making sure that water always stays clean. The ice is valued, ice is valued in the restaurant industries and you can't run out of ice.

Miguel: Got it. Thanks. It's very helpful. And then my follow up question is, could you maybe talk about or maybe quantify, how much overlap is there between your customers and Manitowoc Ice? And maybe also talk about the geographic footprint. How much overlap is there also?

John Stauch: Just think about it more as shared distributors and dealers into an industry and really well-known brands. And ultimately a lot of these restaurants are group owned or franchise locations and they specify the particular product they want. And then the distributors and dealers spend their time installing those units or working with the local franchisees to get those units installed. That's the way I would describe the landscape. And I would say this is a really well known in that landscape. We have a really well-known brand in that landscape.

Miguel: Okay. Thanks. I'll pass it on.

Operator: Your next question is from Bryan Blair with Oppenheimer.

Bryan Blair: Good morning guys. Congratulations on the deal.

John Stauch: Thank you.

Bob Fishman: Thank you.

Bryan Blair: The folks on EBITDA margin is appropriate, that's very attractive. I was wondering if you could break out the run rate, gross profitability at Manitowoc Ice and how that compares to Pentair's current level. I know John, you've said before that you aspire to have that number, we start with a four for Pentair, just curious, given the scale of this deal, how much of that gap is closed?

John Stauch: Yeah. They have those types of gross margins and I'd also note, and Bob could provide more detail, there's not a lot of D here. So when you think of the EBITDA, it's just a few million dollars off of that to get to where the Pentair current income or what we call ROS is today, which is more EBITDA, It's not a heavy capital-intensive business at all. So high margins and high EBITDA.

Bryan Blair: Okay, excellent. And then revenue obviously weighted to the Americas. What's the breakout or weighting of production across the US, Mexico and China facilities. And are there any meaningful watch items regarding the supply chain as your team gets to integrating the deal?

Bob Fishman: Just leveraging off of what John said, obviously Manitowoc is working through this same challenges that a lot of companies are with the supply chain and the inflation. We really do think with the transformation that we're undertaking now around pricing strategy and sourcing and supply chain, that there's an opportunity to drive some of those operational efficiencies. But I would say it's fairly balanced between the three

manufacturing facilities, to answer your first question. And then we see more opportunities coming as Manitowoc becomes part of Pentair.

Bryan Blair: Appreciate the detail. Congrats again.

John Stauch: Thank you.

Operator: Your next question comes from Jeff Hammond with KeyBanc Capital Markets.

Jeff Hammond: Hey. Good morning guys.

John Stauch: Morning.

Jeff Hammond: Can you walk through the long-term historical growth rate of the business? Is it in line with the mid-single digits?

John Stauch: Yes. It's a mid-single digit CAGR historically.

Jeff Hammond: Okay. And then just back on the filtration, are you guys already supplying them with filtration or is the thought that you would switch some of that out or pick it up in the aftermarket?

John Stauch: We don't necessarily supply directly to the OEMs, it's a dealer install or an installer add, right at the endpoint of the installation, which is where Jeff, we believe we can increase the penetration rate of our filtration and filtration as a whole.

Jeff Hammond: Okay. Very helpful. Thanks guys.

John Stauch: Thank you.

Operator: Next question comes from Josh Pokrzywinski with Morgan Stanley.

Josh Pokrzywinski: Hey, good morning guys.

John Stauch: Hey, good morning.

Bob Fishman: Morning.

Josh Pokrzywinski: John, obviously a good deal here, good asset. I think you folks have followed this for a while, would acknowledge that pretty plainly. Maybe just focusing on how they've navigated the past 12 months on supply chain and price cost. The margins would tell you that they've did a reasonably good job, but anything that you know was an overcome challenge or maybe a pleasant surprise that came out of this. I guess just thinking about the product seems like it's probably a balanced mix and maybe components and raws, any color that you can share on how they've navigated that in any changes that might be necessary as it gets folded into the portfolio?

John Stauch: Yeah. I think, in our management presentations from them and our engagements, as Bob said, I'd say it mirrors ours. Lumpiness of shipments around key components, having to think about what customers and

regions are going to get the product availability that they have. Lead times are extended so you have to work out to have the orders booked more in advance. So similar to those challenges, it's easing, it's getting slightly better as the overall COVID situation gets a little bit better globally, but I think those supply chain challenges continue to persist for them like they're continuing to persist for us and others.

Bob Fishman: Yeah. I would say that the two areas that stood out for us as we learned the business was to John's point, the fact that they had inventory out there and did a really nice job of allocating that inventory to where it was best needed. And then secondly, I don't think they got ahead of themselves in terms of taking orders. So they were able to reprice where necessary and build that price increase into 2022 and moving forward. So good job in both those areas.

Josh Pokrzywinski: Got it. That's helpful. And then at the risk of making my life harder on the model, any rethinking that needs to happen around re-segmentation and maybe given a little bit more disclosure, given that now Consumer Solutions will have two very distinct franchises underneath it.

John Stauch: Yeah. This is going to fit nicely into our Water Treatment platform. And so it's all in consumer solutions. And then think about adding this into Water Solutions and Consumer Solutions as a whole.

Josh Pokrzywinski: Okay, perfect. Enough said.

Operator: Your next question is from Scott Graham with Loop Capital Markets.

Scott Graham: Hey, good morning, John, Bob, Jim. Congrats on the deal, looks nice. I do have a couple questions, one of them is on page eight. I just want to make sure I understand the 450 million, that's essentially all the synergies, right? So it's both synergies that they would derive from Pentair, but also reverse synergies?

John Stauch: That's correct. If you think about it, think about the base run rate, being that mid-single digits. And a lot of those synergies coming from the KBI and the Everpure added onto that particular business. Correct.

Scott Graham: Right. Okay. So now, a lot of restaurants and I think even some states require them to filter their water, certainly. The coffee houses all do that. I guess my question is, how many of the installed base, that this one million installed base, how many of those establishments require to your knowledge, the filtration of water for cubes?

John Stauch: Well, I think the word required would be strong, right? I think most people would say that most municipality water is fine to drink and we don't ever debate or acknowledge that. It's really about the taste profile and the quality of the water that you seek. And obviously when you get into ice, the more RO it is, the clearer the ice cubes are. And also you're starting to descale the ice then as well, or the ice machine, which means you're not building up the layers that required to have sufficient maintenance. So if you can do preventative maintenance on these machines and you can be more predictive in the changing out of the water filtration, we believe it extends the lives and also becomes more cost efficient to the end user.

Scott Graham: Would you agree though, John, that it's maybe a little bit of a harder sale to get A, one of their installed base customers to put in a filter. Then it would be for your installed base to say, "Hey, here's the leading brand. You should use this ice maker." It seems-

John Stauch: I hear you, but assume they sell a hundred thousand units a year. Most of those installers are likely to suggest a filtration solution, right? And a lot of those same types of dealers are installing our filtration solutions. The issue is that it's a replacement to an existing unit or they're replacing one of our existing units. Are we doing the best job of helping to upsell to the latest capability and the latest technology? And that's where we see an opportunity.

Scott Graham: Okay. And thank you for that. And my last question is simply the SGIs. Is there now going to be a pivot? Are we going to have to add anything there to further support the commercial water platform?

John Stauch: No, I think this fits nicely into that SGI and exactly the type of asset we were thinking about when we built that. I think we've got some good organic capability to get ahead of this, and we're opportunistically looking, is there other things that we can do as well, as I mentioned, commercial buildings, other adjacencies. But right now I think this in itself is a great platform and we bring a lot to this platform and I think we got some pretty good runway here.

Scott Graham: Yeah. Thanks a lot.

John Stauch: Thank you. Hello. Are there any other questions? Operator?

Bob Fishman : Jim, just checking the audio.

Jim Lucas: Audio works, trying to contact the operator.

John Stauch: Are there more questions in the queue, Jim?

Jim Lucas: There are two questions left.

John Stauch: Okay. I'm going to get to those then.

Operator: [inaudible].

John Stauch: Hi, Operator.

Operator: Yes. One moment. Can you hear me?

John Stauch: Yes, we can. Okay. Is there any way we can let those two questions in the queue, Operator? Jim, thoughts?

Jim Lucas: Since it seems to be an operator issue. We're down to one question in the queue. So maybe John, if you can give closing remarks and I will follow up with the last person.

John Stauch: Okay. Well, thank you to everyone for joining today's call, especially on such a short notice. In summary, we think Manitowoc Ice is a very strong, strategic fit, and a great addition to our commercial water center.

We expect to be a strong growth contributor, immediately creative to 2022 upon closing to be meaningfully creative to 2023 and 25, generate strong cashflow. And we expect to use a strong cashflow to de-lever quickly. I would also like to thank our small, but very talented deal team, our financial and legal advisors. And I'll look forward to welcoming the Manitowoc Ice team to the Pentair family upon closing. Operator, you can conclude the call.