



Q2 2020 EARNINGS RELEASE
July 23, 2020



Forward-Looking Statements

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

THIS PRESENTATION CONTAINS STATEMENTS THAT WE BELIEVE TO BE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. ALL STATEMENTS, OTHER THAN STATEMENTS OF HISTORICAL FACT ARE FORWARD-LOOKING STATEMENTS. WITHOUT LIMITATION, ANY STATEMENTS PRECEDED OR FOLLOWED BY OR THAT INCLUDE THE WORDS "TARGETS," "PLANS," "BELIEVES," "EXPECTS," "INTENDS," "WILL," "LIKELY," "MAY," "ANTICIPATES," "ESTIMATES," "PROJECTS," "SHOULD," "WOULD," "COULD," "POSITIONED," "STRATEGY," "FUTURE" OR WORDS, PHRASES OR TERMS OF SIMILAR SUBSTANCE OR THE NEGATIVE THEREOF, ARE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO RISKS, UNCERTAINTIES, ASSUMPTIONS AND OTHER FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL, WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FACTORS INCLUDE THE OVERALL IMPACT OF THE COVID-19 PANDEMIC ON OUR BUSINESS; THE DURATION AND SEVERITY OF THE COVID-19 PANDEMIC; ACTIONS THAT MAY BE TAKEN BY US, OTHER BUSINESSES AND GOVERNMENTS TO ADDRESS OR OTHERWISE MITIGATE THE IMPACT OF THE COVID-19 PANDEMIC, INCLUDING THOSE THAT MAY IMPACT OUR ABILITY TO OPERATE OUR FACILITIES, MEET PRODUCTION DEMANDS, AND DELIVER PRODUCTS TO OUR CUSTOMERS; THE NEGATIVE IMPACTS OF THE COVID-19 PANDEMIC ON THE GLOBAL ECONOMY, OUR CUSTOMERS AND SUPPLIERS, AND CUSTOMER DEMAND; OVERALL GLOBAL ECONOMIC AND BUSINESS CONDITIONS IMPACTING OUR BUSINESS, INCLUDING THE STRENGTH OF THE HOUSING AND RELATED MARKETS; DEMAND, COMPETITION AND PRICING PRESSURES IN THE MARKETS WE SERVE; VOLATILITY IN CURRENCY EXCHANGE RATES; FAILURE OF MARKETS TO ACCEPT NEW PRODUCT INTRODUCTIONS AND ENHANCEMENTS; THE ABILITY TO SUCCESSFULLY IDENTIFY, FINANCE, COMPLETE AND INTEGRATE ACQUISITIONS; THE ABILITY TO ACHIEVE THE BENEFITS OF OUR RESTRUCTURING PLANS AND COST REDUCTION INITIATIVES; RISKS ASSOCIATED WITH OPERATING FOREIGN BUSINESSES; THE IMPACT OF MATERIAL COST AND OTHER INFLATION; THE IMPACT OF SEASONALITY OF SALES AND WEATHER CONDITIONS; OUR ABILITY TO COMPLY WITH LAWS AND REGULATIONS; THE IMPACT OF CHANGES IN LAWS, REGULATIONS AND ADMINISTRATIVE POLICY, INCLUDING THOSE THAT LIMIT U.S. TAX BENEFITS OR IMPACT TRADE AGREEMENTS AND TARIFFS; THE OUTCOME OF LITIGATION AND GOVERNMENTAL PROCEEDINGS; AND THE ABILITY TO ACHIEVE OUR LONG-TERM STRATEGIC OPERATING GOALS. ADDITIONAL INFORMATION CONCERNING THESE AND OTHER FACTORS IS CONTAINED IN OUR FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION, INCLUDING OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2019 AND OUR QUARTERLY REPORTS ON FORM 10-Q. ALL FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS PRESENTATION. PENTAIR PLC ASSUMES NO OBLIGATION, AND DISCLAIMS ANY OBLIGATION, TO UPDATE THE INFORMATION CONTAINED IN THIS PRESENTATION.

Key Definitions

- Except as Otherwise Noted All References to 2020 and 2019 Represent Our Results from Continuing Operations for the Period Indicated, Presented on an Adjusted Basis
- "Core Sales" Refers to GAAP Revenue from Continuing Operations Excluding (1) the Impact of Currency Translation and (2) the Impact of Revenue from Acquired Businesses Recorded Prior to the First Anniversary of the Acquisition Less the Amount of Sales Attributable to Divested Product Lines Not Considered Discontinued Operations
- Segment Income Represents Equity Income of Unconsolidated Subsidiaries and Operating Income from Continuing Operations Exclusive of Non-Cash Intangible Amortization, Certain Acquisition Related Expenses, Costs of Restructuring Activities, Impairments, and Other Unusual Non-Operating Items
- Return on Sales ("ROS") Equals Segment Income Divided by Sales
- See Appendix for GAAP to Non-GAAP Reconciliations

Executive Summary

- ✓ **Focused on the health and safety of our employees, our customers, and our businesses**
- ✓ **Delivered second quarter performance benefiting from monthly improvement in our Residential facing businesses, particularly in Pool**
- ✓ **Generated strong cash flow and further strengthened our liquidity profile**
- ✓ **We are positioning ourselves to take advantage of opportunities when business recovers**

Managing Through Uncertain Times

Segment Focus

Consumer Solutions

- Pool content growth in new/remodeled pools
- Pool aftermarket expansion and automation growth
- Water Solutions systems and services expansion
- Increase innovation in Foodservice
- Build robust M&A funnel

Industrial & Flow Technologies

- Reinforce PIMS processes to sustain performance
- Resources and investments focused on improving manufacturing productivity
- Favorable industry trends exist for some product categories (Food & Beverage)
- Requires attentive strategic prioritization

Balanced Focus Between Growth and Productivity

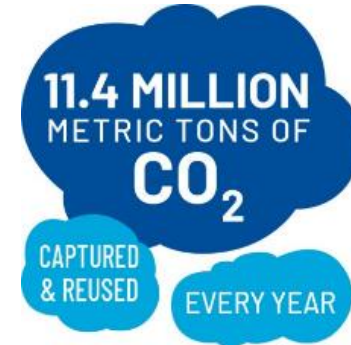
What We Do Really Matters!



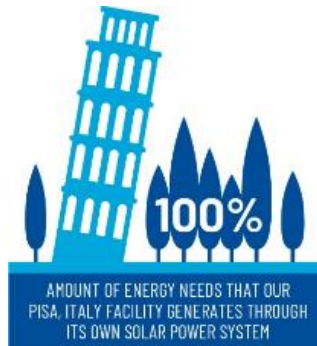
Named ENERGY STAR® Partner of the Year for six consecutive years



Our residential filtration solutions reduce the need for 9.9 billion water bottles annually



World leading CO₂ recovery and purification technologies capture value from waste while reducing emission footprint

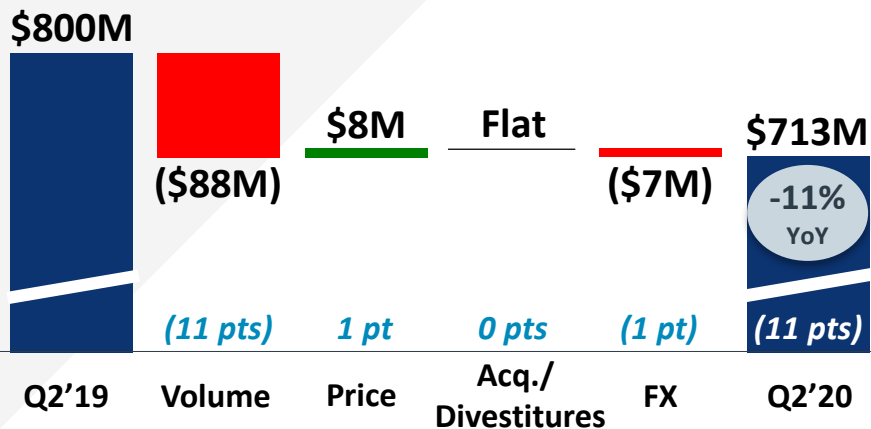


Our philanthropic Safe Water Program provides sustainable clean drinking water to 3 million people in the developing world

Delivering Smart Sustainable Solutions

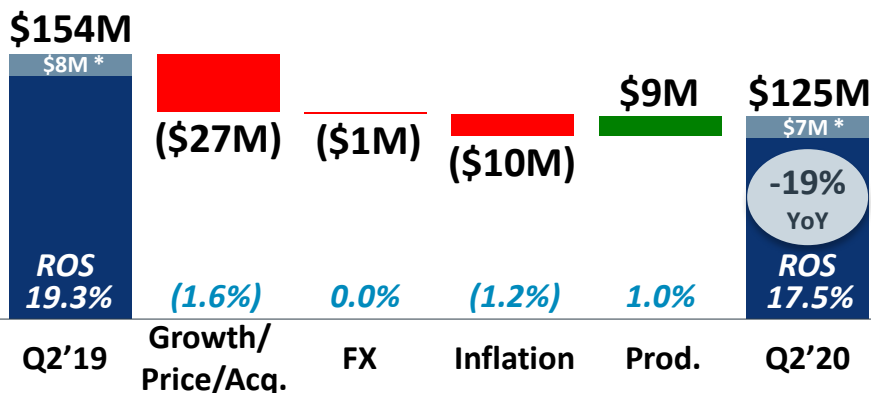
Q2'20 Pentair Performance

Sales



Segment Income

*Non-Cash Intangible Amortization



Financial Highlights (YoY)

Core Sales Down 10%

- Consumer Solutions Down 8%
- Industrial & Flow Technologies Down 13%

Segment Income Down 19%

ROS 17.5% ... Down 180 bps

Adj. EPS \$0.59 ... Down 14%

- Adjusted Tax Rate of 16%
- Net Interest/Other of \$8.1M; Shares 166.4M

Slow Start to Quarter, but Pockets of Stabilization in Residential

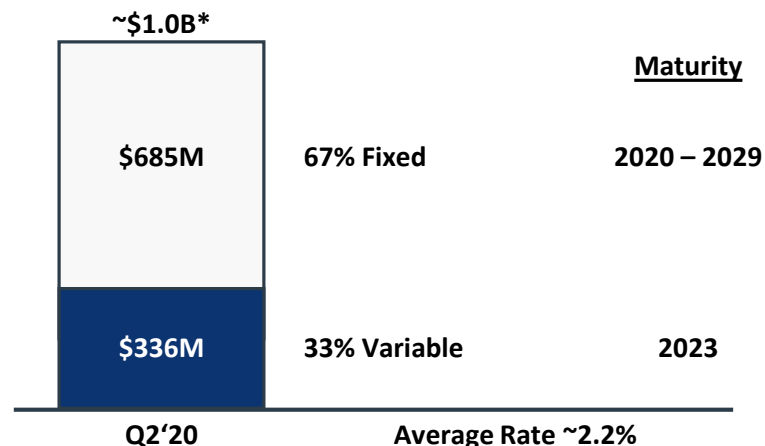
Balance Sheet and Cash Flow

Cash Flow (\$M)

	Q2 2020	YTD 2020
Net Income - Continuing Ops	\$ 74	\$ 147
Amortization	7	15
Subtotal	\$ 81	\$ 162
Depreciation	11	23
Capital Expenditures	(12)	(31)
Working Capital	258	21
Other Accruals/Other	79	61
Free Cash Flow- Total	\$ 417	\$ 236
Free Cash Flow-Discontinued Ops	-	-
Free Cash Flow - Continuing Ops	\$ 417	\$ 236

- \$900M revolver – currently \$764M available
- Net Debt/EBITDA covenant 3.75x; currently at 1.6x
- ROIC at Quarter End 14.0%

Debt Summary



*Does Not Include \$91M of Cash on Hand

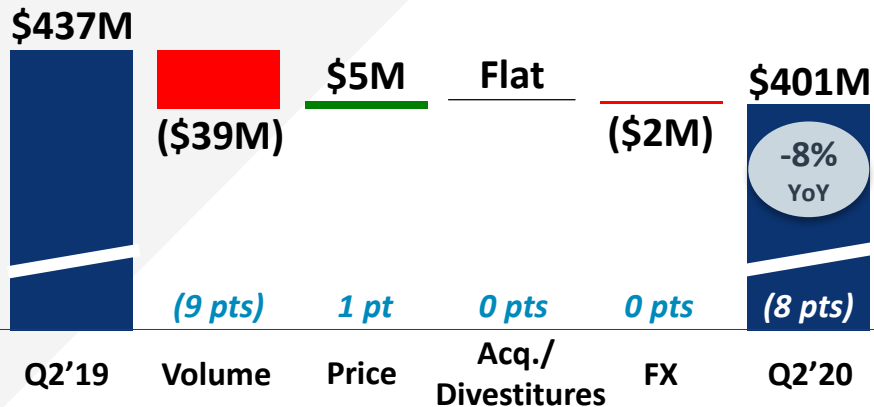
Debt Roll-Forward (\$M)

Use of Cash: (\$M)	Q2 2020	YTD 2020
Beginning Debt	\$ 1,451	\$ 1,029
Used (Generated) Cash	(417)	(236)
Share Repurchase	-	115
Dividends	32	64
Acquisitions/Other	(53)	41
Ending Debt	\$ 1,013	\$ 1,013

Balance Sheet and Liquidity Remain Strong

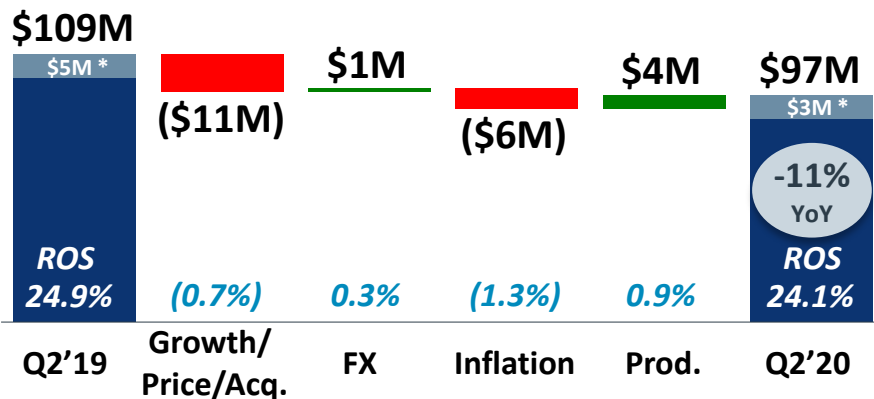
Q2'20 Consumer Solutions Performance

Sales



Segment Income

*Non-Cash Intangible Amortization



Financial Highlights (YoY)

Pool

- Sales flat
- Strong demand in aftermarket and new construction

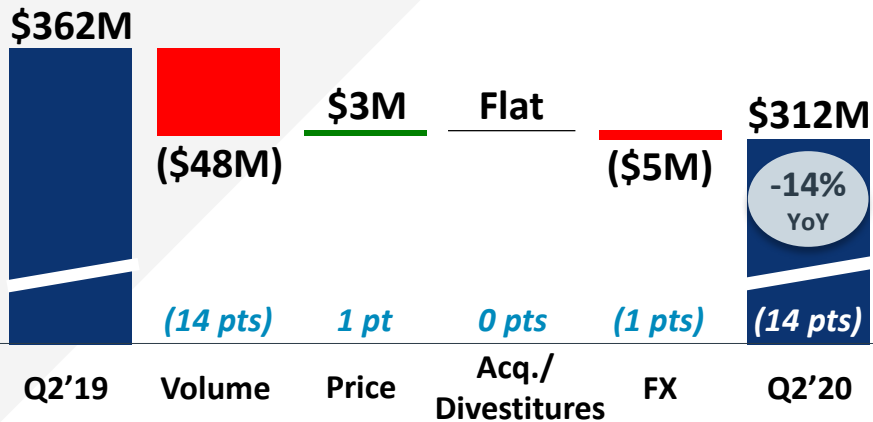
Water Solutions

- Sales down mid teens
- Commercial challenged while Residential showed improvement as quarter progressed

Residential Improved Throughout Quarter

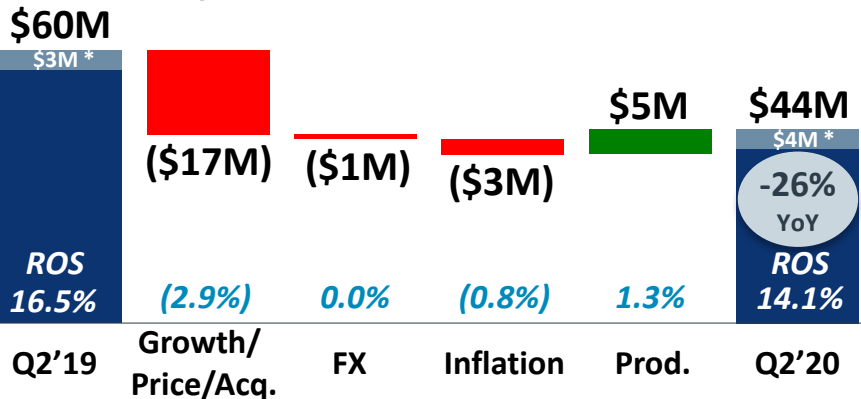
Q2'20 Industrial & Flow Technologies Performance

Sales



Segment Income

*Non-Cash Intangible Amortization



Financial Highlights (YoY)

Residential & Irrigation Flow

- Sales down low double digits
- Sell thru improved during the quarter while distributors remained cautious on ordering

Commercial & Infrastructure Flow

- Sales down high single digits
- Infrastructure backlog steady while Commercial demand softened

Industrial Filtration

- Sales down low twenties
- Customer capital spending frozen across most industries served

Commercial and Industrial Markets Remained Pressured

Full Year 2020 Planning Assumptions

- **Pool is having, and we expect will continue to have, a stronger year due to easier year-over-year comparisons and the benefits of consumers sheltered in place**
- **Water Solutions is expected to see a slower recovery due to the impacts of COVID-19 on hospitality and commercial offices**
- **IFT is expected to experience a slower recovery due to ongoing capital spending “pause” by commercial and industrial customers**
- **COVID-19 continues to be a challenge to our economic outlook and could potentially disrupt our ability to meet new product introductions, impact our manufacturing capability, and disrupt our global supply chains**

Uncertainty Remains ... Expect Some Stabilization in Pockets of Business

Full Year 2020 Pentair Outlook

Sales

- Total Sales ~\$2.8B

EPS

- Adjusted EPS ~\$2.00 to \$2.20

Other Items

- Adjusted Tax Rate of ~16%
- Shares ~167M

Balance Sheet & Cash Flow

- Targeting FCF Greater Than 100% of Net Income
- Capital Expenditures ~\$60M to \$70M
- D&A of ~\$75M and ~\$20M of Non-Cash Stock Compensation

Reinstating Full Year Guidance

A Strong Foundation to Build Upon

We have a strong purpose, mission, and vision

We believe we are in attractive spaces that are expanding

We have the right enterprise strategy, businesses, talent, and culture

We continue to prioritize providing superior customer experiences and delivering more predictable and consistent results

We Believe We are Well-Positioned to Achieve Our Long-Term Vision



APPENDIX

GAAP TO NON-GAAP MEASUREMENTS &
RECONCILIATIONS

Reported To Adjusted 2020 Reconciliation

Pentair plc and Subsidiaries
Reconciliation of the GAAP year ending December 31, 2020 to the non-GAAP
excluding the effect of 2020 adjustments (Unaudited)

<i>In millions, except per-share data</i>	Actual		Forecast	
	First Quarter	Second Quarter	Full Year	
Net sales	\$ 710.0	\$ 713.3	approx \$	2,800
Operating income	100.7	111.1		
<i>% of net sales</i>	14.2%	15.6%		
Adjustments:				
Restructuring and other	2.4	1.1	approx \$	4
Intangible amortization	7.6	7.0	approx	28
COVID-19 related costs and expenses	0.9	4.8	approx	6
Deal related costs and expenses	0.4	—	approx	—
Equity loss of unconsolidated subsidiaries	(0.5)	0.7	approx	2
Segment income	111.5	124.7		
<i>Return on sales</i>	15.7%	17.5%		
Net income from continuing operations—as reported	72.7	73.8	approx	\$284 - \$317
Loss on sale of business	—	0.1	approx	—
Adjustments to operating income	11.3	12.9	approx	38
Income tax adjustments	3.3	11.1	approx	12
Net income from continuing operations—as adjusted	\$ 87.3	\$ 97.9	approx	\$334 - \$367
Continuing earnings per ordinary share—diluted				
Diluted earnings per ordinary share—as reported	\$ 0.43	\$ 0.44	approx	\$1.70 - \$1.90
Adjustments	0.09	0.15	approx	0.30
Diluted earnings per ordinary share—as adjusted	\$ 0.52	\$ 0.59	approx	\$2.00 - \$2.20

Reported To Adjusted 2019 Reconciliation

Pentair plc and Subsidiaries
Reconciliation of the GAAP year ended December 31, 2019 to the non-GAAP
excluding the effect of 2019 adjustments (Unaudited)

<i>In millions, except per-share data</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net sales	\$ 688.9	\$ 799.5	\$ 713.6	\$ 755.2	\$ 2,957.2
Operating income	67.6	133.8	108.8	122.3	432.5
<i>% of net sales</i>	9.8%	16.7%	15.2%	16.2%	14.6%
Adjustments:					
Restructuring and other	1.1	6.7	5.9	7.3	21.0
Intangible amortization	8.2	8.3	7.6	7.6	31.7
Asset impairment	15.3	2.9	—	3.0	21.2
Inventory step-up	1.7	0.5	—	—	2.2
Deal related costs and expenses	4.2	—	—	—	4.2
Equity income of unconsolidated subsidiaries	0.6	1.9	0.5	0.5	3.5
Segment income	98.7	154.1	122.8	140.7	516.3
<i>Return on sales</i>	14.3%	19.3%	17.2%	18.6%	17.5%
Net income from continuing operations—as reported	52.4	115.1	91.3	102.9	361.7
(Gain) loss on sale of businesses	(3.5)	0.1	0.1	1.1	(2.2)
Pension and other post-retirement mark-to-market (gain) loss	—	(12.2)	0.4	8.4	(3.4)
Adjustments to operating income	30.5	18.4	13.5	17.9	80.3
Income tax adjustments	(5.4)	(3.8)	(7.4)	(14.8)	(31.4)
Net income from continuing operations—as adjusted	\$ 74.0	\$ 117.6	\$ 97.9	\$ 115.5	\$ 405.0
Continuing earnings per ordinary share—diluted					
Diluted earnings per ordinary share—as reported	\$ 0.30	\$ 0.68	\$ 0.54	\$ 0.61	\$ 2.12
Adjustments	0.13	0.01	0.04	0.07	0.26
Diluted earnings per ordinary share—as adjusted	\$ 0.43	\$ 0.69	\$ 0.58	\$ 0.68	\$ 2.38

Core Sales Growth Reconciliation

Pentair plc and Subsidiaries
Reconciliation of Net Sales Growth to Core Net Sales Growth by Segment
For the Quarter Ended June 30, 2020 (Unaudited)

	Q2 Net Sales Growth			
	Core	Currency	Acq. / Div.	Total
Total Pentair	(10.0)%	(0.9)%	0.1%	(10.8)%
Consumer Solutions	(7.8)%	(0.5)%	0.1%	(8.2)%
Industrial & Flow Technologies	(12.6)%	(1.3)%	—%	(13.9)%

ROIC Reconciliation

	Second Quarter 2019	Third Quarter 2019	Fourth Quarter 2019	First Quarter 2020	Second Quarter 2020
<i>Dollars in millions</i>					
Return on Invested Capital (ROIC)					
Segment Income	\$ 154.1	\$ 122.8	\$ 140.7	\$ 111.5	\$ 124.7
Reported Effective Tax Rate	16.1%	9.8%	2.8%	21.5%	28.8%
Adjusted Effective Tax Rate	18.0%	15.0%	13.4%	16.0%	16.0%
NOPAT	\$ 126.4	\$ 104.4	\$ 121.8	\$ 93.7	\$ 104.7
Depreciation	12.4	12.0	11.9	11.6	11.2
Capital Expenditures ("Cap Ex")	(13.0)	(14.8)	(13.9)	(18.7)	(11.8)
Total NOPAT, Depreciation, and Cap Ex	\$ 125.8	\$ 101.6	\$ 119.8	\$ 86.6	\$ 104.1
Trailing Four Quarter NOPAT, Depreciation, and Cap Ex	\$ 408.5	\$ 411.7	\$ 423.3	\$ 433.8	\$ 412.1
Ending Invested Capital	2,940.5	2,873.6	2,900.4	3,173.7	2,872.1
Trailing Five Quarter Average Invested Capital	2,770.8	2,827.5	2,884.9	3,009.9	2,952.1
After Tax Return on Invested Capital	14.7%	14.6%	14.7%	14.4%	14.0%

NOPAT (Net Operating Profit After Tax) is Defined as [(Segment Income) X (1 - Adjusted Effective Tax Rate)]

Ending Invested Capital is Defined as [Total Shareholders' Equity + Long-term Debt + Current Maturities of Long-term Debt and Short-term Borrowings - Cash and Cash Equivalents - Net Assets Held for Sale]

Free Cash Flow Reconciliation

Pentair plc and Subsidiaries
Reconciliation of the GAAP operating activities cash flow to the non-GAAP free cash flow (Unaudited)

<i>In millions</i>	Three months ended	Three months ended	Six months ended	Three months ended	Three months ended	Six months ended
	March 31, 2020	June 30, 2020	June 30, 2020	March 31, 2019	June 30, 2019	June 30, 2019
Net cash provided by (used for) operating activities of continuing operations	\$ (162.4)	\$ 428.9	\$ 266.5	\$ (257.1)	\$ 356.3	\$ 99.2
Capital expenditures	(18.7)	(11.8)	(30.5)	(16.8)	(13.0)	(29.8)
Proceeds from sale of property and equipment	0.1	—	0.1	0.3	0.1	0.4
Free cash flow from continuing operations	\$ (181.0)	\$ 417.1	\$ 236.1	\$ (273.6)	\$ 343.4	\$ 69.8
Net cash used for operating activities of discontinued operations	—	(0.5)	(0.5)	0.8	(3.3)	(2.5)
Free cash flow	\$ (181.0)	\$ 416.6	\$ 235.6	\$ (272.8)	\$ 340.1	\$ 67.3