



# Q2 2023 EARNINGS RELEASE

July 27, 2023



# 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,” or “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 global economic and business conditions impacting our business, including the strength of housing and related markets and conditions relating to the conflict between Russia and Ukraine and related sanctions; supply, demand, logistics, competition and pricing pressures related to and in the markets we serve; the ability to achieve the benefits of our restructuring plans, cost reduction initiatives and Transformation Program; the impact of raw material, logistics and labor costs and other inflation; volatility in currency exchange rates and interest rates; failure of markets to accept new product introductions and enhancements; the ability to successfully identify, finance, complete and integrate acquisitions; risks associated with operating foreign businesses; 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 and ESG goals.

Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2022. All forward-looking statements, including all financial forecasts, speak only as of the date of this presentation. Pentair assumes no obligation, and disclaims any obligation, to update the information contained in this presentation.

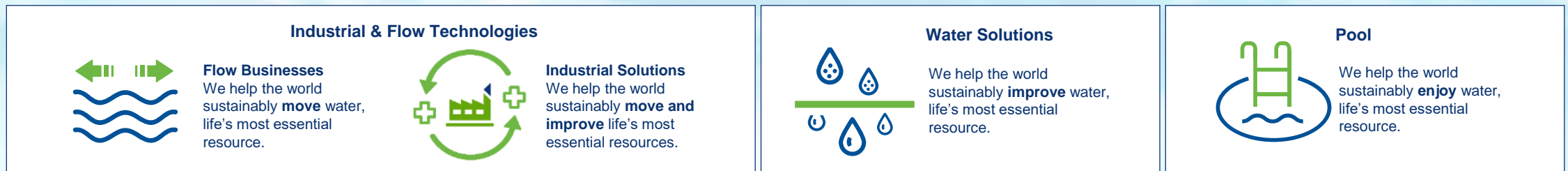
# Key Definitions

- Except as otherwise noted, our results represent continuing operations for the period indicated, presented on an adjusted basis
- "Core sales" refers to GAAP net sales from continuing operations excluding: (1) the impact of currency translation and (2) the impact of net sales from acquired businesses recorded prior to the first anniversary of the acquisition, excluding the excess over prior year net sales of the acquired business less the amount of net 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 transformation and restructuring activities, impairments, and other unusual non-operating items
- Return on sales ("ROS") equals segment income divided by net sales
- See appendix for GAAP to non-GAAP reconciliations

# Strategic Framework

**OUR PURPOSE:** To create a **better** world for people and the planet through smart, sustainable water solutions.

**OUR MISSION:** We help the world sustainably **move**, **improve** and **enjoy** water, life's most **essential** resource.



**OUR VISION:** To be the world's most valued **sustainable water solutions** company for our employees, customers and shareholders.

**OUR IMPACT:** **Making Better Essential** through our products and solutions, for people and our planet.

**OUR WIN RIGHT VALUES:** **Customer First | Accountability for Performance | Innovation & Adaptability**  
**Positive Energy | Respect & Teamwork | Absolute Integrity**

# Pentair at a Glance

We Help the World Sustainably **Move**, **Improve** and **Enjoy Water**,  
Life's Most Essential Resource



Employees

**~11K**



Sales (2022)

**\$4.1B**



Focus on Profitability (2022)

**18.6%** ROS



Strong Cash Flow  
and Solid Returns

**High Teens**  
ROIC



Large Installed Base

~75%+ Replacement  
~75K+ Trade Partners



Dividend Aristocrat

**47 YEARS**

Annual Dividend Increase

**DIVERSE  
PORTFOLIO:**

**~50% Residential and ~50% Commercial, Industrial & Infrastructure**



# Pentair Overview

A Leader in Helping the World Sustainably Move, Improve and Enjoy Water, Life's Most Essential Resource

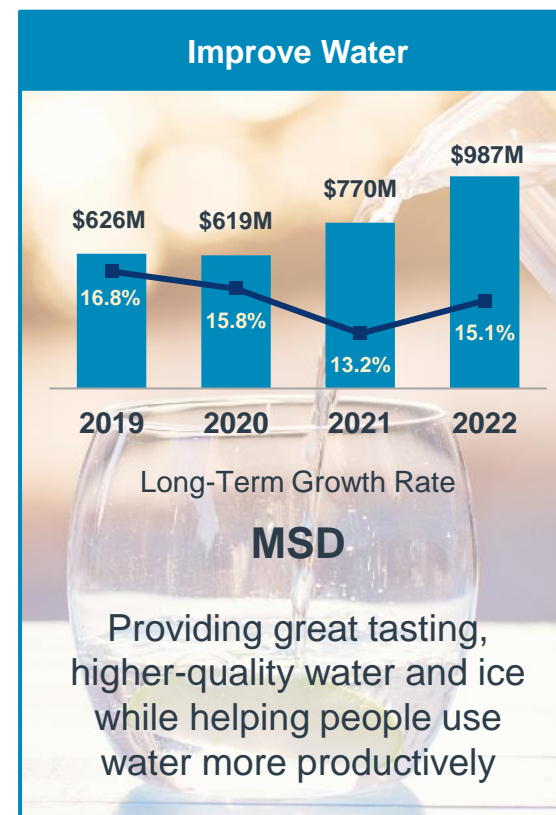
## Pentair



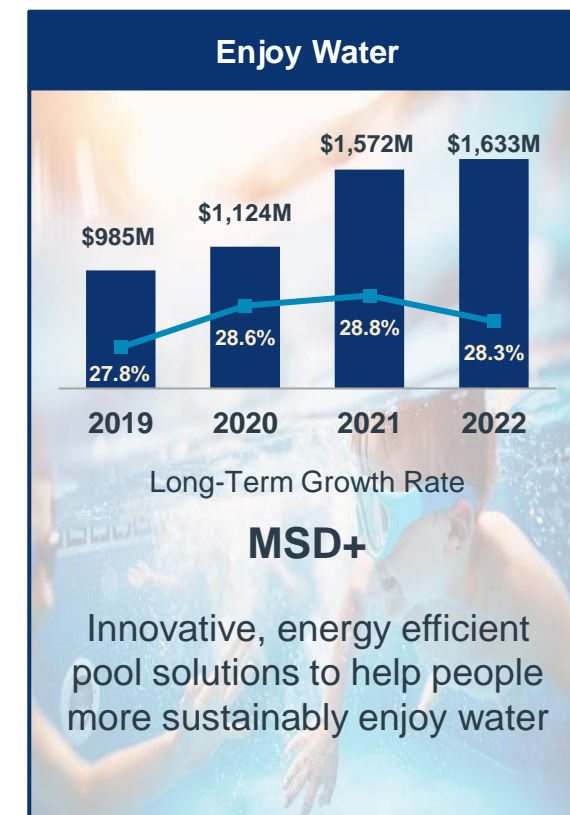
## Industrial & Flow Technologies



## Water Solutions



## Pool



Sales ■ ROS % —

# Making Better Essential

Newly Released Social Responsibility Highlights Report



Spotlighting Key Programs and Results

[2022 CR Report Highlights \(pentair.com\)](https://www.pentair.com)

## Making Progress in our Operations



### 29% REDUCTION

in Scope 1 and 2 GHG emissions compared to a 2019 baseline\*\*\* – with a goal of 50% reduction by 2030



### WATER WITHDRAWAL DECREASE

represents a 9.3% decrease compared to 2021 and a 0.7% decrease to our 2019 baseline\*\*\*

## Innovating Solutions for a Better Planet



### 100% of NEW PRODUCTS

evaluated using our new sustainability scorecard\*\*\*

**71%** of Pentair solutions

### SUPPORT WATER

**EFFICIENCY** helping to reduce, reuse, or recover water, directly or indirectly\*

**83%** of Pentair solutions

### SUPPORT ENERGY

**EFFICIENCY** by requiring less energy to operate\* or by aiding broader systems to operate more efficiently\*\*

Notes:

\*This is based on total sales in 2022 of Pentair's brands meeting this definition, as a percentage of total sales

\*\*Products subject to Department of Energy standards, effective July 2021, are not included if the model sold did not comply with the upcoming efficiency requirements. "Less" is defined as less than a prior version, less than a competitor (as known), or less than industry standard/norm

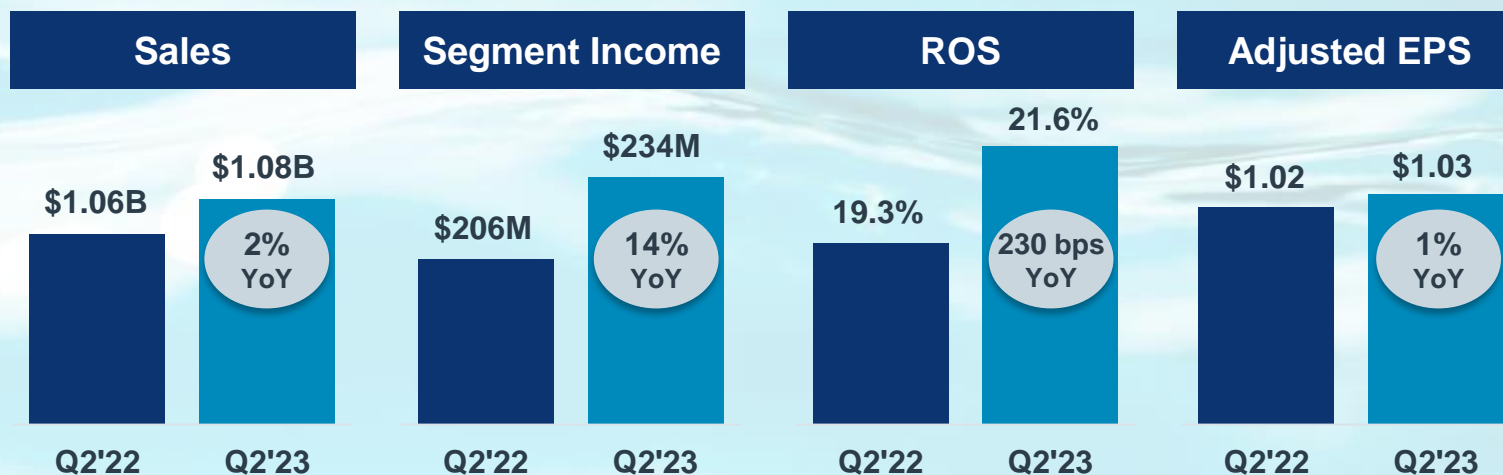
\*\*\*As of December 31, 2022

# Executive Summary

Diversified water portfolio drove record Q2 results\*

## ✓ Q2'23 Performance:

- Sales growth of **2%**
- Segment income **up 14%**
- ROS expanded **230 bps**
- Adjusted EPS **increased 1%**



- ✓ Solid execution across our diversified water portfolio and the Manitowoc Ice acquisition drove record results in sales, segment income, ROS and adjusted EPS
- ✓ Margin expanded across all three segments primarily due to price, cost actions and progress on our Transformation initiatives
- ✓ Introducing Q3 and increasing full year 2023 guidance; raising 2023 adjusted EPS midpoint to \$3.70

\*Q2'23 sales, segment income, ROS and adjusted EPS reflect record quarter following the nVent separation from Pentair in 2018.



# Q2 Segment Highlights

Sales growth in IFT and Water Solutions more than offset lower Pool volume

## Industrial & Flow Technologies

- ✓ Record segment sales and ROS
- ✓ Double-digit sales growth in Commercial and Industrial
- ✓ Strong margin expansion driven by price and Transformation
- ✓ Growth driven by strong backlog, aftermarket, and replacement sales in our components, membranes and pump portfolios

Move Water

## Water Solutions

- ✓ Strong growth in core sales and significant margin expansion
- ✓ Residential business stabilizing with improved lead times
- ✓ Strong sales in Commercial
- ✓ Manitowoc Ice:
  - Strong core sales growth
  - Accretive to segment margins
  - Provides end-to-end solutions from filtration to ice to services

Improve Water

## Pool

- ✓ Significant margin expansion driven by price, cost actions and Transformation initiatives
- ✓ Higher channel inventory, weather challenges and strong demand in the prior year contributed to volume declines
- ✓ Expect channel inventory to be normalized by end of Q3 leading to tailwinds in 2024 from channel inventory correction

Enjoy Water

# CEO Summary

**Building a strong foundation to drive long-term growth and profitability opportunities**

## **Strong First Half of 2023**

- Record\* Q2 results driven by our diverse water portfolio, strong execution and Transformation
- Industrial & Flow Technologies and Water Solutions performance helped offset Pool volume declines
- ROS expansion across all three segments driven by price, cost actions and Transformation

## **Introducing Q3 Guidance**

- Expect channel inventory correction in Pool to be completed by quarter end
- Expect to return to more normal seasonality in certain businesses
- Transformation initiatives expected to continue to accelerate

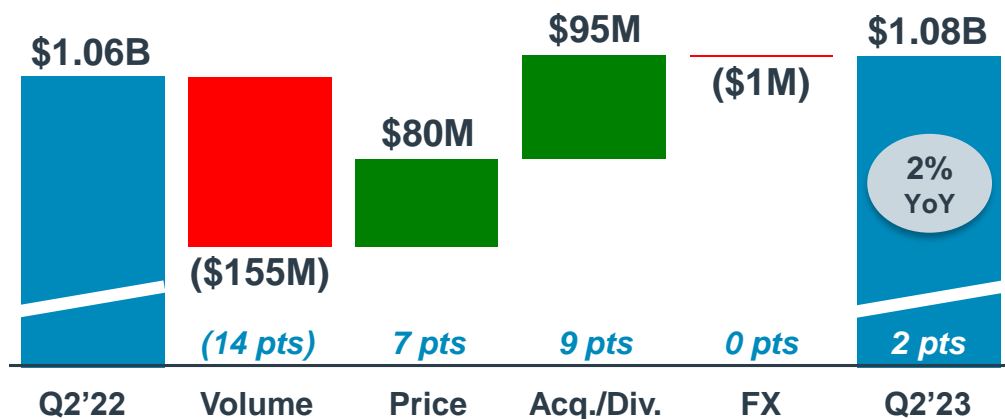
## **Full Year Guidance Update**

- Maintaining total Pentair full year sales guidance of approximately down 2% to flat
- Updating segment sales expectations reflecting strong first half performance
- **Raising midpoint of adjusted EPS guidance to \$3.70 from \$3.65**

\*Q2'23 sales, segment income, ROS and adjusted EPS reflect record quarter following the nVent separation from Pentair in 2018.

# Q2'23 Pentair Performance

## Sales

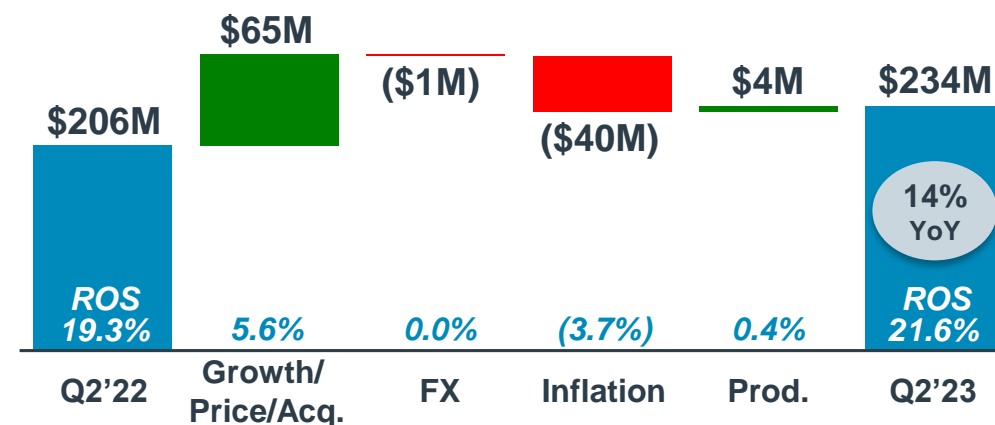


**Total Sales up 2%**

**Core Sales down 7%**

- Industrial & Flow Technologies up 9%
- Water Solutions up 9%
- Pool down 28%

## Segment Income



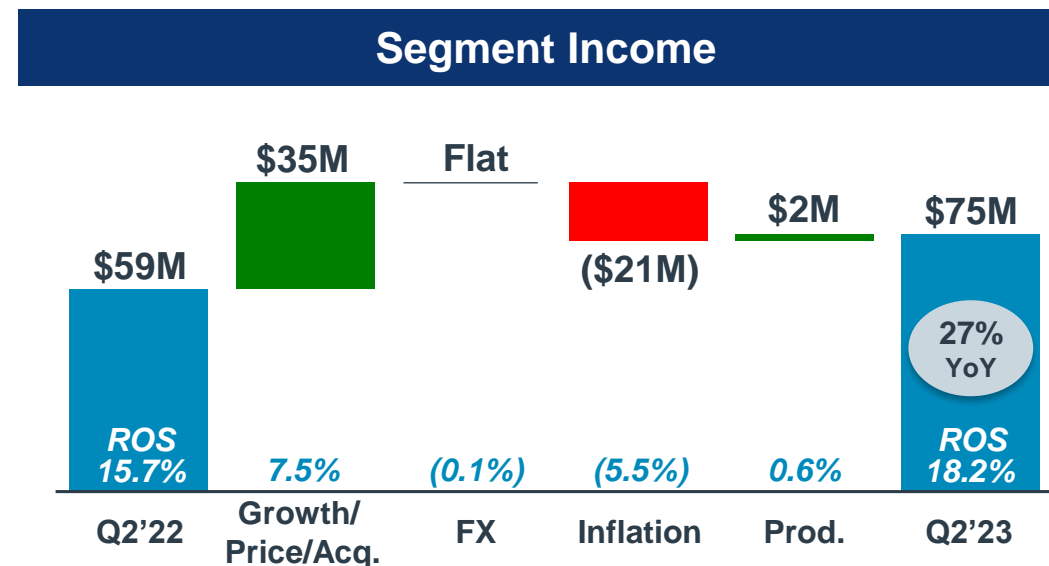
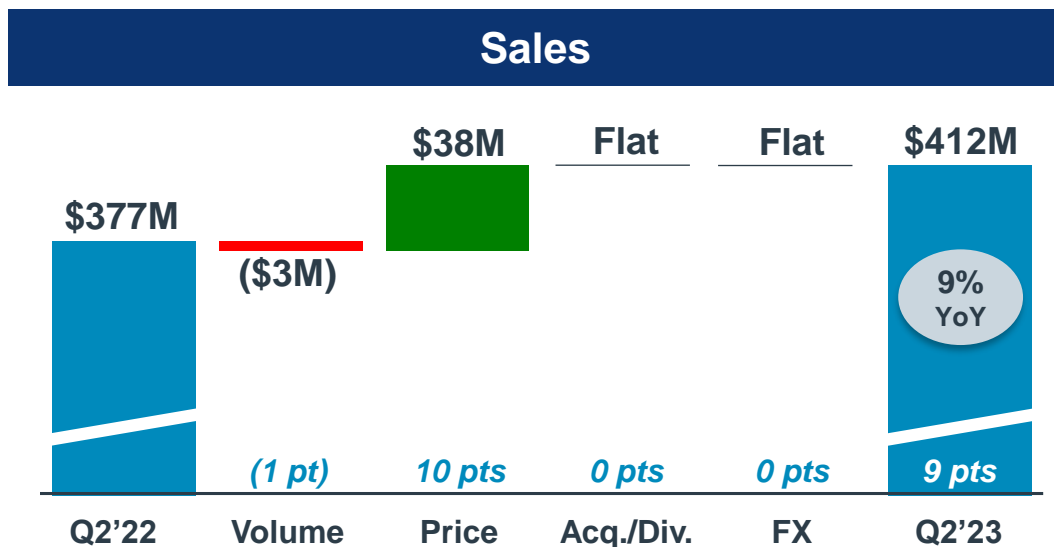
**Segment Income up 14%**

**ROS 21.6% ... up 230 bps**

**Adjusted EPS \$1.03 ... up 1%**

- Adjusted Tax Rate of 15%
- Net Interest expense of \$33M;
- Shares 166.1M

# Q2'23 Industrial & Flow Technologies Performance



## Flow

- Residential sales down 4%
- Commercial sales up 28%

## Industrial Solutions

- Sales up 13%

## Segment Income up 27%

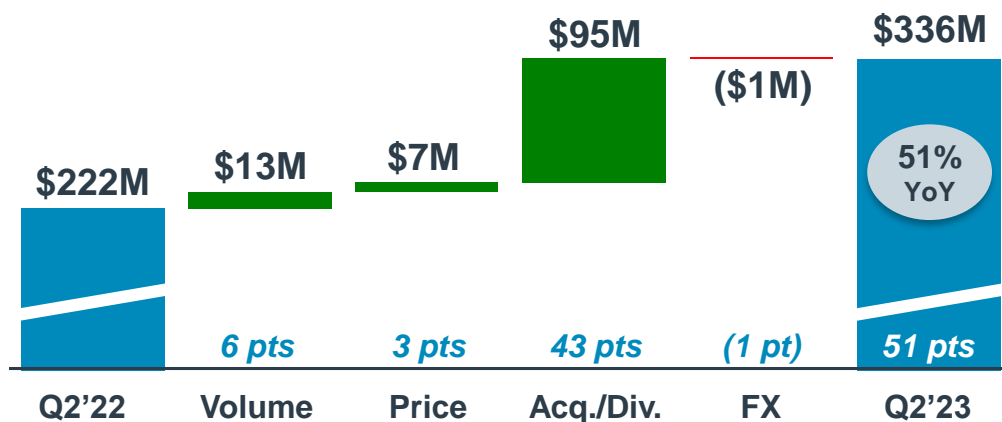
## ROS 18.2% ... up 250 bps

- Price and Transformation drove ROS expansion

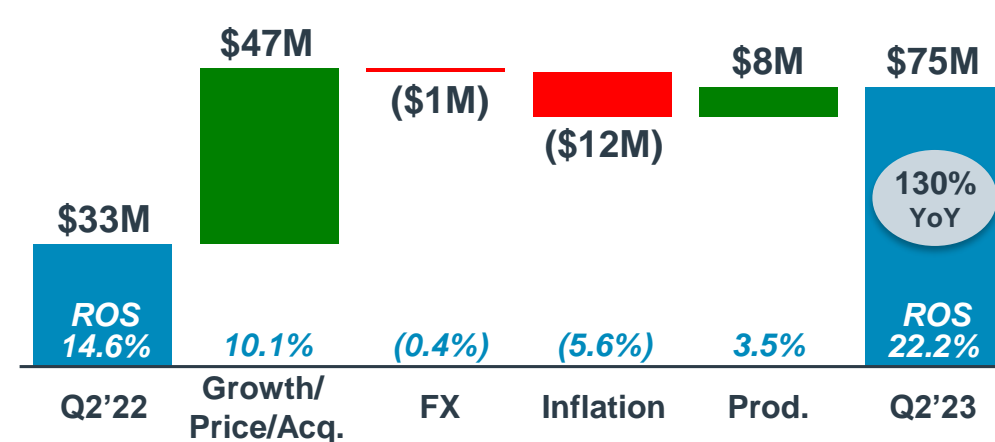
Note: Not included in Segment Income is non-cash amortization of \$2M in Q2'22 and \$1M in Q2'23

# Q2'23 Water Solutions Performance

## Sales



## Segment Income



### Commercial

- Sales up 158%

### Residential

- Sales down 19%

### Segment Income up 130%

### ROS 22.2% ... up 760 bps

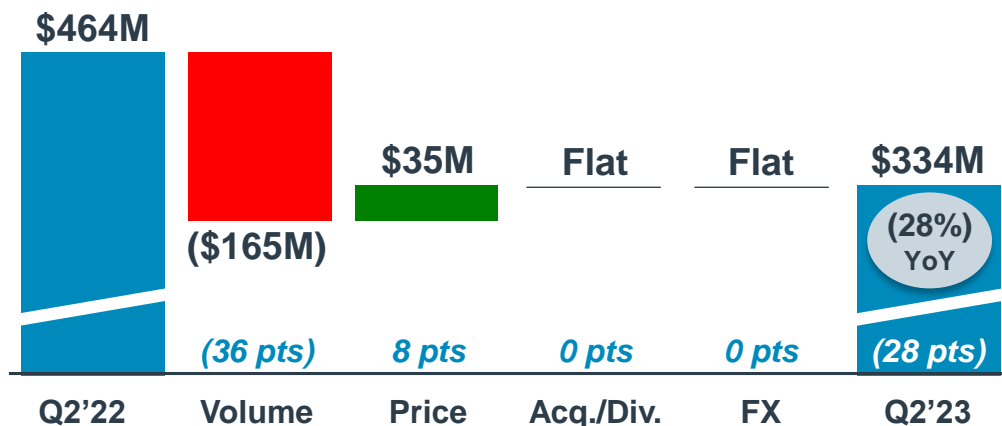
- Manitowoc acquisition accretive to segment margin
- Transformation drove efficiencies

Note: Not included in Segment Income is non-cash amortization of \$2M in Q2'22 and \$11M in Q2'23

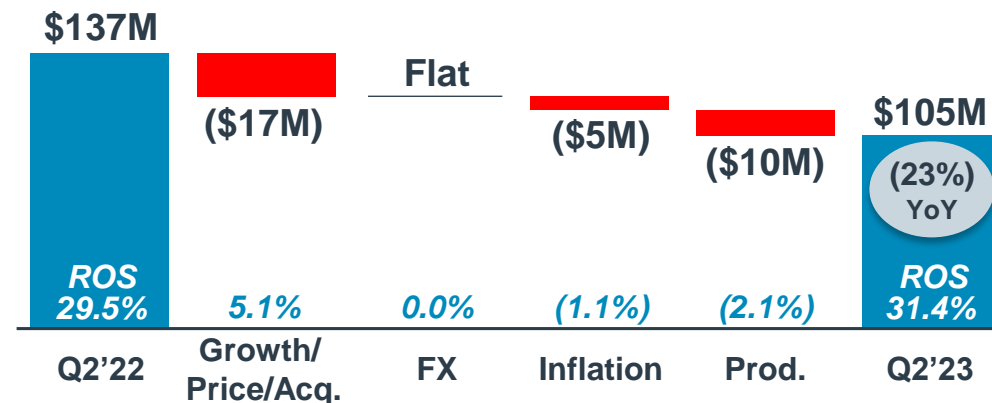


# Q2'23 Pool Performance

## Sales



## Segment Income



### Pool

- Pricing partially mitigated volume declines
- Higher channel inventory, weather challenges and a strong prior year comparison contributed to volume declines

### Segment Income down 23%

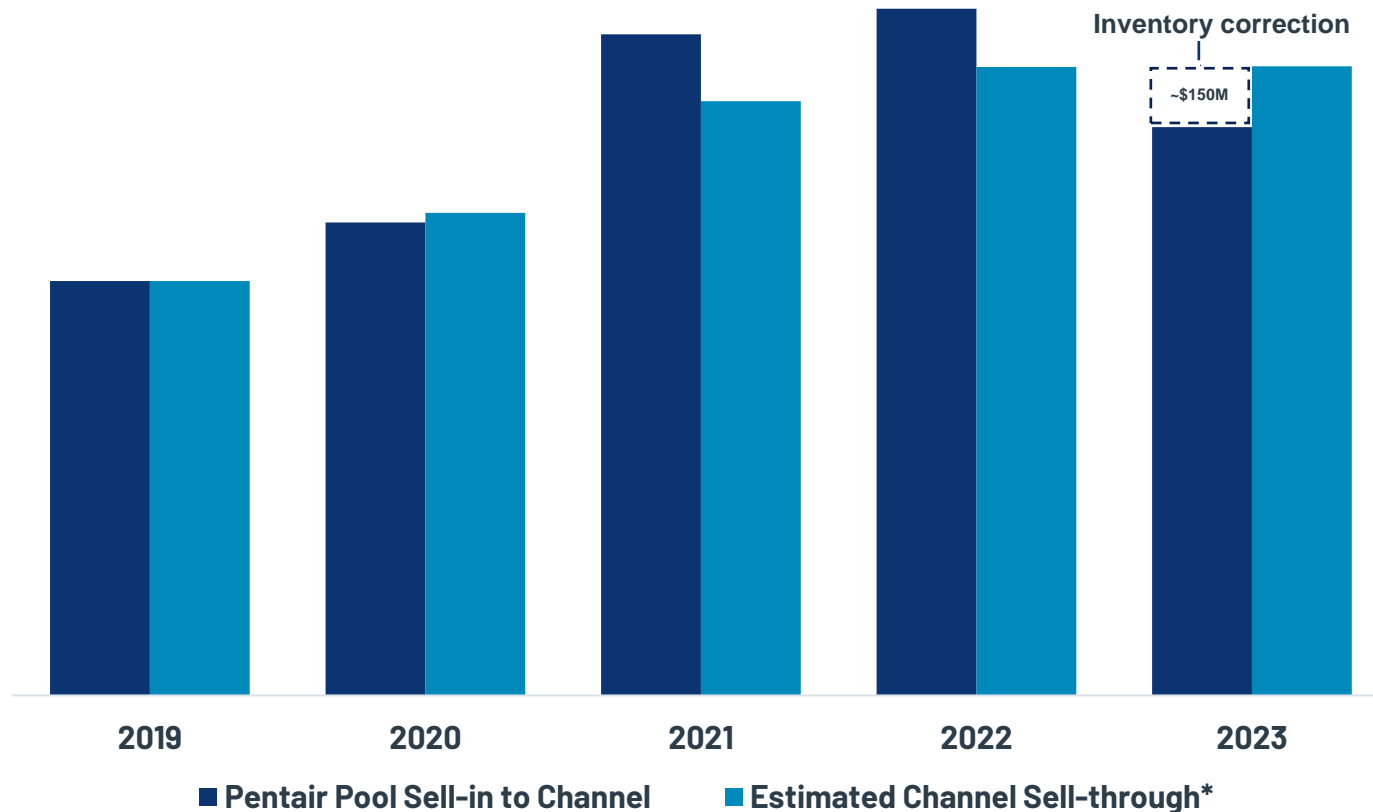
ROS 31.4% ... up 190 bps

- Price, cost actions and Transformation drove margin expansion

Note: Not included in Segment Income is non-cash amortization of \$2M in Q2'22 and \$2M in Q2'23

# Pentair Pool Sell-in vs. Estimated Industry Sell-through

Sell-in and Sell-through imbalance due to high pandemic demand and supply chain disruption



## 2024 Expectations

Sell-in and Sell-through rebalance

- Record inflation and supply chain disruption drove unique inventory levels in 2021-2022
- Lead times returning to normal (5 days vs. 180+ days in 2021-2022)
- Sell-through returning to normalized levels in 2023
- Sell-in and sell-through rebalance in 2024
- 2023 inventory correction of ~\$150M expected to become a tailwind in 2024

\*Estimated sell-through based on Company estimates.  
Note: Includes acquisitions

# Transformation Initiatives

Driving Margin Expansion Around 4 Key Themes



# Transformation Runway

Driving Margin Expansion Around 4 Key Themes; Target ROS of ~23% in 2025

Transformation Benefits Compound With Each Additional Wave



# Balance Sheet and Cash Flow

## Debt Summary

<b>\$2,115M*</b>		<u>Maturity</u>
<b>\$1,099M**</b>	52% Fixed	2025 – 2032
<b>\$1,016M</b>	48% Variable	2023 – 2027
<b>6/30/2023</b>		<b>Average Rate ~5.3%</b>

\*Does Not Include \$142M of Cash on Hand

\*\*Includes \$300M Float-to-Fixed Rate Swap

## Debt Roll-Forward (\$M)

	Q2 2023	YTD 2023
<b>Beginning Debt</b>	<b>\$2,492</b>	<b>\$2,317</b>
Used (Generated) Cash	(431)	(308)
Share Repurchase	-	-
Dividends	36	73
Acquisitions/Other	18	33
<b>Ending Debt</b>	<b>\$2,115</b>	<b>\$2,115</b>

^Includes Manitowoc Ice LTM Pro Forma EBITDA

## Cash Flow (\$M)

	Q2 2023	Q2 2022
<b>Net Income - Continuing Ops</b>	<b>\$154</b>	<b>\$153</b>
Amortization	14	6
<b>Subtotal</b>	<b>\$168</b>	<b>\$159</b>
Depreciation	14	14
Capital Expenditures	(18)	(22)
Asset Sales	5	3
Working Capital	219	78
Other Accruals/Other	43	55
<b>Free Cash Flow - Total</b>	<b>\$431</b>	<b>\$287</b>
Free Cash Flow - Discontinued Ops	(2)	(1)
<b>Free Cash Flow - Continuing Ops</b>	<b>\$433</b>	<b>\$288</b>

## Other Items

- Net Debt/Adjusted Pro Forma EBITDA ^ of 2.2x at quarter end, down from 2.6x in Q1'23
- ROIC of 14.9% at quarter end
  - Includes Manitowoc Ice acquisition (7/28/2022)



# Q3 and Full Year 2023 Pentair Outlook

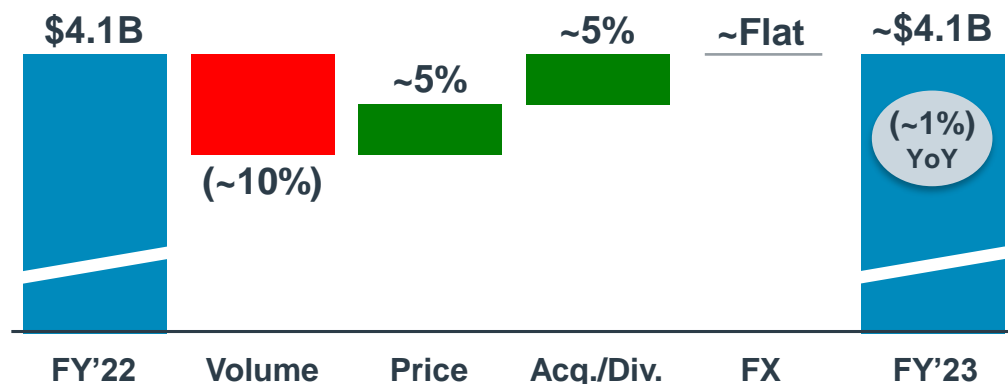
- Confident in our long-term value creation
- Increasing full year guide at midpoint to \$3.70 from \$3.65
- Continued execution across all three segments
- Ramping up multi-year Transformation initiatives
- Full year outlook incorporates residential volume headwinds, diversified water portfolio, and Transformation margin expansion
- Capital allocation remains focused on debt reduction



	Q3'23	FY'23
Sales	• Total Sales down ~7%	• Total Sales down ~2% to flat
Income	• Segment Income down ~1% to 6%	• Segment Income up ~10% to 12%
Adj. EPS	• Adjusted EPS of ~\$0.84 to \$0.89	• Adjusted EPS of ~\$3.65 to \$3.75
Other Items	<ul style="list-style-type: none"> <li>• Corp. Expense ~\$21M</li> <li>• Net Interest ~\$31M</li> <li>• Adjusted Tax Rate of ~15%</li> <li>• Shares ~165M to 166M</li> </ul>	<ul style="list-style-type: none"> <li>• Corp. Expense ~\$80M</li> <li>• Net Interest ~\$125M</li> <li>• Adjusted Tax Rate of ~15%</li> <li>• Shares ~165M to 166M</li> </ul>
Cash Flow		<ul style="list-style-type: none"> <li>• Targeting FCF = 100% of Net Income</li> <li>• Capital Expenditures ~\$85M</li> <li>• D&amp;A of ~\$110M and ~\$30M of Non-Cash Stock Comp</li> </ul>

# FY'23 Guidance at Midpoint\*

## Sales



### Total Pentair sales down ~1%

- **Industrial & Flow Technologies: Up ~MSD**  
Residential down ~mid-single digits, Commercial/Industrial/Infrastructure up ~low double-digits
- **Water Solutions: Up ~High-teens**  
Commercial up ~50%, Residential down ~10%
- **Pool: Down ~Mid-teens**  
New/Remodeled down ~25-30%; Aftermarket/Inventory down ~20%; Price up ~mid-single digits

## Segment Income




### Segment Income up ~11%; ROS ~20.9%

- Price to exceed inflation
- Manitowoc Ice acquisition and divestitures partially offset volume decline
- Productivity and Transformation contribute significantly

\*Guidance ties to the midpoint of our \$3.65 to \$3.75 full year 2023 Adjusted EPS guide range

# We Believe Pentair Is a Compelling Investment Opportunity

 An industry leader with a diversified, innovative water portfolio

 Transformation initiatives to drive operational efficiencies and margin expansion

 ESG focus on People, Planet and Governance to provide smart, sustainable water solutions

 Favorable secular trends driving end market growth

 Additional value creation from strong balance sheet and cash flow

 Dividend aristocrat – 47 consecutive years of dividend increases

# CEO Closing Comments

**1** Diversified water portfolio AND Transformation drove record\* Q2 sales and income, with margin expansion across all three segments

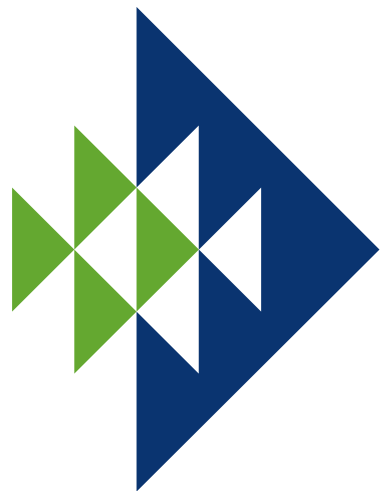
**2** Raised the midpoint of our full year adj. EPS guidance reflecting our confidence in the sustainability of our performance

**3** Transformation initiatives are expected to drive greater benefits later in fiscal year 2023 and beyond as we implement actions towards identified savings

**4** Solid execution and proactive decisions in 2023 expected to set a foundation for growth in 2024



\*Q2'23 sales, segment income, ROS and adjusted EPS reflect record quarter following the nVent separation from Pentair in 2018.



**PENTAIR**





# Appendix

GAAP TO NON-GAAP MEASUREMENTS &

RECONCILIATIONS

# Reported to Adjusted 2023 Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of GAAP to Non-GAAP Financial Measures for the Year Ending December 31, 2023**  
**Excluding the Effect of 2023 Adjustments (Unaudited)**

<i>In millions, except per-share data</i>	Actual			Forecast			
	First Quarter	Second Quarter		Third Quarter		Full Year	
Net sales	\$ 1,028.6	\$ 1,082.5	approx	Down 7%	approx	Down 2% - Flat	
Operating income	183.6	208.5	approx	Up 22% - 29%	approx	Up 28% - 31%	
<i>% of net sales</i>	<i>17.8 %</i>	<i>19.3 %</i>					
Adjustments:							
Restructuring and other	2.9	0.6	approx	—	approx	4	
Transformation costs	8.5	6.0	approx	—	approx	15	
Intangible amortization	13.8	13.9	approx	14	approx	55	
Legal accrual adjustments and settlements	(1.9)	4.1	approx	—	approx	2	
Asset impairment and write-offs	3.9	0.5	approx	—	approx	4	
Equity income of unconsolidated subsidiaries	0.2	0.6	approx	1	approx	3	
Segment income	211.0	234.2	approx	Down 1% - 6%	approx	Up 10% - 12%	
<i>Return on sales</i>	<i>20.5 %</i>	<i>21.6 %</i>					
Net income from continuing operations—as reported	128.5	154.2	approx	\$127 - \$135	approx	\$541 - \$558	
Other income	—	(5.1)	approx	—	approx	(5)	
Adjustments to operating income	27.2	25.1	approx	14	approx	80	
Income tax adjustments	(4.6)	(3.1)	approx	(2)	approx	(12)	
Net income from continuing operations—as adjusted	\$ 151.1	\$ 171.1	approx	\$139 - \$147	approx	\$604 - \$621	
<b>Continuing earnings per ordinary share—diluted</b>							
Diluted earnings per ordinary share—as reported	\$ 0.78	\$ 0.93	approx	\$0.77 - \$0.82	approx	\$3.27 - \$3.37	
Adjustments	0.13	0.10	approx	0.07	approx	0.38	
Diluted earnings per ordinary share—as adjusted	\$ 0.91	\$ 1.03	approx	\$0.84 - \$0.89	approx	\$3.65 - \$3.75	

# Reported to Adjusted 2022 Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of GAAP to Non-GAAP Financial Measures for the Year Ended December 31, 2022**  
**Excluding the Effect of 2022 Adjustments (Unaudited)**

<i>In millions, except per-share data</i>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Full Year</b>
Net sales	\$ 999.6	\$ 1,064.2	\$ 1,055.1	\$ 1,002.9	\$ 4,121.8
Operating income	145.8	190.8	147.1	111.6	595.3
<i>% of net sales</i>	<i>14.6 %</i>	<i>17.9 %</i>	<i>13.9 %</i>	<i>11.1 %</i>	<i>14.4 %</i>
Adjustments:					
Restructuring and other	2.1	1.1	12.5	16.7	32.4
Transformation costs	5.5	5.2	10.1	6.4	27.2
Intangible amortization	6.6	6.3	18.5	21.1	52.5
Legal accrual adjustments and settlements	(0.7)	0.5	—	0.4	0.2
Asset impairment and write-offs	—	—	—	25.6	25.6
Inventory step-up	—	—	5.8	—	5.8
Deal-related costs and expenses	6.4	1.6	13.4	0.8	22.2
Russia business exit impact	5.9	—	(0.8)	(0.4)	4.7
Equity income of unconsolidated subsidiaries	0.5	0.4	0.3	0.6	1.8
Segment income	172.1	205.9	206.9	182.8	767.7
<i>Return on sales</i>	<i>17.2 %</i>	<i>19.3 %</i>	<i>19.6 %</i>	<i>18.2 %</i>	<i>18.6 %</i>
Net income from continuing operations—as reported	118.5	153.0	115.4	96.3	483.2
Gain on sale of businesses	—	—	(0.2)	—	(0.2)
Pension and other post retirement mark-to-market gain	—	—	—	(17.5)	(17.5)
Amortization of bridge financing fees	2.6	5.1	1.3	—	9.0
Adjustments to operating income	25.8	14.7	59.5	70.6	170.6
Income tax adjustments	(5.4)	(3.8)	(12.3)	(14.4)	(35.9)
Net income from continuing operations—as adjusted	\$ 141.5	\$ 169.0	\$ 163.7	\$ 135.0	\$ 609.2
<b>Continuing earnings per ordinary share—diluted</b>					
Diluted earnings per ordinary share—as reported	\$ 0.71	\$ 0.92	\$ 0.70	\$ 0.58	\$ 2.92
Adjustments	0.14	0.10	0.29	0.24	0.76
Diluted earnings per ordinary share—as adjusted	\$ 0.85	\$ 1.02	\$ 0.99	\$ 0.82	\$ 3.68

# Reported to Adjusted 2019-2021 Reconciliations

**Pentair plc and Subsidiaries**  
**Reconciliation of GAAP to Non-GAAP Financial Measures for the Years Ended December 31, 2019, 2020, and 2021**  
**Excluding the Effect of Adjustments (Unaudited)**

<i>In millions, except per-share data</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Net sales	\$ 2,957.2	\$ 3,017.8	\$ 3,764.8
Operating income	432.5	461.4	636.9
<i>% of net sales</i>	<i>14.6 %</i>	<i>15.3 %</i>	<i>16.9 %</i>
Adjustments:			
Restructuring and other	21.0	15.4	7.5
Transformation costs	—	—	11.7
Intangible amortization	31.7	28.4	26.3
COVID-19 related costs and expenses	—	10.4	0.6
Legal accrual adjustments and settlements	—	—	(7.6)
Asset impairment	21.2	—	—
Inventory step-up	2.2	—	2.3
Deal-related costs and expenses	4.2	0.6	7.9
Equity income of unconsolidated subsidiaries	3.5	1.4	0.3
Segment income	\$ 516.3	\$ 517.6	\$ 685.9
<i>Return on sales</i>	<i>17.5 %</i>	<i>17.2 %</i>	<i>18.2 %</i>

# 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, 2023 (Unaudited)**

	Q2 Net Sales Growth			
	Core	Currency	Acq. / Div.	Total
<b>Total Pentair</b>	<b>(7.0)%</b>	<b>(0.2)%</b>	<b>8.9 %</b>	<b>1.7 %</b>
Industrial & Flow Technologies	9.1 %	— %	— %	9.1 %
Water Solutions	9.2 %	(0.5) %	42.6 %	51.3 %
Pool	(27.9) %	(0.1) %	— %	(28.0) %



# Free Cash Flow Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of the GAAP Operating Activities Cash Flow to the Non-GAAP Free Cash Flow (Unaudited)**

	Three months ended	Three months ended	Six months ended
<i>In millions</i>	March 31, 2023	June 30, 2023	June 30, 2023
Net cash (used for) provided by operating activities of continuing operations	\$ (106.6)	\$ 446.7	\$ 340.1
Capital expenditures	(16.6)	(18.8)	(35.4)
Proceeds from sale of property and equipment	0.2	4.8	5.0
<b>Free cash flow from continuing operations</b>	<b>(123.0)</b>	<b>432.7</b>	<b>309.7</b>
Net cash used for discontinued operations	—	(1.6)	(1.6)
<b>Free cash flow</b>	<b>\$ (123.0)</b>	<b>\$ 431.1</b>	<b>\$ 308.1</b>

	Three months ended	Three months ended	Six months ended
<i>In millions</i>	March 31, 2022	June 30, 2022	June 30, 2022
Net cash (used for) provided by operating activities of continuing operations	\$ (131.5)	\$ 307.8	\$ 176.3
Capital expenditures	(17.7)	(22.4)	(40.1)
Proceeds from sale of property and equipment	—	2.9	2.9
<b>Free cash flow from continuing operations</b>	<b>(149.2)</b>	<b>288.3</b>	<b>139.1</b>
Net cash used for discontinued operations	—	(1.0)	(1.0)
<b>Free cash flow</b>	<b>\$ (149.2)</b>	<b>\$ 287.3</b>	<b>\$ 138.1</b>

# ROIC Reconciliation

	Second Quarter 2022	Third Quarter 2022	Fourth Quarter 2022	First Quarter 2023	Second Quarter 2023
<i>Dollars in millions</i>					
<b>Return on Invested Capital (ROIC)</b>					
Segment income	\$ 205.9	\$ 206.9	\$ 182.8	\$ 211.0	\$ 234.2
Reported effective tax rate	15.7 %	9.6 %	5.0 %	14.6 %	15.0 %
Adjusted effective tax rate	16.0 %	13.0 %	12.7 %	15.0 %	15.0 %
NOPAT	\$ 173.0	\$ 180.0	\$ 159.6	\$ 179.4	\$ 199.1
Depreciation	13.5	13.4	14.2	14.7	14.7
Capital expenditures ("Cap Ex")	(22.4)	(23.1)	(22.0)	(16.6)	(18.8)
Total NOPAT, depreciation, and Cap Ex	\$ 164.1	\$ 170.3	\$ 151.8	\$ 177.5	\$ 195.0
Trailing four quarter NOPAT, depreciation, and Cap Ex	\$ 591.4	\$ 612.3	\$ 626.1	\$ 663.7	\$ 694.6
Ending invested capital	3,339.7	4,968.5	4,916.5	5,182.0	4,908.7
Trailing five quarter average invested capital	3,162.5	3,577.8	3,987.9	4,379.9	4,663.1
After-tax Return on Invested Capital	18.7 %	17.1 %	15.7 %	15.2 %	14.9 %

*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]*

# Last Twelve Months Adjusted EBITDA Reconciliation

## Pentair plc and Subsidiaries Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA (Unaudited)

<i>In millions</i>	Third Quarter 2022	Fourth Quarter 2022	First Quarter 2023	Second Quarter 2023	Last Twelve Months
Net income from continuing operations	\$ 115.4	\$ 96.3	\$ 128.5	\$ 154.2	\$ 494.4
Adjustments:					
Deal-related costs and expenses	13.4	0.8	—	—	14.2
Restructuring and other	12.5	16.7	2.9	0.6	32.7
Transformation costs	10.1	6.4	8.5	6.0	31.0
Intangible amortization	18.5	21.1	13.8	13.9	67.3
Legal accrual adjustments and settlements	—	0.4	(1.9)	4.1	2.6
Asset impairment and write-offs	—	25.6	3.9	0.5	30.0
Pension and other post-retirement mark-to-market gain	—	(17.5)	—	—	(17.5)
Inventory step-up	5.8	—	—	—	5.8
Gain on sale of businesses	(0.2)	—	—	—	(0.2)
Russia business impact	(0.8)	(0.4)	—	—	(1.2)
Net interest expense	19.3	27.6	32.4	31.8	111.1
Other expense (income)	0.6	0.7	0.9	(4.2)	(2.0)
Provision for income taxes	12.3	5.1	22.0	27.3	66.7
Segment income	\$ 206.9	\$ 182.8	\$ 211.0	\$ 234.2	\$ 834.9
Adjustments:					
Depreciation	13.4	14.2	14.7	14.7	57.0
Adjusted EBITDA	\$ 220.3	\$ 197.0	\$ 225.7	\$ 248.9	\$ 891.9
Manitowoc Pro Forma EBITDA **	7.0 *	—	—	—	7.0
Adjusted Pro Forma EBITDA	\$ 227.3	\$ 197.0	\$ 225.7	\$ 248.9	\$ 898.9

\* The third quarter pro forma EBITDA adjustment only includes one month of activity as the acquisition was completed on July 28, 2022.

\*\* Includes certain management adjustments to remove corporate allocations.