



News Release

Pentair Reports Strong Third Quarter 2023 Results

- Sales of \$1.0 billion, down 4 percent compared to sales for the same period last year.
- Operating income increased 22 percent to \$180 million reflecting ROS of 17.9 percent, an increase of 400 basis points when compared to third quarter of 2022; on an adjusted basis, ROS expanded 140 basis points to 21.0 percent.
- GAAP EPS from continuing operations increased 13 percent to \$0.79 compared to the same period last year and adjusted EPS decreased 5 percent to \$0.94 compared to the same period last year.
- Net cash provided by operating activities of continuing operations was \$162 million, an increase of \$67 million compared to the same period last year and free cash flow provided by continuing operations for the quarter was \$143 million, an increase of \$71 million compared to the same period last year.
- The company updates its full year 2023 GAAP EPS guidance to approximately \$3.25 to \$3.30 and on an adjusted basis to approximately \$3.70 to \$3.75.

Reconciliations of GAAP to Non-GAAP measures are in the attached financial tables.

LONDON, United Kingdom — October 24, 2023 — Pentair plc (NYSE: PNR), a leader in helping the world sustainably move, improve and enjoy water, life's most essential resource, today announced third quarter 2023 sales of \$1.0 billion. Sales were down 4 percent compared to sales for the same period last year. Excluding currency translation, acquisitions and divestitures, core sales declined 7 percent in the third quarter. Third quarter 2023 earnings per diluted share from continuing operations ("EPS") were \$0.79 compared to \$0.70 in the third quarter of 2022. On an adjusted basis, the company reported third quarter 2023 EPS of \$0.94 compared to \$0.99 in the third quarter of 2022. Segment income, adjusted net income, free cash flow and adjusted EPS are described in the attached schedules.

John L. Stauch, Pentair's President and Chief Executive Officer commented: "Our Q3 results surpassed our expectations and were driven largely by our diversified water portfolio and Transformation initiatives which contributed to significant margin expansion. This marks our sixth consecutive quarter of sales over \$1 billion. In addition, our Manitowoc Ice acquisition continued to exceed our expectations. Our Transformation initiatives remain on track and we have continued to launch new innovation. These results were driven by the collective actions and hard work of all of our employees and their dedication to serving our customers and driving value for our shareholders. Our strategy is enabling us to help the world sustainably move, improve and enjoy water and we believe we are making the right investments to drive long-term value."

Third quarter 2023 operating income was \$180 million, up 22 percent compared to operating income for the third quarter of 2022, and return on sales ("ROS") was 17.9 percent, an increase of 400 basis points when compared to the third quarter of 2022. On an adjusted basis, the company reported segment income of \$212 million for the third quarter of 2023, up 3 percent compared to segment income for the third quarter of 2022, and ROS was 21.0 percent, an increase of 140 basis points when compared to the third quarter of 2022.

Industrial & Flow Technologies sales were up 3 percent compared to sales for the same period last year. Excluding currency translation, acquisitions and divestitures, core sales grew 1 percent in the third quarter. Segment income of \$78 million was up 18 percent compared to the third quarter of 2022, and ROS was 19.4 percent, an increase of 250 basis points when compared to the third quarter of 2022.

Water Solutions sales were up 9 percent compared to sales for the same period last year. Excluding currency translation, acquisitions and divestitures, core sales remained flat in the third quarter. Segment income of \$69 million was up 40 percent compared to the third quarter of 2022, and ROS was 23.0 percent, an increase of 510 basis points when compared to the third quarter of 2022.

Pool sales were down 21 percent compared to sales for the same period last year. Excluding currency translation, acquisitions and divestitures, core sales declined 21 percent in the third quarter. Segment income of \$91 million was down 17 percent compared to the third quarter of 2022, and ROS was 29.3 percent, an increase of 130 basis points when compared to the third quarter of 2022.

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Net cash provided by operating activities of continuing operations was \$162 million for the quarter compared to \$95 million in the third quarter of 2022 and free cash flow provided by continuing operations for the quarter was \$143 million compared to \$72 million in the third quarter of 2022.

Pentair paid a regular cash dividend of \$0.22 per share in the third quarter of 2023. Pentair previously announced on September 18, 2023 that it will pay a regular quarterly cash dividend of \$0.22 per share on November 3, 2023 to shareholders of record at the close of business on October 20, 2023. This year marks the 47th consecutive year that Pentair has increased its dividend.

OUTLOOK

Mr. Stauch concluded, “We are updating our EPS guidance reflecting strong execution across all three segments while being mindful of the uncertainty across the global macroeconomic and geopolitical landscape. We are focused on investing in the long-term growth of Pentair and remain confident in our diversified water portfolio and Transformation initiatives.”

The company updates its estimated 2023 GAAP EPS from continuing operations to approximately \$3.25 to \$3.30 and on an adjusted EPS basis to approximately \$3.70 to \$3.75. The company updates full year 2023 sales guidance to be down approximately 1 percent on a reported basis. The company expects full year free cash flow to approximate 100 percent of net income.

In addition, the company introduces fourth quarter 2023 GAAP EPS from continuing operations guidance of approximately \$0.75 to \$0.80 and on an adjusted EPS basis of approximately \$0.82 to \$0.87. The company expects fourth quarter sales to be down approximately 3 to 4 percent on a reported basis compared to the fourth quarter of 2022.

EARNINGS CONFERENCE CALL

Pentair President and Chief Executive Officer John L. Stauch and Chief Financial Officer Robert P. Fishman will discuss the company's third quarter 2023 results on a conference call with investors at 9:00 a.m. Eastern today. A live audio webcast of the call, along with the related presentation, can be accessed in the Investor Relations section of the Company's website, www.pentair.com, shortly before the call begins.

Reconciliations of non-GAAP financial measures are set forth in the attachments to this release and in the presentations, each of which can be found on Pentair's website. The webcast and presentations will be archived at the Company's website following the conclusion of the event.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This release 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 international hostilities; 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 (the "SEC"), 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 release. Pentair assumes no obligation, and disclaims any obligation, to update the information contained in this release.

ABOUT PENTAIR PLC

At Pentair, we help the world sustainably move, improve, and enjoy water, life's most essential resource. From our residential and commercial water solutions, to industrial water management and everything in between, Pentair is focused on smart, sustainable water solutions that help our planet and people thrive.

Pentair had revenue in 2022 of approximately \$4.1 billion, and trades under the ticker symbol PNR. With approximately 11,250 global employees serving customers in more than 150 countries, we work to help improve lives and the environment around the world. To learn more, visit www.pentair.com.

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Pentair plc and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<i>In millions, except per-share data</i>				
Net sales	\$ 1,008.8	\$ 1,055.1	\$ 3,119.9	\$ 3,118.9
Cost of goods sold	637.0	707.0	1,966.8	2,079.1
Gross profit	371.8	348.1	1,153.1	1,039.8
<i>% of net sales</i>	36.9 %	33.0 %	37.0 %	33.3 %
Selling, general and administrative expenses	166.2	177.3	504.6	487.0
<i>% of net sales</i>	16.5 %	16.8 %	16.2 %	15.6 %
Research and development expenses	25.5	23.7	76.3	69.1
<i>% of net sales</i>	2.5 %	2.2 %	2.4 %	2.2 %
Operating income	180.1	147.1	572.2	483.7
<i>% of net sales</i>	17.9 %	13.9 %	18.3 %	15.5 %
Other (income) expense				
Gain on sale of businesses	—	(0.2)	—	(0.2)
Other (income) expense	(0.3)	0.3	(4.4)	0.5
Net interest expense	27.5	19.3	91.7	34.2
<i>% of net sales</i>	2.7 %	1.8 %	2.9 %	1.1 %
Income from continuing operations before income taxes	152.9	127.7	484.9	449.2
Provision for income taxes	20.8	12.3	70.1	62.3
<i>Effective tax rate</i>	13.6 %	9.6 %	14.5 %	13.9 %
Net income from continuing operations	132.1	115.4	414.8	386.9
Loss from discontinued operations, net of tax	—	—	(0.1)	(1.0)
Net income	\$ 132.1	\$ 115.4	\$ 414.7	\$ 385.9
Earnings (loss) per ordinary share				
Basic				
Continuing operations	\$ 0.80	\$ 0.70	\$ 2.51	\$ 2.35
Discontinued operations	—	—	—	(0.01)
Basic earnings per ordinary share	\$ 0.80	\$ 0.70	\$ 2.51	\$ 2.34
Diluted				
Continuing operations	\$ 0.79	\$ 0.70	\$ 2.50	\$ 2.33
Discontinued operations	—	—	—	(0.01)
Diluted earnings per ordinary share	\$ 0.79	\$ 0.70	\$ 2.50	\$ 2.32
Weighted average ordinary shares outstanding				
Basic	165.2	164.5	165.0	164.8
Diluted	166.6	165.2	166.2	165.8
Cash dividends paid per ordinary share	\$ 0.22	\$ 0.21	\$ 0.66	\$ 0.63

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Pentair plc and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

<i>In millions</i>	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	\$ 137.0	\$ 108.9
Accounts and notes receivable, net	507.0	531.5
Inventories	712.6	790.0
Other current assets	142.8	128.1
Total current assets	1,499.4	1,558.5
Property, plant and equipment, net	350.5	344.5
Other assets		
Goodwill	3,242.5	3,252.6
Intangibles, net	1,051.7	1,094.6
Other non-current assets	266.9	197.3
Total other assets	4,561.1	4,544.5
Total assets	\$ 6,411.0	\$ 6,447.5
Liabilities and Equity		
Current liabilities		
Accounts payable	\$ 286.1	\$ 355.0
Employee compensation and benefits	117.5	106.0
Other current liabilities	598.3	602.1
Total current liabilities	1,001.9	1,063.1
Other liabilities		
Long-term debt	1,993.6	2,317.3
Pension and other post-retirement compensation and benefits	68.9	70.8
Deferred tax liabilities	40.9	43.3
Other non-current liabilities	264.8	244.9
Total liabilities	3,370.1	3,739.4
Equity	3,040.9	2,708.1
Total liabilities and equity	\$ 6,411.0	\$ 6,447.5

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Pentair plc and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>In millions</i>	Nine months ended	
	September 30, 2023	September 30, 2022
Operating activities		
Net income	\$ 414.7	\$ 385.9
Loss from discontinued operations, net of tax	0.1	1.0
Adjustments to reconcile net income from continuing operations to net cash provided by (used for) operating activities		
Equity income of unconsolidated subsidiaries	(2.1)	(1.2)
Depreciation	44.3	39.9
Amortization	41.5	31.4
Deferred income taxes	(45.0)	(37.5)
Gain on sale of businesses	—	(0.2)
Share-based compensation	21.3	20.6
Asset impairment and write-offs	6.2	—
Amortization of bridge financing fees	—	9.0
Gain on sale of assets	(3.4)	(2.3)
Changes in assets and liabilities, net of effects of business acquisitions		
Accounts receivable	23.9	24.3
Inventories	67.8	(170.6)
Other current assets	(14.7)	(27.1)
Accounts payable	(63.8)	(36.7)
Employee compensation and benefits	11.7	(34.9)
Other current liabilities	(0.2)	79.8
Other non-current assets and liabilities	—	(9.9)
Net cash provided by operating activities of continuing operations	502.3	271.5
Net cash used for operating activities of discontinued operations	(1.6)	(1.0)
Net cash provided by operating activities	500.7	270.5
Investing activities		
Capital expenditures	(54.8)	(63.2)
Proceeds from sale of property and equipment	5.4	3.0
Settlement of net investment hedges	—	8.8
Acquisitions, net of cash acquired	(0.6)	(1,592.8)
Other	4.1	0.3
Net cash used for investing activities	(45.9)	(1,643.9)
Financing activities		
Net (repayments) borrowings of revolving long-term debt	(320.0)	256.1
Proceeds from long-term debt	—	1,391.3
Repayments of long-term debt	(6.3)	(88.3)
Debt issuance costs	—	(15.7)
Shares issued to employees, net of shares withheld	9.0	(4.0)
Repurchases of ordinary shares	—	(50.0)
Dividends paid	(108.9)	(104.1)
Receipts upon the maturity of cross currency swaps	—	0.2
Net cash (used for) provided by financing activities	(426.2)	1,385.5
Effect of exchange rate changes on cash and cash equivalents	(0.5)	12.2
Change in cash and cash equivalents	28.1	24.3
Cash and cash equivalents, beginning of period	108.9	94.5
Cash and cash equivalents, end of period	\$ 137.0	\$ 118.8

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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	Three months ended	Nine months ended
<i>In millions</i>	March 31, 2023	June 30, 2023	September 30, 2023	September 30, 2023
Net cash (used for) provided by operating activities of continuing operations	\$ (106.6)	\$ 446.7	\$ 162.2	\$ 502.3
Capital expenditures	(16.6)	(18.8)	(19.4)	(54.8)
Proceeds from sale of property and equipment	0.2	4.8	0.4	5.4
Free cash flow from continuing operations	(123.0)	432.7	143.2	452.9
Net cash used for discontinued operations	—	(1.6)	—	(1.6)
Free cash flow	\$ (123.0)	\$ 431.1	\$ 143.2	\$ 451.3

	Three months ended	Three months ended	Three months ended	Nine months ended
<i>In millions</i>	March 31, 2022	June 30, 2022	September 30, 2022	September 30, 2022
Net cash (used for) provided by operating activities of continuing operations	\$ (131.5)	\$ 307.8	\$ 95.2	\$ 271.5
Capital expenditures	(17.7)	(22.4)	(23.1)	(63.2)
Proceeds from sale of property and equipment	—	2.9	0.1	3.0
Free cash flow from continuing operations	(149.2)	288.3	72.2	211.3
Net cash used for discontinued operations	—	(1.0)	—	(1.0)
Free cash flow	\$ (149.2)	\$ 287.3	\$ 72.2	\$ 210.3

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Pentair plc and Subsidiaries
Supplemental Financial Information by Reportable Segment (Unaudited)

<i>In millions</i>	2023				2022			
	First Quarter	Second Quarter	Third Quarter	Nine Months	First Quarter	Second Quarter	Third Quarter	Nine Months
Net sales								
Industrial & Flow Technologies	\$ 391.8	\$ 411.6	\$ 400.2	\$ 1,203.6	\$ 358.1	\$ 377.4	\$ 389.5	\$ 1,125.0
Water Solutions	272.0	336.2	299.4	907.6	205.8	222.2	275.3	703.3
Pool	364.3	334.3	308.8	1,007.4	435.4	464.0	390.0	1,289.4
Other	0.5	0.4	0.4	1.3	0.3	0.6	0.3	1.2
Consolidated	\$ 1,028.6	\$ 1,082.5	\$ 1,008.8	\$ 3,119.9	\$ 999.6	\$ 1,064.2	\$ 1,055.1	\$ 3,118.9
Segment income (loss)								
Industrial & Flow Technologies	\$ 65.0	\$ 74.8	\$ 77.5	\$ 217.3	\$ 52.2	\$ 59.1	\$ 65.7	\$ 177.0
Water Solutions	52.4	74.8	68.8	196.0	22.2	32.5	49.3	104.0
Pool	116.2	105.1	90.6	311.9	116.3	136.7	109.3	362.3
Other	(22.6)	(20.5)	(24.8)	(67.9)	(18.6)	(22.4)	(17.4)	(58.4)
Consolidated	\$ 211.0	\$ 234.2	\$ 212.1	\$ 657.3	\$ 172.1	\$ 205.9	\$ 206.9	\$ 584.9
Return on sales								
Industrial & Flow Technologies	16.6 %	18.2 %	19.4 %	18.1 %	14.6 %	15.7 %	16.9 %	15.7 %
Water Solutions	19.3 %	22.2 %	23.0 %	21.6 %	10.8 %	14.6 %	17.9 %	14.8 %
Pool	31.9 %	31.4 %	29.3 %	31.0 %	26.7 %	29.5 %	28.0 %	28.1 %
Consolidated adjusted return on sales	20.5 %	21.6 %	21.0 %	21.1 %	17.2 %	19.3 %	19.6 %	18.8 %

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

<i>In millions, except per-share data</i>	Actual			Forecast			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter		Full Year	
Net sales	\$1,028.6	\$1,082.5	\$1,008.8	approx	Down 3% - 4%	approx	Down 1%
Operating income	183.6	208.5	180.1	approx	Up 55% - 63%	approx	Up 25% - 26%
<i>Return on sales</i>	<i>17.8 %</i>	<i>19.3 %</i>	<i>17.9 %</i>				
Adjustments:							
Restructuring and other	2.9	0.6	1.6	approx	—	approx	5
Transformation costs	8.5	6.0	13.5	approx	—	approx	28
Intangible amortization	13.8	13.9	13.8	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	1.8	approx	—	approx	6
Equity income of unconsolidated subsidiaries	0.2	0.6	1.3	approx	1	approx	3
Segment income	211.0	234.2	212.1	approx	Up 3% - 8%	approx	Up 10% - 11%
<i>Adjusted return on sales</i>	<i>20.5 %</i>	<i>21.6 %</i>	<i>21.0 %</i>				
Net income from continuing operations— as reported	128.5	154.2	132.1	approx	\$124 - \$132	approx	\$539 - \$548
Other income	—	(5.1)	—	approx	—	approx	\$ (5)
Adjustments to operating income	27.2	25.1	30.7	approx	14	approx	96
Income tax adjustments	(4.6)	(3.1)	(6.6)	approx	(2)	approx	(16)
Net income from continuing operations— as adjusted	\$ 151.1	\$ 171.1	\$ 156.2	approx	\$136 - \$144	approx	\$614 - \$623
Continuing earnings per ordinary share—diluted							
Diluted earnings per ordinary share—as reported	\$ 0.78	\$ 0.93	\$ 0.79	approx	\$0.75 - \$0.80	approx	\$3.25 - \$3.30
Adjustments	0.13	0.10	0.15	approx	0.07	approx	0.45
Diluted earnings per ordinary share—as adjusted	\$ 0.91	\$ 1.03	\$ 0.94	approx	\$0.82 - \$0.87	approx	\$3.70 - \$3.75

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

<i>In millions, except per-share data</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
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>Return on 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>Adjusted 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
Continuing earnings per ordinary share—diluted					
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

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Pentair plc and Subsidiaries
Reconciliation of Net Sales Growth to Core Net Sales Growth by Segment
For the Quarter Ended September 30, 2023 (Unaudited)

	Q3 Net Sales Growth			
	Core	Currency	Acq. / Div.	Total
Total Pentair	(7.3)%	0.6 %	2.3 %	(4.4)%
Industrial & Flow Technologies	1.1 %	1.6 %	— %	2.7 %
Water Solutions	(0.2)%	0.3 %	8.7 %	8.8 %
Pool	(20.8)%	— %	— %	(20.8)%