



News Release

Pentair Reports Second Quarter 2017 Results

- Second quarter sales of \$1.3 billion.
- Second quarter GAAP EPS of \$0.37 and adjusted EPS of \$1.00.
- Net cash provided by operating activities of continuing operations of \$300 million and free cash flow from continuing operations of \$289 million. The company is targeting to deliver full year free cash flow of 100 percent of adjusted net income.
- During the second quarter, Pentair successfully completed the previously announced sale of its Valves & Controls business and with the proceeds reduced its debt by approximately \$3 billion.
- The company updates its 2017 GAAP EPS guidance to approximately \$2.47 and on an adjusted basis to approximately \$3.50.
- Pentair previously announced that its Board of Directors had unanimously approved a plan to separate into two publicly-traded companies. The separation is expected to occur through a tax-free spin-off of Electrical by Pentair to its shareholders in the second quarter of 2018.

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

LONDON, United Kingdom — July 25, 2017— Pentair plc (NYSE: PNR) today announced second quarter 2017 sales of \$1.3 billion. Sales were down 3 percent compared to sales for the same period last year. Excluding currency translation and acquisitions, core sales declined 3 percent in the second quarter. Second quarter 2017 earnings per diluted share from continuing operations ("EPS") were \$0.37 compared to \$0.73 in the second quarter of 2016. On an adjusted basis, the company reported EPS of \$1.00 compared to \$0.88 in the second quarter of 2016. Segment income, adjusted net income, free cash flow, and adjusted EPS are described in the attached schedules.

Second quarter 2017 operating income was \$213 million, up 5 percent compared to operating income for the second quarter of 2016, and return on sales ("ROS") was 16.8 percent, an increase of 120 basis points when compared to the second quarter of 2016. On an adjusted basis, the company reported segment income of \$255 million for the second quarter, up 6 percent compared to segment income for the second quarter of 2016, and ROS was 20.2 percent, an increase of 170 basis points when compared to the second quarter of 2016.

Net cash provided by operating activities of continuing operations was \$300 million and free cash flow from continuing operations was \$289 million for the quarter. The company is targeting to deliver full year free cash flow of approximately 100 percent of adjusted net income.

Pentair paid dividends of \$0.345 per share in the second quarter of 2017. Pentair previously announced on December 8, 2016 that its Board of Directors approved a 3 percent increase in the company's regular annual cash dividend rate for 2017 to \$1.38 from \$1.34. 2017 marks the 41st consecutive year that Pentair has increased its dividend.

"Our second quarter results saw both of our businesses continue to build momentum driven by strength in our Residential, Commercial, and short cycle Industrial businesses," said Randall J. Hogan, Pentair Chairman and Chief Executive Officer. "We have made significant progress on our productivity actions as evidenced by the robust margin expansion we delivered for the second consecutive quarter. With the completion of the sale of our Valves & Controls business, our balance sheet is significantly strengthened, and we remain disciplined in our capital allocation strategy. Significant work is underway on all activities leading to the separation of our Water and Electrical businesses, which remains on track to be completed in the second quarter of 2018."

OUTLOOK

The company updates its estimated 2017 GAAP EPS to approximately \$2.47 and on an adjusted EPS basis to approximately \$3.50. The company anticipates full year 2017 sales of \$4.9 billion, or approximately flat on a reported and core basis. The company is targeting to deliver full year free cash flow of approximately 100 percent of adjusted net income.

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In addition, the company introduces third quarter 2017 GAAP EPS guidance range of \$0.80 to \$0.82 and, on an adjusted EPS basis, a range of \$0.91 to \$0.93, up approximately 18% on an adjusted EPS basis versus the same quarter last year. The company expects third quarter revenue to be approximately \$1.22 billion, which would be up approximately 1 percent on a reported and core basis compared to third quarter 2016 revenue.

EARNINGS CONFERENCE CALL

Pentair Chairman and CEO Randall J. Hogan and Chief Financial Officer John L. Stauch will discuss the company's performance, second quarter and first half, respectively, 2017 results on a two-way conference call with investors at 8:00 a.m. Eastern today. A live audio webcast of the call, along with the related presentation, can be accessed in the Investors 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 presentation, both of which can be found on Pentair's website. The webcast and presentation will be archived at the company's website following the conclusion of the event.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This press 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," "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 ability to satisfy the necessary conditions to consummate the planned separation of our Water business and Electrical business into two independent, publicly-traded companies (the "Proposed Separation") on a timely basis or at all; the ability to successfully separate the Water and Electrical businesses and realize the anticipated benefits from the Proposed Separation; adverse effects on the Water and Electrical business operations or financial results and the market price of our shares as a result of the announcement or consummation of the Proposed Separation; unanticipated transaction expenses, such as litigation or legal settlement expenses; failure to obtain tax rulings or changes in tax laws; changes in capital market conditions; the impact of the Proposed Separation on our employees, customers and suppliers; overall global economic and business conditions impacting the Water and Electrical businesses; future opportunities that our board may determine present greater potential to increase shareholder value; the ability of the Water and Electrical businesses to operate independently following the Proposed Separation; the ability to achieve the benefits of our restructuring plans; the ability to successfully identify, finance, complete and integrate acquisitions; competition and pricing pressures in the markets we serve; the strength of housing and related markets; volatility in currency exchange rates and commodity prices; inability to generate savings from excellence in operations initiatives consisting of lean enterprise, supply management and cash flow practices; increased risks associated with operating foreign businesses; the ability to deliver backlog and win future project work; failure of markets to accept new product introductions and enhancements; the impact of changes in laws and regulations, including those that limit U.S. tax benefits; 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 SEC, including our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. All forward-looking statements speak only as of the date of this press release. Pentair plc assumes no obligation, and disclaims any obligation, to update the information contained in this press release.

ABOUT PENTAIR PLC

Pentair plc (NYSE: PNR) is a global company dedicated to building a safer, more sustainable world. Pentair delivers industry leading products, services and solutions that help people make the best use of the resources they rely on most. Its technology moves the world forward by ensuring that water is plentiful, useful and pure, and that critical equipment and those near it are protected. With 2016 revenues of \$4.9 billion, Pentair employs approximately 19,000 people worldwide. To learn more, visit www.pentair.com.

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

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
<i>In millions, except per-share data</i>				
Net sales	\$ 1,265.3	\$ 1,301.2	\$ 2,448.8	\$ 2,491.2
Cost of goods sold	782.1	819.4	1,543.3	1,578.1
Gross profit	483.2	481.8	905.5	913.1
<i>% of net sales</i>	38.2%	37.0%	37.0%	36.7%
Selling, general and administrative	241.7	249.7	495.6	499.8
<i>% of net sales</i>	19.1%	19.2%	20.2%	20.1%
Research and development	28.7	28.7	58.7	57.2
<i>% of net sales</i>	2.3%	2.2%	2.4%	2.3%
Operating income	212.8	203.4	351.2	356.1
<i>% of net sales</i>	16.8%	15.6%	14.3%	14.3%
Other (income) expense:				
Equity income of unconsolidated subsidiaries	(0.4)	(1.1)	(0.6)	(1.5)
Loss on early extinguishment of debt	101.4	—	101.4	—
Net interest expense	25.3	35.4	60.3	71.6
<i>% of net sales</i>	2.0%	2.7%	2.5%	2.9%
Income from continuing operations before income taxes	86.5	169.1	190.1	286.0
Provision for income taxes	18.2	36.4	41.1	61.5
<i>Effective tax rate</i>	21.0%	21.5%	21.6%	21.5%
Net income from continuing operations	68.3	132.7	149.0	224.5
(Loss) income from discontinued operations, net of tax	(5.2)	10.1	1.9	25.7
Gain from sale of discontinued operations, net of tax	200.6	—	200.6	—
Net income	\$ 263.7	\$ 142.8	\$ 351.5	\$ 250.2
Earnings per ordinary share				
<i>Basic</i>				
Continuing operations	\$ 0.37	\$ 0.73	\$ 0.82	\$ 1.24
Discontinued operations	1.08	0.06	1.11	0.14
Basic earnings per ordinary share	\$ 1.45	\$ 0.79	\$ 1.93	\$ 1.38
<i>Diluted</i>				
Continuing operations	\$ 0.37	\$ 0.73	\$ 0.81	\$ 1.23
Discontinued operations	1.06	0.05	1.10	0.14
Diluted earnings per ordinary share	\$ 1.43	\$ 0.78	\$ 1.91	\$ 1.37
Weighted average ordinary shares outstanding				
Basic	181.7	180.9	181.9	180.8
Diluted	183.8	183.0	183.9	182.8
Cash dividends paid per ordinary share	\$ 0.345	\$ 0.33	\$ 0.69	\$ 0.66

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Pentair plc and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)

<i>In millions</i>	June 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 177.8	\$ 238.5
Accounts and notes receivable, net	764.5	764.0
Inventories	565.4	524.2
Other current assets	247.1	253.4
Current assets held for sale	—	891.9
Total current assets	1,754.8	2,672.0
Property, plant and equipment, net	550.9	538.6
Other assets		
Goodwill	4,314.2	4,217.4
Intangibles, net	1,624.3	1,631.8
Other non-current assets	424.9	182.1
Non-current assets held for sale	—	2,292.9
Total other assets	6,363.4	8,324.2
Total assets	\$ 8,669.1	\$ 11,534.8
Liabilities and Equity		
Current liabilities		
Current maturities of long-term debt and short-term borrowings	\$ 0.3	\$ 0.8
Accounts payable	407.8	436.6
Employee compensation and benefits	143.8	166.1
Other current liabilities	496.5	511.5
Current liabilities held for sale	—	356.2
Total current liabilities	1,048.4	1,471.2
Other liabilities		
Long-term debt	1,698.9	4,278.4
Pension and other post-retirement compensation and benefits	268.4	253.4
Deferred tax liabilities	546.5	609.5
Other non-current liabilities	203.4	162.0
Non-current liabilities held for sale	—	505.9
Total liabilities	3,765.6	7,280.4
Equity	4,903.5	4,254.4
Total liabilities and equity	\$ 8,669.1	\$ 11,534.8

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

<i>In millions</i>	Six months ended	
	June 30, 2017	June 30, 2016
Operating activities		
Net income	\$ 351.5	\$ 250.2
Income from discontinued operations, net of tax	(1.9)	(25.7)
Gain from sale of discontinued operations, net of tax	(200.6)	—
Adjustments to reconcile net income from continuing operations to net cash provided by (used for) operating activities of continuing operations		
Equity income of unconsolidated subsidiaries	(0.6)	(1.5)
Depreciation	42.0	43.5
Amortization	48.6	48.5
Deferred income taxes	(16.7)	(26.3)
Share-based compensation	26.0	22.3
Loss on early extinguishment of debt	101.4	—
Excess tax benefits from share-based compensation	—	(3.2)
Gain on sale of assets	—	(0.7)
Changes in assets and liabilities, net of effects of business acquisitions		
Accounts and notes receivable	28.5	78.1
Inventories	(21.3)	8.9
Other current assets	(10.2)	(68.0)
Accounts payable	(46.8)	(31.5)
Employee compensation and benefits	(30.7)	(12.1)
Other current liabilities	(49.5)	50.7
Other non-current assets and liabilities	(8.8)	(12.3)
Net cash provided by (used for) operating activities of continuing operations	210.9	320.9
Net cash provided by (used for) operating activities of discontinued operations	(55.6)	48.6
Net cash provided by (used for) operating activities	155.3	369.5
Investing activities		
Capital expenditures	(37.6)	(64.0)
Proceeds from sale of property and equipment	3.8	7.6
Proceeds from sale of businesses, net	2,765.6	—
Acquisitions, net of cash acquired	(59.5)	—
Other	—	(3.7)
Net cash provided by (used for) investing activities of continuing operations	2,672.3	(60.1)
Net cash provided by (used for) investing activities of discontinued operations	(6.5)	(8.0)
Net cash provided by (used for) investing activities	2,665.8	(68.1)
Financing activities		
Net repayments of short-term borrowings	(0.5)	—
Net repayments of commercial paper and revolving long-term debt	(975.5)	(139.8)
Repayments of long-term debt	(1,659.3)	(0.7)
Premium paid on early extinguishment of debt	(94.9)	—
Excess tax benefits from share-based compensation	—	3.2
Shares issued to employees, net of shares withheld	29.5	8.3
Repurchases of ordinary shares	(100.0)	—
Dividends paid	(126.1)	(119.7)
Net cash provided by (used for) financing activities	(2,926.8)	(248.7)
Effect of exchange rate changes on cash and cash equivalents	45.0	(5.7)
Change in cash and cash equivalents	(60.7)	47.0
Cash and cash equivalents, beginning of year	238.5	126.3
Cash and cash equivalents, end of year	\$ 177.8	\$ 173.3

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

<i>In millions</i>	Six months ended	
	June 30, 2017	June 30, 2016
Net cash provided by (used for) operating activities of continuing operations	\$ 210.9	\$ 320.9
Capital expenditures	(37.6)	(64.0)
Proceeds from sale of property and equipment	3.8	7.6
Free cash flow from continuing operations	\$ 177.1	\$ 264.5
Net cash provided by (used for) operating activities of discontinued operations	(55.6)	48.6
Capital expenditures of discontinued operations	(6.8)	(10.6)
Proceeds from sale of property and equipment of discontinued operations	0.3	1.9
Free cash flow	\$ 115.0	\$ 304.4

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

<i>In millions</i>	2017			2016		
	First Quarter	Second Quarter	Six Months	First Quarter	Second Quarter	Six Months
Net sales						
Water	\$ 682.9	\$ 753.7	\$ 1,436.6	\$ 665.7	\$ 761.7	\$ 1,427.4
Electrical	502.2	513.2	1,015.4	524.6	540.6	1,065.2
Other	(1.6)	(1.6)	(3.2)	(0.3)	(1.1)	(1.4)
Consolidated	\$ 1,183.5	\$ 1,265.3	\$ 2,448.8	\$ 1,190.0	\$ 1,301.2	\$ 2,491.2
Segment income (loss)						
Water	\$ 116.0	\$ 161.0	\$ 277.0	\$ 101.2	\$ 153.6	\$ 254.8
Electrical	103.5	112.8	216.3	112.8	111.6	224.4
Other	(36.0)	(18.6)	(54.6)	(36.1)	(24.2)	(60.3)
Consolidated	\$ 183.5	\$ 255.2	\$ 438.7	\$ 177.9	\$ 241.0	\$ 418.9
Return on sales						
Water	17.0%	21.4%	19.3%	15.2%	20.2%	17.9%
Electrical	20.6%	22.0%	21.3%	21.5%	20.6%	21.1%
Consolidated	15.5%	20.2%	17.9%	14.9%	18.5%	16.8%

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Pentair plc and Subsidiaries
Reconciliation of the GAAP year ended December 31, 2017 to the non-GAAP
excluding the effect of 2017 adjustments (Unaudited)

<i>In millions, except per-share data</i>	Actual		Forecast			
	First Quarter	Second Quarter	Third Quarter	Full Year		
Total Pentair						
Net sales	\$ 1,183.5	\$ 1,265.3	approx \$	1,220	approx \$	4,900
Operating income	138.4	212.8	approx	202	approx	752
<i>% of net sales</i>	<i>11.7%</i>	<i>16.8%</i>	<i>approx</i>	<i>17%</i>	<i>approx</i>	<i>15%</i>
Adjustments:						
Restructuring and other	20.9	17.4	approx	—	approx	38
Intangible amortization	24.0	24.6	approx	25	approx	99
Equity income of unconsolidated subsidiaries	0.2	0.4	approx	—	approx	1
Segment income	183.5	255.2	approx	227	approx	890
<i>% of net sales</i>	<i>15.5%</i>	<i>20.2%</i>	<i>approx</i>	<i>19%</i>	<i>approx</i>	<i>18%</i>
Net income from continuing operations—as reported	80.7	68.3	approx	151	approx	454
Adjustments to operating income	44.9	42.0	approx	25	approx	137
Loss on early extinguishment of debt	—	101.4	approx	—	approx	101
Income tax adjustments	(6.9)	(27.8)	approx	(5)	approx	(48)
Net income from continuing operations—as adjusted	\$ 118.7	\$ 183.9	approx \$	171	approx \$	644
Continuing earnings per ordinary share—diluted						
Diluted earnings per ordinary share—as reported	\$ 0.44	\$ 0.37	approx	\$0.80 - \$0.82	approx \$	2.47
Adjustments	0.21	0.63	approx	0.11	approx	1.03
Diluted earnings per ordinary share—as adjusted	\$ 0.65	\$ 1.00	approx	\$0.91 - \$0.93	approx \$	3.50

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Pentair plc and Subsidiaries
Reconciliation of Net Sales Growth to Core Net Sales Growth by Strategic Business Group
For the Quarter Ending June 30, 2017

	Q2 Net Sales Growth			
	Core	Currency	Acq. / Div.	Total
Water	(1.9)%	(0.5)%	1.3%	(1.1)%
Filtration & Process	(3.1)%	(0.8)%	3.4%	(0.5)%
Flow Technologies	(4.2)%	(0.7)%	—%	(4.9)%
Aquatic & Environmental Systems	1.3%	—%	0.4%	1.7%
Electrical	(4.7)%	(1.2)%	0.8%	(5.1)%
Enclosures	(0.9)%	(0.8)%	—%	(1.7)%
Thermal Management	(11.6)%	(2.0)%	—%	(13.6)%
Electrical & Fastening Solutions	(3.3)%	(0.7)%	3.1%	(0.9)%
Total Pentair	(3.1)%	(0.8)%	1.1%	(2.8)%

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Pentair plc and Subsidiaries
Reconciliation of the GAAP year ended December 31, 2016 to the non-GAAP
excluding the effect of 2016 adjustments (Unaudited)

<i>In millions, except per-share data</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Total Pentair					
Net sales	\$ 1,190.0	\$ 1,301.2	\$ 1,210.7	\$ 1,188.1	\$ 4,890.0
Operating income	152.7	203.4	182.8	161.8	700.7
<i>% of net sales</i>	<i>12.8%</i>	<i>15.6%</i>	<i>15.1%</i>	<i>13.6%</i>	<i>14.3%</i>
Adjustments:					
Restructuring and other	0.6	12.2	8.1	(0.3)	20.6
Pension and other post-retirement mark-to-market loss	—	—	—	4.2	4.2
Intangible amortization	24.2	24.3	24.1	23.8	96.4
Tradename impairment	—	—	—	13.3	13.3
Equity income of unconsolidated subsidiaries	0.4	1.1	1.2	1.6	4.3
Segment income	177.9	241.0	216.2	204.4	839.5
<i>% of net sales</i>	<i>15.0%</i>	<i>18.5%</i>	<i>17.9%</i>	<i>17.2%</i>	<i>17.2%</i>
Net income from continuing operations—as reported	91.8	132.7	117.5	109.6	451.6
Loss on sale of businesses	—	—	—	3.9	3.9
Adjustments to operating income	24.8	36.5	32.2	41.0	134.5
Income tax adjustments	(5.4)	(7.9)	(7.0)	(10.7)	(31.0)
Net income from continuing operations—as adjusted	\$ 111.2	\$ 161.3	\$ 142.7	\$ 143.8	\$ 559.0
Continuing earnings per ordinary share—diluted					
Diluted earnings per ordinary share—as reported	\$ 0.50	\$ 0.73	\$ 0.64	\$ 0.60	\$ 2.47
Adjustments	0.11	0.15	0.14	0.18	0.58
Diluted earnings per ordinary share—as adjusted	\$ 0.61	\$ 0.88	\$ 0.78	\$ 0.78	\$ 3.05