WATTS WATER TECHNOLOGIES
Q2 2025 EARNINGS CONFERENCE CALL

August 7, 2025

Forward Looking Statements

Certain statements in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements are related to forecasts of sales, margins, earnings, earnings per share, effective tax rate, capital expenditures, cash flow, water market growth, acquisition strategy and integration, construction outlook, inflation and management goals and objectives.

Watts cautions investors that any such forward-looking statements made by Watts are not guarantees of future performance. All forward-looking statements are subject to known and unknown risks, uncertainties, and contingencies, many of which are beyond the control of Watts, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Factors that might affect forward-looking statements include overall economic and business conditions, changes in tariff rates, competitive factors, changes in laws affecting Watts, future acquisitions of material assets or businesses by Watts, the demand for Watts' products and services and other factors identified in "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K and in subsequent reports filed with the SEC.

Q2 Overview and 2025 Outlook

Q2 2025 Performance

Record sales, operating income and EPS

Organic sales* increased 6%; benefits from favorable price, pull-forward demand and incremental volume

Record adjusted operating margin* of 21.6%, expansion of 280 bps

Strong balance sheet providing capital allocation flexibility

Operational Updates

Continuing to manage tariffs impacts with price and supply chain strategies

Acquired EasyWater on June 13; complements Water Quality portfolio

Bradley, Josam and I-CON integrations and synergy realization progressing well

Deploying Nexa across target verticals; continuing to build scale

2025 Outlook

Increasing FY sales and margin outlook

- ▲ H1 performance
- ▲ Price
- ▲ Data centers
- ▲ Foreign exchange
- ▲ EasyWater acquisition
- ▼ Tariff uncertainty
- ▼ Lower global GDP

Strong Q2 Performance; Raising Full Year Outlook

* See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

Driving Value Creation Through Sustainability Strategy

Access Our Full 2024 Sustainability Report Here

SUSTAINABILITY PILLARS AND 2024 PROGRESS EXAMPLES

Footprint	>80 M	Liters of water reduced since 2014
	~950 MT	Absolute CO_2 reduction in 2024
Handprint	~93K MT	Reduction in CO_2 emissions for customers with AERCO, PVI and Lync heating solutions in 2024
	30	Products with Environmental Product Declarations
Social Responsibility	Zero	Recordable injuries at 18 operating sites; 50% improvement in TRIR since 2020
	>8K	Quick kaizens submitted by employees through our OWPS program
Corporate Governance	100%	New supplier conformance to Supplier ESG Standards
	500	Supplier Quality Audits completed globally

SOLVING CUSTOMERS' CHALLENGES ACROSS OUR "TRIPLE PLAY"

	CHALLENGE	SOLUTION
Safety & Regulation	Costly property damage from debris build up	**Smart Strainers:** Monitoring system sends real-time alerts so strainer can be flushed proactively
Water Conservation	Monitoring and managing water usage in commercial buildings	**Nexa:** Intelligent water management platform with advanced sensor tech to collect real-time system data
Energy Efficiency	Inefficient water heating with traditional thermostatic mixing valves	**Powers IntelliStation 2:** Optimizes energy usage through tighter, programmable temperature control

RECOGNITIONS

MSCI ESG RATINGS AA (CCC | B | BB | BBB | A | AA | AAA)

Corporate ESG Performance Prime — RATED BY ISS

SUSTAINALYTICS — Negligible 0-10 | Low 10-20 | Medium 20-30 | High 30-40 | Severe 40+

USA TODAY America's Climate Leaders 2024 statista

America's Greenest Companies 2024 Newsweek

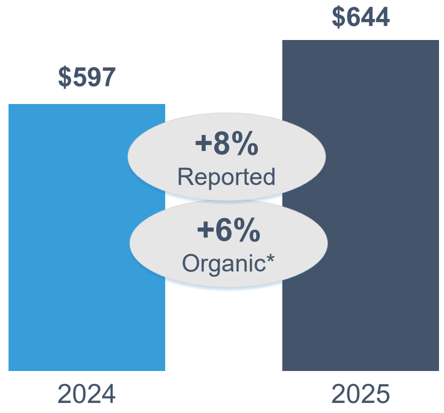
America's Most Responsible Companies 2024 Newsweek statista

WATTS The Boston Globe Top Places to Work 2023, 2024

TIME America's Best Companies Mid-Size 2025 statista

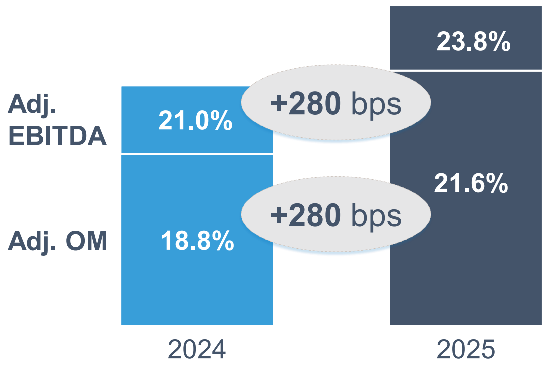
Q2 2025 Financial Summary

Sales ($M)



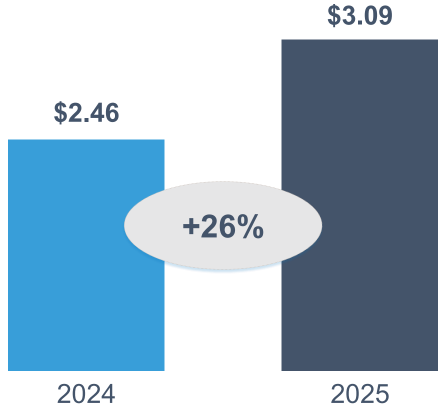
- Segment sales
  - Americas: $499M; +10% organic; price, pull-forward demand & volume; acquisitions added $7M
  - Europe: $111M; -8% organic; $6M FX benefit; OEM and end market weakness
  - APMEA: $34M; -1% organic; project timing in China

Adj. EBITDA and Adj. Operating Margin (%)*



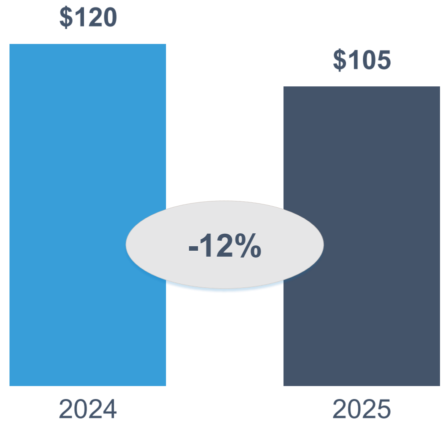
- Adj. EBITDA: $153M, +22%
- Adj. operating income: $139M, +24%
- Segment margin %
  - Americas: 27.2%, +290 bps; price, volume, productivity, cost actions
  - Europe: 11.7%, +170 bps; price, productivity, cost actions
  - APMEA: 18.9%, flat VPY

Adj. EPS ($)*



- Operations: +$0.55
- Acquisitions / FX: +$0.05
- Net interest / other inc.: +$0.03
- Tax: Adj. ETR 25.2% flat VPY

FCF ($M)*



- June YTD free cash flow down due to incremental net capex & working capital timing
- Balance sheet remains strong
  - Net debt to cap ratio: (10%)
  - Net leverage: (0.4x)

Record Sales, Operating Income, Margin and EPS

* See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

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Q3 and Full Year 2025 Outlook*

	Previous FY Outlook	Updated FY Outlook	Q3 Outlook
Sales Growth	**Reported -2% to +3%** **Organic -3% to +2%** **Segment Organic Growth** Americas: -2% to +3% Europe: -9% to -3% APMEA: +2% to +7% 80/20: Americas ~-$10M, Europe ~-$5M Acquired: Americas ~$25M FX: Sales ~-$7M; EPS ~-$0.03	**Reported +2% to +5%** **Organic Flat to +3%** **Segment Organic Growth** Americas: +2% to +5% Europe: -9% to -5% APMEA: +3% to +6% 80/20: Americas ~-$10M, Europe ~-$5M Acquired: Americas ~$30M FX: Sales ~+$12M; EPS ~+$0.04	**Reported +4% to +7%** **Organic +2% to +5%** **Segment Organic Growth** Americas: +5% to +8% Europe: -9% to -6% APMEA: +2% to +5% 80/20: Americas ~-$2M Acquired: Americas ~$8M FX: Sales ~+$4M; EPS ~+$0.01
Adj. EBITDA Margin	**20.4% to 21.0%** **+30 bps to +90 bps**	**20.7% to 21.3%** **+60 bps to +120 bps**	**19.7% to 20.3%** **+20 bps to +80 bps**
Adj. Operating Margin	**17.7% to 18.3%** **Flat to +60 bps** Americas: Flat to +60 bps Europe: -30 bps to +30 bps APMEA: Flat to +60 bps	**18.2% to 18.8%** **+50 bps to +110 bps** Americas: +60 bps to +120 bps Europe: -30 bps to +30 bps APMEA: Flat to +60 bps	**17.1% to 17.7%** **Flat to +60 bps** Americas: +20 bps to +80 bps Europe: -30 bps to +30 bps APMEA: +30 bps to +90 bps
Free Cash Flow	**≥ 100% of Net Income**	**≥ 100% of Net Income**	

* Incorporates estimates as of August 6, 2025, including direct tariff cost estimate of ~$40M for 2025 . See Appendix for other Outlook assumptions.

Summary

- **Better-than-expected Q2 results driven by strong Americas growth, price/cost and volume leverage**
- **Navigating tariff-related challenges by leveraging price, expansive U.S. footprint & and global supply chain**
- **Raising full year 2025 sales and margin outlook due to strong H1**
- **Strong balance sheet and cash flow provide continued capital allocation flexibility**

Appendix

Other 2025 Outlook* Inputs

	Previous Other FY Inputs	Updated Other FY Inputs	Other Q3 Inputs
Corporate Costs	~$55M to $57M	~$58M	~$15M
Net Interest Expense	~$2M - $3M	~$2M - $3M	~$1M
Stock-Based Compensation	~$20M	~$20M	~$6M
Adj Effective Tax Rate	~25%	~25%	~25%
Share Count	~33.5M	~33.5M	~33.5M
Capex	~$50M	~$50M	~$15M
Depreciation & Amortization	~$60M	~$58M	~$15M
FX	Europe (EUR @1.04) ~-$20M Americas (CAD) ~-$4M APMEA (RMB/AUD/NZD) ~-$4M	Europe (FY Avg EUR @1.12) ~+$15M Americas (CAD) ~-$1M APMEA (RMB/AUD/NZD) ~-$2M	Europe (EUR @1.15) ~+$5M Americas (CAD) ~Flat APMEA (RMB/AUD/NZD) ~-$1M

* As of August 6, 2025. See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

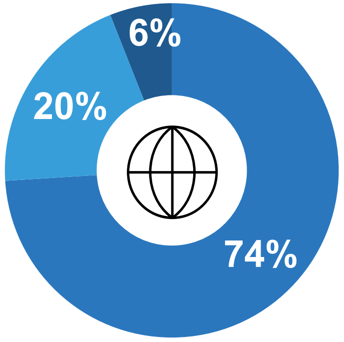
Watts Water Snapshot (NYSE: WTS)

2024 Key Statistics

With 5 Year Performance vs. 2019

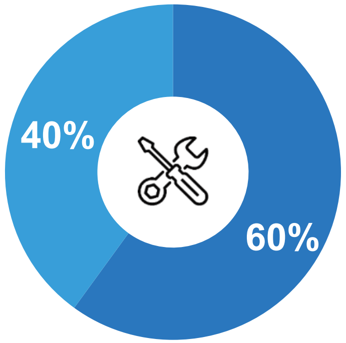
$8.86	17.7%	$1.72	$2.3B	112%	19.8%	106%
Adj. EPS	Adj. Operating Margin	Dividends	Net Sales	5-yr Avg Free Cash Flow Conversion	ROIC (GAAP)	5-yr Avg Reinvestment
+17% CAGR	*+480 bps Expansion*	*+13% CAGR*	*7% CAGR*		*+640 bps Expansion*	

Geography



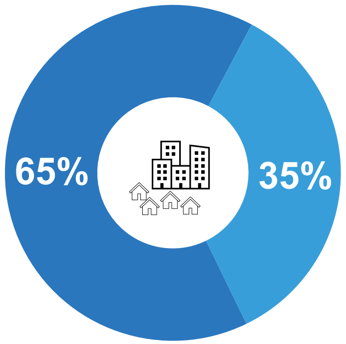
- Americas
- Europe
- APMEA

End Markets



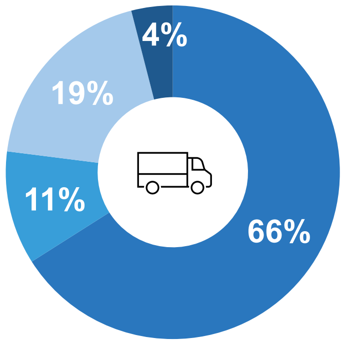
- Repair & Replace
- New Construction

End Markets



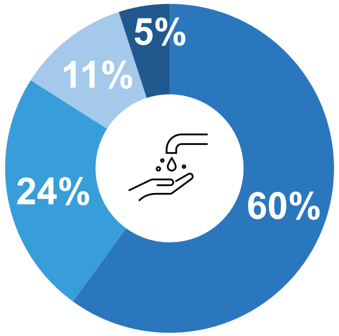
- Non-Residential
- Residential

Channels



- Wholesale
- OEM
- Specialty
- DIY

Products



- Residential & Comm. Flow Control
- HVAC & Gas
- Drainage & Water Re-use
- Water Quality

Global Leader in Commercial, Residential and Light Industrial Water Solutions

See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

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Key Themes

Recognized Leader

Global reach with leading market positions in commercial, residential and light industrial water space

Aligned to Long-term Secular Trends and Diverse Markets

Solutions aligned with global macro trends

Broad portfolio diversifies market exposure

Focus on Innovation and Profitable Growth

Continuing investment in digital strategy

Driving One Watts Performance System to expand margins

Accretive Capital Deployment and Strong Balance Sheet

Targeting >100% cash conversion with efficient capital structure

Balanced capital allocation

Resilient Business Model Tested Across Economic Cycles

Large installed base; strong repair and replacement footprint

Focused on long-term strategy

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Consolidated Statements of Operations

	Second Quarter			
	2025	2024	B/(W)	%
Net sales	$643.7	$597.3	$46.4	8%
Cost of goods sold	317.8	312.5	(5.3)	(2%)
Gross profit	325.9	284.8	41.1	14%
	50.6%	*47.7%*	*+290 bps*	
Selling, general & administrative expenses	187.2	173.1	(14.1)	(8%)
	29.1%	*29.0%*	*-10 bps*	
Restructuring	3.4	0.2	(3.2)	(1600%)
Operating income	135.3	111.5	23.8	21%
	21.0%	*18.7%*	*+230 bps*	
Other expense	0.6	2.0	1.4	70%
Income before taxes	134.7	109.5	25.2	23%
Provision for income taxes	33.8	27.5	(6.3)	(23%)
Net income	$100.9	$82.0	$18.9	23%
Diluted earnings per share	$3.01	$2.44	$0.57	23%

(M) (Unaudited)

Reconciliation of Net Sales to Organic Net Sales

	Second Quarter			
	Americas	Europe	APMEA	Total
Net sales 2025	$498.5	$111.0	$34.2	$643.7
Net sales 2024	$448.1	$114.1	$35.1	$597.3
Dollar change	$50.4	($3.1)	($0.9)	$46.4
Net sales % increase (decrease)	*11%*	*(3%)*	*(3%)*	*8%*
Foreign exchange impact	-	*(5%)*	*2%*	*(1%)*
Acquisition impact	*(1%)*	-	-	*(1%)*
Organic sales % increase (decrease)	*10%*	*(8%)*	*(1%)*	*6%*

	Six Months			
	Americas	Europe	APMEA	Total
Net sales 2025	$916.6	$219.4	$65.7	$1,201.7
Net sales 2024	$866.9	$237.4	$63.9	$1,168.2
Dollar change	$49.7	($18.0)	$1.8	$33.5
Net sales % increase (decrease)	*6%*	*(8%)*	*3%*	*3%*
Foreign exchange impact	-	-	*2%*	-
Acquisition impact	*(1%)*	-	-	*(1%)*
Organic sales increase (decrease)	*5%*	*(8%)*	*5%*	*2%*

(M) (Unaudited)

Reconciliation of GAAP to Non-GAAP Measures

	Second Quarter		Six Months	
	2025	2024	2025	2024
Net Sales	$643.7	$597.3	$1,201.7	$1,168.2
Operating income	$135.3	$111.5	$223.0	$208.2
Operating margin %	*21.0%*	*18.7%*	*18.6%*	*17.8%*
Adjustments for special items:				
Restructuring	$3.4	$0.2	$20.7	$1.4
Acquisition-related costs	0.4	3.7	1.5	10.7
Gain on sale of assets	-	(3.3)	-	(4.4)
Adjusted operating income	$139.1	$112.1	$245.2	$215.9
Adjusted operating margin %	*21.6%*	*18.8%*	*20.4%*	*18.5%*
Net income	$100.9	$82.0	$174.9	$154.5
Adjustments for special items - tax effected:				
Restructuring	$2.5	$0.1	$15.5	$1.1
Acquisition-related costs	0.3	2.8	1.0	8.0
Gain on sale of assets	-	(2.5)	-	(3.3)
Tax adjustment items	-	-	(8.3)	-
Adjusted net income	$103.7	$82.4	$183.1	$160.3
Diluted earnings per share	$3.01	$2.44	$5.22	$4.61
Adjustments for special items	0.08	$0.02	0.24	$0.17
Adjusted diluted earnings per share	$3.09	$2.46	$5.46	$4.78

(M) (Unaudited)

Segment Earnings and Margin Summary

	Second Quarter 2025					Second Quarter 2024				
	Americas	Europe	APMEA	Corp.	OI	Americas	Europe	APMEA	Corp.	OI
Segment earnings / Corp expenses / Adj. OI	$135.8	13.0	6.5	(16.2)	$139.1	$108.8	11.4	6.6	(14.7)	$112.1
Segment margin / Adjusted operating margin %	*27.2%*	*11.7%*	*18.9%*		*21.6%*	*24.3%*	*10.0%*	*18.9%*		*18.8%*
Adjustments for special items	($0.4)	(3.4)	-	-	($3.8)	($0.4)	(0.1)	(0.1)	-	($0.6)
Operating Income					$135.3					$111.5
Operating Margin					*21.0%*					*18.7%*

	Six Months 2025					Six Months 2024				
	Americas	Europe	APMEA	Corp.	OI	Americas	Europe	APMEA	Corp.	OI
Segment earnings / Corp expenses / Adj. OI	$233.6	28.1	12.0	(28.5)	$245.2	$201.5	30.8	11.9	(28.3)	$215.9
Segment margin / Adjusted operating margin %	*25.5%*	*12.8%*	*18.2%*		*20.4%*	*23.2%*	*13.0%*	*18.6%*		*18.5%*
Adjustments for special items	($1.5)	(20.6)	(0.1)	-	($22.2)	($7.7)	1.0	(0.4)	(0.6)	($7.7)
Operating Income					$223.0					$208.2
Operating Margin					*18.6%*					*17.8%*

(M) (Unaudited)

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

	Six Months	
	2025	2024
Net cash provided by operating activities	$124.9	$130.9
Less: additions to property, plant, and equipment	(19.8)	(16.9)
Plus: proceeds from the sale of property, plant, and equipment	-	5.7
Free cash flow	$105.1	$119.7
Net income	$174.9	$154.5
Cash conversion rate of free cash flow to net income	60%	78%

(M) (Unaudited)

Reconciliation of Long-term Debt (Including Current Portion) to Net Debt to Capitalization Ratio

	June 29, 2025	December 31, 2024
Current portion of long-term debt	$ -	$ -
Plus: Long-term debt, net of current portion	197.3	197.0
Less: Cash and cash equivalents	(369.3)	(386.9)
Net debt	($172.0)	($189.9)
Net debt	($172.0)	($189.9)
Plus: Total stockholders' equity	1,892.4	1,707.9
Capitalization	$1,720.4	$1,518.0
Net debt to capitalization ratio	(10%)	(13%)

(M) (Unaudited)

Calculations of EBITDA & Gross and Net Leverage

	Second Quarter Ended June 29, 2025	Second Quarter Ended June 30, 2024	Trailing Twelve Months Through June 29, 2025
Sales	$643.7	$597.3	$2,285.7
Net income – as reported	$100.9	$82.0	$311.5
Plus: Interest expense, net	0.4	2.2	2.3
Plus: Income taxes	33.8	27.5	91.4
Plus: Depreciation	9.1	8.3	35.6
Plus: Amortization	5.4	5.1	20.3
EBITDA – Earnings before interest, taxes, depreciation and amortization	$149.6	$125.1	$461.1
EBITDA Margin %	*23.2%*	*20.9%*	*20.2%*
Adjustments for special items (excluding depreciation & amortization of $0.4 million)	3.4	0.6	21.7
Adjusted EBITDA – Adjusted earnings before interest, taxes, depreciation and amortization	$153.0	$125.7	$482.8
Adjusted EBITDA Margin %	*23.8%*	*21.0%*	*21.1%*
Gross debt as of June 29, 2025			$197.3
Less: Cash & cash equivalents as of June 29, 2025			(369.3)
Net debt			($172.0)
Gross debt to EBITDA ratio (Gross leverage)			0.4x
Net debt to EBITDA ratio (Net leverage)			(0.4x)

(M) (Unaudited)

Reconciliation of "Adjusted" Non-GAAP Effective Tax Rate

	Second Quarter		Six Months	
	2025	2024	2025	2024
Income before income taxes	$134.7	$109.5	$221.6	$204.7
Provision for income taxes	$33.8	$27.5	$46.7	$50.2
Effective tax rate	*25.2%*	*25.1%*	*21.1%*	*24.5%*
Income before income taxes	$134.7	$109.5	$221.6	$204.7
Total adjustments for special items	3.8	0.6	22.2	7.7
Adjusted Income before income taxes	$138.5	$110.1	$243.8	$212.4
Provision for income taxes	$33.8	$27.5	$46.7	$50.2
Tax effect of total adjustment for special items	1.0	0.2	14.0	1.9
Adjusted provision for income taxes	$34.8	$27.7	$60.7	$52.1
Adjusted effective tax rate	*25.2%*	*25.2%*	*24.9%*	*24.5%*

(M) (Unaudited)

Reconciliation between GAAP and Non-GAAP Measures Included in 2025 Outlook*

	Third Quarter 2025	Full Year 2025
Net Sales		
Net sales growth	+4% to +7%	+2% to +5%
Forecasted impact of acquisition / FX	-2%	-2%
Organic net sales growth	+2% to +5%	Flat to +3%
Operating Margin		
Operating margin range	16.9% to 17.5%	17.2% to 17.8%
Forecasted restructuring / other costs	0.2%	1.0%
Adjusted operating margin range	17.1% to 17.7%	18.2% to 18.8%

* As of August 6, 2025.

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