



Q4 2025 Earnings Conference Call

February 12, 2026

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.

2025 Overview and 2026 Outlook



2025 Performance

Record Q4 and FY performance exceeded expectations

Q4 organic sales* increased 8%

Q4 adjusted operating margin* of 19.0%, expansion of 220 bps

FY organic sales* increased 5%

FY adjusted operating margin* of 19.6%, expansion of 190 bps

Solid free cash flow; balance sheet remains strong



Business Updates

Acquired Superior Boiler, a leading manufacturer of customized boilers

Acquired Saudi Cast, a manufacturer of cast iron and stainless-steel drainage solutions

Integrations and synergy realization of all acquisitions underway and progressing well

Implementing further 80/20 actions in the Americas and Europe



2026 Outlook

- ▲ GDP remains positive
- ▲ Price
- ▲ Data centers and institutional
- ▲ Acquisitions
- ▼ End markets remain muted
- ▼ Tariff and geopolitical uncertainty
- ▼ Acquisition margin dilution

Executing on Strategic Growth Initiatives: Data Centers

Facility Water: Air-Cooled and Liquid-Cooled



Ductile Iron Butterfly Valves



Ductile Iron Strainers



Drains (Iron and Stainless Steel)



Carbon Steel High-Performance Butterfly Valves

Technical Water: Liquid-Cooled



Cool Vault Thermal Tanks



Stainless Steel Strainers

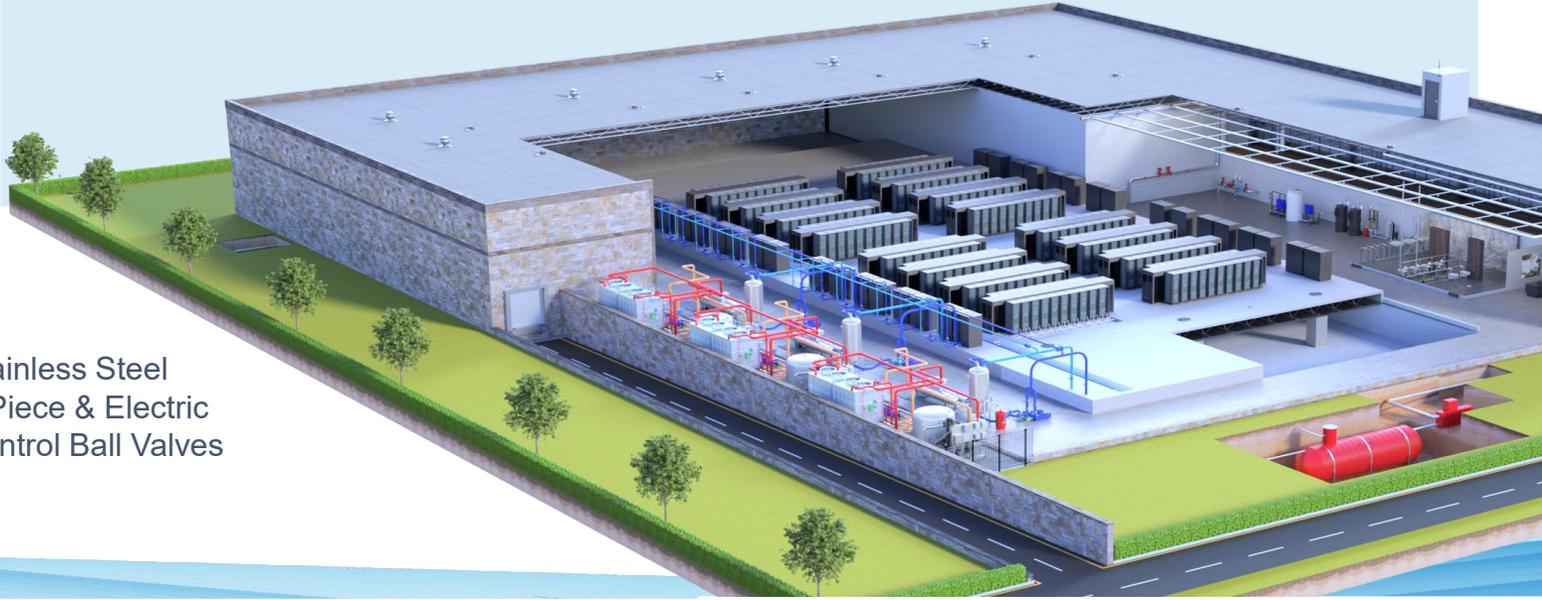


Stainless Steel High-Performance Butterfly Valves



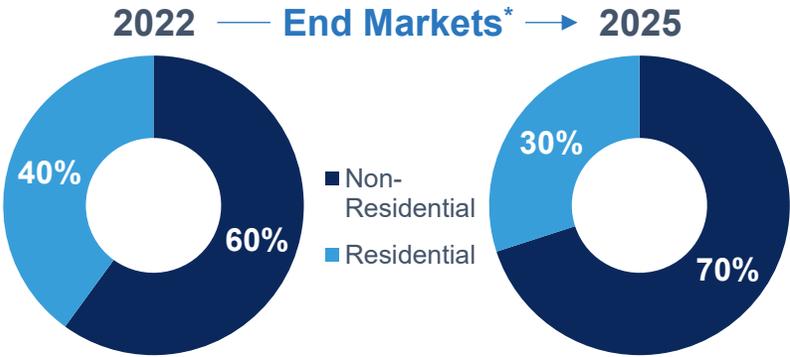
Stainless Steel 3-Piece & Electric Control Ball Valves

- Data center suite of solutions includes cooling valves, strainers, thermal storage tanks and drains plus traditional products
- Addressable market >\$1B with projected double-digit CAGR
- 2025 data center sales were just over 3% of total sales and growing at double-digit pace



Executing on Strategic Growth Initiatives: M&A

- Added strong brands with market leadership
- Expanded market, channel and geographic access
- Expanded product offering, including new / improved technology
- Shifted portfolio mix with higher non-residential, institutional and light industrial exposure
- Annualized sales of ~\$450 million



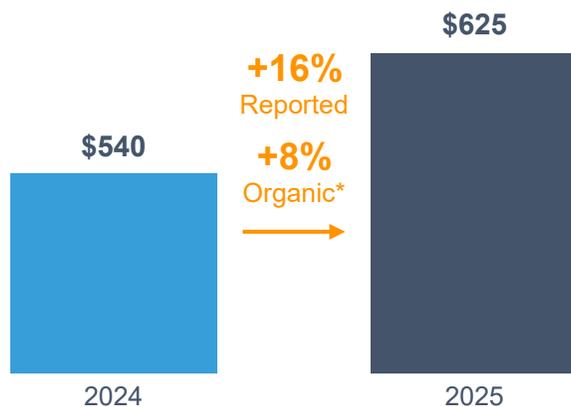
Eight Strategic Acquisitions: Deployed ~\$660M Since 2023

        	<p>2023  Enware: Leading supplier for specialty plumbing and safety equipment used in institutional and commercial end markets in Australia</p> <hr/> <p> Bradley Corporation: Trusted provider and manufacturer of commercial washroom and emergency safety products serving commercial (primarily institutional) and industrial end markets</p> <hr/> <p>2024  Josam Company: Leading provider and manufacturer of drainage and plumbing products offering customized products to commercial and multi-family end markets</p> <hr/> <p>2025  I-CON Systems: Leading provider of plumbing control solutions primarily for correctional facilities within the institutional end market</p> <hr/> <p> EasyWater: Leading provider of innovative salt and chemical-free water treatment solutions for residential, commercial and industrial applications</p> <hr/> <p> Haws Corporation: Leading global brand providing emergency safety and hydration solutions for use in industrial, institutional and non-residential end markets</p> <hr/> <p> Superior Boiler: Leading manufacturer of industrial steam and hot-water boilers, delivering custom-engineered solutions for commercial, institutional, and industrial applications</p> <hr/> <p> Saudi Cast: Manufacturer of high quality, specified cast iron and stainless-steel drainage solutions serving the non-residential and industrial markets in the Middle East</p>
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* Reflect proforma sales assuming all acquisitions were acquired as of January 1, 2025.

Q4 2025 Financial Summary

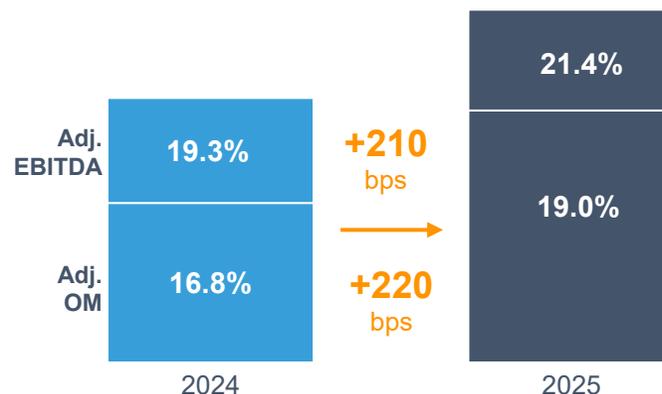
Sales (\$M)



Segment sales

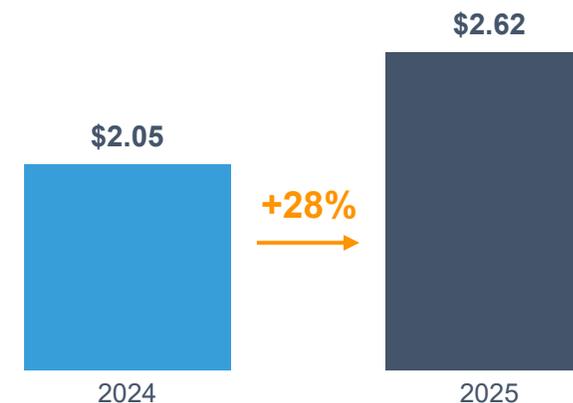
- Americas: \$467M; +10% organic; acquisitions added \$27M
- Europe: \$120M; +1% organic; \$10M FX benefit; sequential improvement
- APMEA: \$39M; +9% organic; acquisition added \$2M

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



- Adj. EBITDA: \$134M, +28%
- Adj. operating income: \$119M, +31%
- Acquisition dilution ~50 bps (~100 bps Americas)
- Segment margin
 - Americas: 23.3%; +150 bps
 - Europe: 15.1%; +490 bps
 - APMEA: 17.3%; -20 bps

Adj. EPS (\$)*

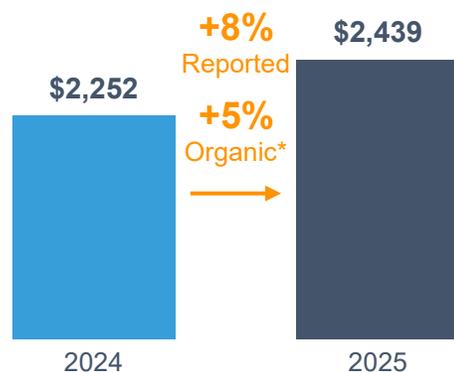


- Operations: +\$0.56
- Acquisitions / FX: +\$0.07
- Net interest / other income: -\$0.02
- Tax: -\$0.04; Adj. ETR 25.6%; 100 bps unfavorable VPY

Record Q4 Sales, Operating Income, Margin and EPS

FY 2025 Financial Summary

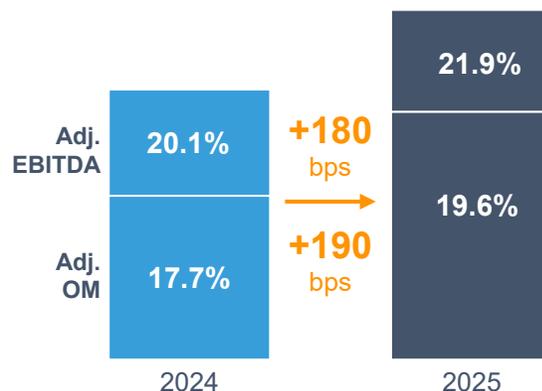
Sales (\$M)



Segment sales

- Americas: \$1.8B; +8% organic; acquisitions added \$50M
- Europe: \$451M; -5% organic; \$18M FX benefit
- APMEA: \$140M; +5% organic; acquisition added \$2M

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



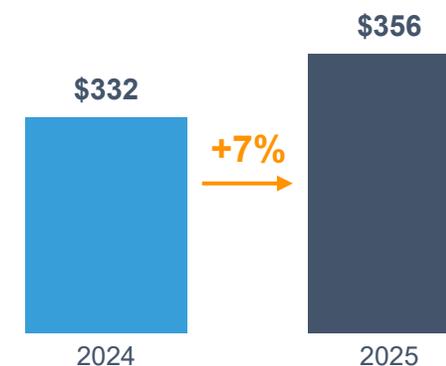
- Adj. EBITDA: \$534M, +18%
- Adj. operating income: \$477M, +19%
- Segment margin
 - Americas: 24.5%; +190 bps
 - Europe: 13.3%; +160 bps
 - APMEA: 18.3%; Flat

Adj. EPS (\$)*



- Operations: +\$1.56
- Acquisitions / FX: +\$0.17
- Net interest / other income: +\$0.06
- Tax: -\$0.07; Adj. ETR 25.3%; 60 bps unfavorable VPY

FCF (\$M)*



- Record free cash flow; FCF conversion of 105%
- Reduced tax payments and acquisitions offsetting inventory investment
- Balance sheet remains strong
- Returned \$83M to shareholders through dividends and share repurchases

Record FY Sales, Operating Income, Margin, EPS and FCF

Q1 and Full Year 2026 Outlook*

	FY Outlook	Q1 Outlook
Sales Growth	<p>Reported +8% to +12% Organic +2% to +6%**</p> <p>Segment Organic Growth Americas: +3% to +7% Europe: -4% to Flat APMEA: +4% to +8%</p> <p>Acquired: Americas ~\$110M to \$115M Acquired: APMEA ~\$18M to \$20M 80/20 Europe ~\$10M to \$15M** 80/20 Americas ~\$25M to \$30M** FX: Sales ~+\$18M; EPS ~+\$0.06</p>	<p>Reported +12% to +16% Organic +4% to +8%**</p> <p>Segment Organic Growth Americas: +6% to +10% Europe: -5% to -1% APMEA: Flat to +4%</p> <p>Acquired: Americas ~\$25M - \$30M Acquired: APMEA ~\$5M 80/20 Europe ~\$1M** 80/20 Americas ~\$6M** FX: Sales ~+\$13M; EPS ~+\$0.05</p>
Adj. EBITDA Margin	<p>21.5% to 22.1% -40 bps to +20 bps</p>	<p>21.1% to 21.7% -30 bps to +30 bps</p>
Adj. Operating Margin	<p>19.1% to 19.7% -50 bps to +10 bps</p> <p>Acquisition dilution: ~50 bps Watts, ~-100 bps Americas Americas: -110 bps to -50 bps Europe: -30 bps to +30 bps APMEA: +30 bps to +90 bps</p>	<p>18.6% to 19.2% -40 bps to +20 bps</p> <p>Acquisition dilution: ~-70 bps Watts, ~-120 bps Americas Americas: -60 bps to Flat Europe: -60 bps to Flat APMEA: Flat to +60 bps</p>
Free Cash Flow	≥ 90% of Net Income	Seasonally Slower

Summary



Record Q4 and full year 2025 performance including sales, operating income, EPS and free cash flow



Deploying significant capital on strategic growth and productivity initiatives, including data centers and Nexa



Completed five strategic acquisitions in 2025, further diversifying our portfolio and end markets



Outlook focuses on growing sub-verticals (institutional and data centers) and leverages our large installed base driving repair and replacement activity



Balance sheet remains strong post acquisitions and provides continued capital allocation flexibility



Appendix

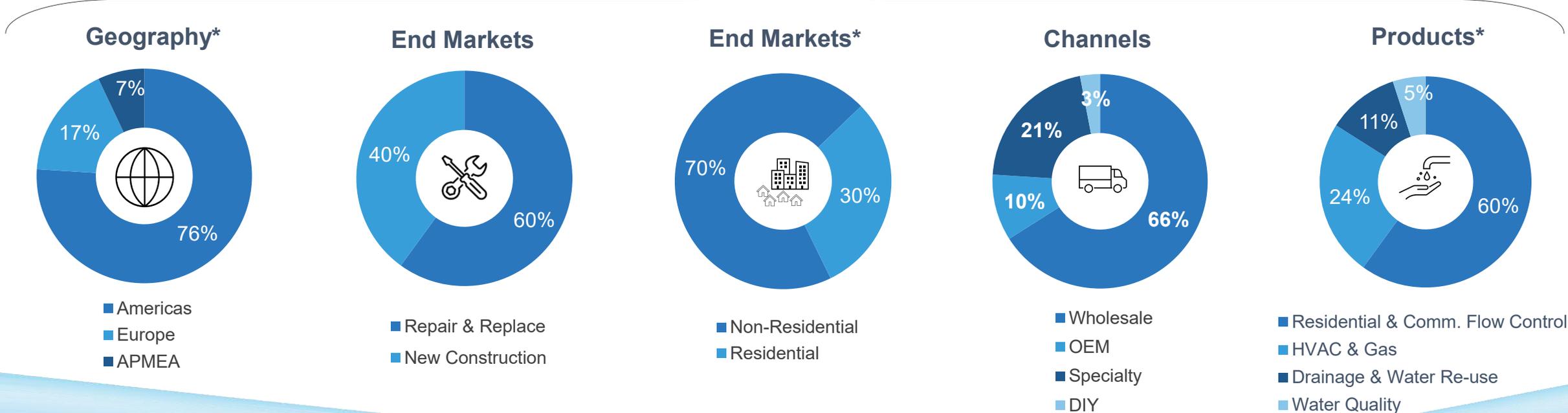


Other 2026 Outlook* Inputs

	Other FY Inputs	Other Q1 Inputs
Corporate Costs	~\$60M	~\$13M
Net Interest Expense	~\$3M to \$4M	~\$1M
Stock-Based compensation	~\$22M	~\$4M
Adj Effective Tax Rate	~25%	~25%
Share Count	~33.5M	~33.5M
Capex	\$50M to \$60M	~\$15M
Depreciation & Amortization	~\$70M	~\$18M
FX	Europe (EUR at 1.16) ~+\$13M Americas (CAD) ~+\$2M APMEA (RMB/AUD/NZD) ~+\$3M	Europe (EUR at 1.16) ~+\$11M Americas (CAD) ~+\$1M APMEA (RMB/AUD/NZD) ~+\$1M

Watts Water Snapshot (NYSE: WTS)

2025 Key Statistics With 5 Year Performance vs. 2020



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

Consolidated Statements of Operations

	Fourth Quarter			
	2025	2024	B/(W)	%
Net sales	\$625.1	\$540.4	\$84.7	16%
Cost of goods sold	315.9	287.7	(28.2)	(10%)
Gross profit	309.2	252.7	56.5	22%
	49.5%	46.8%	+270 bps	
Selling, general & administrative expenses	194.4	162.9	(31.5)	(19%)
	31.1%	30.1%	-100 bps	
Restructuring	1.1	0.8	(0.3)	(38%)
Operating income	113.7	89.0	24.7	28%
	18.2%	16.5%	+170 bps	
Other expense	0.5	-	(0.5)	-
Income before taxes	113.2	89.0	24.2	27%
Provision for income taxes	29.5	21.5	(8.0)	(37%)
Net income	\$83.7	\$67.5	\$16.2	24%
Diluted earnings per share	\$2.50	\$2.02	\$0.48	24%

Reconciliation of Net Sales to Organic Net Sales

Fourth Quarter	Americas	Europe	APMEA	Total
Net sales 2025	\$466.6	\$119.7	\$38.8	\$625.1
Net sales 2024	\$398.0	\$108.6	\$33.8	\$540.4
Dollar change	\$68.6	\$11.1	\$5.0	\$84.7
Net sales % increase	17%	10%	15%	16%
Foreign exchange impact	-	(9%)	-	(2%)
Acquisition impact	(7%)	-	(6%)	(6%)
Organic sales % increase	10%	1%	9%	8%

Year	Americas	Europe	APMEA	Total
Net sales 2025	\$1,847.4	\$450.7	\$140.4	\$2,438.5
Net sales 2024	\$1,664.9	\$453.3	\$134.0	\$2,252.2
Dollar change	\$182.5	(\$2.6)	\$6.4	\$186.3
Net sales % increase (decrease)	11%	(1%)	5%	8%
Foreign exchange impact	-	(4%)	2%	(1%)
Acquisition impact	(3%)	-	(2%)	(2%)
Organic sales increase (decrease)	8%	(5%)	5%	5%

Reconciliation of GAAP to Non-GAAP Measures

	Fourth Quarter		Year	
	2025	2024	2025	2024
Net Sales	\$625.1	\$540.4	\$2,438.5	\$2,252.2
Operating income	\$113.7	\$89.0	\$448.1	\$390.4
Operating margin %	18.2%	16.5%	18.4%	17.3%
Adjustments for special items:				
Restructuring	\$1.1	\$0.8	\$23.7	\$7.2
Acquisition-related costs	3.9	1.1	5.4	14.2
Gain on sale of assets	-	-	-	(4.4)
Pension settlement	-	-	-	(7.8)
Adjusted operating income	\$118.7	\$90.9	\$477.2	\$399.6
Adjusted operating margin %	19.0%	16.8%	19.6%	17.7%
Net income	\$83.7	\$67.5	\$340.8	\$291.2
Adjustments for special items - tax effected:				
Restructuring	\$0.8	\$0.6	\$17.8	\$5.4
Acquisition-related costs	3.4	0.8	4.5	10.7
Gain on sale of assets	-	-	-	(3.5)
Pension settlement	-	-	-	(5.8)
Other investment gain	-	-	-	(1.0)
Tax adjustment items	-	(0.4)	(8.3)	-
Adjusted net income	\$87.9	\$68.5	\$354.8	\$297.0
Diluted earnings per share	\$2.50	\$2.02	\$10.17	\$8.69
Adjustments for special items	0.12	0.03	0.41	0.17
Adjusted diluted earnings per share	\$2.62	\$2.05	\$10.58	\$8.86

Segment Earnings and Margin Summary

	Fourth Quarter 2025					Fourth Quarter 2024				
	Americas	Europe	APMEA	Corp.	Consolidated	Americas	Europe	APMEA	Corp.	Consolidated
Segment earnings / Corp expenses / Adj. OI	\$108.7	18.0	6.7	(14.7)	\$118.7	\$86.9	11.0	5.9	(12.9)	\$90.9
Segment margin / Adjusted operating margin %	23.3%	15.1%	17.3%		19.0%	21.8%	10.2%	17.5%		16.8%
Adjustments for special items	(\$1.8)	(1.2)	(0.4)	(1.6)	(\$5.0)	\$1.2	(1.9)	(0.1)	(1.1)	\$1.9
Operating Income					\$113.7					\$89.0
Operating Margin					18.2%					16.5%

	Year 2025					Year 2024				
	Americas	Europe	APMEA	Corp.	Consolidated	Americas	Europe	APMEA	Corp.	Consolidated
Segment earnings / Corp expenses / Adj. OI	\$452.2	59.8	25.7	(60.5)	\$477.2	\$376.0	53.2	24.5	(54.1)	\$399.6
Segment margin / Adjusted operating margin %	24.5%	13.3%	18.3%		19.6%	22.6%	11.7%	18.3%		17.7%
Adjustments for special items	(\$3.3)	(23.7)	(0.5)	(1.6)	(\$29.1)	(\$3.5)	(3.4)	(0.6)	(1.7)	(\$9.2)
Operating Income					\$448.1					\$390.4
Operating Margin					18.4%					17.3%

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

	Year	
	2025	2024
Net cash provided by operating activities	\$402.0	\$361.1
<u>Less:</u> additions to property, plant, and equipment	(45.7)	(35.3)
<u>Plus:</u> proceeds from the sale of property, plant, and equipment	-	5.9
Free cash flow	\$356.3	\$331.7
Net income	\$340.8	\$291.2
Cash conversion rate of free cash flow to net income	105%	114%

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

	December 31, 2025	December 31, 2024
Current portion of long-term debt	\$ -	\$ -
<u>Plus:</u> Long-term debt, net of current portion	197.7	197.0
<u>Less:</u> Cash and cash equivalents	(405.5)	(386.9)
Net debt	(\$207.8)	(\$189.9)
Net debt	(\$207.8)	(\$189.9)
<u>Plus:</u> Total stockholders' equity	2,027.7	1,707.9
Capitalization	\$1,819.9	\$1,518.0
Net debt to capitalization ratio	(11%)	(13%)

Calculations of EBITDA & Gross and Net Leverage

	Fourth Quarter Ended December 31, 2025	Fourth Quarter Ended December 31, 2024	Year Ended December 31, 2025
Sales	\$625.1	\$540.4	\$2,438.5
Net income – as reported	\$83.7	\$67.5	\$340.8
<u>Plus:</u> Interest expense, net	-	-	1.0
<u>Plus:</u> Income taxes	29.5	21.5	105.0
<u>Plus:</u> Depreciation	9.1	8.6	36.2
<u>Plus:</u> Amortization	5.6	4.9	20.6
EBITDA – Earnings before interest, taxes, depreciation and amortization	\$127.9	\$102.5	\$503.6
<i>EBITDA Margin %</i>	20.5%	19.0%	20.7%
Adjustments for special items (excluding depreciation & amortization) & amortization of cloud computing arrangements)	5.7	1.9	29.9
Adjusted EBITDA – Adjusted earnings before interest, taxes, depreciation and amortization	\$133.6	\$104.4	\$533.5
<i>Adjusted EBITDA Margin %</i>	21.4%	19.3%	21.9%
Gross debt as of December 31, 2025			\$197.7
<u>Less:</u> Cash & cash equivalents as of December 31, 2025			(405.5)
Net debt			(\$207.8)
Gross debt to EBITDA ratio (Gross leverage)			0.4x
Net debt to EBITDA ratio (Net leverage)			(0.4x)

Reconciliation of “Adjusted” Non-GAAP Effective Tax Rate

	Fourth Quarter		Year	
	2025	2024	2025	2024
Income before income taxes	\$113.2	\$89.0	\$445.8	\$386.0
Provision for income taxes	\$29.5	\$21.5	\$105.0	\$94.8
Effective tax rate	26.1%	24.2%	23.6%	24.6%
Income before income taxes	\$113.2	\$89.0	\$445.8	\$386.0
Total adjustments for special items	5.0	1.9	29.1	9.2
Adjusted Income before income taxes	\$118.2	\$90.9	\$474.9	\$395.2
Provision for income taxes	\$29.5	\$21.5	\$105.0	\$94.8
Tax effect of total adjustment for special items	0.8	0.9	15.1	2.5
Adjusted provision for income taxes	\$30.3	\$22.4	\$120.1	\$97.3
Adjusted effective tax rate	25.6%	24.6%	25.3%	24.7%

Reconciliation between GAAP and Non-GAAP Measures Included in 2026 Outlook*

	First Quarter 2026	Full Year 2026
Net Sales		
Net sales growth	+12% to +16%	+8% to +12%
Forecasted impact of acquisition / FX	-8%	-6%
Organic net sales growth	+4% to +8%	+2% to +6%
Operating Margin		
Operating margin range	17.6% to 18.2%	18.8% to 19.4%
Forecasted restructuring / other costs	1.0%	0.3%
Adjusted operating margin range	18.6% to 19.2%	19.1% to 19.7%