Watts Water Technologies, Inc.

Q2 2026 Earnings Conference Call

August 6, 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, market growth including data center 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 2026 Outlook

Q2 2026 Performance

Record Q2 exceeded expectations

Organic sales* increased 12% driven by strong data center sales, favorable price, and pull-forward demand

Adjusted operating margin* of 21.0%, decline of 60 bps due to acquisition dilution and PY price/cost

Balance sheet strength provides capital allocation flexibility

Business Updates

Acquisition integrations and synergy realization on track through utilization of One Watts Performance System

Successfully managing impact of Middle East conflict and fluid tariff environment

Data center demand continues to offset challenged new construction markets

Continued progress toward sustainability goals; annual sustainability report published in June

2026 Outlook

Increasing FY sales and margin outlook

- ▲ YTD performance and Q3 outlook
- ▲ Price
- ▲ Data center demand
- ▼ Middle East conflict uncertainty
- ▼ Inflation and commodity prices
- ▼ Higher-for-longer interest rates

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

Data Center Growth Initiative

~$2B

Served Addressable Market

~15%-20%+ CAGR

Estimated Market Growth*

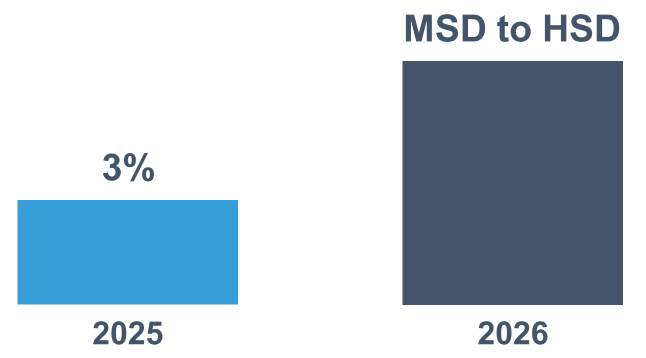
~$25K to ~$100K

Range depends on: liquid vs air cooling, amount of content in each project

Potential Content / MW

- Q2 2026 data center sales more than tripled year-over-year; year-to-date data center sales represent 8% of total sales
- Sales concentrated in Americas and APMEA, with emerging opportunity in Europe
- Project-based demand, creating some quarter-to-quarter variability
- Building on core competencies through investments in talent, product innovation, and scaling capacity
- Expanding relationships with contractors, OEMs and hyper-scalers

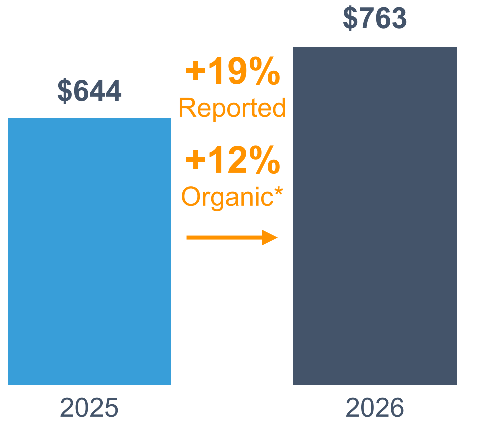
Full Year % of Sales



Outpacing Market Growth With Large Market Opportunity

Q2 2026 Financial Summary

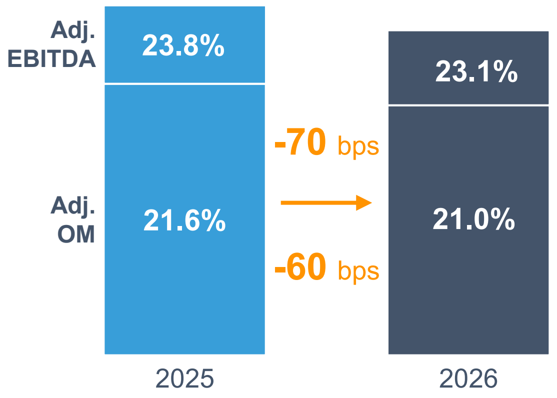
Sales ($M)



Segment sales

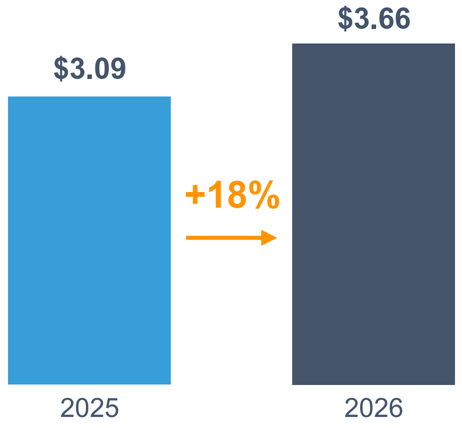
- Americas: $585M; +12% organic; acquisitions added $28M; 80/20 impact of -$8M
- Europe: $125M; +9% organic; $3M FX benefit; 80/20 impact of -$1M
- APMEA: $54M; +31% organic: acquisition added $6M; $3M FX benefit

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



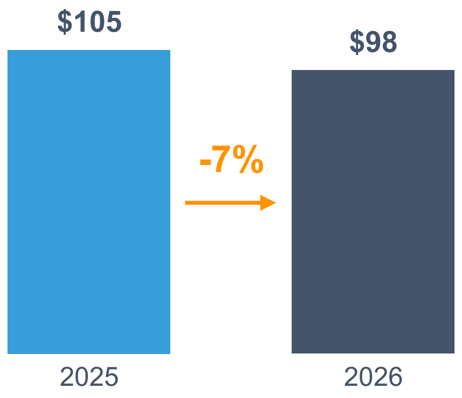
- Adj. EBITDA: $177M, +15%
- Adj. operating income: $160M, +15%
- Acquisition dilution -70 bps to OM%
- Segment margin
  - Americas: 25.7%; -150 bps
  - Europe: 13.3%; +160 bps
  - APMEA: 19.9%; +100 bps

Adj. EPS ($)*



- Operations: +$0.40
- Acquisitions / FX: +$0.06
- Net interest / other income: +$0.01
- Tax: +$0.10; Adj. ETR 23.1%

FCF ($M)*



- YTD cash flow decline due to:
  - Accounts receivable timing
  - Strategic inventory investment
- Anticipate further sequential improvement in FCF
- Balance sheet remains strong
  - Net debt to cap ratio: (12%)
  - Net leverage: (0.4x)

Record Sales, Operating Income and EPS

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

Q3 and Full Year 2026 Outlook*

	Previous FY Outlook	Updated FY Outlook	Q3 Outlook
Sales Growth	**Reported +8% to +12%** **Organic +2% to +6%***	**Reported +14% to +17%** **Organic +8% to +11%***	**Reported +11% to +14%** **Organic +5% to +8%***
Segment Organic Growth	Americas: +3% to +7% Europe: -4% to Flat APMEA: +4% to +8%	Americas: +9% to +12% Europe: 1% to +4% APMEA: +9% to +12%	Americas: +7% to +10% Europe: Flat to +3% APMEA: +6% to +9%
Acquired	Americas ~+$110M to +$115M APMEA ~+$18M to +$20M	Americas ~+$105M to +$110M APMEA ~+$21M to +$22M	Americas ~+$30M to +$33M APMEA ~+$5M to +$6M
80/20	Americas ~-$25M to -$30M** Europe ~-$10M to -$15M**	Americas ~-$25M to -$26M** Europe ~-$6M to -$8M**	Americas ~-$6M** Europe ~-$2M**
FX	Sales ~+$18M EPS ~+$0.06	Sales ~+$18M EPS ~+$0.06	Sales ~-$3M EPS ~-$0.01
Adj. EBITDA Margin	**21.5% to 22.1% / -40 bps to +20 bps**	**22.1% to 22.7% / +20 bps to +80 bps**	**22.2% to 22.8% / +130 bps to +190 bps**
Adj. Op. Margin	**19.1% to 19.7% / -50 bps to +10 bps** Americas: 23.4% to 24.0% / -110 bps to -50 bps Europe: 13.0% to 13.6% / -30 bps to +30 bps APMEA: 18.6% to 19.2% / +30 bps to +90 bps Acquisition dilution: ~-50 bps Watts / ~-100 bps Americas	**19.8% to 20.4% / +20 bps to +80 bps** Americas: 24.3% to 24.9% / -20 bps to +40 bps Europe: 13.5% to 14.1% / +20 bps to +80 bps APMEA: 18.6% to 19.2% / +30 bps to +90 bps Acquisition dilution: ~-50 bps Watts / ~-100 bps Americas	**19.8% to 20.4% / +130 bps to +190 bps** Americas: 24.4% to 25.0% / +70 bps to +130 bps Europe: 13.1% to 13.7% / +90 bps to +150 bps APMEA: 19.6% to 20.2% / +20 bps to +80 bps Acquisition dilution: ~-50 bps Watts / ~-100 bps Americas
Free Cash Flow	**≥ 90% of Net Income**	**≥ 90% of Net Income**	

* Outlook incorporates estimates as of August 5, 2026. Assumes no change in the level of impact resulting from the Middle East conflict. Incorporates the estimated impact of tariffs in place or announced as of August 4, 2026. Does not include the impact of tariff refunds and any tariff refunds received in future periods will be treated as non-recurring special items and therefore not included in adjusted results. See Appendix for other Outlook assumptions.

** Organic growth guidance includes 80/20 product rationalization. Excluding product rationalization organic growth outlook would be approximately 1% higher.

Key Takeaways

- Strong Q2 performance exceeded expectations across all regions
- Driving growth through strategic initiatives and strong data center demand, offsetting continued weakness in residential and non-institutional commercial new construction markets
- Raising full year 2026 sales and margin outlook due to strong H1 and Q3 outlook
- Healthy balance sheet and cash flow provide continued capital allocation flexibility

Appendix

Other 2026 Outlook* Inputs

	Previous Other FY Inputs	Updated Other FY Inputs	Other Q3 Inputs
Corporate Costs	~$60M	$64M to $66M	~$17M
Net Interest Expense	~$3M to $4M	~$1M to $2M	Flat to $1M
Stock-based Compensation	~$22M	~$27M	~$7M
Adj. Effective Tax Rate	~25%	~25%	~25%
Share Count	~33.5M	~33.5M	~33.5M
Capex	$50M to $60M	$60M to $65M	$20M to $25M
Depreciation and Amortization	~$70M	~$67M	~$17M
FX	Europe (EUR at 1.16) ~+$13M Americas (CAD) ~+$2M APMEA (RMB/AUD/NZD) ~+$3M	Europe (EUR at 1.15) ~+$10M Americas (CAD) ~Flat APMEA (RMB/AUD/NZD) ~+$8M	Europe (EUR at 1.14) ~-$3M Americas (CAD) ~-$1M APMEA (RMB/AUD/NZD) ~+$1M

* As of August 5, 2026. See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

Driving Value Creation Through Sustainability Strategy

- 2025 Sustainability Report released mid-June
- Continued commitment to high-performance solutions that solve our customers' challenges, while promoting safety, sustainability and efficiency
- Advanced progress on second generation of environmental goals, adopted in 2024

SOLVING CUSTOMERS' CHALLENGES ACROSS OUR "TRIPLE PLAY"

	CHALLENGE	SOLUTION	
Safety & Regulation	Data center liquid cooling systems demand leak-proof valves to protect equipment and maintain uptime	Interlock ball valves (ILBVs) minimize risk of leaks and ensure maximum safety for data center equipment and facilities	
Water Conservation	Commercial / institutional restrooms are very high water-consuming areas in buildings	The MOMENTUM® Flush Valve enables high-impact, retrofit-friendly water conservation	
Energy Efficiency	Water heating can be a major source of energy usage, leading to high greenhouse gas emissions	AERCO, PVI, & LYNC high efficiency boilers, water heaters, and heat pumps helped customers avoid >115,000 MT of CO_2	

Access Our Full 2025 Sustainability Report Here

WATTS®

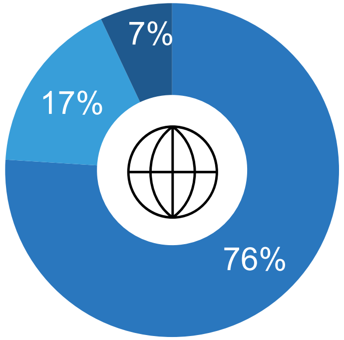
Watts Water Snapshot (NYSE: WTS)

2025 Key Statistics

With 5 Year Performance vs. 2020

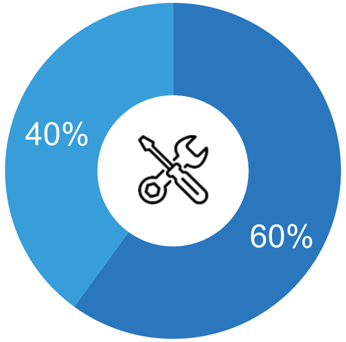
$10.58	19.6%	$1.99	$2.4B	100%	20.5%	103%
Adj. EPS +22% CAGR	Adj. Operating Margin +670 bps Expansion	Dividends +17% CAGR	Net Sales 10% CAGR	5-yr Avg Free Cash Flow Conversion	ROIC (GAAP) +880 bps Expansion	5-yr Avg Reinvestment

Geography*



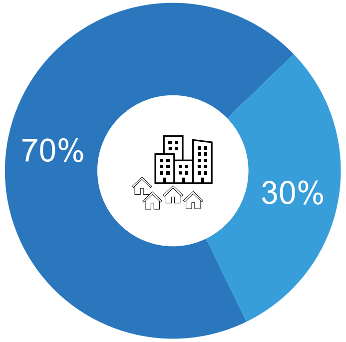
- Americas
- Europe
- APMEA

End Markets



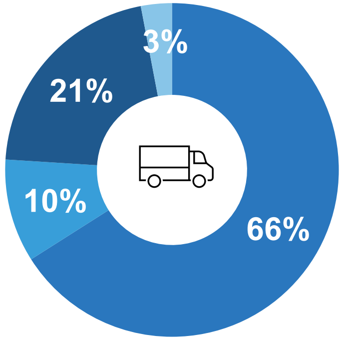
- Repair & Replace
- New Construction

End Markets*



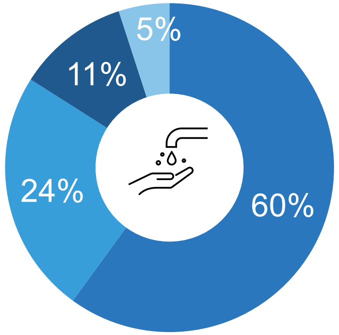
- Non-Residential
- Residential

Channels



- Wholesale
- OEM
- Specialty
- DIY

Products*



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

*Reflects proforma sales assuming all 2025 acquisitions were acquired as of January 1, 2025

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

	Second Quarter			
	2026	2025	B/(W)	%
Net sales	$763.2	$643.7	$119.5	19%
Cost of goods sold	389.1	317.8	(71.3)	(22%)
Gross profit	**374.1**	**325.9**	**48.2**	**15%**
	49.0%	*50.6%*	*-160 bps*	
Selling, general & administrative expenses	214.5	187.2	(27.3)	(15%)
	28.1%	*29.1%*	*-100 bps*	
Restructuring	5.6	3.4	(2.2)	(65%)
Operating income	**154.0**	**135.3**	**18.7**	**14%**
	20.2%	*21.0%*	*-80 bps*	
Other expense	0.3	0.6	0.3	50%
Income before taxes	153.7	134.7	19.0	14%
Provision for income taxes	35.4	33.8	(1.6)	(5%)
Net income	$118.3	$100.9	$17.4	17%
Diluted earnings per share	**$3.53**	**$3.01**	**$0.52**	**17%**

(M) (Unaudited)

Reconciliation of Net Sales to Organic Net Sales

Second Quarter	Americas	Europe	APMEA	Total
Net sales 2026	$585.0	$124.6	$53.6	$763.2
Net sales 2025	$498.5	$111.0	$34.2	$643.7
Dollar change	$86.5	$13.6	$19.4	$119.5
Net sales % increase	**17%**	**12%**	**57%**	**19%**
Foreign exchange impact	-	*(3%)*	*(9%)*	*(1%)*
Acquisition impact	*(5%)*	-	*(17%)*	*(6%)*
Organic sales % increase	**12%**	**9%**	**31%**	**12%**

Six Months	Americas	Europe	APMEA	Total
Net sales 2026	$1,100.1	$246.0	$94.3	$1,440.4
Net sales 2025	$916.6	$219.4	$65.7	$1,201.7
Dollar change	$183.5	$26.6	$28.6	$238.7
Net sales % increase	**20%**	**12%**	**44%**	**20%**
Foreign exchange impact	-	*(7%)*	*(8%)*	*(2%)*
Acquisition impact	*(7%)*	-	*(18%)*	*(6%)*
Organic sales % increase	**13%**	**5%**	**18%**	**12%**

(M) (Unaudited)

Reconciliation of GAAP to Non-GAAP Measures

	Second Quarter		Six Months	
	2026	2025	2026	2025
Net Sales	$763.2	$643.7	$1,440.4	$1,201.7
Operating income	$154.0	$135.3	$287.0	$223.0
Operating margin %	*20.2%*	*21.0%*	*19.9%*	*18.6%*
Adjustments for special items:				
Restructuring	$5.6	$3.4	$5.8	$20.7
Acquisition-related costs	0.4	0.4	3.1	1.5
Adjusted operating income	$160.0	$139.1	$295.9	$245.2
Adjusted operating margin %	*21.0%*	*21.6%*	*20.5%*	*20.4%*
Net income	$118.3	$100.9	$217.9	$174.9
Adjustments for special items - tax effected:				
Restructuring	$4.2	$2.5	$4.3	$15.5
Acquisition-related costs	0.3	0.3	2.4	1.0
Tax adjustment items	-	-	-	(8.3)
Adjusted net income	$122.8	$103.7	$224.6	$183.1
Diluted earnings per share	$3.53	$3.01	$6.50	$5.22
Adjustments for special items	0.13	0.08	0.20	0.24
Adjusted diluted earnings per share	$3.66	$3.09	$6.70	$5.46

(M) (Unaudited)

Segment Earnings and Margin Summary

	Second Quarter 2026					Second Quarter 2025				
	Americas	Europe	APMEA	Corp.	Consolidated	Americas	Europe	APMEA	Corp.	Consolidated
Segment earnings / Corp expenses / Adj. OI	$150.1	16.6	10.6	(17.3)	$160.0	$135.8	13.0	6.5	(16.2)	$139.1
Segment margin / Adjusted operating margin %	*25.7%*	*13.3%*	*19.9%*		*21.0%*	*27.2%*	*11.7%*	*18.9%*		*21.6%*
Adjustments for special items	($2.3)	(3.7)	-	-	($6.0)	($0.4)	(3.4)	-	-	($3.8)
Operating Income					$154.0					135.3
Operating Margin					*20.2%*					*21.0%*

	Six Months 2026					Six Months 2025				
	Americas	Europe	APMEA	Corp.	Consolidated	Americas	Europe	APMEA	Corp.	Consolidated
Segment earnings / Corp expenses / Adj. OI	$274.7	33.2	18.2	(30.2)	$295.9	$233.6	28.1	12.0	(28.5)	$245.2
Segment margin / Adjusted operating margin %	*25.0%*	*13.5%*	*19.3%*		*20.5%*	*25.5%*	*12.8%*	*18.2%*		*20.4%*
Adjustments for special items	($4.0)	(3.8)	(1.1)	-	($8.9)	($1.5)	(20.6)	(0.1)	-	($22.2)
Operating Income					$287.0					$223.0
Operating Margin					*19.9%*					*18.6%*

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

	Six Months	
	2026	2025
Net cash provided by operating activities	$120.8	$124.9
Less: additions to property, plant, and equipment	(22.6)	(19.8)
Free cash flow	$98.2	$105.1
Net income	$217.9	$174.9
Cash conversion rate of free cash flow to net income	45%	60%

(M) (Unaudited)

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

	June 28, 2026	December 31, 2025
Current portion of long-term debt	$ -	$ -
Plus: Long-term debt, net of current portion	108.0	197.7
Less: Cash and cash equivalents	(347.9)	(405.5)
Net debt	($239.9)	($207.8)
Net debt	($239.9)	($207.8)
Plus: Total stockholders' equity	2,189.4	2,027.7
Capitalization	$1,949.5	$1,819.9
Net debt to capitalization ratio	(12%)	(11%)

(M) (Unaudited)

Calculations of EBITDA & Gross and Net Leverage

	Second Quarter Ended June 28, 2026	Second Quarter Ended June 29, 2025	Trailing Twelve Months Through June 28, 2026
Sales	$763.2	$643.7	$2,677.3
Net income – as reported	$118.3	$100.9	$383.8
Plus: Interest expense, net	0.5	0.4	1.6
Plus: Income taxes	35.4	33.8	125.5
Plus: Depreciation	9.8	9.1	37.5
Plus: Amortization	6.0	4.9	22.8
EBITDA – Earnings before interest, taxes, depreciation and amortization	$170.0	$149.1	$571.2
EBITDA Margin %	*22.3%*	*23.2%*	*21.3%*
Adjustments for special items (excluding depreciation & amortization) & amortization of cloud computing arrangements	6.7	3.9	18.0
Adjusted EBITDA – Adjusted earnings before interest, taxes, depreciation and amortization	$176.7	$153.0	$589.2
Adjusted EBITDA Margin %	*23.1%*	*23.8%*	*22.0%*
Gross debt as of June 28, 2026			$108.0
Less: Cash & cash equivalents as of June 28, 2026			(347.9)
Net debt			($239.9)
Gross debt to EBITDA ratio (Gross leverage)			0.2x
Net debt to EBITDA ratio (Net leverage)			(0.4x)

(M) (Unaudited)

Reconciliation of "Adjusted" Non-GAAP Effective Tax Rate

	Second Quarter		Six Months	
	2026	2025	2026	2025
Income before income taxes	$153.7	$134.7	$285.1	$221.6
Provision for income taxes	$35.4	$33.8	$67.2	$46.7
Effective tax rate	*23.0%*	*25.2%*	*23.6%*	*21.1%*
Income before income taxes	$153.7	$134.7	$285.1	$221.6
Total adjustments for special items	6.0	3.8	8.9	22.2
Adjusted Income before income taxes	$159.7	$138.5	$294.0	$243.8
Provision for income taxes	$35.4	$33.8	$67.2	$46.7
Tax effect of total adjustment for special items	1.5	1.0	2.2	14.0
Adjusted provision for income taxes	$36.9	$34.8	$69.4	$60.7
Adjusted effective tax rate	*23.1%*	*25.2%*	*23.6%*	*24.9%*

(M) (Unaudited)

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

	Third Quarter 2026	Full Year 2026
Net Sales		
Net sales growth	+11% to +14%	+14% to +17%
Forecasted impact of acquisition / FX	(6%)	(6%)
Organic net sales growth	+5% to +8%	+8% to +11%
Operating Margin		
Operating margin range	19.7% to 20.3%	19.4% to 20.0%
Forecasted restructuring / other costs	0.1%	0.4%
Adjusted operating margin range	19.8% to 20.4%	19.8% to 20.4%

* As of August 5, 2026.