



WATTS WATER INVESTOR PRESENTATION

February 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.

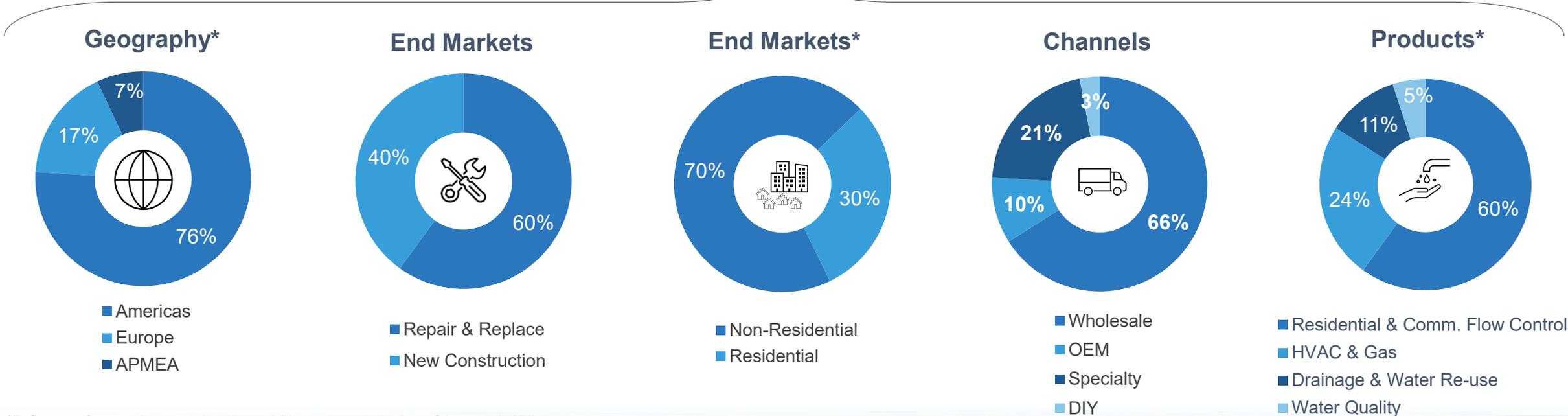
Factors that might affect forward-looking statements include overall economic and business conditions, changes in tariff rates, competitive factors, changes in laws affecting Watts, future acquisitions of material assets or businesses by Watts, the demand for Watts' products and services and other factors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

Key Messages

- 1 **Global water solutions** leader in commercial, residential and light industrial end markets
- 2 **Industry leading brands aligned** with long-term secular trends; large installed base provides strong repair and replacement footprint
- 3 Driving profitable growth through **innovation and smart & connected offerings**
- 4 Significant cash flow generation and flexible balance sheet to support **balanced capital deployment**

Watts Water Snapshot (NYSE: WTS)

2025 Key Statistics With 5 Year Performance vs. 2020



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

Strong Global Footprint



AMERICAS

Corporate Headquarters	1
Distribution Centers	3
Manufacturing Sites with Distribution	16
Region Count	20

EUROPE

Distribution Centers	2
Manufacturing Sites with Distribution	4
Manufacturing Sites	4
Region Count	10

APMEA

Region Headquarters	1
Distribution Centers	5
Manufacturing Sites with Distribution	2
Manufacturing Sites	3
Region Count	11

North Andover, MA

Headquarters

~5,700

Employees

6

Continents

41

Principal Worldwide Locations

Note: Shaded countries indicate principal locations.

Aligning the Business to Secular Growth Trends

Secular Growth Trends

- Safety and regulation – high performing products to safeguard critical water systems
- Energy efficiency – engineered high efficiency heating and hot water products
- Water conservation – valves, drainage, washroom and leak detection capabilities to conserve water

Competitive Advantages

Global Footprint

Vertical integration keeps production near customers and reduces supply chain

Broad Product Portfolio

Code and specification driven; Extensive certification process

Manufacturing Expertise

Driving operational efficiencies with One Watts Performance System

Proven Track Record

150-year history with large installed base and deep customer relationships; Leadership in regulatory code development

Technology and Innovation

Investing in R&D; Expanding Smart and Connected portfolio to drive growth

Diverse End Market Exposure

Diverse exposure to residential, non-residential and light industrial end markets

Competitive Advantages Position Watts to Leverage Long-term Secular Growth Trends

Large and Diverse Addressable Markets



¹ Based on Company estimates of global market.

Broad Range of Industry-leading Products and Solutions



Residential and Commercial Flow Control Solutions

Safeguarding water systems through backflow preventers, regulators, relief valves, thermostatic mixing valves, leak detection, commercial washroom, hydration and emergency safety solutions



Water Quality Solutions

Point-of-use, point-of-entry, closed loop, cooling tower, and other water applications used for water filtration, monitoring, conditioning and scale prevention systems



Drainage & Water Re-use Solutions

High performance drainage systems and engineered rainwater harvesting solutions for commercial, industrial, marine and residential uses



Heating, Hot Water and Other HVAC Solutions

Advanced commercial, institutional and industrial high-efficiency boilers, water heaters, under-floor heating solutions and controls designed to optimize energy efficiency

High Quality Products and Solutions for the Conveyance, Conservation, Control and Safe Use of Water

Non-residential Offerings

~70% of Sales*; More Complexity / Systems

Commercial / Institutional Washroom

Hand Washing Stations • Tapware • Fixtures • Shower Valves • Partitions • Locker Systems • Lavatory Carriers • Correctional Controllers



ENWARE Bradley I-CON



Water Safety / Fire Protection / Irrigation

Backflow Preventers • Cross Connection Systems • Isolation Valves • Automatic Control Valves • Pressure Reducing Valves • Ball, Gate, & Butterfly Valves • Thermostatic Mixing Valves • Thermal Storage Tanks



WATTS AMES POWERS
SOCLA FEBCO ENWARE

Boiler / Mechanical Room

Hot Water Heaters / Boilers • Digital Thermostatic Mixing Stations • Boiler & Pump Controls • Temperature and Pressure Sensors



WATTS POWERS AERCO PVI Lync by WATTS tekmar SUPERIOR BOILER

works with nexa

Hydration

Bottle Filling Stations • Drinking Water Fountains • Electric Water Coolers



Haws Since 1906

Driveway / Sidewalk

Electronic Temperature Controls • Snow Melt Hydronic Systems • Manifolds



WATTS tekmar

Water Quality

Anti-Scale Systems • Ballast Water • Water Softeners • SmartStream UV System • Salt & Chemical Free Conditioners



WATTS scientific EASYWATER

Leak Detection

Wireless Leak Detection & Notification



WATTS LEAKDEFENSE THE DETECTION GROUP

works with nexa

Industrial Safety

Eyewash Systems • Full Body Systems • Handheld Showers • Shower Skids



Bradley Haws Since 1906

Commercial Kitchens

Gas Connectors • Stainless Steel Drains • Point of Use Filtration Systems



WATTS BLÜCHER DORMONT

Guestroom

Shower Valves • Shower Drains • Underfloor Heating • Thermostats



SunTouch POWERS BLÜCHER

Drainage

Cast Iron & Trench • Stainless Steel Drains & Pipe • Rainwater Harvesting • Roofs, Parking Garages, Bathrooms, Kitchens



WATTS BLÜCHER ORION APEX VALVES JOSAM SAUDI CAST SINCE 1972

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

Residential Offerings

~30% of Sales*; Comprehensive Product Range

Kitchen

Undersink Thermostatic Mixing Valves • Reverse Osmosis Water Filtration Systems • Electric Tile Warming • SmartSense Excess Flow Valve & Thermal Shutoff



Living Room

Control Panel / Thermostat • Radiant Underfloor Heating



Leak Detection

Wireless Leak Detection



Bathroom

Tempering Valves • Electric Tile Warming • Stainless Steel Shower Drains • Hot Water on Demand Recirculation



Laundry Room

Gas Ball Valves & Connectors • SmartSense Excess Flow Valve & Thermal Shutoff • IntelliFlow Automatic Washing Machine Shutoff Valves



Driveway / Sidewalk

Snow Melt Hydronic Systems • Electronic Temperature Controls • Manifolds • Quick Connect Fittings • Hydrocontrol Panels



Water Safety

Backflow Preventers • Pressure Reducing Valves



Irrigation

Backflow Preventers • Pressure Reducing Valves • Flow Control Valves



Water Quality

Whole House Filtration Systems • Water Softeners • SmartStream UV Disinfection Systems • Anti-Scale Systems



Boiler / Mechanical Room

T&P Relief Valves • Tempering Valves • Pressure Reducing Valves • Expansion Tanks • Temperature & Pressure Gauges • Air Separators • Anti-Scale Systems



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

Solving Key Water Issues for Customers and Society to Drive Durable, Long-term Value Creation

“Triple Play” Strategy: Deliver differentiated solutions that meet customers’ needs to ensure safe and proper water management while reducing their environmental impact

“Triple Play” Strategic Pillar	Aligned to Secular Trends Driving Growth in \$22B Addressable Market	Key End Markets	Watts’ Sustainable Competitive Advantages
1 Safety and Regulation 75%* of Watts gross revenue	<ul style="list-style-type: none"> • Stricter plumbing, health and safety codes • Modernization of aging infrastructure • Increased hygiene standards for public facilities 	<ul style="list-style-type: none"> • Institutional / Educational • Healthcare • Hospitality • Multi-family Residential 	<ul style="list-style-type: none"> • Deep regulatory and standards expertise • Strong installed base • Code-compliant innovation capabilities
2 Water Conservation 42%* of Watts gross revenue	<ul style="list-style-type: none"> • Growing water scarcity and drought duration • Water re-use and leak mitigation regulations • Smart plumbing and monitoring systems for buildings 	<ul style="list-style-type: none"> • Data Centers / Mega Projects • Hospitality • Light Industrial • Multi- and Single-family Residential 	<ul style="list-style-type: none"> • Smart & Connected strategy with digital solutions, including Nexa • Full-system solutions: shutoff valves, drainage, and re-use • Life Cycle Assessments (LCAs) and Environmental Product Declarations (EPDs) for wide variety of products
3 Energy Efficiency 22%* of Watts gross revenue	<ul style="list-style-type: none"> • Building decarbonization and electrification • HVAC and water heating efficiency incentives • Integrated smart energy systems demand 	<ul style="list-style-type: none"> • Institutional / Educational • Healthcare • Hospitality • Multi-family Residential • Light Industrial 	<ul style="list-style-type: none"> • High-efficiency boilers and radiant heating systems with proprietary technology and exclusive features • Smart building integration • Demonstrated customer energy savings

To Learn More, See Our [2024 Sustainability Report](#)

* Products may fit into multiple categories

Experienced Executive Leadership Team



Bob Pagano

CEO, President and Chairperson
Previously at ITT Corporation
Joined WTS: 2014



Diane McClintock

Chief Financial Officer
Previously at AutoImmune Inc.
Joined WTS: 2010



Andre Dhawan

Chief Operating Officer
Previously at Vontier
Corporation
Joined WTS: 2022



Kim Trevisan

Chief Information Officer
Previously at Old Castle APG
Joined WTS: 2025



Kenneth Lepage

General Counsel
Chief Sustainability Officer
Secretary
Joined WTS: 2003



James F. Dagley

President of Watts Applied Solutions
Previously at Johnson Controls
Joined WTS: 2016



Elie Melhem

President, Asia Pacific,
The Middle East, Africa
Previously at Arison Thermo Group
Joined WTS: 2011



Monica Barry

Chief Human Resource Officer
Previously at Colfax Corporation
Joined WTS: 2021



Ram Ramakrishnan

Executive Vice President, Strategy
and Business Development
Previously at Avery Dennison Corporation
Joined WTS: 2013

Strong Management Team with Sound Execution Track Record

- ✓ Long-standing management team with an average tenure of ~10 years
- ✓ Significant industry knowledge and experience allowing to identify and solve critical water challenges through utilizing global team and best-in-class R&D capabilities
- ✓ Experienced finance and strategy-oriented team focused on maintaining a strong balance sheet and balanced capital deployment

The Right Leadership in Place to Lead Watts Forward

Engaged and Accountable Board of Directors



David Dunbar
Lead Independent Director
President and CEO,
Standex International Corp.
Joined WTS: 2017



Kenneth Napolitano
Retired President of Applied
Water Systems, Xylem Inc.
Joined WTS: 2024



Bob Pagano
CEO, President and
Chairperson
Joined WTS: 2014



Michael Dubose
Operating Partner,
GenNx360 Capital Partners
Joined WTS: 2020



Merilee Raines
Retired CFO, IDEXX
Laboratories, Inc.
Joined WTS: 2011



Suzanne L. Stefany
Senior Advisor, PJT Partners
Joined WTS: 2025



Louise Goeser
Retired President and CEO,
Grupo Siemens S.A. de C.V.
Joined WTS: 2018



Joseph Noonan
eCommerce Entrepreneur;
Horne Family Member
Joined WTS: 2013



Joseph Reitmeier
Retired CFO,
Lennox International Inc.
Joined WTS: 2016



Rebecca Boll
Chief Customer Officer,
Fortescue Zero
Joined WTS: 2024

Board Skillsets and Attributes

- ✓ Operational & C-Suite Experience
- ✓ International Markets Exposure
- ✓ Public Company Board Experience
- ✓ Global Manufacturing
- ✓ Relevant End Market Exposure
- ✓ Business Ethics
- ✓ eCommerce / Digital

62 Years
Avg. Age

7 Years
Avg. Tenure

Director Skillset and Attributes Support Long-term Strategy

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

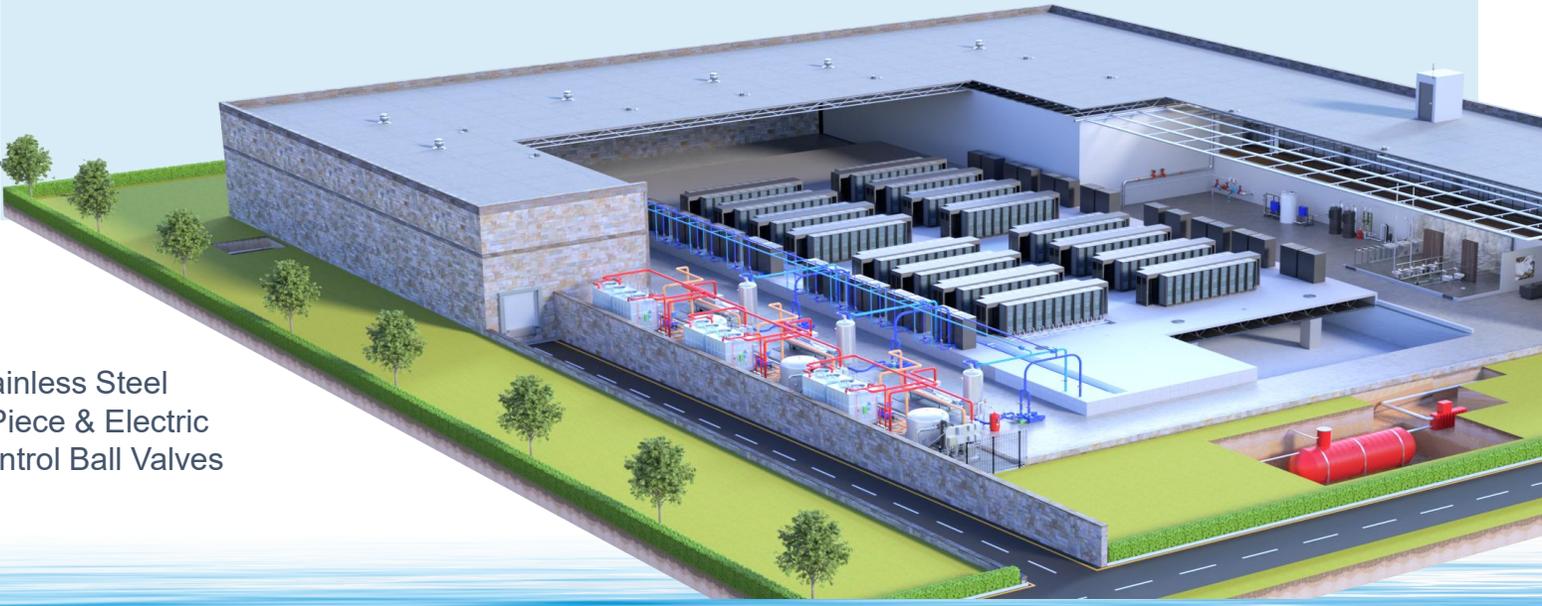


Stainless Steel High-Performance Butterfly Valves



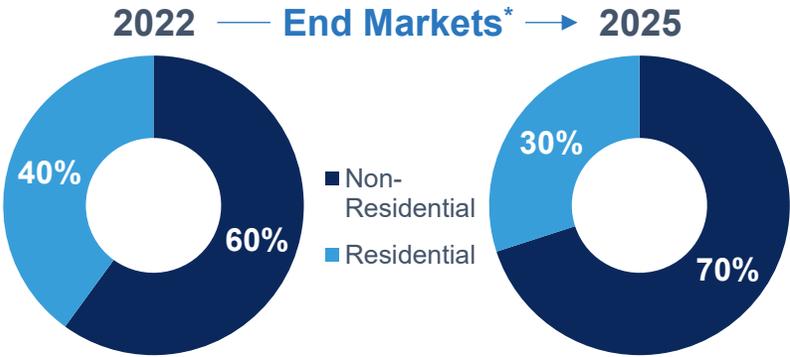
Stainless Steel 3-Piece & Electric Control Ball Valves

- Data center suite of solutions includes cooling valves, strainers, chilled water 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

2023	ENWARE	Enware: Leading supplier for specialty plumbing and safety equipment used in institutional and commercial end markets in Australia
		Bradley Corporation: Trusted provider and manufacturer of commercial washroom and emergency safety products serving commercial (primarily institutional) and industrial end markets
2024	JOSAM	Josam Company: Leading provider and manufacturer of drainage and plumbing products offering customized products to commercial and multi-family end markets
2025	I-CON	I-CON Systems: Leading provider of plumbing control solutions primarily for correctional facilities within the institutional end market
		EasyWater: Leading provider of innovative salt and chemical-free water treatment solutions for residential, commercial and industrial applications
		Haws Corporation: Leading global brand providing emergency safety and hydration solutions for use in industrial, institutional and non-residential end markets
		Superior Boiler: Leading manufacturer of industrial steam and hot-water boilers, delivering custom-engineered solutions for commercial, institutional, and industrial applications
		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

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

Disciplined M&A Strategy

Strategic Acquisition Criteria

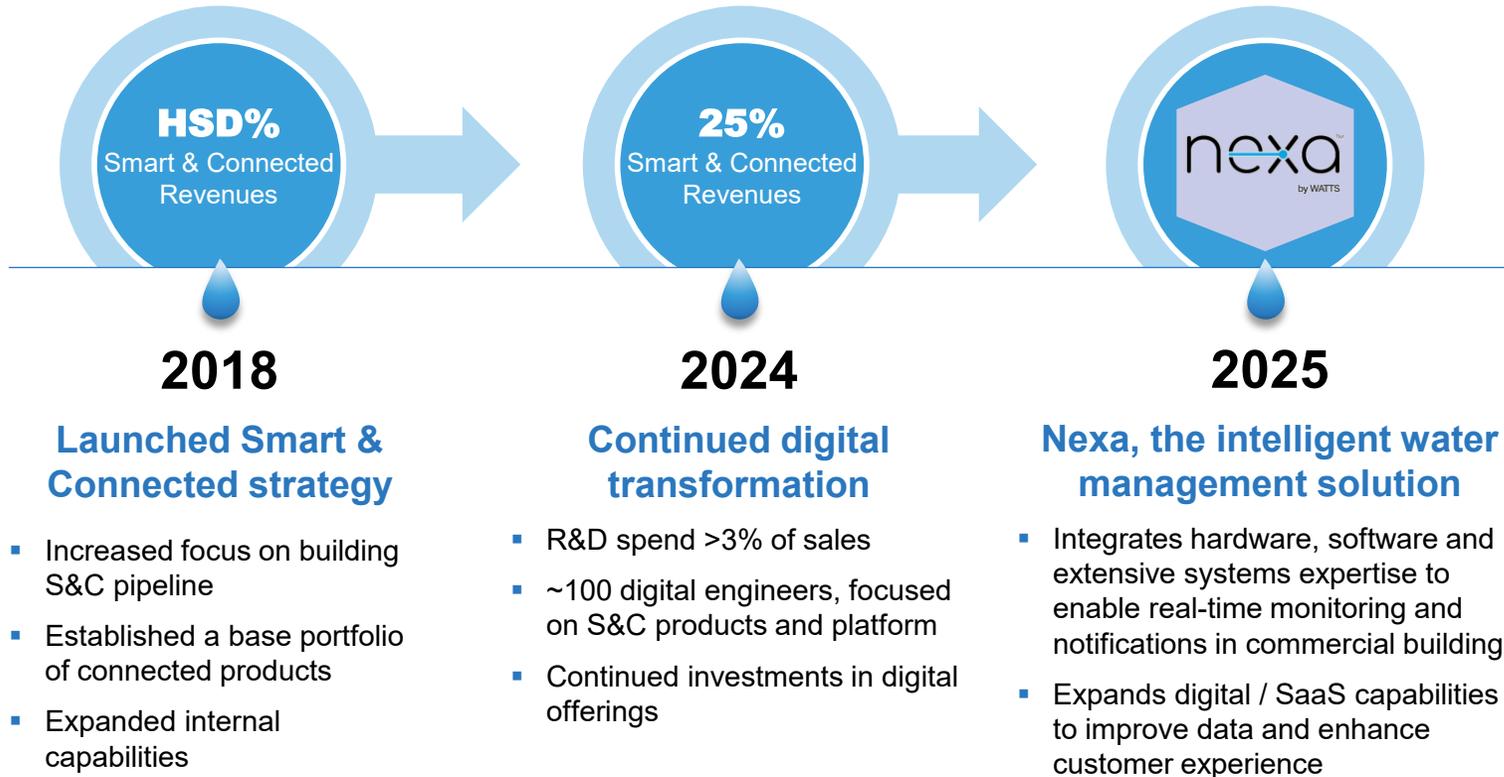
- Core or complementary markets
- Brand name products, market leadership
- Access to new markets, channels and geographies
- Product offering expansion, including new / improved technology
- Increase in shelf space with existing customers

Financial Criteria

- ROIC > cost of capital within 3 – 5 years
- Accretive to EPS in year 1
- Accretive to EBITDA margin within 3 – 5 years

Successful Acquisitions Contributing to Profitable Growth

A New Chapter in Our Smart & Connected Strategy



Nexa Addressing Commercial Customer Challenges

Sustainability

Increasing focus on water scarcity and efficiency standards make comprehensive water usage solutions critical

Efficiency

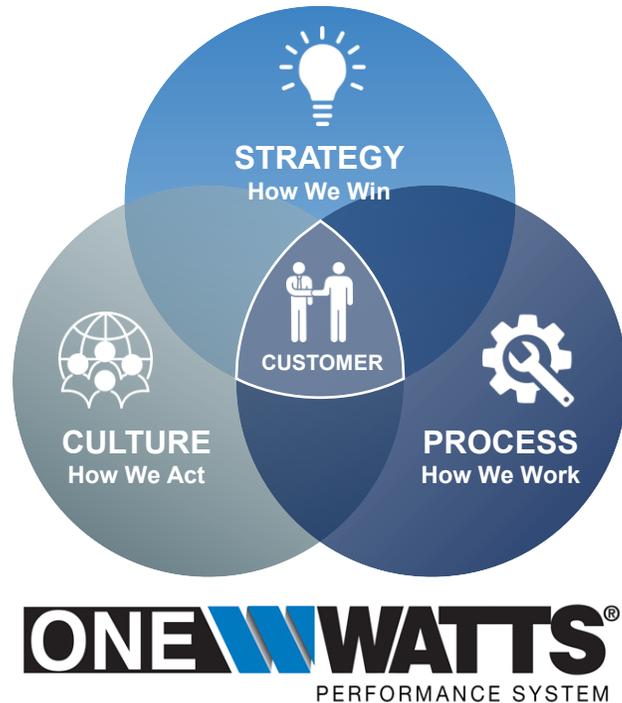
Shrinking pool of skilled plumbers and facility managers drives need for easy-to-install products and remotely monitorable systems

Risk Mitigation

Increasing water-related risks drive demand for intelligent water management solutions

Driving Digital Innovation Through Our Evolution to Intelligent Water Management Solutions

Continuous Improvement Through One Watts Performance System (OWPS)



Tools and Processes

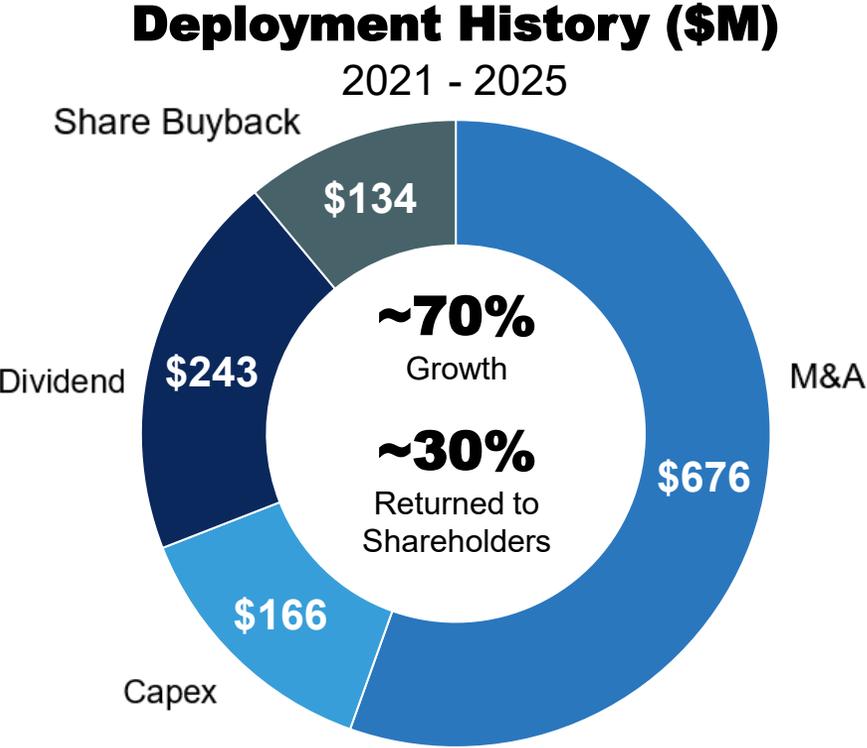
- Product road maps
- Product development stage gates
- 80 / 20 profitability analysis
- Integrated SIOP processes
- Kaizen and lean training
- Value stream mapping
- Job hazard analysis
- Talent / performance management
- Learning management system
- Monthly business operating reviews
- Disciplined M&A evaluation process
- Standard M&A integration process

Benefits

- **For customers:**
Consistency is the foundation of high-quality products and customer service
- **For employees:**
Well-implemented safety procedures support an engaged workplace
- **For investors:**
Sustainable best practices and efficiencies yield consistently strong results

Creating Customer-Focused Culture to Drive Operational Excellence

Balanced Capital Deployment



Priorities

- 1 Strategic M&A**
 - Disciplined valuation / screening process
- 2 Investing in High ROI Capex**
 - ~70% of capex invested in growth and productivity initiatives
 - Reinvestment ratio >100%
- 3 Competitive Dividend**
 - 16.7% 5-year CAGR through 2025
 - Increased dividend 21% effective June 2025 to annual dividend of \$2.08/share, 0.7% yield¹
- 4 Stable Share Buyback**
 - Offset stock dilution at minimum

Strong Cash Flow Generation Provides Flexibility

¹Yield as of February 11, 2026.

Flexible Balance Sheet

\$ in millions	Dec. 31, 2025
Cash	\$406
Other Current Assets	880
Non-Current Assets	1,595
TOTAL ASSETS	\$2,881
Current Liabilities, Excluding Short-term Debt	\$512
Non-Current Liabilities	143
Debt	198
Equity	2,028
TOTAL LIABILITIES & EQUITY	\$2,881
Net Debt / Capitalization Ratio	(11%)
UNUSED AND AVAILABLE CREDIT CAPACITY	~ \$588M

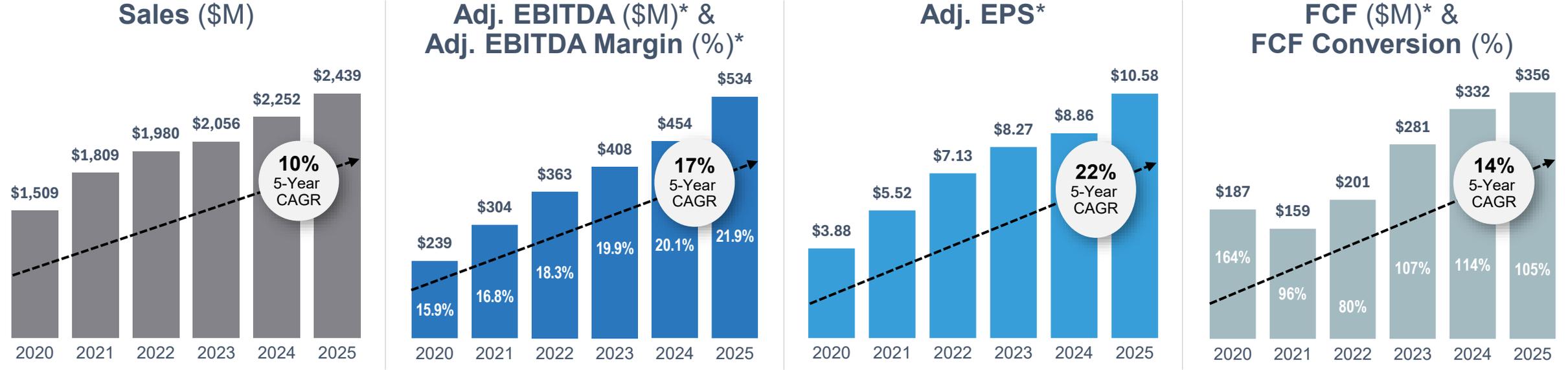
\$ in millions	Year ended Dec. 31, 2025
Net cash provided by operations	\$402
Less: additions to property, plant, and equipment	(46)
FREE CASH FLOW	\$356
Net income	\$341
Cash conversion rate of free cash flow to net income	105%



No Debt Due Until 2029

Ample Capacity to Execute on Strategic Growth

Proven Track Record of Resilience



Strong performance in a challenging market supported by:

Alignment to secular growth trends

Recognized leadership

Proactive and nimble team

One Watts Performance System

Flexible balance sheet

Commitment to long-term strategy

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

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

*Outlook incorporates estimates as of February 11, 2026. Assumes no change in current tariff structure. See Appendix for other Outlook assumptions.

**Organic growth guidance includes 80/20 product rationalization. Excluding product rationalization organic growth outlook would be approximately 2% higher

Long-term Aspirations

Organic Growth **1% Above Market**

- New product development, led by our **smart & connected** strategy
- Leveraging **Voice of Customer (VOC)** to drive product innovation
- Key account management and **commercial excellence**
- Providing training in 10 state-of-the-art **Watts Works Learning Centers**

Operating Margin Expansion **30 – 50 bps per Year**

How We Will Reach Our Goal...

- Driving productivity through **One Watts Performance System**; both inside and outside the factory
- Continuous focus on **price/cost dynamic**
- Volume leverage

Growth through **M&A** and **Geographic Expansion**

- M&A focused on strong **market positions** in core or complementary markets
- Maintain **extensive M&A pipeline**
- Expanding through **cross-selling** existing products into new regions
- Targeted expansion into countries with **well-established plumbing codes**

Profitable Growth Through Innovation, Acquisitions and Commercial Excellence



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

* As of February 11, 2026. See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures

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%)

(M) (Unaudited)

Reconciliation of GAAP to Non-GAAP Measures

\$ in millions	Year					
	2020	2021	2022	2023	2024	2025
Net sales	\$1,508.6	\$1,809.2	\$1,979.5	\$2,056.3	\$2,252.2	\$2,438.5
Operating income	\$181.1	\$239.6	\$315.0	\$350.9	\$390.4	\$448.1
<i>Operating margin %</i>	12.0%	13.2%	15.9%	17.1%	17.3%	18.4%
Adjustments for special items:						
Restructuring and long-lived asset impairment charges	\$11.3	\$19.3	\$10.6	\$5.5	\$7.2	\$23.7
Acquisition-related costs	1.3	-	-	11.3	14.2	5.4
Pension settlement	-	-	-	-	(7.8)	-
Contingent consideration	(1.5)	-	-	(2.5)	-	-
(Gain) loss on sale of assets and other adjustments	1.7	-	(1.8)	-	(4.4)	-
Adjusted operating income	\$193.9	\$258.9	\$323.8	\$365.2	\$399.6	\$477.2
<i>Adjusted operating margin %</i>	12.9%	14.3%	16.4%	17.8%	17.7%	19.6%
Net income	\$114.3	\$165.7	\$251.5	\$262.1	\$291.2	\$340.8
Adjustments for special items – tax effected:						
Restructuring and long-lived asset impairment charges	\$8.4	\$14.1	\$7.9	\$4.1	\$5.4	\$17.8
Acquisition-related costs	1.0	-	-	8.3	10.7	4.5
Pension settlement	-	-	-	-	(5.8)	-
Contingent consideration	(1.5)	-	-	(2.5)	-	-
(Gain) loss on sale of assets and other adjustments	0.1	-	(1.4)	-	(4.5)	-
Tax adjustment items	9.7	7.2	(18.2)	5.3	-	(8.3)
Adjusted net income	\$132.0	\$187.0	\$239.8	\$277.3	\$297.0	\$354.8
Diluted earnings per share	\$3.36	\$4.88	\$7.48	\$7.82	\$8.69	\$10.17
Adjustments for special items	0.52	0.64	(0.35)	0.45	0.17	0.41
Adjusted diluted earnings per share	\$3.88	\$5.52	\$7.13	\$8.27	\$8.86	\$10.58

Reconciliation of Net Cash Provided by Operations to Free Cash Flow

\$ in millions	Year					
	2020	2021	2022	2023	2024	2025
Net cash provided by operations	\$228.8	\$180.8	\$224.0	\$310.8	\$361.1	\$402.0
<u>Less:</u> additions to property, plant, and equipment	(43.8)	(26.7)	(28.1)	(29.7)	(35.3)	(45.7)
<u>Plus:</u> proceeds from the sale of property, plant, and equipment	2.2	5.1	5.2	-	5.9	-
Free cash flow	\$187.2	\$159.2	\$201.1	\$281.1	\$331.7	\$356.3
Net income	\$114.3	\$165.7	\$251.5	\$262.1	\$291.2	\$340.8
Cash conversion rate of free cash flow to net income	164%	96%	80%	107%	114%	105%

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%

* As of February 11, 2026.

Calculation of EBITDA

\$ in millions	Year					
	2020	2021	2022	2023	2024	2025
Sales	\$1,508.6	\$1,809.2	\$1,979.5	\$2,056.3	\$2,252.2	\$2,438.5
Net income	\$114.3	\$165.7	\$251.5	\$262.1	\$291.2	\$340.8
<u>Plus</u> : Interest expense, net	13.3	6.2	6.4	1.0	5.8	1.0
<u>Plus</u> : Income taxes	52.7	68.4	56.1	87.4	94.8	105.0
<u>Plus</u> : Depreciation	31.3	31.4	27.6	30.1	34.6	36.2
<u>Plus</u> : Amortization	15.2	13.7	12.1	13.2	19.8	20.6
EBITDA - Earnings before interest, taxes, depreciation and amortization	\$226.8	\$285.4	\$353.7	\$393.8	\$446.2	\$503.6
<i>EBITDA Margin %</i>	15.0%	15.8%	17.9%	19.2%	19.8%	20.7%
Adjustments for special items (excluding depreciation & amortization) & amortization of cloud computing arrangements)	12.3	18.3	8.8	14.3	7.8	29.9
Adjusted EBITDA – Adjusted earnings before interest, taxes, depreciation and amortization	\$239.1	\$303.7	\$362.5	\$408.1	\$453.7	\$533.5
<i>Adjusted EBITDA Margin %</i>	15.9%	16.8%	18.3%	19.9%	20.1%	21.9%