



Badger Meter

First Quarter 2025 Financial Results

April 17, 2025



Badger Meter



Forward Looking Statements

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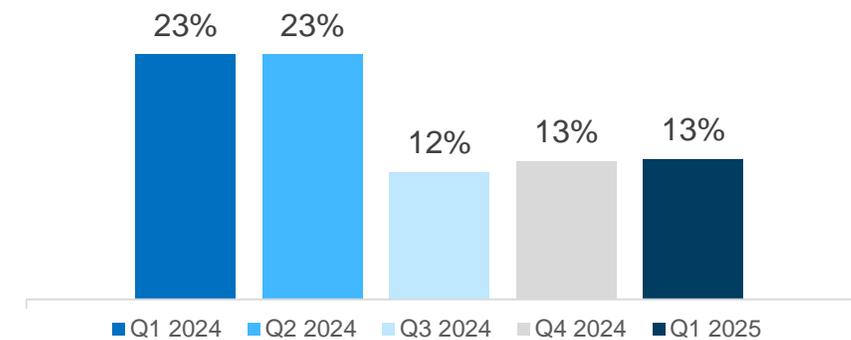
In this presentation certain non-GAAP financial measures may be used. Please see the supplemental financial schedules at the end of this presentation for a reconciliation to the appropriate GAAP measure.



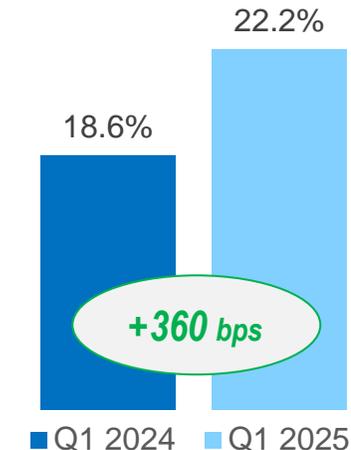
First Quarter 2025 Results Drive Strong Start to the Year Across Most Measures

- Sales of \$222.2M in Q1 2025 increased by 13% year-over-year (10% ex SmartCover)
- Record operating margin of 22.2% and year-over-year operating profit growth of 35%, aided by particularly favorable product and customer sales mix and disciplined operational execution
- EPS growth of 31% year-over-year to \$1.30 per share
- Record quarterly free cash flow increased 60% year-over-year to \$30M
- Completed the acquisition of SmartCover, adding sewer and lift station monitoring to BlueEdge® suite of water management solutions

Consolidated Y-O-Y Sales Growth Trend



Operating Profit Margin





First Quarter Financial Snapshot Highlights Earnings Expansion Potential Across Business

(US\$ in millions, except per share data)

	<u>Q1 2025</u>	<u>Q1 2024</u>	<u>Change</u>
Sales	\$222.2	\$196.3	13.2%
Gross Margin	95.4 42.9%	77.2 39.3%	23.6% 360 bps
SEA	46.0 20.7%	40.6 20.7%	13.3% flat
Op Income	49.4 22.2%	36.6 18.6%	35.0% 360 bps
Income Tax Rate	24.4%	23.5%	
EBITDA	57.7 26.0%	44.6 22.7%	29.4% 330 bps
EPS	1.30	0.99	31.3%
Free Cash Flow	\$30.0	\$18.8	59.6%

- Utility water sales increased 16% (12% ex SmartCover), driven by ongoing adoption of Cellular AMI including meters, ORION Cellular endpoints and BEACON SaaS
- Flow instrumentation sales decreased 5% as modest growth in water-related markets offset by lower demand in de-emphasized end markets; sequential quarterly growth of 7%
- Gross margins improved 360 bps on particularly favorable product and customer sales mix; tariff impact negligible
- SEA as a percent of sales stayed flat year-over-year, inclusive of \$1.1M of SmartCover intangible asset amortization; 90 bps decline proforma ex SmartCover
- Strong quarterly free cash flow on improved earnings; Q1 FCF reflected typical seasonality related to prior-year management incentive and defined contribution payments

See appendix for reconciliation of GAAP to Non-GAAP measures



Exposures Manageable with Mitigation Efforts (w/ Lag Effects); Estimated Impact Contained within Normalized Gross Margin Range; Competitively Level Playing Field For Mitigation Actions

NOTE: Subject to change – based upon current trade/tariff conditions as of April 17, 2025

Summary of Potential Tariff-Related Exposures

Manufacturing Footprint Supporting US Market Sales

- Nogales, Mexico - maquiladora - supports majority of residential meters and radios which are generally USMCA compliant
- Austria - water quality imports to US (under the s::can brand name)
- Czech Republic - mag meters (wastewater/HVAC) imports to US
- Multiple US-based manufacturing locations – commercial meters, flow instrumentation, water quality, pressure, SmartCover, other products

Supply Chain Supporting US Market Sales

- Highly US-based supply chain / suppliers
- Select electronic components (SE Asia)
- Connectors / other components (China)
- Batteries (Israel/South Korea)
- Other (EU)

Other Tariff-Related Developments

- Rare earth minerals – China retaliatory export control restriction on bismuth, an element of potable water brass ingot recipe. Cost increase nearly 10X since beginning of year, impacting castings component costs

Tariff-Related Exposure Sizing / Mitigation

Products	Tariff Impact	Mitigation Efforts
Residential meter and radio products	Overall impact minimal due to USMCA exemption on these high-volume products	Continue strategic sourcing efforts
Commercial-size utility meter products US-based manufactured products (industrial flow, water quality, pressure, other products)	Low - only select components; largely reciprocal tariff driven based upon country of origin	Implement targeted pricing actions
Products coming from non-US subsidiaries for sale in US market (mag meters, select water quality products)	Low - overall impact limited given impact on total sales/COGS	Implement targeted pricing actions
Materials subject to retaliatory export controls	Low - Primary exposure to bismuth (components of brass ingot formula), which has been restricted by China	Implement targeted pricing actions



Outlook Continues to Support Long-Term Shareholder Value Creation with Favorable Demand and Industry Dynamics

- Innovation leader with expanding technology-enabled software offerings
- Attractive bid funnel and strong order rates
- Growing SaaS revenue base

Consistently Resilient Results



- Durable macro trends support long-term smart water solution adoption
- 85% replacement-driven base demand
- Demonstrated benefits of efficiency, resiliency and sustainability

Constructive Industry Backdrop



- Strong cash flow and borrowing capacity
- Organic and inorganic strategic growth investments
- Dividend aristocrat

Investing for Growth



- Differentiated performance despite evolving macro-challenges
- Positive structural sales mix and SEA leverage drive margins

Differentiated Execution



- Strong engagement
- Values-driven
- Customer-focused execution
- Continuous improvement focus across enterprise

Exceptional Team





Questions

For your planning purposes, Badger Meter Q2 2025 earnings are tentatively scheduled for July 22, 2025





GAAP To Non-GAAP Reconciliations

EBITDA

(US\$ in millions)

	<u>Q1 2025</u>	<u>Q1 2024</u>
Net Earnings (GAAP)	\$38.4	\$29.1
Interest income	(1.3)	(1.5)
Income tax provision	12.4	9.0
Depreciation	2.8	2.9
Amortization	<u>5.4</u>	<u>5.1</u>
EBITDA	\$57.7	\$44.6

Free Cash Flow

(US\$ in millions)

	<u>Q1 2025</u>	<u>Q1 2024</u>
Cash from Ops (GAAP)	\$33.0	\$21.5
Capital Expenditures	<u>(3.0)</u>	<u>(2.7)</u>
Free Cash Flow	\$30.0	\$18.8