Mueller Water Products

Where Intelligence Meets Infrastructure®

Earnings Conference Call For The
First Quarter Ended December 31, 2016

February 3, 2017

These slides are not intended to be a stand-alone presentation,
but are for use in conjunction with the earnings call

NON-GAAP FINANCIAL MEASURES

In an effort to provide investors with additional information regarding the Company's results as determined by GAAP, the Company also provides non-GAAP information that management believes is useful to investors. These non-GAAP measures have limitations as analytical tools, and securities analysts, investors and other interested parties should not consider any of these non-GAAP measures in isolation or as a substitute for analysis of the Company's results as reported under GAAP. These non-GAAP measures may not be comparable to similarly titled measures used by other companies.

The Company presents adjusted income from continuing operations, adjusted income from continuing operations per share, adjusted operating income from continuing operations, adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin as performance measures because management uses these measures in evaluating the Company's underlying performance on a consistent basis across periods and in making decisions about operational strategies. Management also believes these measures are frequently used by securities analysts, investors and other interested parties in the evaluation of the Company's recurring performance.

The Company presents net debt and net debt leverage as performance measures because management uses them in evaluating its capital management and the investment community commonly uses them as measures of indebtedness. The Company presents free cash flow because management believes it is commonly used by the investment community to measure the Company's ability to create liquidity.

The calculations of these non-GAAP measures and reconciliations to GAAP results are included as an attachment to this presentation and have been posted online at www.muellerwaterproducts.com.

FORWARD-LOOKING STATEMENTS

This presentation contains certain statements that may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements that address activities, events or developments that we intend, expect, plan, project, believe or anticipate will or may occur in the future are forward-looking statements.

Forward-looking statements are based on certain assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions and expected future developments. Examples of forward-looking statements include, but are not limited to, statements we make regarding our expectations for growth in our key end markets, anticipated stronger operating leverage and financial results. Actual results and the timing of events may differ materially from those contemplated by the forward-looking statements due to a number of factors, including regional, national or global political, economic, business, competitive, market and regulatory conditions and the other factors that are described in the section entitled "RISK FACTORS" in Item 1A of our most recently filed Annual Report on Form 10-K. Undue reliance should not be placed on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements, except as required by law.

RECLASSIFIED FINANCIALS

We sold our Anvil business in January 2017. As a result, Anvil's operating results for all prior periods have been reclassified as discontinued operations. This quarter's earning release contains reclassified 2016 results for the first quarter. We will make available to you the reclassified results for the remaining quarters of 2016 and the full year by February 15th. Presented today will be the quarter’s results from continuing operations.

CONSOLIDATED NON-GAAP RESULTS

- We delivered a solid quarter with 3 percent overall top line growth and 25 percent adjusted operating income improvement
- Adjusted operating income increased $3.0 million to $15.2 million compared with $12.2 million last year
- Mueller Co. improved its operating performance by $2.2 million, or 9.2 percent, and Mueller Technologies improved by $1.1 million, or about 33 percent
- Adjusted EBITDA increased to $25.5 million compared with $21.8 million in the prior year
- Adjusted income from continuing operations per share for the quarter was $0.04 versus $0.03 a year ago

First Quarter	2017	2016
Net sales	$ 167.2	$ 163.1
Adj. operating income	$ 15.2	$ 12.2
Adj. operating margin	9.1 %	7.5%
Adj. income from cont. ops. per share	$ 0.04	$ 0.03
Adj. EBITDA	$ 25.5	$ 21.8
Adj. EBITDA margin	15.3 %	13.4%

$ in millions except per share amounts

1Q17 results exclude other charges totaling $1.3 million, $0.9 million net of tax

1Q16 results exclude other charges totaling $0.8 million, $0.6 million net of tax

CONSOLIDATED GAAP RESULTS

Gross profit

- Gross profit improved at both Mueller Co. and Mueller Technologies and was $51.7 million compared with $47.6 million last year
- Gross margin increased 170 basis points to 30.9 percent from 29.2 percent in the prior year

SG&A

- Selling, general and administrative expenses were higher year-over-year due primarily to personnel-related expenses
- Selling, general and administrative expenses were $36.5 million compared with $35.4 million last year
- SG&A expenses as a percent of net sales were 21.8 percent, essentially flat with 21.7 percent of net sales in the prior year

Interest expense and tax

- Interest expense, net increased $0.3 million to $6.4 million compared with $6.1 million last year
- Income tax expense of $2.1 million was 28.0 percent of income before income taxes

First Quarter	2017	2016
Net sales	$ 167.2	$ 163.1
Gross profit	$ 51.7	$ 47.6
Gross margin	30.9%	29.2%
Operating income	$ 13.9	$ 11.4

$ in millions

MUELLER CO. SEGMENT NON-GAAP RESULTS

Net sales

- Net sales increased 1.1 percent year-over-year with domestic sales growth was partially offset by lower sales outside the United States

Adjusted operating income

- We experienced strong improvement in adjusted operating income largely due to higher volume, operating efficiencies and other manufacturing cost savings
- Adjusted operating income increased 9.2 percent to $26.2 million compared with $24.0 million last year
- Adjusted operating margin improved 130 basis points to 17.9 percent as compared with 16.6 percent in the prior year

Adjusted EBITDA

- Adjusted EBITDA increased to $35.2 million compared with $32.4 million last year
- Adjusted EBITDA margin for the quarter increased 170 basis points to 24.1 percent from 22.4 percent in the prior year

First Quarter	2017	2016
Net sales	$ 146.3	$ 144.7
Adj. operating income	$ 26.2	$ 24.0
Adj. operating margin	17.9%	16.6%
Adj. EBITDA	$ 35.2	$ 32.4
Adj. EBITDA margin	24.1%	22.4%

$ in millions

MUELLER TECHNOLOGIES SEGMENT NON-GAAP RESULTS

Net sales

- Net sales increased 13.6 percent to $20.9 million compared with $18.4 million last year, primarily due to higher AMI shipments

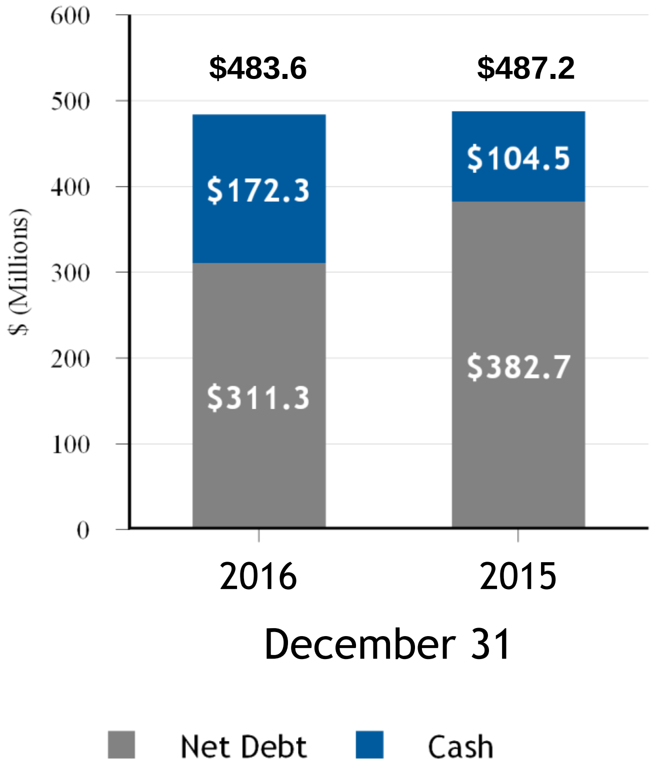
Adjusted operating loss

- Operating performance at Mueller Technologies improved again - this quarter by $1.1 million
- Adjusted operating loss was $2.2 million compared with a loss of $3.3 million in the prior year
- Adjusted operating performance improved at both Mueller Systems and Echologics, largely due to higher shipment volumes and lower SG&A expenses

First Quarter	2017	2016
Net sales	$ 20.9	$ 18.4
Adj. operating loss	$ (2.2)	$ (3.3)
Adj. operating margin	(10.5)%	(17.9)%
Adj. EBITDA	$ (1.0)	$ (2.2)
Adj. EBITDA margin	(4.8)%	(12.0)%

$ in millions

NET DEBT



December 31, 2016

$ in millions

ABL Revolver (LIBOR + 175 basis points)	$	0.0
Term Loan B (LIBOR* + 325 basis points)		482.3
Other		1.3
Total Debt	$	483.6

Net debt near zero after the sale of Anvil

$91.5 million of excess availability under the ABL at December 31, 2016 (excluding Anvil)

* Subject to a floor of 75 basis points

Summary

- We are now a pure-play water infrastructure company that is positioned to take advantage of significant opportunities in the industry
- We intend to deliver superior long-term value to stockholders through organic investments in our business whether in product development or capital equipment, making acquisitions in adjacent areas to our core businesses, which provide either channel, technology or product line expansion and by returning capital directly to stockholders
- In conjunction with the sale of Anvil, we increased our quarterly dividend by 33 percent to $0.04 per share. Additionally, I am pleased to announce today that we have entered into an agreement with a financial institution to repurchase $50 million of our common shares under an accelerated stock buyback program which we expect to complete by the end of the third quarter
- Focusing on water infrastructure, water security and water asset management provides a myriad of opportunities, and whether it is new customers or new products, the opportunity set is compelling
- To realize our growth opportunities, we will be concentrating on three key initiatives: accelerating product development and innovation, driving manufacturing excellence, and expanding our portfolio in the water industry to address aging water infrastructure and help municipalities operate more efficiently
- With our free cash flow generation capabilities and the proceeds from the divestiture of Anvil, we have the opportunity to implement various capital allocation initiatives. And I think that the accelerated share repurchase program, the acquisition of Singer and the increase in our dividend demonstrate our ability to effectively deploy capital
- Going forward, our capital allocation strategy will be focused on strengthening our position as a pure play water infrastructure company and adding long-term value for our stockholders

2017 First Quarter Comments and Second Quarter and Full Year Outlook

Supplemental Data

SEGMENT RESULTS AND RECONCILIATION OF GAAP TO NON-GAAP PERFORMANCE MEASURES

	Quarter ended December 31, 2016			
	Mueller Co.	Mueller Technologies	Corporate	Consolidated
	(dollars in millions, except per share amounts)			
Net sales	$ 146.3	$ 20.9	$ —	$ 167.2
Gross profit	$ 47.5	$ 4.2	$ —	$ 51.7
Selling, general and administrative expenses	21.3	6.4	8.8	36.5
Other charges	0.1	—	1.2	1.3
Operating income (loss) from continuing operations	$ 26.1	$ (2.2)	$ (10.0)	13.9
Interest expense, net				6.4
Income tax expense				2.1
Income from continuing operations				$ 5.4
Income from continuing operations per diluted share				$ 0.03
Capital expenditures	$ 3.0	$ 1.1	$ 0.1	$ 4.2
Operating margin	17.8%	(10.5)%		8.3%
Reconciliation of Non-GAAP performance measures to GAAP performance measures:				
Income from continuing operations				$ 5.4
Other charges				1.3
Income tax benefit of adjusting items				(0.4)
Adjusted income from continuing operations				$ 6.3
Weighted average diluted shares outstanding				164.6
Adjusted income from continuing operations per share				$ 0.04

SEGMENT RESULTS AND RECONCILIATION OF GAAP TO NON-GAAP PERFORMANCE MEASURES

	Quarter ended December 31, 2016			
	Mueller Co.	Mueller Technologies	Corporate	Consolidated
	(dollars in millions, except per share amounts)			
Net income				$ 6.7
Less income from discontinued operations				(1.3)
Interest expense, net [(1)]				6.4
Income tax expense [(1)]				2.1
Operating income (loss) from continuing operations	$ 26.1	$ (2.2)	$ (10.0)	13.9
Other charges	0.1	—	1.2	1.3
Adjusted operating income (loss) from continuing operations	26.2	(2.2)	(8.8)	15.2
Depreciation and amortization	9.0	1.2	0.1	10.3
Adjusted EBITDA	$ 35.2	$ (1.0)	$ (8.7)	$ 25.5
Adjusted operating margin	17.9%	(10.5)%		9.1%
Adjusted EBITDA margin	24.1%	(4.8)%		15.3%
Adjusted EBITDA	$ 35.2	$ (1.0)	$ (8.7)	$ 25.5
Three prior quarters' adjusted EBITDA	164.1	(3.2)	(26.5)	134.4
Trailing twelve months' adjusted EBITDA	$ 199.3	$ (4.2)	$ (35.2)	$ 159.9
Reconciliation of net debt to total debt (end of period):				
Current portion of long-term debt				$ 5.6
Long-term debt				478.0
Total debt				483.6
Less cash and cash equivalents				172.3
Net debt				$ 311.3
Net debt leverage (net debt divided by trailing twelve months' adjusted EBITDA)				1.9x
Reconciliation of free cash flow to net cash used in operating activities of continuing operations:				
Net cash used in operating activities of continuing operations				$ (19.9)
Less capital expenditures				(4.2)
Free cash flow				$ (24.1)

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SEGMENT RESULTS AND RECONCILIATION OF GAAP TO NON-GAAP PERFORMANCE MEASURES

	Quarter ended December 31, 2015			
	Mueller Co.	Mueller Technologies	Corporate	Consolidated
	(dollars in millions, except per share amounts)			
Net sales	$ 144.7	$ 18.4	$ —	$ 163.1
Gross profit	$ 44.0	$ 3.6	$ —	$ 47.6
Selling, general and administrative expenses	20.0	6.9	8.5	35.4
Other charges	0.2	0.5	0.1	0.8
Operating income (loss)	$ 23.8	$ (3.8)	$ (8.6)	11.4
Interest expense, net				6.1
Income tax expense				1.3
Income from continuing operations				$ 4.0
Income from continuing operations per diluted share				$ 0.02
Capital expenditures	$ 3.6	$ 1.0	$ 0.1	$ 4.7
Operating margin	16.4%	(20.7)%		7.0%
Reconciliation of Non-GAAP performance measures to GAAP performance measures:				
Income from continuing operations				$ 4.0
Other charges				0.8
Income tax benefit of adjusting items				(0.2)
Adjusted income from continuing operations				$ 4.6
Weighted average diluted shares outstanding				163.2
Adjusted income from continuing operations per share				$ 0.03

Mueller Water Products

SEGMENT RESULTS AND RECONCILIATION
OF GAAP TO NON-GAAP PERFORMANCE MEASURES

	Quarter ended December 31, 2015			
	Mueller Co.	Mueller Technologies	Corporate	Consolidated
	(dollars in millions, except per share amounts)			
Net income				$ 6.2
Less income from discontinued operations				(2.2)
Interest expense, net [1]				6.1
Income tax expense [1]				1.3
Operating income (loss) from continuing operations	$ 23.8	$ (3.8)	$ (8.6)	11.4
Other charges	0.2	0.5	0.1	0.8
Adjusted operating income (loss) from continuing operations	24.0	(3.3)	(8.5)	12.2
Depreciation and amortization	8.4	1.1	0.1	9.6
Adjusted EBITDA	$ 32.4	$ (2.2)	$ (8.4)	$ 21.8
Adjusted operating margin	16.6%	(17.9)%		7.5%
Adjusted EBITDA margin	22.4%	(12.0)%		13.4%

[1] We do not allocate interest or income taxes to our segments.

Adjusted EBITDA	$ 32.4	$ (2.2)	$ (8.4)	$ 21.8
Three prior quarters' adjusted EBITDA	153.9	(6.6)	(23.0)	124.3
Trailing twelve months' adjusted EBITDA	$ 186.3	$ (8.8)	$ (31.4)	$ 146.1
Reconciliation of net debt to total debt (end of period):				
Current portion of long-term debt				$ 5.7
Long-term debt				481.5
Total debt				487.2
Less cash and cash equivalents				104.5
Net debt				$ 382.7
Net debt leverage (net debt divided by trailing twelve months' adjusted EBITDA)				2.6x
Reconciliation of free cash flow to net cash provided by operating activities of continuing operations:				
Net cash used in operating activities of continuing operations				$ (8.3)
Less capital expenditures				(4.7)
Free cash flow				$ (13.0)

Q&A