

Mueller Water Products

Where Intelligence Meets Infrastructure®

Analyst and Investor Call

January 9, 2017



NON-GAAP FINANCIAL MEASURES

In an effort to provide investors with additional information regarding the Company's divestiture of its Anvil International division, the Company is providing in this presentation 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 is providing in this presentation adjusted operating income and adjusted EBITDA (on a pro forma basis to reflect the divestiture of Anvil) 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 performance measures are frequently used by securities analysts, investors and other interested parties in the evaluation of the Company's recurring performance.

The calculations of these non-GAAP measures and reconciliations to the Company's GAAP results (on a pro forma basis to reflect the divestiture of Anvil) are included as supplemental data in 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 that may occur in the future are forward-looking statements. The words “believe,” “will,” “estimates,” “committed,” and other similar expressions identify forward-looking statements. Examples of such forward-looking statements include, but are not limited to, the statements we make regarding the expected net cash proceeds from the sale of our Anvil business, our anticipated use of such cash proceeds, the position of our core business after the Anvil sale, our long-term business strategy and growth prospects, as well as our capital allocation strategy.

Forward-looking statements are based on certain assumptions and assessments made by us in light of our experience, current conditions and expected future developments. Actual results and the timing of events may differ materially from those contemplated by the forward-looking statements due to a number of factors. For example, with respect to our estimated net proceeds to be received from the sale of our Anvil business, such factors include the amount of any post-closing working capital adjustments and obligations that may require us to indemnify the purchaser of the Anvil business as well as potential changes in government policy, particularly comprehensive tax reform, as a result of the 2016 U.S. presidential and congressional elections. Factors that may impact the other forward looking statements in this presentation include, but are not limited to, our ability to operate our core business efficiently and, in particular, invest our capital to provide superior long-term returns as well as 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.

STRATEGIC ACTIONS TO CREATE SHAREHOLDER VALUE

- Created higher-margin, pure-play water infrastructure company through sale of Company's Anvil division (divestiture of non-core assets) for gross proceeds of \$315 million
- Expanded share repurchase authorization up to \$250 million, including existing \$45 million authorization
- Increased quarterly dividend 33% to \$0.04 per share
- Announced seamless leadership transition - appointing Scott Hall to succeed Greg Hyland as President and CEO, with Greg continuing as Executive Chairman

DIVESTITURE CREATES HIGHER-MARGIN, FOCUSED COMPANY

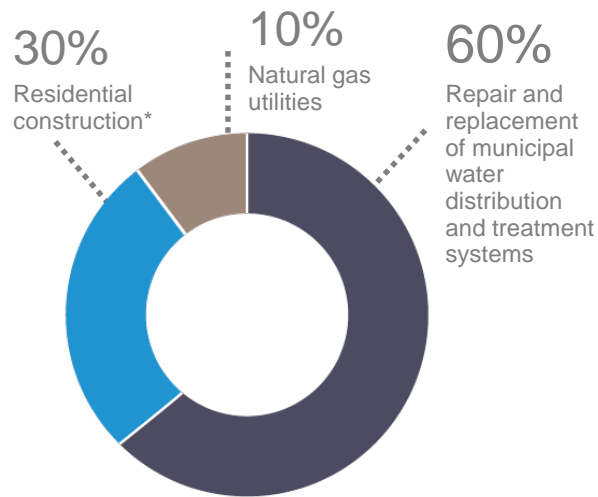
- **Streamlined, pure-play water infrastructure company positioned to capitalize on attractive growth opportunities and optimize capital allocation**
 - Anvil sale is result of robust, 15-month review of alternatives conducted with assistance of outside advisors
 - Sale price of \$315 million; estimated net proceeds of \$250 million after fees and taxes
 - Board unanimously agreed now is right time to sell Anvil and sharpen focus on driving growth in higher-margin core business
- **Top-tier industrial operating margins, EBITDA margins, and return on net assets with a higher growth profile**
- **Strengthened balance sheet enables Company to optimize capital allocation**
 - Positions Company to invest in its core businesses and pursue strategic acquisitions in areas adjacent to its core
 - Enables near-term stockholder value creation through additional return of cash

CORE BUSINESS AND ATTRACTIVE END MARKETS

FY2016 NET SALES: \$801 MILLION*

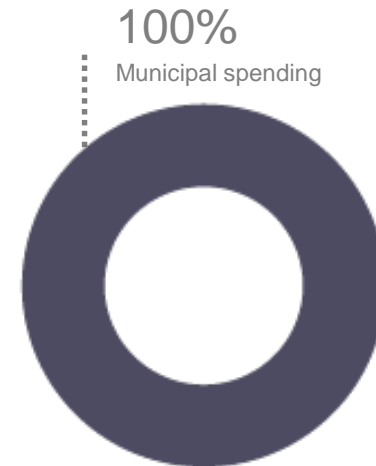
Mueller Co.

Net sales: \$716mm



Mueller TECHNOLOGIES

Net sales: \$85mm



PORTFOLIO



Fire Hydrants



Valves



Metering Systems



Leak Detection and Pipe Condition Assessment

*At September 30, 2016 on pro forma basis to reflect divestiture of Anvil

BROAD PRODUCT PORTFOLIO ACROSS KEY MARKETS

\$ in millions	Mueller Co.	+	Mueller TECHNOLOGIES	=	Mueller Water Products ⁽²⁾
Net Sales	\$ 715.7		\$ 84.9		\$ 800.6
Adjusted Operating Income(Loss)⁽¹⁾	162.3		(10.2)		115.9
Depreciation & Amortization	34.2		4.8		39.5
Adjusted EBITDA⁽¹⁾	196.5		(5.4)		155.4
Product and Services Portfolio	Fire Hydrants Iron Gate Valves Butterfly, Ball & Plug Valves		Metering Systems Leak Detection and Pipe Condition Assessment		Water Infrastructure

Note: All amounts shown are LTM ended September 30, 2016

(1) Mueller Co. adjusted operating income and adjusted EBITDA exclude certain other charges totaling \$3.0 million. Mueller Technologies adjusted operating loss and adjusted EBITDA exclude other charges totaling \$0.9 million.

(2) Amounts are pro forma, to reflect the divestiture of Anvil.

BALANCED CAPITAL ALLOCATION

- **Organic investments and acquisitions in areas adjacent to core business**
 - Investments will be carefully evaluated against the long-term value created through return of capital to stockholders

- **Board authorized increase in share buybacks up to a total of \$250 million**

- **Dividend increased to \$0.04 per share, effective for dividends payable on or about Feb. 21, 2017 for stockholders of record as of Feb. 10, 2017**

ANNOUNCED SEAMLESS LEADERSHIP TRANSITION

- **Scott Hall to become next President and CEO; will join Board of Directors**
- **Greg Hyland to continue as Executive Chairman; will oversee seamless transition**
- **Scott's experience and expertise make him an excellent leader for Mueller Water Products as it enters its next phase of growth**
 - Led Textron's Industrial segment, a \$3.8 billion revenue business, and was a member of its Executive Leadership Team
 - Diverse industrial background and track record of successful product development and strategic acquisitions
 - Six Sigma and LEAN manufacturing experience fit with Mueller Water Products' commitment to efficiency, safety and quality
 - Shares Board's commitment to sustaining industry-leading operating and return metrics, and creating value for stockholders through strategic capital allocation

CONCLUSION

Pure-play water infrastructure company with strengthened financial profile, attractive core markets, enhanced capital allocation and proven leadership

INVESTMENT HIGHLIGHTS

- Industry-leading adjusted operating margins in remaining core businesses
- Improved results driven by strong incremental operating leverage as end markets grow
- Increased investment and improved operating efficiencies are needed in water infrastructure industry
- Leading brands in water infrastructure and one of the largest installed bases of iron gate valves and fire hydrants in the U.S.
- Transformed Company by divesting Anvil, acquiring and developing new technologies, and improving processes
- Strengthened Company's balance sheet through Anvil sale, debt restructuring, debt paydown and ongoing focus on free cash flow
- Leveraging Mueller brand and relationships to expand intelligent water technology offerings



Supplemental Data



RECONCILIATION OF GAAP TO NON-GAAP PERFORMANCE MEASURES

	Year ended September 30, 2016 ⁽¹⁾		
	<u>Mueller Co.</u>	<u>Mueller Technologies</u> (in millions)	<u>MWP Total</u>
Net sales:			
Previously reported (GAAP)	\$ 715.7	\$ 84.9	\$ 1,138.9
Anvil as previously reported	-	-	(338.3)
Net sales	<u>\$ 715.7</u>	<u>\$ 84.9</u>	<u>\$ 800.6</u>
Adjusted operating income (loss) and adjusted EBITDA:			
Net income previously reported (GAAP)	-	-	\$ 63.9
Interest expense, net previously reported (GAAP)	-	-	23.6
Income tax expense previously reported (GAAP)	-	-	33.1
Operating income (loss) previously reported (GAAP)	\$ 159.3	\$ (11.1)	120.6
Pension settlement and other charges	3.0	0.9	24.9
Anvil as previously reported	-	-	(29.1)
Other pro forma adjustments	-	-	(0.5)
Adjusted operating income (loss)	162.3	(10.2)	115.9
Depreciation and amortization	34.2	4.8	52.6
Anvil as previously reported	-	-	(13.1)
Adjusted EBITDA	<u>\$ 196.5</u>	<u>\$ (5.4)</u>	<u>\$ 155.4</u>

(1) Pro forma as if the disposition of Anvil had occurred at the beginning of the period presented.

Questions

