

Fiscal 2026 Second Quarter Earnings Call

May 6, 2026

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Water
Products



Non-GAAP Measures

In an effort to provide investors with additional information regarding the Company's results as determined by accounting principles generally accepted in the United States ("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.

Adjusted net income, adjusted net income per diluted share, adjusted operating income, adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin are non-GAAP measures that the Company presents as performance measures because management uses these measures to evaluate the Company's underlying performance on a consistent basis across periods and to make 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.

Free cash flow is a non-GAAP liquidity measure used to assist management and investors in analyzing the Company's ability to generate liquidity from its operating activities.

The calculations of these non-GAAP measures and reconciliations to GAAP results are included as an attachment to this presentation, which has been posted online at www.muellerwaterproducts.com. The Company does not reconcile forward-looking non-GAAP measures to the comparable GAAP measures, as permitted by Regulation S-K, as certain items, e.g., expenses related to corporate development activities, transactions, pension expenses/(benefits), corporate restructuring and non-cash asset impairment, may have not yet occurred, are out of the Company's control or cannot be reasonably predicted without unreasonable efforts. Additionally, such reconciliation would imply a degree of precision and certainty regarding relevant items that may be confusing to investors. Such items could have a substantial impact on GAAP measures of the Company's financial performance.

Forward-Looking Statements

This presentation contains certain statements that may be deemed “forward-looking statements” within the meaning of the federal securities laws. All statements that address activities, events or developments that the Company intends, expects, plans, projects, believes or anticipates will or may occur in the future are forward-looking statements, including, without limitation, statements regarding outlooks, projections, forecasts, expectations, commitments, trend descriptions and the ability to capitalize on trends, value creation, long-term strategies, and the execution or acceleration thereof, operational improvements, inventory positions, the benefits of capital investments, financial or operating performance, including driving increased margins, operational and commercial initiatives, capital allocation and growth strategy plans, and the demand for the Company’s products. Forward-looking statements are based on certain assumptions and assessments made by the Company in light of the Company’s experience and perception of historical trends, 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, including, without limitation, changing regulatory, trade and tariff conditions, including the impact of the Section 232 tariffs on the products produced by our Krausz business; logistical challenges and supply chain disruptions, geopolitical conditions, public health crises, or other events; inventory and in-stock positions of our distributors and end customers; an inability to realize the anticipated benefits from our operational initiatives, including our large capital investments, plant closures, and reorganization and related strategic realignment activities; an inability to attract or retain a skilled and diverse workforce, increased competition related to the workforce and labor markets; an inability to protect the Company’s information systems against service interruption; risks resulting from possible future cybersecurity incidents; misappropriation of data or breaches of security; failure to comply with personal data protection and privacy laws; cyclical and changing demand in core markets such as municipal spending, residential construction and natural gas distribution; government monetary or fiscal policies; the impact of adverse weather conditions; the impact of manufacturing and product performance; the impact of wage, commodity and materials price inflation; foreign exchange rate fluctuations; the impact of higher interest rates; the impact of warranty charges and claims, and related accommodations; the strength of our brands and reputation; an inability to successfully resolve significant legal proceedings or government investigations; compliance with environmental, trade and anti-corruption laws and regulations; climate change and legal or regulatory responses thereto; the failure to integrate and/or realize any of the anticipated benefits of acquisitions or divestitures; an inability to achieve our goals and commitments in environmental and sustainability programs; and other factors that are described in the section entitled “RISK FACTORS” in Item 1A. of the Company’s most recent Annual Report on Form 10-K and later filings on Form 10-Q, as applicable.











Forward-looking statements do not guarantee future performance and are only as of the date they are made. The Company undertakes no duty to update its forward-looking statements except as required by law. Undue reliance should not be placed on any forward-looking statements. You are advised to review any further disclosures the Company makes on related subjects in subsequent Forms 10-K, 10-Q, 8-K and other reports filed with the United States Securities and Exchange Commission.

Q2 FY2026 Highlights

Fiscal 2026 (1)

(y/y or bps. vs. Fiscal 2025)

✔ Record for Quarter

	Q2	Q2 YTD
Net Sales	 +\$384.4M +5.5%	 +\$702.6M +5.1%
Gross Margin	 37.6% +250 bps.	 37.6% +310 bps.
Adj. EBITDA & % of Net Sales	 \$97.2M/25.3% +15.0%/+210 bps.	 \$169.3M/24.1% +14.4%/+200 bps.
Adj. Net Income per Diluted Share	 \$0.40 +17.6%	 \$0.69 +16.9%
Free Cash Flow	 -\$27.5M -\$32.6M	 +\$16.5M -\$30.8M



Set new quarterly records for net sales, adjusted EBITDA and adjusted net income per share



Delivered net sales growth of 5.5%, demonstrating the strength of our brands and resilient end-market demand



Expanded adj. EBITDA margin 210 bps. y/y and gross margin 250 bps. y/y, as manufacturing efficiencies more than offset the impact of higher tariffs and inflationary pressures



Raising fiscal 2026 outlook for adj. EBITDA, based on outstanding performance through 1st half and current expectations



Positioned for another record year, driven by adj. EBITDA margin expansion and supported by our strategic priorities, including our ongoing commercial and operational initiatives and strategic capital investments

(1) See Appendix for reconciliation of non-GAAP measures (Adj. EBITDA, Adj. Net Income per Diluted Share, Free Cash Flow).



We create shareholder value through our dedicated team with a strong culture, delivering on our vision, priorities, and values

Value Creation Framework



Vision

To be the leader in water infrastructure solutions, solving challenges, enriching lives and safeguarding the future

Core Values



Mueller Operating System to drive discipline, execution, and excellence throughout the organization

**A Disciplined
System of Tools
and Processes
in Everything
We Do to Drive
Value for All
Stakeholders**



Engaged People

Safety-first Mindset
People & Leadership Priority
Culture of Accountability



Margin Expansion

Simplification to Reduce Complexity
Business Process Excellence
Strategic Price/Cost Management



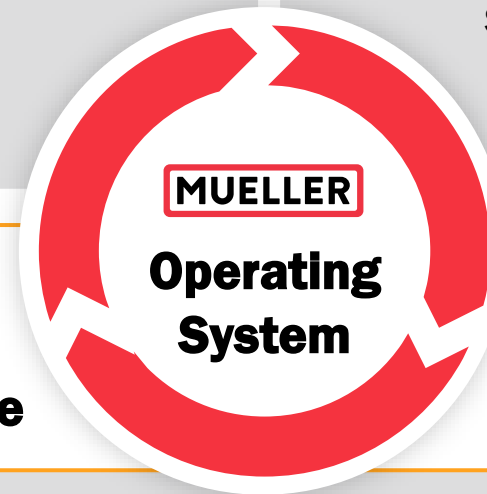
Customer Experience

First-Class Quality & Delivery
Seamless Customer Engagement
Trusted Partner for Customer Success



Accelerate Growth

Market-Leading Innovation
Focused Market Expansion
Disciplined, Strategic Acquisitions

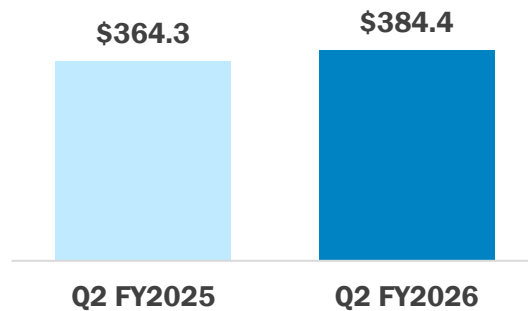


Consolidated Results

Q2 FY2026

Net Sales (\$M)

+5.5% y/y



Achieved new quarterly record

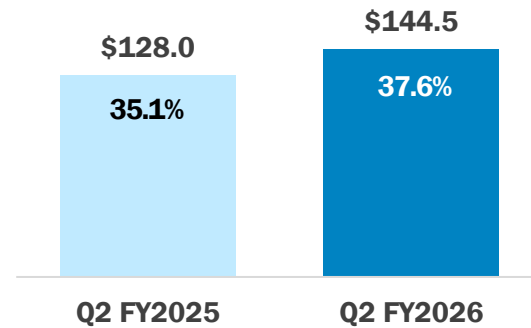
Increase primarily driven by higher pricing across most product lines, along with modest volume growth

Segment net sales increased 12.2% y/y at WMS and 1.0% y/y at WFS

Gross Profit (\$M)

% of Net Sales

+12.9% y/y
+250 bps.

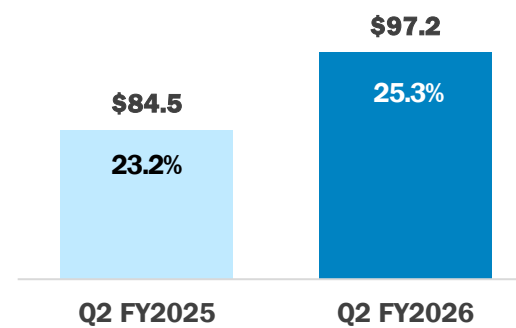


Increase in gross margin driven primarily by favorable pricing, improved manufacturing efficiencies, and higher volumes, partially offset by higher tariffs and ongoing inflationary cost pressures

Adj. EBITDA (\$M) ⁽¹⁾

% of Net Sales

+15.0% y/y
+210 bps.

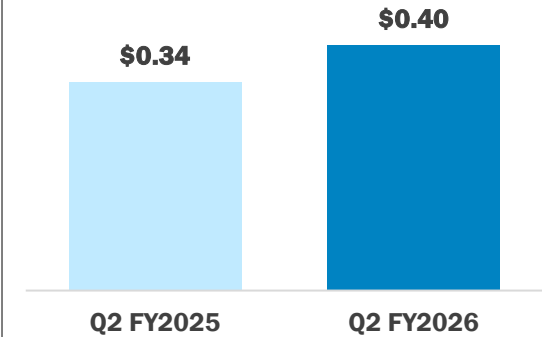


Achieved new quarterly records for adj. EBITDA and adj. EBITDA % of Net Sales

Increase primarily driven by higher pricing, continued manufacturing efficiencies and increased volumes, partially offset by higher tariffs, inflationary pressures, and higher SG&A expenses

Adj. Net Income per Diluted Share ⁽¹⁾

+17.6% y/y
+\$0.06



Achieved new quarterly record

Benefited from lower net interest expense, which declined \$0.7M, driven by higher interest income

Q2FY26 effective income tax rate was 25.0%, compared with 24.2% in the prior year quarter

(1) See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

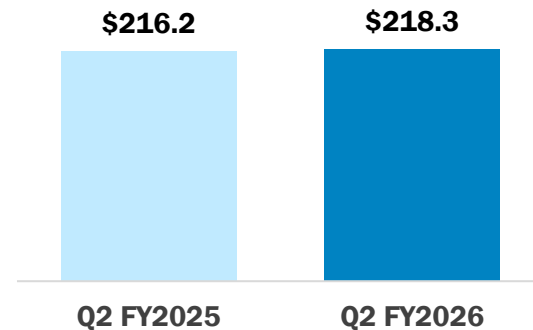
Segment Results

Q2 FY2026

Water Flow Solutions (WFS)

Net Sales (\$M)

+1.0% y/y

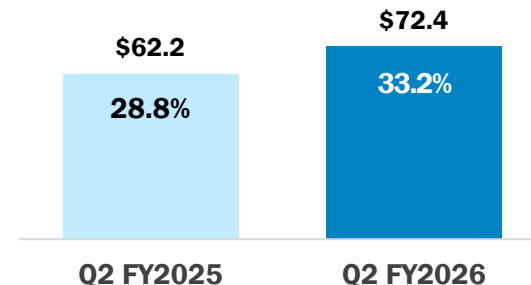


Increase due to higher pricing across most product lines and increased volumes of specialty valves, partially offset by lower service brass volumes

Adj. EBITDA (\$M)⁽¹⁾

% of Net Sales

+16.4% y/y
+440 bps.

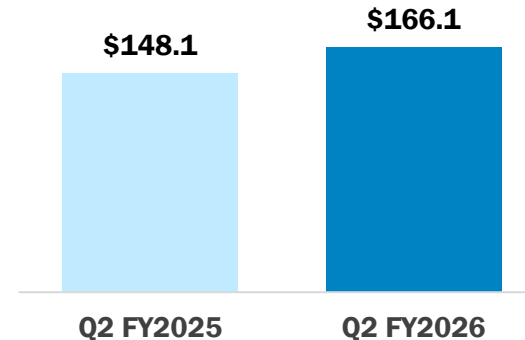


Increase driven by manufacturing efficiencies and higher pricing, which more than offset increased tariffs, inflationary pressures and lower brass volumes

Water Management Solutions (WMS)

Net Sales (\$M)

+12.2% y/y

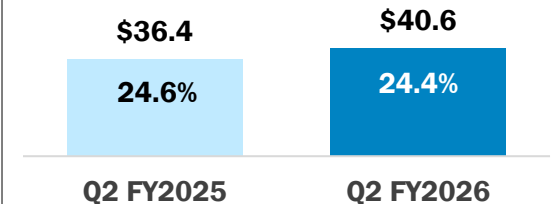


Increase driven by higher pricing across most product lines and volume growth of hydrants and repair products, partially offset by lower volumes in applications and natural gas distribution products

Adj. EBITDA (\$M)⁽¹⁾

% of Net Sales

+11.5% y/y
-20 bps.

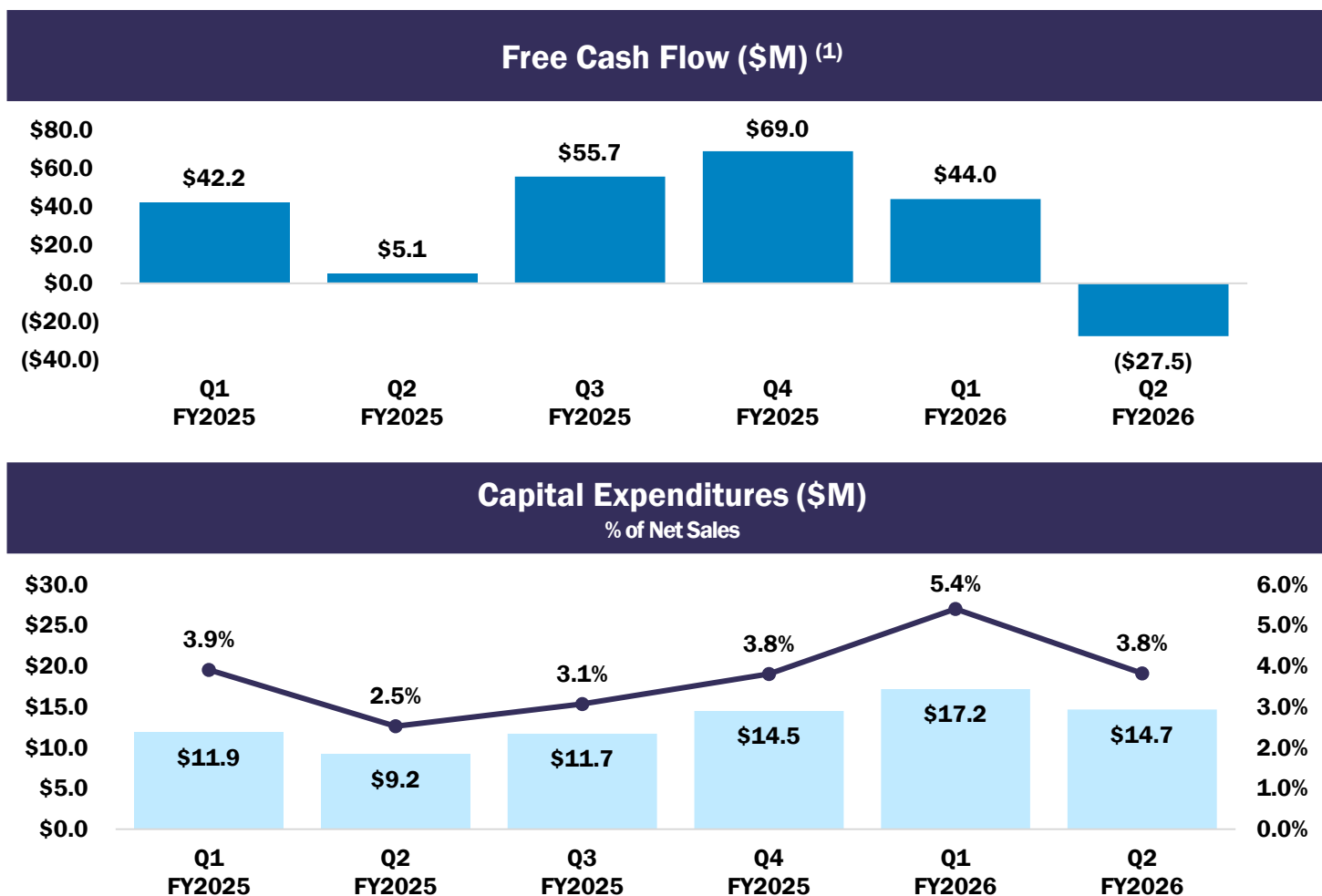


Increase reflects benefits from higher pricing and volume growth, which more than offset increased tariffs, manufacturing inefficiencies, higher SG&A expenses, including unfavorable foreign currency impacts, and inflationary pressures

(1) See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

Free Cash Flow

Q2 and YTD FY2026



Free cash flow for the 6-month period decreased \$30.8M to \$16.5M and was 15% of adj. net income

Net cash provided by operating activities for 1st half FY2026 decreased \$20.0M y/y to \$48.4M, primarily driven by changes in working capital and other assets and liabilities, partially offset by higher net income and non-cash adjustments

Invested \$31.9M in capital expenditures in 1st half FY2026, \$10.8M higher vs. prior year, reflecting continued investments in our iron foundries

(1) See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

Strong Balance Sheet and Liquidity with Ample Capacity and Flexibility to Support Strategic Priorities



Credit Rating

Moody's: Ba1 (Corporate and Notes), Stable Outlook

S&P: BB+ (Corporate and Notes), Stable Outlook



Debt Structure

\$450M of 4.0% Senior Notes (mature June 2029)

Asset based lending agreement ("ABL") provides up to \$175M revolving credit facility subject to borrowing base (SOFR + 10 bps. + 150 to 175 bps.) with none outstanding (matures March 2029)

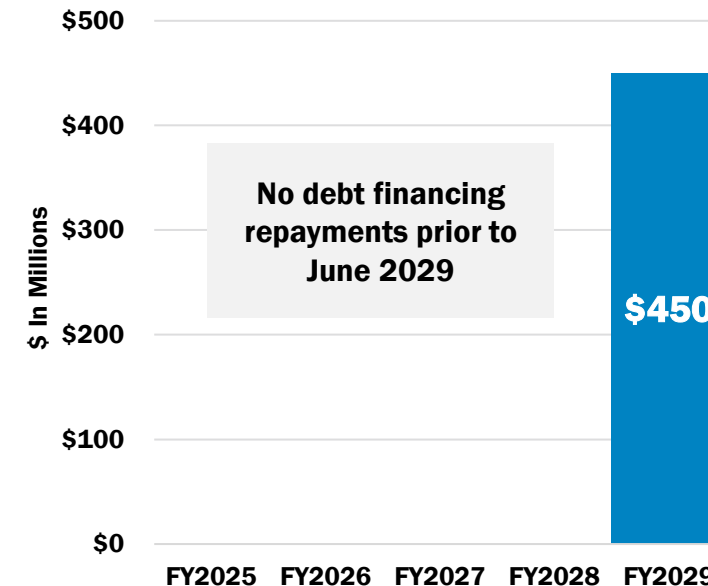


Net Debt Leverage & Liquidity

Total debt of \$452.4M and total cash of \$421.0M ⁽¹⁾

\$584.7M of total liquidity, including \$163.7M of availability under the ABL ⁽¹⁾

Debt Maturities



(1) As of March 31, 2026. 4.0% Senior Notes include \$2.2M of deferred financing costs.

FY2026 Outlook Increased following Q2 Results with Adj. EBITDA Margin expanding 170 bps. y/y to 24.5% at midpoint ⁽¹⁾

Net Sales
(y/y Growth)

\$1,470M to \$1,490M

(+2.8% to +4.2%)

Adjusted EBITDA ⁽²⁾
(y/y Growth)

\$360M to \$365M

(+10.4% to +11.9%)

Total SG&A Expenses ⁽³⁾

\$243M to \$247M

Net Interest Expense

\$5M to \$6M

Effective Income Tax Rate

24% to 25%

Depreciation and Amortization

\$49M to \$50M

Capital Expenditures

\$60M to \$65M

(4.1% to 4.4% of net sales)

**Free Cash Flow %
of Adjusted Net Income**

>70%

Commentary / Assumptions

Reiterating Net Sales range reflecting current expectations for end market demand, volumes and price realization

Increasing Adj. EBITDA range to reflect 1st half performance and updated expectations for volumes, price realization, inflationary pressures and tariffs, as well as ongoing manufacturing efficiencies

Reaffirming Capital Expenditures guidance as we invest in growth, operational efficiencies and domestic capacity with a focus on our iron foundries

Updated Free Cash Flow expectations reflecting higher levels of working capital

(1) Provided with Q2FY26 earnings on May 5, 2026.

(2) Pension expense other than service expected to be a \$0.1M expense to adj. EBITDA in FY2026 vs. \$0.2M benefit in FY2025.

(3) Total SG&A expenses for FY2026 include \$3.9M y/y unfavorable impact from foreign currency fluctuations in 1st half FY2026, compared with a \$7.1M y/y unfavorable impact in FY2025.

Key Takeaways



Excited about our team's outstanding performance this quarter and pleased to be raising our annual guidance at this point in the year



Remain vigilant as our end markets evolve in this increasingly uncertain external operating environment



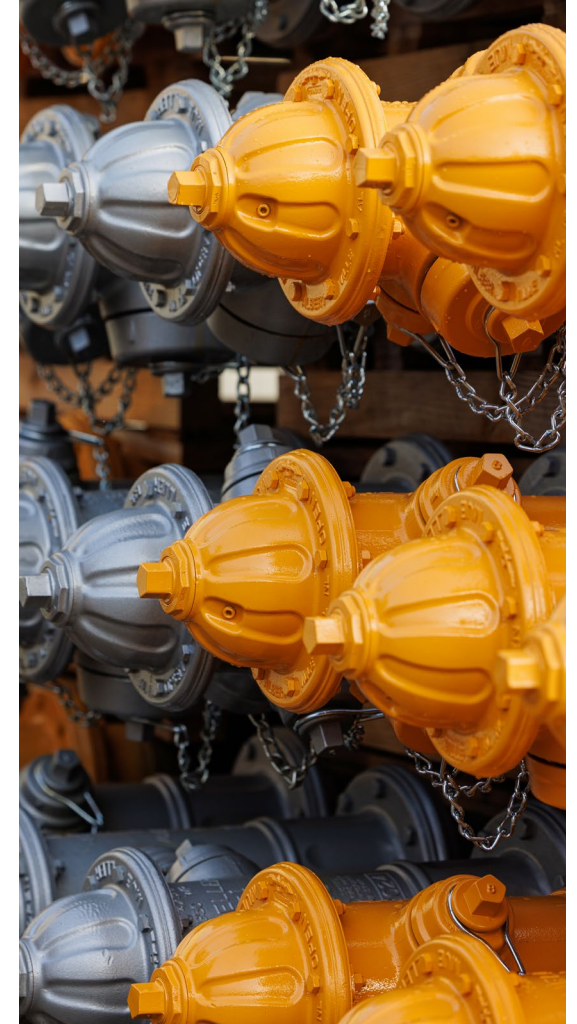
Focused on what we can control, executing our ongoing investments in our commercial and operational capabilities



Driving results and delivering long-term value creation with our focused strategic priorities and investments in our capabilities



Thanks to all our employees worldwide for their extraordinary commitment and passion in supporting customers and communities



Q&A

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Supplemental Data

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Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

	Three months ended March 31, 2026			
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
	(in millions, except per share amounts)			
Net sales	\$ 218.3	\$ 166.1	\$ —	\$ 384.4
Gross profit	\$ 87.1	\$ 57.4	\$ —	\$ 144.5
Selling, general and administrative expenses	21.9	21.9	15.9	59.7
Strategic reorganization and other charges ⁽¹⁾	—	0.2	4.2	4.4
Operating income (loss)	\$ 65.2	\$ 35.3	\$ (20.1)	\$ 80.4
Operating margin	29.9 %	21.3 %		20.9 %
Capital expenditures	\$ 5.0	\$ 9.7	\$ —	\$ 14.7
Net income				\$ 59.1
Net income margin				15.4 %
Reconciliation of non-GAAP to GAAP performance measures:				
Net income				\$ 59.1
Strategic reorganization and other charges ⁽¹⁾				4.4
Income tax expense of adjusting items ⁽²⁾				(1.1)
Adjusted net income				\$ 62.4
Weighted average diluted shares outstanding				157.4
Net income per diluted share				\$ 0.38
Strategic reorganization and other charges per diluted share ⁽¹⁾				0.03
Income tax expense of adjusting items per diluted share ⁽²⁾				(0.01)
Adjusted net income per diluted share				\$ 0.40

(1) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, certain transaction-related expenses, and severance.

(2) The income tax expense of adjusting items reflects an effective tax rate of 25.0%, and may be subject to rounding.

Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

Three months ended March 31, 2026				
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
(in millions, except per share amounts)				
Net income				\$ 59.1
Income tax expense ⁽³⁾				19.7
Interest expense, net ⁽³⁾				1.6
Operating income (loss)	\$ 65.2	\$ 35.3	\$ (20.1)	80.4
Strategic reorganization and other charges ⁽¹⁾	—	0.2	4.2	4.4
Adjusted operating income (loss)	65.2	35.5	(15.9)	84.8
Depreciation and amortization	7.2	5.1	0.1	12.4
Adjusted EBITDA	<u>\$ 72.4</u>	<u>\$ 40.6</u>	<u>\$ (15.8)</u>	<u>\$ 97.2</u>
Adjusted operating margin	<u>29.9 %</u>	<u>21.4 %</u>		<u>22.1 %</u>
Adjusted EBITDA margin	<u>33.2 %</u>	<u>24.4 %</u>		<u>25.3 %</u>
Reconciliation of free cash flow to net cash used in operating activities:				
Net cash used in operating activities				\$ (12.8)
Less capital expenditures				14.7
Free cash flow				<u>\$ (27.5)</u>

(1) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, certain transaction-related expenses, and severance.

(2) The income tax expense of adjusting items reflects an effective tax rate of 25.0%, and may be subject to rounding.

(3) The Company does not allocate interest or income taxes to its segments.

Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

	Three months ended March 31, 2025			
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
	(In millions, except per share amounts)			
Net sales	\$ 216.2	\$ 148.1	\$ —	\$ 364.3
Gross profit ⁽¹⁾	\$ 77.0	\$ 51.0	\$ —	\$ 128.0
Selling, general and administrative expenses	21.9	19.6	14.2	55.7
Strategic reorganization and other charges ⁽²⁾	1.0	0.1	1.3	2.4
Operating income (loss)	\$ 54.1	\$ 31.3	\$ (15.5)	\$ 69.9
Operating margin	25.0 %	21.1 %		19.2 %
Capital expenditures	\$ 4.8	\$ 4.4	\$ —	\$ 9.2
Net income				\$ 51.3
Net income margin				14.1 %
Reconciliation of non-GAAP to GAAP performance measures:				
Net income				\$ 51.3
Strategic reorganization and other charges ⁽²⁾				2.4
Other asset restructuring write-down				0.8
Income tax expense of adjusting items ⁽³⁾				(0.8)
Adjusted net income				\$ 53.7
Weighted average diluted shares outstanding				157.5
Net income per diluted share				\$ 0.33
Strategic reorganization and other charges per diluted share ⁽²⁾				0.02
Other asset restructuring write-down per diluted share				0.01
Income tax expense of adjusting items per diluted share ⁽³⁾				(0.02)
Adjusted net income per diluted share				\$ 0.34

(1) Gross profit includes \$0.8 million in other asset write-downs associated with the closure of our legacy brass foundry in Decatur, Illinois.

(2) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, non-cash asset impairment, and certain transaction-related expenses.

(3) The income tax expense of adjusting items reflects an effective tax rate of 24.2%, and may be subject to rounding.

Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

	Three months ended March 31, 2025			
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
	(in millions, except per share amounts)			
Net income				\$ 51.3
Income tax expense ⁽⁴⁾				16.4
Interest expense, net ⁽⁴⁾				2.3
Pension benefit other than service ⁽⁴⁾				(0.1)
Operating income (loss)	\$ 54.1	\$ 31.3	\$ (15.5)	69.9
Strategic reorganization and other charges ⁽²⁾	1.0	0.1	1.3	2.4
Other asset restructuring write-down	0.8	—	—	0.8
Adjusted operating income (loss)	55.9	31.4	(14.2)	73.1
Pension benefit other than service ⁽⁴⁾	—	—	0.1	0.1
Depreciation and amortization	6.3	5.0	—	11.3
Adjusted EBITDA	<u>\$ 62.2</u>	<u>\$ 36.4</u>	<u>\$ (14.1)</u>	<u>\$ 84.5</u>
Adjusted operating margin	<u>25.9 %</u>	<u>21.2 %</u>		<u>20.1 %</u>
Adjusted EBITDA margin	<u>28.8 %</u>	<u>24.6 %</u>		<u>23.2 %</u>
Reconciliation of free cash flow to net cash provided by operating activities:				
Net cash provided by operating activities				\$ 14.3
Less capital expenditures				9.2
Free cash flow				<u>\$ 5.1</u>

(1) Gross profit includes \$0.8 million in other asset write-downs associated with the closure of our legacy brass foundry in Decatur, Illinois.

(2) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, non-cash asset impairment, and certain transaction-related expenses.

(3) The income tax expense of adjusting items reflects an effective tax rate of 24.2%, and may be subject to rounding.

(4) The Company does not allocate interest, income taxes, or pension amounts other than service to its segments.

Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

	Six months ended March 31, 2026			
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
	(in millions, except per share amounts)			
Net sales	\$ 391.3	\$ 311.3	\$ —	\$ 702.6
Gross profit	\$ 157.9	\$ 106.4	\$ —	\$ 264.3
Selling, general and administrative expenses	43.3	46.4	29.8	119.5
Strategic reorganization and other charges ⁽¹⁾	—	0.2	7.5	7.7
Operating income (loss)	\$ 114.6	\$ 59.8	\$ (37.3)	\$ 137.1
Operating margin	29.3 %	19.2 %		19.5 %
Capital expenditures	\$ 11.4	\$ 20.5	\$ —	\$ 31.9
Net income				\$ 102.3
Net income margin				14.6 %
Reconciliation of non-GAAP to GAAP performance measures:				
Net income				\$ 102.3
Strategic reorganization and other charges ⁽¹⁾				7.7
Income tax expense of adjusting items ⁽²⁾				(1.8)
Adjusted net income				\$ 108.2
Weighted average diluted shares outstanding				157.4
Net income per diluted share				\$ 0.65
Strategic reorganization and other charges per diluted share ⁽¹⁾				0.05
Income tax expense of adjusting items per diluted share ⁽²⁾				(0.01)
Adjusted net income per diluted share				\$ 0.69

(1) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, severance, and certain transaction-related expenses.

(2) The income tax expense of adjusting items reflects an effective tax rate of 23.9%, and may be subject to rounding.

Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

	Six months ended March 31, 2026			
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
	(in millions, except per share amounts)			
Net income				\$ 102.3
Income tax expense ⁽³⁾				32.2
Interest expense, net ⁽³⁾				2.6
Operating income (loss)	\$ 114.6	\$ 59.8	\$ (37.3)	137.1
Strategic reorganization and other charges ⁽¹⁾	—	0.2	7.5	7.7
Adjusted operating income (loss)	114.6	60.0	(29.8)	144.8
Depreciation and amortization	14.3	10.1	0.1	24.5
Adjusted EBITDA	<u>\$ 128.9</u>	<u>\$ 70.1</u>	<u>\$ (29.7)</u>	<u>\$ 169.3</u>
Adjusted operating margin	<u>29.3 %</u>	<u>19.3 %</u>		<u>20.6 %</u>
Adjusted EBITDA margin	<u>32.9 %</u>	<u>22.5 %</u>		<u>24.1 %</u>
Reconciliation of free cash flow to net cash provided by operating activities:				
Net cash provided by operating activities				\$ 48.4
Less capital expenditures				31.9
Free cash flow				<u>\$ 16.5</u>

(1) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, severance, and certain transaction-related expenses.

(2) The income tax expense of adjusting items reflects an effective tax rate of 23.9%, and may be subject to rounding.

(3) The Company does not allocate interest or income taxes to its segments.

Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

	Six months ended March 31, 2025			
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
	(in millions, except per share amounts)			
Net sales	\$ 390.8	\$ 277.8	\$ —	\$ 668.6
Gross profit ⁽¹⁾	\$ 132.1	\$ 98.9	\$ —	\$ 231.0
Selling, general and administrative expenses	41.7	39.9	28.0	109.6
Strategic reorganization and other charges ⁽²⁾	1.0	0.4	2.7	4.1
Operating income (loss)	\$ 89.4	\$ 58.6	\$ (30.7)	\$ 117.3
Operating margin	22.9 %	21.1 %		17.5 %
Capital expenditures	\$ 10.5	\$ 10.6	\$ —	\$ 21.1
Net income				\$ 86.6
Net income margin				13.0 %
Reconciliation of non-GAAP to GAAP performance measures:				
Net income				\$ 86.6
Strategic reorganization and other charges ⁽²⁾				4.1
Inventory and other asset restructuring write-down				4.1
Income tax expense of adjusting items ⁽³⁾				(1.9)
Adjusted net income				\$ 92.9
Weighted average diluted shares outstanding				157.5
Net income per diluted share				\$ 0.55
Strategic reorganization and other charges per diluted share ⁽²⁾				0.03
Inventory and other asset restructuring write-down per diluted share				0.03
Income tax expense of adjusting items per diluted share ⁽³⁾				(0.02)
Adjusted net income per diluted share				\$ 0.59

(1) Gross profit includes \$4.1 million in Inventory and other asset write-downs associated with the closure of our legacy brass foundry in Decatur, Illinois.

(2) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, non-cash asset impairment, and certain transaction-related expenses.

(3) The income tax expense of adjusting items reflects an effective tax rate of 23.7%, and may be subject to rounding.

Segment Results and Reconciliation of Non-GAAP to GAAP Performance Measures (UNAUDITED)

	Six months ended March 31, 2025			
	Water Flow Solutions	Water Management Solutions	Corporate	Consolidated
	(in millions, except per share amounts)			
Net income				\$ 86.6
Income tax expense ⁽⁴⁾				26.9
Interest expense, net ⁽⁴⁾				3.9
Pension benefit other than service ⁽⁴⁾				(0.1)
Operating income (loss)	\$ 89.4	\$ 58.6	\$ (30.7)	117.3
Strategic reorganization and other charges ⁽²⁾	1.0	0.4	2.7	4.1
Inventory and other asset restructuring write-down	4.1	—	—	4.1
Adjusted operating income (loss)	94.5	59.0	(28.0)	125.5
Pension benefit other than service ⁽⁴⁾	—	—	0.1	0.1
Depreciation and amortization	12.4	10.0	—	22.4
Adjusted EBITDA	<u>\$ 106.9</u>	<u>\$ 69.0</u>	<u>\$ (27.9)</u>	<u>\$ 148.0</u>
Adjusted operating margin	<u>24.2 %</u>	<u>21.2 %</u>		<u>18.8 %</u>
Adjusted EBITDA margin	<u>27.4 %</u>	<u>24.8 %</u>		<u>22.1 %</u>
Reconciliation of free cash flow to net cash provided by operating activities:				
Net cash provided by operating activities				\$ 68.4
Less capital expenditures				21.1
Free cash flow				<u>\$ 47.3</u>

(1) Gross profit includes \$4.1 million in Inventory and other asset write-downs associated with the closure of our legacy brass foundry in Decatur, Illinois.

(2) Strategic reorganization and other charges primarily relate to expenses associated with our leadership transition, non-cash asset impairment, and certain transaction-related expenses.

(3) The income tax expense of adjusting items reflects an effective tax rate of 23.7%, and may be subject to rounding.

(4) The Company does not allocate interest, income taxes, or pension amounts other than service to its segments.

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