

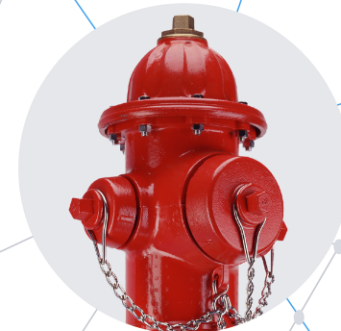
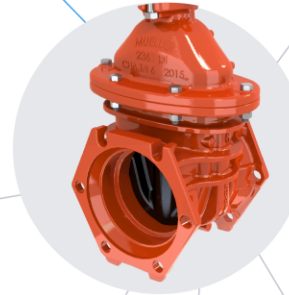
Mueller Water Products

Where Intelligence Meets Infrastructure[®]

Earnings Conference Call For The
Third Quarter Ended June 30, 2017

August 4, 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 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 Anvil in January 2017.
- As a result, Anvil's operating results for all prior periods, and the gain from its sale, have been classified as discontinued operations.
- We filed a Form 8-K on February 21st which included the reclassified 2016 results by quarter.

THIRD QUARTER HIGHLIGHTS

- Net sales growth came in about as we expected with 4.5% growth at Mueller Co.
- We continued to execute on our productivity plans and achieve targeted cost savings
- Results were impacted by substantially higher year-over-year material costs
- We completed our \$50 million accelerated share repurchase program. Additional \$5 million worth of shares repurchased under our existing share repurchase authorization
- Singer Valve integrated smoothly
- Interest expense was lower
- Adjusted income from continuing operations per diluted share increased to \$0.16 from \$0.15
- Net debt leverage less than 1 times

CONSOLIDATED NON-GAAP RESULTS

Net sales

- Net sales increased 3.3% to \$232.2 million as compared with \$224.7 million last year
- Net sales increased due to volume growth at Mueller Co. and the February acquisition of Singer Valve

Adjusted operating income

- Adjusted operating income increased 1.8% to \$44.6 million as compared with \$43.8 million last year

Adjusted EBITDA

- Adjusted EBITDA increased to \$54.8 million compared with \$53.6 million last year
- Trailing twelve months adjusted EBITDA was \$163.1 million, or 20.0% of net sales, an improvement of 70 basis points compared with last year

Adjusted income per share

- Grew third quarter adjusted earnings from continuing operations per share to \$0.16 from \$0.15 last year

| Third Quarter | <u>2017</u> | <u>2016</u> |
|-----------------------|-------------|-------------|
| Net sales | \$ 232.2 | \$ 224.7 |
| Adj. operating income | \$ 44.6 | \$ 43.8 |
| Adj. operating margin | 19.2% | 19.5% |
| Adj. income per share | \$ 0.16 | \$ 0.15 |
| Adj. EBITDA | \$ 54.8 | \$ 53.6 |
| Adj. EBITDA margin | 23.6% | 23.9% |
| TTM Adj. EBITDA | \$ 163.1 | \$ 154.9 |

Results from continuing operations

\$ in millions except per share amounts

2017 third quarter results exclude charges totaling \$2.0 million, \$1.3 million net of tax

2016 third quarter results exclude charges totaling \$21.2 million, \$14.0 million net of tax

MUELLER CO. SEGMENT NON-GAAP RESULTS

Net sales

- ❑ Net sales increased 4.5% to \$207.6 million as compared with \$198.7 million last year
- ❑ The increase was largely due to volume growth in both the U.S. and Canada and the addition of Singer Valve

Adjusted operating income

- ❑ Adjusted operating income was \$54.1 million in both the 2017 third quarter and 2016 third quarter
- ❑ Adjusted operating income benefited from volume growth and productivity improvements offset by higher material costs

Adjusted EBITDA

- ❑ Adjusted EBITDA increased to \$63.0 million compared with \$62.6 million last year
- ❑ Adjusted EBITDA margin for the quarter decreased 120 basis points to 30.3% from 31.5% last year
- ❑ Trailing twelve-month adjusted EBITDA margin through the end of the third quarter was 60 basis points higher compared with last year

| Third Quarter | <u>2017</u> | <u>2016</u> |
|-----------------------|-------------|-------------|
| Net sales | \$ 207.6 | \$ 198.7 |
| Adj. operating income | \$ 54.1 | \$ 54.1 |
| Adj. operating margin | 26.1% | 27.2% |
| Adj. EBITDA | \$ 63.0 | \$ 62.6 |
| Adj. EBITDA margin | 30.3% | 31.5% |
| TTM Adj. EBITDA | \$ 200.8 | \$ 194.2 |

\$ in millions

2017 third quarter results exclude charges totaling \$1.2 million

2016 third quarter results exclude charges totaling \$2.4 million

MUELLER TECHNOLOGIES SEGMENT NON-GAAP RESULTS

Net sales

- ❑ Net sales decreased \$1.4 million to \$24.6 million compared with \$26.0 million last year
- ❑ Net sales of AMI and leak detection and condition assessment products were higher year-over-year, but were more than offset by lower AMR and visual-read meter shipments

Adjusted operating loss

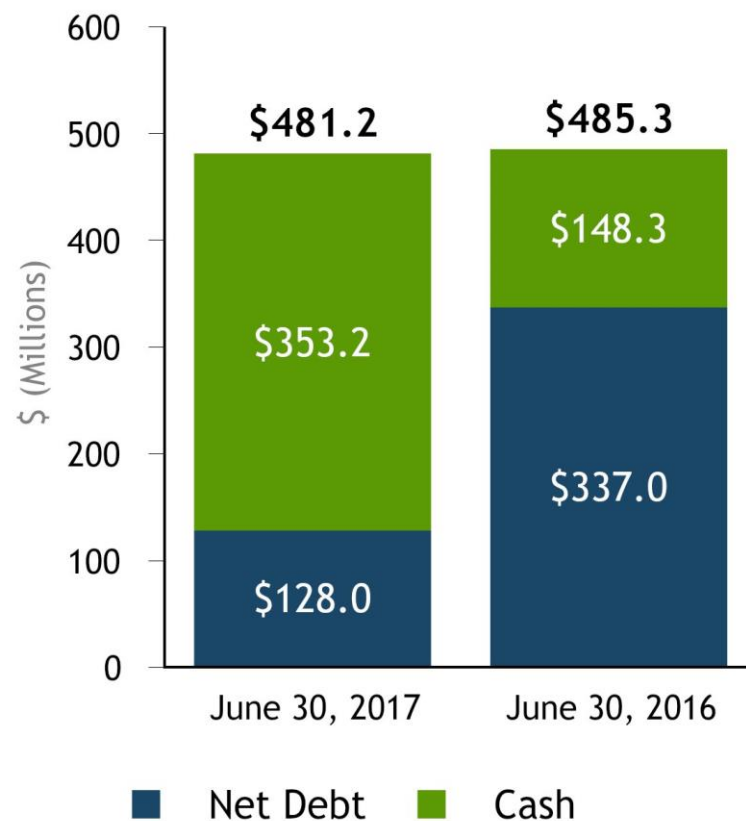
- ❑ Adjusted operating loss was \$1.6 million in the 2017 third quarter and was \$1.5 million last year

| Third Quarter | <u>2017</u> | <u>2016</u> |
|-----------------------|-------------|-------------|
| Net sales | \$ 24.6 | \$ 26.0 |
| Adj. operating loss | \$ (1.6) | \$ (1.5) |
| Adj. operating margin | (6.5)% | (5.8)% |
| Adj. EBITDA | \$ (0.4) | \$ (0.3) |
| Adj. EBITDA margin | (1.6)% | (1.2)% |

\$ in millions

NET DEBT

| | |
|---|-----------------|
| \$ in millions | June 30, 2017 |
| ABL Revolver (LIBOR + 125 basis points) | \$ - |
| Term Loan B* (LIBOR + 250 basis points) | 479.7 |
| Other | 1.5 |
| Total debt | \$ 481.2 |
| Net debt leverage | 0.8x |
| Excess availability under ABL | \$ 109.5 |



* The term loan is due November 2021 and accrues interest at a floating rate equal to LIBOR, subject to a floor of 75 basis points

THIRD QUARTER KEY TAKEAWAYS

- We are pleased to see the increased growth in our end markets this quarter, with our overall net sales growth coming in about as we expected
 - Mueller Co. delivered solid net sales growth despite a difficult comparison with a year ago
 - Mueller Technologies, results were somewhat mixed with sales growth in our fixed leak detection, pipe condition assessment and AMI systems, offset by lower AMR and visual-read meter shipments
- We continue to be encouraged by the operating performance of the Company as we delivered meaningful productivity improvements in the quarter
- We expect material costs to continue to rise, but the impact to be less due to productivity improvements and higher market pricing
- Price has been lagging material cost increases, but we are encouraged pricing was higher Q3 than Q2

FULL YEAR OUTLOOK

- End market demand expected to be solid going forward
- Net sales percentage growth expected to be in the low-to-mid single digits
- Adjusted operating income improvement is expected to slightly exceed net sales growth
- Material costs are expected to continue to rise, but offset by higher shipment volumes, productivity improvements and better sales pricing
- Going forward, we will continue to execute on our initiatives to drive margin expansion, accelerate our product development and deliver exceptional value for our customers

FULL YEAR OUTLOOK CONTINUED

- Corporate expenses: \$33-35 million
- Depreciation and amortization: \$42-43 million
- Interest expense: \$22-23 million
- Adjusted effective income tax rate: 31-33%
- Capital expenditures: \$36-38 million
- 2017 free cash flow to approximate adjusted income from continuing operations

Supplemental Data

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

| Quarter ended June 30, 2017 | | | | |
|---|---|----------------------|-----------|--------------|
| | Mueller Co. | Mueller Technologies | Corporate | Consolidated |
| | (dollars in millions, except per share amounts) | | | |
| Net sales | \$ 207.6 | \$ 24.6 | \$ — | \$ 232.2 |
| Gross profit | \$ 76.9 | \$ 5.6 | \$ — | \$ 82.5 |
| Selling, general and administrative expenses | 23.6 | 7.2 | 7.9 | 38.7 |
| Other charges | 0.4 | — | 0.8 | 1.2 |
| Operating income (loss) from continuing operations | \$ 52.9 | \$ (1.6) | \$ (8.7) | 42.6 |
| Interest expense, net | | | | 5.1 |
| Income tax expense | | | | 13.4 |
| Income from continuing operations | | | | \$ 24.1 |
| Income from continuing operations per diluted share | | | | \$ 0.15 |
| Capital expenditures | \$ 6.1 | \$ 1.3 | \$ 0.1 | \$ 7.5 |
| Operating margin | 25.5% | (6.5)% | | 18.3% |
| Reconciliation of Non-GAAP performance measures to GAAP performance measures: | | | | |
| Income from continuing operations | | | | \$ 24.1 |
| Inventory purchase accounting adjustment | | | | 0.8 |
| Other charges | | | | 1.2 |
| Income tax benefit of adjusting items | | | | (0.7) |
| Adjusted income from continuing operations | | | | \$ 25.4 |
| Weighted average diluted shares outstanding | | | | 160.6 |
| Adjusted net income from continuing operations per share | | | | \$ 0.16 |

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

| | Quarter ended June 30, 2017 | | | |
|---|---|----------------------|-----------|--------------|
| | Mueller Co. | Mueller Technologies | Corporate | Consolidated |
| | (dollars in millions, except per share amounts) | | | |
| Net income | | | | \$ 24.0 |
| Plus loss from discontinued operations | | | | 0.1 |
| Interest expense, net ⁽¹⁾ | | | | 5.1 |
| Income tax expense ⁽¹⁾ | | | | 13.4 |
| Operating income (loss) from continuing operations | \$ 52.9 | \$ (1.6) | \$ (8.7) | 42.6 |
| Inventory purchase accounting adjustment | 0.8 | — | — | 0.8 |
| Other charges | 0.4 | — | 0.8 | 1.2 |
| Adjusted operating income (loss) from continuing operations | 54.1 | (1.6) | (7.9) | 44.6 |
| Depreciation and amortization | 8.9 | 1.2 | 0.1 | 10.2 |
| Adjusted EBITDA | \$ 63.0 | \$ (0.4) | \$ (7.8) | \$ 54.8 |
| Adjusted operating margin | 26.1% | (6.5)% | | 19.2% |
| Adjusted EBITDA margin | 30.3% | (1.6)% | | 23.6% |
| ⁽¹⁾ We do not allocate interest or income taxes to our segments. | | | | |
| Adjusted EBITDA | \$ 63.0 | \$ (0.4) | \$ (7.8) | \$ 54.8 |
| Three prior quarters' adjusted EBITDA | 137.8 | (2.6) | (26.9) | 108.3 |
| Trailing twelve months' adjusted EBITDA | \$ 200.8 | \$ (3.0) | \$ (34.7) | \$ 163.1 |
| Reconciliation of net debt to total debt (end of period): | | | | |
| Current portion of long-term debt | | | | \$ 5.5 |
| Long-term debt | | | | 475.7 |
| Total debt | | | | 481.2 |
| Less cash and cash equivalents | | | | 353.2 |
| Net debt | | | | \$ 128.0 |
| Net debt leverage (net debt divided by trailing twelve months' adjusted EBITDA) | | | | 0.8x |
| Reconciliation of free cash flow to net cash provided by operating activities of continuing operations: | | | | |
| Net cash provided by operating activities of continuing operations | | | | \$ 41.7 |
| Less capital expenditures | | | | (7.5) |
| Free cash flow | | | | \$ 34.2 |

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

| Quarter ended June 30, 2016 | | | | |
|---|---|----------------------|-----------|--------------|
| | Mueller Co. | Mueller Technologies | Corporate | Consolidated |
| | (dollars in millions, except per share amounts) | | | |
| Net sales | \$ 198.7 | \$ 26.0 | \$ — | \$ 224.7 |
| Gross profit | \$ 77.5 | \$ 5.7 | \$ — | \$ 83.2 |
| Selling, general and administrative expenses | 23.4 | 7.2 | 8.8 | 39.4 |
| Pension settlement | 2.2 | — | 14.4 | 16.6 |
| Other charges | 0.2 | — | 4.4 | 4.6 |
| Operating income (loss) | \$ 51.7 | \$ (1.5) | \$ (27.6) | 22.6 |
| Interest expense, net | | | | 6.0 |
| Income tax expense | | | | 5.6 |
| Income from continuing operations | | | | \$ 11.0 |
| Income from continuing operations per diluted share | | | | \$ 0.07 |
| Capital expenditures | \$ 3.6 | \$ 1.5 | \$ — | \$ 5.1 |
| Operating margin | 26.0% | (5.8)% | | 10.1% |
| Reconciliation of Non-GAAP performance measures to GAAP performance measures: | | | | |
| Income from continuing operations | | | | \$ 11.0 |
| Pension settlement | | | | 16.6 |
| Other charges | | | | 4.6 |
| Income tax benefit of adjusting items | | | | (7.2) |
| Adjusted income from continuing operations | | | | \$ 25.0 |
| Weighted average diluted shares outstanding | | | | 163.6 |
| Adjusted net income from continuing operations per share | | | | \$ 0.15 |

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

Net income
Less income from discontinued operations
Interest expense, net ⁽¹⁾
Income tax expense ⁽¹⁾
Operating income (loss) from continuing operations
Pension settlement
Other charges
Adjusted operating income (loss) from continuing operations
Depreciation and amortization
Adjusted EBITDA

Adjusted operating margin

Adjusted EBITDA margin

⁽¹⁾ We do not allocate interest or income taxes to our segments.

Adjusted EBITDA
Three prior quarters' adjusted EBITDA
Trailing twelve months' adjusted EBITDA

Reconciliation of net debt to total debt (end of period):

Current portion of long-term debt
Long-term debt
Total debt
Less cash and cash equivalents
Net debt

Net debt leverage (net debt divided by trailing twelve months' adjusted EBITDA)

Reconciliation of free cash flow to net cash provided by operating activities of continuing operations:

Net cash provided by operating activities of continuing operations
Less capital expenditures
Free cash flow

| Quarter ended June 30, 2016 | | | | | |
|---|-------|----------------------|--------|-----------|--------------|
| Mueller Co. | | Mueller Technologies | | Corporate | Consolidated |
| (dollars in millions, except per share amounts) | | | | | |
| | | | | \$ | 15.5 |
| | | | | | (4.5) |
| | | | | | 6.0 |
| | | | | | 5.6 |
| \$ | 51.7 | \$ | (1.5) | \$ | (27.6) |
| | 2.2 | | — | | 14.4 |
| | 0.2 | | — | | 4.4 |
| | 54.1 | | (1.5) | | (8.8) |
| | 8.5 | | 1.2 | | 0.1 |
| \$ | 62.6 | \$ | (0.3) | \$ | (8.7) |
| | | | | \$ | 53.6 |
| | 27.2% | | (5.8)% | | 19.5% |
| | 31.5% | | (1.2)% | | 23.9% |
| | | | | | |
| \$ | 62.6 | \$ | (0.3) | \$ | (8.7) |
| | 131.6 | | (6.5) | | (23.8) |
| \$ | 194.2 | \$ | (6.8) | \$ | (32.5) |
| | | | | \$ | 53.6 |
| | | | | | 101.3 |
| | | | | \$ | 154.9 |
| | | | | | |
| | | | | \$ | 5.6 |
| | | | | | 479.7 |
| | | | | | 485.3 |
| | | | | | 148.3 |
| | | | | \$ | 337.0 |
| | | | | | |
| | | | | | 2.2x |
| | | | | | |
| | | | | | 59.5 |
| | | | | | (5.1) |
| | | | | \$ | 54.4 |

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

| Nine months ended June 30, 2017 | | | | |
|---|---|----------------------|-----------|--------------|
| | Mueller Co. | Mueller Technologies | Corporate | Consolidated |
| | (dollars in millions, except per share amounts) | | | |
| Net sales | \$ 535.5 | \$ 63.6 | \$ — | \$ 599.1 |
| Gross profit | \$ 183.3 | \$ 3.3 | \$ — | \$ 186.6 |
| Selling, general and administrative expenses | 67.9 | 20.7 | 25.6 | 114.2 |
| Other charges | 2.1 | 0.1 | 2.8 | 5.0 |
| Operating income (loss) from continuing operations | \$ 113.3 | \$ (17.5) | \$ (28.4) | 67.4 |
| Interest expense, net | | | | 17.0 |
| Income tax expense | | | | 16.2 |
| Income from continuing operations | | | | \$ 34.2 |
| Income from continuing operations per diluted share | | | | \$ 0.21 |
| Capital expenditures | \$ 13.8 | \$ 7.6 | \$ 0.2 | \$ 21.6 |
| Operating margin | 21.2% | (27.5)% | | 11.3% |
| Reconciliation of Non-GAAP performance measures to GAAP performance measures: | | | | |
| Income from continuing operations | | | | \$ 34.2 |
| Discrete warranty charge | | | | 9.8 |
| Inventory purchase accounting adjustment | | | | 0.8 |
| Other charges | | | | 5.0 |
| Income tax benefit of adjusting items | | | | (2.7) |
| Adjusted income from continuing operations | | | | \$ 47.1 |
| Weighted average diluted shares outstanding | | | | 162.4 |
| Adjusted net income from continuing operations per share | | | | \$ 0.29 |

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

| Nine months ended June 30, 2017 | | | | |
|--|---|----------------------|-----------|--------------|
| | Mueller Co. | Mueller Technologies | Corporate | Consolidated |
| | (dollars in millions, except per share amounts) | | | |
| Net income | | | | \$ 104.0 |
| Less income from discontinued operations | | | | (69.8) |
| Interest expense, net ⁽¹⁾ | | | | 17.0 |
| Income tax expense ⁽¹⁾ | | | | 16.2 |
| Operating income (loss) from continuing operations | \$ 113.3 | \$ (17.5) | \$ (28.4) | 67.4 |
| Discrete warranty charge | — | 9.8 | — | 9.8 |
| Inventory purchase accounting adjustment | 0.8 | — | — | 0.8 |
| Other charges | 2.1 | 0.1 | 2.8 | 5.0 |
| Adjusted operating income (loss) from continuing operations | 116.2 | (7.6) | (25.6) | 83.0 |
| Depreciation and amortization | 27.0 | 3.8 | 0.3 | 31.1 |
| Adjusted EBITDA | \$ 143.2 | \$ (3.8) | \$ (25.3) | \$ 114.1 |
| Adjusted operating margin | 21.7% | (11.9)% | | 13.9% |
| Adjusted EBITDA margin | 26.7% | (6.0)% | | 19.0% |
| Free cash flow: | | | | |
| Net cash used in operating activities of continuing operations | | | | \$ 25.4 |
| Less capital expenditures | | | | (21.6) |
| Free cash flow | | | | \$ 3.8 |

⁽¹⁾ We do not allocate interest or income taxes to our segments.

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

| Nine months ended June 30, 2016 | | | | |
|---|---|----------------------|-----------|--------------|
| | Mueller Co. | Mueller Technologies | Corporate | Consolidated |
| | (dollars in millions, except per share amounts) | | | |
| Net sales | \$ 525.6 | \$ 59.4 | \$ — | \$ 585.0 |
| Gross profit | \$ 179.2 | \$ 10.9 | \$ — | \$ 190.1 |
| Selling, general and administrative expenses | 65.8 | 20.6 | 25.8 | 112.2 |
| Pension settlement | 2.2 | — | 14.4 | 16.6 |
| Other charges | 0.8 | 0.5 | 4.9 | 6.2 |
| Operating income (loss) | \$ 110.4 | \$ (10.2) | \$ (45.1) | 55.1 |
| Interest expense, net | | | | 18.0 |
| Income tax expense | | | | 11.8 |
| Income from continuing operations | | | | \$ 25.3 |
| Income from continuing operations per diluted share | | | | \$ 0.15 |
| Capital expenditures | \$ 12.4 | \$ 4.5 | \$ 0.1 | \$ 17.0 |
| Operating margin | 21.0% | (17.2)% | | 9.4% |
| Reconciliation of Non-GAAP performance measures to GAAP performance measures: | | | | |
| Income from continuing operations | | | | \$ 25.3 |
| Pension settlement | | | | 16.6 |
| Other charges | | | | 6.2 |
| Income tax benefit of adjusting items | | | | (7.7) |
| Adjusted income from continuing operations | | | | \$ 40.4 |
| Weighted average diluted shares outstanding | | | | 163.3 |
| Adjusted net income from continuing operations per share | | | | \$ 0.25 |

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

| Nine months ended June 30, 2016 | | | | |
|--|---|----------------------|-----------|--------------|
| | Mueller Co. | Mueller Technologies | Corporate | Consolidated |
| | (dollars in millions, except per share amounts) | | | |
| Net income | | | | \$ 37.4 |
| Less income from discontinued operations | | | | (12.1) |
| Interest expense, net ⁽¹⁾ | | | | 18.0 |
| Income tax expense ⁽¹⁾ | | | | 11.8 |
| Operating income (loss) from continuing operations | \$ 110.4 | \$ (10.2) | \$ (45.1) | 55.1 |
| Pension settlement | 2.2 | — | 14.4 | 16.6 |
| Other charges | 0.8 | 0.5 | 4.9 | 6.2 |
| Adjusted operating income (loss) from continuing operations | 113.4 | (9.7) | (25.8) | 77.9 |
| Depreciation and amortization | 25.5 | 3.5 | 0.3 | 29.3 |
| Adjusted EBITDA | \$ 138.9 | \$ (6.2) | \$ (25.5) | \$ 107.2 |
| Adjusted operating margin | 21.6% | (16.3)% | | 13.3% |
| Adjusted EBITDA margin | 26.4% | (10.4)% | | 18.3% |
| Free cash flow: | | | | |
| Net cash used in operating activities of continuing operations | | | | \$ 54.4 |
| Less capital expenditures | | | | (17.0) |
| Free cash flow | | | | \$ 37.4 |

⁽¹⁾ We do not allocate interest or income taxes to our segments.

Q&A