



Third Quarter 2021 Financial Results

October 27, 2021



CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

Forward-Looking Statements

This presentation contains “forward-looking statements” that are subject to Cautionary Statement on Forward-Looking Statements contained in the press release we issued on October 26, 2021 and which is available on our website. The forward-looking statements are based on our current expectations and beliefs, but there can be no assurance that events or outcomes will occur as anticipated, and the statements are subject to a number of risks and uncertainties, including those disclosed in our Annual Report on Form 10-K and other filings with the Securities and Exchange Commission, that may cause actual results or performance to be materially different than expressed or implied.

Certain of the financial measures included in this presentation, including core growth, adjusted EBITDA, and free cash flow, have not been prepared in accordance with generally accepted accounting principles, or “GAAP”, and constitute “non-GAAP financial measures” as defined by the rules of the Securities and Exchange Commission. We have included these non-GAAP measures because we believe they provide an additional tool for investors to use in evaluating the financial performance and prospects of Zurn. These non-GAAP measures should not be considered in isolation from, or as an alternative to, financial measures determined in accordance with GAAP. In addition, these non-GAAP financial measures may differ from non-GAAP financial measures with comparable names used by other companies. Our earnings release and SEC filings contain additional information about these non-GAAP measures, why we use them and why we believe they are helpful to investors and also contain reconciliations to GAAP data.

Except as required by law, we do not undertake any obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

3Q 2021 Performance Update

Strategic Developments

- Completed RMT transaction on October 4, 2021
- Zurn Water Solutions (ZWS) now a stand-alone pure-play water management business
- PMC segment to be reported as a discontinued operation starting in 4Q

Consolidated Results

- Strong order rates across both platforms
- 3Q net sales increased 13% year over year – core sales⁽¹⁾ +9%, M&A +3%, translation +1%
- Transportation delays impacting year over year sales growth rates
- Adjusted EBITDA⁽¹⁾ margin of 23%
- 3Q FCF of \$93 million bringing net debt leverage down to 1.5x

Water Management (WM)

- 3Q net sales increased by +15% year over year – core growth increased by +5%, M&A +9%
- Adjusted EBITDA margin of 26.5%

Process & Motion Control (PMC)

- 3Q net sales increased by +11% year over year – core sales increased by +12%
- Adjusted EBITDA margin was 23.5%

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on October 26, 2021.

Poised to Benefit from Multiple Megatrends

Issue	Climate Change and Flooding	Water Scarcity	Sustainability	COVID-19/Hygiene
Problem & Key Need	Importance of mitigating impact of heavy rains Flood risk detection	Increased droughts and acute water shortage Increased commercial / institutional focus on lower water usage	Desire to avoid material waste (i.e. paper towels) Emphasis on sustainable solutions in manufacturing	Heightened sanitary focus and need for hygienic solutions Importance of social distancing
Example of Zurn Solutions	 <i>Roof Drains</i>  <i>Connected Backflow Preventers</i>	 <i>Pressure Reducing Valve</i>  <i>AquaVantage AV Diaphragms</i>	 <i>Hand Dryers</i>  <i>Hydro-X Faucets</i>	 <i>Touchless Retrofit Solutions</i>  <i>Bright Shield by Zurn</i>

Providing Sustainable Solutions for our Customers

100% of products devoted to water solutions for health, human safety and the environment

~34 Billion gallons of water saved last year by Zurn products

~70% of Zurn product sales incorporate recycled material

~46 thousand tons of recycled materials used in Zurn products last year

~30% of Zurn sales focused on hygienic products and keeping people safe

500+ products labeled with EPA's WaterSense designation



		Products made from Recycled Material	Products that Reduce Water Consumption	Products that Reduce Energy Consumption	Products that Protect/conserves water	Products that Mitigate Impact of Climate Change and Flooding	Sustainable Product Offerings
Water Safety & Control		✓	✓		✓	✓	
Hygienic & Environmental		✓	✓	✓	✓		
Flow Systems		✓	✓		✓	✓	

ZWS Capital Allocation Strategy



Dividend

Initiated \$0.03/
share quarterly
dividend



Acquisitions

Maintaining capacity
for strategic bolt on
acquisitions



Leverage

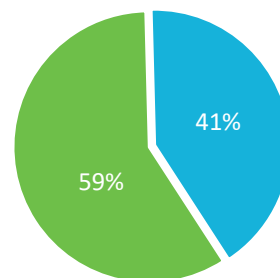
Maintaining net
debt leverage in
2x – 3x range

Maximizing Shareholder Value

3Q 2021 Summary

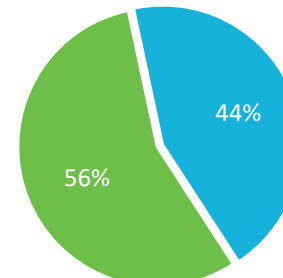
\$ in millions	3Q 2021	3Q 2020	Change
Net Sales	\$557	\$494	+13%
<i>Growth from:</i>			
Core ⁽¹⁾			+9%
Acq & Divest			+3%
Translation			+1%
Adjusted EBITDA ⁽¹⁾	\$128	\$109	+18%
% of Sales	23.0%	22.0%	+100 bps

3Q 2021
Net Sales



■ Process & Motion Control
■ Water Management

3Q 2021 Segment
Adjusted EBITDA



■ Process & Motion Control
■ Water Management

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3Q 2021 Platform Results

Water Management

- Continued strong demand across product lines
- Adjusted EBITDA dollars grow +9% year over year

\$ in millions	3Q 2021	3Q 2020	Change
Net Sales	\$230	\$200	+15%
<i>Growth from:</i>			
Core ⁽¹⁾			+5%
Acq & Divest			+9%
Translation			+1%
Adjusted EBITDA ⁽¹⁾	\$61	\$56	+9%
% of Sales	26.5%	28.0%	-150 bps

Process & Motion Control

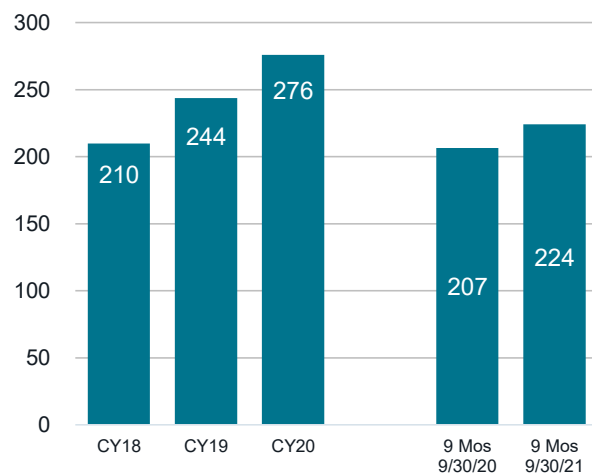
- Demand remained solid during the third quarter
- Adjusted EBITDA margin expanded by +260 bps year over year

\$ in millions	3Q 2021	3Q 2020	Change
Net Sales	\$328	\$294	+11%
<i>Growth from:</i>			
Core ⁽¹⁾			+12%
Acq & Divest			-2%
Translation			+1%
Adjusted EBITDA ⁽¹⁾	\$77	\$61	+25%
% of Sales	23.5%	20.9%	+260 bps

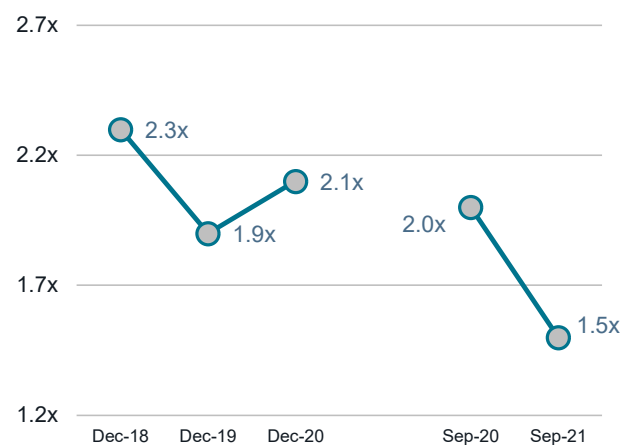
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Cash Flow & Balance Sheet

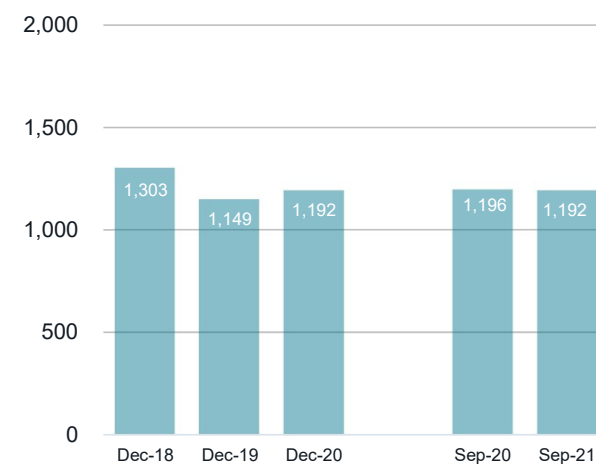
Free Cash Flow (\$ millions) ⁽¹⁾



Net Debt Leverage Ratio ⁽²⁾



Total Debt (\$ millions) ⁽³⁾



- (1) Free Cash Flow is defined as Cash from Operations less Capital Expenditures, and is a Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on October 26, 2021.
- (2) Net Debt Leverage is defined as the ratio of total debt less cash to pro forma L12M Adjusted EBITDA.
- (3) Total Debt in Dec-18 includes a New Market Tax Credit Receivable, which is more than offset by an associated payable that is also included in Total Debt in Dec-18.

Zurn Outlook

December Quarter (4Q)

- Total sales to increase by a high-teens percentage year over year
- Adjusted EBITDA⁽¹⁾ margin in the 24.0% – 24.5% range (excludes corporate expenses) ⁽²⁾
- Corporate expense of ~\$10 million
- Interest expense of ~\$5 million
- Stock compensation expense of ~\$16 million
- Depreciation & amortization of ~\$8 million
- Adjusted tax rate ~30%
- Diluted shares outstanding of ~129 million shares

CY22 Estimates

- Interest expense of ~\$20 million
- Stock compensation expense of ~\$17 million
- Depreciation & amortization of ~\$18 million
- Adjusted tax rate ~26.5 – 27.5%
- Diluted shares outstanding of ~130 – 131 million shares

(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission on October 26, 2021.

(2) Forward-looking information and a non-GAAP measure. Although Zurn can quantify certain elements, it is not able to quantify all variances from GAAP without unreasonable efforts because certain factors are unknown at this time and out of Zurn's control.



Thank You

