

Second Quarter 2022 Financial Results

JULY 26, 2022

zurn ELKAY



CAUTIONARY STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

Forward-Looking Statements

This presentation includes "forward-looking statements" within the meaning of the federal securities laws that involve risks and uncertainties. Forward-looking statements include statements we make concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs and other information that is not historical information. All forward-looking statements are based upon information available to us on the date of this presentation. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, that could cause actual results to differ materially from the results discussed or implied in the forward-looking statements, including, among other things: the risks and uncertainties associated with the integration of Elkay Manufacturing Company; our competitive environment; the broader economic and business conditions, and our exposure to customers in cyclical industries; increases in cost of our raw materials, including as a result of tariffs, trade wars and other trade protection matters; the effects of the Covid-19 pandemic; and the other factors described under "Cautionary Notice Regarding Forward-Looking Statements" and "Risk Factors" in our 2021 Annual Report on Form 10-K filed with the Securities and Exchange Commission and subsequent reports filed with the SEC on Forms 10-Q and 8-K, all of which are available on our website at Zurn-Elkay.com.

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 Elkay. 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.

Performance Update

Strategic Developments

- Completed merger with Elkay Manufacturing Company on July 1st
 - Final share issuance of 51.6M shares representing \$1.4B of value
 - Integration work-streams well underway ... \$50M of synergies on-track with a growing funnel of additional opportunities
 - Increased quarterly dividend from \$0.03 to \$0.07 per quarter

Q2 Zurn Results

- Continued strong demand during the quarter
- 2Q net sales increased +17% year over year
 - Core sales⁽¹⁾ +15% ... M&A +2%
- Adjusted EPS⁽¹⁾ of \$0.32 compared with \$0.22 in the year-ago quarter
- Adjusted EBITDA⁽¹⁾ margin of 25.1% (excluding corporate costs)
- Net debt leverage of 1.9x as of June 30, 2022, proforma for normalized corporate costs

(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 July 26, 2022.

2Q Zurn 2022 Results

Consolidated Results:

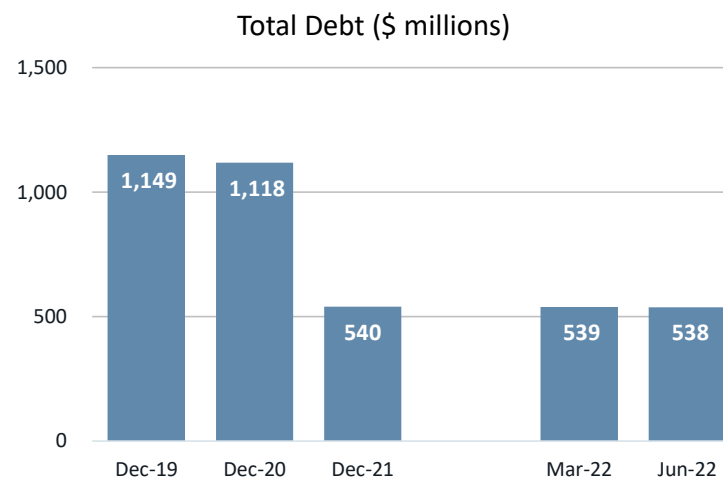
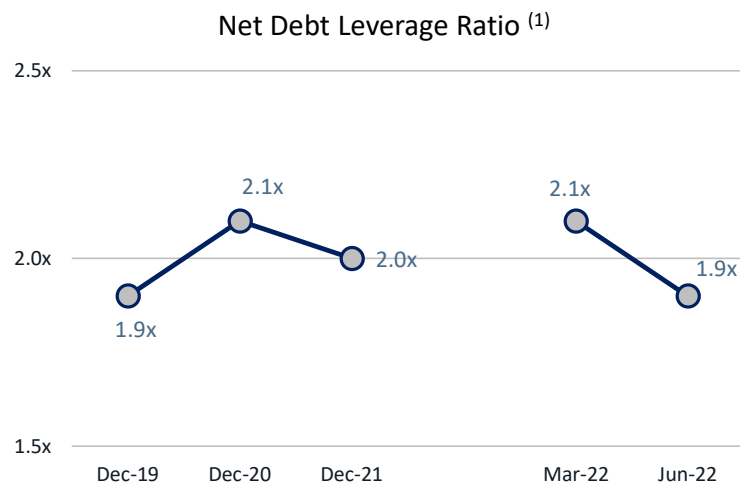
\$ in millions	2Q 2022	2Q 2021	Change
Net Sales	\$284	\$244	17%
<i>Growth from:</i>			
Core ⁽¹⁾			15%
Acquisitions			2%
Adjusted EBITDA ⁽¹⁾	\$64	\$56	16%
% of Sales	22.6%	22.8%	-20 bps

Excluding Corporate Costs:

\$ in millions	2Q 2022	2Q 2021	Change
Net Sales	\$284	\$244	17%
<i>Growth from:</i>			
Core ⁽¹⁾			15%
Acquisitions			2%
Adjusted EBITDA ⁽¹⁾	\$71	\$65	9%
% of Sales	25.1%	26.8%	-170 bps

(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 July 26, 2022.

Zurn Cash Flow and Balance Sheet



(1) Net Debt Leverage is defined as the ratio of total debt less cash to pro forma LTM Adjusted EBITDA. LTM adjusted EBITDA in 2021 and June 2022 shown proforma for \$27M of annual corporate costs.

Zurn Elkay Water Solutions At-a-Glance

Balanced Combined Portfolio of Specified Water Solutions



Diverse Combined Business Portfolio

Application

New Construction, ~55%



Retrofit, ~45%

End Markets

Institutional, 44%



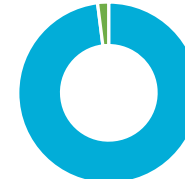
Residential, 22%

Waterworks, 8%

Commercial, 26%

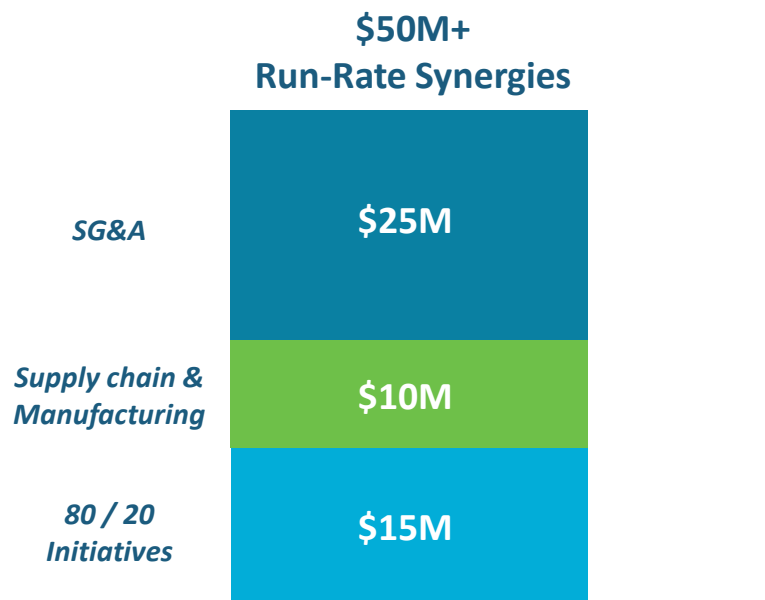
Geography

ROW, 2%



North America, 98%

Synergy Update



- Committed to \$50M+ run-rate synergy opportunity over next 2 years
 - +\$25M in 2023
 - +\$25M in 2024
- Integration on schedule with dedicated team focused on synergy realization and integrating Elkay
- Progress on specific synergy initiatives
 - 80 / 20 – *shifting product mix to higher margin categories, SKU rationalization*
 - Supply chain & Manufacturing – *visibility on strategic sourcing savings, productivity improvements and footprint consolidation*
 - SG&A – *consolidation of overlapping overhead functions & controlled spend*

Developing a funnel of synergy opportunities above \$50M

ADDING “PURPOSE” TO ZURN ELKAY BUSINESS SYSTEM (“ZEBS”)

OUR PURPOSE AND MISSION

We aspire to be the leading provider of innovative water solutions that promote health and hydration, conserve resources and help keep people safe

Environment

Health & Safety

People

Communities

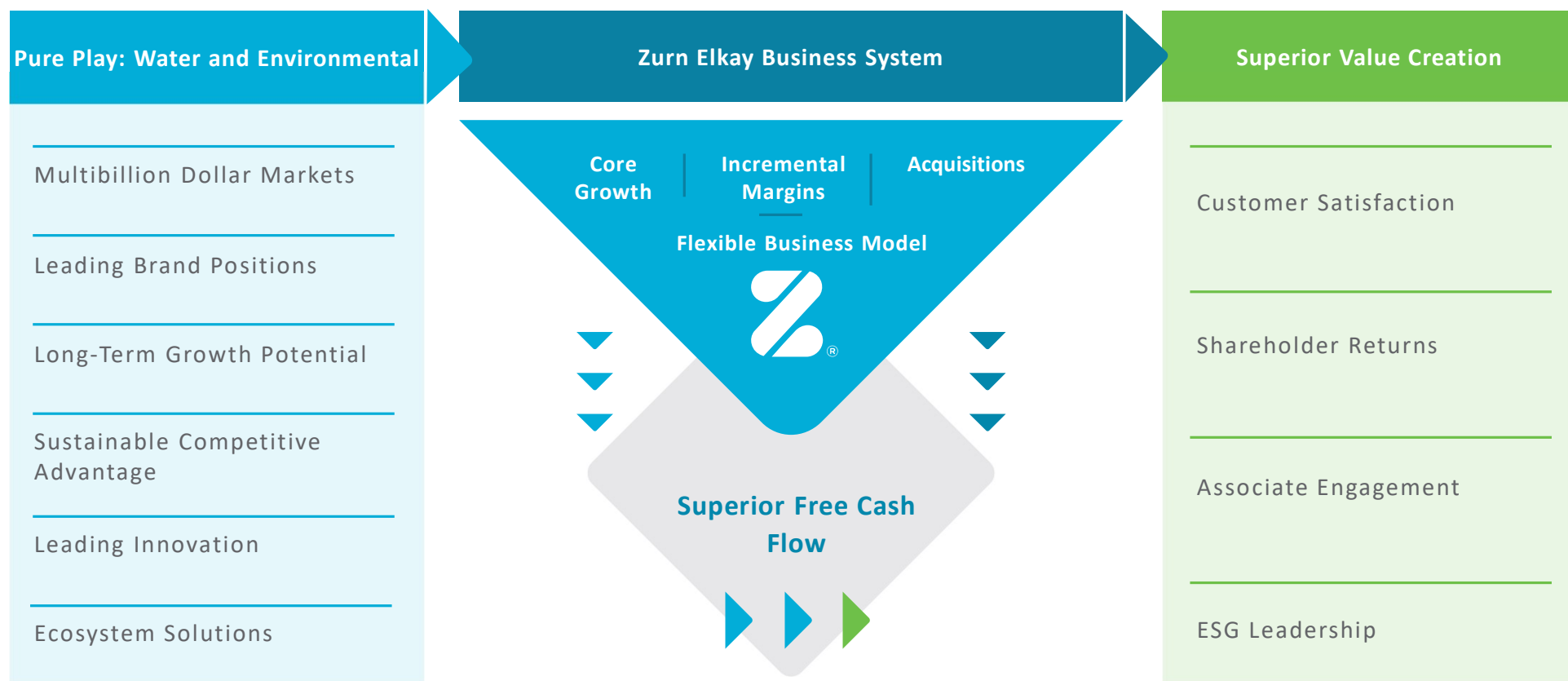
Governance & Ethics



We've been working to build sustainability into every aspect of how we operate, which means making this important focus on purpose a part of the Zurn Elkay Business System (ZEBS)



Zurn Elkay Value Creation Model



Zurn Elkay Outlook

September Quarter (3Q)

- Zurn sales to increase by a high-teens percentage year over year
- Elkay sales between \$145 million and \$155 million
- Zurn Elkay Adjusted EBITDA⁽¹⁾ margin in the 21.0% – 22.0% range (excludes corporate expenses)⁽²⁾
 - Anticipate at least 100 bps of YoY margin expansion from the Zurn Elkay proforma Adjusted EBITDA margin (ex corporate) of 20% in the prior year third quarter
- Corporate expense of ~\$7 million
- Interest expense of ~\$8 million
- Stock compensation expense of ~\$8 million
- Depreciation & amortization of ~\$22 million
- Adjusted tax rate ~27.0 – 28.0%
- Diluted shares outstanding of ~179.5 to 180.5 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 July 26, 2022.

(2) Forward-looking information and a non-GAAP measure. Although Zurn Elkay 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 Elkay's control.

Thank You

zurn ELKAY