

Fourth Quarter 2022 Financial Results

February 8, 2023



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](https://www.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 filed with the SEC under Form 8-K on February 7, 2023 and other 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

- ✓ **Increased authorized share buy back to \$500M**
- ✓ \$25M deployed to share buy back in Q4
- ✓ At least \$100M of share repurchase in 2023

(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 February 7, 2023

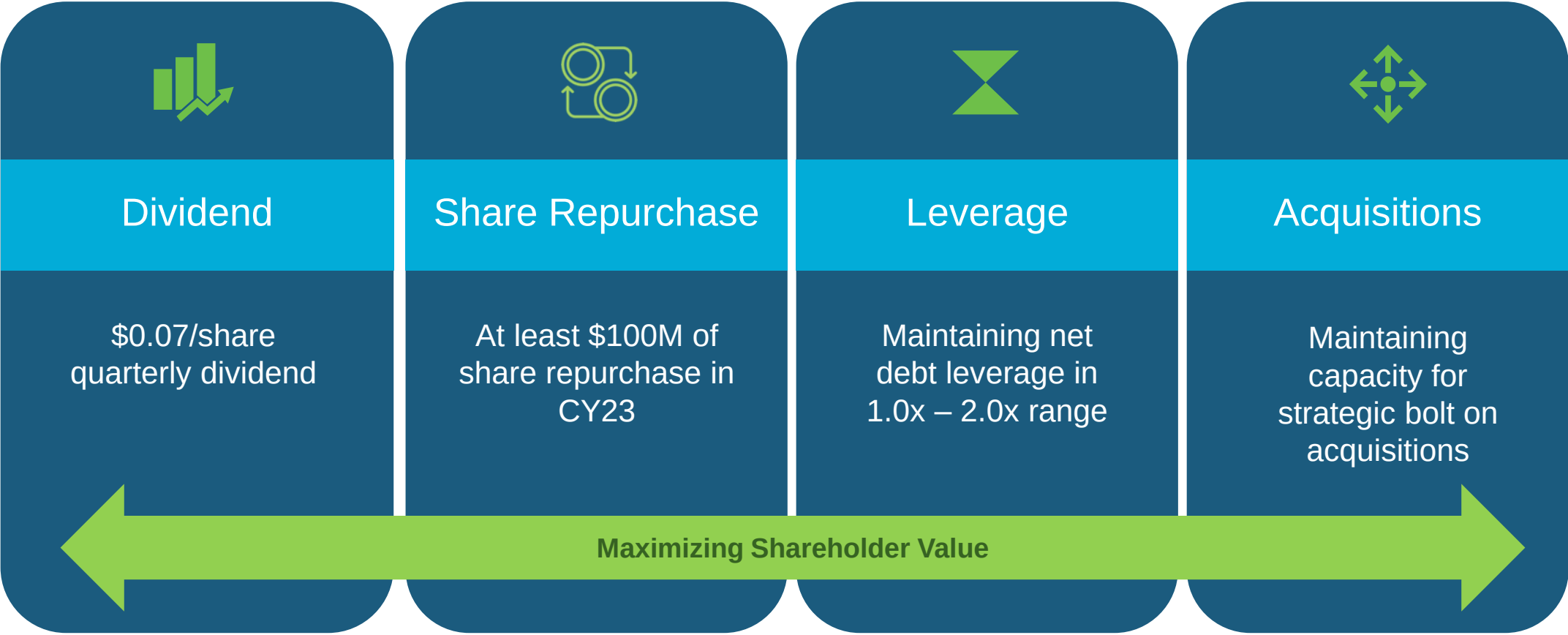
Q4 Results

- ✓ Q4 net sales increased +46% year over year
 - ✓ Core sales⁽¹⁾ -3% ... Elkay adds ~\$115M of sales
- ✓ FCF⁽¹⁾ of \$84M in the quarter
- ✓ Adjusted EBITDA⁽¹⁾ margin of 19.0%

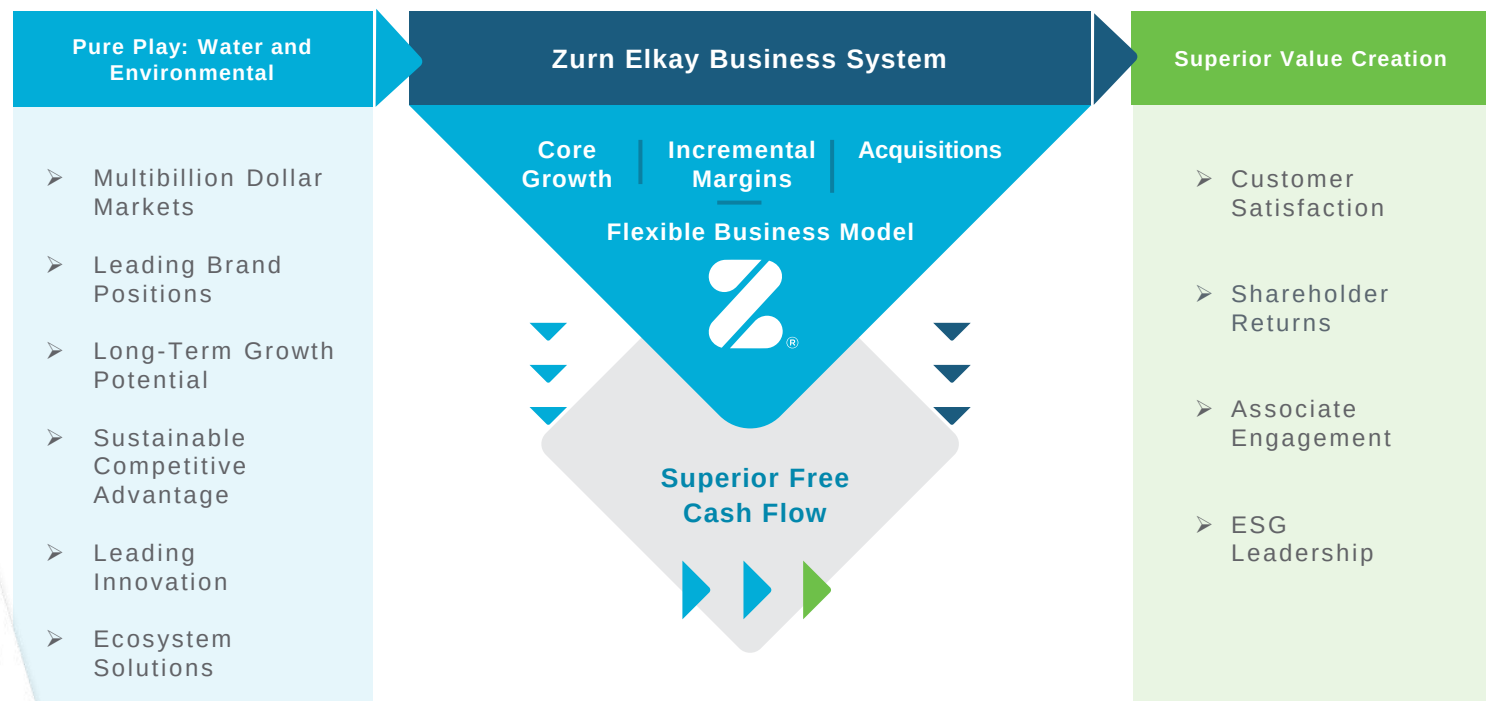
CY 2022 Results

- ✓ Net sales increased +41% year over year
 - ✓ Core sales⁽¹⁾ +11%
- ✓ Adjusted EBITDA⁽¹⁾ margin of 20.6%
- ✓ Excluding deal fees generated \$140M of FCF
- ✓ Ending leverage at 1.4x ... lowest historical level

Update on Capital Allocation Strategy



Strategic Plan – Sustainability + Resilience



Drinking Water Crisis in U.S. Schools

Unsafe drinking water

- ✓ 56% of US population drink water from lead service lines
- ✓ Lead is the most prevalent toxin in US school drinking water
- ✓ Aging infrastructure often not providing safe/clean drinking water for students
- ✓ Schools built prior to 1986 likely to include lead in the pipes or fixtures
 - ✓ ~131,000 K-12 schools in the U.S.
 - ✓ 90% of schools built prior to 1980
- ✓ In 2022, an estimated 13 million U.S. children went to schools with elevated lead levels in drinking water

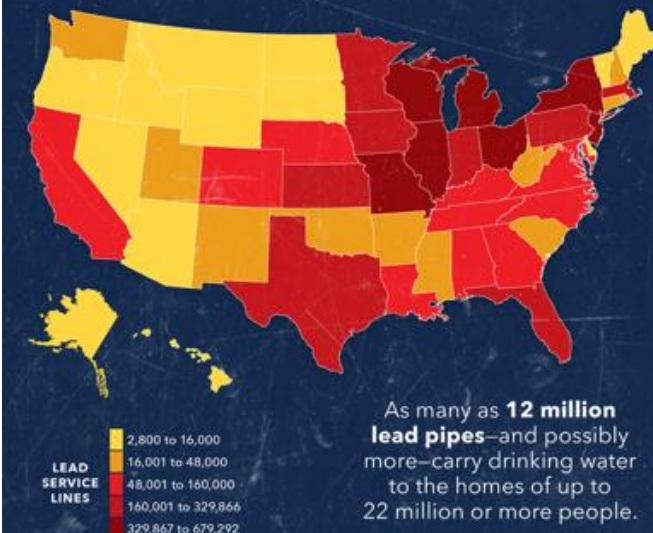
Awareness Growing

- ✓ No federal regulation to require water testing but states are starting to take action
- ✓ Multiple states at varying stages of “Filter First” legislation:
 - ✓ Michigan
 - ✓ California
 - ✓ Delaware
- ✓ 15 states currently require water testing
- ✓ State and federal funding available to address the issue

There is no safe level of lead

- ✓ *The EPA has set the maximum contaminant level goal for lead and drinking water at zero because lead can be harmful to human health even at low exposure levels*

LEAD SERVICE LINES PER STATE



Safe Drinking Water for Students

Elkay Market Leading Drinking Water Solution

MARKET LEADER

- ✓ #1 manufacturer of bottle fillers
- ✓ 90% spec share
- ✓ Winning brands: Elkay & Halsey Taylor
- ✓ ~67% retrofit exposure

LARGE & GROWING TAM

- ✓ Large and rapidly growing addressable market estimated at \$2.9 billion
- ✓ Opportunity to grow access points and improve quantity of specified units

ELKAY FILTRATION

- ✓ Historically ~70% of bottle fillers sold as filtered units
- ✓ Opportunity to focus on filtration and increase awareness
- ✓ Elkay filtration systems reduce lead to meet the requirements for NSF/ANSI 53 certification, making the water safer and healthier
- ✓ High margin, recurring revenue stream with increasing potential



Combined Zurn Elkay Sustainability Report

Combined Zurn Elkay report to be issued in coming weeks

Continued progress on our ESG initiatives

Current year report includes

- ✓ Initial year of TCFD reporting
- ✓ Combined Zurn Elkay metrics
- ✓ Progress on our goals set in the prior year
- ✓ 7 new goals focused on:
 - ✓ Reporting and goals around air quality
 - ✓ Targeting diverse supplier spend
 - ✓ Improved reporting (TCFD)
 - ✓ Prevention of plastic bottles
 - ✓ Commitments to engineering and R&D investment

Sustainably Inspired



Sustainably Inspired

SUSTAINABLE PRODUCTS

850

Products with EPA WaterSense Certification

INVESTING IN OUR PEOPLE

100%

Of associates are shareholders of Zurn Elkay

COMMUNITY DONATIONS

\$2M

Of cash/in-kind donations made in 2022

WASTE REDUCTION

78%

On average Elkay stainless steel sinks contain 78% recycled content

SUSTAINABLE PRODUCTS

200K

Trees saved each year with Zurn hand dryers

INVESTING IN OUR PEOPLE

100%

Of associates now on an annual cash bonus plan

SUSTAINABLE PRODUCTS

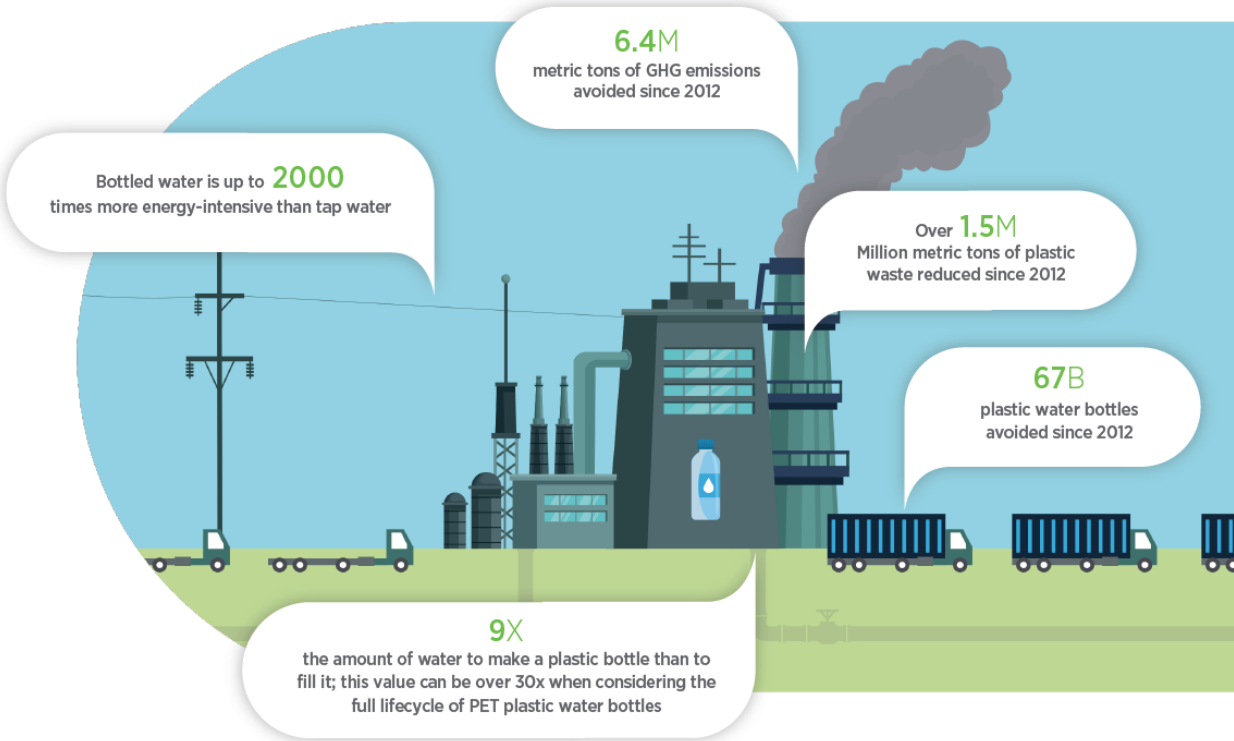
32B

Gallons of water saved in 2022 from our products

SUSTAINABLE PRODUCTS

75%

Goal to increase revenue derived from sustainable products to 75%



4Q Zurn Elkay 2022 Results

Consolidated Results

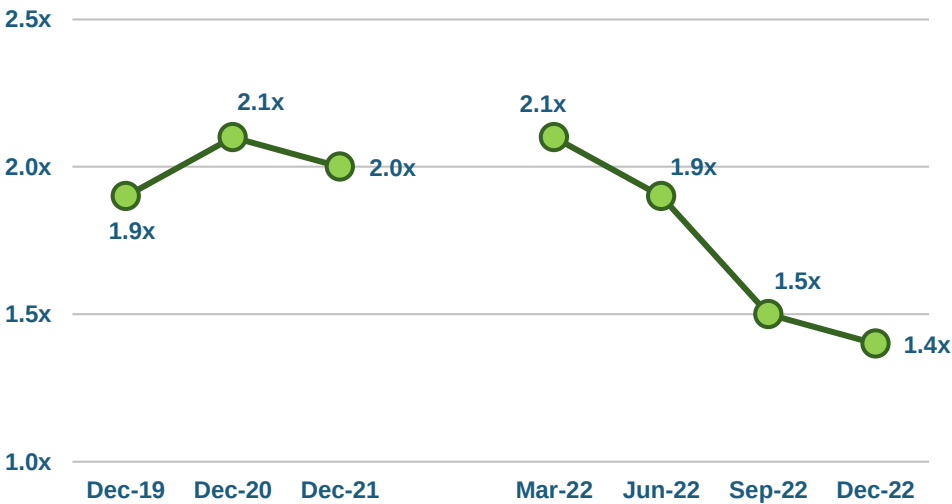
\$ in millions	4Q 2022	4Q 2021	Change
Net Sales	\$340	\$232	46%
<i>Growth from:</i>			
Core ⁽¹⁾			(3%)
Acquisitions			50%
FX			(1%)
Adjusted EBITDA ⁽¹⁾	\$65	\$45	43%
% of Sales	19.0%	19.4%	-40 bps



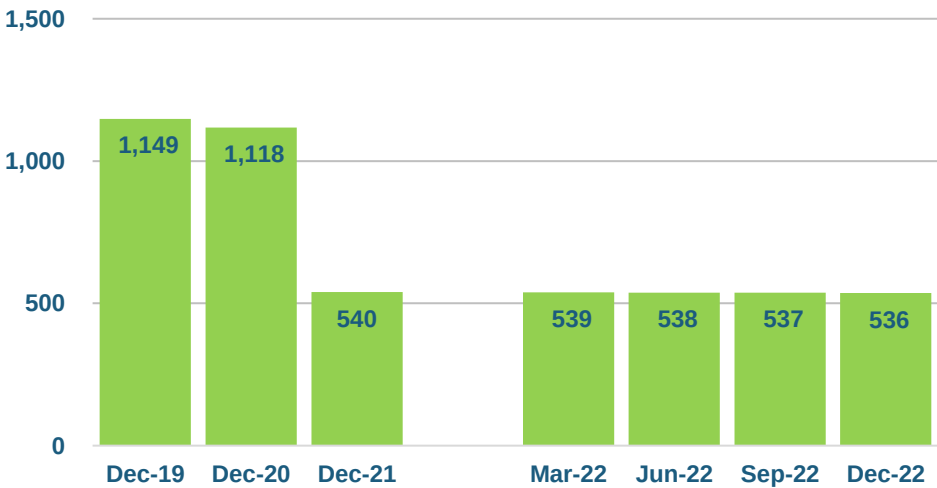
(1) Non-GAAP measure defined, reconciled, and discussed in the earnings release included in the Form 8-K filed with the Securities and Exchange Commission February 7, 2023.

Zurn Elkay Leverage and Debt

Net Debt Leverage Ratio (1)

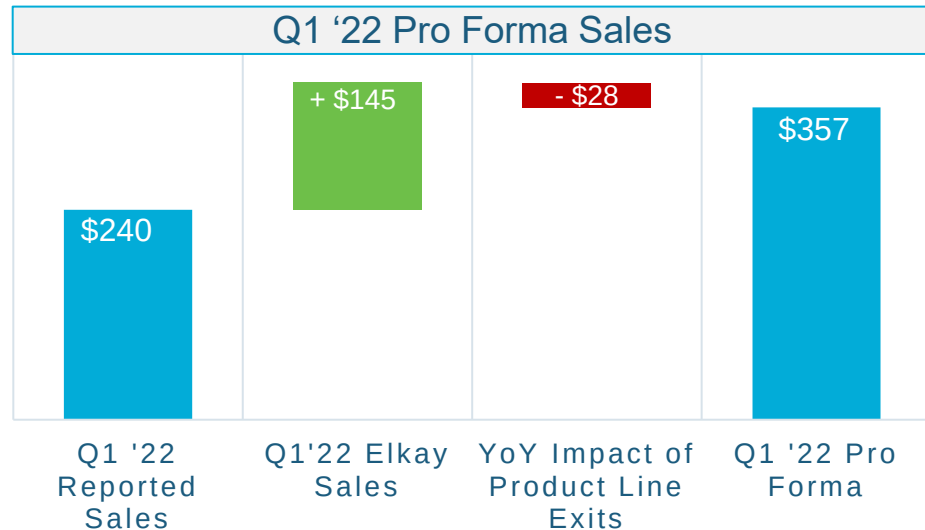
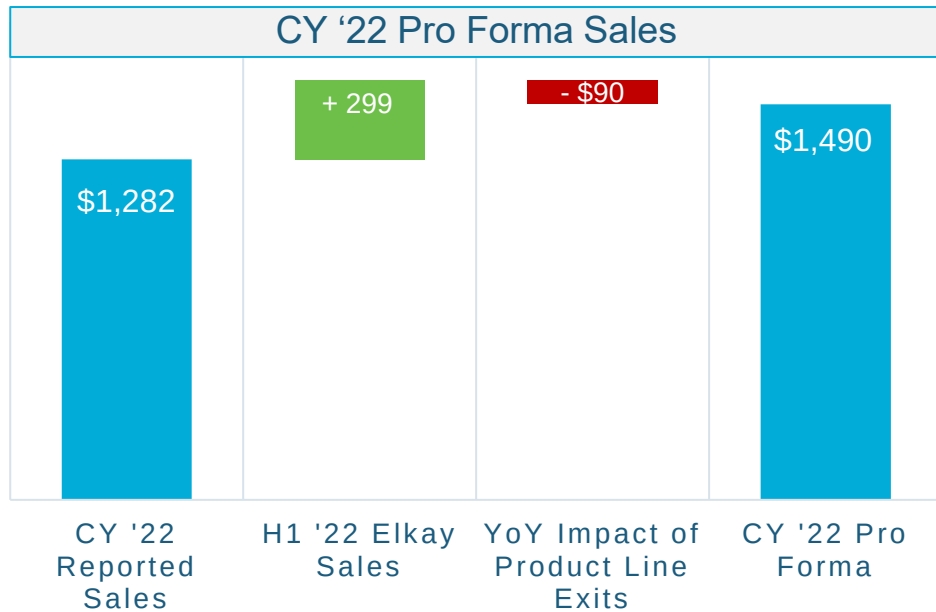


Total Debt (\$ millions)



(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 through December 2022 shown proforma for \$27M of annual corporate costs.

Zurn Elkay Outlook



CY23

- ✓ **Total sales to be between \$1,500 million and \$1,550 million ... pro forma full year outlook assumes:**
 - ✓ Non-residential sales growth +4% to +6%
 - ✓ Residential sales growth -20% to -10%
- ✓ **Total Adjusted EBITDA⁽¹⁾ between \$325 and \$345 million**
- ✓ **Free cash flow of ~ \$200 million**

March Quarter (Q1)

- ✓ **Total sales to be between \$340 million and \$355 million ... pro forma Q1 outlook assumes:**
 - ✓ Non-residential sales growth flat to +2%
 - ✓ Residential sales growth -30% to -20%
- ✓ **Total Adjusted EBITDA⁽¹⁾ margin in the 19.0% – 19.5% range⁽²⁾**
 - ✓ Inclusive of ~ 250 bps drag on margin from sell-through of higher cost inventory

(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 February 7, 2023.

(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.

Zurn Elkay Outlook – cont'd

CY23

- ✓ *Interest expense of ~\$44 million*
- ✓ *Stock compensation expense of ~\$47 million*
- ✓ *Depreciation & amortization of ~\$90 million*
- ✓ *Adjusted tax rate ~28.0 – 29.0%*
- ✓ *Diluted shares outstanding of ~180 million shares (pre 2023 share repurchases)*

March Quarter (Q1)

- ✓ *Interest expense of ~\$11 million*
- ✓ *Stock compensation expense of ~\$12 million*
- ✓ *Depreciation & amortization of ~\$23 million*
- ✓ *Adjusted tax rate ~27.0 – 28.0%*
- ✓ *Diluted shares outstanding of ~180 million shares (pre 2023 share repurchase)*

Thank You

zurn ELKAY