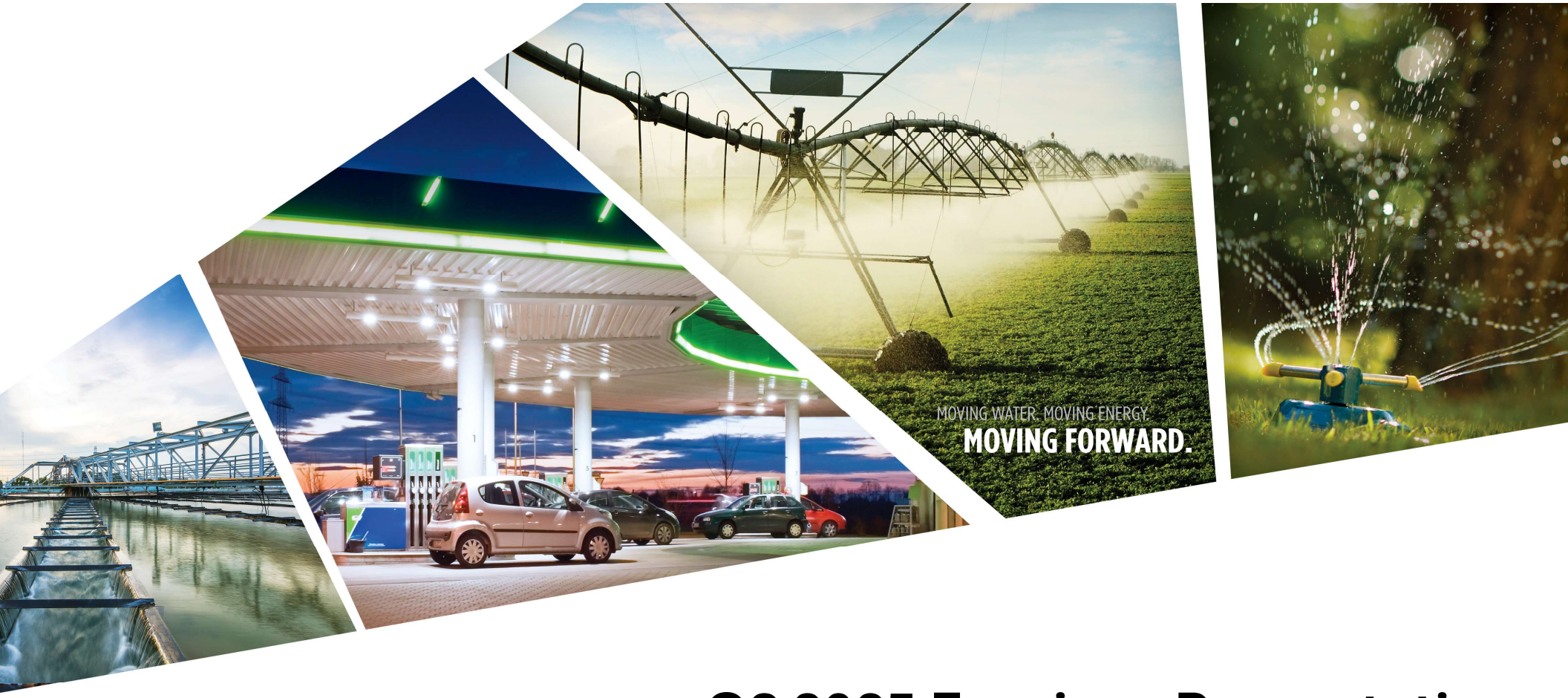


Q3 2025 Earnings Presentation

Franklin Electric

October 28, 2025

Franklin Electric



Key Messages



- **Strong Q3 results in all three segments** with both price and volume
- **Sales growth across end markets**
- **Healthy Q3 order trends and backlog.** A positive 2025 outlook
- **Disciplined strategy execution** led to solid growth in a softer markets
- **Investing for growth** while maintaining **strong cost discipline**
- Well-positioned in the face of **tariffs and global uncertainty**

Our People, Promise, and Commitment

To our employees:

Being a great place to work and attracting the best talent

To our customers:

Leading with service and being an indispensable partner

For our products:

Innovating with quality products in the markets we serve



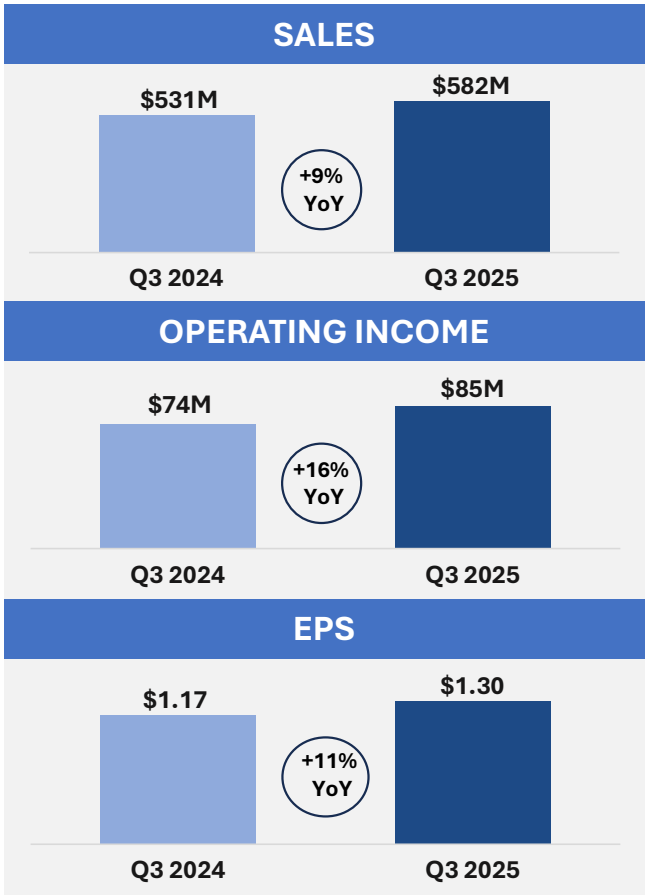






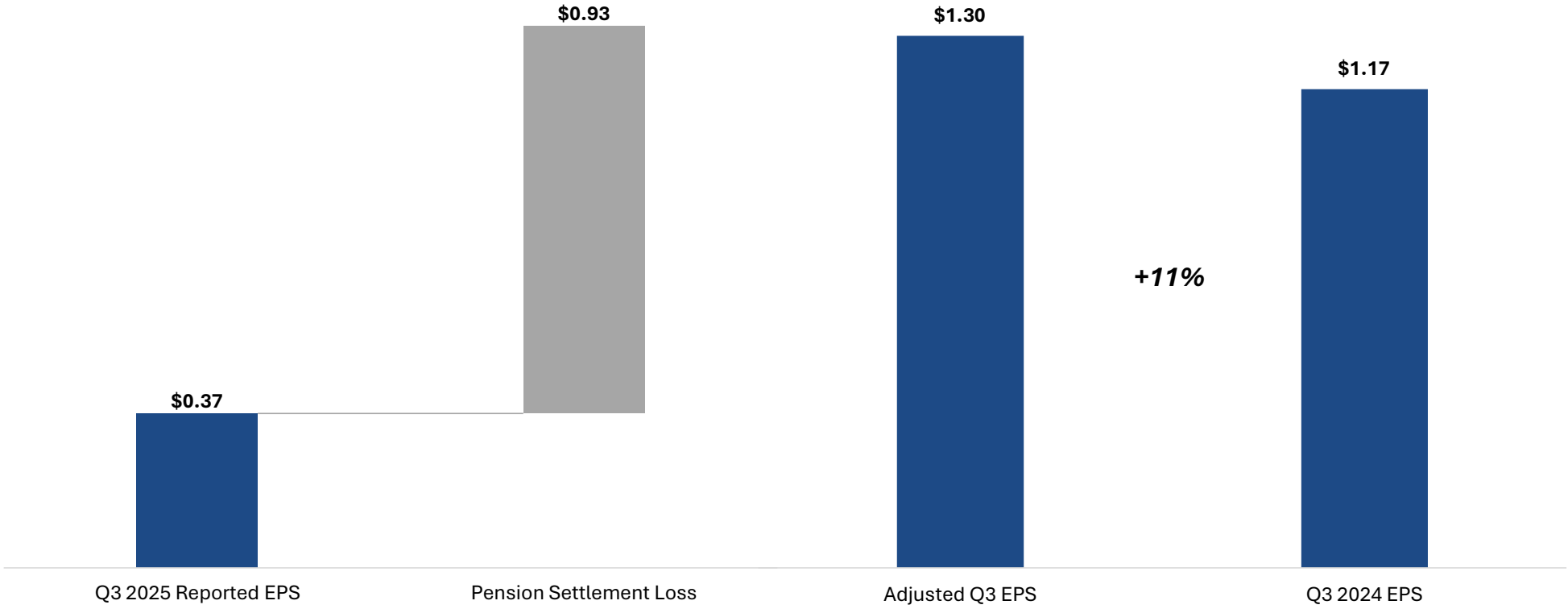
Q3 2025 Overview [1]

- **Financial Performance:**
  - **Sales of $581.7M**, up 9% YoY
  - **Gross Margin of 35.9%,** up slightly
  - **Operating income of $85.1M**, up 16% YoY, with operating margin of 14.6%
  - **GAAP EPS of $0.37, Adjusted EPS of $1.30**, up 11% YoY
- **Solid performance** despite macroeconomic challenges
- **Higher sales** in Water Systems, from the benefit of acquisitions, favorable pricing, and higher volumes
- **Higher Sales** in Energy Systems due to higher volumes
- **Higher sales** in the Distribution segment due to higher volumes



[1] Non-GAAP financial metrics referenced in this slide include Adjusted EPS, net debt/cash, free cash flow, and net debt to EBITDA. A reconciliation to comparable U.S. GAAP measures can be found herein.

Q3 2025 Adjusted EPS [1]

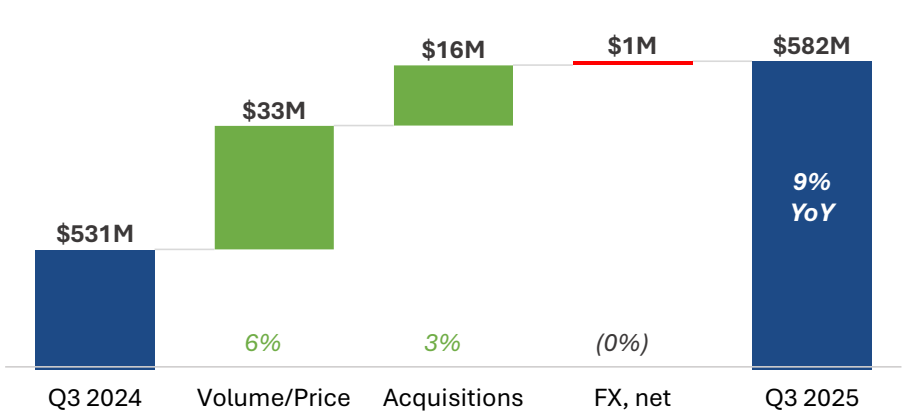


[1] Non-GAAP financial metrics referenced in this slide include Adjusted EPS, net debt/cash, free cash flow, and net debt to EBITDA. A reconciliation to comparable U.S. GAAP measures can be found herein.

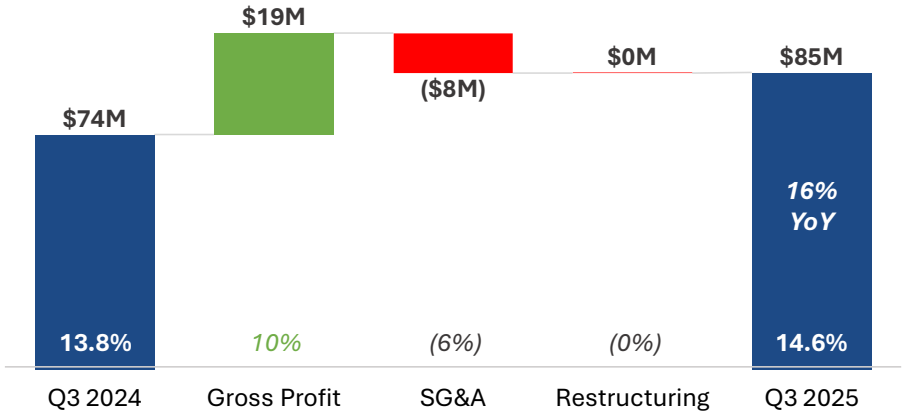


Q3 2025 Performance

SALES



OPERATING INCOME



Sales of $581.7M increased 9% YoY

- Favorable pricing in all three Segments
- Higher volumes in all three Segments
- Acquisitions added 3% of growth

Operating Income of $85.1M increased 16% YoY

- Gross profit up on higher sales
- Higher SG&A expenses primarily due to acquisition-related costs



Q3 2025 Segment Details

	Sales	Op. Income	Op. Margin	Comments
WATER SYSTEMS	**$336.6M** (up 11%)	**$60.2M** (up 14%)	**17.9%** (up 40 bps)	• Price and higher volume across all regions. Water Treatment up MSD, Dewatering sales up >20% • Gross margin up 80 bps with price, volume leverage and slightly better mix • SG&A up due to acquisition-related expenses
ENERGY SYSTEMS	**$80.0M** (up 15%)	**$25.4M** (up 5%)	**31.8%** (down 280 bps)	• Sales growth in Q3 due to favorable pricing and volumes across geos • Operating margin decreased due to unfavorable geographic mix of sales and cost (tariffs)
DISTRIBUTION	**$197.3M** (up 3%)	**$16.3M** (up 34%)	**8.3%** (up 190 bps)	• 3.4% Revenue growth including 1.8% Price realization • Margin improvement actions implemented in 2025 and Cost structure actions implemented in 2024 driving improvement in operating performance



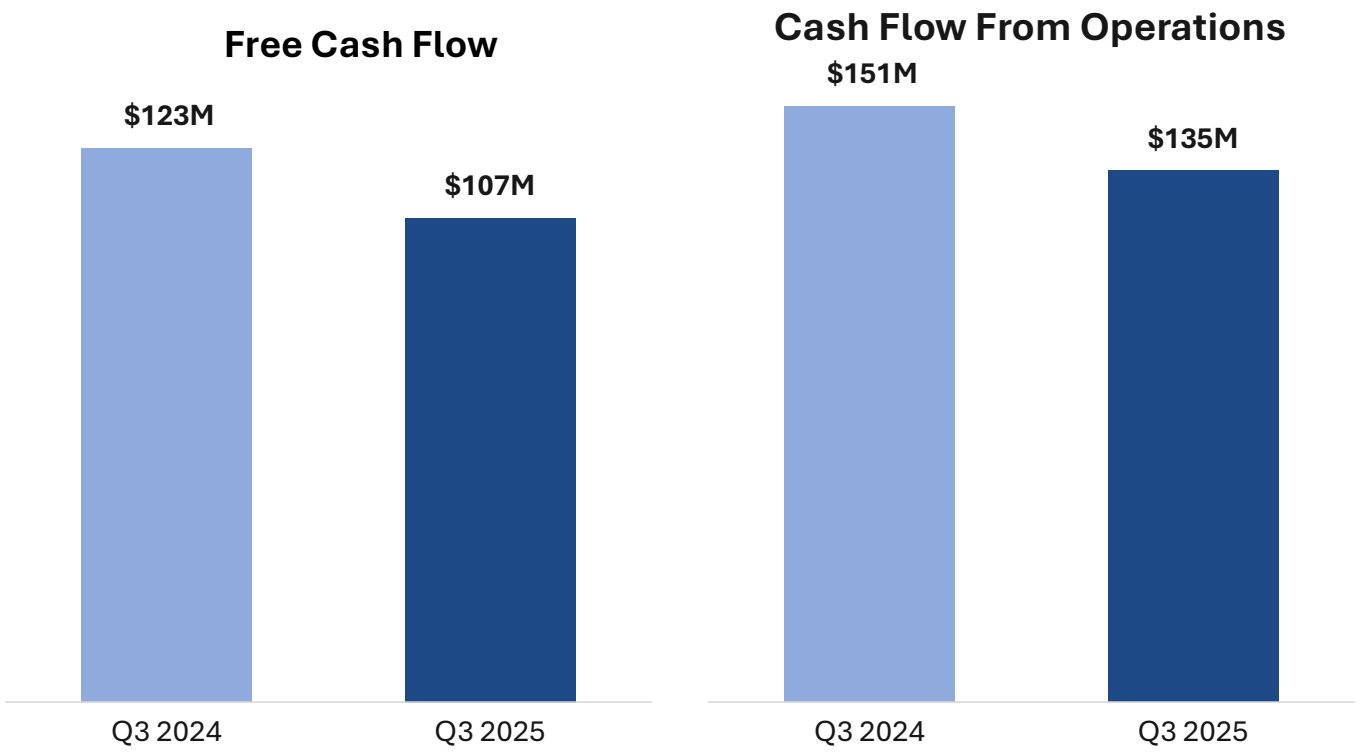
Balance Sheet and Cash Flow[1]

$103M
Cash Balance

$101M
Net Debt

0.4x
Net Debt to EBITDA

0.0M
No Shares repurchased in Q3



[1] Non-GAAP financial metrics referenced in this slide include net debt/cash, free cash flow, and net debt to EBITDA. A reconciliation to comparable U.S. GAAP measures can be found herein.

2025 Outlook



SALES

$2.09 to $2.15 Billion
(up LSD to MSD)

EPS

$4.00 to $4.20
(up MSD to HSD/LDD)

LSD = low-single digits, MSD = mid-single digits, HSD = high-single digits, LDD = low-double digits

HIGHLIGHTS

- **Maintaining the midpoint of our EPS guidance,** narrowing our range
- **Solid underlying demand** in core markets, healthy demand trend, solid backlog
- **Maintaining strong margins**
- **Tariff management and mitigation** protecting margins
- **Maintaining strong balance sheet** and **deploying capital with best ROIC mindset**
- **Confident in our long-term strategy**
- **Not in EPS outlook:** termination of defined benefit pension plan

Franklin Electric

At Franklin (NASDAQ: FELE), we protect the world's most critical resources. Using responsible innovation and sustainable manufacturing, we serve as an indispensable partner to our customers who work alongside us to keep Moving Life Forward™.

OUR VALUE CREATION FRAMEWORK

GROWTH ACCELERATION

- Serve global water needs where most critical
- Use our leading channel and customer partnerships to drive share and growth
- Focus on faster-growing commercial, industrial, and energy verticals with new solutions
- Be the easiest to do business with via digital customer innovations

RESILIENT MARGINS

- Expand Franklin Operating System (FOS) and our productivity and efficiency
- Use data-driven solutions to deliver leading products pricing, and supply chain – end-to-end
- Optimize our product development and portfolio

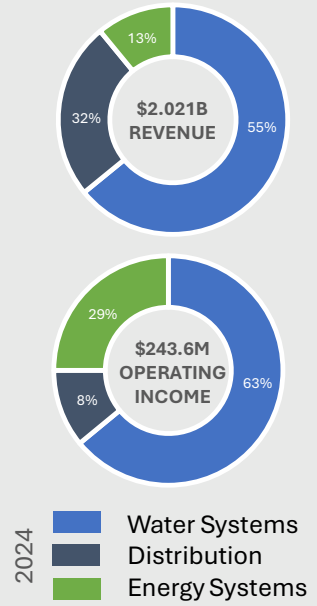
INVESTMENTS & CAPITAL

- Strategic M&A driven by secular trends
- Capital deployments to deliver automation, capacity, and optimal footprint
- Share repurchase and dividend commitment

TALENT CENTRIC

- Build on our "Great Places to Work" recognition by focusing on collaboration, service, innovation, and respect
- Live Safety as a bedrock
- Leading attractor and developer of talent

OUR BUSINESS SEGMENTS





Water Pressure Boosting

Market Pain Points

*Sprawling municipal infrastructure is **degrading water pressure in new & existing buildings***

***Mechanical room space** is at a premium*

*Property owners need to **minimize equipment noise***

*Multi-Family, Hospitality, & Senior Living need **easy-to-use, economical pressure boosting***

New Released Line

Standard Easy-to-Use Interface



VR SpecPAK
Wide Range
Compact Footprint



Inline SpecPAK
Zero Footprint
Minimal Noise



VersaBoost Pro
High Performance
Minimal Noise

Refining Channel Approach

Prioritizing End Users
1) Understand Needs & Pain Points
2) Generate Pull-through Demand

Pulling Sales through Specifiers, Contractors, Distribution Partners

End Users
i.e. Hospitality, Senior Living, Multi-Family

End Users Want: **Single Source for Water Mgmt.**

One Franklin Solution

Boosting | Water Treatment | Condensate Wastewater | Cooling Tower VFDs

Izmir Factory Expansion

Investment:

- $10M Investment to support Water & Energy businesses regional growth
- New factory will support Water, refurbished legacy factory to support Energy

Capacity:

- ~130k sqft new manufacturing space
- Serve our growing business in East Europe and the Middle East

Go-live dates:

- Q1 ‘26 for new Water plant
- Q1 ‘27 for new Energy plant



Closing Thoughts



- Strong Q3, all businesses performing well both volume and Price
- We have opportunities to further our transformation
- Solid backlog and book to bill



- Maintaining our EPS guidance, tightening range, we expect a strong year
- Mitigation strategies in place to offset tariff impacts



- Continued confidence in our long-term strategy
- Our focus is growth, innovation, and building a great team

Franklin Electric



Non-GAAP Reconciliations



Non-GAAP Reconciliations

To supplement Franklin Electric's consolidated financial statements presented on a U.S. GAAP basis, the company discloses certain non-GAAP financial measures. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States.

Non-GAAP financial measures may enhance an understanding of the company's operations and may facilitate an analysis of those operations, particularly in evaluating performance from one period to another. Management believes that non-GAAP financial measures, when used in conjunction with the results presented in accordance with U.S. GAAP and the company's reconciliations to corresponding U.S. GAAP financial measures (which are included in the tables accompanying this presentation), may enhance an investor's overall understanding of the company's past financial performance and prospects for the future. Accordingly, management uses these non-GAAP measures internally in financial planning and to monitor business performance. This information should be considered in addition to, and not as substitutes for, information prepared in accordance with U.S. GAAP.

Franklin Electric strongly encourages investors to review its consolidated financial statements and publicly-filed reports in their entirety and cautions investors that the non-GAAP measures used by the company may differ from similar measures used by other companies, even when similar terms are used to identify such measures. Non-GAAP financial measures used in this presentation include net debt/cash, net debt to EBITDA and free cash flow and conversion.



Reconciliation of Adjusted EPS Non-GAAP Financial Measure

	For the Third Quarter		
	2025	2024	Change
Diluted Earnings per Share "EPS" (as reported - US GAAP)	**$ 0.37**	**$ 1.17**	**-68%**
Pension Settlement Loss	$ 0.93	$ -	
Adjusted Diluted EPS (non-GAAP)	**$ 1.30**	**$ 1.17**	**11%**



Reconciliation of Non-GAAP Financial Measure

Total Debt to Net Debt (Cash) and Net Debt to EBITDA
$ in Millions

	As of September 30, 2025
Total debt	$ 204
Less: cash and cash equivalents	$ (103)
Net (cash) debt	$ 101

	Nine months ended September 30, 2025	Year ended December 31, 2024	Nine months ended September 30, 2024	Twelve months ended September 30, 2025
Net income	$ 109	$ 182	$ 147	$ 143
Depreciation and amortization	$ 46	$ 56	$ 42	$ 60
Income tax expense	$ 37	$ 50	$ 44	$ 43
Interest expense	$ 8	$ 6	$ 5	$ 9
EBITDA	$ 200	$ 294	$ 238	$ 255

Net debt to EBITDA as of Sept 30, 2025 0.4



Reconciliation of Non-GAAP Financial Measure

Operating Cash Flow to Free Cash Flow
$ in Millions

	2025				2024			
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
Cash flows from operating activities	$ (19.5)	$ 51.5	$ 102.7	$ 134.7	$ (1.4)	$ 36.4	$ 116.1	$ 151.1
Cash flows from investing activities	$ (116.1)	$ (11.2)	$ (9.8)	$ (137.1)	$ (10.2)	$ (10.0)	$ (9.1)	$ (29.3)
Cash flows from financing activities	$ (2.6)	$ (19.5)	$ (90.1)	$ (112.2)	$ (6.3)	$ (32.4)	$ (61.3)	$ (100.0)
Cash flows from operating activities	$ (19.5)	$ 51.5	$ 102.7	$ 134.7	$ (1.4)	$ 36.4	$ 116.1	$ 151.1
Capital expenditures	$ (6.8)	$ (11.6)	$ (11.4)	$ (29.8)	$ (9.2)	$ (10.2)	$ (9.5)	$ (28.9)
Proceeds from sale of property, plant and equipment	$ 0.4	$ 0.3	$ 1.9	$ 2.6	$ 0.1	$ 0.3	$ 0.3	$ 0.7
Free cash flow	$ (25.9)	$ 40.2	$ 93.2	$ 107.5	$ (10.5)	$ 26.5	$ 106.9	$ 122.9

Thank You!

Jennifer Wolfenbarger CFO | InvestorRelations@FELE.com | 260-827-5520