Watts Water Technologies, Inc.

Q3 2026 Earnings Conference Call

November 5, 2026

Forward Looking Statements

Certain statements in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements are related to forecasts of sales, margins, earnings, earnings per share, effective tax rate, capital expenditures, cash flow, market growth including data center market growth, acquisition strategy and integration, construction outlook, inflation and management goals and objectives.

Watts cautions investors that any such forward-looking statements made by Watts are not guarantees of future performance. All forward-looking statements are subject to known and unknown risks, uncertainties, and contingencies, many of which are beyond the control of Watts, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Factors that might affect forward-looking statements include overall economic and business conditions, changes in tariff rates, competitive factors, changes in laws affecting Watts, future acquisitions of material assets or businesses by Watts, the demand for Watts' products and services and other factors identified in "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K and in subsequent reports filed with the SEC.

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Q3 Overview and 2026 Outlook

Q3 2026 Performance

Record Q3 exceeded expectations across all regions

Organic sales* increased 12% driven by strong data center sales and favorable price realization

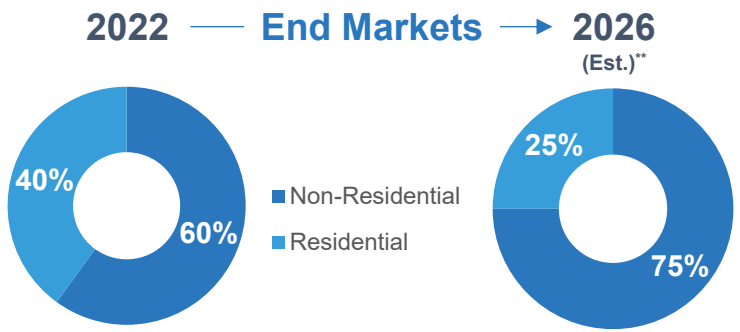
Adjusted operating margin* of 20.9%, increased by 240 bps driven by price, volume leverage, and productivity

Balance sheet remains strong, supporting capital allocation priorities

Business Updates

Successfully staying ahead of price/cost dynamics in persistent inflationary environment

Data center momentum, strategic M&A, and 80/20 initiatives driving portfolio evolution



2026 Outlook

Increasing FY sales and margin outlook

- ▲ Q3 performance and Q4 outlook
- ▲ Data center demand
- ▼ Higher interest rates, inflation and commodity prices negatively impacting new construction

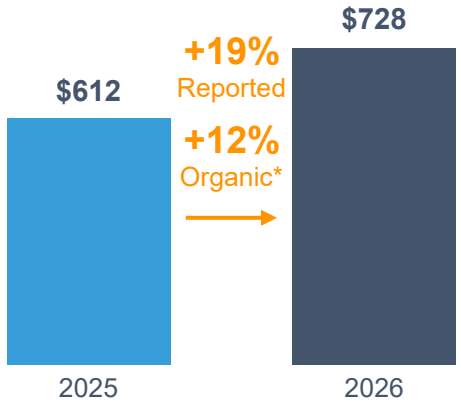
* See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

** Estimated based on full year 2026 financial guidance issued on November 4, 2026

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Q3 2026 Financial Summary

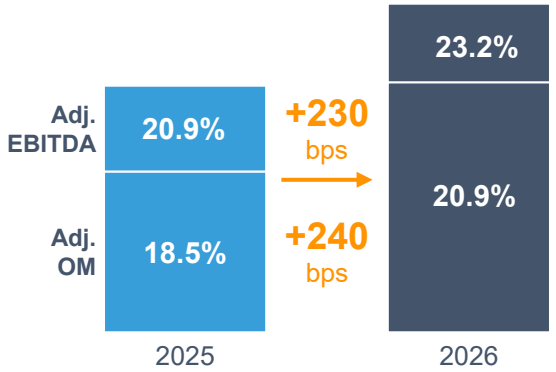
Sales ($M)



Segment sales

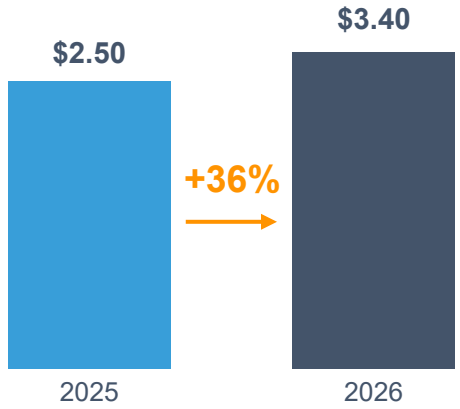
- Americas: $553M; +12% organic; acquisitions +$35M; 80/20 ~($8M)
- Europe: $120M; +9% organic; 80/20 ~($1M); ($2M) FX headwind
- APMEA: $56M; +30% organic: acquisition +$6M; $3M FX benefit

Adj. EBITDA and Adj. Operating Margin (%)*



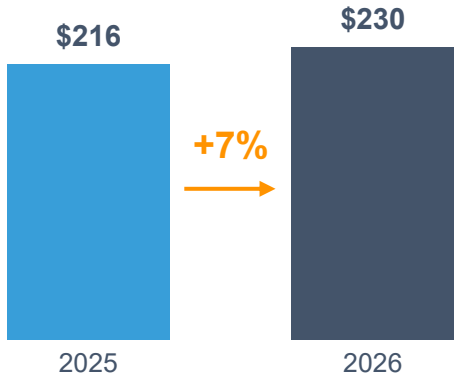
- Adj. EBITDA: $169M, +32%
- Adj. operating income: $152M, +34%
- Segment margin
  - Americas: 25.5%; +180 bps
  - Europe: 14.5%; +230 bps
  - APMEA: 21.1%; +170 bps
- Excludes impact of tariff refunds

Adj. EPS ($)*



- Operations: +$0.74
- Acquisitions: +$0.11
- Net interest / FX / other income: Flat
- Tax: +$0.05; Adj. ETR 24.6%
- Excludes impact of tariff refunds

YTD FCF ($M)*



- Cash flow: +$14M
  - Higher net income, including tariff refunds
  - Offset by higher working capital, capex, and cash taxes
- Anticipate strong Q4 FCF
- Balance sheet remains strong

* See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

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Q4 and Full Year 2026 Outlook*

	Previous FY Outlook	Updated FY Outlook	Q4 Outlook
Sales Growth	**Reported +14% to +17% Organic +8% to +11%****	**Reported +17% to +18% Organic +11% to +12%****	**Reported +11% to +14% Organic +9% to +12%****
Segment Organic Growth	Americas: +9% to +12% Europe: +1% to +4% APMEA: +9% to +12%	Americas: +12% to +13% Europe: +5% to +6% APMEA: +18% to +19%	Americas: +11% to +14% Europe: +2% to +5% APMEA: +9% to +12%
Acquired	Americas ~+$105M to +$110M APMEA ~+$21M to +$22M	Americas ~+$107M to +$109M APMEA ~+$21M to +$22M	Americas ~+$13M to +$15M APMEA ~+$3M to +$4M
80/20	Americas ~($25M) to ($26M)** Europe ~($6M) to ($8M)**	Americas ~($26M) to ($28M)** Europe ~($4M) to ($5M)**	Americas ~($4M) to ($6M)** Europe ~($1M) to ($2M)**
FX	Sales ~+$18M EPS ~+$0.06	Sales ~+$20M EPS ~+$0.07	Sales ~($2M) EPS ~($0.01)
Adj. EBITDA Margin	**22.1% to 22.7% / +20 bps to +80 bps**	**22.6% to 22.7% / +70 bps to +80 bps**	**21.6% to 22.2% / +20 bps to +80 bps**
Adj. Op. Margin	**19.8% to 20.4% / +20 bps to +80 bps** Americas: 24.3% to 24.9% / (20) bps to +40 bps Europe: 13.5% to 14.1% / +20 bps to +80 bps APMEA: 18.6% to 19.2% / +30 bps to +90 bps Acquisition dilution: ~(50) bps Watts / ~(100) bps Americas	**20.3% to 20.4% / +70 bps to +80 bps** Americas: 24.8% to 24.9% / +30 bps to +40 bps Europe: 14.2% to 14.3% / +90 bps to +100 bps APMEA: 19.2% to 19.3% / +100 bps to +110 bps Acquisition dilution: ~(50) bps Watts / ~(90) bps Americas	**19.1% to 19.7% / +10 bps to +70 bps** Americas: 23.7% to 24.3% / +40 bps to +100 bps Europe: 15.1% to 15.7% / Flat to +60 bps APMEA: 16.8% to 17.4% / (50) bps to +10 bps Acquisition dilution: ~Flat bps Watts / ~(20) bps Americas
Free Cash Flow	**≥ 90% of Net Income**	**≥ 90% of Net Income**	**Seasonally Strong**

* Outlook incorporates estimates as of November 4, 2026. Assumes no change in the level of impact resulting from the Middle East conflict. Incorporates the estimated impact of tariffs in place or announced as of November 3, 2026. Outlook for Adjusted EBITDA margin and Adjusted Operating Margin does not include the impact of tariff refunds and related interest income, which are classified as a special item. See Appendix for other Outlook assumptions.

** Organic growth guidance includes 80/20 product rationalization. Excluding 80/20 product rationalization, organic growth outlook would be approximately 1% higher.

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Key Takeaways



Record Q3 performance exceeded expectations across all regions



Driving growth through strategic initiatives and capitalizing on strong data center momentum



Raising full year 2026 sales and margin outlook



Capital allocation priorities remain unchanged, supported by healthy balance sheet

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Appendix

Other 2026 Outlook* Inputs

	Previous Other FY Inputs	Updated Other FY Inputs	Other Q4 Inputs
Corporate Costs	$64M to $66M	~$67M	~$19M
Net Interest Expense	~$1M to $2M	~$1M to $2M	~Flat
Stock-based Compensation	~$27M	~$28M	~$7M
Adj. Effective Tax Rate	~25%	~24% to 24.5%	~24% to 25%
Share Count	~33.5M	~33.5M	~33.5M
Capex	$60M to $65M	$65M to $70M	$16M to $21M
Depreciation and Amortization	~$67M	~$68M	~$18M
FX	Europe (EUR at 1.15) ~+$10M Americas (CAD) ~Flat APMEA (RMB/AUD/NZD) ~+$8M	Europe (EUR at ~1.15) ~+$10M Americas (CAD) ~Flat APMEA (RMB/AUD/NZD) ~+$10M	Europe (EUR at ~1.12) ~($4M) Americas (CAD) ~Flat APMEA (RMB/AUD/NZD) ~+$2M

WATTS®

* As of November 4, 2026. See Appendix for reconciliation of non-GAAP measures to their corresponding GAAP measures.

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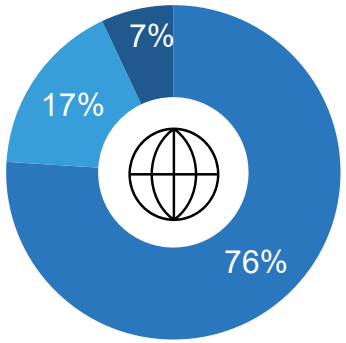
Watts Water Snapshot (NYSE: WTS)

2025 Key Statistics

With 5 Year Performance vs. 2020

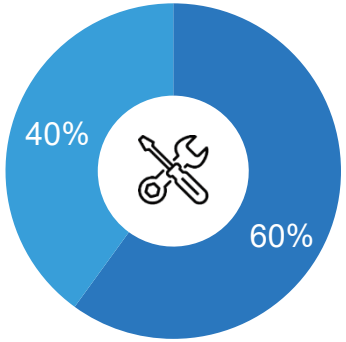
$10.58	19.6%	$1.99	$2.4B	100%	20.5%	103%
Adj. EPS +22% CAGR	Adj. Operating Margin +670 bps Expansion	Dividends +17% CAGR	Net Sales 10% CAGR	5-yr Avg Free Cash Flow Conversion	ROIC (GAAP) +880 bps Expansion	5-yr Avg Reinvestment

Geography*



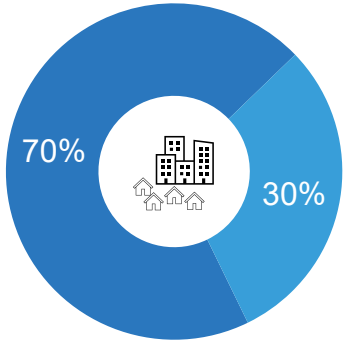
- Americas
- Europe
- APMEA

End Markets



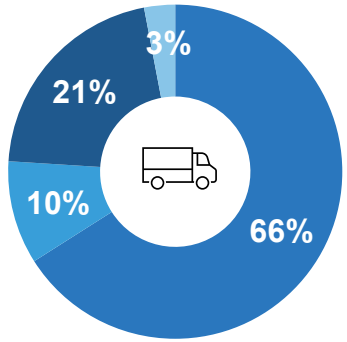
- Repair & Replace
- New Construction

End Markets*



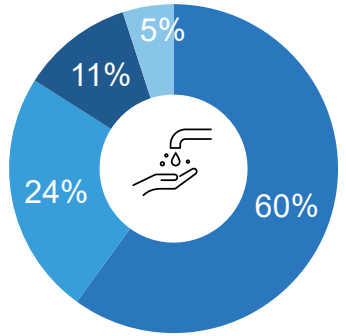
- Non-Residential
- Residential

Channels



- Wholesale
- OEM
- Specialty
- DIY

Products*



- Flow Control and Protection
- HVAC & Gas
- Drainage & Water Re-use
- Water Quality

*Reflects proforma sales assuming all 2025 acquisitions were acquired as of January 1, 2025

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Key Themes



Recognized Leader

Global reach with leading market positions in commercial, residential and light industrial water space



Aligned to Long-term Secular Trends and Diverse Markets

Solutions aligned with global macro trends

Broad portfolio diversifies market exposure



Focus on Innovation and Profitable Growth

Continuing investment in digital strategy

Driving One Watts Performance System to expand margins



Accretive Capital Deployment and Strong Balance Sheet

Targeting >100% cash conversion with efficient capital structure

Balanced capital allocation



Resilient Business Model Tested Across Economic Cycles

Large installed base; strong repair and replacement footprint

Focused on long-term strategy

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Consolidated Statements of Operations

	Third Quarter			
	2026	2025	B/(W)	%
Net sales	$728.0	$611.7	$116.3	19%
Cost of goods sold	327.0	313.3	(13.7)	(4%)
Gross profit	**401.0**	**298.4**	**102.6**	**34%**
	55.1%	*48.8%*	*630 bps*	
Selling, general & administrative expenses	209.9	185.1	(24.8)	(13%)
	28.8%	*30.3%*	*(150) bps*	
Restructuring	0.3	1.9	1.6	84%
Operating income	**190.8**	**111.4**	**79.4**	**71%**
	26.2%	*18.2%*	*800 bps*	
Other (income) expense	(1.1)	0.4	1.5	375%
Income before taxes	191.9	111.0	80.9	73%
Provision for income taxes	46.5	28.8	(17.7)	(61%)
Net income	$145.4	$82.2	$63.2	77%
Diluted earnings per share	**$4.34**	**$2.45**	**$1.89**	**77%**

(M) (Unaudited)

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Reconciliation of Net Sales to Organic Net Sales

Third Quarter	Americas	Europe	APMEA	Total
Net sales 2026	$552.6	$119.8	$55.6	$728.0
Net sales 2025	$464.1	$111.6	$36.0	$611.7
Dollar change	$88.5	$8.2	$19.6	$116.3
Net sales % increase	**19%**	**7%**	**54%**	**19%**
Foreign exchange impact	-	*2%*	*(7%)*	-
Acquisition impact	*(7%)*	-	*(17%)*	*(7%)*
Organic sales % increase	**12%**	**9%**	**30%**	**12%**

Nine Months	Americas	Europe	APMEA	Total
Net sales 2026	$1,652.7	$365.8	$149.9	$2,168.4
Net sales 2025	$1,380.8	$331.0	$101.6	$1,813.4
Dollar change	$271.9	$34.8	$48.3	$355
Net sales % increase	**20%**	**11%**	**48%**	**20%**
Foreign exchange impact	-	*(5%)*	*(8%)*	*(2%)*
Acquisition impact	*(7%)*	-	*(18%)*	*(6%)*
Organic sales % increase	**13%**	**6%**	**22%**	**12%**

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Reconciliation of GAAP to Non-GAAP Measures

	Third Quarter		Nine Months	
	2026	2025	2026	2025
Net Sales	$728.0	$611.7	$2,168.4	$1,813.4
Operating income	$190.8	$111.4	$477.8	$334.4
Operating margin %	*26.2%*	*18.2%*	*22.0%*	*18.4%*
Adjustments for special items:				
Restructuring	$0.3	$1.9	$6.1	$22.6
Acquisition-related costs	-	-	3.1	1.5
Tariff refunds	(39.3)	-	(39.3)	-
Adjusted operating income	$151.8	$113.3	$447.7	$358.5
Adjusted operating margin %	*20.9%*	*18.5%*	*20.6%*	*19.8%*
Net income	$145.4	$82.2	$363.3	$257.1
Adjustments for special items - tax effected:				
Restructuring	$0.2	$1.5	$4.6	$17.0
Acquisition-related costs	-	-	2.4	1.0
Tariff refunds	(31.6)	-	(31.6)	-
Tax adjustment items	-	-	-	(8.3)
Adjusted net income	$114.0	$83.7	$338.7	$266.8
Diluted earnings per share	$4.34	$2.45	$10.84	$7.67
Adjustments for special items	(0.94)	0.05	(0.74)	0.29
Adjusted diluted earnings per share	$3.40	$2.50	$10.10	$7.96

(M) (Unaudited)

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Segment Earnings and Margin Summary

	Third Quarter 2026					Third Quarter 2025				
	Americas	Europe	APMEA	Corp.	Consolidated	Americas	Europe	APMEA	Corp.	Consolidated
Segment earnings / Corp expenses / Adj. OI	$140.7	17.4	11.7	(18.0)	$151.8	$110.0	13.6	7.0	(17.3)	$113.3
Segment margin / Adjusted operating margin %	*25.5%*	*14.5%*	*21.1%*		*20.9%*	*23.7%*	*12.2%*	*19.4%*		*18.5%*
Adjustments for special items	$39.3	(0.3)	-	-	$39.0	$ -	(1.9)	-	-	($1.9)
Operating Income					$190.8					$111.4
Operating Margin					*26.2%*					*18.2%*

	Nine Months 2026					Nine Months 2025				
	Americas	Europe	APMEA	Corp.	Consolidated	Americas	Europe	APMEA	Corp.	Consolidated
Segment earnings / Corp expenses / Adj. OI	$415.3	50.6	29.9	(48.1)	$447.7	$343.5	41.7	19.0	(45.7)	$358.5
Segment margin / Adjusted operating margin %	*25.1%*	*13.8%*	*20.0%*		*20.6%*	*24.9%*	*12.6%*	*18.6%*		*19.8%*
Adjustments for special items	$35.3	(4.1)	(1.1)	-	$30.1	($1.5)	(22.5)	(0.1)	-	($24.1)
Operating Income					$477.8					$334.4
Operating Margin					*22.0%*					*18.4%*

(M) (Unaudited)

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Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

	Nine Months	
	2026	2025
Net cash provided by operating activities	$278.9	$247.3
Less: additions to property, plant, equipment and other long-lived assets	(48.8)	(31.3)
Plus: proceeds from the sale of property, plant, and equipment	0.1	-
Free cash flow	$230.2	$216.0
Net income	$363.3	$257.1
Cash conversion rate of free cash flow to net income	63%	84%

(M) (Unaudited)

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Reconciliation of Long-term Debt (Including Current Portion) to Net Debt to Capitalization Ratio

	September 27, 2026	December 31, 2025
Current portion of long-term debt	$ -	$ -
Plus: Long-term debt, net of current portion	98.2	197.7
Less: Cash and cash equivalents	(444.8)	(405.5)
Net debt	($346.6)	($207.8)
Net debt	($346.6)	($207.8)
Plus: Total stockholders' equity	2,319.4	2,027.7
Capitalization	$1,972.8	$1,819.9
Net debt to capitalization ratio	(18%)	(11%)

(M) (Unaudited)

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Calculations of EBITDA & Gross and Net Leverage

	Third Quarter Ended September 27, 2026	Third Quarter Ended September 28, 2025	Trailing Twelve Months Through September 27, 2026
Sales	$728.0	$611.7	$2,793.6
Net income – as reported	$145.4	$82.2	$447.0
Plus: Interest (income) expense, net	(1.4)	0.2	-
Plus: Income taxes	46.5	28.8	143.2
Plus: Depreciation	10.3	9.2	38.6
Plus: Amortization	5.9	5.1	23.7
EBITDA – Earnings before interest, taxes, depreciation and amortization	$206.7	$125.5	$652.5
EBITDA Margin %	*28.4%*	*20.5%*	*23.4%*
Adjustments for special items (excluding depreciation & amortization) & amortization of cloud computing arrangements	(37.9)	2.2	(22.1)
Adjusted EBITDA – Adjusted earnings before interest, taxes, depreciation and amortization	$168.8	$127.7	$630.4
Adjusted EBITDA Margin %	*23.2%*	*20.9%*	*22.6%*
Gross debt as of September 27, 2026			$98.2
Less: Cash & cash equivalents as of September 27, 2026			(444.8)
Net debt			($346.6)
Gross debt to EBITDA ratio (Gross leverage)			0.2x
Net debt to EBITDA ratio (Net leverage)			(0.5x)

(M) (Unaudited)

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Reconciliation of “Adjusted” Non-GAAP Effective Tax Rate

	Third Quarter		Nine Months	
	2026	2025	2026	2025
Income before income taxes	$191.9	$111.0	$477.0	$332.6
Provision for income taxes	$46.5	$28.8	$113.7	$75.5
Effective tax rate	*24.2%*	*25.9%*	*23.8%*	*22.7%*
Income before income taxes	$191.9	$111.0	$477.0	$332.6
Total adjustments for special items *	(40.6)	1.9	(31.7)	24.1
Adjusted Income before income taxes	$151.3	$112.9	$445.3	$356.7
Provision for income taxes	$46.5	$28.8	$113.7	$75.5
Tax effect of total adjustment for special items *	(9.2)	0.4	(7.1)	14.4
Adjusted provision for income taxes	$37.3	$29.2	$106.6	$89.9
Adjusted effective tax rate	*24.6%*	*25.8%*	*23.9%*	*25.2%*

(M) (Unaudited)

* Includes the effect of interest income related to the tariff refunds received of $1.6 million for third quarter and nine months ended of 2026

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Reconciliation between GAAP and Non-GAAP Measures Included in 2026 Outlook*

	Fourth Quarter 2026	Full Year 2026
Net Sales		
Net sales growth	+11% to +14%	+17% to +18%
Forecasted impact of acquisition / FX	(2%)	(6%)
Organic net sales growth	+9% to +12%	+11% to +12%
Operating Margin		
Operating margin range	20.3% to 20.9%	21.6% to 21.7%
Forecasted restructuring / other costs	(1.2%)	(1.3%)
Adjusted operating margin range	19.1% to 19.7%	20.3% to 20.4%

* As of November 4, 2026.

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