



Third Quarter 2025 Results

October 28, 2025



Stephen M. Shafer
President and
Chief Executive Officer



Charles T. Lauber
Executive Vice President
and Chief Financial Officer

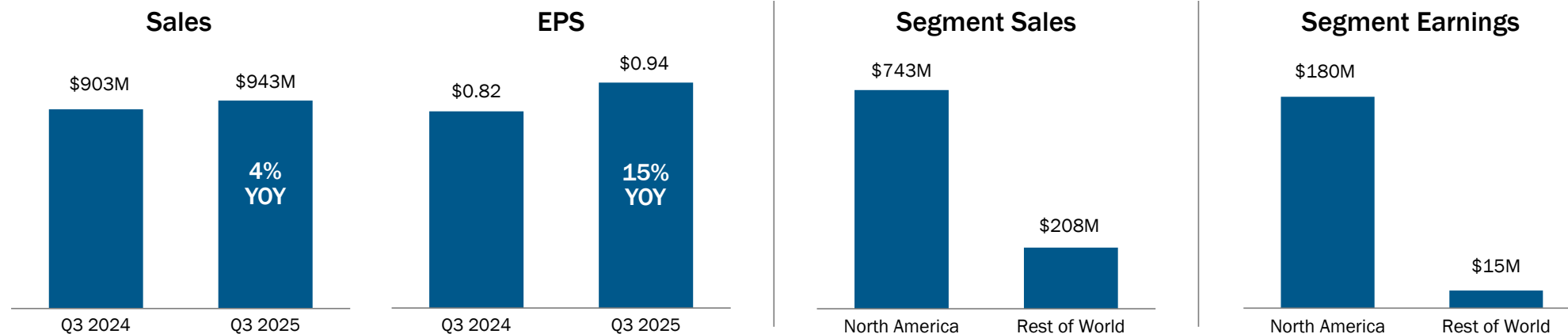


Helen E. Gurholt
Vice President - Investor Relations,
Financial Planning & Analysis

Forward Looking Statements

This presentation contains statements that we believe are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue,” “forecast,” “guidance” or words of similar meaning. Important factors that could cause actual results to differ materially from these expectations include, among other things, the following: negative impact to the Company’s businesses from international tariffs, including any new or increased tariffs that could also trigger retaliatory responses from other countries, as well as, trade disputes and geopolitical differences, including the conflicts in Ukraine and the Middle East; further softening in U.S. residential and commercial water heater demand; negative impacts to the Company, particularly the demand for its products, resulting from global inflationary pressures or a potential recession in one or more of the markets in which the Company participates; the Company’s ability to continue to obtain commodities, components, parts and accessories on a timely basis through its supply chain and at expected costs; further weakening in North American residential or commercial construction or instability in the Company’s replacement markets; inability of the Company to implement or maintain pricing actions; inconsistent recovery of the Chinese economy or a further decline in the growth rate of consumer spending or housing sales in China; the availability, timing or effects of China stimulus programs; uncertain outcomes and costs and other potential impacts of the Company’s assessment relating to the Company’s China business; potential weakening in the high-efficiency gas boiler segment in the U.S.; substantial defaults in payment by, material reduction in purchases by or the loss, bankruptcy or insolvency of a major customer; foreign currency fluctuations; the Company’s inability to successfully integrate or achieve its strategic objectives resulting from acquisitions; failure to realize the expected benefits of acquisitions or expected synergies; failure to realize the expected benefits, timing and extent of regulatory changes; competitive pressures on the Company’s businesses, including new technologies and new competitors; the impact of potential information technology or data security breaches; negative impact of changes in government regulations or regulatory requirements; the inability to respond to secular trends toward decarbonization and energy efficiency; and adverse developments in general economic, political and business conditions in key regions of the world. . Forward-looking statements included in this presentation are made only as of the date of this presentation, and the Company is under no obligation to update these statements to reflect subsequent events or circumstances. All subsequent written and oral forward-looking statements attributed to the Company, or persons acting on its behalf, are qualified entirely by these cautionary statements. This presentation contains certain non-GAAP financial measures as that term is defined by the SEC. Non-GAAP financial measures are generally identified by “Adjusted” (Adj.) or “Non-GAAP.”

Third Quarter Performance and Highlights



Highlights

- Net sales increased 4 percent to \$943M
- EPS increased 15 percent to \$0.94

North America

- Sales up 6 percent primarily due to pricing actions and higher volumes
- Segment margin increased 110 bps to 24.2 percent

Rest of World

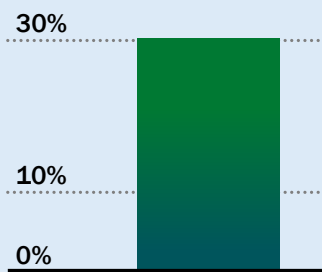
- Sales down 1 percent due to lower sales in China partially offset by Pureit acquisition sales and legacy India sales growth
- Segment margin increased 90 bps to 7.4 percent

Commitment to Sustainability

Greenhouse Gas

GOAL: 10% intensity reduction by 2025¹

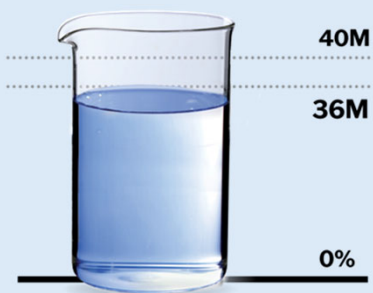
STATUS: Achieved 30% intensity reduction in 2024, exceeding 2025 goal



Water

GOAL: Annual savings of 40M gallons by 2030²

STATUS: 36M gallons saved



Waste

GOAL: 525,000 pounds of waste diverted from the landfill by 2027³

STATUS: Established 2024 baseline



Manufacturing Innovation and Continuous Improvement 5-Year Progress on Environmental Goals

2019

Established greenhouse gas goal

2023

Water stewardship program launched
The Water Council – WAVE Verified

2024

Established water goal

2025

The Water Council – WAVE Action Verified
Established landfill waste diversion goal



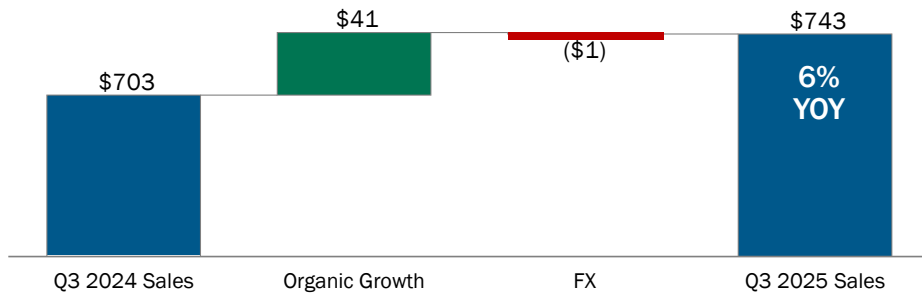
¹ 2019 baseline

² 2023 baseline; water savings = water reduced + water recycled; M = million

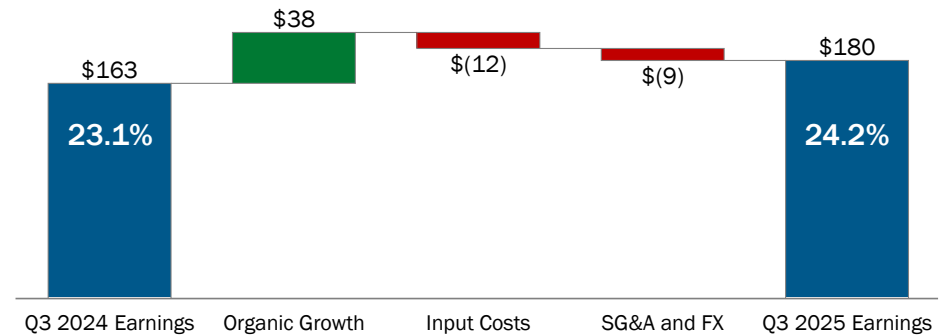
³ 2024 baseline; 7 largest North America manufacturing plants; landfill diversion = waste reduction, recycling, energy recovery

Third Quarter North America Segment

Segment Sales (\$M)



Segment Operating Earnings (\$M)

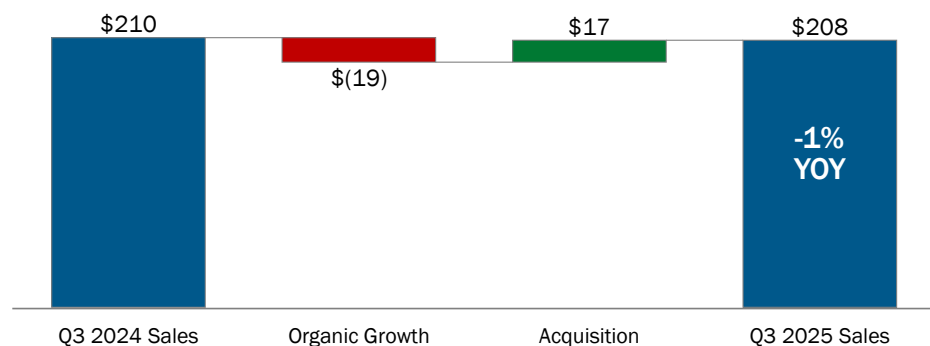


- Sales increased primarily due to pricing actions and commercial water heater volumes
- Boilers sales increased 10 percent
- North America Water Treatment priority dealer, e-commerce and direct-to-consumer channels grew 11 percent

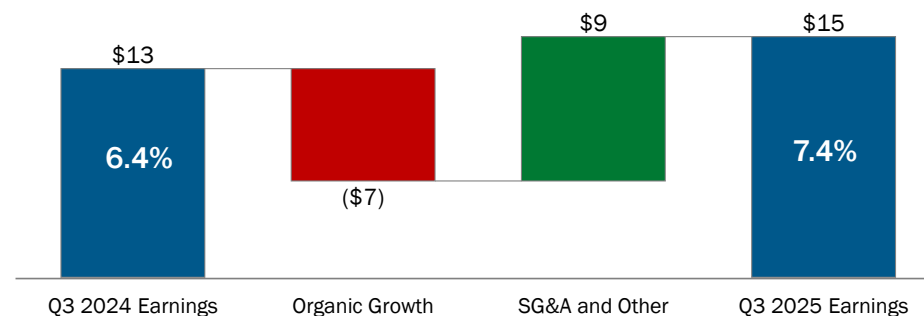
- Higher earnings primarily due to pricing actions and higher commercial water heater and boiler volumes partially offset by higher input costs
- Tariff impacts more than offset lower steel costs
- Segment margin was 24.2 percent, an increase of 110 bps

Third Quarter Rest of World Segment

Segment Sales (\$M)



Segment Operating Earnings (\$M)



- Sales decrease 1 percent primarily due to lower China volumes, partially offset by higher sales in India
- China third-party sales declined 12 percent in local currency due to continued weak consumer demand and competitive dynamics
- Legacy India business grew 13 percent and Pureit added \$17 million to the quarter

- Operating earnings increased as cost control efforts more than offset lower volumes in China
- Segment operating margin expanded 90 basis points even on lower sales
- Pureit integration on track

\$173M
Cash balance²

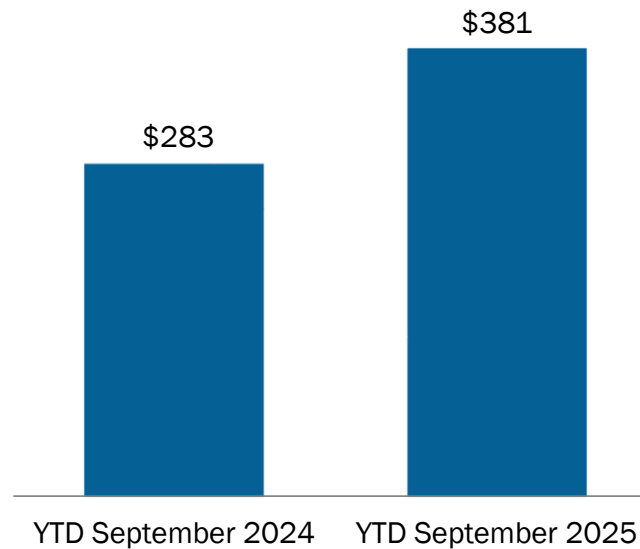
9.2%
Debt to capital ratio

\$13M
Net debt position

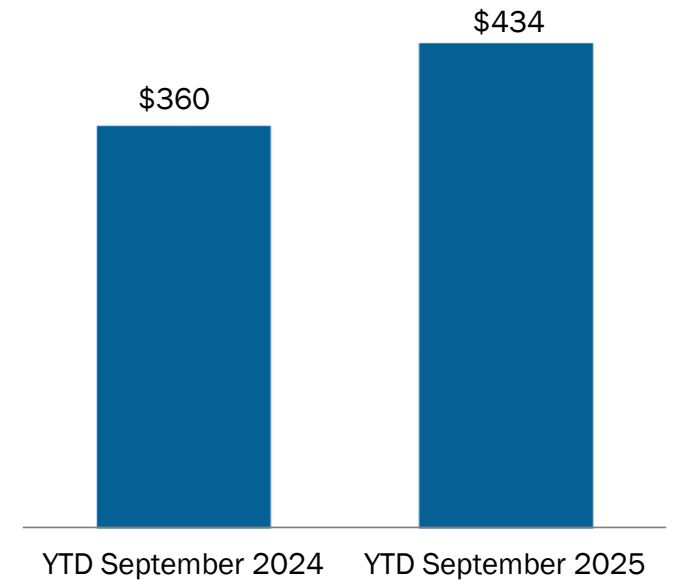
~5M
Shares repurchased
YTD¹ totaling ~\$335M

Cash Flow and Liquidity¹

Free Cash Flow (\$M)

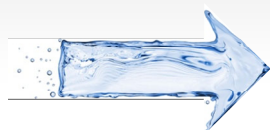


Cash Flow From Operations (\$M)



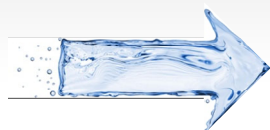
Capital Allocation Priorities

Organic Growth



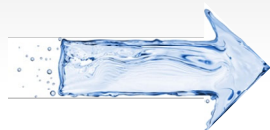
- Driving organic growth: developing products aligned to upcoming regulatory changes, investing in productivity and continuing to build the strength of the core

Acquisitions



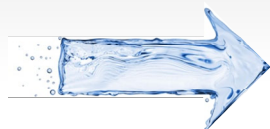
- Disciplined focus on transactions that expand/grow the core, enable geographic growth, expand technology capabilities, and establish adjacencies
- Continued focus within North America Water Treatment
- Portfolio management

Dividends



- Quarterly dividend increased 6 percent
- Five-year CAGR of 7 percent
- Over 30 consecutive years of dividend increases

Share Repurchases



- \$335 million through September 2025; \$400 million projected for the full year

2025 Outlook and Assumptions¹

	2025 Guidance	2024
Diluted EPS (GAAP)	\$3.70 - \$3.85	\$3.63
Restructuring and impairment expense	-	\$0.10 ¹
Adjusted EPS (non-GAAP)	\$3.70 - \$3.85	\$3.73
¹ Includes pre-tax restructuring and impairment expenses of \$6.3 million and \$11.3 million, within the North America segment and the Rest of World segment, respectively.		

Revenue Increase	~Flat to 1%
U.S. Residential Water Heater Industry	~Flat
Commercial Water Heater Industry	~LSD
China Sales Decrease (Local Currency)	~-10%
North American Boiler Sales Growth	~4% to 6%
North American Water Treatment Decrease	~-5%
North America Segment Margin	~24% to 24.5%
Rest of World Segment Margin	~8%
Free Cash Flow	~\$500M
Capital Expenditures	~\$75M
Depreciation & Amortization	~\$80M
Interest Expense	~\$15M to \$20M
Corporate/Other Expense	~\$75M
Effective Tax Rate	~24%
Share Repurchase	~\$400M
Share Count - Diluted	~142M

Third Quarter Messages



Total Company sales grew 4% to \$943M and EPS grew 15% to \$0.94



Continued focus on Operational Excellence, Innovation and Portfolio Management for future value creation



North America segment sales grew 6% and water heaters outperformed the market in the quarter



Strong performance from growth priorities in India and boilers and key water treatment channels in North America



Assessment of China business in process to ensure business is positioned well for the future

Appendix

Powerful Investment Thesis

1

Leading with innovative products that drive technology and meet sustainability needs

2

Capitalizing on global megatrends in a large and growing market supported by regulatory changes

3

Leading North American water heater and boiler producer with stable and consistent replacement demand

4

Compelling brand awareness in emerging markets with attractive growth and margin expansion opportunities

5

Leveraging strong balance sheet for organic and inorganic growth while returning capital to shareholders

Free Cash Flow

(\$ in Millions)

The following is a reconciliation of reported cash flow from operating activities to free cash flow (non-GAAP):

	Nine Months Ended September 30,	
	2025	2024
Cash provided by operating activities (GAAP)	\$ 433.7	\$ 359.9
Less: Capital expenditures	(53.2)	(77.4)
Free cash flow (non-GAAP)	\$ 380.5	\$ 282.5

