

# Q1 2018 EARNINGS RELEASE

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*April 19, 2018*

# FORWARD-LOOKING STATEMENTS

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## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

*THIS PRESENTATION CONTAINS STATEMENTS THAT WE BELIEVE TO BE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. ALL STATEMENTS, OTHER THAN STATEMENTS OF HISTORICAL FACT ARE FORWARD-LOOKING STATEMENTS. WITHOUT LIMITATION, ANY STATEMENTS PRECEDED OR FOLLOWED BY OR THAT INCLUDE THE WORDS "TARGETS," "PLANS," "BELIEVES," "EXPECTS," "INTENDS," "WILL," "LIKELY," "MAY," "ANTICIPATES," "ESTIMATES," "PROJECTS," "SHOULD," "WOULD," "POSITIONED," "STRATEGY," "FUTURE" OR WORDS, PHRASES OR TERMS OF SIMILAR SUBSTANCE OR THE NEGATIVE THEREOF, ARE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO RISKS, UNCERTAINTIES, ASSUMPTIONS AND OTHER FACTORS, SOME OF WHICH ARE BEYOND OUR CONTROL, WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THESE FACTORS INCLUDE THE ABILITY TO SATISFY THE NECESSARY CONDITIONS TO CONSUMMATE THE PLANNED SEPARATION OF OUR WATER BUSINESS AND ELECTRICAL BUSINESS INTO TWO INDEPENDENT, PUBLICLY-TRADED COMPANIES (THE "SEPARATION") ON A TIMELY BASIS OR AT ALL; THE ABILITY TO SUCCESSFULLY SEPARATE THE WATER AND ELECTRICAL BUSINESSES AND REALIZE THE ANTICIPATED BENEFITS FROM THE SEPARATION; ADVERSE EFFECTS ON THE WATER AND ELECTRICAL BUSINESS OPERATIONS OR FINANCIAL RESULTS AND THE MARKET PRICE OF OUR SHARES AS A RESULT OF THE ANNOUNCEMENT OR CONSUMMATION OF THE SEPARATION; UNANTICIPATED TRANSACTION EXPENSES, SUCH AS LITIGATION OR LEGAL SETTLEMENT EXPENSES; CHANGES IN TAX LAWS; THE IMPACT OF THE SEPARATION ON OUR EMPLOYEES, CUSTOMERS AND SUPPLIERS; OVERALL GLOBAL ECONOMIC AND BUSINESS CONDITIONS IMPACTING THE WATER AND ELECTRICAL BUSINESSES; FUTURE OPPORTUNITIES THAT OUR BOARD MAY DETERMINE PRESENT GREATER POTENTIAL TO INCREASE SHAREHOLDER VALUE; THE ABILITY OF THE WATER AND ELECTRICAL BUSINESSES TO OPERATE INDEPENDENTLY FOLLOWING THE SEPARATION; THE ABILITY TO ACHIEVE THE BENEFITS OF OUR RESTRUCTURING PLANS; THE ABILITY TO SUCCESSFULLY IDENTIFY, FINANCE, COMPLETE AND INTEGRATE ACQUISITIONS; COMPETITION AND PRICING PRESSURES IN THE MARKETS WE SERVE; THE STRENGTH OF HOUSING AND RELATED MARKETS; VOLATILITY IN CURRENCY EXCHANGE RATES AND COMMODITY PRICES; INABILITY TO GENERATE SAVINGS FROM EXCELLENCE IN OPERATIONS INITIATIVES CONSISTING OF LEAN ENTERPRISE, SUPPLY MANAGEMENT AND CASH FLOW PRACTICES; INCREASED RISKS ASSOCIATED WITH OPERATING FOREIGN BUSINESSES; THE ABILITY TO DELIVER BACKLOG AND WIN FUTURE PROJECT WORK; FAILURE OF MARKETS TO ACCEPT NEW PRODUCT INTRODUCTIONS AND ENHANCEMENTS; THE IMPACT OF CHANGES IN LAWS AND REGULATIONS, INCLUDING THOSE THAT LIMIT U.S. TAX BENEFITS; THE OUTCOME OF LITIGATION AND GOVERNMENTAL PROCEEDINGS; AND THE ABILITY TO ACHIEVE OUR LONG-TERM STRATEGIC OPERATING GOALS. ADDITIONAL INFORMATION CONCERNING THESE AND OTHER FACTORS IS CONTAINED IN OUR FILINGS WITH THE SEC, INCLUDING OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2017. ALL FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS PRESENTATION. PENTAIR PLC ASSUMES NO OBLIGATION, AND DISCLAIMS ANY OBLIGATION, TO UPDATE THE INFORMATION CONTAINED IN THIS PRESENTATION.*

# KEY DEFINITIONS

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- **Except as Otherwise Noted All References to 2018 and 2017 Represent Our Results from Continuing Operations for the Period Indicated, Presented on an Adjusted Basis**
  - **"Core Sales" Refers to GAAP Revenue from Continuing Operations Excluding (1) the Impact of Currency Translation and (2) the Impact of Revenue from Acquired Businesses Recorded Prior to the First Anniversary of the Acquisition Less the Amount of Sales Attributable to Divested Product Lines Not Considered Discontinued Operations**
  - **Segment Income Represents Equity Income of Unconsolidated Subsidiaries and Operating Income from Continuing Operations Exclusive of Non-Cash Intangible Amortization, Certain Acquisition Related Expenses, Costs of Restructuring Activities, Impairments, and Other Unusual Non-Operating Items**
  - **Return on Sales ("ROS") Equals Segment Income Divided by Sales**
  - **All References to "New Pentair" Represent the Pentair Water Business Excluding the Pentair Electrical Business**
  - **The 2018 Full Year and Q2 Outlook for New Pentair Included herein Reflects the Anticipated Separation of the Electrical Business on April 30, 2018; the Results of the Electrical Business will be Treated as Discontinued Operations Following the Anticipated Separation**
  - **Following the Anticipated Separation of the Electrical Business, we Expect Aquatic Systems, Filtration Solutions, and Flow Technologies to be our Reportable Segments**
  - **See Appendix for GAAP to Non-GAAP Reconciliations**
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# EXECUTIVE SUMMARY

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## Q1'18

- **Delivered 4% Core Sales Growth with Both Segments Contributing Above Commitments**
- **Strong Segment Income and Adjusted EPS Growth**
- **Starting 2018 and Building Momentum into the Planned Separation**

## Separation Update

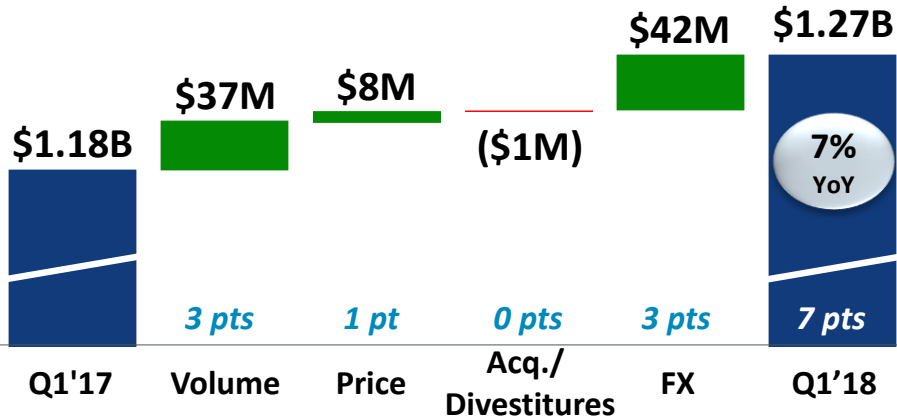
- **Form 10 Declared Effective and nVent has Begun to Trade on a “When Issued” Basis**
- **Both Pentair and nVent Management Teams and Boards are in Place and nVent Capital Structure has been Finalized**
- **On Track for Expected April 30<sup>th</sup> Separation**

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**Strong Start to 2018 and on Track for Separation**

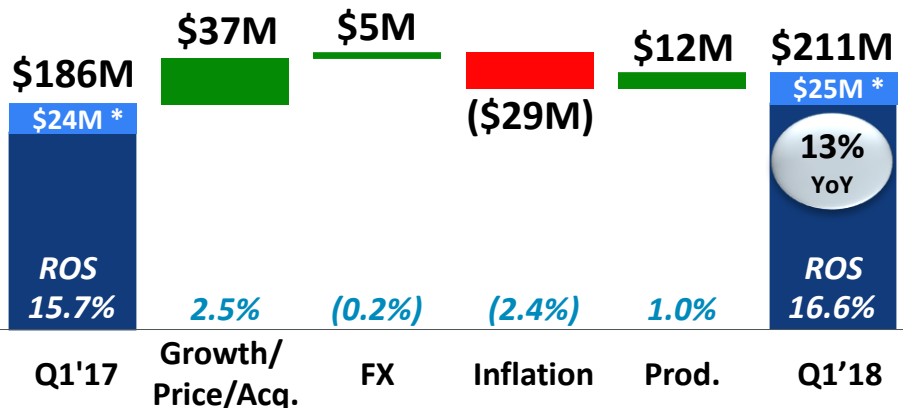
# Q1'18 PENTAIR PERFORMANCE

## SALES



## SEGMENT INCOME

\*Non-Cash Intangible Amortization



## FINANCIAL HIGHLIGHTS (YoY)

### Core Sales Up 4%

- Water Up 4%
- Electrical Up 3%

### Segment Income Up 13%

### ROS 16.6% ... Up 90 bps

### Adj. EPS \$0.88 ... Up 35%

- Adjusted Tax Rate of 18.0%
- Net Interest/Other of \$15M; Shares 181.5M

### Seasonal Cash Flow Usage Consistent with Historical Patterns

**Solid Start to 2018**

# BALANCE SHEET AND CASH FLOW

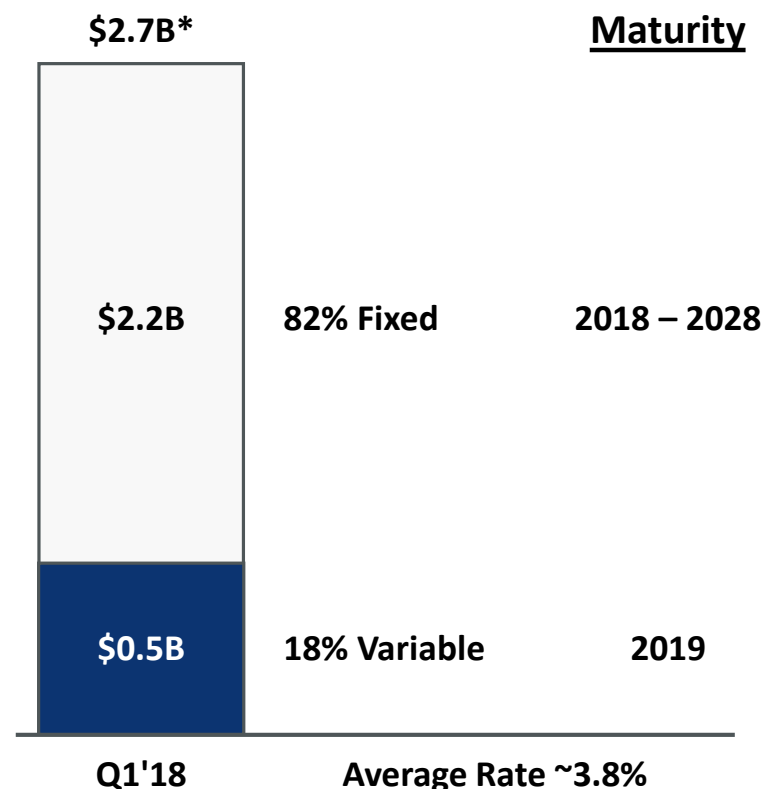
## CASH FLOW (\$M)

	Q1 2018	Q1 2017
Net Income - Continuing Ops	\$ 104	\$ 81
Amortization	25	24
<b>Subtotal</b>	<b>\$ 129</b>	<b>\$ 105</b>
Depreciation	21	21
Capital Expenditures	(17)	(24)
Asset Sales	2	--
Working Capital	(247)	(195)
Other Accruals/Other	(70)	(40)
<b>Free Cash Flow – Total</b>	<b>\$ (182)</b>	<b>\$ (133)</b>
Free Cash Flow – Discontinued Ops	(1)	(21)
<b>Free Cash Flow – Continuing Ops</b>	<b>\$ (181)</b>	<b>\$ (112)</b>

## DEBT ROLL-FORWARD (\$M)

	Q1 2018	Q1 2017
<b>Use of Cash:</b>		
<b>Beginning Debt</b>	<b>\$ 1,441</b>	<b>\$ 4,279</b>
Used (Generated) Cash	182	133
Share Repurchase	150	--
Dividends	63	63
nVent Debt Issuance	800	--
Pentair Debt Receipts	417	229
Other	(380)	(174)
<b>Ending Debt</b>	<b>\$ 2,673</b>	<b>\$ 4,530</b>

## DEBT SUMMARY



\*Does not include \$908M of cash on hand, inclusive of net ~\$800M nVent bond proceeds

## Strong Balance Sheet and Cash Flow

# NEW PENTAIR Q1'18 RESULTS AND OUTLOOK



# New Pentair Executive Summary

## Q1'18

- **Core Sales Grew 4%**
- **All Three Businesses Contributed to Improved Growth**
- **ROS Expanded 180 bps to 16.0%**

## Outlook 2018

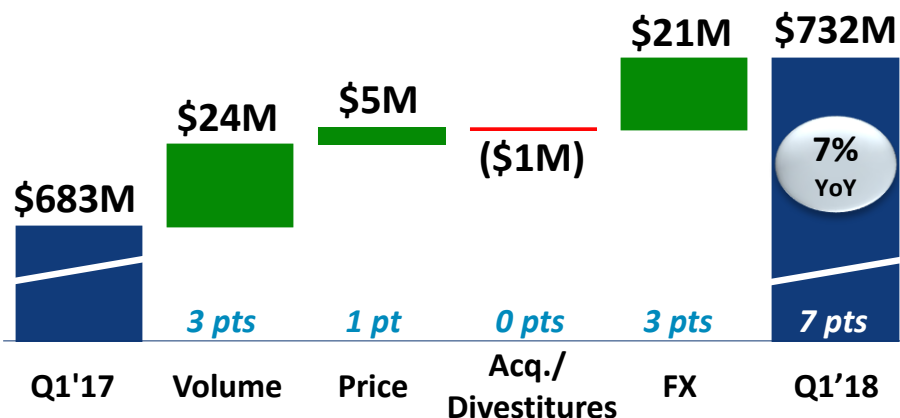
- **Expect Core Sales to Grow 3-4%**
- **Expect ROS to Expand ~50 bps to ~18%**
- **Adjusted EPS Guidance of \$2.25 - \$2.30 ... Anticipate Another Strong Free Cash Flow Year**

**A Strong Start to the New Pentair**



# Q1'18 New Pentair Performance

## Sales



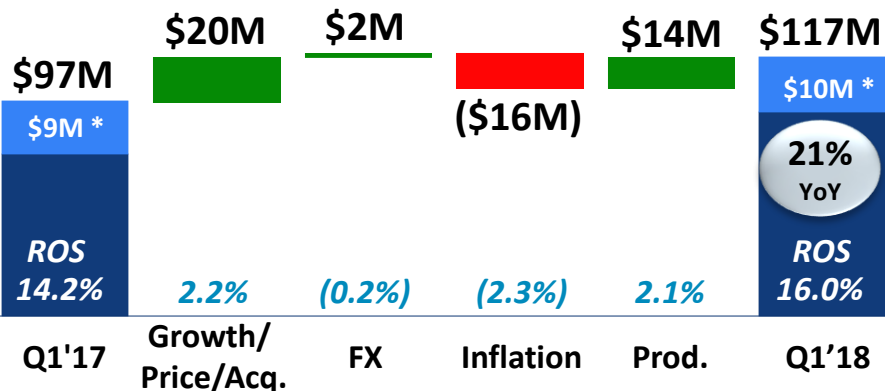
## Financial Highlights (YoY)

### Core Sales Up 4%

- Aquatic Systems Up 8%
- Filtration Solutions Up 4%
- Flow Technologies Up 2%

## Segment Income

\*Non-Cash Intangible Amortization



### Segment Income Up 21%

### ROS 16.0% ... Up 180 bps

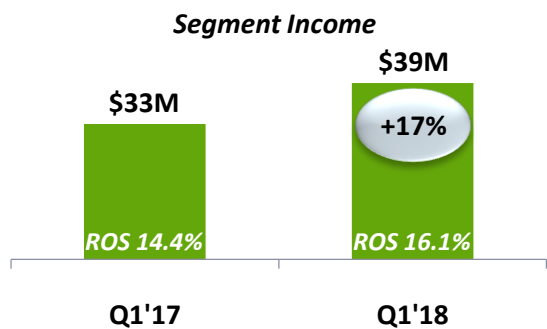
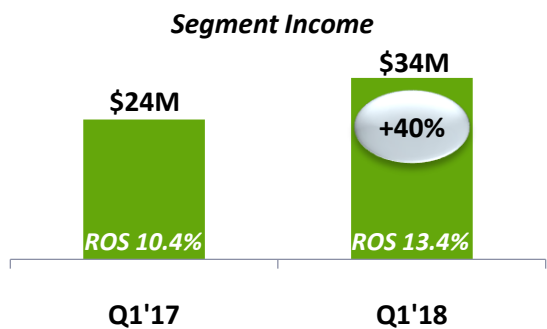
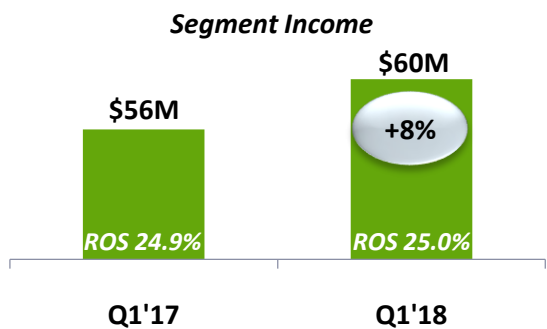
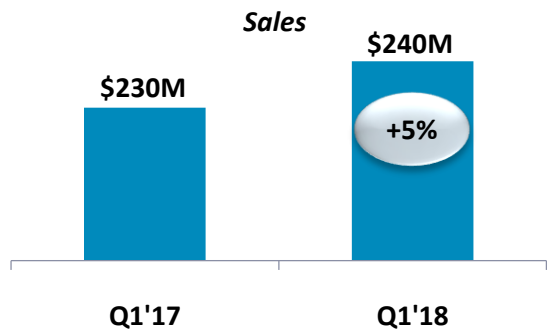
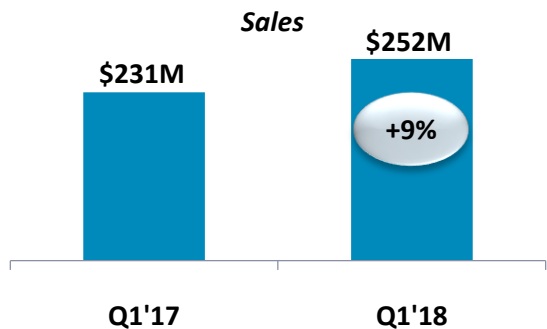
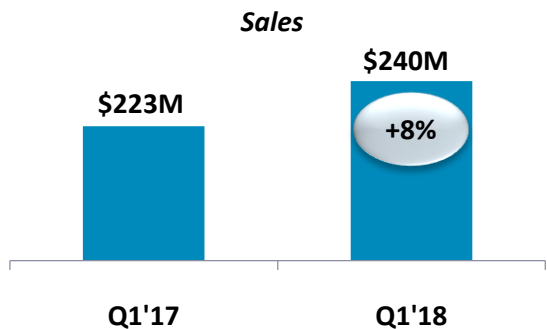
**Strong Performance Across All Businesses**

# Q1'18 New Pentair Business Performance

## Aquatic Systems

## Filtration Solutions

## Flow Technologies



- Demand Remained Healthy
- Strong New Product Pipeline
- Continued Dealer Gains

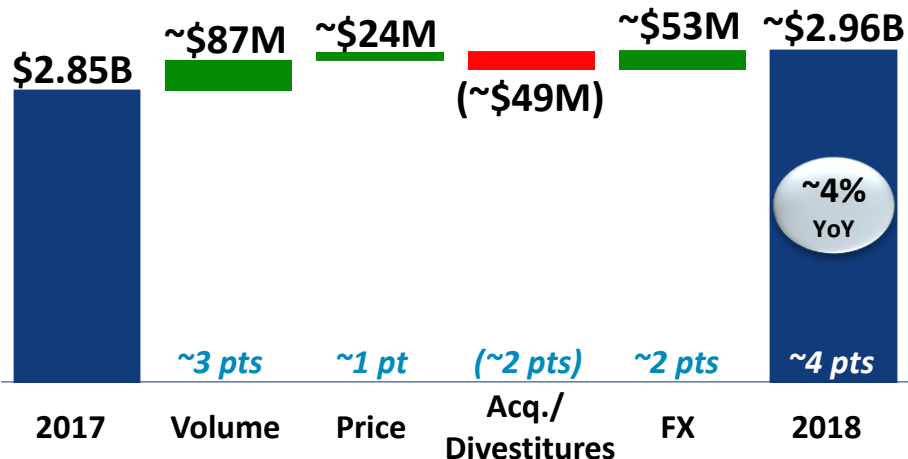
- Strong Growth in China
- Commercial Strength Globally
- Industrial Stabilization

- Strong Specialty Sales
- North America Growth
- Long Cycle Backlog Improving

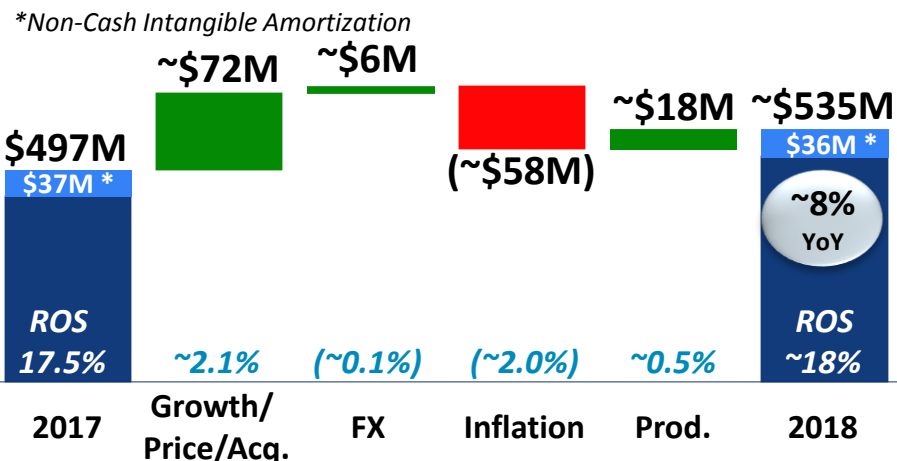
**All Three Businesses Contributed**

# 2018 New Pentair Outlook

## 2018 Sales Outlook



## 2018 Segment Income Outlook



## Summary

Core Sales Up 3-4%

- Aquatic Systems Up 5-6%
- Filtration Solutions Up 2-4%
- Flow Technologies Up 1-2%

## Summary

Segment Income Up ~8%, ROS Up ~50 bps

- ~\$25M in Incremental Growth Investments
- ~1% of Net Material Inflation
- ~1% of Net Productivity

**Positioned to Deliver Core Sales Growth and ROS Expansion**

# Q2'18 New Pentair Outlook

	<u>Q2'18</u>	<u>Q2'17</u>
Sales	~\$790M	\$754M
Op. Income	~\$106M	\$136M
Seg. Income	~\$159M	\$152M
ROS	~20%	20.1%
EPS <i>(Rpt.)</i>	\$0.44-\$0.46	N/A
EPS <i>(Adj.)</i>	\$0.67-\$0.69	N/A

## Summary

- Residential Strength Expected to Continue Driven by Continued Demand in Aquatics
- Segment Income Growth Expected while Margins Flattish Given Growth Investments
- Free Cash Flow Expected to Experience Seasonal Acceleration

## Q2'18 Financial Outlook (YoY)

### Core Sales Up ~3-4%

- Aquatic Systems Up ~7-8%
- Filtration Solutions Up ~1-2%
- Flow Technologies Up ~2-3%

### Segment Income Up ~5%

### ROS ~20% ... ~Flat

### Other Items

- Tax Rate of ~18%
- Adjusted Net Interest/Other ~\$8M
- Shares ~181M

**Seasonal Strength Expected in Q2**

# Full Year 2018 New Pentair Outlook

	<u>FY'18</u>	<u>FY'17</u>
Sales	~\$2.96B	\$2.85B
Op. Income	~\$422M	\$415M
Seg. Income	~\$535M	\$497M
ROS	~18%	17.5%
EPS <i>(Rpt.)</i>	\$1.75-\$1.80	N/A
EPS <i>(Adj.)</i>	\$2.25-\$2.30	N/A

## Summary

- All Businesses Expected to Contribute
- Margins Expected to Improve Even as Growth Investments Accelerate
- Balance Sheet Significantly Improved and Cash Flow Strength Expected

## FY'18 Financial Outlook (YoY)

### Core Sales Up 3-4%

- Aquatic Systems Up 5-6%
- Filtration Solutions Up 2-4%
- Flow Technologies Up 1-2%

### Segment Income Up ~8%

### ROS ~18% ... Up ~50 bps

- Aquatic Systems ROS ~27%
- Filtration Solutions ROS ~16%
- Flow Technologies ROS ~16%

### Other Items

- Tax Rate of ~18%
- Adjusted Net Interest/Other ~\$33M;
- Shares ~181M

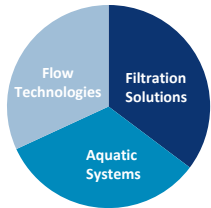
Targeting Free Cash Flow ~100% of Adjusted Net Income

An Improving Outlook Continues to Gain Momentum

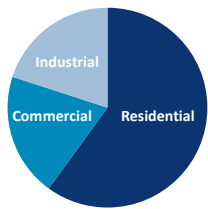
# The New Pentair Strategy Summary

**Our Vision: To be the Leading Residential & Commercial Water Treatment Company**

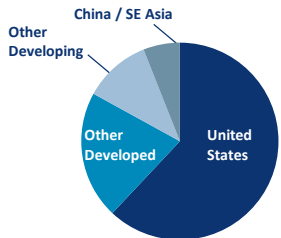
Sales by Segment



Sales by Vertical



Sales by Geography



**A Pure Play Water Company**

- ✓ ~\$3B of Revenue\*
- ✓ ~18% ROS\*
- ✓ Targeting Free Cash Flow = Adjusted Net Income

\*Represents current 2018 outlook

**Focused Strategies:**

- Advance Pool Growth
- Accelerate Residential & Commercial Filtration
- Expand in China & Southeast Asia

**Accelerated by:**

- Innovation
- Digital Transformation

**Grounded in:**

**Win Right** Values and Utilizing **PIMS** for Sustained & Consistent Performance

**Value Creation Through:**



**Revenue Growth**

- Base Core Growth
- Differentiated Growth
- Tuck-in and Bolt-on M&A



**Sustained Performance**

- Sustained Operating Margin Expansion
- Free Cash Flow = Adjusted Net Income
- ROIC Acceleration



**Smart Capital Allocation**

- Remain Investment Grade
- Fuel Core Growth Investments
- Competitive Dividend Yield
- M&A / Intelligent Buy Backs

**A Focused Residential & Commercial Pure-Play Water Treatment Company**

# New Pentair Focused Strategies

## Advance Pool Growth

Expanding  
Aftermarket Products

Ample Opportunities in  
the Fast Growing  
Automation Segment

## Accelerate Residential & Commercial Filtration

Develop Innovative Products

Engage Consumer with  
Digital Connections

Build Brand Strength

Drive Demand Through Loyal  
Dealer Network

## Expand in China & Southeast Asia

Residential Water  
Build Out Portfolio and  
Better Connect to Consumers

Commercial Foodservice  
Local Manufacturing and  
Business Model Innovation

**Prioritization of Growth Opportunities**

# New Pentair Summary

**We are a Pure Play Water Company with a Portfolio of Industry-Leading Brands and Strong Secular Trends**

**We are Driven by the Pentair Integrated Management System and have a Proven and Capable Management Team**

**We have a Large and Installed Base to Serve**

**We have a Strong Capital Structure, Robust FCF Generation, and Plan to be Disciplined with Our Capital**

**Strong Fundamentals and Attractive Opportunities Ahead**



# APPENDIX

## *GAAP to Non-GAAP Measurements & Reconciliations*

# Reported To Adjusted 2018 Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of the GAAP year ended December 31, 2018 to the non-GAAP**  
**excluding the effect of 2018 adjustments (Unaudited)**

<i>In millions, except per-share data</i>	Actual	Actual	Forecast			
	Pentair	Water	Water			
	First Quarter	First Quarter	Second Quarter		Full Year	
Net sales	\$ 1,269.7	\$ 732.3	approx	\$ 790	approx	\$ 2,960
Operating income	152.3	89.5	approx	106	approx	422
<i>% of net sales</i>	<i>12.0%</i>	<i>12.2%</i>	<i>approx</i>	<i>13%</i>	<i>approx</i>	<i>14%</i>
<b>Adjustments:</b>						
Restructuring and other	8.3	5.6	approx	—	approx	6
Intangible amortization	24.7	9.3	approx	9	approx	36
Separation costs	24.6	12.0	approx	43	approx	68
Equity income of unconsolidated subsidiaries	0.6	0.6	approx	1	approx	3
Segment income	210.5	117.0	approx	159	approx	535
<i>Return on sales</i>	<i>16.6%</i>	<i>16.0%</i>	<i>approx</i>	<i>20%</i>	<i>approx</i>	<i>18%</i>
Net income from continuing operations—as reported	104.2		approx	79	approx	319
Loss on sale of business	5.3		approx	—	approx	—
Interest expense adjustment	0.3		approx	3	approx	3
Adjustments to operating income	57.6		approx	52	approx	110
Income tax adjustments	(7.5)		approx	(10)	approx	(20)
Net income from continuing operations—as adjusted	\$ 159.9		approx	\$ 124	approx	\$ 412
<b>Continuing earnings per ordinary share—diluted</b>						
Diluted earnings per ordinary share—as reported	\$ 0.58		approx	\$0.44 - \$0.46	approx	\$1.75 - \$1.80
Adjustments	0.30		approx	0.23	approx	0.50
Diluted earnings per ordinary share—as adjusted	\$ 0.88		approx	\$0.67 - \$0.69	approx	\$2.25 - \$2.30
<b>Segment Income Reconciliation</b>						
Water segment income - as reported		\$ 132.7				
Corporate allocations		(15.7)				
Pentair segment income - as adjusted		\$ 117.0				

# Reported To Adjusted 2017 Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of the GAAP year ended December 31, 2017 to the non-GAAP**  
**excluding the effect of 2017 adjustments (Unaudited)**

<i>In millions, except per-share data</i>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Full Year</b>
<b>Total Pentair</b>					
Net sales	\$ 1,183.5	\$ 1,265.3	\$ 1,226.8	\$ 1,260.9	\$ 4,936.5
Operating income	140.6	215.0	194.3	141.3	691.2
<i>% of net sales</i>	<i>11.9%</i>	<i>17.0%</i>	<i>15.8%</i>	<i>11.2%</i>	<i>14.0%</i>
<b>Adjustments:</b>					
Restructuring and other	20.9	9.8	3.1	10.6	44.4
Intangible amortization	24.0	24.6	24.6	24.5	97.7
Tradename and other impairment	—	—	—	32.0	32.0
Separation costs	—	7.6	11.7	20.1	39.4
Equity income of unconsolidated subsidiaries	0.2	0.4	0.3	0.4	1.3
Segment income	185.7	257.4	234.0	228.9	906.0
<i>Return on sales</i>	<i>15.7%</i>	<i>20.3%</i>	<i>19.1%</i>	<i>18.2%</i>	<i>18.4%</i>
Net income from continuing operations—as reported	80.7	68.3	127.1	203.9	480.0
Loss on sale of businesses	—	—	3.8	0.4	4.2
Pension and other post-retirement mark-to-market loss	—	—	—	1.6	1.6
Loss on early extinguishment of debt	—	101.4	—	—	101.4
Adjustments to operating income	44.9	42.0	39.4	87.2	213.5
Income tax adjustments	(6.9)	(27.8)	4.1	(122.4)	(153.0)
Net income from continuing operations—as adjusted	\$ 118.7	\$ 183.9	\$ 174.4	\$ 170.7	\$ 647.7
<b>Continuing earnings per ordinary share—diluted</b>					
Diluted earnings per ordinary share—as reported	\$ 0.44	\$ 0.37	\$ 0.69	\$ 1.11	\$ 2.61
Adjustments	0.21	0.63	0.26	(0.18)	0.92
Diluted earnings per ordinary share—as adjusted	\$ 0.65	\$ 1.00	\$ 0.95	\$ 0.93	\$ 3.53

# Core Sales Growth Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of Net Sales Growth to Core Net Sales Growth by Strategic Business Group (SBG)**  
**For the Quarter Ending March 31, 2018**

	Actual			
	Q1 Net Sales Growth			
	Core	Currency	Acq. / Div.	Total
<b>Water</b>	<b>4.2%</b>	<b>3.1%</b>	<b>(0.1)%</b>	<b>7.2%</b>
Aquatic Systems	7.5%	0.7%	(0.2)%	8.0%
Filtration Solutions	3.6%	5.6%	(0.2)%	9.0%
Flow Technologies	1.7%	2.9%	—%	4.6%
<b>Electrical</b>	<b>3.1%</b>	<b>4.2%</b>	<b>—%</b>	<b>7.3%</b>
<b>Total Pentair</b>	<b>3.8%</b>	<b>3.6%</b>	<b>(0.1)%</b>	<b>7.3%</b>

**Pentair plc and Subsidiaries**  
**Reconciliation of Net Sales Growth to Core Net Sales Growth by Strategic Business Group (SBG)**  
**For the Quarter Ending June 30, 2018 and the Year Ending December 31, 2018**

		Forecast							
		Q2 Net Sales Growth				Full Year Net Sales Growth			
		Core	Currency	Acq. / Div.	Total	Core	Currency	Acq. / Div.	Total
<b>Water</b>	<b>approx</b>	<b>3 - 4 %</b>	<b>2%</b>	<b>(1)%</b>	<b>4 - 5 %</b>	<b>3 - 4 %</b>	<b>2%</b>	<b>(2)%</b>	<b>3 - 4 %</b>
Aquatic Systems	approx	7 - 8 %	—%	(1)%	6 - 7 %	5 - 6 %	—%	(1)%	4 - 5 %
Filtration Solutions	approx	1 - 2 %	4%	(2)%	3 - 4 %	2 - 4 %	3%	(2)%	3 - 5 %
Flow Technologies	approx	2 - 3 %	2%	(1)%	3 - 4 %	1 - 2 %	2%	(2)%	1 - 2 %

# Reported To Adjusted Reconciliation - Water

**Pentair plc and Subsidiaries**  
**Reconciliation of the GAAP years ended December 31, 2017 and 2016 to the non-GAAP**  
**excluding the effect of 2017 and 2016 adjustments (Unaudited)**

**Water - 2017**

<i>In millions, except per-share data</i>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Full Year</b>
Net sales	\$ 683.1	\$ 753.9	\$ 687.5	\$ 720.6	\$ 2,845.1
Operating income	76.4	135.9	109.2	93.3	414.8
<i>% of net sales</i>	11.2%	18.0%	15.9%	12.9%	14.6%
<b>Adjustments:</b>					
Restructuring and other	11.7	5.9	1.4	9.3	28.3
Intangible amortization	8.7	9.4	9.2	9.2	36.5
Tradename and other impairment	—	—	—	15.6	15.6
Equity income of unconsolidated subsidiaries	0.2	0.4	0.3	0.4	1.3
Segment income	\$ 97.0	\$ 151.6	\$ 120.1	\$ 127.8	\$ 496.5
<i>Return on sales</i>	14.2%	20.1%	17.5%	17.7%	17.5%
<b>Segment Income Reconciliation</b>					
Water segment income—as reported	\$ 116.1	\$ 161.1	\$ 130.6	\$ 138.6	\$ 546.4
Corporate allocations	(19.1)	(9.5)	(10.5)	(10.8)	(49.9)
Pentair segment income—as adjusted	\$ 97.0	\$ 151.6	\$ 120.1	\$ 127.8	\$ 496.5

**Water - 2016**

<i>In millions, except per-share data</i>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Full Year</b>
Net sales	\$ 666.2	\$ 762.1	\$ 668.5	\$ 682.1	\$ 2,778.9
Operating income	72.4	122.4	96.6	101.9	393.3
<i>% of net sales</i>	10.9%	16.1%	14.5%	14.9%	14.2%
<b>Adjustments:</b>					
Restructuring and other	0.3	8.6	0.9	(1.6)	8.2
Intangible amortization	9.1	9.0	8.9	8.6	35.6
Equity income of unconsolidated subsidiaries	0.4	1.1	1.2	1.6	4.3
Segment income	\$ 82.2	\$ 141.1	\$ 107.6	\$ 110.5	\$ 441.4
<i>Return on sales</i>	12.3%	18.5%	16.1%	16.2%	15.9%
<b>Segment Income Reconciliation</b>					
Water segment income—as reported	\$ 101.3	\$ 153.7	\$ 119.2	\$ 120.2	\$ 494.4
Corporate allocations	(19.1)	(12.6)	(11.6)	(9.7)	(53.0)
Pentair segment income—as adjusted	\$ 82.2	\$ 141.1	\$ 107.6	\$ 110.5	\$ 441.4

# Water Sales and Segment Income by Quarter - 2017

**Pentair plc and Subsidiaries**  
**Supplemental Financial Information by SBG (Unaudited)**

<i>In millions</i>	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
<b>Net sales</b>					
Aquatic Systems	\$ 222.5	\$ 253.7	\$ 211.7	\$ 251.6	\$ 939.5
Filtration Solutions	230.8	263.8	242.4	253.6	990.6
Flow Technologies	229.6	236.2	233.2	215.2	914.2
Other	0.2	0.2	0.2	0.2	0.8
Consolidated - Water	\$ 683.1	\$ 753.9	\$ 687.5	\$ 720.6	\$ 2,845.1
<b>Segment income (loss)</b>					
Aquatic Systems	\$ 55.5	\$ 74.3	\$ 53.1	\$ 71.2	\$ 254.1
Filtration Solutions	24.0	49.0	40.4	41.0	154.4
Flow Technologies	33.1	40.3	39.3	27.9	140.6
Other	(15.6)	(12.0)	(12.7)	(12.3)	(52.6)
Consolidated - Water	\$ 97.0	\$ 151.6	\$ 120.1	\$ 127.8	\$ 496.5
<b>Return on sales</b>					
Aquatic Systems	24.9%	29.3%	25.1%	28.3%	27.0%
Filtration Solutions	10.4%	18.6%	16.7%	16.2%	15.6%
Flow Technologies	14.4%	17.1%	16.9%	13.0%	15.4%
Consolidated	14.2%	20.1%	17.5%	17.7%	17.5%

# Water Sales and Segment Income by Quarter - 2016

**Pentair plc and Subsidiaries**  
**Supplemental Financial Information by SBG (Unaudited)**

<i>In millions</i>	2016				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
<b>Net sales</b>					
Aquatic Systems	\$ 197.6	\$ 249.0	\$ 192.8	\$ 238.4	\$ 877.8
Filtration Solutions	231.3	264.7	239.9	240.5	976.4
Flow Technologies	236.8	248.0	235.6	203.0	923.4
Other	0.5	0.4	0.2	0.2	1.3
Consolidated - Water	\$ 666.2	\$ 762.1	\$ 668.5	\$ 682.1	\$ 2,778.9
<b>Segment income (loss)</b>					
Aquatic Systems	\$ 42.8	\$ 65.0	\$ 45.6	\$ 64.0	\$ 217.4
Filtration Solutions	26.9	45.3	33.7	32.5	138.4
Flow Technologies	33.8	42.1	38.5	27.1	141.5
Other	(21.3)	(11.3)	(10.2)	(13.1)	(55.9)
Consolidated - Water	\$ 82.2	\$ 141.1	\$ 107.6	\$ 110.5	\$ 441.4
<b>Return on sales</b>					
Aquatic Systems	21.7%	26.1%	23.7%	26.8%	24.8%
Filtration Solutions	11.6%	17.1%	14.0%	13.5%	14.2%
Flow Technologies	14.3%	17.0%	16.3%	13.3%	15.3%
Consolidated	12.3%	18.5%	16.1%	16.2%	15.9%

# Free Cash Flow Reconciliation

**Pentair plc and Subsidiaries**  
**Reconciliation of the GAAP operating activities cash flow to the non-GAAP free cash flow (Unaudited)**

<i>In millions</i>	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Net cash provided by (used for) operating activities of continuing operations	\$ (166.9)	\$ (88.7)
Capital expenditures	(16.8)	(23.6)
Proceeds from sale of property and equipment	2.3	—
<b>Free cash flow from continuing operations</b>	<b>\$ (181.4)</b>	<b>\$ (112.3)</b>
Net cash provided by (used for) operating activities of discontinued operations	(0.7)	(17.3)
Capital expenditures of discontinued operations	—	(3.9)
Proceeds from sale of property and equipment of discontinued operations	—	0.2
<b>Free cash flow</b>	<b>\$ (182.1)</b>	<b>\$ (133.3)</b>