Badger Meter

Kenan–Flagler Business School
ALPHA CHALLENGE
The University of North Carolina

December 5th, 2024

Team: 1

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Long: Badger Meter Inc (NYSE: BMI)

Current Price: $221 (11/24/2024) | **2025 Price Target:** $274 (24% Upside)

Badger Meter Overview

Revolutionizing Water Management with Smart Metering and Software Solutions

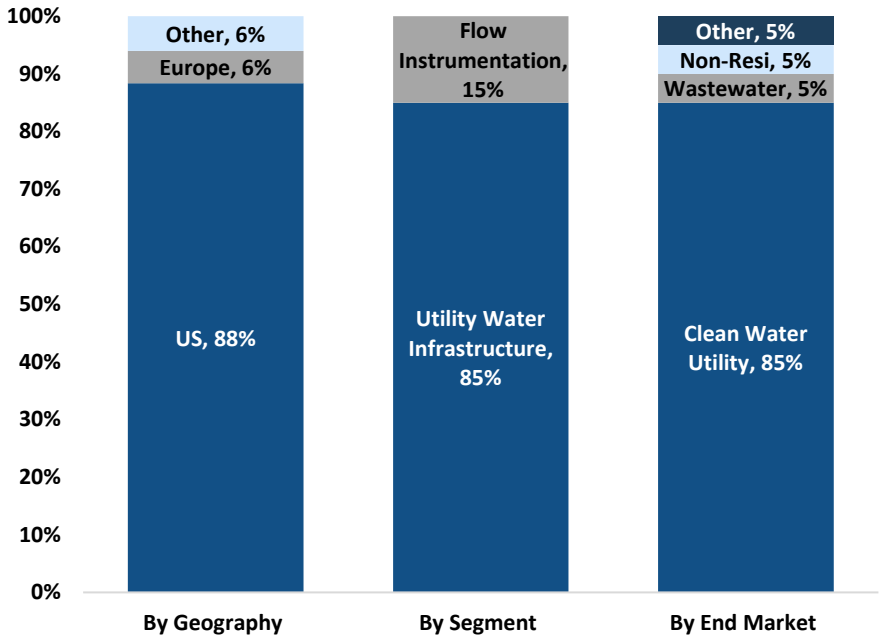
Company Description

- Pure-play provider of leading smart water management solutions
- Solutions encompass smart measurement hardware, reliable communications, and data analytics software

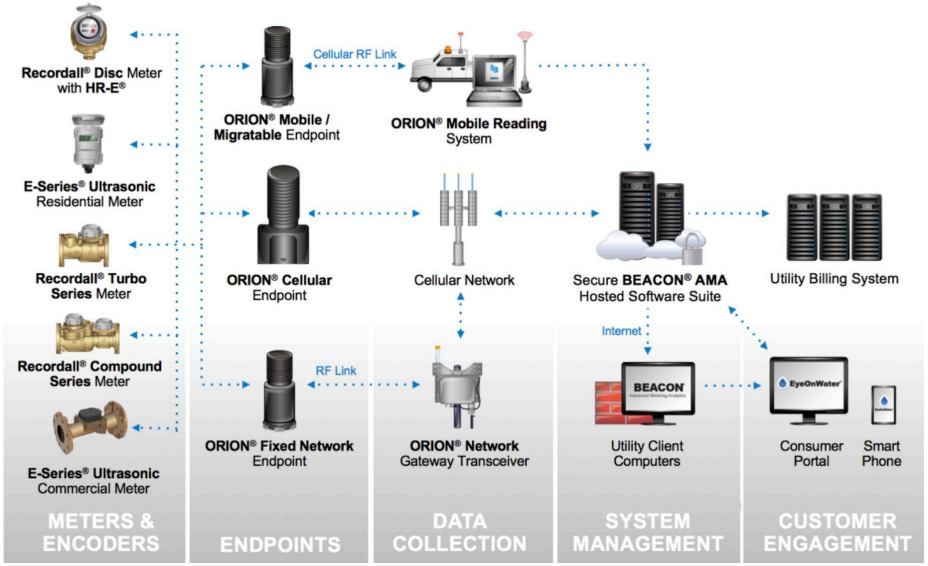
Trading and FY23 Financial Data

Current Price ($)	221.00	Revenue ($M)	704
Market Cap ($M)	6,554	Gross Margin	39%
EV ($M)	6,295	EBITDA ($M)	146
52W Low / High ($)	139.50-230.76	EPS ($)	3.14

Revenue Breakdown

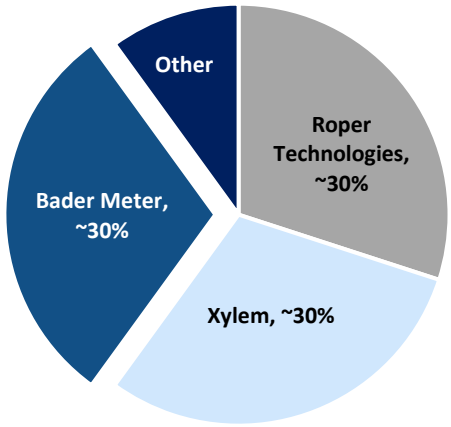


BMI Offers Integrated Water Solutions



BMI Operates in a Stable Oligopoly Market

BMI owns its distribution, where Roper and Xylem are more biased toward third party distribution



BMI operates in an attractive market with limited competition from low-cost rivals, yet lacks the high growth needed to attract software or technology firms

Sources: FactSet, Company Filings, Investor Presentations

Badger Meter: Flowing Towards The Future

We Have a Chance to Invest in an Industry Leader with Secular Growth Market Exposure and an Emerging SaaS Platform

Investment Thesis

1. **BMI's Comprehensive Product Portfolio Positions the Company to Capitalize on the Secular Shift Toward Smart Water Metering Hardware**
2. **Accelerating Adoption of AMI Technology Drives Stronger Software Sales and Fuels the Development of a Scalable, Recurring Revenue SaaS Platform**
3. **Accretive Portfolio Mix Shift and Cost Optimization Drive Sustainable Margin Expansion and Propel Earnings Growth**

Why is There an Opportunity?

1. Sell-side estimates underestimate the growth potential of metering hardware sales as utilities shift from legacy and Advanced Meter Reading (AMR) systems to Advanced Metering Infrastructure (AMI)
2. Consensus projections underestimate the growth of software as a share of total sales, overlooking the nearly 100% attachment rate between software and AMI meters, driving an increasing proportion of recurring revenue over time
3. The market has yet to fully appreciate the anticipated margin expansion driven by the growing share of SaaS in BMI's business, enhancing the overall gross margin profile and delivering attractive incremental margins

These Opportunities Underpin Our Divergence From Consensus

		Team Estimates		Consensus Estimates	
	FY 2023-A	FY 2026-E	Growth	FY 2026-E	Growth
Revenue	$704M	$1,029M	**13.5% CAGR**	$958M	**10.8% CAGR**
Gross Margin	39.3%	41.6%	**230bps**	40.0%	**70bps**
Operating Margin	16.8%	22.0%	**520bps**	20.3%	**350bps**
EPS	$3.14	$6.03	**24.3% CAGR**	$5.28	**18.9% CAGR**

Sources: FactSet, Internal Model Projections

Investment Thesis #1 – Transition to Smart Metering

Utility-Driven AMI Transition Fuels Hardware Growth

U.S. Utilities Drive Demand for Smart Water Meters to Reduce Water Loss and Lowers Costs

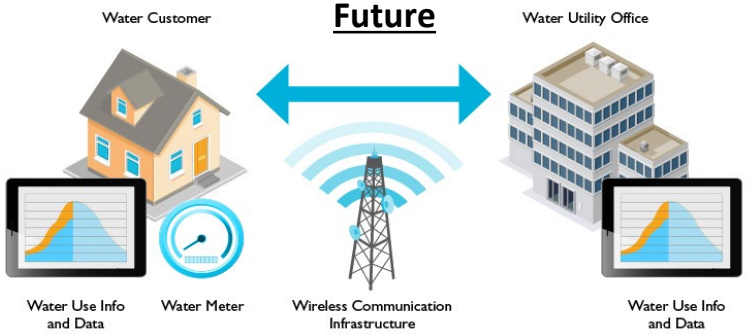
Present

Every year, U.S. Utilities underbill 20% of water, known as non-revenue water

Utilities are facing a labor shortage with ~50% of employees retiring over the next 10 years

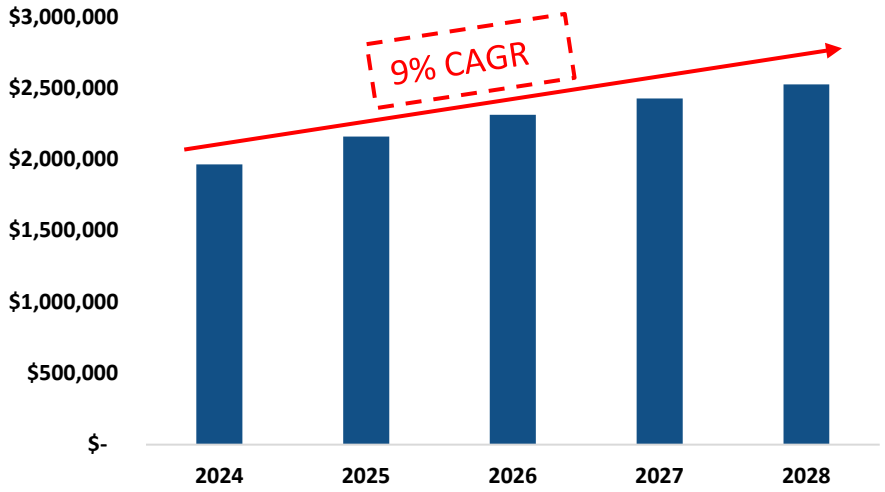
Today's meters require manual reading or drive-by radio capture

Future



- AMI enables remote, on-demand meter readings, eliminating the need for manual or drive-by readings
- Only 1/3 of U.S. utilities have adopted AMI

U.S. Smart Water Meter Market: ~$2.5B by 2028



Market Undervalues Utilities' Transition to AMI

WSSC Cost Benefit Analysis ('000)		
NPV of Life Cycle Cost	$	(256,826)
NPV of Turnover Savings	$	35,663
NPV of Labor Savings	$	17,992
NPV of Effiency Gains	$	371,096
NPV of Other Costs/Benefits	$	(30,946)
Total NPV	**$**	**136,979**
Payback Period		11 years

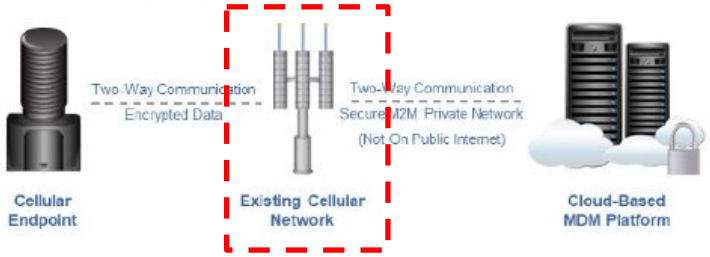
BMI Wins Share by Reducing the NPV of Life Cycle Cost by Using a Pre-existing Cellular Network to Reduce Upfront Cost

Sources: Deutsche Bank, McKinsey, Business Market Insights, Bluefield Research, City of Wyoming, WSSC AMI Cost Benefit Analysis

Investment Thesis #2 – Evolution Towards SaaS

AMI Hardware Upgrade Cycle Drives Software Growth

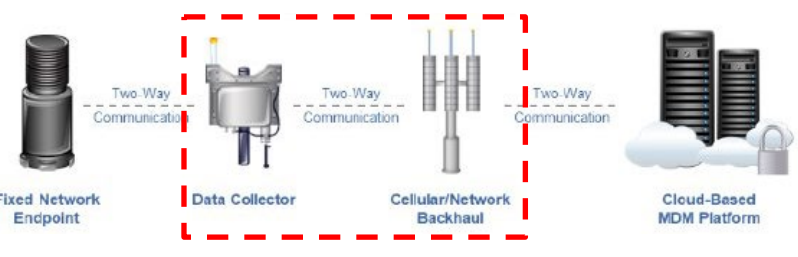
BMI – Cellular Network



BMI's approach reduces upfront costs and friction for utilities by partnering with pre-existing cellular networks, lowering initial expenses

vs

Competition – Fixed Network



Utilities incur higher upfront costs, including expenses for fixed network infrastructure, as well as ongoing, recurring fees for annual maintenance

Maximizing Recurring Revenue: 100% Software Attachment to AMI Meters

AMI meters include **BEACON network and software services** that have a **~100% attachment rate** with the physical meter

Beacon SaaS Interface

The Growing Impact of Software

Segment Revenues				
Net Sales	**FY24E**	**FY25E**	**FY26E**	**FY27E**
Hardware	$ 766,849	$ 856,278	$ 918,304	$ 956,327
Software	60,377	82,610	111,170	145,415
Segment Revenue Contribution				
% of Net Sales	**FY24E**	**FY25E**	**FY26E**	**FY27E**
Hardware	92.7%	91.2%	89.2%	86.8%
Software	7.3%	8.8%	10.8%	13.2%
Segment Growth Profiles				
YoY Growth	**FY24E**	**FY25E**	**FY26E**	**FY27E**
Hardware	16.3%	11.7%	7.2%	4.1%
Software	36.2%	36.8%	34.6%	30.8%

SaaS is Expected to Grow at >30% CAGR through FY27

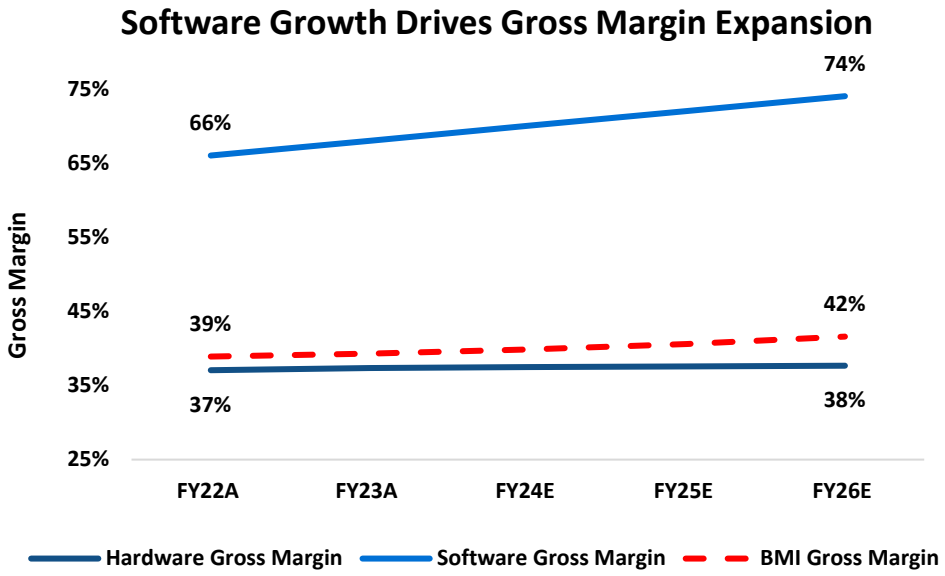
Investment Thesis #3 – Margin Expansion

Software Growth Drives Sustainable Margin Expansion

Management Does Not Provide Guidance, and the Street Does Not Bifurcate Software and Hardware Segments in its Modeling…

- Consensus underestimates the magnitude of the structural improvement in BMI's forward margin profile, driven by its developing SaaS platform
- Software offers an increasing recurring revenue stream with a ~30%+ gross margin uplift, compared to Hardware, driving both incremental and structural gross margin expansion
- The transition from legacy mechanical to AMI meters enhances value-based pricing initiatives and drives hardware margin expansion
- We believe our build-up approach is directionally correct and underscores the underappreciated importance of Software

Software Segment Increasing in Revenue Mix From 6% to 11% by FY26



…However, Implied Margins Can be Discovered Through Comparable Analysis

1 Smart Meter Software - Comparable Margins

Ropper Technologies	FY21A	FY22A	FY23A
Software - Revenue	$ 4,833,800	$ 5,371,800	$ 6,177,800
Software - COGS	(1,426,200)	(1,619,000)	(1,870,600)
Software - Gross Margins	**70.5%**	**69.9%**	**69.7%**
+ Assumed BMI Software Margins		**66.0%**	**68.0%**

ROP operates a mature software platform across various verticals, including water metering. We applied a margin discount to BMI due to its platform's infancy, expecting incremental margins to improve as fixed costs are absorbed.

2 Smart Meter Hardware - Comparable Margins

Xylem	FY21A	FY22A	FY23A
Hardware - Revenue	$ 4,684,000	$ 4,978,000	$ 6,291,000
Hardware - COGS	(2,831,000)	(3,002,000)	(3,817,000)
Hardware - Gross Margins	**39.6%**	**39.7%**	**39.3%**
Itron			
Hardware - Revenue	$ 1,609,634	$ 1,435,510	$ 1,784,264
Hardware - COGS	(1,131,646)	(1,011,757)	(1,178,622)
Hardware - Gross Margins	**29.7%**	**29.5%**	**33.9%**
= Implied BMI Hardware Margins		**37.1%**	**37.4%**

XYL targets AMI meters, while ITRI sells primarily mechanical and AMR. We are confident in BMI's implied margins, derived from consolidated and assumed software margins, due to its growing AMI-focused portfolio.

3 Badger Meter - Margin Analysis

BMI	FY24E	FY25E	FY26E
Hardware Gross Margin	37.5%	37.6%	37.7%
Software Gross Margin	70.0%	72.0%	74.0%
Consolidated Gross Margin	**39.8%**	**40.6%**	**41.6%**
BMI Software Incremental Margin	**75.5%**	**77.4%**	**79.8%**

The increasing revenue mix and incremental margin from software drive a divergence from consensus estimates.

Consensus v. Estimates			
Gross Margin	FY24E	FY25E	FY26E
Estimate	39.8%	40.6%	41.6%
Consensus	39.6%	39.4%	40.0%
Delta	**0.2%**	**1.2%**	**1.5%**

Sources: FactSet, Internal Model Projections

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Valuation Summary – Substantiating the Multiples

BMI's Strong Fundamentals and SaaS Evolution Justify Premium Valuation Multiples

BMI is primarily viewed as a hardware manufacturer; however, its true value lies in its emergence as a SaaS platform, poised for substantial earnings growth through high-margin recurring revenue. Its forward earnings profile significantly outpaces peers, including 2x that of core peer XYL, justifying its current multiple. We base our valuation on forward trading multiples of 45.2x P/E and 30.4x EV/EBITDA.

Comparable Company Valuation Multiples	Market Data				P/E		EV/EBITDA		EBITDA %	ROA	ROE	ROIC	Revenue	EPS
Company	Ticker	Stock Price	Mkt Cap ($M)	EV ($M)	2025	2026	2025	2026	5YR Avg.	5YR Avg.	5YR Avg.	5YR Avg.	FWD 3YR CAGR	FWD 3YR CAGR
Consolidated Badger Meter (Consensus)	**BMI**	**$ 221.00**	**$ 6,554**	**$ 6,295**	**45.2x**	**41.8x**	**30.4x**	**27.6x**	**20.7%**	**12.1%**	**16.0%**	**15.8%**	**10.8%**	**18.9%**
Consolidated Badger Meter (Team Estimates)					**42.9x**	**36.6x**	**28.2x**	**24.4x**	**20.7%** ①	**12.1%**	**16.0%** ②	**15.8%**	**13.5%** ③	**24.3%**
Smart Water Metering Comparables														
Roper Technologies	ROP	560.14	61,115	68,343	28.0x	25.7x	22.0x	20.1x	38.0%	5.6%	10.9%	6.6%	10.2%	9.3%
Xylem	XYL	126.87	31,008	32,306	26.7x	23.8x	16.8x	15.3x	16.4%	4.6%	11.2%	6.6%	8.4%	12.2%
Zurn Elkay Water Solutions Corporation	ZWS	39.93	6,915	7,252	29.7x	26.7x	17.8x	16.4x	17.1%	3.4%	7.8%	4.5%	3.9%	15.6%
Itron, Inc.	ITRI	118.93	5,470	5,816	23.7x	20.5x	17.5x	15.1x	8.8%	0.0%	(0.4%)	(0.0%)	6.1%	20.0%
Median					**27.4x**	**24.7x**	**17.6x**	**15.8x**	**16.8%** ①	**4.0%**	**9.4%** ②	**5.5%**	**7.2%** ③	**13.9%**
Fundamental Growth Comparables														
ServiceNow, Inc	NOW	1,060.60	225,600	221,400	63.9x	52.4x	46.8x	38.5x	10.3%	6.1%	17.1%	11.6%	21.1%	23.3%
Amphenol	APH	74.29	94,662	98,748	34.4x	30.6x	21.3x	19.5x	23.6%	11.6%	36.4%	15.5%	14.6%	17.2%
Quanta Services	PWR	341.92	51,344	54,968	38.3x	32.6x	24.1x	21.3x	8.3%	4.8%	10.7%	7.1%	11.6%	17.9%
AAON	AAON	137.42	11,504	11,583	46.7x	38.5x	29.1x	24.8x	20.6%	15.4%	21.2%	19.8%	14.0%	17.5%
Median					**42.5x**	**35.5x**	**26.6x**	**23.0x**	**15.5%** ①	**8.9%**	**19.2%** ②	**13.5%**	**14.3%** ③	**17.7%**

Multiple Substantiation:

1. **Premium EBITDA Margins**
   Surpassing Peer Performance
2. **Strong ROA, ROE, and ROIC**
   Superior to Smart Water Comparables
3. **Robust Growth Profile**
   Aligned with Fundamental Growth Peers

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Valuation Summary – Overview

2025 Base Case Price Target of $274 Indicates 24% Upside

Valuation Methodology: Price Targets Derived from Averaged P/E and EV/EBITDA Multiple Results Across Downside, Base, and Upside Case Scenarios

P/E
Based on Current Forward Trading Multiple

EV/EBITDA
Based on Current Forward Trading Multiple

Valuation Summary: 2025 Target Price

	Downside Case	Base Case	Upside Case
2026 EPS	$ 4.79	$ 6.03	$ 6.97
Forward P/E Multiple	34.9x	45.2x	47.2x
Target Price	**$ 167**	**$ 273**	**$ 329**
2026 EBITDA ($M)	**$ 210**	**$ 259**	**$ 295**
Forward EV/EBITDA Multiple	22.1x	30.4x	32.4x
Total Enterprise Value ($M)	**$ 4,640**	**$ 7,856**	**$ 9,564**
(+) Net Cash (M)	259	259	259
Total Equity Value ($M)	**$ 4,899**	**$ 8,115**	**$ 9,823**
(÷) Shares Outstanding (M)	30	30	30
Target Price	**$ 166**	**$ 275**	**$ 332**
Average Target Price	**$ 167**	**$ 274**	**$ 331**
Upside / (Downside)	-25%	24%	50%

Forecast Assumptions

	Downside	Base	Upside
FY23-FY28 Revenue CAGR	7.9%	10.7%	13.3%
FY23-FY28 Average GM (%)	39.7%	41.4%	42.3%
FY23-FY28 EPS CAGR	14.3%	20.4%	25.1%

Base Case: Consensus v. Estimates

Revenue	**FY23A**	**FY24E**	**FY25E**	**FY26E**
Estimate	$ 703,592	827,225	$ 938,887	$1,029,474
Consensus	703,592	822,850	895,963	958,145
Delta (%)		**0.5%**	**4.8%**	**7.4%**
Implied Growth - Team	24.4%	17.6%	13.5%	9.6%
Implied Growth - Consensus	24.4%	16.9%	8.9%	6.9%

Gross Margin	**FY23A**	**FY24E**	**FY25E**	**FY26E**
Estimate	39.3%	39.8%	40.6%	41.6%
Consensus	39.3%	39.6%	39.4%	40.0%
Delta		**0.2%**	**1.2%**	**1.5%**
Implied Growth - Team	1.0%	1.4%	1.9%	2.4%
Implied Growth - Consensus	1.0%	0.8%	(0.4%)	1.6%

EPS	**FY23A**	**FY24E**	**FY25E**	**FY26E**
Estimate	$ 3.14	$ 4.29	$ 5.15	$ 6.03
Consensus	3.14	4.25	4.89	5.28
Delta (%)		**1.0%**	**5.3%**	**14.2%**
Implied Growth - Team	38.9%	36.7%	20.0%	17.1%
Implied Growth - Consensus	38.9%	35.4%	15.1%	8.0%

Sources: FactSet, Internal Model Projections

Risks to Valuation

While Key Valuation Risks Exist, BMI Is Strategically Positioned to Mitigate Them

Water Utilities Deployment Schedules	▪ **Risk:** Any shift in capital spending priorities away from ultrasonic technologies, or a deceleration in their deployment schedule, could pose a headwind to BMI. ▪ **Mitigant:** BMI's expanding SaaS platform generates stable, recurring revenue, progressively reducing dependency on new utility partnerships. Additionally, the Industrial Flow segment broadens the customer base.	Moderate
Supply Chain Bottlenecks and Input Cost Inflation	▪ **Risk:** BMI faces exposure to fluctuating raw material costs (e.g., brass, cast iron, plastic) and electronic components (e.g., microprocessors). These disruptions can increase input costs, pressure gross margins, and impact BMI's ability to meet demand. ▪ **Mitigant:** BMI mitigates this risk by dual sourcing components through strategic partnerships and passing on increased costs to consumers.	Moderate
Competitive Landscape and Innovation Requirements	▪ **Risk:** Larger, better-capitalized rivals could also pressure BMI with aggressive pricing, leading to potential market share loss. ▪ **Mitigant:** BMI's decades of market leadership and first-mover advantage provide unmatched customer data, enabling continuous innovation that aligns with customer demands. Strong relationships and value-added solutions help mitigate competitive pricing pressures.	Low

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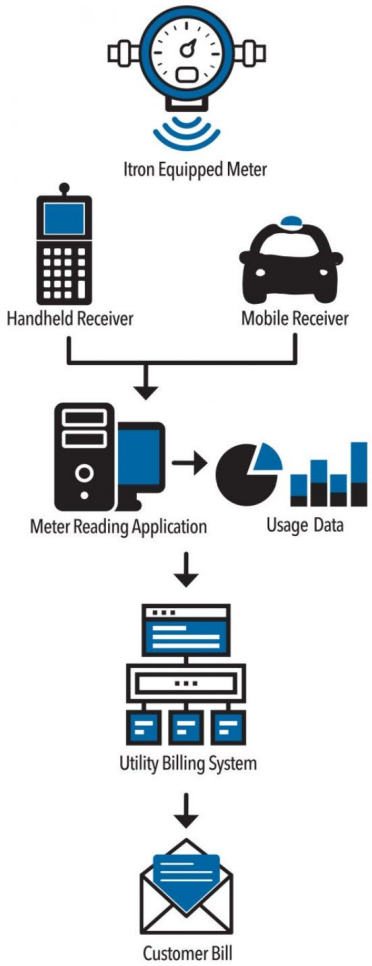
Questions?

Badger Meter

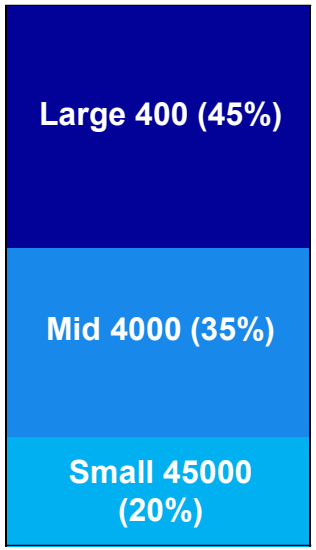
Appendix: Investment Thesis #1 – Conversion to AMI

The market is underestimating Utility Segment growth as more utilities upgrade to smart systems to reduce water losses

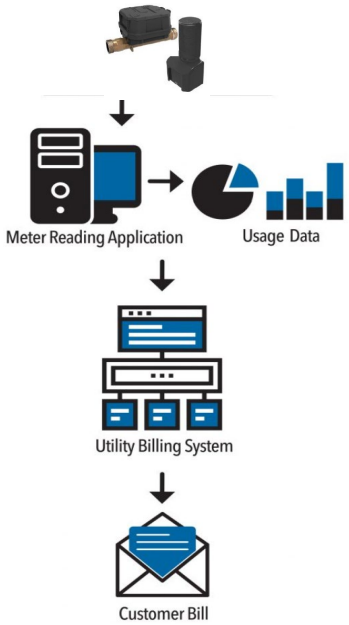
AMR reading process



>50K US Utilities



AMI reading process



- The meter replacement cycle is driven by utility capital expenditures and results of rate cases state by state
- If utilities can prove the long-term merits of upgraded metering through cost benefit analysis, state utility commissions may allow for rate increases in the short run to compensate for cost of implementation
- These rate cases, which are public record, also provide a window into how utilities evaluate the merits of AMR and AMI
- In one state we observed via utility affidavit that switching to smart metering reduced monthly metering hours from ~1,500 per month to ~300 per month and a 71% reduction in billing errors
- 65% of the national meter install base has converted to some form of smart meter (AMR or AMI) and only 1/3 of the >50K US utilities have begun the conversion process form AMR to AMI

Aqua, a multi-state water utility, showed the benefits of smart meters In testimony to state water utility commissions

Aqua Case Study		
	Pre-Smart	Smart
Monthly Reading Hours	1,476	296
Corrected Billings	2.63%	0.75%
Leak/Tamper Detection	-	Improved
Uncollected Bills	-	Declined

Utilities gradually upgrade their metering infrastructure through their CAPEX and rate case cycles. Utilities save labor costs and time by converting from AMR to AMI

Sources: Deutsche Bank, Butler County Ohio Water System, North Carolina Utilities Commission, Investor Presentation, Seaport Research

Appendix: Investment Thesis #1 – Aqua Rate Case

Switching to Smart Metering Benefits Utilities, but Some are Hesitant to pay for Fixed Network Costs of AMI

expected to reduce monthly meter reading hours from 1,476 per month to 296 per month, thereby resulting in a more efficient meter reading program. As the AMR technology is deployed in North Carolina, Company staff will be able to spend more time on service calls, customer inquiries, leak detection, and other work that can improve customers' service experience.

AMR technology also provides information to more quickly identify customer issues such as high use or zero use through indicators and tamper reports available with monthly meter reading. Currently, this information is used by Aqua NC as part of month-end reporting to create priority service orders. The information is used in coordination with field investigations to identify and investigate customer leaks, meter malfunctions, and theft of service. The

AMR technology has also reduced billing errors due to human error in manual reads. This is demonstrated by the decreased number of estimated bills for customers with AMR technology as compared to customers with conventional meters. On average, estimated bills result for approximately 0.75% of Aqua NC accounts read by AMR technology versus 2.63% of Company accounts read by the conventional method. Aqua expects this similar decrease in percent of estimates to be realized progressively as the exchange program continues through 2027.

In addition, Company witness Thompson testified that the Company is converting to AMR technology in a manner that will facilitate upgrades to Advanced Metrology Infrastructure (AMI) technology as that technology becomes more cost effective. Aqua NC has ensured that the meters and meter reading and data logging technology, ERTs that are being installed as part of this program can also be utilized if later evaluations should justify an upgrade to AMI technology. Aqua NC does not believe the additional cost of AMI (repeaters, cell towers, and security) are cost-justified, presently. Furthermore, the meters being currently installed are both AMR and AMI capable, as are the 100W ERTs that are currently being used to implement the AMR program. The 100W ERTs offer an advanced two-way meter data collection using handheld (AMR), mobile (AMR), fixed network (AMI), and combination hybrid solutions. The meter and the 100W

Aqua Case Study		
	Pre-Smart	Smart
Monthly Reading Hours	1,476	296
Corrected Billings	2.63%	0.75%
Leak/Tamper Detection	-	Improved
Uncollected Bills	-	Declined

Utilities like Aqua already see the benefits of switching to Smart Metering like AMR. AMI can further these benefits, but some Utilities are hesitant to pay the upfront cost of building out fixed infrastructure. This is why BMI is working to use pre-existing cellular networks

Sources: North Carolina Utilities Commission

Appendix: Investment Thesis #1 – WSSC AMI Analysis

AMI Meters Provide Positive NPV Over a 20 Year Lifecycle

Table 3 – Comparison of AMI Acquisition Project Costs and Meter Populations (WSSC Water estimate = $423/meter)

Water Utility	AMI Status	Acquisition Cost	Meter Population
City of Baltimore	Complete (2017)[3]	$180M ($439/mtr)	410,000
Detroit	Complete (2012)	$150M ($750/mtr)	200,000
Cleveland	Complete (2016)	$86M ($203/mtr)	425,000
Austin Water	In Progress	$95M ($358/mtr)	265,000
Columbia SC	In Progress	$49M ($350/mtr)	140,000
Akron	In Progress	$35M ($437/mtr)	80,000

Table 4 - Summary of Estimated Lifecycle Costs for Project, (20 Year Lifecycle)

COSTS	NET PRESENT VALUE	CASH VALUE
Capital Project Cost	$ 146,589,746	$ 165,285,507
10% Project Contingency	$ 14,658,975	$ 16,528,551
Total Plus 10% Contingency	$ 161,248,721	$ 181,814,058
Project Management	$ 7,687,530	$ 8,667,982
System Integration	$ 8,529,684	$ 9,291,800
Salvage Value of Meters	$ (1,040,586)	$ (1,173,300)
Opt-Out Related Costs	$ 8,068,174	$ 9,816,168
Total Acquisition Cost	**$ 184,493,524**	**$ 208,416,707**
Network Operating Costs	$ 28,160,727	$ 46,896,273
Meter/MIU Maintenance Costs	$ 14,389,883	$ 24,049,392
Integration Post-Production Support	$ 4,327,952	$ 4,960,000
Monthly Billing Operating Costs	$ 25,453,600	$ 44,721,194
20-Year Lifecycle Cost	**$ 256,825,686**	**$ 329,043,566**

Table 6 - Summary of Tangible Benefits for Project, (20 Year Lifecycle)

BENEFITS	NET PRESENT VALUE	CASH VALUE
Savings on Normal Meter Turnover	$ 35,663,289	$ 48,814,535
Labor Savings	$ 17,991,615	$ 30,036,274
Carbon Footprint Reduction	$ 1,607,438	$ 2,525,288
Reduction in Workers' Comp. Claims	$ 1,508,039	$ 2,365,932
Domestic Leak Detection	$ (34,601,136)	$ (56,501,126)
Revenue Gain from Meter Accuracy	$ 371,096,064	$ 588,407,479
Total Benefits	**$ 393,265,309**	**$ 615,648,382**

Table 7 - Summary of AMI Project Economics

Summary Statistic	Value
Simple Payback (Years)	11
Present Value Costs	$ 256,825,686
Present Value Benefits	$ 393,265,309
Net Present Value	$ 136,439,623
Internal Rate of Return[5]	**13.3%**
Modified Internal Rate of Return[6]	**4.6%**
Benefit/Cost Ratio	**1.53**

Sources: North Carolina Utilities Commission

Appendix: Investment Thesis #1 – Conversion to AMI

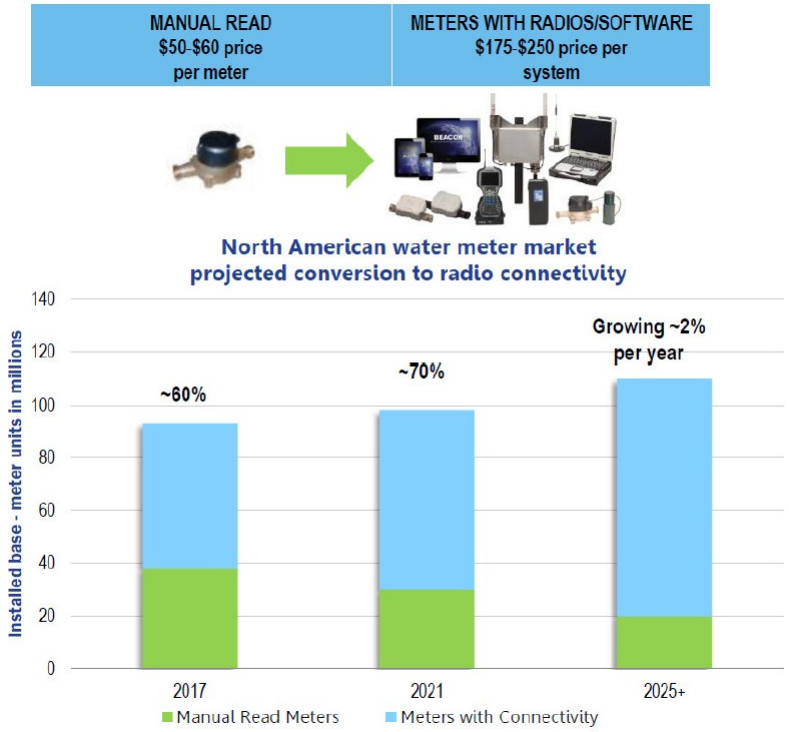
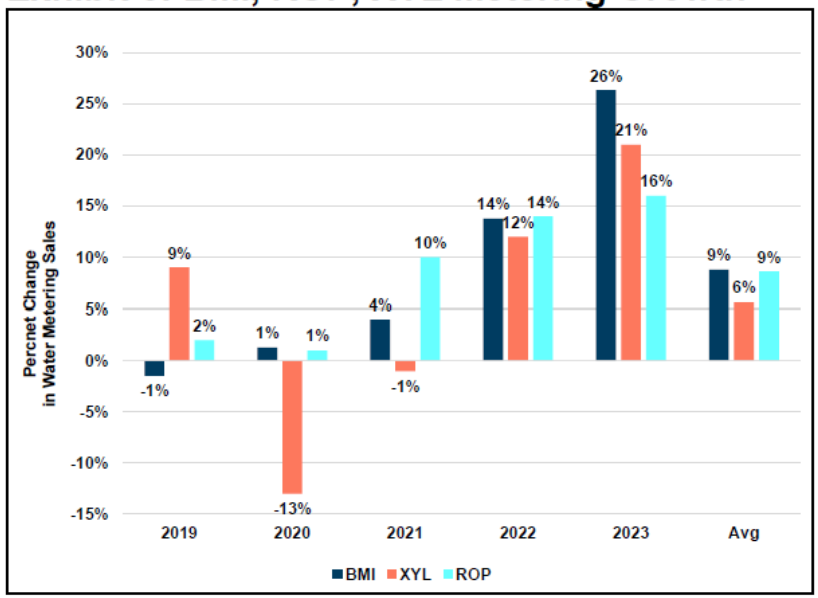


Exhibit 5: BMI, ROP, XYL Metering Growth



Source: Company data; SRP estimates.

Sources: Deutsche Bank, Seaport Research

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Appendix: Investment Thesis #1 – Implied Hardware Share

Consensus - Implied BMI Smart Water Meter Market Share	FY23	FY24	FY25	FY26
	Dec-23A	Dec-24E	Dec-25E	Dec-26E
North America Smart Water Metering Market	**$ 1,708,720**	**$ 1,965,028**	**$ 2,161,531**	**$ 2,312,838**
Consensus BMI Market Share in Smart Water Metering Market	38.6%	38.7%	37.6%	37.3%
Consensus Implied BMI Hardware Revenue	**659,275**	**761,078**	**813,121**	**862,517**
Consensus Hardware Breakdown				
Utility Water		$ 719,867	$ 786,200	$ 856,300
Flow Instrumentation		101,133	105,367	110,633
Total Revenue		821,000	891,567	966,933
Less: Implied Software Revenue		(59,922)	(78,446)	(104,416)
Consensus Implied Hardware		**$ 761,078**	**$ 813,121**	**$ 862,517**
Implied Market Share				
Team - Implied BMI Smart Water Meter Market Share	38.6%	39.0%	39.6%	39.7%
Consensus - Implied BMI Smart Water Meter Market Share	38.6%	38.7%	37.6%	37.3%
Delta		**0.3%**	**2.0%**	**2.4%**

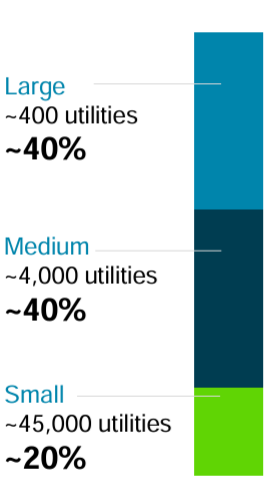
Sources: Internal Model Projections, FactSet

Investment Thesis #2 – Fixed Network (Xylem)

Highly Differentiated in the Attractive AMI Market

US Water Utility Market

Share of Total Endpoints



Large and Medium Utilities

- Leading position
- Room to grow, ~45% adoption
- Sticky replacement cycle
- 100% software attach rate

Medium and Small Utilities

- Strongest distribution network

Why Xylem Wins vs Cellular

30% Lower Annual Operating Cost

15-year Full Warranty Battery Life

99% Network coverage on **FlexNet**

0% Reliance on third-party network

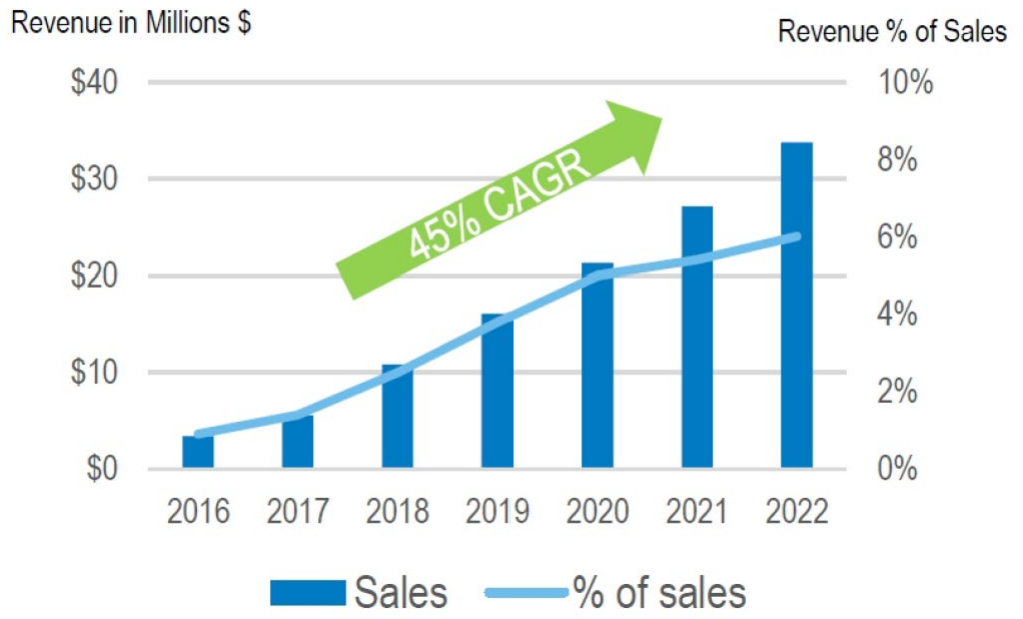
Winning AMI offering positions us as a trusted partner to utilities

Competitors with Fixed Networks Claim that their Network is 30% cheaper to operate. However, this means Utilities bear additional costs upfront to build a new network from scratch. Utilities, who are cost sensitive and must justify investments to recoup costs in rates cases, may opt to pay less upfront for a cellular network.

Sources: Xylem Investor Presentation

Appendix: Investment Thesis #2 – BMI SaaS positioning

Figure 10: SaaS Growth (Linked to Cellular AMI)



Sources: Deutsche Bank

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Valuation Comparable - P/E FY1 Trading History

BMI Historically Trades at a Forward Premium to Peers

Sources: FactSet

Comparables Description

Comparable Company Descriptions		
Smart Water Metering Comparables	**Ticker**	
Roper Technologies	ROP	ROP is a diversified technology company specializing in smart meter manufacturing and software solutions for utilities
Xylem	XYL	XYL produces smart meters, water pumps, filtration systems, treatment services, and software for utilities and industrial clients
Zurn Elkay Water Solutions Corporation	ZWS	ZWS provides water safety, control systems, flow solutions, and filtration products for utilities and industrial clients
Itron Inc	ITRI	ITRI produces energy and water management solutions, including smart water meters for utilities
Fundamental Growth Comparables	**Ticker**	
ServiceNow, Inc	NOW	NOW provides cloud-based SaaS for workflow digitization and shares a similar 3-year EPS growth profile with BMI
Quanta Services	PWR	PWR supplies equipment for utilities and energy infrastructure companies, with a 3-year EPS growth similar to BMI
AAON	AAON	AAON manufactures HVAC equipment and data center cooling solutions, with a 3-year EPS and revenue growth similar to BMI
Amphenol	APH	APH produces electrical equipment for data centers and industrials, with a 3-year EPS growth and Return of Invested Capital similar to BMI

Sources: Internally Generated

Capital Allocation

Longstanding Capital Allocation Priorities with Ample Liquidity to Execute

1. Internal Investment to support organic growth and sustain core business
2. Grow the dividend annually in line with earnings
3. Accelerate acquisitions that align to strategy and return targets

- Strong free cash flow, working capital management
- No outstanding debt obligations and $259M of cash at September 30, 2024; $150M untapped revolver
- August 2024 dividend increase of 26% marked 32 consecutive years of dividend increases.

Sources: BMI Investor Presentation

Key Management Overview

Name/Title	Years at WMS/Industry	Experience
Kenneth C. Bockhorst / Chairman & CEO	7 / 7	Joined in 2017; Spent 20 years in operations roles at Actuant, IDEX, and Eaton
Robert A. Wrocklage / CFO	6 / 6	Joined in 2018; Previously served as Principal Accounting Officer at Actuant
Fred J. Begale / SVP - Engineering	17 / 37	Joined in 2007; Spent 20 years in Engineering Management role at Eaton before joining BMI
Richard Htwe / SVP - Global Operations	1 / 30	Joined in 2023; Previously spent 30 years in Operations roles at Emerson Electric
Matthew L. Stuyvenberg / SVP - SaaS	17 / 17	Joined in 2007; Mechanical Engineer whose last position was VP of Software and Water Quality

Sources: Internally Generated

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Management Incentives

	2023 Annual Bonus Scale			2023 Annual Bonus Achievement
	Threshold	Target	Maximum	Actual
2023 Adjusted EBITDA	$ 113.9	$ 121.9	$ 131.0	$ 146.5
Bonus Payout	50%	100%	200%	200%
2023 Absolute Free Cash Flow	$ 76.0	$ 82.0	$ 89.0	$ 98.1
Bonus Payout	50%	100%	200%	200%

	2021-2023 LTIP Incentive Plan Performance Awards			LTIP Incentive Result (Achievement)
Performance Metric	Threshold (50%)	Target (100%)	Maximum (200%)	Actual
Free Cash Flow Conversion	100.0%	115.0%	125.0%	116.1% (111%)
ROIC	13.5%	16.0%	18.5%	23.6% (200%)

Sources: BMI Proxy Statement - 2023

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Management Incentives Continued

Summary Compensation Table for 2023 (all amounts in $)

Name & Principal Position	Year	Salary (1)	Bonus (2)	Stock Awards (3)	Non-Equity Incentive Plan Compensation: Annual Bonus (4)	Non-Equity Incentive Plan Compensation: LTIP Cash (5)	Change in Pension and Non-Qualified Deferred Compensation (6)	All Other Compen-sation (7)	Total
Kenneth C. Bockhorst	2023	750,000	-	1,962,621	1,650,000	-	97,362	84,305	4,544,288
Chairman, President &	2022	675,000	-	1,380,249	968,220	804,752	34,012	78,611	3,940,844
CEO	2021	640,000	-	1,199,221	1,408,000	276,024	72,945	78,129	3,674,319
Robert A. Wrocklage	2023	405,000	-	464,756	526,500	-	22,452	50,737	1,469,445
Senior Vice President - Chief	2022	368,000	-	359,925	263,930	197,392	7,748	47,970	1,244,965
Financial Officer	2021	350,000	-	326,002	385,000	59,360	19,885	44,430	1,184,677
Richard Htwe [8]	2023	300,000	50,000	154,836	240,000	-	-	36,366	781,202
Vice President - Global Operations									
Kimberly K. Stoll	2023	290,000	-	180,704	232,000	-	8,123	49,370	760,197
Vice President - Sales and	2022	275,000	-	147,894	143,440	102,492	6,433	43,475	718,734
Marketing	2021	263,000	-	134,395	210,400	37,100	6,005	42,418	693,318
Sheryl L. Hopkins	2023	285,000	-	154,836	228,000	-	5,219	42,333	715,388
Vice President - Human Resources									

Sources: BMI Proxy Statement - 2023

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Income Statement

Badger Meter - Income Statement

($ in thousands)	FY19 Dec-19A	FY20 Dec-20A	FY21 Dec-21A	FY22 Dec-22A	FY23 Dec-23A	FY24 Dec-24E	FY25 Dec-25E	FY26 Dec-26E	FY27 Dec-27E	FY28 Dec-28E
Net sales	$ 424,625	$ 425,544	$ 505,198	$ 565,568	$ 703,592	$ 827,225	$ 938,887	$ 1,029,474	$ 1,101,743	$ 1,169,397
Cost of goods sold	(261,097)	(257,295)	(299,714)	(345,598)	(427,154)	(497,703)	(557,794)	(601,379)	(630,122)	(652,040)
Gross profit	**163,528**	**168,249**	**205,484**	**219,970**	**276,438**	**329,522**	**381,093**	**428,095**	**471,621**	**517,357**
Selling, engineering and administration	(101,380)	(103,093)	(126,761)	(132,675)	(158,389)	(170,078)	(188,341)	(201,365)	(209,992)	(217,040)
Income from operations	**62,148**	**65,156**	**78,723**	**87,295**	**118,049**	**159,444**	**192,753**	**226,730**	**261,629**	**300,317**
Interest income / expense, net	(253)	(30)	20	552	4,047	7,671	8,386	9,574	10,197	13,199
Other pension and postretirement benefits / costs	(288)	(145)	(120)	(130)	(130)	(130)	(130)	(130)	(130)	(130)
Income before income taxes	**61,607**	**64,981**	**78,623**	**87,717**	**121,966**	**166,986**	**201,009**	**236,174**	**271,696**	**313,386**
Income tax expense	(14,430)	(15,638)	(17,739)	(21,221)	(29,368)	(40,077)	(48,242)	(56,682)	(65,207)	(75,213)
Net income	**$ 47,177**	**$ 49,343**	**$ 60,884**	**$ 66,496**	**$ 92,598**	**$ 126,909**	**$ 152,767**	**$ 179,492**	**$ 206,489**	**$ 238,173**
GAAP Basic Earnings per Share	**$ 1.63**	**$ 1.70**	**$ 2.09**	**$ 2.28**	**$ 3.16**	**$ 4.32**	**$ 5.18**	**$ 6.07**	**$ 6.96**	**$ 8.00**
Basic Weighted Average Shares	29,028	29,052	29,144	29,218	29,284	29,384	29,484	29,584	29,684	29,784
GAAP Diluted Earnings per Share	**$ 1.61**	**$ 1.69**	**$ 2.08**	**$ 2.26**	**$ 3.14**	**$ 4.29**	**$ 5.15**	**$ 6.03**	**$ 6.92**	**$ 7.95**
Diluted Weighted Average Shares	29,220	29,230	29,338	29,376	29,456	29,556	29,656	29,756	29,856	29,956
Dividend per Share	**$ 0.64**	**$ 0.70**	**$ 0.76**	**$ 0.85**	**$ 0.99**	**$ 1.35**	**$ 1.62**	**$ 1.90**	**$ 2.18**	**$ 2.51**

Model Assumptions

Sales Growth	(2.1%)	0.2%	18.7%	11.9%	24.4%	17.6%	13.5%	9.6%	7.0%	6.1%
Selling, engineering and administration as a % of Sales	23.9%	24.2%	25.1%	23.5%	22.5%	20.6%	20.1%	19.6%	19.1%	18.6%
Depreciation Expense as a % of Sales	2.7%	2.9%	2.2%	2.0%	1.6%	1.2%	1.1%	1.0%	1.0%	0.9%
Amortization Expense as a % of Sales	3.0%	3.0%	3.3%	2.7%	2.4%	2.3%	2.2%	2.1%	2.1%	2.0%
Effective tax rate	23.4%	24.1%	22.6%	24.2%	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%
Payout Ratio	39.8%	41.4%	36.5%	37.6%	31.5%	31.5%	31.5%	31.5%	31.5%	31.5%

Key Performance Metrics

Gross Margin	38.5%	39.5%	40.7%	38.9%	39.3%	39.8%	40.6%	41.6%	42.8%	44.2%
EBITDA margin	20.3%	21.2%	21.1%	20.1%	20.8%	22.8%	27.0%	27.5%	28.6%	30.3%
EBIT margin	14.6%	15.3%	15.6%	15.4%	16.8%	19.3%	23.3%	24.1%	25.4%	27.2%
Pre-Tax Margin	14.5%	15.3%	15.6%	15.5%	17.3%	20.2%	21.4%	22.9%	24.7%	26.8%
Net Margin	11.1%	11.6%	12.1%	11.8%	13.2%	15.3%	16.3%	17.4%	18.7%	20.4%
ROIC	14.7%	14.0%	15.7%	15.6%	19.2%	22.7%	23.3%	23.3%	22.9%	22.6%
ROE	14.9%	14.3%	15.9%	15.7%	19.3%	22.7%	23.3%	23.3%	22.9%	22.6%
ROA	11.6%	11.0%	12.2%	11.7%	14.0%	16.7%	17.7%	18.2%	18.4%	18.6%

Sources: Internal Model Projections

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Balance Sheet

Badger Meter - Balance Sheet

($ in thousands)	FY19 Dec-19A	FY20 Dec-20A	FY21 Dec-21A	FY22 Dec-22A	FY23 Dec-23A	FY24 Dec-24E	FY25 Dec-25E	FY26 Dec-26E	FY27 Dec-27E	FY28 Dec-28E
Assets										
Cash and cash equivalents	$ 48,871	$ 72,273	$ 87,174	$ 138,052	$ 191,782	$ 279,545	$ 382,955	$ 509,851	$ 659,926	$ 833,331
Accounts receivable	61,365	61,689	65,866	76,651	83,507	93,017	104,287	112,938	119,357	125,085
Inventories	81,948	81,586	99,611	119,856	153,674	158,672	177,065	190,076	198,298	204,302
Other Current Assets	7,910	8,140	8,709	13,273	13,214	13,214	13,214	13,214	13,214	13,214
Total current assets	200,094	223,688	261,360	347,832	442,177	544,448	677,521	826,080	990,796	1,175,932
Net Property, Plant & Equipment	85,761	89,570	83,927	80,075	79,400	83,973	86,146	89,351	93,384	98,360
Intangible assets, net	125,121	148,306	174,089	159,668	170,600	151,574	130,918	109,299	86,714	63,326
Other Assets	10,917	9,653	11,442	15,472	24,742	24,742	24,742	24,742	24,742	24,742
Total Assets	**$ 421,893**	**$ 471,217**	**$ 530,818**	**$ 603,047**	**$ 716,919**	**$ 804,737**	**$ 919,327**	**$ 1,049,472**	**$ 1,195,635**	**$ 1,362,359**
Liabilities & Shareholders' Equity										
Accounts payable	$ 30,523	$ 34,923	$ 41,859	$ 71,440	$ 81,807	82,729	92,717	99,962	104,739	108,382
Other Current Liabilities	26,724	33,113	40,287	38,872	50,141	50,141	50,141	50,141	50,141	50,141
Total current liabilities	57,247	68,036	82,146	110,312	131,948	132,870	142,858	150,103	154,880	158,523
Lease Obligations	8,792	4,692	4,255	4,393	3,206	3,206	3,206	3,206	3,206	3,206
Other long-term liabilities	24,786	37,230	41,347	45,920	65,283	65,283	65,283	65,283	65,283	65,283
Total Liabilities	90,825	109,958	127,748	160,625	200,437	201,359	211,347	218,592	223,369	227,012
Common stock	37,200	37,221	37,221	37,221	37,221	37,221	37,221	37,221	37,221	37,221
Treasury stock	(34,238)	(37,089)	(37,046)	(37,253)	(36,997)	(36,997)	(36,997)	(36,997)	(36,997)	(36,997)
Additional paid-in capital	41,956	44,964	49,224	53,282	59,185	59,185	59,185	59,185	59,185	59,185
Retained earnings	285,879	314,850	353,535	395,155	458,719	545,615	650,217	773,118	914,503	1,077,584
Other	271	1,313	136	(5,983)	(1,646)	(1,646)	(1,646)	(1,646)	(1,646)	(1,646)
Total Equity	331,068	361,259	403,070	442,422	516,482	603,378	707,980	830,881	972,266	1,135,347
Total Liabilities and Equity	**$ 421,893**	**$ 471,217**	**$ 530,818**	**$ 603,047**	**$ 716,919**	**$ 804,737**	**$ 919,327**	**$ 1,049,472**	**$ 1,195,635**	**$ 1,362,359**
Check	*Balances*	*Balances*	*Balances*	*Balances*	*Balances*	*Balances*	*Balances*	*Balances*	*Balances*	*Balances*
Model Assumptions										
Days Sales Outstanding (DSO)	55 Days	53 Days	46 Days	46 Days	42 Days	41 Days	41 Days	40 Days	40 Days	39 Days
Days Inventory Outstanding (DIO)	114 Days	116 Days	110 Days	116 Days	117 Days	116 Days	116 Days	115 Days	115 Days	114 Days
Days Payable Outstanding (DPO)	37 Days	46 Days	44 Days	57 Days	61 Days	61 Days	61 Days	61 Days	61 Days	61 Days
Cash Conversion	132 Days	122 Days	112 Days	105 Days	98 Days	97 Days	96 Days	95 Days	94 Days	93 Days
Accounts receivable, net	61,365	61,689	65,866	76,651	83,507	93,017	104,287	112,938	119,357	125,085
Inventories, net	81,948	81,586	99,611	119,856	153,674	158,672	177,065	190,076	198,298	204,302
Accounts payable	(30,523)	(34,923)	(41,859)	(71,440)	(81,807)	(82,729)	(92,717)	(99,962)	(104,739)	(108,382)
Working Capital	112,790	108,352	123,618	125,067	155,374	168,960	188,635	203,053	212,916	221,005
Working Capital as a % of Sales										
CAPEX as % of PY Sales		2.1%	1.6%	1.2%	2.1%	1.6%	1.5%	1.4%	1.4%	1.4%
CAPEX as % of PY PP&E, net		10.6%	7.5%	7.0%	15.0%	14.5%	14.9%	15.7%	16.2%	16.6%
Key Performance Metrics										
Current ratio	3.5x	3.3x	3.2x	3.2x	3.4x	4.1x	4.7x	5.5x	6.4x	7.4x
Quick ratio	2.1x	2.1x	2.0x	2.1x	2.2x	2.8x	3.4x	4.1x	5.0x	6.0x
Cash ratio	0.9x	1.1x	1.1x	1.3x	1.5x	2.1x	2.7x	3.4x	4.3x	5.3x

Sources: Internal Model Projections

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Statement of Cash Flows

Badger Meter - Cash Flow Statement

($ in thousands)	FY19 Dec-19A	FY20 Dec-20A	FY21 Dec-21A	FY22 Dec-22A	FY23 Dec-23A	FY24 Dec-24E	FY25 Dec-25E	FY26 Dec-26E	FY27 Dec-27E	FY28 Dec-28E
Operating Activities										
Net income	$ 47,177	$ 49,343	$ 60,884	$ 66,496	$ 92,598	$ 126,909	$ 152,767	$ 179,492	$ 206,489	$ 238,173
Depreciation	11,569	12,253	11,291	11,090	10,937	9,927	10,328	10,295	10,467	10,525
Amortization	12,577	12,963	16,571	15,151	17,173	19,026	20,656	21,619	22,586	23,388
Other Non-Cash Charges	(350)	(1,461)	(959)	(3,119)	(4,800)	-	-	-	-	-
Changes in Working Capital	9,741	16,480	(277)	(7,167)	(5,791)	(13,586)	(19,675)	(14,419)	(9,863)	(8,089)
Cash Flow from Operating Activities	**$ 80,714**	**$ 89,578**	**$ 87,510**	**$ 82,451**	**$ 110,117**	**$ 142,276**	**$ 164,075**	**$ 196,987**	**$ 229,678**	**$ 263,997**
Investing Activities										
Capital Expenditures	$ (7,496)	$ (9,059)	$ (6,746)	$ (5,891)	$ (12,003)	$ (11,500)	$ (12,500)	$ (13,500)	$ (14,500)	$ (15,500)
Acquisitions	-	(29,134)	(45,273)	-	(17,127)	(3,000)	-	-	-	-
Sale of Fixed Assets & Businesses	-	-	-	-	-	-	-	-	-	-
Other	-	-	596	-	-	-	-	-	-	-
Cash Flow from Investing Activities	**$ (7,496)**	**$ (38,193)**	**$ (51,423)**	**$ (5,891)**	**$ (29,130)**	**$ (14,500)**	**$ (12,500)**	**$ (13,500)**	**$ (14,500)**	**$ (15,500)**
Free Cash Flow	**$ 73,218**	**$ 80,519**	**$ 80,764**	**$ 76,560**	**$ 98,114**	**$ 130,776**	**$ 151,575**	**$ 183,487**	**$ 215,178**	**$ 248,497**
Financing Activities										
Common Dividends	$ (18,595)	$ (20,340)	$ (22,155)	$ (24,881)	$ (29,052)	$ (40,013)	$ (48,165)	$ (56,591)	$ (65,103)	$ (75,093)
Sale of Common & Preferred Stock	2,148	1,238	2,108	703	967	-	-	-	-	-
Repurchase of Common Stock	(5,207)	(3,116)	(460)	(427)	-	-	-	-	-	-
Issuance/Reduction of Debt, Net	(13,500)	(4,600)	-	-	-	-	-	-	-	-
Other	(2,555)	(1,001)	-	-	-	-	-	-	-	-
Cash Flow from Financing Activities	**$ (37,709)**	**$ (27,819)**	**$ (20,507)**	**$ (24,605)**	**$ (28,085)**	**$ (40,013)**	**$ (48,165)**	**$ (56,591)**	**$ (65,103)**	**$ (75,093)**
Cash, cash equivalents and restricted cash, beginning of period	13,086	48,871	72,273	87,174	138,052	191,782	279,545	382,955	509,851	659,926
Effect of foreign exchange rate changes on cash and equivalents	276	(164)	(679)	(1,077)	828	-	-	-	-	-
Net Change in Cash	35,785	23,402	14,901	50,878	53,730	87,763	103,410	126,896	150,075	173,404
Cash and cash equivalents, end of period	**$ 48,871**	**$ 72,273**	**$ 87,174**	**$ 138,052**	**$ 191,782**	**$ 279,545**	**$ 382,955**	**$ 509,851**	**$ 659,926**	**$ 833,331**
Check	*Reconciles*	*Reconciles*	*Reconciles*	*Reconciles*	*Reconciles*	*Reconciles*	*Reconciles*	*Reconciles*	*Reconciles*	*Reconciles*
Free Cash Flow Breakdown										
EBIT	$ 61,860	$ 65,011	$ 78,603	$ 87,165	$ 117,919	$ 159,314	$ 192,623	$ 226,600	$ 261,499	$ 300,187
(+) Taxes	14,489	(15,645)	(17,734)	(21,087)	(28,394)	(38,235)	(46,229)	(54,384)	(62,760)	(72,045)
NOPAT	76,349	49,366	60,869	66,078	89,525	121,079	146,393	172,216	198,739	228,142
(+) Depreciation and Amortization	24,146	25,216	27,862	26,241	28,110	28,953	30,983	31,914	33,052	33,913
(+) Change in Working Capital	9,741	16,480	(277)	(7,167)	(5,791)	(13,586)	(19,675)	(14,419)	(9,863)	(8,089)
(+) Other Non-Cash Charges	(350)	(1,461)	(959)	(3,119)	(4,800)	-	-	-	-	-
(+) Capital Expenditures	(7,496)	(9,059)	(6,746)	(5,891)	(12,003)	(11,500)	(12,500)	(13,500)	(14,500)	(15,500)
Unlevered Free Cash Flow	**$ 102,390**	**$ 80,542**	**$ 80,749**	**$ 76,142**	**$ 95,041**	**$ 124,946**	**$ 145,202**	**$ 176,211**	**$ 207,429**	**$ 238,466**
(+) Net Borrowings	(13,500)	(4,600)	-	-	-	-	-	-	-	-
Levered Free Cash Flow	**$ 88,890**	**$ 75,942**	**$ 80,749**	**$ 76,142**	**$ 95,041**	**$ 124,946**	**$ 145,202**	**$ 176,211**	**$ 207,429**	**$ 238,466**
FCFF / Sales	24.1%	18.9%	16.0%	13.5%	13.5%	15.1%	15.5%	17.1%	18.8%	20.4%
FCFE / Sales	20.9%	17.8%	16.0%	13.5%	13.5%	15.1%	15.5%	17.1%	18.8%	20.4%

Sources: Internal Model Projections

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Revenue Build

Badger Meter - Revenue Build

($ in thousands)	FY19 Dec-19A	FY20 Dec-20A	FY21 Dec-21A	FY22 Dec-22A	FY23 Dec-23A	FY24 Dec-24E	FY25 Dec-25E	FY26 Dec-26E	FY27 Dec-27E	FY28 Dec-28E
Consolidated Segment Results										
Utility Water	$ 330,725	$ 344,344	$ 415,298	$ 471,768	$ 603,092	$ 723,710	$ 832,267	$ 919,655	$ 988,629	$ 1,052,890
Flow Instrumentation	93,900	81,200	89,900	93,800	100,500	103,515	106,620	109,819	113,114	116,507
Total Consolidated Sales	**$ 424,625**	**$ 425,544**	**$ 505,198**	**$ 565,568**	**$ 703,592**	**$ 827,225**	**$ 938,887**	**$ 1,029,474**	**$ 1,101,743**	**$ 1,169,397**
% of Consolidated Net Sales										
Utility Water	77.9%	80.9%	82.2%	83.4%	85.7%	87.5%	88.6%	89.3%	89.7%	90.0%
Flow Instrumentation	22.1%	19.1%	17.8%	16.6%	14.3%	12.5%	11.4%	10.7%	10.3%	10.0%
YoY Growth %										
Utility Water		4.1%	20.6%	13.6%	27.8%	20.0%	15.0%	10.5%	7.5%	6.5%
Flow Instrumentation		(13.5%)	10.7%	4.3%	7.1%	3.0%	3.0%	3.0%	3.0%	3.0%
Total Consolidated		**0.2%**	**18.7%**	**11.9%**	**24.4%**	**17.6%**	**13.5%**	**9.6%**	**7.0%**	**6.1%**
Smart Water Meter Market										
North America Smart Water Metering Market						**$ 1,400,590**	**$ 1,708,720**	**$ 1,965,028**	**$ 2,161,531**	**$ 2,312,838**	**$ 2,428,480**	**$ 2,525,619**
BMI Market Share in Smart Water Metering Market						37.8%	38.6%	39.0%	39.6%	39.7%	39.4%	38.9%
BMI Water Meter Hardware Revenue	**$ 408,479**	**$ 404,065**	**$ 476,674**	**$ 529,603**	**$ 659,275**	**$ 766,849**	**$ 856,278**	**$ 918,304**	**$ 956,327**	**$ 983,478**
Hardware Sales	$ 408,479	$ 404,065	$ 476,674	$ 529,603	$ 659,275	$ 766,849	$ 856,278	$ 918,304	$ 956,327	$ 983,478
Software Sales	16,146	21,479	28,524	35,965	44,317	60,377	82,610	111,170	145,415	185,919
Total Consolidated Sales	**$ 424,625**	**$ 425,544**	**$ 505,198**	**$ 565,568**	**$ 703,592**	**$ 827,225**	**$ 938,887**	**$ 1,029,474**	**$ 1,101,743**	**$ 1,169,397**
% of Consolidated Net Sales										
Hardware Sales	96.2%	95.0%	94.4%	93.6%	93.7%	92.7%	91.2%	89.2%	86.8%	84.1%
Software Sales	3.8%	5.0%	5.6%	6.4%	6.3%	7.3%	8.8%	10.8%	13.2%	15.9%
YoY Growth %										
Hardware Sales		(1.1%)	18.0%	11.1%	24.5%	16.3%	11.7%	7.2%	4.1%	2.8%
Software Sales		33.0%	32.8%	26.1%	23.2%	36.2%	36.8%	34.6%	30.8%	27.9%
Total Consolidated Sales		**0.2%**	**18.7%**	**11.9%**	**24.4%**	**17.6%**	**13.5%**	**9.6%**	**7.0%**	**6.1%**

Sources: Internal Model Projections

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Margin Analysis

Badger Meter - Margin Analysis

($ in thousands)	FY19 Dec-19A	FY20 Dec-20A	FY21 Dec-21A	FY22 Dec-22A	FY23 Dec-23A	FY24 Dec-24E	FY25 Dec-25E	FY26 Dec-26E	FY27 Dec-27E	FY28 Dec-28E
Consolidated Gross Margin Build										
Hardware Sales	$ 408,479	$ 404,065	$ 476,674	$ 529,603	$ 659,275	$ 766,849	$ 856,278	$ 918,304	$ 956,327	$ 983,478
Software Sales	16,146	21,479	28,524	35,965	44,317	60,377	82,610	111,170	145,415	185,919
Total Consolidated	**$ 424,625**	**$ 425,544**	**$ 505,198**	**$ 565,568**	**$ 703,592**	**$ 827,225**	**$ 938,887**	**$ 1,029,474**	**$ 1,101,743**	**$ 1,169,397**
% of Consolidated Net Sales										
Hardware Sales	96.2%	95.0%	94.4%	93.6%	93.7%	92.7%	91.2%	89.2%	86.8%	84.1%
Software Sales	3.8%	5.0%	5.6%	6.4%	6.3%	7.3%	8.8%	10.8%	13.2%	15.9%
Hardware Gross Profit				$ 196,233	$ 246,302	$ 287,258	$ 321,614	$ 345,830	$ 361,105	$ 372,341
Software Gross Profit				23,737	30,136	42,264	59,479	82,266	110,516	145,017
Consolidated Gross Profit				**$ 219,970**	**$ 276,438**	**$ 329,522**	**$ 381,093**	**$ 428,095**	**$ 471,621**	**$ 517,357**
Hardware Gross Margin				37.1%	37.4%	37.5%	37.6%	37.7%	37.8%	37.9%
Software Gross Margin				66.0%	68.0%	70.0%	72.0%	74.0%	76.0%	78.0%
Consolidated Gross Margin				**38.9%**	**39.3%**	**39.8%**	**40.6%**	**41.6%**	**42.8%**	**44.2%**
Software - Incremental Margin						**75.5%**	**77.4%**	**79.8%**	**82.5%**	**85.2%**
Consolidated EBITDA Build										
Consolidated Net income	$ 47,177	$ 49,343	$ 60,884	$ 66,496	$ 92,598	$ 126,909	$ 152,767	$ 179,492	$ 206,489	$ 238,173
(+) Interest (income) / expense, net	253	30	(20)	(552)	(4,047)	(7,671)	(8,386)	(9,574)	(10,197)	(13,199)
(+) Income tax expense	14,430	15,638	17,739	21,221	29,368	40,077	48,242	56,682	65,207	75,213
EBIT	**$ 61,860**	**$ 65,011**	**$ 78,603**	**$ 87,165**	**$ 117,919**	**$ 159,314**	**$ 192,623**	**$ 226,600**	**$ 261,499**	**$ 300,187**
(+) Depreciation & Amortization Expense	24,146	25,216	27,862	26,241	28,110	28,953	30,983	31,914	33,052	33,913
EBITDA	**$ 86,006**	**$ 90,227**	**$ 106,465**	**$ 113,406**	**$ 146,029**	**$ 188,267**	**$ 223,606**	**$ 258,514**	**$ 294,551**	**$ 334,100**
EBIT Margin	14.6%	15.3%	15.6%	15.4%	16.8%	19.3%	23.3%	24.1%	25.4%	27.2%
EBITDA Margin	20.3%	21.2%	21.1%	20.1%	20.8%	22.8%	27.0%	27.5%	28.6%	30.3%

Sources: Internal Model Projections

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Scenario Analysis: Base Case

Badger Meter - Scenario Analysis	Base Case					
	FY23	FY24	FY25	FY26	FY27	FY28
($ in millions)	Dec-23A	Dec-24E	Dec-25E	Dec-26E	Dec-27E	Dec-28E
Hardware Sales	659,275	766,849	856,278	918,304	956,327	983,478
Growth	24.5%	16.3%	11.7%	7.2%	4.1%	2.8%
Software Sales	44,317	60,377	82,610	111,170	145,415	185,919
Growth	23.2%	36.2%	36.8%	34.6%	30.8%	27.9%
Net sales	**703,592**	**827,225**	**938,887**	**1,029,474**	**1,101,743**	**1,169,397**
Growth	24.4%	17.6%	13.5%	9.6%	7.0%	6.1%
Cost of goods sold	(427,154)	(497,703)	(557,794)	(601,379)	(630,122)	(652,040)
Gross profit	**276,438**	**329,522**	**381,093**	**428,095**	**471,621**	**517,357**
Margin	39.3%	39.8%	40.6%	41.6%	42.8%	44.2%
Selling, engineering and administration	(158,389)	(170,078)	(188,341)	(201,365)	(209,992)	(217,040)
% of Sales	22.5%	20.6%	20.1%	19.6%	19.1%	18.6%
Income from operations	**118,049**	**159,444**	**192,753**	**226,730**	**261,629**	**300,317**
Margin	16.8%	19.3%	20.5%	22.0%	23.7%	25.7%
Interest income / expense, net	4,047	7,671	8,386	9,574	10,197	13,199
Other pension and postretirement benefits / costs	(130)	(130)	(130)	(130)	(130)	(130)
Income before income taxes	**121,966**	**166,986**	**201,009**	**236,174**	**271,696**	**313,386**
Margin	17.3%	20.2%	21.4%	22.9%	24.7%	26.8%
Income Taxes	(29,368)	(40,077)	(48,242)	(56,682)	(65,207)	(75,213)
ETR	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%
Net income	**92,598**	**126,909**	**152,767**	**179,492**	**206,489**	**238,173**
Diluted Earnings per Share	**$ 3.14**	**$ 4.29**	**$ 5.15**	**$ 6.03**	**$ 6.92**	**$ 7.95**
Diluted Weighted Average Shares	29,456	29,556	29,656	29,756	29,856	29,956

Sources: Internal Model Projections

Discounted Cash Flow Analysis: Base Case

Base Case: Badger Meter Discounted Cash Flow Analysis

	Calendar Year Ending December 31,					
	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**Terminal Value**
NOPAT	121,079	146,393	172,216	198,739	228,142	
(+) Depreciation and Amortization	28,953	30,983	31,914	33,052	33,913	
(+) Change in Working Capital	(13,586)	(19,675)	(14,419)	(9,863)	(8,089)	
(+) Other Non-Cash Charges	-	-	-	-	-	
(+) Capital Expenditures	(11,500)	(12,500)	(13,500)	(14,500)	(15,500)	
Unlevered Free Cash Flow	**$ 124,946**	**$ 145,202**	**$ 176,211**	**$ 207,429**	**$ 238,466**	**$ 6,670,614**
Discount Factor	0.93	0.87	0.81	0.76	0.71	0.71
PV of Free Cash Flow	**$ 116,554**	**$ 126,352**	**$ 143,037**	**$ 157,069**	**$ 168,443**	**$ 4,711,854**
Enterprise Value	**$ 5,423,309**					
(+) Net Cash	258,955					
Equity Value	**$ 5,682,264**					
(÷) Shares Outstanding	29,456					
Price per Share	**$ 192.91**					

Assumptions

Weighted Average Cost of Capital	7.2%
Perpetual Grow th Rate	3.5%

Sources: Internal Model Projections

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Scenario Analysis: Upside Case

Badger Meter - Scenario Analysis	Upside Case					
	FY23	FY24	FY25	FY26	FY27	FY28
($ in millions)	Dec-23A	Dec-24E	Dec-25E	Dec-26E	Dec-27E	Dec-28E
Hardware Sales	659,275	770,145	875,361	965,031	1,033,940	1,094,313
Growth	24.5%	16.8%	13.7%	10.2%	7.1%	5.8%
Software Sales	44,317	60,598	85,943	119,952	162,901	216,420
Growth	23.2%	36.7%	41.8%	39.6%	35.8%	32.9%
Net sales	**703,592**	**830,743**	**961,304**	**1,084,983**	**1,196,841**	**1,310,732**
Growth	24.4%	18.1%	15.7%	12.9%	10.3%	9.5%
Cost of goods sold	(427,154)	(498,158)	(559,096)	(620,243)	(669,551)	(714,462)
Gross profit	**276,438**	**332,585**	**402,209**	**464,740**	**527,290**	**596,270**
Margin	39.3%	40.0%	41.8%	42.8%	44.1%	45.5%
Selling, engineering and administration	(158,389)	(169,970)	(183,225)	(201,373)	(216,149)	(230,165)
% of Sales	22.5%	20.5%	19.1%	18.6%	18.1%	17.6%
Income from operations	**118,049**	**162,615**	**218,984**	**263,368**	**311,141**	**366,106**
Margin	16.8%	19.6%	22.8%	24.3%	26.0%	27.9%
Interest income / expense, net	4,047	7,671	8,386	9,574	10,197	13,199
Other pension and postretirement benefits / costs	(130)	(130)	(130)	(130)	(130)	(130)
Income before income taxes	**121,966**	**170,156**	**227,240**	**272,811**	**321,208**	**379,174**
Margin	17.3%	20.5%	23.6%	25.1%	26.8%	28.9%
Income Taxes	(29,368)	(40,837)	(54,538)	(65,475)	(77,090)	(91,002)
ETR	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%
Net income	**92,598**	**129,319**	**172,703**	**207,337**	**244,118**	**288,172**
Diluted Earnings per Share	**$ 3.14**	**$ 4.38**	**$ 5.82**	**$ 6.97**	**$ 8.18**	**$ 9.62**
Diluted Weighted Average Shares	29,456	29,556	29,656	29,756	29,856	29,956

Sources: Internal Model Projections

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Discounted Cash Flow Analysis: Upside Case

Upside Case: Badger Meter Discounted Cash Flow Analysis

	Calendar Year Ending December 31,					
	2024E	2025E	2026E	2027E	2028E	Terminal Value
NOPAT	$ 123,587	$ 166,428	$ 200,159	$ 236,467	$ 278,240	
(+) Depreciation and Amortization	28,953	30,506	31,164	32,273	33,110	
(+) Change in Working Capital	(13,489)	(16,532)	(12,584)	(9,935)	(8,519)	
(+) Other Non-Cash Charges	-	-	-	-	-	
(+) Capital Expenditures	(11,500)	(12,500)	(13,500)	(14,500)	(15,500)	
Unlevered Free Cash Flow	**$ 127,551**	**$ 167,901**	**$ 205,240**	**$ 244,304**	**$ 287,331**	**$ 8,037,515**
Discount Factor	0.93	0.87	0.81	0.76	0.71	0.71
PV of Free Cash Flow	**$ 118,984**	**$ 146,105**	**$ 166,601**	**$ 184,991**	**$ 202,959**	**$ 5,677,379**
Enterprise Value	**$ 6,497,020**					
(+) Net Cash	258,955					
Equity Value	**$ 6,755,975**					
(÷) Shares Outstanding	29,456					
Price per Share	**$ 229.36**					

Assumptions

Weighted Average Cost of Capital	7.2%
Perpetual Growth Rate	3.5%

Sources: Internal Model Projections

Kenan–Flagler Business School
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Scenario Analysis: Downside Case

Badger Meter - Scenario Analysis	Downside Case					
	FY23	FY24	FY25	FY26	FY27	FY28
($ in millions)	Dec-23A	Dec-24E	Dec-25E	Dec-26E	Dec-27E	Dec-28E
Hardware Sales	659,275	763,552	822,055	856,941	866,715	865,320
Growth	24.5%	15.8%	7.7%	4.2%	1.1%	(0.2%)
Software Sales	44,317	60,155	79,900	104,328	132,293	163,849
Growth	23.2%	35.7%	32.8%	30.6%	26.8%	23.9%
Net sales	**703,592**	**823,707**	**901,955**	**961,268**	**999,007**	**1,029,169**
Growth	24.4%	17.1%	9.5%	6.6%	3.9%	3.0%
Cost of goods sold	(427,154)	(497,234)	(558,401)	(585,567)	(596,339)	(599,580)
Gross profit	**276,438**	**326,473**	**343,554**	**375,701**	**402,668**	**429,589**
Margin	39.3%	39.6%	38.1%	39.1%	40.3%	41.7%
Selling, engineering and administration	(158,389)	(171,002)	(189,952)	(197,637)	(200,401)	(201,305)
% of Sales	22.5%	20.8%	21.1%	20.6%	20.1%	19.6%
Income from operations	**118,049**	**155,472**	**153,602**	**178,064**	**202,267**	**228,284**
Margin	16.8%	18.9%	17.0%	18.5%	20.2%	22.2%
Interest income / expense, net	4,047	7,671	8,386	9,574	10,197	13,199
Other pension and postretirement benefits / costs	(130)	(130)	(130)	(130)	(130)	(130)
Income before income taxes	**121,966**	**163,013**	**161,858**	**187,508**	**212,334**	**241,352**
Margin	17.3%	19.8%	17.9%	19.5%	21.3%	23.5%
Income Taxes	(29,368)	(39,123)	(38,846)	(45,002)	(50,960)	(57,925)
ETR	24.1%	24.0%	24.0%	24.0%	24.0%	24.0%
Net income	**92,598**	**123,890**	**123,012**	**142,506**	**161,374**	**183,428**
Diluted Earnings per Share	**$ 3.14**	**$ 4.19**	**$ 4.15**	**$ 4.79**	**$ 5.41**	**$ 6.12**
Diluted Weighted Average Shares	29,456	29,556	29,656	29,756	29,856	29,956

Sources: Internal Model Projections

Discounted Cash Flow Analysis: Downside Case

Downside Case: Badger Meter Discounted Cash Flow Analysis

	Calendar Year Ending December 31,					
	2024E	**2025E**	**2026E**	**2027E**	**2028E**	**Terminal Value**
NOPAT	$ 118,158	$ 116,737	$ 135,329	$ 153,723	$ 173,496	
(+) Depreciation and Amortization	28,953	30,506	31,164	32,273	33,110	
(+) Change in Working Capital	(13,489)	(16,532)	(12,584)	(9,935)	(8,519)	
(+) Other Non-Cash Charges	-	-	-	-	-	
(+) Capital Expenditures	(11,500)	(12,500)	(13,500)	(14,500)	(15,500)	
Unlevered Free Cash Flow	**$ 122,122**	**$ 118,211**	**$ 140,409**	**$ 161,560**	**$ 182,587**	**$ 4,609,207**
Discount Factor	0.93	0.86	0.80	0.75	0.69	0.69
PV of Free Cash Flow	**$ 113,496**	**$ 102,102**	**$ 112,709**	**$ 120,527**	**$ 126,593**	**$ 3,195,691**
Enterprise Value	**$ 3,771,119**					
(+) Net Cash	258,955					
Equity Value	**$ 4,030,074**					
(÷) Shares Outstanding	29,456					
Price per Share	**$ 136.82**					

Assumptions

Weighted Average Cost of Capital	7.6%
Perpetual Growth Rate	3.5%

Sources: Internal Model Projections

Supply Chain Analysis

Raw Materials and Components

Raw materials used in the manufacture of the Company's prod include purchased castings made of metal or alloys (such as brass, which uses copper as its main component, aluminum, stainless steel and cast iron), plastic resins, glass, microprocessors and other electronic subassemblies, and components. There are multiple sources for these raw materials and components, but the Company relies on single suppliers for certain brass castings, resins and electronic subassemblies. The Company believes these items would be available from other sources, but that the loss of certain suppliers may result in a higher cost of materials, delivery delays, short-term increases in inventory and higher quality control costs. The Company carries business interruption insurance generally. The Company's purchases of raw materials are based on production schedules, and as a result, inventory on hand is generally not exposed to price fluctuations. World commodity markets and currency exchange rates may also affect the prices of material purchased in the future. The Company does not hold significant amounts of precious metals.

The inability to obtain adequate supplies of raw mate and component parts for our products at reasonable prices could have a material adverse effect on our business, financial condition or results of operations by decreasing profit margins and by negatively impacting timely deliveries to customers. In the past, we have been able to offset price increases in raw materials and component parts by increased sales prices, active materials management, product engineering programs and the diversity of materials used in the production processes. However, we cannot be certain that we will be able to accomplish this in the future. Since we do not control the actual production of these raw materials and component parts, there may be continued delays in the production or transportation of these materials for reasons that are beyond our control. World commodity markets and inflationary environments may affect raw material and component part prices. In addition, we rely on single suppliers for microprocessors, castings and components in several of our product lines and the loss of such suppliers could temporarily disrupt operations in the short term.

The Company relies on single suppliers for most brass castings and certain resin and electronic subassemblies in several of its product lines. The Company believes these items would be available from other sources, but that the loss of certain suppliers could result in a higher cost of materials, delivery delays, short-term increases in inventory and higher quality control costs in the short term. The Company attempts to mitigate these risks by working closely with key suppliers, purchasing minimal amounts from alternative suppliers and by purchasing business interruption insurance where appropriate.

1 3 BMI depends on a single supplier form most of its brass castings and certain electronic subassemblies. Most of these inputs can be found at alternative suppliers but a loss of a single supplier could expose BMI to cost headwinds if it attempted to switch

2 BMI has been able to pass supply chain disruption costs to customers in the past

Sources: BMI 2023 10-K

Primary Research

Site Visit / Correspondence

- Inspected Local Residential BMI Meters

Interviews/Sources

- Interview with Former Aqua America State Controller
- Interview with State President of Water Utility (Aqua America)
- Examined State Utility Commission Rate Cases and Testimonials
- Examined WSSC Cost Benefit Analysis

Photo Credit: Tina Abilgaziyeva

Sources: Team Generated

Kenan–Flagler Business School
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The University of North Carolina

BMI Solutions

"Choice Matters" Portfolio of Solutions to Solve Customer Challenges

Secular Drivers

- Population Growth / Demand Change
- Workforce Churn / Retirements
- Aging infrastructure / Asset Maintenance
- Customer Experiences / Stakeholder Participation
- Regulations and ESG
- Quality and Safety
- Energy Efficiency
- Water Scarcity / Climate Change

Solutions

Measurement & Control
For precise monitoring of your entire water system

- Flow Meters
- Water Quality Sensors
- Valves
- Actuators
- Monitoring Devices

Connectivity & Communication
Resilient, secure and flexible data collection and transfer

- AMI/Network as a Service (NaaS)
- Cellular Endpoints
- RTU's
- Protocols Integrated to Device Terminals

Insights & Action
Actionable data intelligence for proactive water management

- Software as a Service (SaaS)
- Consumer Engagement Mobile App
- Digital Platforms
- Dashboards

Collaboration & Support
Providing expertise, training and solution delivery

- Training
- Maintenance
- Project Management
- Customer Service
- Technical Support

Outcomes

- Revenue and Capacity
- Efficiency Benefits
- Water Conservation / GHG Reduction
- Compliance

Sources: Investor Deck

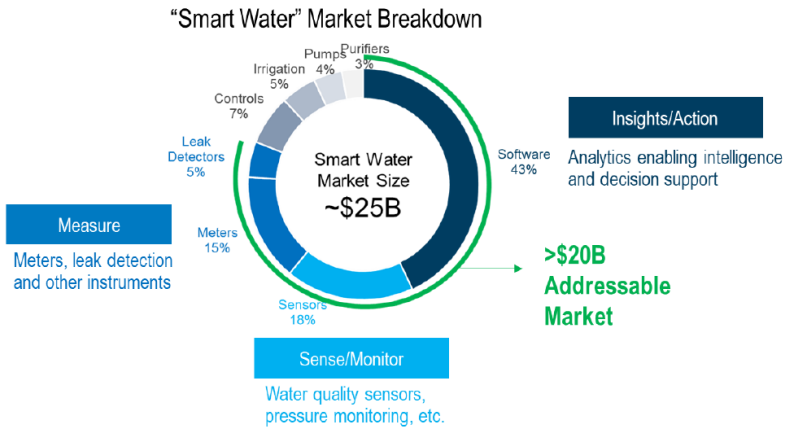
Secular Tailwinds

Over the Past Five Years We've Evolved and Expanded Our Served Market Capitalizing On Macro Growth Tailwinds

CEO Transition
Defend and grow US Utility Sales

Early 2020s
Premier AMI solutions provider

Today
Comprehensive & scalable water management solutions



- Strategy evolution aligned with customer desire for comprehensive and tailorable solutions from trusted source
- Broad and expanding portfolio to meet each customer at their pace on the smart water journey
  - Smart measurement hardware – meters, pressure, water quality, network monitoring
  - Reliable, secure communication solutions
  - Integrated software – data and analytics that enable intelligence, decision support and consumer engagement
  - Training, project management, installation oversight, support
- Ample financial capacity for continued organic and M&A investments to further evolve solution offerings

Sources: Investor Deck

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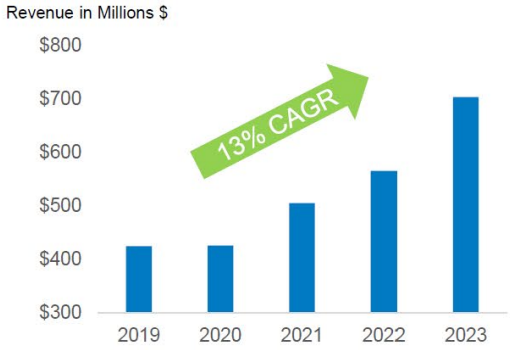
Improving Metrics

We Have Fundamentally Improved Our Financial Profile Delivering Strong Sales Growth, Recurring Revenue, Improving Margins and Cash Generation

Q3 YTD 2024

- 19% Sales Growth
- SaaS Growth +34%
- +260 bps Operating Margin
- Free Cash Flow +53%
- 39% EPS Growth

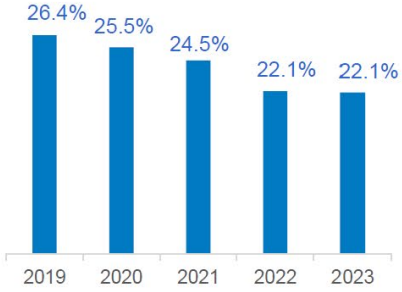
Consolidated Sales Growth



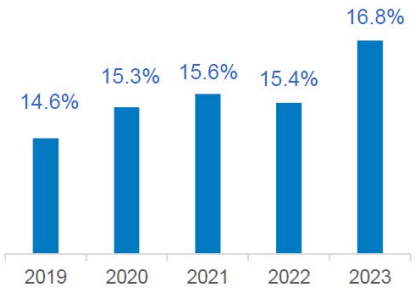
SaaS Revenue Growth

Reduced Working Capital Intensity

Net Working Capital as a % of Sales



Improved Operating Profit Margins



9

Sources: Investor Deck

AMI Adoption

AMI Adoption Accelerating with Business Case for Utilities Well Understood; Timing Aligned to Meter Replacement Cycle Bringing Higher ASP Opportunity

The Business Case
Why are utilities willing to pay more?

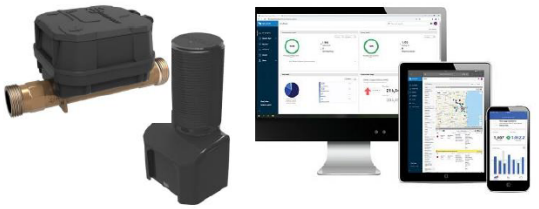
- Reduce non-revenue water (NRW)
  - Mechanical meters lose some accuracy over time
  - Continuous flow / leak detection – in network and homes
- Lower operating cost / improve efficiencies
  - Reduced truck rolls - move in/out reads and billings
  - Flow shut-off/restriction technology – labor to turn off and on water services
- Encourage conservation
  - Manage what you measure
  - Leak avoidance / fix

The Solutions
How our leading technologies deliver

- Meters
  - Static (E-series ultrasonic) holds accuracy over life; residential and commercial sizes
- Radio Endpoints
  - Efficient and safe - remote reads
  - Data and analytics – more data, more often
  - Cellular – infrastructure-free for utilities; flexible and resilient
- Software
  - Leak identification / detection
  - EyeOnWater for consumer engagement

MANUAL READ MECHANICAL METER WITH REGISTER ~$70

METER WITH CELLULAR RADIOS/SOFTWARE ~$250 per System



Sources: Investor Deck

AMI Adoption

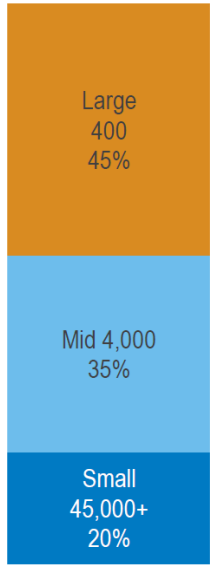
Badger Meter Enjoys a Strong Market Position in North American AMI Adoption; Customer Diversity with Tailorable and Differentiated Offerings

AMI "Choice Matters" Differentiation

Broadest Range of Offerings – Choice Matters	• Brass and polymer • Mechanical and static (ultrasonic) • Drive by, fixed and cellular radio technology
Technology Leadership	• ORION Cellular – leverages existing infrastructure, flexible, secure, broad coverage • SaaS with BEACON/EyeOnWater – actionable data for utility and homeowner
Innovation	• Ultrasonic expertise • Remote actuating flow restriction valve • Real-time water quality sensing – optical and electrochemical • Network monitoring – RTUs, high frequency pressure, acoustic leak detection
High Service Levels and Customer Support	• Strong brand preference – long term relationships / loyalty • Channel coverage - regional service center and local distribution to cover smaller utilities • Highly trained Solution Architects, customer care and field technology support
Low Lifecycle Costs	• Highly accurate and quality products / low warranty • Exceptional battery life • Leverage existing cellular technology network

>50K Water Utilities in US

Utility Size and their Share of Meter connections



Sources: Investor Deck

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Fixed Network v. Cellular NaaS Network

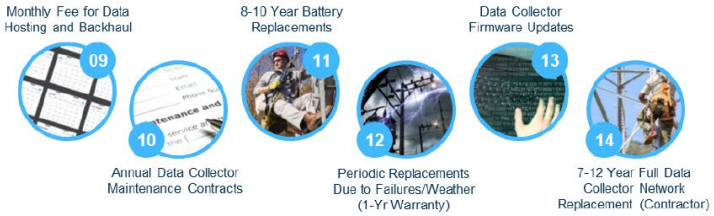
Badger Meter Is the Undisputed Leader in Cellular Communication with Millions of Endpoints Deployed; Provides Myriad of Benefits to Utilities

Data Collector Fixed Network

Single Purpose Network

System Engineering/Deployment

Ongoing System Maintenance/Fees

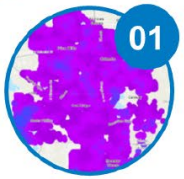


Cellular NaaS Network

Cellular/Smart City/IoT Network

System Engineering/Deployment

Cellular Coverage Analysis
Built-in Redundancy/Expedited Project With No Network Installation Needed



Ongoing System Maintenance/Fees

NaaS Management Fee

Cellular Network as a Service (NaaS)

- Easy
- Flexible
- Resilient
- Secure
- Sustainable

19

Sources: Investor Deck

Key Growth Strategies for Utility Smart Water

- Maintain leading position in the North American smart water market through continued development of leading-edge offerings
  - AMI adoption rate only at one third of connections
  - Leverage natural meter replacement cycle to upgrade customers (no radio or AMR to AMI)
- Penetrate and grow select international markets (e.g. Middle East, UK) with fit-for-market solutions
- Leverage addition of real-time water quality monitoring, high frequency pressure & network monitoring and other system health parameters into actionable data to improve utility operations
- Augment software, including consumer engagement technology, for optimized customer solution

Sources: Investor Deck

M&A Strategy and History

Strategic M&A is an Enabler to Expand Offerings and Accelerate Growth

- Technology solutions that can be leveraged across both utility and flow instrumentation markets
  - Water quality monitoring
  - Leak detection, conservation
- Software enhancements - SaaS
  - Utility operations
  - Network monitoring
  - Consumer portals
- International penetration

Year	Company	Type	Location	Price
Utility Water Instrumentation and Connectivity:				
2024	Telog / Unity	RTUs and software	US	$3M
2023	Syrinix, Ltd.	Pressure monitoring	UK	$18M
2021	Analytical Technology, Inc	Water quality monitoring	USA / UK	$44M
2020	s::can	Water quality monitoring	Vienna, Austria	$31M
2018	Innovative Metering Solutions	Distributor	Tampa, FL	$8M
2017	Carolina Meter	Distributor	Wilmington, NC	$6M
2017	D-Flow	Ultrasonic Technology/R&D	Lulea, Sweden	$23M
2015	United Utilities	Distributor	Smyrna, TN	$3M
2014	National Meter	Distributor	Denver, CO	$23M
2013	Aquacue	Software/cellular technology/R&D	Los Gatos, CA	$14M
Flow and Industrial Instrumentation:				
2012	Racine Federated	Technology/Manufacturing	Racine, WI	$57M
2011	Remag	Technology/Manufacturing	Bern, Switzerland	$5M
2010	Cox Instruments	Technology/Manufacturing	Scottsdale, AZ	$8M

Sources: Investor Deck

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BMI AMI Transition Analysis (Sell-Side)

Figure 9: Deutsche Bank Connected Meter Transition Analysis

	2017	...	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Installed Base - Meter Units (millions)	**92.5**		**97.5**	**98.2**	**99.0**	**99.9**	**101.0**	**102.1**	**103.4**	**104.8**	**106.4**	**108.1**	**109.9**	**111.9**	**114.1**		
Incremental Net Units Y/Y				0.7	0.8	0.9	1.0	1.2	1.3	1.4	1.6	1.7	1.8	2.0	2.2		
% Change Y/Y				0.7%	0.8%	0.9%	1.0%	1.1%	1.3%	1.4%	1.5%	1.6%	1.7%	1.8%	1.9%		
Manual Read Meters Units	**37.5**		**30.0**	**28.0**	**26.0**	**24.0**	**22.0**	**20.0**	**18.0**	**16.0**	**14.0**	**12.0**	**10.0**	**8.0**	**6.0**		
Incremental Net Units Y/Y				-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0		
% Change Y/Y				-6.7%	-7.1%	-7.7%	-8.3%	-9.1%	-10.0%	-11.1%	-12.5%	-14.3%	-16.7%	-20.0%	-25.0%		
% of Total Units	**41%**		**31%**	**29%**	**26%**	**24%**	**22%**	**20%**	**17%**	**15%**	**13%**	**11%**	**9%**	**7%**	**5%**		
Meters with Connectivity Units	**55.0**		**67.5**	**70.2**	**73.0**	**75.9**	**79.0**	**82.1**	**85.4**	**88.8**	**92.4**	**96.1**	**99.9**	**103.9**	**108.1**		
Incremental Net Units Y/Y				2.7	2.8	2.9	3.0	3.2	3.3	3.4	3.6	3.7	3.8	4.0	4.2		
% Change Y/Y				4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%		
% of Total Units	**59%**		**69%**	**71%**	**74%**	**76%**	**78%**	**80%**	**83%**	**85%**	**87%**	**89%**	**91%**	**93%**	**95%**		
% Total Units Sold Annually																	
Mechanical Meters			80%	78%	76%	74%	72%	70%	68%	66%	64%	62%	60%	58%	56%		
Static Meters			20%	22%	24%	26%	28%	30%	32%	34%	36%	38%	40%	42%	44%		
Mechanical with Connection (AMR)			65%	62%	58%	55%	51%	48%	44%	41%	37%	34%	30%	27%	23%	-3.5%	Annual
Mechanical with Connection (AMI)			15%	17%	18%	20%	21%	23%	24%	26%	27%	29%	30%	32%	33%	1.5%	Mix
Static with Connection (AMI)			20%	22%	24%	26%	28%	30%	32%	34%	36%	38%	40%	42%	44%	2.0%	Change
Mechanical with Connection (AMR)			$160	$163	$166	$170	$173	$177	$180	$184	$187	$191	$195	$199	$203	2.0%	Annual
Mechanical with Connection (AMI)			$190	$194	$198	$202	$206	$210	$214	$218	$223	$227	$232	$236	$241	2.0%	Price
Static with Connection (AMI)			$250	$255	$260	$265	$271	$276	$282	$287	$293	$299	$305	$311	$317	2.0%	Increases
Weighted Average Price Per Unit			$183	$188	$195	$201	$207	$214	$221	$228	$235	$242	$250	$258	$266		
% Change Y/Y				3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%		
Estimated Sales (Units x Price)				**$509**	**$546**	**$586**	**$630**	**$676**	**$725**	**$778**	**$835**	**$895**	**$960**	**$1,030**	**$1,104**		
% Change Y/Y					**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**	**7%**		

Sources: Deutsche Bank

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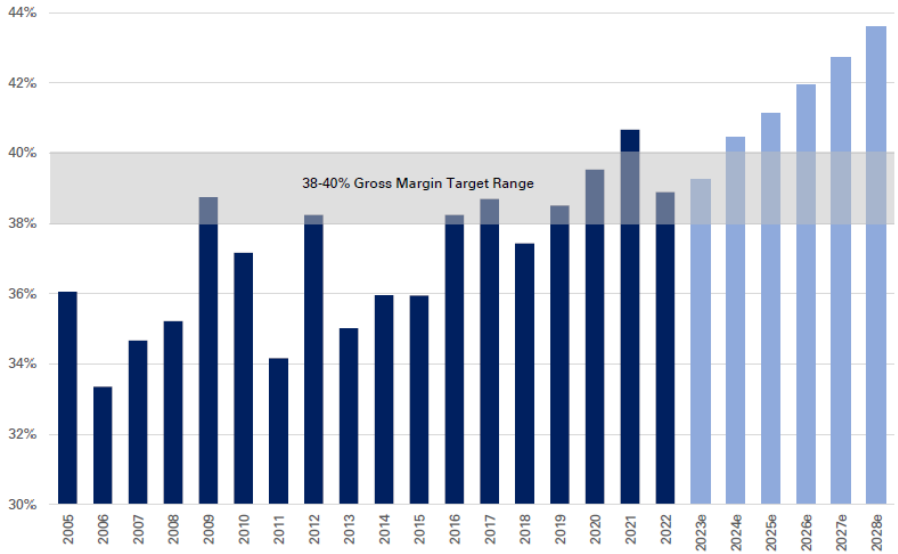
BMI SaaS Impact Analysis (Sell-Side)

Figure 11: Badger Meter SaaS Impact Analysis

	2022	2023e	2024e	2025e	2026e	2027e	2028e
Total Sales	565.6	635.9	676.1	719.8	770.3	823.8	885.2
Total Gross Profit	220.0	253.1	273.6	296.2	323.2	352.1	386.1
Total Gross Margin	**38.9%**	**39.8%**	**40.5%**	**41.2%**	**42.0%**	**42.7%**	**43.6%**
Core Sales	531.6	588.4	611.9	636.4	661.9	688.3	715.9
% Growth Y/Y		10.7%	4%	4%	4%	4%	4%
Core GM %	36.9%	37.4%	37.4%	37.4%	37.4%	37.4%	37.4%
Core GP Dollars	196.2	219.9	228.7	237.8	247.4	257.2	267.5
SaaS Sales	33.9	47.5	64.1	83.4	108.4	135.5	169.4
% Sales	6.0%	7.5%	9.5%	11.6%	14.1%	16.4%	19.1%
% Growth Y/Y		40%	35%	30%	30%	25%	25%
SaaS GM %	70%	70%	70%	70%	70%	70%	70%
SaaS GP Dollars	23.8	33.3	44.9	58.4	75.9	94.8	118.6
SaaS EBIT %	30%	30%	30%	30%	30%	30%	30%
SaaS EBIT Dollars	10.2	14.3	19.2	25.0	32.5	40.6	50.8
Tax Rate	24.2%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
Share Count	29.4	29.4	29.4	29.4	29.4	29.4	29.4
SaaS EPS Impact	**0.26**	**0.37**	**0.49**	**0.64**	**0.84**	**1.04**	**1.30**
Y/Y Change		***39%***	***35%***	***30%***	***30%***	***25%***	***25%***
Incremental vs. 2023e			**0.13**	**0.28**	**0.47**	**0.68**	**0.94**
% vs. 2023e Current EPS			***5%***	***10%***	***17%***	***25%***	***34%***
Current Total EPS	2.26	2.75					



Sources: Deutsche Bank