

PENTAIR INC
Form 425
May 07, 2012

PENTAIR
PENTAIR
Investor Presentation
RANDALL J. HOGAN
Chairman and Chief Executive Officer
May, 2012

PENTAIR

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PENTAIR

2

FORWARD-LOOKING STATEMENTS

Caution Concerning Forward-Looking Statements

This communication may contain certain statements about Pentair, Inc. ("Pentair"), Tyco Flow Control International Ltd. ("Tyco Flow") and Tyco International Ltd. ("Tyco") that constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. The forward-looking statements include statements about the expected effects on Pentair, Tyco Flow and Tyco of the proposed merger of Pentair and Tyco Flow, the Merger, Pentair's and Tyco Flow's anticipated standalone or combined financial results and all other statements in this document that are preceded or followed by or that include the words "targets", "plans", "believes", "expects", "intends", "will", "would", "expect", "positioned", "strategy", "future" or words, phrases or terms of similar substance or the negative thereof. These forward-looking statements are based on the current expectations of the management of Pentair, Tyco Flow and Tyco (as the case may be) and are subject to uncertainty.

and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. Such risks, uncertainties and assumptions include: the satisfaction of the conditions for the completion of the Merger and actions related thereto; Pentair's and Tyco's ability to complete the Merger on anticipated terms; or regulatory approvals of the Merger and related transactions; risks relating to any unforeseen liabilities of Pentair or Tyco Flow; earnings, synergies, economic performance, indebtedness, financial condition, losses and future prospects; business and management of Pentair's or Tyco Flow's operations; Pentair's and Tyco Flow's ability to integrate successfully after the Merger and achieve the expected benefits of the Merger on Pentair's or Tyco Flow's businesses; the risk that disruptions from the transaction will harm Pentair's or Tyco Flow's business; and other factors detailed in Pentair's and Tyco's reports filed with the U.S. Securities and Exchange Commission in their Annual Reports on Form 10-K under the caption "Risk Factors". Forward-looking statements included herein are made as of the date hereof. See "Additional Information" for more information.

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of an offer to buy Pentair shares. Pentair shareholders and the proposed distribution of Tyco Flow to Tyco shareholders will be submitted to a vote of Tyco shareholders. Pentair will file a registration statement on Form S-4 with the SEC. Such registration statement will include a proxy statement of Pentair to be sent to Pentair shareholders. In addition, Tyco Flow will file with the SEC a registration statement on Form S-1, which will include a proxy statement with the SEC related to the proposed distribution of the Tyco Flow shares that will be sent to Tyco shareholders. Shareholders should refer to proxy statements and other documents filed with the SEC when they become available because they will contain important information regarding the proposed transactions. Shareholders will be able to obtain copies of these documents (when they are available) and other documents from Tyco Flow and Tyco free of charge from the SEC's website at www.sec.gov. These documents (when they are available) can also be obtained by request to Investor Relations Department, Pentair, Inc., 5500 Wayzata Blvd., Suite 800, Minneapolis, MN, 55416, or by calling (609) 721-1000. See "Participants in the Solicitation" for more information.

Pentair and Tyco and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Pentair may be found in its Annual Report on Form 10-K for the year ended December 31, 2011 filed with the SEC on February 21, 2012 and definitive proxy statement relating to its 2012 annual meeting of shareholders filed with the SEC on January 16, 2012. Information about the directors and executive officers of Tyco may be found in its Annual Report on Form 10-K for the year ended December 31, 2011 and definitive proxy statement relating to its 2012 annual general meeting of shareholders filed with the SEC on January 16, 2012. Tyco Flow or Tyco undertakes any obligation to update publicly such statements to reflect subsequent events or circumstances. Shareholders may request to Investor Relations Department, Tyco International Ltd., 9 Roszel Road, Princeton, NJ, 08540, or by calling (609) 721-1000. Additional information regarding the interests of these participants will also be included in the registration statement filed with the SEC.

PENTAIR

3

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WINNING RIGHT

Well Positioned for Future Success & Sustainable Growth

Clear Growth Agenda

Targeted Investments, Focused Resource Allocation and Prioritized Investments

Positioning to Win in the New
New World

Growing Population & Wealth of Developing Economies Create Tremendous Opportunity for Pentair

Increasing Presence in Fast Growth Regions

Pentair Integrated Management System Key to Value Creation

Operational Excellence, Lean Improvements and Repositioning Benefits

One-Year Anniversary of Rapid Growth Process

Well Positioned for Sustainable, Profitable Growth in 2012 & Beyond

Focused on Generating Strong, Sustainable Shareholder Returns

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4

Making Significant Progress Towards Vision
OUR VISION

PENTAIR

5

A Decade of Positive Transformation

~

20%

20%

of Sales

in Fast Growth

Region

~

5%

5%

of Sales
in
Fast Growth
Regions
Expanded Tech
Product Offerings,
Acquired
~
\$200M
in Sales
~
17%+
17%+
ROS
Tech Product
Business
Today
Today
Early
Early
2000 s
2000 s
Mid-
Mid-
2000 s
2000 s
Tools Largest
Business
Sold Tools,
Acquired >\$1B in
Water Revenues
Portfolio of ~25
Smaller Businesses;
Manufacturing
Oriented
Global Water
Business,
Product Focus
More Global Filtration
Sales, Acquired
A
Leading
Leading
Membrane
Membrane
Technology
Technology
Company
Began Lean
Enterprise in

Tech Products

A HISTORY OF CHANGE

Announced Pending

Merger with

Tyco Flow Control

Tyco Flow Control

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6

More than a Decade of Differentiated Performance

A HISTORY OF PERFORMANCE

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

*Total shareholder return of Pentair and S&P 500 from close on 12/31/2000 through close on 3/31/2012

Pentair

S&P 500

Since 2001

Pentair

+390%

S&P Industrial

+7%

TOTAL SHAREHOLDER RETURN* OF PENTAIR AND S&P 500

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7

SALES BY PLATFORM

SALES BY PLATFORM

SALES BY GEOGRAPHY

SALES BY GEOGRAPHY

SALES BY VERTICAL

SALES BY VERTICAL

~2/3 Water & Fluid;

~1/3 Technical Products

Balanced Portfolio with
Attractive Growth Prospects

Leading Brands; Solid
Distributor Network
Diverse Businesses, Geographies, & Vertical Markets

Fast Growth Region Mix Up
from ~9% in 2005

Key Growth Regions include
China, Latin America,
India & Middle East

Strength in Diversity of
Verticals Served

More Advanced Water
Systems Across Verticals

United

States

(61%)

Developed

Non-US

(21%)

Fast

Growth*

(18%)

Residential

(~36%)

Commercial

(~11%)

Industrial &

Agriculture

(~44%)

Infrastructure

(~9%)

US ~2/3

Non US ~1/3

Technical

Products

Flow

Treatment /

Process

Aquatic

Water &

Fluid Solutions

A

DIVERSE,

GLOBAL

COMPANY
2011
REVENUE
OF
\$3.5B

* Fast Growth Regions include China, Latin America, India, SE Asia, Eastern Europe, the Middle East and Africa

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8

2009

2010

2011

2011 PERFORMANCE

A RECORD YEAR

2009

2010

2011

2009

2010

2011

RECORD SALES

Adj.

ROS

*

9.6%

ROS

11.0%

\$2.7

\$3.0

\$1.47

\$2.00

Strong Year

Well Positioned for Future Growth

Broad-Based Growth Across

Diverse Portfolio

Productivity Initiatives Driving

Operating Margins Higher

Continuing to Deliver Strong

Earnings Growth

\$3.5

Adj.

ROS

*

11.7%

\$2.41

SALES

(\$B)

ADJ. OPERATING INCOME

*

(\$M)

ADJ. DILUTED EPS

*

(\$)

+13%

2-YR CAGR

+25%

2-YR CAGR

\$258

\$334

\$404

STRONG PROFITS

RECORD EARNINGS

+28%

2-YR CAGR

* Results are adjusted and from continuing operations; see reconciliations in appendix.

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9

\$0.88

\$0.01

1976

1985

1995

2005

2012

Pentair Has Increased Dividends for 36 Consecutive Years

*Dividends adjusted for splits and stock adjustments. **All results are on an adjusted basis. See reconciliation in appendix.

2009

2010

2011

Adj. NI

FCF in excess of Adj. NI

Free Cash Flow Conversion

Consistently >100% of Adj.

Net Income

\$207M

\$211M

\$248M

STRONG CASH FLOW GENERATION

FREE CASH FLOW

**

ANNUALIZED DIVIDENDS

*

Strong Free Cash Flow Conversion

Fuels Dividend Growth

Dividend

Payout Ratio

Currently >30%

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10

Adj. Op Income Up 10%

Adj. Op Margins 11.3%

Up 20 bps

Volume/Acq.

(0.8 pts.)

Price/Productivity

+3.0 pts.

Inflation
(2.0 pts.)
Adj. EPS Up 23%

Adj. Effective Tax Rate ~20%
(ETR ~29% excl. discrete tax item benefit)

Adj. Interest Up ~\$7M
Q1 Free Cash Flow of (\$82M)

Normal Seasonality and Timing

On Track to Deliver FY FCF >100% of NI

* All year-over-year comparisons against 2011 adjusted results.

** CPT refers to the acquisition of Norit's Clean Process Technologies Business; Closed May 12, 2011

FINANCIAL HIGHLIGHTS

SUMMARY

Sales Up 9%
(Incl. +9 pts from CPT
**

& (1 pt) from FX)

Water & Fluid Up 14%

Technical Products Down (1%)

Western Europe Plus Lower Flood-Related Pump
Sales Negatively Impacted Top-Line

Double Digit Growth in Industrial, Energy,
Agriculture and Pool

Pricing, Lean & Repositioning Drove Margins
up YoY, Despite Acquisition Impact

Below the Op Line, Lower Taxes YoY More than
Offset Higher Interest and Diluted Shares
Strong Execution Drove Double Digit Adj. Op Income Growth
Q1 '12 PENTAIR RESULTS

*

as presented on April 24, 2012

Q1 '12

Q1 '11

Sales

\$858M

\$790M

Op Income

(Rpt.)

\$85M

\$86M

Op Income

(Adj.)

\$97M

\$88M

ROS

(Adj.)

11.3%

11.1%

EPS

(Rpt.)

\$0.61

\$0.51

EPS

(Adj.)

\$0.64

\$0.52

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11

Flow (~40% of Water & Fluid Solutions Sales Mix)

-

Expect W. Europe & Municipal Headwinds to Continue
in 1H; Easier Comparisons in 2H

Treatment/Process (~38% of Sales Mix)

-

Expect Industrial/Energy to Remain Strong;
Stabilized US Residential with Easier 2H Comparisons

-
Expect W. Europe Headwinds to Continue; Expect Fast
Growth Regions Sales to Improve

Aquatic (~22% of Sales Mix)

-
Significant Pool Installed Base; Expect Good Demand
with Eco-Select Products Growing Beyond Market

-
Brazil Acquisition Expected to Benefit Sales >\$10M

SALES

GROWTH

EXPECTATIONS

(FY

2012)

as

presented

on

April

24,

2012

Nice

Growth

in

Many

Verticals

Mitigating

W.

Europe

&

Muni

Headwinds

Water &

Fluid

Solutions,

69%

Technical

Products,

31%

Industrial

37%

Communications

20%

Energy

11%

General Electronics

11%

Commercial

7%

Infrastructure

6%

Other

8%

WATER & FLUID SOLUTIONS (FY 12)

TECHNICAL PRODUCTS (FY 12)

SALES MIX BY SEGMENT

Strength in [Breadth of Portfolio](#)

& Alignment with [Global Mega Trends](#)

Expect Attractive Growth in

Industrial and Energy

Softness in

Electronics and Communications

Expected to Continue

Lumpy Telecom Program Impact 1H ~\$15M YOY

Solid Growth in

Commercial and Infrastructure

Expected to Continue

Residential

52%

US

68%

Non-US

32%

Industrial

18%

Commercial

13%

Municipal

11%

Agriculture

6%

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12

FY 12 FINANCIAL OUTLOOK

KEY HIGHLIGHTS

New Products, Expanded Distribution and Fast
Growth Regions Expected to Fuel Growth

Expect Better Price/Cost, More Productivity
and Prioritized Investments to Expand Margins

Expect to Generate FCF > Net Income, with

Disciplined Allocation

Integration Planning & Leadership is Critical

Tyco Flow Deal Not Reflected in this Outlook

Growth

and

Productivity

Strategies

In

Place

Well

Positioned

in

2012

FULL YEAR 2012 PENTAIR OUTLOOK

*

as presented on April 24, 2012

FY 12

FY 11

Sales

~\$3.7B

\$3.46B

Op Income

(Rpt.)

\$433M -

\$458M

\$169M

Op Income

(Adj.)

\$445M -

\$470M

\$404M

ROS

(Adj.)

up 50 bps -

80 bps

11.7%

EPS

(Rpt.)

\$2.62 -

\$2.77

\$0.34

EPS

(Adj.)

\$2.65 -

\$2.80

\$2.41

Adj. Op Income Up 10% -

16%

Adj. Op Margins Up 50 bps -
80 bps

Water & Fluid Margins, Up ~50 bps

Technical Products Margins, Up ~100 bps

Adj. FY EPS Up 10% -
16%

Adj. Tax Rate 26% -
27%

Adj. Interest Up ~\$8M YoY

Sales Up 6% -

8%

(incl. ~3pts from CPT Acq.)

Water & Fluid Up 8% -

10%

Technical Products Up 2% -

4%

FY 12 Free Cash Flow ~\$270M

Expect >100% Net Income Conversion

* 2012 full year outlook does not include any future impact from Tyco Flow Deal; All year-over-year comparisons against 20

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13

POSITIONED TO SERVE THE NEW
NEW WORLD

Breadth

and

Expertise

to

Serve

the

New

New

World
Industrialization
Infrastructure
Resource Scarcity
Quality of Life
>4 Billion Reaching
Middle Class Globally
Needs and Wants Are
Driving Demand
Increasing Population and Wealth
of the New
New World
Food
Infrastructure/Industry
(Transportation and Manufacturing)
Energy

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14

CLEAR VISION, CONSISTENT STRATEGY

Clear Path Forward for Growth and Value Creation

Invest in **Innovative Technology**
& Application Expertise

Innovate
Around Scarcity, Energy
Efficiency and Sustainability

Continue to Build Scale in **Fast**
Growth Regions

Taking PIMS to the Next Level
and Leveraging New **Rapid**
Growth
Tool

STRATEGIC PRIORITIES

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15

\$57

\$62

\$58

\$67

\$78

1.7%

1.9%

2.1%

2.2%

2.3%

2007

2008

2009

2010

2011

(\$M)

% of Sales

Salt-less Water Softener,
featuring Hybrid
Deionization Technology

Liquid Natural

Gas Filtration

System

High Capacity

In-Row Cooling

Units

Investing in Pentair's Future and Growth

INVESTING IN INNOVATION

Beer Membrane Filtration

Award-Winning

Fish

Friendly

Pump

RESEARCH AND DEVELOPMENT

Qingdao Enclosure Design Center

O

Gehaltemeter

for Optimizing

Beverage Quality

Energy-Efficient IntelliFlo

Variable Speed Pool Pump

2

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16

Building Global Scale and Enhancing Growth Prospects

Fast Growth

*

9%

Fast Growth

*

18%

2005 Sales

\$2.9B

Addressing the Growing
Demands of the New
New World

Broad Array of Solutions
with Growing Application
Expertise and Regional
Focus

More Advanced
Production Capabilities &
Expanded Capacity

2011 Sales

\$3.5B

GEOGRAPHIC SALES MIX

INCREASING OUR GLOBAL PRESENCE

* Fast Growth Regions include China, Latin America, India, SE Asia, Eastern Europe, the Middle East and Africa

Developed

Non-US

18%

United

States

73%

Developed

Non-US

21%

United

States

61%

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17

Safety, Quality, Delivery, Cost and Cash Focus

Attracting and Developing Top Talent

Prioritizing Investments & Innovation

Building Growth Capabilities

LEAN

ENTERPRISE

EXECUTING OUR PROVEN STRATEGY

PIMS Roadmap Is Key to Value Creation

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18

Well-Positioned to Serve the New
New World

-

Growing Population and Wealth of Developing Economies
A World-Leading

~\$7.7B

*

Industrial
Growth
Company

-
A Global Leader in Flow, Filtration and Equipment Protection
PENDING PENTAIR & TYCO FLOW MERGER, **Previously Announced**
A Great Industrial Combination
Strong from the Start

-
More Global, More Diverse and More Scale
Stronger in the Future

-
Projected ~\$0.40 Accretive to 2013 EPS; Expect 2015 EPS of >\$5.00

-
Expect ~\$200M annual operational cost synergies with full realization by Yr 3

-
Expect Debt/Proforma
2013 EBITDA of ~1.3x

1
2
3
4

* Combined projected 2012 pro forma revenues. Tyco Flow financials calendarized to December.
As Presented on March 28, 2012

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19

Two Global Leaders

A Powerful Combination

A Global Leader in Industrial

Valves and Controls

Strong Regional Leader in Water
and Environmental Solutions

A Global Leader in Industrial

Heat Management Solutions

Strong Lean/Six Sigma Journey

Strong Cash Flow Generation

Broad Global Reach

PENDING PENTAIR & TYCO FLOW CONTROL COMBINATION

Emerging Presence in Industrial

Fluid Processing Solutions

A Global Leader in Water Flow
and Filtration Applications

A Global Leader in Equipment
Protection Solutions

Proven Operational Excellence
and Lean Discipline

Strong Cash Flow Generation

Building Global Presence

STRENGTHENS FLUID

PROCESS SOLUTIONS

EXTENDS WATER

OFFERINGS

ADVANCES THERMAL

CAPABILITIES

ENHANCES

GROWTH POTENTIAL

As Presented on March 28, 2012

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20

Water & Environ.

Water & Fluid

Thermal Controls

Technical Products

Valves & Controls

Flow Control

STRONG STRATEGIC FIT

Complementary Capabilities to Best Serve Customers

PENTAIR

SALES BY SEGMENT

TYCO FLOW

SALES BY SEGMENT

COMBINED COMPANY SALES

2012 *pro forma* PROJECTED SALES ~\$7.7B*

Technical

Products,

~30%

Projected 2012 Sales: ~\$3.7B

Projected 2012 Sales: ~\$4.0B*

EP

FC

W&F

* Tyco Flow financials calendarized to December.

As Presented on March 28, 2012

Water &

Fluid

Solutions,

~45%

Equipment

Protection

Solutions,

~25%

Flow

Control,

~30%

Water &

Fluid

Solutions,

~70%

Valves &

Controls,

~60%

Water &

Environ.,

~20%

Thermal

Controls,

~20%

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21

SERVING HIGHLY ATTRACTIVE GROWTH SECTORS

Driven By Strong Secular Growth Trends

Increased Scale in Attractive Growth Sectors

Sales Mix: Estimated 35% Project

DIVERSE VERTICALS

COMBINED 2012 *pro forma* PROJECTED SALES MIX

Infrastructure,

~10%

Comm 1,

~10%

Industrial

Performance & Quality

Efficiency

Hazardous

Energy

Efficiency

Unconventional

Technology

Global Water

Scarcity

Regulation

Sustainability

Infrastructure

Aging

Capacity Needs

Urbanization

SECULAR TRENDS DRIVING DEMAND

As Presented on March 28, 2012

Industrial,

~35%

Energy,

~25%

Residential,

~20%

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22

EXPANDED GLOBAL REACH

Fast Growth Regions ~25% of Combined Sales

~40%

US & CANADA

~35%

DEVELOPED

REST OF WORLD

WORLDWIDE

>100 Manufacturing Facilities

>90 Service Centers

>30,000 Employees
Significant US Residential
Installed Base
US Industrial Sector
Strength
Continued Increase in
Demand for Oil and Gas,
Power
Broader Offering,
Recognized Brands, Plus
Service Centers in Large,
Fragmented Market
Rising GDP and
Urbanization Driving
Infrastructure, Energy
& Water Demands
Robust Industrial Sector
Greater Scale in Fast
Growth Regions Across
All Businesses
~25%

FAST GROWTH
REGIONS

As Presented on March 28, 2012

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23

Operating/G&A Cost Synergies: ~\$160M

Direct/Indirect Sourcing Opportunities

Lean/PIMS in Factories: Deploy in Tyco Flow

IT/Finance/HR Standardization

Management and Regional Business Integration

Day One

Cost Avoidance: ~\$40M

~\$80M Public Company Corporate Cost Avoidance,

Net of ~\$40M Integration/Corporate Investments

Day One

Annualized Tax Rate of ~24-26%

(Below the Operating Line)

Expect Annualized Tax Rate of ~24-26%

Revenue Synergies

All Upside Potential

Cross-Selling of Channels, Verticals, Products and Services

Not Assumed in Accretion and Cash Flow Forecasts

VALUE CREATION POTENTIAL

~\$1B in Value Day 1 from Corp Cost Avoidance + Taxes

RUN-RATE SYNERGY ESTIMATE

Estimated One Time Costs of \$230M

(~1/3 is Non-Cash Inventory Step-Up Costs)

ANTICIPATED PRE-TAX SYNERGIES

As Presented on March 28, 2012

Corp Cost

Avoidance

Tax

Synergies

Cost

Synergies

~\$200M of

Operational

Synergies

pre-tax

Expected

Annualized

Tax Rate of

~24-26%

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24

Direct/Indirect Sourcing

Benefit from Global Procurement and Indirect
Sourcing Capabilities

Leverage Company-Wide Standard Vendor Lists

Insource/Resource Common Buys

Operations / Lean

PIMS Works

Proven Processes Utilizing

Standard Work and Cultural Influence

Global Structure

Significant Opportunity

Drive to Standard Systems and Processes in

IT/Finance/HR to Reduce G&A

Integrate and Leverage Regional Sales and Service

Locations

Focus in Fast Growth Regions

Pentair G&A ~7.5% of Sales

Tyco Flow SpinCo

>10.5%

No Reductions in R&D

COST SYNERGY DRIVERS

Expected Annual Cost Synergies of ~\$200M by 2015

2013

2014

2015

~\$90M

~\$150M

~\$200M

Direct/

Indirect

Sourcing

Ops/

Lean

Global

Structure:

G&A,

Selling/

Mkting

EXPECTED Operational Cost SYNERGIES

As Presented on March 28, 2012

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25

VALUE CREATION ROADMAP

Clear Strategy, Focused Execution and Proven Framework

CLEAR VISION,

CONSISTENT STRATEGY

PERFORM AT A

HIGHER LEVEL

EXECUTE OUR

PROVEN STRATEGY

LEVERAGE COMBINED

STRENGTHS

Focus on Key **Value**

Creation

Metrics:

-

Organic Sales Growth +
Key Acquisitions

-

Op Margin Expansion

-

Prioritized Growth

-

Cash Flow > NI

-

ROIC

Based on the Pentair
Integrated Management
System (**PIMS**)

-

Lean Enterprise

-

Talent Process

-

New Product
Development Roadmap

-

Rapid Growth Process
Shared Vision and
Win-Right

Culture

Leverage Process and
Cash Flow Disciplines
Strong Customer-Centric
Business Models

Clear, Simple, Global
Vision

based on New

New World

Shareholder Value

Creation Has Always
Been Our #1 Goal

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26

INTEGRATION LEADERSHIP

Valves &

Controls

Thermal

Water &

Environ.

Pentair

Dedicated Resources to Capture Synergistic Potential

Leaders by Function

Business

Process
Sourcing/
Indirect
Lean/RE
Logistics
Finance/IT
Selling/
Marketing
HR/
Culture
Legal/
Compliance
Executive/
Board

INTEGRATION TEAM

Reporting Directly to Chairman/CEO

INTEGRATION LEADER

Program Management Office (PMO)

Integration Team Will Consist of

~25

40 Proven Leaders

Primary Focus on Structure,
Standardization, Indirect
Spend, Direct Materials and
On-Boarding

Function and Geographic
Region Focus

Pentair + Tyco Flow
Leadership

Supported by PMO Office

First 100 Days Plan Already
Underway

As Presented on March 28, 2012

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27

Mega Trends in Favor
of Combination

Complementary
Extension of Product
Offerings & Solutions
More Scale, More Global and More Diverse

Broader Global Reach

Fast Growth Region
Sales ~25%

Global Service and
Sales Coverage

Increased Scale in High
Growth Applications

Enhanced Product
Offerings and Solutions

Diverse Customer Base
COMBINED PENTAIR AND TYCO FLOW
BY APPLICATION
COMBINED 2012 *pro forma* PROJECTED SALES MIX
BY PLATFORM
COMBINED 2012 *pro forma* PROJECTED SALES MIX
BY GEOGRAPHY
COMBINED 2012 *pro forma* PROJECTED SALES MIX
As Presented on March 28, 2012

Equipment
Protection
Solutions,
~25%
Flow Control,
~30%
Water &
Fluid
Solutions,
~45%
US and
Canada,
~40%
Fast Growth
Regions,
~25%
Western
Europe,
~20%
Developed
Non-US,
~15%
Energy,
~25%
Infrastructure,
~10%
Residential,
~20%

Industrial,
~35%
Comm 1,
~10%

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28

APPENDIX

GAAP to Non-GAAP Measurements & Reconciliations

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29

REPORTED TO ADJUSTED 2012 RECONCILIATION

Pentair, Inc. and Subsidiaries

Reconciliation of the GAAP "As Reported" year ending December 31, 2012 to the "Adjusted" non-GAAP
excluding the effect of 2012 adjustments (Unaudited)

Total Pentair

First Quarter

Year

In millions, except per-share data

2012

2012

Net sales
 858.2
 \$
 approx \$3.700
 Operating
 income
 -
 as
 reported
 85.0
 approx
 433
 -
 458
 % of net sales
 9.9%
 approx. 12%
 Adjustments:
 Deal related costs
 11.8
 11.8
 Operating
 income
 -
 as
 adjusted
 96.8
 approx
 445
 -
 470
 % of net sales
 11.3%
 approx. 12%+
 Net
 income
 attributable
 to
 Pentair,
 Inc.
 -
 as
 reported
 60.8
 approx
 265
 -
 281
 Interest expense
 (1.2)

(1.2)

Adjustments net of tax

4.4

4.4

Net income from continuing operations attributable

to

Pentair,

Inc.

-

as

adjusted

64.0

approx

268

-

284

Continuing

earnings

per

common

share

attributable

to

Pentair,

Inc.

-

diluted

Diluted

earnings

per

common

share

-

as

reported

0.61

\$

\$2.62

-

\$2.77

Adjustments

0.03

0.03

Diluted

earnings

per

common

share

-

as

adjusted

0.64

\$

\$2.65

-

\$2.80

PENTAIR

30

Pentair, Inc. and Subsidiaries

Reconciliation of the GAAP "As Reported" years ending December 31, 2011, December 31, 2010 and December 31, 2009 to the "Adjusted" non-GAAP excluding the effect of adjustments (Unaudited)

Year

Year

Year

In millions, except per-share data

2011

2010

2009

Net sales

3,456.7

\$

3,030.8

\$

2,692.5

\$

Operating income - as reported

168.5

\$

334.2

\$

219.9

\$

% of net sales

4.9%

11.0%

8.2%

Adjustments:

CPT deal related costs

8.3

Restructuring and asset impairment

12.9

37.9

Inventory step-up and customer backlog

13.4

Goodwill impairment

200.5

Operating income - as adjusted

403.6

334.2

257.8

% of net sales

11.7%

11.0%

9.6%

Net income from continuing operations attributable
to Pentair, Inc. - as reported

34.2

197.8

115.5

Adjustments net of tax

206.5

26.2

Bond tender

3.2

Net income from continuing operations attributable
to Pentair, Inc. - as adjusted

240.7

197.8

144.9

Continuing earnings per common share attributable to Pentair, Inc. - diluted

Diluted earnings per common share - as reported

0.34

\$

2.00

\$

1.17

\$

Adjustments

2.07

0.30

Diluted earnings per common share - as adjusted

2.41

\$

2.00

\$

1.47

\$

REPORTED TO ADJUSTED RECONCILIATIONS (2011, 2010, 2009)

PENTAIR

31

Note: Inventory step-up and customer backlog reflect amortization of fair market value step-up associated with inventory and
REPORTED TO ADJUSTED 2011 RECONCILIATION

Pentair, Inc. and Subsidiaries

Reconciliation of the GAAP "As Reported" year ending December 31, 2011 to the "Adjusted" non-GAAP
excluding the effect of 2011 adjustments (Unaudited)

Total Pentair

First Quarter

Second Quarter

Third Quarter

Fourth Quarter

Year

In millions, except per-share data

2011

2011

2011

2011

2011

Net sales

790.3

\$

910.2

\$

890.5

\$

865.7

\$

3,456.7

\$

Operating income - as reported

86.2

109.4

92.9

(120.0)

168.5

% of net sales

10.9%

12.0%

10.4%

(13.9%)

4.9%

Adjustments:

CPT deal related costs

1.7

6.1

0.5

8.3

Restructuring

2.1

10.8

12.9

Inventory step-up and customer backlog

0.2

5.3

5.8

2.2

13.5

Goodwill impairment

200.5

200.5

Operating income - as adjusted

88.1

120.8

100.8

94.0

403.7

% of net sales

11.1%

13.3%

11.3%

10.9%

11.7%

Net income attributable to Pentair, Inc. - as reported

50.5

66.7

51.1

(134.1)

34.2

Adjustments net of tax

1.3

8.8

6.6

189.8

206.5

Net income from continuing operations attributable
to Pentair, Inc. - as adjusted

51.8

75.5

57.7

55.7

240.7

Continuing earnings per common share attributable to Pentair, Inc. - diluted

Diluted earnings per common share - as reported

0.51

\$

0.67

\$

0.51

\$

(1.36)

\$

0.34

\$

Adjustments

0.01

0.08

0.07

1.92

2.07

Diluted earnings per common share - as adjusted

0.52

\$

0.75

\$

0.58

\$

0.56

\$

2.41

\$

PENTAIR

32

GAAP TO NON-GAAP RECONCILIATION

Pentair, Inc. and Subsidiaries

Reconciliation of Free Cash Flows for the years ending December 31, 2011, December 31, 2010 and December 31, 2009
(Unaudited)

In millions

2011

2010

2009

Free Cash Flow

Net cash provided by (used for) continuing operations

320.2

\$

270.4

\$

259.9

\$

Capital expenditures

(73.3)

\$

(59.5)

\$

(54.1)

\$

Proceeds from sale of property and equipment

1.3

\$

0.3

\$

1.2

\$

Free cash flow

248.2

\$

211.2

\$

207.0

\$

Pentair, Inc. and Subsidiaries

Reconciliation of Free Cash Flows for the three months ending March 31, 2012 and April 2, 2011

(Unaudited)

In millions

2012

2011

Free Cash Flow

Net cash provided by (used for) operating activities

(67.5)

\$

(48.2)

\$

Capital expenditures

(15.6)

\$

(13.3)

\$

Proceeds from sale of property and equipment

1.5

\$

0.1

\$

Free cash flow

(81.6)

\$

(61.4)

\$