

PENTAIR INC  
Form 425  
July 24, 2012

Q2 2012 EARNINGS RELEASE

July 24, 2012

PENTAIR

Filed by Pentair, Inc.

pursuant to Rule 425 under the Securities Act of 1933

and deemed filed pursuant to Rule 14a-12

of the Securities Exchange Act of 1934

Subject Company: Pentair, Inc.

Registration Number: 333-181250

2  
Caution  
Concerning  
Forward-Looking  
Statements  
This  
communication  
may  
contain  
certain  
statements

about  
Pentair,  
Inc.  
( Pentair ),  
Tyco  
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Ltd.  
( Tyco  
Flow )  
and  
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( Tyco )  
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[www.sec.gov](http://www.sec.gov).

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[www.sec.gov](http://www.sec.gov).

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Inc.,  
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available.

FORWARD-LOOKING STATEMENTS

PENTAIR

3

Adj. Op Income Up 11%

Adj. Op Margins 14.3%

Up 100 bps

Volume/Acq.

(0.6 pts.)

Price/Productivity

+3.5 pts.



Inflation

(1.6 pts.)

Adj. EPS Up 11%

Adj. Effective Tax Rate ~28%

Net Interest Up ~\$1M

Q2 Free Cash Flow of \$222M

Seasonal Acceleration; YTD FCF of \$140M

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

Sales Up 3%

Acq.

+4.4 pts.

Volume/Price

+2.0 pts.

FX

(2.9 pts.)

Water & Fluid Up 7%

Technical Products Down (4%)

Top-Line Hindered by FX Translation and End of  
Life Contract (Technical Products)

Continued Gains in Industrial, Agriculture, Food,  
and Energy

Strong Margin Improvement Led by Price,  
Productivity, and Repositioning Savings

YTD Repositioning Charges of \$10M to Accelerate  
Productivity Savings

Price and Productivity Drove Margin Gains

Q2 12 PENTAIR RESULTS

\*

Q2 12

Q2 11

Sales

\$942M

\$910M

Op Income

(Rpt.)

\$118M

\$109M

Op Income

(Adj.)

\$134M

\$121M

ROS

(Adj.)

14.3%

13.3%

EPS

(Rpt.)

\$0.71

\$0.67

EPS

(Adj.)

\$0.83

\$0.75

PENTAIR

SUMMARY

FINANCIAL HIGHLIGHTS

4

Operating Margins / Productivity Highlights

Sales Up 7%

Up 1% ex-CPT, Organic up 3% ex-FX

Treatment/Process +14%

-

Strong Industrial and Energy Offsetting W. Europe Headwinds

Aquatic +8%

-

## Strong Eco-Select Product Sales and Dealer Expansion

Flow (1%)

-

Lower Flood-Related Pump, W. Europe & Muni Sales

Fast Growth Regions Up 19%, including CPT and FX

Sales Highlights

(by Platform)

Adjusted Operating Margins 14.7%,

incl.

negative

CPT

headwind

of

70

bps

Solid Pricing and Productivity Execution, Along with

Repositioning Actions Benefited Margins

Continued Investments in New Product

Development to Fuel Future Growth

Solid Growth (ex-FX) and Strong Price and Productivity

Q2 12 WATER & FLUID SOLUTIONS PERFORMANCE

\*

YoY

Q2 11

Adj

Prod./

Price

Infl.

Growth

Q2 12

Adj

\$1M

\$99M

\$20M

\$90M

\$632M

\$676M

(\$18M)

Q2 11

Volume

Price

FX

Q2 12

\$15M

\$7M

(\$12M)

\$40M

CPT Acq.

1pt

6pts

2pts

(3pts)

7pts

ROS

(1.9%)

(0.4%)

2.8%

14.7%

14.2%

ROS

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

\$92M

(\$7M)

Adj

Q2 12

Rptd

13.6%

ROS

(1.1%)

PENTAIR

SALES

OPERATING INCOME

+7%

YoY

+10%

YoY

5

Sales Down 4%

Down 1% ex-FX

Fast Growth Regions Up 2% (Up 8% ex-FX)

Industrial

+7%

Energy

+4%

Commercial  
+3%

Infrastructure  
(1%)

Sec/Def, Medical  
(5%)

General Electronics  
(8%)

Communications  
(29%)

## Q2 12 TECHNICAL PRODUCTS PERFORMANCE

\*

Industrial Strength and Robust Margin Expansion

SALES

OPERATING INCOME

Operating Margins / Productivity Highlights

Sales Highlights

(by Sector Served)

Adjusted Operating Margins 20.2%, Up 290bps

End of Life Telecom Project & W. Europe Headwinds  
Impacted Top-Line; Minimal Op Margin Impact

Strong Gross Margin Performance, with Continued  
Investments in Global Selling & Marketing

Pricing realized; Repositioning Benefits Ramping  
through Year

YoY

\$278M

\$266M

(\$8M)

Q2 11

Volume

Price

FX

Q2 12

\$7M

(\$11M)

(4%)

YoY

(4pts)

3pts

(3pts)

(4pts)

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

Q2 11  
Prod./  
Price  
Infl.  
Growth  
Q2 12  
Adj  
(\$5M)  
\$54M  
\$14M  
\$48M  
(\$3M)  
+11%  
YoY  
(0.9%)  
(0.9%)  
4.7%  
20.2%  
ROS  
\$51M  
(\$3M)  
Adj  
Q2 12  
Rptd  
17.3%  
ROS  
19.0%  
ROS  
(1.2%)  
PENTAIR



6

1

#### HALF GROWTH PROFILE

FX Translation a Headline, Europe a Headwind, Fast Growth still Growing

US/CANADA ~66% of Sales

YTD Revenue up

4%

Up 5%

Excluding the Impact of Telecom End of  
Life Program

WESTERN EUROPE ~13% of Sales

Overall Volume/Price/FX Down 17% YOY

Impact of FX Translation ~(8%)

FX Translation Continues into  
2  
Half, 2012

FAST GROWTH ~18% of Sales

China YTD up 21%  
Flat excluding  
Acquisitions and FX

Middle East up 29%

Latin America up 14% in Local Currency

India up 42% in Local Currency

Residential  
~34%  
of  
Sales

Flat YTD

Industrial  
~40%  
of  
Sales

Up 11% YTD

Agriculture/Aquaculture  
~5%  
of  
Sales

Up 17% YTD

Comm 1  
~13%  
of  
Sales

Up 5% YTD

Infrastructure

~8%

of

Sales

Up 3% YTD

Energy: [Gaining momentum relating to](#)  
separation systems and shale penetrations

Water Reuse: [Industrial application orders](#)  
accelerating  
2H shipments

Industrialization: [Fast growth markets still](#)  
expanding as a whole  
China slower

Agriculture: [Ag/Aquaculture orders](#)  
accelerating globally  
sales up >15% YOY

PENTAIR

st

nd

KEY GEOGRAPHIES

KEY VERTICALS (All Global)

PROGRESS

ON

STRATEGIC

GROWTH

PLATFORMS

7

Q2 YTD

1H ASSESSMENT AND FULL YEAR OUTLOOK

FY 2012

Outlook

Adj. Op Margin

Bps Chg from PY

Revenue

% Chg from PY

2H Assumptions

Europe remains challenged,  
consistent with first half

FX translation headwind, but  
inflation moderate

Strong price and growth priorities  
offsetting weaker volume

Q4 benefit from improving Muni  
and Beverage Backlog

Strength in Fast Growth Regions

\$1.8B

+6%

12.9%

+60 *bps*

\$1.47

+16%

~\$3.6B

~4%

~12.4%

~+70 *bps*

\$2.70 to \$2.76

+12 to 15%

Adj. EPS

% Chg from PY

Driving Both Growth and

Productivity Initiatives

Price Plus Productivity More than

Offsetting Inflation

Accelerated Repositioning and

Integration/Standardization

Actions

Expect Some Top-Line Moderation in 2H12, but Margin Expansion to Continue

PENTAIR

8

Day 1 Readiness

40+ Dedicated IST Team Members

10 Functions -

Each Pentair / Tyco

Business Unit Represented

140+ Project Plans

On Schedule

Business Continuity & Day 1 Value To  
Shareholders Critical  
Progressing as Scheduled  
UPDATE ON PENDING PENTAIR & TYCO FLOW MERGER,  
SYNERGIES  
STANDARDIZATION  
Day 1  
Announce  
Day 1,000  
Synergies

\$250M of Synergies Targeted By Business  
& Function By 2015

Bottoms-up Planning Underway  
Significant Opportunity Identified

Day 1 Targets On Schedule

Day 1  
100 Fast Start  
Synergies Being  
Identified  
Standardization

Pentair Integrated Management  
System (PIMS) Ready to Deploy

Function-by-Function Approach  
Evaluating Best of Both Companies

Choose-and-Go Approach to  
Standardization (Best Practices)

\$250M  
Commitment

Cost and  
Growth  
Corp Cost  
Avoidance  
Tax

Synergies

Cost  
Synergies

\$40M

\$50M

\$160M

PENTAIR

DAY 1 READINESS

Phase I

Planning

Phase II

Execution

Phase III

Readiness

PNR

PNR

PNR

TYCO

TYCO

TYCO

New PNR

PREVIOUSLY ANNOUNCED

(of key business processes)



9

Macroeconomic Uncertainty and Currency Translation Persist

-

Excluding FX, volume and price remain positive; Fast Growth markets growing double-digits

-

Western Europe worse than expected, but signs of bottom in Residential and Muni

Strong Growth Continued in Many Sectors We Serve

Growth continues in US Industrial +14%, Agriculture +14%, Pool +8% and Energy +6%

Adj. Op Income Grew 11% in Q2, Great PIMS Execution

- 100bps of margin expansion driven by the 3 P's: PIMS, pricing and productivity
- Targeted investments in Global Marketing Capabilities and New Product Development

On-Track to Deliver Full Year Adj. Operating Income Targets

- A little less contribution from growth
- Strong net productivity

Pending Merger with Tyco Flow Progressing Well

- Have received HSR and EU clearance
- Integration & Standardization Team in place; anticipated synergies in line with expectations

Q2 '12 SUMMARY

Strong Pricing and Productivity Driving Operating Improvement

PENTAIR

10  
11.7%  
A Little Less Contribution From  
Growth (FX Related) and Strong  
Productivity Driven  
by Price/Cost  
13.3%  
~12.4%  
14.3%  
+100 bps  
incl. CPT

acq. impact

A Little Less Growth

FX Headwind Forecasted at (\$86M) for Full Year

Europe Expected to be down (\$10M) for Full Year

Easier 2

Half Comparisons in Most Businesses

Better Price/Cost

Q2 YOY Pricing of 120 basis points

Expect Full Year

Pricing ~2%

Raw Material and Strategic Sourcing Better than Original

Plan

and accelerating entering 2

half

PIMS accelerating throughout Water/Tech Products

Repositioning actions (\$10M YTD) driving upside

Sustaining, Strategic Investments

Continued Investments in New Product Development

and Global Selling & Marketing

More Prioritization

(at midpoint)

1

HALF/FULL YEAR OPERATING MARGINS

Good Start

Pricing, Productivity + Paced

Investments

~70 bps

PENTAIR

Q2'11

Q2'12

FY'11

FY'12e

st

nd

nd

ADJ. OP MARGIN

OPERATING MARGIN EXPECTATIONS

11  
ROIC (After-tax)  
9.3%  
9.0%  
Debt / Total Cap.  
38.2%  
40.4%  
Q2 12  
Maturity  
Rate  
Variable

12  
 21 2.1%  
 Fixed  
 13  
 21  
 5.5%  
 \$1.2B  
 Q2 12  
 Avg. Rate ~4.8%  
 ~81% Fixed  
 YE 11  
 \$1.0B  
 \$0.2B  
 Key Ratios Exclude Non-controlling Interest from Equity  
 BALANCE SHEET AND CASH FLOW  
 Good ROIC Progress  
 FY Free Cash Flow on Track  
 KEY RATIOS  
 CASH FLOW  
 DEBT SUMMARY  
 Q2  
 Q2  
 (\$M)  
 2012  
 2011  
 YOY Chg  
 Net Income attributable  
 to Pentair, Inc.  
 72  
 \$  
 67  
 \$  
 5  
 \$  
 Non-Cash Items  
 32  
 \$  
 33  
 \$  
 (1)  
 \$  
 Subtotal  
 104  
 \$  
 100  
 \$  
 4  
 \$  
 Working Capital  
 102

\$  
 94  
 \$  
 8  
 \$  
 Capital Expenditures  
 (16)  
 \$  
 (22)  
 \$  
 6  
 \$  
 Asset Sales  
 3  
 \$  
 -  
 \$  
 3  
 \$  
 Other Accruals/Other  
 29  
 \$  
 7  
 \$  
 22  
 \$  
 Free Cash Flow  
 222  
 \$  
 179  
 \$  
 43  
 \$  
 Q2  
 Q2  
 Use of Cash:  
 2012  
 2011  
 YOY Chg  
 Beginning Debt  
 1,415  
 \$  
 808  
 \$  
 (607)  
 \$  
 Generated Cash  
 (222)  
 \$  
 (179)

\$  
 43  
 \$  
 Divestitures  
 -  
 \$  
 -  
 \$  
 -  
 \$  
 Share Repurchase  
 -  
 \$  
 -  
 \$  
 -  
 \$  
 Dividends  
 22  
 \$  
 20  
 \$  
 (2)  
 \$  
 Borrowings  
 -  
 \$  
 755  
 \$  
 755  
 \$  
 Other  
 20  
 \$  
 3  
 \$  
 (17)  
 \$  
 Ending Debt  
 1,235  
 \$  
 1,407  
 \$  
 172  
 \$  
 PENTAIR



12

Op Income Up 3% -  
7%

Op Margins 11.7% -  
11.9%, up 40 to 60 bps

Water & Fluid Margins  
~11.5%

Technical Products Margins  
~19.0%

EPS Up 5% -  
9%

Adj. Tax Rate 28% -  
29%

Net Interest ~\$16.5M  
Sales Up 1% -  
3%

Water & Fluid Up 1% -  
3%

Technical Products Down (4%) to (2%)

Q3 12

Q3 11

Sales

\$900M -

\$915M

\$891M

Op Income

(Rpt.)

\$104M -

\$108M

\$93M

Op Income

(Adj.)

\$104M -

\$108M

\$101M

ROS

(Adj.)

11.7% -

11.9%

11.3%

EPS

(Rpt.)

\$0.61 -

\$0.63

\$0.51

EPS

(Adj.)

\$0.61 -

\$0.63

\$0.58

Expanded Coverage & Penetration, New Products  
and Fast Growth Region Sales to Fuel Top-line

Expect Good Growth in Industrial, Agriculture,

Energy & Pool Continue  
Slower Decline in Muni

Repositioning Benefits and Pricing Realization  
Ramping from Q2, Plus Productivity to Drive  
Margin Expansion  
Expanded Penetration, New Products & Margin Expansion Driving Growth

Q3 '12 PENTAIR OUTLOOK

\*

Q3 Free Cash Flow of ~\$70M

Expect FCF >100% of Net Income for FY

\* 2012 Q3 outlook excludes all impacts of the Tyco Flow Deal; All year-over-year comparisons against 2011 adjusted results.

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Q3 '12 FINANCIAL OUTLOOK

KEY HIGHLIGHTS

13

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

\*

FY 12

FY 11

Sales

~\$3.6B

\$3.5B

Op Income

(Rpt.)

\$411M -

\$421M

\$169M

Op Income

(Adj.)

\$440M -

\$450M

\$404M

ROS

(Adj.)

up 50 bps -

80 bps

EPS

(Rpt.)

\$2.55 -

\$2.61

\$0.34

EPS

(Adj.)

\$2.70 -

\$2.76

\$2.41

Adj. Op Income Up 9% -

11%

Adj. Op Margins Up 50 bps -

80 bps

Water & Fluid Margins, ~12.5%

Technical Products Margins, ~19.0%

Adj. FY EPS Up 12% -

15%

Adj. Tax Rate ~27%

Net Interest ~\$65M

Sales Up 4% -  
5%

Water & Fluid Up 5% -  
7%

Technical Products Down (2%) to Flat  
FY 12 Free Cash Flow >\$270M

Expect >100% Net Income Conversion  
11.7%

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KEY HIGHLIGHTS

FY 12 FINANCIAL OUTLOOK

\*

2012

full

year

outlook

does

not

include

any

future

impact

from

Tyco

Flow

Deal;

All

year-over-year

comparisons

against

2011

adjusted

results.

14  
APPENDIX  
GAAP to Non-GAAP Measurements & Reconciliations  
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GAAP TO NON-GAAP RECONCILIATIONS

GAAP to Non-GAAP Measurements and Reconciliations

\$ in millions

Q111

Q211

Q311

Q411

Q112

Q212

Reported Operating Income



86.2	
\$	
109.4	
\$	
92.9	
\$	
(120.0)	
\$	
85.0	
\$	
117.8	
\$	
Adjustments	
1.9	
\$	
11.4	
\$	
7.9	
\$	
214.0	
\$	
11.8	
\$	
16.7	
\$	
Adjusted Operating Income	
88.1	
\$	
120.8	
\$	
100.8	
\$	
94.0	
\$	
96.8	
\$	
134.5	
\$	
Reported Provision for Income Taxes	
25.1	
\$	
27.3	
\$	
24.1	
\$	
(3.4)	
\$	
9.1	
\$	
28.9	

\$  
Effect of Adjustments on Provision for Income Taxes

0.6

\$

2.6

\$

1.3

\$

24.2

\$

7.4

\$

4.7

\$

Adjusted Provision for Income Taxes

25.7

\$

29.9

\$

25.4

\$

20.8

\$

16.5

\$

33.6

\$

Reported Effective Tax Rate

32.5%

28.6%

31.6%

2.5%

12.7%

28.2%

Adjusted Effective Tax Rate

32.5%

28.0%

30.2%

27.0%

19.9%

28.3%

NOPAT

59.5

\$

87.0

\$

70.3

\$

68.6

\$

77.5	
\$	
96.4	
\$	
Trailing four quarter NOPAT	
243.1	
\$	
263.7	
\$	
272.4	
\$	
285.3	
\$	
303.3	
\$	
312.7	
\$	
Ending Invested Capital (excluding noncontrolling interest)	
2,918.5	
\$	
3,587.3	
\$	
3,478.4	
\$	
3,192.3	
\$	
3,387.4	
\$	
3,176.4	
\$	
Trailing five quarter average invested capital	
2,777.6	
\$	
2,931.5	
\$	
3,091.4	
\$	
3,186.2	
\$	
3,312.8	
\$	
3,364.4	
\$	
After Tax Return on Invested Capital	
8.8%	
9.0%	
8.8%	
9.0%	
9.2%	
9.3%	

NOPAT  
 (Net  
 Operating  
 Profit  
 After  
 Tax)  
 is  
 Defined  
 as  
 [(Adjusted  
 OI)  
 X  
 (1  
 -  
 Adjusted  
 Effective  
 Tax  
 Rate)]  
 Ending Invested  
 Capital  
 is  
 Defined  
 as  
 [Total  
 Shareholders'  
 Equity  
 -  
 Noncontrolling  
 interest  
 +  
 Long-term  
 Debt  
 +  
 Current  
 Maturities  
 of  
 Long-term  
 Debt  
 +  
 Short-term  
 Borrowings  
 -  
 Cash and Cash Equivalents]  
 Free Cash Flow  
 Net cash provided by (used for) operating activities  
 (48.2)  
 \$  
 200.8  
 \$  
 88.0

\$  
 79.6  
 \$  
 (67.5)  
 \$  
 234.3  
 \$  
 Capital expenditures  
 (13.3)  
 \$  
 (21.9)  
 \$  
 (17.9)  
 \$  
 (20.2)  
 \$  
 (15.6)  
 \$  
 (15.7)  
 \$  
 Proceeds from sale of property and equipment  
 0.1  
 \$  
 -  
 \$  
 -  
 \$  
 1.2  
 \$  
 1.5  
 \$  
 3.3  
 \$  
 Free cash flow  
 (61.4)  
 \$  
 178.9  
 \$  
 70.1  
 \$  
 60.6  
 \$  
 (81.6)  
 \$  
 221.9  
 \$  
 Free  
 Cash  
 Flow  
 is

Defined  
as  
[Net  
cash  
provided  
by  
(used  
for)  
continuing  
operations  
-  
Capital  
Expenditures  
+  
Proceeds  
from  
sale  
of  
property  
and  
equipment]

PENTAIR

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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

Second Quarter

Year

In millions, except per-share data

2012

2012  
 2012  
 Net sales  
 858.2  
 \$  
 941.5  
 \$  
 approx \$3,600  
 Operating  
 income -  
 as  
 reported  
 85.0  
 117.8  
 approx  
 411-  
 421  
 % of net sales  
 9.9%  
 12.5%  
 approx. 11.5%  
 Adjustments:  
 Deal related costs  
 11.8  
 6.3  
 18.1  
 Restructuring  
  
 10.4  
 10.4  
 Operating  
 income -  
 as  
 adjusted  
 96.8  
 134.5  
 approx  
 440  
 -  
 450  
 % of net sales  
 11.3%  
 14.3%  
 approx. 12%+  
 Net  
 income  
 attributable  
 to  
 Pentair,  
 Inc. -



as  
 reported  
 60.8  
 71.8  
 approx  
 258  
 -  
 264  
 Interest expense  
 (1.2)  
  
 (1.2)  
 Other adjustments net of tax  
 4.4  
 11.9  
 16.3  
 Net income from continuing operations attributable  
 to Pentair, Inc. -  
 as adjusted  
 64.0  
 83.7  
 approx  
 273  
 -  
 279  
 Continuing  
 earnings  
 per  
 common  
 share  
 attributable  
 to  
 Pentair,  
 Inc.  
 -  
 diluted  
 Diluted  
 earnings  
 per  
 common  
 share -  
 as  
 reported  
 0.61  
 \$  
 0.71  
 \$  
 \$2.55  
 -  
 \$2.61

Adjustments

0.03

0.12

0.15

Diluted

earnings

per

common

share -

as

adjusted

0.64

\$

0.83

\$

\$2.70

-

\$2.76

PENTAIR

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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

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Note: Inventory step-up and customer backlog reflect amortization of fair market value step-up associated with inventory and  
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)

Water

First Quarter

Second Quarter

Year

In millions

2012  
 2012  
 2012  
 Net sales  
 587.0  
 \$  
 675.5  
 \$  
 approx \$2,500  
 Operating  
 income  
 -  
 as  
 reported  
 63.7  
 92.0  
 \$  
 approx  
 305  
 -  
 310  
 % of net sales  
 10.9%  
 13.6%  
 approx. 12.0%  
  
 6.9  
 7  
 Operating  
 income  
 -  
 as  
 adjusted  
 63.7  
 98.9  
 approx  
 312  
 -  
 317  
 % of net sales  
 10.9%  
 14.7%  
 approx. 12.5%  
 Technical Products  
 Net sales  
 271.2  
 \$  
 266.0  
 \$  
 approx \$1,100



Operating  
income  
-  
as  
reported  
50.5  
50.6  
approx  
196  
-  
201  
% of net sales  
18.6%  
19.0%  
approx. 18.0%

3.1  
3  
Operating  
income  
-  
as  
adjusted  
50.5  
53.7  
approx  
199  
-  
204  
% of net sales  
18.6%  
20.2%  
approx. 18.5%  
Adjustments -  
restructuring  
Adjustments -  
restructuring

PENTAIR

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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)

Water

First Quarter

Second Quarter

Third Quarter

Fourth Quarter

Year

In millions

2011

2011

2011

2011

2011

Net sales

515.4

\$

632.0

\$

614.6

\$

607.9

\$

2,369.8

\$

Operating income -

as reported

56.5

\$

84.5

\$

59.6

\$

(142.3)

\$

58.3

\$

% of net sales

11.0%

13.4%

9.7%

(23.4%)

2.5%

Adjustments:

Restructuring

2.0

7.8

9.8

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  
 56.7  
 89.8  
 67.4  
 68.2  
 282.1  
 % of net sales  
 11.0%  
 14.2%  
 11.0%  
 11.2%  
 11.9%  
 Technical Products  
 Net sales  
 274.9  
 \$  
 278.2  
 \$  
 276.0  
 \$  
 257.8  
 \$  
 1,086.9  
 \$  
 Operating income -  
 as reported  
 48.1  
 \$  
 48.3  
 \$  
 48.6  
 \$  
 40.3  
 \$  
 185.3  
 \$  
 % of net sales  
 17.5%  
 17.3%  
 17.6%  
 15.6%  
 17.0%  
 Adjustments -  
 Restructuring

0.1  
2.0  
2.1  
Operating income -  
as adjusted  
48.1  
48.3  
48.7  
42.3  
187.4  
% of net sales  
17.5%  
17.3%  
17.7%  
16.4%  
17.2%