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March 12, 2025

The 35TH Annual Pump, Valve & Water Systems Symposium

February 27, 2025

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Reflections from Gabelli Funds
35th Annual Pump, Valve & Water Systems Symposium

Gabelli Funds hosted its 35th Annual Pump, Valve and Water Systems Symposium at the Harvard Club in New York City on Thursday, February 27, 2025. The symposium featured discussions with leading companies and organizations across the industrial landscape, with an emphasis on critical infrastructure (including water), aerospace & defense, machine tools, and the oil and gas industry. Attendees also had the opportunity to meet with management in a one-on-one setting.

Lieutenant Colonel Tony Bancroft, United States Marine Corps Reserve, joined the firm in 2009 as an associate in the alt ernative investments division and is currently an analyst covering the aerospace and defense and environmental services sectors, with a focus on suppliers to the commercial, military and regional jet aircraft industry and waste services. He previously served in the United States Marine Corps as an F/A-18 Hornet fighter pilot. Tony graduated with distinction from the United States Naval Academy with a BS in systems engineering and holds an MBA in finance and economics from Columbia Business School.

Justin Bergner rejoined Gabelli Funds in 2013 as a research analyst covering industrials with a focus on diversified industrial, electrical, and transportation companies. He began his investment career with the firm in 2005 as a metals and mining analyst, and subsequently spent five years at Axiom International Investors as a senior analyst focused on industrial and healthcare stocks. Prior to business school, Mr. Bergner worked in management consulting at both Bain & Company and Dean & Company. Mr. Bergner graduated cum laude from Yale University with a BA in Economics & Mathematics and received an MBA in Finance and Accounting from the Wharton School at the University of Pennsylvania.

Sarah Donnelly is Senior Vice President and an analyst focused on the consumer staples sector at Gabelli Funds. In 2017, she was named Co-Portfolio Manager of the TETON Westwood Mighty Mites Fund and joined the investment team of the Gabelli Dividend & Income Trust and in 2020 to the Gabelli Asset Fund. Sarah joined GAMCO Investors, Inc. in 1999. She received a B.S. in Business Administration with a concentration in Finance and minor in History from Fordham University. She is also a member of the advisory board of the Gabelli Center for Global Security Analysis at Fordham University.

Kevin Dreyer is Co-Chief Investment Officer, Value and Portfolio Manager of the Gabelli Asset Fund, the Gabelli Equity Trust, the Gabelli Dividend & Income Trust, the Gabelli Healthcare & Wellness^{RX} Trust, the Gabelli ESG Fund, and the Gabelli Global Small and Mid-Cap Value Trust. He is also part of the All Cap Value separately managed account portfolio management team. Mr. Dreyer joined GAMCO in 2005 as a research analyst following the food and beverage sectors. He began his career as an investment banking analyst at Banc of America Securities, working as a generalist in the Mergers & Acquisitions Department. He later worked in the International Equity group at MacKay Shields. Mr. Dreyer received a BSE from the University of Pennsylvania and an MBA from Columbia Business School.

Simon T. Wong is a Senior Analyst covering the Energy sector and a Portfolio Manager for the Gabelli Asset Fund and Gabelli Utility Trust. He began his investment career at G.research (formerly Gabelli & Company) in 1997 as a specialty chemical analyst and subsequently became a generalist at Olstein Funds (now Olstein Capital Management), Lucid Asset Management, and Boyar Asset Management. Simon graduated from UCLA with a B.A. in Economics and received an M.B.A. in Finance from Columbia Business School.

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Pump, Valve & Water Systems 2025: Key Themes

On February 27th, 2025, Gabelli Funds hosted the 35th Annual Pump, Valve & Water Systems Symposium. Fourteen industry players participated, either with company overviews or fireside chats. This year's Symposium came at a time of optimism around industrial recovery juxtaposed with macroeconomic uncertainty, with pro-growth policies from the Trump administration weighed against the potential impact of tariffs and federal DOGE cutbacks on the economy as well as continued geopolitical tensions.

Mergers & Acquisitions in Focus: The M&A landscape was a theme throughout the day, with many of the presenting companies primed to make acquisitions. Low net debt to EBITDA or even net cash positions provides financial flexibility to do deals, and the Trump administration's FTC is expected to use a lighter touch when it comes to challenging deals compared to how it operated under President Biden. Most companies seem primarily focused on bolt-on transactions, though some are open to larger deals (like AMETEK or Enerpac).

Continued Ramp in Infrastructure Spending: The Infrastructure Investment and Jobs Act (IIJA) of 2021 allocated $550 billion towards new infrastructure projects, with over $50 billion allocated to water infrastructure. With much of the allocated money yet to be spent, this presents a significant tailwind for water infrastructure companies. Other areas of focus for presenting companies include bridges and renewable energy. Infrastructure spend is not unique to the US, though, with the likes of Enerpac enjoying infrastructure support across many European countries.

Tariffs and Taxes: Nearly every company addressed potential US tariffs, which went into effect against China, Canada and Mexico the week after the conference. Not much explicit was said in terms of financial impact, but it was generally noted that most have local manufacturing and would otherwise look to offset with pricing and productivity. Furthermore, 100% bonus depreciation (which was ultimately proposed by President Trump at his joint address to Congress) would be an offsetting factor for US manufacturers.

Productivity and Profitability: A common theme among presenters was a focus on increasing margins, with many having explicit productivity programs targeting cost reductions and productivity. Strategic pricing was also a key theme. Artificial intelligence was mentioned by some companies as a tool that can be used to accelerate or improve margins, but it still seems to be early innings with companies mainly in assessment mode.

DOGE: Some companies have exposure to the defense sector, and while the US government's "DOGE" efforts put scrutiny on DoD contracts, most are making critical components that make a smaller portion of overall purchases. No companies noted any discernable impact so far.

Secular Growth in Naval Defense: The naval defense pump and valves business is experiencing robust growth, driven by increasing defense budgets and the modernization of naval fleets. As the United States expands its maritime capabilities to address geopolitical tensions, demand for advanced pumps, valves, and actuators has surged. Market projections indicate the naval actuators and valves market will grow from $3.5 billion in 2025 to $4.4 billion in 2030, fueled by technological innovations and the integration of systems for enhanced vessel performance.

Financial Engineering – more to come?: Financial engineering in the form of spin-offs, division sales and restructurings have been used in the past in order to make industrial companies more focused, improve margins and return on capital, and avoid internal conflicts for allocation of capital, supporting better valuations in public markets. Such restructuring and portfolio moves can lead to industry consolidation. Parts of Crane and ITT both could be candidates for future spins, while Landis+Gyr is currently looking to sell its EMEA business. This could be another way that value is surfaced in the space in the future.

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AMETEK, Inc. (AME - $178.86 - NYSE) Symposium Highlights

Year	EPS	P/E	
2026P	$7.77	23.0x	Dividend: $1.24 Current Return: 0.7%
2025E	7.13	25.1	Shares Outstanding: 230.7 million
2024A	6.73	26.6	52-Week Range: $198.33 - $149.03
2023A	6.38	28.0	

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Headquartered in Berwyn, Pennsylvania, AMETEK Inc. is a leading global manufacturer of electronic instruments and electromechanical devices. AMETEK operates in two segments: Electronic Instruments, or EIG, and Electromechanical, or EMG. The company achieves earnings growth through the AMETEK Growth Model: Operational Excellence, Strategic Acquisitions, Global and Market Expansion, and New Product Development with a focus on cash generation and capital deployment.

Reason for Comment

On February 27, 2025, Kevin Coleman, AMETEK's Vice President, Investor Relations & Treasurer, presented at our 35th Annual Pump, Valve and Water Systems Symposium.
Highlights from the session:

- **Primed for M&A.** Coleman reiterated that M&A is a core competency for AMETEK and that it has ample dry powder to do deals. While acquisitions are generally bolt-ons along the lines of the recently announced acquisition of Kern Microtechnique (€105 million purchase price, €50 million annual sales), it is also open to much larger deals like Paragon Medical, which it acquired in December 2023 for $1.9 billion.
- **Organic growth returning.** AMETEK is expecting organic growth to turn positive in 2025 after declining in 2024. Optimism on this front is driven by the fact that order growth has been positive for two straight quarters, along with an expectation that we are close to the end of OEM inventory destocking and the elimination of some uncertainty regarding the US Presidential election.
- **A&D strong, MedTech still to rebound.** Commenting on end markets, Aerospace & Defense (18% of sales) has driven recent growth and is expected to continue to do so in 2025. MedTech (~20-21% of sales), on the other hand, has had some areas of growth, with others impacted by destocking (including recently acquired Paragon).

Summary

AMETEK has positioned itself as an industrial compounder whose business is increasingly focused on niche, high technology/highly engineered products selling into growing end markets. It should continue to see margin improvement from recent acquisitions and is poised for organic revenues to turn positive in 2025. The company also has significant financial flexibility and expects M&A to accelerate its growth.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$6,597.0	$7,003.2	$7,140.0	$7,570.0	*4.7%*
EBITDA	2,045.1	2,194.0	2,290.0	2,480.0	*6.6%*
% margin	*31.0%*	*31.3%*	*32.1%*	*32.8%*	
EPS	$6.38	$6.73	$7.13	$7.77	*6.8%*
Capex	$136.2	160.0	$149.9	$154.2	
EV/EBITDA	21.1x	19.7x	18.8x	17.4x	
Price/Earnings	28.0x	26.6x	25.1x	23.0x	

Source: Company filings, ThomsonOne consensus estimates

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Badger Meter, Inc. (BMI - $206.59 - NYSE) — Symposium Highlights

Year	EPS	P/E	
2026P	$5.49	37.6x	Dividend: $1.36 Current Return: 0.7%
2025E	4.71	43.9	Shares Outstanding: 29.4 million
2024A	4.23	48.8	52-Week Range: $239.11 - $150.87
2023A	3.14	65.7	

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Badger Meter, Inc., headquartered in Milwaukee, WI, is a leading manufacturer of water measurement and flow control products. BMI's largest business is its utility product line, which comprises residential and commercial water meters primarily sold to water utilities. BMI estimates that approximately 95% of its products are used in water applications.

Reason for Comment

On February 27, 2025, Badger Meter's Chief Financial Officer, Bob Wrocklage presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session are included below:

- **Mixing it up**. Badger Meter has been at the forefront of introducing new technology, including ultrasonic meters but also Advanced Metering Infrastructure (AMI). Although AMI has been around for two decades, according to Wrocklage, the U.S. is only two-thirds of the way through the meter replacement and upgrade cycle. This is an attractive annuity for the company, as AMI meters sell at an attractive price point, plus contributes to the growth of its digital revenue stream – 100% attachment rate for its Beacon software.
- **Digital expansion**. Over the last few years management has completed several acquisitions, expanding its portfolio of software and analytical tools to solve customers' challenges. These customers are primarily water utilities but also commercial and industrial, and the challenges they encounter include an aging infrastructure, labor shortages, and water scarcity. Badger Meter's products measure and communicate vital information such as water pressure and quality, while its software solutions aid in operating efficiently, planning preventive maintenance and meeting regulatory compliance requirements. In 2024, digital or SaaS revenue grew by over 27% to approximately 7% of revenue with highly attractive software margins.
- **M&A remains a priority**. Badger Meter generates significant free cash flow, which the management team has successfully deployed over the years to support organic growth, to raise the dividend and to make acquisitions. In January 2025, BMI announced its latest acquisition, SmartCover for $185 million. SmartCover provides sensors and monitoring of utility water, primarily focused on sewer lines and lift stations. The company generates approximately $35 million in annual revenue. It holds approximately 50% market share but according to Wrocklage, less than 0.5% of the 25 million manhole covers in North America are monitored. Whereas AMI meters are in the later stages of adoption, digital monitoring tools are in the early innings and will remain a key growth driver for Badger Meter. Following the acquisition of SmartCover, BMI will remain in a net cash position with ample flexibility to consider additional acquisitions.

Summary

Badger Meter is a high-quality business with a strong base metering segment coupled with a growing recurring, software-based revenue stream. Given its strong balance sheet, we expect the management to continue to acquire companies to expand its digital and water monitoring capabilities.

Table 1 — **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$703.6	$826.6	$927.0	$1,000.0	*12.4%*
EBITDA	146.2	190.1	213.1	242.3	*18.3%*
% margin	*20.8%*	*23.0%*	*23.0%*	*24.2%*	
EPS	$3.14	$4.23	$4.71	$5.49	*20.4%*
Capex	$12.0	$12.8	$15.7	$16.6	
EV/EBITDA	39.7x	30.5x	27.2x	24.0x	
Price/Earnings	65.7x	48.8x	43.9x	37.6x	

Source: Company filings, ThomsonOne consensus estimates

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Crane (CR - $155.22 - NYSE)

Symposium Highlights

Year	EPS	P/E	
2026P	$6.29	24.7x	Dividend: $0.92 Current Return: 0.6%
2025E	5.53	28.1	Shares Outstanding: 58.4 million
2024A	5.15	30.1	52-Week Range: $188.52 - $127.82
2023A	4.30	36.1	

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Crane Company, headquartered in Stamford, CT, manufactures and sells engineered components in the United States, Canada, the United Kingdom, Continental Europe, and internationally. The company operates in two segments, Aerospace & Electronics and Process Flow Technologies. It offers power solutions, sensing systems, displacement and centrifugal pumps, true mass flowmeters, hydraulic and electric brake control systems, electronic and hydraulic subsystems for landing gear control, microwave solutions, and mission critical systems, as well as original equipment and aftermarket parts for the commercial aerospace, the military aerospace, defense, and space markets. The company also provides mission critical systems, which includes pressure sensors for aircraft engine control, aircraft braking systems for commercial aircraft and fighter jets, power conversion solutions for defense and space applications, and lubrication systems. In addition, it offers highly engineered fluid handling equipment, isolation valves, including check, sleeved plug, lined, process ball, high performance butterfly, bellows sealed globe, aseptic and industrial diaphragm, and multi/quarter-turn valve actuation; other related products, such as lined pipe, fittings and hoses, vacuum jacketed air operated diaphragm and peristaltic pumps, instrumentation and sampling systems, valve positioning and control systems, vacuum insulated pipe systems, and valve diagnostic and calibration systems; pumps and systems; and commercial valves.

Reason for Comment

On February 27, 2025, Crane's COO: Alex Acala and Senior VP, Process Flow Technologies, Shangaza Dasent presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session are included below:

- **Expansion of Process Flow Technologies**: Crane Company is actively enhancing its presence in the process flow technologies sector, focusing on innovation and product development to address growing demand for advanced solutions across pharma, water/wastewater, industrial automation, and chemical.
- **Strategic Acquisitions**: Crane has been pursuing strategic acquisitions to expand its capabilities, integrating new technologies and expanding its portfolio in valves, actuators, and related systems that cater to process industries.
- **Increased Investment in R&D**: The company is investing heavily in research and development to improve its process flow technology offerings, with an emphasis on automation, efficiency, and sustainability in industrial applications.

Summary

Crane Company's Process Flow Technologies (PFT) division is poised for substantial growth, driven by a strategic shift towards higher-growth markets such as chemicals, pharmaceuticals, water and wastewater, and cryogenics. With a strong focus on innovation, new product development, and operational excellence, PFT has seen an impressive shift in its business mix, with higher-margin, high-growth markets now constituting nearly two-thirds of the business.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$2,086.4	$2,287.8	$2,260.0	$2,410.0	*4.9%*
EBITDA	366.1	448.2	478.3	535.4	*13.5%*
% margin	*19.2%*	*19.6%*	*21.2%*	*22.2%*	
EPS	$4.30	$5.15	$5.53	$6.29	*13.5%*
Capex	$42.7	$39.5	$46.3	$48.2	
EV/EBITDA	24.6x	20.1x	18.8x	16.8x	
Price/Earnings	36.1x	30.1x	28.1x	24.7x	

Source: Company filings, ThomsonOne consensus estimates

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Enerpac Tool Group (EPAC - $44.95 - NYSE) — Symposium Highlights

FYE 8/31	EPS	P/E	
2026P	$2.06	21.8x	Dividend: $0.04 Current Return: 0.09%
2025E	1.81	24.8	Shares Outstanding: 54.4 million
2024A	1.72	26.1	52-Week Range: $51.91 - $32.28
2023A	1.45	31.0	

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Based in Milwaukee, WI, Enerpac Tool Group Corp is a premier industrial tools and services company serving a broad and diverse set of customers in more than 100 countries. The company is a global leader in the engineering and manufacturing of high-pressure hydraulic tools, controlled force products and solutions for precise positioning of heavy loads that help customers safely and reliably tackle some of the most challenging jobs around the world.

Reason for Comment

On February 27, 2025, Enerpac's CEO Paul Sternleib participated in a fireside chat at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session:

- **The ASCEND Program,** wrapped up in FY'24, was a large driver of Adjusted EBITDA doubling from $75mm in FY'21 to $147mm in FY'24, and margins reaching the 25% level. The program hit its raised target of $50-$60 million EBITDA impact a year early, driven by three pillars: accelerating organic growth, operational excellence, and greater SG&A efficiency and productivity. Sample initiatives included SKU rationalization and moving shared services to India. Enerpac has migrated to a continuous improvement model with "Powering Enerpac Performance," targeting 50bps of annual operating margin improvement.
- **Enerpac is targeting improved organic growth** through expansion in targeted vertical markets (infrastructure, rail, industrial MRO, and wind), digital transformation, customer driven innovation, and expansion in Asia Pacific (~15% of sales). Enerpac believes it is consistently outgrowing its markets, with success in key verticals and ecommerce, along with strong EMEA performance, where it has exclusive channel partners.
- **Infrastructure spend** is a key driver for Enerpac, not just in the US, but in Europe, with many country specific programs supporting demand for Enerpac's products and services. Its technical and applications expertise allows Enerpac to be specced in on complex projects.
- **M&A is a key focus area,** with one small acquisition, DTA (24-million-euro outlay), completed so far, expanding Enerpac's vertical lift capabilities into horizontal movement of heavy loads. Enerpac has a full deal funnel and is focused on targets that are complementary and adjacent. Enerpac is considering deals large and small. It would not rule out a transformational deal given an unlevered balance sheet, but remains disciplined. Enerpac is also open to share repurchases, having repurchased over 7 million shares over the last three years.

Summary

Enerpac has been winning under the tenure of Paul Sternleib, leveraging the longstanding strength of its brand, the breadth and depth of its product portfolio, and global coverage, while driving vastly improved operational performance. Organic growth efforts are picking up, and more active M&A could be on the horizon.

Table 1 — **Earnings Model**

FYE 8/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$598.3	$589.5	$622.5	$671.5	*3.9%*
EBITDA	136.4	147.4	$155.0	$176.0	*8.9%*
% margin	*22.8%*	*25.0%*	*24.9%*	*26.2%*	
EPS	$1.45	$1.72	$1.81	$2.06	*12.4%*
Capex	$8.7	$11.4	$25.0	$16.8	
EV/EBITDA	18.4x	17.0x	16.2x	14.2x	
Price/Earnings	31.0x	26.1x	24.8x	21.8x	

Source: Company filings, ThomsonOne consensus estimates

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Enpro Inc. (NPO - $170.15 - NYSE)

Symposium Highlights

Year	EPS	P/E	
2026P	$8.52	20.0x	Dividend: $1.24 Current Return: 0.7%
2025E	7.43	22.9	Shares Outstanding: 21.0 million
2024A	6.96	24.4	52-Week Range: $214.58 - $136.68
2023A	6.54	26.0	

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Based in Charlotte, NC, EnPro manufactures proprietary engineered industrial products. The Sealing Technologies segment, comprised of the Garlock, Stemco, Technetics and Advanced Micro Instruments businesses, makes innovative sealing solutions. The Advanced Surface Technologies (AST) segment, composed of the LeanTeq, Alluxa, NxEdge, and Technetics Semiconductor businesses, utilizes proprietary technologies and processes to serve the most challenging applications for semiconductor equipment, specialized optical filters, and thin-film coatings.

Reason for Comment

On February 27, 2025, EnPro's CFO Joe Bruderek and VP of Investor Relations James Gentile participated in a fireside chat at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session:

- **EnPro 3.0 pivot**: EnPro 1.0 can be considered the period post-Goodrich spin from 2002-2017 spin, culminating with the resolution of asbestos liabilities. EnPro 2.0 encompassed the next 7 years, during which the company sold $1 billion of non-strategic businesses and acquired nearly $2 billion of strategic businesses, mainly in advanced surface technologies, while growing sealing technologies margins by over 1000bps to 30%+. EnPro 3.0 is about becoming an industrial technology earnings compounder, with mid-high single digit organic growth.
- **M&A has targeted opportunities** to use EnPro's technologies in areas with high criticality, low cost as a share of the project, and exposure to the full product lifecycle. While the semiconductor cycle softened in the years following EnPro's major AST acquisitions, the deals positioned EnPro well strategically, with the potential to capitalize on long-term growth in the chip industry. Current M&A is focused on strategic adjacencies to Sealing Technologies, as exemplified by the 2024 Advanced Micro Instruments acquisition.
- **EnPro's semi cleaning, coating, and refurbishment capabilities** stand out in their exposure to leading edge node chips (<7nm), relevant to artificial intelligence and high-performance memory. A new cleaning facility has been constructed in Arizona to support the new TSMC fab plant there, with qualification work underway.
- **Sealing Technologies margins** should be resilient at the 30% level given a more focused portfolio of top-tier product lines with technical innovation, long-standing customer specifications, and a strong aftermarket (close to 2/3 of the segment). Strategic pricing and operational excellence (e.g. LEAN, Six Sigma) have been key drivers, while mix favorable growth in aerospace and food & pharma support holding 30% margins.

Summary

EnPro has dramatically restructured its portfolio over the last seven years to be an industrial technology company. It now targets mid-single digit organic growth in sealing technologies with EBITDA margins at or above 30%, and high-single digit to low-double digit growth in AST with margins returning to the 30% level, +/-250bps. If it can reach these goals and continue to effectively deploy free cash flow for M&A, it can become an industrial compounder.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$1,058.8	$1,050.0	$1,090.0	$1,150.0	*2.8%*
EBITDA	238.0	254.8	269.1	298.7	*7.9%*
% margin	*22.5%*	*24.3%*	*24.7%*	*26.0%*	
Cash EPS	$6.54	$6.96	$7.43	$8.52	*9.2%*
Capex	$34.2	$29.1	$50.0	$40.0	
EV/Adj EBITDA	16.9x	15.8x	15.0x	13.5x	
Price/Earnings	26.0x	24.4x	22.9x	20.0x	

Source: Company filings, ThomsonOne consensus estimates

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Flowserve Corporation FLS - $47.37 - NYSE) Symposium Highlights

Year	EPS	P/E		
2026P	$3.73	12.7x	Dividend: $0.84	Current Return: 1.8%
2025E	3.24	14.6	Shares Outstanding: 131.4 million	
2024A	2.63	18.0	52-Week range: $65.08 - $43.00	
2023A	2.10	22.6		

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Based in Irving, TX, Flowserve Corporation is a leading manufacturer and aftermarket supplier of comprehensive flow systems. The company operates in two segments: Flowserve Pump Division (FPD) and Flow Control Division (FCD). Flowserve's portfolio of products consists of pumps, valves, seals, and automation that serve various end markets, including oil and gas, chemical, power, wastewater management, and general industries.

Reason for Comment

On February 27, 2025, Flowserve's CFO, Amy Schwetz, presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session include:

- Flowserve's record backlog of $2.8 billion provides the foundation for its 2025 outlook. FLS expects to convert ~83% of this backlog to revenue in 2025. The company projects total revenue growth of 5-7% (3-5% organic). Book-to-bill is expected to be greater than 1.0x, driven by continued growth in the power business and strong aftermarket opportunities.
- The Power business accounts for 15% of its total revenue. While the business has been around for at least 30 years, it has experienced the highest growth rate in the past several quarters, driven by nuclear. Flowserve manufactures valves, pumps, and seals for the nuclear business. This business has barriers to entry and provides an annuity as the installed base has a very long useful life.
- Oil and gas accounts for 40% of Flowserve's revenue. Much of that business is tied to the oil and gas aftermarket, midstream, and downstream, which are less sensitive to volatile upstream capital expenditures.
- Flowserve sees ~100 bps improvement in consolidated operating profit margin in 2025 (to ~13%) and is on track to reach the 14-16% target by 2027. The margin improvement will be driven by operational excellence, growth of the business, and 80/20 initiative (simplifying the portfolio). The company believes it has incorporated the impact of tariffs in its margin outlook.
- Capital allocation priorities include M&A. Flowserve is looking for strategic bolt-on acquisitions to enhance its portfolio and provide entrance to new end markets. For instance, FLS acquired Mogas in November 2024. Mogas generates revenue of $175 million with a high-teens operating profit margin. Mogas strengthens the FCD segment by bolstering its mining exposure and enhancing its operating profit.

Summary

Flowserve is well positioned in an environment of accelerating demand and improving supply over the next 12 months, with a favorable multi-year growth outlook. The company's strong backlog supports the 2025 revenue outlook, while cost-saving initiatives such as 80/20 should bolster the consolidated operating profit margin.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$4,320.6	$4,560.0	$4,830.0	$5,070.0	*5.5%*
EBITDA	495.3	623.4	724.1	799.0	*17.3%*
% margin	*11.5%*	*13.7%*	*15.0%*	*15.8%*	
EPS	$2.10	$2.63	$3.24	$3.73	*21.1%*
Capex	$67.4	$81.0	$88.5	$106.6	
EV/EBITDA	14.2x	11.3x	9.7x	8.8x	
Price/Earnings	22.6x	18.0x	14.6x	12.7x	

Source: Company filings, ThomsonOne consensus estimates

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March 12, 2025

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Gibraltar Industries (ROCK - $65.83 - NYSE) — Symposium Highlights

Year	EPS	P/E		
2026P	$5.49	12.0x	Dividend: None	Current Return: Nil
2025E	4.90	13.4	Shares Outstanding: 30.4 million	
2024A	4.46	14.8	52-Week range: $81.90 - $55.31	
2023A	3.59	18.3		

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Based in Buffalo, NY, Gibraltar Industries is a leading manufacturer and provider of products and services for the residential, renewable energy, agtech and infrastructure markets. The company operates in four segments: Residential, Renewables, AgTech and Infrastructure.

Reason for Comment

On February 27, 2025, Gibraltar's CEO, Bill Bosway, and CFO, Joe Lovechio, presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session include:

- The residential segment accounts for half the company's total revenue. This business has performed well in recent years, with revenue increasing from $462 million in 2019 to nearly $800 million. ROCK cites the segment's success as being in the top 40 markets, focusing on local needs, speed to market, and customer service. Additionally, Gibraltar lessened its dependence on big box retailers. Today, big box retailers account for only 30% of its business, compared to 70% in 2019. Today, 70% of its business comes from wholesale, which serves most contractors in repair and new construction. However, the company sees more room to grow on the top and bottom lines driven by entering new markets and introducing new products.
- In the Renewable segment, Gibraltar primarily competes in the solar industry's community solar segment (or distributed power). This business has been beset by legal, regulatory, and supply chain challenges over the past few years. As a resolution is expected soon on regulatory investigations, questions are emerging about what will happen with the IRA under the Trump Administration. ROCK expects to see some modification to the IRA but doesn't see significant changes. The company noted that the ITC benefit was raised and extended during Trump's first administration.
- Momentum is building in the Agtech segment. Going forward, this segment is expected to play a big role for Gibraltar Industries. Since the beginning of the year, the segment has signed $45 million in new orders. In February, Gibraltar acquired Lane Supply to bolster its presence in the canopy market. Lane has over $150 million of backlog heading into this year.
- Gibraltar's balance sheet includes $270 million cash and no debt. Capital allocation priorities include M&A and share repurchases. Gibraltar's M&A pipeline is robust, especially in the Residential and Agtech businesses. The company sees inorganic activity adding $10 million to $100 million of EBITDA.

Summary

Gibraltar Industries' Residential and Agtech businesses are expected to drive growth in 2025, despite uncertainties in the Renewable segment. The company's M&A pipeline is active, and it expects to deploy some of its $270 million cash to augment growth, particularly in the Residential and Agtech businesses.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$1,362.0	$1,308.8	$1,430.0	$1,520.0	*3.7%*
EBITDA	209.3	204.9	229.3	252.8	*6.5%*
% margin	*15.4%*	*15.7%*	*16.0%*	*16.6%*	
EPS	$3.59	$4.46	$4.90	$5.49	*15.2%*
Capex	$13.9	$19.9	$26.9	$28.7	
EV/EBITDA	8.3x	8.5x	7.6x	6.9x	
Price/Earnings	18.3x	14.8x	13.4x	12.0x	

Source: Company filings, ThomsonOne consensus estimates

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GABELLI FUNDS

The Gorman-Rupp Company (GRC - $37.70 - NYSE) Symposium Highlights

Year:	EPS	P/E	
2026P	$2.33	16.2x	Dividend: $0.74 Current Return: 2.0%
2025E	2.04	18.5	Shares Outstanding: 26.2 million
2024A	1.76	21.5	52-Week Range: $43.79 - $30.47
2023A	1.37	27.6	

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Headquartered in Mansfield, Ohio, The Gorman-Rupp Company designs, manufactures, and sells pumps and pump systems in the United States and internationally. The company's products include self-priming centrifugal, standard centrifugal, magnetic drive centrifugal, axial and mixed flow, vertical turbine line shaft, submersible, high-pressure booster and oscillating pumps. Its pumps are used in water, wastewater, construction, dewatering, industrial, petroleum, original equipment, agriculture, fire suppression, heating, and other liquid-handling applications.

Reason for Comment

On February 27, 2025, President & Chief Executive Officer, Scott King, and Executive Vice President & Chief Financial Officer, Jim Kerr, presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session are included below:

- **Pump it up**. Gorman-Rupp competes in $100 billion pump industry, according to estimates from the Hydraulic Institute. It is a highly fragmented market where Gorman-Rupp holds less than 0.5% share. Overall, management anticipates that its diverse end-markets will grow at a faster rate than GDP growth attributable to population growth and modernization of aging infrastructure. Near-term, the water infrastructure end-market for GRC is probably the most advantaged given the funding earmarked for water system upgrades, such as wastewater facilities. Additionally, spending on remediation of contaminates such as PFAS, may also benefit growth as "forever chemicals" will have to be removed, treated, and transported.
- **Fueled by Fill-Rite**. The company acquired Fill-Rite in May 2022, which expanded its presence in the fuel-transfer market. Kerr highlighted the attractive growth prospects for Fill-Rite but also noted its margins are accretive to the corporate average. Gorman-Rupp paid $528 million financed through debt, which it has been paying down over the last few years. In June 2024, management successfully refinanced that debt resulting in $7 million of annual savings, which will continue to benefit earnings growth. Although leverage remains higher than management would like, it is manageable at an estimated 2.9x for the period ended December 2024.
- **Capital allocation.** Capital allocation priorities are to reinvest in the business (capex ~$20 million) and maintain the dividend, while reducing debt to a more comfortable range of approximately 2x. Thereafter, management expects it will be positioned to consider additional acquisitions for pumps or related equipment, preferably in niche markets that compete either in the U.S. or internationally.

Summary

Gorman-Rupp is a quality pump manufacturer for harsh environments poised to capitalize on increased spending related to water infrastructure in the U.S. Additionally, growth may be further bolstered as some cyclical end-markets recover, such as fracking and irrigation. Earnings growth will benefit this year from operating leverage and lower interest expense, given last year's refinancing and lower debt levels.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$659.5	$659.7	$684.2	$715.0	*2.7%*
EBITDA	116.6	119.3	125.2	129.0	*3.4%*
% margin	*19.2%*	*18.1%*	*18.3%*	*18.0%*	
EPS	$1.37	$1.76	$2.04	$2.33	*19.4%*
Capex	$20.8	$14.3	$14.7	$15.2	
EV/EBITDA	11.4x	11.2x	10.6x	10.3x	
Price/Earnings	27.6x	21.5x	18.5x	16.2x	

Source: Company filings, ThomsonOne consensus estimates

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GABELLI FUNDS

Graco Inc. (GGG - $84.82 - NYSE) — Symposium Highlights

Year	EPS	P/E
2026P	$3.26	26.0x
2025E	3.02	28.1
2024A	2.77	30.6
2023A	3.04	27.9

Dividend: $1.10   Current Return: 1.3%
Shares Outstanding: 169.5 million
52-Week Range: $94.77 - $77.49

Source: Company data and ThomsonOne consensus estimates

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Based in Minneapolis, Minnesota, Graco Inc. supplies technology and expertise for the management of fluids and coatings in both industrial and commercial applications. The company designs, manufactures and markets systems and equipment to move, measure, control, dispense and spray fluid and powder materials, and serves customers around the world in the manufacturing, processing, construction and maintenance industries. In addition to its Minneapolis headquarters, Graco has regional headquarters in Belgium and China, with production and distribution centers located worldwide.

Reason for Comment

On February 27, 2025, David Lowe, CFO and Treasurer, and John Bower, director of IR, Finance, and FP&A, presented at our 35th Annual Pump, Valve and Water Systems Symposium.
Highlights from the session:

- **New segments highlight growth opportunities.** In 2025, Graco will be reporting in a new segment structure: Contractor, Industrial, and Expansion Markets. Expansion Markets will focus on inorganic growth and new adjacencies, and will include the company's environmental, semiconductor, high-pressure valves and electric motors businesses, together with select future ventures and acquisitions
- **Ample room for M&A.** With nearly $650 million in net cash, Graco has ample room to be aggressive on acquisitions, continue increasing its dividend and opportunistically buy back stock. In November, Graco acquired Corob for €230 million plus an earn out of up to €30 million. Corob adds to Graco's strong position in the global paint and coating machinery manufacturing category.
- **2024 headwinds to abate in 2025.** Graco experienced softness in its semiconductor business and in China in 2024. However, order activity trended better throughout the year, and the company believes it can start improving off a lower base for both in 2025.

Summary

Graco experienced mixed results in 2024 with weakness in some of its industrial businesses as well as its housing-related paints business but is poised for better results this year. With a pristine balance sheet, the company has the financial flexibility to further expand into growth markets.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$2,195.6	$2,113.3	$2,250.0	$2,360.0	*2.4%*
EBITDA	720.3	664.6	732.7	785.6	*2.9%*
% margin	*32.8%*	*31.4%*	*32.6%*	*33.3%*	
EPS	$3.04	$2.77	$3.02	$3.26	*2.4%*
Capex	$184.8	$106.7	$61.2	$71.3	
EV/EBITDA	19.5x	21.1x	19.1x	17.8x	
Price/Earnings	27.9x	30.6x	28.1x	26.0x	

Source: Company filings, ThomsonOne consensus estimates

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GABELLI FUNDS

Graham Corporation (GHM - $31.21 NYSE) Symposium Highlights

FYE 3/31	EPS	P/E
2026P	$1.28	24.4x
2025E	1.03	30.3
2024A	1.10	28.4
2023A	0.63	49.5

Dividend: None Current Return: Nil
Shares Outstanding: 10.9 million
52-Week Range: $52.00 - $23.67

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Graham Corporation, headquartered in Batavia, NY, together with its subsidiaries, designs and manufactures fluid, power, heat transfer, and vacuum technologies for chemical and petrochemical processing, defense, space, petroleum refining, cryogenic, energy, and other industries.

Reason for Comment

On February 27, 2025, Graham's CEO Dan Thoren, CFO Chris Thome, and Vice President & GM Barber-Nichols Matt Malone presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session are included below:

- **Graham's Growth Outlook through M&A and Strategic Leadership**: With a focus on strategic acquisitions, Graham has shifted towards growth through complementary M&A opportunities, particularly within defense. The acquisition of Barber-Nichols played a significant role in diversifying revenue streams and positioning Graham for more stable growth. Additionally, Graham's leadership transition is designed to enable long-term growth, with new leadership focused on expanding Graham's strategic footprint and ensuring operational excellence.
- **Revenue Diversification and Synergy Integration:** Since 2021, Graham has successfully shifted its revenue mix by increasing its focus on defense while reducing reliance on the energy and petrochemical sectors. The company has been leveraging synergies between its acquired businesses (Barber-Nichols and P3) to drive innovation, such as using advanced computational fluid dynamics to improve the performance of its energy and chemical products, providing further revenue opportunities.
- **Focus on Sustainable, Steady Growth with Operational Investment:** Graham is committed to steady, sustainable growth by investing prudently in both its core business and new ventures. With an eye on improving operational performance and achieving long-term profitability, the company aims to grow revenue significantly while maintaining high profitability through the leverage of revenue growth and the focus on high-margin aftermarkets.

Summary

Graham has experienced significant growth and diversification in recent years, particularly following the acquisition of Barber-Nichols in 2021. This move allowed the company to shift its revenue mix, reducing its reliance on the energy and petrochemical sectors while expanding its presence in defense. Graham has focused on operational excellence, building long-term relationships with defense customers and enhancing its product offerings through innovative solutions. The leadership transition plan, which will see Matt Malone take over as CEO in 2025, is intended to build on this momentum and position the company for continued sustainable growth. Additionally, Graham's strategy emphasizes capital investment in growth, strengthening the management team, and leveraging synergies across its businesses.

Table 1 **Earnings Model**

FYE 3/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$185.5	$204.5	$207.2	$227.7	*7.1%*
EBITDA	13.6	19.1	19.6	24.5	*21.6%*
% margin	*7.3%*	*9.3%*	*9.4%*	*10.7%*	
EPS	$0.63	$1.10	$1.03	$1.28	*26.7%*
Capex	$9.2	$17.1	$13.5	$15.0	
EV/EBITDA	22.8x	16.2x	15.9x	12.7x	
Price/Earnings	49.5x	28.4x	30.3x	24.4x	

Source: Company filings, ThomsonOne consensus estimates

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ITT Corp. (ITT - $133.387 - NYSE) — Symposium Highlights

Year	EPS	P/E		
2026P	$7.13	18.8x	Dividend: $1.40	Current Return: 1.0%
2025E	6.40	20.9	Shares Outstanding: 81.4 million	
2024A	5.86	22.8	52-Week Range: $161.13 - $121.01	
2023A	5.21	25.7		

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Based in Stamford, Connecticut, ITT is a manufacturer of critical, engineered components that serve fast-growing end markets in transportation, flow, energy, aerospace and defense. ITT competes in three business units: Industrial Process (39% of revenue), Motion Technologies (34%), and Connect and Control Technologies (27%).

Reason for Comment

On February 27, 2025, Emmanuel Caprais, Senior Vice President and Chief Financial Officer, and Mark Macaluso, Vice President of Investor Relations and Global Communication, presented at our 35th Annual Pump, Valve and Water Systems Symposium.

Highlights from the session:

- **More capital deployment in IP and CCT.** Through business growth, recent acquisitions of Svanehøj and kSARIA, and the divestiture of Wolverine, IP and CCT have gained importance in ITT's portfolio, while Motion has declined (from 50% of revenues in 2022 to 34% today). KSARIA, a connectors business, also increases the company's exposure to the attractive Aerospace & Defense market.
- **Balance sheet to support growth.** Caprais noted that offloading the company's asbestos liability, unfunded pension, and Wolverine have put its balance sheet in a strong position with just over $200 million of net debt. He described ITT's M&A funnel as "very active" with both medium-sized deals as well as larger ones. With Svanehøj bought for ~$395 million and kSARIA for ~$475 million, the company is poised to do more deals.
- **Motion outperforming the market.** ITT's Friction business (brake pads) has grew 1% in 2024 compared to a market that was down 10%. The KONI rail business has also been delivering exceptional growth through geographic expansion into Eastern Europe and China, where it is targeting high speed rail.
- **More room on margins.** While ITT reached its segment operating margin from its 2022 investor day two years early, there is clearly more room for improvement. The company currently expects another 80 bps of improvement in 2025.

Summary

ITT is now positioned as a higher growth, less cyclical company with more balance sheet flexibility than in the past. Having hit its margin targets from 2022 two years early, we would expect more ambitious goals to be laid out at its investor day on March 15th in New York City.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$3,283.0	$3,630.7	$3,770.0	$3,950.0	*6.4%*
EBITDA	663.8	780.0	839.2	906.5	*10.9%*
% margin	*20.2%*	*21.5%*	*22.3%*	*22.9%*	
EPS	$5.21	$5.86	$6.40	$7.13	*11.0%*
Capex	$107.6	$123.9	$124.5	$124.6	
EV/EBITDA	16.8x	14.3x	13.3x	12.3x	
Price/Earnings	25.7x	22.8x	20.9x	18.8x	

Source: Company filings, ThomsonOne consensus estimates

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GABELLI FUNDS

Landis+Gyr Group (LAND – CHF 52.90 – Zurich) — Symposium Highlights

FYE 3/31	EPS	P/E
2026P	$5.48	9.7x
2025E	4.64	11.4
2024A	3.78	14.0
2023A	1.77	29.9

Dividend: CHF 2.25 Current Return: 4.4%
Shares Outstanding: 28.9 million
52-Week Range: CHF 83.40 – CHF 47.40

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Based in Cham, Switzerland, Landis+Gyr is a leading global provider of integrated energy management solutions for the utility sector, with products metering electricity, water, and heat. Offering one of the broadest portfolios of products and services to address complex industry challenges, Landis delivers full solutions for the foundation of a smarter grid, including Smart Metering, distribution automation tools, load control, analytics, and energy storage.

Reason for Comment

On February 27, 2025, EnPro's CEO Peter Mainz participated in a fireside chat at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session:

- **New CEO Peter Mainz** just finished his first 100 days as CEO of Landis+Gyr. Landi is strategically pivoting to focus on its North American business, where it commands higher EBITDA margins. It is looking to exit its EMEA segment, which generates one-third of sales but modest margins per competitive dynamics, country fragmentation, and lower service and software contribution. Exiting its loss-making electric vehicle charging business is a first step to cleaning up EMEA for an exit. Once EMEA is exited, a listing in the US is likely.
- **US Load growth,** driven in large part by data center demand, should benefit Landis. Data centers necessitate a more flexible grid and should accelerate advanced metering and distribution automation. Electrification, reshoring, and EV adoption are additional load growth drivers that will accelerate adoption of a smarter grid.
- **North American competitors** are primarily Itron, Hubbell's Aclara, and Xyelm's Sensus. Landis has won with its Revelo smart meter starting with its landmark National Grid Contract. Revelo has been rapidly adopted, even facilitating a recent inventory obsolescence charge on pre-Revelo meters. Landis is also adding applications with the real-time data offered by Revelo, increasing high margin software & services revenue (currently 1/3 of sales).
- **Landis recently issued a negative** preannouncement for its March 2024 FY, taking down its revenue guide to -8% from prior +lsd, as shorter-cycle orders were falling short in NA and EMEA. Other players are seeing deceleration, although Itron to a lesser degree per improvement in its outcomes segment. While Landis has a $3.5 billion+ backlog equating to two years of sales, 55% is in services and software, extending 8-10 years, and 45% is in hardware, with a few year duration, meaning that backlog is not a guarantee of near-term sales growth.
- **Tariffs are a consideration**, but competitors face similar dynamics. Landis has a global supply chain, with tariffs affecting some componentry, along with some production in Mexico, but zero impact from Chinese tariffs.

Summary

Landis is digesting a period of lower revenue as it laps catch-up revenue post-COVID and perhaps a lull by its utility customers prioritizing data center investments. However, a flexible smart grid is needed to support data center investments, which is constructive for long-term growth prospects, while services and software should mix up margins over time. A focus on North America and US listing are potential mid-term catalysts for the shares.

Table 1 — Earnings Model

FYE 3/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$1,681.0	$1,960.0	$1,980.0	$2,090.0	*7.5%*
EBITDA	133.3	216.8	246.2	274.8	*27.3%*
% margin	*7.9%*	*11.1%*	*12.4%*	*13.1%*	
EPS *(a)*	$1.77	$3.78	$4.64	$5.48	*45.7%*
Capex	$31.6	$33.9	$32.5	$34.6	
EV/EBITDA	14.5x	8.9x	7.8x	7.0x	
Price/Earnings	29.9x	14.0x	11.4x	9.7x	

Source: Company filings, ThomsonOne consensus estimates

(a) 2023 EPS backs out $160.6mm post-tax gain on sale of Intellihub

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Mueller Water Products, Inc. (MWA - $26.52 - NYSE)

Symposium Highlights

Year: 9/30	EPS	P/E	
2026P	$1.35	19.6x	Dividend: $0.268 Current Return: 1.0%
2025E	1.21	21.9	Shares Outstanding: 156.6 million
2024A	0.97	27.2	52-Week Range: $28.25 - $14.81
2023A	0.63	42.1	

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Mueller Water Products, headquartered in Atlanta, GA, manufactures and markets products used in the transmission, distribution and measurement of water primarily in North America. Mueller products are deployed in water distribution networks, water and wastewater treatment facilities, gas distribution systems and fire protection piping systems.

Reason for Comment

On February 27, 2025, President & Chief Operating Officer, Paul McAndrew, and Vice President, Investor Relations & Communications, Whit Kincaid presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session are included below:

- **Grow with the flow**. This year, Mueller projects mid-single digit revenue growth (+4.2-5.7%) attributed to recently announced low single-digit pricing and volume growth, net of declines for its service brass products as it worked through an elevated backlog in 2024. Longer-term volume growth is supported by underlying repair and replacement of products but also the benefits of infrastructure spending.

  Under the Drinking Water and Wastewater Infrastructure Act passed in 2021 as part of the IIJA, $15 billion was allocated to lead pipe replacement. Although not a producer of pipes, Mueller benefits from ancillary products such as valves, couplings and hydrants. Most of its products meet the specifications enacted by the Build American Buy America Act. According to management, perhaps only $5 billion has been spent on water-related projects thus far, leaving a long runway ahead.
- **New foundry**. Company gross margins have expanded over the last few years following challenges related to pandemic disruptions, extraordinary inflation and execution issues. This year's guidance implies approximately 200 basis points of improvement (ex-potential tariffs), including 80-100 basis points from the closing of its legacy foundry that was replaced with a state-of-the-art facility. These benefits will annualize in 2026, but incremental margin expansion is expected over time resulting from volume growth, pricing and cost management.
- **Capital allocation.** Now that operations are humming**,** McAndrew expects M&A to play a larger role going forward. With net leverage of less than 0.5x, management may look to add complementary products that leverage its manufacturing network or add to its capabilities. In the meantime, the company continues to invest internally behind innovation and its sales team to capitalize on U.S. infrastructure spending.

Summary

Mueller is well positioned to benefit from incremental spending related to infrastructure funding allocated by the IIJA in 2021. The company successfully commissioned its new foundry which continues to benefit operations and gross margins. While the solid balance sheet provides management with the flexibility to consider returning cash to shareholders and/or to consider acquisitions.

Table 1 **Earnings Model**

FYE 9/30	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$1,275.7	$1,314.7	$1,380.0	$1,460.0	*4.6%*
EBITDA	202.1	288.0	312.8	339.7	*18.9%*
% margin	*15.8%*	*21.9%*	*22.7%*	*23.3%*	
EPS	$0.63	$0.97	$1.21	$1.35	*28.9%*
Capex	$47.6	$47.4	$46.6	$35.5	
EV/EBITDA	21.1x	14.8x	13.6x	12.5x	
Price/Earnings	42.1x	27.2x	21.9x	19.6x	

Source: Company filings, ThomsonOne consensus estimates

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GABELLI FUNDS

Watts Water Technologies Inc. (WTS - $209.05 - NYSE) Symposium Highlights

Year:	EPS	P/E	
2026P	$9.78	21.4x	Dividend: $1.72 Current Return: 0.8%
2025E	9.13	22.9	Shares Outstanding: 27.4 million – Class A
2024A	8.86	23.6	6.0 million – Class B (10-vote)
2023A	8.27	25.3	52-Week Range: $232.60 – $175.37

Source: Company data and ThomsonOne consensus estimates.

COMPANY OVERVIEW

Watts Water Technologies, headquartered in North Andover, MA, is a leading manufacturer of valves for the plumbing, heating and water quality markets. Residential and commercial flow control products include backflow preventers, water pressure regulators, temperature and pressure relief valves, and thermostatic mixing valves. HVAC and gas products include high-efficiency boilers and water heaters. Drainage and water re-use products, including drainage products, while water quality products include point-of-use and point-of-entry water filtration.

Reason for Comment

On February 27, 2025, Bob Pagano, Chief Executive Officer, President and Chairperson, and Shashank Patel, Chief Financial Officer, presented at our 35th Annual Pump, Valve and Water Systems Symposium. Highlights from the session are included below:

- **Repair & replace resilience.** Watts products compete across a broad and diverse set of end markets, which the company estimates is a $20 billion market opportunity. Approximately 60% of its revenue addresses the repair and replacement market that tends to grow at a similar rate to GDP. Products such as hot water heaters, leak detection products, and thermostats are essential to residential or commercial buildings. Management's outlook is favorable for this part of the business in 2025. The outlook for 40% of end-markets tied to new construction is more market-dependent. The institutional end market is strong, residential and multifamily stable but commercial markets are soft.
- **Smart innovation.** The management team has made a concerted effort to expand its range of smart and connected products. It has increased R&D spending by over 75% in the last five years. And in 2024, Watts accomplished its target of 25% of revenue from smart products. Watts recently launched Nexa, a water management solution that integrates its hardware and software into a single application allowing for real-time monitoring, as the company starts to tap into the potential for recurring revenue.
- **One Watts**. The company has been successful in promoting a culture of continuous improvement under its One Watts Performance System. Aside from safety, this program is expected to generate significant productivity savings annually to improve margins and to reinvest in the business.
- **Complementary M&A.** Acquisitions remain core to the company's growth algorithm. Watts most recently acquired I-CON Systems for $70.6 million. Its products include plumbing controls and fixtures for correctional facilities that have unique product specifications, resulting in higher barriers to entry and attractive margins.

Summary

Watts is a leading manufacturer of flow control products that is expanding its product portfolio and geographical reach in key growth markets. Management targets 30-50 basis points of operating margin expansion annually, attributed to revenue growth and productivity savings. The balance sheet remains in pristine condition, which provides management the flexibility to pursue additional accretive acquisitions.

Table 1 **Earnings Model**

FYE 12/31	2023A	2024A	2025E	2026P	3-Year CAGR
Revenue	$2,056.3	$2,252.2	$2,260.0	$2,330.0	*4.3%*
EBITDA	408.6	454.0	463.1	494.6	*6.6%*
% margin	*19.9%*	*20.2%*	*20.5%*	*21.2%*	
EPS	$8.27	$8.86	$9.13	$9.78	*5.7%*
Capex	$29.7	$35.3	$48.4	$49.5	
EV/EBITDA	16.6x	14.9x	14.6x	13.7x	
Price/Earnings	25.3x	23.6x	22.9x	21.4x	

Source: Company filings, ThomsonOne consensus estimates

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Important Disclosures

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