

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  
Flow  
Control  
International  
Ltd.  
( Tyco  
Flow )  
and  
Tyco  
International  
Ltd.  
( Tyco )  
that  
are  
forward-looking  
statements  
within  
the  
meaning  
of  
the  
U.S.  
Private  
Securities  
Litigation  
Reform  
Act  
of  
1995.  
The  
forward-looking  
statements  
contained  
in  
this  
press  
release  
may  
include  
statements  
about  
the  
expected  
effects  
on  
Pentair,

Tyco  
Flow  
and  
Tyco  
of  
the  
proposed  
merger  
of  
Pentair  
and  
Tyco  
Flow  
(the  
Merger ),  
the  
anticipated  
timing  
and  
benefits  
of  
the  
Merger,  
Pentair's  
and  
Tyco  
Flow's  
anticipated  
standalone  
or  
combined  
financial  
results  
and  
all  
other  
statements  
in  
this  
document  
other  
than  
historical  
facts.  
Without  
limitation,  
any  
statements  
preceded  
or

followed  
by  
or  
that  
include  
the  
words  
targets ,  
plans ,  
believes ,  
expects ,  
intends ,  
will ,  
likely ,  
may ,  
anticipates ,  
estimates ,  
projects ,  
should ,  
would ,  
expect ,  
positioned ,  
strategy ,  
future  
or  
words,  
phrases  
or  
terms  
of  
similar  
substance  
or  
the  
negative  
thereof,  
are  
forward-looking  
statements.  
These  
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  
changes  
in  
circumstances  
and  
involve  
risks  
and  
uncertainties  
that  
could  
cause  
actual  
results  
to  
differ  
materially  
from  
those  
expressed  
or  
implied  
in  
such  
forward-looking  
statements.  
In  
addition,  
these  
statements  
are  
based  
on  
a

number  
of  
assumptions  
that  
are  
subject  
to  
change.  
Such  
risks,  
uncertainties  
and  
assumptions  
include:  
the  
satisfaction  
of  
the  
conditions  
to  
the  
Merger  
and  
other  
risks  
related  
to  
the  
completion  
of  
the  
Merger  
and  
actions  
related  
thereto;  
Pentair's  
and  
Tyco's  
ability  
to  
complete  
the  
Merger  
on  
anticipated  
terms  
and  
schedule,  
including

the  
ability  
to  
obtain  
shareholder  
or  
regulatory  
approvals  
of  
the  
Merger  
and  
related  
transactions;  
risks  
relating  
to  
any  
unforeseen  
liabilities  
of  
Pentair  
or  
Tyco  
Flow;  
future  
capital  
expenditures,  
expenses,  
revenues,  
earnings,  
synergies,  
economic  
performance,  
indebtedness,  
financial  
condition,  
losses  
and  
future  
prospects;  
business  
and  
management  
strategies  
and  
the  
expansion  
and  
growth



of  
Pentair s  
or  
Tyco  
Flow s  
operations;  
Pentair s  
and  
Tyco  
Flow s  
ability  
to  
integrate  
successfully  
after  
the  
Merger  
and  
achieve  
anticipated  
synergies;  
the  
effects  
of  
government  
regulation  
on  
Pentair s  
or  
Tyco  
Flow s  
businesses;  
the  
risk  
that  
disruptions  
from  
the  
transaction  
will  
harm  
Pentair s  
or  
Tyco  
Flow s  
business;  
Pentair s,  
Tyco  
Flow s  
and

Tyco's  
plans,  
objectives, expectations  
and  
intentions  
generally;  
and  
other  
factors  
detailed  
in  
Pentair's  
and  
Tyco's  
reports  
filed  
with  
the  
U.S.  
Securities  
and  
Exchange  
Commission  
(the  
SEC),  
including  
their  
Annual  
Reports  
on  
Form  
10-K  
under  
the  
caption  
Risk  
Factors .  
Forward-looking  
statements  
included  
herein  
are  
made  
as  
of  
the  
date  
hereof,  
and  
none

of  
Pentair,  
Tyco  
Flow  
or  
Tyco  
undertakes  
any  
obligation  
to  
update  
publicly  
such  
statements  
to  
reflect  
subsequent  
events  
or  
circumstances.  
Additional  
Information  
The  
Merger  
will  
be  
submitted  
to  
a  
vote  
of  
Pentair  
shareholders  
and  
the  
proposed  
distribution  
of  
Tyco  
Flow  
to  
Tyco  
shareholders  
(the  
Distribution )  
will  
be  
submitted  
to  
a

vote  
of  
Tyco  
shareholders.  
On  
May  
8,  
2012,  
Tyco  
Flow  
filed  
with  
the  
SEC  
a  
registration  
statement  
on  
Form  
S-4,  
as  
subsequently  
amended,  
containing  
a  
preliminary  
proxy  
statement/prospectus  
regarding  
the  
Merger.  
On  
May  
8,  
2012,  
Tyco  
Flow  
filed  
with  
the  
SEC  
a  
registration  
statement  
on  
Form  
S-1,  
as  
subsequently  
amended,

containing  
a  
preliminary  
prospectus  
and  
Tyco  
filed  
with  
the  
SEC  
a  
preliminary  
proxy  
statement,  
as  
subsequently  
amended,  
regarding  
the  
Distribution.  
The  
preliminary  
proxy  
statement/prospectus  
regarding  
the  
Merger,  
the  
preliminary  
prospectus  
regarding  
the  
Distribution  
and  
the  
Tyco  
preliminary  
proxy  
statement  
are  
available  
free  
of  
charge  
on  
the  
SEC's  
website  
at  
[www.sec.gov](http://www.sec.gov).

Pentair  
plans  
to  
file  
with  
the  
SEC  
and  
mail  
to  
its  
shareholders  
a  
definitive  
proxy  
statement  
regarding  
the  
Merger  
and  
Tyco  
plans  
to  
file  
with  
the  
SEC  
and  
mail  
to  
its  
shareholders  
a  
definitive  
proxy  
statement  
regarding  
the  
Distribution.  
Shareholders  
are  
urged  
to  
read  
the  
Form  
S-4  
containing  
the  
preliminary

proxy  
statement/prospectus,  
the  
Form  
S-1  
containing  
the  
preliminary  
prospectus  
and  
the  
Tyco  
preliminary  
proxy  
statement,  
which  
are  
available  
now,  
and  
the  
Form  
S-4  
containing  
the  
definitive  
proxy  
statement/prospectus  
regarding  
the  
Merger,  
the  
Form  
S-1  
containing  
the  
definitive  
prospectus  
regarding  
the  
Distribution  
and  
the  
Tyco  
definitive  
proxy  
statement  
and  
any  
other

relevant documents when they become available, because they will contain important information about Pentair, Tyco and Tyco Flow and the proposed transactions. The definitive proxy statement/prospectus relating to the Merger, the definitive prospectus relating to the Distribution, the Tyco definitive proxy statement and other documents relating to the proposed transaction



(when they are available) can be obtained free of charge from the SEC's website at [www.sec.gov](http://www.sec.gov).

These documents

(when they are available)

can also be obtained

free of charge from

Pentair upon written request to Investor Relations Department, Pentair, Inc., 5500

Wayzata Blvd., Suite 800, Minneapolis, MN, 55416,

or by

calling  
(763)  
545-1730  
or  
from  
Tyco  
or  
Tyco  
Flow  
upon  
written  
request  
to  
Investor  
Relations  
Department,  
Tyco  
International  
Ltd.,  
9  
Roszel  
Road,  
Princeton,  
NJ,  
08540,  
or  
by  
calling  
(609)  
720-4200.  
Participants  
in  
the  
Solicitation  
Pentair  
and  
Tyco  
and  
certain  
of  
their  
respective  
directors  
and  
executive  
officers  
may  
be  
deemed  
to

be  
participants  
in  
the  
solicitation  
of  
proxies  
from  
shareholders  
in  
connection  
with  
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,  
the  
definitive  
proxy  
statement  
relating  
to  
its  
2012  
annual  
meeting  
of  
shareholders  
filed  
with  
the  
SEC  
on  
March  
9,  
2012  
and  
Tyco  
Flow s  
registration  
statement  
on  
Form  
S-4  
containing  
the  
preliminary  
proxy  
statement/prospectus relating  
to  
the  
Merger,  
which  
was  
filed  
with  
the  
SEC  
on  
May  
8,

2012,  
as  
subsequently  
amended.  
Information  
about  
the  
directors  
and  
executive  
officers  
of  
Tyco  
may  
be  
found  
in  
its  
Annual  
Report  
on  
Form  
10-K  
for  
the  
year  
ended  
September  
30,  
2011  
filed  
with  
the  
SEC  
on  
November  
16,  
2011,  
the  
definitive  
proxy  
statement  
relating  
to  
its  
2012  
annual  
general  
meeting  
of

shareholders  
filed  
with  
the  
SEC  
on  
January  
13,  
2012  
and  
Tyco's  
preliminary  
proxy  
statement,  
which  
was  
filed  
with  
the  
SEC  
on  
May  
8,  
2012,  
as  
subsequently  
amended.  
These  
documents  
can  
be  
obtained  
free  
of  
charge  
from  
the  
sources  
indicated  
above.  
Additional  
information  
regarding  
the  
interests  
of  
these  
participants  
will  
also

be  
included  
in  
the  
definitive  
proxy  
statements  
when  
it  
becomes  
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.

PENTAIR

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%

PENTAIR

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  
PENTAIR

PENTAIR

15

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

16

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

17

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

18

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

19

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%