

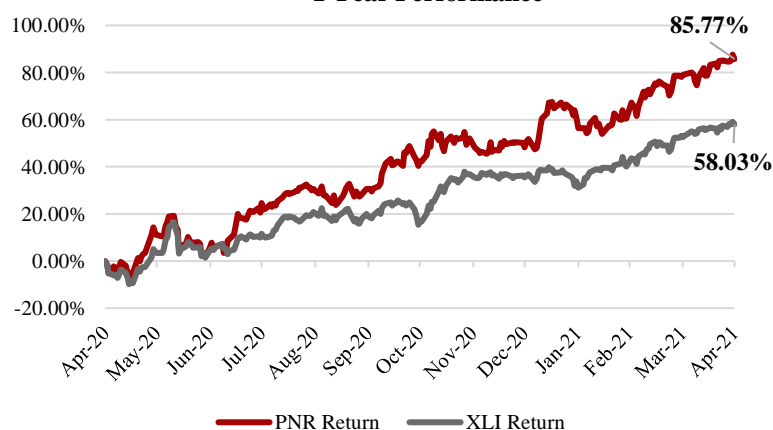
Pentair plc | (NYSE: PNR)



Industry: Machinery | **Sector:** Industrials | **BUY Recommendation** | May 7th, 2021

Current Price	12 Mo. Target Price	Potential Return
\$68.03	\$96.64	42.02%

**PNR VS. Industrials Sector
1 Year Performance**



Company Overview

Pentair is a pure play water company which operates in residential and commercial pool equipment, filtration, water treatment, and water pumps. They generate revenues through their consumer solutions / industrial and flow technology segments. The company is currently headquartered and has tax residency in the UK.

Investment Summary

Pentair offers relatively safe growth through their diverse end markets and is in a position to benefit from near term global economic recovery and infrastructure spending within the U.S. The company has appointed new executives in April 2020 who are confident in carrying the momentum forward from the first quarter. The new management team is growth focused and are reinvesting cash to grow their segments through acquisitions. Increased demand for their products, upside from cyclical, diverse exposure to end markets, and confidence in their new management team leads to a BUY recommendation.

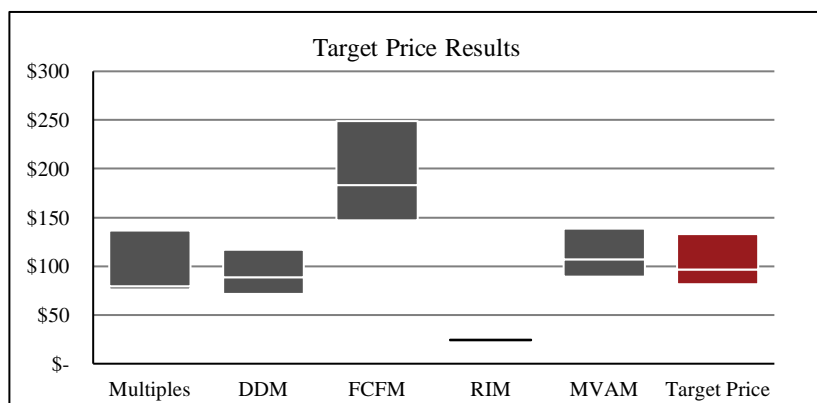
Investment Risk

Diverse end markets with their operating segments helps offset risks.

Price hikes for all products to protect against inflation in 3Q and 4Q 2021.

Seasonality can affect performance during colder months (3Q and 4Q 2021).

Chlorine shortage may negatively impact pool demand in the near future.



	Multiples	DDM	FCFM	RIM	MVAM	Target
Bull	\$136.38	\$116.92	\$248.75	\$24.31	\$138.54	\$132.98
Base	\$79.77	\$88.85	\$183.55	\$24.00	\$107.05	\$96.64
Bear	\$75.93	\$71.65	\$147.12	\$23.69	\$89.40	\$84.56
Weight	20%	20%	20%	20%	20%	100%

Year	1	2	3	4	5
g	9.71%	8.03%	6.35%	4.68%	3.00%

WACC
5.12%

Financial Highlights

52 Week Range	\$31.50 - \$68.58
Market Cap	\$11.30B
Dividend Yield	1.19%
2Y Beta	1.15
LTM P/E	27.4x
Enterprise Value	\$12.22B

	YoY	Q/Q Growth
5Y EPS Growth	12.6%	-
ROA	9.2%	1.8%
ROE	24.4%	5.2%
ROC	12.7%	2.4%
NI Margin	14.9%	2%
Operating Margin	16.3%	2.8%

Highlights

- Relatively safe growth due to exposure across diverse end markets in both segments.
- Increased demand in 2020 and 1Q2021 leads to increased aftermarket demand.
- Growth focused executive team and company mindset.
- Deteriorating water infrastructure in the U.S presents opportunities for I&F segment growth.
- Great forward momentum from economic recovering and an all-time high in new housing starts.
- FY 2021 FCF project to be greater than 100% Net Income