FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2022-05-04** | Period of Report: **2022-03-27**
SEC Accession No. 0001558370-22-006977

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WATTS WATER TECHNOLOGIES INC

CIK:**795403**| IRS No.: **042916536** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-11499** | Film No.: **22890498**
SIC: **3490** Miscellaneous fabricated metal products

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 27, 2022

or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to

Commission file number 001-11499

WATTS WATER TECHNOLOGIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**04-2916536** (I.R.S. Employer Identification No.)
815 Chestnut Street, North Andover, MA (Address of Principal Executive Offices)	**01845** (Zip Code)

(978) 688-1811
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value $0.10 per share	WTS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding at April 24, 2022
Class A Common Stock, $0.10 par value	27,427,974
Class B Common Stock, $0.10 par value	6,024,290

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in millions, except share information)
(Unaudited)

	March 27, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 226.8**	$ 242.0
Trade accounts receivable, less reserve allowances of $11.8 million at March 27, 2022 and $10.3 million at December 31, 2021	**261.7**	220.9
Raw materials	**148.1**	119.4
Work in process	**24.5**	20.4
Finished goods	**229.5**	230.9
Total Inventories	**402.1**	370.7
Prepaid expenses and other current assets	**29.3**	27.9
Total Current Assets	**919.9**	861.5
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment, at cost	**603.2**	608.8
Accumulated depreciation	**(406.6)**	(408.1)
Property, plant and equipment, net	**196.6**	200.7
OTHER ASSETS:		
Goodwill	**597.7**	600.7
Intangible assets, net	**123.8**	128.6
Deferred income taxes	**3.6**	3.5
Other, net	**61.7**	60.6
TOTAL ASSETS	**$1,903.3**	$ 1,855.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	**$ 156.8**	$ 143.4
Accrued expenses and other liabilities	**184.5**	186.9
Accrued compensation and benefits	**63.5**	78.2
Total Current Liabilities	**404.8**	408.5
LONG-TERM DEBT	**202.0**	141.9
DEFERRED INCOME TAXES	**46.9**	40.5
OTHER NONCURRENT LIABILITIES	**87.1**	91.5
STOCKHOLDERS' EQUITY:		
Preferred Stock, $0.10 par value; 5,000,000 shares authorized; no shares issued or outstanding	—	—
Class A common stock, $0.10 par value; 120,000,000 shares authorized; 1 vote per share; issued and outstanding, 27,437,126 shares at March 27, 2022 and 27,584,525 shares at December 31, 2021	**2.7**	2.8
Class B common stock, $0.10 par value; 25,000,000 shares authorized; 10 votes per share; issued and outstanding, 6,024,290 shares at March 27, 2022 and at December 31, 2021	**0.6**	0.6
Additional paid-in capital	**636.5**	631.2
Retained earnings	**655.9**	665.9

Accumulated other comprehensive loss	**(133.2)**	(127.3)
Total Stockholders' Equity	**1,162.5**	1,173.2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$1,903.3**	$ 1,855.6

See accompanying notes to consolidated financial statements.

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in millions, except per share information)
(Unaudited)

	First Quarter Ended	
	March 27, 2022	**March 28, 2021**
Net sales	**$ 463.2**	$ 413.3
Cost of goods sold	**264.6**	239.6
GROSS PROFIT	**198.6**	173.7
Selling, general and administrative expenses	**126.1**	113.8
Restructuring	**1.0**	0.3
OPERATING INCOME	**71.5**	59.6
Other (income) expense:		
Interest income	**(0.1)**	—
Interest expense	**1.4**	2.0
Other expense (income), net	**0.3**	(0.3)
Total other expense	**1.6**	1.7
INCOME BEFORE INCOME TAXES	**69.9**	57.9
Provision for income taxes	**15.4**	16.2
NET INCOME	**$ 54.5**	$ 41.7
Basic EPS		
NET INCOME PER SHARE	**$ 1.62**	$ 1.23
Weighted average number of shares	**33.7**	33.8
Diluted EPS		
NET INCOME PER SHARE	**$ 1.61**	$ 1.23
Weighted average number of shares	**33.8**	33.9
Dividends declared per share	**$ 0.26**	$ 0.23

See accompanying notes to consolidated financial statements.

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in millions)
(Unaudited)

	First Quarter Ended	
	March 27, 2022	**March 28, 2021**
Net income	**$ 54.5**	$ 41.7
Other comprehensive (loss) gain net of tax:		
Foreign currency translation adjustments	**(9.4)**	(14.1)
Cash flow hedges	**3.5**	(0.1)
Other comprehensive loss	**(5.9)**	(14.2)
Comprehensive income	**$ 48.6**	$ 27.5

See accompanying notes to consolidated financial statements.

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in millions)
(Unaudited)

(For the first quarter ended March 27, 2022)	Class A Common Stock Shares	Class A Common Stock Amount	Class B Common Stock Shares	Class B Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2021	**27,584,525**	**$ 2.8**	**6,024,290**	**$ 0.6**	**$ 631.2**	**$ 665.9**	**$ (127.3)**	**$ 1,173.2**
Net income	**—**	**—**	**—**	**—**	**—**	**54.5**	**—**	**54.5**
Other comprehensive loss	**—**	**—**	**—**	**—**	**—**	**—**	**(5.9)**	**(5.9)**
Comprehensive income								**48.6**
Shares of Class A common stock issued upon the exercise of stock options	**2,325**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Stock-based compensation	**—**	**—**	**—**	**—**	**3.3**	**—**	**—**	**3.3**
Stock repurchase	**(293,390)**	**(0.1)**	**—**	**—**	**—**	**(42.9)**	**—**	**(43.0)**
Net change in restricted and performance stock units	**143,666**	**—**	**—**	**—**	**2.0**	**(12.6)**	**—**	**(10.6)**
Common stock dividends	**—**	**—**	**—**	**—**	**—**	**(9.0)**	**—**	**(9.0)**
Balance at March 27, 2022	**27,437,126**	**$ 2.7**	**6,024,290**	**$ 0.6**	**$ 636.5**	**$ 655.9**	**$ (133.2)**	**$ 1,162.5**

(For the first quarter ended March 28, 2021)	Class A Common Stock Shares	Class A Common Stock Amount	Class B Common Stock Shares	Class B Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at December 31, 2020	27,478,512	$ 2.8	6,144,290	$ 0.6	$ 606.3	$ 560.1	$ (100.0)	$ 1,069.8
Net income	—	—	—	—	—	41.7	—	41.7
Other comprehensive loss	—	—	—	—	—	—	(14.2)	(14.2)
Comprehensive income								27.5
Shares of Class B common stock converted to Class A common stock	20,000	—	(20,000)	—	—	—	—	—
Stock-based compensation	—	—	—	—	2.9	—	—	2.9
Stock repurchase	(31,153)	—	—	—	—	(3.8)	—	(3.8)
Net change in restricted and performance stock units	117,723	—	—	—	1.8	(9.2)	—	(7.4)
Common stock dividends	—	—	—	—	—	(7.8)	—	(7.8)
Balance at March 28, 2021	27,585,082	$ 2.8	6,124,290	$ 0.6	$ 611.0	$ 581.0	$ (114.2)	1,081.2

See accompanying notes to consolidated financial statements.

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in millions)
(Unaudited)

	First Quarter Ended	
	March 27, 2022	March 28, 2021
OPERATING ACTIVITIES		
Net income	**$ 54.5**	$ 41.7
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	**7.2**	8.0
Amortization of intangibles	**3.1**	3.8
Loss on disposal and impairment of property, plant and equipment and other	**1.3**	0.6
Stock-based compensation	**3.3**	2.9
Deferred income tax	**5.8**	4.3
Changes in operating assets and liabilities:		
Accounts receivable	**(43.2)**	(44.0)
Inventories	**(34.7)**	(18.8)
Prepaid expenses and other assets	**—**	(4.6)
Accounts payable, accrued expenses and other liabilities	**0.7**	40.0
Net cash (used in) provided by operating activities	**(2.0)**	33.9
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(5.6)**	(4.9)
Proceeds from the sale of property, plant and equipment	**—**	2.9
Net cash used in investing activities	**(5.6)**	(2.0)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**60.0**	20.0
Payments of long-term debt	**—**	(20.0)
Payments for withholding taxes on vested awards	**(12.6)**	(9.2)
Payments for finance leases and other	**(0.2)**	(0.4)
Payments to repurchase common stock	**(42.9)**	(3.8)
Dividends	**(9.0)**	(7.8)
Net cash used in financing activities	**(4.7)**	(21.2)
Effect of exchange rate changes on cash and cash equivalents	**(2.9)**	(4.2)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(15.2)**	6.5
Cash and cash equivalents at beginning of year	**242.0**	218.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 226.8**	$ 225.4
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Issuance of stock under management stock purchase plan	**$ 0.3**	$ 0.5
CASH PAID FOR:		
Interest	**$ 0.7**	$ 2.3
Income taxes	**$ 6.0**	$ 5.0

See accompanying notes to consolidated financial statements.

WATTS WATER TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the Watts Water Technologies, Inc. (the “Company”) Consolidated Balance Sheet as of March 27, 2022, the Consolidated Statements of Operations for the first quarters ended March 27, 2022 and March 28, 2021, the Consolidated Statements of Comprehensive Income for the first quarters ended March 27, 2022 and March 28, 2021, the Consolidated Statements of Stockholders’ Equity for the first quarters ended March 27, 2022 and March 28, 2021, and the Consolidated Statements of Cash Flows for the first quarters ended March 27, 2022 and March 28, 2021.

The consolidated balance sheet at December 31, 2021 has been derived from the audited consolidated financial statements at that date. The accounting policies followed by the Company are described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. The financial statements included in this report should be read in conjunction with the consolidated financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2021. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for the year ending December 31, 2022.

The Company operates on a 52-week fiscal year ending on December 31, with each quarter, except the fourth quarter, ending on a Sunday. Any quarterly data contained in this Quarterly Report on Form 10-Q generally reflect the results of operations for a 13-week period.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We are not aware of any specific event or circumstance that would require updates to the Company’s estimates or judgments or require the Company to revise the carrying value of the Company’s assets or liabilities as of the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change as new events occur and additional information is obtained. Actual results could differ from those estimates.

2. Accounting Policies

The significant accounting policies used in preparation of these consolidated financial statements for the first quarter ended March 27, 2022, are consistent with those discussed in Note 2 of the Notes to Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

Shipping and Handling

Shipping and handling costs included in selling, general and administrative expenses amounted to $17.7 million and $15.4 million for the first quarters of 2022 and 2021, respectively.

Research and Development

Research and development costs included in selling, general and administrative expenses amounted to $11.9 million and $10.9 million for the first quarters of 2022 and 2021, respectively.

3. Revenue Recognition

The Company is a leading supplier of products that manage and conserve the flow of fluids and energy into, through and out of buildings in the commercial and residential markets of the Americas, Europe, and Asia-Pacific, Middle East, and Africa ("APMEA"). For over 140 years, the Company has designed and produced valve systems that safeguard and regulate water systems, energy efficient heating and hydronic systems, drainage systems and water filtration technology that helps purify and conserve water.

The Company distributes products through four primary distribution channels: wholesale, original equipment manufacturers (OEMs), specialty, and do-it-yourself (DIY). The Company operates in three geographic segments: Americas, Europe, and APMEA. Each of these segments sells similar products, which are comprised of the following principal product lines:

- Residential & commercial flow control products—includes products typically sold into plumbing and hot water applications such as backflow preventers, water pressure regulators, temperature and pressure relief valves, thermostatic mixing valves and leak detection products.
- HVAC & gas products—includes commercial high-efficiency boilers, water heaters and heating solutions, hydronic and electric heating systems for under-floor radiant applications, custom heat and hot water solutions, hydronic pump groups for boiler manufacturers and alternative energy control packages, and flexible stainless steel connectors for natural and liquid propane gas in commercial food service and residential applications. HVAC is an acronym for heating, ventilation and air conditioning.
- Drainage & water re-use products—includes drainage products and engineered rain water harvesting solutions for commercial, industrial, marine and residential applications.
- Water quality products—includes point-of-use and point-of-entry water filtration, conditioning and scale prevention systems for commercial, marine and residential applications.

The following table disaggregates revenue, which is presented as net sales in the financial statements, for each reportable segment, by distribution channel and principal product line:

	For the first quarter ended March 27, 2022 (in millions)			
Distribution Channel	**Americas**	**Europe**	**APMEA**	**Consolidated**
Wholesale	$ 174.8	$ 84.0	$ 18.0	$ 276.8
OEM	25.6	45.4	1.4	72.4
Specialty	93.8	—	—	93.8
DIY	19.7	0.5	—	20.2
Total	$ 313.9	$ 129.9	$ 19.4	$ 463.2

	For the first quarter ended March 27, 2022 (in millions)			
Principal Product Line	**Americas**	**Europe**	**APMEA**	**Consolidated**
Residential & Commercial Flow Control	$ 178.1	$ 46.1	$ 15.8	$ 240.0
HVAC and Gas Products	84.3	60.0	2.5	146.8
Drainage and Water Re-use Products	22.8	22.8	0.8	46.4
Water Quality Products	28.7	1.0	0.3	30.0
Total	$ 313.9	$ 129.9	$ 19.4	$ 463.2

Distribution Channel	For the first quarter ended March 28, 2021 (in millions) Americas	Europe	APMEA	Consolidated
Wholesale	$ 157.4	$ 80.9	$ 16.6	$ 254.9
OEM	20.4	41.1	1.0	62.5
Specialty	74.2	—	—	74.2
DIY	20.8	0.9	—	21.7
Total	$ 272.8	$ 122.9	$ 17.6	$ 413.3

Principal Product Line	For the first quarter ended March 28, 2021 (in millions) Americas	Europe	APMEA	Consolidated
Residential & Commercial Flow Control	$ 162.3	$ 47.2	$ 14.7	$ 224.2
HVAC and Gas Products	65.9	54.2	2.3	122.4
Drainage and Water Re-use Products	18.6	20.3	0.4	39.3
Water Quality Products	26.0	1.2	0.2	27.4
Total	$ 272.8	$ 122.9	$ 17.6	$ 413.3

The Company generally considers customer purchase orders, which in some cases are governed by master sales agreements, to represent the contract with a customer. The Company's contracts with customers are generally for products only and typically do not include other performance obligations such as professional services, extended warranties, or other material rights. In situations where sales are to a distributor, the Company has concluded that its contracts are with the distributor as the Company holds a contract bearing enforceable rights and obligations only with the distributor. As part of its consideration of the contract, the Company evaluates certain factors, including the customer's ability to pay (or credit risk). For each contract, the Company considers the promise to transfer products, each of which is distinct, to be the identified performance obligations. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled. As the Company's standard payment terms are less than one year, the Company has elected not to assess whether a contract has a significant financing component. The Company allocates the transaction price to each distinct product based on its relative standalone selling price. The product price as specified on the purchase order is considered the standalone selling price as it is an observable input which depicts the price as if sold to a similar customer in similar circumstances. Revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment from the Company's manufacturing site or distribution center, or delivery to the customer's named location. In certain circumstances, revenue from shipments to retail customers is recognized only when the product is consumed by the customer, as based on the terms of the arrangement, transfer of control is not satisfied until that point in time. In determining whether control has transferred, the Company considers if there is a present right to payment, physical possession and legal title, along with risks and rewards of ownership having transferred to the customer. In certain circumstances, the Company manufactures customized product without alternative use for its customers. However, as these arrangements do not entitle the Company to a right to payment of cost plus a profit for work completed, the Company has concluded that revenue recognition at the point in time control transfers is appropriate and not over time recognition.

At times, the Company receives orders for products to be delivered over multiple dates that may extend across reporting periods. The Company invoices for each delivery upon shipment and recognizes revenues for each distinct product delivered, assuming transfer of control has occurred. As scheduled delivery dates are within one year, under the optional exemption provided by the guidance, revenues allocated to future shipments of partially completed contracts are not disclosed.

The Company generally provides an assurance warranty that its products will substantially conform to the published specification. The Company's liability is limited to either a credit equal to the purchase price or replacement of the defective part. Returns under warranty have historically been immaterial. The Company does not consider activities related to such warranty, if any, to be a separate performance obligation. For certain of its products, the Company will separately sell extended warranty and service policies to its customers. The Company considers the sale of these as separate performance obligations. These policies typically are for periods ranging from one to three years. Payments received are deferred and recognized over the policy period. For all periods presented, the revenue recognized and the revenue deferred under these policies are not material to the consolidated financial statements.

The timing of revenue recognition, billings and cash collections from the Company's contracts with customers can vary based on the payment terms and conditions in the customer contracts. In limited cases, customers will partially prepay for their goods. In addition, there are constraints which cause variability in the ultimate consideration to be recognized. These constraints typically include early payment discounts, volume rebates, rights of return, cooperative advertising, and market development funds. The Company includes these constraints in the estimated transaction price when there is a basis to reasonably estimate the amount of variable consideration. These estimates are based on historical experience, anticipated future performance and the Company's best judgment at the time. The Company did not recognize any material revenue from obligations satisfied in prior periods. When the timing of the Company's recognition of revenue is different from the timing of payments made by the customer, the Company recognizes a contract liability (customer payment precedes performance). For all periods presented, the recognized contract liabilities and the associated revenue deferred are not material to the consolidated financial statements.

The Company incurs costs to obtain and fulfill a contract; however, the Company has elected to recognize all incremental costs to obtain a contract as an expense when incurred if the amortization period is one year or less. The Company has elected to treat shipping and handling activities performed after the customer has obtained control of the related goods as a fulfillment cost and the related cost is accrued for in conjunction with the recording of revenue for the goods.

4. Goodwill & Intangibles

The Company operates in three geographic segments: Americas, Europe, and APMEA. The changes in the carrying amount of goodwill by geographic segment are as follows:

	March 27, 2022							
	Gross Balance				Accumulated Impairment Losses			Net Goodwill
	Balance January 1, 2022	Acquired During the Period	Foreign Currency Translation and Other	Balance March 27, 2022	Balance January 1, 2022	Impairment Loss During the Period	Balance March 27, 2022	March 27, 2022
	(in millions)							
Americas	**$ 490.9**	**—**	**$ 0.1**	**$ 491.0**	**$ (24.5)**	**—**	**$ (24.5)**	**$ 466.5**
Europe	**242.9**	**—**	**(3.5)**	**239.4**	**(129.7)**	**—**	**(129.7)**	**109.7**
APMEA	**34.0**	**—**	**0.4**	**34.4**	**(12.9)**	**—**	**(12.9)**	**21.5**
Total	**$ 767.8**	**—**	**$ (3.0)**	**$ 764.8**	**$ (167.1)**	**—**	**$ (167.1)**	**$ 597.7**

	December 31, 2021							
	Gross Balance				Accumulated Impairment Losses			Net Goodwill
	Balance January 1, 2021	Acquired During the Period	Foreign Currency Translation and Other	Balance December 31, 2021	Balance January 1, 2021	Impairment Loss During the Period	Balance December 31, 2021	December 31, 2021
	(in millions)							
Americas	$ 482.5	$ 8.4	$ —	$ 490.9	$ (24.5)	$ —	$ (24.5)	$ 466.4
Europe	252.1	—	(9.2)	242.9	(129.7)	—	(129.7)	113.2
APMEA	34.9	—	(0.9)	34.0	(12.9)	—	(12.9)	21.1
Total	$ 769.5	$ 8.4	$ (10.1)	$ 767.8	$ (167.1)	$ —	$ (167.1)	$ 600.7

Goodwill and indefinite-lived intangible assets are tested for impairment at least annually or more frequently if events or circumstances indicate that it is "more likely than not" that they might be impaired, such as from a change in business conditions. The Company performs its annual goodwill and indefinite-lived intangible assets impairment assessment in the fourth quarter of each year. At the most recent annual impairment test which occurred in the fourth quarter of 2021, the Company performed qualitative fair value assessments, including an evaluation of certain key assumptions for all seven of its reporting units. The

Company concluded that the fair value of all seven reporting units exceeded their carrying values at that time.

Intangible assets include the following:

	March 27, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in millions)					
Patents	**$ 16.1**	**$ (16.1)**	**$ —**	$ 16.1	$ (16.1)	$ —
Customer relationships	**237.7**	**(175.0)**	**62.7**	237.5	(173.1)	64.4
Technology	**57.4**	**(41.8)**	**15.6**	58.6	(40.7)	17.9
Trade names	**26.8**	**(17.2)**	**9.6**	26.8	(16.9)	9.9
Other	**4.3**	**(3.8)**	**0.5**	4.3	(3.8)	0.5
Total amortizable intangibles	**342.3**	**(253.9)**	**88.4**	343.3	(250.6)	92.7
Indefinite-lived intangible assets	**35.4**	**—**	**35.4**	35.9	—	35.9
	$377.7	**$ (253.9)**	**$123.8**	$379.2	$ (250.6)	$128.6

Aggregate amortization expense for amortized intangible assets for the first quarters ended March 27, 2022 and March 28, 2021 was $3.1 million and $3.8 million, respectively.

5. Financial Instruments and Derivative Instruments

Fair Value

The carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate fair value because of the short maturity of these financial instruments. The fair value of the Company’s borrowings under the Amended and Restated Credit Agreement entered into on March 30, 2021 (the “Amended Credit Agreement”) approximates its carrying value.

Financial Instruments

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including deferred compensation plan assets and related liabilities, contingent consideration, and derivatives. The fair values of these financial assets and liabilities were determined using the following inputs at March 27, 2022 and December 31, 2021:

	Fair Value Measurement at March 27, 2022 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets				
Plan asset for deferred compensation(1)	$ 2.4	$ 2.4	$ —	$ —
Interest rate swap(2)	$ 5.7	$ —	$ 5.7	$ —
Total assets	**$ 8.1**	**$ 2.4**	**$ 5.7**	$ —
Liabilities				
Plan liability for deferred compensation(3)	$ 2.4	$ 2.4	$ —	$ —
Designated foreign currency hedges(4)	$ 0.2	$ —	$ 0.2	$ —
Contingent consideration(5)	$ 6.3	$ —	$ —	$ 6.3
Total liabilities	**$ 8.9**	**$ 2.4**	**$ 0.2**	**$ 6.3**

	Fair Value Measurements at December 31, 2021 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets				
Plan asset for deferred compensation(1)	$ 2.6	$ 2.6	$ —	$ —
Interest rate swap(1)	$ 1.4	$ —	$ 1.4	$ —
Total assets	$ 4.0	$ 2.6	$ 1.4	$ —
Liabilities				
Interest rate swap(4)	$ 0.6	$ —	$ 0.6	$ —
Plan liability for deferred compensation(3)	$ 2.6	$ 2.6	$ —	$ —
Contingent consideration(5)	$ 6.3	$ —	$ —	$ 6.3
Total liabilities	$ 9.5	$ 2.6	$ 0.6	$ 6.3

(1) Included on the Company's consolidated balance sheet in other assets (other, net).

(2) As of March 27, 2022, $0.7 million classified in prepaid expenses and other current assets on the Company's consolidated balance sheet and $5.0 million classified in other assets (other, net).

(3) Included on the Company's consolidated balance sheet in accrued compensation and benefits.

(4) Included on the Company's consolidated balance sheet in accrued expenses and other liabilities.

(5) Contingent consideration of $6.3 million includes $3.8 million classified in accrued expenses and other liabilities on the Company's consolidated balance sheet related to contingent consideration as part of the acquisition of Australian Valve Group Pty Ltd ("AVG") and $2.5 million classified in other noncurrent liabilities on the Company's consolidated balance sheet related to contingent consideration as part of the acquisition of Sentinel Hydrosolutions, LLC ("Sentinel").

There were no changes in fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) in the first quarter of 2022.

In connection with the immaterial acquisition of AVG completed during the third quarter of 2020 and Sentinel completed during the fourth quarter of 2021, contingent liabilities of $2.8 million and $2.5 million, respectively, were recognized as the estimate of the acquisition date fair value of the contingent consideration. The AVG contingent liability as of December 31, 2021 was $3.8 million after increasing the liability by $0.8 million during the second quarter of 2021, due to increased probability of achieving higher performance metrics, and foreign exchange translations. These liabilities were classified as Level 3 under the fair value hierarchy as they were based on the probability of achievement of future performance metrics as of the respective dates of acquisition, which were not observable in the market. Failure to meet the performance metrics would reduce this liability to zero, while complete achievement would increase the liability to a maximum contingent consideration of approximately $4.5 million for AVG and $4.5 million for Sentinel.

Cash equivalents consist of instruments with original maturities of three months or less at the date of purchase and consist primarily of money market funds, for which the carrying amount is a reasonable estimate of fair value.

The Company uses financial instruments from time to time to enhance its ability to manage risk, including foreign currency and commodity pricing exposures, which exist as part of its ongoing business operations. The use of derivatives exposes the Company to counterparty credit risk for nonperformance and to market risk related to changes in currency exchange rates and commodity prices. The Company manages its exposure to counterparty credit risk through diversification of counterparties. The Company's counterparties in derivative transactions are substantial commercial banks with significant experience using such derivative instruments. The impact of market risk on the fair value and cash flows of the Company's derivative instruments is monitored and the Company restricts the use of derivative financial instruments to hedging activities. The Company does not enter into contracts for trading purposes nor does the Company enter into any contracts for speculative purposes. The use of derivative instruments is approved by senior management under written guidelines.

Interest Rate Swaps

On March 30, 2021, the Company entered into the Amended Credit Agreement. The Amended Credit Agreement extended the maturity date of the $800 million senior unsecured revolving credit facility from February 12, 2022 to March 30, 2026 (the "Revolving Credit Facility"). Borrowings outstanding under the Revolving Credit Facility bear interest at a fluctuating rate per annum as further detailed in Note 11.

In order to manage the Company's exposure to changes in cash flows attributable to fluctuations in LIBOR-indexed interest payments related to the Company's floating rate debt, the Company entered into an interest rate swap on March 30, 2021. Under the interest rate swap agreement, the Company receives the one-month USD-LIBOR subject to a 0.00% floor and pays a fixed rate of 1.02975% on a notional amount of $100.0 million. The swap matures on March 30, 2026. The Company formally documents the hedge relationships at hedge inception to ensure that its interest rate swaps qualify for hedge accounting. On a quarterly basis, the Company assesses whether the interest rate swap is highly effective in offsetting changes in the cash flow of the hedged item. The Company does not hold or issue interest rate swaps for trading purposes. The swaps are designated as cash flow hedges. For the first quarter ended March 27, 2022, a net gain of $3.6 million was recorded in Accumulated Other Comprehensive Loss to recognize the effective portion of the fair value of the interest rate swap that qualifies as a cash flow hedge.

Designated Foreign Currency Hedges

The Company's foreign subsidiaries transact most business, including certain intercompany transactions, in foreign currencies. Such transactions are principally purchases or sales of materials. The Company has exposure to a number of foreign currencies, including the Canadian dollar, the euro, and the Chinese yuan. The Company uses a layering methodology, whereby at the end of each quarter, the Company enters into forward exchange contracts hedging Canadian dollar to U.S. dollar, which hedge up to 85% of the forecasted intercompany purchase transactions between one of the Company's Canadian subsidiaries and the Company's U.S. operating subsidiaries for the next twelve months. The Company uses a similar layering methodology when entering into forward exchange contracts hedging U.S. dollar to the Chinese yuan, which hedge up to 60% of the forecasted intercompany sales transactions between one of the Company's Chinese subsidiaries and one of the Company's U.S. operating subsidiaries for the next twelve months. As of March 27, 2022, all designated foreign exchange hedge contracts were cash flow hedges under ASC 815, *Derivatives and Hedging*. The Company records the effective portion of the designated foreign currency hedge contracts in other comprehensive income until inventory turns and is sold to a third-party. Once the third-party transaction associated with the hedged forecasted transaction occurs, the effective portion of any related gain or loss on the designated foreign currency hedge is reclassified into earnings within cost of goods sold. In the event the notional amount of the derivatives exceeds the forecasted intercompany purchases for a given month, the excess hedge position will be attributed to the following month's forecasted purchases. However, if the following month's forecasted purchases cannot absorb the excess hedge position from the current month, the effective portion of the hedge recorded in other comprehensive income will be reclassified to earnings.

The notional amounts outstanding as of March 27, 2022 for the Canadian dollar to U.S. dollar contracts was $15.5 million. There were no contracts outstanding for the U.S. dollar to the Chinese yuan. The fair value of the Company's designated foreign hedge contracts outstanding as of March 27, 2022 was a liability of $0.2 million. As of March 27, 2022, the amount expected to be reclassified into cost of goods sold from other comprehensive income in the next twelve months is immaterial.

6. Restructuring and Other Charges, Net

The Company's Board of Directors approves all major restructuring programs that may involve the discontinuance of significant product lines or the shutdown of significant facilities. From time to time, the Company takes additional restructuring actions, including involuntary terminations that are not part of a major program. The Company accounts for these costs in the period in which the liability is incurred. These costs are included in restructuring charges in the Company's consolidated statements of operations.

A summary of the pre-tax cost by restructuring program is as follows:

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Restructuring costs:		
2021 France Actions	**$ 1.0**	$ —
Other Actions	**—**	0.3
Total restructuring charges	**$ 1.0**	$ 0.3

The Company recorded pre-tax restructuring costs in its business segments as follows:

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Americas	**$ 0.1**	$ —
Europe	**1.0**	—
APMEA	**(0.1)**	0.3
Total	**$ 1.0**	$ 0.3

2021 France Actions

On June 25, 2021, the Board of Directors approved a restructuring program with respect to the Company's operating facilities in France, within its Europe operating segment. The restructuring program includes the shutdown of the Company's manufacturing facility in Méry, France and the consolidation of that facility's operations primarily into the Company's facilities in Virey-le-Grand and Hautvillers, France. The total pre-tax restructuring charges associated with the program were initially estimated to be approximately $26.3 million. As of March 27, 2022, the Company reduced its total expected pre-tax charges for the program to approximately $23.7 million, primarily related to lower severance and outplacement costs than initially estimated. The total expected charges include costs for employees severance, relocation of equipment, clean-up of the facility and certain asset write-downs, and will result in the elimination of approximately 80 positions at the Méry, France facility. As a result of the facility consolidations, the net headcount reduction in France is expected to be approximately 40 positions. Total net after-tax charges for this restructuring program are expected to be approximately $17.5 million (including approximately $2.0 million in non-cash charges), with costs being incurred through the second half of 2022, at which time the restructuring program is expected to be completed. The Company expects to spend approximately $0.7 million in capital expenditures to consolidate operations, of which $0.6 million was spent as of March 27, 2022. Annual cash savings, net of tax, are estimated to be approximately $3.0 million, which the Company expects to fully realize by 2023.

The following table summarizes by type, the total expected, incurred and remaining pre-tax restructuring costs for the Company's restructuring program related to the 2021 France Actions:

	Severance	Legal and consultancy	Asset write-downs	Facility exit and other	Total
			(in millions)		
Costs incurred — 2021	$ 16.9	$ 0.9	$ 0.9	$ 1.0	$19.7
Costs incurred—first quarter 2022	0.2	0.1	0.4	0.3	1.0
Remaining costs to be incurred	2.2	—	0.3	0.5	3.0
Total expected restructuring costs	**$ 19.3**	**$ 1.0**	**$ 1.6**	**$ 1.8**	**$23.7**

Details of the restructuring reserve activity for the Company's 2021 France Actions for the period ended March 27, 2022 are as follows:

	Severance	Legal and consultancy	Asset write-downs	Facility exit and other	Total
			(in millions)		
Balance at December 31, 2021	$ 9.9	$ 0.2	$ —	$ 0.5	$ 10.6
Net pre-tax restructuring charges	0.2	0.1	0.4	0.3	1.0
Utilization and foreign currency impact	(4.7)	(0.1)	(0.4)	(0.3)	(5.5)
Balance at March 27, 2022	**$ 5.4**	**$ 0.2**	**$ —**	**$ 0.5**	**$ 6.1**

Other Actions

The Company periodically initiates other actions which are not part of a major program. Included in "Other Actions" for the first quarter ended March 28, 2021 were immaterial actions taken in the Americas and APMEA segments. An additional $1.5 million of facility exit charges related to the decommissioning of machinery at one of the Company's facilities in the Americas is expected to be incurred in the second and third quarters of 2022.

7. Earnings per Share and Stock Repurchase Program

The following table sets forth the reconciliation of the calculation of earnings per share:

	For the First Quarter Ended March 27, 2022			For the First Quarter Ended March 28, 2021		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(Amounts in millions, except per share information)					
Basic EPS:						
Net income	**$ 54.5**	**33.7**	**$ 1.62**	$ 41.7	33.8	$ 1.23
Effect of dilutive securities:						
Common stock equivalents		**0.1**	**(0.01)**		0.1	—
Diluted EPS:						
Net income	**$ 54.5**	**33.8**	**$ 1.61**	$ 41.7	33.9	$ 1.23

There were no options to purchase Class A common stock outstanding during the first quarters ended March 27, 2022 or March 28, 2021 that would have been anti-dilutive.

On February 6, 2019, the Company's Board of Directors authorized the repurchase of up to $150 million of the Company's Class A common stock, to be purchased from time to time on the open market or in privately negotiated transactions. For the stock repurchase program, the Company entered into Rule 10b5-1 plans, which permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The repurchase program may be suspended or discontinued at any time, subject to the terms of the Rule 10b5-1 plans the Company entered into with respect to the repurchase program. As of March 27, 2022, there was $54.5 million remaining authorized for share repurchases under the $150 million program.

For the first quarters ended March 27, 2022 and March 28, 2021, the Company repurchased 293,390 shares for $42.9 million and 31,153 shares for $3.8 million, respectively.

8. Stock-Based Compensation

The Company granted 45,121 and 51,819 units of deferred stock awards during the first quarters of 2022 and 2021, respectively. The Company grants shares of deferred stock awards to key employees and stock awards to non-employee members of the Company's Board of Directors under the Second Amended and Restated 2004 Stock Incentive Plan ("2004 Stock Incentive Plan"). Deferred stock awards to employees typically vest over a three-year period and stock awards to non-employee members of the Company's Board of Directors vest immediately.

The Company also grants performance stock units to key employees under the 2004 Stock Incentive Plan. Performance stock units cliff vest at the end of a performance period set by the Compensation Committee of the Board of Directors at the time of grant, which is currently three years. Upon vesting, the number of shares of the Company's Class A common stock awarded to each performance stock unit recipient will be determined based on the Company's performance relative to certain performance goals set at the time the performance stock units were granted. The recipient of a performance stock unit award may earn from zero shares to twice the number of target shares awarded to such recipient. The performance stock units are amortized to expense over the vesting period and based on the Company's performance relative to the performance goals, may be adjusted. Changes to the estimated shares expected to vest will result in adjustments to the related share-based compensation expense that will be recorded in the period of change. If the performance goals are not met, no awards are earned and previously recognized compensation expense is reversed. The Company granted 40,014 and 46,774 performance stock units during the first quarters of 2022 and 2021, respectively. The performance goals for the performance stock units are based on the compound annual growth rate of the Company's revenue over the three-year performance period and the Company's return on invested capital ("ROIC") for the third year of the performance period.

Under the Management Stock Purchase Plan ("MSPP"), the Company granted 28,711 and 24,690 of restricted stock units ("RSUs") during the first quarters of 2022 and 2021, respectively. The MSPP allows for the granting of RSUs to key employees. On an annual basis, key employees may elect to receive a portion of their annual incentive compensation in RSUs instead of cash. Participating employees may use up to 50% of their annual incentive bonus to purchase RSUs for a purchase price equal to 80% of the fair market value of the Company's Class A common stock as of the date of grant. RSUs vest either annually over a three-year period from the grant date or upon the third anniversary of the grant date. Receipt of the shares underlying RSUs is deferred for a minimum of three years, or such greater number of years as is chosen by the employee, from the date of grant.

The fair value of each share issued under the MSPP is estimated on the date of grant, using the Black-Scholes-Merton Model, based on the following weighted average assumptions:

	2022	2021
Expected life (years)	**3.0**	3.0
Expected stock price volatility	**33.7 %**	32.7 %
Expected dividend yield	**0.80 %**	0.75 %
Risk-free interest rate	**2.0 %**	0.3 %

The risk-free interest rate is based upon the U.S. Treasury yield curve at the time of grant for the respective expected life of the RSUs. The expected life (estimated period of time outstanding) of RSUs and volatility were calculated using historical data. The expected dividend yield of stock is the Company's best estimate of the expected future dividend yield.

The above assumptions were used to determine the weighted average grant-date fair value of the discount on RSUs granted in 2022 and 2021 of $47.26 and $37.12, respectively.

A more detailed description of each of these plans can be found in Note 13 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

9. Segment Information

The Company operates in three geographic segments: Americas, Europe, and APMEA. Each of these segments sells similar products and has separate financial results that are reviewed by the Company's chief operating decision-maker. Each segment earns revenue and income almost exclusively from the sale of the Company's products. The Company sells its products into various end markets around the world, with sales by region based upon location of the entity recording the sale. See Note 3 for further detail on the product lines sold into by region. All intercompany sales transactions have been eliminated. The accounting policies for each segment are the same as those described in Note 2 above and in Note 2 of the Notes to

Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

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The following is a summary of the Company's significant accounts and balances by segment, reconciled to its consolidated totals:

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Net sales		
Americas	**$ 313.9**	$ 272.8
Europe	**129.9**	122.9
APMEA	**19.4**	17.6
Consolidated net sales	**$ 463.2**	$ 413.3
Operating income (loss)		
Americas	**$ 57.9**	$ 48.5
Europe	**21.1**	19.5
APMEA	**3.0**	2.3
Subtotal reportable segments	**82.0**	70.3
Corporate(*)	**(10.5)**	(10.7)
Consolidated operating income	**71.5**	59.6
Interest income	**(0.1)**	—
Interest expense	**1.4**	2.0
Other expense (income), net	**0.3**	(0.3)
Income before income taxes	**$ 69.9**	$ 57.9
Capital expenditures		
Americas	**$ 3.5**	$ 2.5
Europe	**2.1**	2.4
APMEA	**—**	—
Consolidated capital expenditures	**$ 5.6**	$ 4.9
Depreciation and amortization		
Americas	**$ 7.0**	$ 7.7
Europe	**2.7**	3.3
APMEA	**0.6**	0.8
Consolidated depreciation and amortization	**$ 10.3**	$ 11.8
Identifiable assets (at end of period)		
Americas	**$ 1,174.5**	$ 1,105.0
Europe	**581.8**	549.4
APMEA	**147.0**	130.0
Consolidated identifiable assets	**$ 1,903.3**	$ 1,784.4
Property, plant and equipment, net (at end of period)		
Americas	**$ 120.5**	$ 120.3
Europe	**71.4**	80.4
APMEA	**4.7**	5.1
Consolidated property, plant and equipment, net	**$ 196.6**	$ 205.8

* Corporate expenses are primarily for administrative compensation expense, compliance costs, professional fees, including corporate-related legal and audit expenses, shareholder services and benefit administration costs.

The above operating segments are presented on a basis consistent with the presentation included in the Company's December 31, 2021 consolidated financial statements included in its Annual Report on Form 10-K.

The property, plant and equipment in the U.S. of the Company's Americas segment was $115.5 million and $116.2 million at March 27, 2022 and March 28, 2021, respectively.

The following includes U.S. net sales of the Company's Americas segment:

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
U.S. net sales	**$ 294.2**	$ 254.4

The following includes intersegment sales for Americas, Europe and APMEA:

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Intersegment Sales		
Americas	**$ 3.0**	$ 2.5
Europe	**7.1**	7.6
APMEA	**23.5**	26.3
Intersegment sales	**$ 33.6**	$ 36.4

10. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of the following:

	Foreign Currency Translation	Cash Flow Hedges (1)	Accumulated Other Comprehensive Loss
		(in millions)	
Balance December 31, 2021	**$ (127.9)**	**$ 0.6**	**$ (127.3)**
Change in period	**(9.4)**	**3.5**	**(5.9)**
Balance March 27, 2022	**$ (137.3)**	**$ 4.1**	**$ (133.2)**
Balance December 31, 2020	$ (99.9)	$ (0.1)	$ (100.0)
Change in period	(14.1)	(0.1)	(14.2)
Balance March 28, 2021	$ (114.0)	$ (0.2)	$ (114.2)

(1) Cash flow hedges include interest rate swaps and designated foreign currency hedges. See Note 5 for further details.

11. Debt

On March 30, 2021, the Company entered into the Amended Credit Agreement. The Amended Credit Agreement amended the Company's borrowings under the Amended and Restated Credit Agreement entered into on April 24, 2020 (the "Prior Amended Credit Agreement"), to extend the maturity date of the $800 million senior unsecured revolving credit facility from February 12, 2022 to March 30, 2026. Among other changes from the Prior Amended Credit Agreement, the Amended Credit Agreement increased the Company's maximum consolidated leverage ratio (including both the base ratio and the ratio permitted during temporary step-ups following certain acquisitions), adjusted certain fees to reflect market conditions and reduced the 1.00% floor on the adjusted LIBOR rate to 0.00%.

The Revolving Credit Facility also includes sub-limits of $100 million for letters of credit and $15 million for swing line loans. As of March 27, 2022, the Company had drawn down $205.0 million on this line of credit and had $14.0 million in letters of credit outstanding, which resulted in $581.0 million of unused and available credit under the Revolving Credit Facility. Borrowings outstanding bear interest at a fluctuating rate per annum equal to an applicable percentage defined as (i) in the case of Eurocurrency rate loans, the adjusted British Bankers Association LIBOR rate plus an applicable percentage, ranging from 1.075% to 1.325%, determined by reference to the Company's consolidated leverage ratio, or (ii) in the case of alternate base rate loans and swing line loans, interest (which at all times will not be less than 1.00%) at the greatest of (a) the Prime Rate in effect on such day, (b) the FRBNY Rate in effect on such day plus 0.50% and (c) the adjusted LIBOR rate plus 1.00% for a one-month interest period in dollars. The weighted average interest rate on debt outstanding under the Revolving Credit Facility as of March 27, 2022 was 1.32%. The weighted average interest rate on debt outstanding inclusive of the interest rate swap discussed in Note 5 of the Notes to Consolidated

Financial Statements and interest rates under the Revolving Credit Facility as of March 27, 2022 was 1.71%. As of March 27, 2022, the Company was in compliance with all covenants related to the Amended Credit Agreement.

In addition to paying interest under the Amended Credit Agreement, the Company is also required to pay certain fees in connection with the Revolving Credit Facility, including, but not limited to, an unused facility fee and letter of credit fees.

The Amended Credit Agreement matures on March 30, 2026, subject to extension under certain circumstances and subject to the terms of the Amended Credit Agreement. The Company may repay loans outstanding under the Amended Credit Agreement from time to time without premium or penalty, other than customary breakage costs, if any, and subject to the terms of the Amended Credit Agreement.

The Amended Credit Agreement imposes various restrictions on the Company and its subsidiaries, including restrictions pertaining to: (i) the incurrence of additional indebtedness, (ii) limitations on liens, (iii) making distributions, dividends and other payments, (iv) mergers, consolidations and acquisitions, (v) dispositions of assets, (vi) certain consolidated leverage ratios and consolidated interest coverage ratios, (vii) transactions with affiliates, (viii) changes to governing documents, and (ix) changes in control.

The Company maintains letters of credit that guarantee its performance or payment to third parties in accordance with specified terms and conditions. Amounts outstanding were $14.0 million as of March 27, 2022. The Company's letters of credit are primarily associated with insurance coverage. The Company's letters of credit generally expire within one year of issuance. These instruments may exist or expire without being drawn down. Therefore, they do not necessarily represent future cash flow obligations.

12. Contingencies and Environmental Remediation

In the ordinary course of business, the Company is involved in disputes, litigation, and governmental or regulatory inquiries and investigations, both pending and threatened, including those involving product liability, environmental matters, and commercial disputes.

Other than the items described below, significant commitments and contingencies at March 27, 2022 are consistent with those discussed in Note 15 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

As of March 27, 2022, the Company estimates that the aggregate amount of reasonably possible loss in excess of the amount accrued for its contingencies is approximately $4.2 million pre-tax. With respect to the estimate of reasonably possible loss, management has estimated the upper end of the range of reasonably possible loss based on (i) the amount of money damages claimed, where applicable, (ii) the allegations and factual development to date, (iii) available defenses based on the allegations, and/or (iv) other potentially liable parties. This estimate is based upon currently available information and is subject to significant judgment and a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimate will change from time to time, and actual results may vary significantly from the current estimate. In the event of an unfavorable outcome in one or more of the matters, the ultimate liability may be in excess of amounts currently accrued, if any, and may be material to the Company's operating results or cash flows for a particular quarterly or annual period. However, based on information currently known to it, management believes that the ultimate outcome of all matters, as they are resolved over time, is not likely to have a material adverse effect on the financial condition of the Company, though the outcome could be material to the Company's operating results for any particular period depending, in part, upon the operating results for such period.

Chemetco, Inc. Superfund Site, Hartford, Illinois

In August 2017, Watts Regulator Co. (a wholly-owned subsidiary of the Company) received a “Notice of Environmental Liability” from the Chemetco Site Group (“Group”) alleging that it is a potentially responsible party for the Chemetco, Inc. Superfund Site in Hartford, Illinois (the “Site”) because it arranged for the disposal or treatment of hazardous substances that were contained in materials sent to the Site and that resulted in the release or threat of release of hazardous substances at the Site. The letter offered Watts Regulator Co. the opportunity to join the Group and participate in the Remedial Investigation and Feasibility Study (“RI/FS”) for a portion of the Site. Watts Regulator Co. joined the Group in September 2017 and was added in March 2018 as a signatory to the Administrative Settlement Agreement and Order on Consent with the United States Environmental Protection Agency (“USEPA”) governing completion of the RI/FS. The Remedial Investigation (“RI”) report has been completed for the first portion of the site. For that same portion of the site, the draft Feasibility Study (“FS”) report was submitted to U.S. Environmental Protection Agency (USEPA) for review and comment in September 2021. Comments and final approval from the EPA are required to complete the FS process; comments from the EPA are pending. Based on information currently known to it, management believes that Watts Regulator Co.’s share of the costs of the RI/FS is not likely to have a material adverse effect on the financial condition of the Company, or have a material adverse effect on the Company’s operating results for any particular period. The Company is unable to estimate a range of reasonably possible loss for the above matter in which damages have not been specified because: (i) the FS process for the first portion of the Site has not been completed, and the RI/FS process for the remainder of the Site has not yet been initiated, to determine what remediation plans will be implemented and the costs of such plans; (ii) the total amount of material sent to the Site, and the total number of potentially responsible parties who may or may not agree to fund or perform any remediation, have not been determined; (iii) the share contribution for potentially responsible parties to any remediation has not been determined; and (iv) the number of years required to implement a remediation plan acceptable to USEPA is uncertain.

13. Subsequent Events

On May 2, 2022, the Company declared a quarterly dividend of thirty cents ($0.30) per share on each outstanding share of Class A common stock and Class B common stock payable on June 15, 2022 to stockholders of record on June 1, 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following discussion and analysis are provided to increase the understanding of, and should be read in conjunction with, the accompanying unaudited consolidated financial statements and related notes. In this quarterly report on Form 10-Q, references to "the Company," "Watts," "we," "us" or "our" refer to Watts Water Technologies, Inc. and its consolidated subsidiaries.

We are a leading supplier of products, solutions and systems that manage and conserve the flow of fluids and energy into, through and out of buildings in the commercial and residential markets in the Americas, Europe and Asia-Pacific, Middle East and Africa ("APMEA"). For over 140 years, we have designed and produced valve systems that safeguard and regulate water systems, energy efficient heating and hydronic systems, drainage systems and water filtration technology that helps purify and conserve water. We earn revenue and income almost exclusively from the sale of our products. Our principal product lines include:

- Residential & commercial flow control products—includes products typically sold into plumbing and hot water applications such as backflow preventers, water pressure regulators, temperature and pressure relief valves, thermostatic mixing valves and leak detection products.

- HVAC & gas products—includes commercial high-efficiency boilers, water heaters and heating solutions, hydronic and electric heating systems for under-floor radiant applications, custom heat and hot water solutions, hydronic pump groups for boiler manufacturers and alternative energy control packages, and flexible stainless steel connectors for natural and liquid propane gas in commercial food service and residential applications. HVAC is an acronym for heating, ventilation and air conditioning.

- Drainage & water re-use products—includes drainage products and engineered rain water harvesting solutions for commercial, industrial, marine and residential applications.

- Water quality products—includes point-of-use and point-of-entry water filtration, conditioning and scale prevention systems for commercial, marine and residential applications.

We believe that the factors relating to our future growth include continued product innovation that meets the needs of our customers and our end markets; our ability to continue to make selective acquisitions, both in our core markets as well as in complementary markets; regulatory requirements relating to the quality and conservation of water and the safe use of water; increased demand for clean water; and continued enforcement of plumbing and building codes. We have completed 12 acquisitions since 2012. Our acquisition strategy focuses on businesses that promote our key macro themes around safety and regulation, energy efficiency and water conservation. We target businesses that will provide us with one or more of the following: an entry into new markets and/or new geographies, improved channel access, unique and/or proprietary technologies, advanced production capabilities or complementary solution offerings.

Our innovation strategy is focused on differentiated products and solutions that will provide greater opportunity to distinguish ourselves in the marketplace. Conversely, we continue to migrate away from commoditized products where we cannot add value. Our goal is to be a solutions provider, not merely a components supplier. We continually look for strategic opportunities to invest in new products and markets or divest existing product lines where necessary in order to meet those objectives.

The Internet of Things has allowed companies to transform components into smart and connected devices. Over the past several years we have been building our smart and connected foundation by expanding our internal capabilities and making strategic acquisitions. Our strategy is to deliver superior customer value through smart and connected products and solutions. This strategy focuses on three dimensions: Connect, Control and Conserve. We intend to introduce products that will connect our customers with smart systems, control systems for optimal performance, and conserve critical resources by increasing operability, efficiency and safety.

Products representing a majority of our sales are subject to regulatory standards and code enforcement, which typically require that these products meet stringent performance criteria. We have consistently advocated for the development and enforcement of such plumbing codes. We are focused on maintaining stringent quality control and testing procedures at each of our manufacturing facilities in order to manufacture products in compliance with code requirements and take advantage of the resulting demand for compliant products. We believe that product development, product testing capability and investment in plant and equipment needed to manufacture products in compliance with code requirements, represent a competitive advantage for us.

Market activity levels have generally recovered from the COVID-19 pandemic, however there are still end markets we serve that may take time to recover, and potential regional COVID-19 outbreaks and associated restrictions may occur. In the first quarter of 2022, our APMEA segment was impacted by lockdowns in several of our key markets, including New Zealand and Shanghai, China. We were able to adjust accordingly and continued to drive growth in the region in the first quarter of 2022, however extended lockdowns, the impact of other actions and restrictions due to COVID-19 on a regional and global level could further impact our operating results.

We remain diligent as a company to mitigate potential future outbreaks in our facilities by taking precautions to reduce the spread of COVID-19 while maintaining our production capabilities. We continue to focus on the health and safety of our employees by maintaining health authority and government recommended safety protocols, enabling remote work and hybrid work schedules where feasible, providing personal protective equipment and providing COVID-19 information, which includes the latest CDC and other government protocols and our pandemic plan.

Increased market demand continues to strain the global supply chain and extend order fulfillment lead times. Logistical challenges, oil and gas disruption, the war in Ukraine and lingering labor challenges are driving additional inflation. Logistical issues remain with ongoing concerns around container capacity, port congestion and in-road trucking. COVID-19 shutdowns continue to disrupt global ports, though time delays have improved since 2021. The global shortage of electronic components such as semiconductors and other raw materials continues to challenge our supply chain. We are also experiencing rising prices for commodities and other raw materials, energy inflation and higher transportation costs, including expedited freight costs. Labor shortages and other workforce disruptions have affected our supply chain, manufacturing and distribution processes, as well as those of our suppliers. The onset of the war in Ukraine has added strain to the European markets and the global economy, as well as exacerbating inflation and supply chain issues. While we believe we were able to effectively manage these disruptions during the first quarter of 2022, including raising prices to address cost inflation, we cannot predict how ongoing inflation, the war in Ukraine, COVID-19 restrictions, supply chain disruptions and related costs may impact our ability to service our customers or the potential impact on our profit margins going forward.

Due to the above circumstances and as described generally in this Form 10-Q, the Company's results of operations for the first quarter ended March 27, 2022 are not necessarily indicative of the results to be expected for the full fiscal year. Management cannot predict the full impact of the uncertainties discussed above. For further information regarding the impact of supply chain and logistics disruption risks to the Company and information regarding the impact of COVID-19 on the Company, see Part I, Item 1A, "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Financial Overview

First quarter 2022 sales increased 12.1%, or $49.9 million, on a reported basis and 14.0%, or $57.8 million, on an organic basis, compared to the first quarter of 2021, primarily driven by the global economic recovery across all of our operating segments, as well as incremental price, partially offset by the estimated 3% of incremental sales in the first quarter of 2021 attributable to the severe freezing weather in the South-Central United States. The impact from the war in Ukraine on the first quarter of 2022 was not significant. The reported sales increase included the unfavorable impact of foreign exchange of 2.4%, or $10.0 million, primarily driven by the appreciation of the U.S. dollar against the euro, and an increase in acquired sales of $2.1 million. Organic sales is a non-GAAP financial measure that excludes the impacts of acquisitions, divestitures and foreign exchange from year-over-year comparisons. Management believes reporting organic sales growth provides useful information to investors, potential investors and others, because it allows for additional insight into underlying sales trends by providing sales growth on a consistent basis.

We reconcile the change in organic sales to our reported sales for each region within our results below. Operating income of $71.5 million increased by $11.9 million, or 20.0%, in the first quarter of 2022 as compared to the first quarter of 2021. This increase was primarily driven by incremental price, higher sales volume, productivity and cost savings from prior restructuring actions, partially offset by inflation, investments, and the return of expenses related to business normalization.

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Recent Developments

On May 2, 2022, we declared a quarterly dividend of thirty cents ($0.30) per share on each outstanding share of Class A common stock and Class B common stock payable on June 15, 2022 to stockholders of record on June 1, 2022.

Results of Operations

First Quarter Ended March 27, 2022 Compared to First Quarter Ended March 28, 2021

Net Sales. Our business is reported in three geographic segments: Americas, Europe and APMEA. Our net sales in each of these segments for each of the first quarters of 2022 and 2021 were as follows:

	First Quarter Ended March 27, 2022		First Quarter Ended March 28, 2021			% Change to Consolidated
	Net Sales	% Sales	Net Sales	% Sales	Change	Net Sales
	(dollars in millions)					
Americas	**$ 313.9**	67.8 %	$ 272.8	66.0 %	$41.1	9.9 %
Europe	**129.9**	28.0	122.9	29.7	7.0	1.7
APMEA	**19.4**	4.2	17.6	4.3	1.8	0.5
Total	**$ 463.2**	100.0 %	$ 413.3	100.0 %	$49.9	12.1 %

The change in net sales was attributable to the following:

					Change As a % of Consolidated Net Sales				Change As a % of Segment Net Sales		
	Americas	Europe	APMEA	Total	Americas	Europe	APMEA	Total	Americas	Europe	APMEA
	(dollars in millions)										
Organic	$ 39.0	$ 16.6	$ 2.2	$ 57.8	9.4 %	4.0 %	0.6 %	14.0 %	14.3 %	13.5 %	12.5 %
Foreign exchange	—	(9.6)	(0.4)	(10.0)	—	(2.3)	(0.1)	(2.4)	—	(7.8)	(2.3)
Acquired	2.1	—	—	2.1	0.5	—	—	0.5	0.8	—	—
Total	$ 41.1	$ 7.0	$ 1.8	$ 49.9	9.9 %	1.7 %	0.5 %	12.1 %	15.1 %	5.7 %	10.2 %

Our products are sold to wholesalers, OEMs, DIY chains, and through various specialty channels. The change in organic net sales by channel was attributable to the following:

						Change As a % of Prior Year Sales			
	Wholesale	OEMs	DIY	Specialty	Total	Wholesale	OEMs	DIY	Specialty
	(dollars in millions)								
Americas	$ 17.4	$ 5.1	$(1.0)	$ 17.5	$39.0	11.1 %	25.0 %	(4.8)%	23.6 %
Europe	9.1	7.8	(0.3)	—	16.6	11.2	19.0	(33.3)	—
APMEA	1.8	0.4	—	—	2.2	10.8	40.0	—	—
Total	$ 28.3	$13.3	$(1.3)	$ 17.5	$57.8				

Organic net sales in the Americas increased primarily due to incremental price across all of our channels. The lower volume in the first quarter of 2022 was primarily due to the first quarter of 2021 being positively impacted from the severe weather freeze in the South-Central United States, which drove an estimated 4% of incremental sales in our wholesale and DIY channels.

Organic net sales in Europe increased due to higher price and volume, with growth in both Fluid Solutions and Drains platforms as well as all major regions. Net sales also increased in our HVAC products within the Italy and Germany OEM markets driven by government energy incentives.

Organic net sales in APMEA increased primarily due to higher volumes and price, with sales growth in China, Australia, New Zealand and the Middle East. China's sales growth was primarily driven by higher demand for commercial valves within data centers and underfloor heating.

The net decrease in sales due to foreign exchange was mostly due to the appreciation of the U.S. dollar against the euro in the first quarter of 2022. We cannot predict whether foreign currencies will appreciate or depreciate against the U.S. dollar in future periods or whether future foreign exchange rate fluctuations will have a positive or negative impact on our net sales.

The change in net sales due to acquisitions relates to an immaterial acquisition in the Americas segment in the fourth quarter of 2021.

Gross Profit. Gross profit and gross profit as a percent of net sales (gross margin) for the first quarters of 2022 and 2021 were as follows:

	First Quarter Ended	
	March 27, 2022	**March 28, 2021**
	(dollars in millions)	
Gross profit	**$ 198.6**	$ 173.7
Gross margin	**42.9 %**	42.0 %

Gross profit and gross margin increased primarily from higher price, volume and productivity savings, partially offset by inflation related to material and labor costs, higher logistic and freight costs to expedite components and products and the return of expenses related to business normalization.

Selling, General and Administrative Expenses. Selling, general and administrative, or SG&A, expenses increased $12.3 million, or 10.8%, in the first quarter of 2022 compared to the first quarter of 2021. The increase in SG&A expenses was attributable to the following:

	(in millions)	% Change
Organic	$ 13.2	11.6 %
Foreign exchange	(2.0)	(1.8)
Acquired	1.1	1.0
Total	$ 12.3	10.8 %

The organic increase was primarily due to an increase in investments of $4.3 million, including our smart and connected initiatives, automation and commercial excellence, increased variable costs due to the higher sales volume of $3.7 million, general inflation of $2.8 million, as well as the return of expenses related to business normalization of $1.3 million compared to the first quarter of 2021. These increases were partially offset by $2.1 million due to productivity initiatives and a decrease in short-term and long-term compensation accruals of $1.4 million. The decrease in foreign exchange was mainly due to the appreciation of the U.S. dollar against the euro. The acquired SG&A costs related to an immaterial acquisition in the Americas segment in the fourth quarter of 2021. Total SG&A expenses, as a percentage of sales, were 27.2% in the first quarter of 2022 compared to 27.5% in the first quarter of 2021.

Restructuring. In the first quarter of 2022, we recorded a net restructuring charge of $1.0 million which related to a 2021 French restructuring program that was approved in the second quarter of 2021. For a more detailed description of our current restructuring plans, see Note 6 of the Notes to Consolidated Financial Statements.

Operating Income. Operating income (loss) by segment for the first quarters of 2022 and 2021 was as follows:

	First Quarter Ended			% Change to Consolidated Operating Income
	March 27, 2022	March 28, 2021	Change	
	(dollars in millions)			
Americas	**$ 57.9**	$ 48.5	$ 9.4	15.8 %
Europe	**21.1**	19.5	1.6	2.7
APMEA	**3.0**	2.3	0.7	1.2
Corporate	**(10.5)**	(10.7)	0.2	0.3
Total	**$ 71.5**	$ 59.6	$11.9	20.0 %

The increase (decrease) in operating income (loss) was attributable to the following:

	Americas	Europe	APMEA	Corporate	Total	Change As a % of Consolidated Operating Income: Americas	Europe	APMEA	Corporate	Total	Change As a % of Segment Operating Income: Americas	Europe	APMEA	Corporate
	(dollars in millions)													
Organic	$ 9.2	$ 4.3	$ 0.4	$ 0.2	$14.1	15.5 %	7.2 %	0.7 %	0.3 %	23.7 %	19.0 %	22.1 %	17.4 %	(1.9)%
Foreign exchange	—	(1.7)	(0.1)	—	(1.8)	—	(2.8)	(0.2)	—	(3.0)	—	(8.7)	(4.4)	—
Acquired	0.3	—	—	—	0.3	0.5	—	—	—	0.5	0.6	—	—	—
Restructuring, impairment charges	(0.1)	(1.0)	0.4	—	(0.7)	(0.2)	(1.7)	0.7	—	(1.2)	(0.2)	(5.2)	17.4	—
Total	$ 9.4	$ 1.6	$ 0.7	$ 0.2	$11.9	15.8 %	2.7 %	1.2 %	0.3 %	20.0 %	19.4 %	8.2 %	30.4 %	(1.9)%

The increase in organic operating income was due to higher price, volume, benefits from productivity initiatives, and savings from prior restructuring actions. These increases were partially offset by inflation related to material and labor costs, higher logistic and freight costs, investment and the return of expenses related to business normalization.

Interest Expense. Interest expense in the first quarter of 2022 decreased $0.6 million, or 30.0%, compared to the first quarter of 2021, primarily due to a decline in interest rates as well as a lower principal balance of debt outstanding during the first quarter of 2022. Refer to Note 11 of the Notes to Consolidated Financial Statements for further details.

Income Taxes. Our effective income tax rate decreased to 22.0% in the first quarter of 2022, from 28.0% in the first quarter of 2021. The decrease is due to a change in our geographical earnings mix resulting from the restructuring of our Mexican manufacturing supply chain operations, a higher tax benefit resulting from the vesting of stock compensation awards in the first quarter of 2022 and the favorable impact of changes in tax contingencies.

Net Income. Net income was $54.5 million, or $1.61 per common share on a diluted basis, for the first quarter of 2022, compared to $41.7 million, or $1.23 per common share on a diluted basis, for the first quarter of 2021. Results for the first quarter of 2022 include an after-tax charge of $0.7 million, or $0.02 per common share, for restructuring. Results for the first quarter of 2021 include an after-tax charge of $0.2 million, or $0.01 per common share, for restructuring.

Liquidity and Capital Resources

We used $2.0 million of net cash for operating activities in the first quarter of 2022 as compared to $33.9 million of net cash provided by operating activities in the first quarter of 2021. The decrease in cash was primarily related to our proactive decision to increase inventories in response to strong market demand and continued supply chain disruptions, in addition to increased payments related to restructuring and employee and customer incentives. For the remainder of 2022, we expect to spend approximately $10 million related to the French restructuring program that was approved in 2021.

We used $5.6 million of net cash for investing activities in the first quarter of 2022 compared to $2.0 million used in the first quarter of 2021. We used $0.7 million more cash for capital expenditures and received $2.9 million less in cash proceeds from asset sales in the first quarter of 2022 compared to the first quarter of 2021. For the remainder of 2022, we expect to invest approximately $35 million to $40 million in capital equipment as part of our ongoing commitment to improve our operating capabilities.

We used $4.7 million of net cash in financing activities during the first quarter of 2022 primarily due to payments of $42.9 million to repurchase approximately 293,000 shares of Class A common stock, dividend payments of $9.0 million and tax withholding payments on vested stock awards of $12.6 million; offset by proceeds from drawdowns on our line of credit totaling $60.0 million. In the first quarter of 2021, we used $21.2 million of net cash in financing activities primarily due to dividend payments of $7.8 million, tax withholding payments on vested stock awards of $9.2 million, and payments of $3.8 million to repurchase approximately 31,000 shares of Class A common stock.

On March 30, 2021, we and certain of our subsidiaries entered into the Amended Credit Agreement with JPMorgan Chase Bank, N.A., as administrative agent. The Amended Credit Agreement amended and restated the Prior Amended Credit Agreement to extend the maturity date of the $800 million senior unsecured revolving credit facility from February 12, 2022 to March 30, 2026. Among other changes, the Amended Credit Agreement increased our maximum consolidated leverage ratio (including both the base ratio and the ratio permitted during temporary step-ups following certain acquisitions), adjusted certain fees to reflect market conditions and reduced the 1.00% floor on the adjusted LIBOR rate to 0.00%. The Revolving Credit Facility under the Amended Credit Agreement also includes sublimits of $100 million for letters of credit and $15 million for swing line loans. As of March 27, 2022, we had drawn down $205.0 million on this line of credit and had $14.0 million in letters of credit outstanding, which resulted in $581.0 million of unused and available credit under the Revolving Credit Facility. Borrowings outstanding under the Revolving Credit Facility bear interest at a fluctuating rate per annum equal to an applicable percentage defined as (i) in the case of Eurocurrency rate loans, the adjusted British Bankers Association LIBOR rate plus an applicable percentage, ranging from 1.075% to 1.325%, determined by reference to our consolidated leverage ratio, or (ii) in the case of alternate base rate loans and swing line loans, interest (which at all times will not be less than 1.00%) at the greatest of (a) the Prime Rate in effect on such day, (b) the FRBNY Rate in effect on such day plus 0.50% and (c) the adjusted LIBOR rate plus 1.00% for a one month interest period in dollars. The weighted average interest rate on debt outstanding under the Revolving Credit Facility as of March 27, 2022 was 1.32%. The weighted average interest rate on debt outstanding inclusive of the interest rate swap discussed in Note 5 of the Notes to Consolidated Financial Statements and interest rates under the Revolving Credit Facility as of March 27, 2022 was 1.71%. In addition to paying interest under the Amended Credit Agreement, we are also required to pay certain fees in connection with the Revolving Credit Facility, including, but not limited to, an unused facility fee and letter of credit fees. The Amended Credit Agreement matures on March 30, 2026, subject to extension under certain circumstances and subject to the terms of the Amended Credit Agreement. We may repay loans outstanding under the Amended Credit Agreement from time to time without premium or penalty, other than customary breakage costs, if any, and subject to the terms of the Amended Credit Agreement. As of March 27, 2022, we were in compliance with all covenants related to the Amended Credit Agreement.

As of March 27, 2022, we held $226.8 million in cash and cash equivalents. Of this amount, $177.7 million of cash and cash equivalents were held by foreign subsidiaries. Our U.S. operations typically generate sufficient cash flows to meet our domestic obligations. However, if we did have to borrow to fund some or all of our expected cash outlays, we can do so at reasonable interest rates by utilizing the undrawn borrowings under our Revolving Credit Facility. We believe that our financial resources will allow us to manage the impacts of the COVID-19 pandemic, the war in Ukraine, inflation and supply chain disruption on our business operations for the foreseeable future. We anticipate the impacts related to these matters will continue to evolve, and, as a result we will continue to evaluate our financial position as additional information becomes available. Subsequent to recording the Toll Tax as part of the Tax Cuts and Jobs Act of 2017, our intent is to permanently reinvest undistributed earnings of foreign subsidiaries, and we do not have any current plans to repatriate post-Toll Tax foreign earnings to fund operations in the United States. However, if amounts held by foreign subsidiaries were needed to fund operations in the United States, we could be required to accrue and pay taxes to repatriate these funds. Such charges may include potential state income taxes and other tax charges.

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Non-GAAP Financial Measures

In accordance with the SEC's Regulation G and Item 10(e) of Regulation S-K, the following provides definitions of the non-GAAP financial measures used by management. We believe that these measures provide additional insight into underlying business results and trends. These non-GAAP financial measures are not intended to be considered by the user in place of the related GAAP financial measure, but rather as supplemental information to more fully understand our business results. These non-GAAP financial measures may not be the same as similar measures used by other companies due to possible differences in method and in the items or events being adjusted.

Organic sales growth is a non-GAAP financial measure of sales growth that excludes the impacts of acquisitions, divestitures and foreign exchange from period-over-period comparisons. A reconciliation to the most closely related U.S. GAAP financial measure, net sales, has been included in our discussion within "Results of Operations" above. Organic net sales should be considered in addition to, and not as a replacement for or as a superior measure to net sales. Management believes reporting organic sales growth provides useful information to investors, potential investors and others, by facilitating easier comparisons of our revenue performance with prior and future periods.

Free cash flow is a non-GAAP financial measure that does not represent cash provided by operating activities in accordance with U.S. GAAP. Therefore, it should not be considered an alternative to net cash provided by or used in operating activities as an indication of our performance. The cash conversion rate of free cash flow to net income is also a measure of our performance in cash flow generation. We believe free cash flow to be an appropriate supplemental measure of our operating performance because it provides investors with a measure of our ability to generate cash, repay debt, pay dividends, repurchase stock and fund acquisitions.

A reconciliation of net cash (used in) provided by operating activities to free cash flow is provided below:

	First Quarter Ended	
	March 27, 2022	**March 28, 2021**
	(in millions)	
Net cash (used in) provided by operating activities	**$ (2.0)**	$ 33.9
Less: additions to property, plant, and equipment	**(5.6)**	(4.9)
Plus: proceeds from the sale of property, plant, and equipment	**—**	2.9
Free cash flow	**$ (7.6)**	$ 31.9
Net income —as reported	**$ 54.5**	$ 41.7
Cash conversion rate of free cash flow to net income	**(13.9)%**	76.5 %

Free cash flow declined in the first quarter of 2022 when compared to the first quarter of 2021 primarily driven by our proactive decision to increase inventories in response to strong market demand and continued supply chain disruptions, in addition to increased payments related to restructuring and employee and customer incentives.

Our net debt to capitalization ratio, a non-GAAP financial measure used by management, at March 27, 2022 was (2.2%) compared to (9.3%) at December 31, 2021. The increase was driven by an increase in debt outstanding of $60.1 million and a decrease in net cash outstanding of $15.2 million at March 27, 2022 compared to December 31, 2021. Management believes the net debt to capitalization ratio is an appropriate supplemental measure because it helps investors understand our ability to meet our financing needs and serves as a basis to evaluate our financial structure. Our computation may not be comparable to other companies that may define their net debt to capitalization ratios differently.

A reconciliation of long-term debt (including current portion) to net debt and our net debt to capitalization ratio is provided below:

	March 27, 2022	**December 31, 2021**
	(in millions)	
Current portion of long-term debt	**$ —**	$ —
Plus: long-term debt, net of current portion	**202.0**	141.9
Less: cash and cash equivalents	**(226.8)**	(242.0)
Net debt	**$ (24.8)**	$ (100.1)

A reconciliation of capitalization is provided below:

	March 27, 2022	December 31, 2021
	(in millions)	
Net debt	**$ (24.8)**	$ (100.1)
Total stockholders' equity	**1,162.5**	1,173.2
Capitalization	**$1,137.7**	$ 1,073.1
Net debt to capitalization ratio	**(2.2)%**	(9.3)%

Application of Critical Accounting Policies and Key Estimates

We believe that our critical accounting policies are those related to revenue recognition, inventory valuation, goodwill and other intangibles, product liability costs, legal contingencies and income taxes. We believe these accounting policies are particularly important to an understanding of our financial position and results of operations and require application of significant judgment by our management. In applying these policies, management uses its judgment in making certain assumptions and estimates. Our accounting policies are more fully described under the heading "Accounting Policies" in Note 2 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K as filed with the SEC on February 22, 2022.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We use derivative financial instruments primarily to reduce exposure to adverse fluctuations in foreign exchange rates, interest rates and costs of certain raw materials used in the manufacturing process. We do not enter into derivative financial instruments for trading purposes. As a matter of policy, all derivative positions are used to reduce risk by hedging underlying economic exposure. The derivatives we use are instruments with liquid markets. See Note 5 of Notes to the Consolidated Financial Statements for further details.

Our consolidated earnings, which are reported in United States dollars, are subject to translation risks due to changes in foreign currency exchange rates. This risk is concentrated in the exchange rate between the U.S. dollar and the euro; the U.S. dollar and the Canadian dollar; and the U.S. dollar and the Chinese yuan.

Our non-U.S. subsidiaries transact most business, including certain intercompany transactions, in foreign currencies. Such transactions are principally purchases or sales of materials and are denominated in European currencies, the Chinese yuan or the U.S. or Canadian dollar. We use foreign currency forward exchange contracts from time to time to manage the risk related to intercompany loans, intercompany purchases and intercompany sales that occur during the course of a year, and certain open foreign currency denominated commitments to sell products to third parties. We have entered into forward exchange contracts which hedge approximately 80% to 85% of the forecasted intercompany purchases between one of our Canadian subsidiaries and our U.S. operating subsidiaries for the next twelve months. We also entered into forward exchange contracts which hedge up to 60% of the forecasted intercompany sales transactions between one of our Chinese subsidiaries and one of our U.S. operating subsidiaries for the next twelve months. We record the effective portion of the designated foreign currency hedge contracts in other comprehensive income until inventory turns and is sold to a third-party. Once the third-party transaction associated with the hedged forecasted transaction occurs, the effective portion of any related gain or loss on the designated foreign currency hedge is reclassified into cost of goods sold within earnings. The fair value of the Company's designated foreign hedge contracts outstanding as of March 27, 2022 was a liability of $0.2 million.

Under the Amended Credit Agreement, our earnings and cash flows are exposed to fluctuations in LIBOR-indexed interest payments related to our floating rate debt. In order to manage our exposure, we entered into an interest rate swap on March 30, 2021. Under the interest rate swap agreement, we receive the one-month USD-LIBOR subject to a 0.00% floor, and we pay a fixed rate of 1.02975% on a notional amount of $100.0 million. The swaps mature on March 30, 2026. Information about our long-term debt facility and related interest rates appears in Note 11 of the Consolidated Financial Statements.

We purchase significant amounts of bronze ingot, brass rod, cast iron, stainless steel and plastic, which are utilized in manufacturing our many product lines. Our operating results can be adversely affected by changes in commodity prices if we are unable to pass on related price increases to our customers. We manage this risk by monitoring related market prices, working with our suppliers to achieve the maximum level of stability in their costs and related pricing, seeking alternative supply sources when necessary and passing increases in commodity costs to our customers, to the maximum extent possible, when they occur.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, or Exchange Act, as of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily applies its judgment in evaluating and implementing possible controls and procedures. The effectiveness of our disclosure controls and procedures is also necessarily limited by the staff and other resources available to us and the geographic diversity of our operations. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective, in that they provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There was no change in our internal control over financial reporting that occurred during the first quarter ended March 27, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We will continue to review and document our disclosure controls and procedures, including our internal control over financial reporting, and we may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

As disclosed in Part I, Item 1, “Product Liability, Environmental and Other Litigation Matters” and Item 3, “Legal Proceedings” of our Annual Report on Form 10-K for the year ended December 31, 2021, we are party to certain litigation. There have been no material developments with respect to our contingencies and environmental remediation proceedings during the quarter ended March 27, 2022, other than as described in Note 12 of the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes to the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2021, which risk factors are incorporated herein by reference.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We satisfy the minimum withholding tax obligation due upon the vesting of shares of restricted stock and the conversion of restricted stock units into shares of Class A common stock by automatically withholding from the shares being issued a number of shares with an aggregate fair market value on the date of such vesting or conversion that would satisfy the withholding amount due.

The following table includes information with respect to shares of our Class A common stock withheld to satisfy withholding tax obligations during the first quarter ended March 27, 2022.

	Issuer Purchases of Equity Securities			
Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1, 2022 – January 23, 2022	—	$ —	—	—
January 24, 2022 – February 20, 2022	64,233	$ 149.91	—	—
February 21, 2022 – March 27, 2022	26,601	$ 142.48	—	—
Total	90,834	$ 147.73	—	—

The following table includes information with respect to repurchases of our Class A common stock during the first quarter ended March 27, 2022 under our stock repurchase program.

	Issuer Purchases of Equity Securities (1)			
Period	(a) Total Number of Shares (or Units) Purchased(1)	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1, 2022 – January 23, 2022	4,470	$ 189.52	4,470	$ 96,538,112
January 24, 2022 – February 20, 2022	28,077	$ 149.51	28,077	$ 92,340,183
February 21, 2022 – March 27, 2022	260,843	$ 145.04	260,843	$ 54,500,459
Total	293,390	$ 146.15	293,390	

(1) On February 6, 2019, the Board of Directors authorized a stock repurchase program of up to $150 million of the Company’s Class A common stock to be purchased from time to time on the open market or in privately negotiated transactions. The timing and number of shares repurchased will be

determined by the Company's management based on its evaluation of market conditions and other factors.

Item 6. Exhibits

Exhibit No.	Description
3.1	Restated Certificate of Incorporation, as amended. Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 (File No. 001-11499).
3.2	Amended and Restated By-Laws. Incorporated by reference to the Registrant's Current Report on Form 8-K dated November 1, 2021 (File No. 001- 11499).
10.1†	Form of 2022 Performance Stock Unit Award Agreement under the Watts Water Technologies, Inc. Second Amended and Restated 2004 Stock Incentive Plan.
10.2†	Non-Employee Director Compensation Arrangements.
10.3	Transition and Retention Agreement dated as of March 23, 2022 between Watts Water Technologies, Inc. and Munish Nanda. Incorporated by reference to the Registrant's Current Report on Form 8-K dated March 23, 2022 (File No. 001 11499).
31.1†	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
31.2†	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended
32.1††	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350
32.2††	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

† Filed herewith.

†† Furnished herewith.

* Attached as Exhibit 101 to this report are the following formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets at March 27, 2022 and December 31, 2021, (ii) Consolidated Statements of Operations for the First Quarters ended March 27, 2022 and March 28, 2021, (iii) Consolidated Statements of Comprehensive Income for the First Quarters ended March 27, 2022 and March 28, 2021, (iv) Consolidated Statements of Stockholders' Equity for the First Quarters ended March 27, 2022 and March 28, 2021, (v) Consolidated Statements of Cash Flows for the First Quarters ended March 27, 2022 and March 28, 2021, and (vi) Notes to Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WATTS WATER TECHNOLOGIES, INC.

Date: May 4, 2022	By: /s/ Robert J. Pagano, Jr. Robert J. Pagano, Jr. Chief Executive Officer (principal executive officer)
Date: May 4, 2022	By: /s/ Shashank Patel Shashank Patel Chief Financial Officer (principal financial officer)
Date: May 4, 2022	By: /s/ Virginia A. Halloran Virginia A. Halloran Chief Accounting Officer (principal accounting officer)

Exhibit 10.1

2022 PERFORMANCE STOCK UNIT AWARD AGREEMENT FOR COMPANY EMPLOYEES

UNDER THE WATTS WATER TECHNOLOGIES, INC. SECOND AMENDED AND RESTATED 2004 STOCK INCENTIVE PLAN

This award of performance stock units ("Performance Stock Units") of Watts Water Technologies, Inc. (the "Company") made to the grantee (the "Grantee"), as set forth in the Performance Stock Unit award notification provided through the Grantee's stock plan account on the E*TRADE website, is subject to the provisions of the Company's Second Amended and Restated 2004 Stock Incentive Plan (the "Plan") and the terms and conditions contained in this 2022 Performance Stock Unit Award Agreement (the "Agreement") and shall constitute Deferred Stock (as defined in the Plan) which is earned based on performance as provided herein. By accepting the award of Performance Stock Units on the E*TRADE website, the Grantee agrees to the terms and conditions of this Agreement.

1. Nature and Acceptance of Award. This Performance Stock Unit award entitles the Grantee to receive a share of Class A Common Stock of the Company ("Stock") for each Performance Stock Unit that is earned and vested as determined pursuant to Sections 3 and 5 below. The target number of Performance Stock Units the Grantee shall be eligible to earn and become vested in with respect to this Agreement is set forth on the E*TRADE website (the "Target Award"). The Grantee shall have no rights to the Performance Stock Units or to receive the Stock upon settlement of the Performance Stock Units under this Agreement unless he or she shall have accepted the Performance Stock Unit award and this Agreement through the E*TRADE website. Unless and until the shares of Stock are actually issued to the Grantee upon settlement of the Performance Stock Units in accordance with this Agreement, the Grantee shall not by reason of being granted the Performance Stock Units be deemed to be a shareholder of the Company or to have any other right to the Stock, except as otherwise provided in this Agreement.

2. Restrictions and Conditions.

(a) The Performance Stock Units granted herein may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of by the Grantee.

(b) Except as otherwise provided herein, if the Grantee's employment with the Company and its Subsidiaries is voluntarily or involuntarily terminated for any reason (other than death, disability or due to Normal Retirement (as defined below)) prior to the last day of the Performance Period, all Performance Stock Units shall be immediately and automatically forfeited to the Company upon termination of employment, without payment of any consideration to the Grantee. The

Grantee shall have no further rights with respect to the Performance Stock Units or to receive shares of Stock with respect thereto.

(c) Notwithstanding the foregoing, if the Grantee's employment or service is terminated by reason of death or disability (as determined by the Administrator):

(i) if the date of termination of service is within the last twelve months of the Performance Period, then the determination of number of Performance Stock Units earned and vested will be conducted as if the Participant had not terminated employment; and

(ii) if the date of termination of service is within the first twenty-four months of the Performance Period, then the number of Performance Stock Units earned and vested shall be determined by multiplying the Target Award by a fraction, the numerator of which is the number of days from the start of the Performance Period to and including the date of termination of service, and the denominator of which is the number of days in the Performance Period, with such date of termination of service being a Payment Date under Section 4.

(d) Notwithstanding the foregoing, if the Grantee's employment or service is terminated due to Normal Retirement (as defined below) prior to the last day of the Performance Period, then the Performance Stock Units shall continue to vest in accordance with the vesting provisions of this Section 2(d) and be settled on the Payment Date, but only if Grantee (i) remains employed with the Company through the last working day of 2022, (ii) has complied with the provisions of Section 10 at all times during his or her employment, (iii) continues to comply with the provisions of Section 10, and (iv) if deemed necessary by the Company to have an enforceable non-compete similar to that provided in Section 10(b), then to execute and not revoke or violate a separate Non-Competition Agreement the terms of which are substantially similar to those set forth in Section 10 below. For the avoidance of doubt, if (A) the Grantee violates the provisions of Section 10, (B) fails to execute a Non-Competition Agreement as may be requested by the Company, (C) revokes or violates any Non-Competition Agreement so executed, or (D) the obligations set forth in Section 10(b) or the Non-Competition Agreement are deemed unenforceable, then the Performance Stock Units shall not continue to vest pursuant to this Section 2(d) and any unvested Performance Stock Units shall be immediately and automatically forfeited to the Company without any further action required by the Company. The portion of the Performance Stock Units that are eligible to vest in accordance with this Section 2(d) shall be determined by multiplying (A) the Earned Performance Stock Units determined pursuant to Section 3 below for the entire Performance Period, by (B) a fraction, the numerator of which is the number of days the Grantee was continually employed since the beginning of the Performance Period and the denominator of which is the number of days in the Performance Period.

3. Determination of Number of Performance Stock Units Earned.

(a) No Performance Stock Units shall be earned or vested unless the Company's ROIC (as defined below) equals or exceeds ___% (the "Minimum Performance Goal").

(b) If the Minimum Performance Goal is obtained, then the number of Performance Stock Units that will be earned and vested, if any, for the Performance Period shall be determined as follows:

Earned Performance Stock Units = Payout Percentage x Target Award

The "Payout Percentage" is based on the Company's achievement with respect to (i) "ROIC" (as defined below) and "Revenue CAGR" (as defined below) (the "Performance Goals"), as determined at the end of the Performance Period in accordance with the following table:

3 Year Revenue CAGR	**ROIC**			
	Below Threshold	**Threshold**	**Target**	**Maximum**
	Payout Percentage			
Below Threshold	0%	60%	75%	100%
Threshold	60%	60%	75%	125%
Target	80%	80%	100%	150%
Maximum	100%	100%	150%	200%

Achievement between (i) below threshold and threshold, (ii) threshold and target and (iii) target and maximum will be interpolated linearly. All Performance Stock Units that are not earned at the end of the Performance Period shall be forfeited.

(c) Defined Terms.

(i) "Average Invested Capital" shall mean the average of invested capital as of December 31, 2023 and the invested capital as of December 31, 2024 where the invested capital is defined as the sum of the Company's long-term debt plus the current portion of long-term debt, less cash, cash equivalents and investments, plus stockholder equity.

(ii) "Normal Retirement" shall mean any termination of the Grantee's employment (other than a Company-initiated termination for Cause) after the date the Grantee attains age 55 and completes 10 or more years of employment or service with the Company or one of its Subsidiaries (as determined by the Administrator). "Cause" shall mean (i) an act constituting a felony; (ii) fraud or dishonesty that results in or is likely to result in economic damage to the Company; or (iii) willful misconduct in the performance of duties.

(iii) "Performance Period" shall mean January 1, 2022 through and including December 31, 2024.

(iv) "Revenue CAGR" shall mean the 3-year compound annual growth rate in the Company's revenue during the Performance Period. For the purposes of calculating Revenue CAGR under this Agreement, the revenue shall be adjusted to reflect foreign exchange and proforma revenue in the base year 2021 (adjusted for acquisitions and divestitures).

(v) "ROIC" shall mean the Company's return on Average Invested Capital calculated as a percentage for the twelve-month period ending on the last day of the Performance Period by dividing net operating profit after tax by Average Invested Capital. For the purposes of calculating ROIC under this Agreement, "net operating profit" shall be adjusted to exclude the impact of all restructuring, foreign exchange, impairments, legal settlements, employee separation costs, product liability charges, retroactive tax law changes, and other significant, unforeseen events outside of the Company's control to the extent such items were not contemplated and included in the Company's 2021 Strategic Plan, upon which the ROIC goals were based.

(d) The Revenue CAGR and ROIC goals shall be adjusted to reflect the impact of any acquisition or disposition of an entity, business or business segment during the Performance Period.

4. Settlement and Payment of Performance Stock Units.

(a) Except as otherwise provided for payment upon a Sale Event or under Section 2(c)(ii), any earned Performance Stock Units shall be settled and shares of Stock issued to the Grantee as soon as administratively practicable following the Administrator's certification of the achievement of the Performance Goals at the end of the Performance Period (such date of settlement being the "Payment Date"); provided, that the Payment Date shall occur no later than March 15 of the year following the end of the Performance Period. Performance Stock Units earned under Section 2(c)(ii) shall be settled and shares of Stock issued to the Grantee or the Grantee's beneficiary as soon as administratively practicable following the Grantee's termination of service, but no later than March 15 of the year following the year of Grantee's termination of service.

(b) Notwithstanding anything herein to the contrary, the Company may postpone the issuance of the shares of Stock until it is satisfied that the issuance of such Stock will not violate any applicable law. The actual issuance of the shares of Stock shall be subject to such terms and conditions as the Company may establish from time to time in order to comply with applicable law.

(c) Notwithstanding anything herein to the contrary, the Administrator may adjust the calculation of Revenue CAGR and/or ROIC to exclude certain items that were not contemplated and included in the Company's 2021 Strategic Plan if, in its sole judgment, such adjustment is appropriate.

(d) Notwithstanding anything herein to the contrary, the Administrator may, in its discretion, grant additional Performance Stock Units to a Grantee at the time of settlement to account for demonstrated quality of performance; provided that the number of Performance Stock Units earned by Grantee under this Agreement may not exceed 200% of the Target Award.

(e) Notwithstanding anything herein to the contrary, the Administrator may, in its discretion, decrease the number of Performance Stock Units earned by the Grantee at the time of settlement in exceptional circumstances or for good reason.

5. Sale Event. In the event of a Sale Event during the Performance Period, the Performance Stock Units will be deemed to have been earned at the greater of (a) the Target Award, or (b) the number of Performance Stock Units that would be earned based on the actual performance of the Company determined as if the Company's last quarter end prior to the date of the Sale Event was the last day of the Performance Period. The Performance Stock Units will become payable in shares of Stock or cash, as the Administrator may determine, within sixty (60) days following the Sale Event.

6. Dividend Equivalent Rights. If the Company pays a cash dividend on its Stock during the Performance Period, then the Grantee has the right to receive a cash payment at the time the earned and vested Performance Stock Units are settled determined by (a) multiplying the value of the dividends paid on a share of Stock during the Performance Period by the number of Performance Stock Units actually earned and vested at the end of the Performance Period ("Dividend Equivalents"). The right to Dividend Equivalents will cease and be forfeited upon the forfeiture and cancellation of the Performance Stock Units under this Agreement.

7. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

8. Limitations on Transferability. This Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

9. Tax Withholding. The Grantee acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Grantee any federal, state, local or other taxes of any kind required by law to be withheld with respect to the grant, settlement or payment of the Performance Stock Units. The Grantee shall satisfy such tax withholding obligations on the Performance Stock Units by transferring to the Company, on each date on which such tax liability shall arise, such number of shares of Stock as have a Fair Market Value equal to the amount of the Company's minimum required tax withholding obligation. Such delivery of Stock to the Company shall be deemed to happen automatically, without any action required on the part of the Grantee, and the Company is hereby authorized to take such actions as are necessary to effect such delivery.

10. <u>Non-Solicitation, Non-Disparagement and Non-Competition for Retiree Vesting</u>.

(a) In consideration of the Company entering into this Agreement with the Grantee, the Grantee agrees that throughout his or her term of employment with the Company and for a period of twelve (12) months following the Grantee's date of termination with the Company, the Grantee shall not, directly or indirectly: (i) divert or attempt to divert or assist others in diverting any business of the Company by soliciting, contacting or communicating with any customer or supplier of the Company with whom the Grantee has direct or indirect contact or upon termination of employment has had direct or indirect contact during the twelve (12) month period immediately preceding the Grantee's date of termination with the Company; (ii) solicit, induce, attempt to induce or assist others in attempting to induce any employee or other service provider of the Company with whom the Grantee has worked or had material contact with, during the twelve (12) month period immediately preceding the termination of the Grantee's employment, to leave the employment of the Company or a subsidiary of the Company or to accept employment or affiliation with any other company or firm of which the Grantee becomes an employee, owner, partner or consultant; or (iii) make any statements, orally or in writing, cause to be published or in any way disseminate any information concerning the Company or any subsidiaries of the Company concerning the Company's business, business operations or business practices that in any way, in form or substance, harms, disparages or otherwise casts an unfavorable light upon the Company or any subsidiaries of the Company or upon any of their reputations or standing in the business community or the community as a whole. The provisions of this Section 10 do not prohibit the Grantee from communicating with, cooperating with, or providing information to the Securities and Exchange Commission, the Department of Labor, the EEOC, the NLRB, or any government agency that might be interpreted as disparaging. In consideration of the Company entering into this Agreement with the Grantee, the Grantee further agrees that throughout his or her term of employment with the Company, except on behalf of the Company, the Grantee shall not, directly or indirectly, engage in or participate in, or prepare to engage in or participate in, the Business, or provide services in any capacity to any person or entity engaged in or preparing to engage in the Business in competition with the Company. For purposes of this Section 10 and each subpart, "Company" shall include the Company and any parent company, subsidiary, or affiliated company of the Company and any of their respective successors or assigns.

(b) In consideration of the continued vesting of the Grantee's Performance Stock Units pursuant to Section 2(d) above, the Grantee agrees that throughout his or her term of employment with the Company and following the Grantee's termination with the Company due to Normal Retirement through the Payment Date, the Grantee will not, directly or indirectly, either through any form of ownership (other than ownership of securities of a publicly-held corporation of which the Grantee owns, or has real or contingent rights to own, two percent (2%) or less of any class of outstanding securities) or as a director, officer, principal, agent, employee, employer, advisor, consultant, investor, member, partner or in any other individual or representative capacity whatsoever, either for Grantee's own benefit or for the benefit of any other person, (i) engage or participate in, or prepare to engage in or participate in, the Business or (ii) manage, join, operate, lend to, invest in, control, or render any services to any person or entity engaged in or preparing to engage in the Business, in each case (i) and (ii) in competition with the Company anywhere in the Restricted Territory. For purposes of this Agreement, the "Restricted Territory" means each city, county, state, territory and country in which (i) Grantee provided services or had a material presence or influence at any time during the last two (2) years of Grantee's employment with the

Company or (ii) the Company is engaged in or is preparing to engage in the Business as of the date of Grantee's termination of employment, which Grantee acknowledges includes the Americas, Europe, and Asia-Pacific, Middle East and Africa. For purposes of this Agreement, "Business" means the business of (i) supplying products and systems that manage and conserve the flow of fluids and energy into, through and out of buildings in the residential and commercial markets, (ii) designing, fabricating and distributing residential and commercial flow control products, HVAC and gas products, drainage and water re-use products as well as water quality products, and (iii) any other business the Company is engaged in or preparing to engage in as of the date of Grantee's termination of employment.

(c) The Grantee and the Company acknowledge and mutually agree that the continued vesting of the Performance Stock Units pursuant to Section 2(d) above following the Grantee's termination is sufficient consideration to enforce the non-competition provision set forth in Section 10(b) above. The non-competition provision set forth in Section 10(b) shall take effect on the date Grantee accepts this Agreement through the E*TRADE website.

11. Compensation Recovery Policy. Notwithstanding anything contained in this Agreement to the contrary, all Performance Stock Units awarded under this Agreement, and any shares of Stock issued upon settlement hereunder shall be subject to forfeiture or repayment pursuant to the terms of the Company's Compensation Recovery Policy as in effect from time to time, including any amendments necessary for compliance with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

12. Miscellaneous.

(a) Notice hereunder shall be given to the Company at its principal place of business, and shall be given to the Grantee at the address on file with the Company, or in either case at such other address as one party may subsequently furnish to the other party in writing.

(b) This Agreement does not confer upon the Grantee any rights with respect to continuation of employment by the Company or any Subsidiary. Further, Grantee understands and agrees that Grantee's employment with the Company is and shall remain at-will. Nothing in this Agreement is intended to modify the at-will nature of Grantee's employment relationship with the Company.

(c) Grantee acknowledges that Grantee has the right to consult with independent legal counsel prior to accepting this Agreement and that Grantee either consulted, or on Grantee's own volition chose not to consult, with such counsel.

Exhibit 10.2

WATTS WATER TECHNOLOGIES, INC.

Non-Employee Director Compensation

The annual compensation payable by Watts Water Technologies, Inc. to non-employee Directors as determined by the Board of Directors of the Corporation on May 2, 2022 is as follows:

- $85,000 annual cash retainer;
- Annual grant of Class A common stock with a fair market value on the date of grant equal to $130,000;
- The Lead Independent Director of the Board shall receive an additional annual cash retainer of $25,000;
- The Chairperson of the Audit Committee shall receive an additional annual cash retainer of $20,000;
- The Chairperson of the Compensation Committee shall receive an additional annual cash retainer of $15,000;
- The Chairperson of the and the Nominating and Corporate Governance Committee shall receive an additional annual cash retainer of $12,500; and
- There shall be no additional compensation paid for participation in Board or committee meetings.

Exhibit 31.1

WATTS WATER TECHNOLOGIES, INC.
CERTIFICATION PURSUANT TO

SECTION 302 OF

THE SARBANES-OXLEY ACT OF 2002

I, Robert J. Pagano, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Watts Water Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ Robert J. Pagano, Jr.
Robert J. Pagano, Jr.

Chief Executive Officer

Exhibit 31.2

WATTS WATER TECHNOLOGIES, INC.
CERTIFICATION PURSUANT TO

SECTION 302 OF

THE SARBANES-OXLEY ACT OF 2002

I, Shashank Patel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Watts Water Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ Shashank Patel
Shashank Patel

Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officer of Watts Water Technologies, Inc. (the "Company") hereby certifies that, to his knowledge, the Company's quarterly report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K ("Item 601(b)(32)") promulgated under the Securities Act of 1933, as amended (the "Securities Act"), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: May 4, 2022

/s/ Robert J. Pagano, Jr.
Robert J. Pagano, Jr.
Chief Executive Officer

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officer of Watts Water Technologies, Inc. (the “Company”) hereby certifies that, to his knowledge, the Company’s quarterly report on Form 10-Q to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. This certification is provided solely pursuant to 18 U.S.C. Section 1350 and Item 601(b)(32) of Regulation S-K (“Item 601(b)(32)”) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and the Exchange Act. In accordance with clause (ii) of Item 601(b)(32), this certification (A) shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and (B) shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: May 4, 2022

/s/ Shashank Patel
Shashank Patel
Chief Financial Officer

Document and Entity Information - shares	3 Months Ended Mar. 27, 2022	Apr. 24, 2022
Document Type	10-Q	
Document Quarterly Report	true	
Document Transition Report	false	
Document Period End Date	Mar. 27, 2022	
Entity File Number	001-11499	
Entity Registrant Name	WATTS WATER TECHNOLOGIES INC	
Entity Incorporation, State or Country Code	DE	
Entity Tax Identification Number	04-2916536	
Entity Address, Address Line One	815 Chestnut Street	
Entity Address, City or Town	North Andover	
Entity Address, State or Province	MA	
Entity Address, Postal Zip Code	01845	
City Area Code	978	
Local Phone Number	688-1811	
Title of 12(b) Security	Class A common stock, par value $0.10 per share	
Trading Symbol	WTS	
Security Exchange Name	NYSE	
Entity Current Reporting Status	Yes	
Entity Interactive Data Current	Yes	
Entity Filer Category	Large Accelerated Filer	
Entity Small Business	false	
Entity Emerging Growth Company	false	
Entity Shell Company	false	
Current Fiscal Year End Date	--12-31	
Document Fiscal Year Focus	2022	
Document Fiscal Period Focus	Q1	
Entity Central Index Key	0000795403	
Amendment Flag	false	
Class A		
Entity Common Stock, Shares Outstanding		27,427,974
Class B		
Entity Common Stock, Shares Outstanding		6,024,290

Consolidated Balance Sheets - USD ($) $ in Millions	Mar. 27, 2022	Dec. 31, 2021
CURRENT ASSETS:		
Cash and cash equivalents	$ 226.8	$ 242.0
Trade accounts receivable, less reserve allowances of $11.8 million at March 27, 2022 and $10.3 million at December 31, 2021	261.7	220.9
Raw materials	148.1	119.4
Work in process	24.5	20.4
Finished goods	229.5	230.9
Total Inventories	402.1	370.7
Prepaid expenses and other current assets	29.3	27.9
Total Current Assets	919.9	861.5
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment, at cost	603.2	608.8
Accumulated depreciation	(406.6)	(408.1)
Property, plant and equipment, net	196.6	200.7
OTHER ASSETS:		
Goodwill	597.7	600.7
Intangible assets, net	123.8	128.6
Deferred income taxes	3.6	3.5
Other, net	61.7	60.6
TOTAL ASSETS	1,903.3	1,855.6
CURRENT LIABILITIES:		
Accounts payable	156.8	143.4
Accrued expenses and other liabilities	184.5	186.9
Accrued compensation and benefits	63.5	78.2
Total Current Liabilities	404.8	408.5
LONG-TERM DEBT	202.0	141.9
DEFERRED INCOME TAXES	46.9	40.5
OTHER NONCURRENT LIABILITIES	87.1	91.5
STOCKHOLDERS' EQUITY:		
Preferred Stock, $0.10 par value; 5,000,000 shares authorized; no shares issued or outstanding		
Additional paid-in capital	636.5	631.2
Retained earnings	655.9	665.9
Accumulated other comprehensive loss	(133.2)	(127.3)
Total Stockholders' Equity	1,162.5	1,173.2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,903.3	1,855.6
Class A		
STOCKHOLDERS' EQUITY:		
Common Stock	2.7	2.8
Class B		
STOCKHOLDERS' EQUITY:		

Common Stock	$ 0.6	$ 0.6

Consolidated Balance Sheets (Parenthetical) - $ in Millions	Mar. 27, 2022 USD ($) $ / shares shares	Dec. 31, 2021 USD ($) $ / shares shares
Trade accounts receivable, reserve allowances | $	$ 11.8	$ 10.3
Preferred Stock, par value (in dollars per share) | $ / shares	$ 0.10	$ 0.10
Preferred Stock, shares authorized	5,000,000	5,000,000
Preferred Stock, shares issued	0	0
Preferred Stock, shares outstanding	0	0
Class A		
Common Stock, par value (in dollars per share) | $ / shares	$ 0.10	$ 0.10
Common Stock, shares authorized	120,000,000	120,000,000
Common Stock, votes per share (Number of votes)	1	1
Common Stock, issued shares	27,437,126	27,584,525
Common Stock, outstanding shares	27,437,126	27,584,525
Class B		
Common Stock, par value (in dollars per share) | $ / shares	$ 0.10	$ 0.10
Common Stock, shares authorized	25,000,000	25,000,000
Common Stock, votes per share (Number of votes)	10	10
Common Stock, issued shares	6,024,290	6,024,290
Common Stock, outstanding shares	6,024,290	6,024,290

Consolidated Statements of Operations - USD ($) shares in Millions, $ in Millions	3 Months Ended	
	Mar. 27, 2022	Mar. 28, 2021
Consolidated Statements of Operations		
Net sales	$ 463.2	$ 413.3
Cost of goods sold	264.6	239.6
GROSS PROFIT	198.6	173.7
Selling, general and administrative expenses	126.1	113.8
Restructuring	1.0	0.3
OPERATING INCOME	71.5	59.6
Other (income) expense:		
Interest income	(0.1)	
Interest expense	1.4	2.0
Other expense (income), net	0.3	(0.3)
Total other expense	1.6	1.7
INCOME BEFORE INCOME TAXES	69.9	57.9
Provision for income taxes	15.4	16.2
NET INCOME	$ 54.5	$ 41.7
Basic EPS		
NET INCOME PER SHARE	$ 1.62	$ 1.23
Weighted average number of shares	33.7	33.8
Diluted EPS		
NET INCOME PER SHARE	$ 1.61	$ 1.23
Weighted average number of shares	33.8	33.9
Dividends declared per share	$ 0.26	$ 0.23

Consolidated Statements of Comprehensive Income - USD ($) $ in Millions	3 Months Ended	
	Mar. 27, 2022	Mar. 28, 2021
Consolidated Statements of Comprehensive Income		
Net income	$ 54.5	$ 41.7
Other comprehensive (loss) gain net of tax:		
Foreign currency translation adjustments	(9.4)	(14.1)
Cash flow hedges	3.5	(0.1)
Other comprehensive loss	(5.9)	(14.2)
Comprehensive income	$ 48.6	$ 27.5

Consolidated Statements of Stockholders' Equity - USD ($) $ in Millions	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at the beginning of the period at Dec. 31, 2020	$ 2.8	$ 0.6	$ 606.3	$ 560.1	$ (100.0)	$ 1,069.8
Balance (in shares) at Dec. 31, 2020	27,478,512	6,144,290				
Increase (Decrease) in Stockholders' Equity						
Net income				41.7		41.7
Other comprehensive income					(14.2)	(14.2)
Comprehensive income						27.5
Shares of Class B common stock converted to Class A common stock (in shares)	20,000	(20,000)				
Stock-based compensation			2.9			2.9
Stock repurchase				(3.8)		(3.8)
Stock repurchase (in shares)	(31,153)					
Net change in restricted stock and performance stock units			1.8	(9.2)		(7.4)
Net change in restricted and performance stock units (in shares)	117,723					
Common stock dividends				(7.8)		(7.8)
Balance at the end of the period at Mar. 28, 2021	$ 2.8	$ 0.6	611.0	581.0	(114.2)	1,081.2
Balance (in shares) at Mar. 28, 2021	27,585,082	6,124,290				
Balance at the beginning of the period at Dec. 31, 2021	$ 2.8	$ 0.6	631.2	665.9	(127.3)	1,173.2
Balance (in shares) at Dec. 31, 2021	27,584,525	6,024,290				
Increase (Decrease) in Stockholders' Equity						
Net income				54.5		54.5
Other comprehensive income					(5.9)	(5.9)
Comprehensive income						48.6
Shares of Class A common stock issued upon the exercise of stock options (in shares)	2,325					
Stock-based compensation			3.3			3.3
Stock repurchase	$ (0.1)			(42.9)		(43.0)
Stock repurchase (in shares)	(293,390)					
Net change in restricted stock and performance stock units			2.0	(12.6)		(10.6)
Net change in restricted and performance stock units (in shares)	143,666					
Common stock dividends				(9.0)		(9.0)

Balance at the end of the period at Mar. 27, 2022	$ 2.7	$ 0.6	$ 636.5	$ 655.9	$ (133.2)	$ 1,162.5
Balance (in shares) at Mar. 27, 2022	27,437,126	6,024,290				

Consolidated Statements of Cash Flows - USD ($) $ in Millions	3 Months Ended Mar. 27, 2022	Mar. 28, 2021
OPERATING ACTIVITIES		
Net income	$ 54.5	$ 41.7
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	7.2	8.0
Amortization of intangibles	3.1	3.8
Loss on disposal and impairment of property, plant and equipment and other	1.3	0.6
Stock-based compensation	3.3	2.9
Deferred income tax	5.8	4.3
Changes in operating assets and liabilities:		
Accounts receivable	(43.2)	(44.0)
Inventories	(34.7)	(18.8)
Prepaid expenses and other assets		(4.6)
Accounts payable, accrued expenses and other liabilities	0.7	40.0
Net cash (used in) provided by operating activities	(2.0)	33.9
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5.6)	(4.9)
Proceeds from the sale of property, plant and equipment		2.9
Net cash used in investing activities	(5.6)	(2.0)
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	60.0	20.0
Payments of long-term debt		(20.0)
Payments for withholding taxes on vested awards	(12.6)	(9.2)
Payments for finance leases and other	(0.2)	(0.4)
Payments to repurchase common stock	(42.9)	(3.8)
Dividends	(9.0)	(7.8)
Net cash used in financing activities	(4.7)	(21.2)
Effect of exchange rate changes on cash and cash equivalents	(2.9)	(4.2)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(15.2)	6.5
Cash and cash equivalents at beginning of year	242.0	218.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	226.8	225.4
SUPPLEMENTAL CASH FLOW DISCLOSURE:		
Issuance of stock under management stock purchase plan	0.3	0.5
CASH PAID FOR:		
Interest	0.7	2.3
Income taxes	$ 6.0	$ 5.0

Basis of Presentation	3 Months Ended Mar. 27, 2022
Basis of Presentation	
Basis of Presentation	**1. Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the Watts Water Technologies, Inc. (the “Company”) Consolidated Balance Sheet as of March 27, 2022, the Consolidated Statements of Operations for the first quarters ended March 27, 2022 and March 28, 2021, the Consolidated Statements of Comprehensive Income for the first quarters ended March 27, 2022 and March 28, 2021, the Consolidated Statements of Stockholders’ Equity for the first quarters ended March 27, 2022 and March 28, 2021, and the Consolidated Statements of Cash Flows for the first quarters ended March 27, 2022 and March 28, 2021.

The consolidated balance sheet at December 31, 2021 has been derived from the audited consolidated financial statements at that date. The accounting policies followed by the Company are described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. The financial statements included in this report should be read in conjunction with the consolidated financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2021. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for the year ending December 31, 2022.

The Company operates on a 52-week fiscal year ending on December 31, with each quarter, except the fourth quarter, ending on a Sunday. Any quarterly data contained in this Quarterly Report on Form 10-Q generally reflect the results of operations for a 13-week period.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We are not aware of any specific event or circumstance that would require updates to the Company’s estimates or judgments or require the Company to revise the carrying value of the Company’s assets or liabilities as of the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change as new events occur and additional information is obtained. Actual results could differ from those estimates.

Accounting Policies	3 Months Ended Mar. 27, 2022

Accounting Policies

Accounting Policies

2. Accounting Policies

The significant accounting policies used in preparation of these consolidated financial statements for the first quarter ended March 27, 2022, are consistent with those discussed in Note 2 of the Notes to Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

Shipping and Handling

Shipping and handling costs included in selling, general and administrative expenses amounted to $17.7 million and $15.4 million for the first quarters of 2022 and 2021, respectively.

Research and Development

Research and development costs included in selling, general and administrative expenses amounted to $11.9 million and $10.9 million for the first quarters of 2022 and 2021, respectively.

Revenue Recognition

3 Months Ended
Mar. 27, 2022

Revenue Recognition

Revenue Recognition

3. Revenue Recognition

The Company is a leading supplier of products that manage and conserve the flow of fluids and energy into, through and out of buildings in the co markets of the Americas, Europe, and Asia-Pacific, Middle East, and Africa ("APMEA"). For over 140 years, the Company has designed and pro safeguard and regulate water systems, energy efficient heating and hydronic systems, drainage systems and water filtration technology that helps p

The Company distributes products through four primary distribution channels: wholesale, original equipment manufacturers (OEMs), specialty, a The Company operates in three geographic segments: Americas, Europe, and APMEA. Each of these segments sells similar products, which are c principal product lines:

- Residential & commercial flow control products—includes products typically sold into plumbing and hot water applications such as back pressure regulators, temperature and pressure relief valves, thermostatic mixing valves and leak detection products.
- HVAC & gas products—includes commercial high-efficiency boilers, water heaters and heating solutions, hydronic and electric heating s radiant applications, custom heat and hot water solutions, hydronic pump groups for boiler manufacturers and alternative energy control stainless steel connectors for natural and liquid propane gas in commercial food service and residential applications. HVAC is an acronym and air conditioning.
- Drainage & water re-use products—includes drainage products and engineered rain water harvesting solutions for commercial, industrial applications.
- Water quality products—includes point-of-use and point-of-entry water filtration, conditioning and scale prevention systems for commer applications.

The following table disaggregates revenue, which is presented as net sales in the financial statements, for each reportable segment, by distribution product line:

	For the first quarter ended March 27, 2022 (in millions)		
Distribution Channel	Americas	Europe	APMEA
Wholesale	**$ 174.8**	**$ 84.0**	**$ 18.0**
OEM	**25.6**	**45.4**	**1.4**
Specialty	**93.8**	**—**	**—**
DIY	**19.7**	**0.5**	**—**
Total	**$ 313.9**	**$ 129.9**	**$ 19.4**

	For the first quarter ended March 27, 2022 (in millions)		
Principal Product Line	Americas	Europe	APMEA
Residential & Commercial Flow Control	**$ 178.1**	**$ 46.1**	**$ 15.8**
HVAC and Gas Products	**84.3**	**60.0**	**2.5**
Drainage and Water Re-use Products	**22.8**	**22.8**	**0.8**
Water Quality Products	**28.7**	**1.0**	**0.3**
Total	**$ 313.9**	**$ 129.9**	**$ 19.4**

	For the first quarter ended March 28, 2021 (in millions)		
Distribution Channel	Americas	Europe	APMEA
Wholesale	$ 157.4	$ 80.9	$ 16.6
OEM	20.4	41.1	1.0
Specialty	74.2	—	—
DIY	20.8	0.9	—
Total	$ 272.8	$ 122.9	$ 17.6

	For the first quarter ended March 28, 2021 (in millions)		
Principal Product Line	Americas	Europe	APMEA
Residential & Commercial Flow Control	$ 162.3	$ 47.2	$ 14.7
HVAC and Gas Products	65.9	54.2	2.3
Drainage and Water Re-use Products	18.6	20.3	0.4
Water Quality Products	26.0	1.2	0.2
Total	$ 272.8	$ 122.9	$ 17.6

The Company generally considers customer purchase orders, which in some cases are governed by master sales agreements, to represent the contr Company's contracts with customers are generally for products only and typically do not include other performance obligations such as professio warranties, or other material rights. In situations where sales are to a distributor, the Company has concluded that its contracts are with the distribu a contract bearing enforceable rights and obligations only with the distributor. As part of its consideration of the contract, the Company evaluates the customer's ability to pay (or credit risk). For each contract, the Company considers the promise to transfer products, each of which is distinct, performance obligations. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to deter to which the Company expects to be entitled. As the Company's standard payment terms are less than one year, the Company has elected not to as has a significant financing component. The Company allocates the transaction price to each distinct product based on its relative standalone sellin as specified on the purchase order is considered the standalone selling price as it is an observable input which depicts the price as if sold to a simi circumstances. Revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligatio typically occurs at shipment from the Company's manufacturing site or distribution center, or delivery to the customer's named location. In certai from shipments to retail customers is recognized only when the product is consumed by the customer, as based on the terms of the arrangement, t satisfied until that point in time. In determining whether control has transferred, the Company considers if there is a present right to payment, phy title, along with risks and rewards of ownership having transferred to the customer. In certain circumstances, the Company manufactures customiz alternative use for its customers. However, as these arrangements do not entitle the Company to a right to payment of cost plus a profit for work c has concluded that revenue recognition at the point in time control transfers is appropriate and not over time recognition.

At times, the Company receives orders for products to be delivered over multiple dates that may extend across reporting periods. The Company in upon shipment and recognizes revenues for each distinct product delivered, assuming transfer of control has occurred. As scheduled delivery date under the optional exemption provided by the guidance, revenues allocated to future shipments of partially completed contracts are not disclosed.

The Company generally provides an assurance warranty that its products will substantially conform to the published specification. The Company' either a credit equal to the purchase price or replacement of the defective part. Returns under warranty have historically been immaterial. The Co activities related to such warranty, if any, to be a separate performance obligation. For certain of its products, the Company will separately sell ext service policies to its customers. The Company considers the sale of these as separate performance obligations. These policies typically are for pe three years. Payments received are deferred and recognized over the policy period. For all periods presented, the revenue recognized and the reve policies are not material to the consolidated financial statements.

The timing of revenue recognition, billings and cash collections from the Company's contracts with customers can vary based on the payment ter customer contracts. In limited cases, customers will partially prepay for their goods. In addition, there are constraints which cause variability in th be recognized. These constraints typically include early payment discounts, volume rebates, rights of return, cooperative advertising, and market Company includes these constraints in the estimated transaction price when there is a basis to reasonably estimate the amount of variable conside based on historical experience, anticipated future performance and the Company's best judgment at the time. The Company did not recognize any obligations satisfied in prior periods. When the timing of the Company's recognition of revenue is different from the timing of payments made by Company recognizes a contract liability (customer payment precedes performance). For all periods presented, the recognized contract liabilities a deferred are not material to the consolidated financial statements.

The Company incurs costs to obtain and fulfill a contract; however, the Company has elected to recognize all incremental costs to obtain a contra incurred if the amortization period is one year or less. The Company has elected to treat shipping and handling activities performed after the custo of the related goods as a fulfillment cost and the related cost is accrued for in conjunction with the recording of revenue for the goods.

Goodwill & Intangibles	3 Months Ended Mar. 27, 2022

Goodwill & Intangibles
Goodwill & Intangibles

4. Goodwill & Intangibles

The Company operates in three geographic segments: Americas, Europe, and APMEA. The changes in the carrying amount of goodwill by geographic segment are as follows:

	March 27, 2022							
	Gross Balance				Accumulated Impairment Losses			Net Goodwill
	Balance January 1, 2022	Acquired During the Period	Foreign Currency Translation and Other	Balance March 27, 2022	Balance January 1, 2022	Impairment Loss During the Period	Balance March 27, 2022	March 27, 2022
	(in millions)							
Americas	**$ 490.9**	**—**	**$ 0.1**	**$ 491.0**	**$ (24.5)**	**—**	**$ (24.5)**	**$ 466.5**
Europe	**242.9**	**—**	**(3.5)**	**239.4**	**(129.7)**	**—**	**(129.7)**	**109.7**
APMEA	**34.0**	**—**	**0.4**	**34.4**	**(12.9)**	**—**	**(12.9)**	**21.5**
Total	**$ 767.8**	**—**	**$ (3.0)**	**$ 764.8**	**$ (167.1)**	**—**	**$(167.1)**	**$ 597.7**

	December 31, 2021							
	Gross Balance				Accumulated Impairment Losses			Net Goodwill
	Balance January 1, 2021	Acquired During the Period	Foreign Currency Translation and Other	Balance December 31, 2021	Balance January 1, 2021	Impairment Loss During the Period	Balance December 31, 2021	December 31, 2021
	(in millions)							
Americas	$ 482.5	$ 8.4	$ —	$ 490.9	$ (24.5)	$ —	$ (24.5)	$ 466.4
Europe	252.1	—	(9.2)	242.9	(129.7)	—	(129.7)	113.2
APMEA	34.9	—	(0.9)	34.0	(12.9)	—	(12.9)	21.1
Total	$ 769.5	$ 8.4	$ (10.1)	$ 767.8	$ (167.1)	$ —	$ (167.1)	$ 600.7

Goodwill and indefinite-lived intangible assets are tested for impairment at least annually or more frequently if events or circumstances indicate that it is “more likely than not” that they might be impaired, such as from a change in business conditions. The Company performs its annual goodwill and indefinite-lived intangible assets impairment assessment in the fourth quarter of each year. At the most recent annual impairment test which occurred in the fourth quarter of 2021, the Company performed qualitative fair value assessments, including an evaluation of certain key assumptions for all seven of its reporting units. The Company concluded that the fair value of all seven reporting units exceeded their carrying values at that time.

Intangible assets include the following:

	March 27, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in millions)					
Patents	**$ 16.1**	**$ (16.1)**	**$ —**	$ 16.1	$ (16.1)	$ —
Customer relationships	**237.7**	**(175.0)**	**62.7**	237.5	(173.1)	64.4
Technology	**57.4**	**(41.8)**	**15.6**	58.6	(40.7)	17.9
Trade names	**26.8**	**(17.2)**	**9.6**	26.8	(16.9)	9.9
Other	**4.3**	**(3.8)**	**0.5**	4.3	(3.8)	0.5
Total amortizable intangibles	**342.3**	**(253.9)**	**88.4**	343.3	(250.6)	92.7
Indefinite-lived intangible assets	**35.4**	**—**	**35.4**	35.9	—	35.9
	$377.7	**$ (253.9)**	**$123.8**	$379.2	$ (250.6)	$128.6

Aggregate amortization expense for amortized intangible assets for the first quarters ended March 27, 2022 and March 28, 2021 was $3.1 million and $3.8 million, respectively.

Financial Instruments and Derivative Instruments	3 Months Ended Mar. 27, 2022
Financial Instruments and Derivative Instruments	
Financial Instruments and Derivative Instruments	**5. Financial Instruments and Derivative Instruments**

Fair Value

The carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate fair value because of the short maturity of these financial instruments. The fair value of the Company's borrowings under the Amended and Restated Credit Agreement entered into on March 30, 2021 (the "Amended Credit Agreement") approximates its carrying value.

Financial Instruments

The Company measures certain financial assets and liabilities at fair value on a recurring basis, including deferred compensation plan assets and related liabilities, contingent consideration, and derivatives. The fair values of these financial assets and liabilities were determined using the following inputs at March 27, 2022 and December 31, 2021:

	Fair Value Measurement at March 27, 2022 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets				
Plan asset for deferred compensation(1)	$ 2.4	$ 2.4	$ —	$ —
Interest rate swap(2)	$ 5.7	$ —	$ 5.7	$ —
Total assets	**$ 8.1**	**$ 2.4**	**$ 5.7**	**$** —
Liabilities				
Plan liability for deferred compensation(3)	$ 2.4	$ 2.4	$ —	$ —
Designated foreign currency hedges(4)	$ 0.2	$ —	$ 0.2	$ —
Contingent consideration(5)	$ 6.3	$ —	$ —	$ 6.3
Total liabilities	**$ 8.9**	**$ 2.4**	**$ 0.2**	**$ 6.3**

	Fair Value Measurements at December 31, 2021 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets				
Plan asset for deferred compensation(1)	$ 2.6	$ 2.6	$ —	$ —
Interest rate swap(1)	$ 1.4	$ —	$ 1.4	$ —
Total assets	$ 4.0	$ 2.6	$ 1.4	$ —
Liabilities				
Interest rate swap(4)	$ 0.6	$ —	$ 0.6	$ —
Plan liability for deferred compensation(3)	$ 2.6	$ 2.6	$ —	$ —

Contingent consideration(5)	$ 6.3	$ —	$ —	$ 6.3
Total liabilities	$ 9.5	$ 2.6	$ 0.6	$ 6.3

(1) Included on the Company's consolidated balance sheet in other assets (other, net).

(2) As of March 27, 2022, $0.7 million classified in prepaid expenses and other current assets on the Company's consolidated balance sheet and $5.0 million classified in other assets (other, net).

(3) Included on the Company's consolidated balance sheet in accrued compensation and benefits.

(4) Included on the Company's consolidated balance sheet in accrued expenses and other liabilities.

(5) Contingent consideration of $6.3 million includes $3.8 million classified in accrued expenses and other liabilities on the Company's consolidated balance sheet related to contingent consideration as part of the acquisition of Australian Valve Group Pty Ltd ("AVG") and $2.5 million classified in other noncurrent liabilities on the Company's consolidated balance sheet related to contingent consideration as part of the acquisition of Sentinel Hydrosolutions, LLC ("Sentinel").

There were no changes in fair value of the Company's financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) in the first quarter of 2022.

In connection with the immaterial acquisition of AVG completed during the third quarter of 2020 and Sentinel completed during the fourth quarter of 2021, contingent liabilities of $2.8 million and $2.5 million, respectively, were recognized as the estimate of the acquisition date fair value of the contingent consideration. The AVG contingent liability as of December 31, 2021 was $3.8 million after increasing the liability by $0.8 million during the second quarter of 2021, due to increased probability of achieving higher performance metrics, and foreign exchange translations. These liabilities were classified as Level 3 under the fair value hierarchy as they were based on the probability of achievement of future performance metrics as of the respective dates of acquisition, which were not observable in the market. Failure to meet the performance metrics would reduce this liability to zero, while complete achievement would increase the liability to a maximum contingent consideration of approximately $4.5 million for AVG and $4.5 million for Sentinel.

Cash equivalents consist of instruments with original maturities of three months or less at the date of purchase and consist primarily of money market funds, for which the carrying amount is a reasonable estimate of fair value.

The Company uses financial instruments from time to time to enhance its ability to manage risk, including foreign currency and commodity pricing exposures, which exist as part of its ongoing business operations. The use of derivatives exposes the Company to counterparty credit risk for nonperformance and to market risk related to changes in currency exchange rates and commodity prices. The Company manages its exposure to counterparty credit risk through diversification of counterparties. The Company's counterparties in derivative transactions are substantial commercial banks with significant experience using such derivative instruments. The impact of market risk on the fair value and cash flows of the Company's derivative instruments is monitored and the Company restricts the use of derivative financial instruments to hedging activities. The Company does not enter into contracts for trading purposes nor does the Company enter into any contracts for speculative purposes. The use of derivative instruments is approved by senior management under written guidelines.

Interest Rate Swaps

On March 30, 2021, the Company entered into the Amended Credit Agreement. The Amended Credit Agreement extended the maturity date of the $800 million senior unsecured revolving credit facility from February 12, 2022 to March 30, 2026 (the "Revolving Credit Facility"). Borrowings outstanding under the Revolving Credit Facility bear interest at a fluctuating rate per annum as further detailed in Note 11.

In order to manage the Company’s exposure to changes in cash flows attributable to fluctuations in LIBOR-indexed interest payments related to the Company’s floating rate debt, the Company entered into an interest rate swap on March 30, 2021. Under the interest rate swap agreement, the Company receives the one-month USD-LIBOR subject to a 0.00% floor and pays a fixed rate of 1.02975% on a notional amount of $100.0 million. The swap matures on March 30, 2026. The Company formally documents the hedge relationships at hedge inception to ensure that its interest rate swaps qualify for hedge accounting. On a quarterly basis, the Company assesses whether the interest rate swap is highly effective in offsetting changes in the cash flow of the hedged item. The Company does not hold or issue interest rate swaps for trading purposes. The swaps are designated as cash flow hedges. For the first quarter ended March 27, 2022, a net gain of $3.6 million was recorded in Accumulated Other Comprehensive Loss to recognize the effective portion of the fair value of the interest rate swap that qualifies as a cash flow hedge.

Designated Foreign Currency Hedges

The Company’s foreign subsidiaries transact most business, including certain intercompany transactions, in foreign currencies. Such transactions are principally purchases or sales of materials. The Company has exposure to a number of foreign currencies, including the Canadian dollar, the euro, and the Chinese yuan. The Company uses a layering methodology, whereby at the end of each quarter, the Company enters into forward exchange contracts hedging Canadian dollar to U.S. dollar, which hedge up to 85% of the forecasted intercompany purchase transactions between one of the Company’s Canadian subsidiaries and the Company’s U.S. operating subsidiaries for the next twelve months. The Company uses a similar layering methodology when entering into forward exchange contracts hedging U.S. dollar to the Chinese yuan, which hedge up to 60% of the forecasted intercompany sales transactions between one of the Company’s Chinese subsidiaries and one of the Company’s U.S. operating subsidiaries for the next twelve months. As of March 27, 2022, all designated foreign exchange hedge contracts were cash flow hedges under ASC 815, *Derivatives and Hedging*. The Company records the effective portion of the designated foreign currency hedge contracts in other comprehensive income until inventory turns and is sold to a third-party. Once the third-party transaction associated with the hedged forecasted transaction occurs, the effective portion of any related gain or loss on the designated foreign currency hedge is reclassified into earnings within cost of goods sold. In the event the notional amount of the derivatives exceeds the forecasted intercompany purchases for a given month, the excess hedge position will be attributed to the following month’s forecasted purchases. However, if the following month’s forecasted purchases cannot absorb the excess hedge position from the current month, the effective portion of the hedge recorded in other comprehensive income will be reclassified to earnings.

The notional amounts outstanding as of March 27, 2022 for the Canadian dollar to U.S. dollar contracts was $15.5 million. There were no contracts outstanding for the U.S. dollar to the Chinese yuan. The fair value of the Company’s designated foreign hedge contracts outstanding as of March 27, 2022 was a liability of $0.2 million. As of March 27, 2022, the amount expected to be reclassified into cost of goods sold from other comprehensive income in the next twelve months is immaterial.

Restructuring and Other Charges, Net	3 Months Ended Mar. 27, 2022
Restructuring and Other Charges, Net	
Restructuring and Other Charges, Net	

6. Restructuring and Other Charges, Net

The Company's Board of Directors approves all major restructuring programs that may involve the discontinuance of significant product lines or the shutdown of significant facilities. From time to time, the Company takes additional restructuring actions, including involuntary terminations that are not part of a major program. The Company accounts for these costs in the period in which the liability is incurred. These costs are included in restructuring charges in the Company's consolidated statements of operations.

A summary of the pre-tax cost by restructuring program is as follows:

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Restructuring costs:		
2021 France Actions	$ 1.0	$ —
Other Actions	—	0.3
Total restructuring charges	$ 1.0	$ 0.3

The Company recorded pre-tax restructuring costs in its business segments as follows:

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Americas	$ 0.1	$ —
Europe	1.0	—
APMEA	(0.1)	0.3
Total	$ 1.0	$ 0.3

2021 France Actions

On June 25, 2021, the Board of Directors approved a restructuring program with respect to the Company's operating facilities in France, within its Europe operating segment. The restructuring program includes the shutdown of the Company's manufacturing facility in Méry, France and the consolidation of that facility's operations primarily into the Company's facilities in Virey-le-Grand and Hautvillers, France. The total pre-tax restructuring charges associated with the program were initially estimated to be approximately $26.3 million. As of March 27, 2022, the Company reduced its total expected pre-tax charges for the program to approximately $23.7 million, primarily related to lower severance and outplacement costs than initially estimated. The total expected charges include costs for employees severance, relocation of equipment, clean-up of the facility and certain asset write-downs, and will result in the elimination of approximately 80 positions at the Méry, France facility. As a result of the facility consolidations, the net headcount reduction in France is expected to be approximately 40 positions. Total net after-tax charges for this restructuring program are expected to be approximately $17.5 million (including approximately $2.0 million in non-cash charges), with costs being incurred through the second half of 2022, at which time the restructuring program is expected to be completed. The Company expects to spend approximately $0.7 million in capital expenditures to consolidate operations, of which $0.6 million was spent as of March 27, 2022. Annual cash savings, net of tax, are estimated to be approximately $3.0 million, which the Company expects to fully realize by 2023.

The following table summarizes by type, the total expected, incurred and remaining pre-tax restructuring costs for the Company's restructuring program related to the 2021 France Actions:

	Severance	Legal and consultancy	Asset write-downs	Facility exit and other	Total
			(in millions)		
Costs incurred — 2021	$ 16.9	$ 0.9	$ 0.9	$ 1.0	$19.7
Costs incurred—first quarter 2022	0.2	0.1	0.4	0.3	1.0
Remaining costs to be incurred	2.2	—	0.3	0.5	3.0
Total expected restructuring costs	**$ 19.3**	**$ 1.0**	**$ 1.6**	**$ 1.8**	**$23.7**

Details of the restructuring reserve activity for the Company's 2021 France Actions for the period ended March 27, 2022 are as follows:

	Severance	Legal and consultancy	Asset write-downs	Facility exit and other	Total
			(in millions)		
Balance at December 31, 2021	$ 9.9	$ 0.2	$ —	$ 0.5	$10.6
Net pre-tax restructuring charges	0.2	0.1	0.4	0.3	1.0
Utilization and foreign currency impact	(4.7)	(0.1)	(0.4)	(0.3)	(5.5)
Balance at March 27, 2022	**$ 5.4**	**$ 0.2**	**$ —**	**$ 0.5**	**$ 6.1**

Other Actions

The Company periodically initiates other actions which are not part of a major program. Included in "Other Actions" for the first quarter ended March 28, 2021 were immaterial actions taken in the Americas and APMEA segments. An additional $1.5 million of facility exit charges related to the decommissioning of machinery at one of the Company's facilities in the Americas is expected to be incurred in the second and third quarters of 2022.

Earnings per Share and Stock Repurchase Program	3 Months Ended Mar. 27, 2022
Earnings per Share and Stock Repurchase Program	
Earnings per Share and Stock Repurchase Program	7. Earnings per Share and Stock Repurchase Program

7. Earnings per Share and Stock Repurchase Program

The following table sets forth the reconciliation of the calculation of earnings per share:

	For the First Quarter Ended March 27, 2022			For the First Quarter Ended March 28, 2021		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(Amounts in millions, except per share information)					
Basic EPS:						
Net income	**$ 54.5**	**33.7**	**$ 1.62**	$ 41.7	33.8	$ 1.23
Effect of dilutive securities:						
Common stock equivalents		**0.1**	**(0.01)**		0.1	—
Diluted EPS:						
Net income	**$ 54.5**	**33.8**	**$ 1.61**	$ 41.7	33.9	$ 1.23

There were no options to purchase Class A common stock outstanding during the first quarters ended March 27, 2022 or March 28, 2021 that would have been anti-dilutive.

On February 6, 2019, the Company's Board of Directors authorized the repurchase of up to $150 million of the Company's Class A common stock, to be purchased from time to time on the open market or in privately negotiated transactions. For the stock repurchase program, the Company entered into Rule 10b5-1 plans, which permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The repurchase program may be suspended or discontinued at any time, subject to the terms of the Rule 10b5-1 plans the Company entered into with respect to the repurchase program. As of March 27, 2022, there was $54.5 million remaining authorized for share repurchases under the $150 million program.

For the first quarters ended March 27, 2022 and March 28, 2021, the Company repurchased 293,390 shares for $42.9 million and 31,153 shares for $3.8 million, respectively.

Stock-Based Compensation	3 Months Ended Mar. 27, 2022
Stock-Based Compensation	
Stock-Based Compensation	**8. Stock-Based Compensation**

The Company granted 45,121 and 51,819 units of deferred stock awards during the first quarters of 2022 and 2021, respectively. The Company grants shares of deferred stock awards to key employees and stock awards to non-employee members of the Company's Board of Directors under the Second Amended and Restated 2004 Stock Incentive Plan ("2004 Stock Incentive Plan"). Deferred stock awards to employees typically vest over a three-year period and stock awards to non-employee members of the Company's Board of Directors vest immediately.

The Company also grants performance stock units to key employees under the 2004 Stock Incentive Plan. Performance stock units cliff vest at the end of a performance period set by the Compensation Committee of the Board of Directors at the time of grant, which is currently three years. Upon vesting, the number of shares of the Company's Class A common stock awarded to each performance stock unit recipient will be determined based on the Company's performance relative to certain performance goals set at the time the performance stock units were granted. The recipient of a performance stock unit award may earn from zero shares to twice the number of target shares awarded to such recipient. The performance stock units are amortized to expense over the vesting period and based on the Company's performance relative to the performance goals, may be adjusted. Changes to the estimated shares expected to vest will result in adjustments to the related share-based compensation expense that will be recorded in the period of change. If the performance goals are not met, no awards are earned and previously recognized compensation expense is reversed. The Company granted 40,014 and 46,774 performance stock units during the first quarters of 2022 and 2021, respectively. The performance goals for the performance stock units are based on the compound annual growth rate of the Company's revenue over the three-year performance period and the Company's return on invested capital ("ROIC") for the third year of the performance period.

Under the Management Stock Purchase Plan ("MSPP"), the Company granted 28,711 and 24,690 of restricted stock units ("RSUs") during the first quarters of 2022 and 2021, respectively. The MSPP allows for the granting of RSUs to key employees. On an annual basis, key employees may elect to receive a portion of their annual incentive compensation in RSUs instead of cash. Participating employees may use up to 50% of their annual incentive bonus to purchase RSUs for a purchase price equal to 80% of the fair market value of the Company's Class A common stock as of the date of grant. RSUs vest either annually over a three-year period from the grant date or upon the third anniversary of the grant date. Receipt of the shares underlying RSUs is deferred for a minimum of three years, or such greater number of years as is chosen by the employee, from the date of grant.

The fair value of each share issued under the MSPP is estimated on the date of grant, using the Black-Scholes-Merton Model, based on the following weighted average assumptions:

	2022	2021
Expected life (years)	**3.0**	3.0
Expected stock price volatility	**33.7 %**	32.7 %
Expected dividend yield	**0.80 %**	0.75 %
Risk-free interest rate	**2.0 %**	0.3 %

The risk-free interest rate is based upon the U.S. Treasury yield curve at the time of grant for the respective expected life of the RSUs. The expected life (estimated period of time outstanding) of RSUs and volatility were calculated using historical data. The expected dividend yield of stock is the Company's best estimate of the expected future dividend yield.

The above assumptions were used to determine the weighted average grant-date fair value of the discount on RSUs granted in 2022 and 2021 of $47.26 and $37.12, respectively.

A more detailed description of each of these plans can be found in Note 13 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Segment Information	3 Months Ended Mar. 27, 2022

Segment Information

Segment Information

9. Segment Information

The Company operates in three geographic segments: Americas, Europe, and APMEA. Each of these segments sells similar products and has separate financial results that are reviewed by the Company's chief operating decision-maker. Each segment earns revenue and income almost exclusively from the sale of the Company's products. The Company sells its products into various end markets around the world, with sales by region based upon location of the entity recording the sale. See Note 3 for further detail on the product lines sold into by region. All intercompany sales transactions have been eliminated. The accounting policies for each segment are the same as those described in Note 2 above and in Note 2 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

The following is a summary of the Company's significant accounts and balances by segment, reconciled to its consolidated totals:

	First Quarter Ended	
	March 27, 2022	**March 28, 2021**
	(in millions)	
Net sales		
Americas	**$ 313.9**	$ 272.8
Europe	**129.9**	122.9
APMEA	**19.4**	17.6
Consolidated net sales	**$ 463.2**	$ 413.3
Operating income (loss)		
Americas	**$ 57.9**	$ 48.5
Europe	**21.1**	19.5
APMEA	**3.0**	2.3
Subtotal reportable segments	**82.0**	70.3
Corporate(*)	**(10.5)**	(10.7)
Consolidated operating income	**71.5**	59.6
Interest income	**(0.1)**	—
Interest expense	**1.4**	2.0
Other expense (income), net	**0.3**	(0.3)
Income before income taxes	**$ 69.9**	$ 57.9
Capital expenditures		
Americas	**$ 3.5**	$ 2.5
Europe	**2.1**	2.4
APMEA	**—**	—
Consolidated capital expenditures	**$ 5.6**	$ 4.9
Depreciation and amortization		
Americas	**$ 7.0**	$ 7.7
Europe	**2.7**	3.3
APMEA	**0.6**	0.8
Consolidated depreciation and amortization	**$ 10.3**	$ 11.8
Identifiable assets (at end of period)		
Americas	**$ 1,174.5**	$1,105.0
Europe	**581.8**	549.4
APMEA	**147.0**	130.0
Consolidated identifiable assets	**$ 1,903.3**	$1,784.4
Property, plant and equipment, net (at end of period)		
Americas	**$ 120.5**	$ 120.3

Europe	**71.4**	80.4
APMEA	**4.7**	5.1
Consolidated property, plant and equipment, net	**$ 196.6**	$ 205.8

* Corporate expenses are primarily for administrative compensation expense, compliance costs, professional fees, including corporate-related legal and audit expenses, shareholder services and benefit administration costs.

The above operating segments are presented on a basis consistent with the presentation included in the Company's December 31, 2021 consolidated financial statements included in its Annual Report on Form 10-K.

The property, plant and equipment in the U.S. of the Company's Americas segment was $115.5 million and $116.2 million at March 27, 2022 and March 28, 2021, respectively.

The following includes U.S. net sales of the Company's Americas segment:

	First Quarter Ended	
	March 27, 2022	**March 28, 2021**
	(in millions)	
U.S. net sales	**$ 294.2**	$ 254.4

The following includes intersegment sales for Americas, Europe and APMEA:

	First Quarter Ended	
	March 27, 2022	**March 28, 2021**
	(in millions)	
Intersegment Sales		
Americas	**$ 3.0**	$ 2.5
Europe	**7.1**	7.6
APMEA	**23.5**	26.3
Intersegment sales	**$ 33.6**	$ 36.4

Accumulated Other Comprehensive Loss

3 Months Ended Mar. 27, 2022

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss

10. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss consists of the following:

	Foreign Currency Translation	Cash F Hedges (in mill
Balance December 31, 2021	**$ (127.9)**	**$**
Change in period	**(9.4)**	
Balance March 27, 2022	**$ (137.3)**	**$**
Balance December 31, 2020	$ (99.9)	$
Change in period	(14.1)	
Balance March 28, 2021	$ (114.0)	$

(1) Cash flow hedges include interest rate swaps and designated foreign currency hedges. See Note 5 for further details.

Debt	3 Months Ended Mar. 27, 2022
Debt	
Debt	**11. Debt**

On March 30, 2021, the Company entered into the Amended Credit Agreement. The Amended Credit Agreement amended the Company's borrowings under the Amended and Restated Credit Agreement entered into on April 24, 2020 (the "Prior Amended Credit Agreement"), to extend the maturity date of the $800 million senior unsecured revolving credit facility from February 12, 2022 to March 30, 2026. Among other changes from the Prior Amended Credit Agreement, the Amended Credit Agreement increased the Company's maximum consolidated leverage ratio (including both the base ratio and the ratio permitted during temporary step-ups following certain acquisitions), adjusted certain fees to reflect market conditions and reduced the 1.00% floor on the adjusted LIBOR rate to 0.00%.

The Revolving Credit Facility also includes sub-limits of $100 million for letters of credit and $15 million for swing line loans. As of March 27, 2022, the Company had drawn down $205.0 million on this line of credit and had $14.0 million in letters of credit outstanding, which resulted in $581.0 million of unused and available credit under the Revolving Credit Facility. Borrowings outstanding bear interest at a fluctuating rate per annum equal to an applicable percentage defined as (i) in the case of Eurocurrency rate loans, the adjusted British Bankers Association LIBOR rate plus an applicable percentage, ranging from 1.075% to 1.325%, determined by reference to the Company's consolidated leverage ratio, or (ii) in the case of alternate base rate loans and swing line loans, interest (which at all times will not be less than 1.00%) at the greatest of (a) the Prime Rate in effect on such day, (b) the FRBNY Rate in effect on such day plus 0.50% and (c) the adjusted LIBOR rate plus 1.00% for a one-month interest period in dollars. The weighted average interest rate on debt outstanding under the Revolving Credit Facility as of March 27, 2022 was 1.32%. The weighted average interest rate on debt outstanding inclusive of the interest rate swap discussed in Note 5 of the Notes to Consolidated
Financial Statements and interest rates under the Revolving Credit Facility as of March 27, 2022 was 1.71%. As of March 27, 2022, the Company was in compliance with all covenants related to the Amended Credit Agreement.

In addition to paying interest under the Amended Credit Agreement, the Company is also required to pay certain fees in connection with the Revolving Credit Facility, including, but not limited to, an unused facility fee and letter of credit fees.

The Amended Credit Agreement matures on March 30, 2026, subject to extension under certain circumstances and subject to the terms of the Amended Credit Agreement. The Company may repay loans outstanding under the Amended Credit Agreement from time to time without premium or penalty, other than customary breakage costs, if any, and subject to the terms of the Amended Credit Agreement.

The Amended Credit Agreement imposes various restrictions on the Company and its subsidiaries, including restrictions pertaining to: (i) the incurrence of additional indebtedness, (ii) limitations on liens, (iii) making distributions, dividends and other payments, (iv) mergers, consolidations and acquisitions, (v) dispositions of assets, (vi) certain consolidated leverage ratios and consolidated interest coverage ratios, (vii) transactions with affiliates, (viii) changes to governing documents, and (ix) changes in control.

The Company maintains letters of credit that guarantee its performance or payment to third parties in accordance with specified terms and conditions. Amounts outstanding were $14.0 million as of March 27, 2022. The Company's letters of credit are primarily associated with insurance coverage. The Company's letters of credit generally expire within one year of issuance. These instruments may exist or expire without being drawn down. Therefore, they do not necessarily represent future cash flow obligations.

Contingencies and Environmental Remediation	3 Months Ended Mar. 27, 2022
Contingencies and Environmental Remediation	
Contingencies and Environmental Remediation	**12. Contingencies and Environmental Remediation** In the ordinary course of business, the Company is involved in disputes, litigation, and governmental or regulatory inquiries and investigations, both pending and threatened, including those involving product liability, environmental matters, and commercial disputes. Other than the items described below, significant commitments and contingencies at March 27, 2022 are consistent with those discussed in Note 15 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2021. As of March 27, 2022, the Company estimates that the aggregate amount of reasonably possible loss in excess of the amount accrued for its contingencies is approximately $4.2 million pre-tax. With respect to the estimate of reasonably possible loss, management has estimated the upper end of the range of reasonably possible loss based on (i) the amount of money damages claimed, where applicable, (ii) the allegations and factual development to date, (iii) available defenses based on the allegations, and/or (iv) other potentially liable parties. This estimate is based upon currently available information and is subject to significant judgment and a variety of assumptions, and known and unknown uncertainties. The matters underlying the estimate will change from time to time, and actual results may vary significantly from the current estimate. In the event of an unfavorable outcome in one or more of the matters, the ultimate liability may be in excess of amounts currently accrued, if any, and may be material to the Company's operating results or cash flows for a particular quarterly or annual period. However, based on information currently known to it, management believes that the ultimate outcome of all matters, as they are resolved over time, is not likely to have a material adverse effect on the financial condition of the Company, though the outcome could be material to the Company's operating results for any particular period depending, in part, upon the operating results for such period. *Chemetco, Inc. Superfund Site, Hartford, Illinois* In August 2017, Watts Regulator Co. (a wholly-owned subsidiary of the Company) received a "Notice of Environmental Liability" from the Chemetco Site Group ("Group") alleging that it is a potentially responsible party for the Chemetco, Inc. Superfund Site in Hartford, Illinois (the "Site") because it arranged for the disposal or treatment of hazardous substances that were contained in materials sent to the Site and that resulted in the release or threat of release of hazardous substances at the Site. The letter offered Watts Regulator Co. the opportunity to join the Group and participate in the Remedial Investigation and Feasibility Study ("RI/FS") for a portion of the Site. Watts Regulator Co. joined the Group in September 2017 and was added in March 2018 as a signatory to the Administrative Settlement Agreement and Order on Consent with the United States Environmental Protection Agency ("USEPA") governing completion of the RI/FS. The Remedial Investigation ("RI") report has been completed for the first portion of the site. For that same portion of the site, the draft Feasibility Study ("FS") report was submitted to U.S. Environmental Protection Agency (USEPA) for review and comment in September 2021. Comments and final approval from the EPA are required to complete the FS process; comments from the EPA are pending. Based on information currently known to it, management believes that Watts Regulator Co.'s share of the costs of the RI/FS is not likely to have a material adverse effect on the financial condition of the Company, or have a material adverse effect on the Company's operating results for any particular period. The Company is unable to estimate a range of reasonably possible loss for the above matter in which damages have not been specified because: (i) the FS process for the first portion of the Site has not been completed, and the RI/FS process for the remainder of the Site has not yet been initiated, to determine what remediation plans will be implemented and the costs of such plans; (ii) the total amount of material sent to the

Site, and the total number of potentially responsible parties who may or may not agree to fund or perform any remediation, have not been determined; (iii) the share contribution for potentially responsible parties to any remediation has not been determined; and (iv) the number of years required to implement a remediation plan acceptable to USEPA is uncertain.

Subsequent Events	3 Months Ended Mar. 27, 2022
Subsequent Events	
Subsequent Events	**13. Subsequent Events** On May 2, 2022, the Company declared a quarterly dividend of thirty cents ($0.30) per share on each outstanding share of Class A common stock and Class B common stock payable on June 15, 2022 to stockholders of record on June 1, 2022.

Accounting Policies (Policies)	3 Months Ended Mar. 27, 2022
Accounting Policies	
Shipping and Handling	*Shipping and Handling* Shipping and handling costs included in selling, general and administrative expenses amounted to \$17.7 million and \$15.4 million for the first quarters of 2022 and 2021, respectively.
Research and Development	*Research and Development* Research and development costs included in selling, general and administrative expenses amounted to \$11.9 million and \$10.9 million for the first quarters of 2022 and 2021, respectively.
Basis of Presentation	The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the Watts Water Technologies, Inc. (the “Company”) Consolidated Balance Sheet as of March 27, 2022, the Consolidated Statements of Operations for the first quarters ended March 27, 2022 and March 28, 2021, the Consolidated Statements of Comprehensive Income for the first quarters ended March 27, 2022 and March 28, 2021, the Consolidated Statements of Stockholders’ Equity for the first quarters ended March 27, 2022 and March 28, 2021, and the Consolidated Statements of Cash Flows for the first quarters ended March 27, 2022 and March 28, 2021. The consolidated balance sheet at December 31, 2021 has been derived from the audited consolidated financial statements at that date. The accounting policies followed by the Company are described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021. The financial statements included in this report should be read in conjunction with the consolidated financial statements and notes included in the Annual Report on Form 10-K for the year ended December 31, 2021. Operating results for the interim periods presented are not necessarily indicative of the results to be expected for the year ending December 31, 2022. The Company operates on a 52-week fiscal year ending on December 31, with each quarter, except the fourth quarter, ending on a Sunday. Any quarterly data contained in this Quarterly Report on Form 10-Q generally reflect the results of operations for a 13-week period.
Estimates	*Estimates* The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We are not aware of any specific event or circumstance that would require updates to the Company’s estimates or judgments or require the Company to revise the carrying value of the Company’s assets or liabilities as of the date of issuance of this Quarterly Report on Form 10-Q. These estimates may change as new events occur and additional information is obtained. Actual results could differ from those estimates.

Revenue Recognition (Tables)	3 Months Ended Mar. 27, 2022
Revenue Recognition	
Schedule of disaggregation of revenue	

	For the first quarter ended March 27, 2022 (in millions)			
Distribution Channel	**Americas**	**Europe**	**APMEA**	**Consolidated**
Wholesale	**$ 174.8**	**$ 84.0**	**$ 18.0**	**$ 276.8**
OEM	**25.6**	**45.4**	**1.4**	**72.4**
Specialty	**93.8**	**—**	**—**	**93.8**
DIY	**19.7**	**0.5**	**—**	**20.2**
Total	**$ 313.9**	**$ 129.9**	**$ 19.4**	**$ 463.2**

	For the first quarter ended March 27, 2022 (in millions)			
Principal Product Line	**Americas**	**Europe**	**APMEA**	**Consolidated**
Residential & Commercial Flow Control	**$ 178.1**	**$ 46.1**	**$ 15.8**	**$ 240.0**
HVAC and Gas Products	**84.3**	**60.0**	**2.5**	**146.8**
Drainage and Water Re-use Products	**22.8**	**22.8**	**0.8**	**46.4**
Water Quality Products	**28.7**	**1.0**	**0.3**	**30.0**
Total	**$ 313.9**	**$ 129.9**	**$ 19.4**	**$ 463.2**

	For the first quarter ended March 28, 2021 (in millions)			
Distribution Channel	**Americas**	**Europe**	**APMEA**	**Consolidated**
Wholesale	$ 157.4	$ 80.9	$ 16.6	$ 254.9
OEM	20.4	41.1	1.0	62.5
Specialty	74.2	—	—	74.2
DIY	20.8	0.9	—	21.7
Total	$ 272.8	$ 122.9	$ 17.6	$ 413.3

	For the first quarter ended March 28, 2021 (in millions)			
Principal Product Line	**Americas**	**Europe**	**APMEA**	**Consolidated**
Residential & Commercial Flow Control	$ 162.3	$ 47.2	$ 14.7	$ 224.2
HVAC and Gas Products	65.9	54.2	2.3	122.4
Drainage and Water Re-use Products	18.6	20.3	0.4	39.3
Water Quality Products	26.0	1.2	0.2	27.4
Total	$ 272.8	$ 122.9	$ 17.6	$ 413.3

Goodwill & Intangibles (Tables)

3 Months Ended Mar. 27, 2022

Goodwill & Intangibles

Changes in the carrying amount of goodwill by geographic segment

	March 27, 2022							
	Gross Balance				Accumulated Impairment Losses			Net Goodwill
	Balance January 1, 2022	Acquired During the Period	Foreign Currency Translation and Other	Balance March 27, 2022	Balance January 1, 2022	Impairment Loss During the Period	Balance March 27, 2022	March 27, 2022
	(in millions)							
Americas	**$ 490.9**	**—**	**$ 0.1**	**$ 491.0**	**$ (24.5)**	**—**	**$ (24.5)**	**$ 466.5**
Europe	**242.9**	**—**	**(3.5)**	**239.4**	**(129.7)**	**—**	**(129.7)**	**109.7**
APMEA	**34.0**	**—**	**0.4**	**34.4**	**(12.9)**	**—**	**(12.9)**	**21.5**
Total	**$ 767.8**	**—**	**$ (3.0)**	**$ 764.8**	**$ (167.1)**	**—**	**$(167.1)**	**$ 597.7**

	December 31, 2021							
	Gross Balance				Accumulated Impairment Losses			Net Goodwill
	Balance January 1, 2021	Acquired During the Period	Foreign Currency Translation and Other	Balance December 31, 2021	Balance January 1, 2021	Impairment Loss During the Period	Balance December 31, 2021	December 31, 2021
	(in millions)							
Americas	$ 482.5	$ 8.4	$ —	$ 490.9	$ (24.5)	$ —	$ (24.5)	$ 466.4
Europe	252.1	—	(9.2)	242.9	(129.7)	—	(129.7)	113.2
APMEA	34.9	—	(0.9)	34.0	(12.9)	—	(12.9)	21.1
Total	$ 769.5	$ 8.4	$ (10.1)	$ 767.8	$ (167.1)	$ —	$ (167.1)	$ 600.7

Schedule of Intangible assets

	March 27, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in millions)					
Patents	**$ 16.1**	**$ (16.1)**	**$ —**	$ 16.1	$ (16.1)	$ —
Customer relationships	**237.7**	**(175.0)**	**62.7**	237.5	(173.1)	64.4
Technology	**57.4**	**(41.8)**	**15.6**	58.6	(40.7)	17.9
Trade names	**26.8**	**(17.2)**	**9.6**	26.8	(16.9)	9.9
Other	**4.3**	**(3.8)**	**0.5**	4.3	(3.8)	0.5
Total amortizable intangibles	**342.3**	**(253.9)**	**88.4**	343.3	(250.6)	92.7
Indefinite-lived intangible assets	**35.4**	**—**	**35.4**	35.9	—	35.9
	$377.7	**$ (253.9)**	**$123.8**	$379.2	$ (250.6)	$128.6

Financial Instruments and Derivative Instruments (Tables)	3 Months Ended Mar. 27, 2022

Financial Instruments and Derivative Instruments

Schedule of fair value of financial assets and liabilities

	Fair Value Measurement at March 27, 2022 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets				
Plan asset for deferred compensation(1)	$ 2.4	$ 2.4	$ —	$ —
Interest rate swap(2)	$ 5.7	$ —	$ 5.7	$ —
Total assets	**$ 8.1**	**$ 2.4**	**$ 5.7**	**$ —**
Liabilities				
Plan liability for deferred compensation(3)	$ 2.4	$ 2.4	$ —	$ —
Designated foreign currency hedges(4)	$ 0.2	$ —	$ 0.2	$ —
Contingent consideration(5)	$ 6.3	$ —	$ —	$ 6.3
Total liabilities	**$ 8.9**	**$ 2.4**	**$ 0.2**	**$ 6.3**

	Fair Value Measurements at December 31, 2021 Using:			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(in millions)			
Assets				
Plan asset for deferred compensation(1)	$ 2.6	$ 2.6	$ —	$ —
Interest rate swap(1)	$ 1.4	$ —	$ 1.4	$ —
Total assets	$ 4.0	$ 2.6	$ 1.4	$ —
Liabilities				
Interest rate swap(4)	$ 0.6	$ —	$ 0.6	$ —
Plan liability for deferred compensation(3)	$ 2.6	$ 2.6	$ —	$ —
Contingent consideration(5)	$ 6.3	$ —	$ —	$ 6.3
Total liabilities	$ 9.5	$ 2.6	$ 0.6	$ 6.3

(1) Included on the Company's consolidated balance sheet in other assets (other, net).

(2) As of March 27, 2022, $0.7 million classified in prepaid expenses and other current assets on the Company's consolidated balance sheet and $5.0 million classified in other assets (other, net).

(3) Included on the Company's consolidated balance sheet in accrued compensation and benefits.

(4) Included on the Company’s consolidated balance sheet in accrued expenses and other liabilities.

(5) Contingent consideration of $6.3 million includes $3.8 million classified in accrued expenses and other liabilities on the Company’s consolidated balance sheet related to contingent consideration as part of the acquisition of Australian Valve Group Pty Ltd (“AVG”) and $2.5 million classified in other noncurrent liabilities on the Company’s consolidated balance sheet related to contingent consideration as part of the acquisition of Sentinel Hydrosolutions, LLC (“Sentinel”).

Restructuring and Other Charges, Net (Tables)	3 Months Ended Mar. 27, 2022
Restructuring and Other Charges, Net	
Summary of the pre-tax cost by restructuring programs	

	First Quarter Ended March 27, 2022	First Quarter Ended March 28, 2021
	(in millions)	
Restructuring costs:		
2021 France Actions	**$ 1.0**	$ —
Other Actions	**—**	0.3
Total restructuring charges	**$ 1.0**	$ 0.3

Summary of recorded pre-tax restructuring costs by business segment

	First Quarter Ended March 27, 2022	First Quarter Ended March 28, 2021
	(in millions)	
Americas	**$ 0.1**	$ —
Europe	**1.0**	—
APMEA	**(0.1)**	0.3
Total	**$ 1.0**	$ 0.3

Summary of total expected, incurred and remaining pre-tax restructuring costs

	Severance	Legal and consultancy	Asset write-downs	Facility exit and other	Total
			(in millions)		
Costs incurred — 2021	$ 16.9	$ 0.9	$ 0.9	$ 1.0	$19.7
Costs incurred—first quarter 2022	0.2	0.1	0.4	0.3	1.0
Remaining costs to be incurred	2.2	—	0.3	0.5	3.0
Total expected restructuring costs	**$ 19.3**	**$ 1.0**	**$ 1.6**	**$ 1.8**	**$23.7**

Summary of restructuring reserve activity

	Severance	Legal and consultancy	Asset write-downs	Facility exit and other	Total
			(in millions)		
Balance at December 31, 2021	$ 9.9	$ 0.2	$ —	$ 0.5	$10.6
Net pre-tax restructuring charges	0.2	0.1	0.4	0.3	1.0
Utilization and foreign currency impact	(4.7)	(0.1)	(0.4)	(0.3)	(5.5)

Balance at March 27, 2022	**$ 5.4**	**$ 0.2**	**$ —**	**$ 0.5**	**$ 6.1**

Earnings per Share and Stock Repurchase Program (Tables)

3 Months Ended

Mar. 27, 2022

Earnings per Share and Stock Repurchase Program

Summary of reconciliation of the calculation of earnings per share

	For the First Quarter Ended March 27, 2022			For the First Quarter Ended March 28, 2021		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(Amounts in millions, except per share information)					
Basic EPS:						
Net income	**$ 54.5**	**33.7**	**$ 1.62**	$ 41.7	33.8	$ 1.23
Effect of dilutive securities:						
Common stock equivalents		**0.1**	**(0.01)**		0.1	—
Diluted EPS:						
Net income	**$ 54.5**	**33.8**	**$ 1.61**	$ 41.7	33.9	$ 1.23

Stock-Based Compensation (Tables)	3 Months Ended Mar. 27, 2022

Stock-Based Compensation

Schedule of stock-based compensation fair value assumptions

	2022	2021
Expected life (years)	**3.0**	3.0
Expected stock price volatility	**33.7 %**	32.7 %
Expected dividend yield	**0.80 %**	0.75 %
Risk-free interest rate	**2.0 %**	0.3 %

Segment Information (Tables)	3 Months Ended Mar. 27, 2022

Segment Information

Summary of the Company's significant accounts and balances by segment, reconciled to the consolidated totals

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Net sales		
Americas	**$ 313.9**	$ 272.8
Europe	**129.9**	122.9
APMEA	**19.4**	17.6
Consolidated net sales	**$ 463.2**	$ 413.3
Operating income (loss)		
Americas	**$ 57.9**	$ 48.5
Europe	**21.1**	19.5
APMEA	**3.0**	2.3
Subtotal reportable segments	**82.0**	70.3
Corporate(*)	**(10.5)**	(10.7)
Consolidated operating income	**71.5**	59.6
Interest income	**(0.1)**	—
Interest expense	**1.4**	2.0
Other expense (income), net	**0.3**	(0.3)
Income before income taxes	**$ 69.9**	$ 57.9
Capital expenditures		
Americas	**$ 3.5**	$ 2.5
Europe	**2.1**	2.4
APMEA	**—**	—
Consolidated capital expenditures	**$ 5.6**	$ 4.9
Depreciation and amortization		
Americas	**$ 7.0**	$ 7.7
Europe	**2.7**	3.3
APMEA	**0.6**	0.8
Consolidated depreciation and amortization	**$ 10.3**	$ 11.8
Identifiable assets (at end of period)		
Americas	**$1,174.5**	$1,105.0
Europe	**581.8**	549.4
APMEA	**147.0**	130.0
Consolidated identifiable assets	**$1,903.3**	$1,784.4
Property, plant and equipment, net (at end of period)		
Americas	**$ 120.5**	$ 120.3
Europe	**71.4**	80.4
APMEA	**4.7**	5.1
Consolidated property, plant and equipment, net	**$ 196.6**	$ 205.8

* Corporate expenses are primarily for administrative compensation expense, compliance costs, professional fees, including corporate-related legal and audit expenses, shareholder services and benefit administration costs.

Schedule of U.S. net sales of the Company's Americas segment

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
U.S. net sales	**$ 294.2**	$ 254.4

Schedule of intersegment sales for Americas, EMEA and Asia-Pacific

	First Quarter Ended	
	March 27, 2022	March 28, 2021
	(in millions)	
Intersegment Sales		
Americas	**$ 3.0**	$ 2.5
Europe	**7.1**	7.6
APMEA	**23.5**	26.3
Intersegment sales	**$ 33.6**	$ 36.4

Accumulated Other Comprehensive Loss (Tables)	3 Months Ended
	Mar. 27, 2022
Accumulated Other Comprehensive Loss	
Schedule of amounts recognized in accumulated other comprehensive income (loss)	

	Foreign Currency Translation	Cash F Hedges
		(in mill
Balance December 31, 2021	**$ (127.9)**	**$**
Change in period	**(9.4)**	
Balance March 27, 2022	**$ (137.3)**	**$**
Balance December 31, 2020	$ (99.9)	$
Change in period	(14.1)	
Balance March 28, 2021	$ (114.0)	$

(1) Cash flow hedges include interest rate swaps and designated foreign currency hedges. See Note 5 for further details.

Basis of Presentation (Details)	3 Months Ended Mar. 27, 2022
Basis of Presentation	
Length of fiscal year	365 days
Length of fiscal quarter	91 days

Accounting Policies - Shipping and Handling, and Research and Development (Details) - USD ($)	3 Months Ended	
	Mar. 27, 2022	Mar. 28, 2021
Shipping and Handling		
Shipping and handling	$ 17,700,000	$ 15,400,000
Research and Development		
Research and development costs included in selling, general, and administrative expense	$ 11,900,000	$ 10,900,000

Revenue Recognition (Details) $ in Millions	Mar. 27, 2022	3 Months Ended Mar. 27, 2022 USD ($)	Mar. 27, 2022 item	Mar. 27, 2022 segment	Mar. 28, 2021 USD ($)
Disaggregation of Revenue					
Number of distribution channels | item			4		
Number of geographic segments			3	3	
Revenue		$ 463.2			$ 413.3
Minimum					
Disaggregation of Revenue					
Period of Business Operations	140 years				
Wholesale					
Disaggregation of Revenue					
Revenue		276.8			254.9
OEM					
Disaggregation of Revenue					
Revenue		72.4			62.5
Specialty					
Disaggregation of Revenue					
Revenue		93.8			74.2
DIY					
Disaggregation of Revenue					
Revenue		20.2			21.7
Residential & commercial flow control					
Disaggregation of Revenue					
Revenue		240.0			224.2
HVAC & gas					
Disaggregation of Revenue					
Revenue		146.8			122.4
Drains & water re-use					
Disaggregation of Revenue					
Revenue		46.4			39.3
Water quality					
Disaggregation of Revenue					
Revenue		30.0			27.4
Americas					
Disaggregation of Revenue					
Revenue		313.9			272.8
Americas | Wholesale					
Disaggregation of Revenue					
Revenue		174.8			157.4
Americas | OEM					
Disaggregation of Revenue					

Revenue	25.6	20.4
Americas | Specialty		
Disaggregation of Revenue		
Revenue	93.8	74.2
Americas | DIY		
Disaggregation of Revenue		
Revenue	19.7	20.8
Americas | Residential & commercial flow control		
Disaggregation of Revenue		
Revenue	178.1	162.3
Americas | HVAC & gas		
Disaggregation of Revenue		
Revenue	84.3	65.9
Americas | Drains & water re-use		
Disaggregation of Revenue		
Revenue	22.8	18.6
Americas | Water quality		
Disaggregation of Revenue		
Revenue	28.7	26.0
Europe		
Disaggregation of Revenue		
Revenue	129.9	122.9
Europe | Wholesale		
Disaggregation of Revenue		
Revenue	84.0	80.9
Europe | OEM		
Disaggregation of Revenue		
Revenue	45.4	41.1
Europe | DIY		
Disaggregation of Revenue		
Revenue	0.5	0.9
Europe | Residential & commercial flow control		
Disaggregation of Revenue		
Revenue	46.1	47.2
Europe | HVAC & gas		
Disaggregation of Revenue		
Revenue	60.0	54.2
Europe | Drains & water re-use		
Disaggregation of Revenue		
Revenue	22.8	20.3
Europe | Water quality		
Disaggregation of Revenue		

Revenue	1.0	1.2
APMEA		
Disaggregation of Revenue		
Revenue	19.4	17.6
APMEA | Wholesale		
Disaggregation of Revenue		
Revenue	18.0	16.6
APMEA | OEM		
Disaggregation of Revenue		
Revenue	1.4	1.0
APMEA | Residential & commercial flow control		
Disaggregation of Revenue		
Revenue	15.8	14.7
APMEA | HVAC & gas		
Disaggregation of Revenue		
Revenue	2.5	2.3
APMEA | Drains & water re-use		
Disaggregation of Revenue		
Revenue	0.8	0.4
APMEA | Water quality		
Disaggregation of Revenue		
Revenue	$ 0.3	$ 0.2

Revenue Recognition - Performance obligation (Details) - Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction, Start Date [Axis]: 2021-01-01	Mar. 27, 2022
Minimum	
Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction [Line Items]	
Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction, Period	1 year
Maximum	
Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction [Line Items]	
Revenue, Remaining Performance Obligation, Expected Timing of Satisfaction, Period	3 years

Goodwill and Intangibles - Goodwill (Details) $ in Millions	3 Months Ended Mar. 27, 2022 USD ($) item	12 Months Ended Dec. 31, 2021 USD ($)	15 Months Ended Mar. 27, 2022 USD ($) item
Gross Balance			
Balance at the beginning of the period	$ 767.8	$ 769.5	$ 769.5
Acquired During the Period		8.4	
Foreign Currency Translation and Other	(3.0)	(10.1)	
Balance at the end of the period	764.8	767.8	764.8
Accumulated Impairment Losses			
Balance at the beginning of the period	(167.1)	(167.1)	(167.1)
Balance at the end of the period	(167.1)	(167.1)	(167.1)
Net Goodwill	$ 597.7	600.7	$ 597.7
Number of reporting units | item	7		7
Americas			
Gross Balance			
Balance at the beginning of the period	$ 490.9	482.5	$ 482.5
Acquired During the Period		8.4	
Foreign Currency Translation and Other	0.1		
Balance at the end of the period	491.0	490.9	491.0
Accumulated Impairment Losses			
Balance at the beginning of the period	(24.5)	(24.5)	(24.5)
Balance at the end of the period	(24.5)	(24.5)	(24.5)
Net Goodwill	466.5	466.4	466.5
Europe			
Gross Balance			
Balance at the beginning of the period	242.9	252.1	252.1
Foreign Currency Translation and Other	(3.5)	(9.2)	
Balance at the end of the period	239.4	242.9	239.4
Accumulated Impairment Losses			
Balance at the beginning of the period	(129.7)	(129.7)	(129.7)
Balance at the end of the period	(129.7)	(129.7)	(129.7)
Net Goodwill	109.7	113.2	109.7
APMEA			
Gross Balance			
Balance at the beginning of the period	34.0	34.9	34.9
Foreign Currency Translation and Other	0.4	(0.9)	
Balance at the end of the period	34.4	34.0	34.4
Accumulated Impairment Losses			
Balance at the beginning of the period	(12.9)	(12.9)	(12.9)
Balance at the end of the period	(12.9)	(12.9)	(12.9)
Net Goodwill	$ 21.5	$ 21.1	$ 21.5

Goodwill and Intangibles - Intangibles (Details) - USD ($) $ in Millions	3 Months Ended		
	Mar. 27, 2022	Mar. 28, 2021	Dec. 31, 2021
Intangible assets subject to amortization			
Gross Carrying Amount	$ 342.3		$ 343.3
Accumulated Amortization	(253.9)		(250.6)
Net Carrying Amount	88.4		92.7
Indefinite-lived intangible assets			
Indefinite-lived intangible assets	35.4		35.9
Intangible assets			
Gross Carrying Amount	377.7		379.2
Net Carrying Amount	123.8		128.6
Aggregate amortization expense for amortized intangible assets	3.1	$ 3.8	
Patents			
Intangible assets subject to amortization			
Gross Carrying Amount	16.1		16.1
Accumulated Amortization	(16.1)		(16.1)
Customer relationships			
Intangible assets subject to amortization			
Gross Carrying Amount	237.7		237.5
Accumulated Amortization	(175.0)		(173.1)
Net Carrying Amount	62.7		64.4
Technology			
Intangible assets subject to amortization			
Gross Carrying Amount	57.4		58.6
Accumulated Amortization	(41.8)		(40.7)
Net Carrying Amount	15.6		17.9
Trade name			
Intangible assets subject to amortization			
Gross Carrying Amount	26.8		26.8
Accumulated Amortization	(17.2)		(16.9)
Net Carrying Amount	9.6		9.9
Other			
Intangible assets subject to amortization			
Gross Carrying Amount	4.3		4.3
Accumulated Amortization	(3.8)		(3.8)
Net Carrying Amount	$ 0.5		$ 0.5

Financial Instruments and Derivative Instruments - Fair Value on a Recurring Basis (Details) - USD ($) $ in Millions	Mar. 27, 2022	Dec. 31, 2021	Sep. 27, 2020
Liabilities			
Contingent Consideration	$ 6.3		
AVG | Current Liabilities			
Liabilities			
Contingent consideration	3.8		
Individually Immaterial Business Acquisition | Noncurrent Liabilities			
Liabilities			
Contingent consideration		$ 2.5	
Interest Rate Swap | Prepaid Expenses and Other Current Assets			
Assets			
Derivative assets	0.7		
Interest Rate Swap | Other Noncurrent Assets			
Assets			
Derivative assets	5.0		
Significant Unobservable Inputs (Level 3) | AVG			
Liabilities			
Contingent Consideration			$ 2.8
Fair Value, Measurement with Unobservable Inputs Reconciliations, Recurring Basis, Liability Value		3.8	
Minimum | Significant Unobservable Inputs (Level 3) | AVG			
Liabilities			
Contingent Consideration	0.0		
Maximum | Significant Unobservable Inputs (Level 3) | AVG			
Liabilities			
Contingent Consideration	4.5		
Fair value measured on a recurring basis			
Assets			
Plan assets for deferred compensation	2.4	2.6	
Total assets	8.1	4.0	
Liabilities			
Plan liabilities for deferred compensation	2.4	2.6	
Contingent Consideration	6.3	6.3	
Total liabilities	8.9	9.5	
Fair value measured on a recurring basis | Interest Rate Swap			
Assets			
Derivative assets	5.7	1.4	
Liabilities			
Derivative liabilities		0.6	
Fair value measured on a recurring basis | Forward exchange contracts			

Assets		
Derivative assets	0.2	
Fair value measured on a recurring basis | Quoted Prices in Active Markets for Identical Assets (Level 1)		
Assets		
Plan assets for deferred compensation	2.4	2.6
Total assets	2.4	2.6
Liabilities		
Plan liabilities for deferred compensation	2.4	2.6
Total liabilities	2.4	2.6
Fair value measured on a recurring basis | Significant Other Observable Inputs (Level 2)		
Assets		
Total assets	5.7	1.4
Liabilities		
Total liabilities	0.2	0.6
Fair value measured on a recurring basis | Significant Other Observable Inputs (Level 2) | Interest Rate Swap		
Assets		
Derivative assets	5.7	1.4
Liabilities		
Derivative liabilities		0.6
Fair value measured on a recurring basis | Significant Other Observable Inputs (Level 2) | Forward exchange contracts		
Assets		
Derivative assets	0.2	
Fair value measured on a recurring basis | Significant Unobservable Inputs (Level 3)		
Liabilities		
Contingent Consideration	6.3	6.3
Total liabilities	$ 6.3	$ 6.3

Financial Instruments and Derivative Instruments - Fair Value Measured on Recurring Basis Using Significant Unobservable Inputs (Level 3) (Details) - USD ($)	3 Months Ended			
	Jun. 27, 2021	Mar. 27, 2022	Dec. 31, 2021	Sep. 27, 2020
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Liability recorded at acquisition date fair value		$ 6,300,000		
Fair value measured on a recurring basis				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Liability recorded at acquisition date fair value		6,300,000	$ 6,300,000	
Fair value measured on a recurring basis | Significant Unobservable Inputs (Level 3)				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Liability recorded at acquisition date fair value		6,300,000	6,300,000	
AVG | Significant Unobservable Inputs (Level 3)				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Liability recorded at acquisition date fair value				$ 2,800,000
Increase (decrease) contingent consideration liability	$ 800,000			
AVG | Significant Unobservable Inputs (Level 3) | Minimum				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Liability recorded at acquisition date fair value		0		
AVG | Significant Unobservable Inputs (Level 3) | Maximum				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Liability recorded at acquisition date fair value		4,500,000		
Sentinel Hydrosolutions [Member] | Significant Unobservable Inputs (Level 3)				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				
Liability recorded at acquisition date fair value			$ 2,500,000	
Sentinel Hydrosolutions [Member] | Significant Unobservable Inputs (Level 3) | Maximum				
Fair Value, Liabilities Measured on Recurring Basis, Unobservable Input Reconciliation, Calculation [Roll Forward]				

Liability recorded at acquisition date fair value	$ 4,500,000

Financial Instruments and Derivative Instruments - Interest Rate Swaps and Non-Designated Cash Flow Hedge (Details) - USD ($)	3 Months Ended Mar. 27, 2022	12 Months Ended Dec. 31, 2021	Mar. 30, 2021	Mar. 29, 2021	Apr. 24, 2020
Derivative instruments					
Percentage of projected intercompany purchases hedged by forward exchange contracts	60.00%				
Period of projected intercompany purchase transactions	12 months	12 months			
Maximum					
Derivative instruments					
Percentage of projected intercompany purchases hedged by forward exchange contracts		85.00%			
LIBOR					
Interest Rate Swaps					
Derivative, floor interest rate			0.00%	1.00%	
Revolving credit facility					
Interest Rate Swaps					
Borrowing capacity					$ 800,000,000
Swing Line Loans					
Interest Rate Swaps					
Borrowing capacity			$ 15,000,000		
Forward exchange contracts | Cash Flow Hedging					
Derivative instruments					
Designated foreign currency hedges	$ (200,000)				
Forward exchange contracts | Designated					
Amount of Gain or (Loss) Recognized in Income on Derivatives					
Period of time for expected reclassification	12 months				
Canadian Dollar to US Dollar Contracts					
Interest Rate Swaps					
Derivative notional amount	$ 15,500,000				
US Dollar to Chinese Yuan Contracts					
Interest Rate Swaps					
Derivative notional amount	0				
Interest Rate Swap | Designated | Cash Flow Hedging					
Interest Rate Swaps					
Derivative fixed interest rate			1.02975%		
Derivative notional amount			$ 100,000,000.0		

Gain (loss) recognized in Accumulated Other Comprehensive Loss, effective portion	$ 3,600,000	
Interest Rate Swap | Designated | Cash Flow Hedging | LIBOR		
Interest Rate Swaps		
Derivative, floor interest rate		0.00%

Restructuring and Other Charges, Net (Details) $ in Millions	3 Months Ended		12 Months Ended
	Mar. 27, 2022 USD ($) item	Mar. 28, 2021 USD ($)	Dec. 31, 2021 USD ($)
Restructuring			
Total restructuring charges	$ 1.0	$ 0.3	
Facility exit and other			
Restructuring			
Facility decommissioning, clean-up and other related exit costs	1.5		
Americas			
Restructuring			
Pre-tax restructuring charges, net	0.1		
Europe			
Restructuring			
Pre-tax restructuring charges, net	1.0		
APMEA			
Restructuring			
Pre-tax restructuring charges, net	(0.1)	0.3	
2021 France Actions			
Restructuring			
Restructuring cost, pre-tax	$ 1.0		$ 19.7
Number of positions eliminated | item	40		
Remaining costs to be incurred	$ 3.0		
Total expected restructuring costs	23.7		
Total expected restructuring and related costs, after tax	17.5		
Non-cash charges	2.0		
Expected annual cash savings	3.0		
Restructuring reserve	6.1		10.6
Net pre-tax restructuring adjustments	23.7		
Expected pre-tax restructuring charges, net	26.3		
2021 France Actions | Severance			
Restructuring			
Restructuring cost, pre-tax	0.2		16.9
Remaining costs to be incurred	2.2		
Total expected restructuring costs	19.3		
Restructuring reserve	5.4		9.9
2021 France Actions | Legal and consultancy			
Restructuring			
Restructuring cost, pre-tax	0.1		0.9
Total expected restructuring costs	1.0		
Restructuring reserve	0.2		0.2
2021 France Actions | Asset write-downs			
Restructuring			

Restructuring cost, pre-tax	0.4		0.9
Remaining costs to be incurred	0.3		
Total expected restructuring costs	1.6		
2021 France Actions | Facility exit and other			
Restructuring			
Restructuring cost, pre-tax	$ 0.3		1.0
Number of positions eliminated | item	80		
Remaining costs to be incurred	$ 0.5		
Total expected restructuring costs	1.8		
Restructuring reserve	0.5		$ 0.5
2021 France Actions | Facilities consolidation			
Restructuring			
Total expected restructuring costs	0.7		
Payments for restructuring	$ 0.6		
Other Actions			
Restructuring			
Pre-tax restructuring charges, net		$ 0.3	

Restructuring and Other Charges, Net - Pre-tax Restructuring (Details) - USD ($) $ in Millions	3 Months Ended		12 Months Ended
	Mar. 27, 2022	Mar. 28, 2021	Dec. 31, 2021
Restructuring			
Total restructuring charges	$ 1.0	$ 0.3	
Net sales	463.2	413.3	
Europe			
Restructuring			
Pre-tax restructuring charges, net	1.0		
Net sales	129.9	122.9	
Americas			
Restructuring			
Pre-tax restructuring charges, net	0.1		
Net sales	313.9	272.8	
2021 France Actions			
Restructuring			
Net pre-tax restructuring adjustments	23.7		
Total expected restructuring costs	23.7		
Expected pre-tax restructuring charges, net	26.3		
Non-cash charges	2.0		
Total expected restructuring and related costs, after tax	17.5		
Restructuring cost, pre-tax	$ 1.0		$ 19.7
Other Actions			
Restructuring			
Pre-tax restructuring charges, net		$ 0.3	

Restructuring and Other Charges, Net (Details) - USD ($) $ in Millions	3 Months Ended		12 Months Ended
	Mar. 27, 2022	Mar. 28, 2021	Dec. 31, 2021
Summary of total expected, incurred and remaining pre-tax costs			
Total restructuring charges	$ 1.0	$ 0.3	
Facility exit and other			
Restructuring reserve			
Restructuring charges	1.5		
2021 France Actions			
Summary of total expected, incurred and remaining pre-tax costs			
Remaining costs to be incurred	3.0		
Total expected restructuring costs	23.7		
Total expected restructuring costs	26.3		
Restructuring reserve			
Balance at the beginning of the period	10.6		
Restructuring cost, pre-tax	1.0		$ 19.7
Net pre-tax restructuring adjustments	23.7		
Utilization and foreign currency impact	(5.5)		
Balance at the end of the period	6.1		10.6
2021 France Actions | Severance			
Summary of total expected, incurred and remaining pre-tax costs			
Remaining costs to be incurred	2.2		
Total expected restructuring costs	19.3		
Restructuring reserve			
Balance at the beginning of the period	9.9		
Restructuring cost, pre-tax	0.2		16.9
Utilization and foreign currency impact	(4.7)		
Balance at the end of the period	5.4		9.9
2021 France Actions | Legal and consultancy			
Summary of total expected, incurred and remaining pre-tax costs			
Total expected restructuring costs	1.0		
Restructuring reserve			
Balance at the beginning of the period	0.2		
Restructuring cost, pre-tax	0.1		0.9
Utilization and foreign currency impact	(0.1)		
Balance at the end of the period	0.2		0.2
2021 France Actions | Asset write-downs			
Summary of total expected, incurred and remaining pre-tax costs			

Remaining costs to be incurred	0.3	
Total expected restructuring costs	1.6	
Restructuring reserve		
Restructuring cost, pre-tax	0.4	0.9
Utilization and foreign currency impact	(0.4)	
2021 France Actions | Facility exit and other		
Summary of total expected, incurred and remaining pre-tax costs		
Remaining costs to be incurred	0.5	
Total expected restructuring costs	1.8	
Restructuring reserve		
Balance at the beginning of the period	0.5	
Restructuring cost, pre-tax	0.3	1.0
Utilization and foreign currency impact	(0.3)	
Balance at the end of the period	0.5	$ 0.5
2021 France Actions | Facilities consolidation		
Summary of total expected, incurred and remaining pre-tax costs		
Total expected restructuring costs	0.7	
Restructuring reserve		
Payments for restructuring	$ 0.6	

Earnings per Share and Stock Repurchase Program (Details) $ / shares in Units, $ in Millions	3 Months Ended			
	Mar. 27, 2022 USD ($) $ / shares shares	Mar. 28, 2021 USD ($) $ / shares shares	Dec. 31, 2021	Feb. 06, 2019 USD ($)
Net (loss) income				
Net income | $	$ 54.5	$ 41.7		
Shares				
Shares (in shares) | shares	33,700,000	33,800,000		
Per Share Amount				
Net income (in dollars per share) | $ / shares	$ 1.62	$ 1.23		
Dilutive securities, principally common stock options				
Common stock equivalents (in shares) | shares	100,000	100,000		
Common stock equivalents (in dollars per share) | $ / shares	$ (0.01)			
Net (loss) income				
Net income | $	$ 54.5	$ 41.7		
Weighted average number of shares:				
Shares (in shares) | shares	33,800,000	33,900,000		
Securities not included in the computation of diluted EPS				
Net income (in dollars per share) | $ / shares	$ 1.61	$ 1.23		
Dilutive securities, principally common stock options				
Options to purchase shares of Class A common stock, anti-dilutive | shares	0	0		
Shares repurchased				
Number of shares repurchased | shares	293,390	31,153		
Stock Repurchased During Period, Value | $	$ 42.9	$ 3.8		
Class A				
Common Stock				
Common Stock, votes per share (Number of votes)	1		1	
Class B				
Common Stock				
Common Stock, votes per share (Number of votes)	10		10	
February 6, 2019 | Class A				
Shares repurchased				
Value of shares of the entity's Class A common stock authorized to be repurchased | $				$ 150.0
Remaining authorized repurchase amount | $	$ 54.5			

Stock-Based Compensation (Details)	3 Months Ended		12 Months Ended
	Mar. 27, 2022 $ / shares shares	Mar. 28, 2021 $ / shares shares	Dec. 31, 2021
Second Amended and Restated 2004 Stock Incentive Plan			
Stock-based compensation			
Vesting period	3 years		
Second Amended and Restated 2004 Stock Incentive Plan | Deferred shares			
Stock-based compensation			
Granted (in shares)	45,121	51,819	
Second Amended and Restated 2004 Stock Incentive Plan | Performance stock units			
Stock-based compensation			
Vesting period	3 years		
Period of time used to calculate the compound annual growth rate	3 years		
Granted (in shares)	40,014	46,774	
Second Amended and Restated 2004 Stock Incentive Plan | Performance stock units | Minimum			
Stock-based compensation			
Percent of target shares a recipient may earn	0		
Second Amended and Restated 2004 Stock Incentive Plan | Performance stock units | Maximum			
Stock-based compensation			
Percent of target shares a recipient may earn	2		
Management Stock Purchase Plan | Maximum			
Stock-based compensation			
Percentage of annual incentive bonus that may be used to purchase RSU's	50.00%		
Management Stock Purchase Plan | Class A			
Stock-based compensation			
Purchase price as percentage of fair market value of common stock on grant date	80.00%		
Management Stock Purchase Plan | Restricted stock units (RSUs)			
Stock-based compensation			
Minimum deferral period	3 years		
Granted (in shares)	28,711	24,690	
Fair value assumptions			
Expected life (years)	3 years		3 years
Expected stock price volatility (as a percent)	33.70%		32.70%
Expected dividend yield (as a percent)	0.80%		0.75%
Risk-free interest rate (as a percent)	2.00%		0.30%
Weighted average grant-date fair value (in dollars per share) | $ / shares	$ 47.26	$ 37.12	

Management Stock Purchase Plan | Restricted stock units (RSUs) | Minimum	
Stock-based compensation	
Vesting period	3 years

Segment Information (Details) $ in Millions	3 Months Ended Mar. 27, 2022 USD ($)	Mar. 27, 2022 USD ($) segment	Mar. 27, 2022 USD ($) item	Mar. 28, 2021 USD ($)	Dec. 31, 2021 USD ($)
Segment information					
Number of geographic segments		3	3		
Net sales	$ 463.2			$ 413.3	
Operating income	71.5			59.6	
Interest income	(0.1)				
Interest expense	1.4			2.0	
Other expense (income), net	0.3			(0.3)	
INCOME BEFORE INCOME TAXES	69.9			57.9	
Capital expenditures	5.6			4.9	
Depreciation and amortization	10.3			11.8	
Identifiable assets (at end of period)	1,903.3	$ 1,903.3	$ 1,903.3	1,784.4	$ 1,855.6
Property, plant and equipment, net (at end of period)	196.6	196.6	196.6	205.8	$ 200.7
Residential & commercial flow control					
Segment information					
Net sales	240.0			224.2	
HVAC & gas					
Segment information					
Net sales	146.8			122.4	
Drains & water re-use					
Segment information					
Net sales	46.4			39.3	
Water quality					
Segment information					
Net sales	30.0			27.4	
U.S.					
Segment information					
Net sales	294.2			254.4	
Reportable segments					
Segment information					
Operating income	82.0			70.3	
Corporate					
Segment information					
Operating income	(10.5)			(10.7)	
Intersegment sales					
Segment information					
Net sales	33.6			36.4	
Americas					
Segment information					

Net sales	313.9			272.8
Capital expenditures	3.5			2.5
Depreciation and amortization	7.0			7.7
Identifiable assets (at end of period)	1,174.5	1,174.5	1,174.5	1,105.0
Property, plant and equipment, net (at end of period)	120.5	120.5	120.5	120.3
Americas | Residential & commercial flow control				
Segment information				
Net sales	178.1			162.3
Americas | HVAC & gas				
Segment information				
Net sales	84.3			65.9
Americas | Drains & water re-use				
Segment information				
Net sales	22.8			18.6
Americas | Water quality				
Segment information				
Net sales	28.7			26.0
Americas | U.S.				
Segment information				
Property, plant and equipment, net (at end of period)	115.5	115.5	115.5	116.2
Americas | Reportable segments				
Segment information				
Operating income	57.9			48.5
Americas | Intersegment sales				
Segment information				
Net sales	3.0			2.5
Europe				
Segment information				
Net sales	129.9			122.9
Capital expenditures	2.1			2.4
Depreciation and amortization	2.7			3.3
Identifiable assets (at end of period)	581.8	581.8	581.8	549.4
Property, plant and equipment, net (at end of period)	71.4	71.4	71.4	80.4
Europe | Residential & commercial flow control				
Segment information				
Net sales	46.1			47.2
Europe | HVAC & gas				
Segment information				
Net sales	60.0			54.2
Europe | Drains & water re-use				

Segment information				
Net sales	22.8			20.3
Europe | Water quality				
Segment information				
Net sales	1.0			1.2
Europe | Reportable segments				
Segment information				
Operating income	21.1			19.5
Europe | Intersegment sales				
Segment information				
Net sales	7.1			7.6
APMEA				
Segment information				
Net sales	19.4			17.6
Depreciation and amortization	0.6			0.8
Identifiable assets (at end of period)	147.0	147.0	147.0	130.0
Property, plant and equipment, net (at end of period)	4.7	$ 4.7	$ 4.7	5.1
APMEA | Residential & commercial flow control				
Segment information				
Net sales	15.8			14.7
APMEA | HVAC & gas				
Segment information				
Net sales	2.5			2.3
APMEA | Drains & water re-use				
Segment information				
Net sales	0.8			0.4
APMEA | Water quality				
Segment information				
Net sales	0.3			0.2
APMEA | Reportable segments				
Segment information				
Operating income	3.0			2.3
APMEA | Intersegment sales				
Segment information				
Net sales	$ 23.5			$ 26.3

Accumulated Other Comprehensive Loss (Details) - USD ($) $ in Millions	3 Months Ended	
	Mar. 27, 2022	Mar. 28, 2021
Changes in accumulated other comprehensive income (loss)		
Balance at the beginning of the period	$ (127.3)	
Balance at the end of the period	(133.2)	
Foreign Currency Translation		
Changes in accumulated other comprehensive income (loss)		
Balance at the beginning of the period	(127.9)	$ (99.9)
Change in period	(9.4)	(14.1)
Balance at the end of the period	(137.3)	(114.0)
Cash Flow Hedge		
Changes in accumulated other comprehensive income (loss)		
Balance at the beginning of the period	0.6	(0.1)
Change in period	3.5	(0.1)
Balance at the end of the period	4.1	(0.2)
Accumulated Other Comprehensive Income (Loss)		
Changes in accumulated other comprehensive income (loss)		
Balance at the beginning of the period	(127.3)	(100.0)
Change in period	(5.9)	(14.2)
Balance at the end of the period	$ (133.2)	$ (114.2)

Debt (Details) - USD ($)	Mar. 30, 2021	3 Months Ended Mar. 27, 2022	Mar. 29, 2021	Apr. 24, 2020
Letters of credit				
Credit Agreement				
Term of letters of credit from the date of issuance		1 year		
Letters of credit outstanding		$ 14,000,000.0		
LIBOR				
Credit Agreement				
Derivative, Floor Interest Rate	0.00%		1.00%	
Credit Agreement				
Credit Agreement				
Unused and available credit under the credit agreement		581,000,000.0		
Credit Agreement | Letters of credit				
Credit Agreement				
Multi-currency borrowing capacity	$ 100,000,000			
Letters of credit outstanding		$ 14,000,000.0		
Eurocurrency rate loans | LIBOR | Minimum				
Credit Agreement				
Interest rate added to base rate (as a percent)	1.075%			
Eurocurrency rate loans | LIBOR | Maximum				
Credit Agreement				
Interest rate added to base rate (as a percent)	1.325%			
Base rate loans and swing line loans				
Credit Agreement				
Minimum base rate (as a percent)	$ 1.00			
Base rate loans and swing line loans | LIBOR				
Credit Agreement				
Interest rate (as a percent)	1.00%			
Base rate loans and swing line loans | Prime Rate				
Credit Agreement				
Interest rate (as a percent)	0.50%			
Revolving credit facility				
Credit Agreement				
Multi-currency borrowing capacity				$ 800,000,000
Interest rate (as a percent)		1.71%		
Weighted average interest rate (as a percent)		1.32%		
Line of credit		$ 205,000,000.0		
Swing Line Loans				
Credit Agreement				

Multi-currency borrowing capacity	$ 15,000,000

Contingencies and Environmental Remediation (Details) $ in Millions	Mar. 27, 2022 USD ($)
Contingencies and Environmental Remediation	
Possible loss	$ 4.2

Subsequent Events (Details) - Subsequent event	May 02, 2022 $ / shares
Class A	
Subsequent events	
Quarterly dividend payable (in dollars per share)	$ 0.30
Class B	
Subsequent events	
Quarterly dividend payable (in dollars per share)	$ 0.30