



WATTS WATER TECHNOLOGIES, INC.
CORPORATE PRESENTATION
2008

Forward-looking statements

Certain statements in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements are related to forecasts of sales, earnings, earnings per share, water market growth, management goals and objectives.

Watts cautions investors that any such forward-looking statements made by Watts are not guarantees of future performance. All forward-looking statements are subject to known and unknown risks, uncertainties and contingencies, many that are beyond the control of Watts, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Factors that might affect forward-looking statements include overall economics and business conditions, competitive factors, changes in laws affecting Watts, future acquisitions of material assets or businesses by Watts, the demand for Watts' products and services and other factors identified in Watts' most recent Annual Report on Form 10-K and subsequent reports filed with the SEC.

Watts overview - who we are

■ Watts is a leader in water-related products

- \$1.5bn in sales for last twelve months
- \$72.4mm in income from operations for last twelve months
- Mix split between residential and commercial
- 45% of sales currently outside of U.S.
- Replacement business significant



1874

Founded

1985

Sales: \$124M

First
Acquisition

1986

\$137M

Initial Public
Offering

1996

\$730M including municipal
\$644M excluding municipal

Exited municipal
market

1999

\$800M pre-spin
\$475M post-spin

Focus on water



Today

- Sales in over 100 countries
- Manufacturing in 11 countries
- 7,300 employees



What we do - Water by Watts

(Residential Applications)

KITCHEN

- Reverse Osmosis Water Filtration Systems
- Thermostatic Mixing Valves
- Electric Tile Warming
- Flexible Connectors for Faucets, Dishwashers and Ice Makers
- Ice Maker Filtration Systems
- Quarter Turn Stop Valves
- Metal & Plastic Tubular Products

BATHROOM

- Thermostatic Tempering Valves for Tubs, Showers and Sinks
- Electric Tile Warming
- Quarter Turn Stop Valves
- Hot Water Demand Recirculation Systems
- Decorative Faucets
- Bath Waste Drains
- P-Traps
- Toilet Ball Cock Valves

LAUNDRY ROOM

- Washing Machine Shutoff Valves
- Water Hammer Arrestors
- Flexible Connectors for Faucets and Washing Machines
- Gas Ball Valves

RADIANT HEAT PRODUCTS

- Radiant Underfloor Heating Systems
- Snowmelting
- Electronic Temperature Controls
- Quick Connect Fittings
- Hydrocontrol Panels
- PEX Tubing
- Manifolds

WATER HEATER

- T&P Relief Valves
- Tempering Valves
- Pressure Reducing Valves
- Expansion Tanks
- Water Detector Shutoffs
- Backflow Preventers
- Ball Valves
- Drain Tubes
- Floor Drains
- Gas Connectors

BOILER

- Temperature and Pressure Gauges
- Tempering Valves
- Safety Relief Valves
- Fill Valves
- Backflow Preventers
- Boiler Drains
- Air Separators
- Flow Control Valves
- Purge Valves
- Float Vents



What we do - Water by Watts

(Commercial Applications)

HVAC SYSTEM

- Balancing Valves
- Feed Water Regulators
- Backflow Preventers
- Radiant Underfloor Heating Systems
- Radiant Snowmelting Systems
- Hydrocontrol Panels
- PEX Plumbing System
- Manifolds
- Electronic Temperature Controls
- Safety Relief Valves
- Automatic Air Vent Valves
- Expansion Tanks
- Tempering Valves
- Flow Switches
- Gauges & Thermometers
- Steam Traps
- Strainers
- Gas Connectors

WASTEWATER (DRAINAGE) SYSTEM

- Roof Drains
- Floor Drains
- Trench Drains
- Fixture Carriers
- Acid Waste Systems
- Cleanouts
- Interceptors
- Hydrants

IRRIGATION SYSTEM

- Backflow Preventers
- Backflow Enclosures
- Automatic Control Valves
- Through-the-Wall Shutoffs
- Ball Valves
- Butterfly Valves
- Relief Valves
- Water Pressure Reducing Valves

FOOD SERVICE APPLICATIONS

- Movable Gas Connectors
- Water Filtration Systems
- Internal Fluid Conveyance Assemblies
- Gas and Water Shutoff Valves
- Commercial Faucets
- Metal & Plastic Tubular Parts
- Gas Regulators
- Thermostatic Mixing Valves
- Grease Interceptors
- Float Valves
- Equipment Placement Systems

POTABLE WATER SYSTEM

- Gas Connectors
- PEX Plumbing Systems
- Reverse Osmosis Water Filtration System
- Water Softeners
- Backflow Preventers
- Pre-Engineered Valve Stations
- Water Pressure Reducing Valves
- Gate, Globe & Check Valves
- Ball Valves
- T&P Relief Valves
- Tempering Valves
- Water Connectors
- Shower Valves
- Monitoring and Turbidity Monitors
- Strainers
- Butterfly Valves
- Anti-Scale Systems

FIRE PROTECTION SYSTEM

- Backflow Preventers
- Transition Risers
- UL/FM Fire Service Strainers
- Automatic Control Valves
- Pre-Engineered Valve Stations
- Relief Valves
- Check Valves
- Gate Valves



Why invest in Watts?








- Pure play global leader in water
 - Highly attractive market fundamentals in water
 - Increasing energy costs are a revenue driver
- Attractive franchise
 - Leading brands in growing categories
 - Comprehensive product offering and distribution capability
 - Significant recurring revenue stream
 - Low cost/Lean manufacturing strategy
- Strong growth story
 - Proven industry consolidator
 - Increasing international and emerging market presence
 - Success in code development and enforcement
 - Capital structure provides stability
 - Cash flow supports growth
- Solid foundation

Diversified business model provides stable platform for growth



Large and attractive market

Current global market size \$365bn+

	Components/ Equipment	Purification/ Filtration	Systems	Services	Operations
Municipal					
Industrial					
Commercial					
Residential					

Watts addressable market > \$60 billion



Key market growth drivers

- Demand for water growing at 3x population growth and will grow by 40% by 2020
- Increasing requirements for energy and water conservation
- Alternative fuels to heat water require Watts' technology
- Increasingly stringent industry codes and potential for legislative action
- Asian infrastructure inadequate to support growing population and economic development
- Residential filtration market already estimated at ~\$1.25 billion and growing rapidly
- New drain platform in Europe

Brand Leverage

Brand

- Premium brands allow for premium pricing and input cost recapture
- Develop complementary products in existing markets
- Brand name expansion to new markets through acquisitions

Products

- Unparalleled product breadth
- Long-standing tradition of product quality
- Innovative product design

Codes

- Focus on meeting local code requirements
- Promote code adoption and enforcement to create entry barriers



Global distribution capability with limited customer concentration

North American
Wholesale
\$712mm/47%



North American Retail
\$162mm/11%



China
\$51mm/3%



European Wholesale
\$305mm/20%



European OEM
\$261mm/17%



European DIY
\$26mm/2%



Third quarter annualized

Global Manufacturing Footprint

Substantial presence in low cost regions

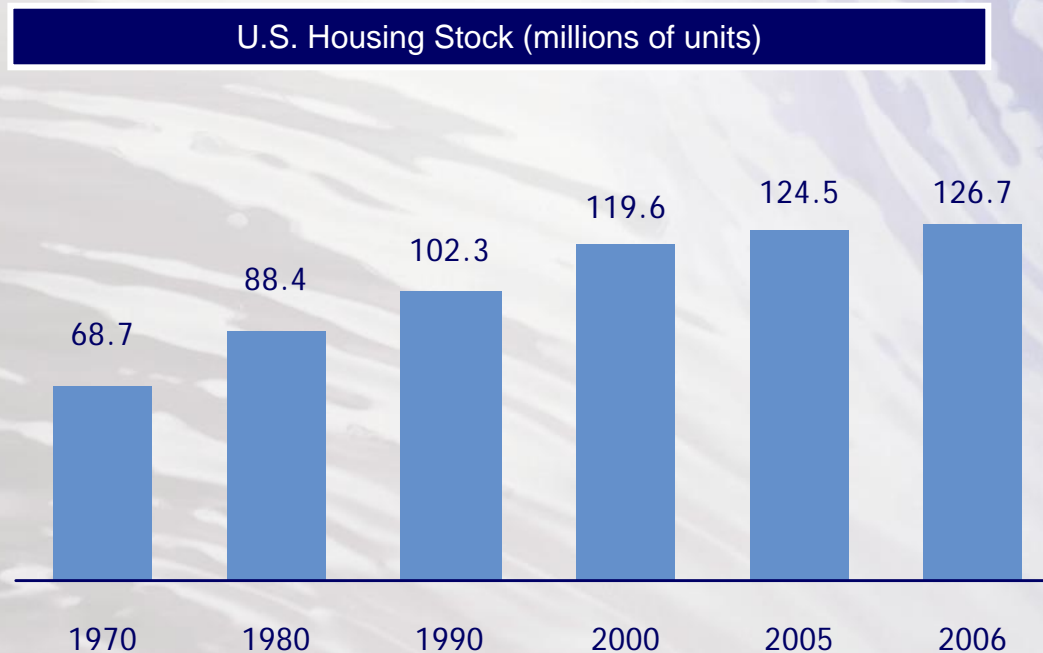
Implementing Lean techniques

Plant consolidations

Watts is uniquely placed to successfully capitalize on industry trends

Industry trends	Watts advantage
Consolidation of manufacturers	Disciplined acquisition strategy with proven track record
Consolidation of North American Wholesalers/European OEM customers	Broadest product line with most effective distribution capabilities
Growth in emerging markets	Expanding footprint in high growth Chinese and Eastern European markets
Renewable energy	Robust existing product offering
Volatile commodity costs	Manufacturing strategy/aggressive cost reductions/price increases

Expanding installed base supports replacement business



Source: HUD

We have been highly successful in promoting industry code development and education

- Consistently advocate development and enforcement of industry codes
- Industry codes based on Watts product specifications create a significant growth opportunity and barrier to market entry
 - Approximately 66% of sales are derived from code approved products
- Efforts include thermostatic scald protection in the American Society of Sanitary Engineers ASSE 1069/1070
 - Subsequent adoption into national and state codes
 - Recently included in the Recommended Backflow Product List prepared by the Chinese National Backflow Standards Committee
 - U.S. Pex codes

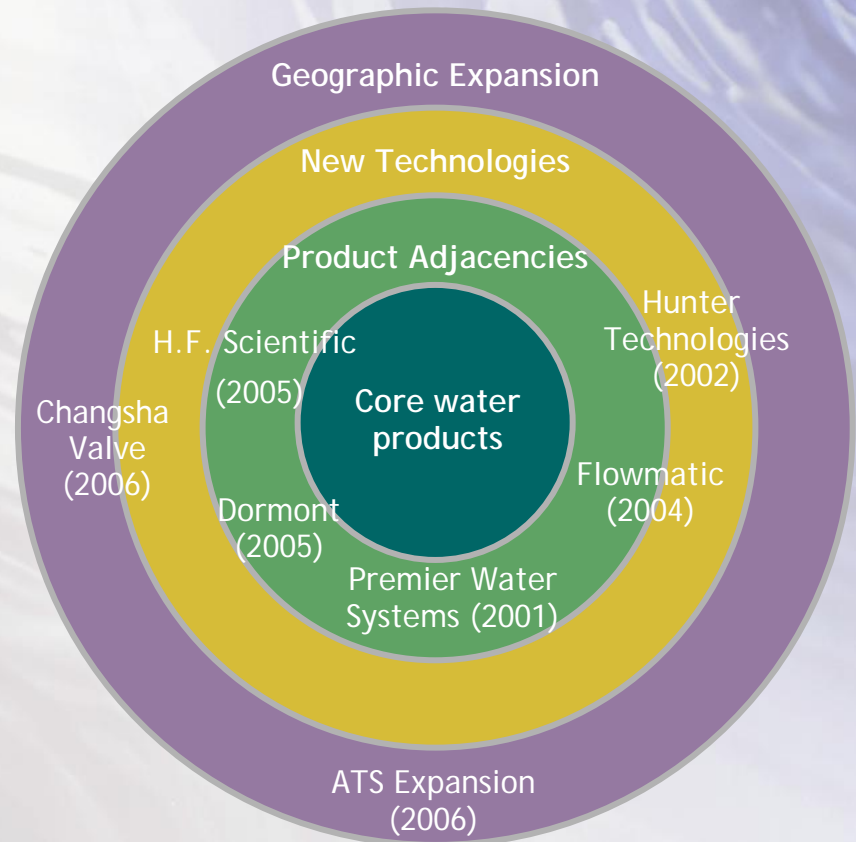


Watts has successfully acquired and integrated 48 companies since 1987

Disciplined acquisition criteria

- Business logic
 - “Water by Watts”
 - Proprietary brand names
 - Entry into new markets
 - Product line expansion
- Financial
 - Accretive to EPS Year 1
 - CFROI in mid-teens Year 1
 - EVA positive in Year 2+

Acquisition strategy



BLÜCHER

- Revenue 2007 \$89M
- Purchase Price - \$170M
- Accretion in year 2 - \$0.20 / share
- Blucher offers the broadest range of stainless steel drainage systems in Europe
- New platform for Watts in Europe



BLÜCHER

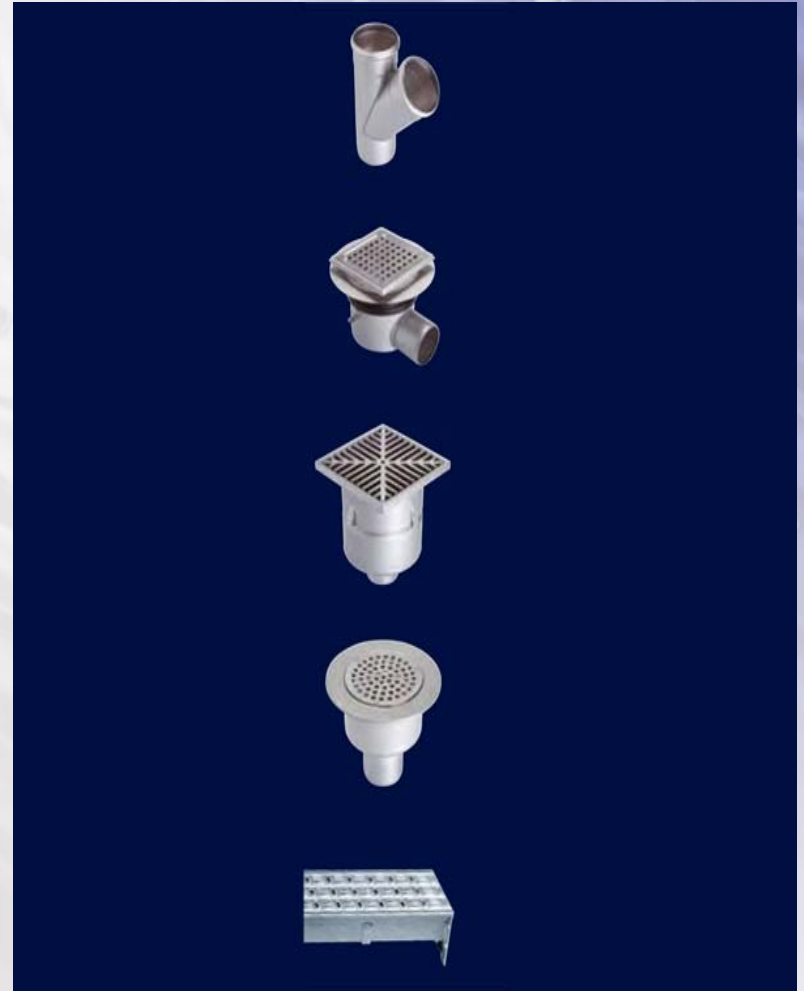
- Growth Strategy
 - Geographic expansion
 - New products
 - Leverage specification opportunities
- Fragmented market



BLÜCHER

■ Markets Served

■ Housing	25%
■ Commercial	25%
■ Marine	20%
■ Industrial	30%



TOPWAY GLOBAL

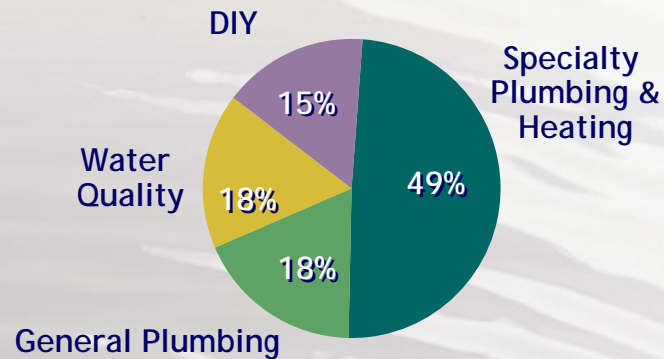
- Revenue - \$18M
- Purchase Price - \$18M
- Based in Brea, California
- Manufactures wide range of water quality products
- Broadens Watts distribution to water quality dealers in Southwest U.S.



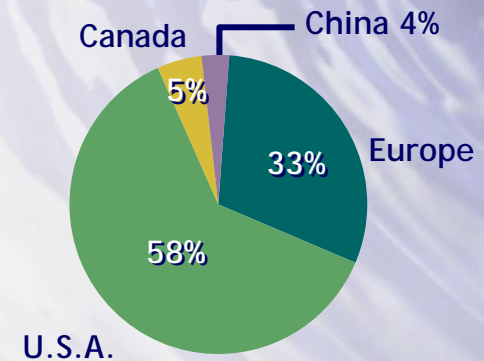
Our diversified business model

Based on 2007 Sales

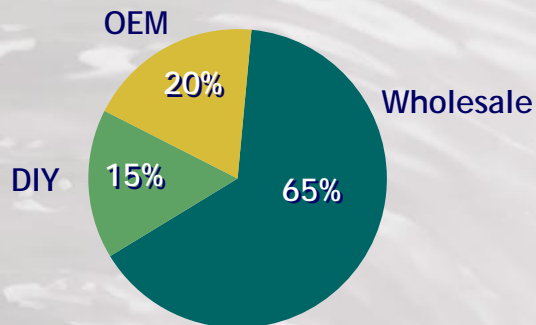
Products



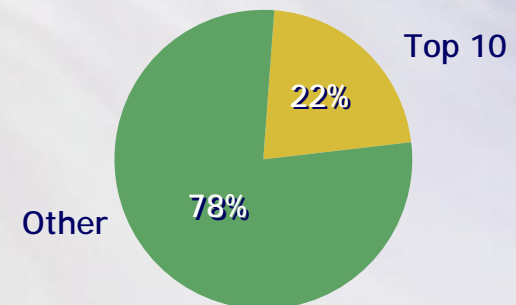
Geography



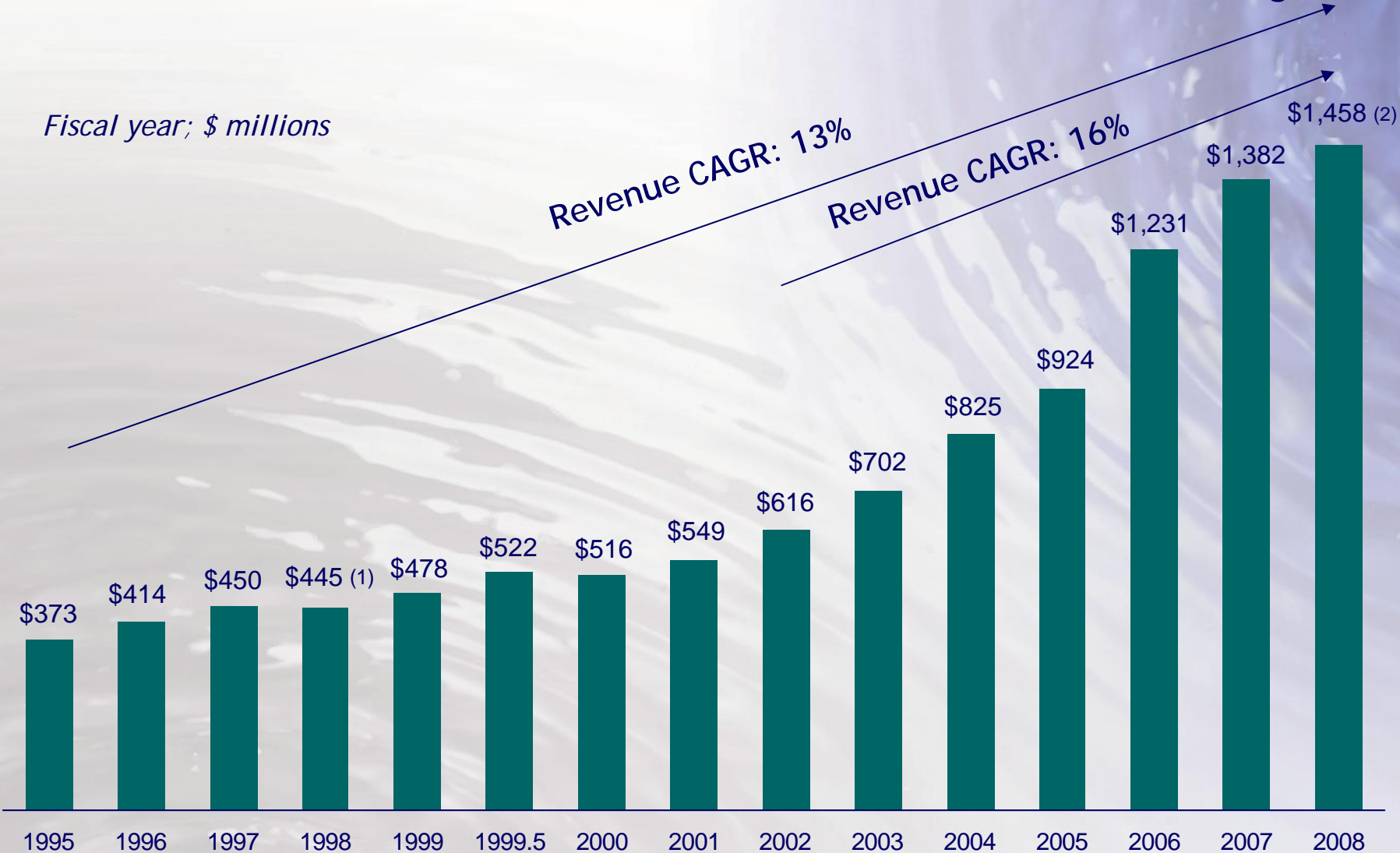
Distribution channel



Customer



Watts has an enviable track record of consistent revenue growth



¹ Includes impact of two divestitures completed in 1997
² LTM as of 9/28/08

Note: 1997-1999 shown of fiscal year ending June 30; 1999.5 represents an annualized 1st half 1999 for illustrative purposes; 2000-2007 as calendar year basis

Capital Structure

September 30, 2008

Cash	\$129.4
Revolving Line of Credit	59.3
Other Long Term Debt	358.5
Equity	908.1
Net Debt to Capitalization	24.1%

Cash Flow

9 Months Ended September 30

	<u>9/28/08</u>	<u>9/30/07</u>
Cash from Operations	\$91.5	\$21.8
Net Capital Expenditures	(<u>20.5</u>)	(<u>25.1</u>)
Free Cash Flow	\$71.0	\$(3.3)

Why invest in Watts?



