

## Badger Meter, Inc. (BMI)

**\$180.87** (Stock Price as of 12/17/2025)

Price Target (6-12 Months): **\$186.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 09/22/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM: D

Value: F

Growth: B

Momentum: F

### Summary

Badger Meter is well-positioned to benefit from increasing demand for its industry-leading cellular AMI and BlueEdge smart water management solutions. Higher utility water sales continue to buoy its top-line performance. Strong free cash flow positions the company to invest in innovation and pursue strategic, value-driven acquisitions. Management remains on track to achieve the expected cost and sales synergies from the SmartCover acquisition. Also, Badger Meter raised its historical gross margin range of 38%–40% to a new normalized range of 39%–42%. The company expects to achieve an average high single-digit top-line growth rate over the next five years, driven by technology adoption and strategic pricing initiatives. However, rising costs and intense competition amid an uncertain macroeconomic backdrop remain woes.

### Data Overview

52 Week High-Low	\$256.08 - \$162.17
20 Day Average Volume (sh)	255,136
Market Cap	\$5.3 B
YTD Price Change	-14.7%
Beta	0.93
Dividend / Div Yld	\$1.60 / 0.9%
Industry	<a href="#">Instruments - Control</a>
Zacks Industry Rank	Top 18% (44 out of 243)

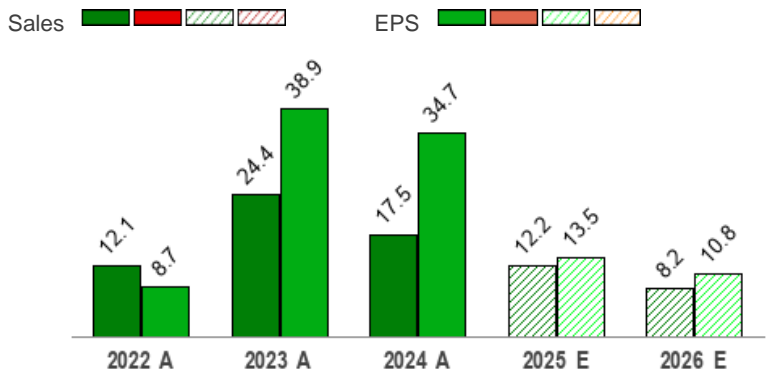
Last EPS Surprise	7.2%
Last Sales Surprise	2.7%
EPS F1 Est- 4 week change	-0.1%
Expected Report Date	01/30/2026
Earnings ESP	-1.7%

P/E TTM	38.5
P/E F1	37.7
PEG F1	3.1
P/S TTM	5.9

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	243 E	258 E	255 E	247 E	1,004 E
2025	222 A	238 A	236 A	232 E	928 E
2024	196 A	217 A	208 A	205 A	827 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	1.28 E	1.37 E	1.37 E	1.27 E	5.32 E
2025	1.30 A	1.17 A	1.19 A	1.14 E	4.80 E
2024	0.99 A	1.12 A	1.08 A	1.04 A	4.23 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/17/2025.

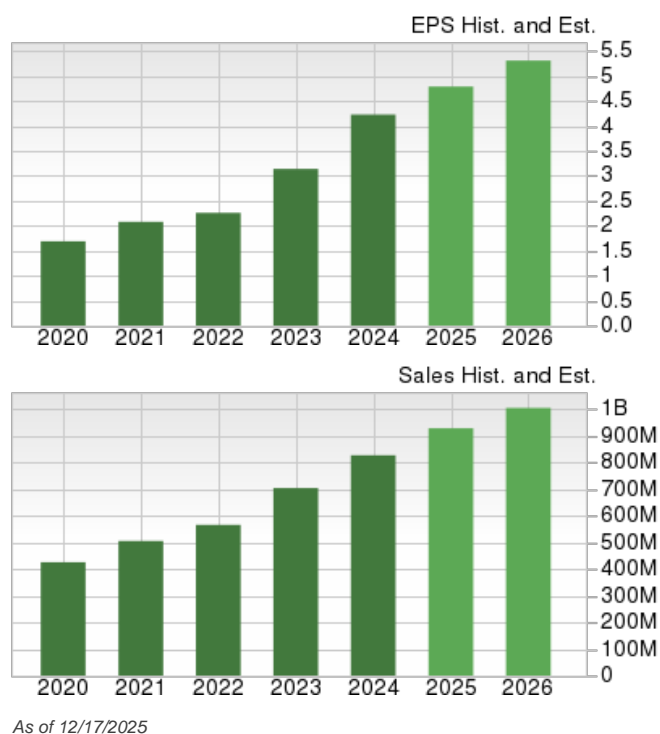
(2) The report's text and the price target are as of 12/09/2025.

## Overview

Incorporated in 1905 and headquartered in Milwaukee, WI, Badger Meter, Inc. is a leading provider of water solutions, which include flow measurement, quality and other system parameters. The company's products measure water, oil, chemicals, and other fluids and are known for accuracy, long-lasting durability, and for providing valuable and timely measurement data. The company's cloud-hosted software suite, BEACON, allows consumer engagement tools that permit end-water customers to view and manage their water usage activity. The ORION branded family of radio endpoints includes ORION (ME), ORION (SE) applications, and ORION Cellular for an infrastructure-free AMI solution.

Badger Meter's product lines fall into two categories — utility water and flow instrumentation. The utility water product line consists of either mechanical or static (ultrasonic) water meters and related radio and software technologies and services that are used by water utilities to generate water and wastewater revenues. Badger Meter estimates that about 70% of water meters installed in the United States have been converted to some form of radio solution technology.

The flow instrumentation product line mainly caters to water applications in the wider industrial markets. This product line consists of meters, valves, and other sensing devices for measuring and controlling the volume of liquids and gases, such as water, air, and steam, that pass through a pipe or pipeline. Badger Meter estimates that more than 95% of its products are used in water-related applications. Typically, flow instrumentation instruments are sold through manufacturers' agents and to original equipment manufacturers as the main flow-measuring component of a system or product.



## Reasons To Buy:

- ▲ With its industry-leading ORION Cellular endpoints, along with communication and software technologies, Badger Meter is focused on creating **robust digital solutions** to operationalize real-time data into actionable insights. Its BEACON SaaS offering facilitates data collection and analysis of data within the distribution network to improve operational awareness. Various favorable macroeconomic drivers for the water industry growth, along with a strong opportunity funnel, bid pipeline, order book rates and increasing SaaS revenues, bode well for the long term. In May 2024, the company introduced the BlueEdge framework to streamline its comprehensive suite of scalable water solutions. Blue Edge can be customized to address applications for the entire water cycle and will also serve as a “strategic lens” for the company to assess growth investments. In the third quarter, utility water sales rose 14% year over year. Even excluding SmartCover, utility water sales were up 8%. The growth was driven by higher ultrasonic meter volumes, increased BEACON Software-as-a-Service sales and stronger water quality product demand. Management highlighted that demand for its industry-leading cellular AMI and BlueEdge smart water management solutions remains robust. The company is confident that the long-term trends driving digital water technology adoption among utilities and commercial and industrial customers will sustain its revenue growth.
- ▲ Badger Meter is continuously prioritizing and **enhancing its presence in select regional markets** outside the United States that offer healthy growth potential. The company is likely to benefit by expanding its market share in water related applications. The company will leverage real-time water quality monitoring solutions to improve utility and business operations. With smart alarms, pressure and temperature data, the products offer early detection of any anomaly in the system, thereby lowering maintenance and operating costs for utility firms. In 2024, the company achieved an 18% increase in sales, exceeding \$800 million in revenues, with a five-year compound annual growth rate (CAGR) of 14%.
- ▲ **Strategic acquisitions** have played a pivotal role in expanding business operations for Badger Meter. In January 2025, it announced the acquisition of SmartCover Systems from XPV Water Partners for a \$185 million, all-cash deal. SmartCover is a leading provider of water collection system monitoring solutions across North America. With \$35 million in annual revenues, SmartCover provides sensors, software and services that enable utilities to monitor sewer levels 24/7, detect potential issues and prevent sewer overflows, reducing costs and protecting public health. Its technology also minimizes the need for frequent cleanings, detects inflow and infiltration, prevents intrusion and reduces harmful sewer gases. This acquisition expands Badger Meter’s BlueEdge suite, adding real-time monitoring for sewer lines and lift stations to its existing water management solutions. Additionally, its lift station monitoring solutions improve pump station efficiency, complementing existing Telog offerings. After around six months into the integration, the company remains on track to achieve the expected sales and cost synergies from the SmartCover acquisition. It has made meaningful progress in applying Badger Meter’s resources to SmartCover’s operations and continues to uncover go-to-market opportunities as part of its BlueEdge solution suite. Sales in the third quarter of 2025 grew 13.1% year over year to \$235.7 million, driven by higher utility water sales. Management remains on track to achieve the expected cost and sales synergies from the SmartCover acquisition. The company has successfully shifted certain manufacturing operations to its Racine, Wisconsin facility and continues to identify promising sales opportunities for SmartCover within its BlueEdge suite of solutions. Earlier, in 2024, the company expanded its solutions portfolio by acquiring select remote water monitoring hardware and software solutions from Trimble, including the Telog brand of remote telemetry units or RTUs and Trimble Unity Remote Monitoring software. The acquisition will enable customers to monitor hardware and software for distributed data collection for applications in water, stormwater, wastewater and environmental water monitoring in real time.
- ▲ Badger Meter is likely to benefit from a **strong cash position** driven by solid earnings conversion. The company is well-positioned to invest in innovation and pursue strategic, value-driven acquisitions with another quarter of strong free cash flow. The company reported a record quarterly free cash flow of \$48.2 million, which increased 14.8% year over year driven primarily by lower cash tax payments in 2025, reflecting timing benefits from recent tax law changes related to the deductibility of research and development expenses. As of Sept. 30, 2025, the company had \$201.7 million of cash and cash equivalents and \$153.4 million of total current liabilities compared with the respective figures of \$165.2 million and \$138.7 million as of June 30, 2025.

Strong demand trends, increased adoption across the BlueEdge suite of solutions and synergies from acquisition are positives for Badger Meter.

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## Reasons To Sell:

- ▼ As the company sells its products worldwide, it is susceptible to **risks associated with doing business internationally**. These risks include changes in foreign currency exchange rates, negative impacts from changes in tax laws or regulatory requirements, and changes in political or economic conditions of specific countries or regions. In the third quarter 2025, the company continued to face negative impacts from tariffs and trade-related costs during the quarter. Management stated that persistent tariff pressures, along with related material cost inflation, particularly in bismuth and copper, created headwinds for profitability. These tariffs directly increased import costs and indirectly elevated input prices, weighing on margins. Although the company implemented targeted price increases to partially offset these pressures, there was still a lag between cost escalation and price realization.
- ▼ **Competitive pressures** in the marketplace for Badger Meter's products affect its position, leading to a loss of market share or a decrease in prices. The company's growth depends on its ability to develop technologically advanced products that meet appropriate industry standards. The inability to obtain adequate supplies of raw materials and parts for its products at favorable prices could hurt its business.
- ▼ **Increasing expenses** remain an additional headwind. In the third quarter of 2025, selling, engineering and administration (SEA) expenses rose 11.8% year over year to \$49.8 million. This increase was mainly driven by the addition of SmartCover, which included \$1.6 million in intangible asset amortization. Base SEA expenses rose 3% year over year, reflecting a \$1.8 million benefit from a deferred compensation plan tied to the stock price change during the quarter. Overall, SEA as a percentage of sales rose slightly to 21.1% from 20.8% in the prior-year quarter. SEA was up 8.2% in 2024 year over year. Increasing expenses amid a volatile global macroeconomic environment are likely to dent Badger Meter's margins, thereby hurting its financial performance.

Rising expenses and intense competition amid an uncertain macroeconomic backdrop remain concerns

## Last Earnings Report

### Badger Meter's Q3 Earnings Surpass Estimates

Badger Meter reported earnings per share of \$1.19 for third-quarter 2025, which surpassed the Zacks Consensus Estimate by 7.2%. Also, the bottom line compared favorably with the year-ago quarter's EPS of \$1.08.

Quarterly net sales were \$235.7 million, up 13.1% from \$208.4 million in the year-ago quarter, driven by higher utility water sales. The Zacks Consensus Estimate was pegged at \$229.4 million.

Management highlighted that although the company navigates ongoing macroeconomic, trade and policy challenges, demand for its industry-leading cellular AMI and BlueEdge smart water management solutions remains robust. The company is confident that the long-term trends driving digital water technology adoption among utilities and commercial and industrial customers will sustain its revenue growth.

The company is well-positioned to invest in innovation and pursue strategic, value-driven acquisitions with another quarter of strong free cash flow. It remains on track to realize the expected sales and cost synergies from the SmartCover acquisition.

### Segmental Performance

In the quarter under review, utility water sales rose 14% year over year. Even excluding SmartCover, utility water sales were up 8%. The growth was driven by higher ultrasonic meter volumes, increased BEACON Software-as-a-Service sales and stronger water quality product demand.

Flow instrumentation sales grew 4% year over year, as strength in water-related markets offset softer demand in deemphasized non-water applications.

### Other Details

In the third quarter, gross profit was \$95.8 million, up from \$83.9 million in the prior-year quarter. Gross margin was 40.7%, up 50 basis points (bps) year over year.

Gross margin continued to benefit from ongoing structural mix improvements, while implemented price increases helped offset some tariff-related cost pressures during the quarter. Although the trade environment remains dynamic, it has raised its historical gross margin range of 38%–40% to a new normalized range of 39%–42%.

Operating earnings jumped 13% year over year to \$46.1 million, while operating margin declined 10 bps to 19.6% from 19.5%.

Selling, engineering and administration (SEA) expenses rose 11.8% year over year to \$49.8 million. This increase was mainly driven by the addition of SmartCover, which included \$1.6 million in intangible asset amortization. Base SEA expenses rose 3% year over year, reflecting a \$1.8 million benefit from a deferred compensation plan tied to the stock price change during the quarter. Overall, SEA as a percentage of sales rose slightly to 21.1% from 20.8% in the prior-year quarter.

### Cash Flow & Liquidity

In the third quarter of 2025, Badger Meter generated \$51.3 million of net cash from operating activities compared with \$45.1 million a year ago.

As of Sept. 30, 2025, the company had \$201.7 million of cash and cash equivalents and \$153.4 million of total current liabilities compared with the respective figures of \$165.2 million and \$138.7 million as of June 30, 2025.

### Outlook

The company remains confident in its long-term growth prospects, supported by a robust opportunity pipeline and strong demand for its smart water management solutions. It expects to achieve an average high single-digit top-line growth rate over the next five years, driven by continued technology adoption and strategic pricing initiatives that help offset tariff impacts.

With a raised normalized gross margin range of 39–42% and consistent free cash flow generation, the company is well-positioned to invest in innovation and pursue disciplined, value-creating acquisitions such as SmartCover. Management remains focused on executing its strategic priorities while staying agile amid evolving macroeconomic, trade and supply chain conditions.

### FY Quarter Ending 12/31/2024

Earnings Reporting Date	Oct 21, 2025
Sales Surprise	2.74%
EPS Surprise	7.21%
Quarterly EPS	1.19
Annual EPS (TTM)	4.70

## Recent News

On Jan. 31, 2025, Badger Meter also announced the acquisition of SmartCover Systems from XPV Water Partners for a \$185 million, all-cash deal. SmartCover is a leading provider of water collection system monitoring solutions across North America. With \$35 million in annual revenues, SmartCover provides sensors, software and services that enable utilities to monitor sewer levels 24/7, detect potential issues and prevent sewer overflows—reducing costs and protecting public health. Its technology also minimizes the need for frequent cleanings, detects inflow and infiltration, prevents intrusion and reduces harmful sewer gases. This acquisition expands Badger Meter's BlueEdge suite, adding real-time monitoring for sewer lines and lift stations to its existing water management solutions.

## Valuation

Shares of Badger Meter are down 15.8% year to date and 23.9% in the trailing 12-month period. Stocks in the Zacks sub-industry are up 0.7%, while the same in the Zacks Computer & Technology sector are up 29.9% year to date. Over the past year, the Zacks sub-industry has declined 8.5% while the sector has increased 28.2%.

The S&P 500 index is up 20.1% year to date and 17.2% in the past year.

The stock is currently trading at 33.55X, forward 12-month earnings, which compares to 14.98X for the Zacks sub-industry, 29.04X for the Zacks sector and 23.46X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 60.1X and as low as 31.97X, with a 5-year median of 45.99X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$186 price target reflects 35.23X forward 12-month earnings.

The table below shows summary valuation data for BMI

Valuation Multiples - BMI					
		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	23.55	8.31	19.84	18.74
	5-Year High	37.86	15.06	23.68	22.41
	5-Year Low	19.22	7.43	12.03	13.87
	5-Year Median	29.58	9.5	18.34	17.96
P/E F12M	Current	33.55	14.98	29.04	23.46
	5-Year High	60.1	20.39	29.92	23.78
	5-Year Low	31.97	12.42	18.7	15.73
	5-Year Median	45.99	15.71	26.62	21.21
P/S F12M	Current	5.23	1.95	6.79	5.3
	5-Year High	7.93	2.41	7.4	5.5
	5-Year Low	3.84	1.47	4.24	3.83
	5-Year Median	5.94	1.95	6.29	5.05

As of 12/08/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 18% (44 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Advanced Energy Indu...(AEIS)	Outperform	1
Amphenol Corporation (APH)	Outperform	2
Itron, Inc. (ITRI)	Neutral	3
Sensata Technologies...(ST)	Neutral	3
Thermon Group Holdin...(THR)	Neutral	2
Transcat, Inc. (TRNS)	Neutral	3
Watts Water Technolo...(WTS)	Neutral	2
Woodward, Inc. (WWD)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Instruments - Control

	BMI	X Industry	S&P 500	ST	THR	TRNS
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	D	-	-	A	B	C
Market Cap	5.33 B	563.06 M	38.58 B	4.82 B	1.23 B	555.60 M
# of Analysts	5	4	22	5	3	2
Dividend Yield	0.88%	0.00%	1.42%	1.45%	0.00%	0.00%
Value Score	F	-	-	A	C	C
Cash/Price	0.04	0.02	0.04	0.16	0.02	0.01
EV/EBITDA	26.28	13.41	14.55	11.99	13.41	17.77
PEG Ratio	3.10	2.19	2.20	1.30	NA	NA
Price/Book (P/B)	7.59	2.21	3.33	1.77	2.40	1.88
Price/Cash Flow (P/CF)	34.45	15.19	15.10	5.13	15.19	14.15
P/E (F1)	37.68	25.10	19.71	9.72	18.04	30.94
Price/Sales (P/S)	5.92	2.19	3.09	1.30	2.41	1.84
Earnings Yield	2.65%	4.24%	5.06%	10.28%	5.53%	3.22%
Debt/Equity	0.00	0.03	0.57	1.18	0.26	0.38
Cash Flow (\$/share)	5.34	2.67	8.99	6.60	2.57	4.27
Growth Score	B	-	-	C	C	B
Hist. EPS Growth (3-5 yrs)	26.10%	26.10%	8.16%	3.88%	44.72%	13.61%
Proj. EPS Growth (F1/F0)	13.48%	6.23%	8.57%	-1.45%	10.70%	-15.72%
Curr. Cash Flow Growth	30.17%	45.80%	6.75%	-16.77%	6.63%	46.10%
Hist. Cash Flow Growth (3-5 yrs)	17.11%	13.32%	7.43%	3.23%	9.52%	21.95%
Current Ratio	3.22	2.91	1.18	2.91	2.82	2.43
Debt/Capital	0.00%	2.69%	38.01%	54.08%	20.49%	27.47%
Net Margin	15.40%	7.87%	12.78%	-0.71%	11.60%	3.75%
Return on Equity	21.12%	13.58%	17.00%	17.22%	13.58%	6.81%
Sales/Assets	0.99	0.70	0.53	0.52	0.66	0.73
Proj. Sales Growth (F1/F0)	12.20%	1.69%	5.79%	-6.30%	3.40%	18.70%
Momentum Score	F	-	-	A	A	D
Daily Price Chg	0.28%	-1.24%	-0.24%	-1.60%	-1.24%	1.89%
1 Week Price Chg	2.59%	2.84%	-0.59%	3.67%	2.84%	4.38%
4 Week Price Chg	6.98%	13.67%	2.76%	17.55%	15.91%	13.67%
12 Week Price Chg	4.91%	8.33%	2.15%	10.42%	42.95%	-18.54%
52 Week Price Chg	-18.99%	14.99%	12.39%	14.99%	27.58%	-44.88%
20 Day Average Volume	255,741	255,741	2,743,646	1,434,431	400,775	149,373
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.65%	0.00%
(F1) EPS Est 4 week change	-0.13%	0.00%	0.00%	0.00%	0.65%	0.00%
(F1) EPS Est 12 week change	2.08%	2.04%	0.69%	2.01%	12.07%	-4.39%
(Q1) EPS Est Mthly Chg	-0.52%	0.00%	0.00%	0.00%	1.72%	0.00%

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	<b>F</b>
Growth Score	<b>B</b>
Momentum Score	<b>F</b>
VGM Score	<b>D</b>

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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