



2023 Fourth Quarter

Results & Earnings



Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Generally, the words “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “contemplate,” “predict,” “forecast,” “likely,” “believe,” “target,” “will,” “could,” “would,” “should,” “potential,” “may” and similar expressions or their negative, may, but are not necessary to, identify forward-looking statements. By their nature, forward-looking statements address uncertain matters and include any statements that: are not historical, such as statements about our strategy, financial plans, outlook, objectives, plans, intentions or goals (including those related to our social, environmental and other sustainability goals); or address possible or future results of operations or financial performance, including statements relating to orders, revenues, operating margins and earnings per share growth.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, many of which are beyond our control. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include, among others, the following: the impact of overall industry and general economic conditions, including industrial, governmental, and public and private sector spending, interest rates, inflation and related monetary policy by governments in response to inflation, and the strength of the residential and commercial real estate markets, on economic activity and our operations; geopolitical events, including the ongoing and possible escalation of the conflicts involving between Russia and Ukraine, and the Middle East, as well as regulatory, economic and other risks associated with our global sales and operations, including those related to domestic content requirements applicable to projects receiving governmental funding; manufacturing and operating cost increases due to macroeconomic conditions, including inflation, energy supply, supply chain shortages, logistics challenges, tight labor markets, prevailing price changes, tariffs and other factors; demand for our products, disruption, competition or pricing pressures in the markets we serve; cybersecurity incidents or other disruptions of information technology systems on which we rely, or involving our connected products and services; lack of availability or delays in receiving parts and raw materials from our supply chain, including electronic components (in particular, semiconductors); disruptions in operations at our facilities or that of third parties upon which we rely; uncertainty related to the realization of the benefits and synergies from our acquisition of Evoqua; safe and compliant treatment and handling of water, wastewater and hazardous materials; failure to successfully execute large projects, including with respect to meeting performance guarantees and customers’ budgets, timelines and safety requirements; our ability to retain and attract leadership and other diverse and key talent, as well as competition for overall talent and labor; defects, security, warranty and liability claims, and recalls with respect to our products; uncertainty related to restructuring and realignment actions and related costs and savings; our ability to execute strategic investments for growth, including related to acquisitions and divestitures; availability, regulation or interference with radio spectrum used by certain of our products; volatility in served markets or impacts on our business and operations due to weather conditions, including the effects of climate change; risks related to our sustainability commitments and related disclosures; fluctuations in foreign currency exchange rates; difficulty predicting our financial results; risk of future impairments to goodwill and other intangible assets; changes in our effective tax rates or tax expenses; financial market risks related to our pension and other defined benefit plans; failure to comply with, or changes in, laws or regulations, including those pertaining to our business conduct, operations, products and services, including anti-corruption, data privacy and security, trade, competition, the environment, climate change and health and safety; legal, governmental or regulatory claims, investigations or proceedings and associated contingent liabilities; matters related to intellectual property infringement or expiration of rights; and other factors set forth under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 and in subsequent filings we make with the Securities and Exchange Commission (“SEC”).

Forward-looking and other statements in this presentation regarding our environmental and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or are required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking social, environmental and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. All forward-looking statements made herein are based on information currently available to us as of the date of this presentation. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Q4 2023 Performance Summary

(\$ in millions, unless otherwise noted)

	Xylem Consolidated		Measurement and Control Solutions		Water Infrastructure		Applied Water		Integrated Solutions and Services	
	Reported Q4	Adj* Q4	Reported Q4	Adj* Q4	Reported Q4	Adj* Q4	Reported Q4	Adj* Q4	Reported Q4	Adj* Q4
Orders	\$2,044	\$2,044	\$483	\$483	\$820	\$820	\$420	\$420	\$321	\$321
Overall Growth	42%	42%	16%	16%	32%	32%	5%	5%	N/A	N/A
Organic Growth*		10%		14%		9%		5%		N/A
Revenue	\$2,118	\$2,118	\$468	\$468	\$871	\$871	\$457	\$457	\$322	\$322
Overall Growth	41%	41%	22%	22%	30%	30%	0%	0%		N/A
Organic Growth*		9%		21%		9%		0%		N/A
Operating Income	\$211	\$313	\$40	\$63	\$115	\$164	\$70	\$73	\$18	\$38
Operating Margin	10.0%	14.8%	8.5%	13.5%	13.2%	18.8%	15.3%	16.0%	5.6%	11.8%
EBITDA*	\$355	\$416	\$73	\$81	\$159	\$188	\$74	\$79	\$62	\$68
EBITDA Margin*	16.8%	19.6%	15.6%	17.3%	18.3%	21.6%	16.2%	17.3%	19.3%	21.1%
Earnings Per Share	\$1.10	\$0.99								

Q4 2023 Earnings Highlights



Continued Outperformance During a Transformational Year

Exceeded guidance on revenue and Adj. EPS* throughout 2023; full-year Adj. EBITDA* margin expansion of 190 bps

Created world's most advanced water platform with Evoqua combination

Integration well on track, with cost synergies ahead of plan

Continued sustainability focus; 11 of top 22 manufacturing facilities have achieved all 3 sustainability operations goals⁽¹⁾



Operational and Commercial Momentum Heading Into 2024

Comprehensive platform provides critical solutions to utilities and industrial customers

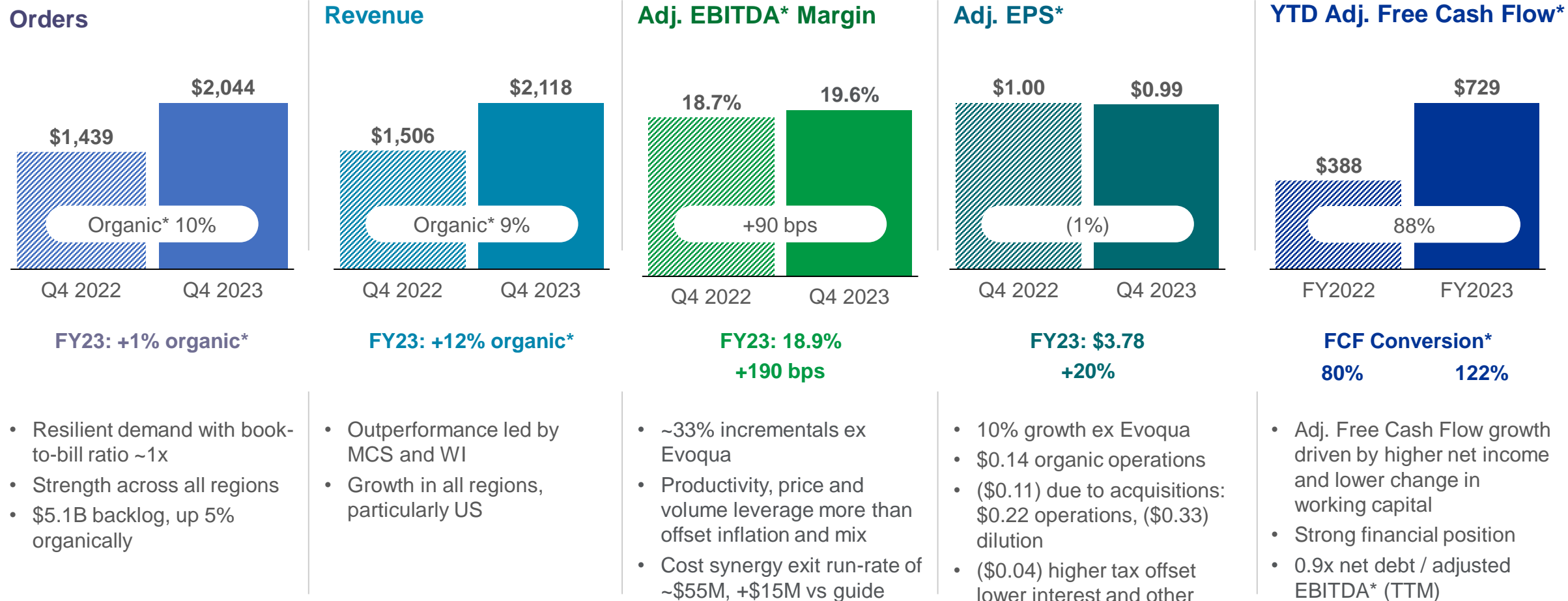
Segment realignment accelerates integration and synergy opportunities; expect ~\$100M 2024 exit run-rate cost synergies

Robust backlog, resilient end markets, and recurring service revenue supports growth outlook

Focused on operational execution to drive further margin improvement, in early stages of 80/20 pilots

Well-positioned to continue to create economic and social value

Q4 2023 Financial Performance



- Resilient demand with book-to-bill ratio ~1x
- Strength across all regions
- \$5.1B backlog, up 5% organically

- Outperformance led by MCS and WI
- Growth in all regions, particularly US

- ~33% incrementals ex Evoqua
- Productivity, price and volume leverage more than offset inflation and mix
- Cost synergy exit run-rate of ~\$55M, +\$15M vs guide

- 10% growth ex Evoqua
- \$0.14 organic operations
- (\$0.11) due to acquisitions: \$0.22 operations, (\$0.33) dilution
- (\$0.04) higher tax offset lower interest and other

- Adj. Free Cash Flow growth driven by higher net income and lower change in working capital
- Strong financial position
- 0.9x net debt / adjusted EBITDA* (TTM)

Strong outperformance on revenue, margin and EPS in Q4

Q4 2023 Segment Performance Summary

	Measurement and Control Solutions	Water Infrastructure	Applied Water	Integrated Solutions and Services
Orders / Organic Growth*	\$483M +14%	\$820M +9%	\$420M +5%	\$321M N/A
Revenue / Organic Growth*	\$468M +21%	\$871M +9%	\$457M ~FLAT	\$322M N/A
Adj. EBITDA* Margin / Expansion	17.3% \$81M +220 bps YoY	21.6% \$188M (90) bps YoY +50 bps ex acq.	17.3% \$79M +80 bps YoY	21.1% \$68M
	<ul style="list-style-type: none"> Organic* orders growth led by robust metrology demand \$2.3B backlog, up 10% organically Strong revenue growth led by backlog execution and demand Margin expansion driven by productivity, price and volume 	<ul style="list-style-type: none"> Organic* orders growth led by robust treatment demand globally Organic* revenue growth across all regions Margin up 50 bps ex Evoqua driven by price, productivity and volume 	<ul style="list-style-type: none"> Organic* orders growth in Emerging Markets and W. Europe partially offset by US Flat revenue due to price offset by volume decline Productivity and price offset lower volume driving margin expansion 	<ul style="list-style-type: none"> Pro forma⁽¹⁾ orders growth of 5% driven by services Pro forma⁽¹⁾ revenue growth of 10% driven by service and capital Strong margin driven by price and volume

Orders momentum across all of our segments

FY 2024 Segment Outlook

	Measurement and Control Solutions ⁽¹⁾	Water Infrastructure ⁽¹⁾	Applied Water	Integrated Solutions and Services ^{(1), (2)}
Organic* Revenue Growth	Up Low-Teens	Up Mid-Single Digits	Down Low Single Digits	Up Mid-Single Digits⁽²⁾
Key Drivers	<ul style="list-style-type: none"> • Sequential improvement throughout the year • Demand for AMI solutions remains strong • Healthy outlook in Test & Measurement • Robust \$2.3B backlog 	<ul style="list-style-type: none"> • Resilient due to our mission-critical applications • Overall healthy capex and opex demand • Closely watching impacts from China utilities softness 	<ul style="list-style-type: none"> • Pockets of softness across Industrial and Buildings Solutions • Supported by replacement revenue mix • Lapping price increases • Monitoring institutional ABI and other indicators 	<ul style="list-style-type: none"> • Expect growth across capital and services • Resilient \$1B backlog and services model • Strength in high growth verticals (energy, food & beverage, life sciences)

Supported by robust backlog and healthy demand in our largest end markets

FY 2024 and Q1 2024 Guidance

	FY 2024 Guide	Q1 2024 Guide
Revenue	\$8.4B – \$8.5B 14% – 15% Total Growth 3 – 5% Organic* Growth	\$1.97B – \$2.00B 36% – 38% Total Growth 4 – 6% Organic* Growth
Adjusted EBITDA* Margin	19.4% – 19.9% 50 – 100 bps expansion	~18% ~170 bps expansion
Adjusted EPS*	\$4.00 – \$4.20	\$0.80 – \$0.85
Adjusted FCF Conversion*	~115%	

Highlights

Initiating full year 2024 guide

- Revenue growth driven by resilient demand and backlog execution
- Evoqua expected to contribute ~\$0.8B of inorganic revenue
- Includes ~\$100M run-rate cost synergies
- Driving working capital** productivity with supply chain improvements

Building on strong commercial and operational momentum

Key Takeaways



Continued **Q4 outperformance** on strong operational execution



Evoqua integration and value capture well on track



FY 2024 **guidance** reflects healthy demand in our major end-markets

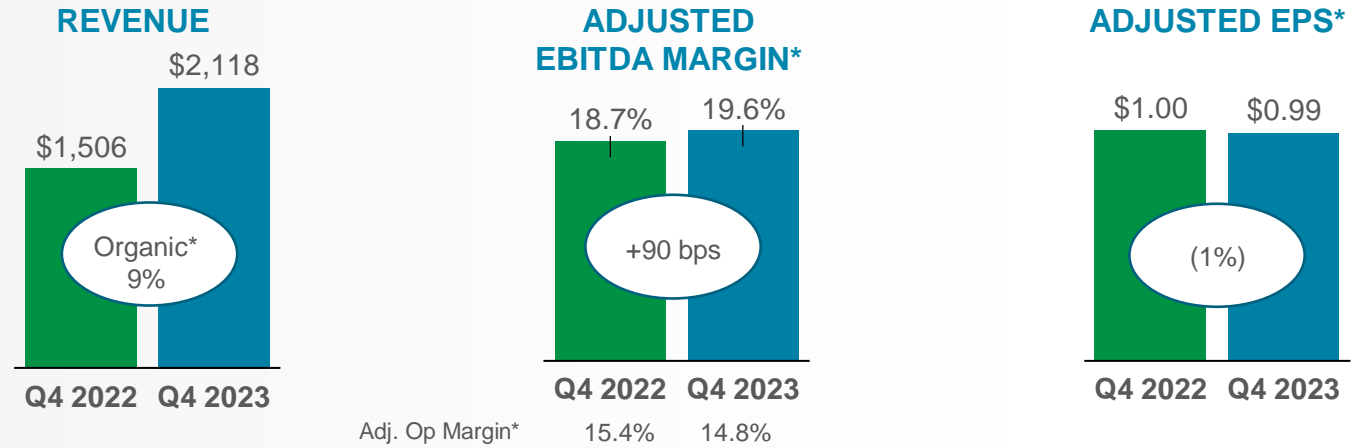
Xylem investment thesis is powerful: creating **social and economic** value

The background features a dynamic splash of water in shades of blue, with a large, semi-transparent 'X' watermark overlaid on the left side. The water splash is captured in a high-speed shot, showing intricate droplets and ripples. The overall color palette is monochromatic, ranging from light sky blue to deep navy blue.

xylem

Appendix

Q4 2023 XYLEM PERFORMANCE



KEY PERFORMANCE DRIVERS

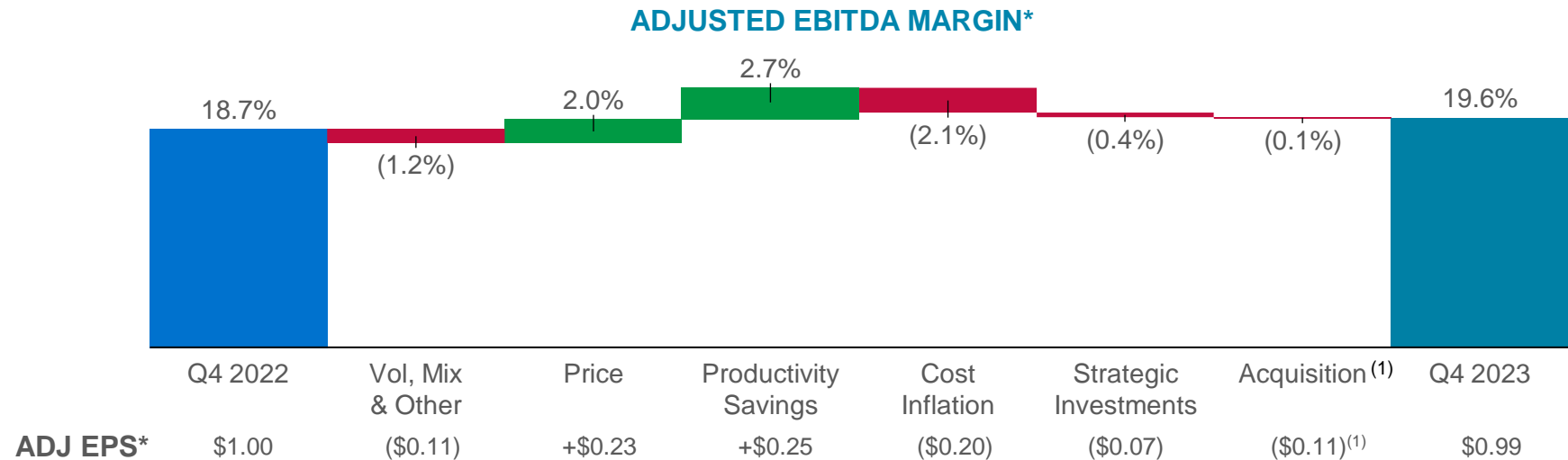
Organic Growth* by End Market

Utilities 16%
Industrial 3%
Building Solutions 0%

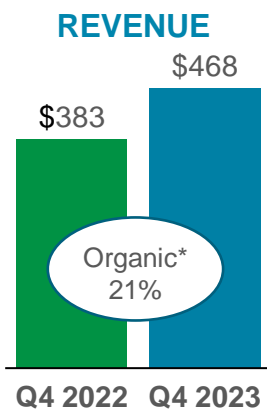
- **Organic* revenue** growth of 9% mainly driven by backlog execution and strong demand, growth across all regions
- **Organic* orders up** 10%; backlog of \$5.1B, up 5% organically, and \$1.3B contribution from Evoqua

Organic Growth* by Region

United States 12%
Western Europe 7%
Emerging Markets 2%



Q4 2023 Measurement and Control Solutions Performance



Organic Growth* by Application

Water	17%
Energy	36%

Organic Growth* by Region

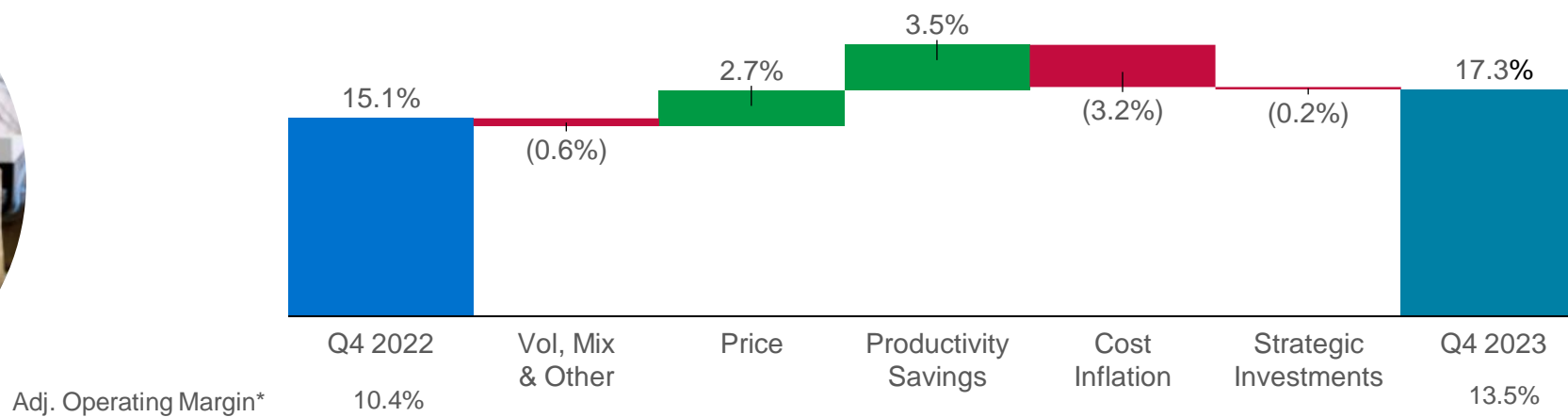
United States	28%
Western Europe	23%
Emerging Markets	(11%)

Highlights

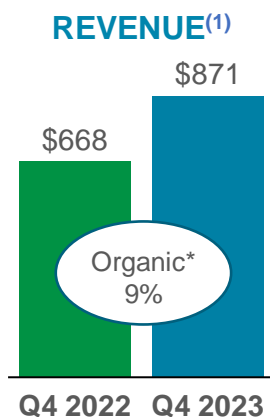
- Organic* orders growth of 14% driven by strength across all applications, particularly metrology and assessment services
- Robust \$2.3B backlog provides long-term growth and margin momentum
- Strong organic* revenue growth led by metrology backlog execution and continued strong demand



ADJUSTED EBITDA MARGIN*



Q4 2023 Water Infrastructure Performance



Organic Growth* by End Market

Utilities	9%
Industrial	8%

Organic Growth* by Region

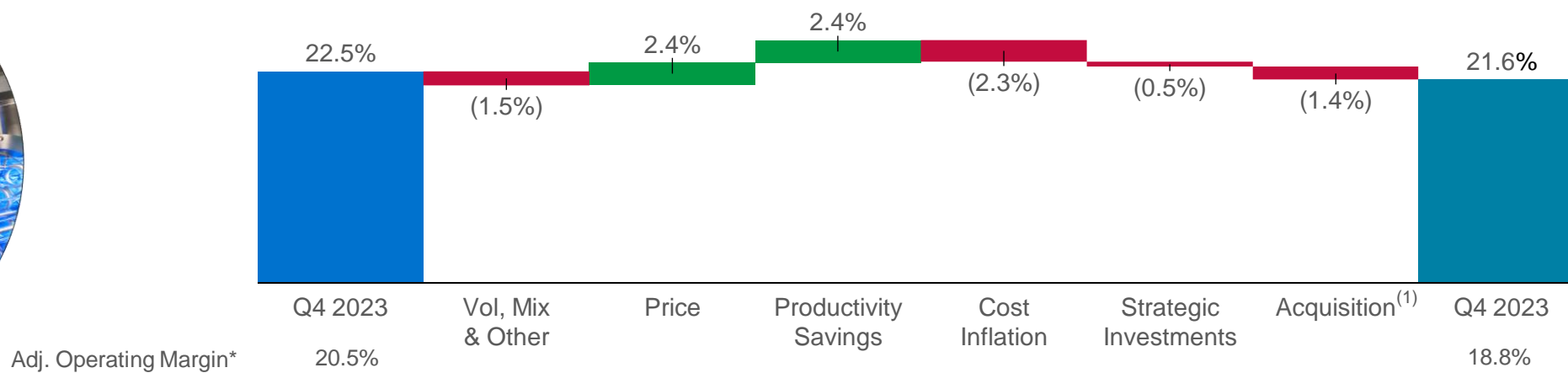
United States	10%
Western Europe	8%
Emerging Markets	6%

Highlights

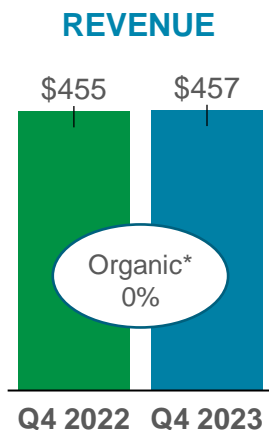
- Organic* orders up 9% led by robust treatment demand in all regions and strength in opex particularly in U.S. and W. Europe
- Utilities growth driven by strong opex demand, particularly in U.S. and Emerging Markets
- Industrial growth driven by robust opex demand in U.S. and W. Europe



ADJUSTED EBITDA MARGIN*⁽¹⁾



Q4 2023 Applied Water Performance



Organic Growth* by End Market

Industrial	(1%)
Building Solutions	0%

Organic Growth* by Region

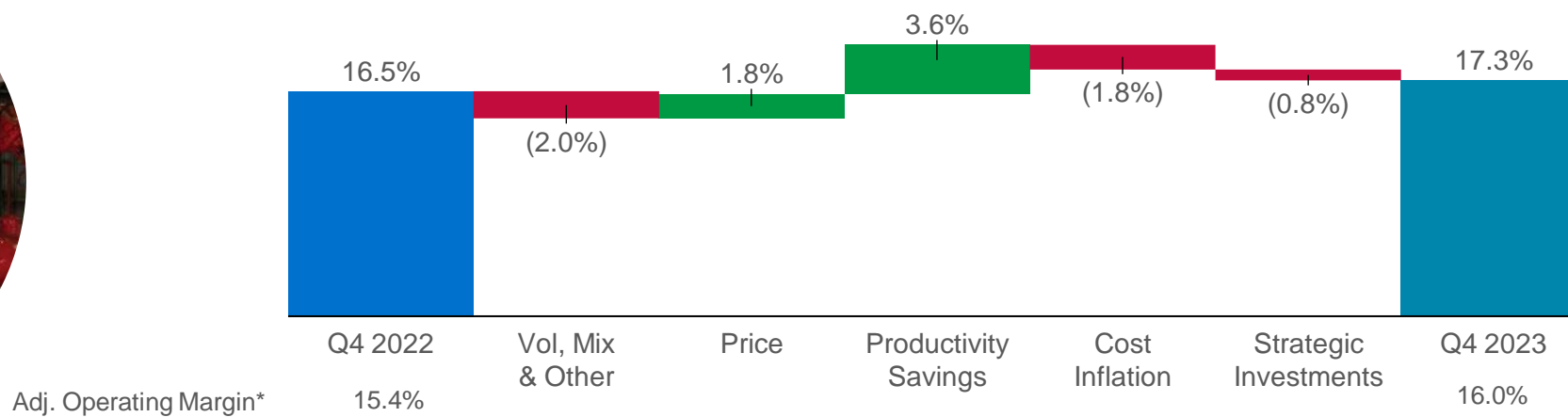
United States	(2%)
Western Europe	(5%)
Emerging Markets	2%

Highlights

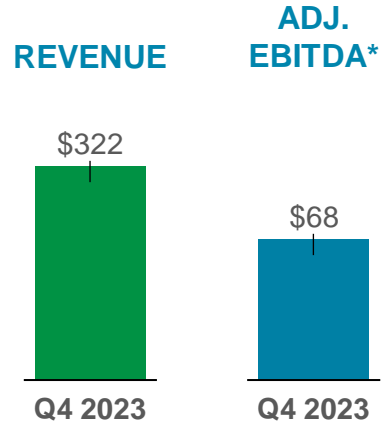
- Organic* orders grew 5%, driven by growth in Emerging Markets and W. Europe partially offset by softness in U.S.
- Industrial decline in U.S. and W. Europe partially offset by strength in Emerging Markets
- Building Solutions backlog execution in Commercial offset by continued Residential softness



ADJUSTED EBITDA MARGIN*



Q4 2023 Integrated Solutions and Services Performance



Segment Adj. Margins*

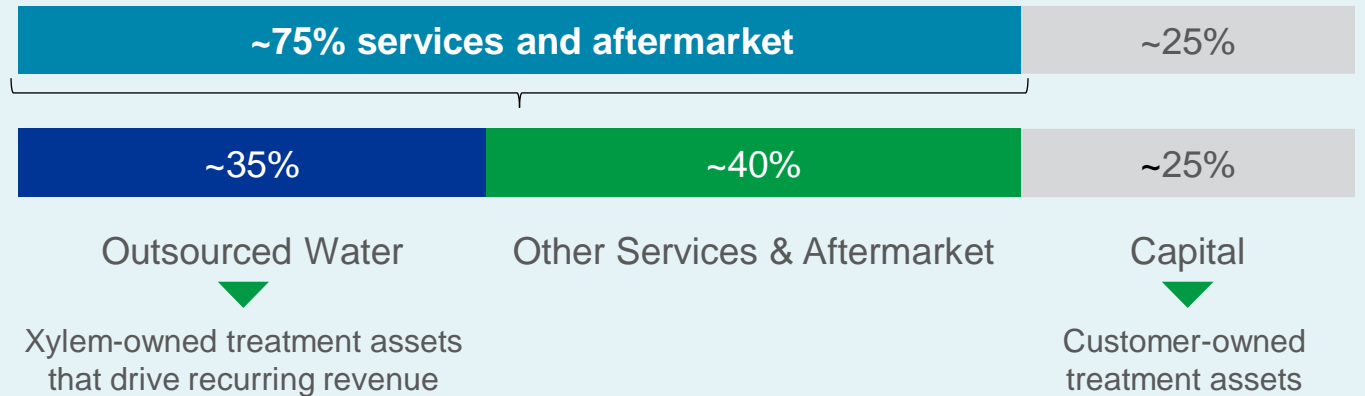
Adj. EBITDA	21.1%
Adj. Operating Income	11.8%

Highlights

- Pro forma⁽¹⁾ orders growth of 5% with services strength led by Energy and Life Sciences, partially offset by softer capital orders
- Backlog of ~\$1B, supported by resilient recurring revenue
- Pro forma⁽¹⁾ revenue growth of 10% driven by capital sales, backlog execution and mobile services
- Strong margin performance driven by price-cost discipline and volume leverage

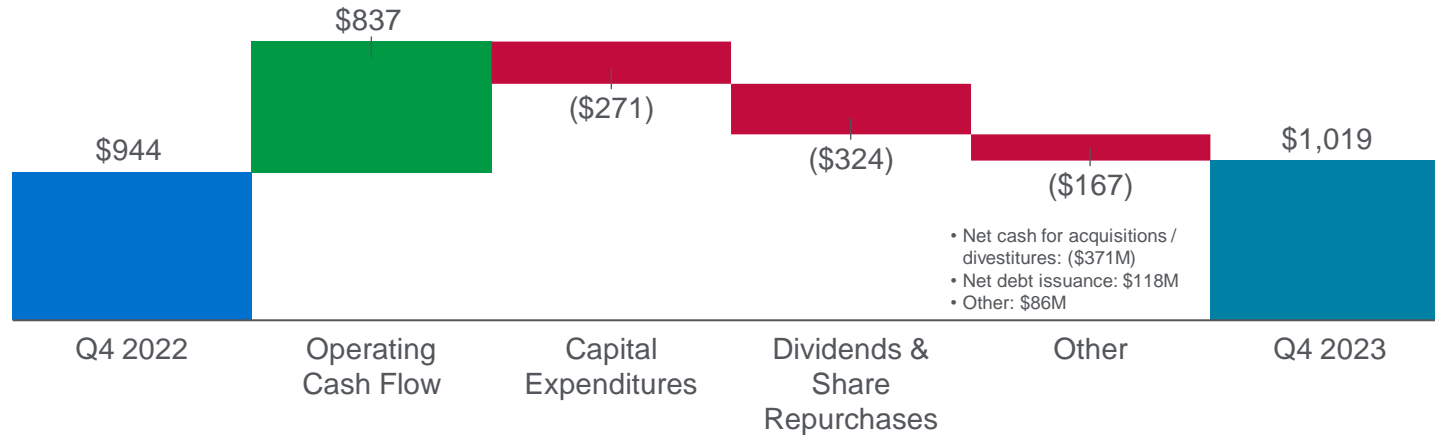


ISS Revenue Mix⁽²⁾



Xylem Financial Position

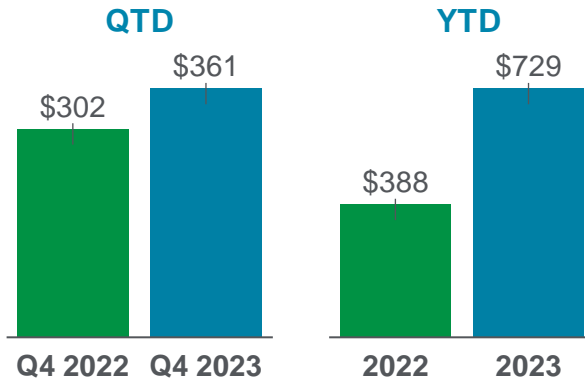
CASH DRIVERS



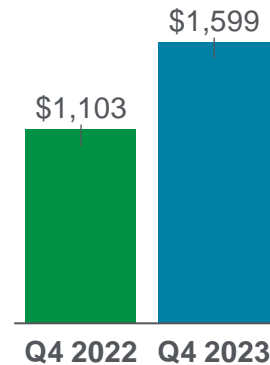
Capital Summary

December 31, 2023	
Cash & Cash Equivalents	\$ 1,019
Debt	\$ 2,284
Net Debt	\$ 1,265
Shareholders Equity	\$10,166
Net Capital	\$ 11,431
Net Debt to Net Capital	11%

ADJ FREE CASH FLOW*



WORKING CAPITAL**



FCF CONVERSION*

201% 176% 80% 122%

WORKING CAPITAL %

20.0% 19.6%

Financial Highlights

- Strong financial position
 - Available liquidity of ~\$2B including cash, cash equivalents, and available credit facilities
 - Remain committed to BBB/Baa2 investment grade credit rating
 - Net debt / adjusted EBITDA* (TTM) as of 12/31: 0.9x

*See appendix for definitions of non-GAAP measures and non-GAAP reconciliations

** The Company calculates Working Capital as follows: net accounts receivable + inventories - accounts payable - customer advances. WC as a % of revenue is based on a trailing 12 months of revenue

FY 2024 Guidance Key Assumptions

	FY 2024 Assumptions
Corporate Expense	~\$65M
Restructuring & Realignment Costs*	~\$50 – 70M
Capex	~\$390M
Estimated Tax Rate*	~23%
Purchase Accounting Intangible Amortization	~\$225M
EUR / USD Rate	1.09

Segment Key Facts

Water Solutions and Services⁽²⁾

Treatment, transport and assessment services solutions with an extensive service network and highly recurring revenue

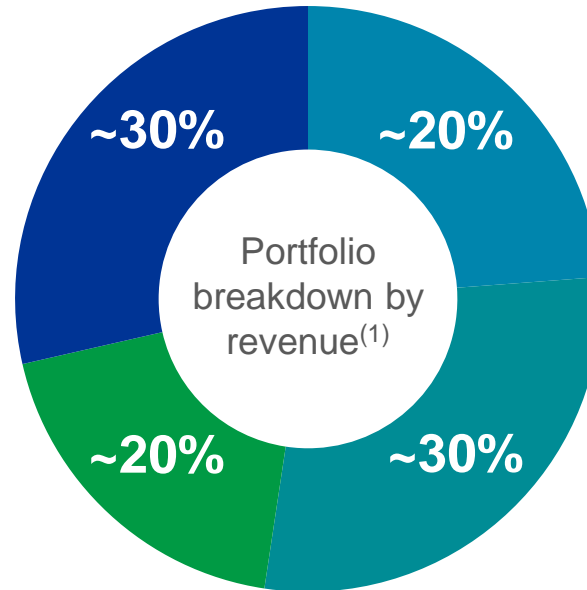
- Key Brands: MarCor, Frontier, ADI, Godwin, Pure
- Geo. Split: US ~85% / Rest of World ~15%
- End Market Split: Industrials 70% / Utilities 30%
- Channels: Primarily direct
- Market Drivers: Outsourced service, water scarcity, regulation, emerging contaminants
- Competitive Advantage: Service network, mobile fleet, SOPHIS digital solutions, technology agnostic business model

Measurement and Control Solutions⁽²⁾

Advanced technology solutions for water and energy, including smart metering and test & measurement

- Key Brands: Sensus, Smith-Blair, WTW, YSI
- Geo. Split: US ~65% / W. Europe ~15% / EM & Other ~20%
- End Market Split: Clean Water Utilities 80% / Industrials 20%
- Channels: Primarily indirect, some direct for larger projects
- Market Drivers: AMI adoption acceleration, connected solutions, non-revenue water, affordability, labor shortages
- Competitive Advantage: Deep application expertise and technology leadership, long-standing customer relationships

Diversified Portfolio Addressing the Full Lifecycle of Water



Applied Water

Industrial and buildings solutions applications including pumps, valves, heat exchangers, controls, and dispensing equipment

- Key Brands: Bell & Gossett, Flojet, Gould's, Lowara
- Geo. Split: US ~50% / W. Europe ~20% / EM & Other ~30%
- End Market Split: Industrials 45% / Building Solutions 55%
- Channels: Primarily indirect
- Market Drivers: Urbanization, climate, regulation, labor shortage
- Competitive Advantage: Established footprint, strong channel partnerships, quality & reliability

Water Infrastructure⁽²⁾

Products and solutions for the transportation and treatment of water, including pumps, filtration and treatment equipment, and controls

- Key Brands: Flygt, Wedeco, Sanitaire, Defender, Magneto
- Geo. Split: US ~35% / W. Europe ~35% / EM & Other ~30%
- End Market Split: Wastewater Utilities 60% / Industrials 40%
- Channels: Primarily direct
- Market Drivers: Water scarcity, affordability, aging infrastructure, regulations, sustainability
- Competitive Advantage: Innovation leadership, significant global installed base

(1) Expected approximate proportion of total revenue per business segment for fiscal 2024

(2) Effective January 1, 2024 Integrated Solutions and Services is combined with Dewatering and Assessment Services into a new segment called Water Solutions and Services

Appendix

Xylem Inc. Non-GAAP Measures

Management reviews key performance indicators including revenue, gross margins, segment operating income and margins, orders growth, working capital and backlog, among others. In addition, we consider certain non-GAAP (or "adjusted") measures to be useful to management and investors evaluating our operating performance for the periods presented, and to provide a tool for evaluating our ongoing operations, liquidity and management of assets. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including but not limited to, dividends, acquisitions, share repurchases and debt repayment. Excluding revenue, Xylem provides guidance only on a non-GAAP basis due to the inherent difficulty in forecasting certain amounts that would be included in GAAP earnings, such as discrete tax items, without unreasonable effort. These adjusted metrics are consistent with how management views our business and are used to make financial, operating and planning decisions. These metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for revenue, operating income, net income, earnings per share (basic and diluted) or net cash from operating activities as determined in accordance with GAAP. We consider the following items to represent the non-GAAP measures we consider to be key performance indicators, as well as the related reconciling items to the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

"Organic revenue" and "Organic orders" defined as revenue and orders, respectively, excluding the impact of fluctuations in foreign currency translation and contributions from acquisitions and divestitures. Divestitures include sales or discontinuance of insignificant portions of our business that did not meet the criteria for classification as a discontinued operation. The period-over-period change resulting from foreign currency translation impacts is determined by translating current period and prior period activity using the same currency conversion rate.

"Constant currency" defined as financial results adjusted for foreign currency translation impacts by translating current period and prior period activity using the same currency conversion rate. This approach is used for countries whose functional currency is not the U.S. dollar.

"EBITDA" defined as earnings before interest, taxes, depreciation and amortization expense. **"Adjusted EBITDA"** and **"Adjusted Segment EBITDA"** reflect the adjustments to EBITDA and segment EBITDA, respectively, to exclude share-based compensation charges, restructuring and realignment costs, gain or loss from sale of businesses and special charges.

"Adjusted EBITDA Margin" and **"Adjusted Segment EBITDA Margin"** defined as adjusted EBITDA and adjusted segment EBITDA divided by total revenue and segment revenue, respectively.

"Adjusted Operating Income", **"Adjusted Segment Operating Income"**, **"Adjusted Net Income"** and **"Adjusted EPS"** defined as operating income, segment operating income, net income and earnings per share, adjusted to exclude restructuring and realignment costs, amortization of acquired intangible assets, gain or loss from sale of businesses, special charges and tax-related special items, as applicable.

"Adjusted Operating Margin" and **"Adjusted Segment Operating Margin"** defined as adjusted operating income and adjusted segment operating income divided by total revenue and segment revenue, respectively.

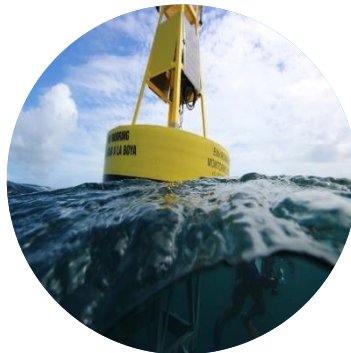
"Free Cash Flow" defined as net cash from operating activities, as reported in the Statement of Cash Flows, less capital expenditures, and **"Free Cash Flow Conversion"** defined as Free Cash Flows divided by net income, excluding the gain on sale of businesses and other non-recurring, significant non-cash impacts, such as non-cash impairment charges and significant deferred tax items. Our definitions of "free cash flow" and "free cash flow conversion" do not consider certain non-discretionary cash payments, such as debt.

"Adjusted Free Cash Flow" defined as free cash flow adjusted for significant cash items for which the corresponding income statement impact does not occur in the same fiscal year.

"Realignment costs" defined as costs not included in restructuring costs that are incurred as part of actions taken to reposition our business, including items such as professional fees, severance, relocation, travel, facility set-up and other costs.

"Special charges" defined as costs incurred by the Company, such as acquisition and integration related costs, non-cash impairment charges and both operating and non-operating adjustments for costs related to the UK pension plan buyout.

"Tax-related special items" defined as tax items, such as tax return versus tax provision adjustments, tax exam impacts, tax law change impacts, excess tax benefits/losses and other discrete tax adjustments.



Appendix

Xylem Inc. Non-GAAP Reconciliation Reported vs. Organic & Constant Currency Revenue (\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)				Constant Currency	
	(A)		(B)	% Change 2023 v. 2022	(C) Acquisitions / Divestitures	(D) FX Impact	(E) = B+C+D Change Adj. 2023 v. 2022	(F) = E/A % Change Adj. 2023 v. 2022	(G) = (E - C) / A	
	Revenue 2023	Revenue 2022	Change 2023 v. 2022							
Year Ended December 31										
Xylem Inc.	7,364	5,522	1,842	33%	(1,177)	25	690	12%	34%	
Water Infrastructure	2,967	2,364	603	26%	(362)	14	255	11%	26%	
Applied Water	1,853	1,767	86	5%	-	10	96	5%	5%	
Measurement & Control Solutions	1,729	1,391	338	24%	-	1	339	24%	24%	
Integrated Solutions and Services	815	-	815	N/A	(815)	-	-	N/A	N/A	
Quarter Ended December 31										
Xylem Inc.	2,118	1,506	612	41%	(459)	(17)	136	9%	40%	
Water Infrastructure	871	668	203	30%	(137)	(9)	57	9%	29%	
Applied Water	457	455	2	0%	-	(4)	(2)	(0%)	(0%)	
Measurement & Control Solutions	468	383	85	22%	-	(4)	81	21%	21%	
Integrated Solutions and Services	322	-	322	N/A	(322)	-	-	N/A	N/A	
Quarter Ended September 30										
Xylem Inc.	2,076	1,380	696	50%	(540)	(22)	134	10%	49%	
Water Infrastructure	803	574	229	40%	(172)	(14)	43	7%	37%	
Applied Water	465	458	7	2%	-	(3)	4	1%	1%	
Measurement & Control Solutions	440	348	92	26%	-	(5)	87	25%	25%	
Integrated Solutions and Services	368	-	368	N/A	(368)	-	-	N/A	N/A	
Quarter Ended June 30										
Xylem Inc.	1,722	1,364	358	26%	(178)	19	199	15%	28%	
Water Infrastructure	704	589	115	20%	(53)	12	74	13%	22%	
Applied Water	478	429	49	11%	-	4	53	12%	12%	
Measurement & Control Solutions	415	346	69	20%	-	3	72	21%	21%	
Integrated Solutions and Services	125	-	125	N/A	(125)	-	-	N/A	N/A	
Quarter Ended March 31										
Xylem Inc.	1,448	1,272	176	14%	-	45	221	17%	17%	
Water Infrastructure	589	533	56	11%	-	25	81	15%	15%	
Applied Water	453	425	28	7%	-	13	41	10%	10%	
Measurement & Control Solutions	406	314	92	29%	-	7	99	32%	32%	
Integrated Solutions and Services	-	-	-	N/A	-	-	-	N/A	N/A	

Appendix

Xylem Inc. Non-GAAP Reconciliation Reported vs. Organic & Constant Currency Orders (\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)				Constant Currency	
	(A)		(B)		(C)	(D)	(E) = B+C+D	(F) = E/A	(G) = (E - C) / A	
	Orders	Orders	Change	% Change						
	2023	2022	2023 v. 2022	2023 v. 2022	Divestitures		Adj. 2023 v. 2022	Adj. 2023 v. 2022		
Year Ended December 31										
Xylem Inc.	7,501	6,257	1,244	20%	(1,220)	41	65	1%	21%	
Water Infrastructure	3,060	2,607	453	17%	(352)	23	124	5%	18%	
Applied Water	1,770	1,794	(24)	(1%)	-	18	(6)	(0%)	(0%)	
Measurement & Control Solutions	1,803	1,856	(53)	(3%)	-	-	(53)	(3%)	(3%)	
Integrated Solutions and Services	868	-	868	N/A	(868)	-	-	N/A	N/A	
Quarter Ended December 31										
Xylem Inc.	2,044	1,439	605	42%	(451)	(17)	137	10%	41%	
Water Infrastructure	820	622	198	32%	(130)	(9)	59	9%	30%	
Applied Water	420	400	20	5%	-	(2)	18	5%	5%	
Measurement & Control Solutions	483	417	66	16%	-	(6)	60	14%	14%	
Integrated Solutions and Services	321	-	321	N/A	(321)	-	-	N/A	N/A	
Quarter Ended September 30										
Xylem Inc.	2,031	1,419	612	43%	(547)	(18)	47	3%	42%	
Water Infrastructure	850	594	256	43%	(163)	(10)	83	14%	41%	
Applied Water	422	409	13	3%	-	(4)	9	2%	2%	
Measurement & Control Solutions	375	416	(41)	(10%)	-	(4)	(45)	(11%)	(11%)	
Integrated Solutions and Services	384	-	384	N/A	(384)	-	-	N/A	N/A	
Quarter Ended June 30										
Xylem Inc.	1,856	1,684	172	10%	(222)	23	(27)	(2%)	12%	
Water Infrastructure	751	731	20	3%	(59)	13	(26)	(4%)	5%	
Applied Water	445	480	(35)	(7%)	-	6	(29)	(6%)	(6%)	
Measurement & Control Solutions	497	473	24	5%	-	4	28	6%	6%	
Integrated Solutions and Services	163	-	163	N/A	(163)	-	-	N/A	N/A	
Quarter Ended March 31										
Xylem Inc.	1,570	1,715	(145)	(8%)	-	53	(92)	(5%)	(5%)	
Water Infrastructure	639	660	(21)	(3%)	-	29	8	1%	1%	
Applied Water	483	505	(22)	(4%)	-	18	(4)	(1%)	(1%)	
Measurement & Control Solutions	448	550	(102)	(19%)	-	6	(96)	(17%)	(17%)	
Integrated Solutions and Services	-	-	-	N/A	-	-	-	N/A	N/A	

Xylem Inc. Non-GAAP Reconciliation
Adjusted Operating Income (\$ Millions)

	Q1		Q2		Q3		Q4		YTD	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Total Revenue										
• Total Xylem	1,448	1,272	1,722	1,364	2,076	1,380	2,118	1,506	7,364	5,522
• Water Infrastructure	589	533	704	589	803	574	871	668	2,967	2,364
• Applied Water	453	425	478	429	465	458	457	455	1,853	1,767
• Measurement and Control Solutions	406	314	415	346	440	348	468	383	1,729	1,391
• Integrated Solutions and Services	-	-	125	-	368	-	322	-	815	-
• Corporate/ Other	-	-	-	-	-	-	-	-	-	-
Operating Income (Loss)										
• Total Xylem	131	111	119	146	191	168	211	197	652	622
• Water Infrastructure	70	74	106	108	128	104	115	132	419	418
• Applied Water	83	59	84	61	73	77	70	61	310	258
• Measurement and Control Solutions	20	(10)	26	(5)	27	(2)	40	19	113	2
• Integrated Solutions and Services	-	-	(7)	-	(3)	-	18	-	8	-
• Corporate/ Other	(42)	(12)	(90)	(18)	(34)	(11)	(32)	(15)	(198)	(56)
Operating Margin										
• Total Xylem	9.0%	8.7%	6.9%	10.7%	9.2%	12.2%	10.0%	13.1%	8.9%	11.3%
• Water Infrastructure	11.9%	13.9%	15.1%	18.3%	15.9%	18.1%	13.2%	19.8%	14.1%	17.7%
• Applied Water	18.3%	13.9%	17.6%	14.2%	15.7%	16.8%	15.3%	13.4%	16.7%	14.6%
• Measurement and Control Solutions	4.9%	(3.2%)	6.3%	(1.4%)	6.1%	(0.6%)	8.5%	5.0%	6.5%	0.1%
• Integrated Solutions and Services	N/A	N/A	(5.6%)	N/A	(0.8%)	N/A	5.6%	N/A	1.0%	N/A
• Corporate/ Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Xylem Inc. Non-GAAP Reconciliation
Adjusted Operating Income (\$ Millions)

	Q1		Q2		Q3		Q4		YTD	
	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾	2023	2022 ⁽¹⁾
Special Charges										
• Total Xylem	25	1	67	1	24	13	22	1	138	16
• Water Infrastructure	-	-	12	-	6	-	11	-	29	-
• Applied Water	-	-	-	-	-	-	-	-	-	-
• Measurement and Control Solutions	2	-	-	1	1	12	1	1	4	14
• Integrated Solutions and Services	-	-	7	-	9	-	5	-	21	-
• Corporate/ Other	23	1	48	-	8	1	5	-	84	2
Restructuring & Realignment Costs										
• Total Xylem	11	4	37	8	34	6	24	16	106	34
• Water Infrastructure	3	1	3	3	3	3	13	4	22	11
• Applied Water	3	1	2	2	6	1	3	9	14	13
• Measurement and Control Solutions	5	2	3	3	6	2	6	3	20	10
• Integrated Solutions and Services	-	-	7	-	8	-	-	-	15	-
• Corporate/ Other	-	-	22	-	11	-	2	-	35	-
Purchase Accounting Intangible Amortization Adjustment										
• Total Xylem	18	18	36	18	66	18	56	18	176	72
• Water Infrastructure	1	1	8	1	15	1	25	1	49	4
• Applied Water	-	-	-	-	-	-	-	-	-	-
• Measurement and Control Solutions	17	17	17	17	16	17	16	17	66	68
• Integrated Solutions and Services	-	-	11	-	35	-	15	-	61	-
• Corporate/ Other	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Income (Loss)										
• Total Xylem	185	134	259	173	315	205	313	232	1,072	744
• Water Infrastructure	74	76	129	112	152	108	164	137	519	433
• Applied Water	86	60	86	63	79	78	73	70	324	271
• Measurement and Control Solutions	44	9	46	16	50	29	63	40	203	94
• Integrated Solutions and Services	-	-	18	-	49	-	38	-	105	-
• Corporate/ Other	(19)	(11)	(20)	(18)	(15)	(10)	(25)	(15)	(79)	(54)
Adjusted Operating Margin										
• Total Xylem	12.8%	10.5%	15.0%	12.7%	15.2%	14.9%	14.8%	15.4%	14.6%	13.5%
• Water Infrastructure	12.6%	14.3%	18.3%	19.0%	18.9%	18.8%	18.8%	20.5%	17.5%	18.3%
• Applied Water	19.0%	14.1%	18.0%	14.7%	17.0%	17.0%	16.0%	15.4%	17.5%	15.3%
• Measurement and Control Solutions	10.8%	2.9%	11.1%	4.6%	11.4%	8.3%	13.5%	10.4%	11.7%	6.8%
• Integrated Solutions and Services	N/A	N/A	14.4%	N/A	13.3%	N/A	11.8%	N/A	12.9%	N/A
• Corporate/ Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Appendix

Xylem Inc. Non-GAAP Reconciliation Adjusted Diluted EPS (\$ Millions, except per share amounts)

	Q4 2023			Q4 2022 ⁽¹⁾		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	2,118	-	2,118	1,506	-	1,506
Operating Income	211	102 a	313	197	35 a	232
Operating Margin	10.0%		14.8%	13.1%		15.4%
Interest Expense	(14)	-	(14)	(13)	-	(13)
Other Non-Operating Income (Expense)	14	-	14	5	- b	5
Gain/(Loss) From Sale of Business	(1)	1	-	-	-	-
Income before Taxes	210	103	313	189	35	224
Provision for Income Taxes	56	(130) c	(74)	(40)	(2) c	(42)
Net Income	266	(27)	239	149	33	182
Diluted Shares	242.5		242.5	181.3		181.3
Diluted EPS	\$1.10	(\$0.11)	\$0.99	\$0.82	\$0.18	\$1.00

Year-over-year currency translation impact on current year diluted EPS \$0.02 \$0.00 \$0.02

Diluted EPS at Constant Currency \$1.08 (\$0.11) \$0.97

a Quarter-to-date:

Restructuring & realignment costs: 2023 - \$24 million and 2022 - \$16 million

Special charges: 2023 - \$19 million of acquisition & integration cost, \$1 million of asset impairment and \$2 million of other special charges; 2022 - \$1 million of asset impairment charges

Purchase accounting intangible amortization: 2023 - \$56 million and 2022 - \$18 million

Year-to-date:

Restructuring & realignment costs: 2023 - \$106 million and 2022 - \$34 million

Special charges: 2023 - \$126 million of acquisition & integration related costs, \$8 million of other special charges and \$4 million of asset impairment charges; 2022 - \$14 million of asset impairment charges and \$2 million UK pension plan charges

Purchase accounting intangible amortization: 2023 - \$176 million and 2022 - \$72 million

b Quarter-to-date and Year-to-date: 2022 - Special non-operating charges consist of charges related to the UK pension plan exited as part of a buy-out of \$0 million and \$4 million, respectively

c Quarter-to-date: 2023 - Net tax impact on pre-tax adjustments (note a) of \$23 million and other tax special items of \$107 million; 2022 - Net tax impact on pre-tax adjustments (notes a and b) of \$7 million and other tax related special items of \$(5) million

Year-to-date: 2023 - Net tax impact on pre-tax adjustments (note a) of \$90 million and other tax special items of \$115 million; 2022 - Net tax impact on pre-tax adjustments (notes a and b) of \$51 million and other tax related special items of \$(1) million

Appendix

Xylem Inc. Non-GAAP Reconciliation

Adjusted Diluted EPS

(\$ Millions, except per share amounts)

	Q4 YTD 2023			Q4 YTD 2022 ⁽¹⁾		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	7,364	-	7,364	5,522	-	5,522
Operating Income	652	420 a	1,072	622	122 a	744
Operating Margin	8.9%		14.6%	11.3%		13.5%
Interest Expense	(49)	-	(49)	(50)	-	(50)
Other Non-Operating Income (Expense)	33	-	33	7	4 b	11
UK Pension Buyout Settlement	-	-	-	(140)	140	-
Gain/(Loss) From Sale of Business	(1)	1	-	1	(1)	-
Income before Taxes	635	421	1,056	440	265	705
Provision for Income Taxes	(26)	(205) c	(231)	(85)	(50) c	(135)
Net Income	609	216	825	355	215	570
Diluted Shares	218.2		218.2	181.0		181.0
Diluted EPS	\$2.79	\$0.99	\$3.78	\$1.96	\$1.19	\$3.15
Year-over-year currency translation impact on current year diluted EPS	\$0.02	\$0.00	\$0.02			
Diluted EPS at Constant Currency	\$2.77	\$0.99	\$3.76			

a Quarter-to-date:

Restructuring & realignment costs: 2023 - \$24 million and 2022 - \$16 million

Special charges: 2023 - \$19 million of acquisition & integration cost, \$1 million of asset impairment and \$2 million of other special charges; 2022 - \$1 million of asset impairment charges

Purchase accounting intangible amortization: 2023 - \$56 million and 2022 - \$18 million

Year-to-date:

Restructuring & realignment costs: 2023 - \$106 million and 2022 - \$34 million

Special charges: 2023 - \$126 million of acquisition & integration related costs, \$8 million of other special charges and \$4 million of asset impairment charges; 2022 - \$14 million of asset impairment charges and \$2 million UK pension plan charges

Purchase accounting intangible amortization: 2023 - \$176 million and 2022 - \$72 million

b Quarter-to-date and Year-to-date: 2022 - Special non-operating charges consist of charges related to the UK pension plan exited as part of a buy-out of \$0 million and \$4 million, respectively

c Quarter-to-date: 2023 - Net tax impact on pre-tax adjustments (note a) of \$23 million and other tax special items of \$107 million; 2022 - Net tax impact on pre-tax adjustments (notes a and b) of \$7 million and other tax related special items of \$(5) million

Year-to-date: 2023 - Net tax impact on pre-tax adjustments (note a) of \$90 million and other tax special items of \$115 million; 2022 - Net tax impact on pre-tax adjustments (notes a and b) of \$51 million and other tax related special items of \$(1) million

Appendix

Xylem Inc. Non-GAAP Reconciliation EBITDA and Adjusted EBITDA by Quarter (\$ Millions)

2023					
	Q1	Q2	Q3	Q4	Total
Net Income	99	92	152	266	609
Net Income margin	6.8%	5.3%	7.3%	12.6%	8.3%
Depreciation	28	41	63	61	193
Amortization	32	51	84	76	243
Interest Expense (Income), net	2	5	6	8	21
Income Tax Expense	27	22	33	(56)	26
EBITDA	188	211	338	355	1,092
Share-based Compensation	12	15	18	15	60
Restructuring & Realignment	11	36	33	23	103
Special Charges	25	67	22	22	136
Loss/(Gain) from sale of business	-	-	-	1	1
Adjusted EBITDA	236	329	411	416	1,392
Revenue	1,448	1,722	2,076	2,118	7,364
Adjusted EBITDA Margin	16.3%	19.1%	19.8%	19.6%	18.9%

2022					
	Q1	Q2	Q3	Q4	Total
Net Income	82	112	12	149	355
Net Income margin	6.4%	8.2%	0.9%	9.9%	6.4%
Depreciation	28	28	27	28	111
Amortization	30	32	31	32	125
Interest Expense (Income), net	11	10	7	6	34
Income Tax Expense	16	24	5	40	85
EBITDA	167	206	82	255	710
Share-based Compensation	9	9	10	9	37
Restructuring & Realignment	4	8	6	16	34
U.K. Pension Settlement	-	-	140	-	140
Special Charges	2	3	14	1	20
Loss/(Gain) from sale of business	(1)	-	-	-	(1)
Adjusted EBITDA	181	226	252	281	940
Revenue	1,272	1,364	1,380	1,506	5,522
Adjusted EBITDA Margin	14.2%	16.6%	18.3%	18.7%	17.0%

Xylem Inc. Non-GAAP Reconciliation EBITDA and Adjusted EBITDA by Quarter (\$ Millions) Water Infrastructure

2023					
	Q1	Q2	Q3	Q4	Total
Operating Income	70	106	128	115	419
Operating Margin	11.9%	15.1%	15.9%	13.2%	14.1%
Depreciation	12	14	14	15	55
Amortization	2	10	16	27	55
Other non-operating expense, excluding interest income	-	1	-	2	3
EBITDA	84	131	158	159	532
Share-based Compensation	2	5	3	5	15
Restructuring & Realignment	3	3	3	13	22
Special Charges	-	12	6	11	29
Adjusted EBITDA	89	151	170	188	598
Revenue	589	704	803	871	2,967
Adjusted EBITDA Margin	15.1%	21.4%	21.2%	21.6%	20.2%

2022					
	Q1	Q2	Q3	Q4	Total
Operating Income	74	108	104	132	418
Operating Margin	13.9%	18.3%	18.1%	19.8%	17.7%
Depreciation	11	11	11	11	44
Amortization	2	3	1	3	9
Other non-operating expense, excluding interest income	(4)	1	-	(1)	(4)
EBITDA	83	123	116	145	467
Share-based Compensation	1	-	-	1	2
Restructuring & Realignment	1	3	3	4	11
Adjusted EBITDA	85	126	119	150	480
Revenue	533	589	574	668	2,364
Adjusted EBITDA Margin	15.9%	21.4%	20.7%	22.5%	20.3%

Appendix

Xylem Inc. Non-GAAP Reconciliation EBITDA and Adjusted EBITDA by Quarter (\$ Millions) Applied Water

2023					
	Q1	Q2	Q3	Q4	Total
Operating Income	83	84	73	70	310
Operating Margin	18.3%	17.6%	15.7%	15.3%	16.7%
Depreciation	5	4	6	4	19
Amortization	-	1	-	1	2
Other non-operating expense, excluding interest income	(1)	-	-	(1)	(2)
EBITDA	87	89	79	74	329
Share-based Compensation	1	-	1	2	4
Restructuring & Realignment	3	2	5	3	13
Adjusted EBITDA	91	91	85	79	346
Revenue	453	478	465	457	1,853
Adjusted EBITDA Margin	20.1%	19.0%	18.3%	17.3%	18.7%

2022					
	Q1	Q2	Q3	Q4	Total
Operating Income	59	61	77	61	258
Operating Margin	13.9%	14.2%	16.8%	13.4%	14.6%
Depreciation	5	4	4	4	17
Amortization	-	1	-	1	2
Other non-operating expense, excluding interest income	(1)	-	(1)	-	(2)
EBITDA	63	66	80	66	275
Share-based Compensation	1	1	2	-	4
Restructuring & Realignment	1	2	1	9	13
Adjusted EBITDA	65	69	83	75	292
Revenue	425	429	458	455	1,767
Adjusted EBITDA Margin	15.3%	16.1%	18.1%	16.5%	16.5%

Xylem Inc. Non-GAAP Reconciliation EBITDA and Adjusted EBITDA by Quarter (\$ Millions) Measurement & Control Solutions

2023					
	Q1	Q2	Q3	Q4	Total
Operating Income	20	26	27	40	113
Operating Margin	4.9%	6.3%	6.1%	8.5%	6.5%
Depreciation	7	9	8	8	32
Amortization	27	26	26	28	107
Other non-operating expense, excluding interest income	-	-	(1)	(3)	(4)
EBITDA	54	61	60	73	248
Share-based Compensation	2	2	2	1	7
Restructuring & Realignment	5	2	6	5	18
Special Charges	2	-	1	1	4
Loss/(Gain) from sale of business	-	-	-	1	1
Adjusted EBITDA	63	65	69	81	278
Revenue	406	415	440	468	1,729
Adjusted EBITDA Margin	15.5%	15.7%	15.7%	17.3%	16.1%

2022					
	Q1	Q2	Q3	Q4	Total
Operating Income	(10)	(5)	(2)	19	2
Operating Margin	(3.2%)	(1.4%)	(0.6%)	5.0%	0.1%
(Loss)/Gain from sale of business	1	-	-	-	1
Depreciation	9	8	8	8	33
Amortization	25	26	27	26	104
Other non-operating expense, excluding interest income	-	(1)	(1)	-	(2)
EBITDA	25	28	32	53	138
Share-based Compensation	1	2	2	1	6
Restructuring & Realignment	2	3	2	3	10
Special Charges	-	1	12	1	14
Loss/(Gain) from sale of business	(1)	-	-	-	(1)
Adjusted EBITDA	27	34	48	58	167
Revenue	314	346	348	383	1,391
Adjusted EBITDA Margin	8.6%	9.8%	13.8%	15.1%	12.0%

Xylem Inc. Non-GAAP Reconciliation
EBITDA and Adjusted EBITDA by Quarter (\$ Millions)
Integrated Solutions & Services

2023					
	Q1	Q2	Q3	Q4	Total
Operating Income	-	(7)	(3)	18	8
Operating Margin	-	(5.6%)	(0.8%)	5.6%	1.0%
Depreciation	-	8	30	27	65
Amortization	-	12	36	17	65
EBITDA	-	13	63	62	138
Share-based Compensation	-	3	3	1	7
Restructuring & Realignment	-	7	8	-	15
Special Charges	-	7	9	5	21
Adjusted EBITDA	-	30	83	68	181
Revenue	-	125	368	322	815
Adjusted EBITDA Margin	-	24.0%	22.6%	21.1%	22.2%

Appendix

Xylem Inc. Non-GAAP Reconciliation Net Cash - Operating Activities vs. Free Cash Flow (\$ Millions)

	Q1		Q2		Q3		Q4		Year-to-Date	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Net Cash - Operating Activities	(\$19)	(\$81)	\$28	\$113	\$373	\$202	\$455	\$362	\$837	\$596
Capital Expenditures - PP&E	(33)	(31)	(42)	(30)	(57)	(37)	(76)	(41)	(208)	(139)
Capital Expenditures - Software	(16)	(18)	(12)	(16)	(17)	(16)	(18)	(19)	(63)	(69)
Capital Expenditures	(49)	(49)	(54)	(46)	(74)	(53)	(94)	(60)	(271)	(208)
Cash paid in excess of tax provision for R&D law change adoption	33	-	-	-	-	-	-	-	33	-
Free Cash Flow	(\$35)	(\$130)	(\$26)	\$67	\$299	\$149	\$361	\$302	\$599	\$388
Cash paid by Xylem for Evoqua's pre-close transaction costs	-	-	70	-	-	-	-	-	70	-
Cash paid for Idrica distribution agreement	-	-	60	-	-	-	-	-	60	-
Adjusted Free Cash Flow	(\$35)	(\$130)	\$104	\$67	\$299	\$149	\$361	\$302	\$729	\$388
Net Income	\$99	\$82	\$92	\$112	\$152	\$12	\$266	\$149	\$609	\$355
Gain/(Loss) from sale of business	-	1	-	-	-	-	(1)	-	(1)	1
Restructuring Charges - non-cash stock acceleration	-	-	(14)	-	(11)	-	(2)	-	(27)	-
Significant non-cash tax benefit/(charge)	-	-	-	-	-	-	70	-	70	-
U.K. pension buyout settlement - non-cash release from AOCI	-	-	-	-	-	(140)	-	-	-	(140)
U.K. pension buyout settlement - non-cash tax release from AOCI	-	-	-	-	-	23	-	-	-	23
Special Charges - Inventory step-up	-	-	(15)	-	(5)	-	(5)	-	(25)	-
Special Charges - non-cash impairment	(2)	-	-	(1)	(1)	(12)	(1)	(1)	(4)	(14)
Net Income, excluding gain/(loss) on sale of businesses and non-cash restructuring and special charges	\$101	\$81	\$121	\$113	\$169	\$141	\$205	\$150	\$596	\$485
Operating Cash Flow Conversion	(19%)	(99%)	30%	101%	245%	1683%	171%	243%	137%	168%
Free Cash Flow Conversion	(35%)	(160%)	86%	59%	177%	106%	176%	201%	122%	80%



Thank you.

Q4 2023 Earnings & Results

Replay of the webcast is available until midnight February 13, 2024
Replay: +1 (877) 344-7529 or +1 (412) 317-0088 (INTL)

NYSE: XYL

[Xylem Investor Relations Website](#)

[LinkedIn](#) | [Twitter](#) | [Facebook](#) | [YouTube](#) | [Instagram](#)