



# 2022 Third Quarter

## Results & Earnings

**xylem**  
Let's Solve Water



# 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. Additionally, many of these risks and uncertainties are, and may continue to be, amplified by impacts from changes in international conditions, including as a result of the war between Russia and Ukraine, the coronavirus ("COVID-19") pandemic and macroeconomic conditions, including inflation. 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, inflation, interest rates 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 war between Russia and Ukraine, and regulatory, economic and other risks associated with our global sales and operations, including with respect to domestic content requirements applicable to projects with governmental funding; continued uncertainty around the ongoing impacts of the COVID-19 pandemic on the macroeconomy and our business, operations, growth, and financial condition; actual or potential other epidemics, pandemics or global health crises; availability, shortage or delays in receiving electronic components (in particular, semiconductors), parts, and raw materials from our supply chain; 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 products; disruptions in operations at our facilities or that of third parties upon which we rely; ability to retain and attract senior management and other diverse and key talent, as well as competition for overall talent and labor; difficulty predicting our financial results; defects, security, warranty and liability claims, and recalls with respect to products; availability, regulation or interference with radio spectrum used by certain of our products; uncertainty related to restructuring and realignment actions and related costs and savings; our ability to continue strategic investments for growth; our ability to successfully identify, execute and integrate acquisitions; volatility in served markets or impacts on business and operations due to weather conditions, including the effects of climate change; fluctuations in foreign currency exchange rates; our ability to borrow or refinance our existing indebtedness and uncertainty around the availability of liquidity sufficient to meet our needs; risk of future impairments to goodwill and other intangible assets; failure to comply with, or changes in, laws or regulations, including those pertaining to anti-corruption, data privacy and security, export and import, our products, competition, and the environment and climate change; changes in our effective tax rates or tax expenses; legal, governmental or regulatory claims, investigations or proceedings and associated contingent liabilities; and other factors set forth under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Annual Report") 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 Report. 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.*

## Q3 2022 Performance Summary

(\$ in millions, unless otherwise noted)

2022	Reported Q3	Adj* Q3
<b>Xylem Consolidated</b>		
Revenue	\$1,380	\$1,380
Overall Growth	9%	9%
Constant Currency* Growth		15%
Organic Growth*		16%
Operating Income	\$168	\$187
Operating Margin	12.2%	13.6%
EBITDA*	\$82	\$252
EBITDA Margin*	5.9%	18.3%
Earnings Per Share	\$0.07	\$0.79

2022	Reported Q3	Adj* Q3
<b>Applied Water</b>		
Revenue	\$458	\$458
Overall Growth	15%	15%
Constant Currency* Growth		20%
Organic Growth*		20%
Operating Income	\$77	\$78
Operating Margin	16.8%	17.0%
EBITDA*	\$80	\$83
EBITDA Margin*	17.5%	18.1%

2022	Reported Q3	Adj* Q3
<b>Water Infrastructure</b>		
Revenue	\$574	\$574
Overall Growth	5%	5%
Constant Currency* Growth		13%
Organic Growth*		13%
Operating Income	\$104	\$107
Operating Margin	18.1%	18.6%
EBITDA*	\$116	\$119
EBITDA Margin*	20.2%	20.7%

2022	Reported Q3	Adj* Q3
<b>Measurement &amp; Control Solutions</b>		
Revenue	\$348	\$348
Overall Growth	9%	9%
Constant Currency* Growth		14%
Organic Growth*		15%
Operating Income	(\$2)	\$12
Operating Margin	(0.6%)	3.4%
EBITDA*	\$32	\$48
EBITDA Margin*	9.2%	13.8%



# Patrick Decker

CEO & President

“ The team delivered very strong performance across all our regions, driving third quarter results well above expectations on all key metrics. Demand remains resilient across our largest end-markets, and disciplined operational execution delivered double-digit revenue growth with strong margin expansion.

We anticipate our momentum will continue driven by the essential nature of the services we provide. Our strong backlog and bidding pipelines support that outlook. The team, from our factories to our channel partners, continues to demonstrate resilience in managing through a dynamic environment, as our customers and communities invest in essential water infrastructure. Based on this strength, we are further raising our full-year guidance for both revenue and earnings per share, with continued confidence in Xylem’s longer-term growth outlook. ”

## Q3 2022 Highlights



Organic\* Revenue

**+16%**

vs guidance 10% - 12%



Organic\* Orders

**(1%)**



Adj. EBITDA\*  
Margin

**18.3%**

+40 bps YoY margin expansion  
vs guidance 16.5% - 17.0%



Adj. EPS\*

**\$0.79**

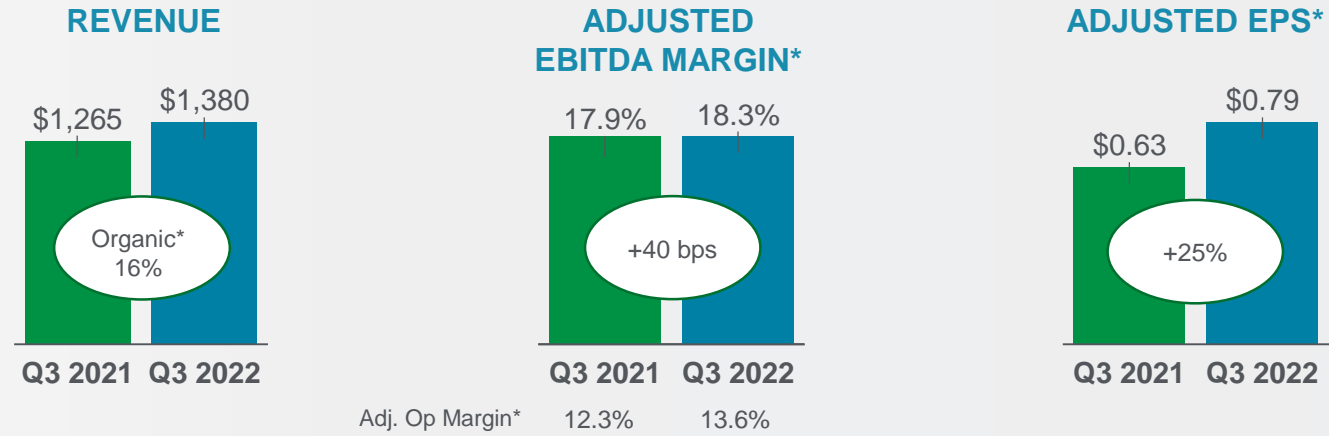
25% YoY growth



Sustainability

**80+ utilities  
globally committed  
to net zero**

## Q3 2022 XYLEM PERFORMANCE



## KEY PERFORMANCE DRIVERS

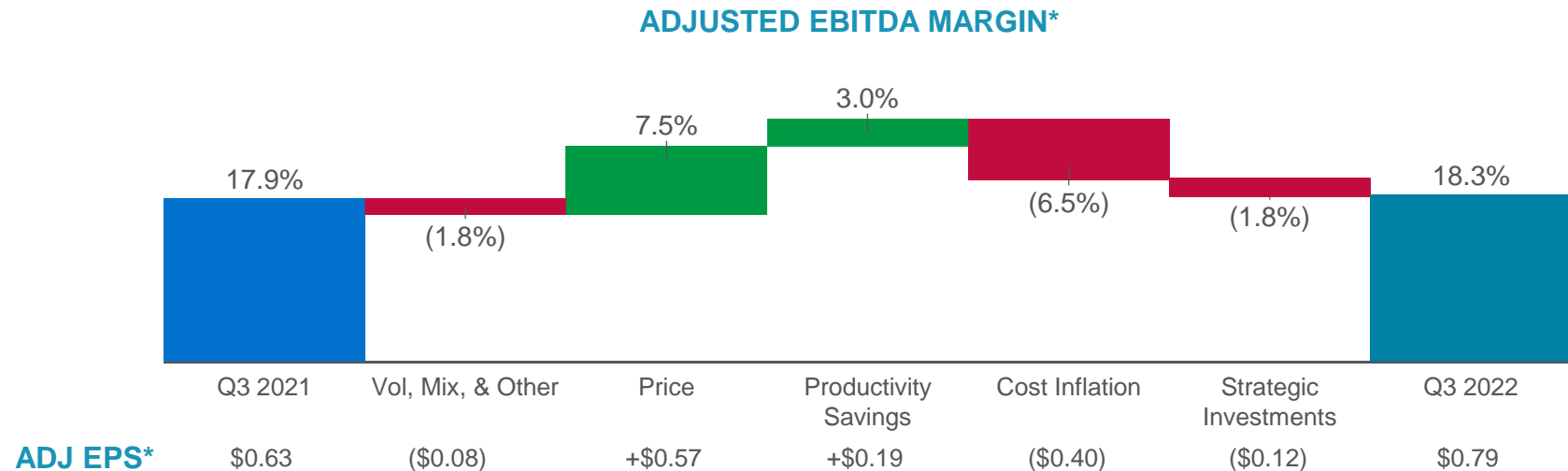
- **Organic\*** revenue growth of 16% mainly driven by strong price realization and modest supply chain improvements
- **Organic\*** orders down (1%) lapping prior year compares of 20% growth with **backlog** of \$3.7B

### Organic Growth\* by End Market

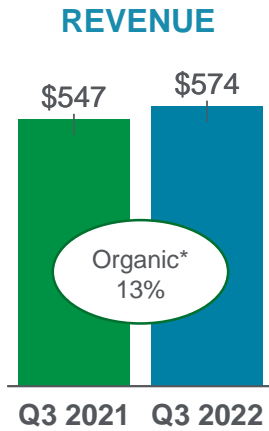
Utilities 15%  
 Industrial 16%  
 Commercial 17%  
 Residential 19%

### Organic Growth\* by Region

United States 18%  
 Western Europe 14%  
 Emerging Markets 16%



# Q3 2022 Water Infrastructure Performance



### Organic Growth\* by End Market

Utilities	14%
Industrial	12%

### Organic Growth\* by Region

United States	13%
Western Europe	15%
Emerging Markets	10%

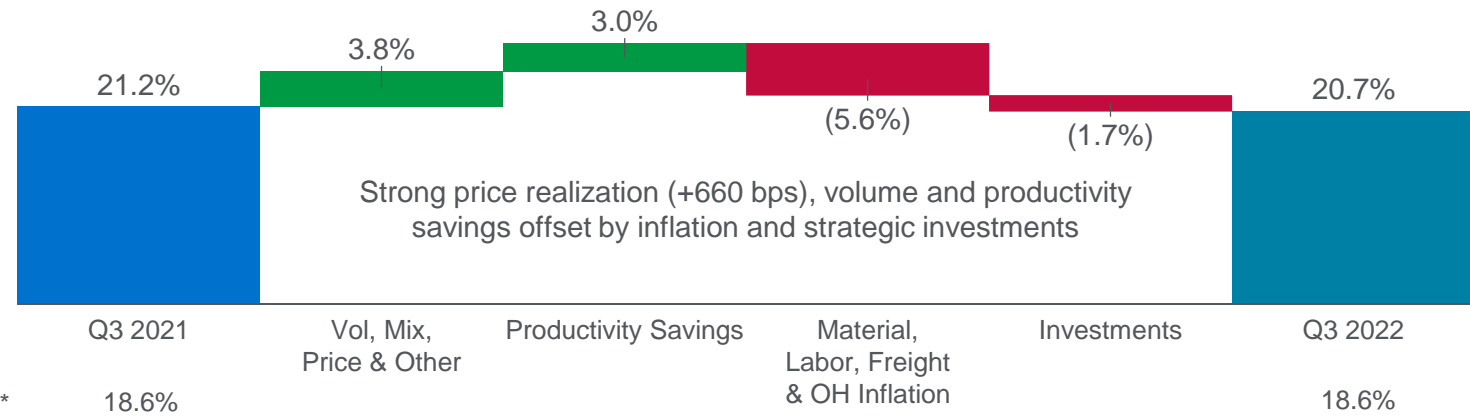
### Highlights

- Organic\* orders up 3% lapping prior year compare of 9% growth, led by dewatering and continued utilities strength in the US
- Utilities growth driven by Opex strength across the US and robust transport demand in Western Europe
- Industrial growth driven by strong Emerging Markets dewatering demand and increased activity in Western Europe

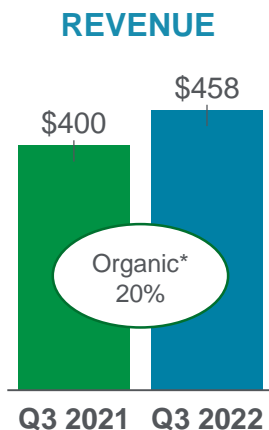


Adj. Operating Margin\* 18.6%

### ADJUSTED EBITDA MARGIN\*



# Q3 2022 Applied Water Performance



### Organic Growth\* by End Market

Industrial	22%
Commercial	17%
Residential	19%

### Organic Growth\* by Region

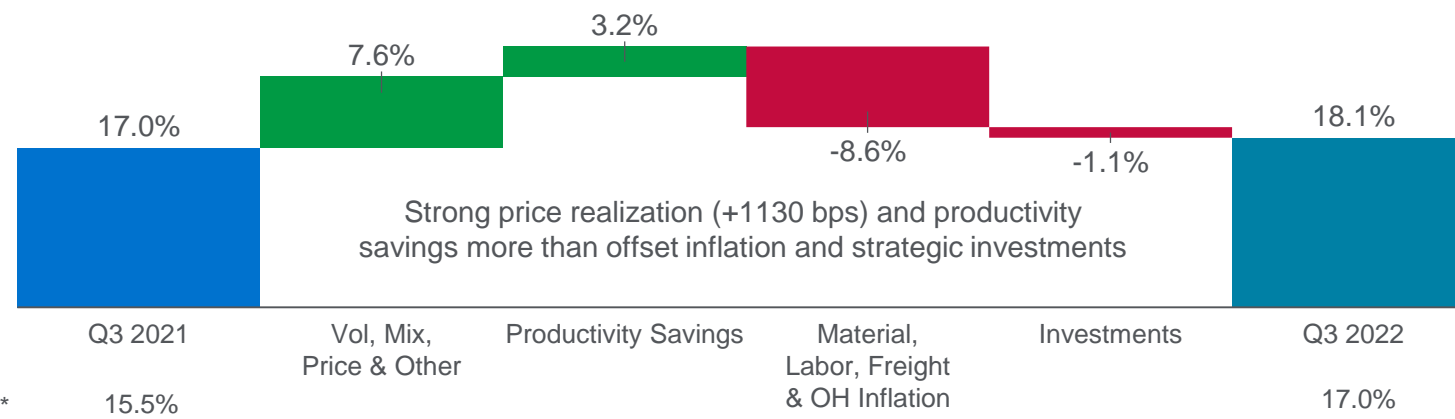
United States	19%
Western Europe	17%
Emerging Markets	28%

### Highlights

- Organic\* orders down 4%, lapping prior year compare of 17% growth, driven by strength in Emerging Markets offset by a slight moderation in US demand
- Industrial growth led by price and robust demand across all regions
- Commercial growth driven by supply chain improvements in the US, strong price, and healthy demand in Emerging Markets
- Residential growth driven by price and strong backlog execution in the US

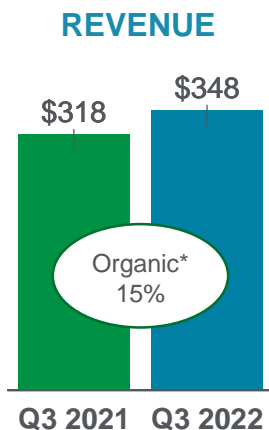


### ADJUSTED EBITDA MARGIN\*



Adj. Operating Margin\* 15.5%

# Q3 2022 Measurement & Control Solutions Performance



### Organic Growth\* by Application

Water	15%
Energy	13%

### Organic Growth\* by Region

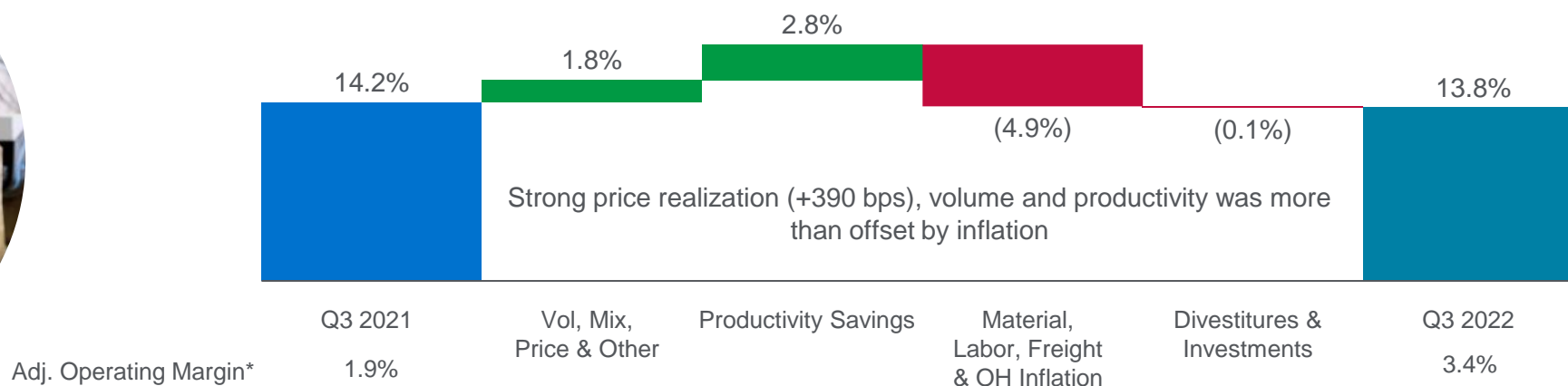
United States	20%
Western Europe	8%
Emerging Markets	14%

### Highlights

- Organic\* orders decline of 2%, lapping prior year compare of 42% growth. Strong Advanced Metering Infrastructure (AMI) demand continues with a book-to-bill ratio of 1.2
- Double-digit growth in test and pipeline assessment services businesses
- Resilient backlog at \$2.1B, provides long term growth and margin momentum
- Strong sequential margin improvement driven by disciplined execution and a modest improvement in chip supply



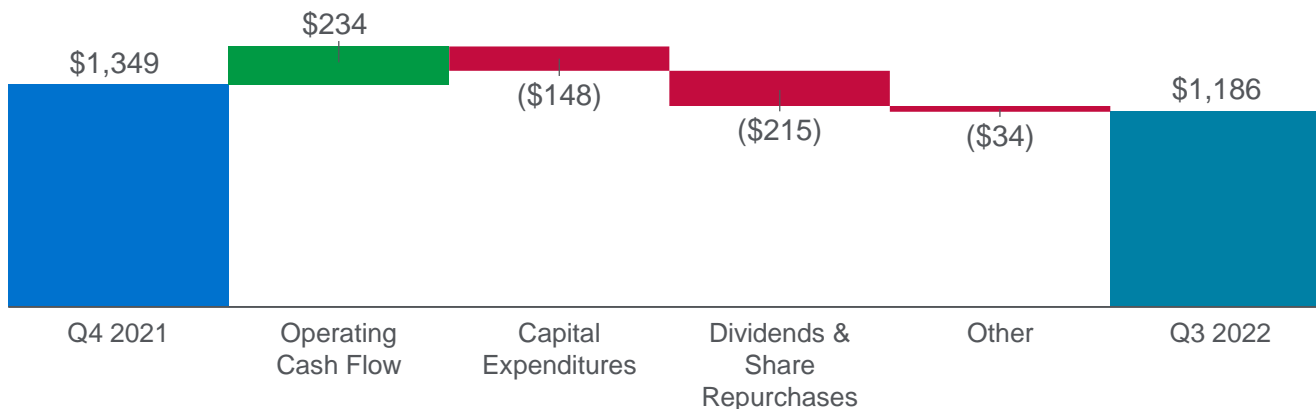
### ADJUSTED EBITDA MARGIN\*



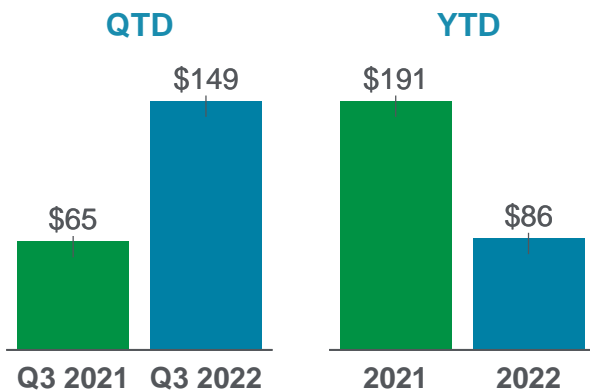


# Xylem Financial Position

## CASH DRIVERS



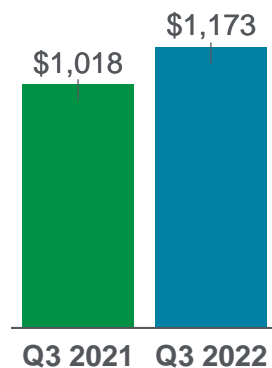
## FREE CASH FLOW\*



## FCF CONVERSION\*

57%      106%      61%      26%

## WORKING CAPITAL\*\*



## WORKING CAPITAL %

19.4%      22.0%

## Capital Summary

### September 30, 2022

Cash & Cash Equivalents	\$ 1,186
Debt	\$ 2,363
Net Debt	\$ 1,177
Shareholder's Equity	\$ 3,215
Net Capital	\$ 4,392
Net Debt to Net Capital	27%

## Financial Highlights

- **Strong financial position**
  - Available liquidity of ~\$2.0B including cash, cash equivalents and available credit facilities
  - Remain committed to BBB/Baa2 investment grade credit rating
  - Net debt / adjusted EBITDA\* (TTM) as of 09/30: **1.3x**
- **Strategically built buffer stock to mitigate impacts of supply chain constraints driving higher working capital**

## Durable Business Model Provides Confidence In Resilient Demand

**Well positioned in economic cycles due to essential nature of our services and solutions**

**Creating cost-effective resiliency for local communities through advanced digital solutions**

**Helping our customers achieve net zero commitments with solutions that reduce GHG emissions**



# FY 2022 End Market Commentary

See appendix for end market key facts



**Wastewater Utilities**  
~30% of Revenue

- Continued Opex strength due to mission critical applications and large install base in North America and Western Europe
- Long-term capex outlook remains strong due to aging infrastructure and Emerging Markets' continued advancement
- US Utilities: No indication of pause from customers from the bipartisan infrastructure act.



**Clean Water Utilities**  
~20% of Revenue

- Large smart metering project deployment timing impacted by global shortage of chips. Very strong backlog position and orders momentum with modest easing of chip shortages through 2022
- Healthy momentum for water quality products and increased demand for pipeline assessment services due to aging infrastructure
- Increasing demand for smart water solutions and digital offerings to drive positive economic and environmental impact for utilities



**Industrial**  
~35% of Revenue

- Industrial dewatering business robust globally, especially in Emerging Markets from mining demand
- Sustained demand in "light" Industrial activity from Applied Water businesses globally



**Commercial**  
~10% of Revenue

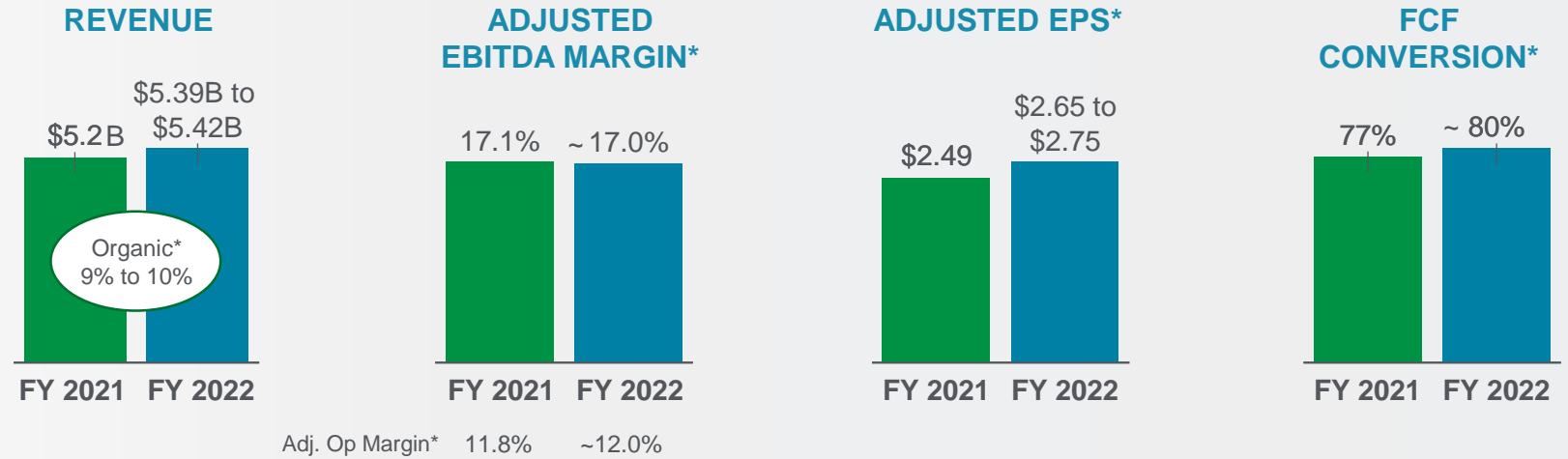
- Increased demand for green buildings and energy efficiency related projects, particularly in Europe, and strong commercial development in the Middle East.



**Residential**  
~5% of Revenue

- Order demand expected to moderate. Dealer activity remains healthy

## FY 2022 and Q4 2022 Guidance & Key Assumptions



## Key Assumptions

### Organic\* Revenue up 9% to 10%

- Water Infrastructure up high-single digits
- Applied Water up low-double digits
- Measurement & Control Solutions up mid-single digits

### 2022 FX Euro Rate 0.98 (Prior guidance of 1.01)

### Adjusted EBITDA\* of ~17.0%

- Strong demand, price realization and productivity savings offset by inflation and continued global chip shortages.

### In Q3, one-time non-cash settlement charge of \$140M for buyout of UK Pension Plan

### Free Cash Flow Conversion\* of ~80%

- Remain committed to long-term guidance of ~100% conversion
- 2019–2021 FCF conversion\* of ~125%

### FY 2022 Planning Assumptions

Corporate Expense	~\$60M
Restructuring & Realignment Costs*	~\$25 - \$30M
Dividends	~\$215M
Capex	~\$225M
Interest / Other Expense	~\$50M
Estimated Tax Rate*	~18.5%
Share Count	~181M

### Q4 2022 Planning Assumptions

Organic* Revenue	+12% to +14%
WI	Up mid-single digits
AWS	Up mid-teens
M&CS	Up mid-twenties
Adjusted EBITDA*	17.5% to 18.5%
Adjusted Operating Margin*	13.0% to 14.0%

# Key Takeaways

- 1 Continue to **outperform** on strong operational and commercial execution
- 2 Sustained underlying **demand** reflected in strength of backlog
- 3 **Raised** full-year EPS guide and increased organic revenue growth
- 4 Xylem's **durable** business model is well positioned through economic cycles

# Appendix

## End Market Key Facts

### Utilities ~50% Revenue

#### Wastewater Utilities

- Revenue: ~60% of Xylem utilities revenue
- Opex/Capex Split: ~80% / ~20%
- XYL businesses: primarily Water Infrastructure segment
- Geographic Split: US ~35% / W. Europe ~35% / Em. Mkts & other ~30%
- US Utility wastewater Capex: ~2% of total Xylem revenue
- US & W. Europe leading installed base and strong recurring revenue through Opex
- Emerging Markets mostly greenfield and currently skewed to Capex

#### Clean Water Utilities

- Revenue: ~40% of Xylem Utilities revenue
- Opex/Capex split: ~75% / ~25%
- XYL businesses: primarily MCS segment
- Geographic split: US ~65% / W. Europe ~15% / Em. Mkts & Other ~20%
- US utility clean water capex: ~4% of total Xylem revenue
- Adoption of AMI and digital technologies to address non-revenue water and remote capabilities expected to be long-term secular trend globally
- Under-penetrated international presence, but opportunities increasing

## Industrial

### (~35% of Revenue)

- Oil & Gas revenue: ~1% of total Xylem
- Mining revenue: ~4% of total Xylem
- “Light” industrial revenue: ~25% of total Xylem
- XYL businesses: all 3 segments (~45% of WI, ~40% of AWS, 15% of MCS)
- Equipment is generally not tied to output; keeps facilities ‘up-and-running’

## Commercial

### (~10% of Revenue)

- XYL businesses: Applied Water
- New build / replacement (aftermarket): 30% / 70%
- Geographic split: N. America ~60% / Europe ~20% / Em Mkts & Other ~20%
- Energy efficiency, reliability and “connectivity” critical to customers; exposure to institutional sector

## Residential

### (~5% of Revenue)

- XYL businesses: Applied Water
- New build / replacement: 10% / 90%
- Geographic split: N. America ~70% / W. Europe ~10% / Em Mkts & Other ~20%
- Sales almost exclusively via channel partners

## Foreign Exchange Translation Sensitivity

### Foreign Exchange Translation

- The table below illustrates the impact of FX fluctuations on Xylem's reported results

Currency	FY 2022 Guidance Rate	Revenue Impact* on FY 2022 of 5% Decrease in Rate	EPS Impact* on FY 2022 of 5% Decrease in Rate
Euro	0.98	(\$10M)	(\$0.03)
GBP	1.13	(\$3M)	\$0.00
SEK	0.09	(\$1M)	\$0.00
CNY	0.14	(\$4M)	(\$0.00)
CAD	0.73	(\$3M)	(\$0.00)
INR	0.01	(\$1M)	\$0.00
All Other	-	(\$11M)	(\$0.00)
<b>Total</b>		<b>(\$33M)</b>	<b>(\$0.03)</b>

\* Increase in rate would have inverse impact on results

**RULE OF THUMB: 1 PENNY MOVEMENT IN EUR/USD RATE,  
EQUATES TO MORE THAN TWO PENNY MOVEMENT IN EPS FOR THE FULL YEAR**



## 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, gain or loss from sale of businesses, special charges and tax-related special items, as applicable.

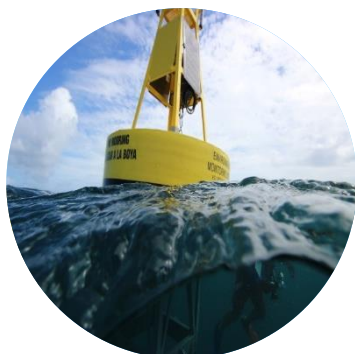
"Adjusted Operating Margin" and "Adjusted Segment Operating Margin" defined as adjusted operating income and adjusted segment operating income divided by total revenue and segment revenue, respectively.

"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, 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.

"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.



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

	(As Reported - GAAP)				(As Adjusted - Organic)				Constant Currency
	(A)		(B)	% Change 2022 v. 2021	(C) Acquisitions / Divestitures	(D) FX Impact	(E) = B+C+D Change Adj. 2022 v. 2021	(F) = E/A % Change Adj. 2022 v. 2021	(G) = (E - C) / A
	Revenue 2022	Revenue 2021	Change 2022 v. 2021						
<b>Nine Months Ended September 30</b>									
<b>Xylem Inc.</b>	4,016	3,872	144	4%	9	173	326	8%	8%
Water Infrastructure	1,696	1,625	71	4%	0	99	170	10%	10%
Applied Water	1,312	1,207	105	9%	0	44	149	12%	12%
Measurement & Control Solutions	1,008	1,040	(32)	-3%	9	30	7	1%	0%
<b>Quarter Ended September 30</b>									
<b>Xylem Inc.</b>	1,380	1,265	115	9%	4	80	199	16%	15%
Water Infrastructure	574	547	27	5%	0	46	73	13%	13%
Applied Water	458	400	58	15%	0	21	79	20%	20%
Measurement & Control Solutions	348	318	30	9%	4	13	47	15%	14%
<b>Quarter Ended June 30</b>									
<b>Xylem Inc.</b>	1,364	1,351	13	1%	3	60	76	6%	5%
Water Infrastructure	589	569	20	4%	0	34	54	9%	9%
Applied Water	429	414	15	4%	0	15	30	7%	7%
Measurement & Control Solutions	346	368	(22)	-6%	3	11	(8)	-2%	-3%
<b>Quarter Ended March 31</b>									
<b>Xylem Inc.</b>	1,272	1,256	16	1%	2	33	51	4%	4%
Water Infrastructure	533	509	24	5%	0	19	43	8%	8%
Applied Water	425	393	32	8%	0	8	40	10%	10%
Measurement & Control Solutions	314	354	(40)	-11%	2	6	(32)	-9%	-10%

**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 2022	Orders 2021	Change 2022 v. 2021	% Change 2022 v. 2021	Acquisitions / Divestitures	FX Impact	Change Adj. 2022 v. 2021	% Change Adj. 2022 v. 2021			
<b>Nine Months Ended September 30</b>											
<b>Xylem Inc.</b>	4,818	4,716	102	2%	18	189	309	7%	6%		
Water Infrastructure	1,985	1,873	112	6%	0	113	225	12%	12%		
Applied Water	1,394	1,409	(15)	-1%	0	45	30	2%	2%		
Measurement & Control Solutions	1,439	1,434	5	0%	18	31	54	4%	3%		
<b>Quarter Ended September 30</b>											
<b>Xylem Inc.</b>	1,419	1,518	(99)	-7%	7	82	(10)	-1%	-1%		
Water Infrastructure	594	623	(29)	-5%	0	47	18	3%	3%		
Applied Water	409	446	(37)	-8%	0	20	(17)	-4%	-4%		
Measurement & Control Solutions	416	449	(33)	-7%	7	15	(11)	-2%	-4%		
<b>Quarter Ended June 30</b>											
<b>Xylem Inc.</b>	1,684	1,660	24	1%	5	67	96	6%	5%		
Water Infrastructure	731	639	92	14%	0	42	134	21%	21%		
Applied Water	480	486	(6)	-1%	0	15	9	2%	2%		
Measurement & Control Solutions	473	535	(62)	-12%	5	10	(47)	-9%	-10%		
<b>Quarter Ended March 31</b>											
<b>Xylem Inc.</b>	1,715	1,538	177	12%	6	40	223	14%	14%		
Water Infrastructure	660	611	49	8%	0	24	73	12%	12%		
Applied Water	505	477	28	6%	0	10	38	8%	8%		
Measurement & Control Solutions	550	450	100	22%	6	6	112	25%	24%		

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

	Q1		Q2		Q3		YTD	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Total Revenue</b>								
• Total Xylem	1,272	1,256	1,364	1,351	1,380	1,265	4,016	3,872
• Water Infrastructure	533	509	589	569	574	547	1,696	1,625
• Applied Water	425	393	429	414	458	400	1,312	1,207
• Measurement & Control Solutions	314	354	346	368	348	318	1,008	1,040
<b>Operating Income (Loss)</b>								
• Total Xylem	111	133	146	160	168	152	425	445
• Water Infrastructure	74	71	108	93	104	101	286	265
• Applied Water	59	66	61	64	77	60	197	190
• Measurement & Control Solutions	(10)	9	(5)	13	(2)	7	(17)	29
• Total Segments	123	146	164	170	179	168	466	484
<b>Operating Margin</b>								
• Total Xylem	8.7%	10.6%	10.7%	11.8%	12.2%	12.0%	10.6%	11.5%
• Water Infrastructure	13.9%	13.9%	18.3%	16.3%	18.1%	18.5%	16.9%	16.3%
• Applied Water	13.9%	16.8%	14.2%	15.5%	16.8%	15.0%	15.0%	15.7%
• Measurement & Control Solutions	-3.2%	2.5%	-1.4%	3.5%	-0.6%	2.2%	-1.7%	2.8%
• Total Segments	9.7%	11.6%	12.0%	12.6%	13.0%	13.3%	11.6%	12.5%

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

	Q1		Q2		Q3		YTD	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Special Charges</b>								
• Total Xylem	1	2	1	0	13	1	15	3
• Water Infrastructure	0	0	0	0	0	0	0	0
• Applied Water	0	1	0	0	0			1
• Measurement & Control Solutions	0	0	1	0	12	0	13	0
• Total Segments	0	1	1	0	12	0	13	1
<b>Restructuring &amp; Realignment Costs</b>								
• Total Xylem	4	8	8	6	6	2	18	16
• Water Infrastructure	1	5	3	4	3	1	7	10
• Applied Water	1	1	2	2	1	2	4	5
• Measurement & Control Solutions	2	2	3	0	2	(1)	7	1
• Total Segments	4	8	8	6	6	2	18	16
<b>Adjusted Operating Income (Loss)</b>								
• Total Xylem	116	143	155	166	187	155	458	464
• Water Infrastructure	75	76	111	97	107	102	293	275
• Applied Water	60	68	63	66	78	62	201	196
• Measurement & Control Solutions	(8)	11	(1)	13	12	6	3	30
• Total Segments	127	155	173	176	197	170	497	501
<b>Adjusted Operating Margin</b>								
• Total Xylem	9.1%	11.4%	11.4%	12.3%	13.6%	12.3%	11.4%	12.0%
• Water Infrastructure	14.1%	14.9%	18.8%	17.0%	18.6%	18.6%	17.3%	16.9%
• Applied Water	14.1%	17.3%	14.7%	15.9%	17.0%	15.5%	15.3%	16.2%
• Measurement & Control Solutions	-2.5%	3.1%	-0.3%	3.5%	3.4%	1.9%	0.3%	2.9%
• Total Segments	10.0%	12.3%	12.7%	13.0%	14.3%	13.4%	12.4%	12.9%

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

	Q3 2022			Q3 2021		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	1,380		1,380	1,265		1,265
Operating Income	168	19	187	152	3	155
Operating Margin	12.2%		13.6%	12.0%		12.3%
Interest Expense	(12)	0	(12)	(21)	0	(21)
Other Non-Operating Income (Expense)	1	1	2	2	1	3
UK Pension Buyout Settlement	(140)	140	0			0
Gain/(Loss) From Sale of Business			0			0
Income before Taxes	17	160	177	133	4	137
Provision for Income Taxes	(5)	(28)	(33)	(19)	(2)	(21)
Net Income Attributable to Xylem	12	132	144	114	2	116
Diluted Shares	181		181	182		182
<b>Diluted EPS</b>	<b>\$0.07</b>	<b>\$0.72</b>	<b>\$0.79</b>	<b>\$0.63</b>	<b>\$0.00</b>	<b>\$0.63</b>
Year-over-year currency translation impact on current year diluted EPS	\$0.03	(\$0.17)	(\$0.14)			
<b>Diluted EPS at Constant Currency</b>	<b>\$0.04</b>	<b>\$0.89</b>	<b>\$0.93</b>			

a) Restructuring & realignment costs of \$6 million in 2022 and \$2 million in 2021, as well as special charges of \$13 million in 2022 (\$1 million UK pension plan charges and \$12 million asset impairment charges) and \$1 million in 2021 for UK pension plan charges.

b) Special non-operating charges consist of \$141 million in 2022 related to UK pension plan charges and buyout settlement and \$1 million in 2021 for costs related to the UK pension plan.

c) Quarter-to-date: Net tax impact on restructuring & realignment costs of \$1 million in 2022 and \$1 million in 2021; net tax impact on special charges of \$25 million in 2022; and \$2 million in 2022 and \$1 million in 2021 of negative impact from tax related special benefits to GAAP tax, respectively.

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

	Q3 YTD 2022			Q3 YTD 2021		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	4,016		4,016	3,872		3,872
Operating Income	425	33	458	445	19	464
Operating Margin	10.6%		11.4%	11.5%		12.0%
Interest Expense	(37)	0	(37)	(63)	0	(63)
Other Non-Operating Income (Expense)	2	4	6	1	5	6
UK Pension Buyout Settlement	(140)	140	0			0
Gain/(Loss) From Sale of Business	1	(1)	0	2	(2)	0
Income before Taxes	251	176	427	385	22	407
Provision for Income Taxes	(45)	(34)	(79)	(71)	1	(70)
Net Income Attributable to Xylem	206	142	348	314	23	337
Diluted Shares	181		181	182		182
<b>Diluted EPS</b>	<b>\$1.14</b>	<b>\$0.78</b>	<b>\$1.92</b>	<b>\$1.73</b>	<b>\$0.13</b>	<b>\$1.86</b>
Year-over-year currency translation impact on current year diluted EPS	(\$0.09)	(\$0.17)	(\$0.26)			
<b>Diluted EPS at Constant Currency</b>	<b>\$1.23</b>	<b>\$0.95</b>	<b>\$2.18</b>			

a) Restructuring & realignment costs of \$18 million in 2022 and \$16 million in 2021, as well as special charges of \$15 million in 2022 (\$2 million UK pension plan charges and \$13 million of asset impairment charges) in 2022 and \$3 million (\$1 million of intangible asset impairment charges and \$2 million of other charges) in 2021.

b) Special non-operating charges consist of \$144 million in 2022 related to the UK pension plan charges and buyout settlement and \$5 million in 2021 for costs related to the UK pension plan.

c) Net tax impact on restructuring & realignment costs of \$4 million in 2022 and \$4 million in 2021; \$26 million net tax impact on special charges in 2022 and \$1 million 2021; and \$4 million of negative impact from tax related special benefits to GAAP tax in 2022 and \$6 million of positive impact from tax related special charges to GAAP tax in 2021.

## Appendix

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

2022					
	Q1	Q2	Q3	Q4	Total
Net Income	82	112	12		206
Net Income margin	6.4%	8.2%	0.9%		5.1%
Depreciation	28	28	27		83
Amortization	30	32	31		93
Interest Expense (Income), net	11	10	7		28
Income Tax Expense	16	24	5		45
EBITDA	167	206	82		455
Share-based Compensation	9	9	10		28
Restructuring & Realignment	4	8	6		18
U.K. Pension Settlement	-	-	140		140
Special Charges	2	3	14		19
Loss/(Gain) from sale of business	(1)	-	-		(1)
Adjusted EBITDA	181	226	252		659
Revenue	1,272	1,364	1,380		4,016
Adjusted EBITDA Margin	14.2%	16.6%	18.3%		16.4%

2021					
	Q1	Q2	Q3	Q4	Total
Net Income	87	113	114	113	427
Net Income margin	6.9%	8.4%	9.0%	8.5%	8.2%
Depreciation	30	29	31	28	118
Amortization	32	33	31	31	127
Interest Expense (Income), net	19	19	20	11	69
Income Tax Expense	27	25	19	13	84
EBITDA	195	219	215	196	825
Share-based Compensation	9	8	8	8	33
Restructuring & Realignment	8	6	2	6	22
Special Charges	3	3	2	4	12
Loss/(Gain) from sale of business	-	(2)	-	-	(2)
Adjusted EBITDA	215	234	227	214	890
Revenue	1,256	1,351	1,265	1,323	5,195
Adjusted EBITDA Margin	17.1%	17.3%	17.9%	16.2%	17.1%

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

2022					
	Q1	Q2	Q3	Q4	Total
Operating Income	74	108	104		286
Loss/(Gain) from sale of business	-	-	-		-
Depreciation	11	11	11		33
Amortization	2	3	1		6
Other non-operating expense, excluding interest income	(4)	1	-		(3)
EBITDA	83	123	116		322
Share-based Compensation	1	-	-		1
Restructuring & Realignment	1	3	3		7
Special Charges	-	-	-		-
Loss/(Gain) from sale of business	-	-	-		-
Adjusted EBITDA	85	126	119		330
Revenue	533	589	574		1,696
Adjusted EBITDA Margin	15.9%	21.4%	20.7%		19.5%

2021					
	Q1	Q2	Q3	Q4	Total
Operating Income	71	93	101	122	387
Loss/(Gain) from sale of business	-	-	-		-
Depreciation	11	11	11	10	43
Amortization	2	2	1	3	8
Other non-operating expense, excluding interest income	(2)	(2)	1	(2)	(5)
EBITDA	82	104	114	133	433
Share-based Compensation	1	-	1	-	2
Restructuring & Realignment	5	4	1	2	12
Special Charges	-	-	-	-	-
Loss/(Gain) from sale of business	-	-	-	-	-
Adjusted EBITDA	88	108	116	135	447
Revenue	509	569	547	622	2,247
Adjusted EBITDA Margin	17.3%	19.0%	21.2%	21.7%	19.9%



## Appendix

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

	2022				
	Q1	Q2	Q3	Q4	Total
Operating Income	59	61	77		197
Loss/(Gain) from sale of business	-	-	-		-
Depreciation	5	4	4		13
Amortization	-	1	-		1
Other non-operating expense, excluding interest income	(1)	-	(1)		(2)
EBITDA	63	66	80		209
Share-based Compensation	1	1	2		4
Restructuring & Realignment	1	2	1		4
Special Charges	-	-	-		-
Loss/(Gain) from sale of business	-	-	-		-
Adjusted EBITDA	65	69	83		217
Revenue	425	429	458		1,312
Adjusted EBITDA Margin	15.3%	16.1%	18.1%		16.5%

	2021				
	Q1	Q2	Q3	Q4	Total
Operating Income	66	64	60	50	240
Loss/(Gain) from sale of business	-	2	-	-	2
Depreciation	5	5	5	5	20
Amortization	1	1	-	-	2
Other non-operating expense, excluding interest income	-	(1)	-	(2)	(3)
EBITDA	72	71	65	53	261
Share-based Compensation	1	1	1	1	4
Restructuring & Realignment	1	2	2	2	7
Special Charges	1	-	-	-	1
Loss/(Gain) from sale of business	-	(2)	-	-	(2)
Adjusted EBITDA	75	72	68	56	271
Revenue	393	414	400	406	1,613
Adjusted EBITDA Margin	19.1%	17.4%	17.0%	13.8%	16.8%

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

	2022				
	Q1	Q2	Q3	Q4	Total
Operating Income	(10)	(5)	(2)		(17)
Loss/(Gain) from sale of business	1	-	-		1
Depreciation	9	8	8		25
Amortization	25	26	27		78
Other non-operating expense, excluding interest income	-	(1)	(1)		(2)
EBITDA	25	28	32		85
Share-based Compensation	1	2	2		5
Restructuring & Realignment	2	3	2		7
Special Charges	-	1	12		13
Loss/(Gain) from sale of business	(1)	-	-		(1)
Adjusted EBITDA	27	34	48		109
Revenue	314	346	348		1,008
Adjusted EBITDA Margin	8.6%	9.8%	13.8%		10.8%

	2021				
	Q1	Q2	Q3	Q4	Total
Operating Income	9	13	7	(17)	12
Loss/(Gain) from sale of business	-	-	-	-	-
Depreciation	9	10	11	8	38
Amortization	27	27	27	26	107
Other non-operating expense, excluding interest income	(1)	(1)	-	-	(2)
EBITDA	44	49	45	17	155
Share-based Compensation	1	2	1	2	6
Restructuring & Realignment	2	-	(1)	2	3
Special Charges	-	-	-	-	-
Loss/(Gain) from sale of business	-	-	-	-	-
Adjusted EBITDA	47	51	45	21	164
Revenue	354	368	318	295	1,335
Adjusted EBITDA Margin	13.3%	13.9%	14.2%	7.1%	12.3%

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

	Q1		Q2		Q3		Year-to-Date	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Net Cash - Operating Activities</b>	<b>(\$81)</b>	<b>(\$26)</b>	<b>\$113</b>	<b>\$232</b>	<b>\$202</b>	<b>\$112</b>	<b>\$234</b>	<b>\$318</b>
Capital Expenditures - PP&E	(31)	(22)	(30)	(25)	(37)	(33)	(98)	(80)
Capital Expenditures - Software	(18)	(17)	(16)	(16)	(16)	(14)	(50)	(47)
<b>Capital Expenditures</b>	<b>(49)</b>	<b>(39)</b>	<b>(46)</b>	<b>(41)</b>	<b>(53)</b>	<b>(47)</b>	<b>(148)</b>	<b>(127)</b>
<b>Free Cash Flow</b>	<b>(\$130)</b>	<b>(\$65)</b>	<b>\$67</b>	<b>\$191</b>	<b>\$149</b>	<b>\$65</b>	<b>\$86</b>	<b>\$191</b>
Net Income	82	87	112	113	12	114	206	314
Gain/(Loss) from sale of business	1	0	0	2	0	0	1	2
Restructuring & Realignment Charges - non-cash impairment	0	(1)	0	0	0	0	0	(1)
U.K. pension buyout settlement - non-cash release from AOCI	0	0	0	0	(140)	0	(140)	0
U.K. pension buyout settlement - non-cash tax release from AOCI	0	0	0	0	23	0	23	0
Special Charges - non-cash impairment	0	(1)	(1)	0	(12)	0	(13)	(1)
<b>Net Income, excluding gain on sale of businesses, non-cash impairment charges and non-cash pension buyout settlement</b>	<b>\$81</b>	<b>\$89</b>	<b>\$113</b>	<b>\$111</b>	<b>\$141</b>	<b>\$114</b>	<b>\$335</b>	<b>\$314</b>
Operating Cash Flow Conversion	-99%	-30%	101%	205%	1683%	98%	114%	101%
Free Cash Flow Conversion	-160%	-73%	59%	172%	106%	57%	26%	61%

# THANK YOU

## Q3 2022 Results & Earnings

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