

Investor Overview & ESG Highlights

December 2021

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,” “goal,” “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; 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 the ongoing coronavirus (“COVID-19”) pandemic. 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: overall industry and economic conditions, including industrial, governmental and private sector spending and the strength of the residential and commercial real estate markets; geopolitical, regulatory, economic and other risks associated with international operations; continued uncertainty around the COVID-19 pandemic’s magnitude, duration and impacts on our business, operations, growth, and financial condition, as well as uncertainty around approved vaccines and the pace of recovery when the pandemic subsides; actual or potential other epidemics, pandemics or global health crises; availability, shortage or delays in receiving products, parts, electronic components and raw materials from our supply chain; manufacturing and operating cost increases due to inflation, prevailing price changes, tariffs and other factors; fluctuations in foreign currency exchange rates; demand for our products, disruption, competition and pricing pressures in the markets we serve, including with respect to “Buy America” mandates, produced in the U.S. mandates and other domestic content requirements in governmental procurement laws and policies; 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; availability, regulation and interference with radio spectrum used by some of our products; our ability to retain and attract senior management and other key talent; uncertainty related to restructuring and realignment actions and related charges and savings; our ability to continue strategic investments for growth; our ability to successfully identify, execute and integrate acquisitions; risks relating to products, including defects, security, warranty and liability claims, and recalls; difficulty predicting our financial results, including uncertainties due to the nature of our short- and long-cycle businesses; volatility in our results due to weather conditions, including the effects of climate change; our ability to borrow or refinance our existing indebtedness and 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, competition, domestic content requirements 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, 2020 (“2020 Annual Report”) and in subsequent filings we make with the Securities and Exchange Commission (“SEC”).

Forward-looking and other statements in this document may also address our sustainability progress, plans, and goals (including environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking 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.

Xylem Snapshot (NYSE: XYL)

Company Overview

Founded	2011
Global Locations	~375
Total Employees	16,000+

Customer Sustainability Impact ¹

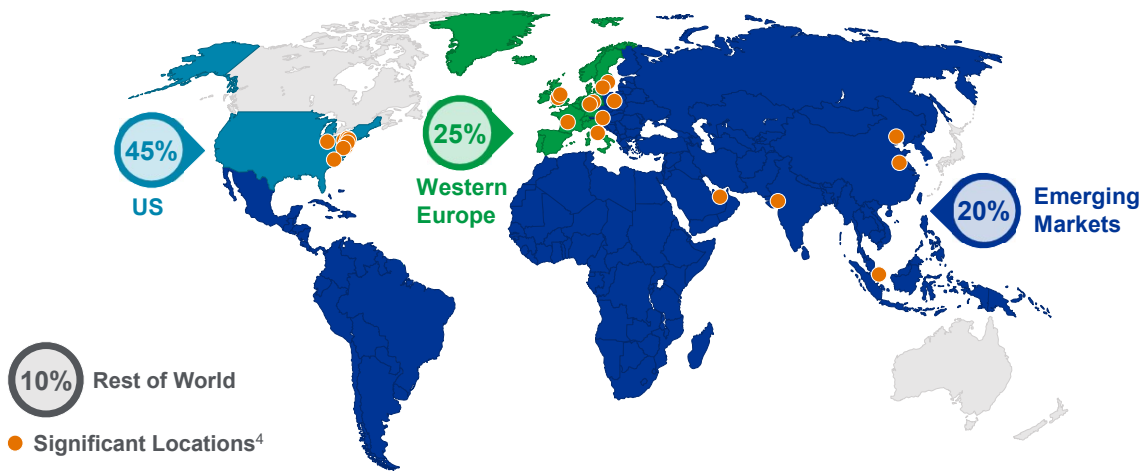
Water Enabled for Reuse	4.7B Cubic Meters
Carbon Footprint Reduction	1M Metric Tons
Pollution Prevention	2.6B Cubic Meters

Financials ²

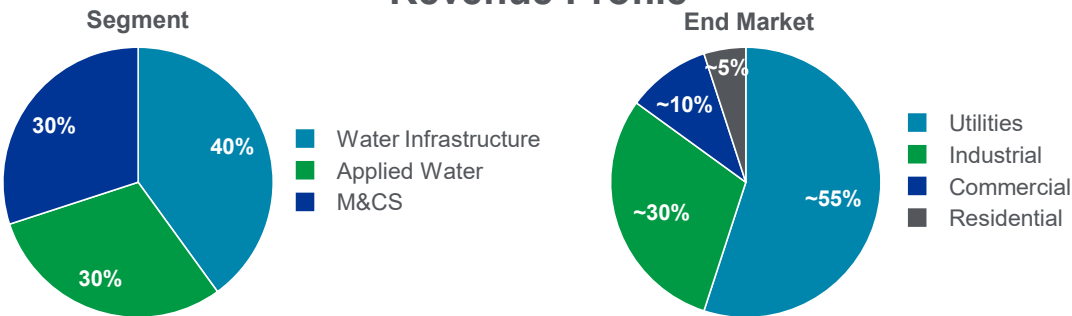
Revenue	\$5.25B
Adj. EBITDA Margin ³	17.8%

Investor Overview & ESG Highlights

Expansive Geographic Footprint ⁵



Revenue Profile



¹ Since goals were set in 2019, see Sustainability Report for more information ² 12 months ending 9/30/21. ³ See appendix for definitions of non-GAAP measures and non-GAAP reconciliations ⁴ Administration, manufacturing, R&D and sales offices. ⁵ Percentages refer to % of total revenue.

Purpose-led Organization Driven by Our Vision and Values

VISION

To create a world in which water issues are no longer a constraint to health, prosperity, and sustainable development

VALUES

- **Respect** for each other, for diversity of people and opinions, for the environment
- **Responsibility** for our words and actions, for customer satisfaction, for giving back to our communities
- **Integrity** for acting ethically, for doing what we say we'll do, for having the courage to communicate with candor
- **Creativity** for thinking beyond boundaries, for anticipating tomorrow's challenges, for unlocking growth potential

Customers



Community



Company

DEVOTING OUR TECHNOLOGY, TIME, AND TALENT TO ADVANCE THE SMARTER USE OF WATER

Clear Long-term Profitable Growth Strategy

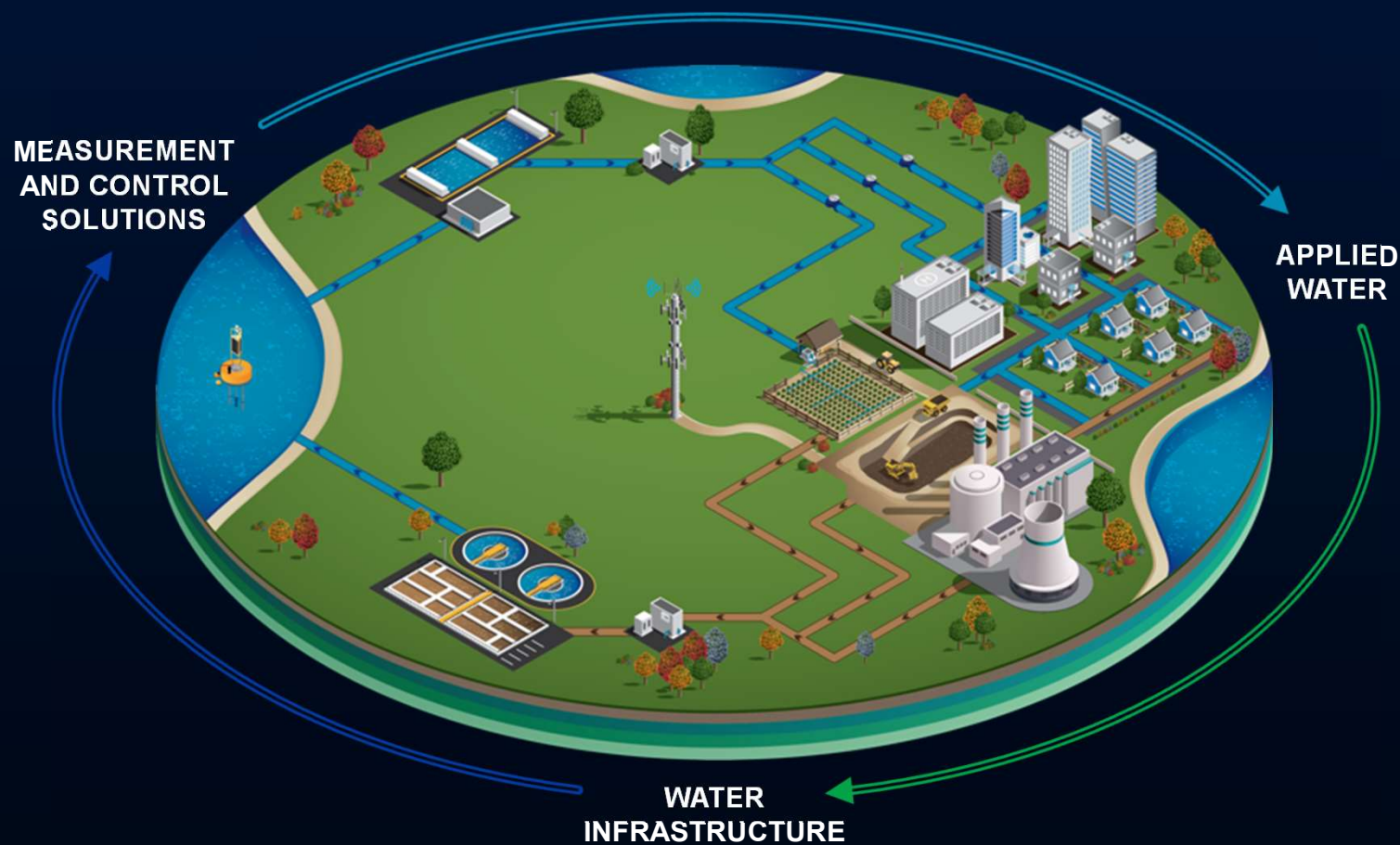


Core Strategic Pillars

-  Enhance customer experience and accelerate water's digital transformation
-  Accelerate localization and expand coverage in underserved regions
-  Eliminate business complexity, drive cost leadership and build upon a sustainable, resilient supply chain
-  Foster diverse, inclusive and purpose-driven culture to cultivate and retain top talent
-  Strengthen core portfolio and enable digital infrastructure

SOLVING THE WORLD'S GREATEST WATER CHALLENGES WITH OUR INNOVATIVE SOLUTIONS

Comprehensive Solutions Across Many Facets of the Water Cycle



Well-positioned for Intensifying, Durable Secular Trends

SCARCITY

3 out of 10¹ people globally do not have access to safe drinking water

By 2050, up to 40%² of world's population will face absolute water scarcity unless there are major interventions

Water is a Long Game with More Favorable Regulatory and Macro Conditions

Directly Help Utilities and Users of Water

INFRASTRUCTURE RESILIENCY

By 2050, 200M+ people³ could be displaced by desertification, sea level rise, and extreme weather events

Assist Communities in Building More Resilient Infrastructure

Wastewater Pump Stations, Treatment Plants, and Dewatering Solutions for Disaster Relief

AFFORDABILITY

\$40B of clean water is lost annually⁴ due to broken infrastructure or unauthorized use, driving water prices higher

Leverage Industry-leading Technology and Solutions to Solve Water

Use Power of Data, AI, and ML to Help Utilities Extend Life of Existing Infrastructure

Addressing Customer Challenges Across the Water Cycle Ecosystem with a Unique and Differentiated Portfolio of Products and Solutions

Moving Up the Technology Curve

- Leveraging organic investments through innovation and technology
- Adding digital and other cutting-edge technologies through M&A and partnerships
- Building on deep global installed base and long history of quality, reliable core products enables further optimization for customers with digital solutions

Established Foundation with Core Products



- Strong installed base
- Trusted, established customer relationships

Digital Products, Solutions, and Services



- Broad portfolio meets customers where they are
- ~35% of sales today – grow to ~50% by 2025

xylem  vue

Key Investment Priorities Aligned to M&A Criteria – Focusing on Most Attractive Areas of the Water Sector

Strategic Filters

Systems
Intelligence



Industrial
Water



Strengthen
Our Core



Financial Criteria

IRR > Cost of Capital

Cash EPS Accretive After Year 1

Growth Accelerator

Confident in Our Path to Our 2025 Milestones

4-6%

Organic Growth
CAGR

50-75 bps

Avg. Adj. EBITDA¹
Margin Expansion
per Year

100%

FCF
Conversion¹

Committed to Excellence in Corporate Governance

Key Priorities

- All Directors are independent except our CEO (91%); Independent Chair
- Overall Board and committee meeting attendance > 98% (2020)
- Declassified board with all directors elected annually
- Shareholders have the right to call special meetings
- Shareholder proxy access right
- No poison pill
- Annual self-assessments of Board, committees and individuals; periodically facilitated by an independent 3rd party
- Robust director nominee selection process with commitment to diverse candidate pools
- Effective oversight of ESG risks and opportunities

1

Focus on Long-term Growth and Sustainable Value Creation

2

Strong Corporate Governance Profile

3

Robust Shareholder Engagement

4

Increasing Gender Balance and Racial/Ethnic Diversity

5

Executive Compensation Tied to Sustainability

Record of corporate governance enhancements promoting accountability of management and Board

Diverse Board of Directors with Deep Expertise and Global Perspective



Robert F. Friel
Independent Board Chair, Xylem
Former Chairman, President & CEO, PerkinElmer

Committees: Nominating & Governance



Victoria D. Harker
EVP & Chief Financial Officer, TEGNA

Committees: Finance, Nominating & Governance



Markos I. Tambakeras
Former Chairman, President & CEO, Kennametal

Committees: Audit, Nominating & Governance (Chair)



Patrick K. Decker
President & CEO, Xylem

Former President & CEO, Harsco



Steven R. Loranger
Former Chairman, President & CEO, ITT

Committees: Finance (Chair), Leadership Development & Compensation



Lila Tretikov
Corporate Vice President & Deputy Chief Technology Officer, Microsoft

Committees: Finance, Nominating & Governance



Jeanne Beliveau-Dunn
Chief Executive Officer & President, Claridad

Committees: Finance, Leadership Development & Compensation



Surya N. Mohapatra Ph.D.
Former Chairman, President & CEO, Quest Diagnostics

Committees: Audit, Leadership Development & Compensation



Uday Yadav
President & COO, Electrical Sector, Eaton

Committees: Audit, Nominating & Governance



Jorge M. Gomez
EVP & Chief Financial Officer, Dentsply Sirona

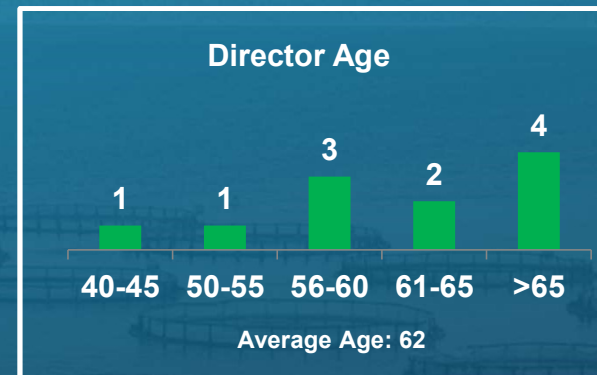
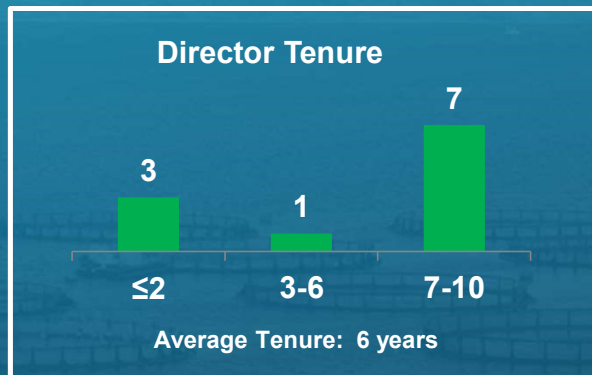
Committees: Audit (Chair), Leadership Development & Compensation



Jerome A. Peribere
Former President & CEO, Sealed Air

Committees: Audit (Chair) Leadership Development & Compensation

Board Composition and Evaluation



10 of 11

Directors are **independent**

3 of 11

Directors are **women**

3 of 11

Directors are **ethnically or racially diverse**

6 of 11

Directors with **origins outside the U.S.**

6 of 11

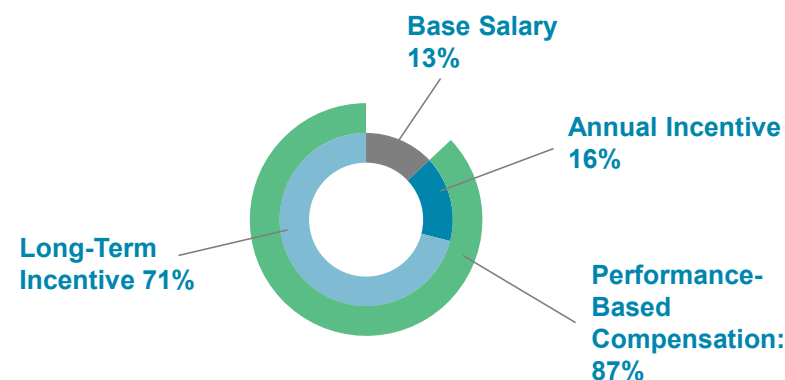
Directors have **CEO experience**

Actively manage Board succession with focus on diversity of thought and background, as well as broad-based global leadership experience

Executive Compensation Program Structure

Compensation Element	Key Role
Base Salary	<ul style="list-style-type: none"> Fixed component
Annual Incentive Plan	<ul style="list-style-type: none"> Variable component Cash incentive plan to recognize results in single performance year 75% on Team Performance: Revenue (25%), Operating Income (25%) and Free Cash Flow Conversion (25%) 25% on Individual Objectives*
Long-Term Incentive Plan	<ul style="list-style-type: none"> Variable component 50% in PSUs: based on 3-year absolute ROIC metric (25%) & 3-year relative TSR metric (25%) 50% in time-based RSUs (25%) and stock options (25%)

2020 CEO Target Compensation Mix



Strong support in say-on-pay votes

Granted 2021 ESG PSUs for broader group of executives tied to performance under key 2025 sustainability goals

***Individual Objectives (IO) for Annual Incentive Plan:**

- Both financial and non-financial objectives align with the Company's top strategic priorities, including ESG metrics
- ESG metrics for CEO and Chief Sustainability Officer include leadership rating as measured by external rating service Sustainalytics

Please see 2021 Proxy Statement for further details

Shareholder Engagement Is Essential to Long-Term Value Creation

2020 Annual Shareholder Engagement



- We engage with shareholders throughout the year
- Board and management greatly value the input and insights of our shareholders
- We believe on-going engagement is critical to create long-term sustainable value
- Board seeks to maintain framework for regular and productive conversations with shareholders

Topics discussed in the engagement meetings included:

- Board Evaluation Process
- Board Oversight of Risk, including Cybersecurity
- Board Oversight of Strategy
- Policy on Outside Directorships
- Board Succession, Composition & Diversity
- CEO and Senior Leadership Succession
- COVID-19 Response
- Diversity, Equity & Inclusion
- Executive Compensation Philosophy and Metrics, including Link to Sustainability
- Proxy Access
- Share Ownership Threshold to Call Special Meetings
- Sustainability Goals and Social Value Creation

Sustainability is Fundamental to Who We Are and What We Do



Serving Our Customers

Provide innovative technologies, solutions, and expertise that help customers solve major water challenges

Empowering Communities

Provide humanitarian relief and volunteer to help people living in communities facing severe water challenges

Building a Sustainable Company

Adhere to and champion responsible business practices, including promoting DE&I
Management incentives tied to sustainability goals

Recent Industry Recognition

 **SUSTAINALYTICS**
ESG Risk Rating
15.7 (Low Risk)

 **ecovadis**
Gold Medal
CSR Rating

 **MSCI**
AAA
ESG Rating

 **CDP**
Water Scarcity A-
Climate Change A-

 **Newsweek**
#27 Most Responsible
Companies

 **BARRON'S**
Most Sustainable
Companies

 **Forbes**
America's Most JUST
Companies

 **100% HRC Corporate
Equality Index (2020)**

HONORED BY ACCOLADES BUT FOCUSED ON RAISING THE BAR AND OUR FUTURE IMPACT

Deepening Our Commitment to Sustainability

2025 Sustainability Goals¹

Strong execution in 2021 positions Xylem for continued leadership

SAVE

more than 16.5B m³ of water through advanced technologies that avert water loss and enable water reuse

ENSURE

100% of employees have access to clean water and safe sanitation at work, at home and during natural disasters

PREVENT

over 7B m³ of polluted water from flooding communities

RENEWABLE

energy and process water recycling at our major facilities – **use 100%**

PROVIDE

access to clean water and sanitation solutions for at least 20M people living at the base of the global economic pyramid

GIVE

1% of employees' time and 1% of our profits to water-related causes and education

Introduced Our Commitment to Net Zero GHG Emissions

- Science-based Targets aligned to **1.5 °C reduction by 2030**
- **Net Zero before 2050** across Scope 1, 2 and 3

UNIQUE OPPORTUNITY TO HELP OUR CUSTOMERS ACHIEVE THEIR IMPACT AND NET ZERO GOALS

Sustainability Integrated with Our Financing Strategy

\$1B

Green Bond



Sustainable Use of
Capital Focused on R&D,
Capex, and M&A

\$800M

**Credit
Facility**



Pricing Linked to
Annual Sustainability
Rating

~\$400M

**Cash
Investments¹**



Enhanced Yield Based on
Xylem's 2025 Sustainability
Goals Performance

WELL-ALIGNED TO OUR 2025 SIGNATURE GOALS

Our Inclusive Culture and Purpose is a Competitive Differentiator

RECOGNIZED AS LEADING TALENT DEVELOPMENT ORGANIZATION THAT CREATES ECONOMIC AND SOCIAL VALUE



Ambitious goals to further a culture that reflects the diversity of those we serve and attracts top talent

- 25% minorities in US leadership positions¹
- 50% gender parity in leadership positions¹

Cultivating and retaining top talent across the company

- Focus on youth cultivates talent for Xylem and the water sector
- Strong commitment to philanthropic work globally through Xylem Watermark

Inclusive culture a catalyst for innovation

- Advancing digital and consultative selling
- Deep ties with university and other partners

FOSTERING DIVERSITY IS ESSENTIAL TO DRIVE INNOVATION TO SOLVE WATER CHALLENGES

Why Invest in Xylem



- 1** Building on our leadership position as a water technology company with a durable business model
- 2** Benefiting from our leadership position and rising demand in sustainable, digital water solutions
- 3** Executing on clear strategy to drive above-market growth and enhance margins as our portfolio continues to digitize
- 4** Further creating stakeholder value through disciplined capital allocation; M&A is a strategic accelerator

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 US dollar.

"EBITDA" defined as earnings before interest, taxes, depreciation and amortization expense. "Adjusted EBITDA" and "Adjusted Segment EBITDA" reflects 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 pension costs.

"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
EBITDA and Adjusted EBITDA by Quarter
(\$ Millions)**

12 Months Ending 9/30/2021

	Total
Net Income	462
Income Tax Expense	81
Interest Expense (Income), net	78
Depreciation	119
Amortization	129
EBITDA	869
Share-based Compensation	32
Restructuring & Realignment	26
Loss/(Gain) from sale of business	(2)
Special Charges	9
Adjusted EBITDA	934
Revenue	5,245
Adjusted EBITDA Margin	17.8%

Let's Solve Water

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