



2022 First 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 Russia's recent invasion of Ukraine, as well as 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 public and private sector spending and the strength of the residential and commercial real estate markets; 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 COVID-19 pandemic's magnitude, duration and impacts on 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, 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 increasing 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 charges 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, 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 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.



Patrick Decker

CEO & President

“ The team delivered a strong result on very robust demand, despite a challenging operating environment. That healthy demand drove record quarterly order intake in each segment of our business, and year-on-year backlog growth of 50% across the portfolio. As anticipated, we are seeing gradual improvement in chip supply, and revenues grew faster than our expectations, as did margin performance overall. We expect global demand for our solutions to remain strong, and the team is doing an outstanding job realizing price from our position of market leadership. So, we are raising full-year guidance on revenue, and lifting the low end of our EPS range. Despite near-term headwinds from inflation and currency effects, our underlying momentum gives us even greater confidence we are on track to achieve our growth and strategic milestones we laid out at our Investor Day, last autumn. ”

Q1 2022 Highlights



Organic* Revenue

+4%



Organic* Orders

+14%



Adj. EBITDA*
Margin

14.2%



Adj. EPS*

\$0.47

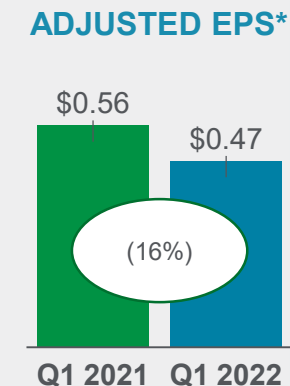
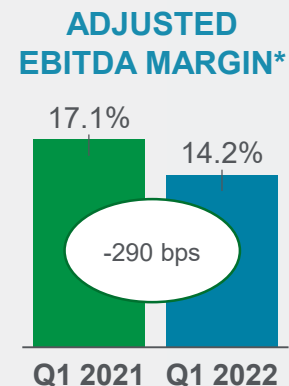
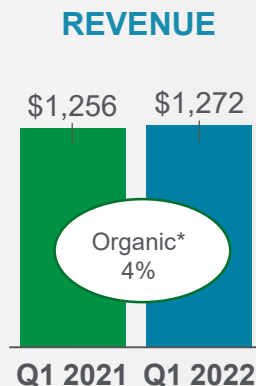


Sustainability

>20%

Reduction in actual
water use since 2019
across our operations

Q1 2022 XYLEM PERFORMANCE



Adj. Op Margin* 11.4% 9.1%

Organic Growth* by End Market

Utilities (3%)

Industrial 10%

Commercial 11%

Residential 15%

Organic Growth* by Region

United States 4%

Western Europe 10%

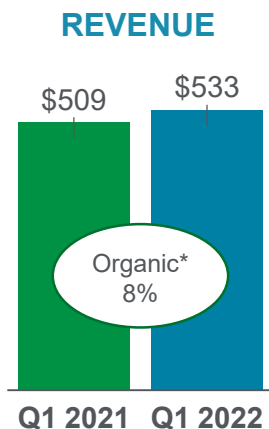
Emerging Markets (4%)

KEY PERFORMANCE DRIVERS

- **Organic* orders** up 14% driven continued healthy demand across all segments; **backlog** up 50%
- **Organic* revenue** growth of 4%; double-digit growth across all end markets except Utilities down low-single digits due to ongoing chip supply constraints as expected
- **Western Europe** strong revenue growth +10%; **US** up 4%; **Emerging Markets** down (4%)
- **Adj. EBITDA margin* and adj. EPS*** drivers:
 - Productivity drives 280 bps EBITDA margin expansion (EPS +\$0.16)
 - Price drives 420 bps EBITDA margin expansion (EPS +\$0.27)
 - Volume/Mix/Other reduces EBITDA margin by 100bps (EPS -\$0.09)
 - Cost inflation reduces EBITDA margin by 740 bps (EPS -\$0.43)
 - Strategic investments reduce EBITDA margin by 150 bps (EPS -\$0.09)

Tax Rate*: 18.4% Interest/Other Expense: \$13M Share Count: 181.0M

Q1 2022 Water Infrastructure Performance



Organic Growth* by End Market

Utilities	5%
Industrial	15%

Organic Growth* by Region

United States	16%
Western Europe	15%
Emerging Markets	(10%)

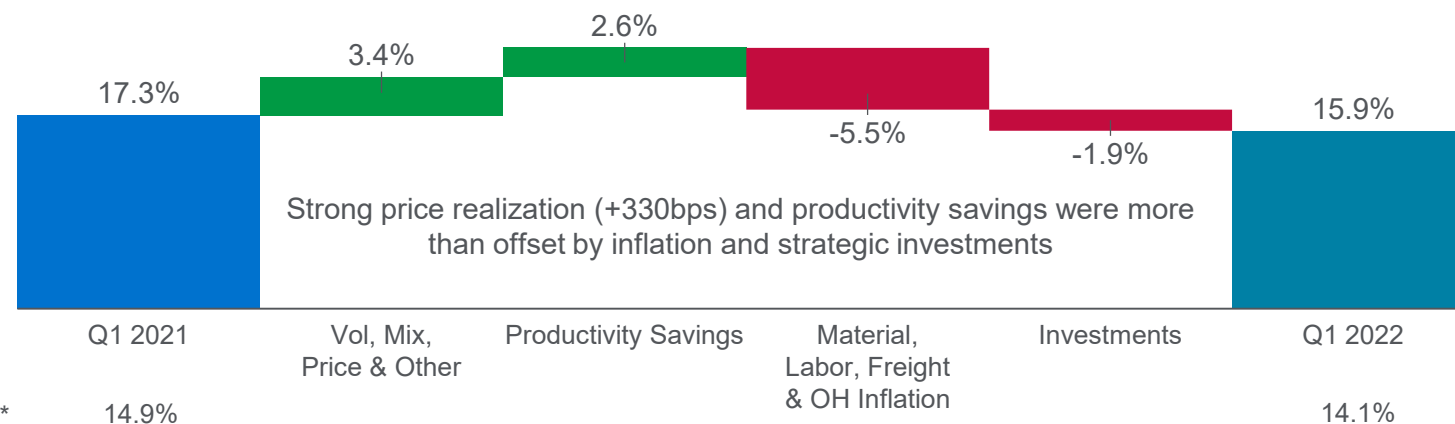
Highlights

- Organic* orders up 12%, led by robust wastewater utility demand in the US and Western Europe, modest share gains and continued price actions
- Industrial growth driven by healthy demand across most geographies; strength in Western Europe and continued robust mining demand for Dewatering in Africa and Latin America
- Utilities growth driven by healthy utility opex demand in the US and Western Europe more than offset China impacts from Covid lock-downs; solid capex performance from Treatment project deliveries in the US offset lapping of large prior year projects in Emerging Markets

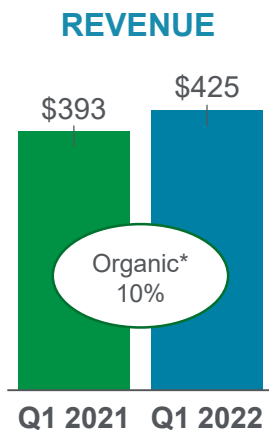


Adj. Operating Margin* 14.9%

ADJUSTED EBITDA MARGIN*



Q1 2022 Applied Water Performance



Organic Growth* by End Market

Industrial	8%
Commercial	11%
Residential	15%

Organic Growth* by Region

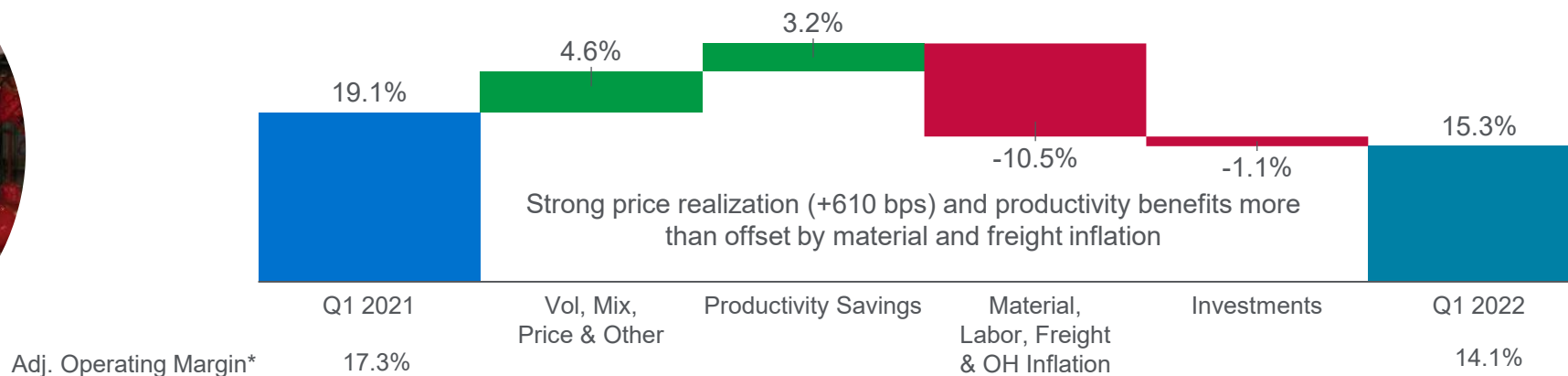
United States	14%
Western Europe	9%
Emerging Markets	4%

Highlights

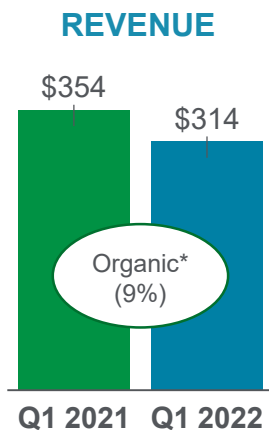
- Organic* orders growth of 8% led by price and healthy underlying global demand
- Strong backlog execution across all end markets despite ongoing supply chain constraints
- All end markets growth was driven by continued strength of pricing actions
- Industrial growth led by increased large customer account activity in Western Europe; Sustained demand in Specialty Flow Control (food & beverage / marine)
- Traction of new product launches driving Industrial and Commercial; Residential growth driven by strong backlog execution in the US



ADJUSTED EBITDA MARGIN*



Q1 2022 Measurement & Control Solutions Performance



Organic Growth* by Application

Water	(5%)
Energy	(27%)

Organic Growth* by Region

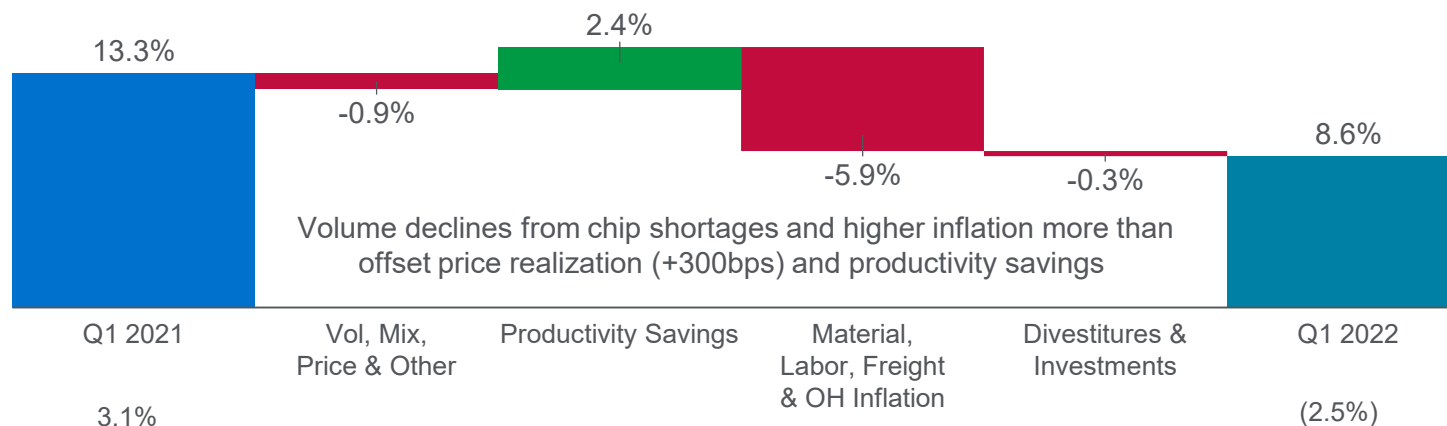
United States	(14%)
Western Europe	Flat
Emerging Markets	Flat

Highlights

- Strong organic* orders growth of 25% driven by continued underlying demand for smart metering and double-digit growth in Assessment Services
- \$2B backlog up ~61% organically, driven by increased adoption of Advanced Metering Infrastructure (AMI), reinforcing long term growth and margin profile
- Water and energy revenue declined driven by impact of chip supply shortages on smart metering business partially offset by growth in our test and assessment service businesses



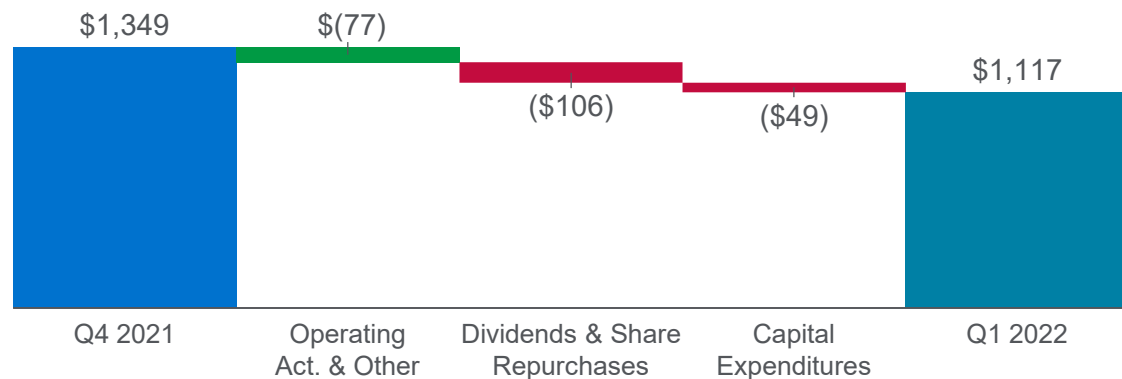
ADJUSTED EBITDA MARGIN*



Adj. Operating Margin* 3.1%

Xylem Financial Position

CASH DRIVERS



FREE CASH FLOW*



FCF CONVERSION*

(73%) (160%)

WORKING CAPITAL**



WORKING CAPITAL %

19.4% 21.1%

Capital Summary

March 31, 2022

Cash & Cash Equivalents	\$ 1,117
Debt	\$ 2,433
Net Debt	\$ 1,316
Shareholder's Equity	\$ 3,198
Net Capital	\$ 4,514
Net Debt to Net Capital	29%

Financial Highlights

- **Strong financial position**
 - Available liquidity of ~\$1.9B including cash and cash equivalents and available credit facilities
 - Remain committed to BBB/Baa2 investment grade credit rating
 - Net debt / adjusted EBITDA* (TTM) as of 03/31: **1.5x**
- **Normal seasonality of free cash flow* for Q1, in addition strategically built buffer stock to mitigate supply chain constraints**
- **Remain committed to 100% conversion in 2022**

Early Progress on Our Top Priorities in 2022



1. CONVERSION FROM DEMAND INTO TOP-LINE GROWTH

- Incremental price actions
- Accelerated backlog execution
- Stabilizing chip availability

2. RELENTLESS COMMITMENT TO DELIVER MARGIN EXPANSION

- Positive price traction, more than offset higher inflation
- Managing through macro headwinds

3. EXECUTE ON CAPITAL DEPLOYMENT OPPORTUNITIES

- M&A priorities remain advanced digital solutions, industrial water and core businesses
- Leveraging scale, sector leadership and financial position

2021 Sustainability Report to be Published in May

FY 2022 End Market Commentary

See appendix for end market key facts

Utilities ~50% of Revenue



Wastewater Utilities ~30% of Revenue

- Opex: Focus on mission-critical applications and large installed base in developed markets of Europe and North America (operation and maintenance of wastewater networks and treatment sites). Expect modest growth generally in-line with opex budgets
- Long-term capital project spending outlook and bid activity remains robust in Emerging Markets. Expect uneven and lumpy growth from China and India as multi-year government funding programs are deployed. Some uncertainty due to China Covid lock-downs and impacts to site readiness
- US Utilities: No indication of pause from customers from the Bipartisan Infrastructure Law. Managing supply chain challenges of shipping bottlenecks. Opex activity and demand continues to be steady and resilient. Capex bidding pipeline on projects and orders healthy



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 for when supply constraint expected to gradually ease through 2022
- Healthy momentum in test business for water quality products in outdoor water and process (treatment) markets globally; Rising demand and focus on pipeline assessment services due to increased infrastructure and climate challenges
- Increasing demand for smart water solutions and digital offerings to drive positive economic and environmental impact for utility customers

FY 2022 End Market Commentary

See appendix for end market key facts



Industrial ~35% of Revenue

- Industrial Dewatering business solid globally, especially in Emerging Markets from mining demand; strong demand trend reflected in orders and backlog from increased activity in US and Europe
- Sustained demand in “light” Industrial activity from Applied Water businesses globally; large customer focus in Western Europe supported by new product introductions and commercial investments



Commercial ~10% of Revenue

- US replacement business (book and ship) solid; new commercial building and institutional sector expected to accelerate in 2022
- Europe healthy from modest share gains and new products; increased construction activity and demand for eco-friendly products supported by increase in funding for green buildings

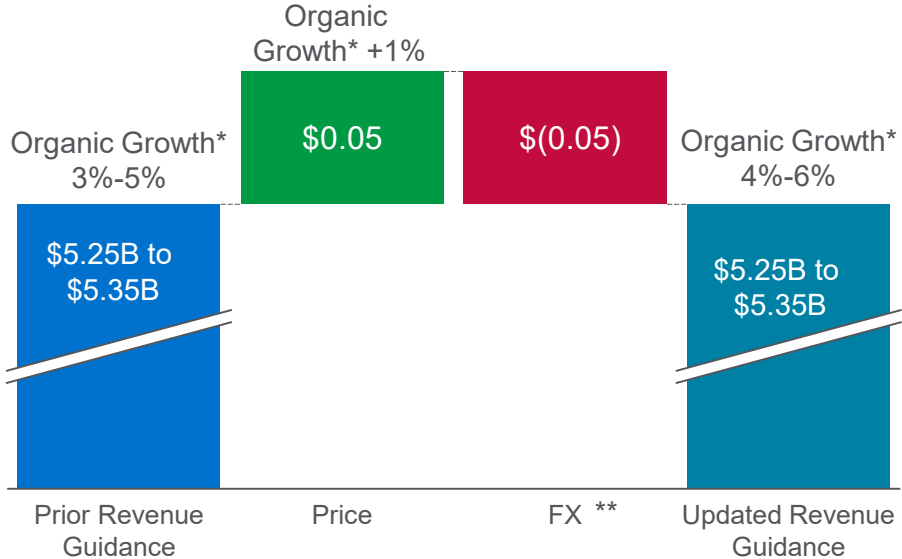


Residential ~5% of Revenue

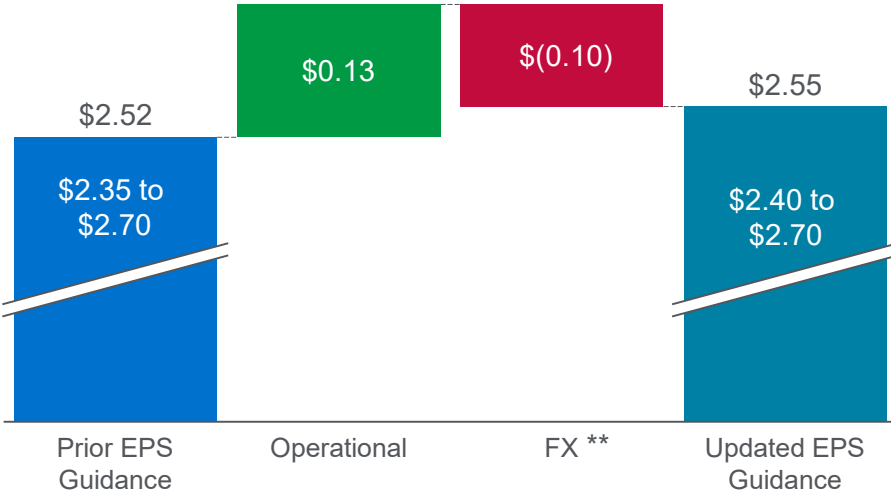
- Demand and activity expected to moderate on tougher comparisons over last two years, but remain healthy as work-from-home trends continue in US and Europe
- Primarily replacement revenue serviced through long-standing distributor / dealer network

Strong Orders Growth on Top of Q1 Results Driving Our Increase in Updated Guidance

Raising FY Organic Revenue* Growth to 4% - 6%



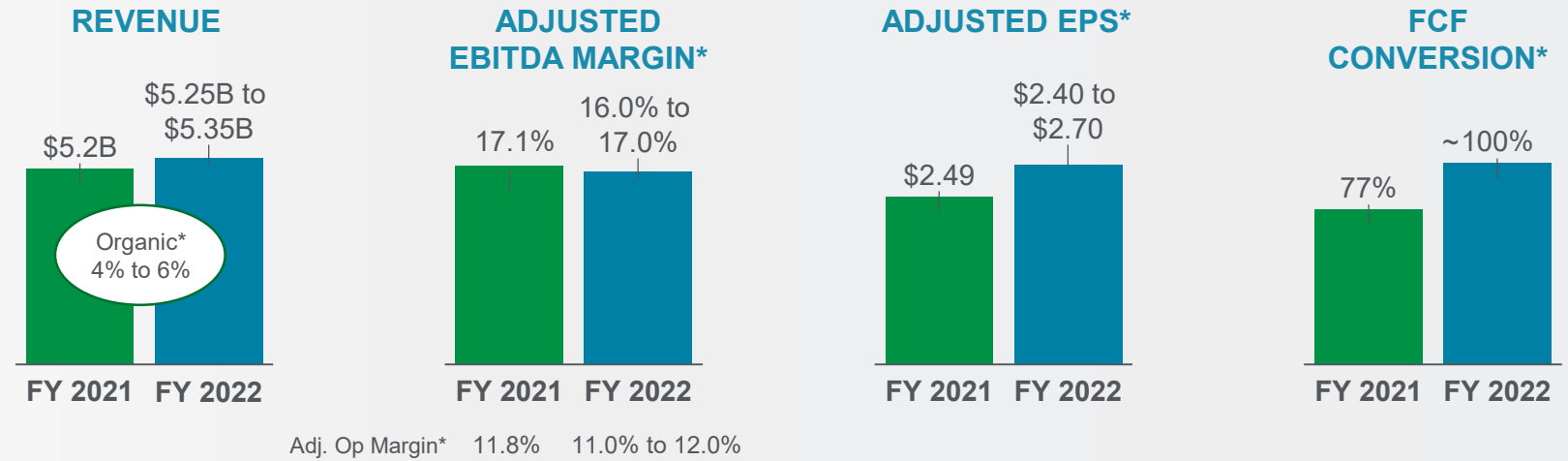
Raising Low-end of Adj. EPS* Range



Strong price realization and operational execution offsetting increased 2H inflation and Euro headwind

*See appendix for definitions of non-GAAP measures and non-GAAP reconciliations
 **Previous guide assumption 1.13 and updated rate: 1.05

FY 2022 and Q2 2022 Guidance & Key Assumptions



Key Assumptions

Organic* Revenue up 4 to 6%

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

2022 FX Euro Rate 1.05 (Prior guidance of 1.13)

Adjusted EBITDA* of 16.0% to 17.0%

- Strong price realization and productivity savings moderated by global chip shortages and inflation. Expansion ramps through year as supply chain improves

Anticipate one-time non-cash settlement charge of ~\$170M for sale of UK Pension Plan ...projected in Q2

Free Cash Flow Conversion* of ~100%

- 2022 reflects working capital decrease as inventory levels moderate
- In line with long-term guidance of ~100% conversion
- 2019–2021 FCF conversion* of ~125%

FY 2022 Planning Assumptions

Corporate Expense	~\$50M
Restructuring & Realignment Costs*	~\$25-\$30M
Dividends	~\$215M
Capex	~\$225M
Interest / Other Expense	~\$55M
Estimated Tax Rate*	~17-18%
Share Count	~181M

Q2 2022 Planning Assumptions

Organic* Revenue	Flattish to +1%
WI	Up Low-Single Digits
AWS	Up Mid-Single Digits
M&CS	Down Low Double Digits
Adjusted EBITDA*	14.5% to 15.0%

Key Takeaways

- 1** **Outperformed** in Q1 by capitalizing on our market leadership
- 2** Continued robust underlying **demand** reflected in orders and backlog, commercial momentum for future growth
- 3** **Raised** full year revenue and increased the low-end of EPS guide
- 4** Xylem investment thesis is strong: focused on creating **economic** and **social** value

Appendix

Q1 2022 Performance Summary

(\$ in millions, unless otherwise noted)

2022	Reported Q1	Adj* Q1
Xylem Consolidated		
Revenue	\$1,272	\$1,272
Overall Growth	1%	1%
Constant Currency* Growth		4%
Organic Growth*		4%
Operating Income	\$111	\$116
Operating Margin	8.7%	9.1%
EBITDA*	\$167	\$181
EBITDA Margin*	13.1%	14.2%
Earnings Per Share	\$0.45	\$0.47

2022	Reported Q1	Adj* Q1
Applied Water		
Revenue	\$425	\$425
Overall Growth	8%	8%
Constant Currency* Growth		10%
Organic Growth*		10%
Operating Income	\$59	\$60
Operating Margin	13.9%	14.1%
EBITDA*	\$63	\$65
EBITDA Margin*	14.8%	15.3%

2022	Reported Q1	Adj* Q1
Water Infrastructure		
Revenue	\$533	\$533
Overall Growth	5%	5%
Constant Currency* Growth		8%
Organic Growth*		8%
Operating Income	\$74	\$75
Operating Margin	13.9%	14.1%
EBITDA*	\$83	\$85
EBITDA Margin*	15.6%	15.9%

2022	Reported Q1	Adj* Q1
Measurement & Control Solutions		
Revenue	\$314	\$314
Overall Growth	(11%)	(11%)
Constant Currency* Growth		(10%)
Organic Growth*		(9%)
Operating Income	(\$10)	(\$8)
Operating Margin	(3.2%)	(2.5%)
EBITDA*	\$25	\$27
EBITDA Margin*	8.0%	8.6%

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 ~40% / W. Europe ~35% / Em. Mkts & other ~25%
- US Utility wastewater Capex: ~4% 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: ~70% / ~30%
- XYL businesses: primarily MCS segment
- Geographic split: US ~65% / W. Europe ~20% / Em. Mkts & Other ~15%
- 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 (~40% of WI, ~45% of AWS, 20% 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	1.05	(\$43M)	(\$0.13)
GBP	1.25	(\$14M)	\$0.00
SEK	0.10	(\$6M)	\$0.02
CNY	0.16	(\$19M)	(\$0.02)
CAD	0.80	(\$10M)	(\$0.00)
INR	0.01	(\$3M)	(\$0.00)
All Other		(\$45M)	(\$0.01)
Total		(\$139M)	(\$0.14)

* 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" 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 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	(C)	(D)	(E) = B+C+D	(F) = E/A	(G) = (E - C) / A
	Revenue	Revenue	Change	% Change	Acquisitions /	FX Impact	Change	% Change	
	2022	2021	2022 v. 2021	2022 v. 2021	Divestitures		Adj. 2022 v. 2021	Adj. 2022 v. 2021	
Quarter Ended March 31									
Xylem Inc.	1,272	1,256	16	1%	2	33	51	4%	4%
Water Infrastructure	533	509	24	5%	-	19	43	8%	8%
Applied Water	425	393	32	8%	-	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)	% Change	(C)	(D)	(E) = B+C+D	(F) = E/A	(G) = (E - C) / A
	Orders	Orders	Change	% Change	Acquisitions /	FX Impact	Change	% Change	
	2022	2021	2022 v. 2021	2022 v. 2021	Divestitures		Adj. 2022 v. 2021	Adj. 2022 v. 2021	
Quarter Ended March 31									
Xylem Inc.	1,715	1,538	177	12%	6	40	223	14%	14%
Water Infrastructure	660	611	49	8%	-	24	73	12%	12%
Applied Water	505	477	28	6%	-	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	
	2022	2021
Total Revenue		
• Total Xylem	1,272	1,256
• Water Infrastructure	533	509
• Applied Water	425	393
• Measurement & Control Solutions	314	354
Operating Income (Loss)		
• Total Xylem	111	133
• Water Infrastructure	74	71
• Applied Water	59	66
• Measurement & Control Solutions	(10)	9
• Total Segments	123	146
Operating Margin		
• Total Xylem	8.7%	10.6%
• Water Infrastructure	13.9%	13.9%
• Applied Water	13.9%	16.8%
• Measurement & Control Solutions	(3.2%)	2.5%
• Total Segments	9.7%	11.6%

	Q1	
	2022	2021
Special Charges		
• Total Xylem	1	2
• Water Infrastructure	-	-
• Applied Water	-	1
• Measurement & Control Solutions	-	-
• Total Segments	-	1
Restructuring & Realignment Costs		
• Total Xylem	4	8
• Water Infrastructure	1	5
• Applied Water	1	1
• Measurement & Control Solutions	2	2
• Total Segments	4	8
Adjusted Operating Income (Loss)		
• Total Xylem	116	143
• Water Infrastructure	75	76
• Applied Water	60	68
• Measurement & Control Solutions	(8)	11
• Total Segments	127	155
Adjusted Operating Margin		
• Total Xylem	9.1%	11.4%
• Water Infrastructure	14.1%	14.9%
• Applied Water	14.1%	17.3%
• Measurement & Control Solutions	(2.5%)	3.1%
• Total Segments	10.0%	12.3%

Appendix

Xylem Inc. Non-GAAP Reconciliation

Adjusted Diluted EPS

(\$ Millions, except per share amounts)

	Q1 2022			Q1 2021		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	1,272	-	1,272	1,256	-	1,256
Operating Income	111	5 a	116	133	10 a	143
Operating Margin	8.7%		9.1%	10.6%		11.4%
Interest Expense	(13)	-	(13)	(21)	-	(21)
Other Non-Operating Income (Expense)	(1)	1 b	-	2	1 b	3
Gain/(Loss) From Sale of Business	1	(1)	-	-	-	-
Income before Taxes	98	5	103	114	11	125
Provision for Income Taxes	(16)	(3) c	(19)	(27)	4 c	(23)
Net Income Attributable to Xylem	82	2	84	87	15	102
Diluted Shares	181.0		181.0	181.5		181.5
Diluted EPS	\$ 0.45	\$ 0.02	\$ 0.47	\$ 0.48	\$ 0.08	\$ 0.56
Year-over-year currency translation impact on current year diluted EPS	\$ (0.04)	\$ (0.00)	\$ (0.04)			
Diluted EPS at Constant Currency	\$ 0.49	\$ 0.02	\$ 0.51			

a) Restructuring & realignment costs of \$4 million in 2022 and \$8 million in 2021, as well as special charges of \$1 million in 2022 (costs that are related to the UK pension plan that is going to be part of a buyout) and \$2 million in 2021 (\$1 million of intangible asset impairment charges and \$1 million of costs that are related to the UK pension plan that is going to be part of a buyout of the UK pension plan buyout).

b) Special non-operating charges consist of \$1 million in 2022 and \$1 million in 2021 for costs related to the UK pension plan that is going to be part of a buyout.

c) Net tax impact on restructuring & realignment costs of \$1 million in 2022 and \$2 million in 2021; \$1 million net tax impact on special charges in 2022; and \$1 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
Net Income	82
Income Tax Expense	16
Interest Expense (Income), net	11
Depreciation	28
Amortization	30
EBITDA	167
Share-based Compensation	9
Restructuring & Realignment	4
Loss/(Gain) from sale of business	(1)
Special Charges	2
Adjusted EBITDA	181
Revenue	1,272
Adjusted EBITDA Margin	14.2%

2021	
	Q1
Net Income	87
Income Tax Expense	27
Interest Expense (Income), net	19
Depreciation	30
Amortization	32
EBITDA	195
Share-based Compensation	9
Restructuring & Realignment	8
Loss/(Gain) from sale of business	-
Special Charges	3
Adjusted EBITDA	215
Revenue	1,256
Adjusted EBITDA Margin	17.1%

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

2022	
	Q1
Pre-Tax Income	71
Interest Expense (Income), net	(1)
Depreciation	11
Amortization	2
EBITDA	83
Share-based Compensation	1
Restructuring & Realignment	1
Adjusted EBITDA	85
Revenue	533
Adjusted EBITDA Margin	15.9%

2021	
	Q1
Pre-Tax Income	70
Interest Expense (Income), net	(1)
Depreciation	11
Amortization	2
EBITDA	82
Share-based Compensation	1
Restructuring & Realignment	5
Adjusted EBITDA	88
Revenue	509
Adjusted EBITDA Margin	17.3%

Appendix

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

2022	
	Q1
Pre-Tax Income	58
Interest Expense (Income), net	-
Depreciation	5
Amortization	-
EBITDA	63
Share-based Compensation	1
Restructuring & Realignment	1
Loss/(Gain) from sale of business	-
Special Charges	-
Adjusted EBITDA	65
Revenue	425
Adjusted EBITDA Margin	15.3%

2021	
	Q1
Pre-Tax Income	66
Interest Expense (Income), net	-
Depreciation	5
Amortization	1
EBITDA	72
Share-based Compensation	1
Restructuring & Realignment	1
Loss/(Gain) from sale of business	-
Special Charges	1
Adjusted EBITDA	75
Revenue	393
Adjusted EBITDA Margin	19.1%

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

2022	
	Q1
Pre-Tax Income	(9)
Interest Expense (Income), net	-
Depreciation	9
Amortization	25
EBITDA	25
Share-based Compensation	1
Restructuring & Realignment	2
Loss/(Gain) from sale of business	(1)
Special Charges	-
Adjusted EBITDA	27
Revenue	314
Adjusted EBITDA Margin	8.6%

2021	
	Q1
Pre-Tax (Loss) Income	8
Interest Expense (Income), net	-
Depreciation	9
Amortization	27
EBITDA	44
Share-based Compensation	1
Restructuring & Realignment	2
Adjusted EBITDA	47
Revenue	354
Adjusted EBITDA Margin	13.3%

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

	Q1	
	2022	2021
Net Cash - Operating Activities	\$ (81)	\$ (26)
Capital Expenditures - PP&E	(31)	(22)
Capital Expenditures - Software	(18)	(17)
Capital Expenditures	(49)	(39)
Free Cash Flow	\$ (130)	\$ (65)
Net Income	82	87
Gain/(Loss) from sale of business	1	-
Restructuring & Realignment Charges - non-cash impairment	-	(1)
Special Charges - non-cash impairment	-	(1)
Net Income, excluding gain on sale of businesses, non-cash impairment charges and significant deferred tax items	\$ 81	\$ 89
Operating Cash Flow Conversion	(99%)	(30%)
Free Cash Flow Conversion	(160%)	(73%)

THANK YOU

Q1 2022 Results & Earnings

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