

The background features a dynamic splash of water in shades of blue, with a large, light blue stylized 'X' logo overlaid on the left side. The water splash is captured in a high-speed shot, showing intricate droplets and ripples.

xylem

2022 Fourth Quarter

Results & Earnings

Forward-Looking Statements

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

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, many of which are beyond our control. Additionally, many of these risks and uncertainties are, and may continue to be, amplified by impacts from the global economic and geopolitical climate, 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, foreign exchange and other risks associated with our global sales, supply chain 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 outbreaks of other epidemics, pandemics or global health crises; manufacturing and operating cost increases due to macroeconomic conditions, including inflation, tight labor markets, prevailing price levels, exchange rates, tariffs and trade protection measures, energy supply, supply chain shortages, logistics challenges, and other factors; demand for our products; competition, including disruption, failure to commercialize innovative technologies, 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; availability, shortage or delays in receiving products, parts, including electronic components (in particular, semiconductors), raw materials and energy from our supply chain; 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; defects, security, warranty and liability claims, and recalls with respect to 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, consummate and integrate acquisitions; availability, regulation or interference with radio spectrum used by certain of our products; volatility in served markets or impacts on business and operations due to weather conditions, including the effects of climate change and related mitigation efforts by governmental or regulatory authorities; our ability to achieve our sustainability-related commitments; fluctuations in foreign currency exchange rates; difficulty predicting our financial results; risk of future impairments to goodwill and other intangible assets; changes in our effective tax rates or tax expenses; risks related to our pension and other defined benefit plans; our ability to borrow or refinance our existing indebtedness, and uncertainty around the availability of liquidity sufficient to meet our needs; failure to comply with, or changes in, laws or regulations, including those pertaining to anti-corruption, trade, data privacy and security, our products, competition, and the environment and climate change; legal, governmental or regulatory claims, investigations or proceedings and associated contingent liabilities; infringement or expiration of our intellectual property rights or claims that we have infringed the rights of others; 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”).

Additionally, risks and uncertainties relating to our plans to acquire of Evoqua could cause our actual results to differ, perhaps materially, from those indicated by these forward-looking statements, including: the risk that the conditions to the closing of the transaction are not satisfied, including the risk that required approvals of the transaction from the shareholders of Xylem or stockholders of Evoqua or from regulators are not obtained; litigation relating to the transaction; uncertainties as to the timing of the consummation of the transaction and the ability of each party to consummate the transaction; risks that the proposed transaction disrupts the current plans or operations of Xylem or Evoqua; the ability of Xylem and Evoqua to retain and hire key personnel; competitive responses to the proposed transaction; unexpected costs, charges or expenses resulting from the transaction; potential adverse reactions or changes to relationships with customers, suppliers, distributors and other business partners resulting from the announcement or completion of the transaction; the combined company’s ability to achieve the synergies expected from the transaction, as well as delays, challenges and expenses associated with integrating the combined company’s existing businesses.

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.

Q4 2022 Performance Summary

(\$ in millions, unless otherwise noted)

2022	Reported Q4	Adj* Q4
Xylem Consolidated		
Revenue	\$1,506	\$1,506
Overall Growth	14%	14%
Constant Currency* Growth		20%
Organic Growth*		20%
Operating Income	\$197	\$214
Operating Margin	13.1%	14.2%
EBITDA*	\$255	\$281
EBITDA Margin*	16.9%	18.7%
Earnings Per Share	\$0.82	\$0.92

2022	Reported Q4	Adj* Q4
Applied Water		
Revenue	\$455	\$455
Overall Growth	12%	12%
Constant Currency* Growth		17%
Organic Growth*		17%
Operating Income	\$61	\$70
Operating Margin	13.4%	15.4%
EBITDA*	\$66	\$75
EBITDA Margin*	14.5%	16.5%

2022	Reported Q4	Adj* Q4
Water Infrastructure		
Revenue	\$668	\$668
Overall Growth	7%	7%
Constant Currency* Growth		15%
Organic Growth*		15%
Operating Income	\$132	\$136
Operating Margin	19.8%	20.4%
EBITDA*	\$145	\$150
EBITDA Margin*	21.7%	22.5%

2022	Reported Q4	Adj* Q4
Measurement & Control Solutions		
Revenue	\$383	\$383
Overall Growth	30%	30%
Constant Currency* Growth		35%
Organic Growth*		35%
Operating Income	\$19	\$23
Operating Margin	5.0%	6.0%
EBITDA*	\$53	\$58
EBITDA Margin*	13.8%	15.1%



Patrick Decker

CEO & President

“ The team drove fourth quarter results well above expectations, with very strong performance across all business segments and regions. Resilient demand and strong backlog execution delivered robust double-digit revenue growth with significant margin expansion. That out-performance in the fourth quarter and throughout 2022 has fueled healthy momentum coming into 2023.

Our customer focus and operational discipline are building on a foundation of resilient underlying demand for the value of Xylem’s offering in our largest end-markets. As trends driving water investment continue to intensify, we are confident about delivering full-year 2023 growth in the mid-single digits, with significant margin expansion, tracking solidly toward Xylem’s longer-term growth milestones. Of course, we’re very excited about the transformative agreement we have announced to acquire Evoqua, which will position our combined companies to have greater impact in addressing the world’s water challenges and create even more value for shareholders. Until the transaction closes, however, we remain focused on delivering our commitments to our stakeholders, as we plan for a smooth integration. ”

Q4 2022 Highlights



Organic* Revenue

+20%

vs guidance 12% - 14%

FY'22: +11%



Organic* Orders

(3%)

FY'22: +4%



Adj. EBITDA*
Margin

18.7%

+250 bps YoY margin expansion
vs guidance 17.5% - 18.5%

FY'22: 17.0%



Adj. EPS*

\$0.92

46% YoY growth

FY'22: \$2.85

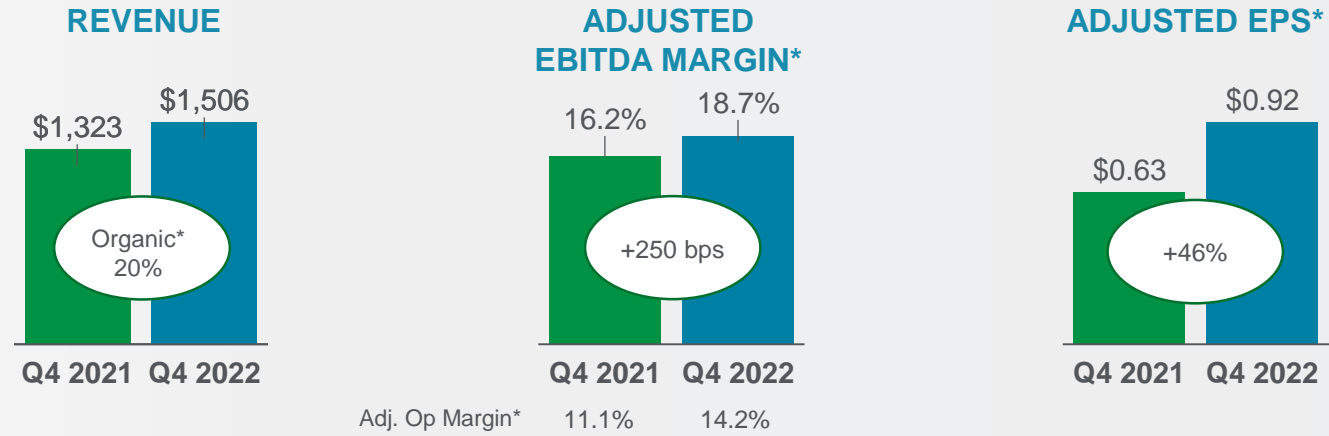


Sustainability

87%

of employees volunteered in
their communities in 2022

Q4 2022 XYLEM PERFORMANCE



KEY PERFORMANCE DRIVERS

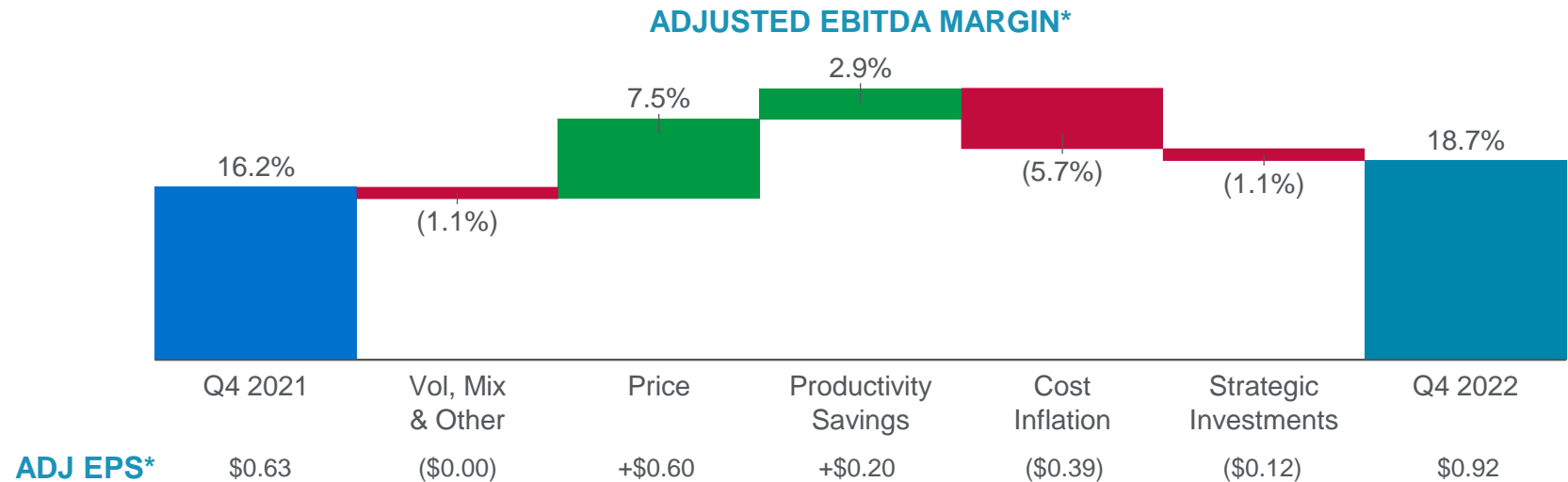
- **Organic* revenue** growth of 20% mainly driven by strong demand, price realization and continued supply chain improvements
- **Organic* orders** down 3% lapping prior year compares of 23% growth with **backlog** of \$3.6B, up 14% organically

Organic Growth* by End Market

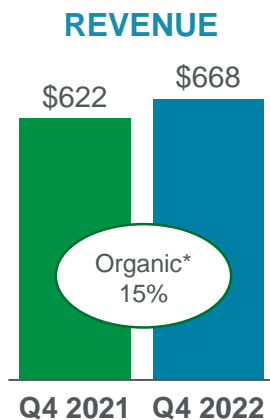
Utilities 24%
Industrial 15%
Commercial 24%
Residential 17%

Organic Growth* by Region

United States 26%
Western Europe 14%
Emerging Markets 14%



Q4 2022 Water Infrastructure Performance



Organic Growth* by End Market

Utilities	15%
Industrial	17%

Organic Growth* by Region

United States	26%
Western Europe	10%
Emerging Markets	10%

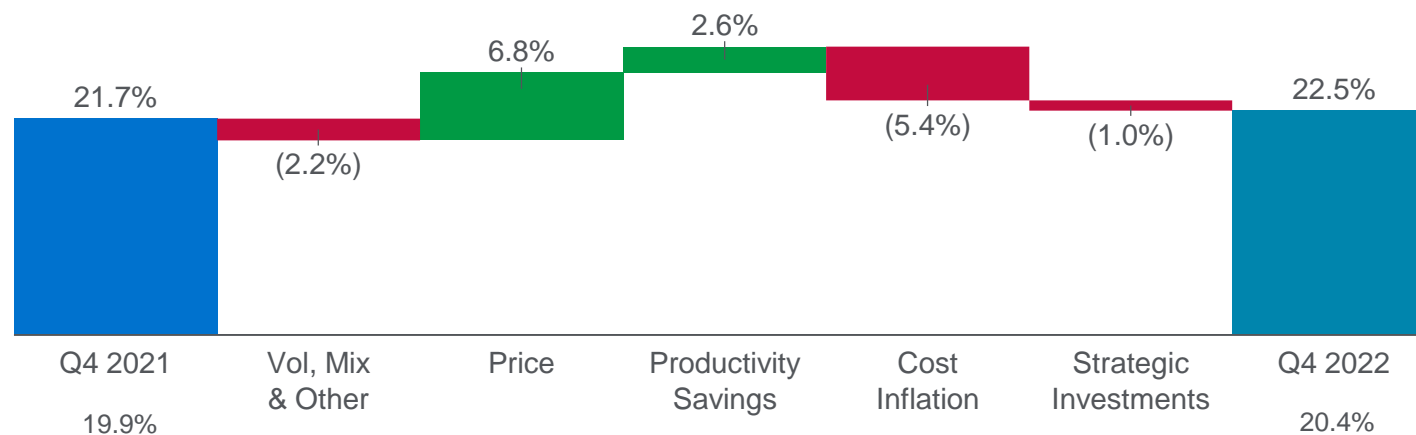
Highlights

- Organic* orders up 13% with strength across all businesses and regions
- Utilities growth driven by price and opex strength in the US and Western Europe
- Industrial growth driven by price, strong demand across Western Europe and robust Emerging Markets dewatering demand



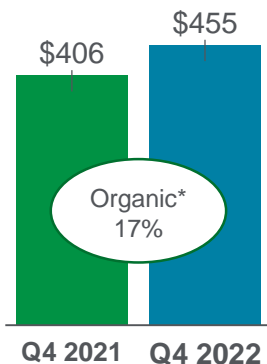
Adj. Operating Margin*

ADJUSTED EBITDA MARGIN*



Q4 2022 Applied Water Performance

REVENUE



Organic Growth* by End Market

Industrial	13%
Commercial	24%
Residential	17%

Organic Growth* by Region

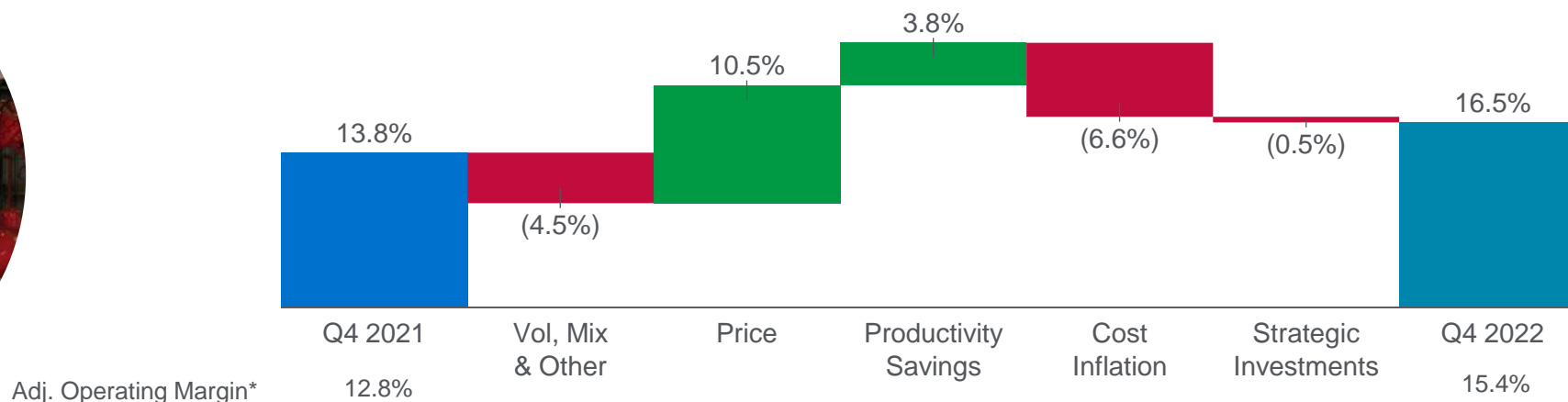
United States	13%
Western Europe	22%
Emerging Markets	16%

Highlights

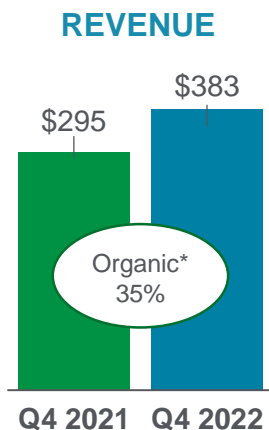
- Organic* orders down 6% with strength in US and Europe Industrial demand, offset by moderation in US Residential demand
- Industrial growth led by price and project execution on robust demand primarily in the US and Western Europe
- Commercial growth driven by backlog execution and price realization in the US and Western Europe
- Residential growth driven by strong demand in Emerging Markets



ADJUSTED EBITDA MARGIN*



Q4 2022 Measurement & Control Solutions Performance



Organic Growth* by Application

Water	37%
Energy	25%

Organic Growth* by Region

United States	43%
Western Europe	20%
Emerging Markets	23%

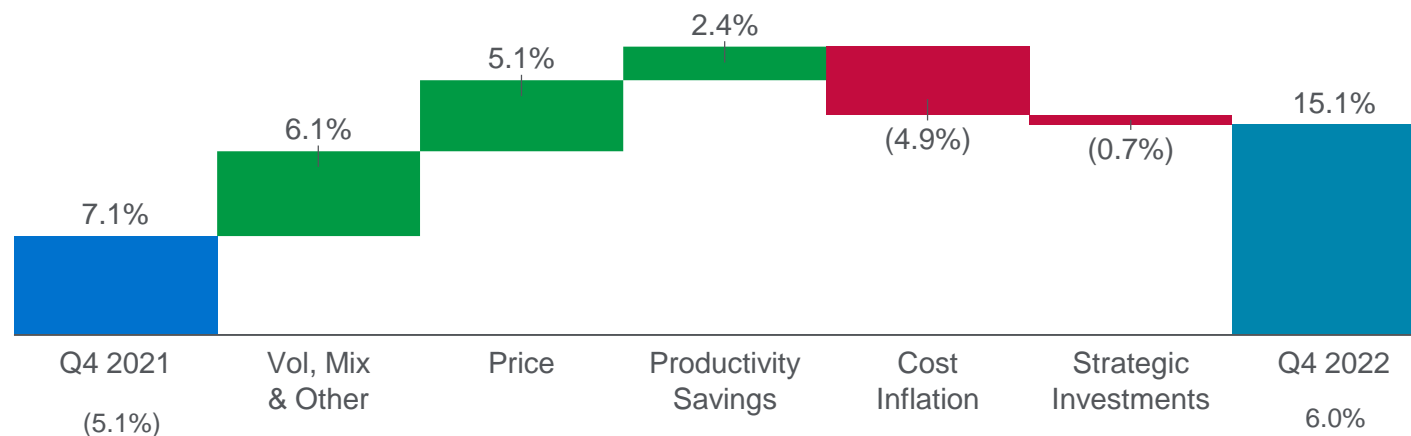
Highlights

- Organic* orders down 19% lapping prior year compare of 28% growth. Strong Advanced Metering Infrastructure (AMI) demand continues with a book-to-bill ratio of 1.1
- Resilient backlog at \$2.1B, provides long-term growth and margin momentum
- Robust organic* revenue growth from chip supply improvement in smart metering and double-digit growth in water quality testing and pipeline assessment services business
- Sequential growth and margin improvement driven by strong price, project execution and a continued modest easing in chip supply



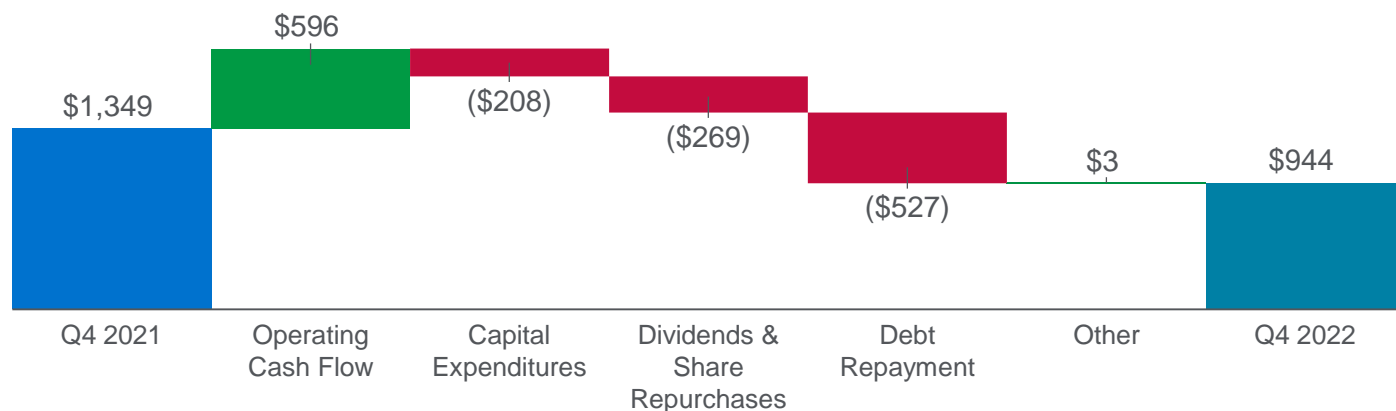
Adj. Operating Margin*

ADJUSTED EBITDA MARGIN*

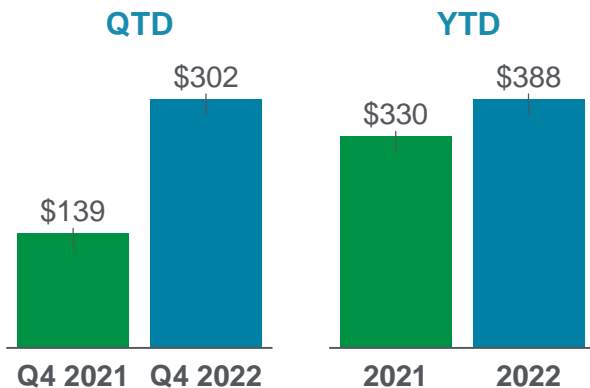


Xylem Financial Position

CASH DRIVERS



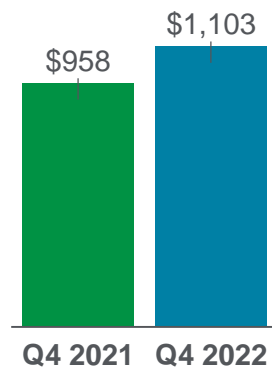
FREE CASH FLOW*



FCF CONVERSION*

Q4 2021	123%	Q4 2022	201%
2021	77%	2022	80%

WORKING CAPITAL**



WORKING CAPITAL %

Q4 2021	18.4%	Q4 2022	20.0%
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Capital Summary

December 31, 2022

Cash & Cash Equivalents	\$ 944
Debt	\$ 1,880
Net Debt	\$ 936
Shareholder's Equity	\$ 3,494
Net Capital	\$ 4,430
Net Debt to Net Capital	21%

Financial Highlights

- **Strong financial position**
 - Available liquidity of ~\$1.7B including cash, cash equivalents and available credit facilities
 - Remain committed to BBB/Baa2 investment grade credit rating
 - Net debt / adjusted EBITDA* (TTM) as of 12/31: 1.0x
- **Q4 working capital performance provides momentum to return to 100% FCF conversion in 2023**
 - Optimizing working capital as supply chains stabilize

Strongly Positioned to Deliver on 2023 Commitments With Commercial and Operational Momentum

Differentiated solutions addressing long-term secular trends in resilient end markets

Planned combination of Xylem and Evoqua will create a powerful platform to address the world's water challenges

Enhanced digital offering to better serve customers through partnership with Idrica



FY 2023 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: Limited near-term benefit from the bipartisan infrastructure act.



Clean Water Utilities
~20% of Revenue

- Chip supply expected to improve through 2023 leading to backlog execution, including large deal deployments. Resilient backlog and continued orders momentum provides strong growth fundamentals.
- 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, driven by mining demand and strategic growth investments
- Sustained demand in "light" Industrial activity from Applied Water businesses globally



Commercial
~10% of Revenue

- Sustained demand for energy efficiency related projects, particularly in Europe, and continued commercial development in Emerging Markets.
- Anticipating new construction demand to moderate, which represents a third of commercial exposure.

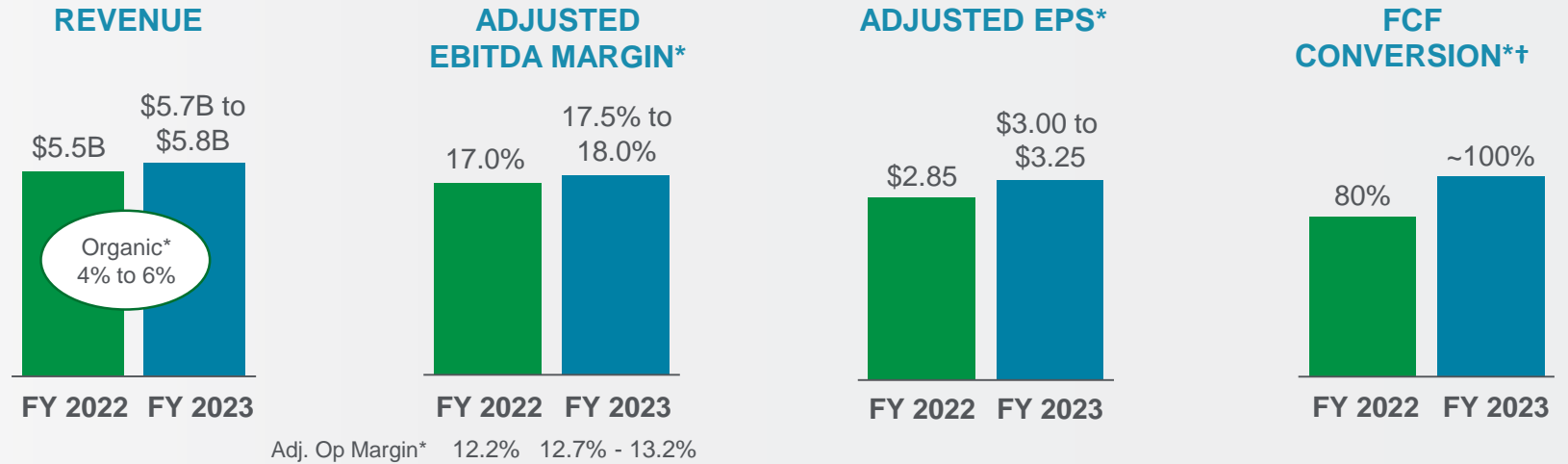


Residential
~5% of Revenue

- US Order demand expected to moderate on improved lead times.
- Healthy demand in Emerging Markets for residential solutions

FY 2023 and Q1 2023 Guidance & Key Assumptions

Full year guidance does not reflect the planned acquisition of Evoqua, announced January 23, 2023



Key Assumptions

Organic* Revenue up 4% to 6%

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

2023 FX Euro Rate 1.08

Adjusted EBITDA* Margin of 17.5% to 18.0%

- Strong backlog execution, price realization and productivity savings partially offset by inflation.

Free Cash Flow Conversion* of ~100%†

- Driving working capital productivity with supply chain improvements

FY 2023 Planning Assumptions

Corporate Expense	~\$60M
Restructuring & Realignment Costs*	~\$25 - \$35M
Dividends	~\$240M
Capex	~\$235M
Interest / Other Expense	~\$30M
Estimated Tax Rate*	~19.5%
Share Count	~182M

Q1 2023 Planning Assumptions

Organic* Revenue	+7% to +9%
WI	Up high-single digits
AWS	Up low-single digits
M&CS	Up high-teens
Adjusted EBITDA Margin*	~16.0%
Adjusted Operating Margin*	~11.0%

Key Takeaways

- 1 2023 mid-single digit revenue **growth** and strong margin **expansion**
- 2 Resilient **demand** and differentiated value proposition in attractive end markets
- 3 Focused on successful **integration** of Evoqua post-close
- 4 Xylem investment thesis is strong: creating **economic** and **social** value

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xylem

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 ~40% / W. Europe ~30% / 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: ~5% of total Xylem
- “Light” industrial revenue: ~25% of total Xylem
- XYL businesses: all 3 segments (~40% of WI, ~45% 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 ~60% / W. Europe ~10% / Em Mkts & Other ~30%
- 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 2023 Guidance Rate	Revenue Impact* on FY 2023 of 5% Decrease in Rate	EPS Impact* on FY 2023 of 5% Decrease in Rate
Euro	1.08	(\$45M)	(\$0.13)
GBP	1.23	(\$15M)	\$0.00
SEK	0.10	(\$15M)	\$0.01
CNY	0.15	(\$15M)	(\$0.01)
CAD	0.75	(\$10M)	(\$0.00)
INR	0.01	(\$2M)	\$0.00
All Other	-	(\$44M)	(\$0.01)
Total		(\$136M)	(\$0.13)

* 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.

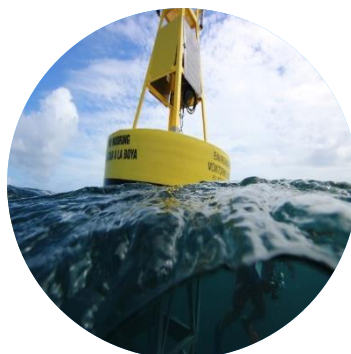
"Adjusted Operating Income", "Adjusted Segment Operating Income", "Adjusted Net Income" and "Adjusted EPS" defined as operating income, segment operating income, net income and earnings per share, adjusted to exclude restructuring and realignment costs, gain or loss from sale of businesses, special charges 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 and other significant non-cash impacts, such as non-cash impairment charges and significant deferred tax items. Our definitions of "free cash flow" and "free cash flow conversion" do not consider certain non-discretionary cash payments, such as debt.

"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						
Year Ended December 31									
Xylem Inc.	5,522	5,195	327	6%	9	259	595	11%	11%
Water Infrastructure	2,364	2,247	117	5%	0	149	266	12%	12%
Applied Water	1,767	1,613	154	10%	0	66	220	14%	14%
Measurement & Control Solutions	1,391	1,335	56	4%	9	44	109	8%	7%
Quarter Ended December 31									
Xylem Inc.	1,506	1,323	183	14%	0	86	269	20%	20%
Water Infrastructure	668	622	46	7%	0	50	96	15%	15%
Applied Water	455	406	49	12%	0	22	71	17%	17%
Measurement & Control Solutions	383	295	88	30%	0	14	102	35%	35%
Quarter Ended September 30									
Xylem Inc.	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%
Quarter Ended June 30									
Xylem Inc.	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%
Quarter Ended March 31									
Xylem Inc.	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%

Appendix

Xylem Inc. Non-GAAP Reconciliation Reported vs. Organic & Constant Currency Orders (\$ 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	(F) = E/A	(G) = (E - C) / A
	Orders 2022	Orders 2021	Change 2022 v. 2021				Change Adj. 2022 v. 2021	% Change Adj. 2022 v. 2021	
Year Ended December 31									
Xylem Inc.	6,257	6,300	(43)	-1%	18	279	254	4%	4%
Water Infrastructure	2,607	2,471	136	6%	0	166	302	12%	12%
Applied Water	1,794	1,860	(66)	-4%	0	68	2	0%	0%
Measurement & Control Solutions	1,856	1,969	(113)	-6%	18	45	(50)	-3%	-3%
Quarter Ended December 31									
Xylem Inc.	1,439	1,584	(145)	-9%	0	90	(55)	-3%	-3%
Water Infrastructure	622	598	24	4%	0	53	77	13%	13%
Applied Water	400	451	(51)	-11%	0	23	(28)	-6%	-6%
Measurement & Control Solutions	417	535	(118)	-22%	0	14	(104)	-19%	-19%
Quarter Ended September 30									
Xylem Inc.	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%
Quarter Ended June 30									
Xylem Inc.	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%
Quarter Ended March 31									
Xylem Inc.	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		Q4		YTD	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total Revenue										
• Total Xylem	1,272	1,256	1,364	1,351	1,380	1,265	1,506	1,323	5,522	5,195
• Water Infrastructure	533	509	589	569	574	547	668	622	2,364	2,247
• Applied Water	425	393	429	414	458	400	455	406	1,767	1,613
• Measurement & Control Solutions	314	354	346	368	348	318	383	295	1,391	1,335
Operating Income (Loss)										
• Total Xylem	111	133	146	160	168	152	197	140	622	585
• Water Infrastructure	74	71	108	93	104	101	132	122	418	387
• Applied Water	59	66	61	64	77	60	61	50	258	240
• Measurement & Control Solutions	(10)	9	(5)	13	(2)	7	19	(17)	2	12
• Total Segments	123	146	164	170	179	168	212	155	678	639
Operating Margin										
• Total Xylem	8.7%	10.6%	10.7%	11.8%	12.2%	12.0%	13.1%	10.6%	11.3%	11.3%
• Water Infrastructure	13.9%	13.9%	18.3%	16.3%	18.1%	18.5%	19.8%	19.6%	17.7%	17.2%
• Applied Water	13.9%	16.8%	14.2%	15.5%	16.8%	15.0%	13.4%	12.3%	14.6%	14.9%
• Measurement & Control Solutions	(3.2%)	2.5%	(1.4%)	3.5%	(0.6%)	2.2%	5.0%	(5.8%)	0.1%	0.9%
• Total Segments	9.7%	11.6%	12.0%	12.6%	13.0%	13.3%	14.1%	11.7%	12.3%	12.3%

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

	Q1		Q2		Q3		Q4		YTD	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Special Charges										
• Total Xylem	1	2	1	-	13	1	1	1	16	4
• Water Infrastructure	-	-	-	-	-	-	-	-	-	-
• Applied Water	-	1	-	-	-	-	-	-	-	1
• Measurement & Control Solutions	-	-	1	-	12	-	1	-	14	-
• Total Segments	-	1	1	-	12	-	1	-	14	1
Restructuring & Realignment Costs										
• Total Xylem	4	8	8	6	6	2	16	6	34	22
• Water Infrastructure	1	5	3	4	3	1	4	2	11	12
• Applied Water	1	1	2	2	1	2	9	2	13	7
• Measurement & Control Solutions	2	2	3	0	2	(1)	3	2	10	3
• Total Segments	4	8	8	6	6	2	16	6	34	22
Adjusted Operating Income (Loss)										
• Total Xylem	116	143	155	166	187	155	214	147	672	611
• Water Infrastructure	75	76	111	97	107	102	136	124	429	399
• Applied Water	60	68	63	66	78	62	70	52	271	248
• Measurement & Control Solutions	(8)	11	(1)	13	12	6	23	(15)	26	15
• Total Segments	127	155	173	176	197	170	229	161	726	662
Adjusted Operating Margin										
• Total Xylem	9.1%	11.4%	11.4%	12.3%	13.6%	12.3%	14.2%	11.1%	12.2%	11.8%
• Water Infrastructure	14.1%	14.9%	18.8%	17.0%	18.6%	18.6%	20.4%	19.9%	18.1%	17.8%
• Applied Water	14.1%	17.3%	14.7%	15.9%	17.0%	15.5%	15.4%	12.8%	15.3%	15.4%
• Measurement & Control Solutions	(2.5%)	3.1%	(0.3%)	3.5%	3.4%	1.9%	6.0%	(5.1%)	1.9%	1.1%
• Total Segments	10.0%	12.3%	12.7%	13.0%	14.3%	13.4%	15.2%	12.2%	13.1%	12.7%

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

	Q4 2022			Q4 2021		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	1,506		1,506	1,323	-	1,323
Operating Income	197	17 a	214	140	7 a	147
Operating Margin	13.1%		14.2%	10.6%		11.1%
Interest Expense	(13)	-	(13)	(13)	-	(13)
Other Non-Operating Income (Expense)	5	-	5	(1)	3 b	2
UK Pension Buyout Settlement	-	-	-	-	-	-
Gain/(Loss) From Sale of Business	-	-	-	-	-	-
Income before Taxes	189	17	206	126	10	136
Provision for Income Taxes	(40)	2 c	(38)	(13)	(8) c	(21)
Net Income Attributable to Xylem	149	19	168	113	2	115
Diluted Shares	181.3		181.3	181.6		181.6
Diluted EPS	\$0.82	\$0.10	\$0.92	\$0.62	\$0.01	\$0.63
Year-over-year currency translation impact on current year diluted EPS	(\$0.08)	(\$0.01)	(\$0.09)			
Diluted EPS at Constant Currency	\$0.90	\$0.11	\$1.01			

a) Restructuring & realignment costs of \$16 million in 2022 and \$6 million in 2021, as well as special charges of \$1 million in 2022 (asset impairment charge) and \$1 million in 2021 for UK pension plan charges.

b) Special non-operating charges consist of \$3 million in 2021 for costs related to the UK pension plan.

c) Net tax impact on restructuring & realignment costs of \$3 million in 2022 and \$1 million in 2021; net tax impact on special charges of \$1 million in 2021; and \$5 million in 2022 of a positive impact from tax related special charges and \$6 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)

	Q4 YTD 2022			Q4 YTD 2021		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	5,522		5,522	5,195	-	5,195
Operating Income	622	50 a	672	585	26 a	611
Operating Margin	11.3%		12.2%	11.3%		11.8%
Interest Expense	(50)	-	(50)	(76)	-	(76)
Other Non-Operating Income (Expense)	7	4 b	11	-	8 b	8
UK Pension Buyout Settlement	(140)	140 b	-	-	-	-
Gain/(Loss) From Sale of Business	1	(1)	-	2	(2)	-
Income before Taxes	440	193	633	511	32	543
Provision for Income Taxes	(85)	(32) c	(117)	(84)	(7) c	(91)
Net Income Attributable to Xylem	355	161	516	427	25	452
Diluted Shares	181.0		181.0	181.5		181.5
Diluted EPS	\$1.96	\$0.89	\$2.85	\$2.35	\$0.14	\$2.49
Year-over-year currency translation impact on current year diluted EPS	(\$0.17)	(\$0.17)	(\$0.34)			
Diluted EPS at Constant Currency	\$2.13	\$1.06	\$3.19			

a) Restructuring & realignment costs of \$34 million in 2022 and \$22 million in 2021, as well as special charges of \$16 million in 2022 (\$2 million UK pension plan charges and \$14 million of asset impairment charges) and \$4 million (\$1 million of intangible asset impairment charges and \$3 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 \$8 million in 2021 for costs related to the UK pension plan.

c) Net tax impact on restructuring & realignment costs of \$7 million in 2022 and \$5 million in 2021; \$26 million net tax impact on special charges in 2022 and \$2 million 2021; and \$1 million of positive impact from tax related special charges to GAAP tax in 2022.

Appendix

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

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

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	132	418
Loss/(Gain) from sale of business	-	-	-	-	-
Depreciation	11	11	11	11	44
Amortization	2	3	1	3	9
Other non-operating expense, excluding interest income	(4)	1	-	(1)	(4)
EBITDA	83	123	116	145	467
Share-based Compensation	1	-	-	1	2
Restructuring & Realignment	1	3	3	4	11
Special Charges	-	-	-	-	-
Loss/(Gain) from sale of business	-	-	-	-	-
Adjusted EBITDA	85	126	119	150	480
Revenue	533	589	574	668	2,364
Adjusted EBITDA Margin	15.9%	21.4%	20.7%	22.5%	20.3%

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	61	258
Loss/(Gain) from sale of business	-	-	-	-	-
Depreciation	5	4	4	4	17
Amortization	-	1	-	1	2
Other non-operating expense, excluding interest income	(1)	-	(1)	-	(2)
EBITDA	63	66	80	66	275
Share-based Compensation	1	1	2	0	4
Restructuring & Realignment	1	2	1	9	13
Special Charges	-	-	-	-	-
Loss/(Gain) from sale of business	-	-	-	-	-
Adjusted EBITDA	65	69	83	75	292
Revenue	425	429	458	455	1,767
Adjusted EBITDA Margin	15.3%	16.1%	18.1%	16.5%	16.5%

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

	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%

Appendix

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

	Q1		Q2		Q3		Q4		Year-to-Date	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net Cash - Operating Activities	(\$81)	(\$26)	\$113	\$232	\$202	\$112	\$362	\$220	\$596	\$538
Capital Expenditures - PP&E	(31)	(22)	(30)	(25)	(37)	(33)	(41)	(62)	(139)	(142)
Capital Expenditures - Software	(18)	(17)	(16)	(16)	(16)	(14)	(19)	(19)	(69)	(66)
Capital Expenditures	(49)	(39)	(46)	(41)	(53)	(47)	(60)	(81)	(208)	(208)
Free Cash Flow	(\$130)	(\$65)	\$67	\$191	\$149	\$65	\$302	\$139	\$388	\$330
Net Income	\$82	\$87	\$112	\$113	\$12	\$114	\$149	\$113	\$355	\$427
Gain/(Loss) from sale of business	1	-	-	2	-	-	-	-	1	2
Restructuring & Realignment Charges - non-cash impairment	-	(1)	-	-	-	-	-	-	-	(1)
U.K. pension buyout settlement - non-cash release from AOCI	-	-	-	-	(140)	-	-	-	(140)	-
U.K. pension buyout settlement - non-cash tax release from AOCI	-	-	-	-	23	-	-	-	23	-
Special Charges - non-cash impairment	-	(1)	(1)	-	(12)	-	(1)	-	(14)	(1)
Net Income, excluding gain on sale of businesses, non-cash impairment charges and non-cash pension buyout settlement	\$81	\$89	\$113	\$111	\$141	\$114	\$150	\$113	\$485	\$427
Operating Cash Flow Conversion	-99%	-30%	101%	205%	1683%	98%	243%	195%	168%	126%
Free Cash Flow Conversion	-160%	-73%	59%	172%	106%	57%	201%	123%	80%	77%



Thank you.

Q4 2022 Earnings & Results

Andrea van der Berg, VP, Investor Relations
Trent Roach, Director, Investor Relations
Jacob Frisbee, IR Associate, Finance Leadership Development Program

NYSE: XYL

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