

Investor Overview & ESG Highlights

December 2022



xylem
Let's Solve Water

Forward-Looking Statements

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

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties, many of which are beyond our control. Additionally, many of these risks and uncertainties are, and may continue to be, amplified by impacts from changes in international conditions, including as a result of the war between Russia and Ukraine, the coronavirus (“COVID-19”) pandemic and macroeconomic conditions, including inflation. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include, among others, the following: the impact of overall industry and general economic conditions, including industrial, governmental, and public and private sector spending, inflation, interest rates and related monetary policy by governments in response to inflation, and the strength of the residential and commercial real estate markets, on economic activity and our operations; geopolitical events, including the war between Russia and Ukraine, and regulatory, economic and other risks associated with our global sales and operations, including with respect to domestic content requirements applicable to projects with governmental funding; continued uncertainty around the ongoing impacts of the COVID-19 pandemic on the macroeconomy and our business, operations, growth, and financial condition; actual or potential other epidemics, pandemics or global health crises; availability, shortage or delays in receiving electronic components (in particular, semiconductors), parts, and raw materials from our supply chain; manufacturing and operating cost increases due to macroeconomic conditions, including inflation, energy supply, supply chain shortages, logistics challenges, tight labor markets, prevailing price changes, tariffs and other factors; demand for our products; disruption, competition or pricing pressures in the markets we serve; cybersecurity incidents or other disruptions of information technology systems on which we rely, or involving our products; disruptions in operations at our facilities or that of third parties upon which we rely; ability to retain and attract senior management and other diverse and key talent, as well as competition for overall talent and labor; difficulty predicting our financial results; defects, security, warranty and liability claims, and recalls with respect to products; availability, regulation or interference with radio spectrum used by certain of our products; uncertainty related to restructuring and realignment actions and related costs and savings; our ability to continue strategic investments for growth; our ability to successfully identify, execute and integrate acquisitions; volatility in served markets or impacts on business and operations due to weather conditions, including the effects of climate change; fluctuations in foreign currency exchange rates; our ability to borrow or refinance our existing indebtedness and uncertainty around the availability of liquidity sufficient to meet our needs; risk of future impairments to goodwill and other intangible assets; failure to comply with, or changes in, laws or regulations, including those pertaining to anti-corruption, data privacy and security, export and import, our products, competition, and the environment and climate change; changes in our effective tax rates or tax expenses; legal, governmental or regulatory claims, investigations or proceedings and associated contingent liabilities; and other factors set forth under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021 (“2021 Annual Report”) and in subsequent filings we make with the Securities and Exchange Commission (“SEC”).

Forward-looking and other statements in this presentation regarding our environmental and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or are required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking social, environmental and sustainability related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. All forward-looking statements made herein are based on information currently available to us as of the date of this 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 17,000+

Customer Sustainability Impact ¹

Water Enabled for Reuse 7.2B Cubic Meters

Carbon Footprint Reduction 1.8M Metric Tons

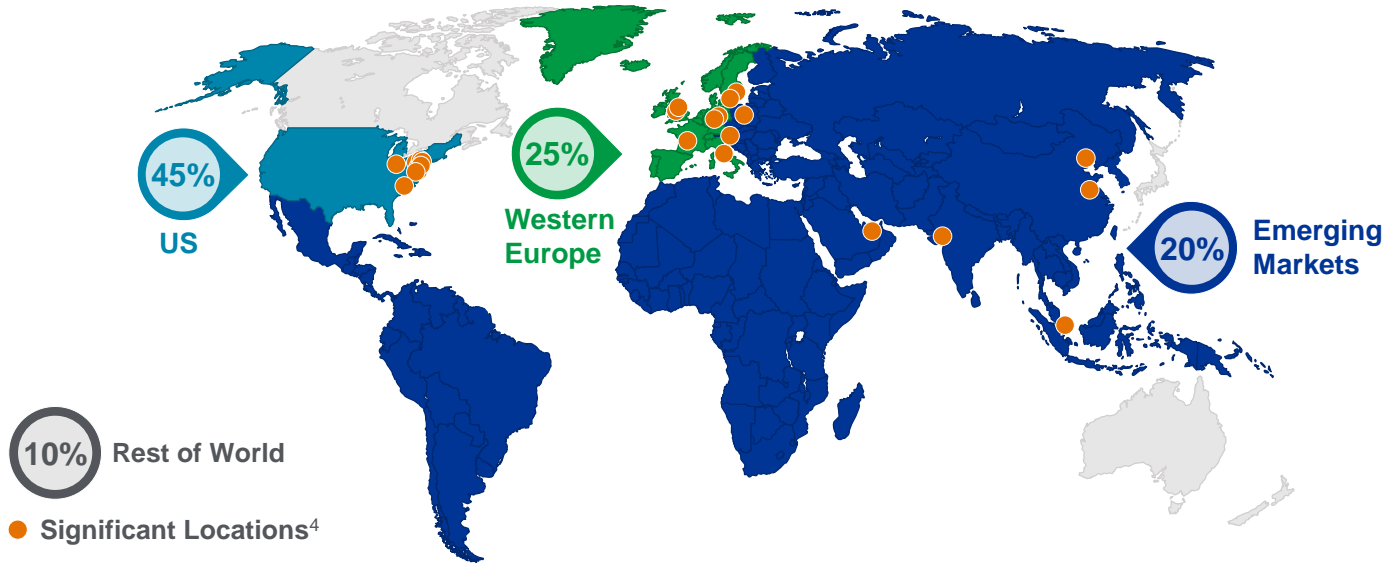
Pollution Prevention 4.6B Cubic Meters

Financials ²

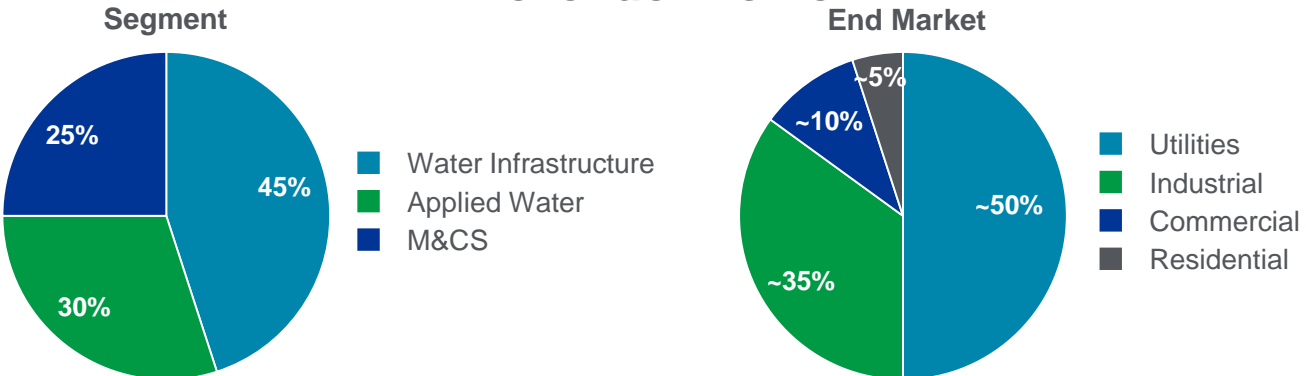
Revenue \$5.34B

Adj. EBITDA Margin³ 16.4%

Expansive Geographic Footprint ⁵



Revenue Profile



¹ We introduced sustainability goals regarding these areas in 2019. Data reflects impact from January 1, 2019 through December 31, 2021. See our 2021 Sustainability Report for more information. ² 12 months ending 9/30/22. 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

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 the 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 the power of data, AI, and ML to help utilities extend life of existing infrastructure

Digital Solutions in the Water Sector Accelerate Value Creation with the Power of Data

Established Foundation with Core Products

Solutions that address water needs without monitoring capabilities



Digital Products, Solutions, and Services

Solutions across the Xylem portfolio that combine foundational technologies with sensing, monitoring and analysis to enable the use of data to improve outcomes



~35%
of Revenue
Today

Growing to ~50% of Revenue by 2025

POWERFUL PORTFOLIO BRINGING NEW VISIBILITY AND VALUE TO THE WATER SECTOR

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

Strategic Filters

Systems Intelligence

A teal circular icon containing a white line-art illustration of two server racks with signal waves emanating from them, representing systems intelligence.

Industrial Water

A teal circular icon containing a white line-art illustration of an industrial pipe with a single water drop falling from the end, representing industrial water.

Strengthen Our Core

A teal circular icon containing a white line-art illustration of a target symbol with concentric circles and a central bullseye, representing strengthening the core.

Financial Criteria

IRR > Cost of Capital

Cash EPS Accretive After Year 1

Growth Accelerator

Confident in Our Path to 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 (90%); Independent Chair
- Overall Board and committee meeting attendance >99% (2021)
- 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 Long-term Growth and Sustainable Value Creation
- 2 Strong Corporate Governance Profile
- 3 Robust Shareholder Engagement
- 4 Diversity, Equity and Inclusion, Including Diverse Board Representation
- 5 Executive Compensation Tied to ESG

Record of corporate governance enhancements promoting accountability of management and Board

Board of Directors with Deep Expertise; Global and Diverse Perspectives and Experience



Robert F. Friel
Independent Board Chair, Xylem
Former Chairman, President & CEO, PerkinElmer
Committees: Nominating & Governance



Patrick K. Decker
President & CEO, Xylem
Former President & CEO, Harsco



Jeanne Beliveau-Dunn
Chief Executive Officer & President, Claridad
Committees: Finance; Leadership Development & Compensation



Victoria D. Harker
EVP & Chief Financial Officer, TEGNA
Committees: Audit (Chair); Nominating & Governance



Steven R. Loranger
Former Chairman, President & CEO, ITT
Committees: Finance (Chair); Leadership Development & Compensation



Mark D. Morelli
President & CEO, Vontier
Committees: Audit; Leadership Development & Compensation



Jerome A. Peribere
Former President & CEO, Sealed Air
Committees: Audit; Leadership Development & Compensation (Chair)



Markos I. Tambakeras
Former Chairman, President & CEO, Kennametal
Committees: Audit; Nominating & Governance (Chair)

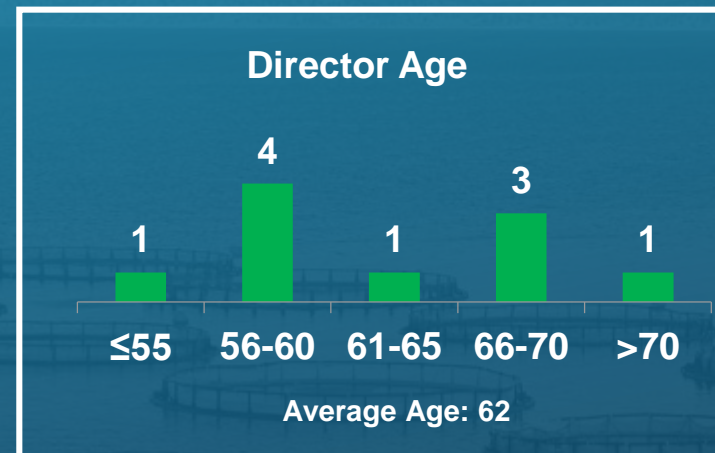
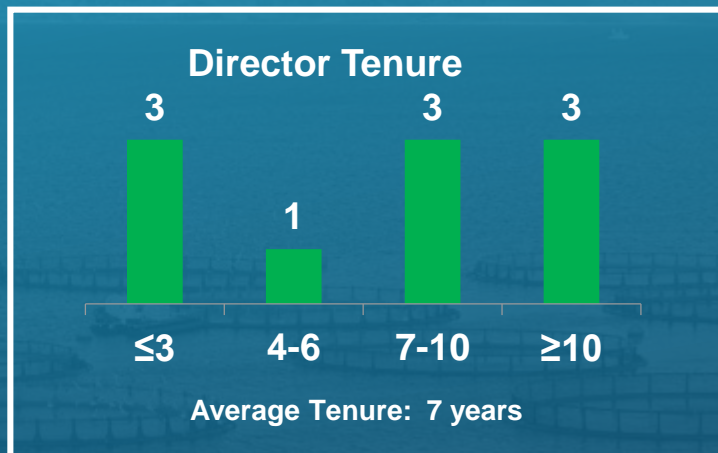


Lila Tretikov
Corporate Vice President & Deputy Chief Technology Officer, Microsoft
Committees: Finance; Nominating & Governance



Uday Yadav
Chief Executive Officer, TK Elevator
Committees: Audit; Nominating & Governance

Board Composition and Evaluation¹



9 of 10
Directors are **independent**

7 of 10
Directors have **CEO experience**

3 of 10
Directors are **women**

4 of 10
Directors with **origins outside the U.S.**

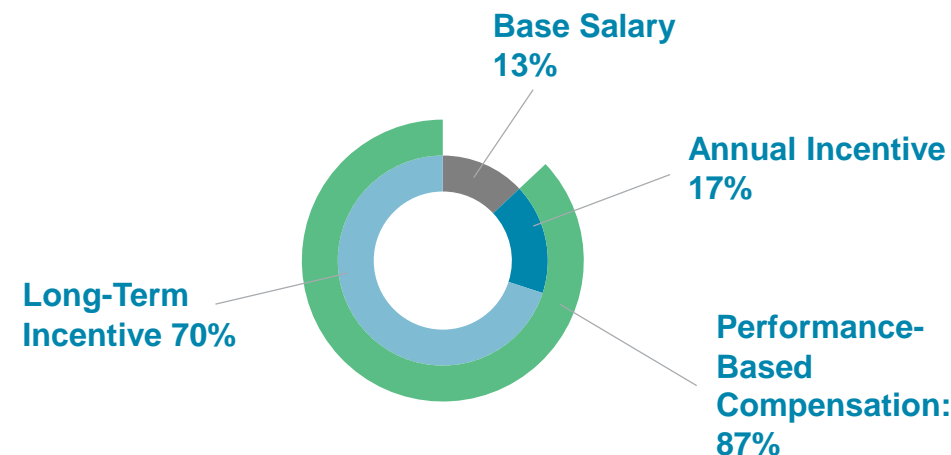
1 of 10
Directors are **ethnically or racially diverse²**

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

2021 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%)

2021 CEO Target Compensation Mix



Strong support on 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 Core Strategic Pillars and Sustainability Framework
- For 2022, ESG metrics for CEO and direct reports include leadership rating by Sustainalytics, diverse candidate slates, and US diverse representation

****To better align with our growth strategy and the practices of other high-growth companies, the LDCC added long-term Revenue Growth as a PSU metric, by shifting some weight from the ROIC PSUs within our long-term compensation program for 2022**

Shareholder Engagement Is Essential to Long-Term Value Creation

2021 Annual Shareholder Engagement



Represents ~27% of Our Outstanding Shares



Represents ~70% of our Outstanding Shares

- We engage with shareholders throughout the year
- Board and management greatly value the input and insights of our shareholders
- We believe ongoing engagement is critical to create long-term sustainable value

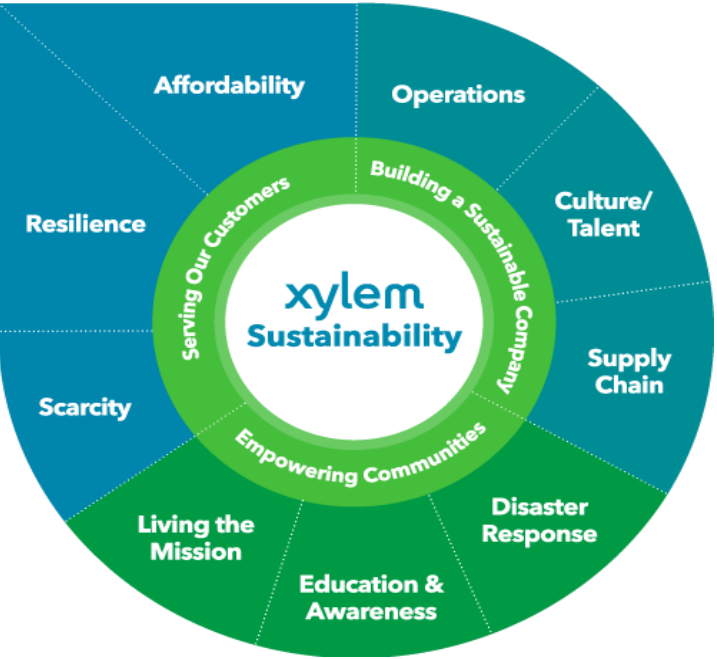
Topics discussed in the engagement meetings included:

- 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
- 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
- Supply Chain Equity and Transparency

- Board seeks to maintain framework for regular and productive conversations with shareholders

Sustainability is Fundamental to Who We Are and What We Do

Xylem Sustainability Framework



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 Third-Party Ratings and Recognition

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

ecovadis
 Silver Rating
 CSR Rating

MSCI 
 AAA
 ESG Rating

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

Newsweek
 #17 Most Responsible
 Companies

BARRON'S
 #10 Most Sustainable
 Companies

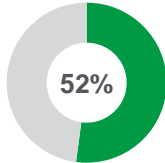
 **GLOBAL WATER AWARDS**
 Net Zero Carbon
 Champion Award


 100% HRC Corporate
 Equality Index

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

Significant Progress Towards our 2025 Sustainability Goals

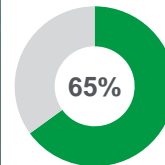
Full set of Goals can be found in our 2021 Sustainability Report



SAVE
more than 16.5B m³ of water through averting water loss and enabling water reuse



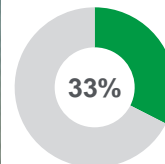
MEASURE
35% of suppliers report sustainability information via EcoVadis or equivalent



PREVENT
over 7B m³ of polluted water from flooding communities



RENEWABLE
energy and process water recycling at our major facilities



PROVIDE
access to clean water and sanitation solutions for at least 20M people in underserved communities



PARTICIPATE
engage at least 95% of Xylem employees in volunteer activities

SUBMITTED OUR 2030 SCIENCE-BASED TARGETS FOR VALIDATION IN Q4 2022 (SCOPE 1, 2 & 3 EMISSIONS)

Deepening Our Commitment to Sustainability

Looking beyond 2025

Decarbonization

- Partnering with customers to decarbonize the water sector through existing and affordable technologies
- Reducing GHG released across our value chain

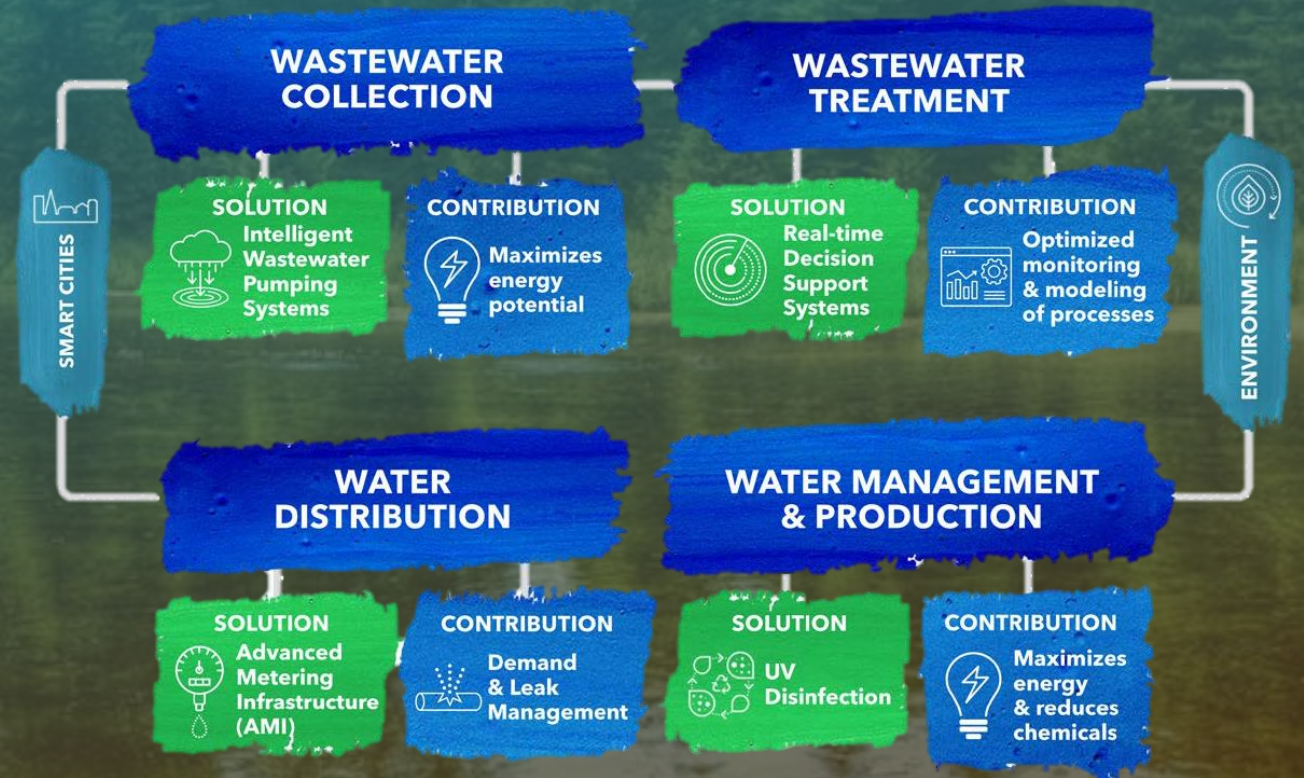
Resiliency & Stewardship

- Lead on corporate water stewardship practices
- Serve customers and communities by deploying technology to improve resiliency

Equity

- Strive for all to have equitable access to water
- Create an organization centered on diversity and inclusion

Published white paper on path to decarbonizing water sector ¹



OVER 80 UTILITIES GLOBALLY HAVE MADE GHG REDUCTION COMMITMENTS

Sustainability Integrated with Our Financing Strategy

\$800M
Credit Facility



Pricing Linked to Annual
Sustainalytics Rating

\$1B
Green Bond



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

~\$400M
Cash Investments¹



Enhanced Yield Based on
Xylem's 2025 Sustainability
Goals Performance

**LAUNCHED SOCIAL IMPACT INVESTING IN MISSION-DRIVEN FINANCIAL INSTITUTIONS HELPING
UNDERSERVED COMMUNITIES²**

¹ Balance as of 9/30/22.

² Launched through CNote, a women-led impact platform helping institutions invest capital into underserved communities at scale.

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% US minorities in leadership positions¹
- 50% gender parity in leadership positions²

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.

"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.

"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.

Xylem Inc. Non-GAAP Reconciliation

EBITDA & Adjusted EBITDA

(\$ Millions)

Twelve Months Ended September 30, 2022

	Total
Net Income	319
Net Income margin	6.0%
Depreciation	111
Amortization	124
Interest Expense (Income), net	39
Income Tax Expense	58
EBITDA	651
Share-based Compensation	36
Restructuring & Realignment	24
U.K. Pension Settlement	140
Special Charges	23
Loss/(Gain) from sale of business	(1)
Adjusted EBITDA	873
Revenue	5,339
Adjusted EBITDA Margin	16.4%

Let's Solve Water

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