

xylem

2024 Third Quarter Results and Earnings

October 31, 2024



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. 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, interest rates, inflation 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 ongoing and possible escalation of the conflicts involving Russia and Ukraine, and the Middle East, as well as regulatory, economic and other risks associated with our global sales and operations, including those related to domestic content requirements applicable to projects receiving governmental funding; 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 connected products and services; lack of availability or delays in receiving parts and raw materials from our supply chain, including electronic components (in particular, semiconductors); disruptions in operations at our facilities or that of third parties upon which we rely; uncertainty related to the realization of the benefits and synergies from our acquisition of Evoqua Water Technologies Corp.; safe and compliant treatment and handling of water, wastewater and hazardous materials; failure to successfully execute large projects, including with respect to meeting performance guarantees and customers’ budgets, timelines and safety requirements; our ability to retain and attract leadership and other diverse and key talent, as well as competition for overall talent and labor; defects, security, warranty and liability claims, and recalls related to our products; uncertainty around restructuring and realignment actions and related costs and savings; our ability to execute strategic investments for growth, including related to acquisitions and divestitures; availability, regulation or interference with radio spectrum used by certain of our products; volatility in served markets or impacts on our business and operations due to weather conditions, including the effects of climate change; risks related to our sustainability commitments and related disclosures; 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; financial market risks related to our pension and other defined benefit plans; failure to comply with, or changes in, laws or regulations, including those pertaining to our business conduct, operations, products and services, including anti-corruption, data privacy and security, trade, competition, the environment, climate change and health and safety; legal, governmental or regulatory claims, investigations or proceedings and associated contingent liabilities; matters related to intellectual property infringement or expiration of rights; and other factors set forth under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023 (“2023 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, to our business, operating results, financial condition, outlook, or strategy, to our impacts on sustainability matters or other parties, 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.

Q3 2024 Performance Summary

(\$ in millions, unless otherwise noted)

Xylem Consolidated			Measurement and Control Solutions		Water Infrastructure		Applied Water		Water Solutions and Services	
	Reported Q3	Adj* Q3	Reported Q3	Adj* Q3	Reported Q3	Adj* Q3	Reported Q3	Adj* Q3	Reported Q3	Adj* Q3
Orders	2,201	2,201	386	386	700	700	437	437	678	678
Overall Growth	8%	8%	13%	13%	7%	7%	4%	4%	11%	11%
Organic Growth*		8%		12%		6%		4%		11%
Revenue	2,104	2,104	458	458	623	623	447	447	576	576
Overall Growth	1%	1%	11%	11%	2%	1%	(4%)	(4%)	(2%)	(1%)
Organic Growth*		1%		11%		1%		(4%)		(1%)
Operating Income	280	350	66	82	96	111	71	73	63	94
Operating Margin	13.3%	16.6%	14.4%	17.9%	15.4%	17.8%	15.9%	16.3%	10.9%	16.3%
EBITDA*	415	447	95	97	120	127	79	83	133	142
EBITDA Margin*	19.7%	21.2%	20.7%	21.2%	19.3%	20.4%	17.7%	18.6%	23.1%	24.7%
Earnings Per Share	0.89	1.11								

Q3 2024 Earnings Highlights



Record profitability driven by execution and integration momentum

Healthy demand and book to bill >1, with strong orders growth across all segments

Accelerating Evoqua cost synergy capture, will exit the year at \$130M run rate

Record Adj. EBITDA* margin and Record Quarterly Adj. EPS*



Emphasis on sustainable, high-quality earnings

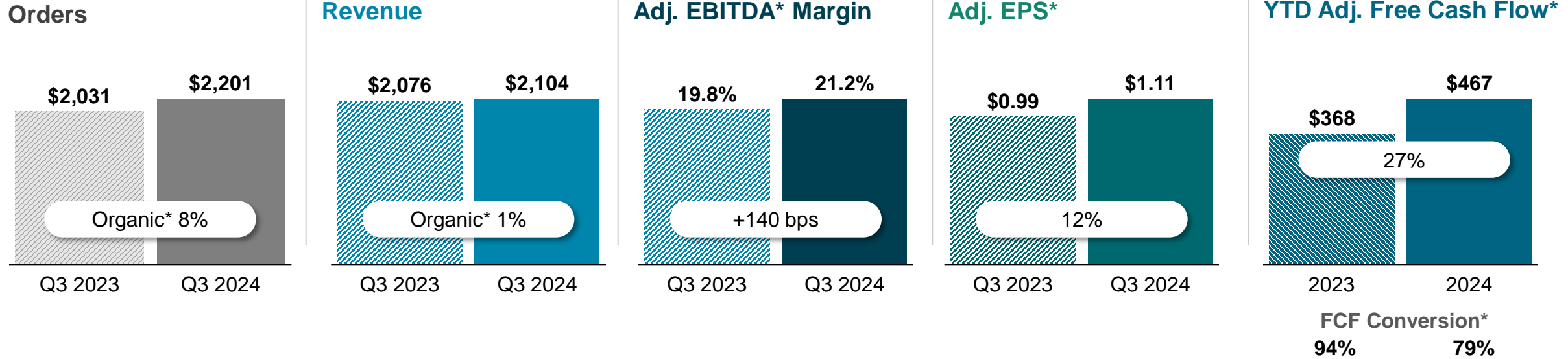
Driving resilient growth with diversified portfolio of mission-critical solutions in attractive end-markets

Committed to systematic margin improvement through simplification to support our long-term framework

Signed agreement to take a majority stake in Idrica, expected to close in December

Focused on simplification efforts in service of long-term growth

Q3 2024 Financial Performance



- Resilient demand with book-to-bill ratio >1x
- Strength in MCS and WSS
- \$5.3B backlog

- Growth supported by MCS and WI
- Strength in developed markets offset by declines in emerging markets
- Strong price offset lower volumes

- ~130% incrementals
- Improvement driven by productivity and price more than offset inflation, investments, mix, and lower volumes

- \$0.12 organic operations
- \$0.02 lower tax and interest expense

- Adj. Free Cash Flow* growth driven by higher net income partly offset by higher capex and working capital
- 0.6x net debt / adjusted EBITDA* (TTM)

Operational execution drove improved profitability

Q3 2024 Segment Performance Summary

	Measurement and Control Solutions	Water Infrastructure	Applied Water	Water Solutions and Services
Orders / Organic Growth*	\$386M +12%	\$700M +6%	\$437M +4%	\$678M +11%
Revenue / Organic Growth*	\$458M +11%	\$623M +1%	\$447M (4%)	\$576M (1%)
Adj. EBITDA* Margin / Expansion	21.2% ^{\$97M} +350 bps YoY	20.4% ^{\$127M} +50 bps YoY	18.6% ^{\$83M} (10 bps) YoY	24.7% ^{\$142M} +200 bps YoY
	<ul style="list-style-type: none"> • Orders growth in Smart Metering; \$1.9B backlog down 14% organically on past due execution • Revenue growth led by Smart Metering demand and execution • Margin up due to productivity, price, volume offset by inflation and investments 	<ul style="list-style-type: none"> • Orders growth across Treatment and Transport • Revenue growth driven by transport • Margin up due to productivity and price offset by inflation and mix 	<ul style="list-style-type: none"> • Book-to-bill ~1 driven by long-cycle projects • Revenue decline driven by softness across geographies • Margin down due to inflation, lower volumes, and unfavorable mix partially offset by productivity and price 	<ul style="list-style-type: none"> • Orders growth driven by capital projects and Dewatering • Revenue decline driven by capital projects timing offset in part by Dewatering • Margin up due to productivity and price offset by inflation and lower volumes

Healthy demand across most applications and end-markets

FY 2024 and Q4 2024 Guidance

	Prior FY Guide	FY Guide	Q4 Guide
Revenue	<p>~\$8.55B</p> <p>~16% Total Growth 5 – 6% Organic* Growth</p>	<p>~\$8.5B</p> <p>~15% Total Growth 5% Organic* Growth</p>	<p>~\$2.2B</p> <p>2-3% Total Growth 2-3% Organic* Growth</p>
Adjusted EBITDA* Margin	<p>~20.5%</p> <p>~160 bps expansion</p>	<p>~20.5%</p> <p>~160 bps expansion</p>	<p>20.5 – 21.0%</p> <p>70 – 120 bps expansion</p>
Adjusted EPS*	<p>\$4.18 – \$4.28</p>	<p>\$4.22 – \$4.24</p>	<p>\$1.12 – \$1.14</p>
Adjusted Free Cash Flow*	<p>120%+ Conversion</p>	<p>120%+ Conversion</p>	

Full Year Highlights

- Revenue growth driven by strong demand and backlog execution
- Evoqua contributed ~\$0.8B of inorganic revenue
- \$130M+ exit run-rate cost synergies
- Driving working capital** productivity

Narrowing full-year guidance on operational momentum

Key Takeaways



Strong order growth **across segments**



Profitability improvement driven by **execution and integration momentum**



Accelerated integration enables increased focus on capital deployment and portfolio optimization

Opportunity for profitable above-market growth and shareholder value creation

Appendix

FY 2024 Guidance Key Assumptions

	FY 2024 Assumptions
Corporate Expense	\$70M
Restructuring & Realignment Costs*	\$60 – 80M
Capex	\$325M
Estimated Tax Rate ¹	22.5%
Purchase Accounting Intangible Amortization	\$220M
EUR / USD Rate	1.09

Segment Key Facts

Water Solutions and Services

Treatment, transport and assessment services solutions with an extensive service network and highly recurring revenue

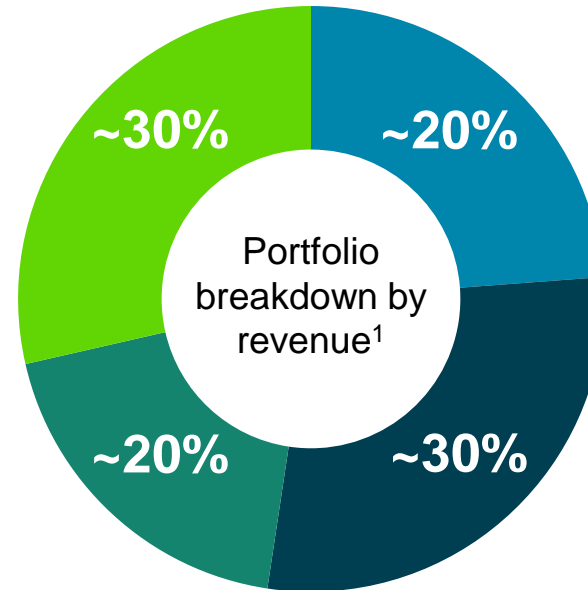
- Key Brands: MarCor, Frontier, ADI, Godwin, Pure
- Geo. Split: US ~80% / Rest of World ~20%
- End Market Split: Industrials ~70% / Utilities ~30%
- Channels: Primarily direct
- Market Drivers: Outsourced service, water scarcity, regulation, emerging contaminants
- Competitive Advantage: Service network, mobile fleet, SOPHIS digital solutions, technology agnostic business model

Measurement and Control Solutions

Advanced technology solutions for water and energy, including smart metering and test & measurement

- Key Brands: Sensus, Smith-Blair, WTW, YSI
- Geo. Split: US ~65% / W. Europe ~15% / EM & Other ~20%
- End Market Split: Clean Water Utilities ~85% / Industrials ~15%
- Channels: Primarily indirect, some direct for larger projects
- Market Drivers: AMI adoption acceleration, connected solutions, non-revenue water, affordability, labor shortages
- Competitive Advantage: Deep application expertise and technology leadership, long-standing customer relationships

Diversified Portfolio Addressing the Full Lifecycle of Water



Applied Water

Industrial and buildings solutions applications including pumps, valves, heat exchangers, controls, and dispensing equipment

- Key Brands: Bell & Gossett, Flojet, Goulds, Lowara
- Geo. Split: US ~50% / W. Europe ~20% / EM & Other ~30%
- End Market Split: Industrials ~45% / Building Solutions ~55%
- Channels: Primarily indirect
- Market Drivers: Urbanization, climate, regulation, labor shortage
- Competitive Advantage: Established footprint, strong channel partnerships, quality & reliability

Water Infrastructure

Products and solutions for the transportation and treatment of water, including pumps, filtration and treatment equipment, and controls

- Key Brands: Flygt, Wedeco, Sanitaire, Defender, Magneto
- Geo. Split: US ~35% / W. Europe ~35% / EM & Other ~30%
- End Market Split: Wastewater Utilities ~60% / Industrials ~40%
- Channels: Primarily direct
- Market Drivers: Water scarcity, affordability, aging infrastructure, regulations, sustainability
- Competitive Advantage: Innovation leadership, significant global installed base

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 that 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, amortization of acquired intangible assets, 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 non-recurring, 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.

"Adjusted Free Cash Flow" defined as free cash flow adjusted for significant cash items for which the corresponding income statement impact does not occur within the same fiscal year.

"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 non-recurring costs incurred by the Company, such as those related to acquisitions and integrations, divestitures and non-cash impairment charges.

"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 and Constant Currency Orders (\$ Millions)

	(As Reported - GAAP)					(As Adjusted - Organic)				Constant Currency
	(A)	(B)	% Change	% Change	Book-to-Bill	(C)	(D)	(E) = B+C+D	(F) = E/A	(G) = (E - C) / A
	Orders	Orders				Change	Acquisitions /	FX Impact	Change	
	2024	2023	2024 v. 2023	2024 v. 2023			Adj. 2024 v. 2023	Adj. 2024 v. 2023		
Nine Months Ended September 30										
Xylem Inc.	6,534	5,457	1,077	20%	104%	(886)	6	197	4%	20%
Water Infrastructure	2,036	1,680	356	21%	111%	(243)	(1)	112	7%	21%
Applied Water	1,382	1,350	32	2%	103%	-	3	35	3%	3%
Measurement and Control Solutions	1,199	1,228	(29)	(2%)	86%	-	(1)	(30)	(2%)	(2%)
Water Solutions and Services	1,917	1,199	718	60%	110%	(643)	5	80	7%	60%
Quarter Ended September 30										
Xylem Inc.	2,201	2,031	170	8%	105%	-	(4)	166	8%	8%
Water Infrastructure	700	656	44	7%	112%	-	(4)	40	6%	6%
Applied Water	437	422	15	4%	98%	-	-	15	4%	4%
Measurement and Control Solutions	386	343	43	13%	84%	-	(2)	41	12%	12%
Water Solutions and Services	678	610	68	11%	118%	-	2	70	11%	11%
Quarter Ended June 30										
Xylem Inc.	2,087	1,856	231	12%	96%	(265)	11	(23)	(1%)	13%
Water Infrastructure	690	563	127	23%	109%	(89)	5	43	8%	23%
Applied Water	465	445	20	4%	102%	-	3	23	5%	5%
Measurement and Control Solutions	384	470	(86)	(18%)	80%	-	1	(85)	(18%)	(18%)
Water Solutions and Services	548	378	170	45%	91%	(176)	2	(4)	(1%)	46%
Quarter Ended March 31										
Xylem Inc.	2,246	1,570	676	43%	110%	(621)	(1)	54	3%	43%
Water Infrastructure	646	461	185	40%	113%	(154)	(2)	29	6%	40%
Applied Water	480	483	(3)	(1%)	110%	-	-	(3)	(1%)	(1%)
Measurement and Control Solutions	429	415	14	3%	93%	-	-	14	3%	3%
Water Solutions and Services	691	211	480	227%	123%	(467)	1	14	7%	228%

Xylem Inc. Non-GAAP Reconciliation

Reported vs. Organic and Constant Currency Revenue (\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)				Constant Currency		
	(A)		(B)		(C)		(D)		(E) = B+C+D	(F) = E/A	(G) = (E - C) / A
	Revenue	Revenue	Change	% Change	Acquisitions /	FX Impact	Change	% Change			
	2024	2023	2024 v. 2023	2024 v. 2023	Divestitures		Adj. 2024 v. 2023	Adj. 2024 v. 2023			
Nine Months Ended September 30											
Xylem Inc.	6,306	5,246	1,060	20%	(782)	5	283		5%		20%
Water Infrastructure	1,828	1,541	287	19%	(221)	-	66		4%		19%
Applied Water	1,339	1,396	(57)	(4%)	-	1	(56)		(4%)		(4%)
Measurement and Control Solutions	1,402	1,175	227	19%	-	-	227		19%		19%
Water Solutions and Services	1,737	1,134	603	53%	(561)	4	46		4%		54%
Quarter Ended September 30											
Xylem Inc.	2,104	2,076	28	1%	-	(6)	22		1%		1%
Water Infrastructure	623	612	11	2%	-	(5)	6		1%		1%
Applied Water	447	465	(18)	(4%)	-	(2)	(20)		(4%)		(4%)
Measurement and Control Solutions	458	413	45	11%	-	(1)	44		11%		11%
Water Solutions and Services	576	586	(10)	(2%)	-	2	(8)		(1%)		(1%)
Quarter Ended June 30											
Xylem Inc.	2,169	1,722	447	26%	(302)	13	158		9%		27%
Water Infrastructure	631	519	112	22%	(84)	6	34		7%		23%
Applied Water	456	478	(22)	(5%)	-	4	(18)		(4%)		(4%)
Measurement and Control Solutions	482	384	98	26%	-	2	100		26%		26%
Water Solutions and Services	600	341	259	76%	(218)	1	42		12%		76%
Quarter Ended March 31											
Xylem Inc.	2,033	1,448	585	40%	(480)	(2)	103		7%		40%
Water Infrastructure	574	410	164	40%	(137)	(1)	26		6%		40%
Applied Water	436	453	(17)	(4%)	-	(1)	(18)		(4%)		(4%)
Measurement and Control Solutions	462	378	84	22%	-	(1)	83		22%		22%
Water Solutions and Services	561	207	354	171%	(343)	1	12		6%		171%

Xylem Inc. Non-GAAP Reconciliation

Adjusted Operating Income (\$ Millions)

	Q1		Q2		Q3		YTD	
	2024	2023	2024	2023	2024	2023	2024	2023
Total Revenue								
• Total Xylem	2,033	1,448	2,169	1,722	2,104	2,076	6,306	5,246
• Water Infrastructure	574	410	631	519	623	612	1,828	1,541
• Applied Water	436	453	456	478	447	465	1,339	1,396
• Measurement and Control Solutions	462	378	482	384	458	413	1,402	1,175
• Water Solutions and Services	561	207	600	341	576	586	1,737	1,134
• Corporate/ Other	-	-	-	-	-	-	-	-
Operating Income (Loss)								
• Total Xylem	209	131	253	119	280	191	742	441
• Water Infrastructure	60	46	78	70	96	84	234	200
• Applied Water	61	83	71	84	71	73	203	240
• Measurement and Control Solutions	70	26	79	29	66	35	215	90
• Water Solutions and Services	50	18	47	26	63	33	160	77
• Corporate/ Other	(32)	(42)	(22)	(90)	(16)	(34)	(70)	(166)
Operating Margin								
• Total Xylem	10.3%	9.0%	11.7%	6.9%	13.3%	9.2%	11.8%	8.4%
• Water Infrastructure	10.5%	11.2%	12.4%	13.5%	15.4%	13.7%	12.8%	13.0%
• Applied Water	14.0%	18.3%	15.6%	17.6%	15.9%	15.7%	15.2%	17.2%
• Measurement and Control Solutions	15.2%	6.9%	16.4%	7.6%	14.4%	8.5%	15.3%	7.7%
• Water Solutions and Services	8.9%	8.7%	7.8%	7.6%	10.9%	5.6%	9.2%	6.8%
• Corporate/ Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	Q1		Q2		Q3		YTD	
	2024	2023	2024	2023	2024	2023	2024	2023
Special Charges								
• Total Xylem	16	25	13	67	7	24	36	116
• Water Infrastructure	2	-	4	12	(2)	6	4	18
• Applied Water	-	-	-	-	-	-	-	-
• Measurement and Control Solutions	-	2	1	-	2	1	3	3
• Water Solutions and Services	9	-	3	7	1	9	13	16
• Corporate/ Other	5	23	5	48	6	8	16	79
Restructuring & Realignment Costs								
• Total Xylem	15	11	29	37	11	34	55	82
• Water Infrastructure	7	3	2	2	6	2	15	7
• Applied Water	2	3	2	2	2	6	6	11
• Measurement and Control Solutions	2	5	2	3	(1)	6	3	14
• Water Solutions and Services	3	-	23	8	4	9	30	17
• Corporate/ Other	1	-	-	22	-	11	1	33
Purchase Accounting Intangible Amortization Adjustment								
• Total Xylem	54	18	57	36	52	66	163	120
• Water Infrastructure	19	1	17	8	11	15	47	24
• Applied Water	-	-	-	-	-	-	-	-
• Measurement and Control Solutions	14	14	14	15	15	14	43	43
• Water Solutions and Services	21	3	26	13	26	37	73	53
• Corporate/ Other	-	-	-	-	-	-	-	-
Adjusted Operating Income (Loss)								
• Total Xylem	294	185	352	259	350	315	996	759
• Water Infrastructure	88	50	101	92	111	107	300	249
• Applied Water	63	86	73	86	73	79	209	251
• Measurement and Control Solutions	86	47	96	47	82	56	264	150
• Water Solutions and Services	83	21	99	54	94	88	276	163
• Corporate/ Other	(26)	(19)	(17)	(20)	(10)	(15)	(53)	(54)
Adjusted Operating Margin								
• Total Xylem	14.5%	12.8%	16.2%	15.0%	16.6%	15.2%	15.8%	14.5%
• Water Infrastructure	15.3%	12.2%	16.0%	17.7%	17.8%	17.5%	16.4%	16.2%
• Applied Water	14.4%	19.0%	16.0%	18.0%	16.3%	17.0%	15.6%	18.0%
• Measurement and Control Solutions	18.6%	12.4%	19.9%	12.2%	17.9%	13.6%	18.8%	12.8%
• Water Solutions and Services	14.8%	10.1%	16.5%	15.8%	16.3%	15.0%	15.9%	14.4%
• Corporate/ Other	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Xylem Inc. Non-GAAP Reconciliation

Adjusted Diluted EPS (\$ Millions, except per share amounts)

	Q3 2024			Q3 2023		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	2,104	-	2,104	2,076	-	2,076
Operating Income	280	70 a	350	191	124 a	315
Operating Margin	13.3%		16.6%	9.2%		15.2%
Interest Expense	(10)	-	(10)	(14)	-	(14)
Other Non-Operating Income (Expense)	1	-	1	8	-	8
Gain/(Loss) From Sale of Business	(2)	2 b	-	-	-	-
Income before Taxes	269	72	341	185	124	309
Provision for Income Taxes	(52)	(20) c	(72)	(33)	(36) c	(69)
Net Income	217	52	269	152	88	240
Diluted Shares	243.8		243.8	242.2		242.2
Diluted EPS	\$0.89	\$0.22	\$1.11	\$0.63	\$0.36	\$0.99

a Quarter-to-date:

Restructuring & realignment costs: 2024 - \$11 million and 2023 - \$34 million

Special charges: 2024 - \$6 million of acquisition & integration cost and \$1 million of other special charges; 2023 - \$23 million of acquisition & integration related costs and \$1 million of asset impairment charges

Purchase accounting intangible amortization: 2024 - \$52 million and 2023 - \$66 million

b Gain/Loss from sale of business as per income statement for all periods presented

c Quarter-to-date: 2024 - Net tax impact on pre-tax adjustments (note a and b) of \$17 million and other tax special items of \$3 million; 2023 - Net tax impact on pre-tax adjustments (note a) of \$28 million and other tax special items of \$8 million

Xylem Inc. Non-GAAP Reconciliation

Adjusted Diluted EPS (\$ Millions, except per share amounts)

	Q3 YTD 2024			Q3 YTD 2023		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	6,306	-	6,306	5,246	-	5,246
Operating Income	742	254 a	996	441	318 a	759
Operating Margin	11.8%		15.8%	8.4%		14.5%
Interest Expense	(35)	-	(35)	(35)	-	(35)
Other Non-Operating Income (Expense)	11	-	11	19	-	19
Gain/(Loss) From Sale of Business	(6)	6 b	-	-	-	-
Income before Taxes	712	260	972	425	318	743
Provision for Income Taxes	(148)	(70) c	(218)	(82)	(75) c	(157)
Net Income	564	190	754	343	243	586
Diluted Shares	243.4		243.4	210.1		210.1
Diluted EPS	\$2.32	\$0.78	\$3.10	\$1.63	\$1.16	\$2.79

a Year-to-date:

Restructuring & realignment costs: 2024 - \$55 million and 2023 - \$82 million

Special charges: 2024 - \$31 million of acquisition & integration related costs, \$4 million of other special charges and \$1 million of asset impairment charges; 2023 - \$107 million of acquisition & integration related costs, \$6 million of other special charges and \$3 million of intangible asset impairment charges

Purchase Accounting Intangible Amortization: 2024 - \$163 million and 2023 - \$120 million

b Gain/Loss from sale of business as per income statement for all periods presented

c Year-to-date: 2024 - Net tax impact on pre-tax adjustments (note a and b) of \$59 million and other tax special items of \$11 million; 2023 - Net tax impact on pre-tax adjustments (note a) of \$67 million and other tax special items of \$8 million

Xylem Inc. Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA by Quarter (\$ Millions)

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

2024					
	Q1	Q2	Q3	Q4	Total
Net Income	153	194	217		564
Net Income margin	7.5%	8.9%	10.3%		8.9%
Depreciation	61	62	68		191
Amortization	73	83	73		229
Interest Expense (Income), net	7	6	5		18
Income Tax Expense	43	53	52		148
EBITDA	337	398	415	-	1,150
Share-based Compensation	18	13	12		43
Restructuring & Realignment	15	29	11		55
Special Charges	16	13	7		36
Loss/(Gain) from sale of business	5	(1)	2		6
Adjusted EBITDA	391	452	447	-	1,290
Revenue	2,033	2,169	2,104		6,306
Adjusted EBITDA Margin	19.2%	20.8%	21.2%		20.5%

2023					
	Q1	Q2	Q3	Q4	Total
Net Income	99	92	152	266	609
Net Income margin	6.8%	5.3%	7.3%	12.6%	8.3%
Depreciation	28	41	63	61	193
Amortization	32	51	84	76	243
Interest Expense (Income), net	2	5	6	8	21
Income Tax Expense	27	22	33	(56)	26
EBITDA	188	211	338	355	1,092
Share-based Compensation	12	15	18	15	60
Restructuring & Realignment	11	36	33	23	103
Special Charges	25	67	22	22	136
Loss/(Gain) from sale of business	-	-	-	1	1
Adjusted EBITDA	236	329	411	416	1,392
Revenue	1,448	1,722	2,076	2,118	7,364
Adjusted EBITDA Margin	16.3%	19.1%	19.8%	19.6%	18.9%

Xylem Inc. Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA by Quarter (\$ Millions)

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

	2024				
	Q1	Q2	Q3	Q4	Total
Operating Income	60	78	96		234
Operating Margin	10.5%	12.4%	15.4%		12.8%
Depreciation	10	10	12		32
Amortization	21	27	13		61
Other non-operating expense, excluding interest income	(1)	-	(1)		(2)
EBITDA	90	115	120	-	325
Share-based Compensation	3	4	3		10
Restructuring & Realignment	7	2	6		15
Special Charges	2	4	(2)		4
Adjusted EBITDA	102	125	127	-	354
Revenue	574	631	623		1,828
Adjusted EBITDA Margin	17.8%	19.8%	20.4%		19.4%

	2023				
	Q1	Q2	Q3	Q4	Total
Operating Income	46	70	84	75	275
Operating Margin	11.2%	13.5%	13.7%	11.1%	12.4%
Depreciation	7	8	10	9	34
Amortization	2	10	17	26	55
Other non-operating expense, excluding interest income	-	1	(1)	3	3
EBITDA	55	89	110	113	367
Share-based Compensation	2	3	4	4	13
Restructuring & Realignment	3	2	2	11	18
Special Charges	-	12	6	10	28
Adjusted EBITDA	60	106	122	138	426
Revenue	410	519	612	674	2,215
Adjusted EBITDA Margin	14.6%	20.4%	19.9%	20.5%	19.2%

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

	2024				
	Q1	Q2	Q3	Q4	Total
Operating Income	61	71	71		203
Operating Margin	14.0%	15.6%	15.9%		15.2%
Depreciation	6	7	6		19
Amortization	1	-	1		2
Other non-operating expense, excluding interest income	-	(1)	1		-
EBITDA	68	77	79		224
Share-based Compensation	2	1	2		5
Restructuring & Realignment	2	2	2		6
Special Charges	-	-	-		-
Adjusted EBITDA	72	80	83	-	235
Revenue	436	456	447		1,339
Adjusted EBITDA Margin	16.5%	17.5%	18.6%		17.6%

	2023				
	Q1	Q2	Q3	Q4	Total
Operating Income	83	84	73	70	310
Operating Margin	18.3%	17.6%	15.7%	15.3%	16.7%
Depreciation	5	6	7	7	25
Amortization	1	1	-	1	3
Other non-operating expense, excluding interest income	(1)	-	-	(1)	(2)
EBITDA	88	91	80	77	336
Share-based Compensation	1	-	1	1	3
Restructuring & Realignment	3	2	6	2	13
Special Charges	-	-	-	-	-
Adjusted EBITDA	92	93	87	80	352
Revenue	453	478	465	457	1,853
Adjusted EBITDA Margin	20.3%	19.5%	18.7%	17.5%	19.0%

Xylem Inc. Non-GAAP Reconciliation

EBITDA and Adjusted EBITDA by Quarter (\$ Millions)

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

2024					
	Q1	Q2	Q3	Q4	Total
Operating Income	70	79	66		215
Operating Margin	15.2%	16.4%	14.4%		15.3%
Depreciation	6	7	7		20
Amortization	27	25	26		78
Other non-operating expense, excluding interest income	(1)	(2)	(4)		(7)
EBITDA	102	109	95	-	306
Share-based Compensation	1	1	1		3
Restructuring & Realignment	2	2	(1)		3
Special Charges	-	1	2		3
Loss/(Gain) from sale of business	-		-		-
Adjusted EBITDA	105	113	97	-	315
Revenue	462	482	458		1,402
Adjusted EBITDA Margin	22.7%	23.4%	21.2%		22.5%

2023					
	Q1	Q2	Q3	Q4	Total
Operating Income	26	29	35	43	133
Operating Margin	6.9%	7.6%	8.5%	9.8%	8.3%
Depreciation	6	7	7	7	27
Amortization	24	24	24	25	97
Other non-operating expense, excluding interest income	-	(1)	-	(3)	(4)
EBITDA	56	59	66	71	252
Share-based Compensation	2	2	1	2	7
Restructuring & Realignment	5	2	5	5	17
Special Charges	2	-	1	1	4
Loss/(Gain) from sale of business	-	-	-	1	1
Adjusted EBITDA	65	63	73	80	281
Revenue	378	384	413	437	1,612
Adjusted EBITDA Margin	17.2%	16.4%	17.7%	18.3%	17.4%

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

2024					
	Q1	Q2	Q3	Q4	Total
Operating Income	50	47	63		160
Operating Margin	8.9%	7.8%	10.9%		9.2%
Depreciation	38	38	43		119
Amortization	22	28	30		80
Other non-operating expense, excluding interest income	-	1	(1)		-
EBITDA	105	115	133	-	353
Share-based Compensation	3	3	2		8
Restructuring & Realignment	3	23	4		30
Special Charges	9	3	1		13
Loss/(Gain) from sale of business	5	(1)	2		6
Adjusted EBITDA	125	143	142	-	410
Revenue	561	600	576		1,737
Adjusted EBITDA Margin	22.3%	23.8%	24.7%		23.6%

2023					
	Q1	Q2	Q3	Q4	Total
Operating Income	18	26	33	55	132
Operating Margin	8.7%	7.6%	5.6%	10.0%	7.8%
Depreciation	10	19	39	37	105
Amortization	3	15	39	22	79
Other non-operating expense, excluding interest income	-	-	1	-	1
EBITDA	31	60	112	114	317
Share-based Compensation	1	4	3	2	10
Restructuring & Realignment	-	8	9	3	20
Special Charges	-	7	9	6	22
Loss/(Gain) from sale of business	-	-	-	-	-
Adjusted EBITDA	32	79	133	125	369
Revenue	207	341	586	550	1,684
Adjusted EBITDA Margin	15.5%	23.2%	22.7%	22.7%	21.9%

Xylem Inc. Non-GAAP Reconciliation

Net Cash – Operating Activities vs. Free Cash Flow (\$ Millions)

	Q1		Q2		Q3		Year-to-Date	
	2024	2023	2024	2023	2024	2023	2024	2023
Net Cash - Operating Activities	\$89	(\$19)	\$288	\$28	\$311	\$373	\$688	\$382
Capital Expenditures - PPE	(59)	(33)	(59)	(42)	(60)	(57)	(178)	(132)
Capital Expenditures - Software	(15)	(16)	(14)	(12)	(14)	(17)	(43)	(45)
Capital Expenditures	(74)	(49)	(73)	(54)	(74)	(74)	(221)	(177)
Free Cash Flow	\$15	(\$68)	\$215	(\$26)	\$237	\$299	\$467	\$205
Cash paid in excess of tax provision for R&D law change adoption	-	33	-	-	-	-	-	33
Cash paid by Xylem for Evoqua's pre-close transaction costs	-	-	-	70	-	-	-	70
Cash paid for Idrica distribution agreement	-	-	-	60	-	-	-	60
Adjusted Free Cash Flow	\$15	(\$35)	\$215	\$104	\$237	\$299	\$467	\$368
Net Income	\$153	\$99	\$194	\$92	\$217	\$152	\$564	\$343
Gain/(Loss) from sale of business	(5)	-	1	-	(2)	-	(6)	-
Restructuring Charges - non-cash stock acceleration and asset impairment	(2)	-	(16)	(14)	(3)	(11)	(21)	(25)
Special Charges - Inventory step-up	-	-	-	(15)	-	(5)	-	(20)
Special Charges - non-cash impairment	(1)	(2)	-	-	-	(1)	(1)	(3)
Net Income, excluding gain/(loss) on sale of businesses, non-cash restructuring and special charges	\$161	\$101	\$209	\$121	\$222	\$169	\$592	\$391
Operating Cash Flow Conversion	58%	(19%)	148%	30%	143%	245%	122%	111%
Free Cash Flow Conversion	9%	(35%)	103%	86%	107%	177%	79%	94%



Thank you.

Q3 2024 Earnings & Results

Replay of the webcast is available until midnight November 11, 2024
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