



xylem

**Investor Overview,
Sustainability &
Governance
Highlights**
January 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, 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 wars between Russia and Ukraine and between Israel and Hamas, 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; actual or potential 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; failure to successfully execute large projects, including with respect to meeting performance guarantees and customers’ safety requirements; our 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; safe and compliant handling of wastewater and hazardous materials; 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 our 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; risks related to the acquisition of Evoqua, including related to our ability to retain and hire key personnel, the realization of expected benefits and synergies, the need to incur additional or unexpected costs, charges or expenses associated with the integration of the combined companies, delays or challenges with the integration, potential adverse reactions or changes to relationships with customers, suppliers, distributors and other business partners, competitive responses to the acquisition, actual or potential litigation and associated costs and expenses, and impacts to our share price and dilution of shareholders’ ownership; and other factors set forth under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 (“2022 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	22,000+

Customer Sustainability Impact¹

Water Treated for Reuse	10.3B Cubic Meters
Carbon Footprint Reduction	2.8M Metric Tons
Pollution Prevention	6.5B Cubic Meters

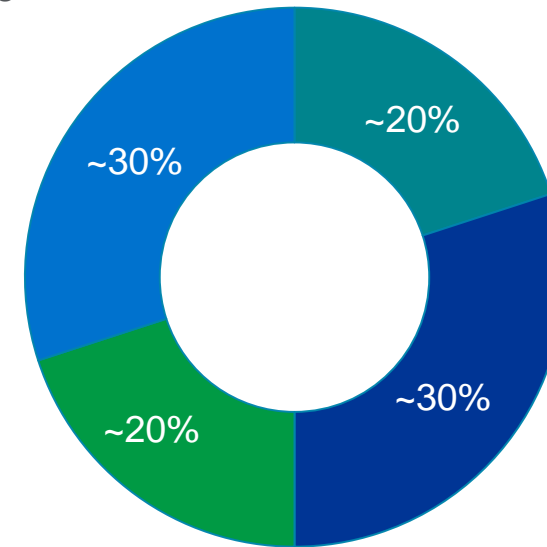
FY 2023 Guidance

Revenue	~\$7.3B
Adj. EBITDA Margin ²	~19.0%

Revenue by Segment³

Water Solutions and Services⁴
Specialized, mission-critical water services primarily serving High-Growth Industrials

Measurement and Control Solutions
Digital and smart water solutions primarily serving Clean Water Utilities



Applied Water
Product solutions primarily serving applications within Industrials and Building Services

Water Infrastructure
Treatment and Transport solutions primarily serving Wastewater Utilities, now including Evoqua Applied Product Technologies

Solving the World's Water Challenges Has Never Been More Urgent

Our Vision

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

Well-positioned for Intensifying, Durable Secular Trends

SCARCITY

40%

gap between global water supply and demand by 2030¹

Top global risk, fueling conflict

AFFORDABILITY

\$750B

required to maintain U.S. current service levels in drinking water and wastewater²

Rising costs, inefficient practices

RESILIENCE

2/3

of businesses face substantial risk from water stresses³

Climate risk, economic exposure

Delivering Shareholder Value by Serving Customers & Communities' Critical Water Needs

¹ World Economic Forum 2022
² U.S. EPA 2022
³ McKinsey Water Report 2020; includes risks from direct operations or in value chain

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 a high-impact and purpose-driven culture to cultivate and retain top talent
-  Strengthen core portfolio and enable digital infrastructure

Creating Social & Economic Value

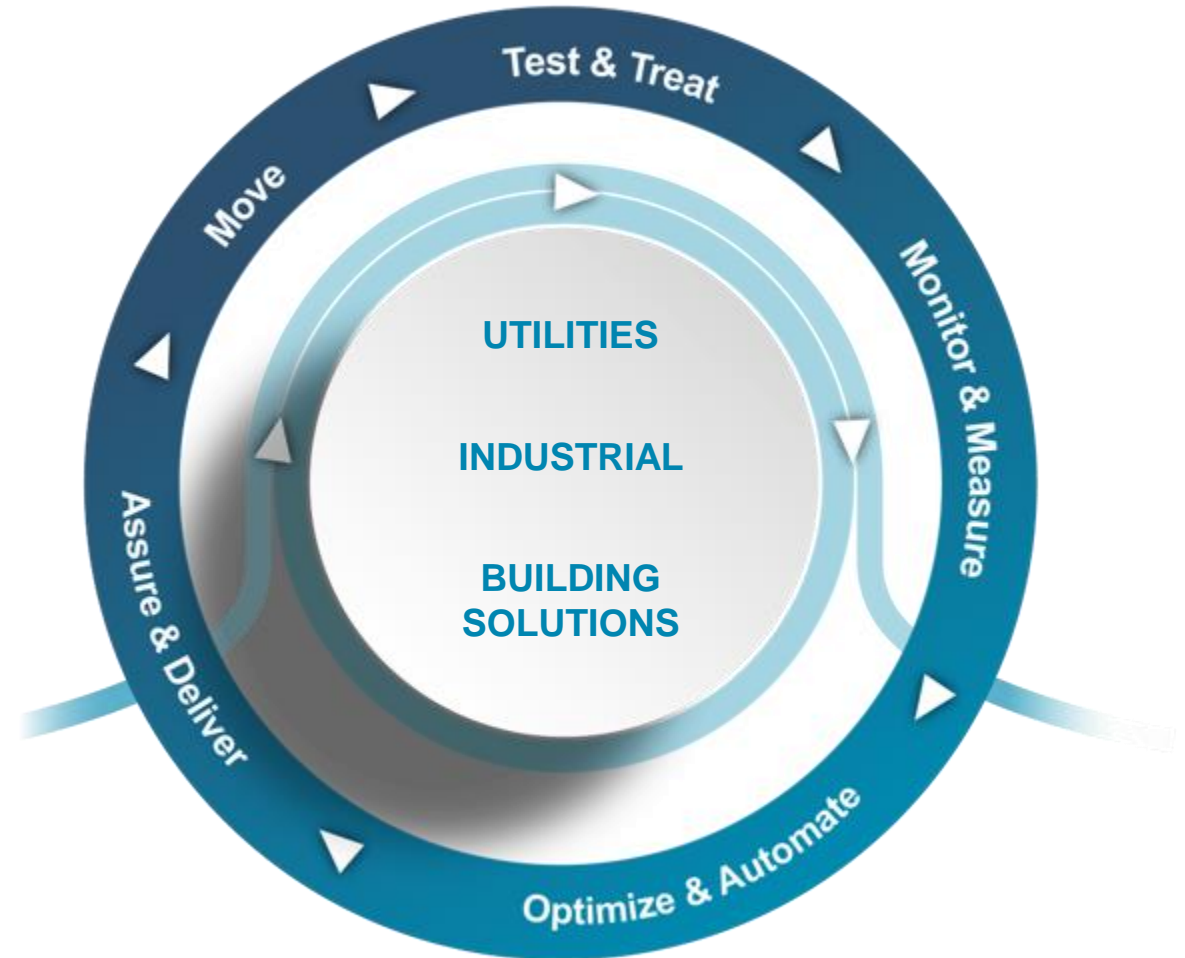
...That Supports the Lifecycle of Water

We enable our customers to drastically improve the way water and wastewater are managed, conserved, reused, and returned to nature.

Innovative, smart technology solutions for water and wastewater

Proven expertise across industries and the water cycle

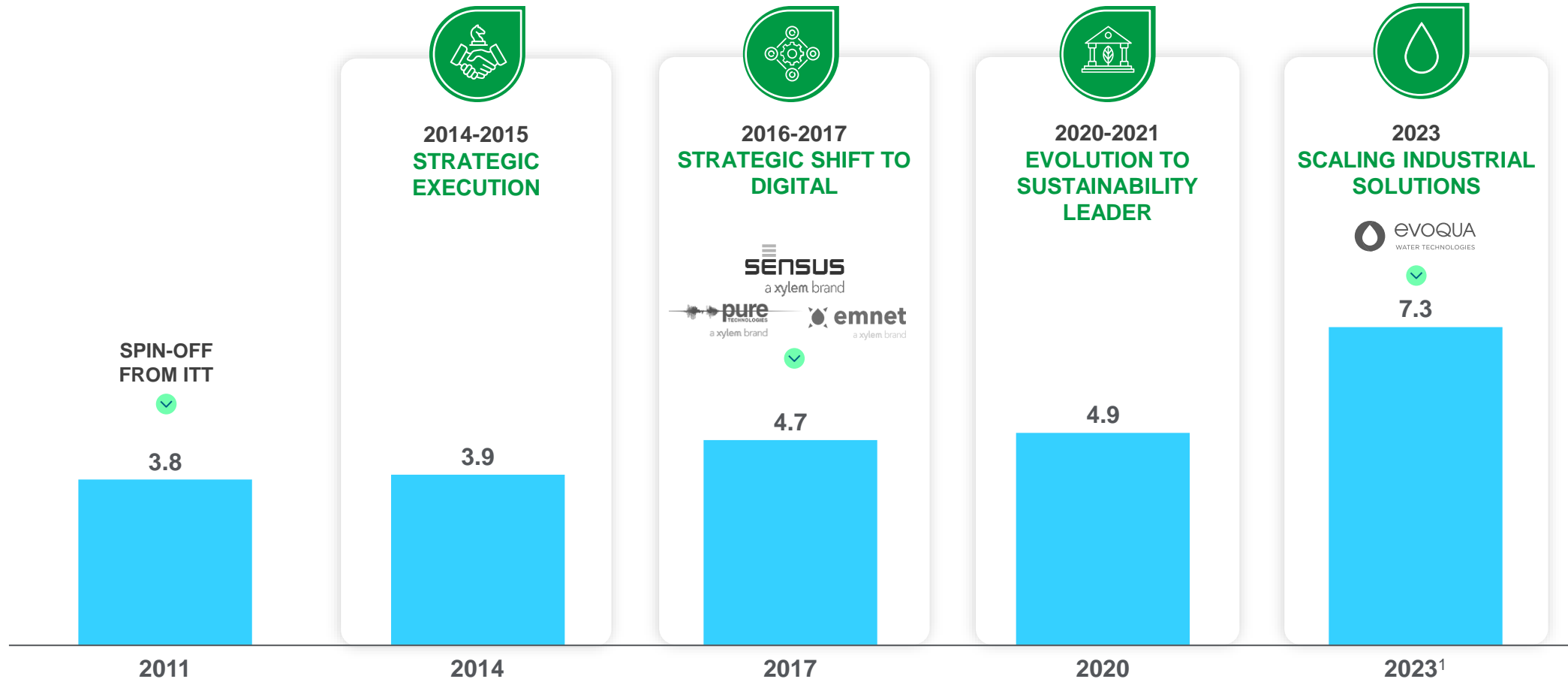
Unmatched service and customer support



Solving the World's Greatest Water Challenges with Our Innovative Solutions

Xylem has evolved significantly over the past decade...

XYL Annual Revenue (\$B)



Becoming the World's Largest Pure-play Water Technology Company

...And the Evoqua Transaction Creates a Leading Platform to Deliver Water Innovation at Scale



xylem



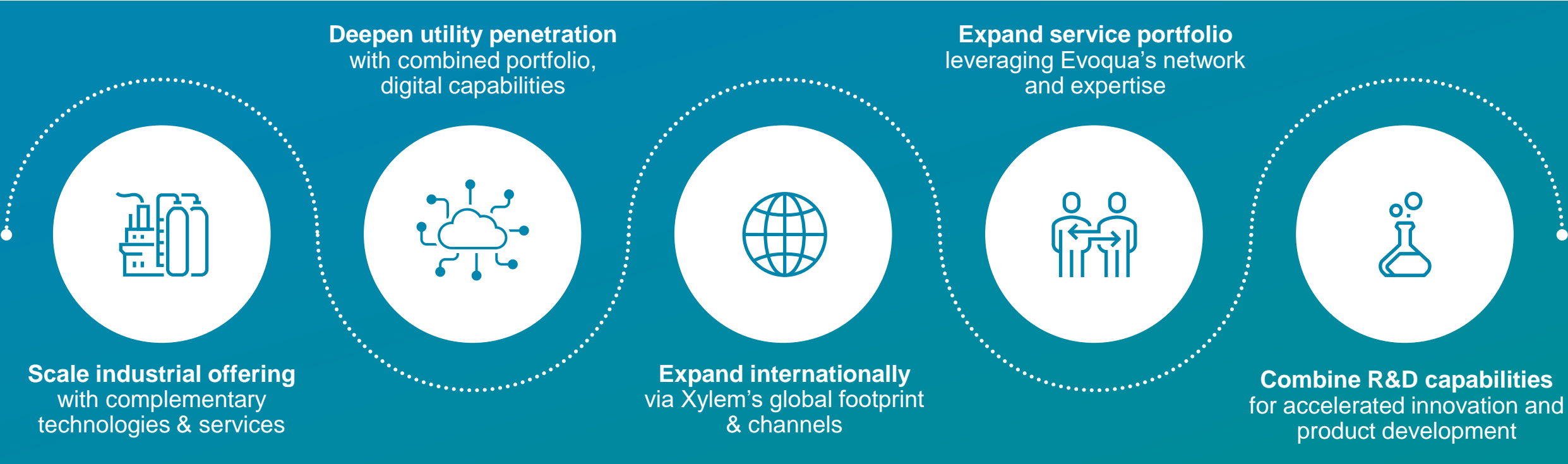
eVOQUA
WATER TECHNOLOGIES

A new global platform...uniquely positioned to meet rising water challenges

- ✓ **Powerful portfolio of solutions**
Unmatched breadth and focus on mission-critical needs
- ✓ **Unique customer value proposition**
Integrating technology, services and digital tools
- ✓ **Global reach and partnership**
Strong customer relationships, channels and service network
- ✓ **Water innovation engine**
Sourcing and scaling game-changing innovations in water

Meeting the Moment with a Transformational Combination

New Platform Unlocks Opportunities for Growth...



Seeing Early Revenue Synergy Wins

...With Compelling Cost Synergies Leveraging Combined Scale

PROCUREMENT

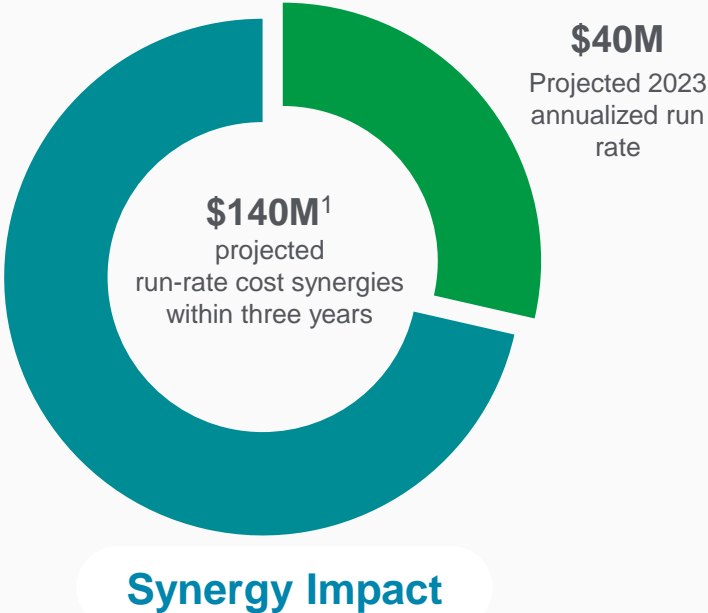
- ✓ Enhanced purchasing power of combined base
- ✓ Logistics and freight savings

FOOTPRINT & NETWORK OPTIMIZATION

- ✓ Optimize office and branch footprint
- ✓ Increase utilization of manufacturing facilities

ENABLING FUNCTIONS

- ✓ Public company costs
- ✓ Functional support efficiencies



On Track For \$40M Exit Run Rate Cost Synergies in FY23

¹ Adjusted EBITDA benefit; See the appendix for definitions of non-GAAP measures

Committed to Excellence in Corporate Governance

- All Directors are independent except our CEO (92%); Independent Chair
- Overall Board and committee meeting attendance >99% (2022)
- 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 individual directors; periodically facilitated by an independent 3rd party
- Robust director nominee selection process with commitment to diverse candidate pools
- Board oversight of Sustainability risks and opportunities, with assistance of the Nominating & Governance and LDCC committees

Key Priorities

- 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 Sustainability

Record of Corporate Governance Enhancements Promoting Accountability of Management & 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



Patrick K. Decker
Outgoing President & CEO*, Xylem



Matthew Pine
Incoming President & CEO*, Xylem



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



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



Jerome A. Peribere
Former President & CEO, Sealed Air
Committees: Nominating & Governance (Chair)



Lynn Swann
President, Swann Inc.
Committees: Nominating & Governance



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



Earl Ellis
Executive Vice President & CFO, ABM Industries
Committees: Audit

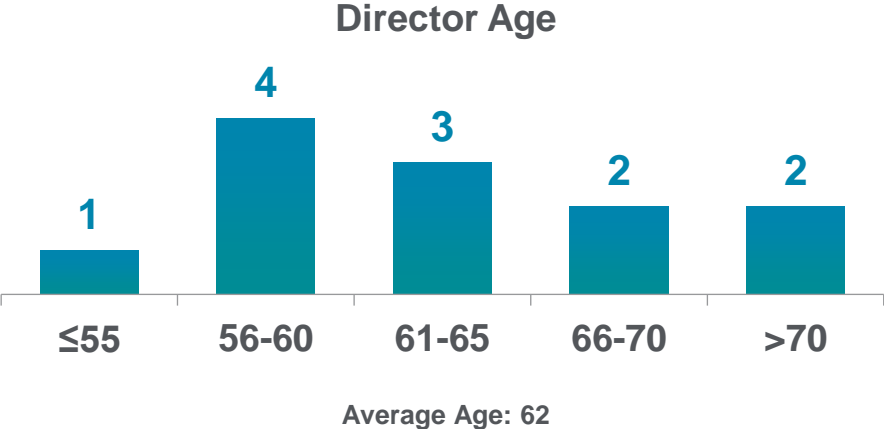
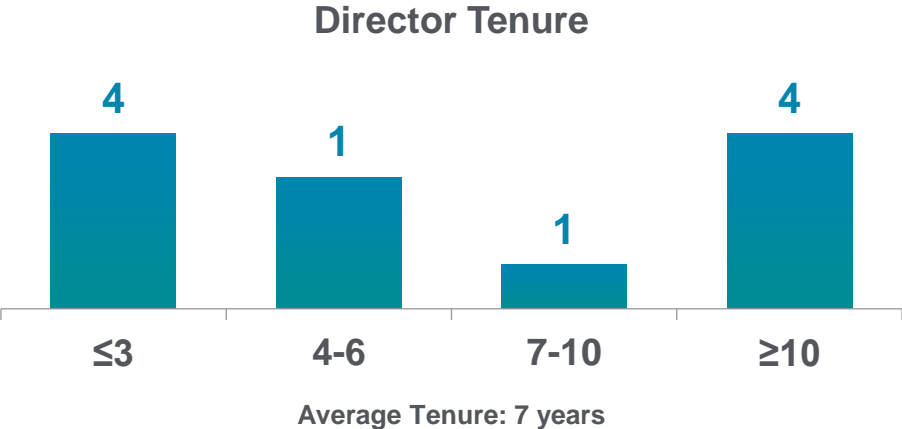


Uday Yadav
Chief Executive Officer, TK Elevator
Committees: Audit; Nominating & Governance



Lisa Glatch
Former President LNG and Net Zero Solutions, Semptra Infrastructure
Committees: Leadership Development & Compensation

Board Composition and Evaluation



11 of 12
Directors are independent



6 of 12
Directors have CEO experience



4 of 12
Directors are women¹



4 of 12
Directors with origins outside the U.S.¹



4 of 12
Directors are ethnically or racially diverse^{1,2}

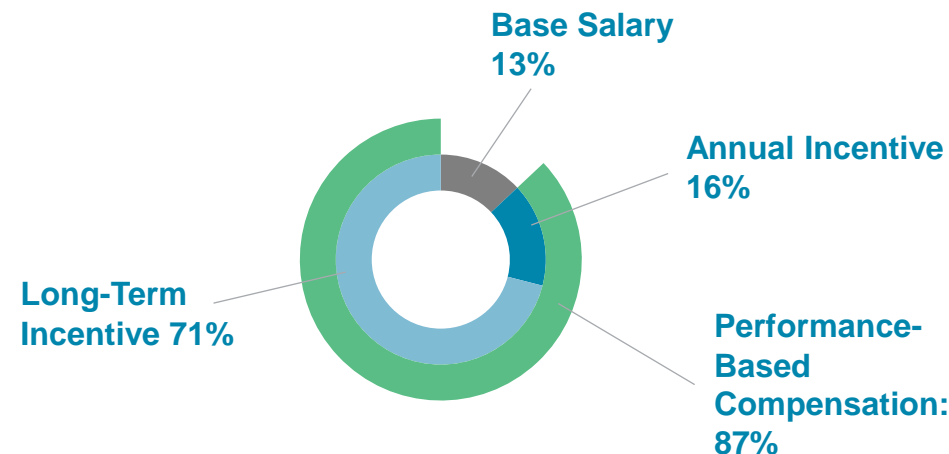
Managed Board Succession with Focus On Diversity of Background & Leadership Experience

¹ Tenure and age as of November 8, 2023; gender, ethnicity and global origin as identified by the directors.
² Tied to US definition of ethnic or racial diversity.

2022 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: Organic Revenue, Adjusted EBITDA, and Free Cash Flow Conversion¹ (25% each) 25% on Strategic Objectives*
Long-Term Incentive Plan**	<ul style="list-style-type: none"> Variable component 50% in PSUs***: based on relative TSR metric (25%), 3-year absolute ROIC metric (12.5%), & pre-set third-year Revenue metric (12.5%) 50% in time-based RSUs and stock options (25% each)

2022 CEO Target Compensation Mix



***Strategic Objectives 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 Revenue as a PSU metric, by shifting some weight from the ROIC PSUs within our long-term compensation program for 2022. In 2023, we replaced ROIC with EBITDA due to target setting difficulty due to Evoqua acquisition and to help drive the achievement of cost and profitable revenue synergies.

Compensation Strategically Aligned with Company Priorities

Shareholder Engagement Is Essential to Long-Term Value Creation

- We engage with shareholders throughout the year, but schedule meetings focused on corporate governance and sustainability each winter
- Board and management greatly value the input and insights of our shareholders
- We believe ongoing engagement is critical to create long-term sustainable value
- Board seeks to maintain framework for regular and productive conversations with shareholders



Represents ~26% of Our Outstanding Shares



Represents ~70% of our Outstanding Shares

Topics discussed in the engagement meetings included:

- Board Evaluation Process
- Board Oversight of Risk, including Cybersecurity
- Board Oversight of Strategy
- Board Policy on Outside Directorships
- Board-Shareholder Engagement
- Board Succession, Composition and Diversity
- Corporate Governance Profile
- CEO and Senior Leadership Succession
- Board Leadership Structure
- Disclosure and Transparency
- Diversity, Equity and Inclusion
- Executive Compensation Philosophy and Metrics
- Sustainability Approach, Goals and Social Value Creation
- Supply Chain Equity and Transparency

Outreach Supports Partnership with Our Stakeholders

Sustainability Is Fundamental to Who We Are and What We Do

Xylem’s 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**

Current rating: **18.1 (Low Risk)**
Industry ranking: **25 out of 578**

MSCI 

Current rating: **AAA**
Included since 2015

ecovadis

Current rating: **Gold**
Overall score: **94th percentile**

ISS ESG 
ethix • climate • oekom
Corporate Rating

Current rating: **C+ (Prime)**
Decile Rank: **2**

ISS ESG 
ethix • climate • oekom
E&S Quality Score

Current rating:
1 (Environment) / 1 (Social)

 **CDP**

Climate Change: **A-**
Water Security: **B**

 **World Benchmarking Alliance**

2023 SDG 2000 Most Influential Companies

BARRON'S

#13 – 2023 100 Most Sustainable Companies

Newsweek

#2 – 2024 America’s Most Responsible Companies

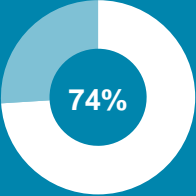
 **JUST COMPANIES**
AMERICA'S MOST RESPONSIBLE COMPANIES
ACNIB 2023

#9 - 2023 America’s Most Just Industrial Goods Companies

Honored By Accolades, Focused On Impact

Significant Progress Towards Our 2025 Sustainability Goals¹

The full set of our 2025 Sustainability Goals can be found in our 2022 Sustainability Report.



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



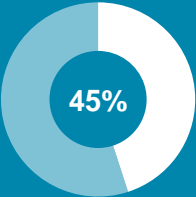
MEASURE
39.7% of suppliers report sustainability information via EcoVadis or equivalent



PREVENT
over 7B m³ of polluted water from flooding communities



RENEWABLE
100% process water recycling at 12 of our 22 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

We Are Currently Working to Combine Legacy Xylem & Evoqua Scope 1, 2 and 3 Emissions for 2030 & 2050 Targets

¹ We introduced sustainability goals regarding these areas in 2019. Data reflects impact from January 1, 2019 through December 31, 2022. See our 2022 Sustainability Report for more information.

Sustainability Efforts Integrated Into Our Fundamental Business Model

Key Objectives 2024-2026

- Achieve 2025 sustainability goals
- Progress towards 2030 science-based targets
- Execute industrial water partnerships
- Leverage philanthropic and commercial efforts for disaster response
- Deliver WASH* access for 20M+ people

Strategic Focus Areas



Decarbonize the Water Sector

- Moving and enabling utility commitments to Net Zero GHG**
- Leading by example



Accelerate Water Stewardship

- Supporting industrial partners' water commitments
- Enabling utilities' climate adaptation efforts
- Leading by example



Advance Water Security for All

- Providing clean water and sanitation to new markets
- Attracting top talent and youth to water
- Engaging our communities

Designed to Differentiate Us For Customers, Talent & Providers of Capital

Sustainability Integrated with Our Financing Strategy

\$1B
Credit Facility

▼

Pricing Linked to Sustainability KPIs

\$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

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 High-Impact Culture and Purpose Is a Competitive Differentiator



DIVERSITY, EQUITY & INCLUSION

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

- 25% US minorities in leadership positions¹
- 35% women in leadership positions¹



TALENT

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



INNOVATION

Inclusive culture a catalyst for innovation

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

Fostering Diversity Is Essential to Drive Innovation & Solve Water Challenges

¹ By year-end 2030. Changes to representation ambitions and timeline from the 2022 Sustainability report reflect a reduction in leadership diversity following the acquisition of Evoqua. We will seek to achieve such ambitions through merit-based retention, promotion and recruitment.

Why Invest in Xylem



Evoqua combination creates a transformative platform to address global water challenges



Benefiting from our leadership position and rising demand in sustainable, digital water solutions



Executing on clear strategy to drive above-market growth and enhance margins as our portfolio continues to digitize



Further creating stakeholder value through disciplined capital allocation; M&A is a strategic accelerator

Creating Social & Economic Value

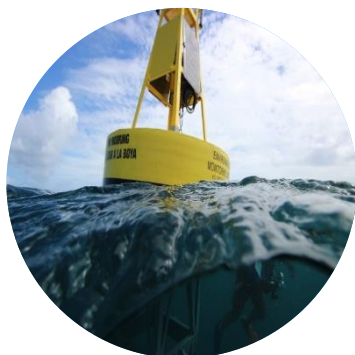
Announcing our 2024 Investor Day

May 30, 2024
Washington DC

Long-Term Strategic Framework ○ Product Demonstrations ○ Long-Term Financial Targets

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, 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 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.

Let's Solve Water

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