



2021 FIRST QUARTER

Results & Earnings



xylem
Let's Solve Water

Forward-Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Generally, the words “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “contemplate,” “predict,” “project,” “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; 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 the coronavirus (“COVID-19”) pandemic. Important factors that could cause our actual results, performance and achievements, or industry results to differ materially from estimates or projections contained in or implied by our forward-looking statements include, among others, the following: overall industry and economic conditions, including industrial, governmental and private sector spending and the strength of the residential and commercial real estate markets; geopolitical, regulatory, economic and other risks associated with international operations; continued uncertainty around the COVID-19 pandemic’s magnitude, duration and impacts on our business, operations, growth, and financial condition, as well as uncertainty around approved vaccines and the pace of recovery when the pandemic subsides; actual or potential other epidemics, pandemics or global health crises; manufacturing and operating cost increases due to inflation, prevailing price changes, tariffs and other factors; fluctuations in foreign currency exchange rates; disruption, competition and 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; availability of products, parts, electronic components and raw materials from our supply chain; availability, regulation and interference with radio spectrum used by some of our products; our ability to retain and attract senior management and other key talent; uncertainty related to restructuring and realignment actions and related charges and savings; our ability to continue strategic investments for growth; our ability to successfully identify, execute and integrate acquisitions; risks relating to products, including defects, security, warranty and liability claims, and recalls; difficulty predicting our financial results, including uncertainties due to the nature of our short- and long-cycle businesses; volatility in our results due to weather conditions; our ability to borrow or refinance our existing indebtedness and the availability of liquidity sufficient to meet our needs; risk of future impairments to goodwill and other intangible assets; failure to comply with, or change in, laws or regulations, including those pertaining to anti-corruption, data privacy and security, export and import, competition, and the environment and climate change; changes in our effective tax rates or tax expenses; legal, governmental or regulatory claims, investigations or proceedings and associated contingent liabilities; and other factors set forth in “Part I Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, and in subsequent filings we may make with the Securities and Exchange Commission. All forward-looking statements made herein are based on information currently available to us as of the date of this presentation. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.



Patrick Decker

CEO & President

“ Our Xylem team performed exceptionally well in the first quarter, despite ongoing pandemic challenges around the world. I’m so proud of how the team has served our customers and communities. We came into the year with growing momentum, and are taking full advantage of resurgent demand alongside broader economic recovery, posting double-digit orders growth across all segments. The positive market signals we are seeing, and our team’s proven ability to manage through a challenging supply chain environment, give us confidence about the remainder of this year and beyond. On that basis, we are raising our guidance for the full year, for both top-line growth and earnings. ”

Q1 2021 Highlights



Organic* Revenue

+8%



Organic* Orders

+19%



Adj. EBITDA*
Margin

17.1%

+480 basis points vs. 1Q 2020



Adj. EPS*

\$0.56

+143% vs. 1Q 2020



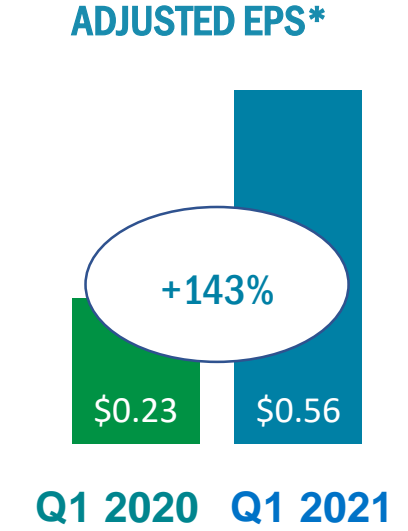
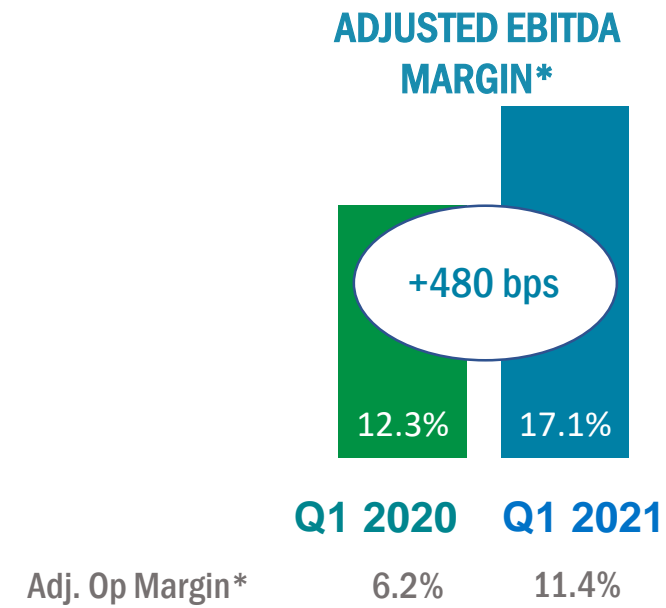
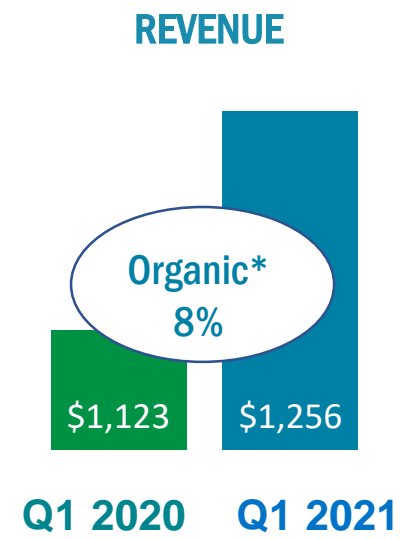
Sustainability

1.4B m³

of polluted water prevented from flooding our waterways in 2020 (20% of 2025 Goal)

✓ Further linked compensation to sustainability and 2025 Goals

Q1 2021 XYLEM PERFORMANCE



KEY PERFORMANCE DRIVERS

Organic Growth* by End Market

- Utilities 3%
- Industrial 14%
- Commercial 5%
- Residential 31%

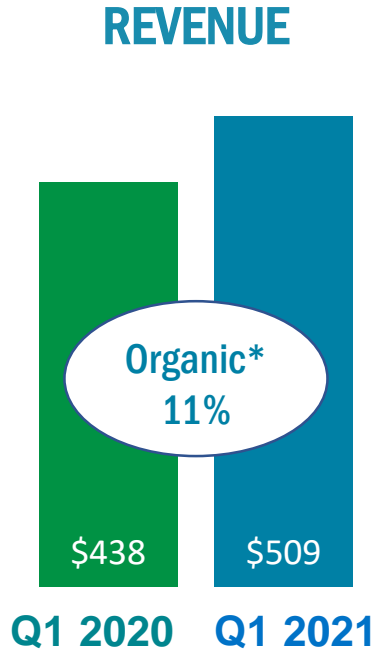
Organic Growth* by Region

- Emerging Markets 33%
- Western Europe 11%
- United States (1%)

- **Organic* Revenue** growth of 8%; growth across all end markets; Strong Industrial market recovery; Robust Residential demand continues; Solid Commercial growth; Utilities growth driven by Wastewater, while near-term softness persists for Clean Water Utilities
- **China** very strong versus COVID-impacted prior year (+90%); **Western Europe** robust demand (+11%); **U.S.** recovery lagging(-1%) but sequential revenue improvement and orders up high-teens
- **Organic* Orders** up 19% with double-digit growth in both Developed and Emerging Markets ; **Backlog** up 23%
- **Adj. EBITDA Margin* and Adj. EPS*** drivers:
 - Volume/Mix/Price/Other improves EBITDA Margin by 210 bps (EPS +\$0.19)
 - Productivity drives 510 bps EBITDA Margin expansion (EPS +\$0.29)
 - Cost Inflation reduces EBITDA Margin by 210 bps (EPS -\$0.12)
 - Strategic investments reduces EBITDA Margin by 30 bps (EPS -\$0.03)

Tax Rate* 18.4% Interest/Other Expense \$18M Share Count 181.5M

Q1 2021 Water Infrastructure Performance



Organic Growth* by End Market

Utilities	10%
Industrial	13%

Organic Growth* by Region

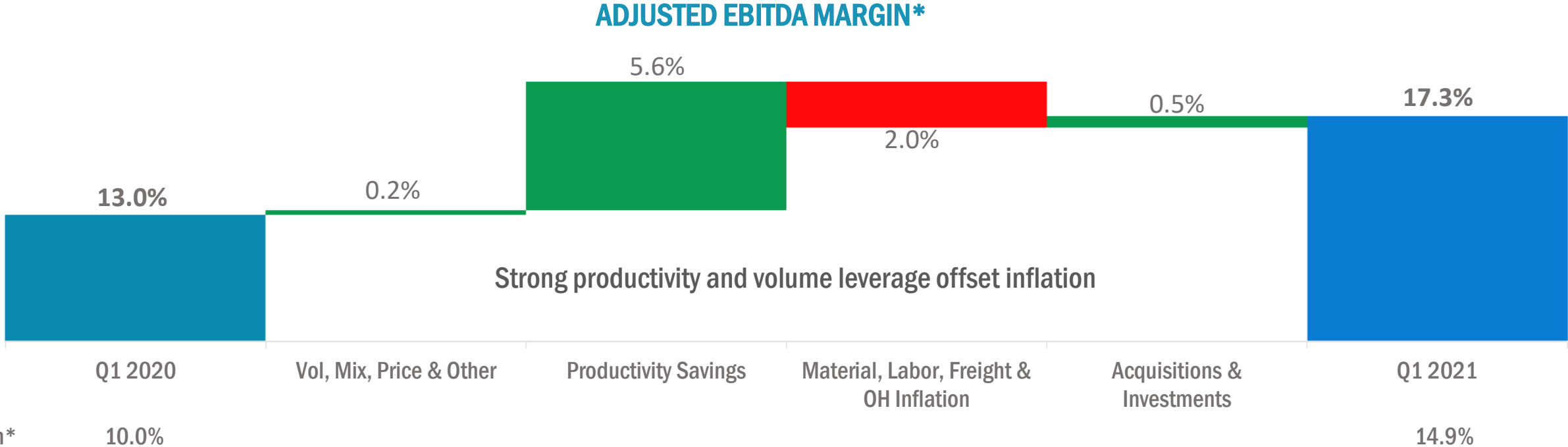
United States	Flat
Emerging Markets	34%
Western Europe	10%

Highlights

- Organic* Orders up 14% with double-digit growth across Transport and Treatment; high single digit growth in Dewatering applications (orders turn positive for first time since 2Q19)
- Significant growth in Emerging Markets driven by robust growth in China (+79%) from rebound in activity in Transport and Treatment applications versus challenging prior year from COVID; double-digit growth in Latin America, Africa, and the Eastern Europe as well
- Strong growth in Europe across all businesses, driven by resilient Wastewater opex business and demand for Treatment applications
- U.S. Flat ... strong growth in Wastewater opex business offset by softness in Dewatering; Dewatering in U.S. shows sequential improvement but still lagging recovery in 1Q



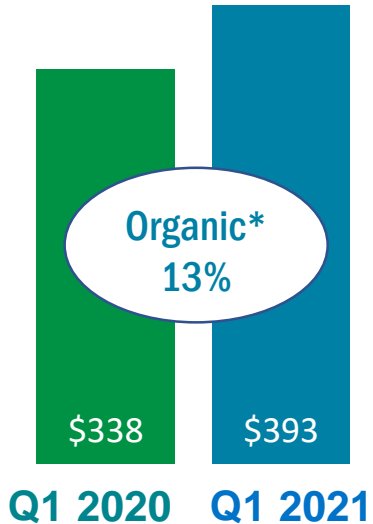
Adj. Operating Margin*



*See appendix for definitions of non-GAAP measures and non-GAAP reconciliations

Q1 2021 Applied Water Performance

REVENUE



Organic Growth* by End Market

Industrial	15%
Commercial	5%
Residential	31%

Organic Growth* by Region

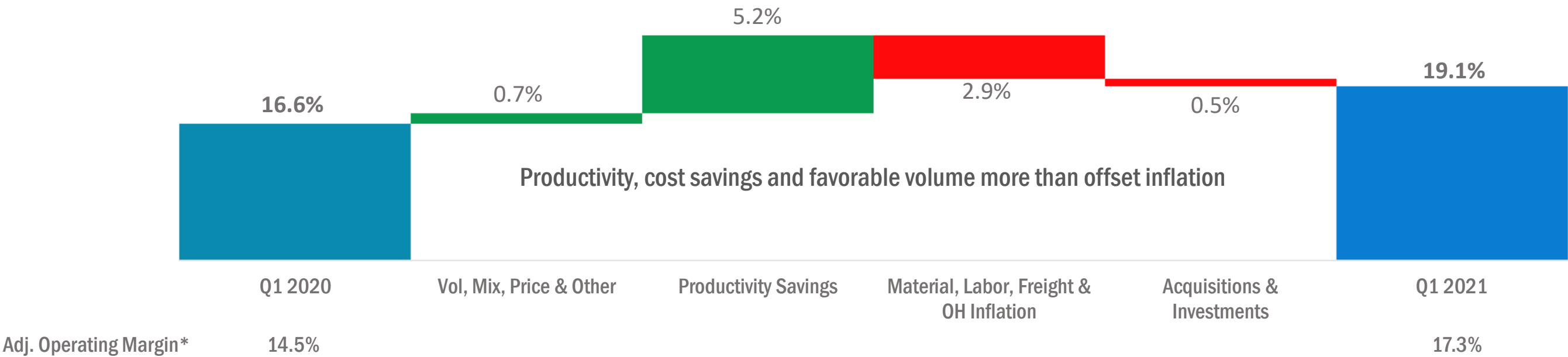
United States	1%
Emerging Markets	51%
Western Europe	15%

Highlights

- Organic* Orders increase 25%, driven by early orders due to extended lead times in North America and strength across Western Europe and Emerging Markets
- Industrial momentum driven by solid demand in Asia Pac, strength in U.S. flow control applications and Western Europe recovery
- Residential growth on secondary water supply business expansion in China with prior year COVID-related challenges; strong demand in North America and subsidies in Europe
- Commercial demand resilient in Western Europe; U.S. new Commercial construction build soft, but replacement business steady

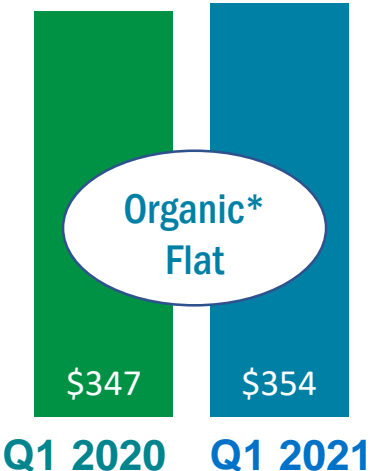


ADJUSTED EBITDA MARGIN*



Q1 2021 Measurement & Control Solutions Performance

REVENUE



Organic Growth* by Application

Water	5 %
Energy	(15%)

Organic Growth* by Region

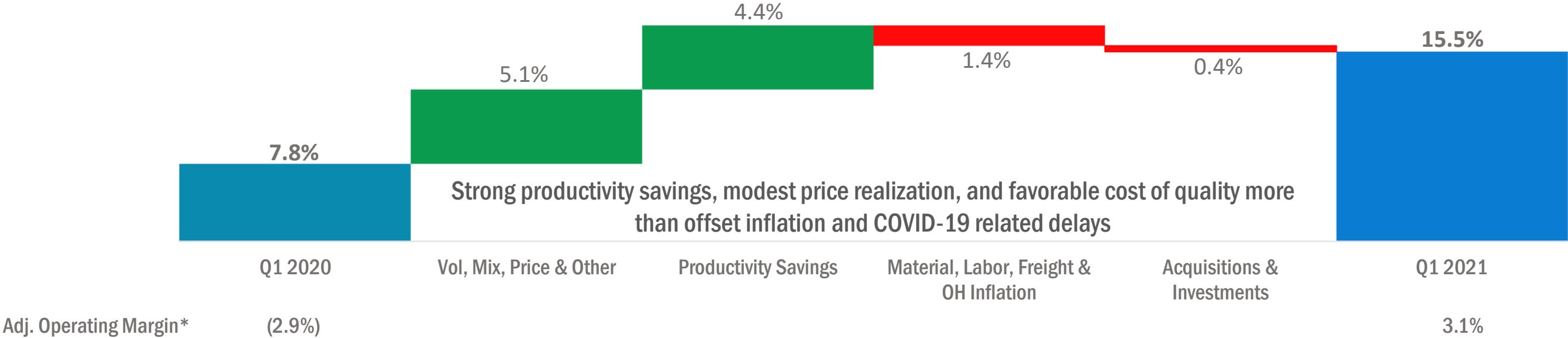
United States	(4%)
Emerging Markets	8%
Western Europe	9%

Highlights

- Strong Organic* Orders growth 19% ... led by double-digit growth in both Water and Energy applications; Water performance driven by ramping large metrology deployments, demand for Test applications in North America and Assessment Service projects; Energy performance driven by large metrology projects
- Revenue growth in water applications driven by mid-teens growth in the Test business partly offset by declines in metrology from COVID-19 related delays and lapping Assessment Service projects in the prior year
- Declines in Energy applications from prior year large North America gas deployments and COVID-19 related delays
- Total Backlog up 29% from large contracts and order conversion in smart water space



ADJUSTED EBITDA MARGIN*



Adj. Operating Margin*

Q1 2020

(2.9%)

Vol, Mix, Price & Other

Productivity Savings

Material, Labor, Freight & OH Inflation

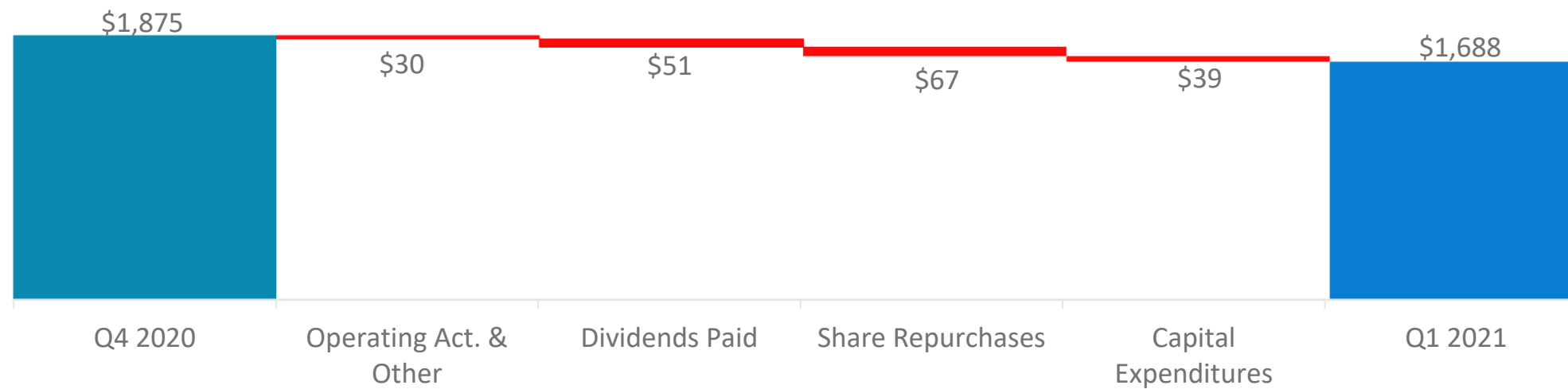
Acquisitions & Investments

Q1 2021

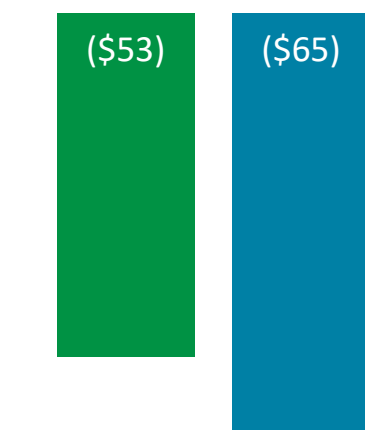
3.1%

Xylem Financial Position

CASH & CASH EQUIVALENTS DRIVERS



Free Cash Flow*

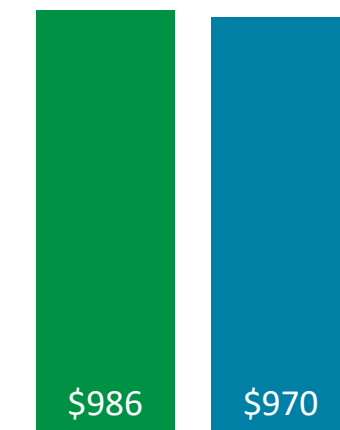


Q1 2020 Q1 2021

FCF Conversion*

(139%) (73%)

Working Capital**



Q1 2020 Q1 2021

Working Capital %

19.2% 19.4%

Capital Summary

March 31, 2021

Cash & Cash Equivalents	\$ 1,688
Debt	\$ 3,060
Net Debt	\$ 1,372
Shareholder's Equity	\$ 2,937
Net Capital	\$ 4,309
Net Debt to Net Capital	32%

Financial Highlights

- **Strong financial position**
 - Available liquidity of ~\$2.5B including Cash & Cash Equivalents and available credit facilities
 - Committed to BBB/Baa2 investment grade credit rating
 - Net Debt / Adjusted EBITDA* (TTM) as of 3/31: 1.6x
- Normal seasonality of free cash flow* for 1Q as weakest of the year ... continue to expect FY 2021 FCF conversion* of ~80-90%
- \$600M Senior Note Maturity in 4Q 2021
- Repurchased ~600K shares @ average price of \$100.57 to offset share dilution

Early Progress on Our Top Priorities in 2021



1. CAPITALIZE ON SUSTAINABLE GROWTH PLATFORMS

- Advanced digital solutions for network transformation
- High-growth geographies
- Capital deployment to support organic and inorganic growth

2. MAINTAIN OPERATIONAL DISCIPLINE AND EXECUTION

- Costs
- Working capital
- Free cash flow

3. EXTEND LEADERSHIP IN SUSTAINABILITY AND IN ESG

- Progress 2025 signature sustainability goals across company, customers and communities
- 2020 Sustainability Report to be published in June

FY 2021 END MARKET OUTLOOK COMMENTARY

See appendix for end market key facts



Wastewater Utilities ~28% of Revenue

- Focus on opex needs and mission-critical applications in developed markets of Europe and North America (operation & maintenance of Wastewater networks and Treatment sites); expect modest growth generally in-line with opex budgets
- Customers leveraging service/repairs especially with COVID impacts to utility workforce (case counts/quarantines and accelerated retirements)
- Long-term capital project spending outlook and bid activity remains robust in China and India; China with very strong recovery post-COVID; expect lumpiness in India with large projects and uncertainty given rising COVID concerns
- U.S. Utilities ... no indication of pause from customers due to prelim. Infrastructure plans; Opex activity continues to be steady and resilient; Capex bidding pipeline and projects healthy



Clean Water Utilities ~27% of Revenue

- Large Sensus project deployments expected to begin to ramp in 2Q 2021 and accelerate in 2nd half of 2021 and beyond; global shortage of electronic components poses some potential constraint to backlog execution
- Strong momentum behind key multi-year wins in recent months and early 2021; setting up for healthy growth in 2021 and beyond
- Healthy momentum in test business for water quality products in outdoor water and process (Treatment) markets especially in Emerging Markets and Europe
- Increased demand for smart water solutions and digital offerings reinforces continued desire to push up technology curve by Utilities

FY 2021 END MARKET OUTLOOK COMMENTARY

See appendix for end market key facts



Industrial ~30% of Revenue

- Strong rebound in “light” Industrial activity from Applied Water Systems businesses globally
- Industrial Dewatering business with signs of growth/recovery ... strong orders and backlog combined with easing site access restrictions reflect positive signs in sale and rental businesses
- Expect strong growth in Emerging Markets and Europe in the first half while North America will lag ... expect a flip of these markets in the second half primarily based on comparisons



Commercial ~10% of Revenue

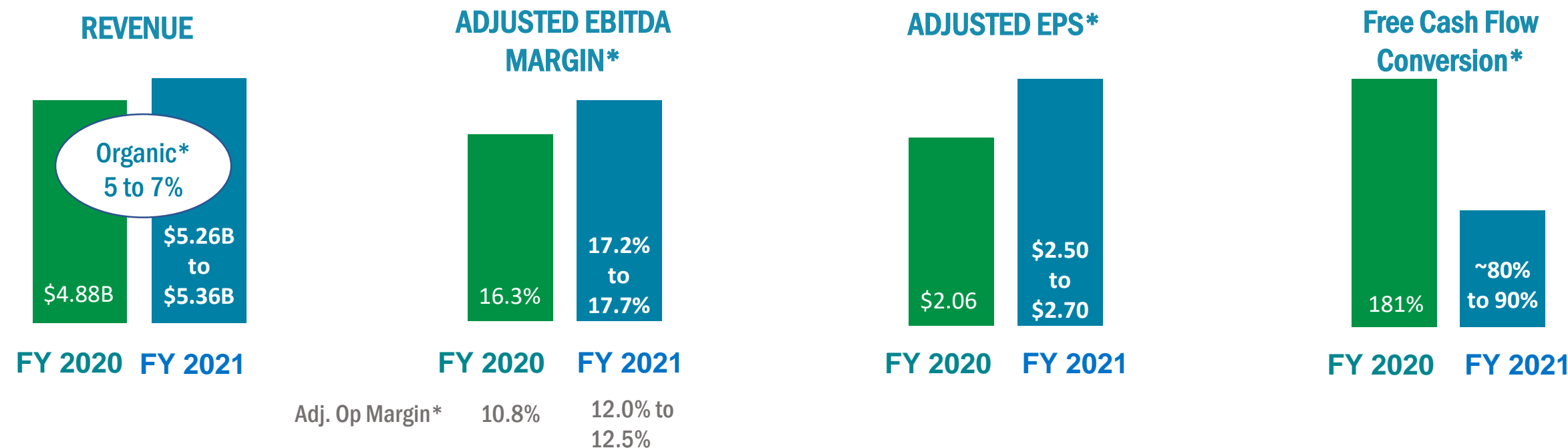
- U.S. replacement business (book and ship) relatively stable, but new Commercial building expected to be soft most of 2021 ... ABI and Dodge leading indicators reflect optimism for late 2021 recovery in new construction
- Healthy activity in Europe (double-digit growth in 1Q) from modest share gains, supply chain resiliency (vs. peers); smart drives and eco-friendly products launched ahead of impending regulations



Residential ~5% of Revenue

- Demand and activity from increased Residential users / work-from-home in U.S. & Europe
- Primarily replacement revenue serviced through long-standing distributor / dealer network
- Strong demand for secondary water supply products in China

UPDATED FY 2021 AND 2Q 2021 GUIDANCE & KEY ASSUMPTIONS



Key Assumptions

Organic* Revenue up 5 to 7% (from 3 to 5%) ; FX Euro Rate 1.22

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

Adjusted EBITDA* of 17.2% to 17.7% ... up 120 bps to 170 bps

- Cost savings benefits with favorable volume/price/mix balanced with rising inflation and prioritized growth investments

Free Cash Flow ... Conversion* of ~80% to 90%

- 2021 reflects working capital increase and timing of payments
- No structural change – expect 100% conversion long-term
- 2019 – 2021 Projected FCF conversion of ~130%

FY 2021 Planning Assumptions	
Corporate Expense	~\$50M
Restructuring & Realignment Costs*	~\$50M to \$60M
Dividends	~\$200M
Capex	~\$220M
Interest / Other Expense	~\$80M
Estimated Tax Rate*	~18%
Share Count	~181M
Q2 2021 Planning Assumptions	
Organic* Revenue	+8% to +10%
WI	Up High Single Digits
AWS	Up Low Teens
M&CS	Up Mid Single Digits
Adjusted EBITDA*	16.7% to 17.2%



SAVE THE DATE!

INVESTOR DAY SEPTEMBER 30TH 2021 ... DETAILS COMING SOON!

Takeaways

- **STRONG START TO THE YEAR WITH ROBUST DEMAND AND RECOVERY ACROSS THE BUSINESS**
- **OPERATIONAL EXECUTION YIELDS HEALTHY MARGIN EXPANSION ... NAVIGATING SUPPLY CHAIN AND COMPONENT CHALLENGES THROUGH PRICE AND PRODUCTIVITY**
- **RAISING FULL YEAR GUIDANCE**
- **REINFORCED INVESTMENT THESIS ... CREATING ECONOMIC AND SOCIAL VALUE**

Appendix

Q1 2021 PERFORMANCE SUMMARY

(\$ in millions, unless otherwise noted)

2021	Reported Q1	Adj* Q1
Xylem Consolidated		
Revenue	\$1,256	\$1,256
Overall Growth	12%	12%
Constant Currency* Growth		8%
Organic Growth*		8%
Operating Income	\$133	\$143
Operating Margin	10.6%	11.4%
EBITDA*	195	215
EBITDA Margin*	15.5%	17.1%
Earnings Per Share	\$0.48	\$0.56

2021	Reported Q1	Adj* Q1
Applied Water		
Revenue	\$393	\$393
Overall Growth	16%	16%
Constant Currency* Growth		13%
Organic Growth*		13%
Operating Income	\$66	\$68
Operating Margin	16.8%	17.3%
EBITDA*	\$72	\$75
EBITDA Margin*	18.3%	19.1%

2021	Reported Q1	Adj* Q1
Water Infrastructure		
Revenue	\$509	\$509
Overall Growth	16%	16%
Constant Currency* Growth		11%
Organic Growth*		11%
Operating Income	\$71	\$76
Operating Margin	13.9%	14.9%
EBITDA*	\$82	\$88
EBITDA Margin*	16.1%	17.3%

2021	Reported Q1	Adj* Q1
Measurement & Control Solutions		
Revenue	\$354	\$354
Overall Growth	2%	2%
Constant Currency* Growth		(1%)
Organic Growth*		0%
Operating Income	\$9	\$11
Operating Margin	2.5%	3.1%
EBITDA*	\$52	\$55
EBITDA Margin*	14.7%	15.5%

END MARKET KEY FACTS

UTILITIES ~55% REVENUE

WASTEWATER UTILITIES

- Revenue: ~50% of Xylem Utilities Revenue
- Opex/Capex Split: ~65% / ~35%
- XYL Businesses: Primarily Water Infrastructure segment
- Geographic Split: US ~35% / W. Europe ~35% / Em. Mkts & Other ~30%
- U.S. Utility Wastewater capex: ~4% of total Xylem Revenue
- US & W. Europe leading installed base & strong recurring revenue through Opex
- Emerging Markets mostly greenfield & currently skewed to Capex

CLEAN WATER UTILITIES

- Revenue: ~50% of Xylem Utilities Revenue
- Opex/Capex Split: ~70% / ~30%
- XYL Businesses: Primarily MCS segment
- Geographic Split: US ~70% / W. Europe ~15% / Em. Mkts & Other ~15%
- U.S. Utility Clean Water capex: ~4% of total Xylem Revenue
- Adoption of AMI & digital technologies to address non-revenue water & remote capabilities expected to be long-term secular trend globally
- Under-penetrated international presence, but opportunities increasing

INDUSTRIAL

(~30% Revenue)

- Oil & Gas Revenue: <2% of total Xylem
- Mining Revenue: ~4% of total Xylem
- “Light” Industrial Revenue: ~30% 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% Revenue)

- XYL Businesses: Applied Water Systems
- 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% Revenue)

- XYL Businesses: Applied Water Systems
- New build / Replacement: 10% New / 90% Replacement
- Geographic Split: N. America ~70% / W. Europe ~10% / Em Mkts & Other ~20%
- Sales almost exclusively via channel partners

Foreign Exchange Translation Sensitivity

FOREIGN EXCHANGE TRANSLATION

- The table below illustrates the impact of FX fluctuations on Xylem's reported results

Currency	2021 Guidance Rate	Revenue Impact on FY 2021 of 5% Decrease in Rate	EPS Impact on FY 2021 of 5% Decrease in Rate
Euro	1.22	(\$48M)	(\$0.11)
GBP	1.35	(\$14M)	\$0.00
SEK	0.12	(\$6M)	\$0.01
RMB	0.15	(\$17M)	(\$0.01)
CAD	0.78	(\$9M)	(\$0.00)
All Other		(\$42M)	(\$0.01)
Total		(\$136M)	(\$0.12)

* Increase in rate would have inverse impact on results

**RULE OF THUMB: 1 PENNY MOVEMENT IN EUR/USD RATE,
EQUATES TO MORE THAN ONE PENNY MOVEMENT IN EPS FOR THE FULL YEAR**

APPENDIX

Xylem Inc. Non-GAAP Measures

Management reviews key performance indicators including revenue, gross margins, segment operating income and margins, orders growth, working capital and backlog, among others. In addition, we consider certain non-GAAP (or "adjusted") measures to be useful to management and investors evaluating our operating performance for the periods presented, and to provide a tool for evaluating our ongoing operations, liquidity and management of assets. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment among competing strategic alternatives and initiatives, including but not limited to, dividends, acquisitions, share repurchases and debt repayment. Excluding revenue, Xylem provides guidance only on a non-GAAP basis due to the inherent difficulty in forecasting certain amounts that would be included in GAAP earnings, such as discrete tax items, without unreasonable effort. These adjusted metrics are consistent with how management views our business and are used to make financial, operating and planning decisions. These metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for revenue, operating income, net income, earnings per share (basic and diluted) or net cash from operating activities as determined in accordance with GAAP. We consider the following items to represent the non-GAAP measures we consider to be key performance indicators, as well as the related reconciling items to the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP measures may not be comparable to similarly titled measures reported by other companies.

"Organic revenue" and **"Organic orders"** defined as revenue and orders, respectively, excluding the impact of fluctuations in foreign currency translation and contributions from acquisitions and divestitures. Divestitures include sales or discontinuance of insignificant portions of our business that did not meet the criteria for classification as a discontinued operation. The period-over-period change resulting from foreign currency translation impacts is determined by translating current period and prior period activity using the same currency conversion rate.

"Constant currency" defined as financial results adjusted for foreign currency translation impacts by translating current period and prior period activity using the same currency conversion rate. This approach is used for countries whose functional currency is not the U.S. dollar.

"EBITDA" defined as earnings before interest, taxes, depreciation and amortization expense. **"Adjusted EBITDA"** and **"Adjusted Segment EBITDA"** reflects the adjustments to EBITDA and segment EBITDA, respectively, to exclude share-based compensation charges, restructuring and realignment costs, gain or loss from sale of businesses and special charges.

"Adjusted EBITDA Margin" and **"Adjusted Segment EBITDA margin"** defined as adjusted EBITDA and adjusted segment EBITDA divided by total revenue and segment revenue, respectively.

"Adjusted Operating Income", **"Adjusted Segment Operating Income"**, **"Adjusted Net Income"** and **"Adjusted EPS"** defined as operating income, segment operating income, net income and earnings per share, adjusted to exclude restructuring and realignment costs, gain or loss from sale of businesses, special charges and tax-related special items, as applicable.

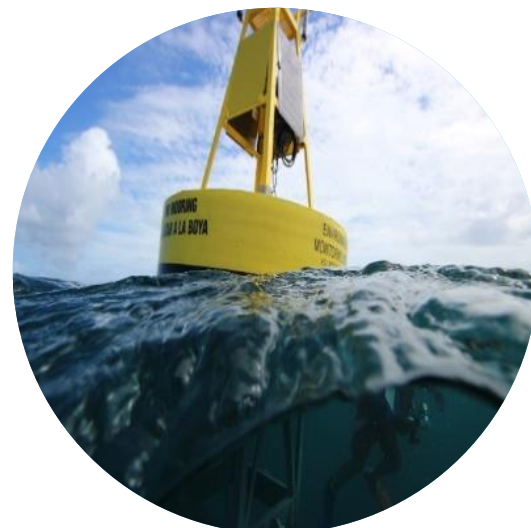
"Adjusted Operating Margin" and **"Adjusted Segment Operating Margin"** defined as adjusted operating income and adjusted segment operating income divided by total revenue and segment revenue, respectively.

"Free Cash Flow" defined as net cash from operating activities, as reported in the Statement of Cash Flow, 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" does 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 setup 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 pension costs.

"Tax-related special items" defined as tax items, such as tax return versus tax provision adjustments, tax exam impacts, tax law change impacts, excess tax benefits/losses and other discrete tax adjustments.



Appendix

Xylem Inc. Non-GAAP Reconciliation Reported vs. Organic & Constant Currency Revenue (\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)				Constant Currency
	(A)	(B)			(C)	(D)	(E) = B+C+D	(F) = E/A	(G) = (E - C) / A
	Revenue	Change	% Change		Acquisitions /	FX impact	Change	% Change	
2021	2020	2021 v. 2020	2021 v. 2020	Divestitures		Adj. 2021 v. 2020	Adj. 2021 v 2020		
Quarter Ended March 31									
Xylem Inc.	1,256	1,123	133	12%	2	(44)	91	8%	8%
Water Infrastructure	509	438	71	16%	-	(24)	47	11%	11%
Applied Water	393	338	55	16%	-	(11)	44	13%	13%
Measurement & Control Solutions	354	347	7	2%	2	(9)	-	0%	(1%)

Xylem Inc. Non-GAAP Reconciliation Reported vs. Organic & Constant Currency Orders (\$ Millions)

	(As Reported - GAAP)				(As Adjusted - Organic)				Constant Currency
	(A)	(B)			(C)	(D)	(E) = B+C+D	(F) = E/A	(G) = (E - C) / A
	Orders	Change	% Change		Acquisitions /	FX impact	Change	% Change	
2021	2020	2021 v. 2020	2021 v. 2020	Divestitures		Adj. 2021 v. 2020	Adj. 2021 v 2020		
Quarter Ended March 31									
Xylem Inc.	1,538	1,261	277	22%	7	(49)	235	19%	18%
Water Infrastructure	611	514	97	19%	-	(27)	70	14%	14%
Applied Water	477	372	105	28%	-	(13)	92	25%	25%
Measurement & Control Solutions	450	375	75	20%	7	(9)	73	19%	18%

Appendix

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

	Q1	
	2021	2020
Total Revenue		
• Total Xylem	1,256	1,123
• Water Infrastructure	509	438
• Applied Water	393	338
• Measurement & Control Solutions	354	347

Operating Income		
• Total Xylem	133	61
• Water Infrastructure	71	39
• Applied Water	66	47
• Measurement & Control Solutions	9	(12)
• Total Segments	146	74

Operating Margin		
• Total Xylem	10.6%	5.4%
• Water Infrastructure	13.9%	8.9%
• Applied Water	16.8%	13.9%
• Measurement & Control Solutions	2.5%	(3.5%)
• Total Segments	11.6%	6.6%

	Q1	
	2021	2020
Special Charges		
• Total Xylem	2	-
• Water Infrastructure	-	-
• Applied Water	1	-
• Measurement & Control Solutions	-	-
• Total Segments	1	-

Restructuring & Realignment Costs		
• Total Xylem	8	9
• Water Infrastructure	5	5
• Applied Water	1	2
• Measurement & Control Solutions	2	2
• Total Segments	8	9

Adjusted Operating Income		
• Total Xylem	143	70
• Water Infrastructure	76	44
• Applied Water	68	49
• Measurement & Control Solutions	11	(10)
• Total Segments	155	83

Operating Margin		
• Total Xylem	11.4%	6.2%
• Water Infrastructure	14.9%	10.0%
• Applied Water	17.3%	14.5%
• Measurement & Control Solutions	3.1%	(2.9%)
• Total Segments	12.3%	7.4%

Appendix

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

	Q1 2021			Q1 2020		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	1,256	-	1,256	1,123	-	1,123
Operating Income	133	10 a	143	61	9 a	70
Operating Margin	10.6%		11.4%	5.4%		6.2%
Interest Expense	(21)	-	(21)	(16)	-	(16)
Other Non-Operating Income (Expense)	2	1 b	3	(3)	1 b	(2)
Income before Taxes	114	11	125	42	10	52
Provision for Income Taxes	(27)	4 c	(23)	(4)	(6) c	(10)
Net Income Attributable to Xylem	87	15	102	38	4	42
Diluted Shares	181.5		181.5	181.3		181.3
Diluted EPS	\$ 0.48	\$ 0.08	\$ 0.56	\$ 0.21	\$ 0.02	\$ 0.23
Year-over-year currency translation impact on current year diluted EPS	\$ 0.04	\$ -	\$ 0.04			
Diluted EPS at Constant Currency	\$ 0.44	\$ 0.08	\$ 0.52			

a) Restructuring & realignment costs of \$8 million in 2021 and \$9 million in 2020, as well as special charges of \$2 million in 2020 (\$1 million of pension costs related to the UK pension plan that is going to be part of a buyout and \$1 million of non-cash impairment charges).

b) Special non-operating charges consist of \$1 million, in each 2021 and 2020, of pension costs related to the UK pension plan that is going to be part of a buyout.

c) Net tax impact on restructuring & realignment costs of \$2 million in both 2021 and 2020; and \$6 million of charges from special tax items in 2021 and \$4 million of benefit from special tax items in 2020, respectively.

Appendix

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

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

2020	
	Q1
Net Income	38
Income Tax Expense (Benefit)	4
Interest Expense (Income), net	14
Depreciation	29
Amortization	35
EBITDA	120
Share-based Compensation	8
Restructuring & Realignment	9
Special Charges	1
Adjusted EBITDA	138
Revenue	1,123
Adjusted EBITDA Margin	12.3%

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

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

2020	
	Q1
Pre-Tax Income	37
Interest Expense (Income), net	-
Depreciation	11
Amortization	4
EBITDA	52
Share-based Compensation	-
Restructuring & Realignment	5
Adjusted EBITDA	57
Revenue	438
Adjusted EBITDA Margin	13.0%

Appendix

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

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

2020	
	Q1
Pre-Tax Income	47
Interest Expense (Income), net	-
Depreciation	5
Amortization	1
EBITDA	53
Share-based Compensation	1
Restructuring & Realignment	2
Adjusted EBITDA	56
Revenue	338
Adjusted EBITDA Margin	16.6%

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

2021	
	Q1
Pre-Tax Income	16
Interest Expense (Income), net	-
Depreciation	9
Amortization	27
EBITDA	52
Share-based Compensation	1
Restructuring & Realignment	2
Special Charges	-
Adjusted EBITDA	55
Revenue	354
Adjusted EBITDA Margin	15.5%

2020	
	Q1
Pre-Tax (Loss) Income	(13)
Interest Expense (Income), net	-
Depreciation	9
Amortization	27
EBITDA	23
Share-based Compensation	2
Restructuring & Realignment	2
Special Charges	-
Adjusted EBITDA	27
Revenue	347
Adjusted EBITDA Margin	7.8%

Appendix

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

	Q1	
	2021	2020
Net Cash - Operating Activities	\$ (26)	\$ (2)
Capital Expenditures - PP&E	(22)	(32)
Capital Expenditures - Software	(17)	(19)
Capital Expenditures	(39)	(51)
Free Cash Flow	\$ (65)	\$ (53)
Net Income	87	38
Gain / (Loss) from sale of businesses	-	-
Restructuring Charges - non-cash impairment	(1)	-
Special Charges - non-cash impairment	(1)	-
Net Income, excluding gain on sale of businesses, non-cash impairment charges and significant deferred tax	\$ 89	\$ 38
Operating Cash Flow Conversion	(30%)	(5%)
Free Cash Flow Conversion	(73%)	(139%)

THANK YOU

Q1 2021 Results & Earnings

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