



2022 Second 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," "forecast," "likely," "believe," "target," "will," "could," "would," "should," "potential," "may" and similar expressions or their negative, may, but are not necessary to, identify forward-looking statements. By their nature, forward-looking statements address uncertain matters and include any statements that are not historical, such as statements about our strategy, financial plans, outlook, objectives, plans, intentions or goals (including those related to our social, environmental and other sustainability goals); or address possible or future results of operations or financial performance, including statements relating to orders, revenues, operating margins and earnings per share growth.

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



Patrick Decker

CEO & President

“ The team delivered very strong second quarter performance on all key metrics, and well ahead of our guidance for the quarter. The result reflects our commercial momentum on continuing underlying demand, disciplined operational execution, and a moderate easing in chip supply constraints.

On the strength of robust backlog and orders growth, and the team’s demonstrated success mitigating the effects of inflation, we are raising our full-year guidance on revenue and earnings. This further reinforces our longer-term growth and value creation thesis for Xylem. ”

Q2 2022 Highlights



Organic* Revenue

+6%



Organic* Orders

+6%



Adj. EBITDA*
Margin

16.6%



Adj. EPS*

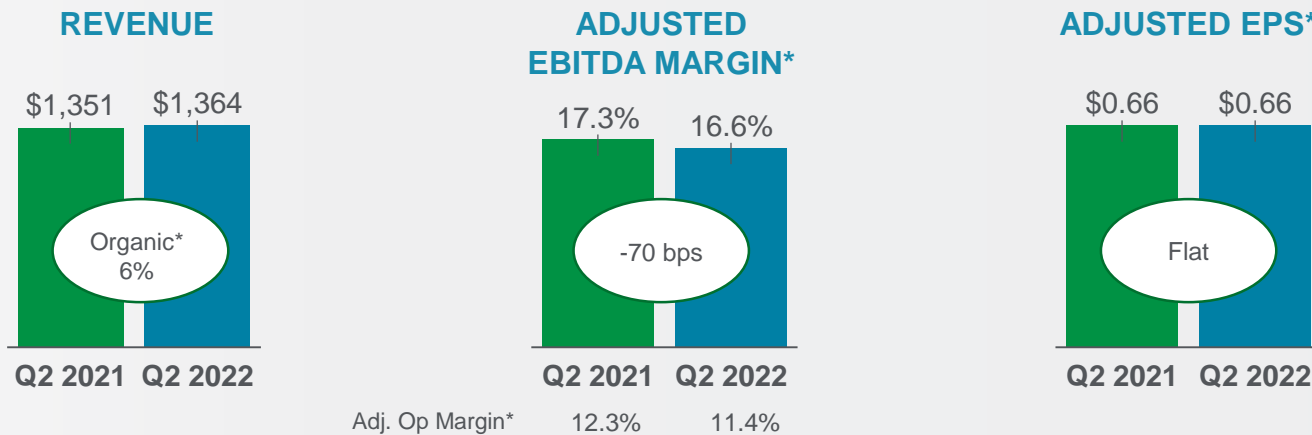
\$0.66



Sustainability

Enabled reduction of customer CO₂ footprint by 730K metric tons equivalent to ~160k cars off the road in 2021

Q2 2022 XYLEM PERFORMANCE



Organic Growth* by End Market

Utilities 2%
Industrial 12%
Commercial (1%)
Residential 13%

Organic Growth* by Region

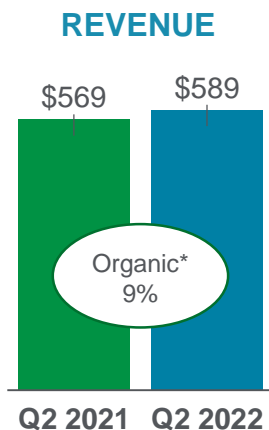
United States 5%
Western Europe 9%
Emerging Markets Flat

KEY PERFORMANCE DRIVERS

- **Organic* orders** up 6% driven by large Water Infrastructure projects, price, and sustained underlying demand; **Backlog** organic growth of 40%
- **Organic* revenue** growth of 6% mainly driven by strong price realization, robust Industrial growth and modest supply chain improvements
- **Adj. EBITDA margin*** and **adj. EPS*** drivers:
 - Productivity drives 260 bps EBITDA margin expansion (EPS +\$0.16)
 - Price drives 670 bps EBITDA margin expansion (EPS +\$0.46)
 - Volume/mix/other reduces EBITDA margin by 140bps (EPS -\$0.06)
 - Cost inflation reduces EBITDA margin by 700 bps (EPS -\$0.44)
 - Strategic investments reduce EBITDA margin by 160 bps (EPS -\$0.12)

Tax Rate*: 18.4% Interest/Other Expense: \$8M Share Count: 180.6M

Q2 2022 Water Infrastructure Performance



Organic Growth* by End Market

Utilities	7%
Industrial	14%

Organic Growth* by Region

United States	14%
Western Europe	12%
Emerging Markets	(4%)

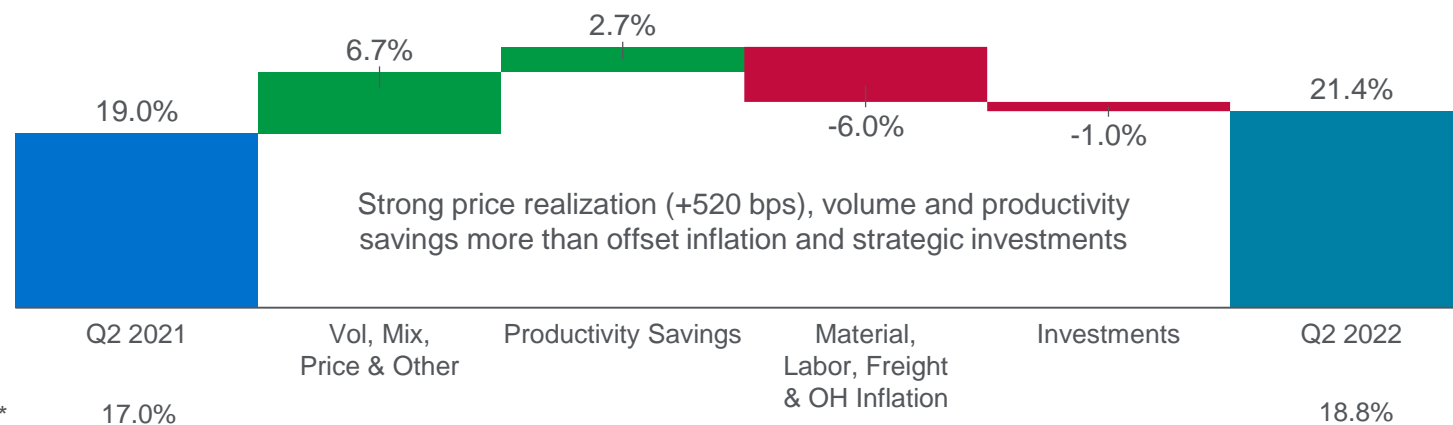
Highlights

- Organic* orders up 21%, led by large North America infrastructure projects and continued robust wastewater utility demand in the US and Western Europe
- Industrial growth driven by strong dewatering demand in most geographies, particularly in Emerging Markets, and increased activity in Western Europe and the US
- Utilities growth driven by robust US transport demand and strength in Western Europe for treatment applications, partially offset by continued impacts from China COVID shut-downs

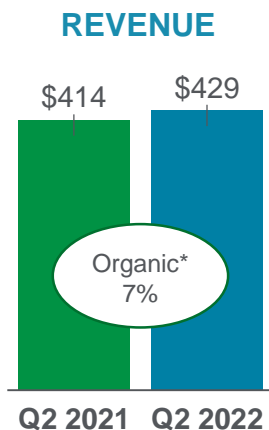


Adj. Operating Margin* 17.0%

ADJUSTED EBITDA MARGIN*



Q2 2022 Applied Water Performance



Organic Growth* by End Market

Industrial	13%
Commercial	(1%)
Residential	13%

Organic Growth* by Region

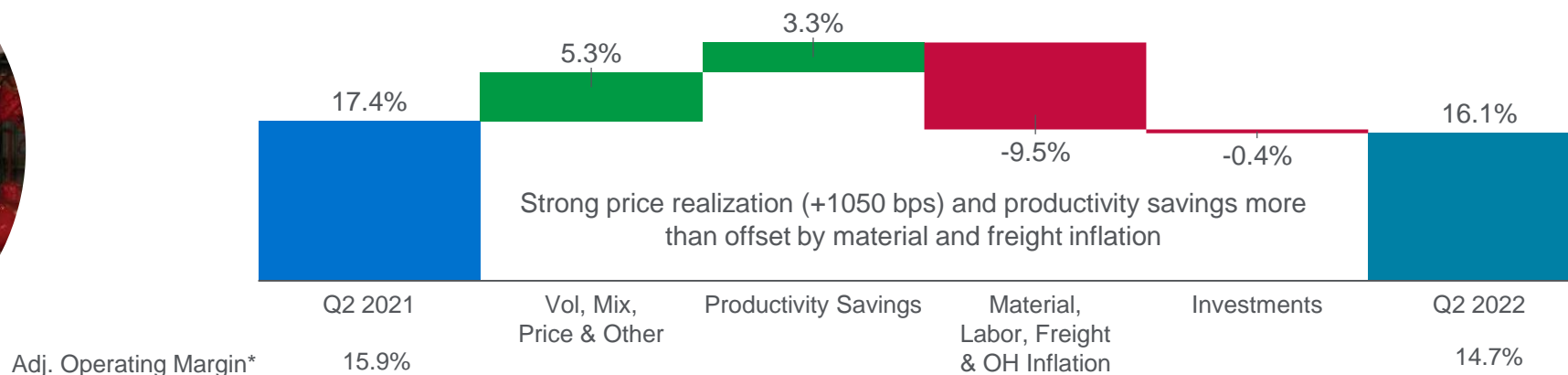
United States	8%
Western Europe	13%
Emerging Markets	1%

Highlights

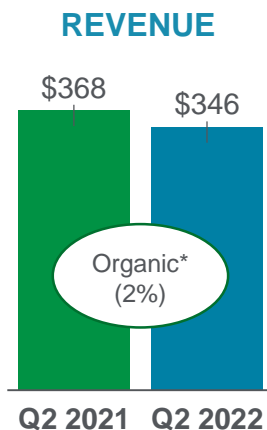
- Organic* orders growth of 2% outpacing revenue with a book-to-bill ratio of 1.1
- Industrial growth led by price and healthy demand in the US and Western Europe from strategic investments
- Commercial revenue growth tempered by continued US supply chain constraints, partially offset by demand for mandated energy efficient products in Western Europe
- Residential growth driven by price and strong backlog execution in the US



ADJUSTED EBITDA MARGIN*



Q2 2022 Measurement & Control Solutions Performance



Organic Growth* by Application

Water	1%
Energy	(12%)

Organic Growth* by Region

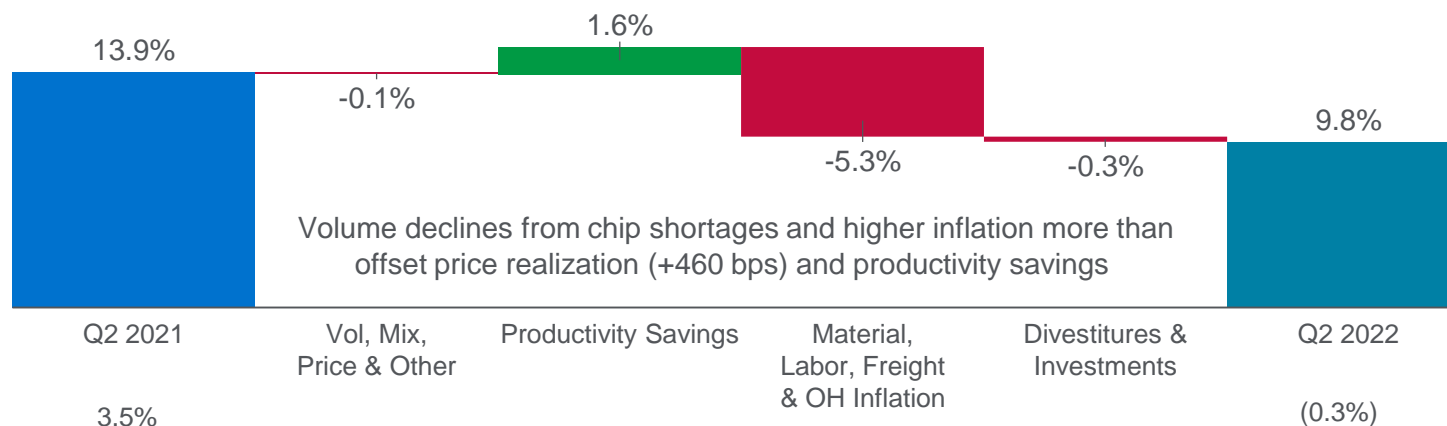
United States	(4%)
Western Europe	(5%)
Emerging Markets	8%

Highlights

- Organic* orders decline of 9%. Strong Advanced Metering Infrastructure (AMI) demand continues with a book-to-bill ratio of 1.4.
- Water revenue better than expected. Chip supply improved but still constrained. Growth in test and pipeline assessment services businesses
- Continued backlog strength at \$2.1B, up 41% organically, reinforcing long term growth and margin profile



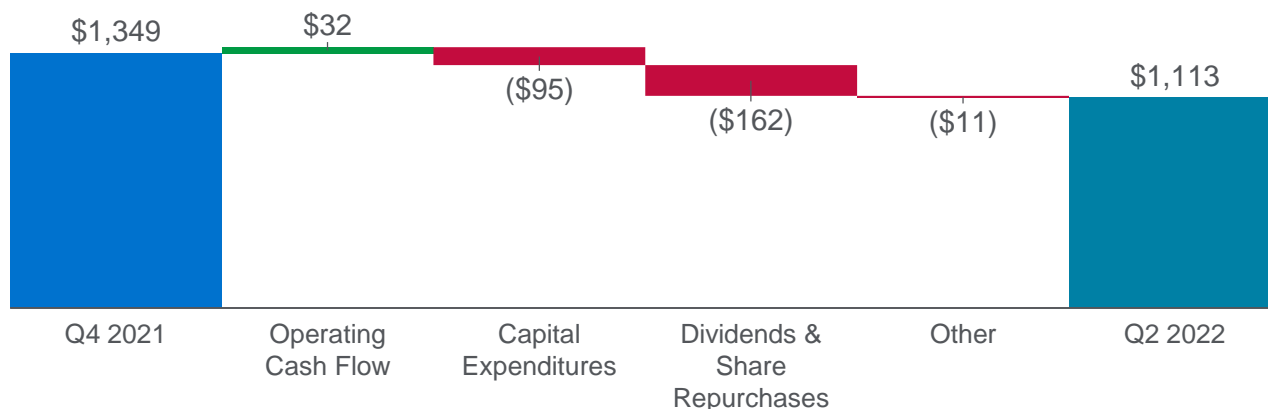
ADJUSTED EBITDA MARGIN*



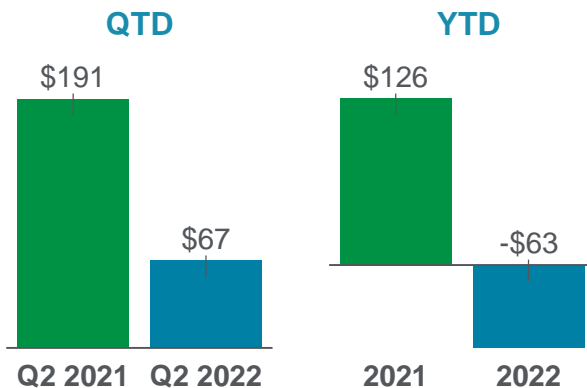
Adj. Operating Margin* 3.5%

Xylem Financial Position

CASH DRIVERS



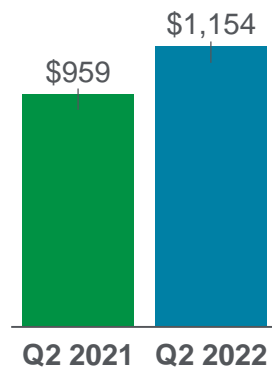
FREE CASH FLOW*



FCF CONVERSION*

172% 59% 63% (32%)

WORKING CAPITAL**



WORKING CAPITAL %

18.4% 22.1%

Capital Summary

June 30, 2022

Cash & Cash Equivalents	\$ 1,113
Debt	\$ 2,400
Net Debt	\$ 1,287
Shareholder's Equity	\$ 3,195
Net Capital	\$ 4,482
Net Debt to Net Capital	29%

Financial Highlights

- **Strong financial position**
 - Available liquidity of ~\$1.9B including cash, cash equivalents and available credit facilities
 - Remain committed to BBB/Baa2 investment grade credit rating
 - Net debt / adjusted EBITDA* (TTM) as of 06/30: **1.5x**
- **Strategically built buffer stock to mitigate impacts of supply chain constraints driving higher working capital**

Well-positioned On Resilient Demand Through Economic Cycles

Durable business model and essential solutions give confidence in resilient demand

Creating economic and social value for customers with advanced digital solutions, increased operating efficiencies

Helping solve the world's water challenges and providing solutions that reduce GHG emissions



FY 2022 End Market Commentary

See appendix for end market key facts

Utilities ~50% of Revenue



Wastewater Utilities ~30% of Revenue

- Opex: Focus on mission-critical applications and large installed base in developed markets of Europe and North America (operation and maintenance of wastewater networks and treatment sites).
- Long-term capital project spending outlook and bid activity remains robust in Emerging Markets. Expect uneven, lumpy growth from China and India as multi-year government funding is deployed. China Covid lock-downs impact site readiness
- US Utilities: No indication of pause from customers from the bipartisan infrastructure act. Opex demand continues to be healthy and resilient. Capex bidding pipeline on projects and orders healthy



Clean Water Utilities ~20% of Revenue

- Large smart metering project deployment timing impacted by global shortage of chips. Very strong backlog position and orders momentum with modest easing of chip shortages through 2022
- Healthy momentum in test business for water quality products in outdoor water and process (treatment) markets globally; Rising demand for pipeline assessment services due to increased infrastructure and climate challenges
- Increasing demand for smart water solutions and digital offerings to drive positive economic and environmental impact for utility customers

FY 2022 End Market Commentary

See appendix for end market key facts



Industrial ~35% of Revenue

- Industrial dewatering business solid globally, especially in Emerging Markets from mining demand; strong demand trend reflected in orders and backlog from increased activity in US and Europe
- Sustained demand in “light” Industrial activity from Applied Water businesses globally; large customer focus in Western Europe supported by new product introductions and commercial investments



Commercial ~10% of Revenue

- US replacement business (book and ship) solid; new commercial building expected to moderate in 2022
- Europe healthy from modest share gains and new products; increased construction activity and demand for eco-friendly products supported by increase in funding for green buildings

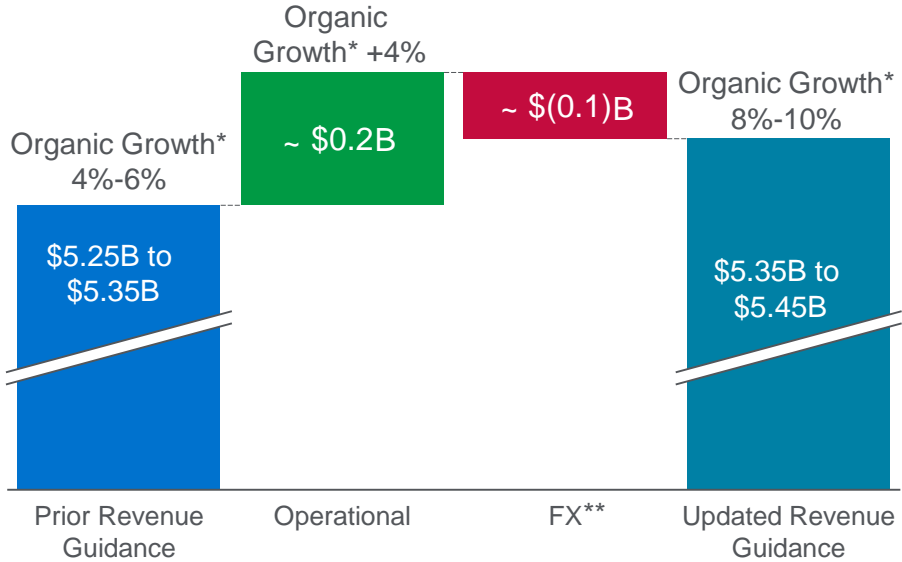


Residential ~5% of Revenue

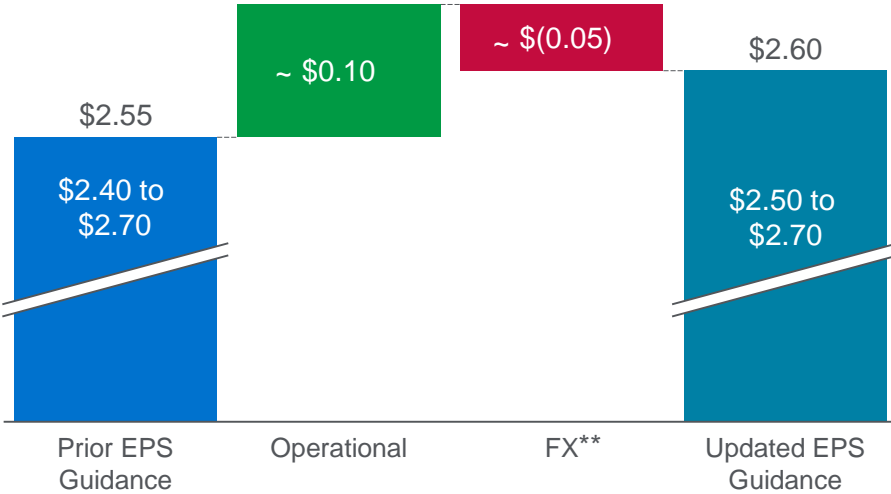
- Order demand expected to moderate on tougher comparisons over last two years, but activity remains healthy in US and Europe
- Primarily replacement revenue serviced through long-standing distributor / dealer network

Q2 Outperformance Driving Full-Year Updated Guidance

Raising FY Organic Revenue* Growth to 8% - 10%



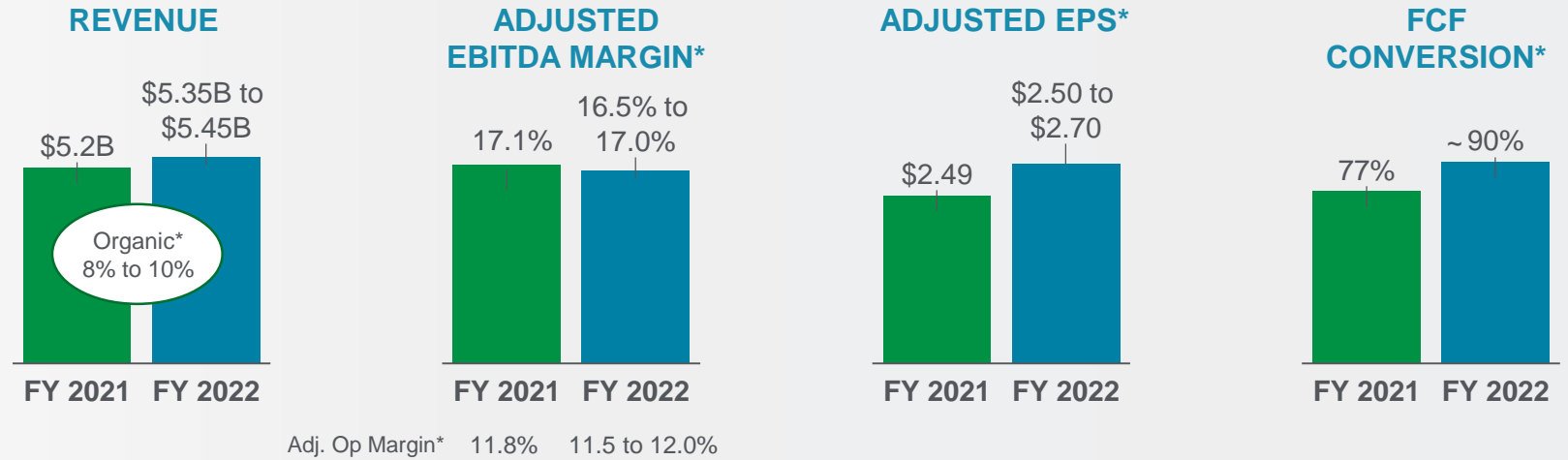
Raising Low-end of Adj. EPS* Range



Strong operational execution offsetting increased inflation and foreign exchange headwinds

*See appendix for definitions of non-GAAP measures and non-GAAP reconciliations
 **Previous guide assumption 1.05 and updated rate: 1.01

FY 2022 and Q3 2022 Guidance & Key Assumptions



Key Assumptions

Organic* Revenue up 8% to 10%

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

2022 FX Euro Rate 1.01 (Prior guidance of 1.05)

Adjusted EBITDA* of 16.5% to 17.0%

- Strong price realization and productivity savings moderated by continued global chip shortages and inflation. Expansion ramps through out the year

Anticipate one-time non-cash settlement charge of GBP 125M for buyout of UK Pension Plan ...projected in second half

Free Cash Flow Conversion* of ~90%

- Remain committed to long-term guidance of ~100% conversion
- 2019–2021 FCF conversion* of ~125%

FY 2022 Planning Assumptions

Corporate Expense	~\$60M
Restructuring & Realignment Costs*	~\$20-\$25M
Dividends	~\$215M
Capex	~\$225M
Interest / Other Expense	~\$55M
Estimated Tax Rate*	~18%
Share Count	~181M

Q3 2022 Planning Assumptions

Organic* Revenue	+10% to +12%
WI	Up mid-single digits
AWS	Up mid-double digits
M&CS	Up mid-double digits
Adjusted EBITDA*	16.5% to 17.0%
Adjusted Operating Margin	11.5% to 12.0%

Key Takeaways

- 1 Continue to **outperform** on strong operational execution
- 2 Robust underlying **demand** reflected in order intake outpacing revenue
- 3 **Raised** full-year revenue and increased the low end of EPS guide
- 4 Xylem offering at core of **essential services** through economic cycles

Appendix

Q2 2022 Performance Summary

(\$ in millions, unless otherwise noted)

2022	Reported Q2	Adj* Q2
Xylem Consolidated		
Revenue	\$1,364	\$1,364
Overall Growth	1%	1%
Constant Currency* Growth		5%
Organic Growth*		6%
Operating Income	\$146	\$155
Operating Margin	10.7%	11.4%
EBITDA*	\$206	\$226
EBITDA Margin*	15.1%	16.6%
Earnings Per Share	\$0.62	\$0.66

2022	Reported Q2	Adj* Q2
Applied Water		
Revenue	\$429	\$429
Overall Growth	4%	4%
Constant Currency* Growth		7%
Organic Growth*		7%
Operating Income	\$61	\$63
Operating Margin	14.2%	14.7%
EBITDA*	\$66	\$69
EBITDA Margin*	15.4%	16.1%

2022	Reported Q2	Adj* Q2
Water Infrastructure		
Revenue	\$589	\$589
Overall Growth	4%	4%
Constant Currency* Growth		9%
Organic Growth*		9%
Operating Income	\$108	\$111
Operating Margin	18.3%	18.8%
EBITDA*	\$123	\$126
EBITDA Margin*	20.9%	21.4%

2022	Reported Q2	Adj* Q2
Measurement & Control Solutions		
Revenue	\$346	\$346
Overall Growth	(6%)	(6%)
Constant Currency* Growth		(3%)
Organic Growth*		(2%)
Operating Income	(\$5)	(\$1)
Operating Margin	(1.4%)	(0.3%)
EBITDA*	\$28	\$34
EBITDA Margin*	8.1%	9.8%

End Market Key Facts

Utilities ~50% Revenue

Wastewater Utilities

- Revenue: ~60% of Xylem utilities revenue
- Opex/Capex Split: ~80% / ~20%
- XYL businesses: primarily Water Infrastructure segment
- Geographic Split: US ~35% / W. Europe ~35% / Em. Mkts & other ~30%
- US Utility wastewater Capex: ~2% of total Xylem revenue
- US & W. Europe leading installed base and strong recurring revenue through Opex
- Emerging Markets mostly greenfield and currently skewed to Capex

Clean Water Utilities

- Revenue: ~40% of Xylem Utilities revenue
- Opex/Capex split: ~75% / ~25%
- XYL businesses: primarily MCS segment
- Geographic split: US ~65% / W. Europe ~15% / Em. Mkts & Other ~20%
- US utility clean water capex: ~4% of total Xylem revenue
- Adoption of AMI and digital technologies to address non-revenue water and remote capabilities expected to be long-term secular trend globally
- Under-penetrated international presence, but opportunities increasing

Industrial

(~35% of Revenue)

- Oil & Gas revenue: ~1% of total Xylem
- Mining revenue: ~4% of total Xylem
- “Light” industrial revenue: ~25% of total Xylem
- XYL businesses: all 3 segments (~45% of WI, ~40% of AWS, 15% of MCS)
- Equipment is generally not tied to output; keeps facilities ‘up-and-running’

Commercial

(~10% of Revenue)

- XYL businesses: Applied Water
- New build / replacement (aftermarket): 30% / 70%
- Geographic split: N. America ~60% / Europe ~20% / Em Mkts & Other ~20%
- Energy efficiency, reliability and “connectivity” critical to customers; exposure to institutional sector

Residential

(~5% of Revenue)

- XYL businesses: Applied Water
- New build / replacement: 10% / 90%
- Geographic split: N. America ~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	FY 2022 Guidance Rate	Revenue Impact* on FY 2022 of 5% Decrease in Rate	EPS Impact* on FY 2022 of 5% Decrease in Rate
Euro	1.01	(\$42M)	(\$0.13)
GBP	1.21	(\$15M)	\$0.00
SEK	0.10	(\$5M)	\$0.02
CNY	0.15	(\$17M)	(\$0.01)
CAD	0.77	(\$11M)	(\$0.00)
INR	0.01	(\$2M)	(\$0.00)
All Other		(\$44M)	(\$0.01)
Total		(\$135M)	(\$0.13)

* Increase in rate would have inverse impact on results

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

Appendix

Xylem Inc. Non-GAAP Measures

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

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

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

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

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

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

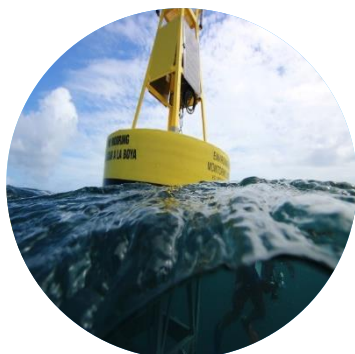
"Adjusted Operating Margin" and "Adjusted Segment Operating Margin" defined as adjusted operating income and adjusted segment operating income divided by total revenue and segment revenue, respectively.

"Free Cash Flow" defined as net cash from operating activities, as reported in the Statement of Cash Flows, less capital expenditures, and "Free Cash Flow Conversion" defined as Free Cash Flows divided by net income, excluding the gain on sale of businesses, non-cash impairment charges and significant deferred tax items. Our definitions of "free cash flow" and "free cash flow conversion" do not consider certain non-discretionary cash payments, such as debt.

"Realignment costs" defined as costs not included in restructuring costs that are incurred as part of actions taken to reposition our business, including items such as professional fees, severance, relocation, travel, facility set-up and other costs.

"Special charges" defined as costs incurred by the Company, such as acquisition and integration related costs, non-cash impairment charges and both operating and non-operating adjustments for costs related to the UK pension plan buyout.

"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	Revenue	Change	% Change	Acquisitions /	FX Impact	Change	% Change	
2022	2021	2022 v. 2021	2022 v. 2021	Divestitures		Adj. 2022 v. 2021	Adj. 2022 v. 2021		
Six Months Ended June 30									
Xylem Inc.	2,636	2,607	29	1%	5	93	127	5%	5%
Water Infrastructure	1,122	1,078	44	4%	-	53	97	9%	9%
Applied Water	854	807	47	6%	-	23	70	9%	9%
Measurement & Control Solutions	660	722	(62)	(9%)	5	17	(40)	(6%)	(6%)
Quarter Ended June 30									
Xylem Inc.	1,364	1,351	13	1%	3	60	76	6%	5%
Water Infrastructure	589	569	20	4%	-	34	54	9%	9%
Applied Water	429	414	15	4%	-	15	30	7%	7%
Measurement & Control Solutions	346	368	(22)	(6%)	3	11	(8)	(2%)	(3%)
Quarter Ended March 31									
Xylem Inc.	1,272	1,256	16	1%	2	33	51	4%	4%
Water Infrastructure	533	509	24	5%	-	19	43	8%	8%
Applied Water	425	393	32	8%	-	8	40	10%	10%
Measurement & Control Solutions	314	354	(40)	(11%)	2	6	(32)	(9%)	(10%)

Appendix

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

	(As Reported - GAAP)				(As Adjusted - Organic)				Constant Currency
	(A)		(B)		(C)	(D)	(E) = B+C+D Change	(F) = E/A % Change	(G) = (E - C) / A
	Orders 2022	Orders 2021	Change 2022 v. 2021	% Change 2022 v. 2021					
Six Month Ended June 30									
Xylem Inc.	3,399	3,198	201	6%	11	107	319	10%	10%
Water Infrastructure	1,391	1,250	141	11%	-	66	207	17%	17%
Applied Water	985	963	22	2%	-	25	47	5%	5%
Measurement & Control Solutions	1,023	985	38	4%	11	16	65	7%	5%
Quarter Ended June 30									
Xylem Inc.	1,684	1,660	24	1%	5	67	96	6%	5%
Water Infrastructure	731	639	92	14%	-	42	134	21%	21%
Applied Water	480	486	(6)	(1%)	-	15	9	2%	2%
Measurement & Control Solutions	473	535	(62)	(12%)	5	10	(47)	(9%)	(10%)
Quarter Ended March 31									
Xylem Inc.	1,715	1,538	177	12%	6	40	223	14%	14%
Water Infrastructure	660	611	49	8%	-	24	73	12%	12%
Applied Water	505	477	28	6%	-	10	38	8%	8%
Measurement & Control Solutions	550	450	100	22%	6	6	112	25%	24%

Appendix

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

	Q1		Q2		YTD	
	2022	2021	2022	2021	2022	2021
Total Revenue						
• Total Xylem	1,272	1,256	1,364	1,351	2,636	2,607
• Water Infrastructure	533	509	589	569	1,122	1,078
• Applied Water	425	393	429	414	854	807
• Measurement & Control Solutions	314	354	346	368	660	722
Operating Income (Loss)						
• Total Xylem	111	133	146	160	257	293
• Water Infrastructure	74	71	108	93	182	164
• Applied Water	59	66	61	64	120	130
• Measurement & Control Solutions	(10)	9	(5)	13	(15)	22
• Total Segments	123	146	164	170	287	316
Operating Margin						
• Total Xylem	8.7%	10.6%	10.7%	11.8%	9.7%	11.2%
• Water Infrastructure	13.9%	13.9%	18.3%	16.3%	16.2%	15.2%
• Applied Water	13.9%	16.8%	14.2%	15.5%	14.1%	16.1%
• Measurement & Control Solutions	(3.2%)	2.5%	(1.4%)	3.5%	(2.3%)	3.0%
• Total Segments	9.7%	11.6%	12.0%	12.6%	10.9%	12.1%

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

	Q1		Q2		YTD	
	2022	2021	2022	2021	2022	2021
Special Charges						
• Total Xylem	1	2	1	-	2	2
• Water Infrastructure	-	-	-	-	-	-
• Applied Water	-	1	-	-	-	1
• Measurement & Control Solutions	-	-	1	-	1	-
• Total Segments	-	1	1	-	1	1
Restructuring & Realignment Costs						
• Total Xylem	4	8	8	6	12	14
• Water Infrastructure	1	5	3	4	4	9
• Applied Water	1	1	2	2	3	3
• Measurement & Control Solutions	2	2	3	-	5	2
• Total Segments	4	8	8	6	12	14
Adjusted Operating Income (Loss)						
• Total Xylem	116	143	155	166	271	309
• Water Infrastructure	75	76	111	97	186	173
• Applied Water	60	68	63	66	123	134
• Measurement & Control Solutions	(8)	11	(1)	13	(9)	24
• Total Segments	127	155	173	176	300	331
Adjusted Operating Margin						
• Total Xylem	9.1%	11.4%	11.4%	12.3%	10.3%	11.9%
• Water Infrastructure	14.1%	14.9%	18.8%	17.0%	16.6%	16.0%
• Applied Water	14.1%	17.3%	14.7%	15.9%	14.4%	16.6%
• Measurement & Control Solutions	(2.5%)	3.1%	(0.3%)	3.5%	(1.4%)	3.3%
• Total Segments	10.0%	12.3%	12.7%	13.0%	11.4%	12.7%

Xylem Inc. Non-GAAP Reconciliation

Adjusted Diluted EPS

(\$ Millions, except per share amounts)

	Q2 2022			Q2 2021		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	1,364	-	1,364	1,351	-	1,351
Operating Income	146	9 a	155	160	6 a	166
Operating Margin	10.7%		11.4%	11.8%		12.3%
Interest Expense	(12)	-	(12)	(21)	-	(21)
Other Non-Operating Income (Expense)	2	2 b	4	(3)	3 b	-
Gain/(Loss) From Sale of Business	-	-	-	2	(2)	-
Income before Taxes	136	11	147	138	7	145
Provision for Income Taxes	(24)	(3) c	(27)	(25)	(1) c	(26)
Net Income Attributable to Xylem	112	8	120	113	6	119
Diluted Shares	180.6		180.6	181.3		181.3
Diluted EPS	\$ 0.62	\$ 0.04	\$ 0.66	\$ 0.62	\$ 0.04	\$ 0.66
Year-over-year currency translation impact on current year diluted EPS	\$ (0.08)	\$ -	\$ (0.08)			
Diluted EPS at Constant Currency	\$ 0.70	\$ 0.04	\$ 0.74			

a) Restructuring & realignment costs of \$8 million in 2022 and \$6 million in 2021, as well as special charges of \$1 million in 2022 (related to intangible asset impairment)

b) Special non-operating charges consist of \$2 million in 2022 and \$3 million in 2021 for 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 2022 and \$1 million in 2021; \$1 million net tax impact on special charges in 2021; and \$1 million of negative impact from tax related special benefits to GAAP tax in 2022 and \$1 million of positive impact from tax related special charges to GAAP tax in 2021.

Xylem Inc. Non-GAAP Reconciliation

Adjusted Diluted EPS

(\$ Millions, except per share amounts)

	Q2 YTD 2022			Q2 YTD 2021		
	As Reported	Adjustments	Adjusted	As Reported	Adjustments	Adjusted
Total Revenue	2,636	-	2,636	2,607	-	2,607
Operating Income	257	14 a	271	293	16 a	309
Operating Margin	9.7%		10.3%	11.2%		11.9%
Interest Expense	(25)	-	(25)	(42)	-	(42)
Other Non-Operating Income (Expense)	1	3 b	4	(1)	4 b	3
Gain/(Loss) From Sale of Business	1	(1)	-	2	(2)	-
Income before Taxes	234	16	250	252	18	270
Provision for Income Taxes	(40)	(6) c	(46)	(52)	3 c	(49)
Net Income Attributable to Xylem	194	10	204	200	21	221
Diluted Shares	180.8		180.8	181.4		181.4
Diluted EPS	\$ 1.07	\$ 0.06	\$ 1.13	\$ 1.10	\$ 0.13	\$ 1.23
Year-over-year currency translation impact on current year diluted EPS	\$ (0.12)	\$ (0.00)	\$ (0.12)			
Diluted EPS at Constant Currency	\$ 1.19	\$ 0.06	\$ 1.25			

a) Restructuring & realignment costs of \$12 million in 2022 and \$14 million in 2021, as well as special charges of \$2 million (\$1 million of intangible asset impairment charges and \$1 million for pension costs related to the UK pension plan) in both 2022 and 2021.

b) Special non-operating charges consist of \$3 million in 2022 and \$4 million in 2021 for 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 \$3 million in both 2022 and 2021; \$1 million net tax impact on special charges in 2022 and 2021; and \$2 million of negative impact from tax related special benefits to GAAP tax in 2022 and \$7 million of positive impact from tax related special charges to GAAP tax in 2021.

Appendix

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

2022			
	Q1	Q2	Total
Net Income	82	112	194
Income Tax Expense	16	24	40
Interest Expense (Income), net	11	10	21
Depreciation	28	28	56
Amortization	30	32	62
EBITDA	167	206	373
Share-based Compensation	9	9	18
Restructuring & Realignment	4	8	12
Loss/(Gain) from sale of business	(1)	-	(1)
Special Charges	2	3	5
Adjusted EBITDA	181	226	407
Revenue	1,272	1,364	2,636
Adjusted EBITDA Margin	14.2%	16.6%	15.4%

2021			
	Q1	Q2	Total
Net Income	87	113	200
Income Tax Expense	27	25	52
Interest Expense (Income), net	19	19	38
Depreciation	30	29	59
Amortization	32	33	65
EBITDA	195	219	414
Share-based Compensation	9	8	17
Restructuring & Realignment	8	6	14
Loss/(Gain) from sale of business	-	(2)	(2)
Special Charges	3	3	6
Adjusted EBITDA	215	234	449
Revenue	1,256	1,351	2,607
Adjusted EBITDA Margin	17.1%	17.3%	17.2%

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

2022			
	Q1	Q2	Total
Pre-Tax Income	71	109	180
Interest Expense (Income), net	(1)	-	(1)
Depreciation	11	11	22
Amortization	2	3	5
EBITDA	83	123	206
Share-based Compensation	1	-	1
Restructuring & Realignment	1	3	4
Adjusted EBITDA	85	126	211
Revenue	533	589	1,122
Adjusted EBITDA Margin	15.9%	21.4%	18.8%

2021			
	Q1	Q2	Total
Pre-Tax Income	70	92	162
Interest Expense (Income), net	(1)	(1)	(2)
Depreciation	11	11	22
Amortization	2	2	4
EBITDA	82	104	186
Share-based Compensation	1	-	1
Restructuring & Realignment	5	4	9
Adjusted EBITDA	88	108	196
Revenue	509	569	1,078
Adjusted EBITDA Margin	17.3%	19.0%	18.2%

Appendix

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

2022			
	Q1	Q2	Total
Pre-Tax Income	58	61	119
Interest Expense (Income), net	-	-	-
Depreciation	5	4	9
Amortization	-	1	1
EBITDA	63	66	129
Share-based Compensation	1	1	2
Restructuring & Realignment	1	2	3
Loss/(Gain) from sale of business	-	-	-
Special Charges	-	-	-
Adjusted EBITDA	65	69	134
Revenue	425	429	854
Adjusted EBITDA Margin	15.3%	16.1%	15.7%

2021			
	Q1	Q2	Total
Pre-Tax Income	66	65	131
Interest Expense (Income), net	-	-	-
Depreciation	5	5	10
Amortization	1	1	2
EBITDA	72	71	143
Share-based Compensation	1	1	2
Restructuring & Realignment	1	2	3
Loss/(Gain) from sale of business	-	(2)	(2)
Special Charges	1	-	1
Adjusted EBITDA	75	72	147
Revenue	393	414	807
Adjusted EBITDA Margin	19.1%	17.4%	18.2%

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

2022			
	Q1	Q2	Total
Pre-Tax Income	(9)	(6)	(15)
Interest Expense (Income), net	-	-	-
Depreciation	9	8	17
Amortization	25	26	51
EBITDA	25	28	53
Share-based Compensation	1	2	3
Restructuring & Realignment	2	3	5
Loss/(Gain) from sale of business	(1)	-	(1)
Special Charges	-	1	1
Adjusted EBITDA	27	34	61
Revenue	314	346	660
Adjusted EBITDA Margin	8.6%	9.8%	9.2%

2021			
	Q1	Q2	Total
Pre-Tax (Loss) Income	8	12	20
Interest Expense (Income), net	-	-	-
Depreciation	9	10	19
Amortization	27	27	54
EBITDA	44	49	93
Share-based Compensation	1	2	3
Restructuring & Realignment	2	-	2
Adjusted EBITDA	47	51	98
Revenue	354	368	722
Adjusted EBITDA Margin	13.3%	13.9%	13.6%

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

	Q1		Q2		Year-to-Date	
	2022	2021	2022	2021	2022	2021
Net Cash - Operating Activities	\$ (81)	\$ (26)	\$ 113	\$ 232	\$ 32	\$ 206
Capital Expenditures - PP&E	(31)	(22)	(30)	(25)	(61)	(47)
Capital Expenditures - Software	(18)	(17)	(16)	(16)	(34)	(33)
Capital Expenditures	(49)	(39)	(46)	(41)	(95)	(80)
Free Cash Flow	\$ (130)	\$ (65)	\$ 67	\$ 191	\$ (63)	\$ 126
Net Income	82	87	112	113	194	200
Gain/(Loss) from sale of business	1	-	-	2	1	2
Restructuring & Realignment Charges - non-cash impairment	-	(1)	-	-	-	(1)
Special Charges - non-cash impairment	-	(1)	(1)	-	(1)	(1)
Net Income, excluding gain on sale of businesses, non-cash impairment charges and significant deferred tax items	\$ 81	\$ 89	\$ 113	\$ 111	\$ 194	\$ 200
Operating Cash Flow Conversion	(99%)	(30%)	101%	205%	16%	103%
Free Cash Flow Conversion	(160%)	(73%)	(59%)	172%	(32%)	63%

THANK YOU

Q2 2022 Results & Earnings

Andrea van der Berg, VP, Investor Relations
Graham Hackett, Sr. Manager, Investor Relations
Haleigh Schanz, IR Associate, Finance Leadership Development Program

NYSE: XYL

[Xylem Investor Relations Website](#)

[LinkedIn](#) | [Twitter](#) | [Facebook](#) | [YouTube](#) | [Instagram](#)

