



# EPG Presentation

Patrick Decker, CEO

May 21, 2019



# FORWARD-LOOKING STATEMENTS

This presentation contains information that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Act of 1995. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Generally, the words “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “forecast,” “believe,” “target,” “will,” “could,” “would,” “should” and similar expressions identify forward-looking statements. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. These forward-looking statements include any statements that are not historical in nature, including any statements about the capitalization of Xylem Inc. (the “Company”), the Company’s restructuring and realignment, future strategic plans and other statements that describe the Company’s business strategy, outlook, objectives, plans, intentions or goals. All statements that address operating or financial performance, events or developments that we expect or anticipate will occur in the future — including statements relating to orders, revenues, operating margins and earnings per share growth, and statements expressing general views about future operating results — are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed or implied in, or reasonably inferred from, such forward-looking statements.

Factors that could cause results to differ materially from those anticipated include: overall economic and business conditions, political and other risks associated with our international operations, including military actions, economic sanctions or trade barriers including tariffs and embargoes that could affect customer markets and our businesses, and non-compliance with laws, including foreign corrupt practice laws, export and import laws and competition laws; potential for unexpected cancellations or delays of customer orders in our reported backlog; our exposure to fluctuations in foreign currency exchange rates; competition and pricing pressures in the markets we serve; the strength of housing and related markets; weather conditions; ability to retain and attract talent and key members of management; our relationship with and the performance of our channel partners; our ability to successfully identify, complete and integrate acquisitions; our ability to borrow or to refinance our existing indebtedness and availability of liquidity sufficient to meet our needs; changes in the value of goodwill or intangible assets; risks relating to product defects, product liability and recalls; claims or investigations by governmental or regulatory bodies; security breaches or other disruptions of our information technology systems; litigation and contingent liabilities; and other factors set forth under “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2018 and in subsequent filings we make with the Securities and Exchange Commission (“SEC”).

All forward-looking statements made herein are based on information currently available to the Company. The Company undertakes 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 at a Glance

2018  
Revenue

**\$5.2B**

Adj. EBITDA  
Margin\*

**\$1B**  
**19.5%**

Adj. Operating  
Margin\*

**\$714M**  
**13.7%**

Market Cap<sup>1</sup> **~\$14B**

Employees **~17,000**

Global Locations **~350**

Founded **2011**



# Revenue by End Market

Utilities

~50%

Industrial

~35%

Commercial Buildings

~10%

Residential

~5%

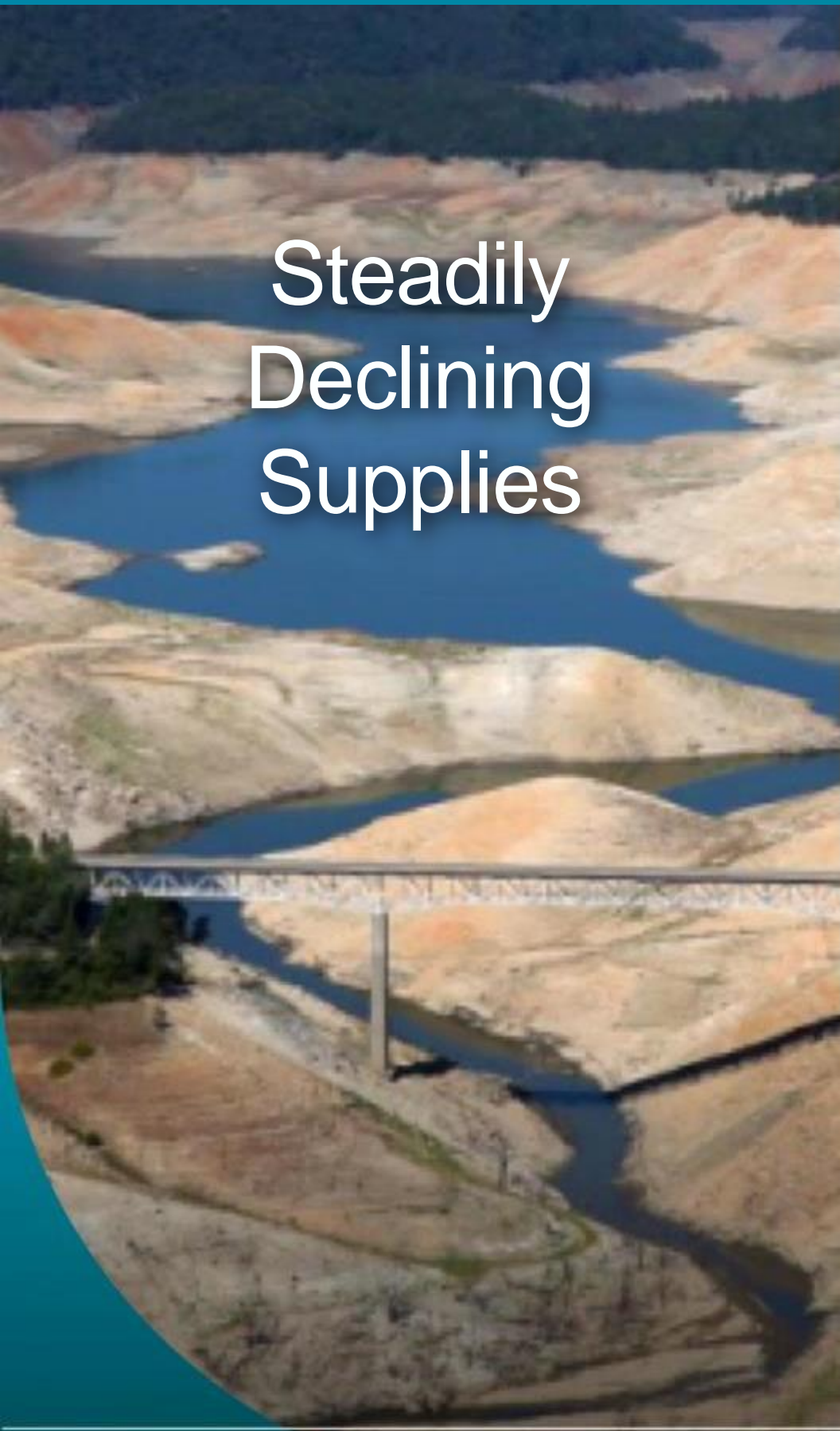
# 2020 Checkpoint & Update

## Long-Term Financial Targets

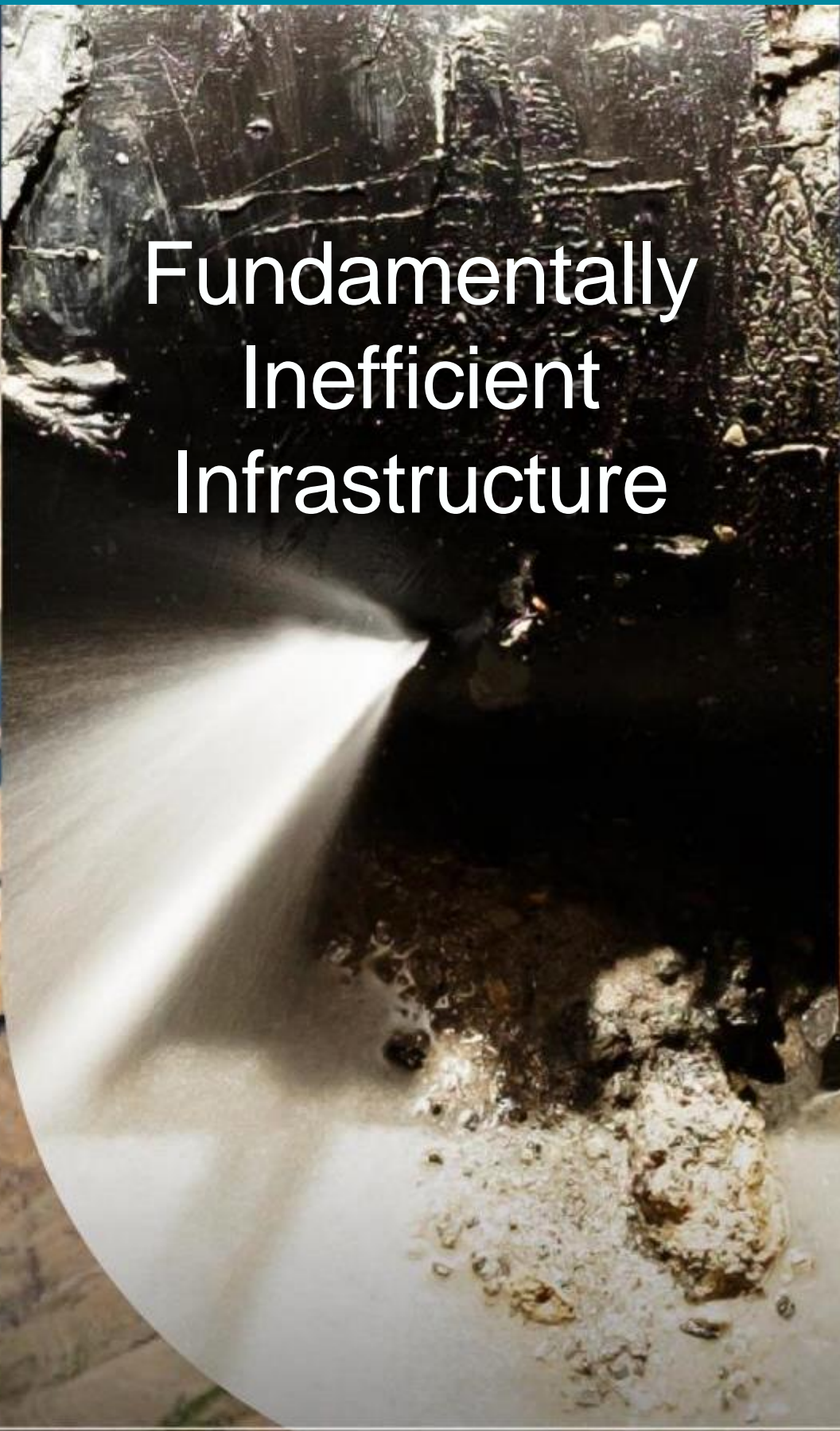
*2020 targets as outlined at 2017 Investor Day\*\**

	Target	Status
<b>Organic Growth*</b>	4% to 6%	On-Track
<b>Adj. Operating Margin*</b>	17% to 18%	Extending beyond 2020
<b>Adj. EBITDA Margin*</b>	21.5% to 22.5%	On-Track
<b>Adj. EPS Growth*</b>	Mid-Teens	On-Track
<b>Capital Available for Deployment</b>	\$3.5B	On Track

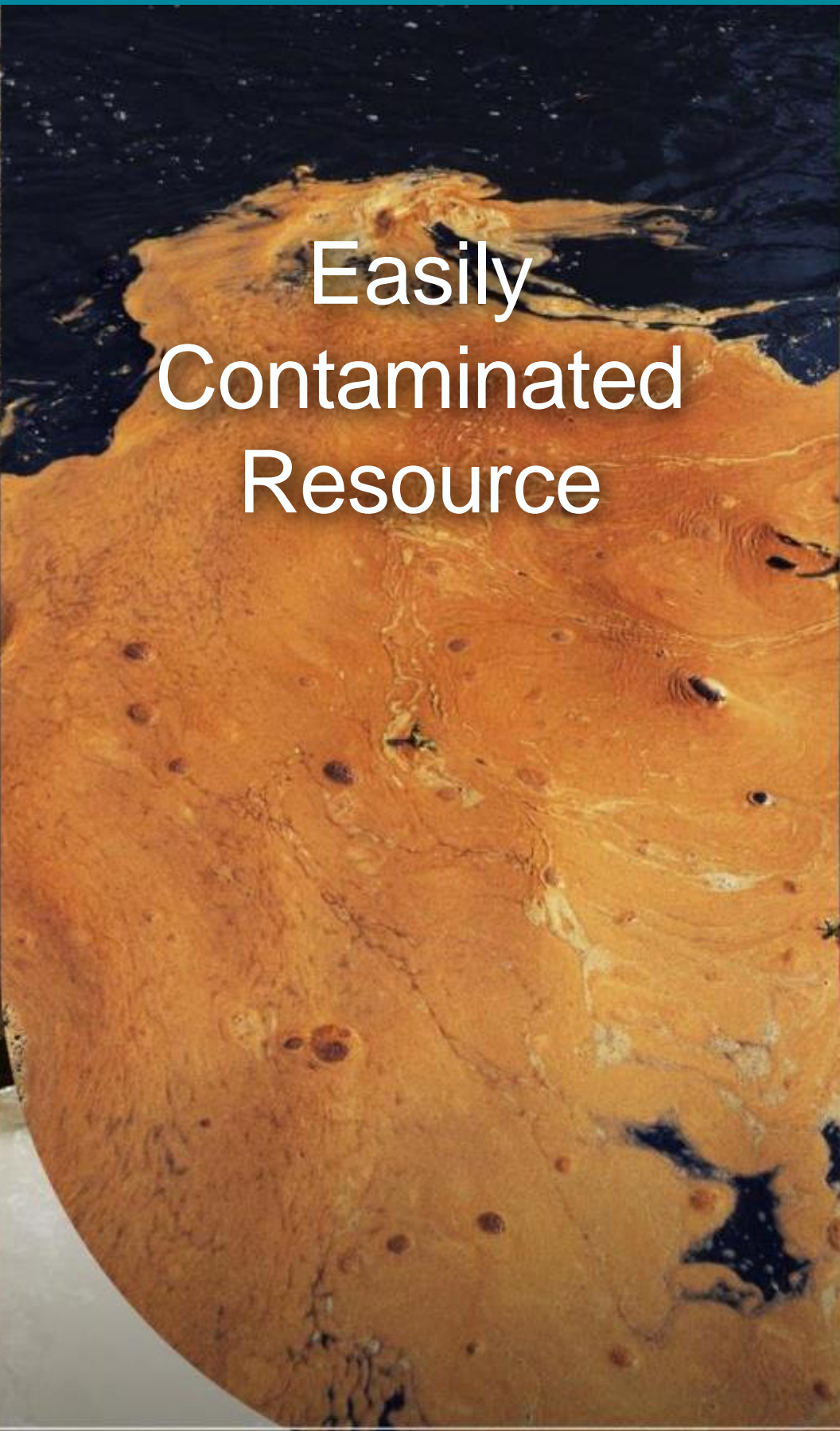
# Major water challenges of our time: Scarcity, Affordability, and Resilience



Steadily  
Declining  
Supplies



Fundamentally  
Inefficient  
Infrastructure

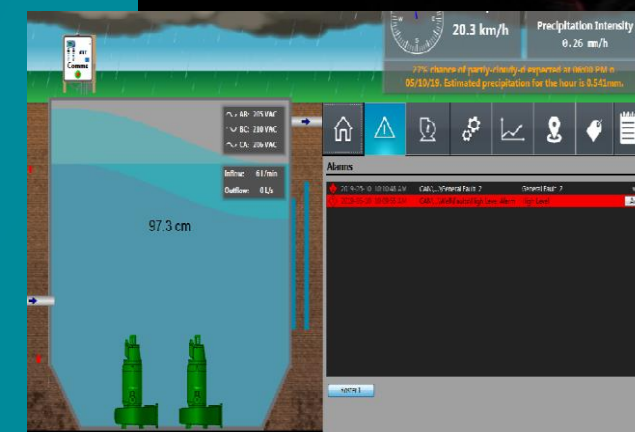
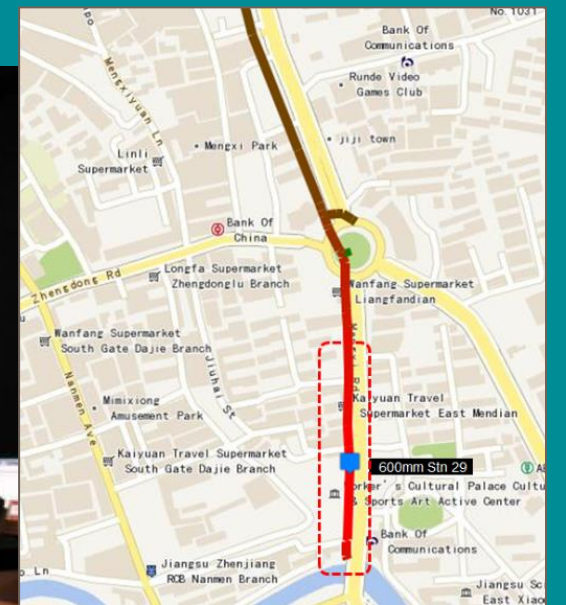


Easily  
Contaminated  
Resource



Increasingly  
Unpredictable  
Weather

# Leveraging Established Heritage & Credibility with Expanding Digital Capabilities



Evolution of Portfolio Mix Continues to Shift toward Software  
and Data-Driven Tools to Address Customer Pain Points

# Capital Deployment & Investment Priorities

Systems  
Intelligence



Industrial  
Water Services



Advanced &  
Industrial Water  
Treatment



Strengthen  
Our Core



Strategic Fit

IRR > Cost of Capital

Adj. EPS\* Accretive After  
Year 1

ROIC > Cost of Capital  
in 3 to 5 Years

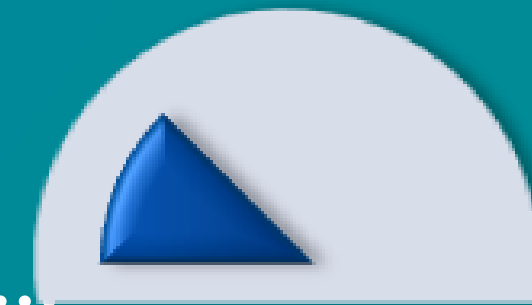
## Focusing on the Most Attractive Areas of the Water Sector



# Xylem's Investment Thesis

## WE WILL BENEFIT FROM A FAVORABLE MACRO OUTLOOK

*Well positioned in key end markets with sustainable growth profiles through 2020*



## MARKET-PLUS GROWTH DRIVEN BY FOCUSED STRATEGIES

*Increased investment in faster-growth regions and innovation*



## RUNWAY FOR FURTHER MARGIN EXPANSION

*Multi-year plan continues to create value*



## ACCELERATING CAPITAL DEPLOYMENT TO CREATE VALUE

*Strong cash flow generation and capital structure enables significant value creation*



**Next Investor Day Targeted for Early 2020**

# Our Purpose

Economic



Social



As a pure-play water technology company, Xylem has a unique role to play in the global conversation on water.



Let's Solve Water