

Xylem

2021 Investor Day

September 30



xylem
Let's Solve Water

Today's Agenda

8:30 am	Introductions Matt Latino VP, Investor Relations
	Company Overview and Strategic Update Patrick Decker President & CEO
	Digital Strategy and Customer Panel Al Cho SVP, Chief Strategy & Digital Officer
	Innovation and Technology Dave Flinton SVP, Chief Innovation, Technology & Product Management Officer
	Emerging Markets Franz Cerwinka SVP & President, Emerging Markets
	Living a Continuous Improvement Culture Tony Milando SVP, Chief Supply Chain Officer
10:05 am	Q&A Session
10:25 am	BREAK

10:30 am	Water Infrastructure Hayati Yarkadas SVP & President, Water Infrastructure & Europe Comm'l Team
	Applied Water Matthew Pine SVP & President, Applied Water Systems & Americas Comm'l Team
	Measurement & Control Solutions Colin Sabol SVP & President, Measurement & Control Solutions
	Financial Update Sandy Rowland SVP & CFO
	Closing Remarks Patrick Decker President & CEO
11:40 am	Q&A Session

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,” “goal,” “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, including the effects of climate change; 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 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, 2020 (“2020 Annual Report”) 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 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.

Key Notes for Today's Presentation

- All references to financial performance metrics are on a non-GAAP basis. See appendix for non-GAAP definitions and reconciliations to GAAP results
- All 2021 references represent our 2021 full-year expected results
- All 2025 references represent our longer-term targets
- Unless otherwise noted, all market size and growth estimates are based on our internal analysis

Company Overview and Strategic Update

Patrick Decker
President & CEO



Today's Key Messages

1 Building on our leadership position as a water technology company with a durable business model

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

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

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



Purpose-led Organization Driven by Our Vision and Values

VISION

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

VALUES

- **Respect** for each other, for diversity of people and opinions, for the environment
- **Responsibility** for our words and actions, for customer satisfaction, for giving back to our communities
- **Integrity** for acting ethically, for doing what we say we'll do, for having the courage to communicate with candor
- **Creativity** for thinking beyond boundaries, for anticipating tomorrow's challenges, for unlocking growth potential

Customers



Community




Company

DEVOTING OUR TECHNOLOGY, TIME, AND TALENT TO ADVANCE THE SMARTER USE OF WATER

Well-positioned for Intensifying, Durable Secular Trends

SCARCITY



3 out of 10¹ people globally do not have access to safe drinking water

By 2050, up to 40%² of world's population will face absolute water scarcity unless there are major interventions

Water is a Long Game with More Favorable Regulatory and Macro Conditions

Directly Help Utilities and Users of Water

INFRASTRUCTURE RESILIENCY



By 2050, 200M+ people³ could be displaced by desertification, sea level rise, and extreme weather events

Assist Communities in Building More Resilient Infrastructure

Wastewater Pump Stations, Treatment Plants, and Dewatering Solutions for Disaster Relief

AFFORDABILITY

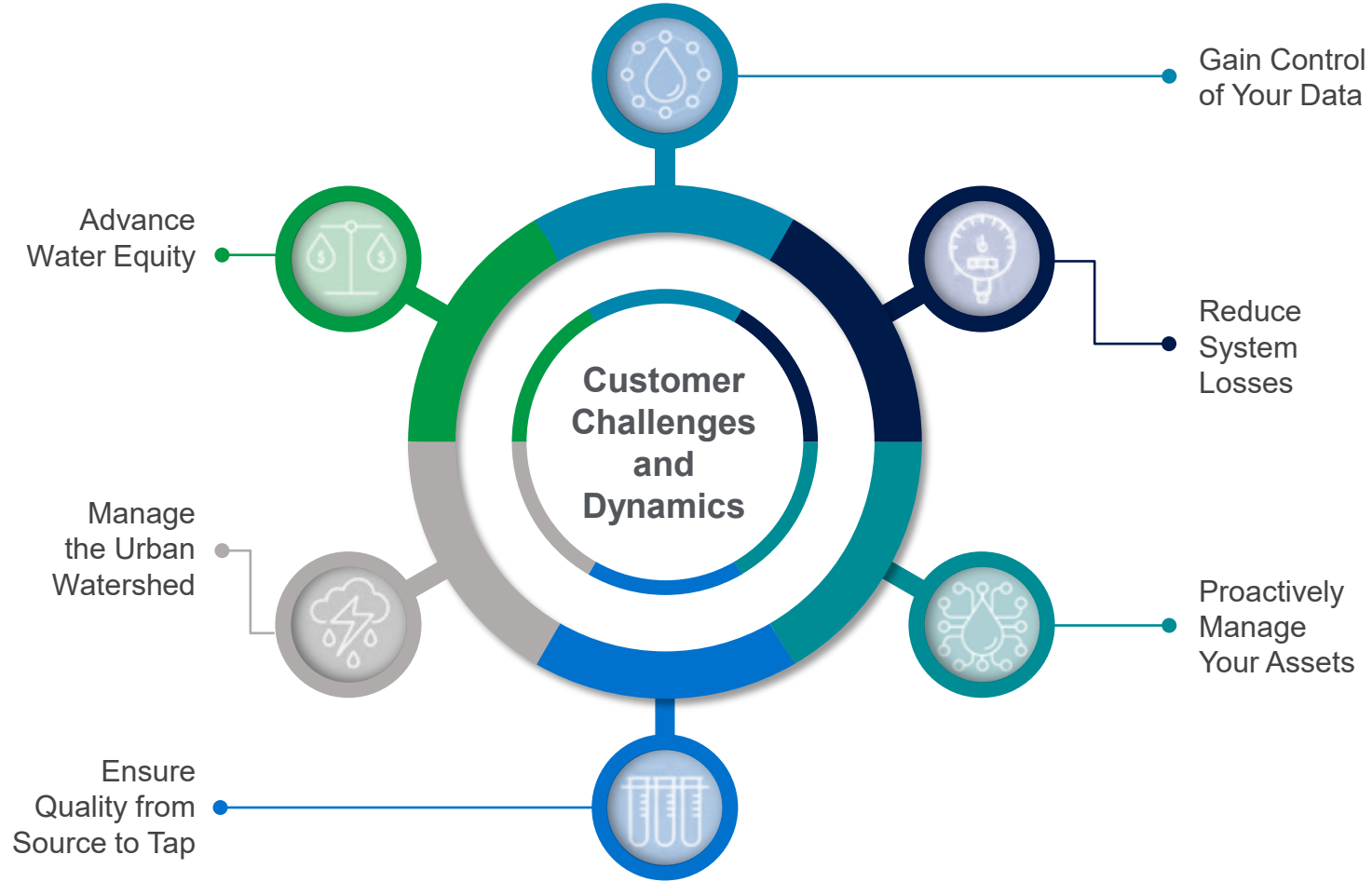


\$40B of clean water is lost annually⁴ due to broken infrastructure or unauthorized use, driving water prices higher

Leverage Industry-leading Technology and Solutions to Solve Water

Use Power of Data, AI, and ML to Help Utilities Extend Life of Existing Infrastructure

Customers Are Implementing More Efficient Solutions But Need Help Getting There



DESIRED CUSTOMER OUTCOMES

- Reduce non-revenue water
- Lower potential capital spend
- Minimize impact of climate events
- Reduce the cost of safely reclaiming wastewater
- Sustainably align system operation with stakeholder policy objectives

Xylem Snapshot (NYSE: XYL)

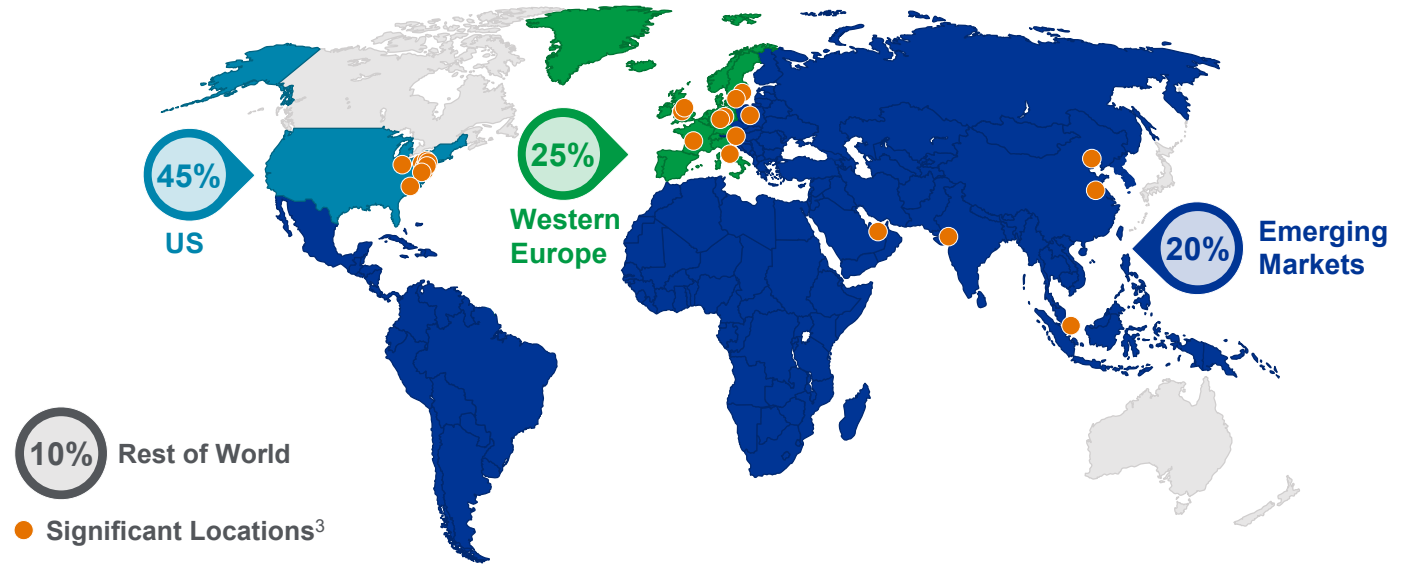
Key Statistics

Founded	2011
Headquarters	Rye Brook, NY
Global Locations	~375
Total Employees	16,000+
Water Enabled for Reuse	1T Gallons
Market Cap ¹	~\$24B

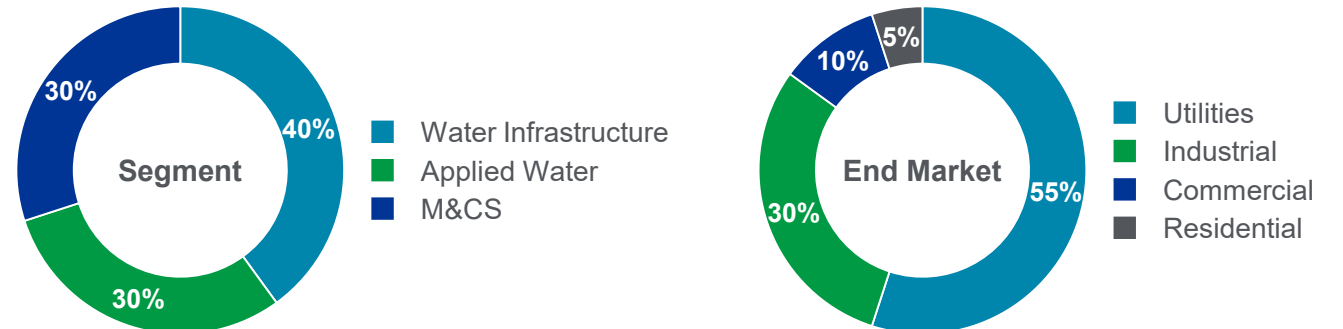
2021 Financials²

Revenue	~\$5.35B
Adj. EBITDA Margin	17.5%

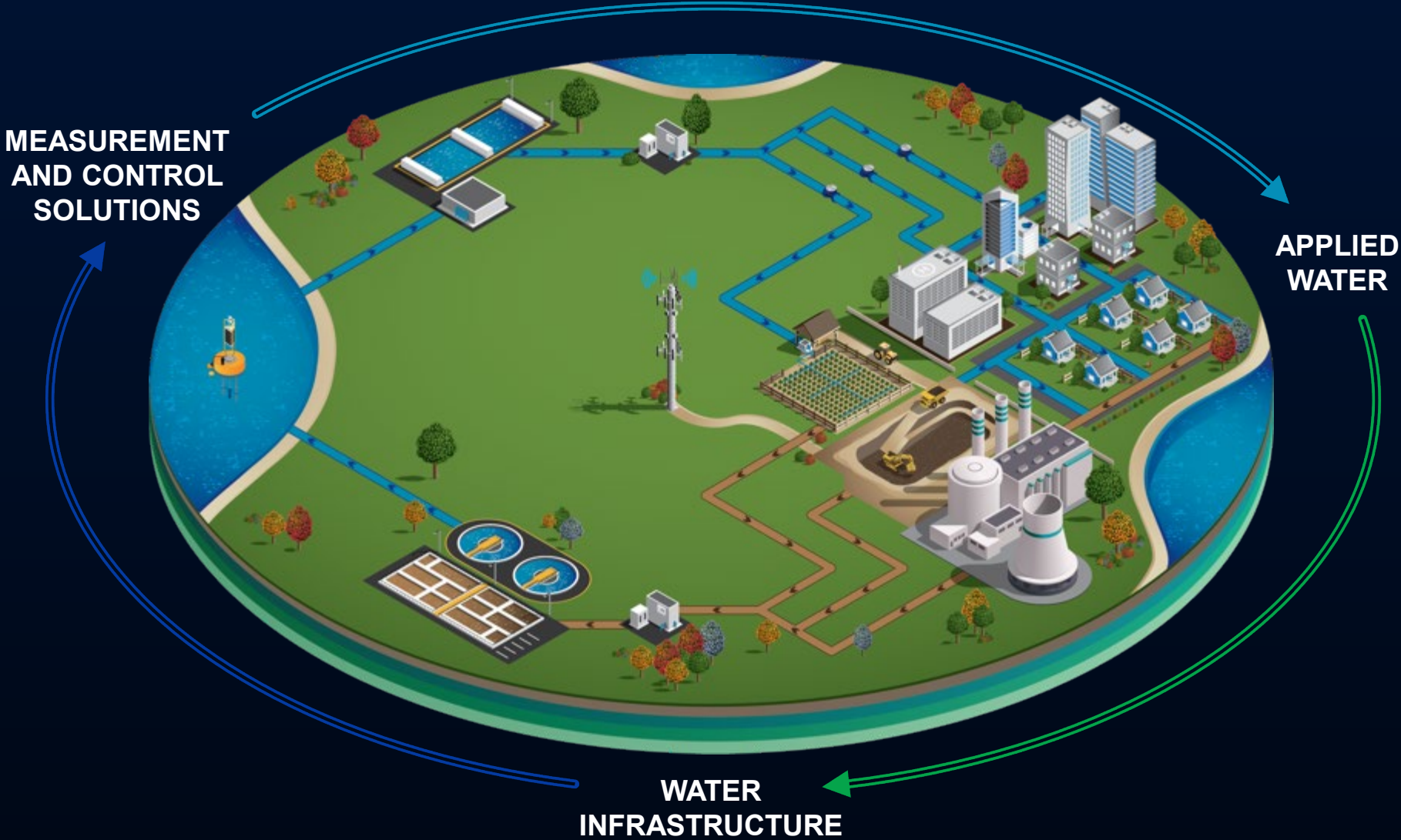
Expansive Geographic Footprint



Revenue Profile



Comprehensive Solutions Across the Water Cycle



Addressing Customer Challenges Across the Water Cycle Ecosystem with a Unique and Differentiated Portfolio of Products and Solutions

Moving Up the Technology Curve

- Leveraging organic investments through innovation and technology
- Adding digital and other cutting-edge technologies through M&A and partnerships
- Building on deep global installed base and long history of quality, reliable core products enables further optimization for customers with digital solutions

Established Foundation with Core Products



- Strong installed base
- Trusted, established customer relationships

Digital Products, Solutions, and Services



- Broad portfolio meets customers where they are
- ~35% of sales today – grow to ~50% by 2025

xylem  vue

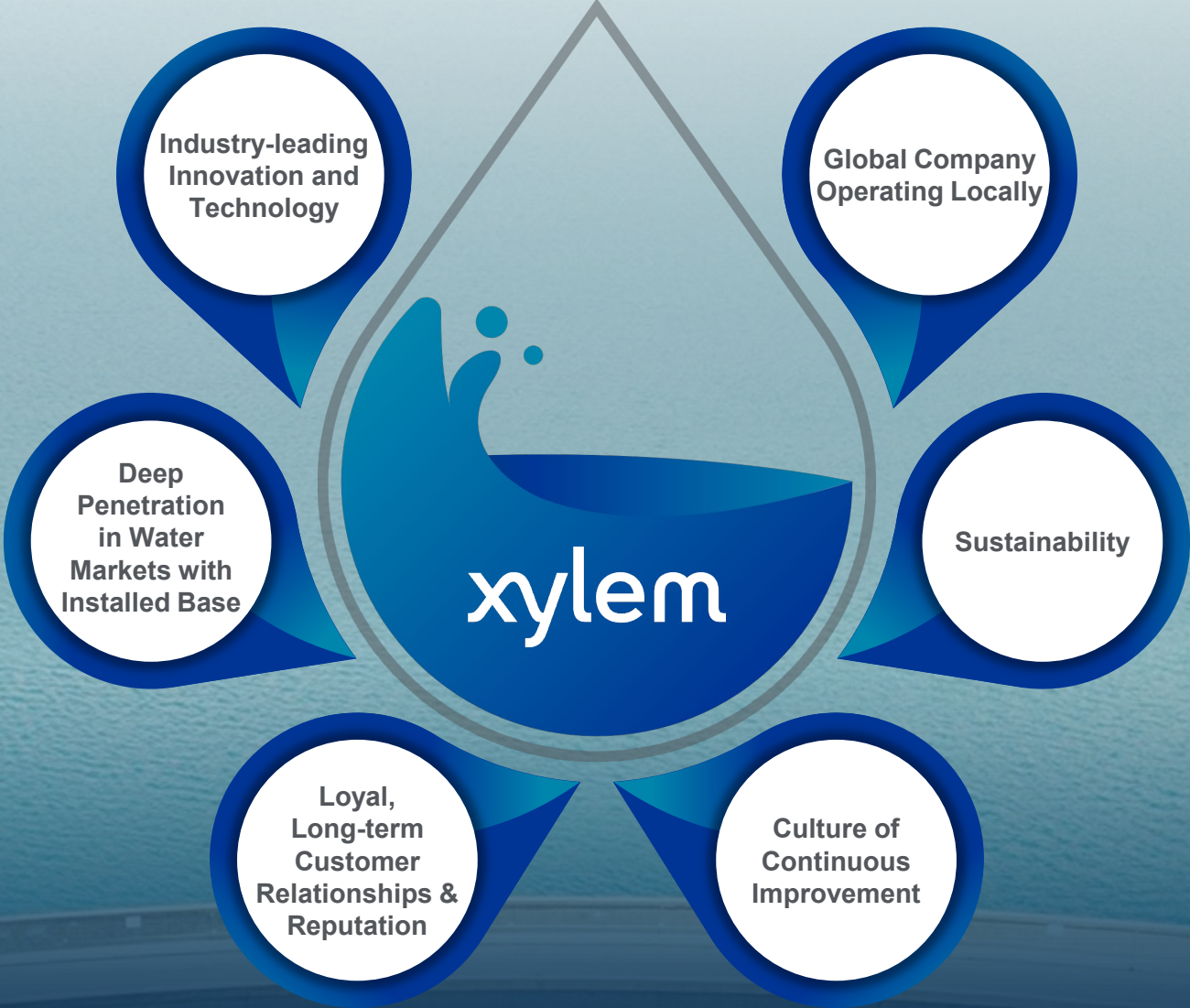


**Let's Solve Water.
Let's See How.**

xylem  vue

**First-to-Market, End-to-End Solution Ecosystem Leveraging
Hardware, Digital, and Service Capabilities for the Water Sector**

Well-positioned to Win through Our Durable and Differentiated Business Model



Sustainability is Fundamental to Who We Are and What We Do

Xylem 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 Industry Recognition

 **SUSTAINALYTICS**
ESG Risk Rating
18.1 (Low Risk)

 **ecovadis**
Gold Medal
CSR Rating

 **MSCI**
AAA
ESG Rating

 **CDP**
Water Scarcity A-
Climate Change A-

 **Newsweek**
#27 Most Responsible
Companies

 **BARRON'S**
Most Sustainable
Companies

 **Forbes**
America's Most JUST
Companies

 **100% HRC Corporate
Equality Index (2020)**

HONORED BY ACCOLADES BUT FOCUSED ON RAISING THE BAR AND OUR FUTURE IMPACT

Deepening Our Commitment to Sustainability

Our 2025 Signature Goals

SAVE

more than 16.5B m³ of water through advanced technologies that avert water loss and enable water reuse

ENSURE

100% of employees have access to clean water and safe sanitation at work, at home and during natural disasters

PREVENT

over 7B m³ of polluted water from flooding communities

RENEWABLE

energy and process water recycling at our major facilities – **use 100%**

PROVIDE

access to clean water and sanitation solutions for at least 20M people living at the base of the global economic pyramid

GIVE

1% of employees' time and 1% of our profits to water-related causes and education

Introducing Our Commitment to Net Zero GHG Emissions

- 2030: Science-based Targets
- Net Zero before 2050

UNIQUE OPPORTUNITY TO HELP OUR CUSTOMERS ACHIEVE THEIR IMPACT AND NET ZERO GOALS

Our Inclusive Culture and Purpose is a Competitive Differentiator

RECOGNIZED AS LEADING TALENT DEVELOPMENT ORGANIZATION THAT CREATES ECONOMIC AND SOCIAL VALUE



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

- 25% minorities in US leadership positions¹
- 50% gender parity in leadership positions¹

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

Inclusive culture a catalyst for innovation


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

FOSTERING DIVERSITY IS ESSENTIAL TO DRIVE INNOVATION TO SOLVE WATER CHALLENGES

Clear Long-term Profitable Growth Strategy



Core Strategic Pillars

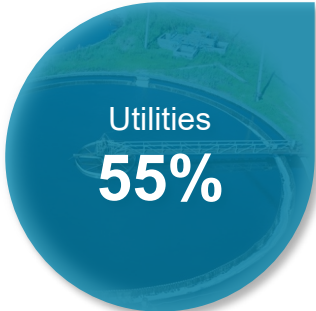
-  Enhance customer experience and accelerate water's digital transformation
-  Accelerate localization and expand coverage in underserved regions
-  Eliminate business complexity, drive cost leadership and build upon a sustainable, resilient supply chain
-  Foster diverse and inclusive culture to cultivate and retain top talent
-  Strengthen core portfolio and enable digital infrastructure

SOLVING THE WORLD'S GREATEST WATER CHALLENGES WITH OUR INNOVATIVE SOLUTIONS

Substantial Opportunities to Accelerate Organic Growth

DRIVERS

2021-2025 CAGR



- Need for resiliency, replacement of aging infrastructure, and rising regulations
- Adoption of digital technology to reduce customer’s capital requirements
- Solutions selling and pull through for lifecycle services¹

XYL: HSD
Mkt: MSD



- Focus on underserved segments and geographies
- Solutions selling and pull through opportunities
- Increased demand for sustainable and energy efficient solutions

XYL: LSD to MSD
Mkt: LSD to MSD



- Increased demand for sustainable and energy efficient solutions
- Leverage our large installed base in developed markets
- Infrastructure growth and urbanization in emerging markets

XYL: LSD to MSD
Mkt: LSD

¹ Includes rental, spare parts, and asset maintenance and commissioning. Note: Low Single Digit (LSD), Mid Single Digit (MSD), and High Single Digit (HSD).

Disciplined M&A Focused on Building a Platform to Provide Greatest Value to Customers and Communities

Strategic Filters

Focusing on Most Attractive Areas of Water Sector – Accretive, Faster Growth Where Technology is Provided

Systems Intelligence



Industrial Water



Strengthen Our Core



~\$4B OF CAPITAL DEPLOYMENT CAPACITY THROUGH 2025

Confidence in Our 2025 Milestones

4-6%
Organic Growth
CAGR

50-75 bps
Avg. Adj. EBITDA
Margin Expansion¹
per Year

100%
FCF
Conversion¹

Deep and Experienced, Global Leadership Team Accelerating Positive Momentum



Patrick Decker

President & CEO
Joined: 2014



Hayati Yarkadas

SVP & President, Water
Infrastructure (WI) and
Europe Commercial Team
2020



Matthew Pine

SVP & President, Applied
Water Systems (AWS) and
Americas Commercial Team
2020



Colin Sabol

SVP & President,
Measurement & Control
Solutions (M&CS)
2006



Franz Cerwinka

SVP & President,
Emerging Markets
2020



Sandy Rowland

SVP & CFO
2020



Al Cho

SVP, Chief Strategy &
Digital Officer
2013



Dave Flinton

SVP, Chief Innovation,
Technology & Product
Management Officer
1997



Tony Milando

SVP, Chief Supply Chain
Officer
2015



John Kehoe

SVP, Chief Information
Officer
2018



Claudia Toussaint

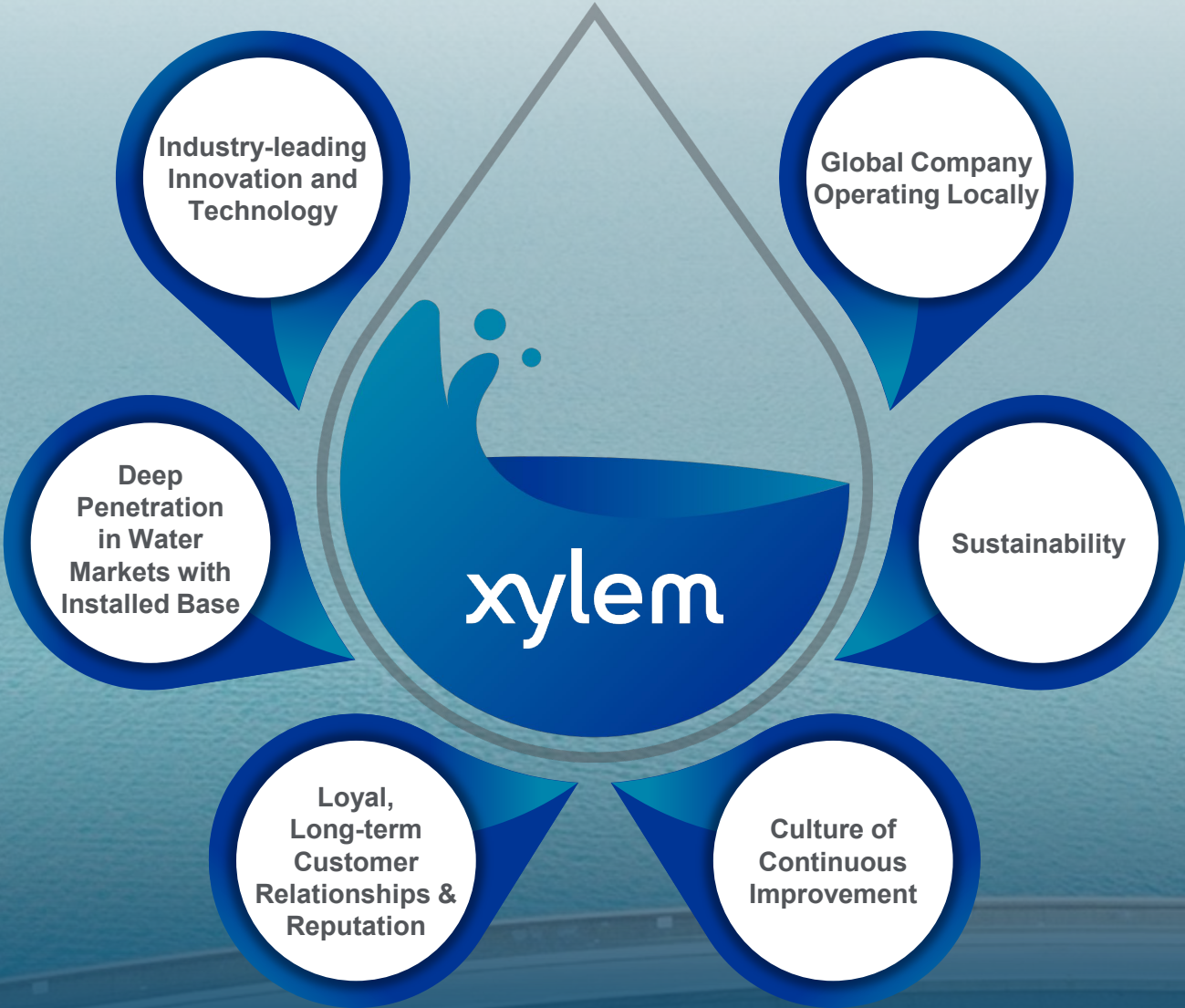
SVP, CHRO and
Sustainability Officer, and
General Counsel
2014



Joseph Vesey

SVP, Chief Marketing
Officer
2008

Why Invest in Xylem



- 1** Building on our leadership position as a water technology company with a durable business model
- 2** Benefiting from our leadership position and rising demand in sustainable, digital water solutions
- 3** Executing on clear strategy to drive above-market growth and enhance margins as our portfolio continues to digitize
- 4** Further creating stakeholder value through disciplined capital allocation; M&A is a strategic accelerator

Digital Strategy and Customer Panel

Al Cho
SVP, Chief Strategy & Digital Officer



Digital Key Messages

1 Rising water challenges are bringing digital adoption to an inflection point



2 Our market-leading digital ecosystem – Xylem Vue – builds on our unparalleled installed base, service network, and relationships



3 No company is better positioned to drive this transition – by 2025, digital is expected to approach half of our sales



Our Customers Face Colliding Imperatives

BE MORE RESILIENT

- Renew aging infrastructure
- Adapt to climate change
- Address emerging regulations

But don't miss a beat!

- Stay in compliance
- Manage your workforce
- Stay out of the news

BE MORE AFFORDABLE

- Keep rates affordable
- Widen access to services
- Address historical inequity

Delivering on Promise of Safe, Compliant, Reliable, and Affordable Water is Harder than Ever

Digital Solutions in the Water Sector Accelerate Value Creation with the Power of Data

Established Foundation with Core Products

Solutions that address water needs without monitoring capabilities



Digital Products, Solutions, and Services

Solutions across the Xylem portfolio that combine foundational technologies with sensing, monitoring and analysis to enable the use of data to improve outcomes



~35%
of Revenue
Today

Growing to ~50% of Revenue by 2025

POWERFUL PORTFOLIO BRINGING NEW VISIBILITY AND VALUE TO THE WATER SECTOR

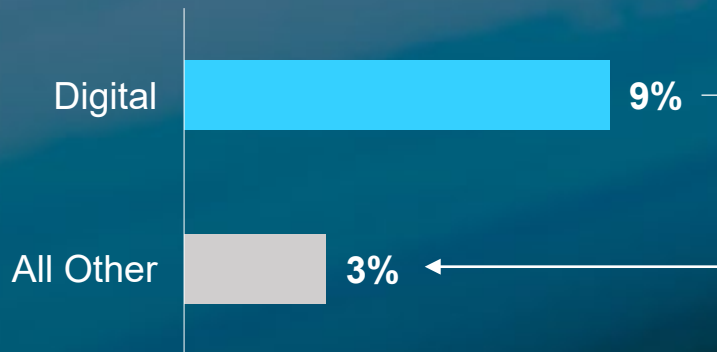
Our Customers Are Turning to Digital Solutions to Close the Gap

Digital Helps Customers Achieve Sizable Savings...

\$70B POTENTIAL ANNUAL SAVINGS FROM DIGITAL¹

...Resulting in 3x Faster Growth

Water Utility Spending CAGR¹ (2020-2025)



3x

Wastewater pumping energy reduced by **>50% ANNUALLY**

Heathrow Airport, UK

Overflow volumes reduced by **247M_{GAL.} ANNUALLY**

Metropolitan Sewer District of Greater Cincinnati

Workforce efficiency increased **75% during COVID-19**

Eastern Municipal Water District

Aeration energy usage reduced by **26%**

EWE Wasser GmbH

They Want Simple, Secure and Trusted Solutions, Not More Complexity and Risk

WHAT
Customers Want
From Digital

Compliance

Cost savings

Risk reduction

Sustainability

HOW
They Want It

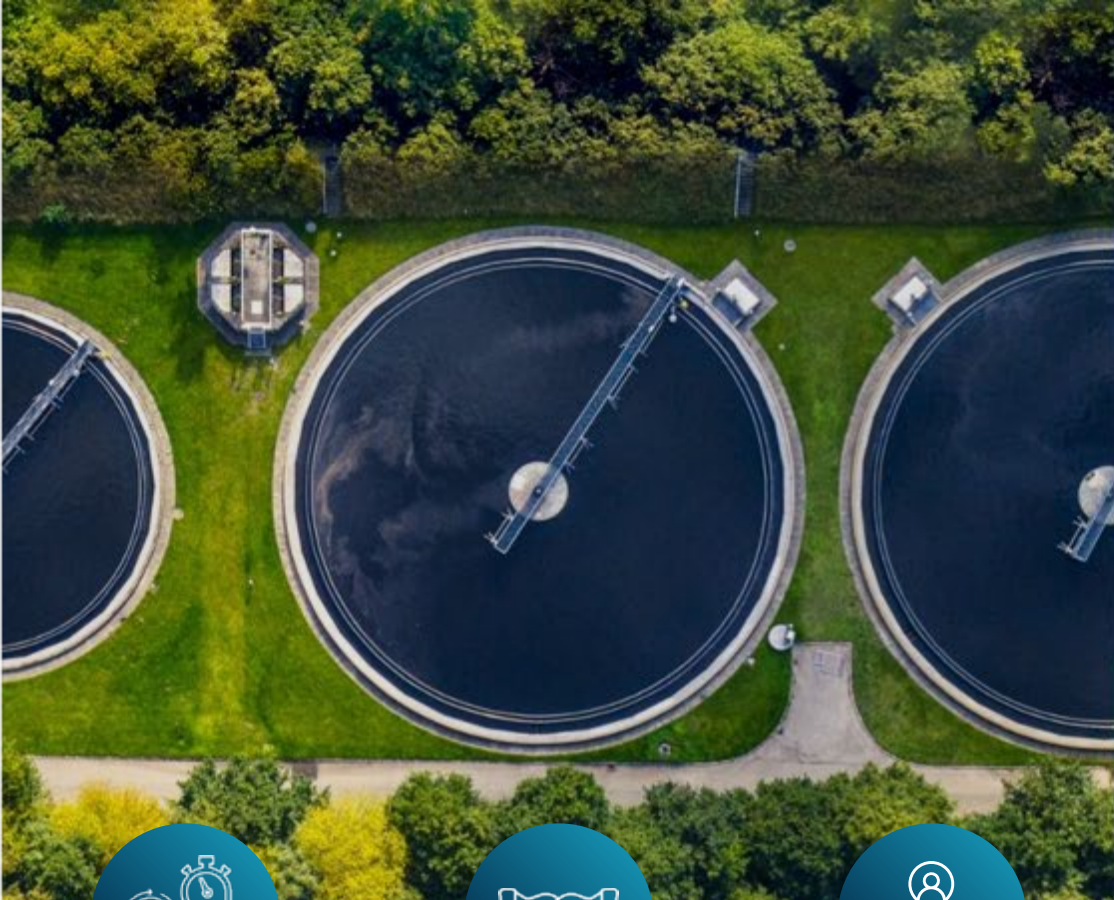
Simple

Secure

Trusted Partners

THE NEED:

A TRUSTED TECHNOLOGY PARTNER THAT MAKES IT EASY TO CAPTURE THE BENEFITS OF DIGITAL



**Let's Solve Water.
Let's See How.**



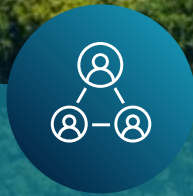
Powerful Solutions

Broadest digital capabilities



Unparalleled Channels

Global selling channels



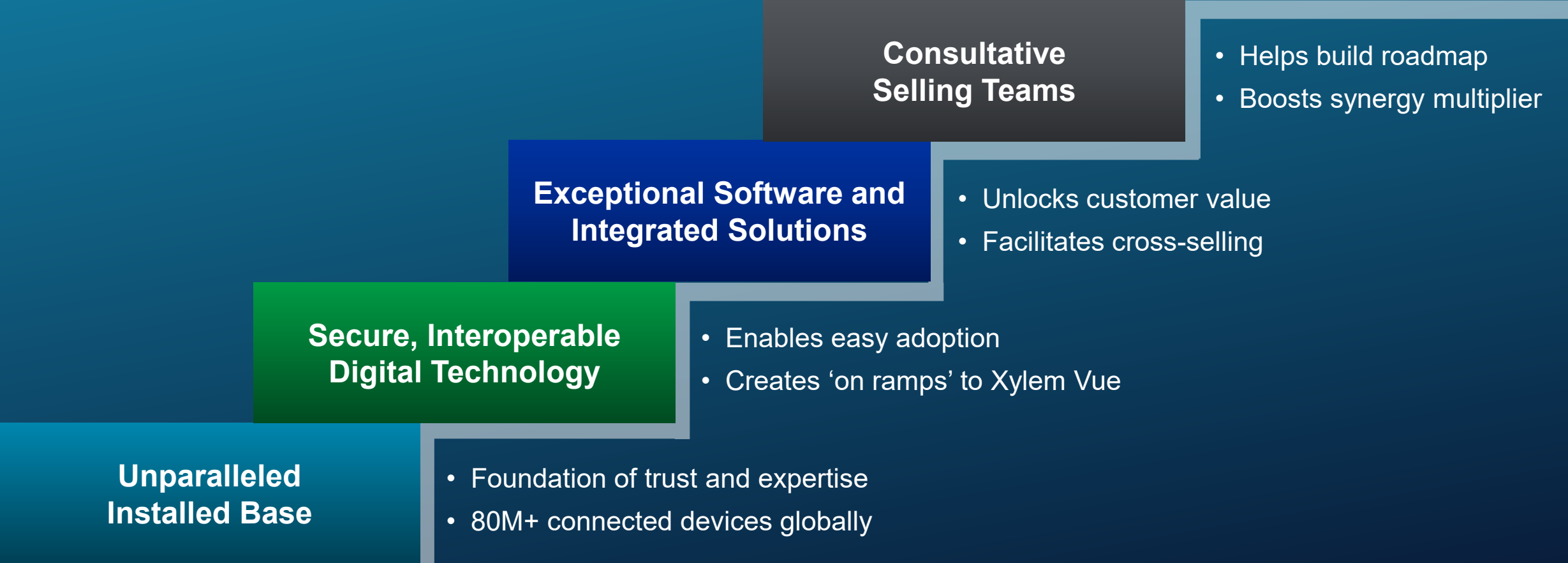
Outstanding People

Trusted relationships

xylem  vue




First-to-Market, End-to-End Solution Ecosystem Leveraging Hardware, Digital, and Service Capabilities for the Water Sector

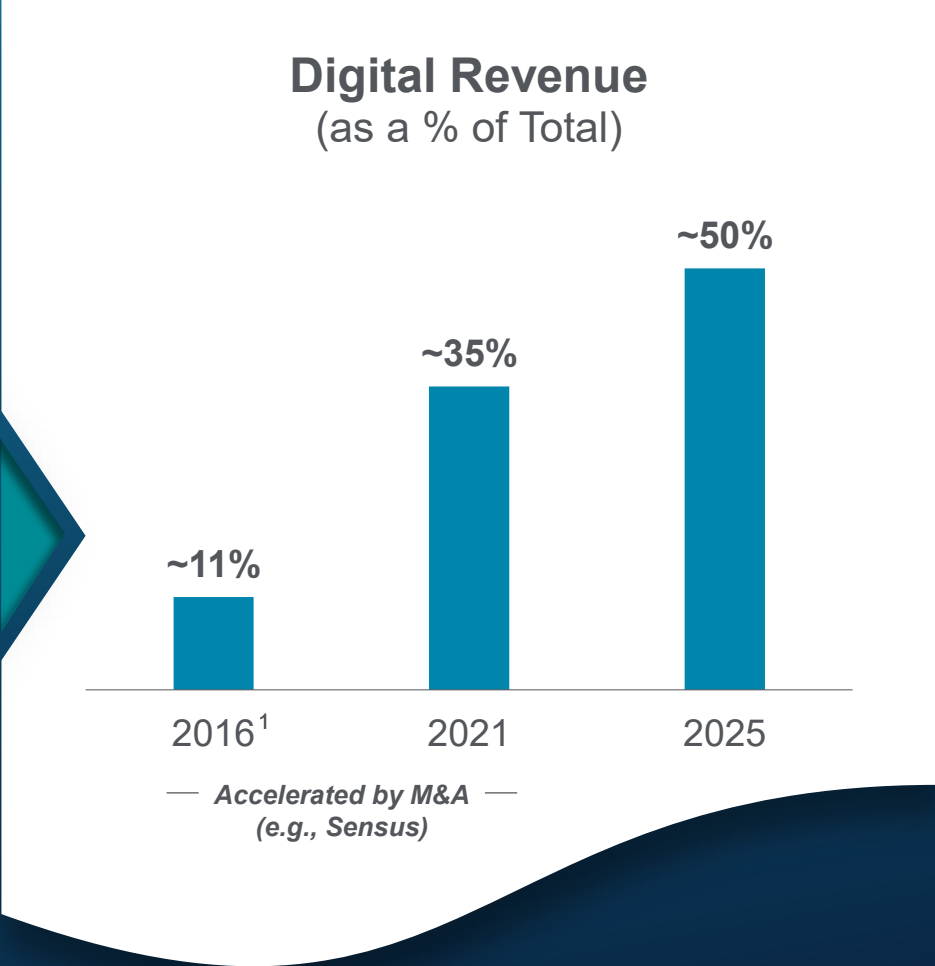
Xylem Vue Connects Our Foundational and Digital Capabilities, Creating 'On Ramps' that Meet Customers Where They Are



Our Digital Journey Will Reshape Xylem's Revenue Profile

Key Drivers of Xylem's Digital Growth

-  Global "Xylem Vue" Acceleration
-  Conversion of Growing Backlog
-  Partnerships and New Product Development



SUSTAINED TOP-LINE ACCELERATION AT ACCRETIVE MARGINS

Key Takeaways

1

Rising water challenges are bringing digital adoption to an inflection point

2

Our market-leading digital ecosystem – Xylem Vue – builds on our unparalleled installed base, service network, and relationships

3

No company is better positioned to drive this transition – by 2025, digital is expected to approach half of our sales

Today's Customer Panel



Amanda Cawby

WaterOne,
Kansas



Andrea Lanuzza

Grupo CAP,
Italy



Eric Horvath

City of South Bend,
Indiana



Darren Stanley

Thames Water,
UK



Bin Jian

Shanghai Yunhan,
Technology Group

Innovation & Technology

Innovating with a Capital 'I'

Dave Flinton
SVP, Chief Innovation, Technology &
Product Management Officer



Innovation & Technology Key Messages

1

Evolved to a more holistic and open innovation approach



2

Shifting our investment mix to Xylem Vue digital and breakthrough solutions



3

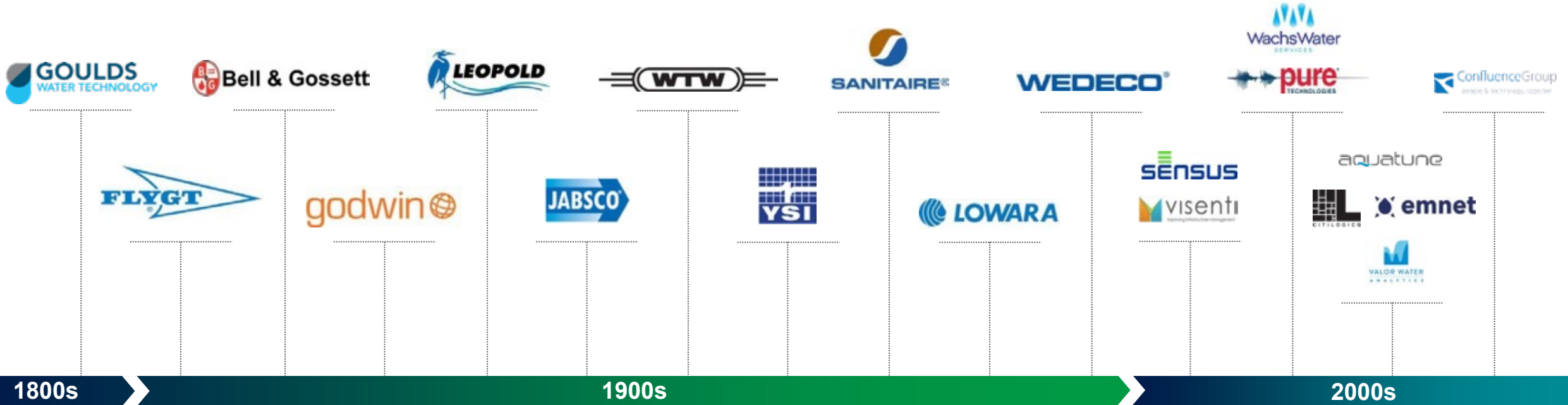
Expanding innovation capabilities in Emerging Markets



4

Innovating with a focus on sustainable solutions

Xylem is Proud of its Long History of Water Innovation



Xylem Firsts



1947 Submersible pump



1960 Dissolved oxygen meter for field and lab use



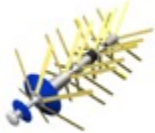
1970 Vacuum technology based self-priming diesel pump



1997 Self cleaning submersible pump



2005 Long distance rolling pipe inspection tool



2007 'Free swimming' pipe inspection tool



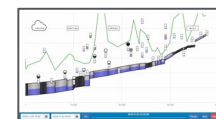
2008 Long range wireless network for smart metering



2010 Mass produced residential magnetic flow meter



2016 Submersible pump with integrated software and adaptive mixing



2017 Digital twin-based wastewater network control system

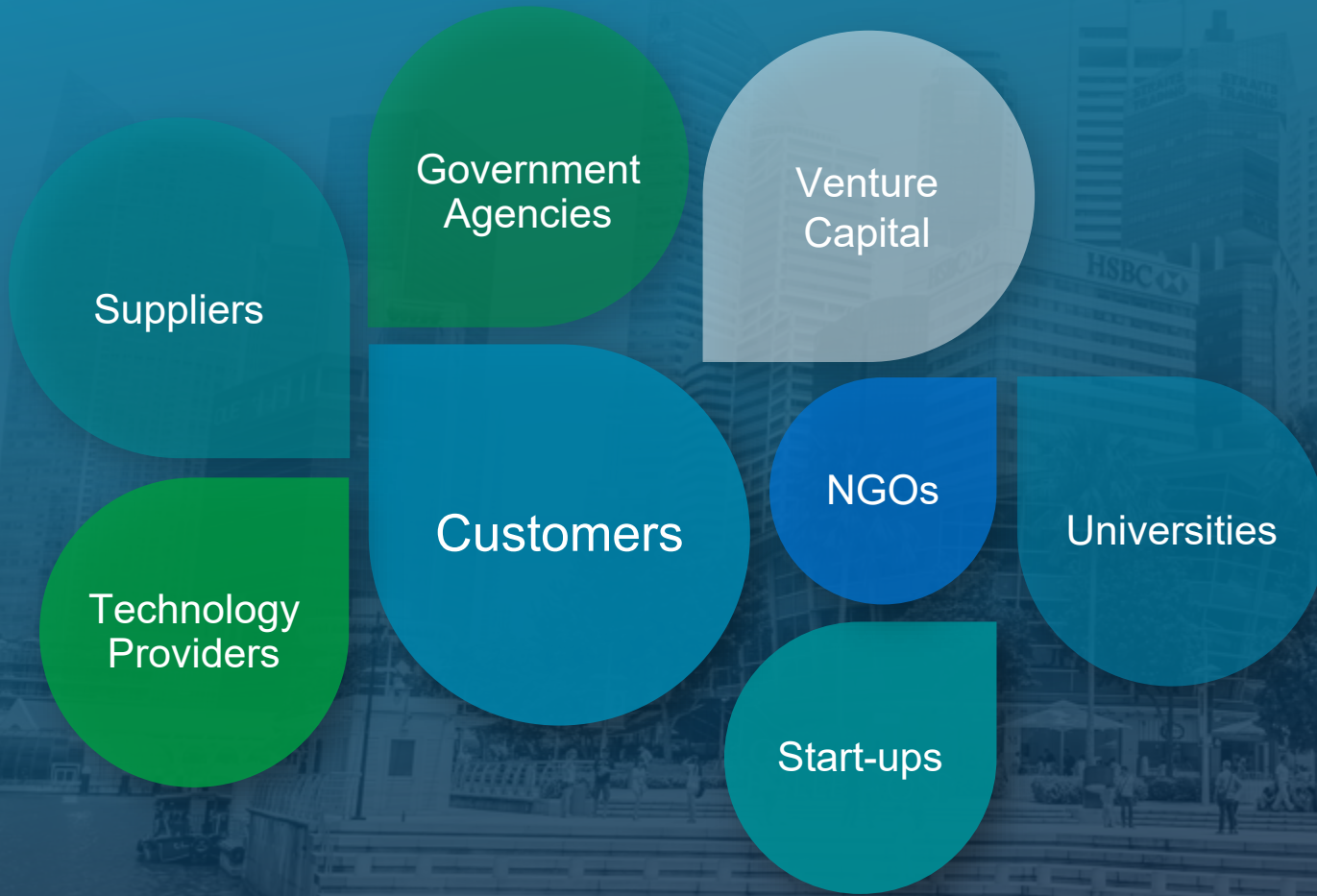


2019 Highest accuracy ultrasonic water meter



2020 Residential ultrasonic gas meter

We Are Evolving Our Innovation Approach to be More Open and Collaborative

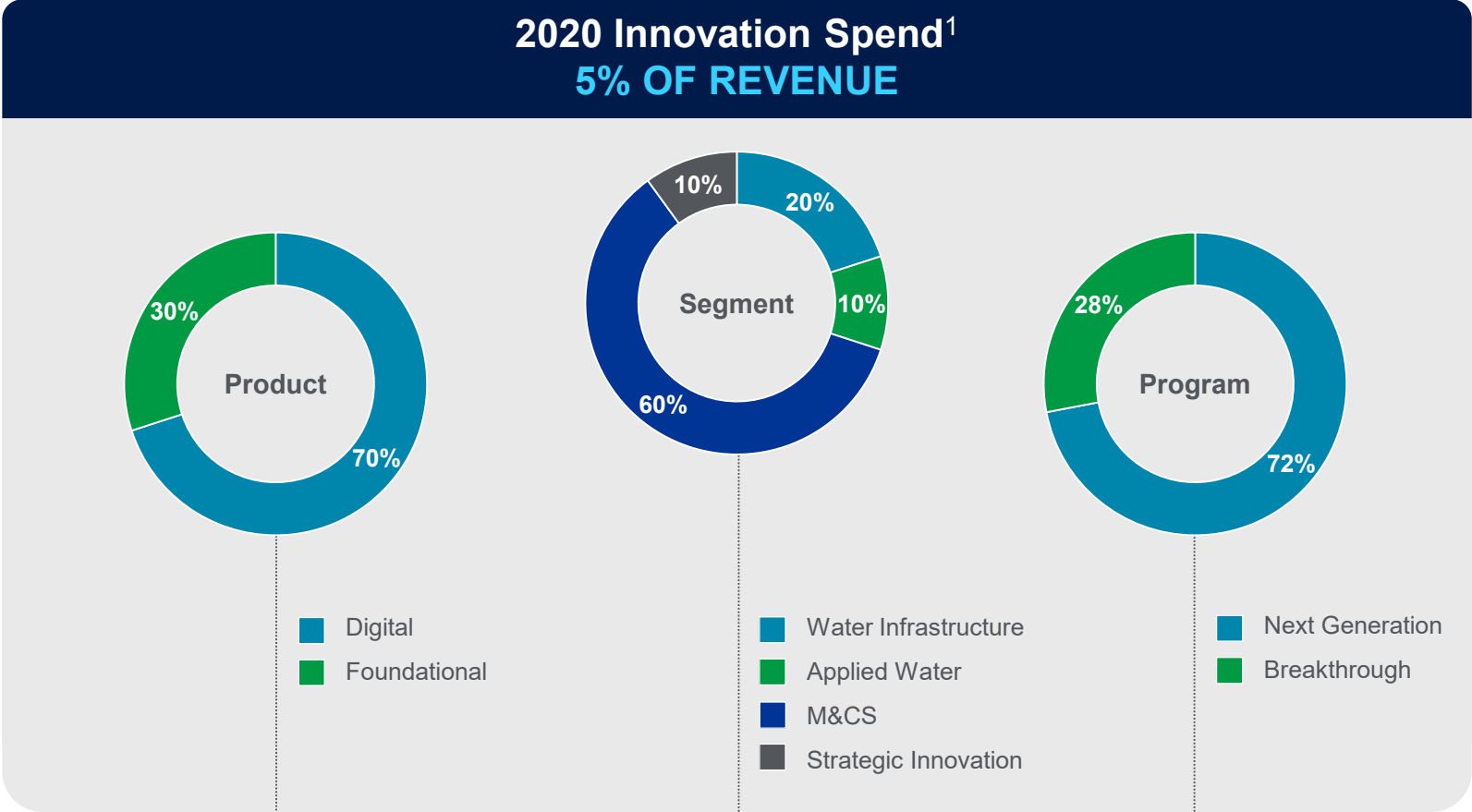


Established a **New Research & Innovation Hub** in Singapore in 2020 with support from the Economic Development Board; focus areas include **smart water networks** and **advanced treatment**

**DELIVERING MORE
BREAKTHROUGH INNOVATION
TO THE MARKET FASTER**



We Have Shifted Our Investment Mix to Deliver on Digital and Breakthrough



STRATEGIC PILLARS



Strengthen and Digitize Our Foundation



Launch More Breakthrough Solutions



Focus on Leadership and Talent

**2X BREAKTHROUGH SPENDING IN PAST THREE YEARS –
70% DIGITAL NEW PRODUCT SPEND**

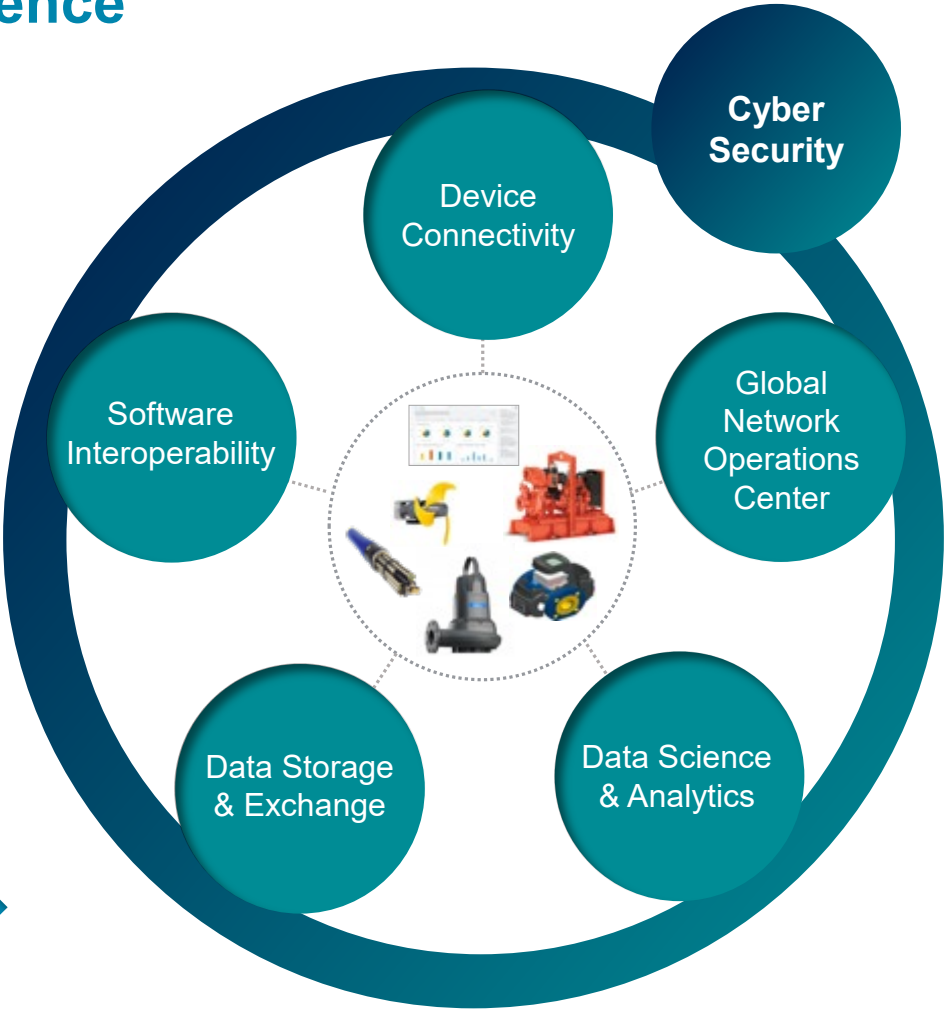
¹ Spend includes \$187M of R&D expense and \$74M of software and other capital expenditures.

We Use a Modular Approach for Digitizing Our Portfolio that Yields a Consistent, Secure, and Seamless Customer Experience

<h2>Foundation Products</h2> <p>Traditional transport, treatment, test and measurement products</p>	<h2>Vue Digital Solutions & Services</h2> <ul style="list-style-type: none">• Addition of sensing and communications• Real time insights• Remote monitoring and control• Enables service delivery
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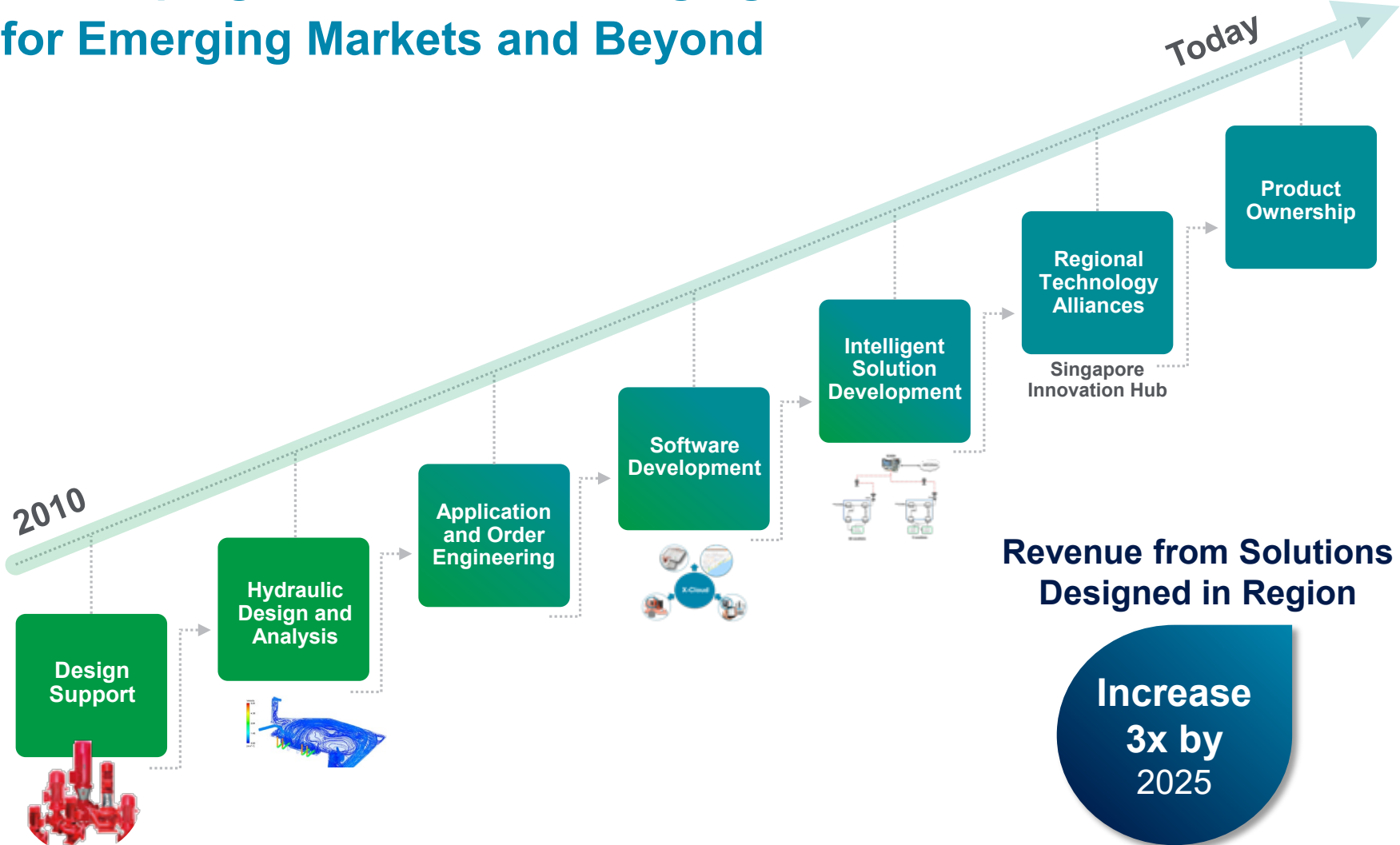


Increasing Customer Impact



DIGITAL BUILDING BLOCKS ACCELERATE TIME TO MARKET AND DEPLOYMENT AT SCALE

Developing Solutions in Emerging Markets for Emerging Markets and Beyond



UNLOCKING ADDITIONAL GROWTH OPPORTUNITIES IN EMERGING MARKETS

RECENT REGIONAL PRODUCT DEVELOPMENTS

Dewatering Value Line



Base of Economic Pyramid



Digital Water Management Platform



Introducing Xylem Innovation Labs

Scouting, Incubating, and Commercializing
Breakthrough Technologies Across
Several Key Focus Areas

Xylem Vue Digital Solutions

Carbon Reducing Technologies

Emerging Contaminants

Advanced Treatment



**EVALUATING 200+
EARLY-STAGE TECHNOLOGIES
EVERY YEAR**

PARTNERING WITH UNIVERSITIES AND START-UPS TO DELIVER BREAKTHROUGH INNOVATION

Our Innovation Approach is Delivering Solutions with Dramatic Customer Value

Taron



- New-to-world rotating disc filter
- Consolidates multiple treatment operations
- **50% reduced footprint**
- **30% reduction** of install and opex costs
- **Increases plant capacity** utilizing existing space

AquaTalk



- Digital water platform for China
- Developed using digital building blocks
- Integrates disparate data sets
- Enables real-time decisions and new services
- **Reduces opex, capex, and CO₂ emissions**

BLU-X



- Predictive wastewater network platform
- Connected devices + software + artificial intelligence + services
- **Maximizes capacity** of existing sewer system
- **Minimizes additional infrastructure needed** to address overflows

BRINGING NEW SOLUTIONS TO MARKET UP TO 3X FASTER

Enabling Innovation to Address Our Customer Needs for Sustainable Solutions

Embedding Sustainability in How We Manage and Evolve Our Portfolio



Focusing Our Innovation on Maximizing the **HANDPRINT** of Our Solutions



Minimizing the **FOOTPRINT** of Our Solutions

2025 Signature Goals



Reduce
3.5B+ m³ of non-revenue water



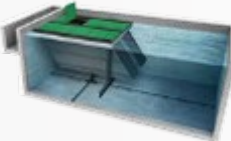
Prevent
7B+ m³ of polluted water from flooding



Treat
13B m³ of water for reuse



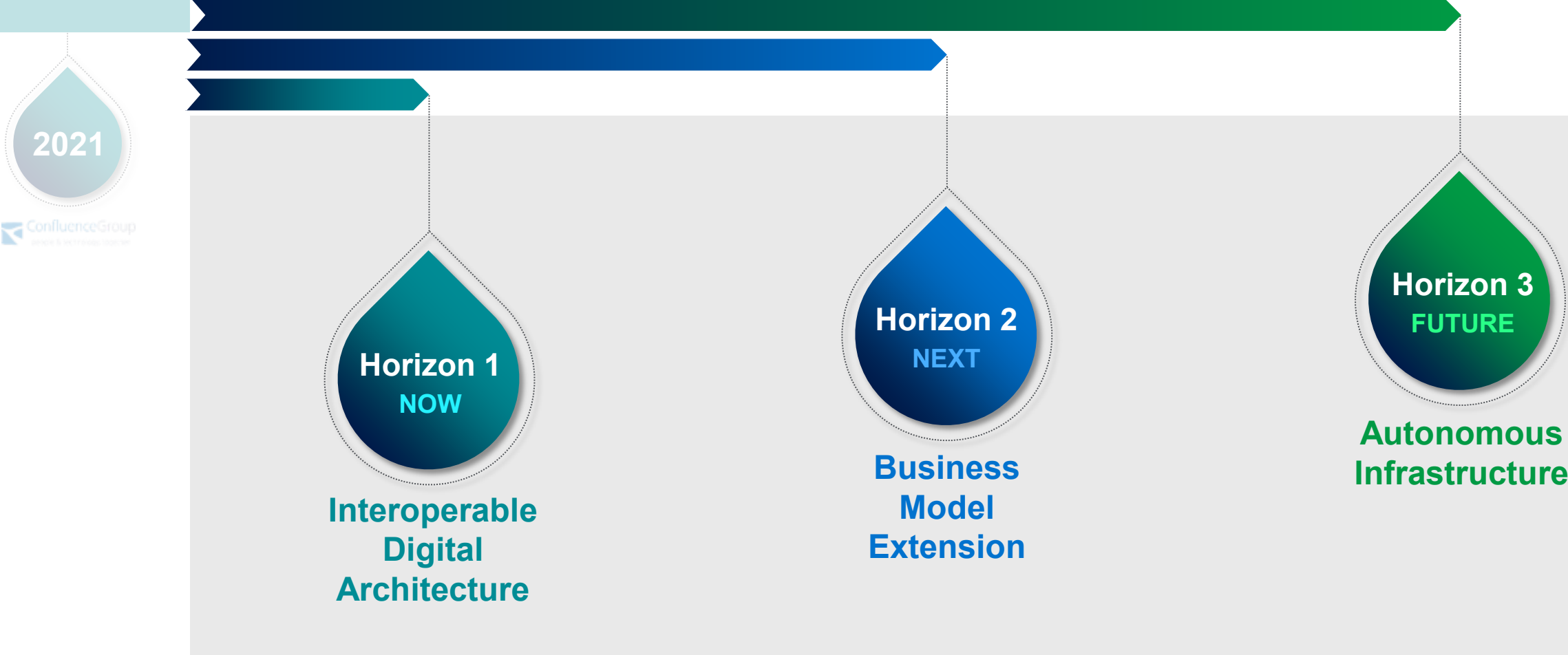
Reduce
water's CO₂ footprint by 2.8M+ metric tons



Leopold Texler Lamella Clarifier

Novel design techniques and materials used in our new Texler clarifier **reduce the CO₂ emissions** from manufacturing, packaging and transportation to site by **up to 80%**

We Have Our Feet on the Ground and Our Eyes on the Horizon



INNOVATION WILL ENABLE A MULTI-YEAR COMPANY AND INDUSTRY TRANSFORMATION

Key Takeaways

1

Evolved to a more holistic and open innovation approach

2

Shifting our investment mix to Xylem Vue digital and breakthrough solutions

3

Expanding innovation capabilities in Emerging Markets

4

Innovating with a focus on sustainable solutions

Emerging Markets

Focus on Critical Customer
Challenges to Accelerate Growth

Franz Cerwinka
SVP & President, Emerging Markets



Emerging Markets Key Messages

1 Building on strong foundation to accelerate growth



2 Expanding localized capabilities to better serve diverse customer needs



3 Continuing to establish new channels and drive geographic expansion



Significant Opportunity in Emerging Markets

Focusing Our Investments to Drive Growth in Emerging Markets



~75%

Global Population Located
in Emerging Markets



~80%

of Wastewater Untreated
1.8B People with
No Access to Sanitation¹



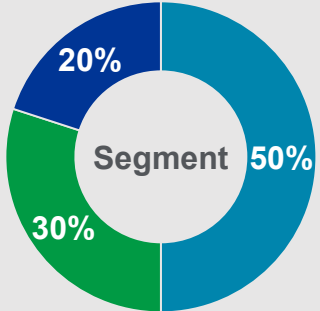
~785M

People Without Access
to Safe Drinking Water²

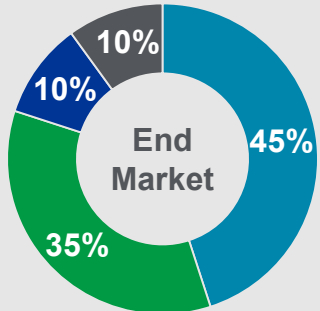
**WATER CHALLENGES ARE A TOP PRIORITY IN EMERGING MARKETS...
DRIVING SIGNIFICANT, MULTI-YEAR INFRASTRUCTURE INVESTMENTS**

Emerging Markets: Global Company Operating Locally

2021 Revenue Profile
\$1.1B

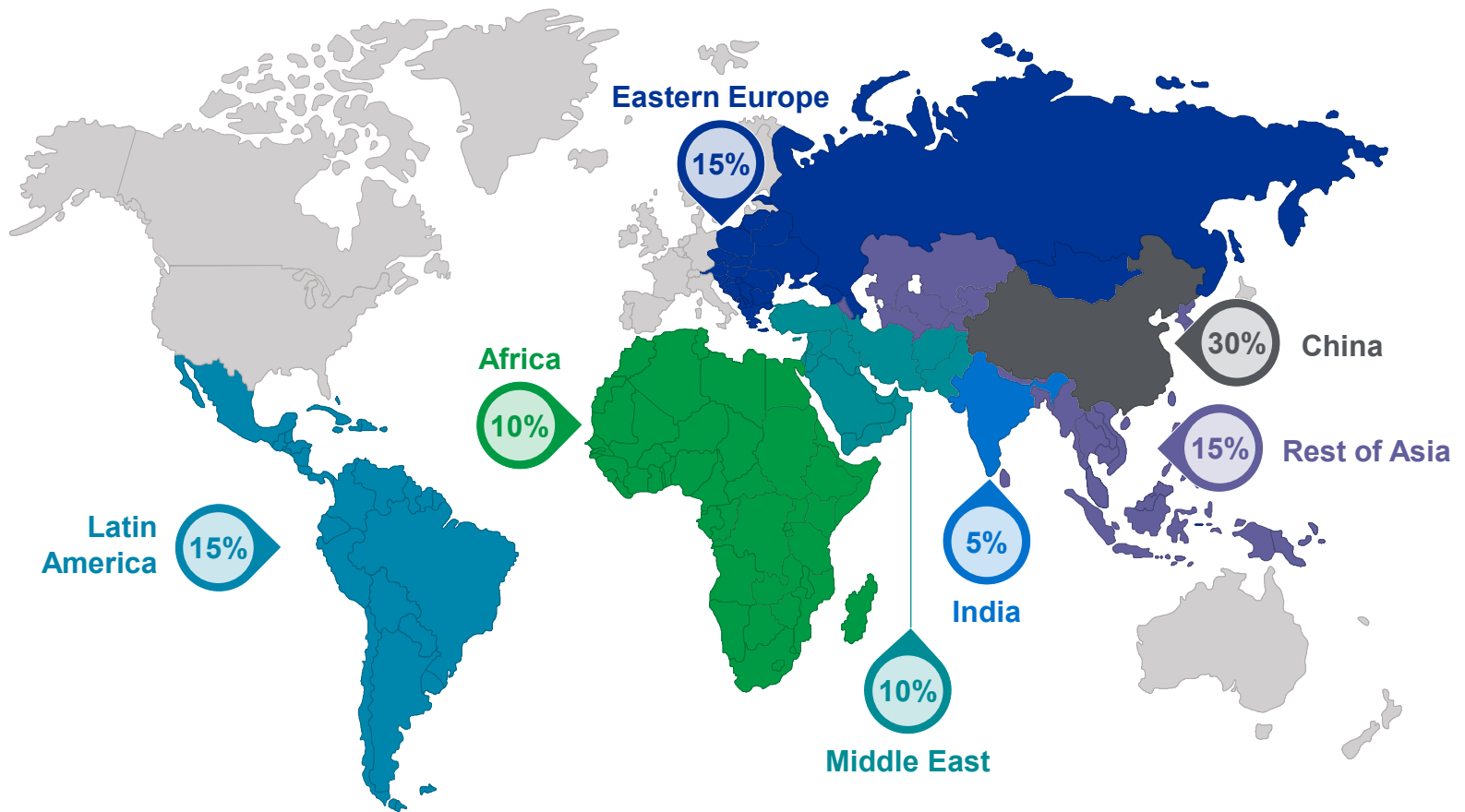


- Water Infrastructure
- Applied Water
- M&CS



- Utilities
- Industrial
- Commercial
- Residential

% of EM Revenue



Driving Our Leadership Position with Core Strengths; Opportunity for Expansion

Extensive Portfolio

Providing End-to-End
Solutions



Our Solutions Bring
**Environmental and
Social Benefits**



Global Company
Operating Locally



WELL-POSITIONED IN EMERGING MARKETS WITH SIGNIFICANT ROOM FOR FURTHER GROWTH

Focused on the Largest Growth Opportunities in Emerging Markets

Market Drivers/Customer Challenges



- Drinking water quality standards
- Resiliency for extreme weather events
- Watershed management
- Wastewater treatment



- Infrastructure investments in irrigation and municipal
- Resiliency for extreme weather events
- Government initiatives drive localization



- High population growth and urbanization
- Global demand for commodities driving mining investment
- Improved environmental policies

How We Are Addressing



Provide fit-for-market solutions by localizing products and expanding local innovations



Build new channels and drive geographic expansion



Leverage Xylem Vue

UNLOCKING GREATER GROWTH BY MEETING CRITICAL CUSTOMER CHALLENGES

CASE STUDY: Drepung Monastery in Tibet

Background

600-year-old monastery, the largest in Tibet, at 12,800 feet above sea level, faced many water challenges

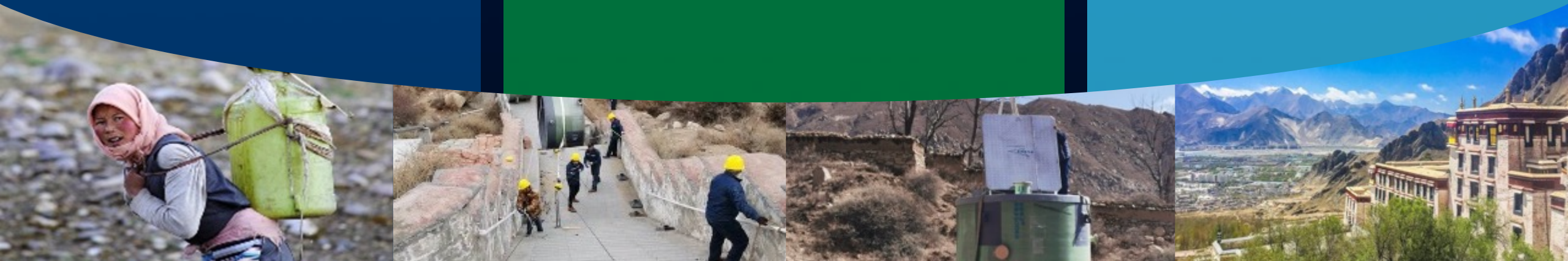
- Accessibility
- Scarcity
- Quality

Our Innovative Solution: Xylem Vue

- End-to-end integrated solution leveraging hardware, digital, and service capabilities
- Solved for water supply, treatment, leak detection and monitoring challenges
- Digital served as a catalyst for other products and technologies employed

Outcomes

- ✓ Remote monitoring
- ✓ Uninterrupted supply
- ✓ Clean, reliable drinking water



XYLEM VUE ENABLES COMPREHENSIVE SOLUTION SELLING

Sustainability in Emerging Markets

Linking Our Signature Goals to Long-term Growth Strategy



REDUCE

over 3.5B m³ of non-revenue water, equivalent to the domestic water use needs of over 55M people annually



Mini Case Study

Utility in SE Asia Partnered with Xylem to Develop Monitoring Program to Prevent Premature Asset Failure

Background

- Public utility serving 8.4M residents and managing over 6200 km of water pipelines
- Concerns about aging infrastructure given high rate of water loss: 33%+

Xylem Solution

- Xylem Water Loss Management – real-time monitoring for leaks, bursts, and surges to help prevent premature asset failure across the system

Outcomes

- Contributing to reduction in water loss to ~28%
- Identifying 2 leaks per week, with 295 found since 2018



Financial Milestone through 2025 and Key Takeaways



- 1** Building on strong foundation to accelerate growth
- 2** Expanding localized capabilities to better serve diverse customer needs
- 3** Continuing to establish new channels and drive geographic expansion

Living a Continuous Improvement Culture

Tony Milando
SVP, Chief Supply Chain Officer



Continuous Improvement Key Messages

1

Executing strategy as planned with significant progress made on key priorities

2

Continuous improvement is our DNA and the Xylem Production System (XPS) provides an enhanced toolkit for sustained operational progress

3

Driving cost leadership remains a central margin expansion theme

4

Protecting our planet and ensuring improved resiliency are keys to building a sustainable supply chain



Three Key Pillars Focused on Driving Operational Excellence



Business Simplification

- Realize full value of Global Business Services
- Standardize disciplined working capital management



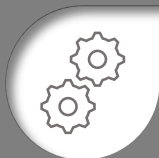
Driving Cost Leadership

- Capture procurement's full potential
- Attacking conversion costs through network rationalization and technology (I4.0) leverage



Expanding Our Sustainable Supply Chain

- Protecting the planet for the future
- Building resilience within our supply chain



Continuous Improvement Underpins Everything We Do

Reshaped Company Culture through Our CI Program

A Solid Foundation Engaging the Full Company

	2015	2020	2025
CI Events (Kaizen)	75	1,700	2,200
Point Kaizen	N/M	24,000	100,000
Leaders Trained	<10%	98%	100%
Savings as a % of Addressable Cost	2.9%	3.2%	4.0%
Certifications	750	1,150	1,500

Impact on Culture

2020 CI Engagement Beyond Factory Floor

- **Process:** Hosted 360 virtual Kaizen events
- **Customer:** Conducted 350 virtual witness tests
- **Planet:** Improved Sustainable packaging

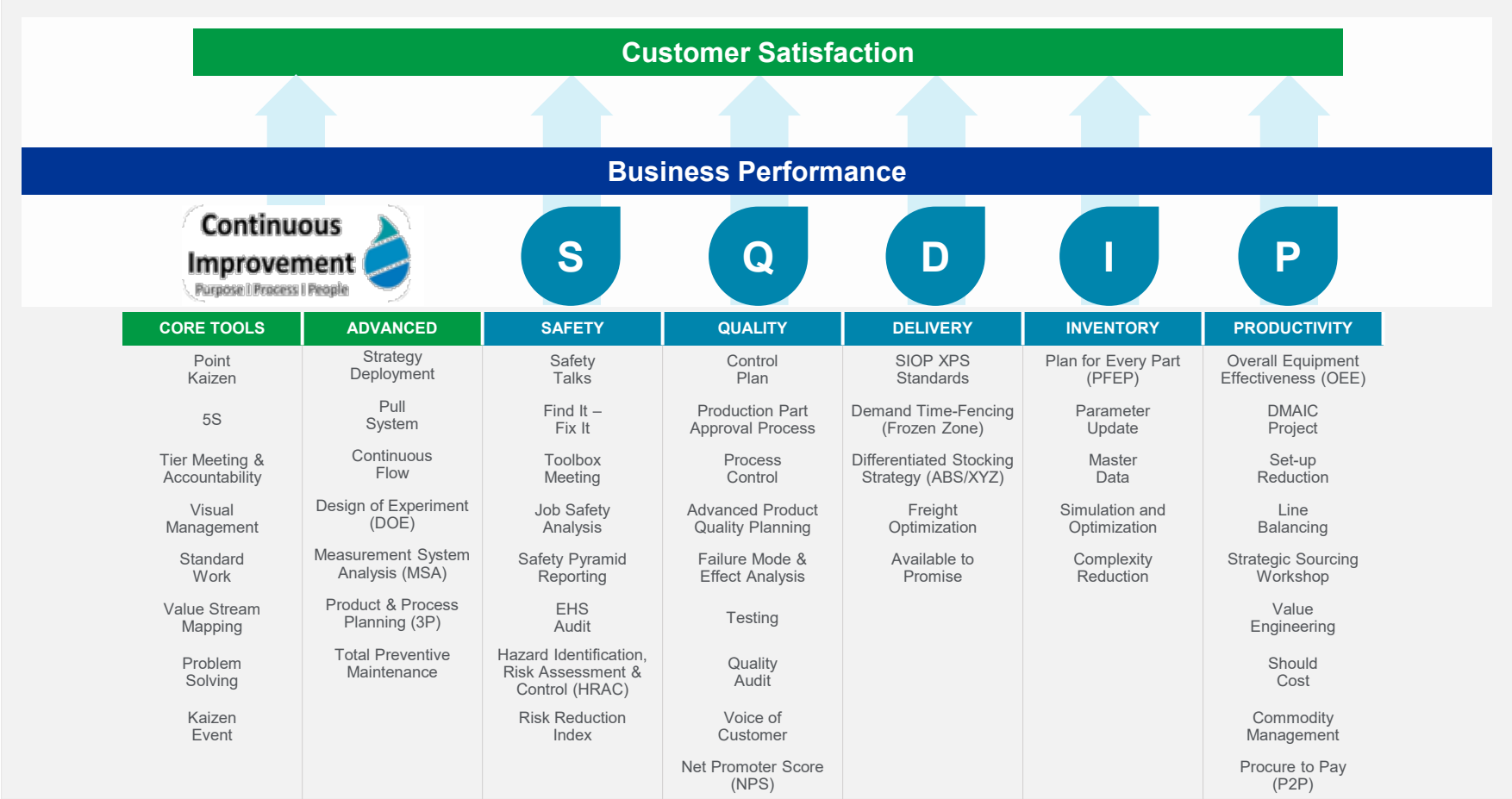
Driving Future Benefits

- Full deployment of the Xylem Production System
- Deepen supplier engagement
- Continue back-office simplification

ENGAGING EVERYONE, EVERYDAY THROUGH CAPABILITIES BUILT FOR NEXT LEVEL IMPROVEMENT

Xylem Production System (XPS) is “How We Work”...

- ## HIGHLIGHTS
- Implemented in 2020
 - Standards of excellence
 - Maturity models and improvement roadmaps
 - Implemented across top 25 manufacturing sites
 - Expanding to service network



ROOTED IN CONTINUOUS IMPROVEMENT AND DRIVING OPERATIONAL EXCELLENCE ACROSS OUR FACILITIES

XPS Impact: Shanghai, China – Filtration Sand Supply

CHALLENGES

- Projects delayed due to late deliveries of treatment sand media
- All-land logistic was expensive
- Bulk shipment direct to customer resulted in high scrap yield

Metrics	Before	After	Change
On Time Delivery	88%	98%	+10%
Cost/KM	\$.09	\$.07	-23%
Filtration sand loss yield	2%	<1%	-50%
Project Savings	\$585K (USD)		

SOLUTION

- Established stocking hub close to customers
- Optimizes freight via bulk ocean shipments
- More accurate order quantity resulted in less scrap



KEY ACTIONS / TOOLS

- ✓ Problem Solving
- ✓ Visual Management
- ✓ Complexity Reduction
- ✓ Freight Optimization
- ✓ Available to Promise
- ✓ Stock Management



BENEFITS

- ✓ Improve Lead Time
- ✓ Reduce Inventory
- ✓ Improve Delivery
- ✓ Cost Reduction

Realizing Value from Global Business Services


2017 Functional Pain Points

- No global HR system
- Lack of centralized data
- Indirect spend management
- 150 ERP versions
- Inefficient core finance processes
- Enterprise performance visibility

Achievements to Date


HR

Compensation, Performance Planning

- ✓ All 16,000+ employees in 
- ✓ Significantly improved visibility

Procurement

Enterprise-wide Indirect Catalogue Ordering

- ✓ 40,000 transactions processed/yr 
- ✓ \$30M savings / ↓ 10% supplier count

Finance

Centralization of Transactional Activities

- ✓ Improved AR Quality – 15% Past due ↓
- ✓ Developed simplification blueprint

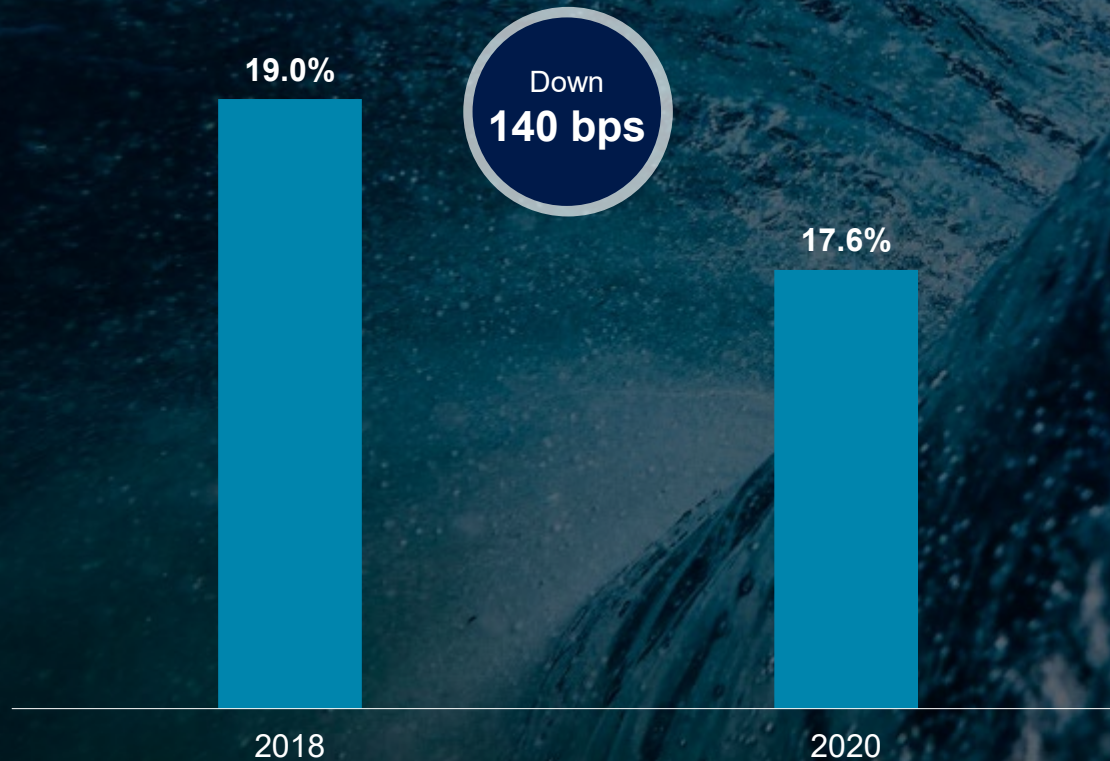
Future State – 2025

- ✓ Expand to emerging markets
- ✓ Analytics for improved business insights
- ✓ Leverage robotic process automation
- ✓ \$15-20M annualized cost savings
- ✓ Centralize to accounting hubs
- ✓ Agile IT solutions

ADDRESSING COMPLEXITY AND DRIVING BACK-OFFICE EFFICIENCY AT SCALE

Disciplined Working Capital Management Resulting in Top Quartile Performance

Historical Working Capital¹



CONTINUED FOCUS TO DRIVE LOWER WORKING CAPITAL

Top Quartile Working Capital Among Peer Group² Drivers of Improvement

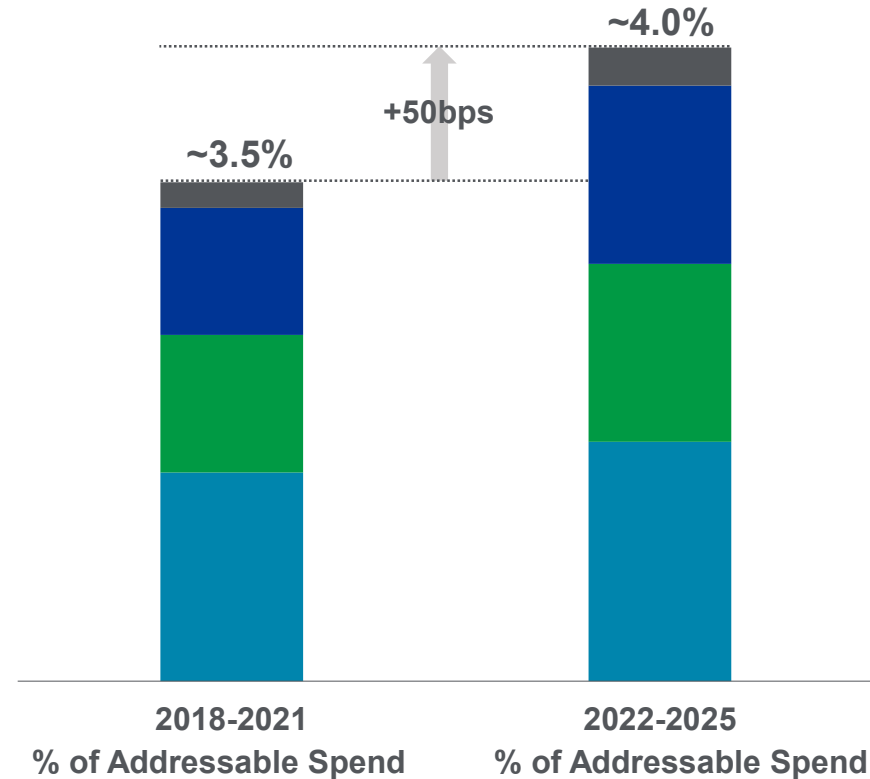
- Working Capital part of incentive plan since 2017
- Standardizing and simplifying global management practices
- **Accounts Receivable**
 - Customer risk profiling a Gartner best practice
 - Sustained AR performance improvements
- **Inventory**
 - More robust SIOp with extended planning horizon
 - Plan for Every Part, including AI system support
- **Accounts Payable**
 - Expanded financing program
 - Shared service improved “tail” management

Continue to Drive Cost Leadership

GROSS PRODUCTIVITY¹ DELIVERY – AVERAGE SAVINGS

2018 – 2021 Key Accomplishments

- 55% of tariffs mitigated
- Supplier rationalization ↓10%
- Supply base localization
- Footprint rationalization
- 5,400 CI events
- Should costing / supplier CI
- Launched the XPS



- **Industry 4.0 / Conversion Costs**
Site Assessments, Automation, Robotics, Visibility
- **Network Rationalization**
Footprint Reduction, Increase Local Manufacturing
- **Continuous Improvement**
Mature XPS, Enhanced Training, Everyone Everyday
- **Procurement**
Digital Transformation, Low-cost Sourcing, Value Engineering

ROBUST PRODUCTIVITY SAVINGS FROM ONGOING INITIATIVES TO OFFSET INFLATION

Focused on Sustainability in Our Operations and Supply Chain

In Our Facilities¹...

- Closed loop process water project
- Drive sustainable packaging
- Certified clean energy purchases

2025 Goals:

100% Renewable Energy

100% Recycled Process Water

Zero Waste to Landfill

...and with Our Supply Partners

- Fleet electrification, recyclable packaging
- Disclosure with rating platforms
- Maturing supplier diversity program

2025 Goals:

100% Critical Supplier Sustainability Audits

60% Supplier WASH² Pledge

36% Supplier Sustainability Transparency



SUSTAINABILITY EMBEDDED IN OUR OPERATING SYSTEM

Building in Resilience in Our Supply Chain

14.0 Technology Supporting Risk Reduction

- 3D printing
- Artificially intelligent early warning platforms
 - Supplier
 - Factory

Supplier: Early Risk Identification

- Disciplined category management
- Financial risk monitoring

Manufacturing: Risk Assessments

- Business Continuity Plans in major facilities
- Table-top exercises ongoing

CASE STUDY

Water Infrastructure | 3D Technology Risk Mitigation

PROBLEM

Casting supply disruption as suppliers impacted by COVID-19



XYLEM RESPONSE

- Leverage direct and indirect additive manufacturing capability
- Printing sand molds and polycarbonate mold patterns

RESULTS

- Reduced mold lead time by 97%
- Established resilient manufacturing model supporting \$500M in product and spares sales

EXPANDING CAPABILITY TO DETECT, ASSESS, AND MITIGATE THREATS

Key Takeaways

1 Executing strategy as planned with significant progress made on key priorities

2 Continuous Improvement is our DNA and XPS provides an enhanced toolkit for sustained operational progress

3 Driving cost leadership remains a central margin expansion theme

4 Protecting our planet and ensuring improved resiliency are keys to building a sustainable supply chain

Q&A Session

BREAK

Water Infrastructure

Focused on Essential Portion of the Water Cycle with Attractive Growth and Profitability

Hayati Yarkadas

SVP & President, Water Infrastructure & Europe Commercial Team



Water Infrastructure Key Messages

1 Leverage solution selling to further resilient growth in developed markets



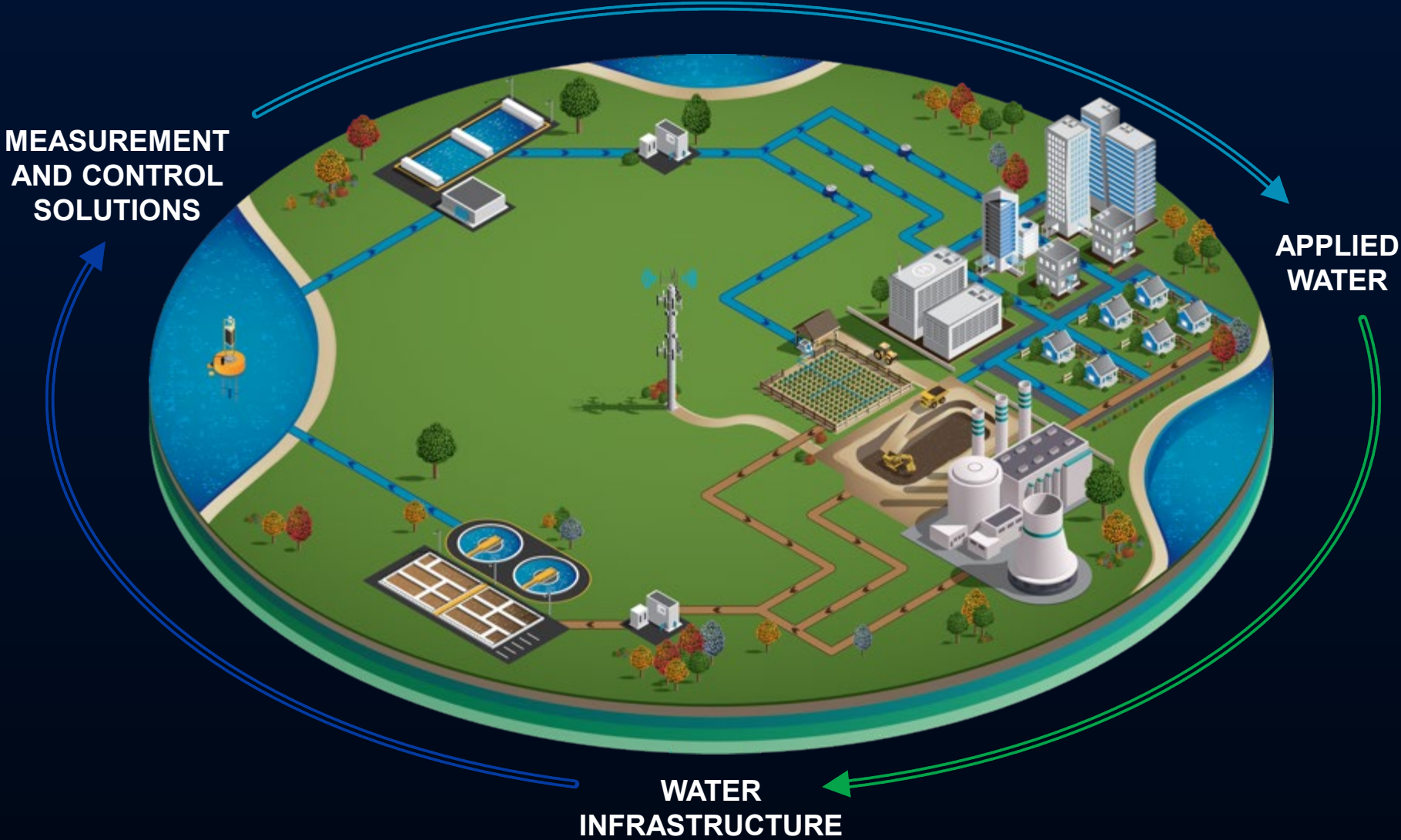
2 Accelerate growth in emerging markets through localization and expansion



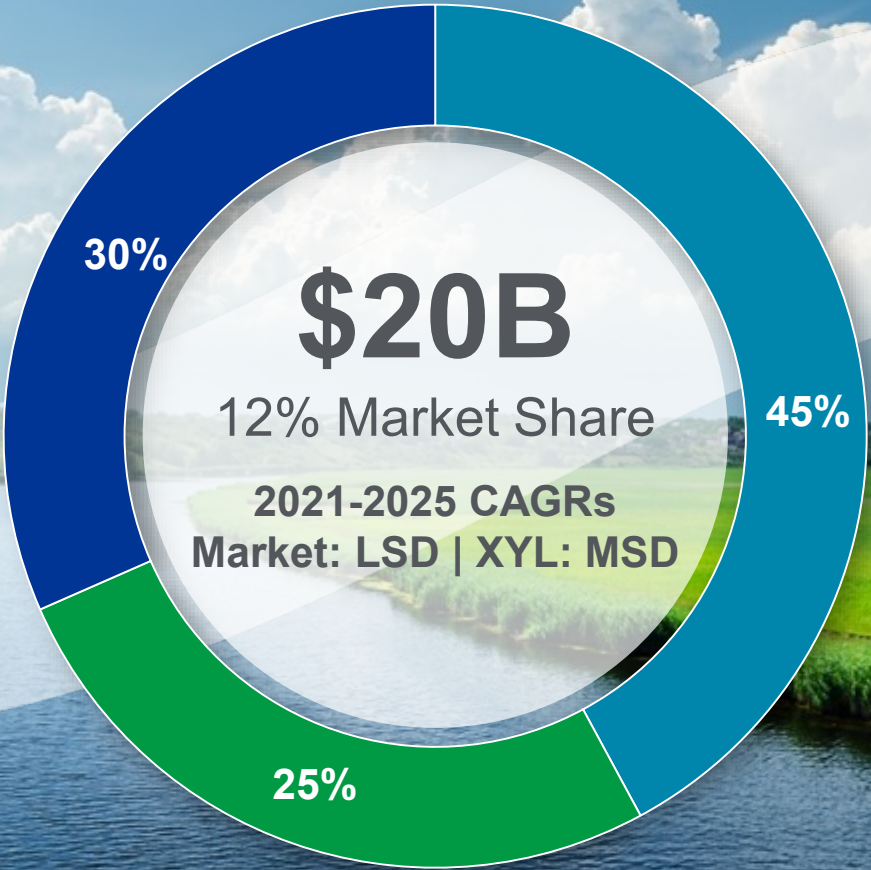
3 Connect and digitize our large installed base to drive lifecycle services¹ and enhanced margins with Xylem Vue digital solutions



Comprehensive Solutions Across the Water Cycle



Water Infrastructure Served Addressable Market



- Transport
- Dewatering
- Treatment

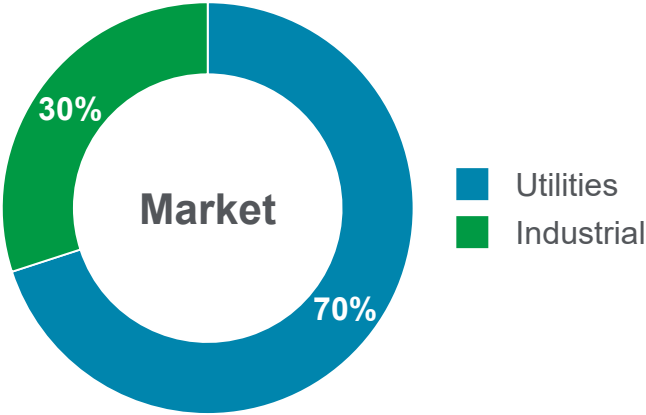
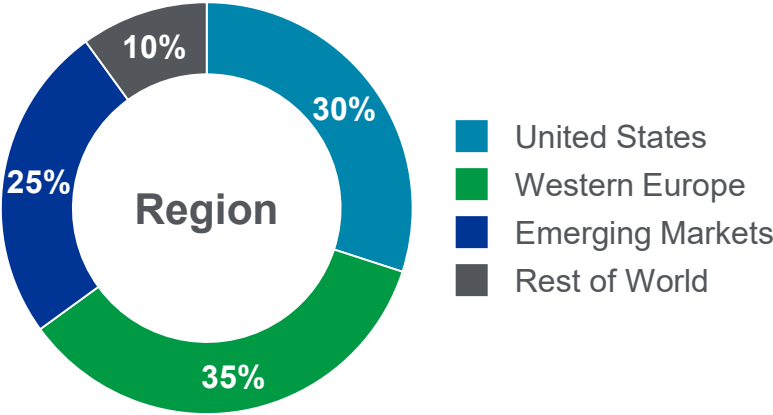
KEY MARKET DRIVERS

- Water scarcity
- Affordability
- Aging infrastructure
- Tightening global regulations
- Sustainability

**A LEADING MARKET POSITION
IN A RESILIENT PART OF THE
WATER CYCLE**

Water Infrastructure Overview

2021 Revenue Profile: ~\$2.3B



Iconic Brands



Solutions Overview

Transport 55%

Transport of wastewater and clean water across the water cycle

Dewatering 25%

Moving water in emergencies, engineered solutions for utilities and industrial maintenance

Treatment 20%

Filtration, ultraviolet, and ozone systems that make water fit-to-use

Our Sustainable Competitive Advantages

Market Recognized
**Innovation
Leader**



**2M+ Assets
Installed Enables
Resiliency**



Global Presence
Positioned for
Growth in
Emerging Markets



Robust Margins
Driven by
Strong Franchises
and Operational
Excellence



STRONG, ICONIC BRANDS AND PRODUCTS PROVIDE SOLID FOUNDATION FOR GROWTH

Disciplined Approach to Driving Long-term Profitable Growth



Cultivate Mature Utilities

- End-to-end digital solutions
- Acceleration of solution selling capabilities across the portfolio



Expand Emerging Markets

- Fit-for-market solutions
- Expand local R&D
- New channels and geographic expansion



Grow Xylem Vue and Lifecycle Services

- Accelerate digital new product sales
- Drive interoperability across all products
- Double penetration of installed base for service growth

Growth from 2021 to 2025

**Market-Plus
Growth**

**EM Growing 2x
Developed Markets in WI**

**3x
New Digital Product Sales**

TARGETED INVESTMENTS AND STRONG EXECUTION

CASE STUDY: Customer Solution Selling

Background

- Large water utility serving 24 municipalities in Europe
- Long-standing customer for various Xylem products and services
- Customer desire to optimize wastewater network and treatment plants for energy efficiency

Path to Smarter Water

- Strong customer relationship led to a consultative engagement to analyze energy efficiency opportunities
- Conducted various pilot programs, which generated real-time data
- Deployed real-time decision support systems to optimize wastewater networks and plants



xylem  vue

Expected Outcomes

25-30%

reduction in
energy consumption

**Additional
Equipment Sales**

(i.e., smart pumps)

EMBEDDED IN CUSTOMER'S JOURNEY OF OPTIMIZATION AND INVESTMENTS

Sustainability in Water Infrastructure

Linking Our Signature Goals to Long-term Growth Strategy



SAVE

more than 13B m³ of water through advanced technologies that enable water reuse



Mini Case Study

Ambitious Water Reuse Targets Requires Advanced Solutions

Background

- Southern CA city highly vulnerable to water shortages due to location and minimal rainfall
- City committed to providing one-third of its water from reuse by 2035 – supported by a two-phased purification facility buildout (first facility up and running)

Xylem Solution

- Leverage Wedeco UV and Ozone technologies as well as Leopold Biofiltration – solutions supported with expertise and collective execution

Outcomes

- Plant will provide up to 11B gallons of reuse water annually
- Creates a local, secure, drought-resistant supply and reduces the city's dependence on imported water



Financial Milestone through 2025 and Key Takeaways



1

Leverage solution selling to further resilient growth in developed markets

2

Accelerate growth in emerging markets through localization and expansion

3

Connect and digitize our large installed base to drive lifecycle services¹ and enhanced margins with Xylem Vue digital solutions

ENABLED BY SUSTAINABILITY – CORE TO EVERYTHING WE DO

Applied Water

Building on Strong Foundations
to Reignite Growth

Matthew Pine
SVP & President, Applied Water Systems &
Americas Commercial Team



Applied Water Key Messages

1 Leading global market positions with a broad portfolio of iconic brands

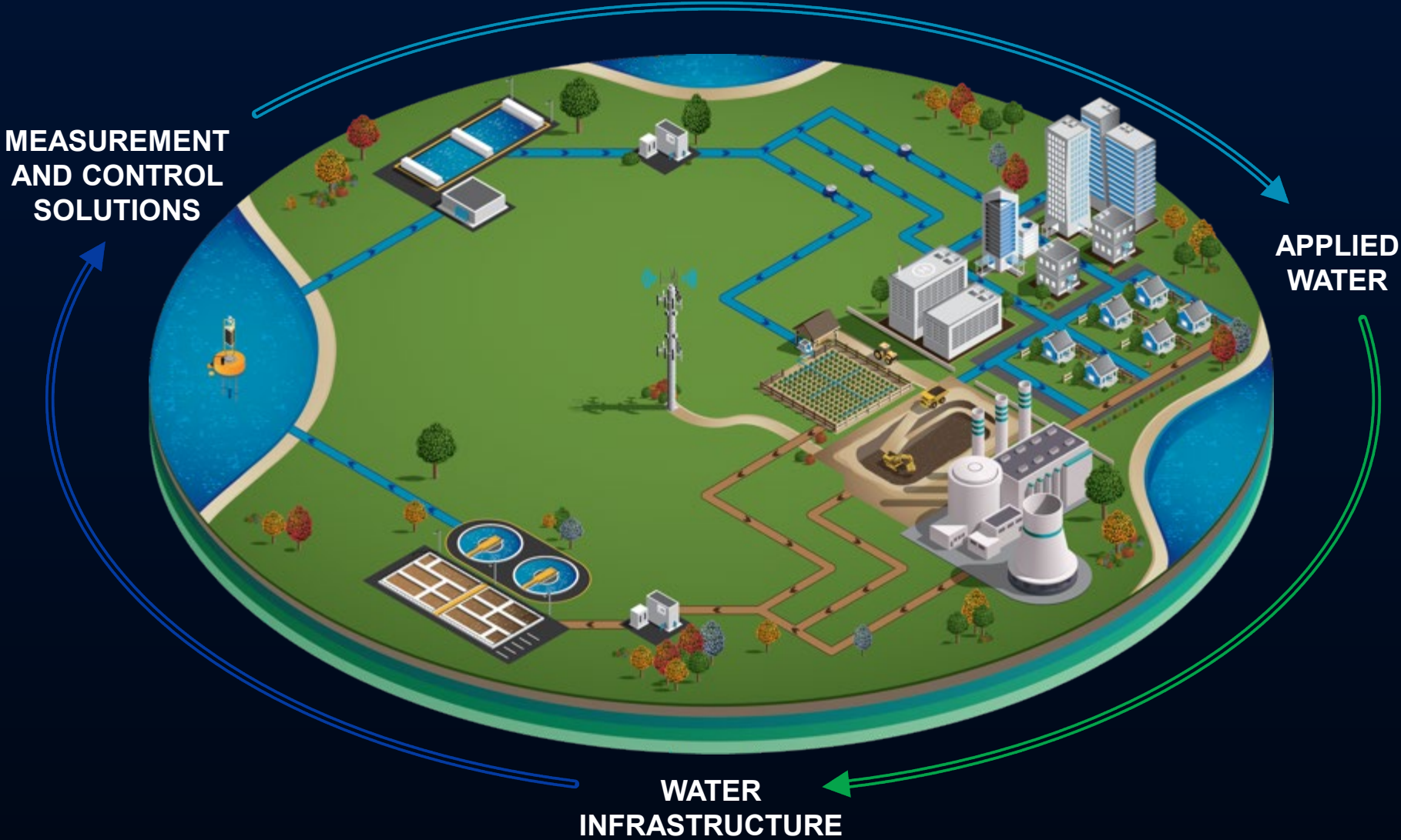
2 Focusing on underserved segments and geographies to enable growth in excess of our markets

3 Increasing investments in R&D and digital to further improve customer experience and accelerate organic growth

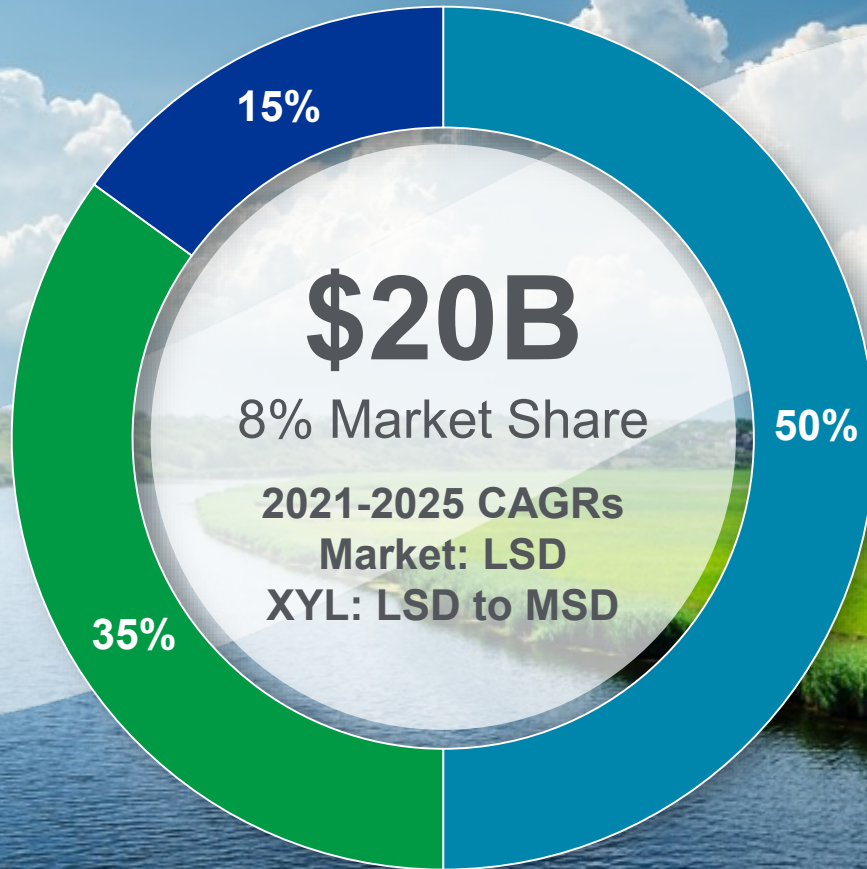
4 Continuing to focus on operational excellence to fund growth investments



Comprehensive Solutions Across the Water Cycle



Applied Water Served Addressable Market



- Industrial
- Commercial
- Residential

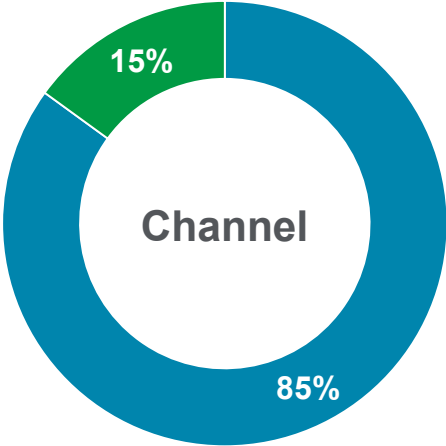
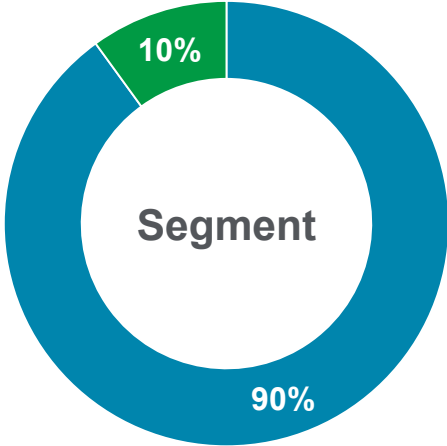
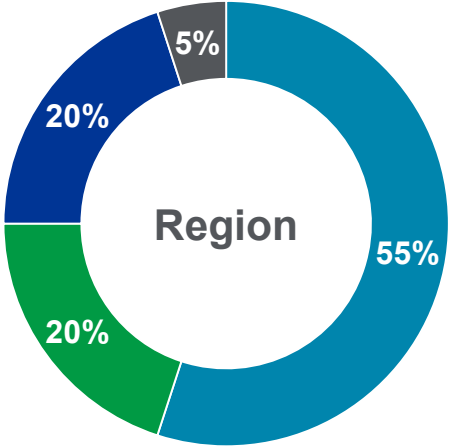
KEY MARKET DRIVERS

- Urbanization and growing middle class
- Climate and regulation
- Skilled labor shortage, aging workforce
- Digitalization enabling self-service, anticipation of needs with intuitive user interface

WELL-POSITIONED TO EXCEED MARKET GROWTH

Applied Water Overview

2021 Revenue Profile: ~\$1.6B



- United States
- Western Europe
- Emerging Markets
- Rest of World

- Equipment
- Parts

- Indirect
- Direct

End Market Overview

Industrial 45%

Process Water • Cleaning / Washing
Beverage Dispensing • Agriculture • Clean Water

Commercial 35%

HVAC • Pressure Boosting
Wastewater Removal • Heat Transfer

Residential 20%

Groundwater • Wastewater Removal
Potable Water • Pool / Spa • Rainwater / Garden

Our Sustainable Competitive Advantages

**Established
Footprint**
in Developed
Markets



Long-standing,
Strong
**Channel
Partners**



**Iconic
Brands**



Reputation for
**Quality and
Reliability**



STRONG, ICONIC BRANDS AND PRODUCTS PROVIDE SOLID FOUNDATION FOR GROWTH

Growth Strategies Driving Long-term Profitable Growth



Strengthen & Grow Core

- Accelerate new product introductions
- Expand segment participation
- Transactional excellence



Accelerate EM Growth

- Expand geographic and market coverage in China, India and Africa
- Continued product localization
- Develop local technical resources and build out sales channels



Grow Xylem Vue Solutions

- Drive smart connected products
- Application modeling, predictive analytics
- Xylem technician app – “time on wrench”
- System integration

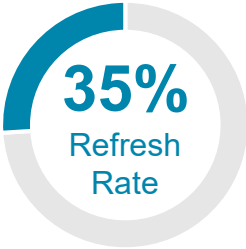
Increase Vitality Index
15% (2021) to 25% (2025)

EM Growing 2x
Developed Markets in AWS

Doubling
Digital Sales by 2025

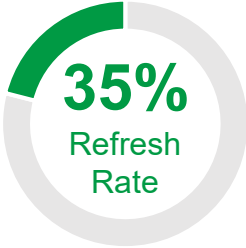
INVESTMENTS ENABLE ABOVE MARKET GROWTH FUNDED BY OPERATIONAL EXCELLENCE

Accelerated Product Innovation through Increased Investment



- Variable speed, system health monitoring
- Expand portfolio for more applications
- Footprint reduction

Next-Gen Industrial Water Platform



- Design for regulation
- Best-in-class efficiency
- Improved user interface

Smart Commercial Circulators



- Developing best-in-class portfolio
- Efficient, compact, aesthetic designs
- Industry leading decibels

Quiet Residential Pressure Boost



CONTINUE TO LEVERAGE INNOVATION TO EXTEND MARKET LEADERSHIP

Innovation in Action – ecocirc+ Residential Circulator, a Xylem Vue Solution

Background

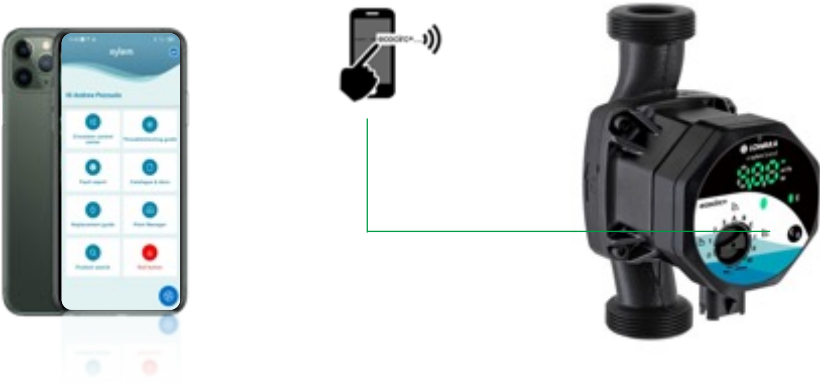
Residential Circulators are the heart of heating and cooling systems

Regulating bodies are legislating increased efficiency

Customers want a product that is efficient, smaller footprint, easy to install and service and reliable

Our Innovative Solution

- Xylem’s ecocirc+ delivers best-in-class efficiency and meets the customers' requirements
- Bluetooth connectivity through Xylem technician app provides fast and simple install
- Distinct operating modes to maximize efficiency and comfort



Outcomes

30%
More Efficient

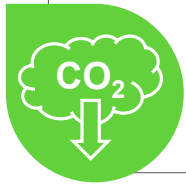
40%
Faster Install vs. Competition

10x
Improvement in Quality

BEST-IN-CLASS EFFICIENCY, ENVIRONMENTAL SUSTAINABILITY

Sustainability in Applied Water

Linking Our Signature Goals to Long-term Growth Strategy



REDUCE

water's CO₂ footprint by over 2.8M metric tons, equivalent to 46M tree seedlings growing for 10 years



Mini Case Study

Xylem eXM SMART Variable Speed Drives

Background

- All fluid systems use pumps and motors to create value for our customers; process cooling, drinking water supply, irrigation water for crops, pressure boosting and many more applications
- However, the system equipment requires power to operate that generates a carbon footprint and regulations are now requiring maximum efficiency/minimum power use

Xylem Solution

- Our new eXM SMART variable speed integrated drive and motor solution ensures minimum power and carbon emissions from pump systems and will meet new efficiency targets from Europe (EN 17038) and US (DOE) regulating bodies

Outcomes

- CO₂ reduction 200 metric tons over their lifetime
- Up to 60% less power used with SMART Drives



Financial Milestone through 2025 and Key Takeaways



1

Leading global market positions with a broad portfolio of iconic brands

2

Focusing on underserved segments and geographies to enable growth in excess of our markets

3

Increasing investments in R&D and digital to further improve the customer experience and accelerate organic growth

4

Continuing to focus on operational excellence to fund growth investments

Measurement & Control Solutions

On-ramp for the Digital Journey

Colin Sabol
SVP & President,
M&CS



Measurement & Control Solutions Key Messages

1

Drive operational and capital efficiency for customers to deliver clean, safe, and affordable water and energy



2

\$20B served addressable market with accelerating growth



3

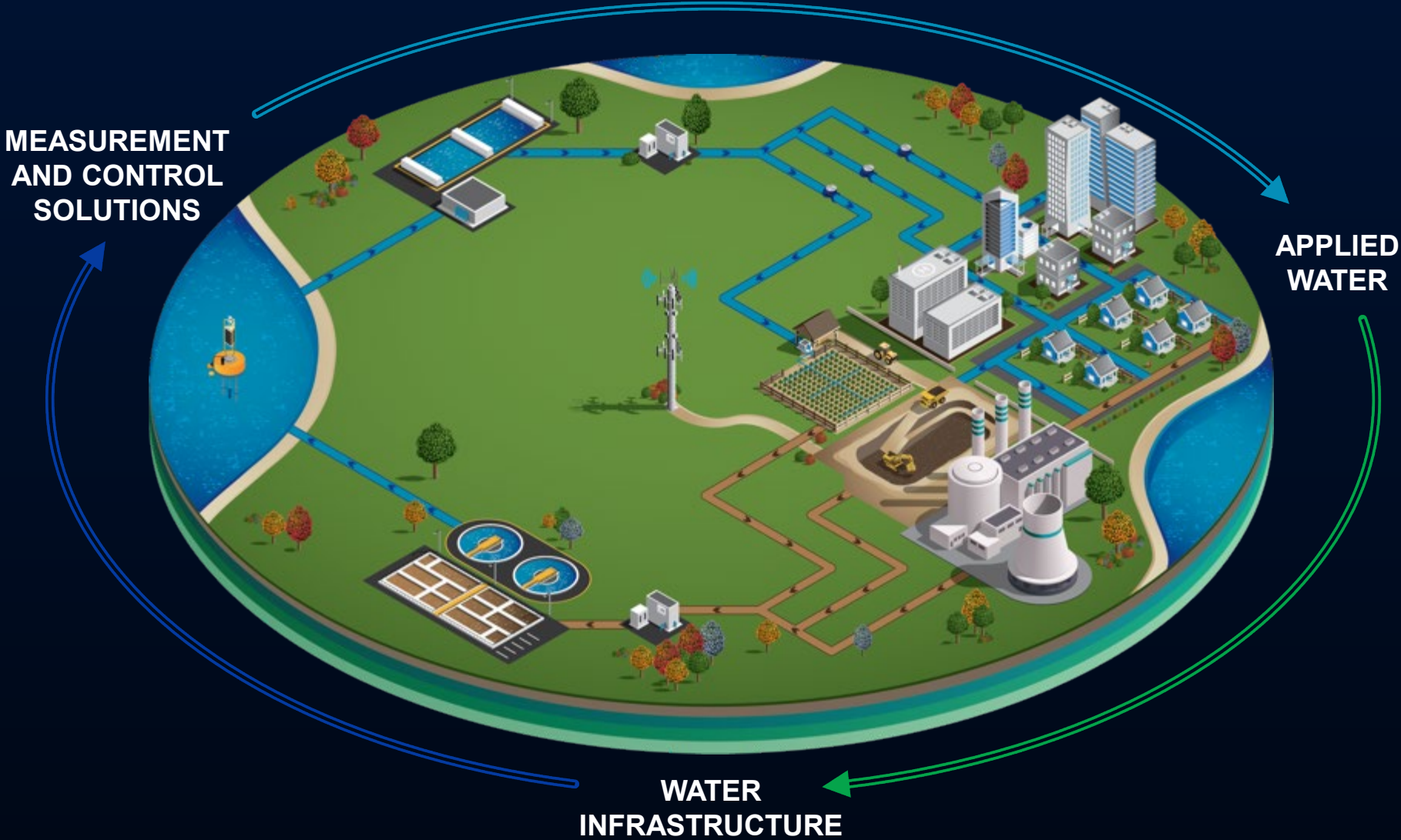
Broad solutions portfolio, loyal customers, on-ramp to digital utility



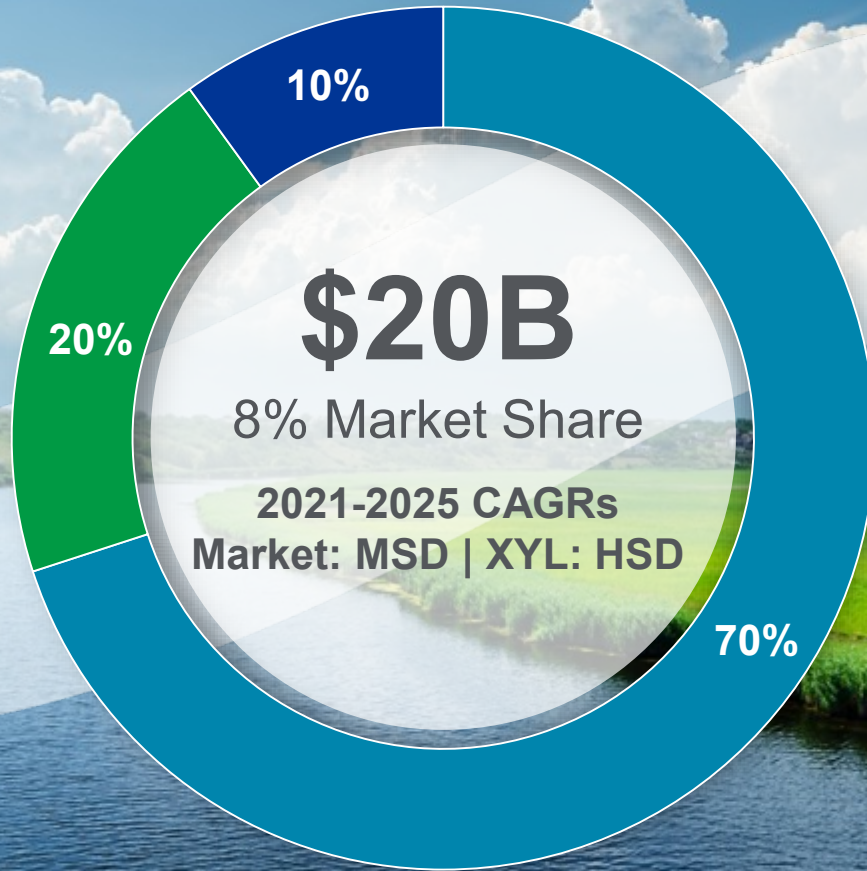
4

Market momentum and strong backlog to deliver outsized growth and margin expansion

Comprehensive Solutions Across the Water Cycle



M&CS Served Addressable Market

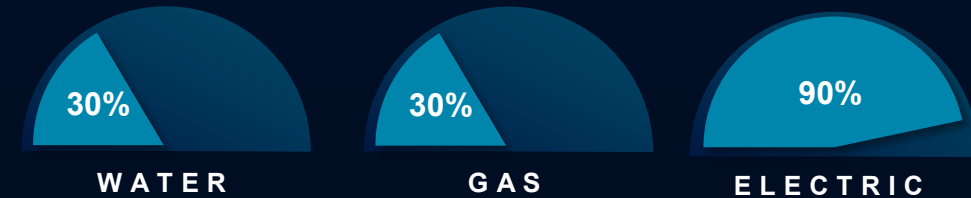


- Smart Metering
- Analytics
- Assessment & Optimization Services¹

KEY MARKET DRIVERS

- Advanced Metering Infrastructure (AMI) adoption accelerating – room for growth

North America AMI Adoption Rates²

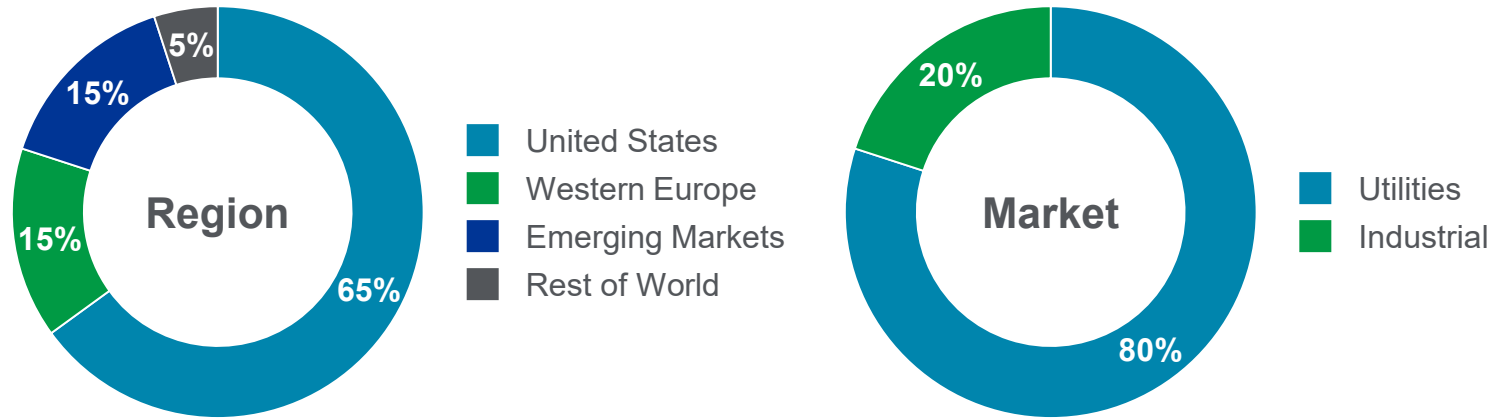


- Increasing demand for interoperable and integrated digital solutions
- Increased funding and regulations for aging infrastructure

TRUSTED PARTNER FOR THE DIGITAL UTILITY JOURNEY

Measurement & Control Solutions Overview

2021 Revenue Profile: ~\$1.4B



Iconic Brands



Solutions Overview

Smart Metering

70%

Integrated sensor, communication networks and software for water and energy utilities

Analytics

20%

Comprehensive water quality measurement in outdoor environments / treatment facilities

Assessment & Optimization Solutions¹

10%

Asset integrity services for pipelines

Digital optimization of utilities

Our Sustainable Competitive Advantages

Deep Application
**Knowledge
and Expertise**



Long-standing
**Customer
Relationships**



Expertise in
Utility-grade
**Communication
Networks**



**Technology
Leadership** and
Trusted Brands



Entry Point to the
**Broader Xylem
Portfolio**



Our Disciplined Approach to Driving Long-term Profitable Growth



Capture Growth Potential

- Strong underlying market growth
- Significant share gain in both water / energy
- Competitive wins and strong backlog
- On-ramp to the broader Xylem portfolio



Innovate to Drive Conversion

- Solutions and services expansion
- World-class customer experience
- Operations transformation
- Interoperability of Xylem solutions



Deliver Margin Expansion

- Volume leverage
- Margin uplift from new offerings
- Growing recurring services revenue
- 85% of our revenues are digital

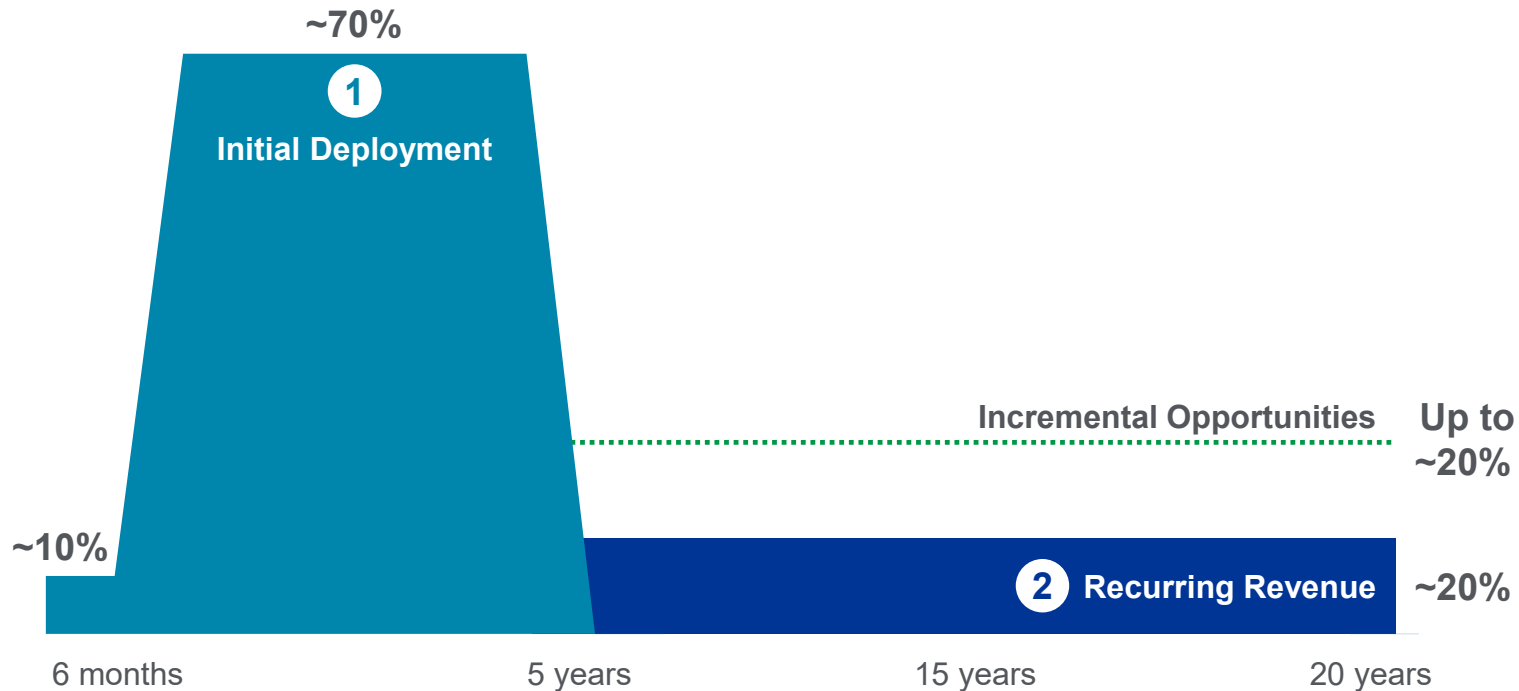
HSD Growth
in a MSD Market

**Differentiated Solutions and
Innovative Business Models**

100+ bps per Year
Margin Expansion

Example: Long-term AMI Contract

Deployment and Recurring Revenue (from Contract Revenue)



**AMI PARTNERSHIPS DRIVE REVENUE
AND MARGIN EXPANSION**

20+ YEAR RELATIONSHIP

Leading to the Win

- 1-3-year RFP/sales cycle
- Regulatory approvals required

1 Initial Deployment

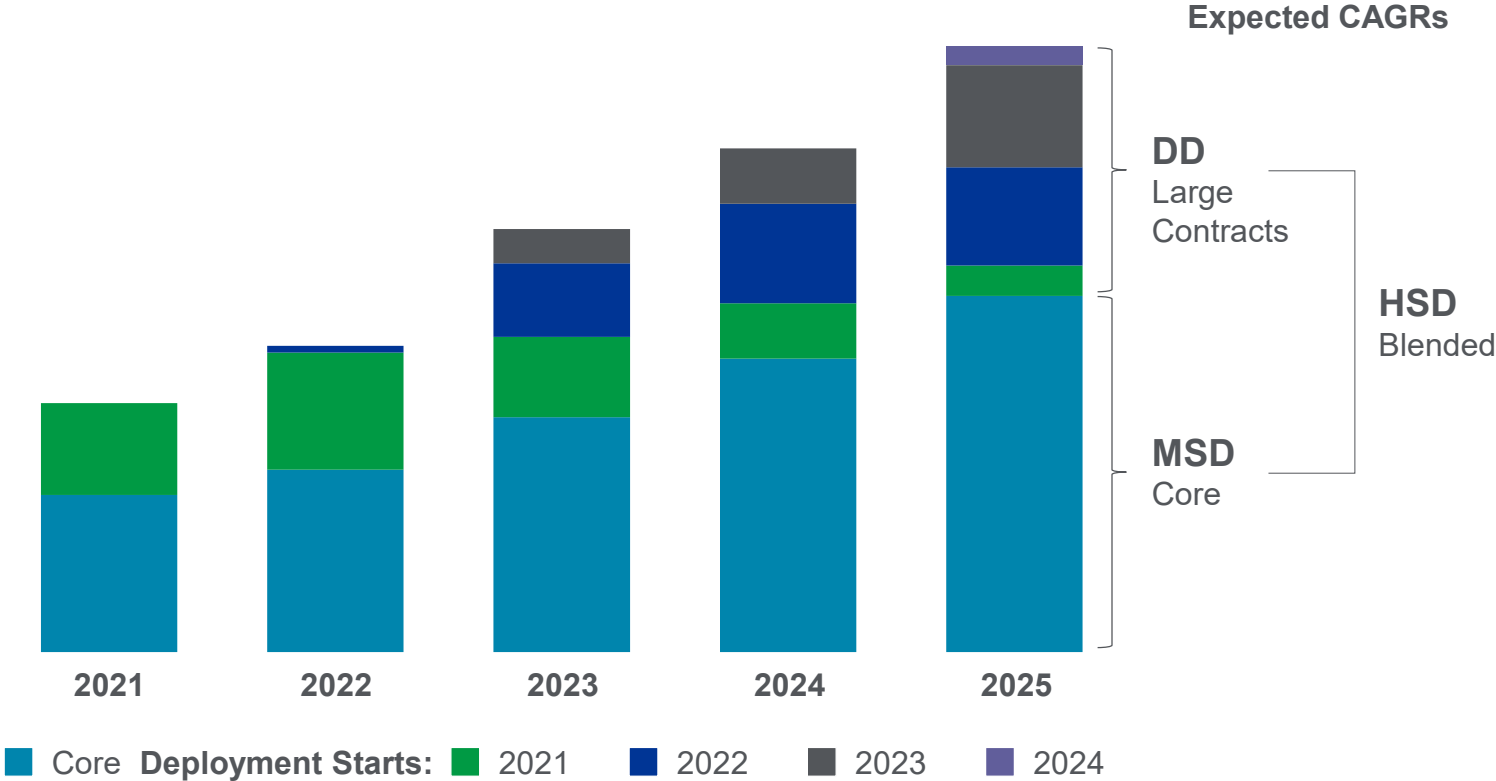
2 Recurring Revenue

- SaaS/NaaS
- Flow replacement business
- Utility expansion

**Incremental Opportunities up to 20%
(e.g., water loss mitigation)**

Increasing Momentum of Long-Duration AMI Contracts; Additive to a Solid Core

Cumulative Revenue Build for Long-Duration AMI Contracts




- New project funnel remains healthy
- Continued share gains
- Large deals growing from 11% of segment revenue to roughly 20%
- Leveraging wins to pull through other Xylem solutions and products

LONG-DURATION CONTRACTS BOOST GROWTH RATE

Sustainability in Measurement & Control Solutions

Linking Our Signature Goals to Long-term Growth Strategy



REDUCE
over 3.5B m³ of non-revenue water, equivalent to the domestic water use needs of over 55M people annually



Mini Case Study

Xylem Vue Digital Solutions & Predictive Maintenance Help Reduce Water Losses

Background

- Western US utility with seasonal **3x population** increase as ski resort community
- **Significant water loss** from water pipe network more than 40 years old and covered by corrosive mineral soil

Xylem Solution

- Leverage Xylem Vue digital technologies to **trace water losses, detect leaks/bursts, and reduce pressure spikes**

Outcomes

- **Reduced water loss by 10%** or 300 gallons per minute by identifying multiple leaks
- **Reduced opex costs by \$150K** annually
- Predictive maintenance to help identify potential pipe failures and **prolong life of the infrastructure**



Financial Milestone through 2025 and Key Takeaways



- 1** Execute on strong backlog and drive continued share gains
- 2** Innovate to drive efficiency, cross-selling, and customer experience
- 3** Deliver margin expansion through volume leverage and uplift from shift to digital

LEADING THE WAY IN INTEGRATED, INNOVATIVE SOLUTIONS FOR CUSTOMER NEEDS

Financial Update

Sandy Rowland
SVP & CFO



Financial Key Messages

1 Capitalizing on leadership positions in large and growing global markets

2 Accelerating growth through innovation, technology, and digital capabilities

3 Executing commercial and operational excellence to deliver margin expansion

4 Driving predictable and consistent free cash flow generation

5 Maintaining a strong balance sheet while strategically allocating capital



2021 Financial Outlook

Guidance as of 2Q Earnings on Aug 3

\$5.3-5.4B

Revenue
6-8% YoY
Organic Growth

17.2-17.7%

Adj. EBITDA^{1,2}
Margin

\$2.55-2.70

Adj. EPS¹

80-90%

FCF Conversion¹

Current Update

**Robust Orders Continue
to Outpace Expectations**

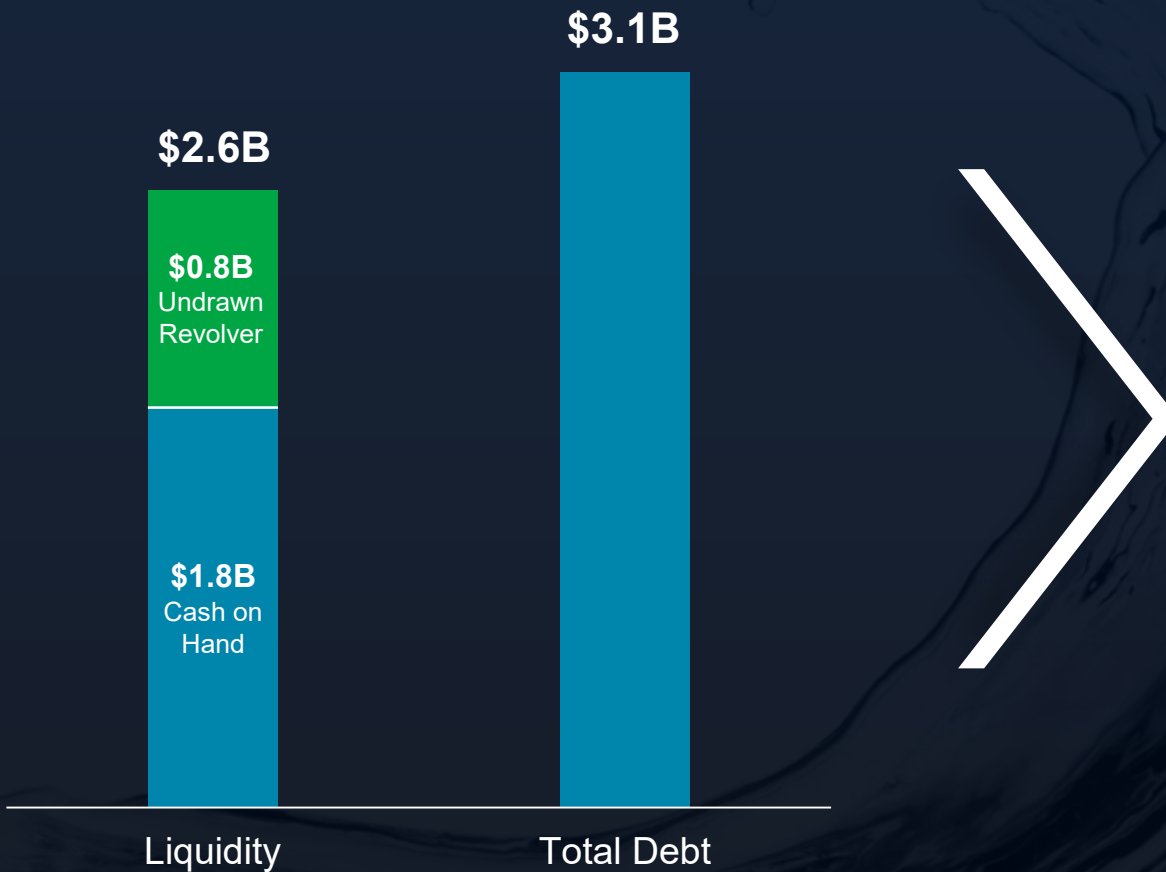
**Volatile Supply Chain
Environment**

~\$100M estimated adverse
impact to 2H revenue

**Continued Productivity and Cost
Discipline to Mitigate Impacts**

3Q Earnings on Nov 2

Robust FCF Conversion and Strong Balance Sheet Provides Flexibility



Balanced Debt Maturity Profile

- \$600M Sr. Note due in 3Q21; next maturity 2023
- Average maturity ~10 years

Strong Financial Position

- Maintain current investment grade credit rating
- 1.3x Net Debt / Adj. EBITDA¹ (TTM)

FCF Conversion¹ 100%+ (2018-2020)

- Cumulative FCF of \$1.6B

Integrating Sustainability with Our Capital Markets Strategy

\$1B

**Green Bond
Portfolio**



Sustainable Use of
Capital Focused on R&D,
Capex, and M&A

\$800M

**Credit
Facilities**



Pricing Linked to
Annual Rating
per Sustainalytics

~\$400M

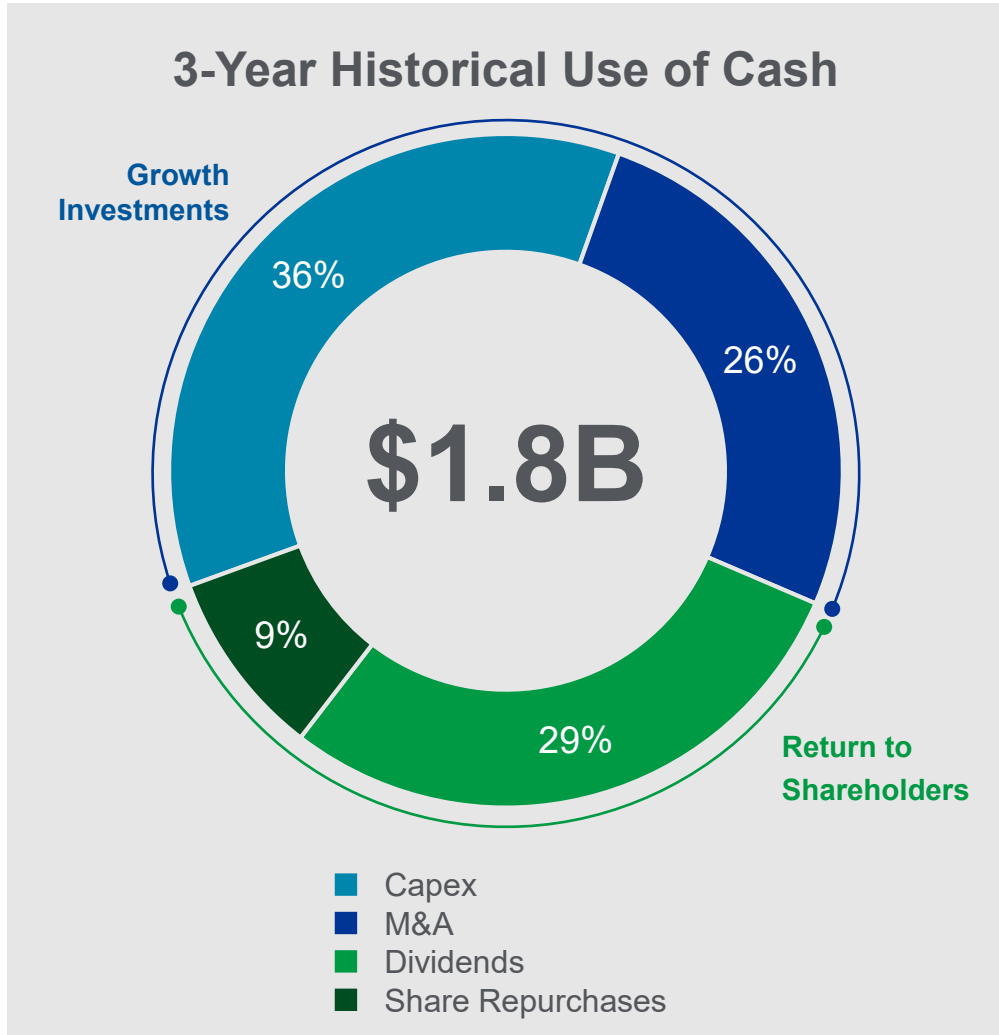
**Cash
Investments¹**



Enhanced Yield Based on
Xylem's 2025 Sustainability
Goals Performance

WELL-ALIGNED TO OUR 2025 SIGNATURE GOALS

Our Capital Deployment Strategy Remains Largely Unchanged



1 Invest in Core

Business Strategy

- Aligned to Xylem's strategic pillars

2 Invest in Inorganic Growth

M&A

- Strategic acquisitions to accelerate growth

3 Return to Shareholders

Consistent Dividend Growth

- In-line with earnings growth

Share Buybacks to Offset Dilution

- Primarily from stock-based compensation

CONTINUED FOCUS ON CAPITAL DEPLOYMENT FOR GROWTH

Capital Allocation Aligned to Opportunities Supporting Above Market Growth

Digital and Services

- Interoperability
- Expand Services
- Consultative selling

Emerging Markets

- Product localization
- Regional expansion
- Channel development

Enabling Capabilities

- Modernize customer experience
- I4.0 and value engineering
- Continued shared services expansion

FINANCIAL IMPACT BY 2025

Digital Expands to ~50%
of Total Revenue

Growth 2x
Xylem Developed Market Growth

50-75 bps
Avg. Adj. EBITDA Margin¹
Expansion per Year

¹ See Appendix for definitions of non-GAAP measures.

Key Investment Priorities Aligned to M&A Criteria – Focusing on Most Attractive Areas of the Water Sector

Strategic Filters

Systems Intelligence

A white line-art icon on a teal background showing two server racks with three curved lines above each, representing wireless signals or data transmission.

Industrial Water

A white line-art icon on a teal background showing an L-shaped pipe with a single water drop falling from its end.

Strengthen Our Core

A white line-art icon on a teal background showing a target symbol with three concentric circles and a central bullseye.

Financial Criteria

IRR > Cost of Capital

Cash EPS Accretive After Year 1

Growth Accelerator

Confidence in Our 2025 Milestones

4-6%
Organic Growth
CAGR

50-75 bps
Avg. Adj. EBITDA¹
Margin Expansion
per Year

100%
FCF
Conversion¹

Outlook and Revenue Growth by Segment

OUTLOOK

2021-2025 CAGR

WI
40%

- Capitalize on large installed base to accelerate recurring revenues and services
- Solution selling and digital solutions to drive pull through of equipment and services
- Infrastructure build out in emerging markets enables accelerated growth

XYL: MSD
Mkt: LSD

AW
30%

- Leverage strong global distribution partners
- Capitalize on sustainable and energy efficient solutions
- Accelerate product localization to drive emerging markets growth

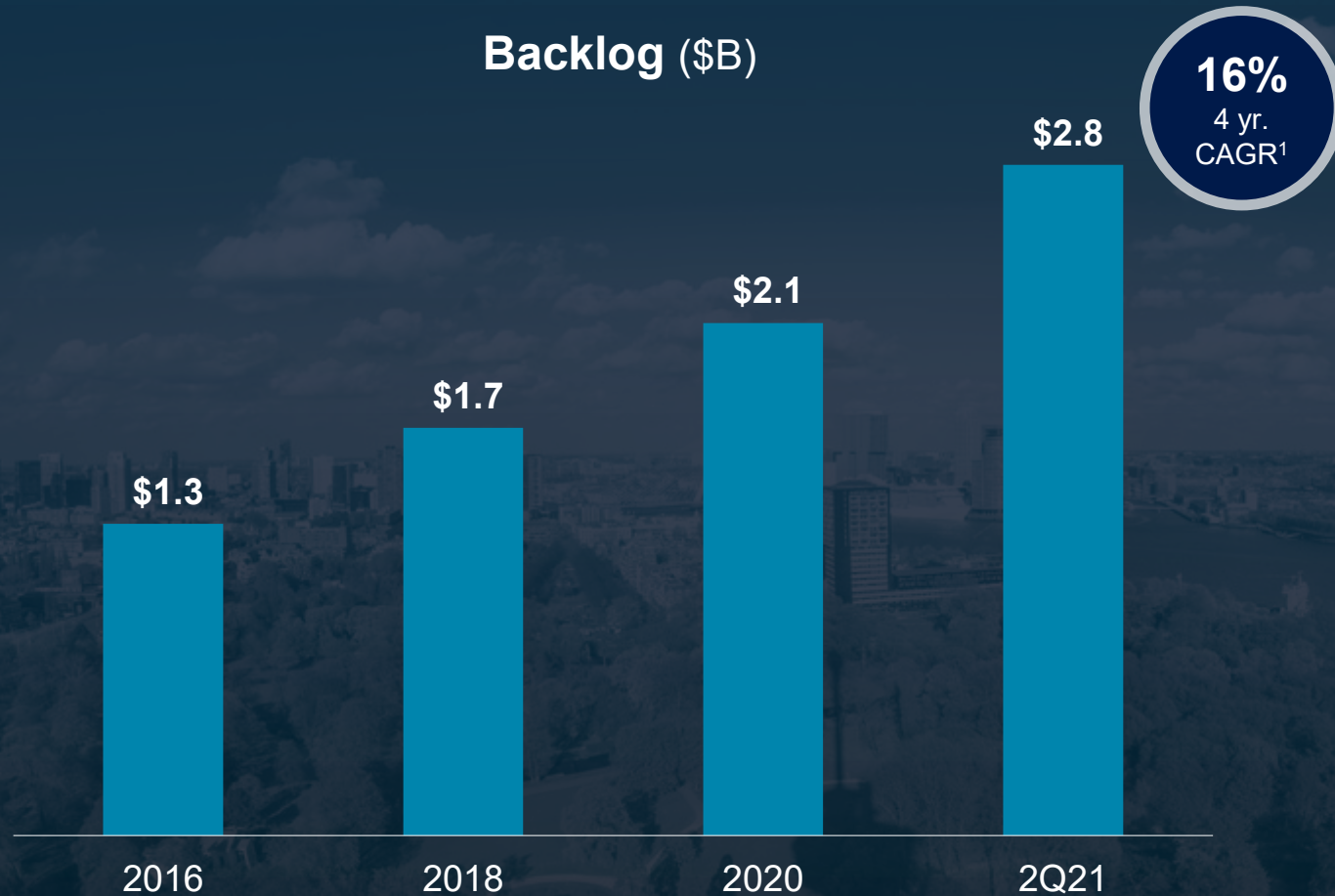
XYL: LSD to MSD
Mkt: LSD

M&CS
30%

- Deployment of digital metrology backlog
- Adoption of Advanced Metering Infrastructure (AMI) accelerating
- Cross-sell metrology and digital solutions (Vue portfolio)

XYL: HSD
Mkt: MSD

Strong Backlog Supports Our Growth and Margin Expansion Goals



**BACKLOG HAS MORE THAN DOUBLED
OVER PAST FIVE YEARS**

- Backlog driven by large digital metrology and Water Infrastructure projects
- Digital contributes ~50% of backlog
- Margin expansion driven by richer mix of business

Adj. EBITDA Margin Expansion Drivers

50-75 bps

Avg. Adj. EBITDA
Margin Expansion¹
per Year
2021 - 2025

DRIVERS

- MSD growth drives strong operating leverage
- Portfolio shift to digital solutions
- Pricing and continuous improvement outpaces inflation
- Flexibility for growth investments

MARGIN EXPANSION SUPPORTED BY GROWTH OUTLOOK

Investment Thesis

Continue to Drive Long-term Shareholder Value Creation



1

Capitalizing on leadership positions in large and growing global markets

2

Accelerating growth through innovation, technology, and digital capabilities

3

Executing commercial and operational excellence to deliver margin expansion

4

Driving predictable and consistent free cash flow generation

5

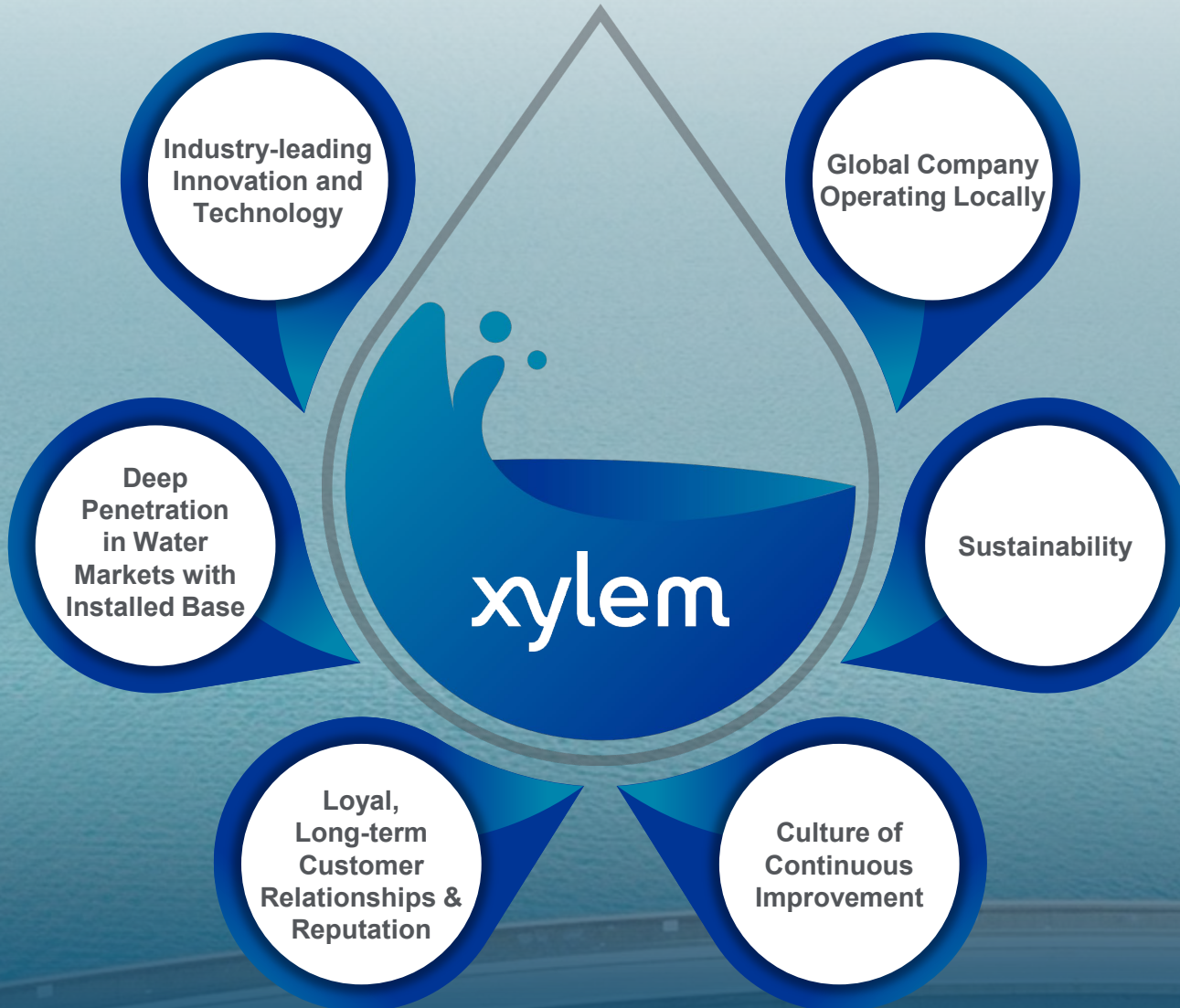
Maintaining a strong balance sheet while strategically allocating capital

Closing Remarks

Patrick Decker
President & CEO



Why Invest in Xylem



- 1** Building on our leadership position as a water technology company with a durable business model
- 2** Benefiting from our leadership position and rising demand in sustainable, digital water solutions
- 3** Executing on clear strategy to drive above-market growth and enhance margins as our portfolio continues to digitize
- 4** Further creating stakeholder value through disciplined capital allocation; M&A is a strategic accelerator

Q&A Session

Appendix

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 US 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 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 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.

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

Twelve Months Ended 06/30/2021					
	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Total
Net Income	37	148	87	113	385
Income Tax Expense	13	10	27	25	75
Interest Expense (Income), net	20	20	19	19	78
Depreciation	30	29	30	29	118
Amortization	33	33	32	33	131
EBITDA	133	240	195	219	787
Share-based Compensation	3	7	9	8	27
Restructuring & Realignment	15	10	8	6	39
Loss/(Gain) from sale of business	-	-	-	(2)	(2)
Special Charges	71	1	3	3	78
Adjusted EBITDA	222	258	215	234	929
Revenue	1,220	1,373	1,256	1,351	5,200
Adjusted EBITDA Margin	18.2%	18.8%	17.1%	17.3%	17.9%

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

	2020	2019	2018
Net Cash – Operating Activities	\$ 824	\$ 839	\$ 586
Capital Expenditures – PP&E	(109)	(150)	(161)
Capital Expenditures - Software	(74)	(76)	(76)
Capital Expenditures	(183)	(226)	(237)
Free Cash Flow	\$ 641	\$ 613	\$ 349
Cash paid for Sensus acquisition related costs	-	-	(1)
Free Cash Flow, excluding Sensus acquisition related costs	\$ 641	\$ 613	\$ 350
Net Income	254	401	549
Gain / (Loss) from sale of business	-	1	-
Restructuring & Realignment Charges – non-cash impairment	(21)	-	-
Special Charges - non-cash impairment	(79)	(158)	(2)
Significant deferred tax benefit/(charge)	-	64	84
Net Income, excluding gain on sale of businesses, non-cash impairment charges and significant deferred tax	\$ 354	\$ 494	\$ 467
Operating Cash Flow Conversion	324%	209%	107%
Free Cash Flow Conversion	181%	124%	75%

Presenter Biographies

Presenter Biography



Patrick Decker President & CEO

Patrick Decker was named President and Chief Executive Officer of Xylem in March 2014, and he also serves on the Xylem Board of Directors. Xylem is a leading global water technology provider, serving customers in more than 150 countries with innovative solutions to their most complex water challenges. Under Mr. Decker's leadership, Xylem has completed multiple acquisitions that collectively have expanded the company's portfolio of smart water infrastructure solutions and advanced data analytics capabilities that are applied in water and critical energy services.

Mr. Decker has also overseen an expansion of Xylem Watermark, the company's corporate citizenship initiative. In addition to continuing its work to provide safe water resources for many of the world's most vulnerable communities, Watermark now encompasses an ambitious employee volunteerism component that extends to all of Xylem's nearly 17,000 colleagues. The company pledged to record 100,000 employee volunteer hours in water-related activities over a three-year period in Xylem communities around the globe.

Mr. Decker joined Xylem from Harsco Corporation, a global industrial services company where he was President and CEO since 2012. Prior to that, he served in several leadership roles at Tyco International, including President of Tyco Flow Control, where he grew revenue significantly in emerging markets and executed the company's largest acquisitions in Brazil and the Middle East.

Earlier in his career, Mr. Decker held progressively responsible financial leadership positions at Bristol-Myers Squibb Company, including nine years in Latin America and Asia. He started his career with Price Waterhouse LLP.

Mr. Decker serves on the Bipartisan Policy Center's Executive Council on Infrastructure, the Infrastructure Committee for the US Business Roundtable, as well as the advisory council for the Dean of the Kelley School of Business at Indiana University. He earned a Bachelor of Science degree in accounting and finance from Indiana University in Bloomington, Indiana.

Presenter Biography



Sandy Rowland

SVP & CFO

Sandy Rowland is Senior Vice President and Chief Financial Officer. In this role, she is responsible for leading the Company's global finance organization.

Previously, Ms. Rowland served as Executive Vice President and Chief Financial Officer of Harman International Industries Inc. from January 2015 to August 2020. Harman is an \$8.6 billion leader in the design and engineering of electronic and audio products, connected solutions and automated systems for enterprise, automotive and consumer markets. Prior to this role, Ms. Rowland was the Vice President, Corporate Development and Investor Relations, from 2013 to 2014 and Vice President, Investor Relations of Harman, from 2012 to 2013.

Before joining Harman, Ms. Rowland held various positions of increasing responsibility in accounting and finance at Eastman Kodak Company where she worked from 2000 to 2012. She also worked at PricewaterhouseCoopers LLP from 1993 to 2000.

Ms. Rowland is a member of the Board of Directors and Audit and Human Resources Committees of industrial manufacturer Oshkosh Corporation. She earned an MBA degree from William E. Simon School of Business, University of Rochester, and a Bachelor of Arts degree in Economics and Business from Lafayette College in Easton, PA.

Presenter Biography



Franz Cerwinka

SVP & President, Emerging Markets

Franz Cerwinka is Senior Vice President and President, Emerging Markets. In this role, he is responsible for leading Xylem's commercial operations across the emerging markets, including China, Southeast Asia and North Asia, India, the Middle East and Africa, as well as Australia and New Zealand. This includes all products and end-markets in the region including Water Infrastructure, Applied Water Systems, and Measurement and Control Solutions (M&CS), along with all product brands within the Xylem portfolio, including brands such as Godwin, Flygt, Wedeco, Sanitaire, Sensus and others.

Mr. Cerwinka, who joined Xylem in June 2020, has more than 25 years of experience in general management, operations, commercial and finance leadership positions, with a focus on the industrial and manufacturing segments. Before joining Xylem, he was based in Tokyo and served as CEO of Johnson Controls – Hitachi Air Conditioning Inc. and VP/GM of the Johnson Controls Air Distribution business in NA. Prior to that he held a variety of Commercial and Finance roles at Johnson Controls' automotive and HVAC businesses, in North America, Europe and Asia-Pacific. Mr. Cerwinka has also served as board member in multiple partnerships and joint ventures in China, India, Korea, Japan and other Southeast Asia countries over the years.

Mr. Cerwinka received a Bachelor of Science in Industrial Engineering from Universidad de las Americas, Puebla in Mexico and a Master of Business Administration in Finance from the University of Michigan, Ann Arbor.

Presenter Biography



Al Cho

SVP, Chief Strategy & Digital Officer

Albert Cho is Senior Vice President, Chief Strategy & Digital Officer at Xylem. In this role, he is responsible for driving Xylem's efforts to digitize water infrastructure, as well as the continued development of strategies to achieve our vision and create social and economic value. Previously, Mr. Cho served as General Manager of Xylem's Advanced Infrastructure Analytics business. Prior to that, he led Xylem's strategy and mergers and acquisitions teams.

Before joining Xylem, Mr. Cho worked as Senior Advisor to the Deputy Secretary at the State Department, where he was a White House Fellow and served on the Secretary of State's Policy Planning Staff. He has also been an executive at Cisco Systems, worked at McKinsey & Company, and worked at the United Nations on a global plan for achieving the Millennium Development Goals.

Mr. Cho serves on the Board of Directors of the US Water Alliance and the Canadian Water Network, and on the Programme Committee for Singapore International Water Week. He is also an Honorary Research Associate of the Smith School of Enterprise and the Environment at the University of Oxford, where he was a Rhodes Scholar.

Mr. Cho earned Bachelor of Arts degree in Social Studies summa cum laude from Harvard University, a Master of Science in Development Economics from the University of Oxford, and an MBA with distinction from Said Business School at the University of Oxford.

Presenter Biography



Dave Flinton

SVP, Chief Innovation, Technology and Product Management Officer

Dave Flinton is Chief Innovation, Technology & Product Management Officer. In this role, he is responsible for leading the company's global technology and innovation activities as well as for managing the entire lifecycle of our offerings. His organization plays a critical role in ensuring Xylem develops advanced technologies and disruptive innovations that will create value for customers, and commercializes them rapidly and effectively.

Previously, Mr. Flinton served as interim President of Water Infrastructure and the Europe Commercial Team, and earlier as Senior Vice President and President of Xylem's dewatering business. Before that he held the position of Vice President, Engineering and Marketing for Xylem's Applied Water Systems (AWS) division since 2013, where he was responsible for the Company's three AWS business units, as well as marketing communications, business intelligence, engineering services, innovation and technology, and e-business. Prior to this role, he served as Vice President, Global Product Management for AWS and Vice President, Strategy and IMS for the Company's former Water Solutions division in Sundbyberg, Sweden. Mr. Flinton joined ITT in 1997 and spent 10 years in a series of increasingly responsible positions in the company's Industrial Products group. Before joining the company, he held various engineering positions for Procter & Gamble and Werner Pump.

Mr. Flinton earned a Bachelor of Science degree in mechanical engineering from Worcester Polytechnic Institute in Worcester, MA, and an MBA from the University Of Rochester William E. Simon School Of Business.

Presenter Biography



Tony Milando

SVP, Chief Supply Chain Officer

Tony Milando joined Xylem in 2015. In this role, he is responsible for driving operational excellence and process simplification across the organization. His key focus areas include building the vision and roadmap for the Company's continuous improvement initiatives, implementing robust tools and measurement methodologies such as Lean and Six Sigma, and leading the Company toward best-in-class status in operations, procurement and supply chain.

Prior to his current role Mr. Milando held several senior executive roles at the Stanley Black & Decker Corporation, including Vice President Corporate Growth and Vice President, Global Operations. Prior to that, he served in a series of increasingly responsible leadership roles in the consumer and industrial businesses for the Black & Decker Corporation prior to its merger with Stanley Works, including Vice President, Worldwide Operations and Vice President, Global Sourcing.

Mr. Milando received a Bachelor of Science in Accounting and Business Administration from Towson University in Maryland and a Master of Business Administration with a concentration in finance from Loyola University Maryland.

Presenter Biography



Matthew Pine

SVP & President, Applied Water Systems and Americas Commercial Team

Matthew Pine is Senior Vice President and President, Applied Water Systems and the Americas Commercial Team. The Applied Water Systems business encompasses market-leading brands, such as Goulds Water Technology, Bell & Gossett, A-C Fire and Lowara, and provides products and services that deliver comfort and convenience and save energy through the efficient movement of water. He is also responsible for brands such as Jabsco, Rule and Flojet, which produce low-flow pumps, valves and membrane filters used in everything from beverage processing and dispensing to leisure boats.

Mr. Pine also oversees the Americas Commercial Team, which includes the sales and marketing strategy and execution for Xylem's comprehensive portfolio of Applied Water, Dewatering, Transport and Treatment products and integrated solutions in North America and Latin America. These businesses include globally recognized brands such as Godwin for dewatering solutions, Flygt for pumping and mixer solutions, and Wedeco and Sanitaire treatment solutions, among others.

Mr. Pine, who joined Xylem in March 2020, has more than 20 years of experience in general management, sales, marketing and product management, most recently as President of Carrier Residential for United Technologies Corporation. In that role, he was responsible for a \$4 billion HVAC business unit, and consistently grew sales, earnings and market share while also leading a business transformation to reset and grow the business. He previously led Marketing and Product Management for the Carrier Residential HVAC business unit. Mr. Pine also worked as Head of Power Plant Sales Technology in Central Europe for Vestas Wind Systems, as Director of Product Management of Marketing for Lennox International Inc., and held a series of sales and marketing leadership roles at Trane Residential & Light Commercial Systems.

Mr. Pine received an undergraduate degree in Marketing from the University of Alabama and a Master of Business Administration from Northeastern University in Boston. He is a Six Sigma Green Belt.

Presenter Biography



Colin Sabol

SVP & President, Measurement & Control Solutions

Colin Sabol is Senior Vice President and President of Xylem's M&CS business. He assumed this role in October 2017 and is responsible for all aspects of global operations for these businesses, including strategy, marketing, sales, product development, supply chain and manufacturing. Xylem's portfolio sold under the Sensus brand includes smart meters, communications technologies and advanced data analytics and services for the water, electric and natural gas sectors. This business also includes Xylem's advanced infrastructure analytics solutions – including Pure Technologies, Visenti, EmNet, Hypack and Valor Water Analytics – which encompass a broad portfolio of smart infrastructure assessment, management and optimization across the water, wastewater and critical energy resource sectors. The Company's Analytics business delivers precise measurement for water and wastewater, industrial, food and beverage, and environmental applications.

Previously, Mr. Sabol led Xylem's global Analytics and Treatment business, a role he was named to in September 2015. Prior to that, Mr. Sabol served as President of Xylem's Dewatering business where he was responsible for all aspects of that global operation. Xylem is the world leader in the sale, rental and service of tough, reliable, portable pumps and systems for dewatering, bypass and drainage applications.

Mr. Sabol served as Chief Strategy & Growth Officer of Xylem, which was spun-off from ITT in 2011. He joined ITT in 2006 and served as Vice President of Marketing and Business Development for Fluid and Motion Control, where he was responsible for strategy, marketing, business planning, mergers and acquisitions, product development and organic growth initiatives.

Before joining ITT, Mr. Sabol held a variety of leadership positions with General Electric, including Chief Financial Officer for GE Energy Services and VP of Mergers & Acquisitions for GE Corporate. He led the acquisitions that formed GE Water and was named Chief Marketing Officer of that business in 2002.

Mr. Sabol served as Chairman of Xylem Watermark, the company's corporate citizenship and social investment program, from 2015 through 2017. He graduated from Alfred University in New York with a Bachelor of Science in materials engineering.

Presenter Biography



Hayati Yarkadas

SVP & President, Water Infrastructure and Europe Commercial Team

Hayati Yarkadas is Senior Vice President and President, Water Infrastructure and Europe Commercial Team. As head of Water Infrastructure, he is responsible for managing the lifecycle portfolio of the Dewatering, Transport and Treatment Businesses, from product management to research and development through supply chain, manufacturing and operations. Xylem's Transport and Dewatering business areas include, among others, the market-leading brands Flygt and Godwin in the municipal and industrial wastewater markets. The Treatment business area provides technologically advanced products and integrated water and wastewater treatment solutions that enable our customers worldwide to treat and reuse water.

Mr. Yarkadas also leads the European commercial team organization. In this role, he is responsible for sales, rental, service, marketing strategy and execution with continued emphasis on operational improvement, growth and profitability.

Mr. Yarkadas has more than 25 years of general management and commercial experience, most recently as President of Performance Materials for Trinseo, a leading materials company based in Switzerland. In that role, he led a \$2.5 billion division with three businesses and 15 global sites, and also led the global Procurement function. He previously served as Senior Vice President and General Manager of Tate and Lyle, Europe, a global food ingredients business, and worked at DuPont as General Manager of their Teijin Films business in Europe and as Global Business Director of their Advanced Glass Interlayers business in the US. Earlier in his career Mr. Yarkadas held a series of sales, marketing and strategy roles at DuPont, Deloitte Consulting Group, and Borusan.

Mr. Yarkadas holds undergraduate and master's degrees in mechanical engineering from Istanbul Technical University in Turkey, and received a Master of Business Administration from Imperial College Business School, University of London, UK.



THANK YOU

2021 Investor Day

Matt Latino, VP, Investor Relations
Graham Hackett, Sr. Manager, Investor Relations
Mike Pilla, IR Associate, Finance Leadership Development Program

NYSE: XYL

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Let's Solve Water