

The background of the slide features a dark blue gradient with a faint, high-angle view of a city skyline at dusk or dawn. The sky is a deep blue with some light clouds, and the city lights are visible as small, bright spots. A large, stylized yellow arrow graphic points from the left edge towards the center, partially overlapping the OTIS logo. The OTIS logo itself is in a bold, white, sans-serif font.

# OTIS

## Investor Marketing

November 2022

# Forward-Looking Statements

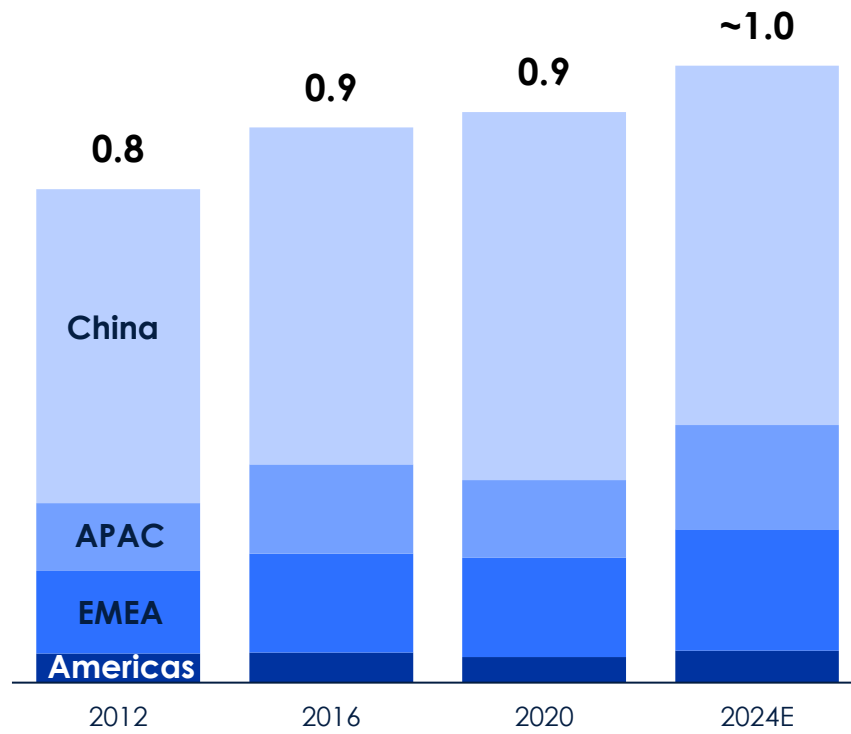
**Note: All results and expectations in this presentation reflect continuing operations unless otherwise noted.**

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for Otis’ future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “medium-term,” “near-term,” “confident,” “goals” and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, research & development spend, credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions of Otis, statements that relate to climate change and our intent to achieve certain environmental, social and governance targets or goals, including operational impacts and costs associated therewith, and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, Otis claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which Otis and its businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues (including COVID-19 and variants thereof and the ongoing economic recovery therefrom and their effects on, among other things, global supply, demand and distribution), natural disasters, whether as a result of climate change or otherwise, and the financial condition of Otis’ customers and suppliers; (2) the effect of changes in political conditions in the U.S. and other countries in which Otis and its businesses operate, including the effects of the ongoing conflict between Russia and Ukraine and related sanctions and export controls, on general market conditions, global trade policies, currency exchange rates and stakeholder perception in the near term and beyond; (3) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (4) future levels of indebtedness, capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability, credit market conditions and Otis’ capital structure; (6) the timing and scope of future repurchases of Otis’ common stock (“Common Stock”), which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (7) fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of COVID-19, the ongoing conflict between Russia and Ukraine or otherwise; (8) cost reduction or containment actions, restructuring costs and related savings and other consequences thereof; (9) new business and investment opportunities; (10) the outcome of legal proceedings, investigations and other contingencies; (11) pension plan assumptions and future contributions; (12) the impact of the negotiation of collective bargaining agreements and labor disputes; (13) the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate, including as a result of the ongoing conflict between Russia and Ukraine; (14) the ability of Otis to retain and hire key personnel; (15) the scope, nature, impact or timing of acquisition and divestiture activity, the integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs; (16) the ability to achieve the expected benefits of the Zardoya transaction and the timing thereof; (17) the determination by the Internal Revenue Service and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions in connection with the separation (the “Separation”) from United Technologies Corporation (now known as Raytheon Technologies Corporation (“RTX”)); and (18) the amount of our obligations and nature of our disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier Corporation in connection with the Separation. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary from those stated in forward-looking statements, see Otis’ registration statement on Form 10 and the reports of Otis on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time. Any forward-looking statement speaks only as of the date on which it is made, and Otis assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

# Industry driven by recurring Service

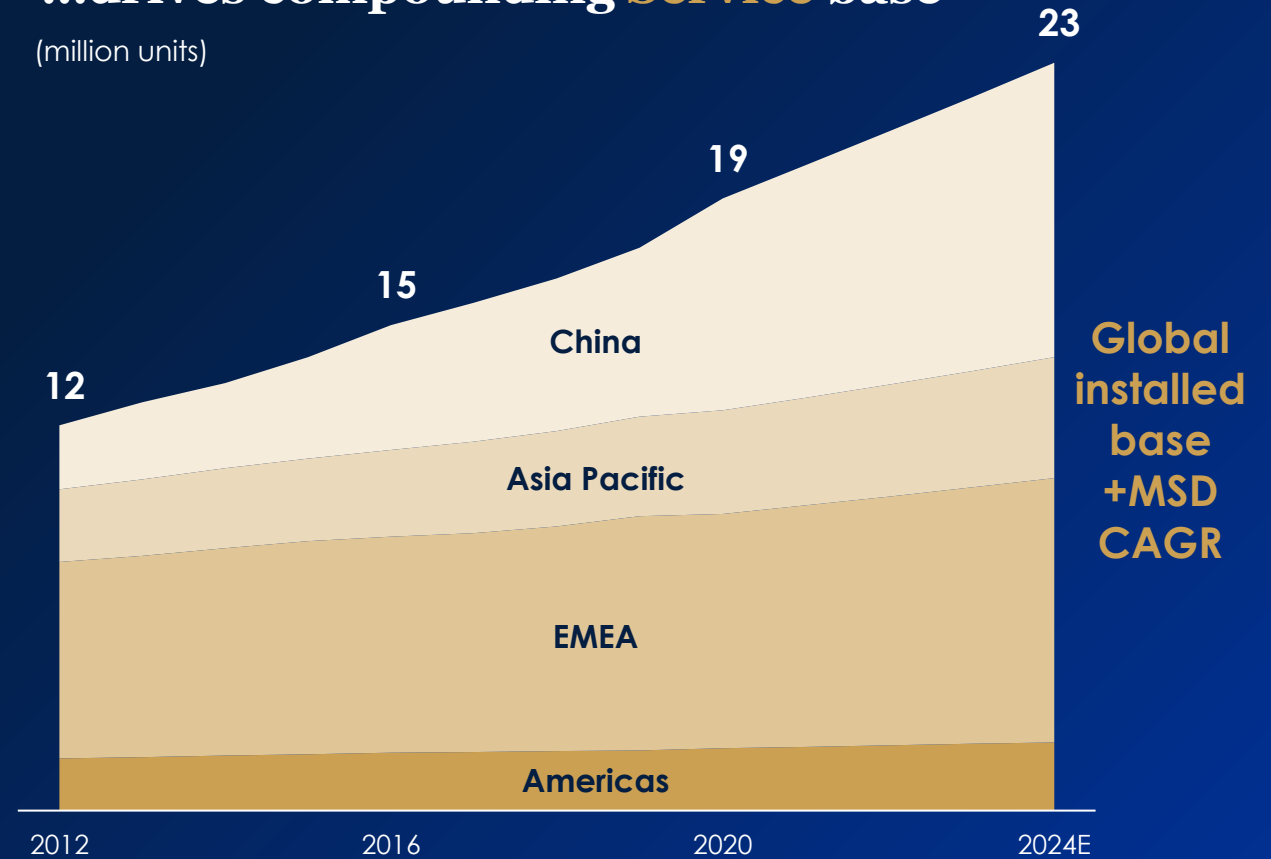
## LSD New Equipment market growth...

(million units)



## ...drives compounding **Service** base

(million units)



LSD = low single digits; MSD = mid single digits

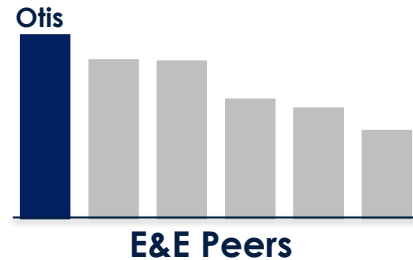
Source: Otis internal analysis and public company disclosures. Excludes Russia.

# Otis: An iconic industry leader

Leading industry across all key metrics<sup>1</sup>...

...driven by Service

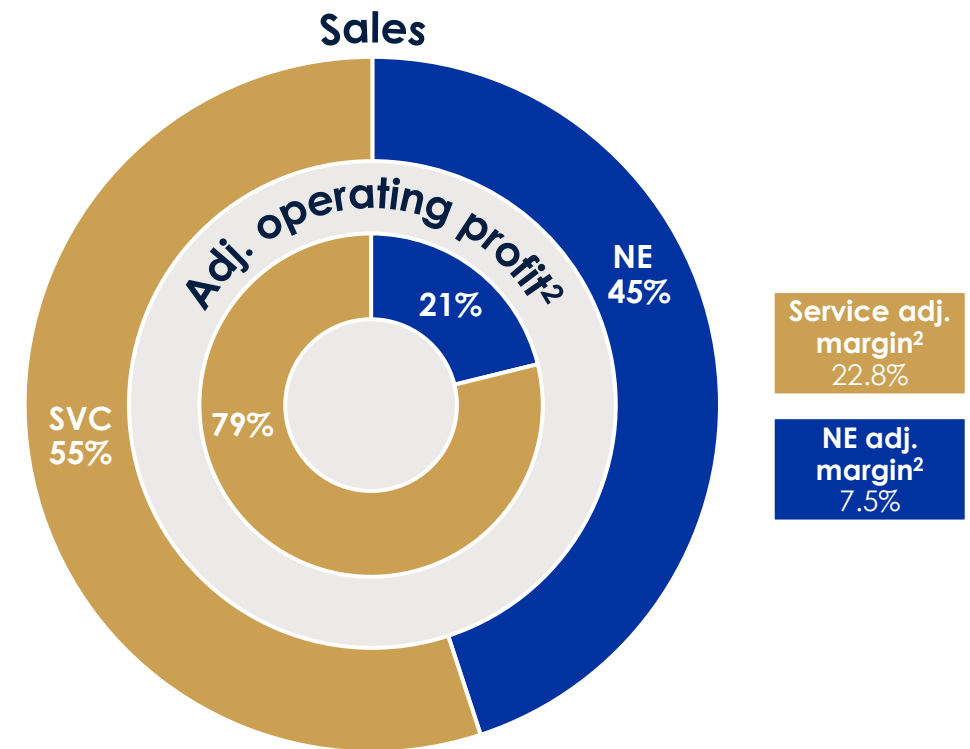
 Sales  
**\$14.3B**



 Portfolio  
**>2.1M units**



 Adj. operating profit margin<sup>2</sup>  
**15.3%**



2021 results

1 Based on Otis internal analysis, public company disclosures and estimates.

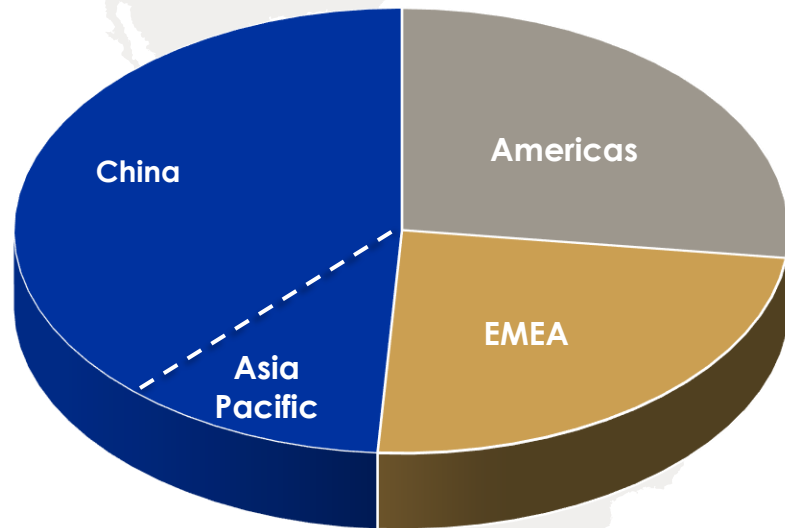
2 See appendix for additional information regarding these non-GAAP financial measures.



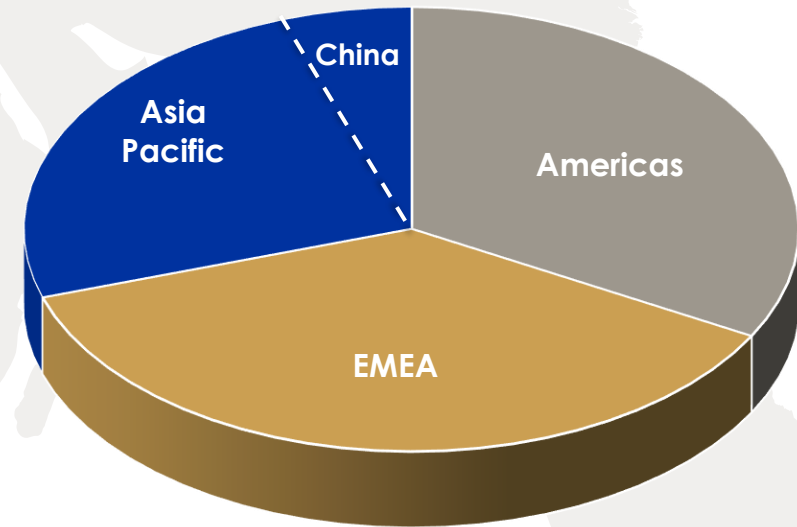
# Strong geographic diversity

OTIS 2021 NET SALES

**New Equipment**  
**\$6.4B**

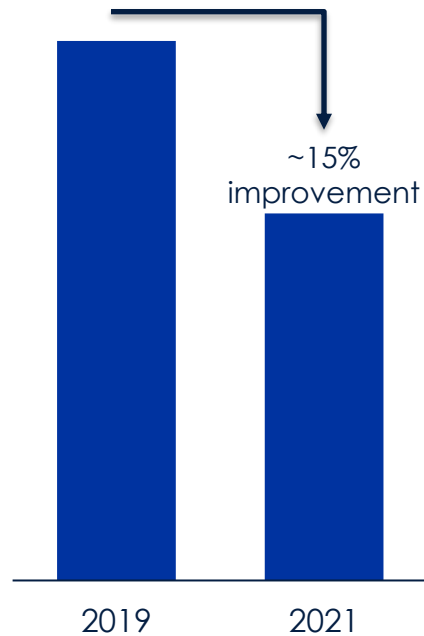


**Service**  
**\$7.9B**

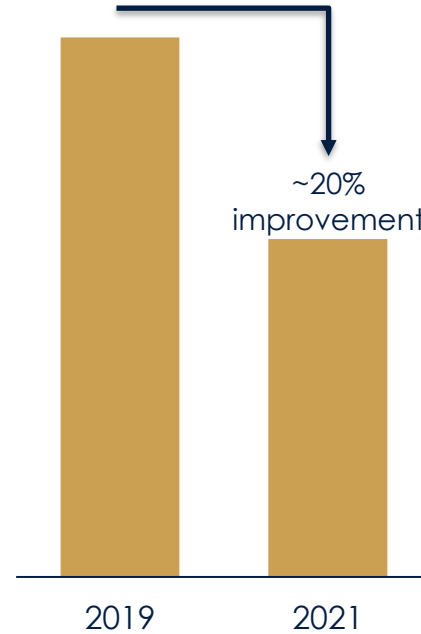


# Improving customer experience

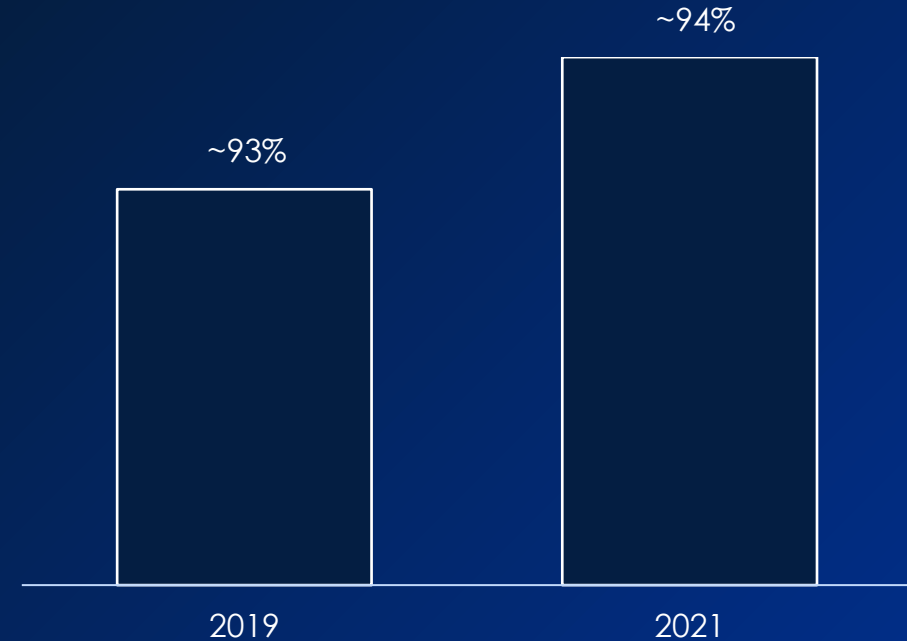
**Unplanned shutdowns**  
(Indexed, 2019 = 100)



**Service response time**  
(Indexed, 2019 = 100)



**Retention rates**



Focus on better customer experience leads to higher retention

# Otis ONE™: improving the Service experience

## Otis Experts & A.I.: Improving Otis productivity



- Determine unhealthy elevators
- Remotely fix and maintain
- Dispatch technician with diagnostics

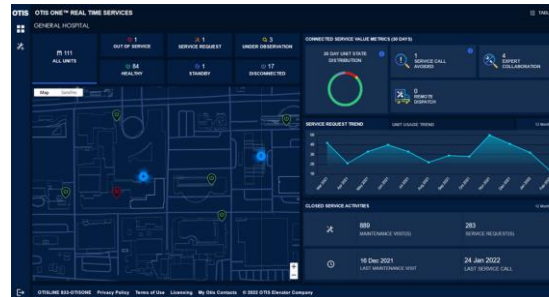


Field technician app

## Otis Customers: Driving customer value & stickiness



- Reduces unplanned service calls
- Improves service response time
- Increases visibility



Customer portal

## Otis ONE in China: (2021 v 2019)

**~75K** Otis ONE units deployed ...  
~30% of portfolio

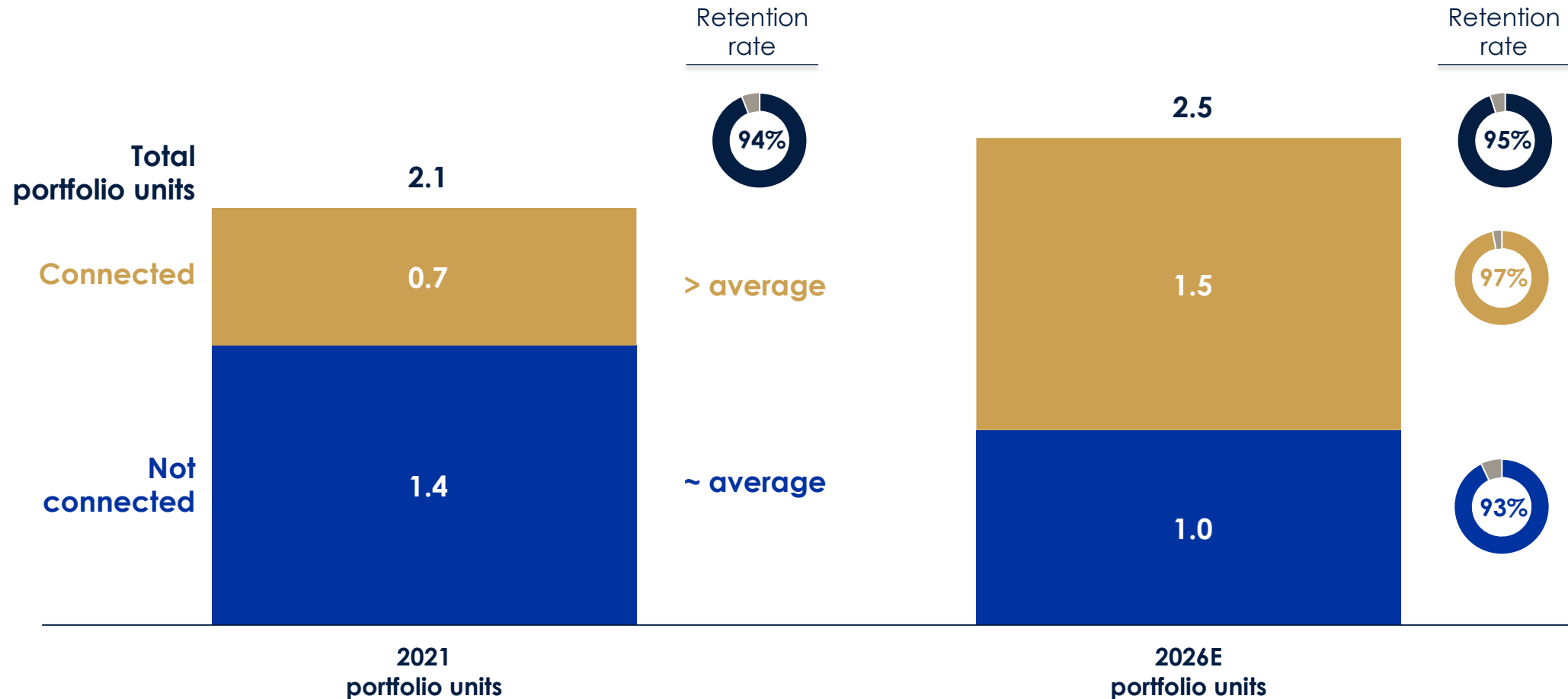
**~5%** Reduction in unplanned  
service call rate

**~10%** Reduction in service  
hours per unit

Real-time active monitoring & cloud-based analytics

# Digital penetration expected to improve retention

(units, millions)

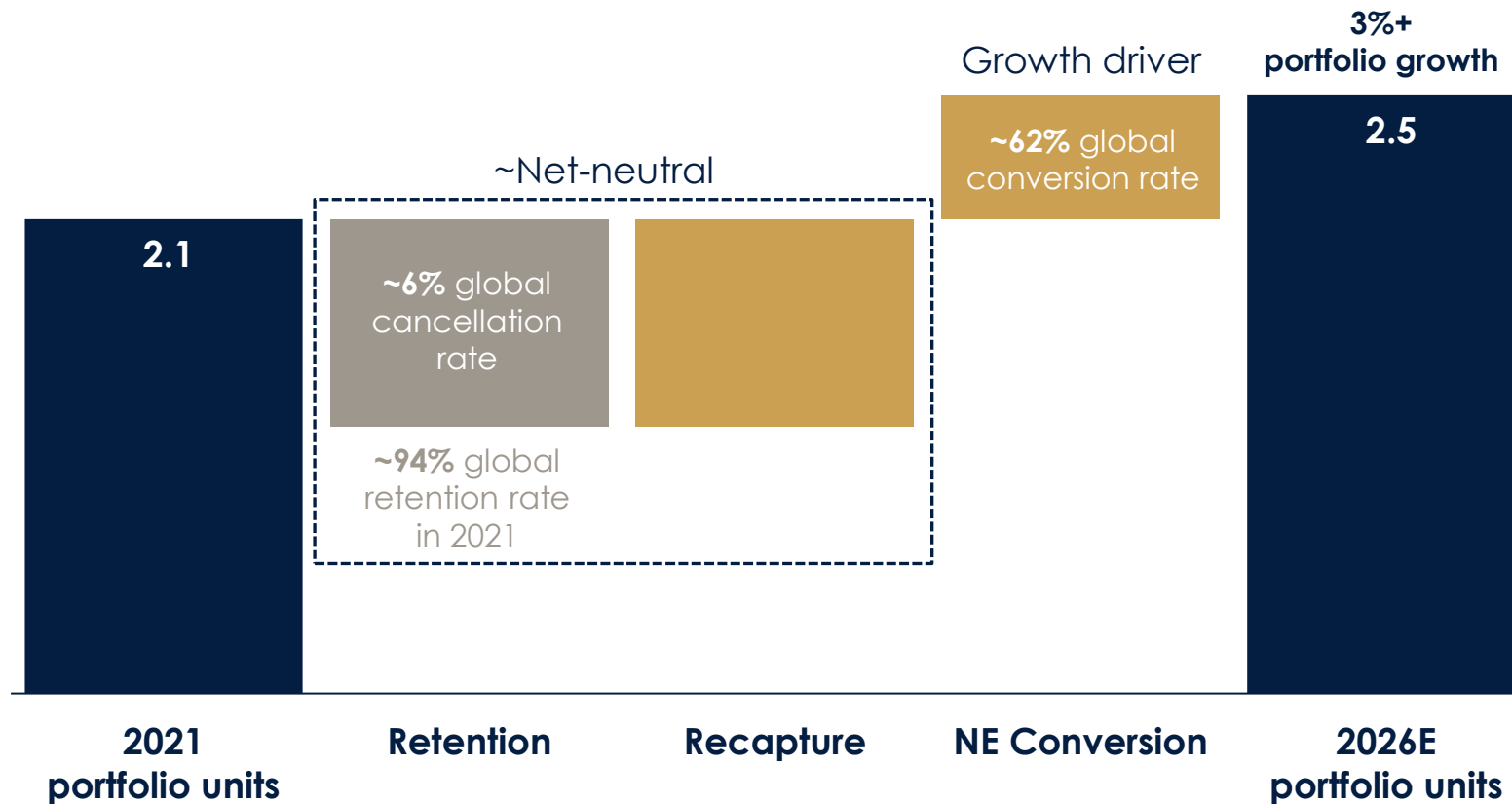


Targeting 60%+ of portfolio units connected over the medium term...driving 1 pt global retention improvement



# Portfolio growth roadmap

(units, millions)



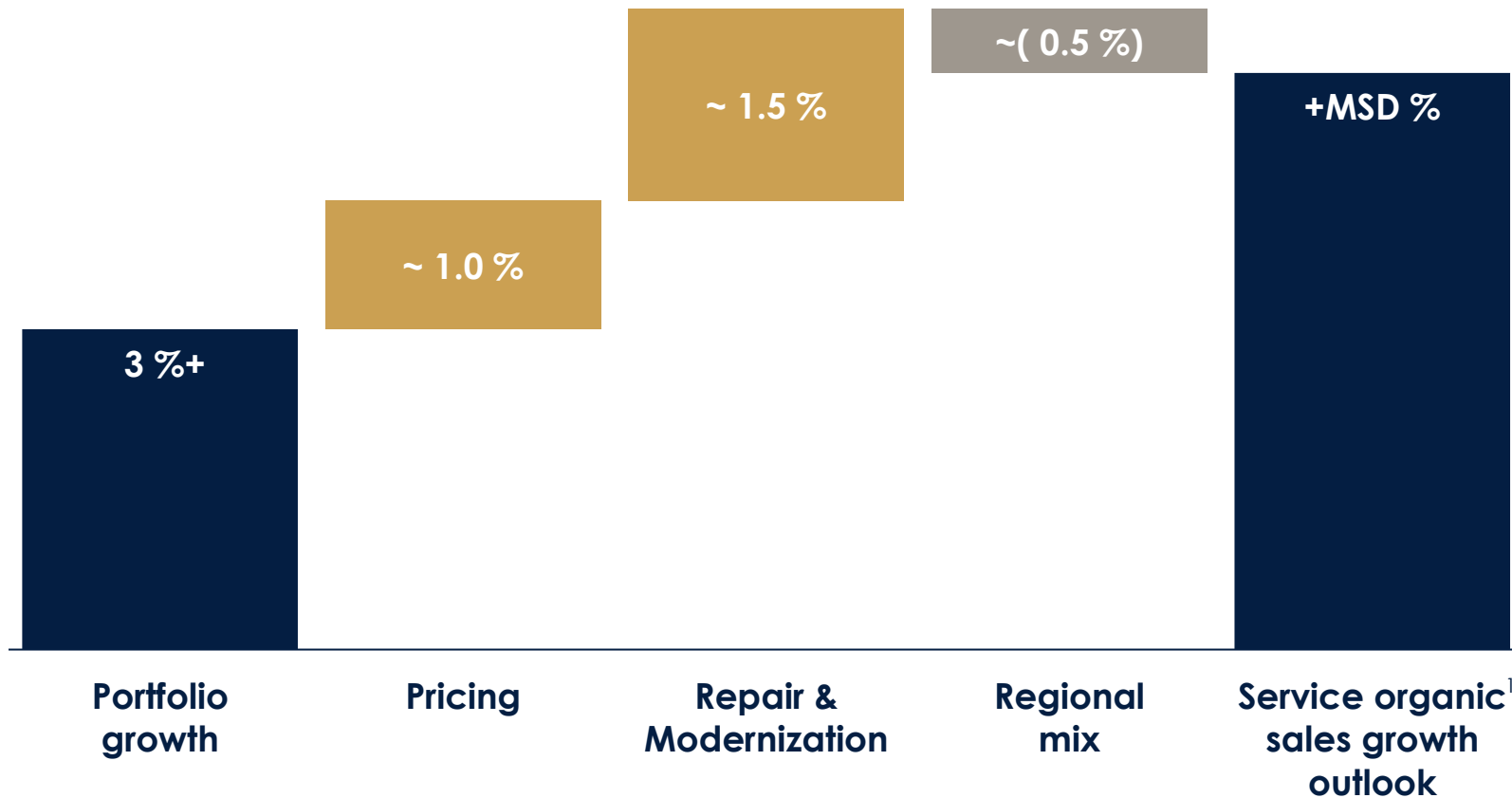
Retention rate =  $1 - (\text{canceled units} / \text{total portfolio units})$   
Conversion rate =  $\text{units added to maintenance portfolio} / \text{total units eligible for conversion}$

## Pathway to >3% growth

- Upside to retention from digital roll-out and service improvement initiatives
- Otis' conversion rate will improve as Otis China improves conversion to 60% from 45% currently
- Focused on recapture in Asia with channel expansion and dedicated sales force

# Path to mid-single digit Service organic<sup>1</sup> sales growth outlook

(growth rates)



<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures

## Drivers

- 1% price embedded in medium-term outlook and inflation at normalized levels
- Repair and Modernization growth tailwind
- Potential upside to current outlook from digital pricing uplift and opportunities to drive higher portfolio growth

# Digital offerings also increase recurring revenue

## Expand digital offering...



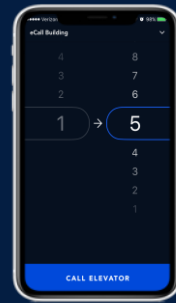
Otis ONE™



Otis eView™ Multimedia

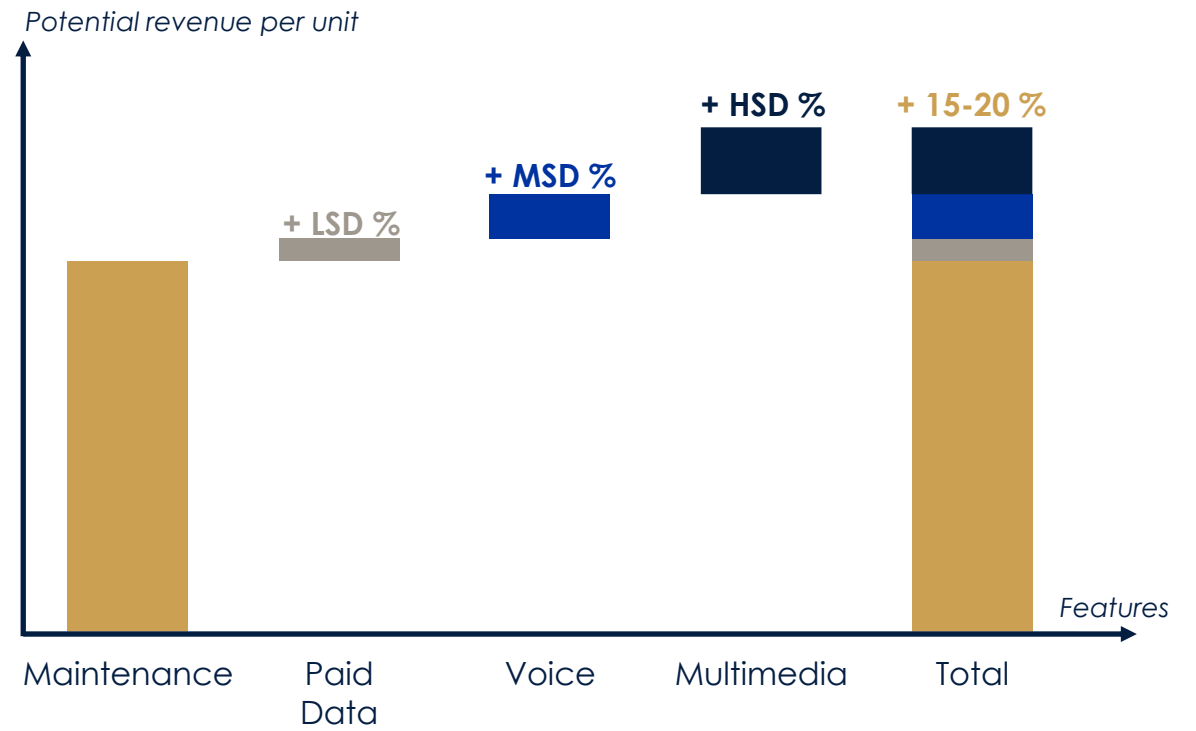


Compass® 360



Otis eCall™

## ...higher recurring revenues through Otis ONE™



# Drivers to achieve medium-term Service adjusted margin<sup>1</sup> expansion

(basis points)

Service	+ ~ 40 to 50 bps annually
Volume	++
Price	+
Productivity	+
Labor inflation	-
Investments	-

## Drivers

- Productivity & pricing initiatives expected to more than offset labor cost headwinds
- Margin expansion driven by benefit of higher volume including pricing, partially offset by investments

<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures

# Q3 2022 Earnings

# Q3 2022 highlights

## Solid Q3...Service strength mitigating macro headwinds

- YTD New Equipment share up ~1 pt<sup>1</sup>
- Accelerated maintenance portfolio growth, up 3.8%
- Organic<sup>2</sup> sales growth, driven by Service
- Adjusted EPS<sup>2</sup> up 5.3%...Service operating profit growth and accretion from the Zardoya transaction mitigating \$0.08 FX headwind

## Creating value for all stakeholders

- Repurchased \$300M of shares in Q3, \$700M year-to-date...increasing FY outlook to \$850M
- Achieved EcoVadis Gold rating

<sup>1</sup> Based on Otis internal estimates

<sup>2</sup> See appendix for additional information regarding these non-GAAP financial measures.

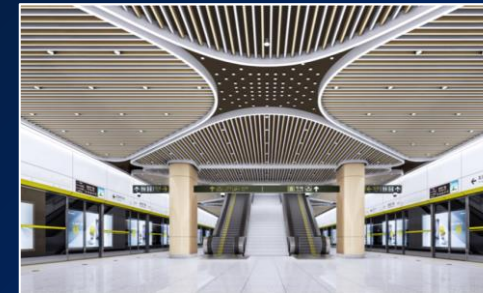
## Q3 Orders



Space Needle  
Seattle, Washington



81 Newgate Street  
London, UK



Suzhou Metro Line 8  
Suzhou, China



Oppo Xi  
Gyeonggi, South Korea



# Q3 2022 update

## Q3 2022 Results

- New Equipment orders down 0.8% at constant currency<sup>1</sup>, up 7.4% excluding China...global New Equipment orders up 7.6% on a rolling 12-month basis
- New Equipment backlog ~flat and adjusted backlog up 12% at constant currency<sup>1</sup>
- Organic<sup>1</sup> sales up 0.8%... Service up 6.2%, New Equipment down 5.4%
- Adjusted operating profit up \$35M at constant currency<sup>1</sup>...margin<sup>1</sup> expanded 60 bps
- Free cash flow<sup>1</sup> of \$215M...\$1.0B year-to-date with 106% conversion<sup>1</sup> of GAAP net income

## Revised 2022 Outlook

- Adjusted net sales<sup>1</sup> of \$13.4 to \$13.5B, up 2 to 2.5% organically and down 4 to 4.5% at actual currency
- Adjusted operating profit<sup>1</sup> of ~\$2.1B, up \$120 to \$140M at constant currency<sup>1</sup>; down \$35 to \$55M at actual currency with ~30 bps of margin expansion
- Adjusted EPS<sup>1</sup> of \$3.11 to \$3.15, up 5 to 7%
- Free cash flow<sup>1</sup> of \$1.5 to \$1.6B...~125% conversion of GAAP net income
- Increasing share repurchase target to \$850M in 2022

<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

# Q3 2022 results

(\$ millions, except per share amounts)

## Sales

GAAP 3,620 3,344

Adjusted<sup>1</sup> 3,555 3,326



Q3 2021

Q3 2022

Organic<sup>1</sup> 0.8%

FX (7.2%)

Net acquisitions/other (1.2%)

**Total net sales (7.6%)**

## Operating profit

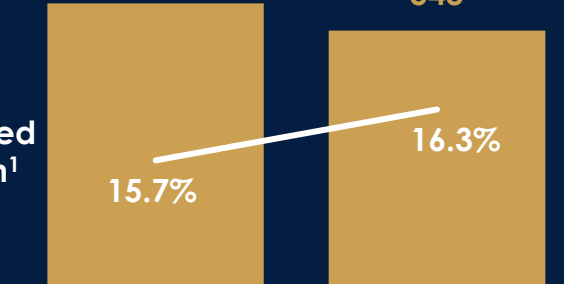
GAAP 542 529

Adjusted<sup>1</sup> 558 543

Adjusted margin<sup>1</sup>

15.7%

16.3%



Q3 2021

Q3 2022

Adjusted operating profit<sup>1</sup> up \$35M at constant currency<sup>1</sup>, excluding \$50M of FX headwinds

Adjusted operating profit margin<sup>1</sup> expanded 60 bps to 16.3%, driven by segment mix and strong Service performance

## Diluted earnings per share

GAAP \$0.77 \$0.77

Adjusted<sup>1</sup> \$0.76 \$0.80



Q3 2021

Q3 2022

## Adjusted EPS<sup>1</sup> drivers

Operational \$0.05

FX (\$0.08)

Shares / other \$0.03

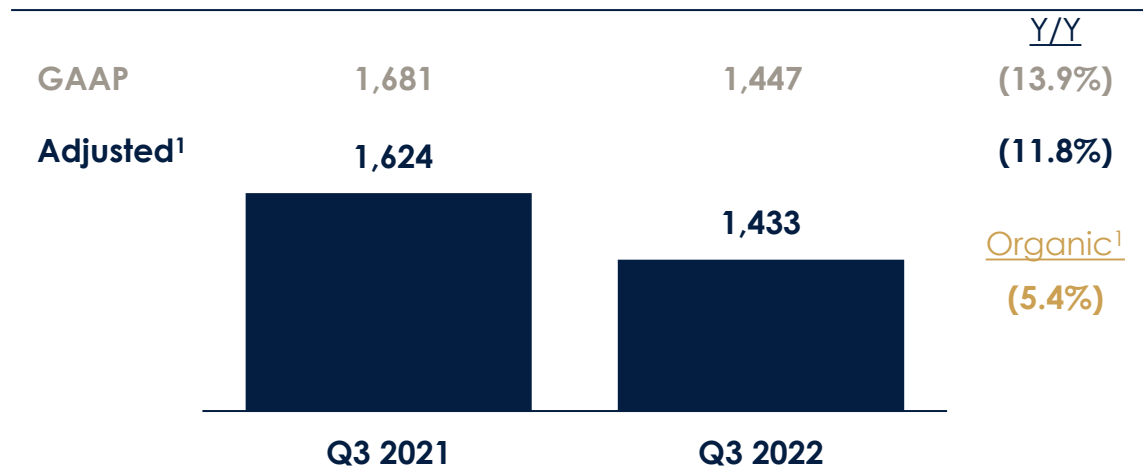
Zardoya accretion \$0.04

<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures

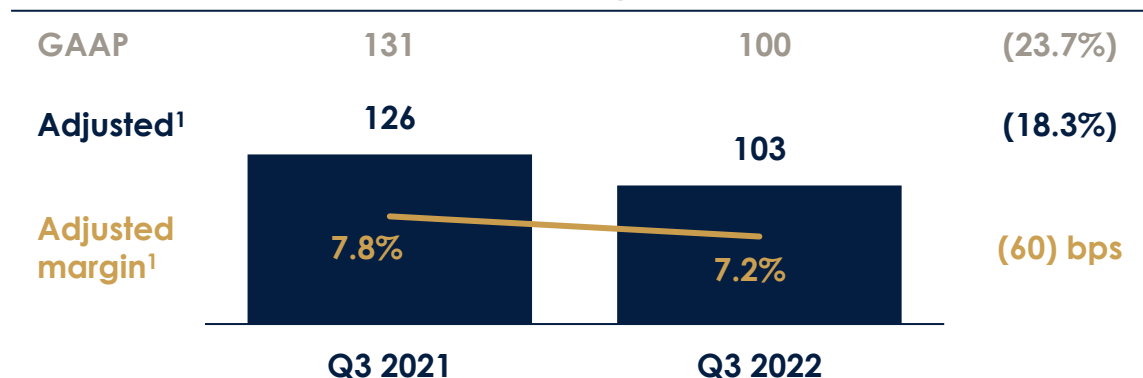
# New Equipment

(\$ millions)

## Net sales



## Operating profit



<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

<sup>2</sup> Based on Otis internal estimates.

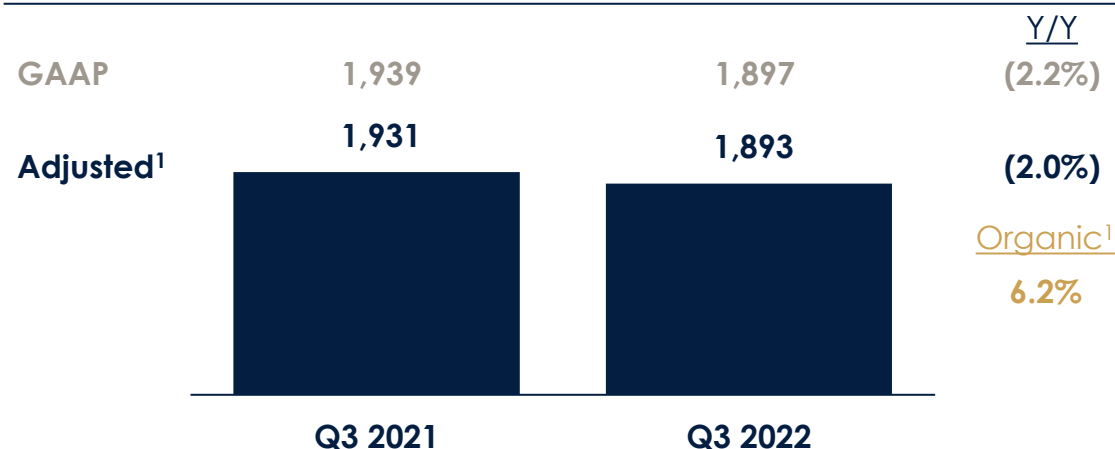
## Q3 Results

- Orders down 0.8% at constant currency<sup>1</sup>, up 7.4% excluding China... low single digit growth in the Americas & low teens growth in EMEA & Asia Pacific
- 3Q22 New Equipment share was ~flat, YTD up ~1 pt<sup>2</sup>
- New Equipment backlog ~flat and adjusted backlog up 12% at constant currency<sup>1</sup>
- Organic<sup>1</sup> sales down 5.4%
  - Americas down 4.1%
  - EMEA up 6.6%
  - Asia down 11%
    - Asia Pacific up low teens
    - China down high teens
- Adjusted operating profit<sup>1</sup> down \$21 million at constant currency<sup>1</sup>...lower volume, under absorption and commodity headwinds, partially offset by productivity and SG&A reductions

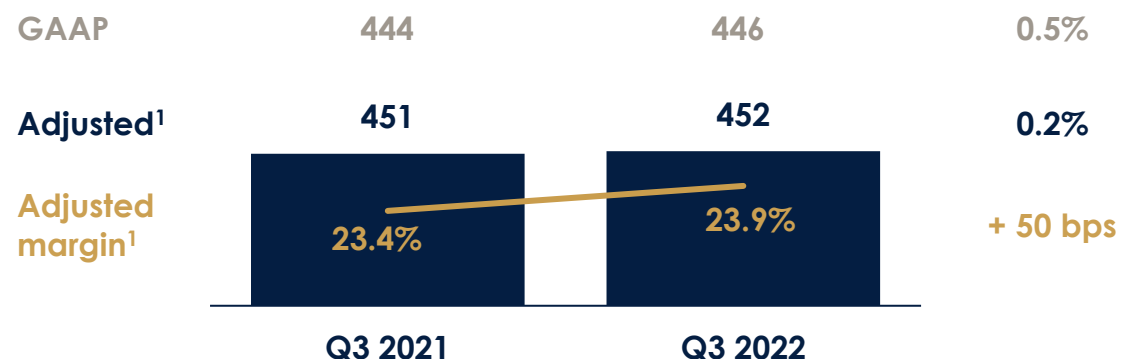
# Service

(\$ millions)

## Net sales



## Operating profit



<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

## Q3 Results

- Maintenance units up 3.8% versus prior year...growth in all regions
- Modernization orders up 18% at constant currency<sup>1</sup> with growth in all regions...backlog up 7%
- Organic<sup>1</sup> sales up 6.2%
  - Maintenance & Repair up 5.4%
  - Modernization up 10.3%
- Adjusted operating profit<sup>1</sup> up \$49M at constant currency<sup>1</sup>... higher volume, favorable pricing and productivity, partially offset by annual wage inflation

# 2022 financial outlook

	Prior outlook	Current outlook
Organic <sup>1</sup> sales	<p>Otis up 2.5 to 3.5%</p> <p>New Equipment down 0.5 to 1.0%</p> <p>Service up 5.5 to 6.5%</p>	<p>Otis up 2.0 to 2.5%</p> <p>New Equipment down ~2.5%</p> <p>Service up 6.0 to 6.5%</p>
Constant currency adj. operating profit <sup>1</sup>	up \$120 to \$150M	up \$120 to \$140M
Adjusted operating profit <sup>1</sup> margin	<p>Otis up ~30 bps</p> <p>New Equipment down 20 to 60 bps</p> <p>Service up ~60 bps</p>	<p>Otis up ~30 bps</p> <p>New Equipment down 40 to 60 bps</p> <p>Service up ~50 bps</p>
Adjusted EPS <sup>1</sup>	\$3.17 to \$3.21, up 7 to 9%	\$3.11 to \$3.15, up 5 to 7%
Free cash flow <sup>1</sup> & capital deployment	<p>Free cash flow ~\$1.6B, ~125% conversion</p> <p>Share repurchases ~\$700M</p>	<p>Free cash flow \$1.5 to \$1.6B, ~125% conversion</p> <p>Share repurchases ~\$850M</p>

<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

# 2022 organic<sup>1</sup> sales outlook

	Prior outlook (July 27, 2022)	Updated outlook
<b>New Equipment</b>	<b>down 0.5 to 1.0%</b>	<b>down ~2.5%</b>
Americas	~flat	~flat
EMEA	up low to mid single	up low to mid single
Asia	down low single	down ~6%
<b>Service</b>	<b>up 5.5 to 6.5%</b>	<b>up 6.0 to 6.5%</b>
Maintenance & repair	up 5.5 to 6.0%	up 5.5 to 6.0%
Modernization	up 6.0 to 9.0%	up 7.0 to 9.0%
<b>Otis</b>	<b>up 2.5 to 3.5%</b>	<b>up 2.0 to 2.5%</b>

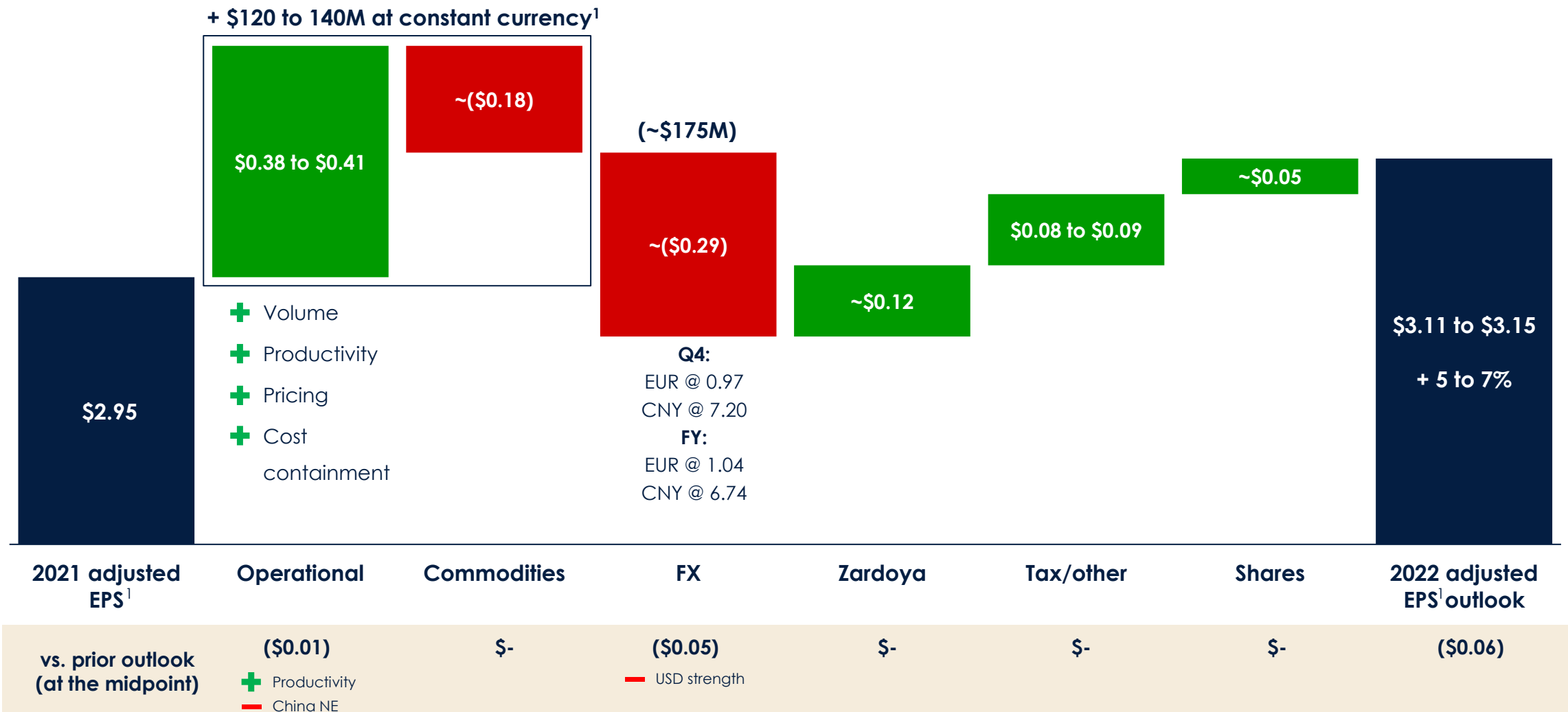
<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

## Outlook drivers

- Q3 adjusted New Equipment backlog up 12% at constant currency<sup>1</sup>
- Weaker China market outlook
- Accelerated maintenance portfolio growth, up 3.8% in Q3, and Service pricing tailwinds
- Continued recovery on discretionary repair
- Increased modernization demand and backlog conversion...backlog up 7% at constant currency<sup>1</sup>



# 2022 adjusted EPS<sup>1</sup> growth outlook drivers



<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

# Otis fundamentals...driving value creation<sup>1</sup>

## Sales

- Invest in innovation
- Gain New Equipment share
- Accelerate portfolio growth

**Sustainable growth**

## Operating Profit

- Drop through from volume
- Optimize supply chain & installation process
- Drive service productivity
- Rationalize SG&A

**Expand operating margin**

## Cash & Capital Deployment

- Reduce effective tax rate
- Make targeted investments
- Raise dividends
- Continue share repurchases

**Return cash to shareholders**

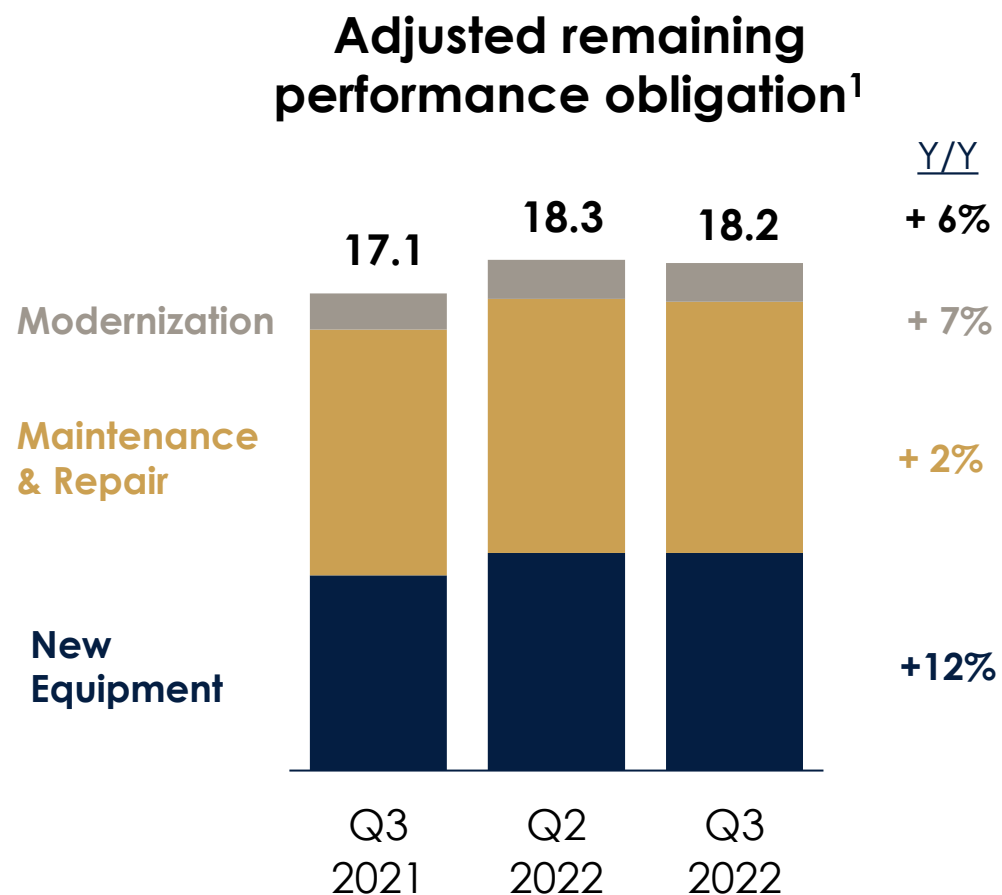
<sup>1</sup> Based on Otis internal estimates and expectations.

A photograph of the Chicago skyline at dusk, featuring the Willis Tower and other skyscrapers. A semi-transparent dark blue rectangle is centered over the image, serving as a background for the text.

# Appendix

# Backlog and orders

(\$billions, at constant currency<sup>1</sup>)

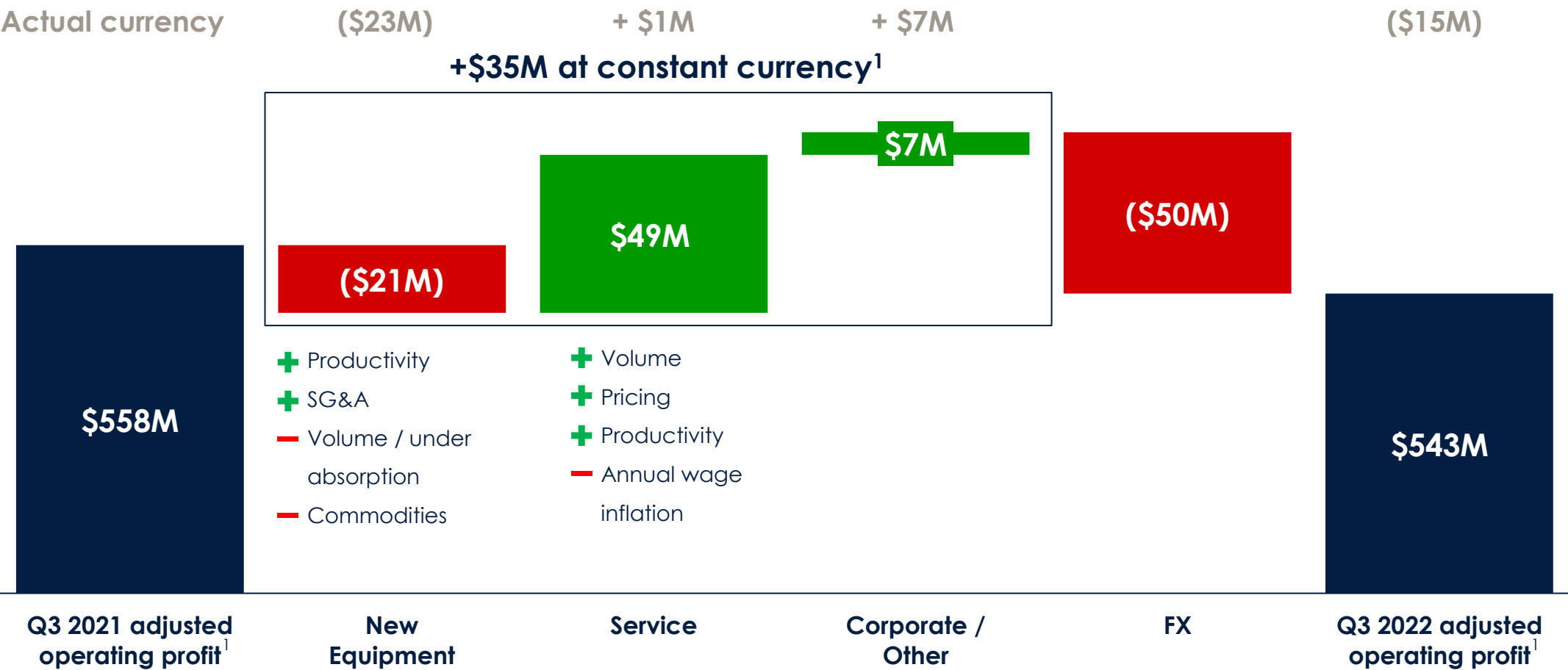


## New Equipment orders

Region	Q3 2022 Y/Y	YTD 2022 Y/Y	12-month rolling
Total Otis	(0.8%)	8.0%	7.6%
Americas	3.3%	24.3%	23.0%
EMEA	11.2%	16.4%	10.3%
Asia	(6.7%)	(2.9%)	(1.0%)

<sup>1</sup> See additional information regarding these non-GAAP financial measures.

# Q3 2022 adjusted operating profit<sup>1</sup> drivers



**Adjusted operating profit margin<sup>1</sup> expanded 60 basis points to 16.3%**

<sup>1</sup> See additional information regarding these non-GAAP financial measures.

# Year-to-date 2022 results

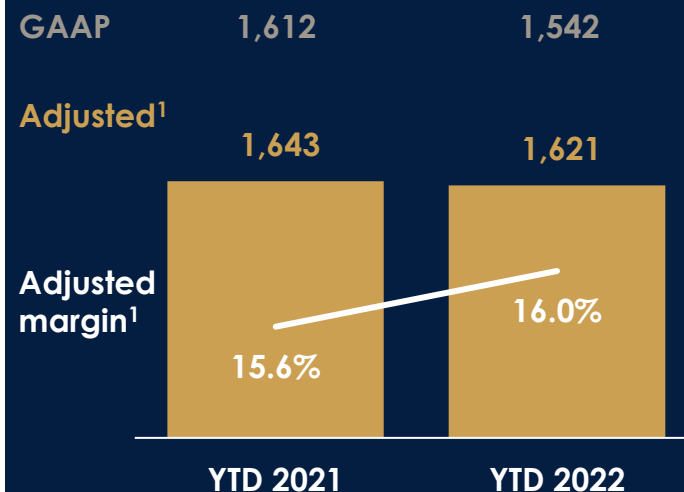
(\$ millions, except per share amounts)

## Sales



Organic <sup>1</sup>	1.4%
FX	(5.2%)
Net acquisitions/other	(0.7%)
<b>Total net sales</b>	<b>(4.5%)</b>

## Operating profit



YTD adjusted operating profit<sup>1</sup> down \$22M...  
up \$85M at constant currency<sup>1</sup>

YTD adjusted operating profit margin<sup>1</sup>  
expanded 40 bps

## Diluted earnings per share



### Adjusted EPS<sup>1</sup> drivers

Operational	\$0.14
FX	(\$0.18)
Tax	\$0.08
Shares / other	\$0.07
Zardoya accretion	\$0.08

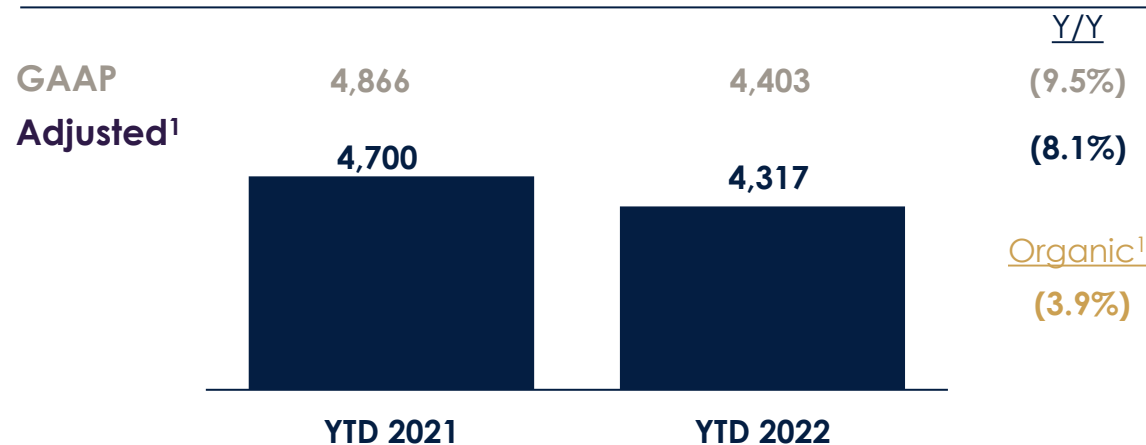
<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures



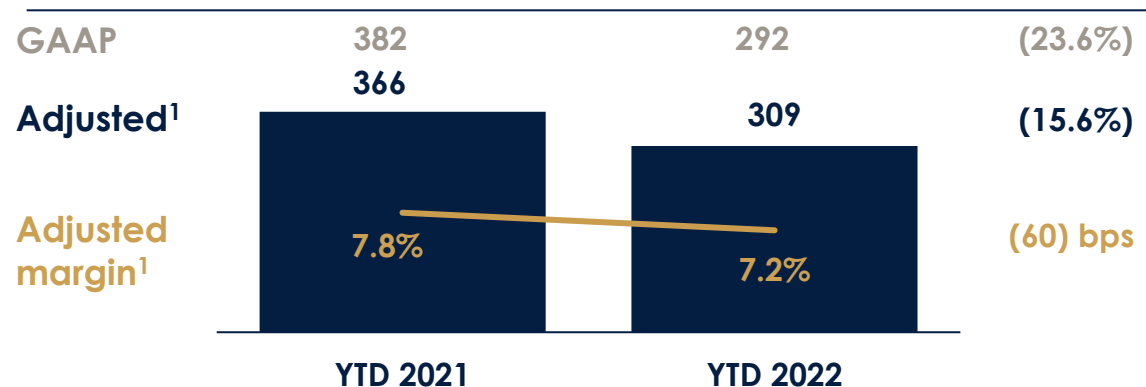
# New Equipment

(\$ millions)

## Net sales



## Operating profit



<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

<sup>2</sup> Based on Otis internal estimates.

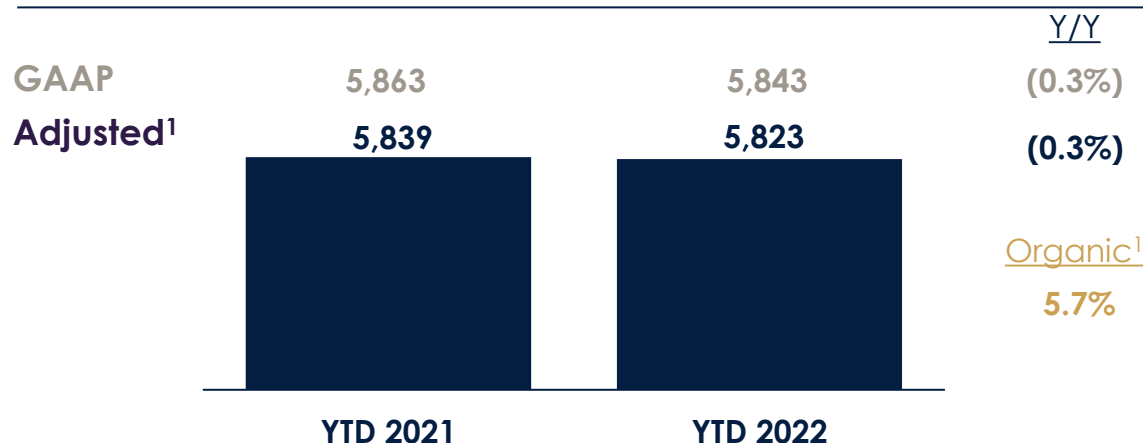
## YTD Results

- Orders up 8.0% at constant currency<sup>1</sup>
- YTD New Equipment share up ~1 pt<sup>2</sup>
- Organic<sup>1</sup> sales down 3.9%
  - Americas down 3.5%
  - EMEA up 3.6%
  - Asia down 7.8%
    - Asia Pacific up high single digits
    - China down low teens
- Adjusted operating profit<sup>1</sup> down \$57M

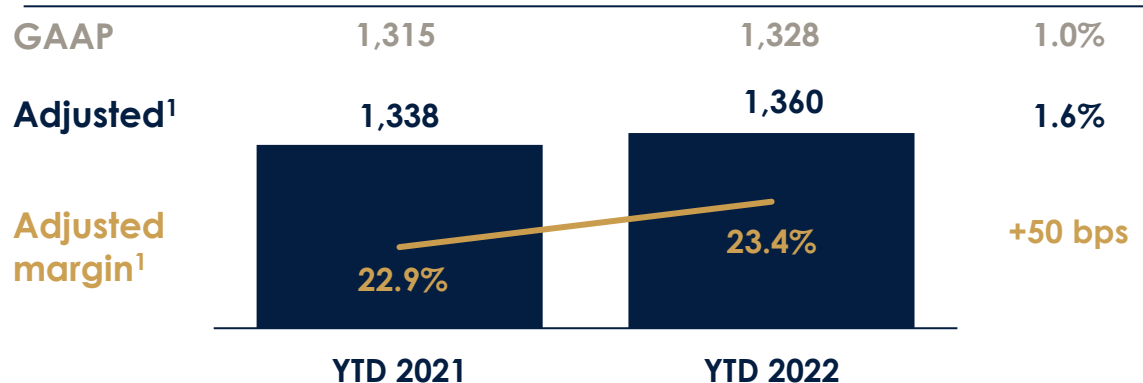
# Service

(\$ millions)

## Net sales



## Operating profit

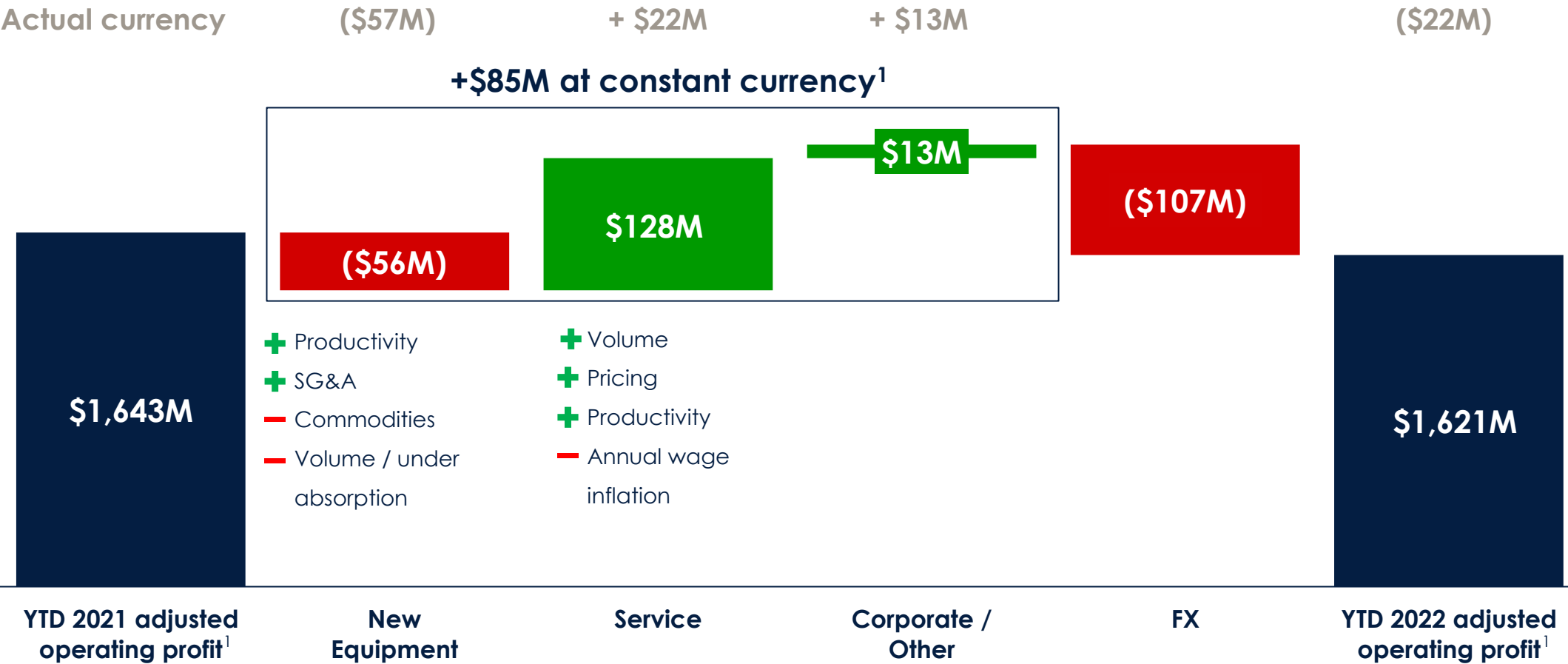


<sup>1</sup> See appendix for additional information regarding these non-GAAP financial measures.

## YTD Results

- Modernization orders up 6.5% at constant currency<sup>1</sup>
- Organic<sup>1</sup> sales up 5.7%
  - Maintenance & Repair up 5.3%
  - Modernization up 7.8%
- Adjusted operating profit<sup>1</sup> up \$22M and \$128M at constant currency<sup>1</sup>

# YTD 2022 adjusted operating profit<sup>1</sup> drivers



**Adjusted operating profit margin<sup>1</sup> expanded 40 basis points to 16.0%**

<sup>1</sup> See additional information regarding these non-GAAP financial measures.

# Additional information

	Actuals			
	1Q22	2Q22	3Q22	YTD
Restructuring expense	\$14M	\$25M	\$6M	\$45M
Non-service pension expense	\$0M	\$1M	\$1M	\$2M
Adjusted net interest expense (a)	\$33M	\$35M	\$35M	\$103M
Adjusted effective tax rate (b)	27.4%	22.4%	28.2%	26.0%
Noncontrolling interest expense	\$42M	\$27M	\$26M	\$95M
Capital expenditures	\$30M	\$27M	\$24M	\$81M
Diluted shares outstanding	427.7M	424.2M	421.2M	424.3M

FY22 Outlook	
Prior (July 27, 2022)	Updated
\$75 to \$80M	~\$75M
~\$3M	~\$3M
~\$135M	~\$135M
26.5 to 26.7%	26.5 to 26.7%
\$120 to \$125M	\$120M
\$150 to \$160M	~\$120 to 130M
~424M	~423.5M

Currency exposure	2021 sales
USD	26%
EUR	21%
CNY	20%
Other	33%

(a) Adjusted net interest expense represents net interest expense (a GAAP measure), adjusted for the impacts of non-recurring acquisition related financing costs and net interest related to the Zardoya Otis transaction and Russia operations.

(b) The adjusted effective tax rate represents the effective tax rate (a GAAP measure) adjusted for the tax impact of restructuring costs, other significant non-recurring items and includes rounding.

# Use and Definitions of Non-GAAP Financial Measures

Otis Worldwide Corporation ("Otis") reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure. A reconciliation of the non-GAAP measures (referenced in this press release) to the corresponding amounts prepared in accordance with GAAP appears in the attached tables. These tables provide additional information as to the items and amounts that have been excluded from the adjusted measures. Adjusted net sales, organic sales, adjusted selling, general and administrative ("SG&A") expense, adjusted operating profit, adjusted net income, adjusted diluted earnings per share ("EPS"), adjusted effective tax rate, adjusted remaining performance obligation ("RPO"), constant currency and free cash flow are non-GAAP financial measures. Adjusted net sales represents net sales (a GAAP measure), excluding significant items of a non-recurring and/or nonoperational nature ("other significant items"). Organic sales represents consolidated net sales (a GAAP measure), excluding the impact of foreign currency translation, acquisitions and divestitures completed in the preceding twelve months and other significant items. Management believes organic sales is a useful measure in providing period-to-period comparisons of the results of the Company's ongoing operational performance. Adjusted SG&A expense represents SG&A expense (a GAAP measure), excluding restructuring costs and other significant items. Adjusted general corporate expenses and other represents general corporate expenses and other (a GAAP measure), excluding restructuring costs and other significant items. Adjusted operating profit represents income from continuing operations (a GAAP measure), excluding restructuring costs and other significant items. Adjusted net interest expense represents net interest expense (a GAAP measure), adjusted for the impacts of non-recurring acquisition related financing costs and related net interest expense pending the completion of a transaction. The adjusted effective tax rate represents the effective tax rate (a GAAP measure) adjusted for other significant items and the tax impact of restructuring costs and other significant items. Adjusted net income represents net income attributable to Otis Worldwide Corporation (a GAAP measure), excluding restructuring costs and other significant items, including related tax effects. Adjusted EPS represents diluted earnings per share attributable to common shareholders (a GAAP measure), adjusted for the per share impact of restructuring and other significant items, including related tax effects. Adjusted RPO or Adjusted Backlog represents RPO (otherwise referred to herein as backlog from time to time) (a GAAP measure) excluding other significant items. Management believes that adjusted net sales, organic sales, adjusted SG&A, adjusted general corporate expenses and other, adjusted operating profit, adjusted net income, adjusted EPS, the adjusted effective tax rate and adjusted RPO are useful measures in providing period-to-period comparisons of the results of the Company's ongoing operational performance. Additionally, GAAP financial results include the impact of changes in foreign currency exchange rates ("AFX"). We use the non-GAAP measure "at constant currency" or "CFX" to show changes in our financial results without giving effect to period-to-period currency fluctuations. Under U.S. GAAP, income statement results are translated in U.S. dollars at the average exchange rate for the period presented. Management believes that this non-GAAP measure is useful in providing period-to-period comparisons of the results of the Company's ongoing operational performance. Free cash flow is a non-GAAP financial measure that represents cash flow from operations (a GAAP measure) less capital expenditures. Management believes free cash flow is a useful measure of liquidity and an additional basis for assessing Otis' ability to fund its activities, including the financing of acquisitions, debt service, repurchases of common stock and distribution of earnings to shareholders. When we provide our expectations for adjusted net sales, organic sales, adjusted operating profit, adjusted net income, adjusted effective tax rate, adjusted EPS and free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected diluted EPS from continuing operations, operating profit, the effective tax rate, net sales and expected cash flow from operations) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

# 2022 GAAP to adjusted financials reconciliation

(\$millions)	Otis			New Equipment			Service			Corporate/other		
Sales	1Q22	2Q22	3Q22	1Q22	2Q22	3Q22	1Q22	2Q22	3Q22	1Q22	2Q22	3Q22
Net sales	3,414	3,488	3,344	1,422	1,534	1,447	1,992	1,954	1,897	0	0	0
Russia	(54)	(34)	(18)	(47)	(25)	(14)	(7)	(9)	(4)	0	0	0
Adjusted net sales	3,360	3,454	3,326	1,375	1,509	1,433	1,985	1,945	1,893	0	0	0

Income	1Q22	2Q22	3Q22									
Net income attributable to Otis	311	321	324									
Noncontrolling interest in subsidiaries'	42	27	26									
Income tax expense	136	103	143									
Net interest expense	37	35	35									
Non-service pension benefit (expense)	0	1	1									
GAAP operating profit	526	487	529	93	99	100	447	435	446	(14)	(47)	(17)
Restructuring	14	25	6	4	12	2	10	13	4	0	0	0
One-time separation costs	2	0	0	0	0	0	0	0	0	2	0	0
Russia operations	(5)	11	(2)	(4)	2	(1)	2	1	1	(3)	8	(2)
Russia sale and conflict-related charges	0	18	10	0	0	2	0	0	1	0	18	7
Adjusted operating profit	537	541	543	93	113	103	459	449	452	(15)	(21)	(12)
Adjusted operating profit margin	16.0%	15.7%	16.3%	6.8%	7.5%	7.2%	23.1%	23.1%	23.9%			
Non-service pension (expense)	0	(1)	(1)									
Adjusted net interest expense (a)	(33)	(35)	(35)									
Adjusted pre-tax profit	504	505	507									
Adjusted income tax expense	(138)	(113)	(143)									
Adjusted effective tax rate (b)	27.4%	22.4%	28.2%									
Noncontrolling interest	(42)	(27)	(26)									
Adjusted net income	324	365	338									
Adjusted EPS	\$0.76	\$0.86	\$0.80									

(a) Adjusted net interest expense represents net interest expense (a GAAP measure), adjusted for the impacts of non-recurring acquisition related financing costs and net interest expense related to the Zardoya Otis transaction and Russia operations.

(b) The adjusted effective tax rate represents the effective tax rate (a GAAP measure) adjusted for the tax impact of restructuring costs, other significant items and includes rounding.



# 2021 GAAP to adjusted financials reconciliation

(\$millions)

Otis						New Equipment					Service					Corporate/other				
Sales	1Q21	2Q21	3Q21	4Q21	FY 2021	1Q21	2Q21	3Q21	4Q21	FY 2021	1Q21	2Q21	3Q21	4Q21	FY 2021	1Q21	2Q21	3Q21	4Q21	FY 2021
Net sales	3,408	3,701	3,620	3,569	14,298	1,458	1,727	1,681	1,562	6,428	1,950	1,974	1,939	2,007	7,870	-	-	-	-	-
Russia	(53)	(72)	(65)	(63)	(253)	(45)	(64)	(57)	(54)	(220)	(8)	(8)	(8)	(9)	(33)	-	-	-	-	-
Adjusted net sales	3,355	3,629	3,555	3,506	14,045	1,413	1,663	1,624	1,508	6,208	1,942	1,966	1,931	1,998	7,837	-	-	-	-	-
Income	1Q21	2Q21	3Q21	4Q21	FY 2021															
Net income attributable to Otis	308	326	331	281	1,246															
Noncontrolling interest in subsidiaries <sup>1</sup>	44	53	48	29	174															
Income tax expense	123	153	128	137	541															
Net interest expense	32	27	33	44	136															
Non-service pension benefit (expense)	2	2	2	5	11															
GAAP operating profit	509	561	542	496	2,108	104	147	131	77	459	430	441	444	447	1,762	(25)	(27)	(33)	(28)	(113)
Restructuring	15	11	9	21	56	5	8	4	6	23	10	3	5	15	33	0	0	0	0	0
One-time separation costs	9	0	15	3	27	0	0	0	0	0	0	0	0	0	0	9	0	15	3	27
Russia	(10)	(10)	(8)	(5)	(33)	(11)	(13)	(9)	(7)	(40)	2	1	2	1	6	(1)	2	(1)	1	1
Adjusted operating profit	523	562	558	515	2,158	98	142	126	76	442	442	445	451	463	1,801	(17)	(25)	(19)	(24)	(85)
Adjusted operating profit margin	15.6%	15.5%	15.7%	14.7%	15.4%	6.9%	8.5%	7.8%	5.0%	7.1%	22.8%	22.6%	23.4%	23.2%	23.0%					
Non-service pension (expense)	(2)	(2)	(2)	(5)	(11)															
Adjusted net interest expense (a)	(32)	(28)	(33)	(30)	(123)															
Adjusted pre-tax profit	489	532	523	480	2,024															
Adjusted income tax expense	(141)	(146)	(149)	(144)	(580)															
Adjusted effective tax rate (b)	28.8%	27.4%	28.5%	30.0%	28.7%															
Noncontrolling interest	(44)	(53)	(48)	(28)	(173)															
Adjusted net income	304	333	326	308	1,271															
Adjusted EPS	\$0.70	\$0.77	\$0.76	\$0.72	\$2.95															

(a) Adjusted net interest expense represents net interest expense (a GAAP measure), adjusted for the impacts of non-recurring acquisition related financing costs and net interest expense related to the Zardoya Otis transaction and Russia operations.

(b) The adjusted effective tax rate represents the effective tax rate (a GAAP measure) adjusted for the tax impact of restructuring costs, other significant items and includes rounding.

# Organic sales reconciliation

Q3 2022	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	0.8%	(5.4%)	6.2%	5.4%	10.3%
FX	(7.2%)	(5.8%)	(8.5%)	(8.8%)	(7.6%)
Net acquisitions / divestitures	(1.2%)	(2.7%)	0.1%	0.0%	0.9%
<b>Total net sales growth</b>	<b>(7.6%)</b>	<b>(13.9%)</b>	<b>(2.2%)</b>	<b>(3.4%)</b>	<b>3.6%</b>

YTD 2022	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	1.4%	(3.9%)	5.7%	5.3%	7.8%
FX	(5.2%)	(3.9%)	(6.1%)	(6.3%)	(5.7%)
Net acquisitions / divestitures	(0.7%)	(1.7%)	0.1%	0.1%	0.3%
<b>Total net sales growth</b>	<b>(4.5%)</b>	<b>(9.5%)</b>	<b>(0.3%)</b>	<b>(0.9%)</b>	<b>2.4%</b>

# Adjusted operating profit at constant currency reconciliation

(\$millions)	Q3 2021	Q3 2022	Y/Y	YTD 2021	YTD 2022	Y/Y
<b>New Equipment</b>						
Adjusted operating profit	126	103	(23)	366	309	(57)
Impact of foreign exchange	-	2	2	-	1	1
Adjusted operating profit at constant currency	126	105	(21)	366	310	(56)
<b>Service</b>						
Adjusted operating profit	451	452	1	1,338	1,360	22
Impact of foreign exchange	-	48	48	-	106	106
Adjusted operating profit at constant currency	451	500	49	1,338	1,466	128
<b>Otis Consolidated</b>						
Adjusted operating profit	558	543	(15)	1,643	1,621	(22)
Impact of foreign exchange	-	50	50	-	107	107
Adjusted operating profit at constant currency	558	593	35	1,643	1,728	85

# SG&A reconciliation

(\$millions)	Q3 2021	Q3 2022	YTD 2021	YTD 2022
Adjusted Sales	3,555	3,326	10,539	10,140
<b>SG&amp;A expense</b>	<b>479</b>	<b>417</b>	<b>1,445</b>	<b>1,315</b>
Restructuring	(4)	(4)	(16)	(29)
Russia	(4)	(3)	(12)	(10)
One-time separation costs / other	(2)	(2)	(14)	(5)
<b>Adjusted SG&amp;A</b>	<b>469</b>	<b>408</b>	<b>1,403</b>	<b>1,271</b>
<i>Adjusted SG&amp;A % of adjusted sales</i>	<i>13.2%</i>	<i>12.3%</i>	<i>13.3%</i>	<i>12.5%</i>

# Diluted EPS and Tax reconciliations

	Q3 2021	Q3 2022	YTD 2021	YTD 2022
GAAP diluted earnings per share	\$0.77	\$0.77	\$2.23	\$2.25
Impact of non-recurring items on diluted earnings per share	(\$0.01)	0.03	\$0.00	0.17
<b>Adjusted diluted earnings per share</b>	<b>\$0.76</b>	<b>\$0.80</b>	<b>\$2.23</b>	<b>\$2.42</b>

	Q3 2021	Q3 2022	YTD 2021	YTD 2022
Effective tax rate	25.2%	29.0%	26.7%	26.7%
Impact of adjustments on effective tax rate	3.3%	(0.8%)	1.6%	(0.7%)
<b>Adjusted effective tax rate</b>	<b>28.5%</b>	<b>28.2%</b>	<b>28.3%</b>	<b>26.0%</b>

# Free cash flow reconciliation

(\$millions)	Q3 2021	Q3 2022	YTD 2021	YTD 2022
Operating cash flow <sup>1</sup>	355	239	1,473	1,096
Capital expenditures	(31)	(24)	(115)	(81)
<b>Free cash flow</b>	<b>324</b>	<b>215</b>	<b>1,358</b>	<b>1,015</b>

<b>GAAP net income</b>	<b>331</b>	<b>324</b>	<b>965</b>	<b>956</b>
FCF conversion	98%	66%	141%	106%

<sup>1</sup> Operating cash flow excludes dividends paid to noncontrolling interests.

# Other reconciliations

## Remaining performance obligation (RPO)

(\$billions)	Q3 2021	Q2 2022	Q3 2022
RPO at actual currency (GAAP measure)	17.3	17.7	16.6
Russia	(0.1)	(0.2)	0.0
FX/other <sup>1</sup>	(0.1)	0.8	1.6
<b>Adjusted RPO at constant currency</b>	<b>17.1</b>	<b>18.3</b>	<b>18.2</b>

## New Equipment backlog

Growth %	Q3 2022
Actual currency (GAAP measure)	0%
Russia	2%
FX	10%
<b>Adjusted NE backlog at constant currency</b>	<b>12%</b>

<sup>1</sup> Balances have been updated to reflect the impact of the constant currency calculation and other adjustments to ensure comparability.



**OTIS**