



OTIS

**Q3 2024
Earnings Call
October 30, 2024**

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, restructuring actions (including UpLift), credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions, or 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 and any changes therein, including financial market conditions, fluctuations in commodity prices and other inflationary pressures, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues, 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., including in connection with the results of the 2024 elections or otherwise, and other countries in which Otis and its businesses operate, including the effects of the ongoing conflict between Russia and Ukraine, the conflicts in the Middle East, and tensions between the U.S. and China, on general market conditions, commodity costs, global trade policies and related sanctions and export controls, and currency exchange rates 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 or costs thereof, including credit market conditions and Otis' capital structure; (6) the timing and scope of future repurchases of Otis' 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 changes in general economic conditions, geopolitical conflicts or otherwise; (8) cost reduction or containment actions, restructuring costs and related savings and other consequences thereof, including with respect to UpLift; (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 and labor inflation in the markets in which Otis and its businesses operate globally; (13) the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S., including in connection with the results of the 2024 election, and other countries in which Otis and its businesses operate; (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 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") of Otis and Carrier Global Corporation ("Carrier") from United Technologies Corporation (now known as RTX Corporation ("RTX")); and (17) our obligations and disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier 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.

Q3 2024 highlights

Continued Service strength in the third quarter...

- 4.2% Maintenance portfolio growth
- Modernization backlog up 12% at constant currency¹
- Organic¹ sales up 1.2%, driven by Service
- Service organic¹ sales up 7.7%...maintenance & repair up 6.4% and modernization up 13.7%

...creating value for all stakeholders

- Repurchased \$200M of shares in Q3...\$800M year-to-date
- Expanding Bengaluru manufacturing facility
- Otis Korea obtained ISO 50001 certification



¹ See appendix for additional information regarding these non-GAAP financial measures.
² At constant currency.

YTD 2024

6.4%

Service organic¹ sales growth

60 bps

adjusted operating profit margin expansion¹

8.2%

adjusted EPS growth¹

10.1%

modernization orders growth²

Q3 2024 orders & portfolio

New Equipment

	Y/Y
New Equipment orders ¹	(2.9%)
New Equipment backlog ²	(3%)

Service

	Y/Y
Portfolio units	4.2%
Modernization orders ¹	2.9%
Modernization backlog ²	12%

¹ At constant currency.

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

Q3 2024 Orders



101 Collins Street
Melbourne, Australia



St. Luke's University Health,
Anderson Campus
Bethlehem Township, Pennsylvania



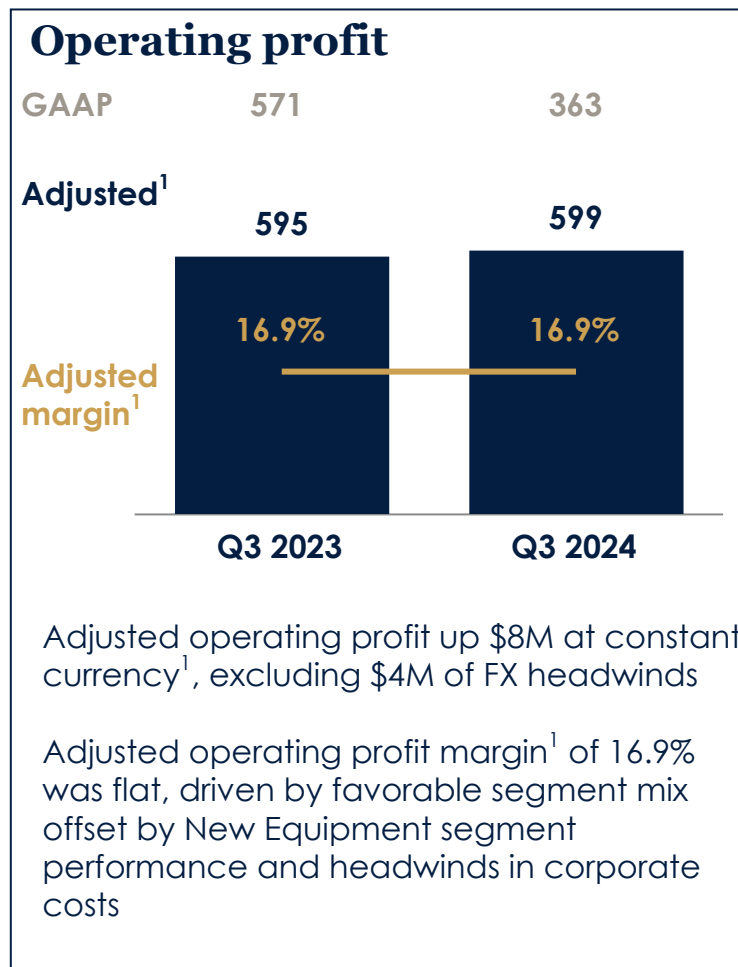
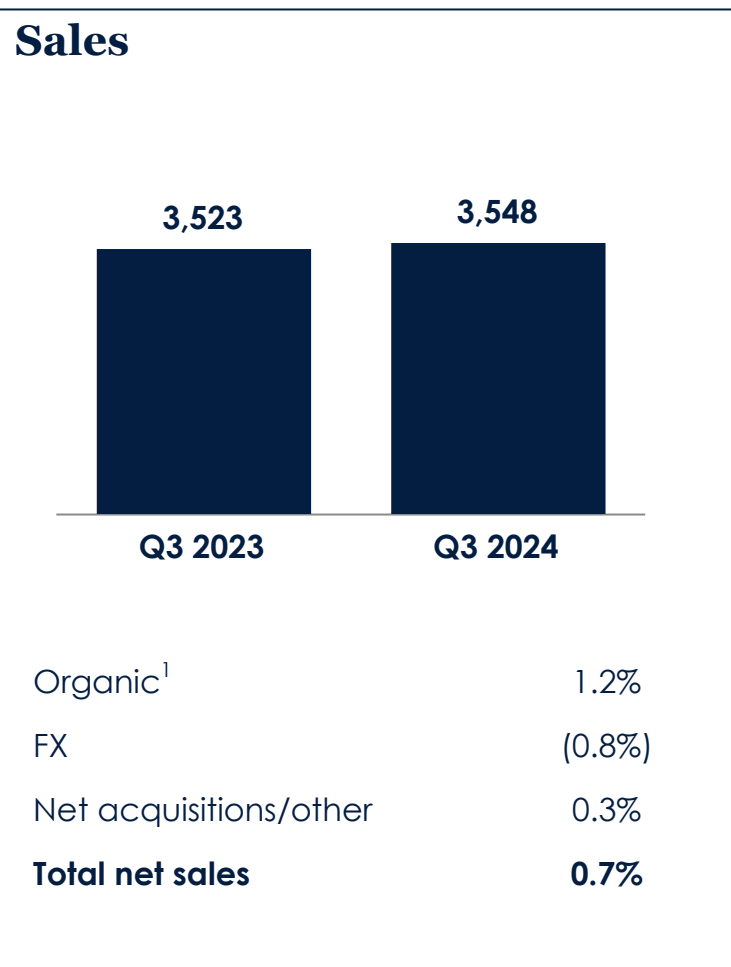
Tianjin Metro
Tianjin, China



Vällingby Shopping Centre
Stockholm, Sweden

Q3 2024 results

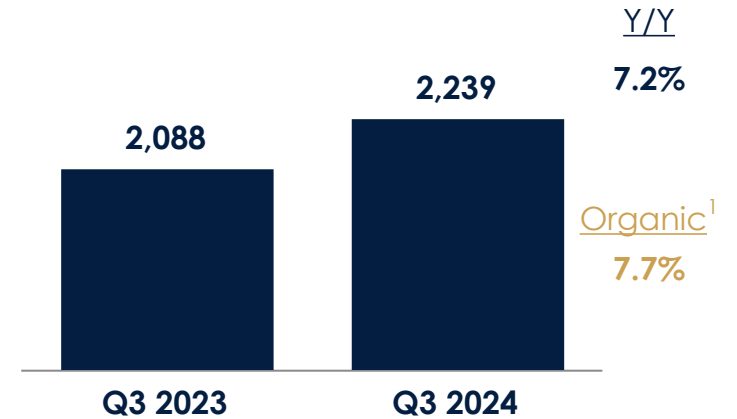
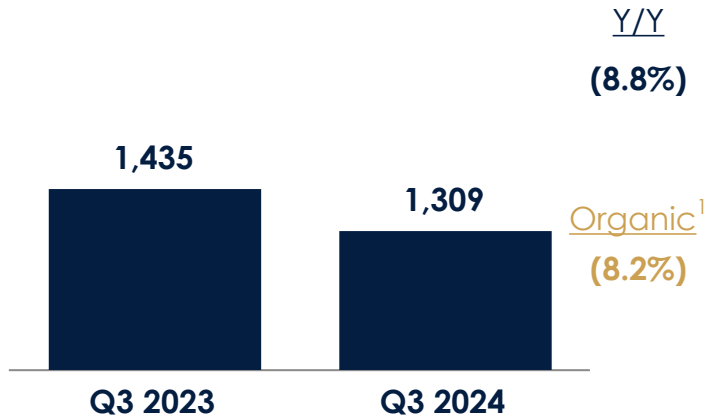
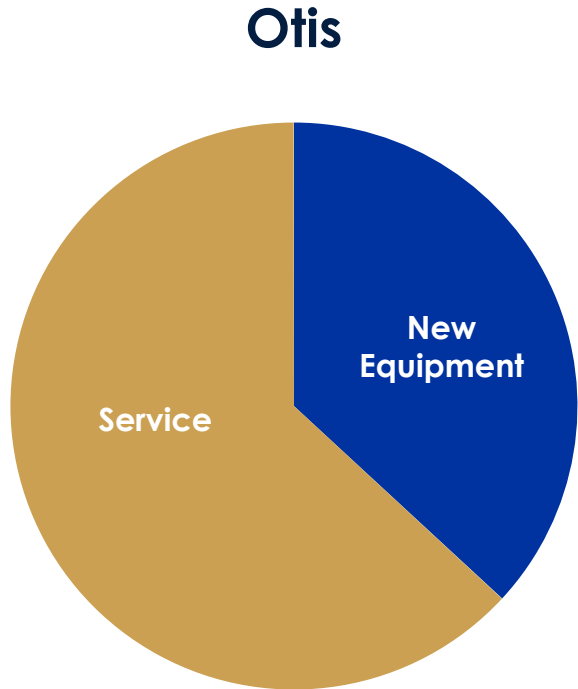
(\$ millions, except per share amounts)



¹ See appendix for additional information regarding these non-GAAP financial measures.

Q3 2024 segment net sales results

(\$ millions)



Organic¹ sales down 8.2%

- Americas up 2.4%
- EMEA ~flat
- Asia down 19.8%
 - Asia Pacific up LSD
 - China down >20%

Organic¹ sales up 7.7%

- Maintenance & repair up 6.4%
- Modernization up 13.7%

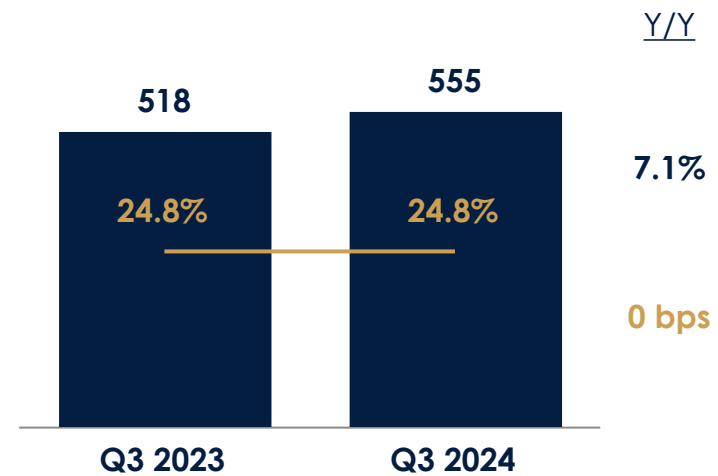
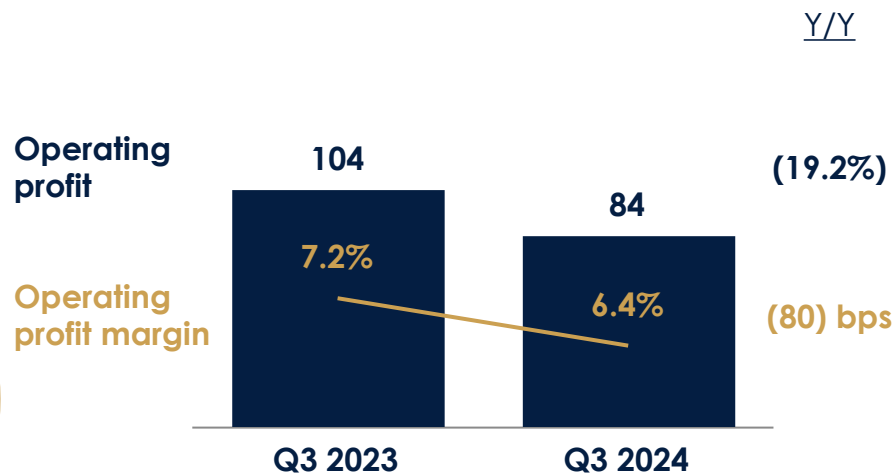
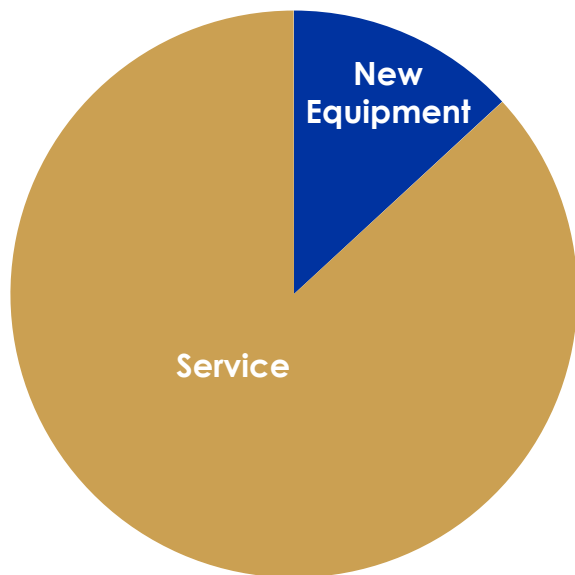
¹ See appendix for additional information regarding these non-GAAP financial measures. LSD: low single digits; MSD: mid single digits; HSD: high single digits.

Q3 2024 segment operating profit results

(\$ millions)

New Equipment Service

Otis



Operating profit down \$20M at constant currency¹

- + Pricing
- + Productivity
- + Commodities
- Volume
- Mix

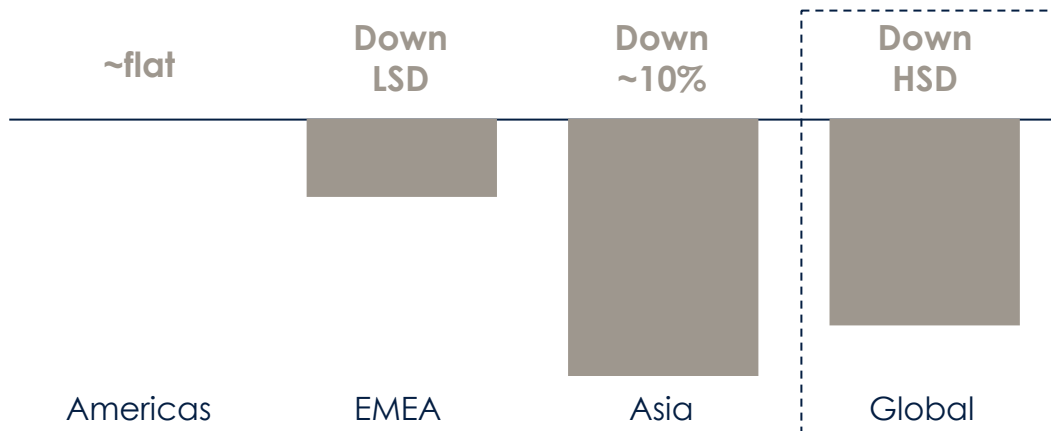
Operating profit up \$40M at constant currency¹

- + Volume
- + Pricing
- + Productivity
- Annual wage inflation

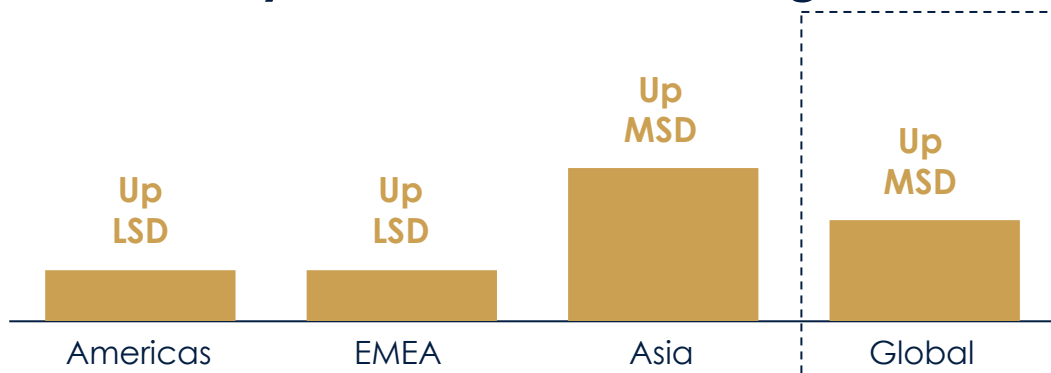
¹ See appendix for additional information regarding these non-GAAP financial measures.

Industry & 2024 outlook¹

Industry new equipment unit growth¹



Industry installed base unit growth¹



¹ Based on Otis internal estimates. LSD: low single digits; MSD: mid single digits; HSD: high single digits.

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

Otis

- **Net sales** of ~\$14.2B; organic² up ~1.5%
- **Adjusted operating profit²** of ~\$2.375B, up ~\$140M at constant currency²; up ~\$105M at actual currency
- **Adjusted EPS²** ~\$3.85, up ~9%
- **Adjusted free cash flow²** of \$1.4B to \$1.5B
- **Disciplined capital allocation**
 - Share repurchases of ~\$1B

2024 organic¹ sales outlook

	Prior outlook (July 24, 2024)	Current outlook
New Equipment	down mid single	down mid-high single
Americas	up mid single	up mid single
EMEA	up low single	up low single
Asia	down low teens	down high teens
Service	up 6% to 7%	up ~6.5%
Maintenance & repair	up 5.5% to 6.5%	up ~6%
Modernization	up 8% to 9%	up ~9%
Otis	up 1% to 3%	up ~1.5%

Outlook drivers

- Strong maintenance portfolio growth and Service pricing tailwinds
- Accelerating modernization and continued solid repair performance
- New Equipment market challenges in China
- Modernization backlog execution

¹ See appendix for additional information regarding these non-GAAP financial measures.

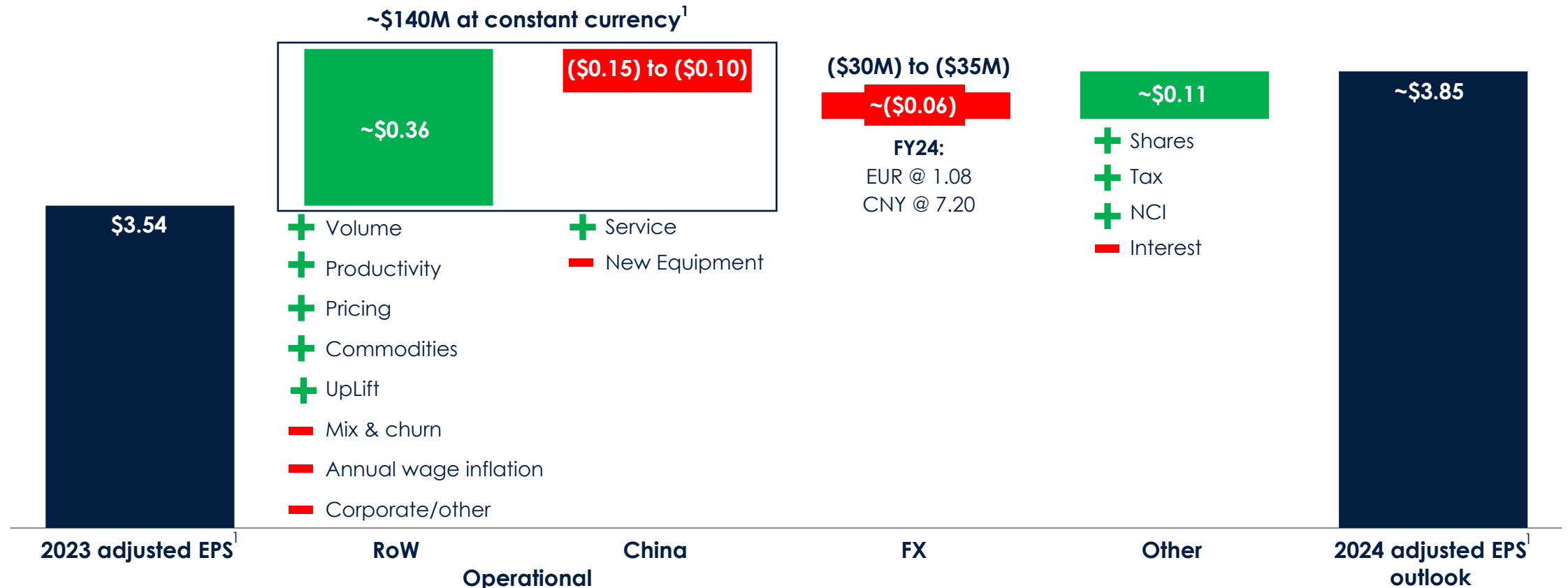
2024 financial outlook

	Prior outlook (July 24, 2024)	Current outlook
Constant currency adj. operating profit ¹	up \$160M to \$190M	up ~\$140M
Segment and total adjusted operating profit ¹ margin	<p>Otis up ~80 bps</p> <p>New Equipment ~flat</p> <p>Service up ~75 bps</p>	<p>Otis up ~70 bps</p> <p>New Equipment down ~50 bps</p> <p>Service up ~75 bps</p>
Adjusted free cash flow ^{1,2}	\$1.5B to \$1.6B	\$1.4B to \$1.5B
Share repurchases	~\$1B	~\$1B

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

2 Expected annual tax related toll charge payments are anticipated to conclude in 2026: 2024 \$50M, 2025E \$50M, 2026E \$60M.

2024 adjusted EPS¹ growth outlook drivers



~9% adjusted EPS¹ growth

¹ See appendix for additional information regarding these non-GAAP financial measures.

Otis fundamentals...driving value creation

Sales

- Invest in innovation
- Gain New Equipment share
- Accelerate portfolio growth
- Deliver modernization value

Sustainable growth

Operating Profit

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

Expand operating margins

Cash & Capital Deployment

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

Return cash to shareholders



Based on Otis internal estimates and expectations.

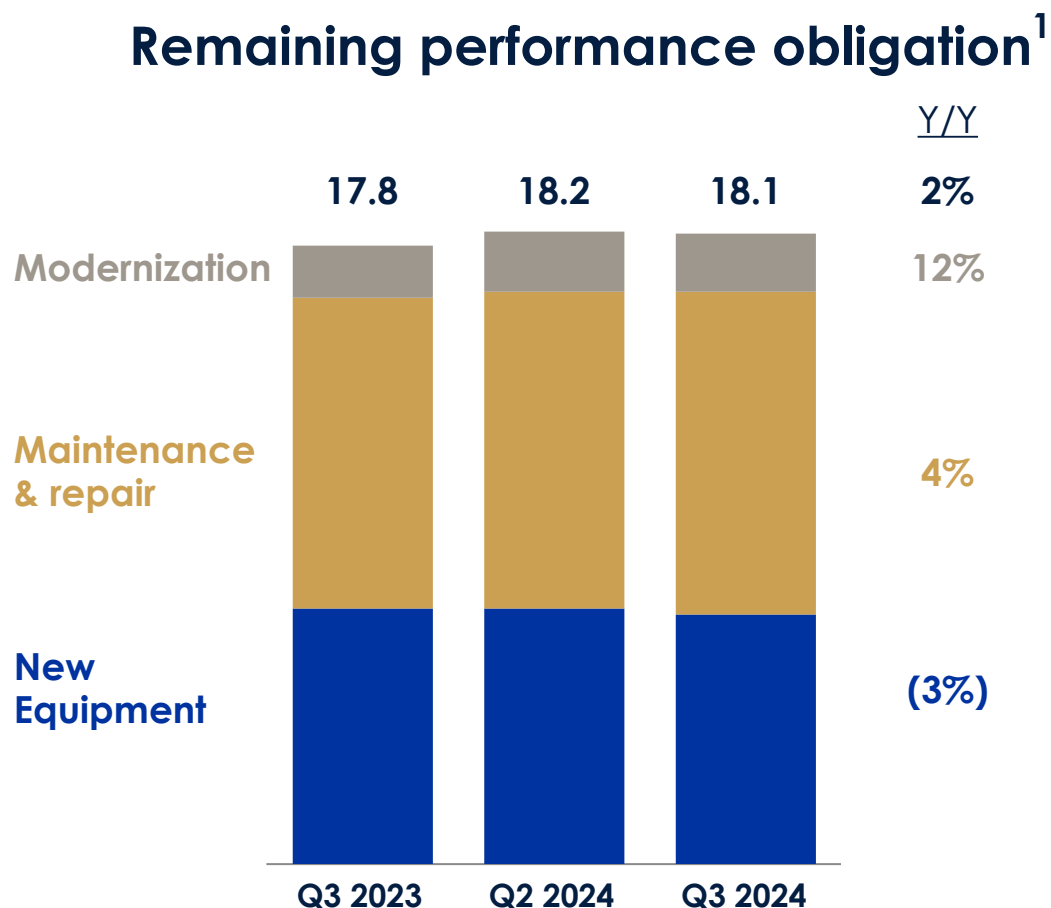
OTIS

A photograph of the Chicago skyline at dusk, featuring the Willis Tower prominently in the center. The sky is a deep blue, and the city lights are beginning to glow. A semi-transparent dark blue rectangular overlay covers the middle portion of the image, serving as a background for the text.

Appendix

Backlog and orders

(\$ billions, at constant currency¹)



New Equipment orders

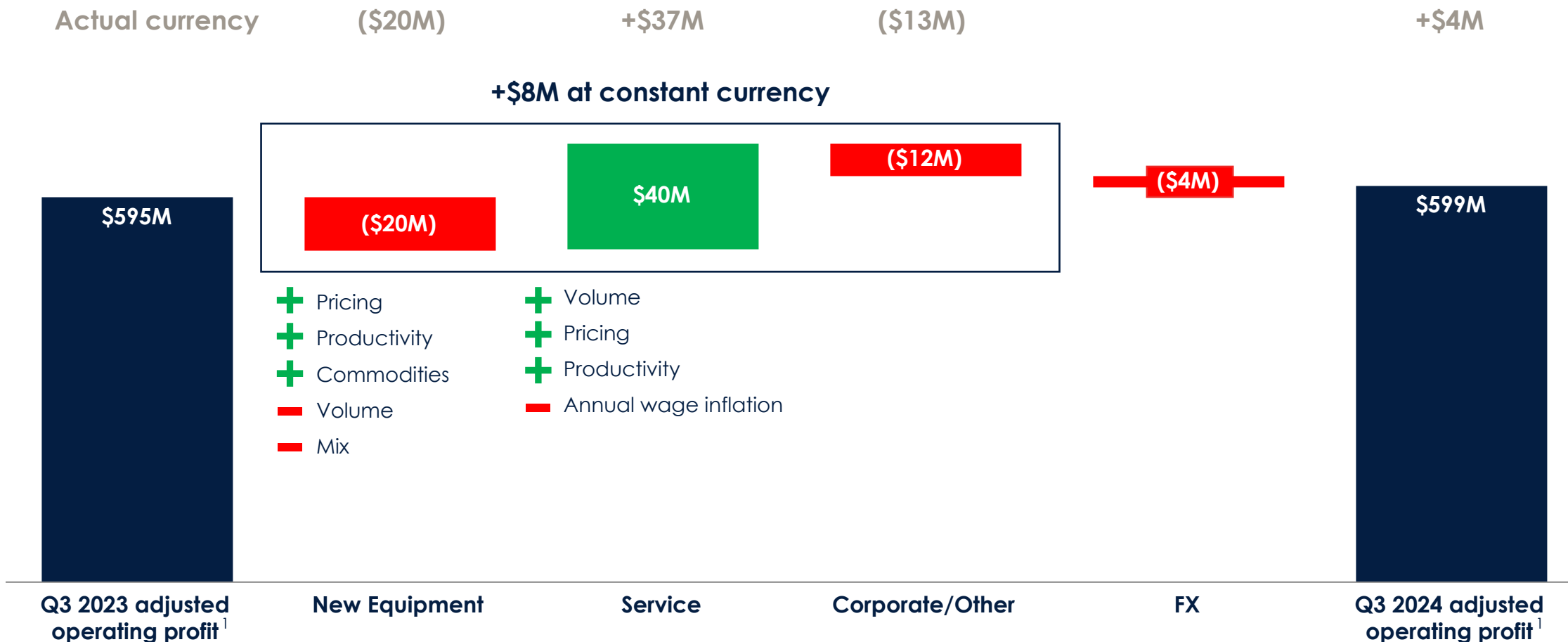
Region	Q3 2024 Y/Y	YTD 2024 Y/Y	12-month rolling
Total Otis	(2.9%)	(8.7%)	(6.1%)
Americas	23.1%	(9.5%)	(5.9%)
EMEA	(6.6%)	8.0%	7.8%
Asia	(15.5%)	(14.7%)	(12.0%)

Modernization orders

	Q3 2024 Y/Y	YTD 2024 Y/Y	12-month rolling
Total Otis	2.9%	10.1%	10.1%

¹ See additional information regarding these non-GAAP financial measures.

Q3 2024 adjusted operating profit¹ drivers

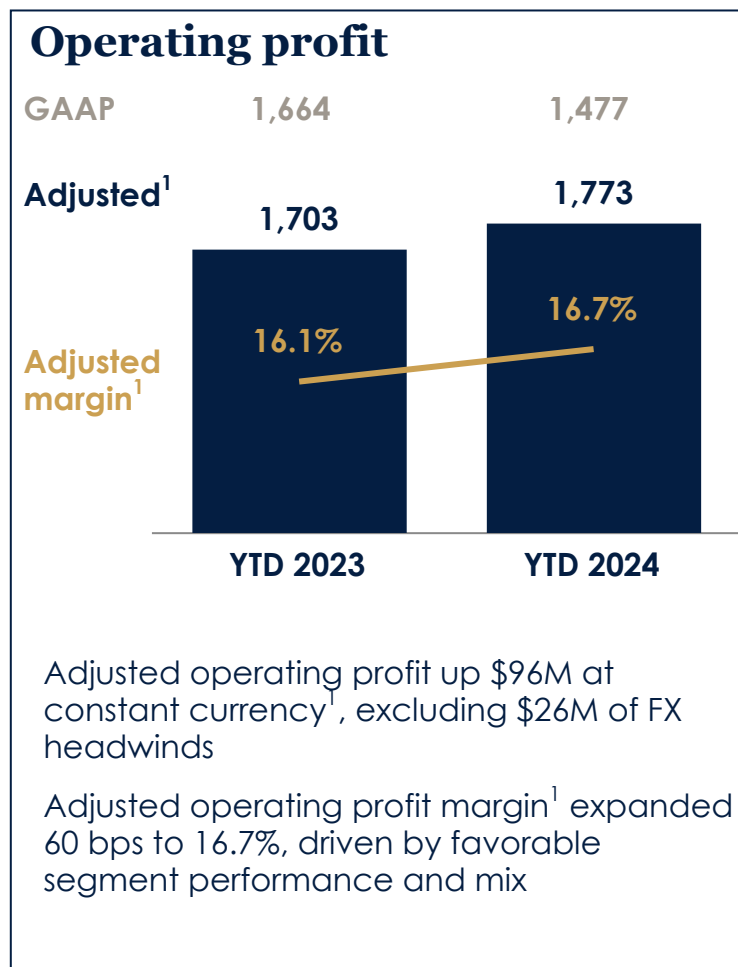
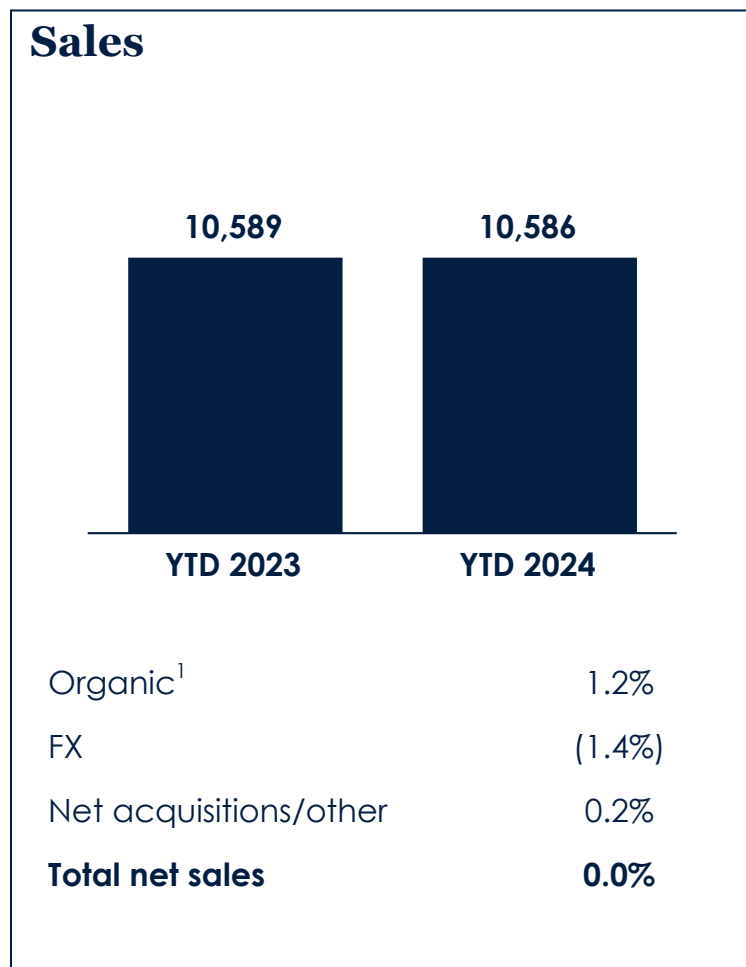


Adjusted operating profit margin¹ of 16.9%

¹ See additional information regarding these non-GAAP financial measures.

YTD 2024 results

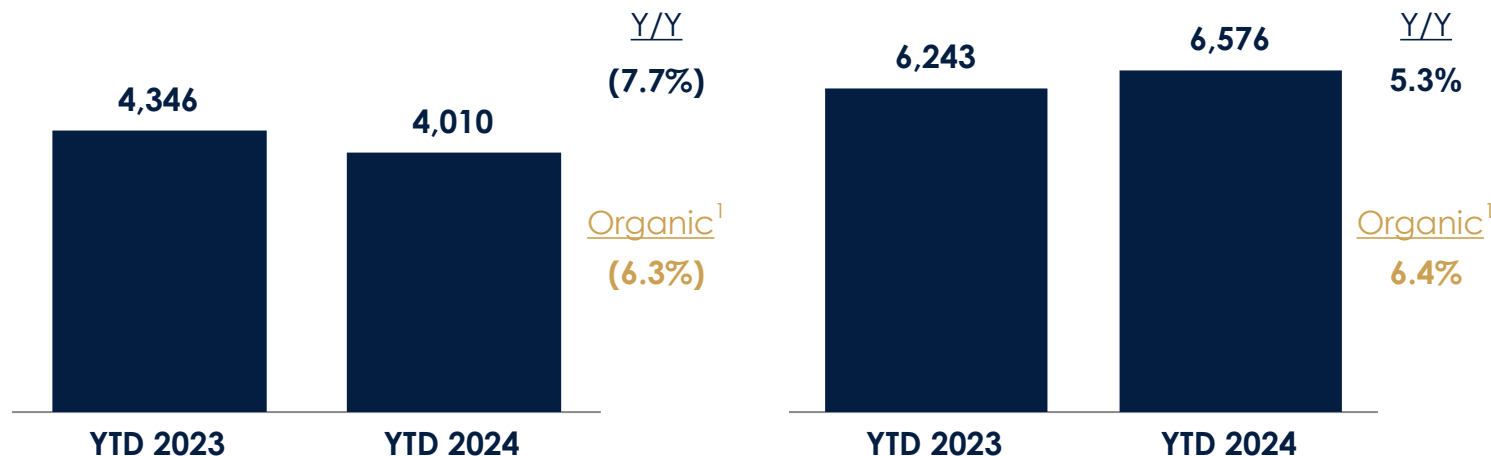
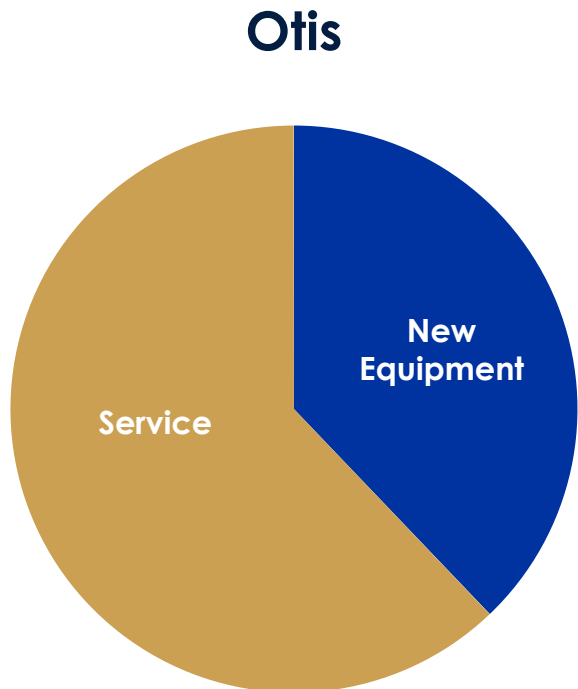
(\$ millions, except per share amounts)



¹ See appendix for additional information regarding these non-GAAP financial measures.

YTD 2024 segment net sales results

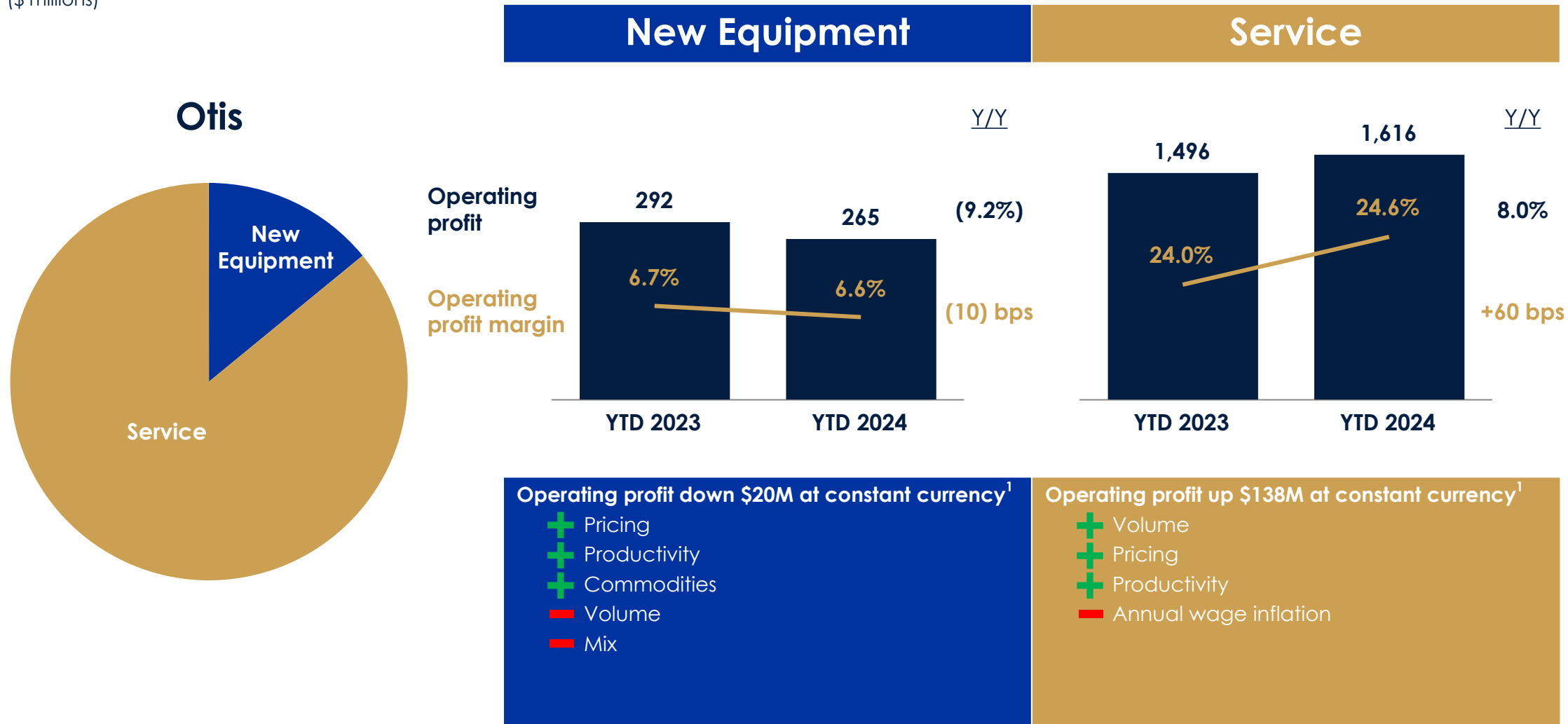
(\$ millions)



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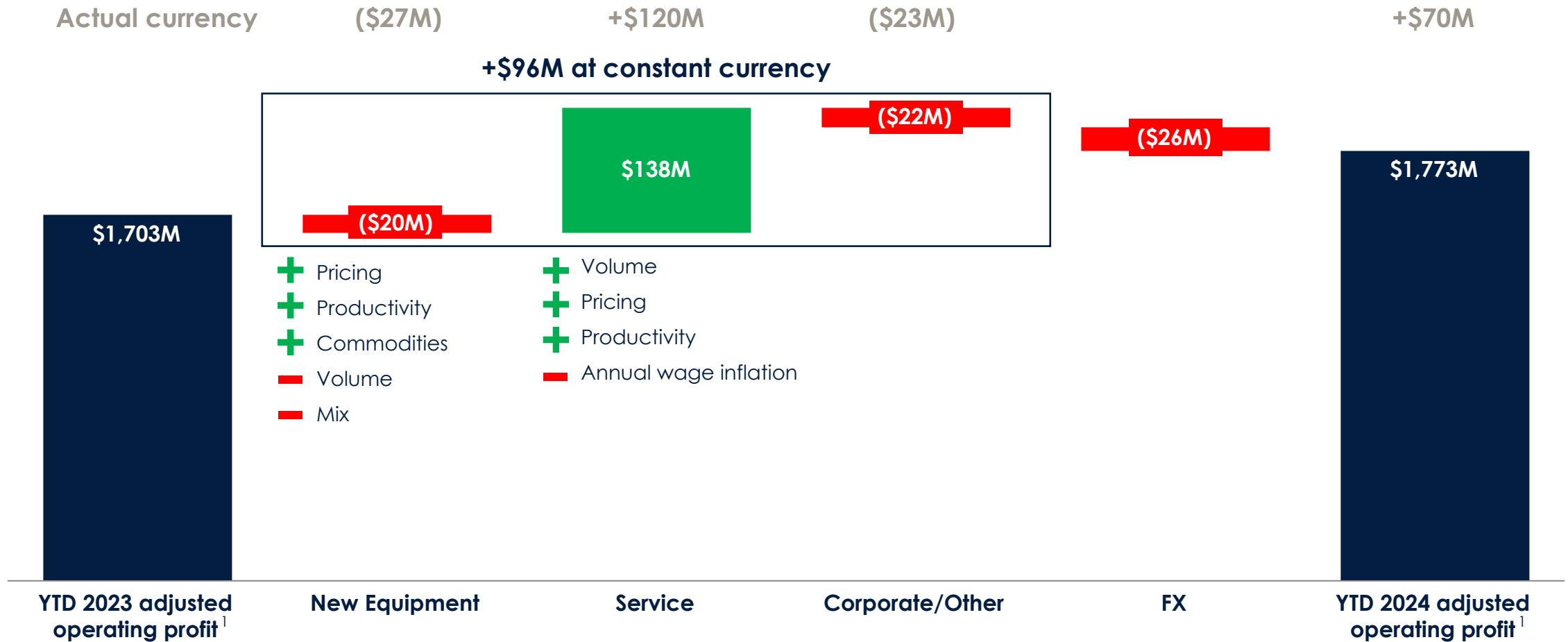
YTD 2024 segment operating profit results

(\$ millions)



¹ See appendix for additional information regarding these non-GAAP financial measures.

YTD 2024 adjusted operating profit¹ drivers



Adjusted operating profit margin¹ expanded 60 basis points to 16.7%

¹ See additional information regarding these non-GAAP financial measures.

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. Below are our non-GAAP financial measures:

Non-GAAP measure	Definition
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 of a non-recurring and/or nonoperational nature ("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 selling, general and administrative ("SG&A") expense	Represents SG&A expense (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 and other significant items.
Adjusted noncontrolling interest in earnings	Represents noncontrolling interest in earnings (a GAAP measure), excluding restructuring costs and other significant items, including related tax effects.
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 earnings per share ("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 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.
Constant currency	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	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. Free cash flow should not be considered an alternative to, or more meaningful than, net cash flows provided by operating activities, or any other measure of liquidity presented in accordance with GAAP.
Adjusted free cash flow	Represents cash flow from operations (a GAAP measure) less capital expenditures, adjusted to exclude certain items management believes affect the comparability of operating results. Management believes adjusted free cash flow is a useful measure of liquidity that provides investors additional information regarding the Company's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of common stock and distribution of earnings to shareholders. Adjusted free cash flow should not be considered an alternative to, or more meaningful than, net cash flows provided by operating activities, or any other measure of liquidity presented in accordance with GAAP.

Management believes that organic sales, adjusted SG&A, adjusted operating profit, adjusted net interest expense, adjusted noncontrolling interest in earnings, adjusted net income, adjusted EPS and the adjusted effective tax rate are useful measures in providing period-to-period comparisons of the results of the Company's ongoing operational performance. When we provide our expectations for adjusted net sales, organic sales, adjusted operating profit, adjusted net interest expense, adjusted noncontrolling interest in earnings, adjusted net income, adjusted effective tax rate, adjusted EPS, free cash flow and adjusted 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.

Additional information

	Actuals				FY24 outlook	
	1Q24	2Q24	3Q24	YTD24	Prior (July 24, 2024)	Updated
UpLift restructuring expense	\$1M	\$6M	\$4M	\$11M		
Other restructuring expense	\$19M	\$5M	\$5M	\$29M	~\$100M	~\$100M
UpLift transformation costs	\$12M	\$15M	\$18M	\$45M		
Non-service pension cost (benefit)	\$0M	(\$1M)	\$1M	\$0M	~\$0M	~\$0M
Adjusted net interest expense (a)	\$44M	\$48M	\$51M	\$143M	~\$185M to \$190M	~\$190M
Adjusted effective tax rate (b)	26.0%	20.1%	26.7%	24.2%	~25.25%	~25.0%
Adjusted noncontrolling interest expense (a)	\$21M	\$24M	\$17M	\$62M	~\$100M	~\$80M
Capital expenditures	\$31M	\$24M	\$32M	\$87M	~\$150M	~\$150M
Diluted shares outstanding	408.1M	405.5M	402.7M	405.4M	~405M	~405M

Currency exposure	2023 sales
USD	29%
EUR	22%
CNY	17%
Other	32%

(a) Certain tax reserves were adjusted in the second quarter of 2024. As a result, Net interest expense and Noncontrolling interest are reflected as adjusted without \$21 million of interest income and \$11 million of the noncontrolling interest share of the reserves adjustments, respectively, for the quarter and six months ended June 30, 2024.

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

2024 GAAP to adjusted financials reconciliation

(\$ millions)

Income	1Q24	2Q24	3Q24
Net income attributable to Otis	353	415	540
Noncontrolling interest in subsidiaries' earnings	21	35	17
Income tax expense (benefit)	126	94	(45)
Net interest expense	44	27	(150)
Non-service pension benefit (expense)	0	(1)	1
GAAP operating profit	544	570	363
Uplift restructuring	1	6	4
Other restructuring	19	5	5
Uplift transformation costs	12	15	18
Separation-related adjustments (a)	(15)	(1)	193
Litigation and settlement costs (b)	0	18	0
Held for sale impairment	0	0	18
Other, net	0	0	(2)
Adjusted operating profit	561	613	599
<i>Adjusted operating profit margin</i>	<i>16.3%</i>	<i>17.0%</i>	<i>16.9%</i>
Non-service pension (expense)	0	1	(1)
Adjusted net interest expense (c, d)	(44)	(48)	(51)
Adjusted pre-tax profit	517	566	547
Adjusted income tax expense (c, d)	(135)	(114)	(145)
<i>Adjusted effective tax rate (e)</i>	<i>26.0%</i>	<i>20.1%</i>	<i>26.7%</i>
Adjusted noncontrolling interest (c)	(21)	(24)	(17)
Adjusted net income	361	428	385
Adjusted EPS	\$0.88	\$1.06	\$0.96

(a) Separation-related adjustments in the quarter and nine months ended September 30, 2024 represent amounts due to RTX Corporation (our former parent) in accordance with the Tax Matters Agreement, including those amounts related to a favorable ruling received in August 2024 regarding a tax litigation in Germany.

(b) Litigation-related settlement costs in the nine months ended September 30, 2024 represent the aggregate amount of settlement costs and increase in loss contingency accruals, excluding legal costs, for certain legal matters that are outside of the ordinary course of business due to the size, complexity and unique facts of these matters.

(c) Certain tax reserves were adjusted in the second quarter of 2024. As a result, Net interest expense and Noncontrolling interest are reflected as adjusted without \$21 million of interest income and \$11 million of the noncontrolling interest share of the reserves adjustments, respectively, for the quarter and six months ended June 30, 2024.

(d) In August 2024, we received a favorable ruling regarding a tax litigation in Germany. As a result, income tax benefits and related interest income were recorded in the third quarter of 2024. Net interest expense is reflected as adjusted without \$200 million of interest income for the quarter and nine months ended September 30, 2024.

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

Note: effective in the first quarter of 2024, the measure of segment performance used by Otis' Chief Operating Decision Maker changed and, as a result, our measure of segment operating profit was updated to not include restructuring and other unallocated items in the operating segments, which are now presented as part of Corporate and Unallocated. The change to segment operating profit aligns with the update to our measure of segment profitability.

2023 GAAP to adjusted financials reconciliation

(\$ millions)

Income	1Q23	2Q23	3Q23	4Q23	FY 2023
Net income attributable to Otis	331	376	376	323	1,406
Noncontrolling interest in subsidiaries' earnings	21	31	19	21	92
Income tax expense (benefit)	128	135	137	133	533
Net interest expense	33	37	39	41	150
Non-service pension benefit (expense)	0	1	0	4	5
GAAP operating profit	513	580	571	522	2,186
UpLift restructuring	0	0	0	25	25
Other restructuring	5	10	21	6	42
UpLift transformation costs	0	0	4	12	16
Other, net	0	0	(1)	1	0
Adjusted operating profit	518	590	595	566	2,269
<i>Adjusted operating profit margin</i>	<i>15.5%</i>	<i>15.9%</i>	<i>16.9%</i>	<i>15.6%</i>	<i>16.0%</i>
Non-service pension (expense)	0	(1)	0	(4)	(5)
Adjusted net interest expense (a)	(33)	(37)	(39)	(41)	(150)
Adjusted pre-tax profit	485	552	556	521	2,114
Adjusted income tax expense	(129)	(138)	(142)	(144)	(553)
<i>Adjusted effective tax rate (b)</i>	<i>26.6%</i>	<i>25.0%</i>	<i>25.5%</i>	<i>27.6%</i>	<i>26.1%</i>
Noncontrolling interest	(21)	(31)	(19)	(21)	(92)
Adjusted net income	335	383	395	356	1,469
Adjusted EPS	\$0.80	\$0.92	\$0.95	\$0.87	\$3.54

(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 and other significant items.

Organic sales reconciliation

Q3 2024 Y/Y	Total Otis	New Equipment	Service	Maintenance & repair	Modernization
Organic	1.2%	(8.2%)	7.7%	6.4%	13.7%
FX	(0.8%)	(0.7%)	(0.8%)	(0.7%)	(1.1%)
Net acquisitions / divestitures	0.3%	0.1%	0.3%	0.4%	0.0%
Total net sales growth	0.7%	(8.8%)	7.2%	6.1%	12.6%

YTD 2024 Y/Y	Total Otis	New Equipment	Service	Maintenance & repair	Modernization
Organic	1.2%	(6.3%)	6.4%	5.7%	9.7%
FX	(1.4%)	(1.5%)	(1.3%)	(1.3%)	(1.8%)
Net acquisitions / divestitures	0.2%	0.1%	0.2%	0.3%	0.1%
Total net sales growth	0.0%	(7.7%)	5.3%	4.7%	8.0%

Segment and total adjusted operating profit at constant currency reconciliations

(\$ millions)	Q3 2023	Q3 2024	Y/Y	YTD 2023	YTD 2024	Y/Y
New Equipment						
Operating profit	104	84	(20)	292	265	(27)
Impact of foreign exchange		0	0		7	7
Operating profit at constant currency	104	84	(20)	292	272	(20)
Service						
Operating profit	518	555	37	1,496	1,616	120
Impact of foreign exchange		3	3		18	18
Operating profit at constant currency	518	558	40	1,496	1,634	138
Otis Consolidated						
Adjusted operating profit	595	599	4	1,703	1,773	70
Impact of foreign exchange		4	4		26	26
Adjusted operating profit at constant currency	595	603	8	1,703	1,799	96

SG&A reconciliation

(\$ millions)	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Net sales	3,523	3,548	10,589	10,586
SG&A expense	452	455	1,386	1,366
UpLift restructuring	0	(4)	0	(9)
Other restructuring	(12)	(2)	(25)	(17)
Separation-related / other	(1)	2	(1)	2
Adjusted SG&A expense	439	451	1,360	1,342
<i>Adjusted SG&A % of sales</i>	<i>12.5%</i>	<i>12.7%</i>	<i>12.8%</i>	<i>12.7%</i>

Diluted EPS and Tax reconciliations

	Q3 2023	Q3 2024	YTD 2023	YTD 2024
GAAP diluted earnings per share	\$0.91	\$1.34	\$2.60	\$3.23
Impact of non-recurring items on diluted earnings per share	\$0.04	(\$0.38)	\$0.08	(\$0.33)
Adjusted earnings per share	\$0.95	\$0.96	\$2.68	\$2.90

	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Effective tax rate	25.8%	(8.8%)	25.7%	11.2%
Impact of adjustments on effective tax rate	(0.3%)	35.5%	0.0%	13.0%
Adjusted effective tax rate	25.5%	26.7%	25.7%	24.2%

Adjusted free cash flow reconciliation

(\$ millions)	Q3 2023	Q3 2024	YTD 2023	YTD 2024
Operating cash flow	306	394	1,030	873
Capital expenditures	(34)	(32)	(96)	(87)
Free cash flow	272	362	934	786
UpLift restructuring payments	0	6	0	20
UpLift transformation payments	2	13	2	34
Separation-related payments (a)	0	0	25	49
Adjusted free cash flow	274	381	961	889

(a) In April of 2023 and 2024, we made payments to RTX Corporation (our former parent) in accordance with the Tax Matters Agreement. These annual payments are anticipated to conclude in 2026.

Other reconciliations

Remaining performance obligation (RPO)

(\$ billions)	Q3 2023	Q2 2024	Q3 2024
RPO at actual currency (GAAP measure)	17.8	18.2	18.6
FX	0.0	0.0	(0.5)
RPO at constant currency	17.8	18.2	18.1

Backlog

Q3 2024 Y/Y Growth	New Equipment	Maintenance & repair	Modernization
Actual currency (GAAP measure)	(1%)	8%	14%
FX	(2%)	(4%)	(2%)
Backlog at constant currency	(3%)	4%	12%