OTIS

Q3 2020 Earnings Call

October 26, 2020

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," "confident" and other words of similar meaning in connection with a discussion of future operating or financial performance or the separation and distribution. 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 and other measures of financial performance or potential future plans, strategies or transactions of Otis following its separation from United Technologies Corporation, including the estimated costs associated with the separation and distribution 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, the impact of weather conditions, pandemic health issues (including COVID-19 and its effects, among other things, on global supply, demand, and distribution disruptions as the outbreak continues and results in an increasingly prolonged period of travel, commercial and/or other similar restrictions and limitations), natural disasters and the financial condition of Otis' customers and suppliers; (2) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (3) future levels of indebtedness, and capital spending and research and development spending; (4) future availability of credit and factors that may affect such availability, including credit market conditions and Otis' capital structure; (5) 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; (6) delays and disruption in delivery of materials and services from suppliers; (7) cost reduction efforts and restructuring costs and savings and other consequences thereof; (8) new business and investment opportunities; (9) the anticipated benefits of moving away from diversification and balance of operations across product lines, regions and industries; (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 political conditions in the U.S. and other countries in which Otis and its businesses operate, including the effect of changes in U.S. trade policies or the United Kingdom's withdrawal from the European Union, on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (14) 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; (15) the ability of Otis to retain and hire key personnel; (16) the scope, nature, impact or timing of acquisition and divestiture activity, including among other things integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs; (17) the expected benefits of the separation and distribution; (18) a determination by the Internal Revenue Service and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions; (19) risks associated with indebtedness incurred as a result of financing transactions undertaken in connection with the separation; (20) the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the separation will exceed Otis' estimates; and (21) the impact of the separation on Otis' businesses and Otis' resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties. 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 statements on Form 10 and Form S-3 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.

Highlights

- Executing on long-term strategy
  - New Equipment share gain, up ~70 bps[1] year-to-date
  - Bolt-on M&A, innovative new products, productivity and IoT expansion
- Strong liquidity position
  - $1.7 billion cash balance
  - Repaid $250M of debt…additional $100M planned in Q4
- Launched social initiative programs
  - ‘Made to Move Communities’
  - ‘Our Commitment to Change’

Q3 orders

Salesforce Tower
Chicago, Illinois

The Link
Puteaux, France

Industry 4.0 Escalator factory opening

Optimizing China footprint

Haining, China

1 Based on Otis internal estimates.

Q3 2020 update

Q3 2020 Results

- New Equipment orders up slightly at constant currency[1]…down ~1% on a rolling 12-month basis
- New Equipment backlog up 3% versus prior year at constant currency[1]
- Organic[1] sales down 1.2%...NE down 1.0%, Service down 1.4%
- Adjusted operating profit margin[1] expanded 120 bps…Service segment margin expanded 160 bps
- Free cash flow[1] of $311M…117% conversion

Revised 2020 Outlook

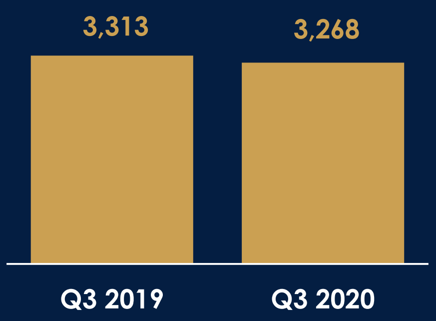
- Improved organic[1] sales outlook…expected to be down 2 to 3%
- Adjusted operating profit[1] up $30 to $40M at constant currency[1]…$60M improvement from the prior outlook at the midpoint
- Adjusted operating profit[1] margin expansion of 60 bps at the midpoint
- Adjusted diluted EPS[1] expected to be ~$2.42…$0.17 improvement from the prior midpoint
- Free cash flow[1] ~$1.15B…$100M improvement from the prior midpoint…~135% conversion[1] of GAAP net income

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

Q3 2020 results

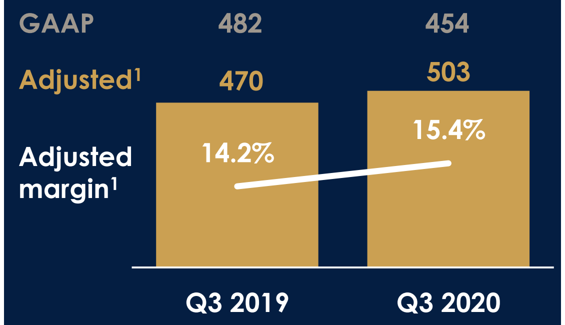
($ millions, except per share amounts)

Sales



Organic[1]	(1.2%)
FX	0.2%
Net divestitures/other	(0.4%)
Total net sales	**(1.4%)**

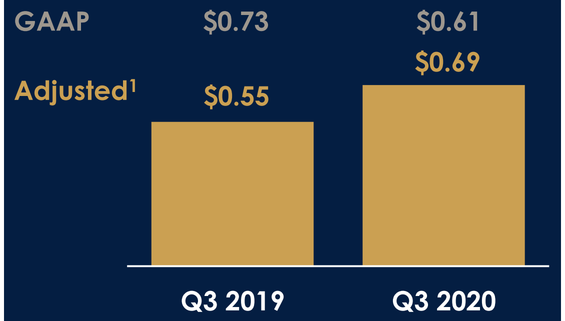
Operating profit



Q3 adjusted operating profit[1] up $33M…up $30M at constant currency[1]

Q3 adjusted operating profit margin[1] expanded 120 bps…160 bps Service margin expansion

Diluted earnings per share



Adj. EPS drivers

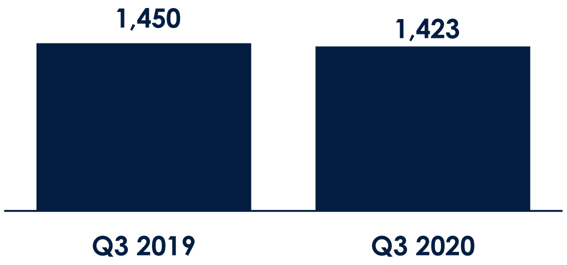
Operating profit[1]	$0.06
Net interest[1]	$0.01
Tax[1]	$0.07

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

New Equipment

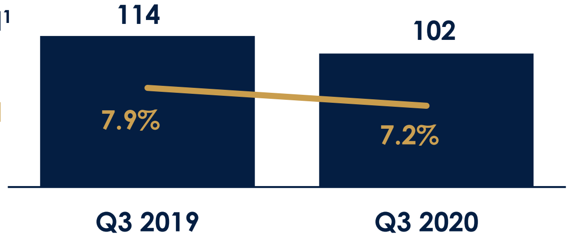
($ millions)

Net sales



Operating profit

	Q3 2019	Q3 2020	Y/Y
GAAP	115	95	(17.4%)
Adjusted[1]	114	102	(10.5%)
Adjusted margin[1]	7.9%	7.2%	(70) bps



1 See appendix for additional information regarding these non-GAAP financial measures.
2 Based on Otis internal estimates.

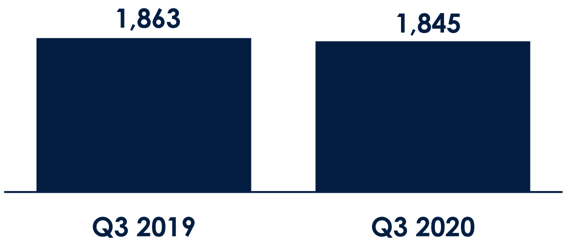
Q3 Results

- Orders up slightly at constant currency[1] …down ~1% on a rolling 12-month basis
- Share up ~40 bps[2] …YTD share up ~70 bps[2]
- New Equipment backlog up 3% at constant currency[1]
- Organic[1] sales down 1.0%
  - Americas down slightly
  - EMEA down 2.2%
  - Asia down 0.4%…China up MSD
- Adjusted operating profit[1] down $9M at constant currency[1]…material productivity and cost containment offset by mix, field inefficiencies and under-absorption

Service

($ millions)

Net sales

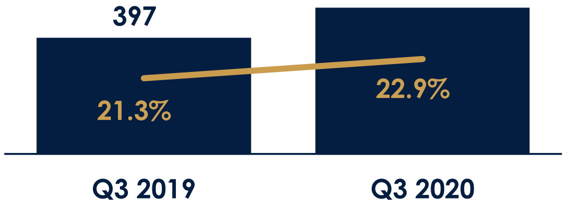


Y/Y

(1.0%)

Operating profit

	Q3 2019	Q3 2020	Y/Y
GAAP	407	409	0.5%
Adjusted[1]	397	422	6.3%
Adjusted margin[1]	21.3%	22.9%	+ 160 bps



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

Q3 Results

- Maintenance units up 1% versus prior year
- Modernization orders down 7.3% at constant currency[1]...up double digits in Asia
- Organic[1] sales down 1.4%
  - Maintenance & Repair down 1.3%
  - Modernization down 2.1%
- Adjusted operating profit[1] at constant currency[1] up $19M with margin[1] expansion of 140 basis points…strong contribution from productivity and cost containment

2020 financial outlook

Improving 2020 outlook across key metrics

	Prior outlook	Current outlook
Organic[1] sales	**Otis** down 2 to 4% **New Equipment** down mid to high single digits **Service** flat to down low single digits	**Otis** down 2 to 3% **New Equipment** down mid single digits **Service** flat to down slightly
Adjusted operating profit[1]	**Constant currency[1]** flat to down $50M **Actual currency** down $40 to $100M	**Constant currency[1]** up $30 to $40M **Actual currency** up $5 to $15M
Adjusted net income & EPS[1]	**Adjusted net income[1]** $955 to $1,000M **Adjusted EPS[1]** $2.20 to $2.30	**Adjusted net income[1]** ~$1,050M **Adjusted EPS[1]** ~$2.42
Free cash flow[1] & capital deployment	**Free cash flow[1]** $1.0 to 1.1B **2020 Debt repayment** $350M **Dividend payout ratio** ~40%	**Free cash flow[1]** ~$1.15B **2020 Debt repayment** $350M **Quarterly dividend per share** $0.20

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

2020 organic[1] sales outlook

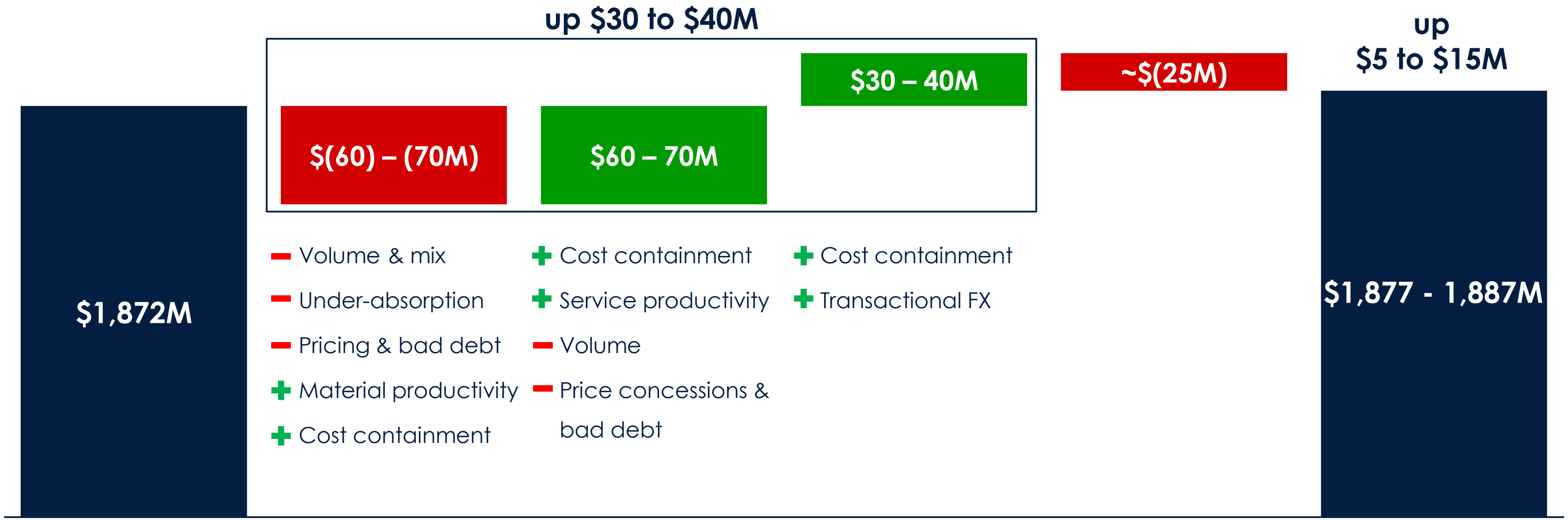
	Prior outlook (July 28, 2020)	Updated outlook
New Equipment	**down mid to high single**	**down mid single**
Americas	down mid single to ~10%	down mid single
EMEA	down high single	down mid to high single
Asia	down mid single	down low to mid single
Service	**flat to down low single**	**flat to down slightly**
Maintenance & repair	flat to down slightly	flat to down slightly
Modernization	flat to down low single	~flat
Otis	**down 2 to 4%**	**down 2 to 3%**

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

Sequential improvement in Q4 at the midpoint & high-end

- Faster than expected New Equipment recovery in all major regions…Q4 growth at the midpoint & high-end
- Resilient maintenance business
- Stronger than expected modernization demand in Asia Pacific

2020 adjusted operating profit[1] drivers



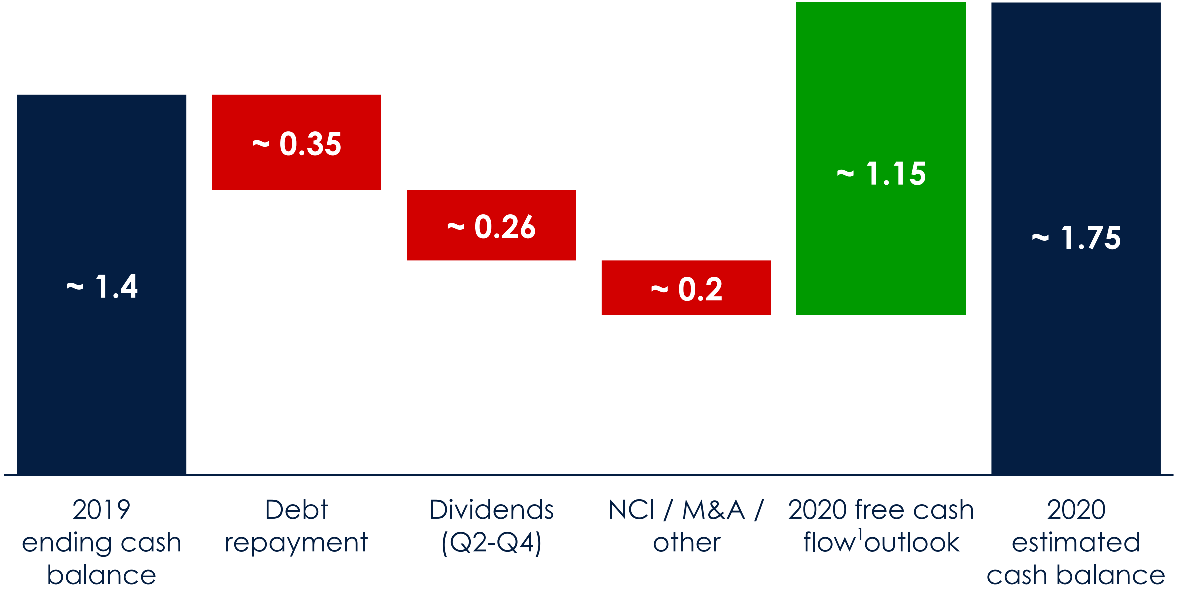
2019 adjusted operating profit[1]	New Equipment	Service	Corporate/other	FX[2]	2020 adjusted operating profit[1] outlook
vs. prior outlook (at the midpoint)	+$10M	+$35M	+$15M	+$20M	+$80M

1 See appendix for additional information regarding these non-GAAP financial measures.
2 Assumes prospective EUR @ 1.15 and CNY @ 7.00

Capital deployment outlook

($billions)

2020 Sources and uses of cash



Q3 2020 Leverage

Cash	$1.7
Debt	$6.1
Net debt / EBITDA[1,2]	2.1x

1 See appendix for additional information regarding these non-GAAP financial measures.
2 Trailing 12 months adjusted earnings before interest, taxes, depreciation and amortization.

Otis fundamentals[1]

Iconic global brand in a large, growing industry

Sustainable growth over the medium-term	Gaining share in NE[2]
Expanding Service portfolio	Expanding margins through productivity
Investing through the cycle	Sustainable level of R&D and Capex
Robust free cash flow[3] generation	>100% FCF conversion[3]
Focus on creating shareholder value	~40% dividend payout[4]

1 Based on Otis' current expectations.
2 Based on Otis internal estimates.
3 See appendix for additional information regarding these non-GAAP financial measures.
4 As a percentage of GAAP net income.

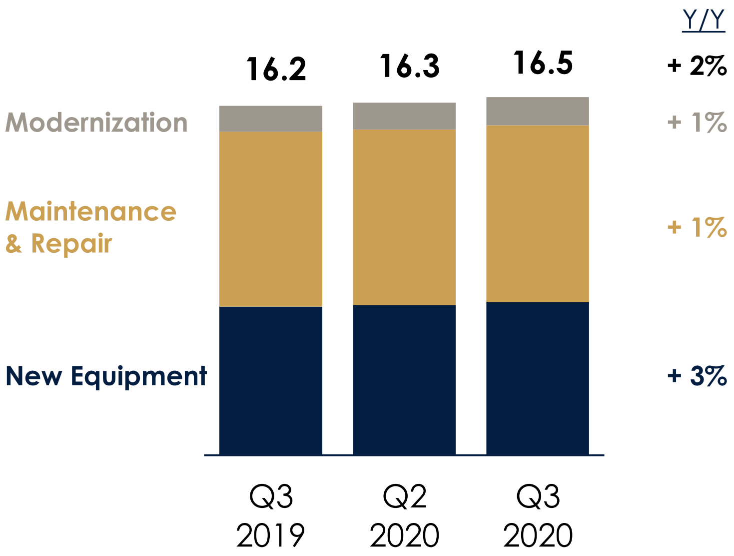
OTIS

Appendix

Backlog and orders

($billions, at constant currency[1])

Remaining performance obligation

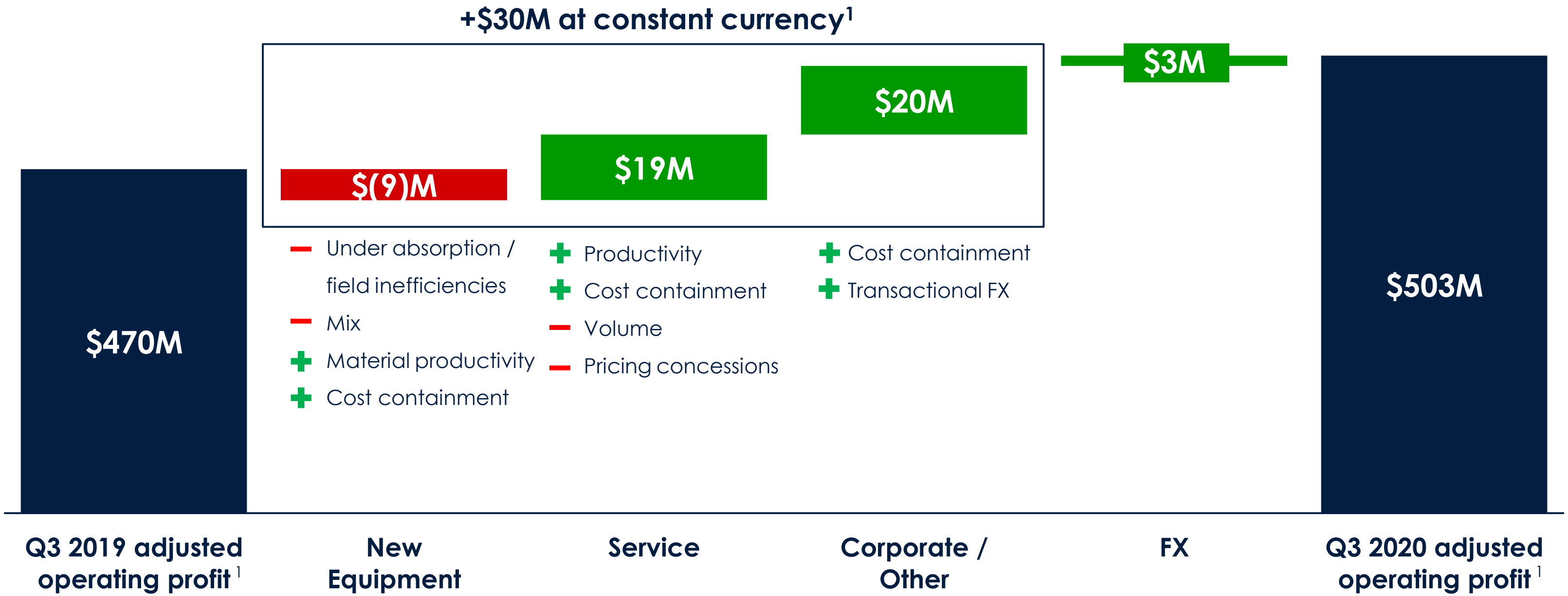


New Equipment orders

Region	Q3 2020 Y/Y	12-month rolling
Total Otis	**0.1%**	**(1.2%)**
Americas	(4.7%)	1.2%
EMEA	4.2%	(1.7%)
Asia	1.7%	(2.4%)

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

Q3 2020 adjusted operating profit[1] drivers



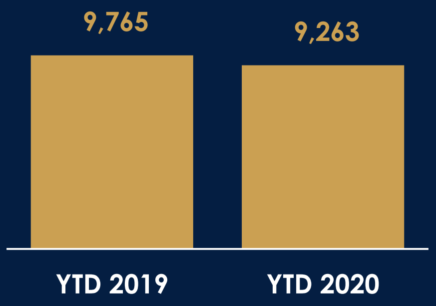
120 basis points of adjusted operating profit margin[1] expansion

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

Year-to-date 2020 results

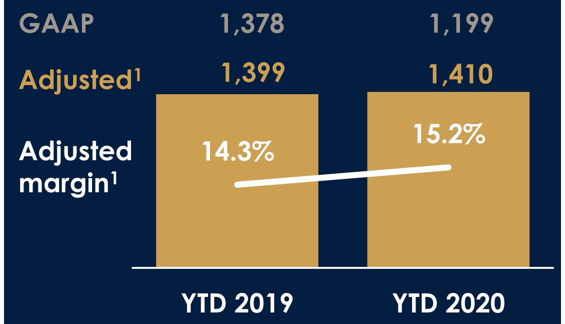
($ millions, except per share amounts)

Sales



Organic[1]	(3.3%)
FX	(1.4%)
Net divestitures	(0.4%)
Total net sales	**(5.1%)**

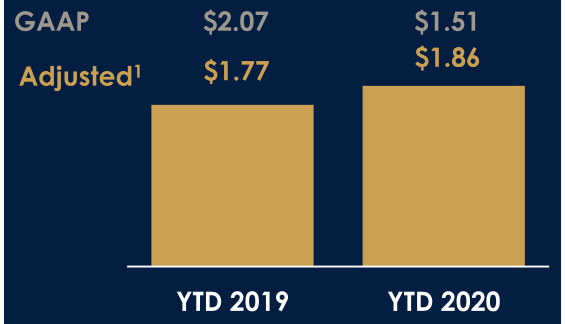
Operating profit



YTD adjusted operating profit[1] up $11M…up $33M at constant currency[1]

YTD adjusted operating profit margin[1] expanded 90 bps to 15.2%

Diluted earnings per share



Adj. EPS drivers

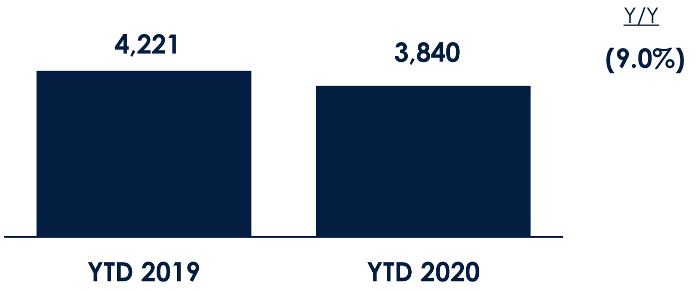
Operating profit[1]	$0.02
Net interest[1]	$0.04
Tax[1]	$0.05
NCI	($0.02)

1 See additional information regarding these non-GAAP financial measures

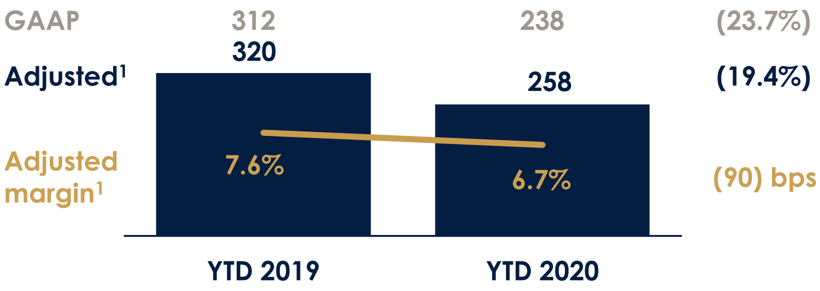
New Equipment

($ millions)

Net sales



Operating profit



1 See additional information regarding these non-GAAP financial measures.
2 Based on Otis internal estimates.

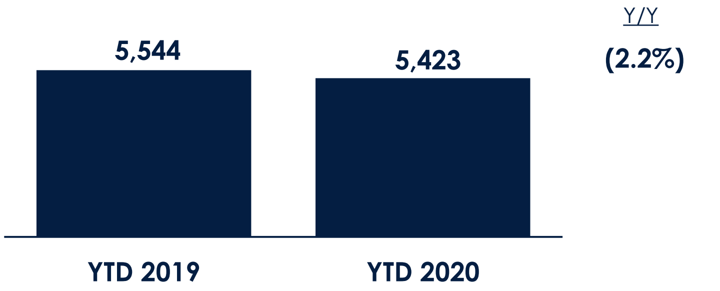
YTD Results

- Orders down 2.4% at constant currency[1]
- Share up ~70 bps[2]
- Organic[1] sales down 7.0%
  - Americas down 9.7%
  - EMEA down 9.4%
  - Asia down 3.5%
- Adjusted operating profit[1] down $52M at constant currency[1]

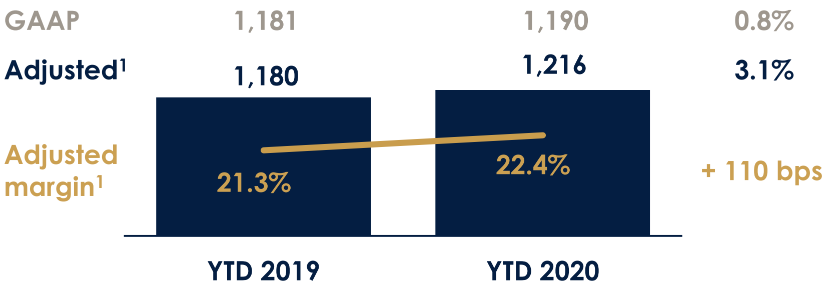
Service

($ millions)

Net sales



Operating profit



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

YTD Results

- Modernization orders down 2.9% at constant currency[1]
- Organic[1] sales down 0.5%
  - Maintenance & Repair down 0.8%
  - Modernization up 0.9%
- Adjusted operating profit[1] up $47M at constant currency[1] with margin[1] expansion of 110 basis points

Additional information

	Prior FY20 outlook (July 28, 2020)	FY20 outlook
Standalone cost	~$150M (~$175M run rate)	~$130M (~$175M run rate)
Restructuring expense	$70 – 80M	$70 – 80M
Non-service pension expense	$5 – 15M	~$5M
Net interest expense	~$135M	~$125M
Adjusted effective tax rate	~31.5%	~30.5%
Noncontrolling interest expense	~$160M	~$165M
Capital expenditures	$170 – 200M	~$180M
Diluted shares outstanding	~434M	~435M

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.

Organic sales, adjusted selling, general and administrative ("SG&A") expense, earnings before interest taxes and depreciation ("EBITDA"), adjusted EBITDA, adjusted operating profit, adjusted net income, adjusted diluted earnings per share ("EPS"), adjusted effective tax rate and free cash flow are non-GAAP financial measures.

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 SG&A expense represents SG&A expense (a GAAP measure), excluding restructuring costs, other significant items and allocated costs for certain functions and services previously performed by United Technologies Corporation ("UTC") prior to our separation ("UTC allocated costs") and including estimated standalone public company costs, as though Otis' operations had been conducted independently from UTC ("standalone costs"). Standalone costs for the 2019 fiscal year are based on quarterly estimates determined during Otis' annual planning process for the 2020 fiscal year.

Adjusted operating profit represents income from continuing operations (a GAAP measure), excluding restructuring costs, other significant items and allocated costs for certain functions and UTC allocated costs and including estimated standalone public company costs.

Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs and other significant items and UTC allocated costs and including estimated standalone public company costs, estimated adjustments to non-service pension expense, net interest expense and income tax expense as if Otis was a standalone public company ("standalone operating income adjustments"). Adjusted EPS represents diluted earnings per share from continuing operations (a GAAP measure), adjusted for the per share impact of restructuring, other significant items and standalone operating income adjustments.

The adjusted effective tax rate represents the effective tax rate (a GAAP measure) adjusted for the tax impact of restructuring costs, significant items and the tax impact of the additional adjustments (estimated standalone public company costs, interest expense and non-service pension expense).

EBITDA represents net income from operations (a GAAP measure), adjusted for noncontrolling interests, income tax expense, net interest expense, non-service pension expense and depreciation and amortization. Adjusted EBITDA represents EBITDA, as calculated above, adjusted for the impact of restructuring, other significant items and UTC allocated costs including estimated standalone public company costs. Management believes that adjusted SG&A, EBITDA, adjusted EBITDA, adjusted operating profit, 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 as if it had been a standalone public company.

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 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.

Pro forma standalone financials reconciliation

($millions)

Otis

Sales	1Q19	2Q19	3Q19	4Q19	FY 2019	1Q20	2Q20	3Q20
Net Sales	3,101	3,351	3,313	3,353	13,118	2,966	3,029	3,268
Income								
Net income attributable to Otis	273	308	317	218	1,116	165	224	266
Noncontrolling interest in subsidiaries' earnings	27	44	44	36	151	37	41	44
Income tax expense	125	143	143	183	594	125	109	103
Net interest expense	1	-3	-6	-6	-14	5	41	39
Non-service pension expense	-11	-11	-16	5	-33	-3	1	2
GAAP Operating profit	415	481	482	436	1,814	329	416	454
Restructuring	25	15	4	10	54	6	20	20
Loss on disposal of businesses	0	19	-1	8	26	0	0	0
One-time separation costs	0	3	7	33	43	32	21	29
Fixed asset impairment	0	0	0	0	0	67	0	0
UTC allocated corporate expenses (a)	17	19	20	24	80	16	0	0
Standalone public company costs (b)	-22	-42	-41	-42	-147	0	0	0
Other	-2	1	-1	4	2	0	0	0
Adjusted operating profit	433	496	470	473	1,872	450	457	503
Adjusted operating profit margin	14.0%	14.8%	14.2%	14.1%	14.3%	15.2%	15.1%	15.4%
Non-service pension expense (c)	3	-4	-4	-4	-9	3	-1	-2
Net interest expense (d)	-14	-49	-48	-49	-160	-5	-41	-39
Adjusted pre-tax profit	422	443	418	420	1,703	448	415	462
GAAP tax expense	-125	-143	-143	-183	-594	-125	-109	-103
Tax impact of adjustments	-3	2	10	4	13	-24	-21	-13
Adjusted income tax expense	-128	-141	-133	-179	-581	-149	-130	-116
Adjusted tax rate (e)	30.3%	31.8%	31.8%	42.6%	34.1%	33.3%	31.3%	25.1%
Noncontrolling interest	-27	-44	-44	-36	-151	-37	-41	-44
Adjusted net income	267	258	241	205	971	262	244	302

New Equipment

Sales	1Q19	2Q19	3Q19	4Q19	FY 2019	1Q20	2Q20	3Q20
Net Sales	1,271	1,500	1,450	1,427	5,648	1,123	1,294	1,423
GAAP Operating profit	59	138	115	81	393	64	79	95
Restructuring	6	8	2	3	19	1	12	7
Loss on disposal of businesses	0	0	0	0	0	0	0	0
One-time separation costs	0	0	0	0	0	0	0	0
Fixed asset impairment	0	0	0	0	0	0	0	0
UTC allocated corporate expenses (a)	1	2	1	2	6	0	0	0
Standalone public company costs (b)	-3	-4	-5	-4	-16	0	0	0
Other	1	-2	1	0	0	0	0	0
Adjusted operating profit	64	142	114	82	402	65	91	102
Adjusted operating profit margin	5.0%	9.5%	7.9%	5.7%	7.1%	5.8%	7.0%	7.2%

Service

Sales	1Q19	2Q19	3Q19	4Q19	FY 2019	1Q20	2Q20	3Q20
Net Sales	1,830	1,851	1,863	1,926	7,470	1,843	1,735	1,845
GAAP Operating profit	386	388	407	422	1,603	400	381	409
Restructuring	19	8	1	7	35	5	8	13
Loss on disposal of businesses	0	0	0	0	0	0	0	0
One-time separation costs	0	0	0	0	0	0	0	0
Fixed asset impairment	0	0	0	0	0	0	0	0
UTC allocated corporate expenses (a)	3	4	3	4	14	0	0	0
Standalone public company costs (b)	-9	-16	-15	-16	-56	0	0	0
Other	0	0	1	2	3	0	0	0
Adjusted operating profit	399	384	397	419	1,599	405	389	422
Adjusted operating profit margin	21.8%	20.7%	21.3%	21.8%	21.4%	22.0%	22.4%	22.9%

Corporate/Other

Sales	1Q19	2Q19	3Q19	4Q19	FY 2019	1Q20	2Q20	3Q20
Net Sales	0	0	0	0	0	0	0	0
GAAP Operating profit	-30	-45	-40	-67	-182	-135	-44	-50
Restructuring	0	-1	1	0	0	0	0	0
Loss on disposal of businesses	0	19	-1	8	26	0	0	0
One-time separation costs	0	3	7	33	43	32	21	29
Fixed asset impairment	0	0	0	0	0	67	0	0
UTC allocated corporate expenses (a)	13	13	16	18	60	16	0	0
Standalone public company costs (b)	-10	-22	-21	-22	-75	0	0	0
Other	-3	3	-3	2	-1	0	0	0
Adjusted operating profit	-30	-30	-41	-28	-129	-20	-23	-21

(a) Reflects costs for certain functions and services performed by UTC organizations that are allocated to Otis for purposes of carve-out financial statements.
(b) Adjustments have been made to 2019 to represent estimated standalone public company costs, as though Otis' operations had been conducted independently from UTC. 2020 costs are reflected as a part of GAAP operating profit and are not adjusted.
(c) Non-service pension expenses included in GAAP net income attributable to Otis includes amounts associated with Otis' participation in UTC retained pension plans. The amounts related to these plans are removed from Otis' results for the 2019 year, as though Otis' operations have been conducted independently from UTC.
(d) 2019 Net Interest reflects adjustments as though Otis' February 2020 debt issuance took place in 2019.
(e) 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 the tax impact of the additional adjustments (standalone costs, additional interest expense and non-service pension expenses)

Organic sales reconciliation

Q3 2020	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	(1.2%)	(1.0%)	(1.4%)	(1.3%)	(2.1%)
FX	0.2%	(0.3%)	0.7%	0.7%	0.6%
Net acquisitions / divestitures	(0.2%)	(0.1%)	(0.3%)	(0.1%)	(0.9%)
Other	(0.2%)	(0.5%)	0.0%	0.0%	0.0%
Total net sales growth	**(1.4%)**	**(1.9%)**	**(1.0%)**	**(0.7%)**	**(2.4%)**

YTD 2020	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	(3.3%)	(7.0%)	(0.5%)	(0.8%)	0.9%
FX	(1.4%)	(1.7%)	(1.1%)	(1.1%)	(0.9%)
Net acquisitions / divestitures	(0.4%)	(0.1%)	(0.6%)	(0.4%)	(1.5%)
Other	0.0%	(0.2%)	0.0%	0.0%	0.0%
Total net sales growth	**(5.1%)**	**(9.0%)**	**(2.2%)**	**(2.3%)**	**(1.5%)**

Adjusted operating profit at constant currency reconciliation

($millions)	Q3 2019	Q3 2020	Y/Y	YTD 2019	YTD 2020	Y/Y
New Equipment						
Adjusted operating profit	114	102	(12)	320	258	(62)
Impact of foreign exchange		3	3		10	10
Adjusted operating profit at constant currency		105	(9)		268	(52)
Service						
Adjusted operating profit	397	422	25	1,180	1,216	36
Impact of foreign exchange		(6)	(6)		11	11
Adjusted operating profit at constant currency		416	19	1,180	1,227	47
Otis Consolidated						
Adjusted operating profit	470	503	33	1,399	1,410	11
Impact of foreign exchange		(3)	(3)		22	22
Adjusted operating profit at constant currency		500	30		1,432	33

SG&A reconciliation

($millions)	Q3 2019	Q3 2020	YTD 2019	YTD 2020
SG&A expense	**444**	**481**	**1,329**	**1,387**
Restructuring	(1)	(11)	(26)	(27)
One-time separation costs	(7)	(18)	(10)	(69)
UTC allocated corporate expenses (a)	(20)	0	(56)	(16)
Standalone public company costs (b)	37	0	95	(1)
Other	2	(1)	1	(2)
Adjusted SG&A	**455**	**451**	**1,333**	**1,272**

(a) Reflects costs for certain functions and services performed by UTC organizations that are allocated to Otis for purposes of carve-out financial statements.
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Diluted earnings per share reconciliation

	Q3 2019	Q3 2020	YTD 2019	YTD 2020
GAAP diluted earnings per share	$0.73	$0.61	$2.07	$1.51
Impact of non-recurring items on diluted earnings per share	($0.18)	$0.08	($0.30)	$0.35
Adjusted diluted earnings per share	**$0.55**	**$0.69**	**$1.77**	**$1.86**

Free cash flow[1] reconciliation

($millions)	Q3 2019	Q3 2020	YTD 2019	YTD 2020
Operating cash flow[1]	364	348	1,015	1,171
Capital expenditures	(35)	(37)	(98)	(112)
Free cash flow[1]	**329**	**311**	**917**	**1,059**
GAAP net income	**317**	**266**	**898**	**655**
FCF conversion	104%	117%	102%	162%

1 Operating cash flow excludes dividends paid to noncontrolling interests.

Other reconciliations

Trailing 12-month EBITDA

($millions)	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Net income attributable to Otis	**218**	**165**	**224**	**266**
Noncontrolling interest	36	37	41	44
Income tax expense	183	125	109	103
Net interest expense	-6	5	41	39
Non-service pension expense	5	-3	1	2
Depreciation & amortization	45	43	49	48
EBITDA	**481**	**372**	**465**	**502**
Restructuring	10	6	20	20
Loss on disposal of businesses	8	0	0	0
One-time separation costs	33	32	21	29
Fixed asset impairment	0	67	0	0
UTC allocated corporate expenses (a)	24	16	0	0
Standalone public company costs (b)	-42	0	0	0
Other	4	0	0	0
Adjusted EBITDA	**518**	**493**	**506**	**551**
Trailing 12 month adjusted EBITDA (c)				**2,068**

Remaining performance obligation (RPO)

($billions)	Q3 2019	Q2 2020	Q3 2020
RPO at actual currency	16.2	16.4	16.9
FX	0.0	(0.1)	(0.4)
RPO at constant currency	**16.2**	**16.3**	**16.5**

New Equipment backlog

Growth %	Q3 2020
Constant currency	3%
FX	2%
Actual currency	**5%**

(a) Reflects costs for certain functions and services performed by UTC organizations that are allocated to Otis for purposes of carve-out financial statements.
(b) Adjustments have been made to 2019 to represent estimated standalone public company costs, as though Otis' operations had been conducted independently from UTC. 2020 costs are reflected as a part of GAAP operating profit and are not adjusted.
(c) Our revolving and term loan credit agreements require that we maintain a maximum consolidated leverage ratio, commencing with the test period ending September 30, 2020. Please review our credit agreements as filed with the SEC from time to time for more information regarding the adjustments and other terms related to the calculation of such ratio, which differ in certain respects from Adjusted EBITDA provided herein.