



# OTIS

Q1 2021

Earnings Call

April 26, 2021

# 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 in the U.S. and other countries in which Otis and its businesses operate 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., including the new U.S. Administration, and other countries in which Otis and its businesses operate, including China's response to the new U.S. administration and the United Kingdom's recent 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, including changes as a result of the new U.S. Administration; (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 and the timing thereof; (18) the 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

## Excellent start to the year...broad-based performance

- New Equipment share gain, up ~2 pts<sup>1</sup>
- Organic<sup>2</sup> sales growth in both segments
  - New Equipment growth in all regions
  - Service returned to growth
- Strong material and service productivity...margin expansion in both segments

## Creating value for shareholders

- Increased quarterly dividend by 20%
- Accelerating share repurchases...\$300M completed, additional \$200M planned in 2021
- Completed planned debt repayment

## Completed inaugural year of Made to Move Communities™

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

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

## Q1 orders



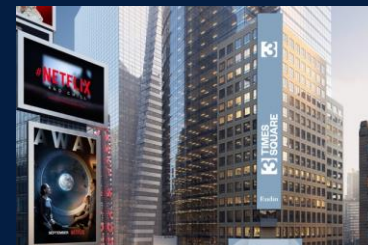
Incheon International Airport  
Incheon, S. Korea



New Area project  
Xiong'an, China



Munich Metro  
Munich, Germany



3 Times Square  
New York City

# Q1 2021 update

## Q1 2021 Results

- New Equipment orders up 18.4% at constant currency<sup>1</sup>...up 1.4% on a rolling 12-month basis
- New Equipment backlog up 8% and 2% at constant currency<sup>1</sup>
- Organic<sup>1</sup> sales up 10.3%...New Equipment up 25.1%, Service up 1.3%
- Adjusted operating profit margin<sup>1</sup> expanded 40 bps
- Free cash flow<sup>1</sup> of \$541M...176% conversion<sup>1</sup> of GAAP net income

## Revised 2021 Outlook

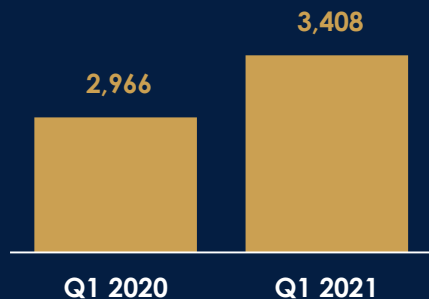
- Improved across all key metrics
- Net sales of \$13.6B to \$13.9B, up 6.7 to 8.7% at actual currency; organic up 4 to 6%
- Adjusted operating profit<sup>1</sup> up \$175 to \$215M at actual currency, up \$120 to \$160M at constant currency<sup>1</sup>
- Adjusted diluted EPS<sup>1</sup> of \$2.78 to \$2.84, up 10 to 13%
- Free cash flow<sup>1</sup> of \$1.35 to \$1.45B...~120% conversion<sup>1</sup> of GAAP net income

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

# Q1 2021 results

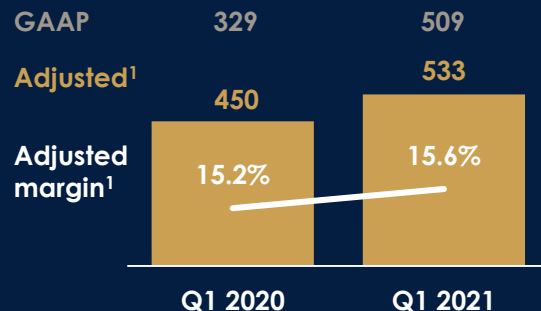
(\$ millions, except per share amounts)

## Sales



|                        |              |
|------------------------|--------------|
| Organic <sup>1</sup>   | 10.3%        |
| FX                     | 4.4%         |
| Net acquisitions/other | 0.2%         |
| <b>Total net sales</b> | <b>14.9%</b> |

## Operating profit



Q1 adjusted operating profit<sup>1</sup> up \$83M...up \$57M at constant currency<sup>1</sup>

Q1 adjusted operating profit margin<sup>1</sup> expanded 40 bps, including ~80 bps of segment mix headwind

## Diluted earnings per share



### Adj. EPS<sup>1</sup> drivers

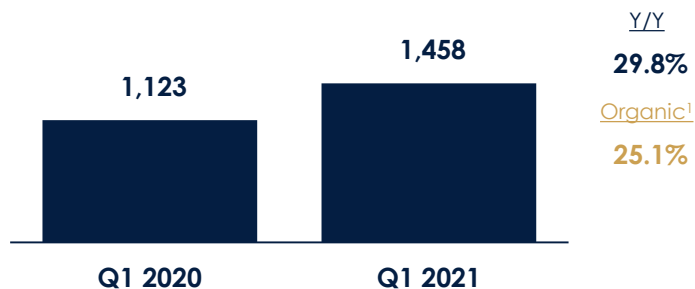
|                    |          |
|--------------------|----------|
| Operating profit   | \$0.13   |
| Tax                | \$0.05   |
| Net interest / NCI | (\$0.06) |

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

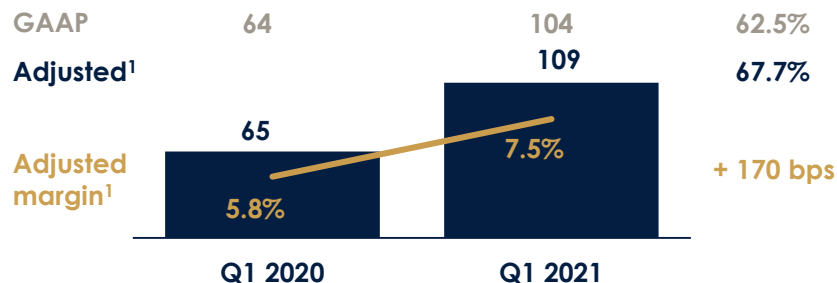
# New Equipment

(\$ 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.

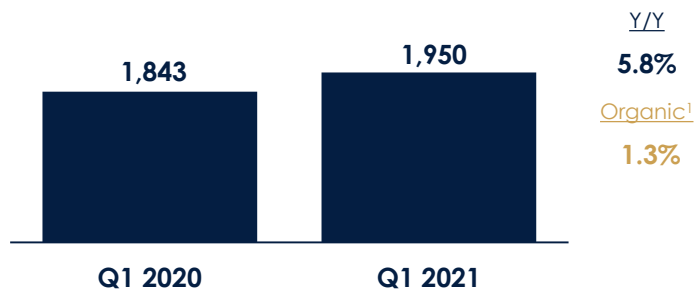
## Q1 Results

- Orders up ~18.4% at constant currency<sup>1</sup> ...growth in all regions with the Americas and Asia up double digits
- New Equipment share up ~2 pts<sup>2</sup>
- New Equipment backlog up 2% at constant currency<sup>1</sup>...broad-based growth
- Organic<sup>1</sup> sales up 25.1%
  - Americas up 21.8%
  - EMEA up 3.3%
  - Asia up 46.0%
- Adjusted operating profit<sup>1</sup> up \$44M...higher volume and strong material productivity partially offset by unfavorable mix and price

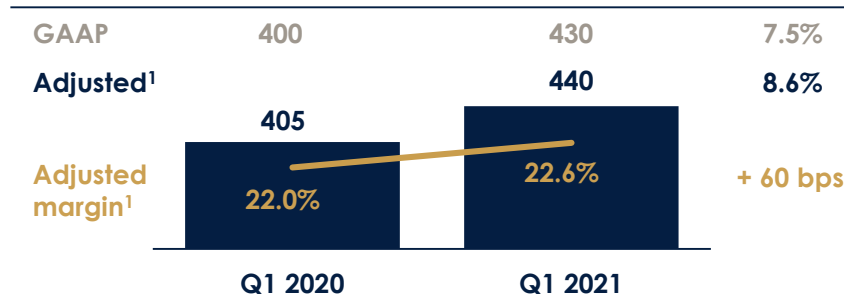
# Service

(\$ millions)

## Net sales



## Operating profit



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

## Q1 Results

- Maintenance units up 2% versus prior year...growth in all regions with China up low teens
- Modernization orders up 0.7% at constant currency<sup>1</sup>...growth in the Americas and Asia
- Organic<sup>1</sup> sales up 1.3%
  - Maintenance & Repair up 1.5%
  - Modernization up 0.3%
- Adjusted operating profit<sup>1</sup> up \$35M...higher volume, productivity, favorable pricing and FX tailwind, partially offset by higher SG&A expense

# 2021 financial outlook

Improving 2021 outlook across key metrics

|                                                            | Prior outlook                                                                                                               | Current outlook                                                                                                               |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| <b>Organic<sup>1</sup> sales</b>                           | <p>Otis up 2 to 4%</p> <p>New Equipment up 2 to 5%</p> <p>Service up 2 to 4%</p>                                            | <p>Otis up 4 to 6%</p> <p>New Equipment up 7.5 to 8.5%</p> <p>Service up 2 to 4%</p>                                          |
| <b>Adjusted operating profit<sup>1</sup></b>               | <p>Constant currency<sup>1</sup> up \$75 to \$125M</p> <p>Actual currency up \$125 to \$175M</p>                            | <p>Constant currency<sup>1</sup> up \$120 to \$160M</p> <p>Actual currency up \$175 to \$215M</p>                             |
| <b>Adjusted net income &amp; EPS<sup>1</sup></b>           | <p>Adjusted net income<sup>1</sup> \$1,160 to \$1,200M</p> <p>Adjusted EPS<sup>1</sup> \$2.67 to \$2.77, up 6 to 10%</p>    | <p>Adjusted net income<sup>1</sup> \$1,200 to \$1,225M</p> <p>Adjusted EPS<sup>1</sup> \$2.78 to \$2.84, up 10 to 13%</p>     |
| <b>Free cash flow<sup>1</sup> &amp; capital deployment</b> | <p>Free cash flow<sup>1</sup> \$1.3 to 1.4B</p> <p>Quarterly dividend per share \$0.20</p> <p>Share repurchases ~\$300M</p> | <p>Free cash flow<sup>1</sup> \$1.35 to 1.45B</p> <p>Quarterly dividend per share \$0.24</p> <p>Share repurchases ~\$500M</p> |

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

# 2021 organic<sup>1</sup> sales outlook

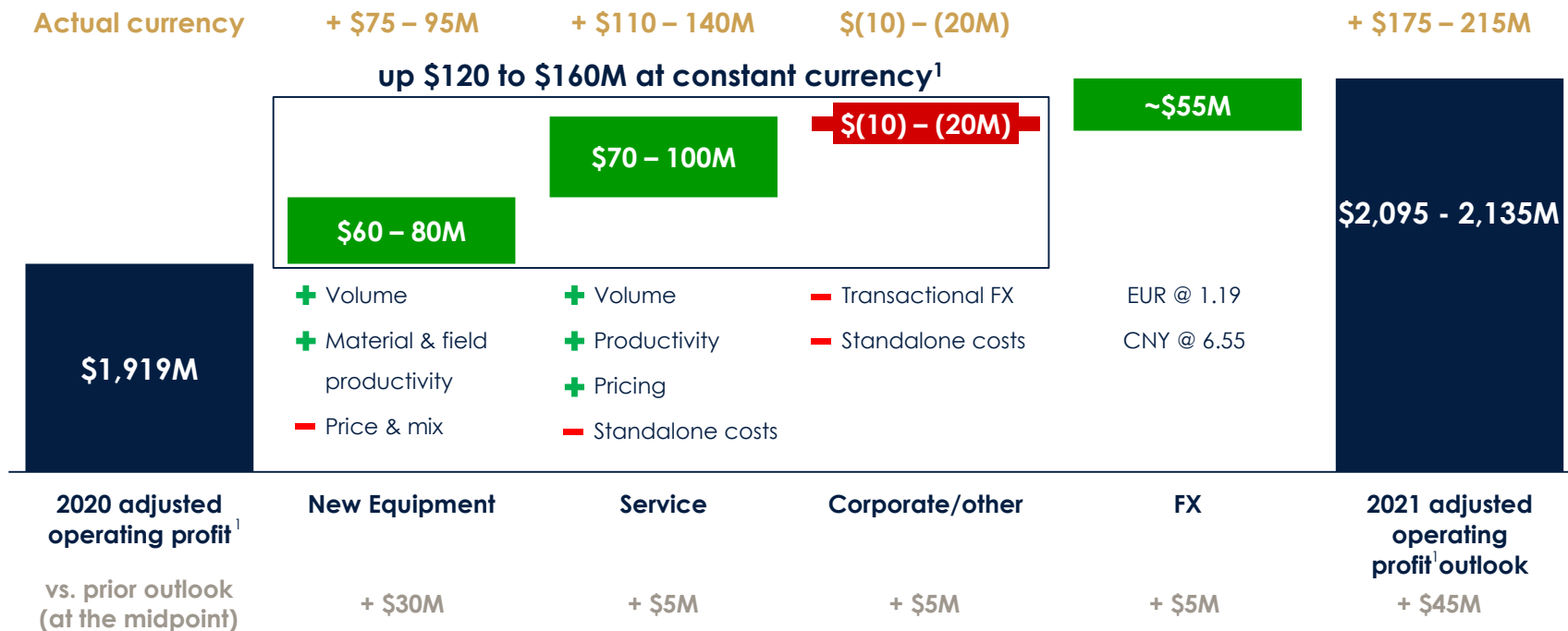
|                      | Prior outlook (February 1, 2021) | Updated outlook       |
|----------------------|----------------------------------|-----------------------|
| <b>New Equipment</b> | <b>up 2 to 5%</b>                | <b>up 7.5 to 8.5%</b> |
| Americas             | up low to mid single             | up high single        |
| EMEA                 | up low single                    | up low to mid single  |
| Asia                 | up mid single                    | up ~10%               |
| <b>Service</b>       | <b>up 2 to 4%</b>                | <b>up 2 to 4%</b>     |
| Maintenance & repair | up 2 to 4%                       | up 2 to 4%            |
| Modernization        | up low to mid single             | up low to mid single  |
| <b>Otis</b>          | <b>up 2 to 4%</b>                | <b>up 4 to 6%</b>     |

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

## Outlook drivers

- Q1 New Equipment backlog up 8%, 2% at constant currency<sup>1</sup>... accelerating conversion
- New Equipment market returns to growth
- Continued maintenance portfolio growth
- Continued recovery on discretionary repair & modernization... returned to growth in Q1

# 2021 adjusted operating profit<sup>1</sup> drivers



**~40 basis points of adjusted operating profit margin<sup>1</sup> expansion**

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

# Otis fundamentals<sup>1</sup>

## Iconic global brand in a large, growing industry

|                                                     |                                                                          |
|-----------------------------------------------------|--------------------------------------------------------------------------|
| <b>Sustainable growth over the medium-term</b>      | Gaining share in NE <sup>2</sup> & accelerating Service portfolio growth |
| <b>Driving profitability</b>                        | Expanding margins through growth & productivity                          |
| <b>Investing through the cycle</b>                  | Sustainable level of R&D and Capex                                       |
| <b>Robust free cash flow<sup>3</sup> generation</b> | >100% FCF conversion <sup>3</sup>                                        |
| <b>Focus on creating shareholder value</b>          | Raised dividend & accelerated share repurchases                          |

<sup>1</sup> Based on Otis' current expectations. <sup>2</sup> Based on Otis internal estimates. <sup>3</sup> See appendix for additional information regarding these non-GAAP financial measures.

# OTIS

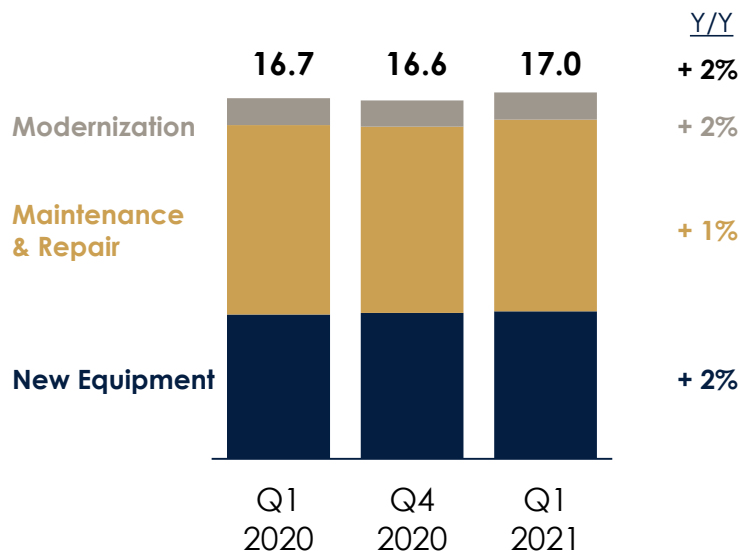
A wide-angle photograph of the Chicago skyline at dusk. The Willis Tower is the central focus, its top illuminated with green lights. Other skyscrapers are visible in the background, some with lights on. The foreground shows a body of water reflecting the city lights and a row of streetlights along the shore.

# Appendix

# Backlog and orders

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

## Remaining performance obligation

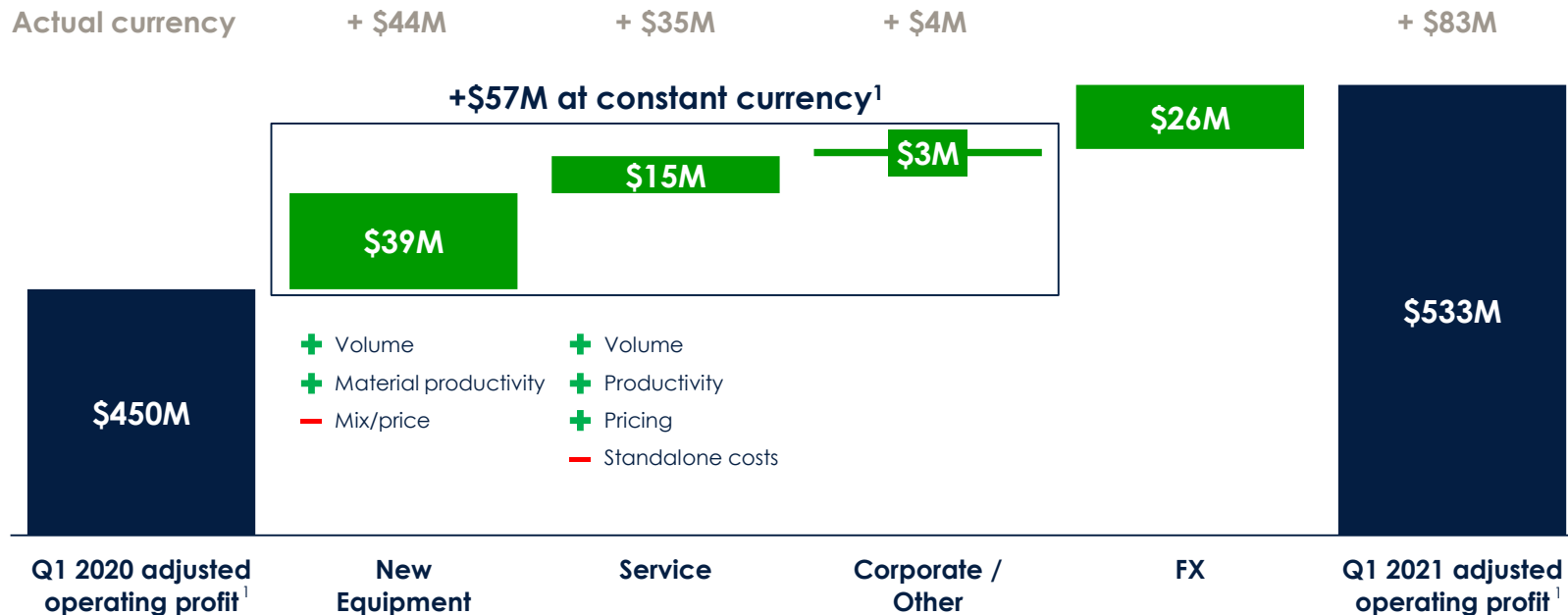


## New Equipment orders

| Region     | Q1 2021<br>Y/Y | 12-month<br>rolling |
|------------|----------------|---------------------|
| Total Otis | 18.4%          | 1.4%                |
| Americas   | 14.2%          | (6.9%)              |
| EMEA       | 3.1%           | (2.5%)              |
| Asia       | 30.8%          | 8.6%                |

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

# Q1 2021 adjusted operating profit<sup>1</sup> drivers



**40 basis points of adjusted operating profit margin<sup>1</sup> expansion**

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

# Additional information

|                                 | 1Q21 actuals | Prior FY21 outlook<br>(February 1, 2021) | Updated FY21<br>outlook |
|---------------------------------|--------------|------------------------------------------|-------------------------|
| Restructuring expense           | \$15M        | \$60 – 70M                               | \$60 – 70M              |
| Non-service pension expense     | \$2M         | \$10 – 15M                               | \$10 – 15M              |
| Net interest expense            | \$32M        | ~\$135M                                  | ~\$125M                 |
| Adjusted effective tax rate     | 28.7%        | ~29.5%                                   | ~29.5%                  |
| Noncontrolling interest expense | \$44M        | ~\$175M                                  | \$180 - 185M            |
| Capital expenditures            | \$44M        | \$160 – 170M                             | \$160 – 170M            |
| Diluted shares outstanding      | 433.7M       | ~434M                                    | ~432M                   |

# 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 solely for fiscal years prior to 2020 estimated standalone public company costs, as though Otis' operations had been conducted independently from UTC ("standalone costs"). Standalone costs for fiscal years prior to 2020 are based on quarterly estimates determined during Otis' annual planning process for the 2020 fiscal year. Recurring standalone costs for 2021 and 2020 are not adjusted.

Adjusted operating profit represents income from continuing operations (a GAAP measure), excluding restructuring costs, other non-recurring significant items, UTC allocated costs and including solely for fiscal years prior to 2020 estimated standalone public company costs.

Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs and other non-recurring significant items and UTC allocated costs and including solely for fiscal years prior to 2020 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 solely for fiscal years prior to 2020 estimated 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, non-recurring significant items and solely for fiscal years prior to 2020 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 solely for fiscal years prior to 2020 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 and to the extent applicable as if it had been a standalone public company for fiscal years prior to 2020.

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.

# 2021 GAAP to adjusted financials reconciliation

| (\$millions)                              | Otis         |              | New Equipment |              | Service      |              | Corporate/other |             |
|-------------------------------------------|--------------|--------------|---------------|--------------|--------------|--------------|-----------------|-------------|
| Sales                                     | 1Q20         | 1Q21         | 1Q20          | 1Q21         | 1Q20         | 1Q21         | 1Q20            | 1Q21        |
| <b>Net sales</b>                          | <b>2,966</b> | <b>3,408</b> | <b>1,123</b>  | <b>1,458</b> | <b>1,843</b> | <b>1,950</b> | <b>0</b>        | <b>0</b>    |
| <b>Income</b>                             |              |              |               |              |              |              |                 |             |
| <b>Net income attributable to Otis</b>    | <b>165</b>   | <b>308</b>   |               |              |              |              |                 |             |
| Noncontrolling interest in subsidiaries'  | 37           | 44           |               |              |              |              |                 |             |
| Income tax expense                        | 125          | 123          |               |              |              |              |                 |             |
| Net interest expense                      | 5            | 32           |               |              |              |              |                 |             |
| Non-service pension benefit (expense)     | (3)          | 2            |               |              |              |              |                 |             |
| <b>GAAP operating profit</b>              | <b>329</b>   | <b>509</b>   | <b>64</b>     | <b>104</b>   | <b>400</b>   | <b>430</b>   | <b>(135)</b>    | <b>(25)</b> |
| Restructuring                             | 6            | 15           | 1             | 5            | 5            | 10           | 0               | 0           |
| One-time separation costs                 | 32           | 9            | 0             | 0            | 0            | 0            | 32              | 9           |
| Fixed asset impairment                    | 67           | 0            | 0             | 0            | 0            | 0            | 67              | 0           |
| UTC allocated corporate expenses (a)      | 16           | 0            | 0             | 0            | 0            | 0            | 16              | 0           |
| <b>Adjusted operating profit</b>          | <b>450</b>   | <b>533</b>   | <b>65</b>     | <b>109</b>   | <b>405</b>   | <b>440</b>   | <b>(20)</b>     | <b>(16)</b> |
| <i>Adjusted operating profit margin</i>   | <i>15.2%</i> | <i>15.6%</i> | <i>5.8%</i>   | <i>7.5%</i>  | <i>22.0%</i> | <i>22.6%</i> |                 |             |
| Non-service pension benefit (expense) (b) | 3            | (2)          |               |              |              |              |                 |             |
| Net interest expense                      | (5)          | (32)         |               |              |              |              |                 |             |
| <b>Adjusted pre-tax profit</b>            | <b>448</b>   | <b>499</b>   |               |              |              |              |                 |             |
| Adjusted income tax expense               | (149)        | (143)        |               |              |              |              |                 |             |
| <i>Adjusted tax rate (c)</i>              | <i>33.3%</i> | <i>28.7%</i> |               |              |              |              |                 |             |
| Noncontrolling interest                   | (37)         | (44)         |               |              |              |              |                 |             |
| <b>Adjusted net income</b>                | <b>262</b>   | <b>312</b>   |               |              |              |              |                 |             |

(a) Reflects costs for certain functions and services performed by UTC organizations that were allocated to Otis for purposes of carve-out financial statements.

(b) Non-service pension expense included in GAAP net income attributable to Otis pre-Separation includes amounts associated with Otis' participation in UTC retained pension plans.

(c) 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

# Organic sales reconciliation

| Q1 2021                         | Total Otis   | New Equipment | Service     | Maintenance & Repair | Modernization |
|---------------------------------|--------------|---------------|-------------|----------------------|---------------|
| Organic                         | 10.3%        | 25.1%         | 1.3%        | 1.5%                 | 0.3%          |
| FX                              | 4.4%         | 4.6%          | 4.2%        | 4.4%                 | 3.9%          |
| Net acquisitions / divestitures | 0.2%         | 0.1%          | 0.3%        | 0.3%                 | 0.0%          |
| <b>Total net sales growth</b>   | <b>14.9%</b> | <b>29.8%</b>  | <b>5.8%</b> | <b>6.2%</b>          | <b>4.2%</b>   |

# Adjusted operating profit at constant currency reconciliation

| (\$millions)                                   | Q1 2020 | Q1 2021 | Y/Y  |
|------------------------------------------------|---------|---------|------|
| <b>New Equipment</b>                           |         |         |      |
| Adjusted operating profit                      | 65      | 109     | 44   |
| Impact of foreign exchange                     |         | (5)     | (5)  |
| Adjusted operating profit at constant currency | 65      | 104     | 39   |
| <b>Service</b>                                 |         |         |      |
| Adjusted operating profit                      | 405     | 440     | 35   |
| Impact of foreign exchange                     |         | (20)    | (20) |
| Adjusted operating profit at constant currency | 405     | 420     | 15   |
| <b>Otis Consolidated</b>                       |         |         |      |
| Adjusted operating profit                      | 450     | 533     | 83   |
| Impact of foreign exchange                     |         | (26)    | (26) |
| Adjusted operating profit at constant currency | 450     | 507     | 57   |

# SG&A reconciliation

| (\$millions)                         | Q1 2020      | Q1 2021      |
|--------------------------------------|--------------|--------------|
| <b>SG&amp;A expense</b>              | <b>465</b>   | <b>482</b>   |
| Restructuring                        | (6)          | (11)         |
| One-time separation costs            | (32)         | (9)          |
| UTC allocated corporate expenses (a) | (16)         | 0            |
| Other                                | (1)          | 0            |
| <b>Adjusted SG&amp;A</b>             | <b>410</b>   | <b>462</b>   |
| <i>Adjusted SG&amp;A % of sales</i>  | <i>13.8%</i> | <i>13.6%</i> |

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

# Diluted earnings per share reconciliation

|                                                             | Q1 2020       | Q1 2021       |
|-------------------------------------------------------------|---------------|---------------|
| GAAP diluted earnings per share                             | \$0.38        | \$0.71        |
| Impact of non-recurring items on diluted earnings per share | \$0.22        | \$0.01        |
| <b>Adjusted diluted earnings per share</b>                  | <b>\$0.60</b> | <b>\$0.72</b> |

# Free cash flow reconciliation

| (\$millions)                     | Q1 2020    | Q1 2021    |
|----------------------------------|------------|------------|
| Operating cash flow <sup>1</sup> | 159        | 585        |
| Capital expenditures             | (39)       | (44)       |
| <b>Free cash flow</b>            | <b>120</b> | <b>541</b> |
| <b>GAAP net income</b>           | <b>165</b> | <b>308</b> |
| FCF conversion                   | 73%        | 176%       |

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

# Other reconciliations

## Remaining performance obligation (RPO)

| (\$billions)                    | Q1<br>2020  | Q4<br>2020  | Q1<br>2021  |
|---------------------------------|-------------|-------------|-------------|
| RPO at actual currency          | 16.3        | 17.2        | 17.3        |
| FX <sup>1</sup>                 | 0.4         | (0.6)       | (0.3)       |
| <b>RPO at constant currency</b> | <b>16.7</b> | <b>16.6</b> | <b>17.0</b> |

## New Equipment backlog

| Growth %               | Q1<br>2021 |
|------------------------|------------|
| Constant currency      | 2%         |
| FX                     | 6%         |
| <b>Actual currency</b> | <b>8%</b>  |

<sup>1</sup> 2020 totals have been adjusted to reflect FX impacts of the constant currency calculation