OTIS

Q4 2021 Earnings Call

January 31, 2022

Forward-Looking Statements

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

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute “forward-looking statements” under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management’s current expectations or plans for Otis’ future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as “believe,” “expect,” “expectations,” “plans,” “strategy,” “prospects,” “estimate,” “project,” “target,” “anticipate,” “will,” “should,” “see,” “guidance,” “outlook,” “medium-term,” “near-term,” “confident,” “goals” and other words of similar meaning in connection with a discussion of future operating or financial performance, the proposed tender offer by Otis to acquire all of the issued and outstanding shares of Zardoya Otis, S.A (the "Tender Offer") and the separation (the “Separation”) from United Technologies Corporation (now known as Raytheon Technologies Corporation (“RTX”)). Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, research & development spend, credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions of Otis following the Separation or in connection with the Tender Offer, including the estimated costs associated with the Separation and the Tender Offer, 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 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 variants thereof and the ongoing economic recovery therefrom and their effects on, among other things, global supply, demand and distribution), 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, capital spending and research and development spending; (4) future availability of credit and factors that may affect such availability, credit market conditions and Otis’ capital structure; (5) the timing and scope of future repurchases of Otis’ common stock ("Common Stock"), which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (6) fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of COVID-19 or otherwise; (7) cost reduction or containment actions, restructuring costs and related savings and other consequences thereof; (8) new business and investment opportunities; (9) the outcome of legal proceedings, investigations and other contingencies; (10) pension plan assumptions and future contributions; (11) the impact of the negotiation of collective bargaining agreements and labor disputes; (12) the effect of changes in political conditions in the U.S. and other countries in which Otis and its businesses operate on general market conditions, global trade policies and currency exchange rates in the near term and beyond; (13) the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate; (14) the ability of Otis to retain and hire key personnel; (15) 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; (16) the timing of closing, if any, of the Tender Offer and the ability to achieve the expected benefits of the Tender Offer and the timing thereof; (17) the ability to achieve the expected benefits of the Separation; (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; and (19) the amount of our obligations and nature of our contractual restrictions pursuant to, and disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier Corporation in connection with the Separation. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary from those stated in forward-looking statements, see Otis’ registration statement on Form 10 and the reports of Otis on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time. Any forward-looking statement speaks only as of the date on which it is made, and Otis assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Full year 2021 results

New Equipment orders up 13.2%...backlog up 3% versus prior year at constant currency[1]

Organic[1] sales up 8.9%...NE up 15.5%, Service up 4.1%

Adjusted operating profit[1] up \$272M…\$7M above prior outlook at the midpoint…30 bps of margin expansion

Adjusted EPS[1] up 19.4% to \$3.01…\$0.06 improvement from the prior outlook

Free cash flow[1] of \$1.6B…~\$70M improvement from the prior outlook…128% conversion[1]

Orders

Sawyers Landing
Miami, Florida

Taiwan Taoyuan International Airport
Taoyuan City, Taiwan

ESG highlights

Gen360™ awarded 2 Environmental Product Declarations (EPDs)

HUMAN RIGHTS CAMPAIGN FOUNDATION
BEST PLACES TO WORK
2022 for LGBTQ+ Equality
100% CORPORATE EQUALITY INDEX

Recognized as a Best Place to Work for LGBTQ+ Equality

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

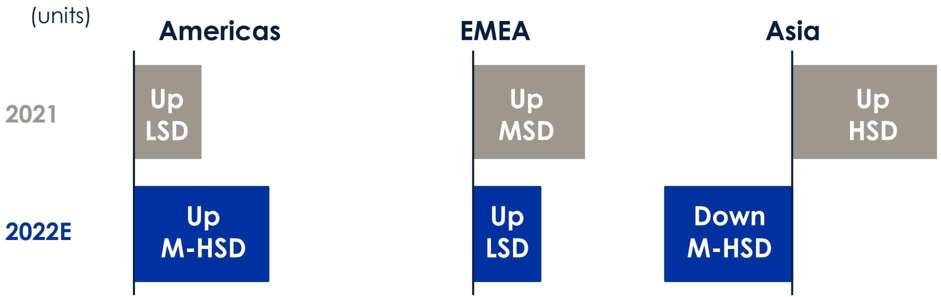
2021: Strong momentum on strategic priorities

New Equipment	• ~115 bps[1] of New Equipment share gain • Launched Gen3™ and Gen360™, digitally connected elevator platforms
Service	• Accelerated maintenance portfolio growth…units up 3% • Deployed ~100K Otis ONE™ units…~1/3 of portfolio units connected
Operations	• Rationalized adjusted SG&A[2]…down 40 bps as a % of sales vs prior year • Reduced the adjusted effective tax rate[2]…down 190 bps vs prior year • Advanced ESG initiatives
Cash generation & capital allocation	• Generated $1.6B in free cash flow[2]…conversion of 128% • Repaid ~$450M of debt, repurchased $725M of shares, raised dividends 20% & announced tender offer for remaining interest in Zardoya Otis

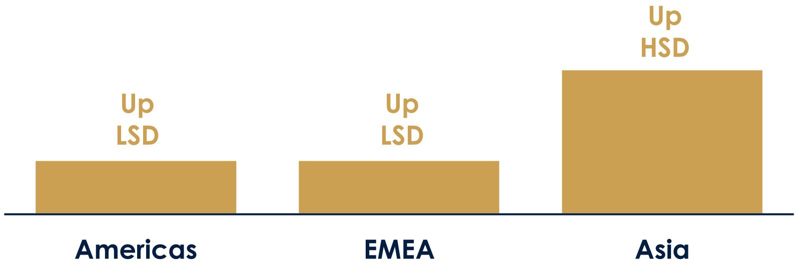
1 Based on Otis internal estimates.
2 See appendix for additional information regarding these non-GAAP financial measures.

2022 outlook

Industry New Equipment growth[1]



Industry installed base growth[1]



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.

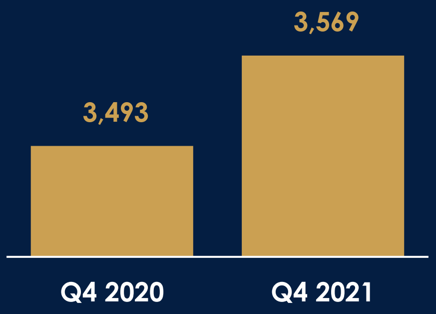
Otis

- **Net sales** of \$14.4 to \$14.7B, up 1 to 3% at actual currency; organic[2] up 2.5 to 4.5%
- **Adjusted operating profit[2]** of \$2.24 to \$2.3B, up \$95 to \$165 at constant currency[2]; up \$50 to \$120M at actual currency
- **Adjusted EPS[2]** \$3.20 to \$3.30, up 6 to 10%
- **Free cash flow[2]** ~\$1.6B, conversion 115 to 120%
- **Disciplined capital allocation**

Q4 2021 results

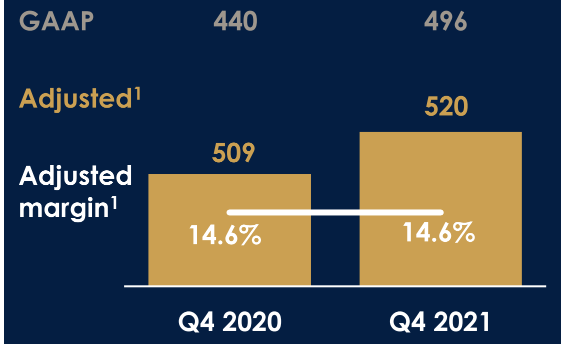
($ millions, except per share amounts)

Sales



Organic[1]	2.8%
FX	(0.7%)
Net acquisitions/other	0.1%
Total net sales	**2.2%**

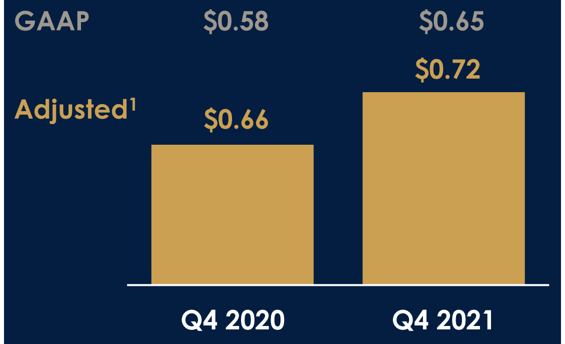
Operating profit



Q4 adjusted operating profit[1] up $11M…up $21M at constant currency[1]

Q4 adjusted operating profit margin[1] was flat versus prior year

Diluted earnings per share



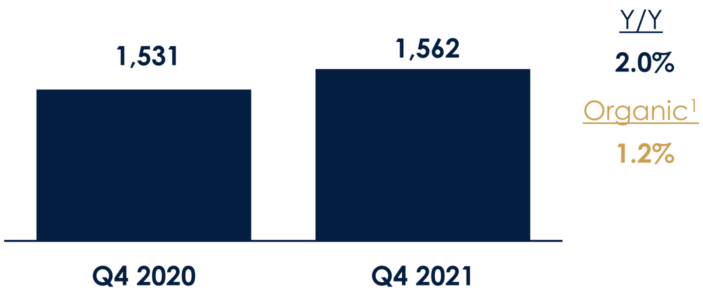
Adjusted EPS[1] drivers	
Operating profit	$0.02
Net interest / other	$0.02
Tax	$0.02

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

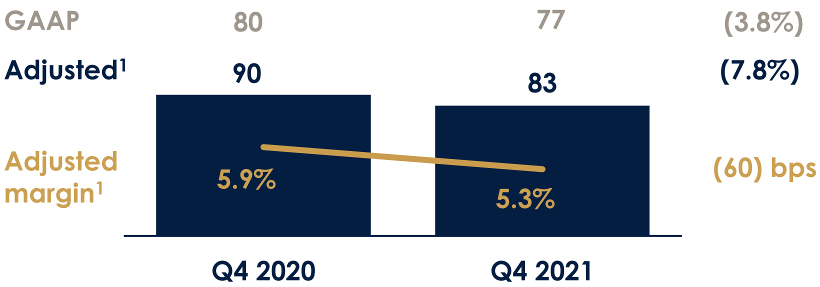
New Equipment

($ millions)

Net sales



Operating profit



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

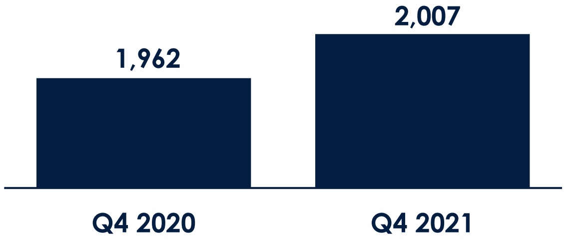
Q4 Results

- Orders up 7.3% at constant currency[1]…7th consecutive quarter of growth in China
- FY New Equipment share up ~115 bps[2]
- New Equipment backlog up 1%, and 3% at constant currency[1]
- Organic[1] sales up 1.2%
  - Americas down 9.5%
  - EMEA down 6.3%
  - Asia up 11.9%
- Adjusted operating profit[1] down $7M… installation productivity & favorable project performance partially mitigated commodity and mix headwinds

Service

($ millions)

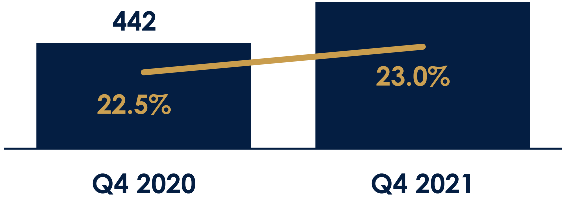
Net sales



Y/Y
2.3%
Organic[1]
4.0%

Operating profit

	Q4 2020	Q4 2021	
GAAP	421	447	6.2%
Adjusted[1]	442	462	4.5%
Adjusted margin[1]	22.5%	23.0%	+ 50 bps

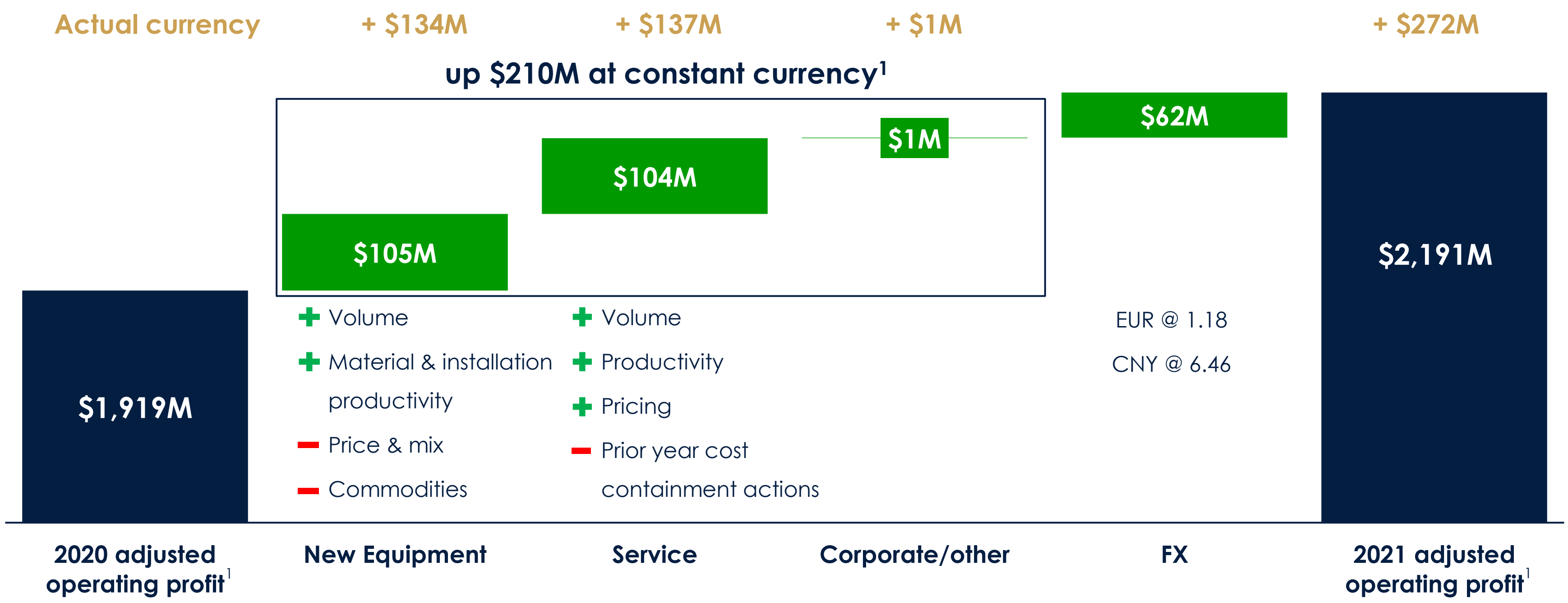


1 See appendix for additional information regarding these non-GAAP financial measures.

Q4 Results

- Maintenance units up 3% versus prior year…growth in EMEA and Asia, ~flat in Americas
- Modernization orders up 18.3% at constant currency[1]…backlog up 6%
- Organic[1] sales up 4.0%
  - Maintenance & Repair up 4.3%
  - Modernization up 2.2%
- Adjusted operating profit[1] up $20M…higher volume and favorable price/mix, partially offset by higher field costs, including headwinds from COVID-19 recovery

Full year 2021 adjusted operating profit[1] drivers



30 bps of adjusted operating profit margin[1] expansion in 2021…100 bps improvement from 2019

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

2022 financial outlook

	2021 actuals	2022 outlook
Organic[1] sales	**Otis** up 8.9% **New Equipment** up 15.5% **Service** up 4.1%	**Otis** up 2.5 to 4.5% **New Equipment** up 0.5 to 3.0% **Service** up 4.0 to 6.0%
Adjusted operating profit[1] margin	**Otis** 15.3%, up 30 bps **New Equipment** 7.5%, up 100 bps **Service** 22.8%, up 30 bps	**Otis** up ~30 bps **New Equipment** flat to up 20 bps **Service** up ~50 bps
Adjusted EPS[1]	**Adjusted EPS[1]** $3.01, up 19%	**Adjusted EPS[1]** $3.20 to $3.30, up 6 to 10%
Free cash flow[1] & capital deployment	**Free cash flow[1]** $1.6B **Debt repayment** ~$450M **Share repurchases** ~$725M[2]	**Free cash flow[1]** ~$1.6B, 115 to 120% conversion **Debt repayment** ~$500M **Share repurchases** after debt repayment[2]

1 See appendix for additional information regarding these non-GAAP financial measures. 2 Due to the increased debt incurred to fund the Zardoya Otis tender offer, we have temporarily suspended share repurchases as we focus on deleveraging.

2022 organic[1] sales outlook

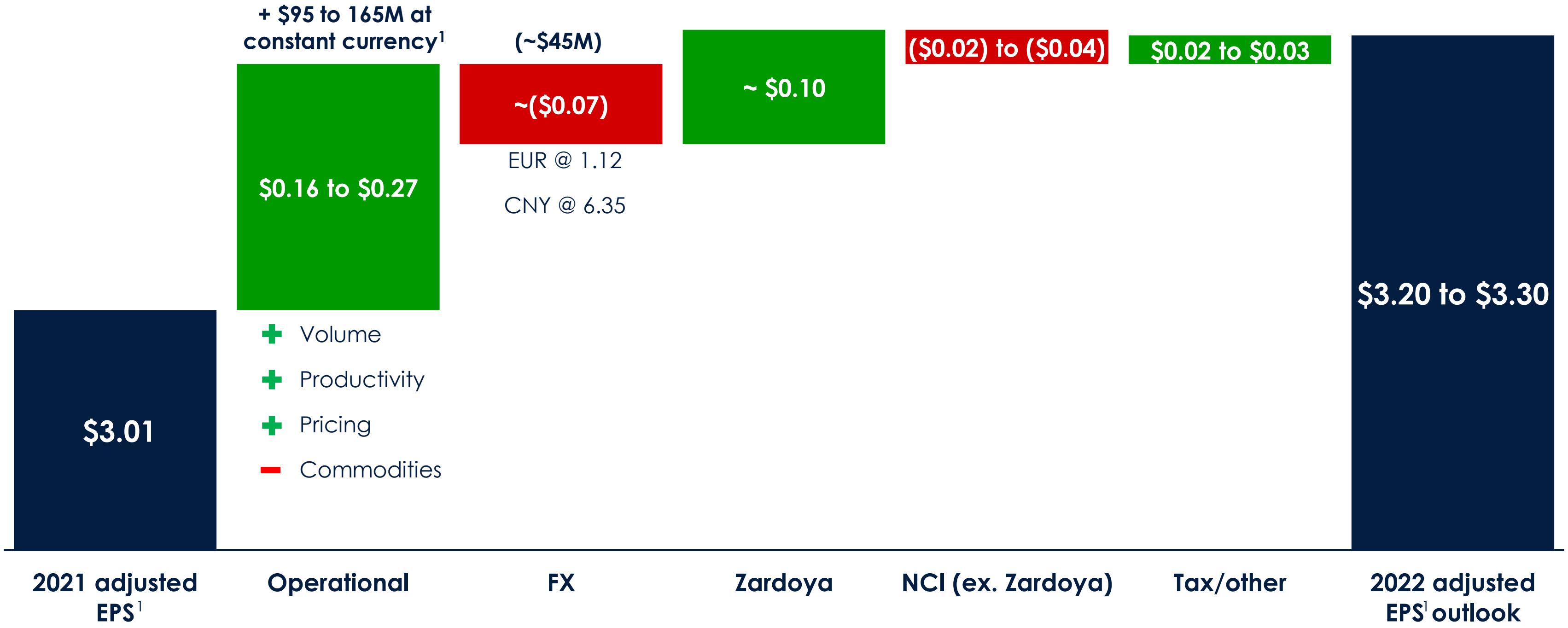
	2021 Actual	Outlook
New Equipment	**up 15.5%**	**up 0.5 to 3.0%**
Americas	up 14.1%	up low single
EMEA	up 7.1%	up mid single
Asia	up 19.7%	up or down slightly
Service	**up 4.1%**	**up 4.0 to 6.0%**
Maintenance & repair	up 4.5%	up 4.0 to 6.0%
Modernization	up 2.5%	up 4.0 to 6.0%
Otis	**up 8.9%**	**up 2.5 to 4.5%**

Outlook drivers

- Backlog conversion…2021 New Equipment backlog up 3%, modernization up 6% at constant currency[1]
- New Equipment and Service pricing tailwinds
- Accelerated maintenance portfolio growth…up 3% in 2021
- Continued recovery on discretionary repair
- Increased modernization demand and backlog conversion

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

2022 adjusted EPS[1] growth outlook drivers



6 to 10% adjusted EPS[1] growth

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

Otis fundamentals[1]

Iconic global brand in a large, growing industry	
Sustainable growth over the medium-term	Gaining share in NE[2] & accelerating Service portfolio growth
Driving profitability	Expanding margins through growth & 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 & stakeholder value	Healthy dividend, share repurchases[4], targeted M&A & integrated ESG commitments

[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] Due to the increased debt incurred to fund the Zardoya Otis tender offer, we have temporarily suspended share repurchases as we focus on deleveraging.

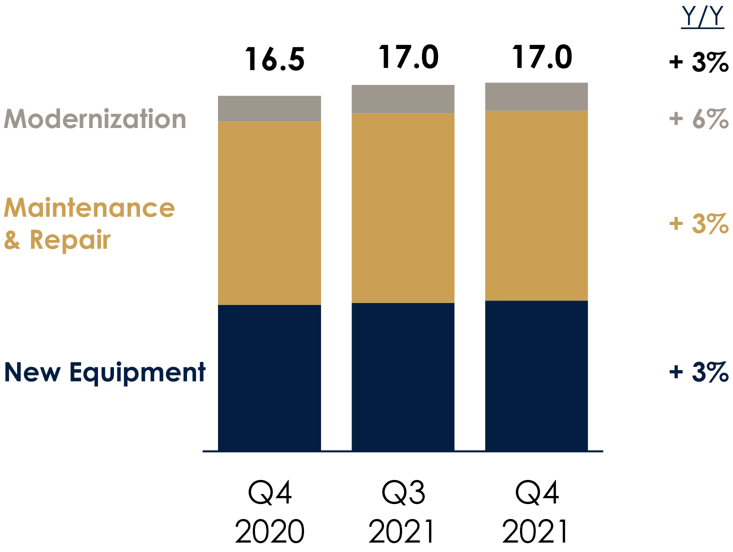
OTIS

Appendix

Backlog and orders

($billions, at constant currency[1])

Remaining performance obligation

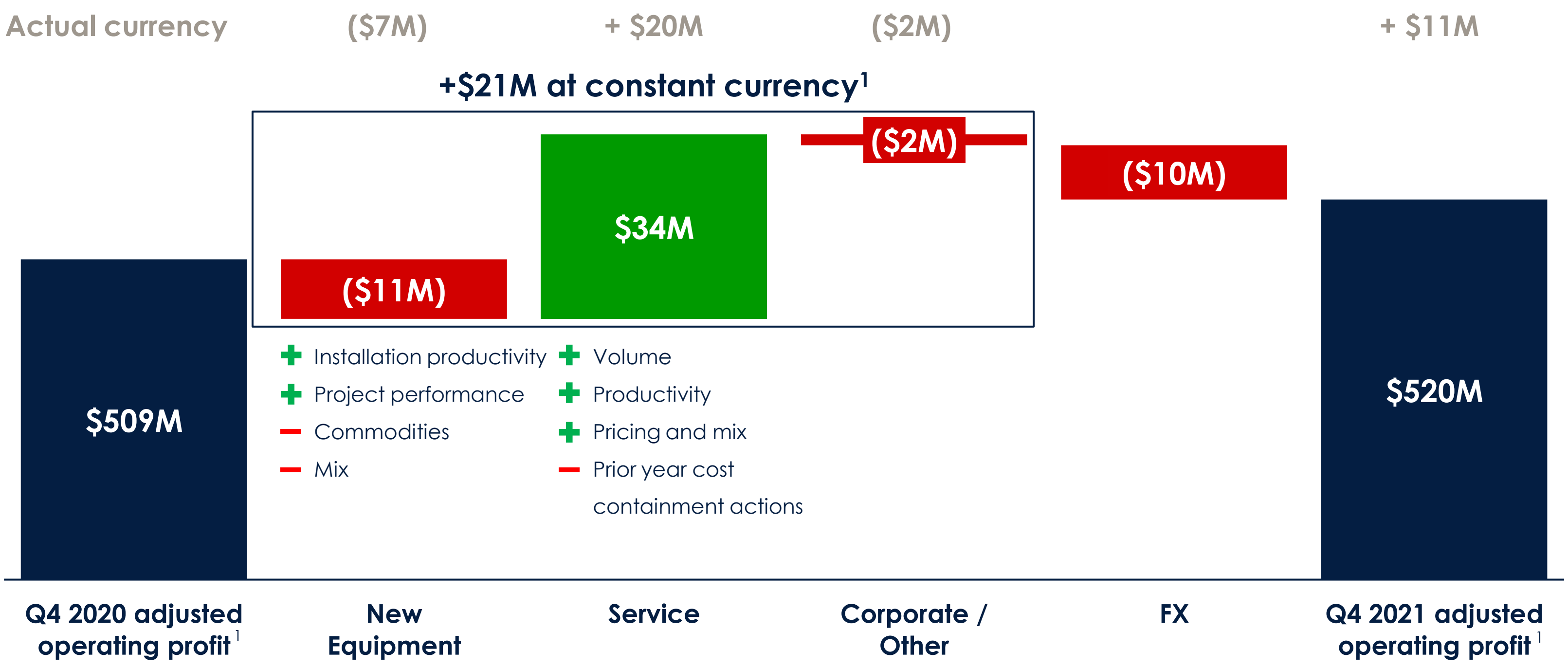


New Equipment orders

Region	Q4 2021 Y/Y	2021 Y/Y
Total Otis	**7.3%**	**13.2%**
Americas	18.0%	14.4%
EMEA	flat	4.4%
Asia	6.4%	17.0%

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

Q4 2021 adjusted operating profit[1] drivers



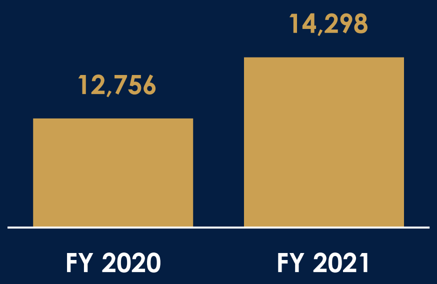
Adjusted operating profit margin[1] was flat at 14.6%

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

Full year 2021 results

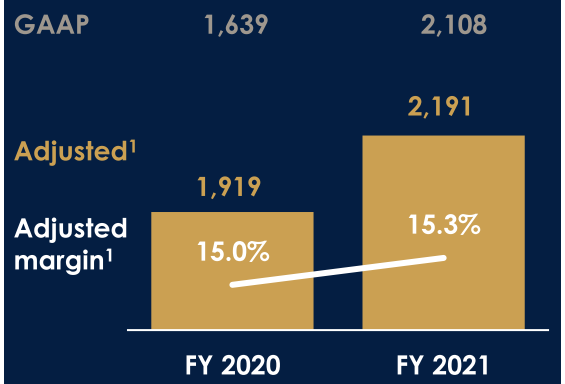
($ millions, except per share amounts)

Sales



Organic[1]	8.9%
FX	3.0%
Net acquisitions/other	0.2%
Total net sales	**12.1%**

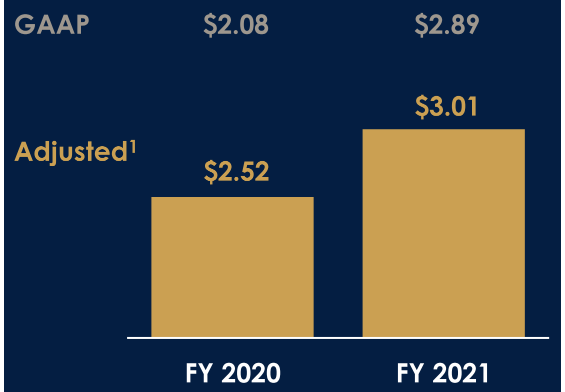
Operating profit



FY adjusted operating profit[1] up $272M…up $210M at constant currency[1]

FY adjusted operating profit margin[1] expanded 30 bps

Diluted earnings per share



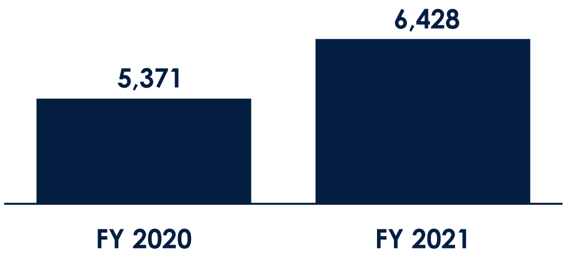
Adjusted EPS[1] drivers	
Operating profit	$0.44
Tax	$0.09
Shares	$0.02
NCI / Other	($0.06)

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

New Equipment

($ millions)

Net sales

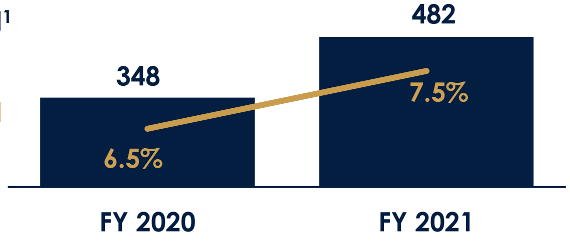


Y/Y
19.7%

Organic[1]
15.5%

Operating profit

	FY 2020	FY 2021	Y/Y
GAAP	318	459	44.3%
Adjusted[1]	348	482	38.5%
Adjusted margin[1]	6.5%	7.5%	+ 100 bps



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

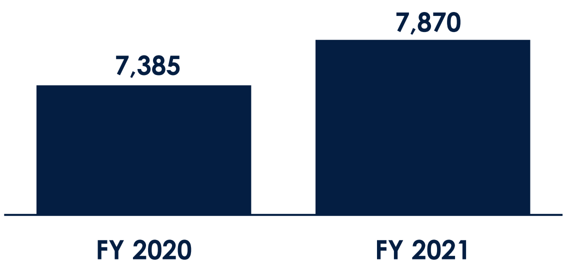
FY Results

- Orders up 13.2% at constant currency[1]
- New Equipment share up ~115 bps[2]
- Organic[1] sales up 15.5%
  - Americas up 14.1%
  - EMEA up 7.1%
  - Asia up 19.7%
- Adjusted operating profit[1] up $134M and $105M at constant currency[1]

Service

($ millions)

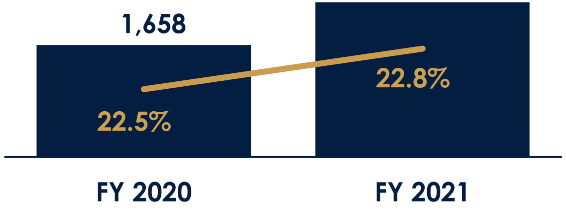
Net sales



Y/Y
6.6%
Organic[1]
4.1%

Operating profit

	FY 2020	FY 2021	Y/Y
GAAP	1,611	1,762	9.4%
Adjusted[1]	1,658	1,795	8.3%
Adjusted margin[1]	22.5%	22.8%	+ 30 bps



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

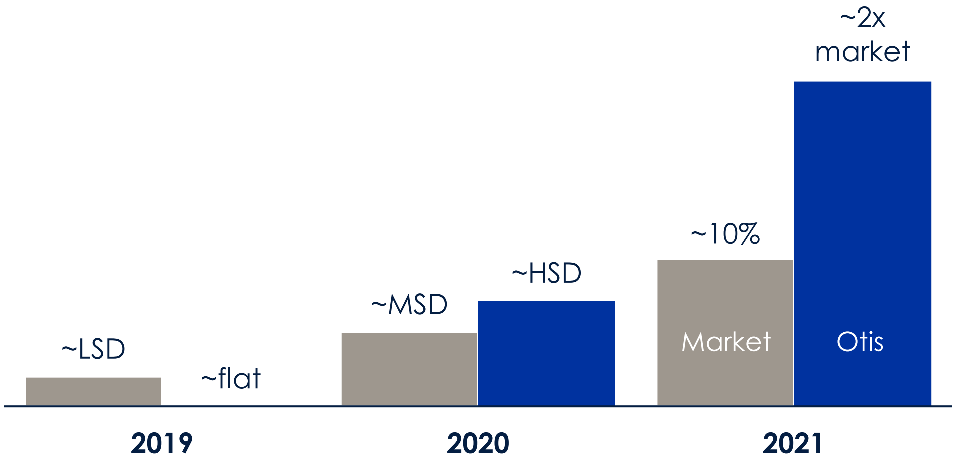
FY Results

- Modernization orders up 7.4% at constant currency[1]
- Organic[1] sales up 4.1%
  - Maintenance & Repair up 4.5%
  - Modernization up 2.5%
- Adjusted operating profit[1] up $137M and $104M at constant currency[1]

China New Equipment

Otis China orders outgrowing the market[1]

(% growth, units)



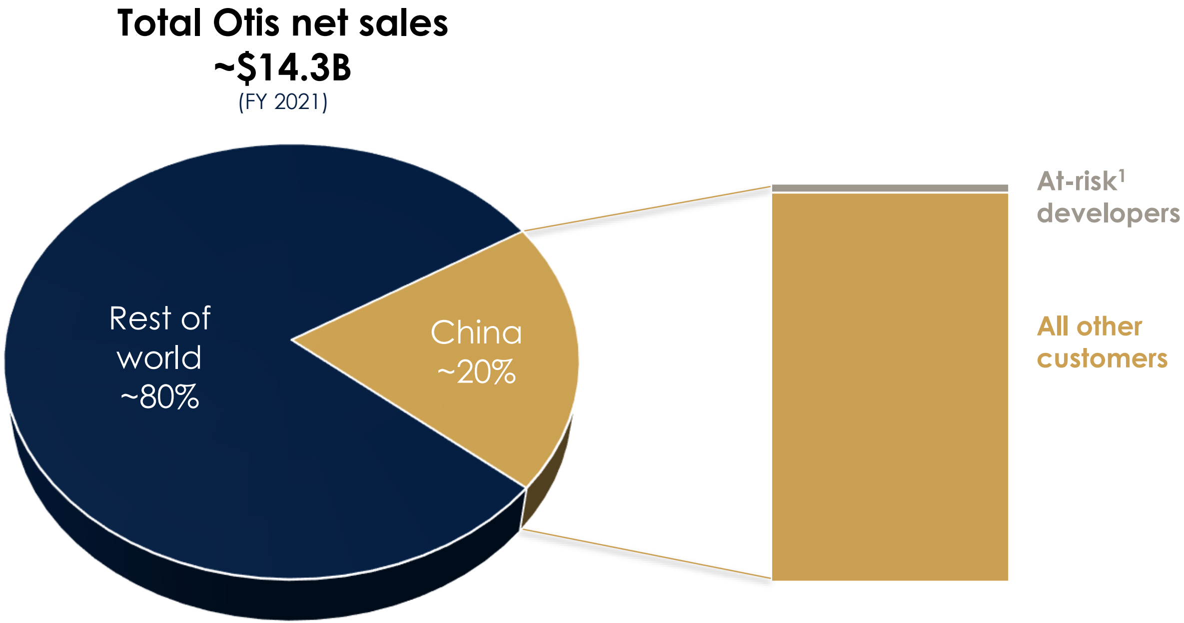
1 Based on Otis internal estimates.

Otis levers

- Rationalized brands and factory footprint
- Standardized product platforms and introduced new products…launched Gen3
- Expanded sales coverage and focus

Q4 China market stronger than expected… FY up ~10%, versus HSD prior expectations

Customer profile in China



Summary

~10 customers that have breached 2 or 3 red lines[1] …~2% of Otis China sales in 2021 and < 0.5% of total Otis sales

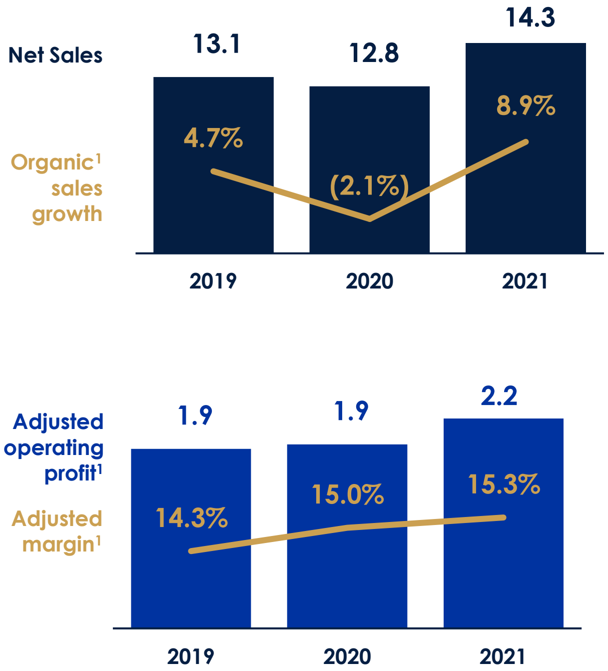
Implemented measures to limit exposure to at-risk[1] developers, including requiring cash prepayments

1 Based on Otis internal assessment and third-party credit assessments of customers.

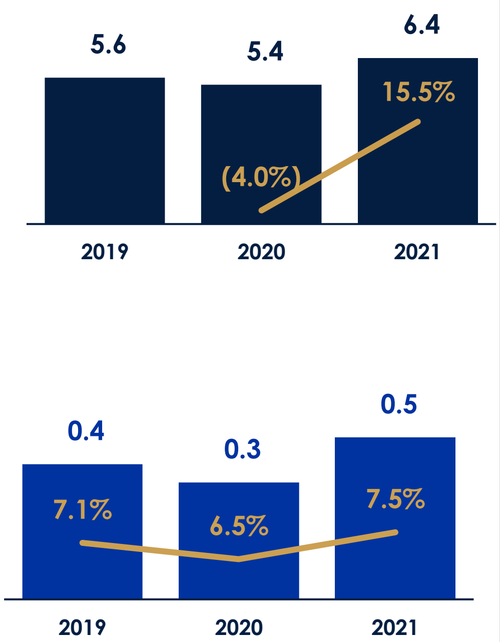
Financial performance

($ billions)

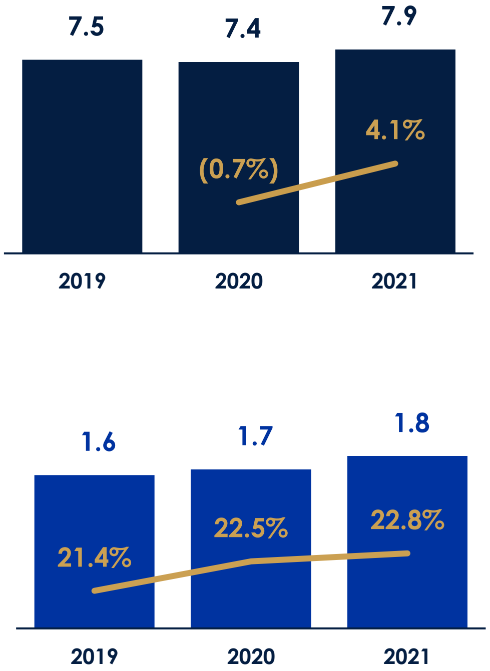
Otis



New Equipment



Service



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

Additional information

	Actuals					FY22 outlook
	1Q21	2Q21	3Q21	4Q21	FY21	
Restructuring expense	$15M	$11M	$9M	$21M	$56M	$70 to $75M
Non-service pension expense	$2M	$2M	$2M	$5M	$11M	~$8M
Adjusted net interest expense (a)	$32M	$27M	$33M	$30M	$122M	$130 to $135M
Adjusted effective tax rate (b)	28.7%	26.9%	28.2%	30.1%	28.5%	27.5 to 28.0%
Noncontrolling interest expense	$44M	$53M	$48M	$29M	$174M	$135 to $145M
Capital expenditures	$44M	$40M	$31M	$41M	$156M	$170 to $180M
Diluted shares outstanding	433.7M	431.6M	430.6M	429.1M	431.4M	~432M

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

(a) Adjusted net interest expense represents net interest expense (a GAAP measure), adjusted for the impacts of non-recurring acquisition related financing costs and net interest expense in Q321 and Q421 related to the pending Zardoya Otis transaction.
(b) The adjusted effective tax rate represents the effective tax rate (a GAAP measure)adjusted for the tax impact of restructuring costs, other significant non-recurring items and includes rounding.

Use and Definitions of Non-GAAP Financial Measures

Otis Worldwide Corporation ("Otis") reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP"). We supplement the reporting of our financial information determined under GAAP with certain non-GAAP financial information. The non-GAAP information presented provides investors with additional useful information, but should not be considered in isolation or as substitutes for the related GAAP measures. Moreover, other companies may define non-GAAP measures differently, which limits the usefulness of these measures for comparisons with such other companies. We encourage investors to review our financial statements and publicly filed reports in their entirety and not to rely on any single financial measure. A reconciliation of the non-GAAP measures (referenced in this press release) to the corresponding amounts prepared in accordance with GAAP appears in the attached tables. These tables provide additional information as to the items and amounts that have been excluded from the adjusted measures. 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 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. Adjusted net income represents net income from continuing operations (a GAAP measure), excluding restructuring costs and other non-recurring significant items, UTC allocated costs, adjusted net interest expense 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 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, adjusted net interest expense and solely for fiscal year 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 interest expense, 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

Otis ($millions)

Sales	1Q21	2Q21	3Q21	4Q21	FY 2021
Net sales	3,408	3,701	3,620	3,569	14,298
Income					
Net income attributable to Otis	308	326	331	281	1,246
Noncontrolling interest in subsidiaries'	44	53	48	29	174
Income tax expense	123	153	128	137	541
Net interest expense	32	27	33	44	136
Non-service pension benefit (expense)	2	2	2	5	11
GAAP operating profit	509	561	542	496	2,108
Restructuring	15	11	9	21	56
One-time separation costs	9	0	15	3	27
Adjusted operating profit	533	572	566	520	2,191
Adjusted operating profit margin	*15.6%*	*15.5%*	*15.6%*	*14.6%*	*15.3%*
Non-service pension benefit (expense)	(2)	(2)	(2)	(5)	(11)
Adjusted net interest expense (a)	(32)	(27)	(33)	(30)	(122)
Adjusted pre-tax profit	499	543	531	485	2,058
Adjusted income tax expense	(143)	(148)	(150)	(146)	(587)
Adjusted tax rate (b)	*28.7%*	*26.9%*	*28.2%*	*30.1%*	*28.5%*
Noncontrolling interest	(44)	(53)	(48)	(29)	(174)
Adjusted net income	312	342	333	310	1,297

New Equipment

Sales	1Q21	2Q21	3Q21	4Q21	FY 2021
Net sales	1,458	1,727	1,681	1,562	6,428
GAAP operating profit	104	147	131	77	459
Restructuring	5	8	4	6	23
One-time separation costs	0	0	0	0	0
Adjusted operating profit	109	155	135	83	482
Adjusted operating profit margin	*7.5%*	*9.0%*	*8.0%*	*5.3%*	*7.5%*

Service

Sales	1Q21	2Q21	3Q21	4Q21	FY 2021
Net sales	1,950	1,974	1,939	2,007	7,870
GAAP operating profit	430	441	444	447	1,762
Restructuring	10	3	5	15	33
One-time separation costs	0	0	0	0	0
Adjusted operating profit	440	444	449	462	1,795
Adjusted operating profit margin	*22.6%*	*22.5%*	*23.2%*	*23.0%*	*22.8%*

Corporate/other

Sales	1Q21	2Q21	3Q21	4Q21	FY 2021
Net sales	0	0	0	0	0
GAAP operating profit	(25)	(27)	(33)	(28)	(113)
Restructuring	0	0	0	0	0
One-time separation costs	9	0	15	3	27
Adjusted operating profit	(16)	(27)	(18)	(25)	(86)

(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 in Q321 and Q421 related to the pending Zardoya Otis transaction.
(b) The adjusted effective tax rate represents the effective tax rate (a GAAP measure)adjusted for the tax impact of restructuring costs, other significant non-recurring items and includes rounding.

2020 GAAP to adjusted financials reconciliation

Otis

($millions)	1Q20	2Q20	3Q20	4Q20	FY 2020
Sales					
Net sales	**2,966**	**3,029**	**3,268**	**3,493**	**12,756**
Income					
Net income attributable to Otis	**165**	**224**	**266**	**251**	**906**
Noncontrolling interest in subsidiaries'	37	41	44	28	150
Income tax expense	125	109	103	118	455
Net interest expense	5	41	39	37	122
Non-service pension benefit (expense)	(3)	1	2	6	6
GAAP operating profit	**329**	**416**	**454**	**440**	**1,639**
Restructuring	6	20	20	31	77
One-time separation costs	32	21	29	37	119
Insurance recovery	0	0	0	(17)	(17)
Fixed asset impairment	67	0	0	18	85
UTC allocated corporate expenses (a)	16	0	0	0	16
Adjusted operating profit	**450**	**457**	**503**	**509**	**1,919**
Adjusted operating profit margin	*15.2%*	*15.1%*	*15.4%*	*14.6%*	*15.0%*
Non-service pension benefit (expense) (b)	3	(1)	(2)	(5)	(5)
Adjusted net interest expense	(5)	(41)	(39)	(38)	(123)
Adjusted pre-tax profit	**448**	**415**	**462**	**466**	**1,791**
Adjusted income tax expense	(149)	(130)	(116)	(150)	(545)
Adjusted tax rate (c)	*33.3%*	*31.3%*	*25.1%*	*32.1%*	*30.4%*
Noncontrolling interest	(37)	(41)	(44)	(28)	(150)
Adjusted net income	**262**	**244**	**302**	**288**	**1,096**

New Equipment

($millions)	1Q20	2Q20	3Q20	4Q20	FY 2020
Net sales	**1,123**	**1,294**	**1,423**	**1,531**	**5,371**
GAAP operating profit	**64**	**79**	**95**	**80**	**318**
Restructuring	1	12	7	10	30
One-time separation costs	0	0	0	0	0
Insurance recovery	0	0	0	0	0
Fixed asset impairment	0	0	0	0	0
UTC allocated corporate expenses (a)	0	0	0	0	0
Adjusted operating profit	**65**	**91**	**102**	**90**	**348**
Adjusted operating profit margin	*5.8%*	*7.0%*	*7.2%*	*5.9%*	*6.5%*

Service

($millions)	1Q20	2Q20	3Q20	4Q20	FY 2020
Net sales	**1,843**	**1,735**	**1,845**	**1,962**	**7,385**
GAAP operating profit	**400**	**381**	**409**	**421**	**1,611**
Restructuring	5	8	13	21	47
One-time separation costs	0	0	0	0	0
Insurance recovery	0	0	0	0	0
Fixed asset impairment	0	0	0	0	0
UTC allocated corporate expenses (a)	0	0	0	0	0
Adjusted operating profit	**405**	**389**	**422**	**442**	**1,658**
Adjusted operating profit margin	*22.0%*	*22.4%*	*22.9%*	*22.5%*	*22.5%*

Corporate/other

($millions)	1Q20	2Q20	3Q20	4Q20	FY 2020
Net sales	**0**	**0**	**0**	**0**	**0**
GAAP operating profit	**(135)**	**(44)**	**(50)**	**(61)**	**(290)**
Restructuring	0	0	0	0	0
One-time separation costs	32	21	29	37	119
Insurance recovery	0	0	0	(17)	(17)
Fixed asset impairment	67	0	0	18	85
UTC allocated corporate expenses (a)	16	0	0	0	16
Adjusted operating profit	**(20)**	**(23)**	**(21)**	**(23)**	**(87)**

(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

2019 GAAP to adjusted financials reconciliation

($millions)	Otis	New Equipment	Service	Corporate/ other
Sales	**FY 2019**	**FY 2019**	**FY 2019**	**FY 2019**
Net sales	**13,118**	**5,648**	**7,470**	**0**
Income				
Net income attributable to Otis	**1,116**			
Noncontrolling interest in subsidiaries' earnings	151			
Income tax expense	594			
Net interest expense	(14)			
Non-service pension benefit (expense)	(33)			
GAAP operating profit	**1,814**	**393**	**1,603**	**(182)**
Restructuring	54	19	35	0
Loss on disposal of businesses	26	0	0	26
One-time separation costs	43	0	0	43
Insurance recovery	0	0	0	0
Fixed asset impairment	0	0	0	0
UTC allocated corporate expenses (a)	80	6	14	60
Standalone public company costs (b)	(147)	(16)	(56)	(75)
Other	2	0	3	(1)
Adjusted operating profit	**1,872**	**402**	**1,599**	**(129)**
Adjusted operating profit margin	*14.3%*	*7.1%*	*21.4%*	
Non-service pension benefit (expense) (c)	(9)			
Adjusted net interest expense (d)	(160)			
Adjusted pre-tax profit	**1,703**			
Adjusted income tax expense	(581)			
Adjusted tax rate (e)	*34.1%*			
Noncontrolling interest	(151)			
Adjusted net income	**971**			

(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

Q4 2021	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	2.8%	1.2%	4.0%	4.3%	2.2%
FX	(0.7%)	0.8%	(1.9%)	(1.7%)	(1.9%)
Net acquisitions / divestitures	0.1%	0.0%	0.2%	0.2%	0.0%
Total net sales growth	**2.2%**	**2.0%**	**2.3%**	**2.8%**	**0.3%**

FY 2021	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	8.9%	15.5%	4.1%	4.5%	2.5%
FX	3.0%	4.1%	2.3%	2.2%	1.9%
Net acquisitions / divestitures	0.2%	0.1%	0.2%	0.3%	0.1%
Total net sales growth	**12.1%**	**19.7%**	**6.6%**	**7.0%**	**4.5%**

Total Otis	2019	2020
Organic	4.7%	(2.1%)
FX	(3.1%)	(0.4%)
Net acquisitions / divestitures & other	0.0%	(0.3%)
Total net sales growth	**1.6%**	**(2.8%)**

Adjusted operating profit at constant currency reconciliation

($millions)	Q4 2020	Q4 2021	Y/Y	FY 2020	FY 2021	Y/Y
New Equipment						
Adjusted operating profit	90	83	(7)	348	482	134
Impact of foreign exchange		(4)	(4)		(29)	(29)
Adjusted operating profit at constant currency	90	79	(11)	348	453	105
Service						
Adjusted operating profit	442	462	20	1,658	1,795	137
Impact of foreign exchange		14	14		(33)	(33)
Adjusted operating profit at constant currency	442	476	34	1,658	1,762	104
Otis Consolidated						
Adjusted operating profit	509	520	11	1,919	2,191	272
Impact of foreign exchange		10	10		(62)	(62)
Adjusted operating profit at constant currency	509	530	21	1,919	2,129	210

SG&A reconciliation

($millions)	Q4 2020	Q4 2021	FY 2020	FY 2021
SG&A expense	**537**	**503**	**1,924**	**1,948**
Restructuring	(28)	(18)	(55)	(34)
One-time separation costs	(37)	(2)	(106)	(16)
UTC allocated corporate expenses (a)	0	0	(16)	0
Other	1	0	(2)	0
Adjusted SG&A	**473**	**483**	**1,745**	**1,898**
Adjusted SG&A % of sales	*13.5%*	*13.5%*	*13.7%*	*13.3%*

(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

	Q4 2020	Q4 2021	FY 2020	FY 2021
GAAP diluted earnings per share	$0.58	$0.65	$2.08	$2.89
Impact of non-recurring items on diluted earnings per share	$0.08	$0.07	$0.44	$0.12
Adjusted diluted earnings per share	**$0.66**	**$0.72**	**$2.52**	**$3.01**

Free cash flow reconciliation

($millions)	Q4 2020	Q4 2021	FY 2020	FY 2021
Operating cash flow[1]	309	277	1,480	1,750
Capital expenditures	(71)	(41)	(183)	(156)
Free cash flow	**238**	**236**	**1,297**	**1,594**
GAAP net income	**251**	**281**	**906**	**1,246**
FCF conversion	95%	84%	143%	128%

1 Operating cash flow excludes dividends paid to noncontrolling interests.

Other reconciliations

Remaining performance obligation (RPO)

($billions)	Q4 2020	Q3 2021	Q4 2021
RPO at actual currency	17.2	17.3	17.1
FX/other[1]	(0.7)	(0.3)	(0.1)
RPO at constant currency	**16.5**	**17.0**	**17.0**

New Equipment backlog

Growth %	Q4 2021
Actual currency	1%
FX	2%
Constant currency	**3%**

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