



OTIS

**Q4 2022
Earnings Call
February 1, 2023**

Forward-Looking Statements

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

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management's current expectations or plans for Otis' future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "medium-term," "near-term," "confident," "goals" and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, research & development spend, credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions of Otis, statements that relate to climate change and our intent to achieve certain environmental, social and governance targets or goals, including operational impacts and costs associated therewith, and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, Otis claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which Otis and its businesses operate in the U.S. and globally and any changes therein, including financial market conditions, fluctuations in commodity prices and other inflationary pressures, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues (including COVID-19 and variants thereof and the ongoing economic recovery therefrom and their effects on, among other things, global supply, demand and distribution), natural disasters, whether as a result of climate change or otherwise, and the financial condition of Otis' customers and suppliers; (2) the effect of changes in political conditions in the U.S. and other countries in which Otis and its businesses operate, including the effects of the ongoing conflict between Russia and Ukraine and related sanctions and export controls, on general market conditions, global trade policies, currency exchange rates and stakeholder perception in the near term and beyond; (3) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (4) future levels of indebtedness, capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability, credit market conditions and Otis' capital structure; (6) the timing and scope of future repurchases of Otis' common stock ("Common Stock"), which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (7) fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of COVID-19, the ongoing conflict between Russia and Ukraine or otherwise; (8) cost reduction or containment actions, restructuring costs and related savings and other consequences thereof; (9) new business and investment opportunities; (10) the outcome of legal proceedings, investigations and other contingencies; (11) pension plan assumptions and future contributions; (12) the impact of the negotiation of collective bargaining agreements and labor disputes and labor inflation in the markets in which Otis and its businesses operate globally; (13) the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate, including as a result of the ongoing conflict between Russia and Ukraine; (14) the ability of Otis to retain and hire key personnel; (15) the scope, nature, impact or timing of acquisition and divestiture activity, the integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs; (16) the determination by the Internal Revenue Service and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions in connection with the separation (the "Separation") from United Technologies Corporation (now known as Raytheon Technologies Corporation ("RTX")); and (17) our obligations 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 2022 results

New Equipment orders up 7%...adjusted backlog up 11% versus prior year at constant currency¹

Organic¹ sales up 2.5%...NE down 1.7%, Service up 6.0%

Maintenance portfolio at 2.2 million units...growth continued to accelerate, up 4.1%

Adjusted EPS¹ up 7.5% to \$3.17...\$0.04 improvement from the midpoint of the prior outlook

Free cash flow¹ of \$1.45B...115% conversion¹

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

Orders



City Centre 4
Surrey, British Columbia



Tianjin Metro
Tianjin, China



Battersea Station
London, UK

ESG highlight



South Carolina, USA factory receives
zero waste to landfill certification

2022: Strong momentum on strategic priorities

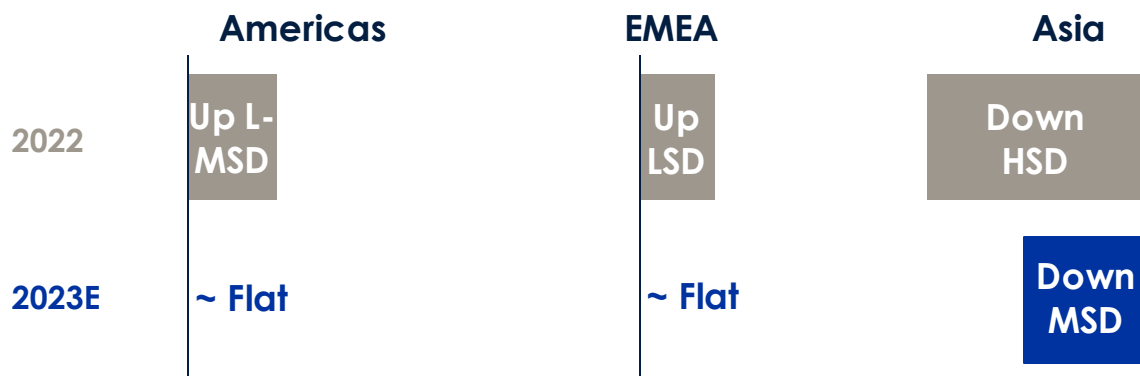
New Equipment	• ~1 pt¹ of New Equipment share gain • Returned to organic growth in 4Q22 • Launched Gen3™ in India and expanded Gen360™ deployment
Service	• Accelerated maintenance portfolio growth...units up 4.1% • 3 points like-for-like maintenance pricing • Deployed >100K Otis ONE™ units
Operations	• Rationalized adjusted SG&A²...down 80 bps as a % of sales vs prior year • Reduced the adjusted effective tax rate²...down 220 bps vs prior year • Made significant progress towards ESG goals
Cash generation & capital allocation	• Generated \$1.45B in free cash flow²...conversion² of 115% • Repurchased \$850M of shares, raised dividends ~20% • Completed \$500M long-term debt repayment

¹ Based on Otis internal estimates.

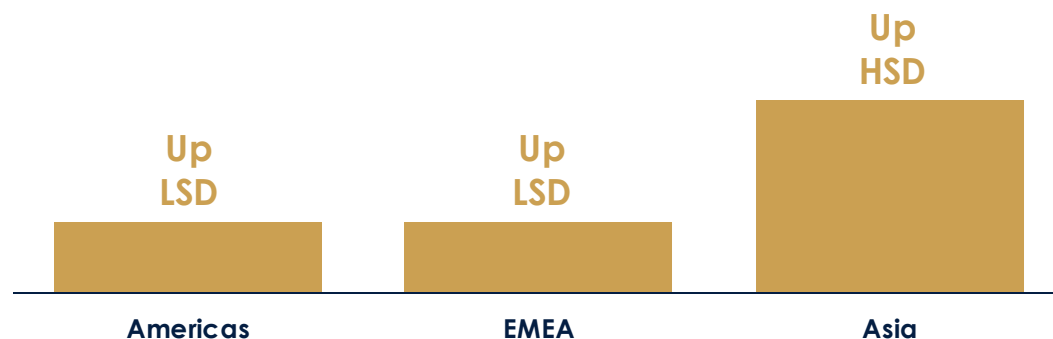
² See appendix for additional information regarding these non-GAAP financial measures.

2023 outlook

Industry new equipment unit growth¹



Industry installed base unit growth¹



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

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

Otis

- **Net sales** of \$13.8 to \$14.1B, up 1.5 to 4% at actual currency; organic² up 4 to 6%
- **Adjusted operating profit²** of \$2.20 to \$2.25B, up \$130 to \$175M at constant currency²; up \$70 to \$130M at actual currency
- **Adjusted EPS²** \$3.35 to \$3.50, up 6 to 10%
- **Free cash flow²** of \$1.5 to \$1.55B, conversion² 105 to 115%
- **Disciplined capital allocation...**\$600M to \$800M of share repurchases

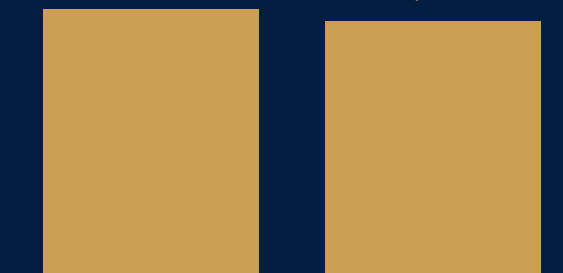
Q4 2022 results

(\$ millions, except per share amounts)

Sales

GAAP 3,569 3,439

Adjusted¹ 3,506 3,439



Q4 2021

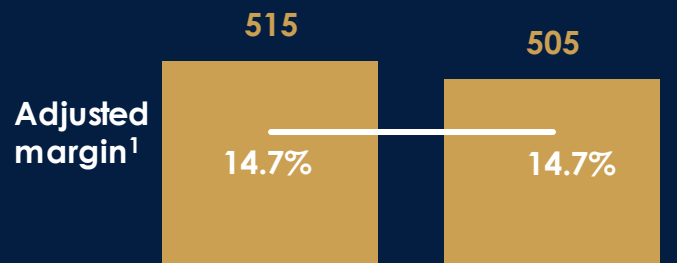
Q4 2022

Organic ¹	6.1%
FX	(8.2%)
Net acquisitions/other	(1.5%)
Total net sales	(3.6%)

Operating profit

GAAP 496 491

Adjusted¹



Adjusted margin¹

Q4 2021

Q4 2022

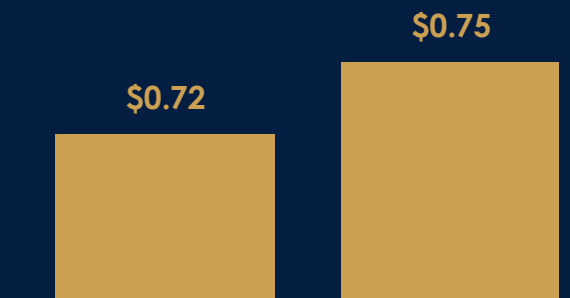
Adjusted operating profit¹ up \$39M at constant currency¹, excluding \$49M of FX headwinds

Adjusted operating profit margin¹ flat versus prior year at 14.7%

Diluted earnings per share

GAAP \$0.65 \$0.71

Adjusted¹



Q4 2021

Q4 2022

Adjusted EPS¹ drivers

Operational	\$0.07
FX	(\$0.08)
Zardoya ² accretion	\$0.04

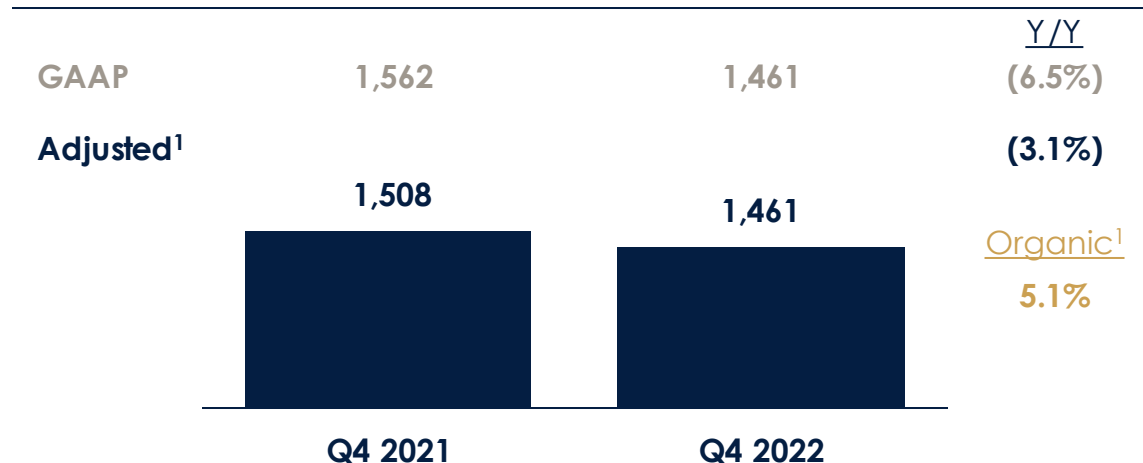
¹ See appendix for additional information regarding these non-GAAP financial measures

² The entity previously known as Zardoya Otis S.A. has implemented a name change and is now referred to as Otis Mobility.

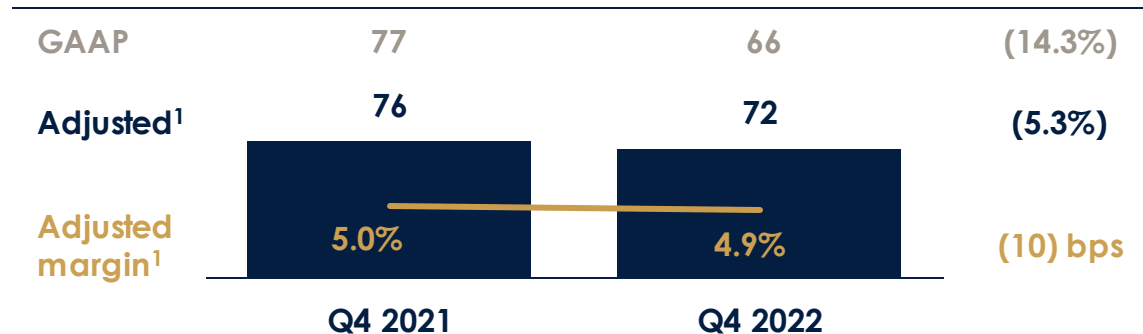
New Equipment

(\$ millions)

Net sales



Operating profit



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

² Based on Otis internal estimates.

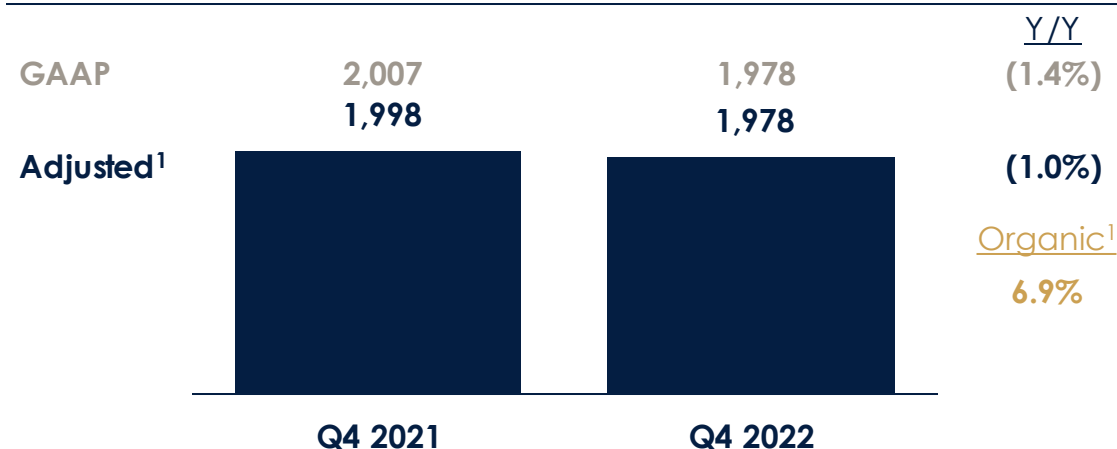
Q4 Results

- Orders up 4% at constant currency¹...high-single digit growth in EMEA and APAC and mid-single digit growth in China
- 4Q22 New Equipment share was up ~1 pt²
- New Equipment backlog up 3% and adjusted backlog up 11% at constant currency¹
- Organic¹ sales up 5.1%
 - Americas up 10.7%
 - EMEA up 12.0%
 - Asia down slightly
 - Asia Pacific up low teens
 - China down mid-single digits
- Adjusted operating profit up \$3 million at constant currency¹...higher volume, productivity, lower SG&A expense more than offset commodity headwinds and unfavorable mix

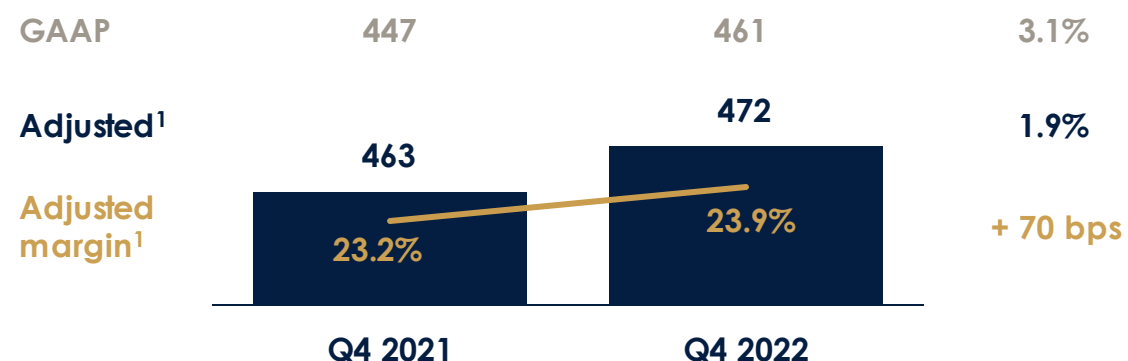
Service

(\$ millions)

Net sales



Operating profit

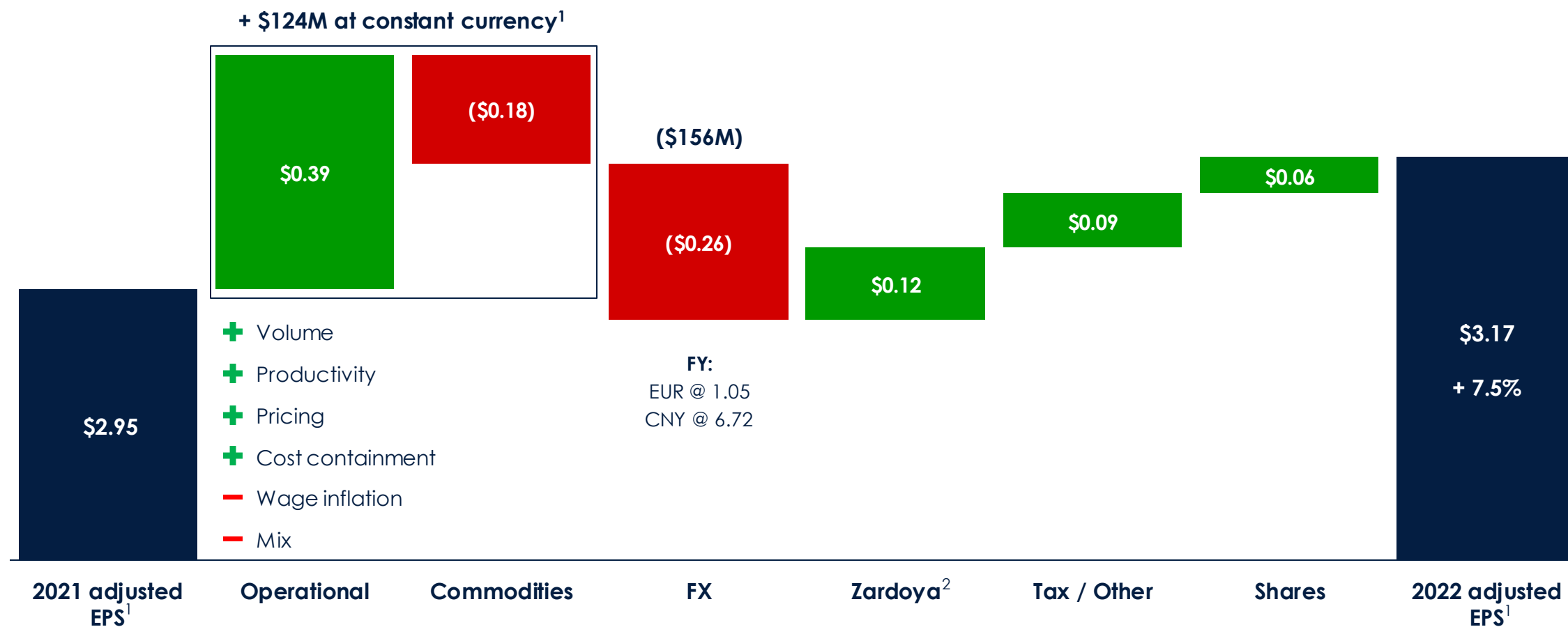


¹ See appendix for additional information regarding these non-GAAP financial measures.

Q4 Results

- Maintenance units up 4.1% versus prior year...growth in all regions
- Modernization orders up 13% at constant currency¹ with growth in all regions...backlog up 7%
- Organic¹ sales up 6.9%
 - Maintenance & Repair up 6.5%
 - Modernization up 8.8%
- Adjusted operating profit up \$51M at constant currency¹... higher volume, favorable pricing and productivity, partially offset by annual wage inflation

Full year 2022 adjusted EPS¹ growth drivers

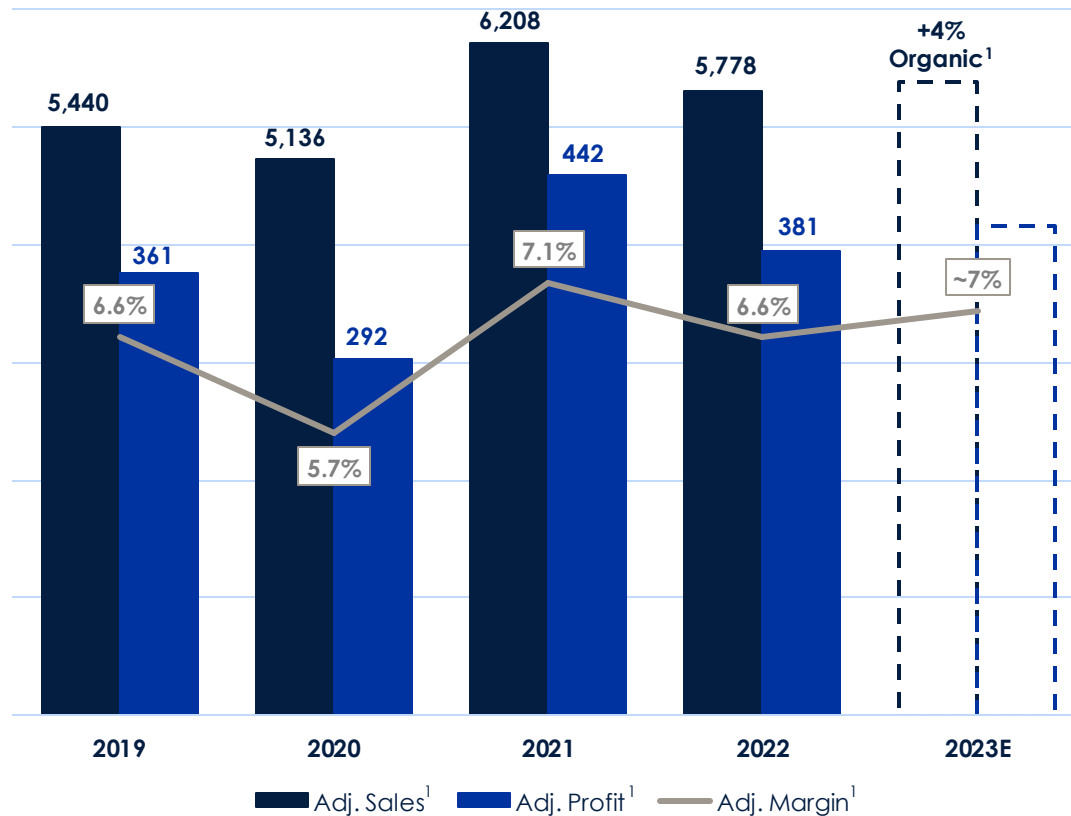


¹ See appendix for additional information regarding these non-GAAP financial measures.

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2023 New Equipment Outlook¹

Financial Performance



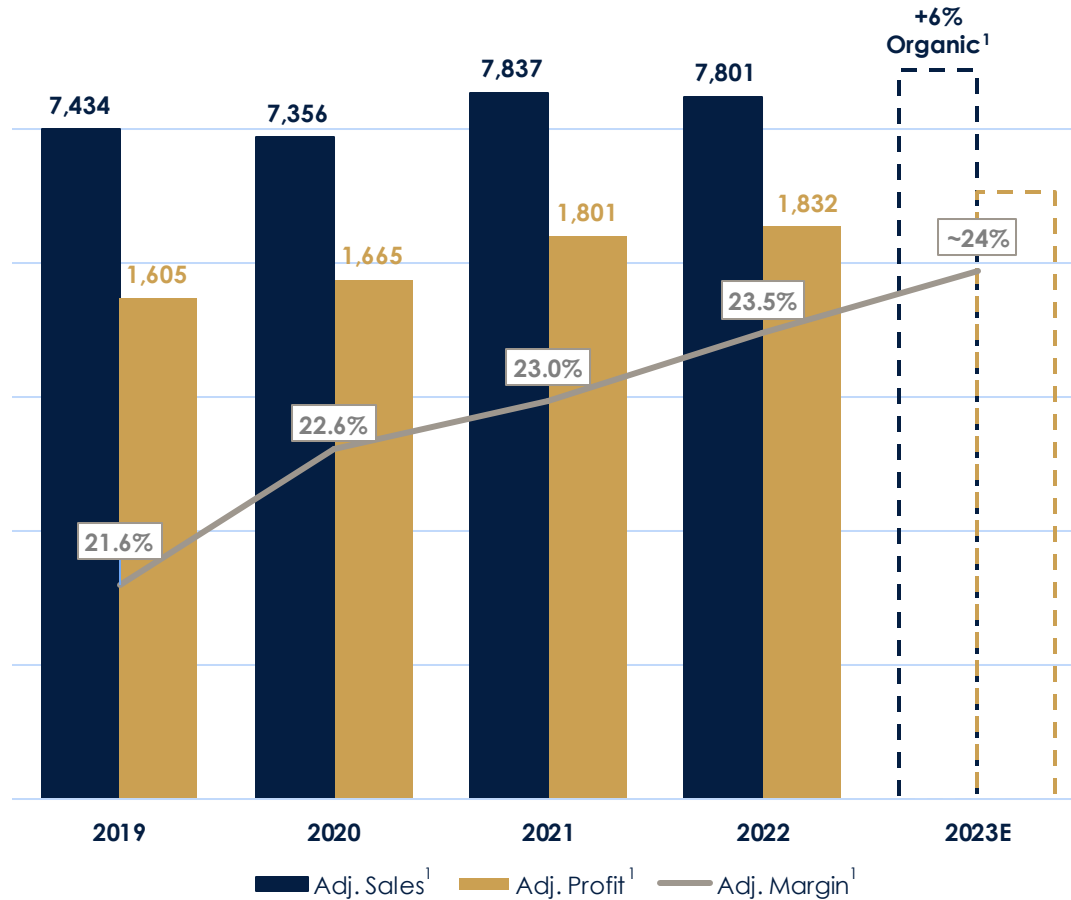
¹ See appendix for additional information regarding these non-GAAP financial measures. For comparability, Russia is also excluded from 2019 and 2020 adjusted results.

Profit drivers

New Equipment	2022	2023E
Volume	—	+
Price	↔/+	+
Mix	—	—
Commodities & Productivity	↔	+
Investments	—	—
SG&A	+	—

2023 Service Outlook¹

Financial Performance

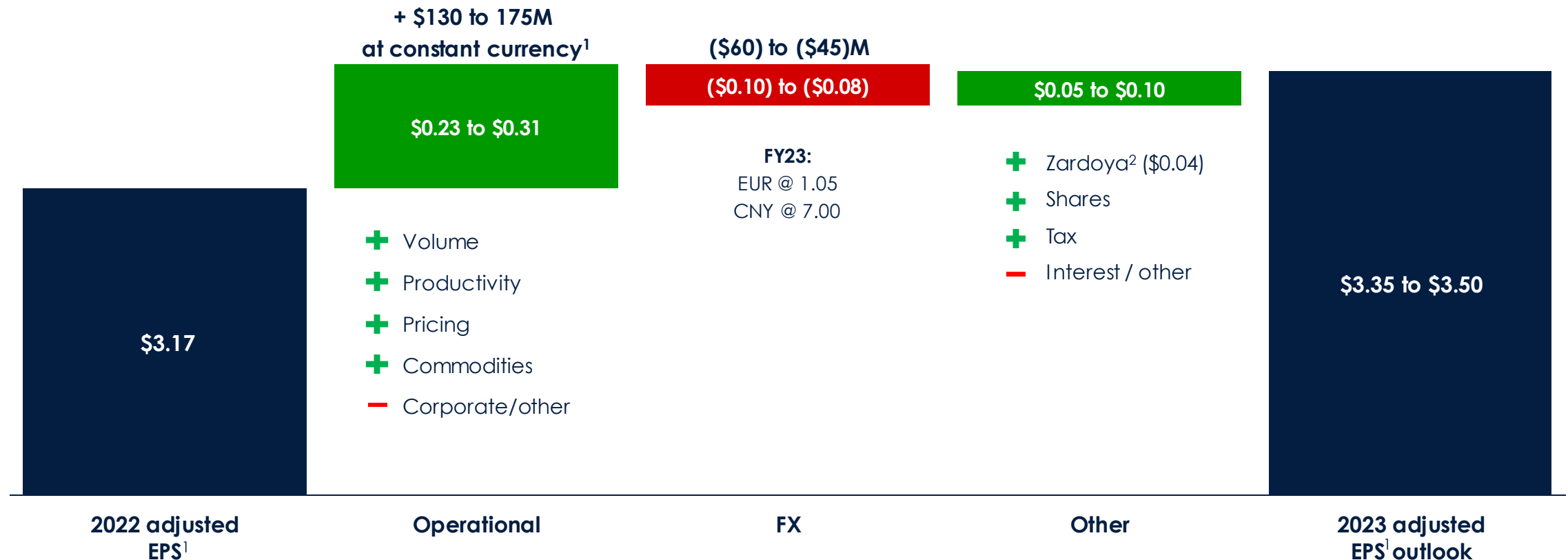


¹ See appendix for additional information regarding these non-GAAP financial measures. For comparability, Russia is also excluded from 2019 and 2020 adjusted results.

Profit drivers

Service	2022	2023E
Volume	+	+
Price	+	++
Productivity	+	+
Wage inflation	-	--
Investments	-	-
SG&A	+	-

2023 adjusted EPS¹ growth outlook drivers



6 to 10% adjusted EPS¹ growth

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

² The entity previously known as Zardoya Otis S.A. has implemented a name change and is now referred to as Otis Mobility.

Otis fundamentals...driving value creation¹

Sales

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

Operating Profit

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

Cash & Capital Deployment

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

Sustainable growth

Expand operating margin

Return cash to shareholders

¹ Based on Otis internal estimates and expectations.

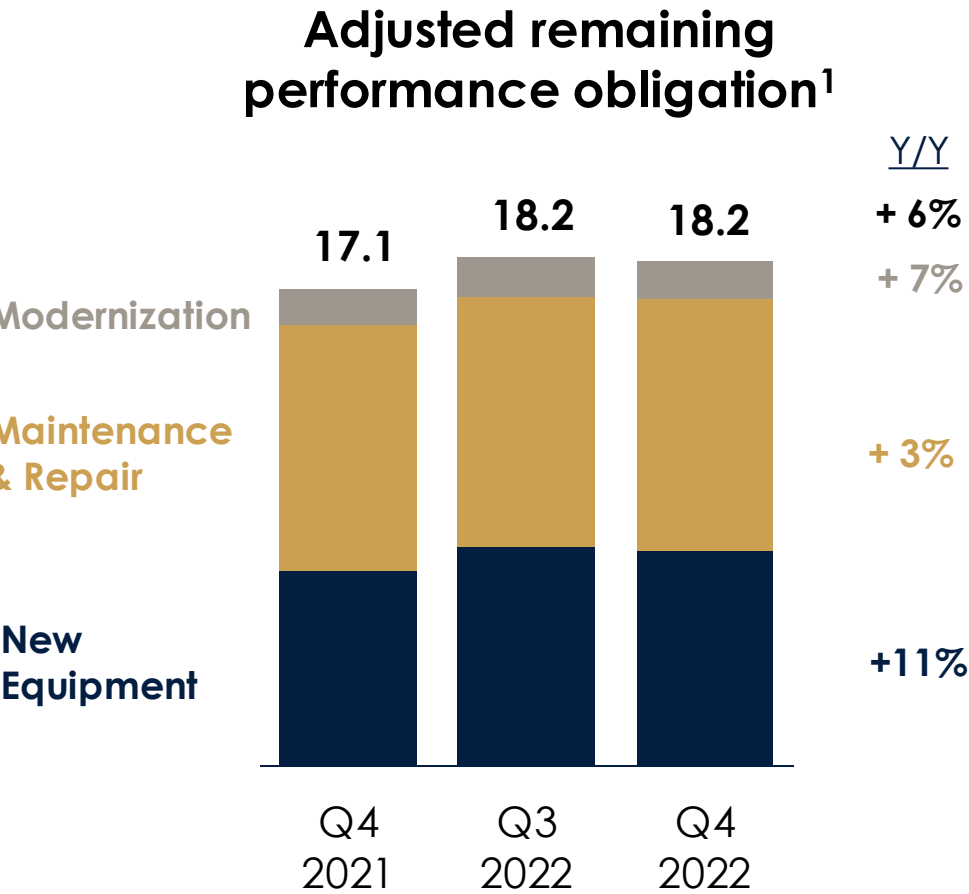
OTIS

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

Appendix

Backlog and orders

(\$billions, at constant currency¹)

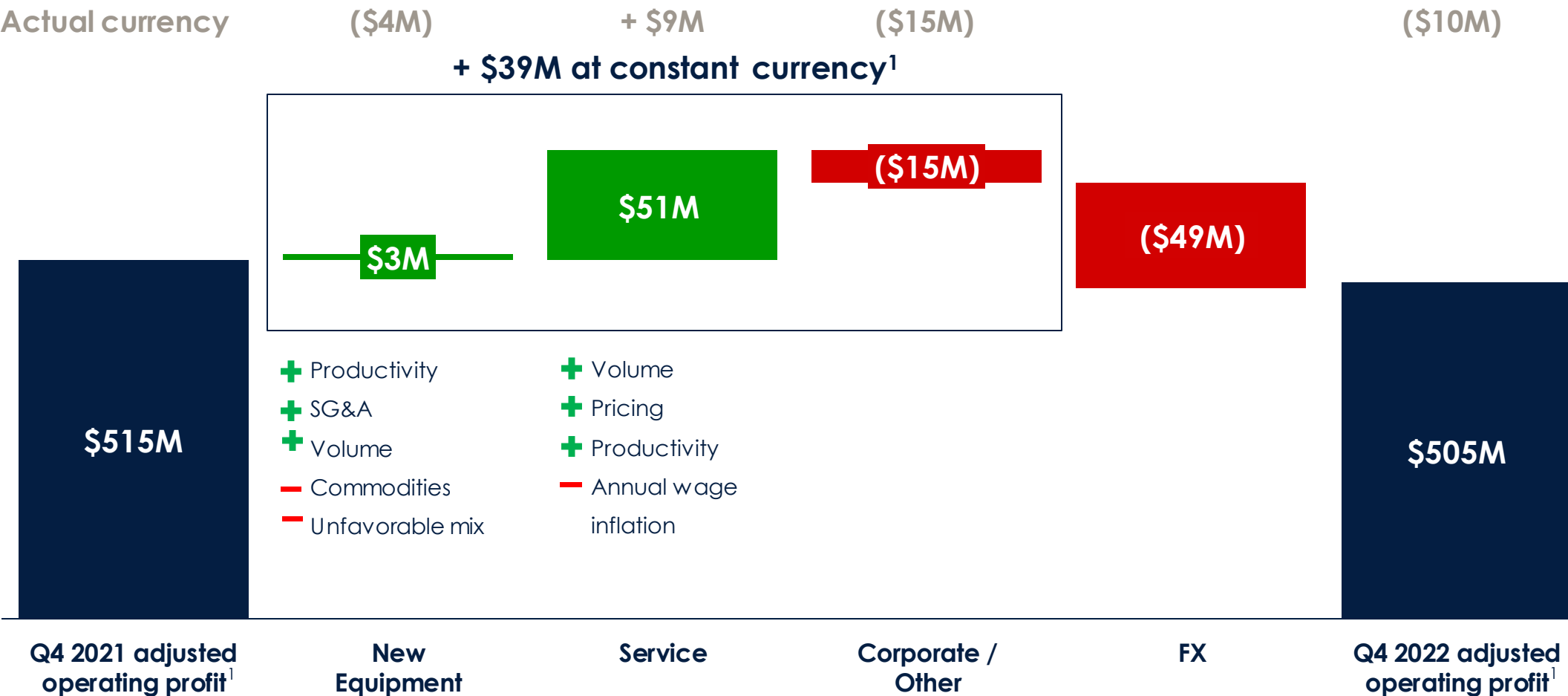


New Equipment orders

Region	Q4 2022 Y/Y	2022 Y/Y
Total Otis	4.3%	7.1%
Americas	(4.1%)	17.5%
EMEA	9.9%	14.6%
Asia	6.4%	(0.9%)

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

Q4 2022 adjusted operating profit¹ drivers

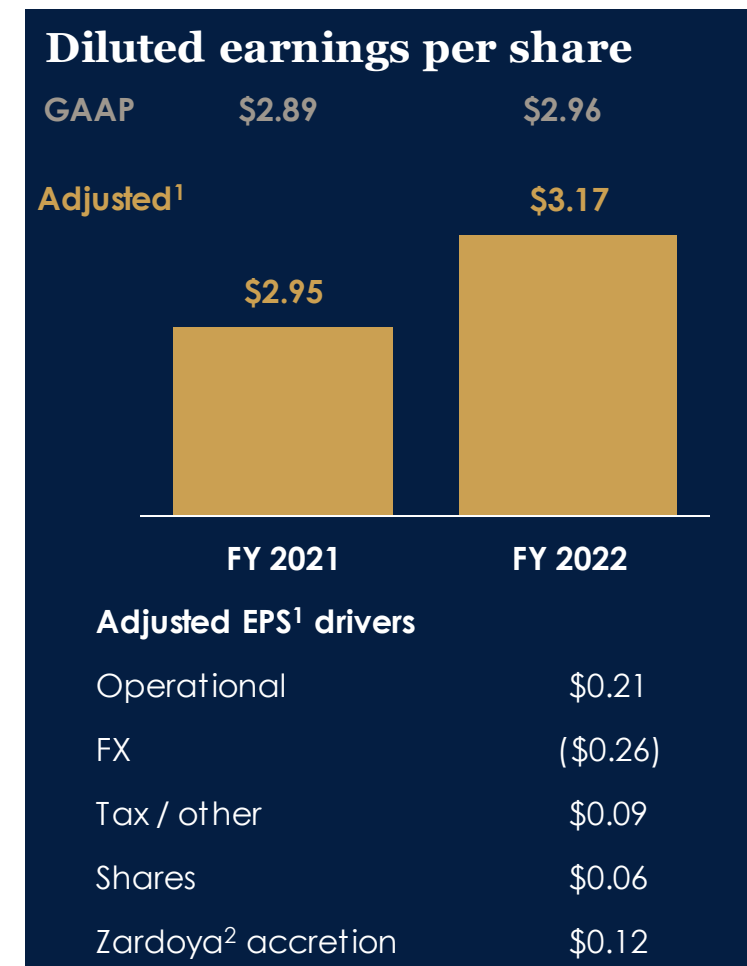
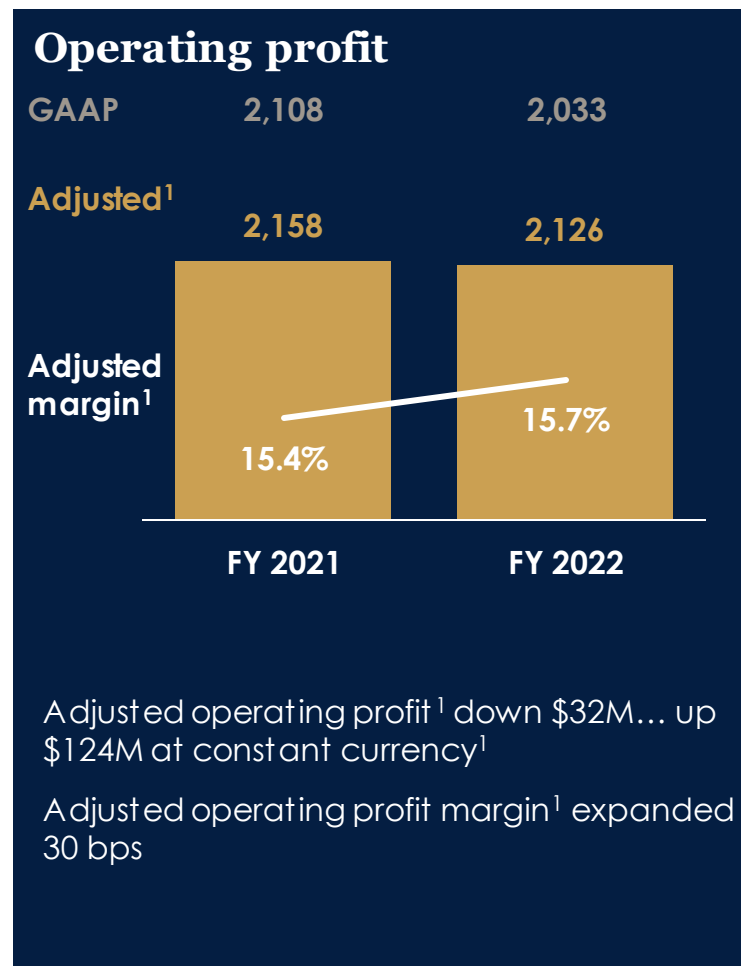
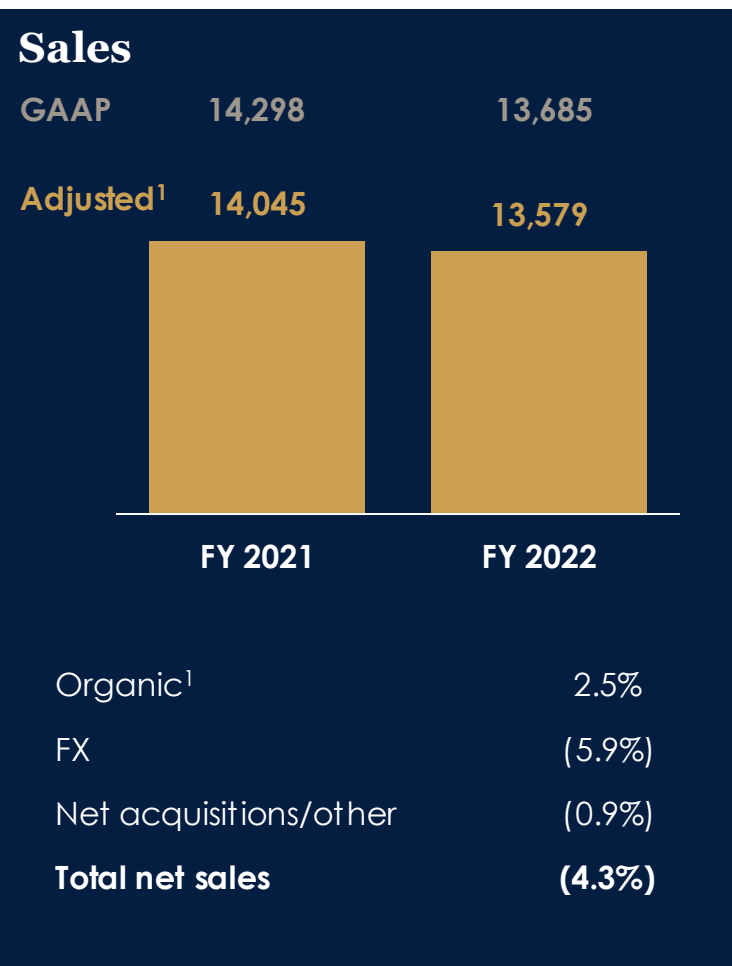


Adjusted operating profit margin¹ ~flat at 14.7%

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

Full year 2022 results

(\$ millions, except per share amounts)



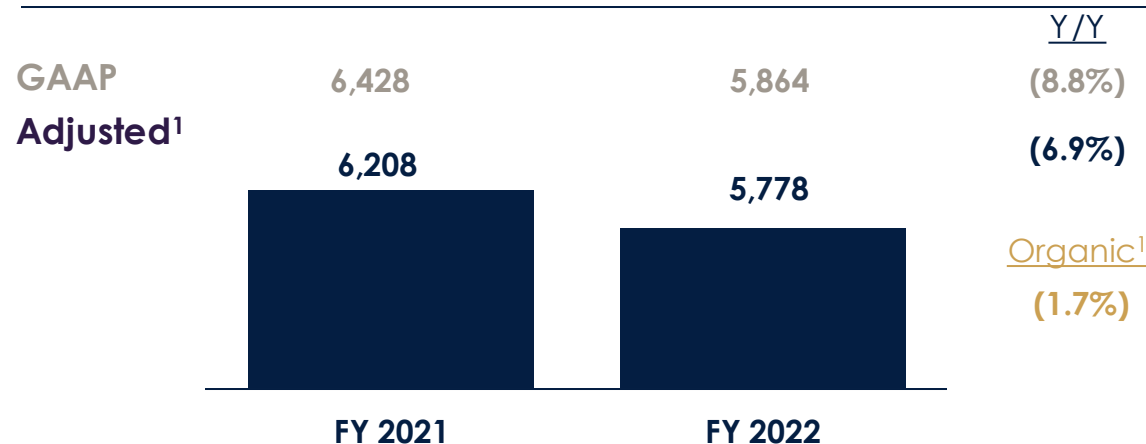
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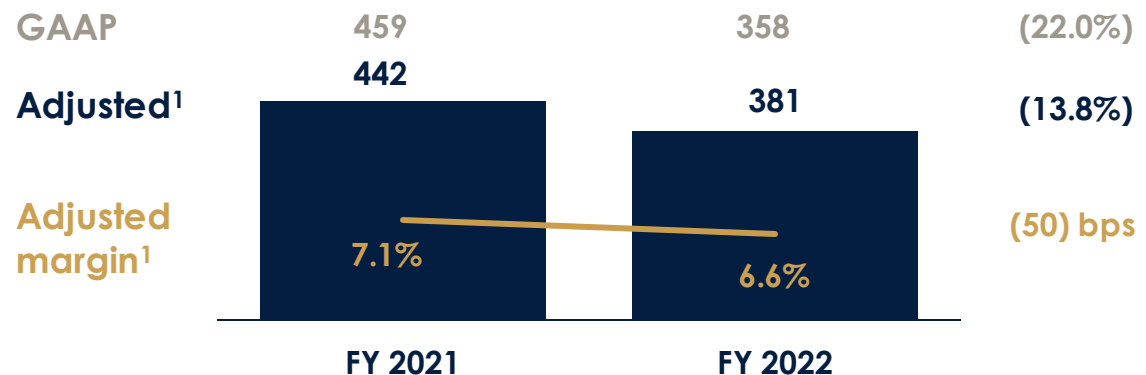
New Equipment

(\$ millions)

Net sales



Operating profit



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

² Based on Otis internal estimates.

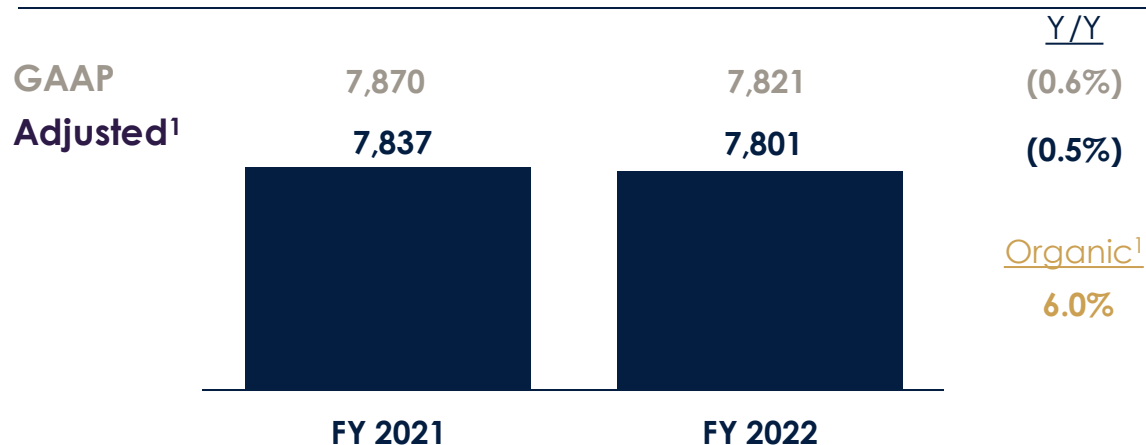
FY Results

- Orders up 7% at constant currency¹
- New Equipment share up ~1 pt²
- Organic¹ sales down 1.7%
 - Americas ~flat
 - EMEA up 5.7%
 - Asia down 6.0%
 - Asia Pacific up high single digits
 - China down ~10%
- Adjusted operating profit down \$53M at constant currency¹...productivity, lower SG&A expense more than offset by lower volume, unfavorable mix and commodity headwinds

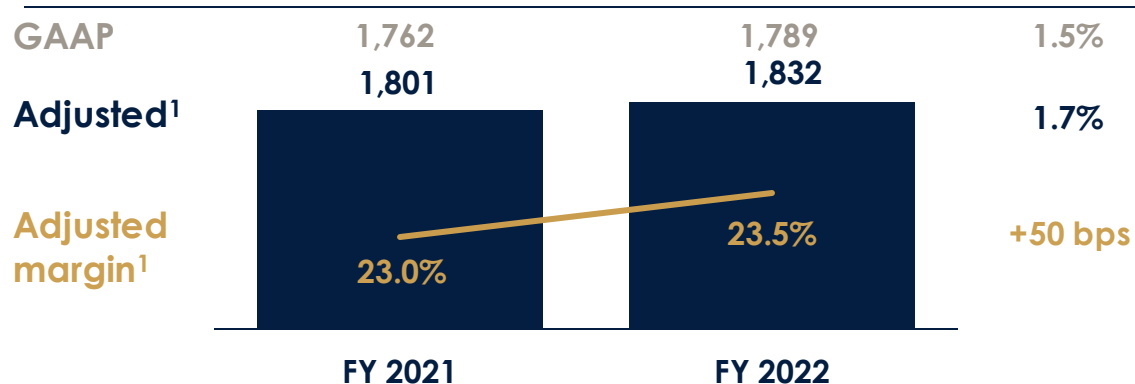
Service

(\$ millions)

Net sales



Operating profit

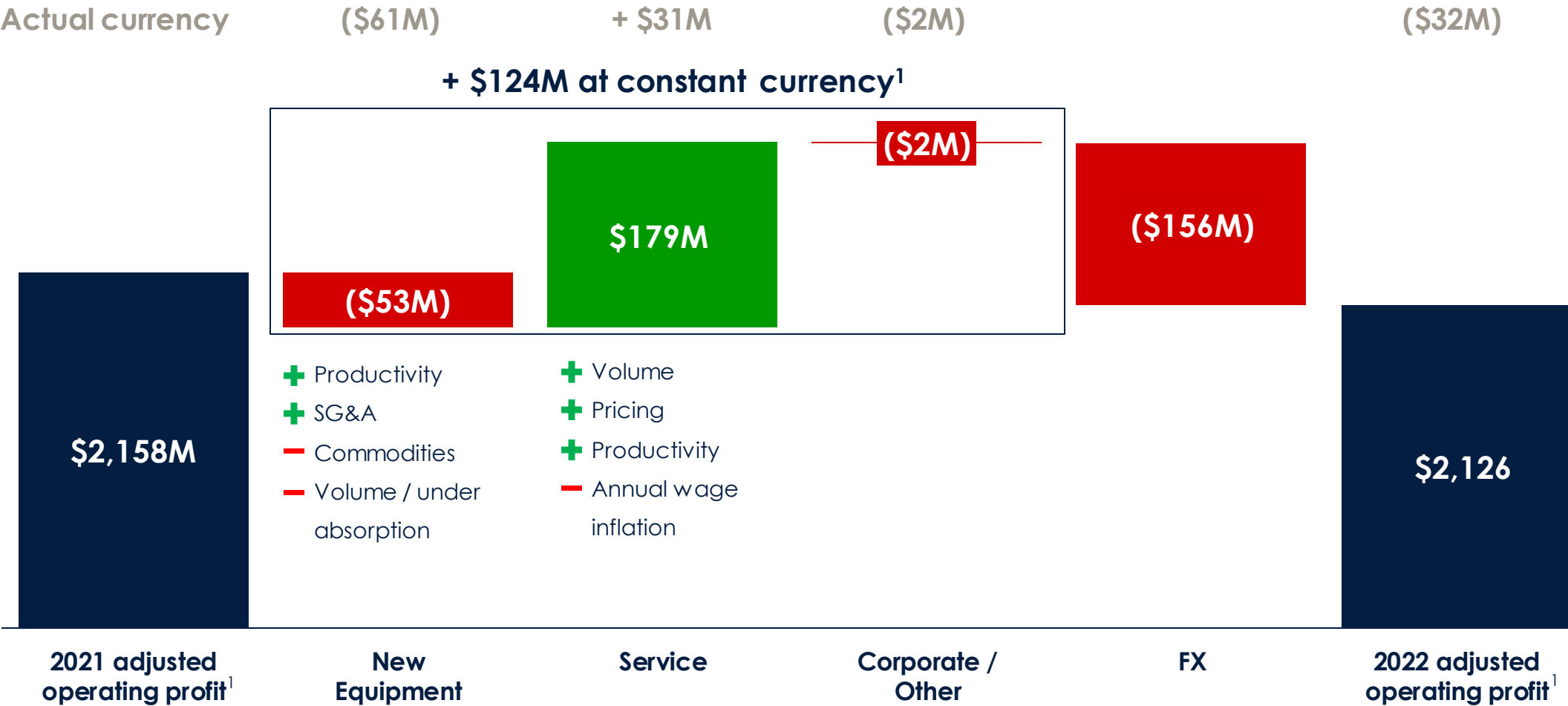


¹ See additional information regarding these non-GAAP financial measures.

FY Results

- Modernization orders up 8% at constant currency¹
- Organic¹ sales up 6.0%
 - Maintenance & Repair up 5.6%
 - Modernization up 8.1%
- Adjusted operating profit up \$179M at constant currency¹...higher volume, favorable pricing and productivity, partially offset by annual wage inflation

Full year 2022 adjusted operating profit¹ drivers



Adjusted operating profit margin¹ expanded 30 basis points to 15.7%

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

2023 financial outlook

	2022 actuals	2023 outlook
Organic¹ sales	Otis up 2.5% New Equipment down 1.7% Service up 6.0%	Otis up 4 to 6% New Equipment up 3 to 5% Service up 5 to 7%
Constant currency adj. operating profit¹	up \$124M	up \$130 to \$175M
Adjusted operating profit¹ margin	Otis up 30 bps New Equipment down 50 bps Service up 50 bps	Otis up 20 to 30 bps New Equipment up 0 to 40 bps Service up ~50 bps
Adjusted EPS¹	\$3.17, up 7.5%	\$3.35 to \$3.50, up 6 to 10%
Free cash flow¹ & capital deployment	Free cash flow \$1.45B, 115% conversion Share repurchases \$850M	Free cash flow \$1.5 to \$1.55B, 105 to 115% conversion Share repurchases \$600 to \$800M

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

2023 organic¹ sales outlook

	2022 Actual	Outlook
New Equipment	down 1.7%	up 3 to 5%
Americas	~flat	up mid single
EMEA	up 5.7%	up mid single
Asia	down 6%	up low single
Service	up 6.0%	up 5 to 7%
Maintenance & repair	up 5.6%	up 4.5 to 6.5%
Modernization	up 8.1%	up 6 to 8%
Otis	up 2.5%	up 4 to 6%

Outlook drivers

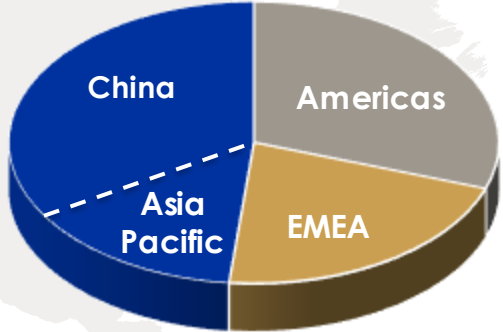
- 2022 adjusted New Equipment backlog up 11% at constant currency¹
- Accelerated maintenance portfolio growth, up 4.1% in 2022, and Service pricing tailwinds
- Increased modernization demand and backlog conversion...backlog up 7% at constant currency¹

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

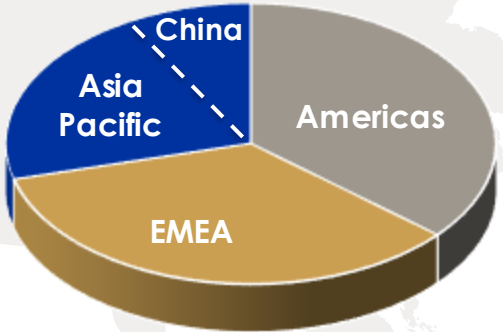
Strong geographic diversification

FY22 metrics

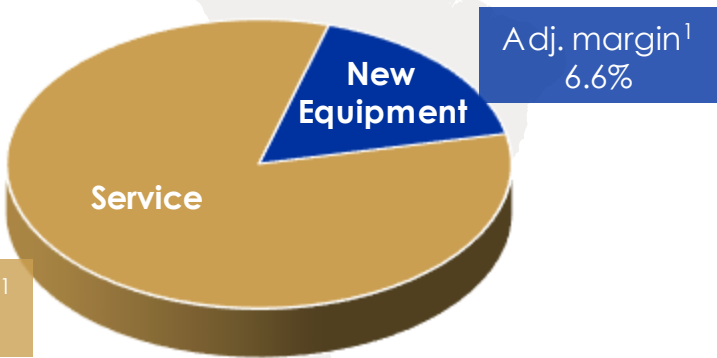
Adj. New Equipment sales¹
\$5.8B



Adj. Service sales¹
\$7.8B

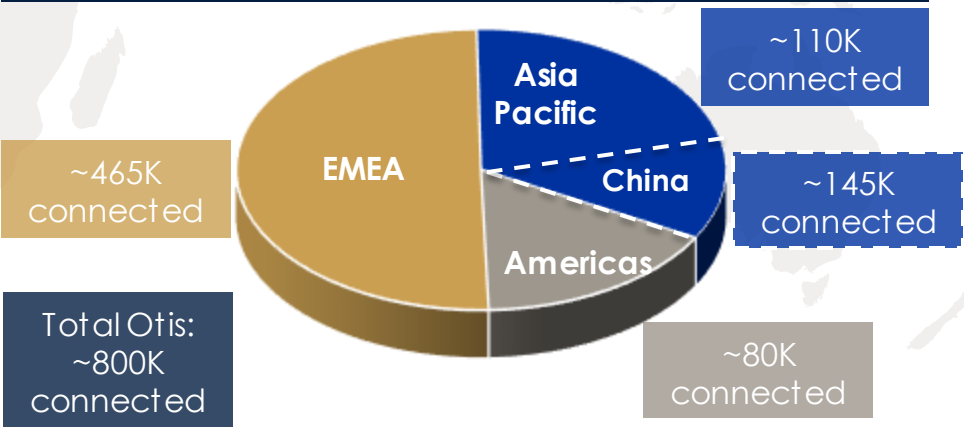


Adj. operating profit¹
\$2.1B



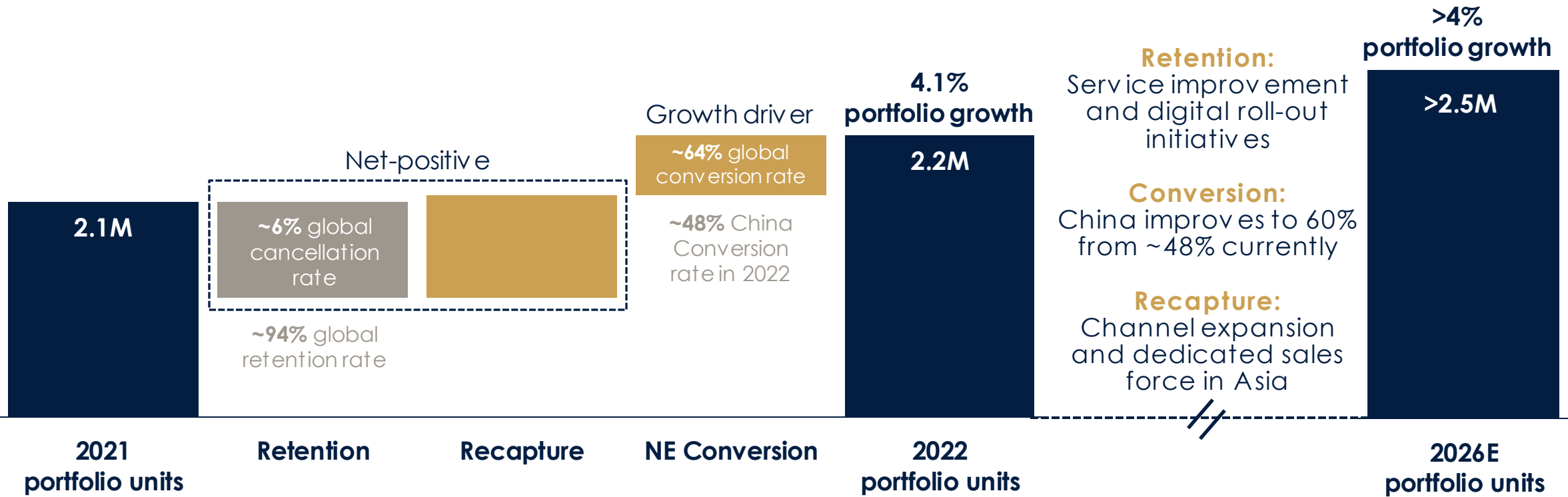
Adj. margin¹
23.5%

Maintenance units
~2.2M



1 See additional information regarding these non-GAAP financial measures.
2 Connected units including units under the warranty period.

Accelerating portfolio growth



Outperforming the February 2022 Investor Day outlook

Retention rate = 1 – (canceled units / total portfolio units)
Conversion rate = units added to maintenance portfolio / total units eligible for conversion

Additional information

	Actuals					FY23 outlook
	1Q22	2Q22	3Q22	4Q22	FY22	
Restructuring expense	\$14M	\$25M	\$6M	\$15M	\$60M	~\$60M
Non-service pension expense	\$0M	\$1M	\$1M	\$0M	\$2M	<\$5M
Adjusted net interest expense (a)	\$33M	\$35M	\$35M	\$36M	\$139M	~\$150
Adjusted effective tax rate (b)	27.4%	22.4%	28.2%	28.1%	26.5%	26.0 to 26.5%
Noncontrolling interest expense	\$42M	\$27M	\$26M	\$21M	\$116M	~\$100 to \$110M
Capital expenditures	\$30M	\$27M	\$24M	\$34M	\$115M	~\$140 to 150M
Diluted shares outstanding	427.7M	424.2M	421.2M	418.7M	423.0M	~415M

Currency exposure	2022 sales
USD	28%
EUR	21%
CNY	19%
Other	32%

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

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

Use and Definitions of Non-GAAP Financial Measures

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

2022 GAAP to adjusted financials reconciliation

(\$millions)	Otis					New Equipment					Service					Corporate/other				
	1Q22	2Q22	3Q22	4Q22	FY 2022	1Q22	2Q22	3Q22	4Q22	FY 2022	1Q22	2Q22	3Q22	Q422	FY 2022	1Q22	2Q22	3Q22	Q422	FY 2022
Sales																				
Net sales	3,414	3,488	3,344	3,439	13,685	1,422	1,534	1,447	1,461	5,864	1,992	1,954	1,897	1,978	7,821	0	0	0	0	0
Russia	(54)	(34)	(18)	0	(106)	(47)	(25)	(14)	0	(86)	(7)	(9)	(4)	0	(20)	0	0	0	0	0
Adjusted net sales	3,360	3,454	3,326	3,439	13,579	1,375	1,509	1,433	1,461	5,778	1,985	1,945	1,893	1,978	7,801	0	0	0	0	0
Income	1Q22	2Q22	3Q22	4Q22	FY 2022															
Net income attributable to Otis	311	321	324	297	1,253															
Noncontrolling interest in subsidiaries ¹	42	27	26	21	116															
Income tax expense	136	103	143	137	519															
Net interest expense	37	35	35	36	143															
Non-service pension benefit (expense)	0	1	1	0	2															
GAAP operating profit	526	487	529	491	2,033	93	99	100	66	358	447	435	446	461	1,789	(14)	(47)	(17)	(36)	(114)
Restructuring	14	25	6	15	60	4	12	2	5	23	10	13	4	10	37	0	0	0	0	0
One-time separation costs and other (a)	2	0	0	(2)	0	0	0	0	0	0	0	0	0	0	0	2	0	0	(2)	0
Russia operations	(5)	11	(2)	1	5	(4)	2	(1)	0	(3)	2	1	1	0	4	(3)	8	(2)	1	4
Russia sale and conflict-related charges	0	18	10	0	28	0	0	2	1	3	0	0	1	1	2	0	18	7	(2)	23
Adjusted operating profit	537	541	543	505	2,126	93	113	103	72	381	459	449	452	472	1,832	(15)	(21)	(12)	(39)	(87)
Adjusted operating profit margin	16.0%	15.7%	16.3%	14.7%	15.7%	6.8%	7.5%	7.2%	4.9%	6.6%	23.1%	23.1%	23.9%	23.9%	23.5%					
Non-service pension (expense)	0	(1)	(1)	0	(2)															
Adjusted net interest expense (b)	(33)	(35)	(35)	(36)	(139)															
Adjusted pre-tax profit	504	505	507	469	1,985															
Adjusted income tax expense	(138)	(113)	(143)	(132)	(526)															
Adjusted effective tax rate (c)	27.4%	22.4%	28.2%	28.1%	26.5%															
Noncontrolling interest	(42)	(27)	(26)	(21)	(116)															
Adjusted net income	324	365	338	316	1,343															
Adjusted EPS	\$0.76	\$0.86	\$0.80	\$0.75	\$3.17															

(a) Rounding included

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

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

2021 GAAP to adjusted financials reconciliation

(\$millions)

(\$millions)						Otis					New Equipment					Service					Corporate/other				
Sales	1Q21	2Q21	3Q21	4Q21	FY 2021	1Q21	2Q21	3Q21	4Q21	FY 2021	1Q21	2Q21	3Q21	4Q21	FY 2021	1Q21	2Q21	3Q21	4Q21	FY 2021					
Net sales	3,408	3,701	3,620	3,569	14,298	1,458	1,727	1,681	1,562	6,428	1,950	1,974	1,939	2,007	7,870	-	-	-	-	-					
Russia	(53)	(72)	(65)	(63)	(253)	(45)	(64)	(57)	(54)	(220)	(8)	(8)	(8)	(9)	(33)	-	-	-	-	-					
Adjusted net sales	3,355	3,629	3,555	3,506	14,045	1,413	1,663	1,624	1,508	6,208	1,942	1,966	1,931	1,998	7,837	-	-	-	-	-					
Income	1Q21	2Q21	3Q21	4Q21	FY 2021																				
Net income attributable to Otis	308	326	331	281	1,246																				
Noncontrolling interest in subsidiaries¹	44	53	48	29	174																				
Income tax expense	123	153	128	137	541																				
Net interest expense	32	27	33	44	136																				
Non-service pension benefit (expense)	2	2	2	5	11																				
GAAP operating profit	509	561	542	496	2,108	104	147	131	77	459	430	441	444	447	1,762	(25)	(27)	(33)	(28)	(113)					
Restructuring	15	11	9	21	56	5	8	4	6	23	10	3	5	15	33	0	0	0	0	0					
One-time separation costs	9	0	15	3	27	0	0	0	0	0	0	0	0	0	0	9	0	15	3	27					
Russia	(10)	(10)	(8)	(5)	(33)	(11)	(13)	(9)	(7)	(40)	2	1	2	1	6	(1)	2	(1)	1	1					
Adjusted operating profit	523	562	558	515	2,158	98	142	126	76	442	442	445	451	463	1,801	(17)	(25)	(19)	(24)	(85)					
Adjusted operating profit margin	15.6%	15.5%	15.7%	14.7%	15.4%	6.9%	8.5%	7.8%	5.0%	7.1%	22.8%	22.6%	23.4%	23.2%	23.0%										
Non-service pension (expense)	(2)	(2)	(2)	(5)	(11)																				
Adjusted net interest expense (a)	(32)	(28)	(33)	(30)	(123)																				
Adjusted pre-tax profit	489	532	523	480	2,024																				
Adjusted income tax expense	(141)	(146)	(149)	(144)	(580)																				
Adjusted effective tax rate (b)	28.8%	27.4%	28.5%	30.0%	28.7%																				
Noncontrolling interest	(44)	(53)	(48)	(28)	(173)																				
Adjusted net income	304	333	326	308	1,271																				
Adjusted EPS	\$0.70	\$0.77	\$0.76	\$0.72	\$2.95																				

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

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

2019 & 2020 segment operating profit reconciliation

(\$millions)	New Equipment		Service	
Sales	FY19	FY20	FY19	FY20
Net sales	5,648	5,371	7,470	7,385
Russia	(208)	(235)	(36)	(29)
Adjusted net sales	5,440	5,136	7,434	7,356
GAAP operating profit	393	318	1,603	1,611
Restructuring	19	30	35	47
UTC allocated corporate expenses (a)	6	0	14	0
Standalone public company costs (b)	(16)	0	(56)	0
Other	0	0	3	0
Adjusted operating profit (inc. Russia)	402	348	1,599	1,658
Russia	(41)	(56)	6	7
Adjusted operating profit (ex. Russia)	361	292	1,605	1,665
Adjusted operating profit margin	6.6%	5.7%	21.6%	22.6%

(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.

Organic sales reconciliation

Q4 2022	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	6.1%	5.1%	6.9%	6.5%	8.8%
FX	(8.2%)	(8.1%)	(8.3%)	(8.4%)	(8.5%)
Net acquisitions / divestitures	(1.5%)	(3.5%)	-	(0.2%)	1.1%
Total net sales growth	(3.6%)	(6.5%)	(1.4%)	(2.1%)	1.4%

FY 2022	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	2.5%	(1.7%)	6.0%	5.6%	8.1%
FX	(5.9%)	(4.9%)	(6.7%)	(6.8%)	(6.5%)
Net acquisitions / divestitures	(0.9%)	(2.2%)	0.1%	-	0.5%
Total net sales growth	(4.3%)	(8.8%)	(0.6%)	(1.2%)	2.1%

Total Otis	2020	2021
Organic	(2.1%)	8.9%
FX	(0.4%)	3.0%
Net acquisitions / divestitures & other	(0.3%)	0.2%
Total net sales growth	(2.8%)	12.1%

Adjusted operating profit at constant currency reconciliation

(\$millions)	Q4 2021	Q4 2022	Y/Y	FY 2021	FY 2022	Y/Y
New Equipment						
Adjusted operating profit	76	72	(4)	442	381	(61)
Impact of foreign exchange		7	7		8	8
Adjusted operating profit at constant currency	76	79	3	442	389	(53)
Service						
Adjusted operating profit	463	472	9	1,801	1,832	31
Impact of foreign exchange		42	42		148	148
Adjusted operating profit at constant currency	463	514	51	1,801	1,980	179
Otis Consolidated						
Adjusted operating profit	515	505	(10)	2,158	2,126	(32)
Impact of foreign exchange		49	49		156	156
Adjusted operating profit at constant currency	515	554	39	2,158	2,282	124

SG&A reconciliation

(\$millions)	Q4 2021	Q4 2022	FY 2021	FY 2022
Adjusted Sales	3,506	3,439	14,045	13,579
SG&A expense	503	448	1,948	1,763
Restructuring	(18)	(9)	(34)	(38)
Russia	(5)	(1)	(17)	(11)
One-time separation costs / other	(2)	2	(16)	(3)
Adjusted SG&A	478	440	1,881	1,711
<i>Adjusted SG&A % of adjusted sales</i>	<i>13.6%</i>	<i>12.8%</i>	<i>13.4%</i>	<i>12.6%</i>

Diluted EPS and Tax reconciliations

	Q4 2021	Q4 2022	FY 2021	FY 2022
GAAP diluted earnings per share	\$0.65	\$0.71	\$2.89	\$2.96
Impact of non-recurring items on diluted earnings per share	\$0.07	\$0.04	\$0.06	\$0.21
Adjusted diluted earnings per share	\$0.72	\$0.75	\$2.95	\$3.17

	Q4 2021	Q4 2022	FY 2021	FY 2022
Effective tax rate	30.6%	30.1%	27.6%	27.5%
Impact of adjustments on effective tax rate	(0.6%)	(2.0%)	1.1%	(1.0%)
Adjusted effective tax rate	30.0%	28.1%	28.7%	26.5%

Free cash flow reconciliation

(\$millions)	Q4 2021	Q4 2022	FY 2021	FY 2022
Operating cash flow ¹	277	464	1,750	1,560
Capital expenditures	(41)	(34)	(156)	(115)
Free cash flow	236	430	1,594	1,445

GAAP net income	281	297	1,246	1,253
FCF conversion	84%	145%	128%	115%

¹ Operating cash flow excludes dividends paid to noncontrolling interests.

Other reconciliations

Remaining performance obligation (RPO)

(\$billions)	Q4 2021	Q3 2022	Q4 2022
RPO at actual currency (GAAP measure)	17.1	16.6	17.2
Russia	(0.1)	-	-
FX/other ¹	0.1	1.6	1.0
Adjusted RPO at constant currency	17.1	18.2	18.2

New Equipment backlog

Growth %	Q4 2022
Actual currency (GAAP measure)	3%
Russia	2%
FX	6%
Adjusted NE backlog at constant currency	11%

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