



OTIS

**Q4 2023
Earnings Call
January 31, 2024**

Forward-Looking Statements

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

This communication contains statements which, to the extent they are not statements of historical or present fact, constitute "forward-looking statements" under the securities laws. From time to time, oral or written forward-looking statements may also be included in other information released to the public. These forward-looking statements are intended to provide management's current expectations or plans for Otis' future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements can be identified by the use of words such as "believe," "expect," "expectations," "plans," "strategy," "prospects," "estimate," "project," "target," "anticipate," "will," "should," "see," "guidance," "outlook," "medium-term," "near-term," "confident," "goals" and other words of similar meaning in connection with a discussion of future operating or financial performance. Forward-looking statements may include, among other things, statements relating to future sales, earnings, cash flow, results of operations, uses of cash, dividends, share repurchases, tax rates, research & development spend, restructuring actions (including UpLift), credit ratings, net indebtedness and other measures of financial performance or potential future plans, strategies or transactions, or statements that relate to climate change and our intent to achieve certain environmental, social and governance targets or goals, including operational impacts and costs associated therewith, and other statements that are not historical facts. All forward-looking statements involve risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. For those statements, Otis claims the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Such risks, uncertainties and other factors include, without limitation: (1) the effect of economic conditions in the industries and markets in which Otis and its businesses operate and any changes therein, including financial market conditions, fluctuations in commodity prices and other inflationary pressures, interest rates and foreign currency exchange rates, levels of end market demand in construction, pandemic health issues (including COVID-19 and variants thereof), natural disasters, whether as a result of climate change or otherwise, and the financial condition of Otis' customers and suppliers; (2) the effect of changes in political conditions in the U.S., including in connection with the results of the 2024 elections or otherwise, and other countries in which Otis and its businesses operate, including the effects of the ongoing conflict between Russia and Ukraine, the war between Israel and Hamas, and tensions between the U.S. and China, on general market conditions, commodity costs, global trade policies and related sanctions and export controls, and currency exchange rates in the near term and beyond; (3) challenges in the development, production, delivery, support, performance and realization of the anticipated benefits of advanced technologies and new products and services; (4) future levels of indebtedness, capital spending and research and development spending; (5) future availability of credit and factors that may affect such availability or costs thereof, including credit market conditions and Otis' capital structure; (6) the timing and scope of future repurchases of Otis' common stock, which may be suspended at any time due to various factors, including market conditions and the level of other investing activities and uses of cash; (7) fluctuations in prices and delays and disruption in delivery of materials and services from suppliers, whether as a result of changes in general economic conditions, geopolitical conflicts or otherwise; (8) cost reduction or containment actions, restructuring costs and related savings and other consequences thereof, including with respect to UpLift; (9) new business and investment opportunities; (10) the outcome of legal proceedings, investigations and other contingencies; (11) pension plan assumptions and future contributions; (12) the impact of the negotiation of collective bargaining agreements and labor disputes and labor inflation in the markets in which Otis and its businesses operate globally; (13) the effect of changes in tax, environmental, regulatory (including among other things import/export) and other laws and regulations in the U.S. and other countries in which Otis and its businesses operate; (14) the ability of Otis to retain and hire key personnel; (15) the scope, nature, impact or timing of acquisition and divestiture activity, the integration of acquired businesses into existing businesses and realization of synergies and opportunities for growth and innovation and incurrence of related costs; (16) the determination by the Internal Revenue Service and other tax authorities that the distribution or certain related transactions should be treated as taxable transactions in connection with the separation (the "Separation") of Otis and Carrier Global Corporation ("Carrier") from United Technologies Corporation (now known as RTX Corporation ("RTX")); and (17) our obligations and disputes that have or may hereafter arise under the agreements we entered into with RTX and Carrier in connection with the Separation. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary from those stated in forward-looking statements, see Otis' registration statement on Form 10 and the reports of Otis on Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC from time to time. Any forward-looking statement speaks only as of the date on which it is made, and Otis assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Q4 & FY 2023 highlights

Strong fourth quarter and 2023 supports our long-term strategy...

- Q4 organic¹ sales up 3.8%...Service up 6.8%, New Equipment ~flat
- Q4 adjusted EPS¹ up 16.0%
- Industry leading maintenance portfolio, ~2.3 million units...5th consecutive quarter >4% maintenance portfolio growth
- FY Mod orders up 16.8%; backlog up 15%
- New Equipment backlog up 2%
- New Equipment share² up ~50bps
- Q4 adjusted free cash flow¹ of \$573M...\$1.53B in 2023
- Executing *UpLift* program...streamlining & transformation on-track

...while creating value for all stakeholders

- Repurchased \$225M of shares in Q4, \$800M in 2023
- Committed to setting science-based GHG reduction targets and submitted near-term targets to SBTi

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

² Based on Otis internal estimates.

FY 2023

5.6%

organic sales growth¹

4.2%

maintenance portfolio growth

30 bps

adjusted operating profit margin expansion¹

11.7%

adjusted EPS growth¹

Q4 orders & portfolio

New Equipment

| | Y/Y |
|--|-----------|
| New Equipment orders ¹ | 2.9% |
| New Equipment Backlog¹ | 2% |

Service

| | Y/Y |
|--|------------|
| Portfolio units | 4.2% |
| Modernization orders | 11.0% |
| Modernization Backlog¹ | 15% |

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

² Photo attribution: (Jianyuan Spring and Autumn, Tianyao in November 2020 (1) Village, CC BY-SA 4.0).

Q4 Orders



Chongqing Metro
China



560 Mission Street
San Francisco, California



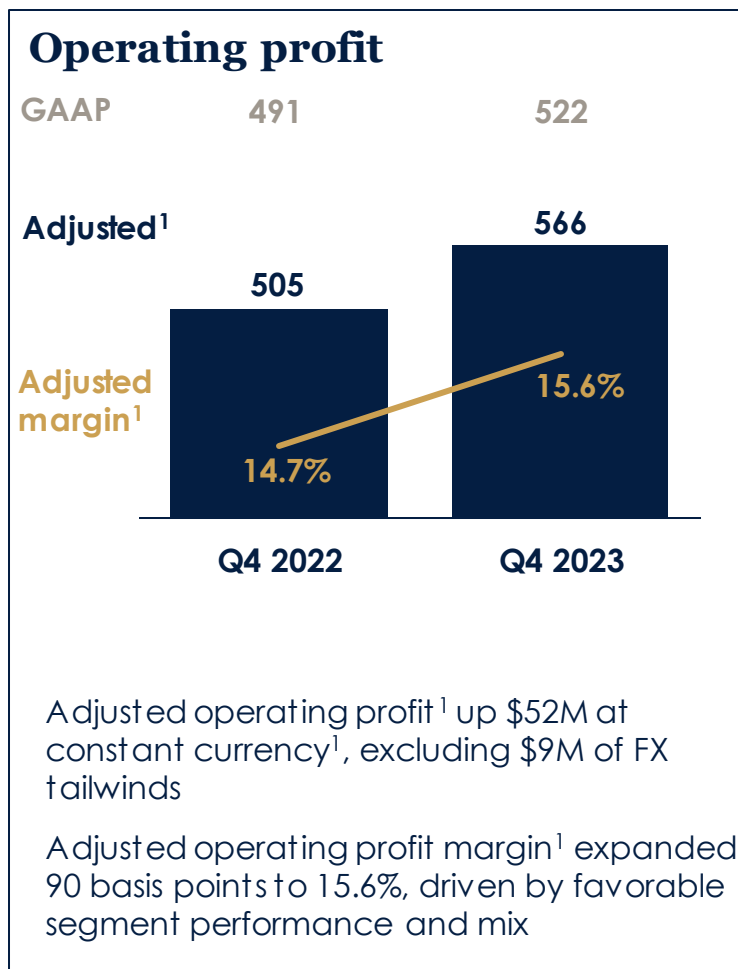
HKHA - Tin Yiu Estate²
Hong Kong SAR



Burj Khalifa
Dubai, United Arab Emirates

Q4 2023 results

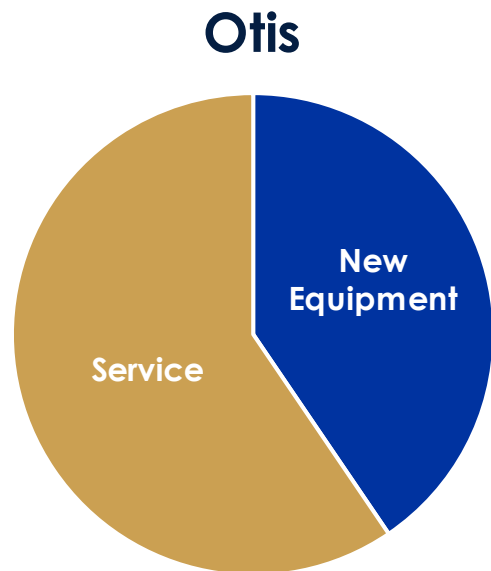
(\$ millions, except per share amounts)



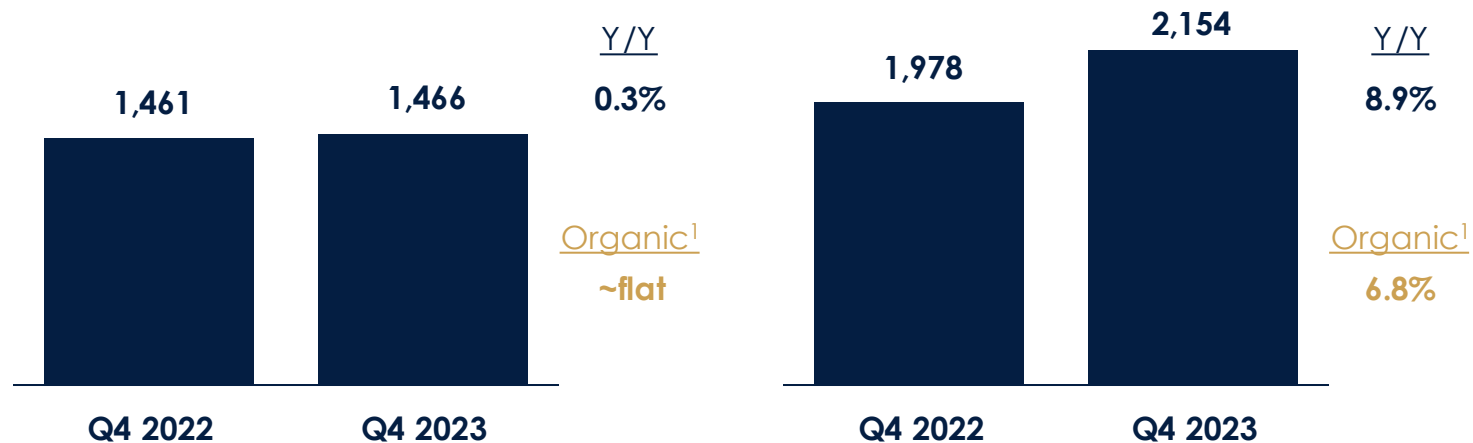
¹ See appendix for additional information regarding these non-GAAP financial measures.

Q4 2023 net sales results

(\$ millions)



| New Equipment | | | Service | | |
|---------------|--|--|---------|--|--|
|---------------|--|--|---------|--|--|



Organic¹ sales ~flat

- Americas up 1.8%
- EMEA ~flat
- Asia down 1.3%
 - Asia Pacific up HSD
 - China down MSD

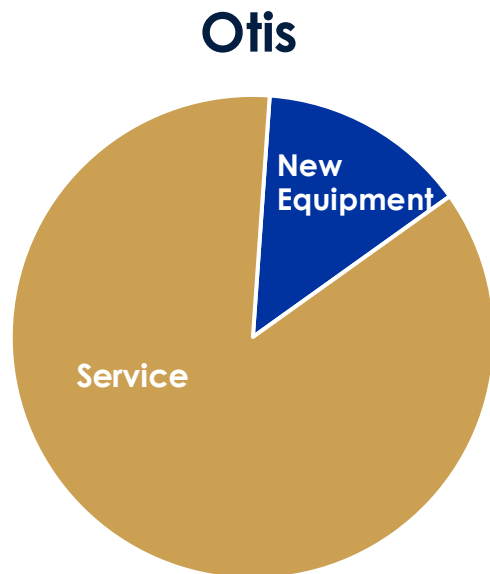
Organic¹ sales up 6.8%

- Maintenance & Repair up 6.8%
- Modernization up 7.0%

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

Q4 2023 operating profit results

(\$ millions)



| | New Equipment | | | Service | | |
|------------------------------|---------------|------------|----------|--------------|--------------|---------|
| | | | Y/Y | | | Y/Y |
| GAAP | 66 | 81 | 22.7% | 461 | 497 | 7.8% |
| Adjusted ¹ | | 89 | 23.6% | 472 | 518 | 9.7% |
| Adjusted margin ¹ | 72 4.9% | 89 6.1% | +120 bps | 472 23.9% | 518 24.0% | +10 bps |
| | Q4 2022 | Q4 2023 | | Q4 2022 | Q4 2023 | |

Adjusted operating profit¹ up \$20 million at constant currency¹

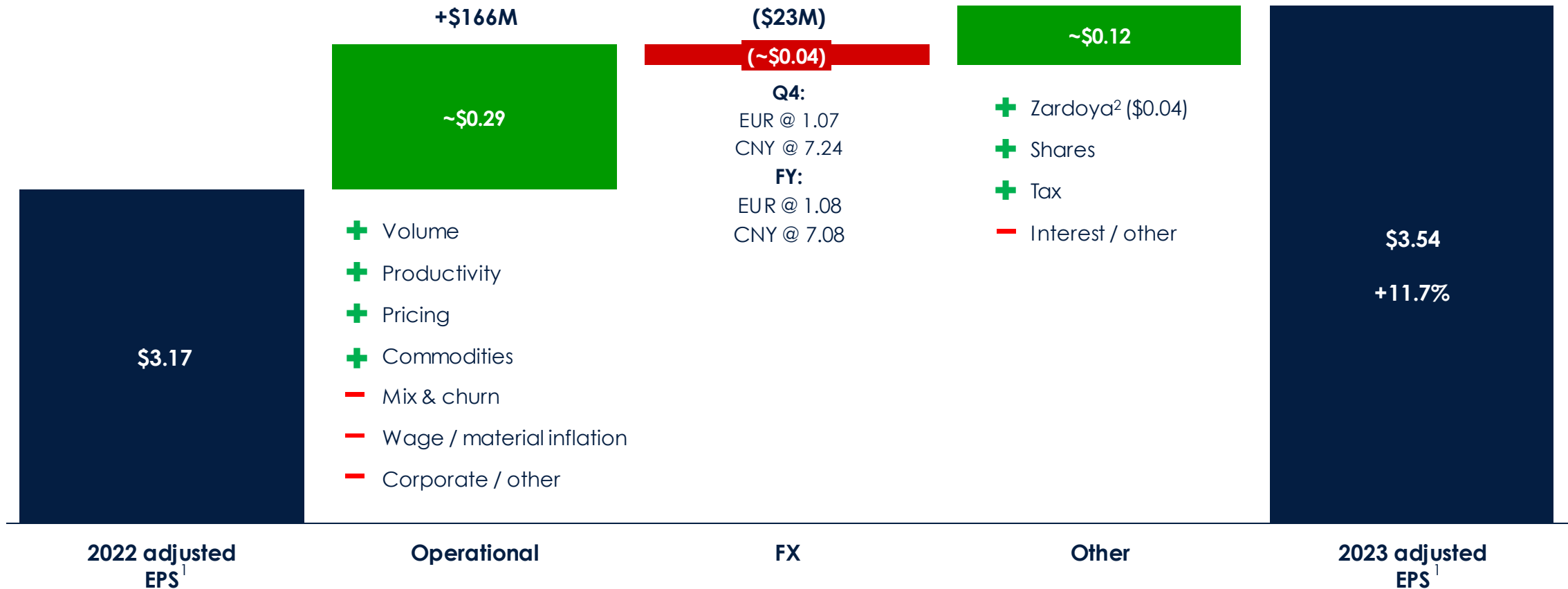
- + Productivity
- + Pricing
- + Commodities
- Regional and product mix
- SG&A expense

Adjusted operating profit¹ up \$33M at constant currency¹

- + Volume
- + Maintenance pricing
- + Productivity
- Annual wage inflation
- Material costs

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

Full year 2023 adjusted EPS¹ growth drivers

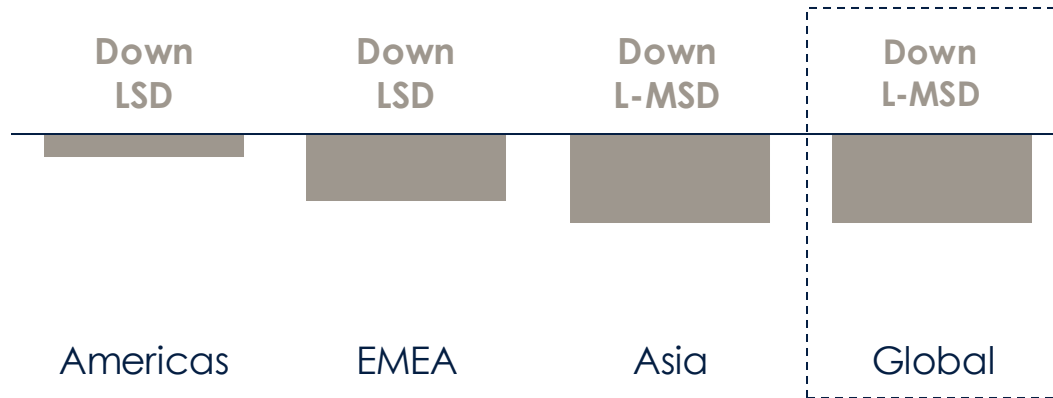


¹ See appendix for additional information regarding these non-GAAP financial measures.

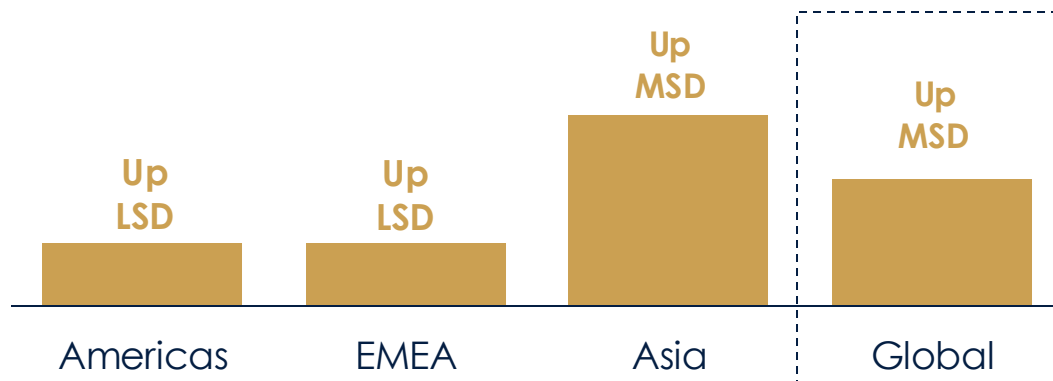
² The entity previously known as Zardoya Otis S.A. has implemented a name change and is now referred to as Otis Mobility.

Market & 2024 outlook¹

Industry new equipment unit growth¹



Industry installed base unit growth¹



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

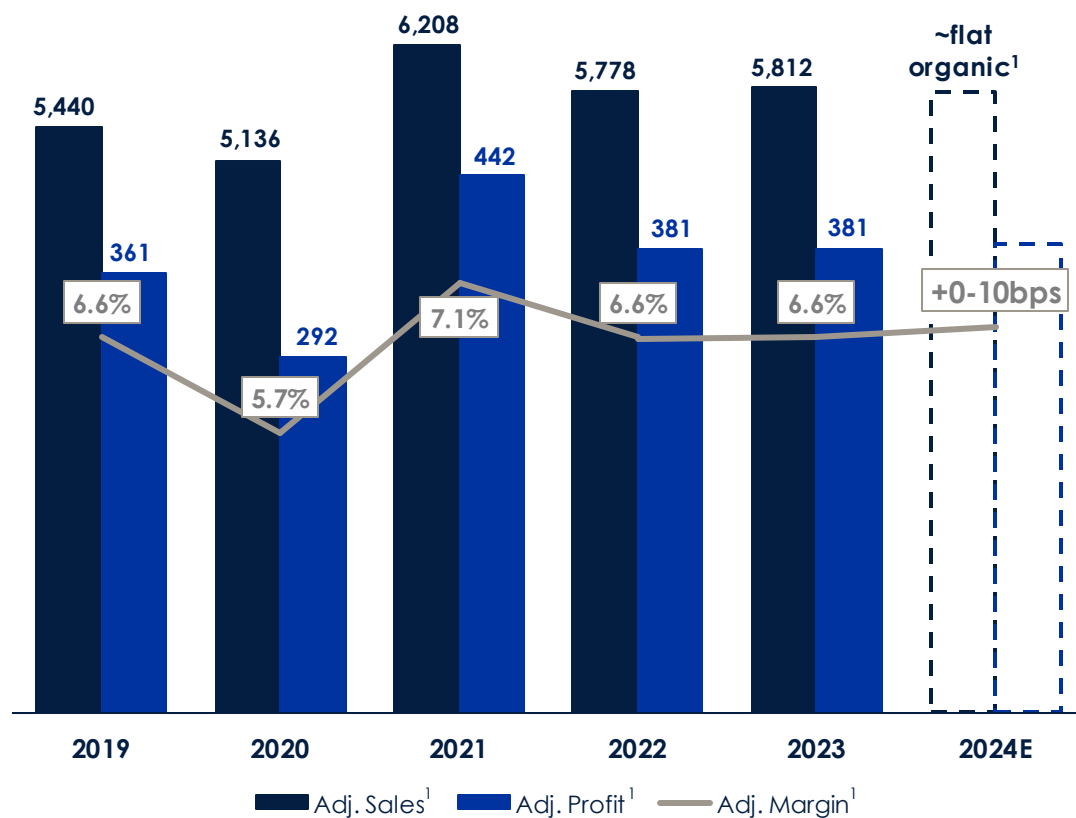
² See appendix for additional information regarding these non-GAAP financial measures.

Otis

- **Net sales** of \$14.5 to \$14.8B, up 2 to 4% at actual currency; organic² up 3 to 5%
- **Adjusted operating profit²** of \$2.40 to \$2.45B, up \$150 to \$190M at constant currency²; up \$125 to \$175M at actual currency
- **Adjusted EPS²** \$3.80 to \$3.90, up 7 to 10%
- **Adjusted free cash flow²** of ~1.6B
- **Disciplined capital allocation**...~\$800M of share repurchases

2024 New Equipment outlook¹

Financial performance



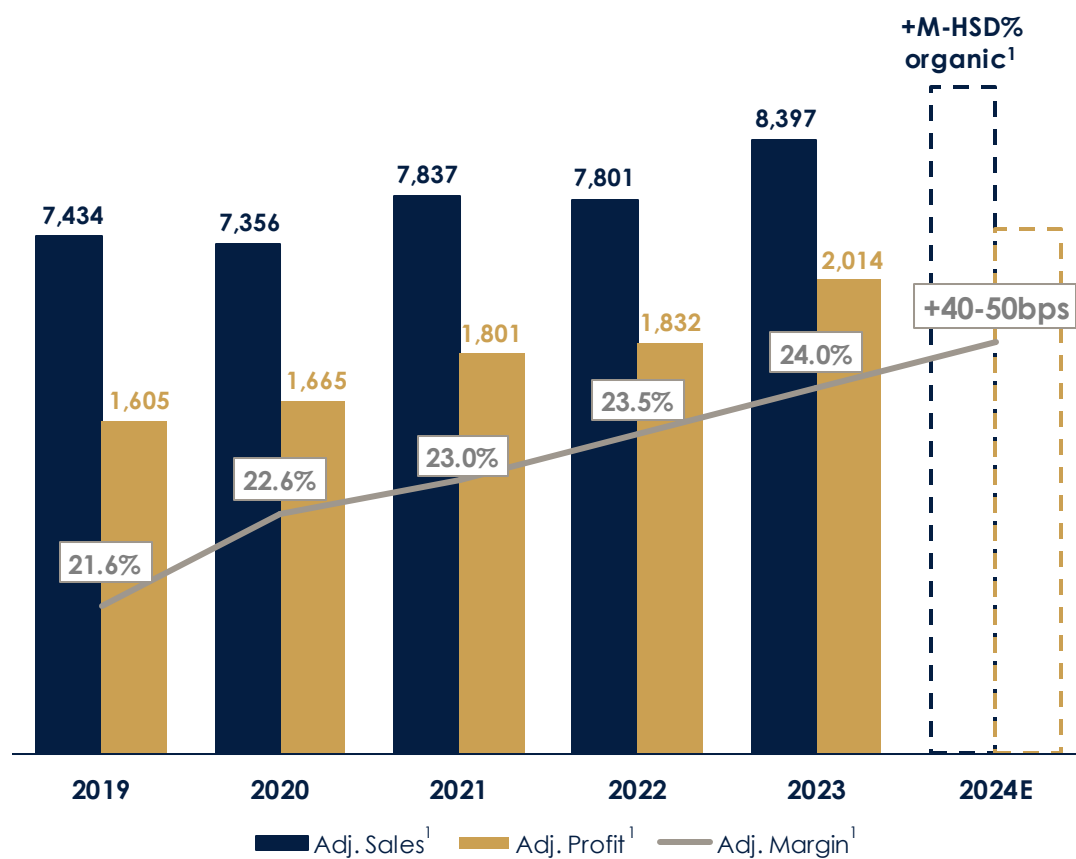
Profit drivers

| New Equipment | 2023 | 2024E |
|----------------------------|------|-------|
| Volume | + | ↔ |
| Price | ↔/+ | + |
| Commodities & Productivity | ++ | + |
| Mix | -- | -- |
| Investments | - | - |
| SG&A | - | - |
| UpLift | ↔ | + |

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

2024 Service outlook¹

Financial performance



Profit drivers

| Service | 2023 | 2024E |
|----------------|------|-------|
| Volume | ++ | ++ |
| Price | ++ | + |
| Productivity | + | + |
| Wage inflation | -- | - |
| Mix / Churn | - | - |
| Investments | - | - |
| SG&A | - | - |
| UpLift | ↔ | + |

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

UpLift savings

Leverage enterprise scale



Streamline operating model and reporting structure



Optimize Digital Technology & infrastructure

Indirect and supply chain optimization



Logistics & fleet efficiencies



Professional fees



Real estate footprint

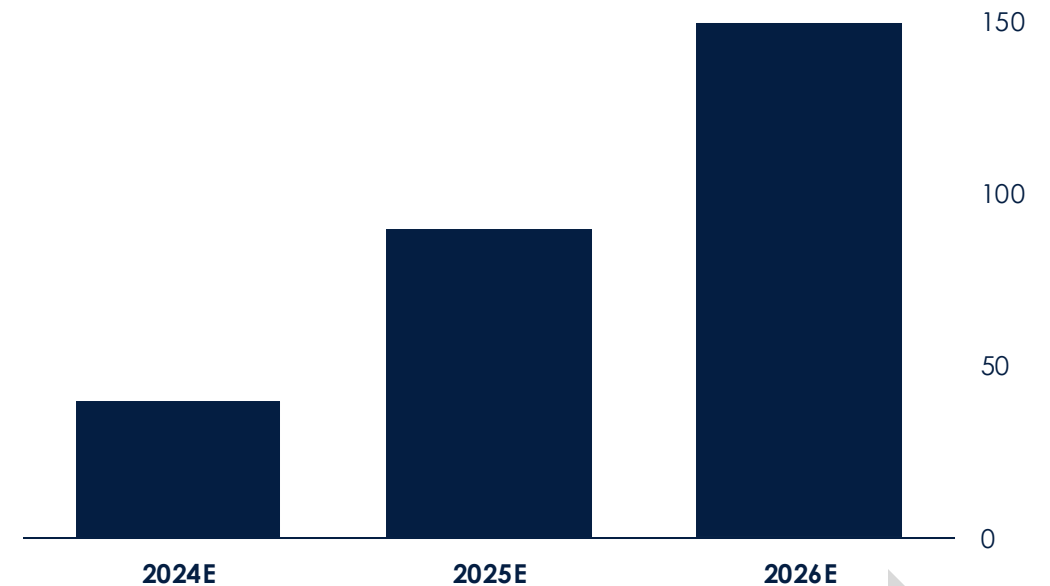
Process improvement and standardization



Center of Expertise & scale

Targeted savings

Cumulative in-year benefits (\$ millions)



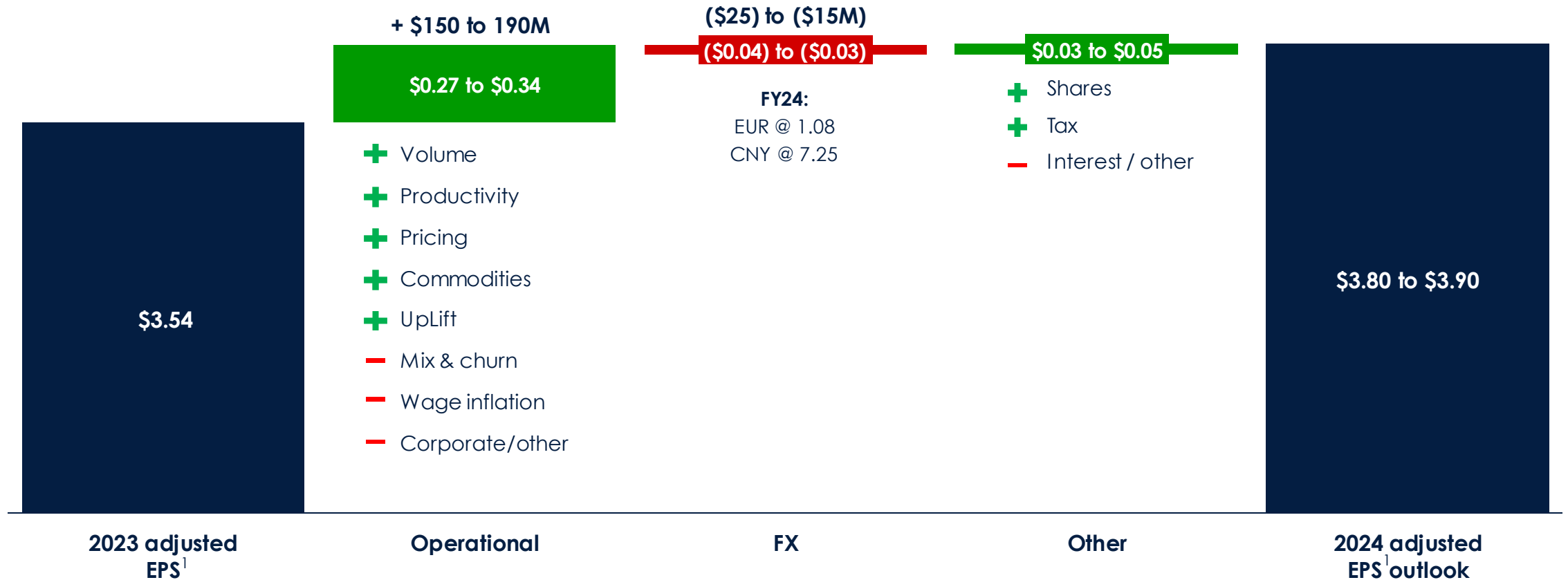
Run-rate savings

~\$80 million

~\$150 million

UpLift operating model benefits ramping...supporting margin expansion and delivering value for customers

2024 adjusted EPS¹ growth outlook drivers



7 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 creation

Sales

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

Sustainable growth

Operating Profit

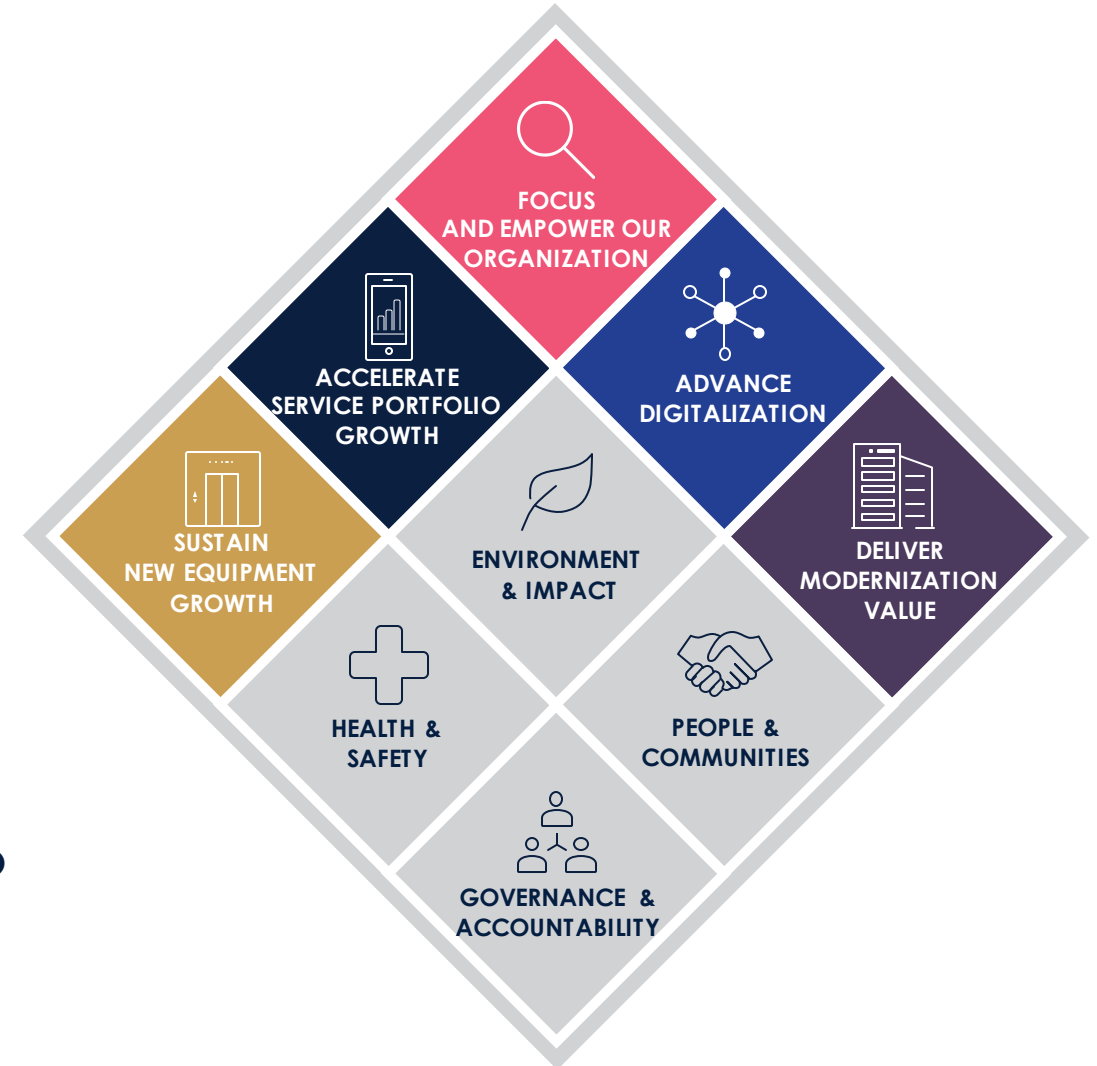
- Drop through from volume
- Optimize supply chain & installation process
- Drive service productivity
- Rationalize SG&A

Expand operating margins

Cash & Capital Deployment

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

Return cash to shareholders



Based on Otis internal estimates and expectations.

OTIS

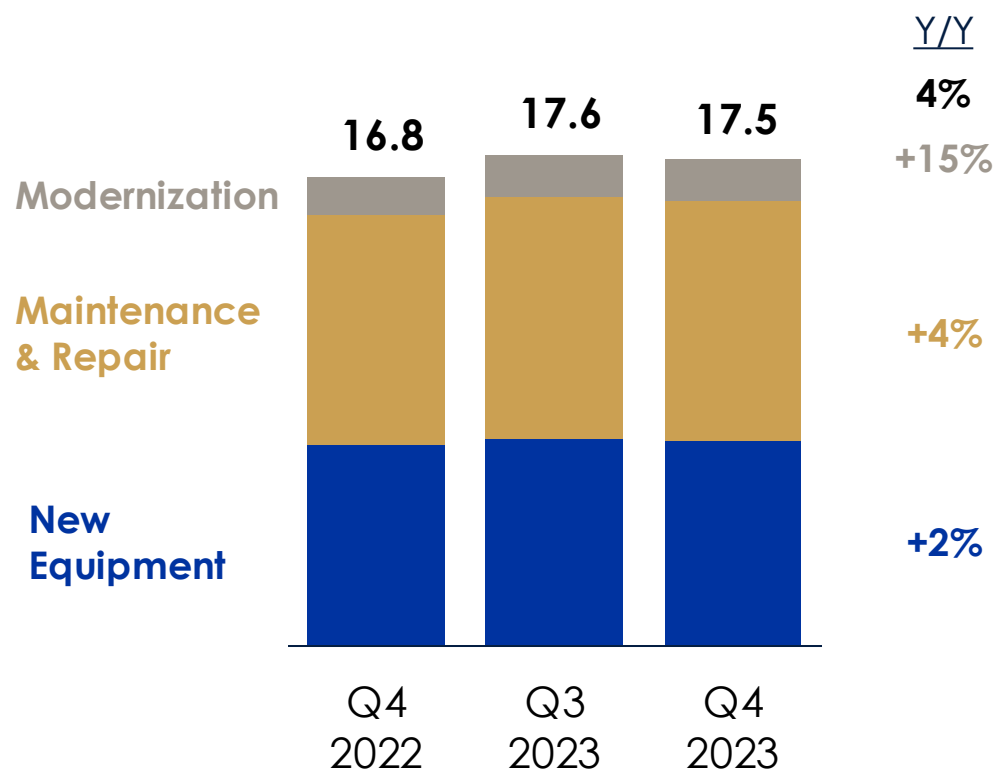
A photograph of the Chicago skyline at dusk, featuring the Willis Tower prominently in the center. The sky is a deep blue, and the city lights are beginning to glow. A semi-transparent dark blue rectangular overlay covers the middle portion of the image, serving as a background for the text.

Appendix

Backlog and orders

(\$billions, at constant currency¹)

Remaining performance obligation¹



New Equipment orders

| Region | Q4 2023 Y/Y | 2023 Y/Y |
|-------------------|-------------|---------------|
| Total Otis | 2.9% | (3.9%) |
| Americas | 6.1% | (11.0%) |
| EMEA | 11.4% | 0.6% |
| Asia | (2.9%) | (0.9%) |

Modernization orders

| | Q4 2023 Y/Y | 2023 Y/Y |
|-------------------|--------------|--------------|
| Total Otis | 11.0% | 16.8% |

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

Q4 2023 adjusted operating profit¹ drivers

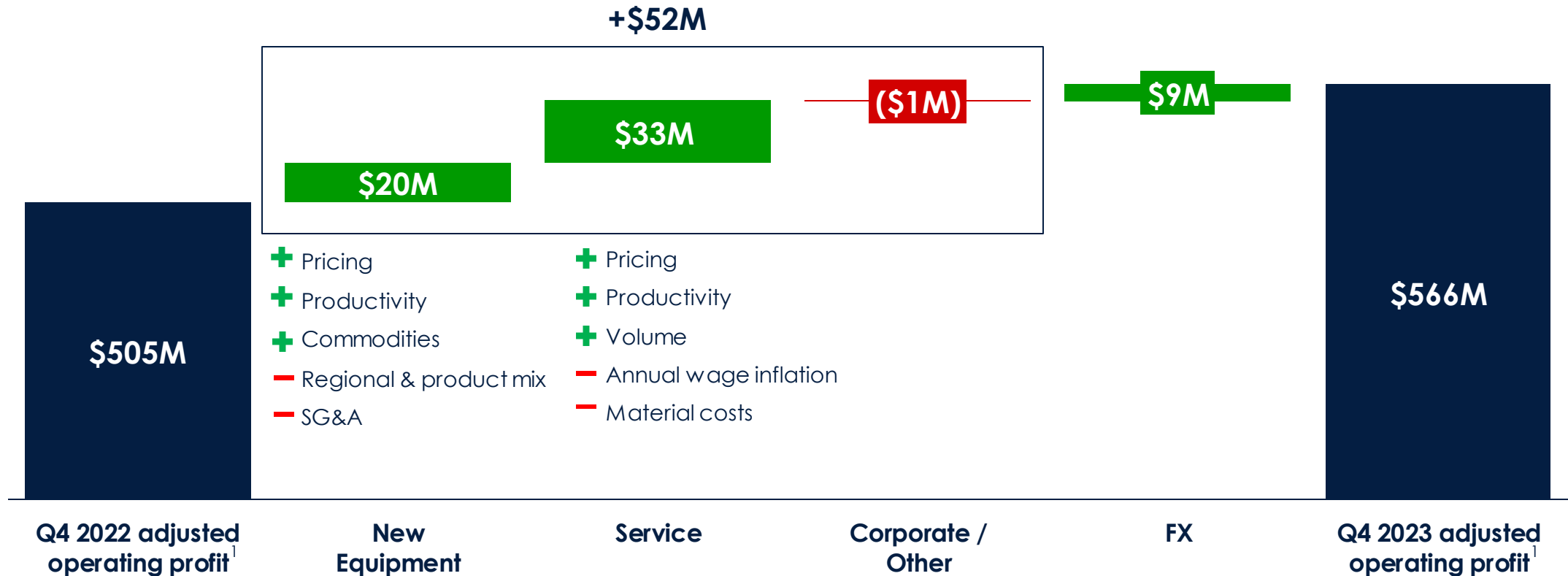
Actual currency

+\$17M

+\$46M

(\$2M)

+\$61M

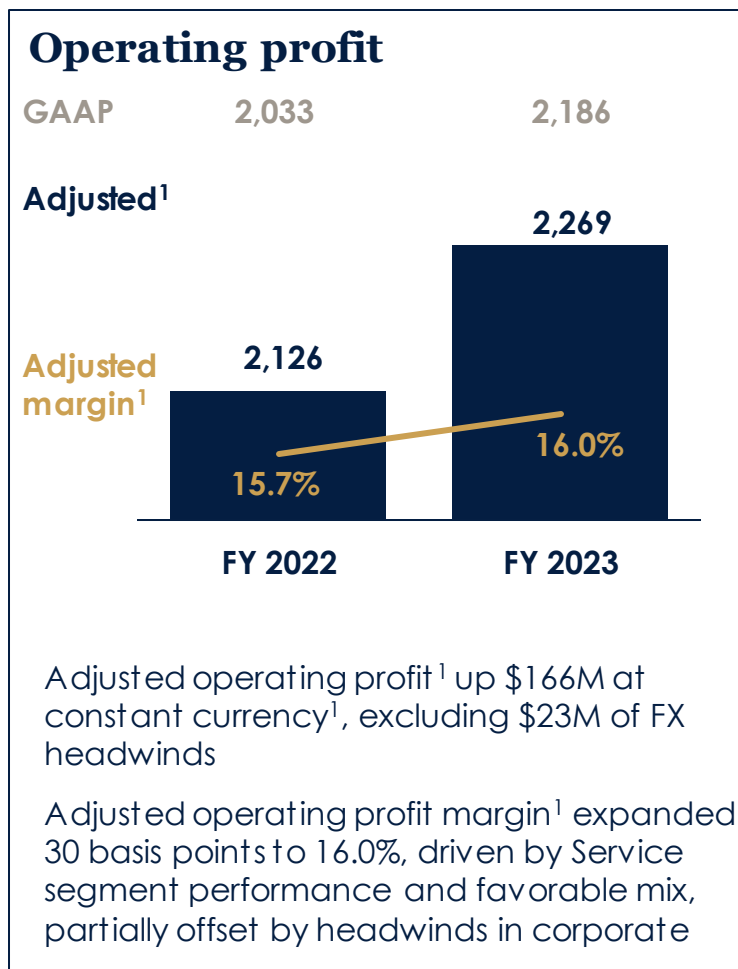
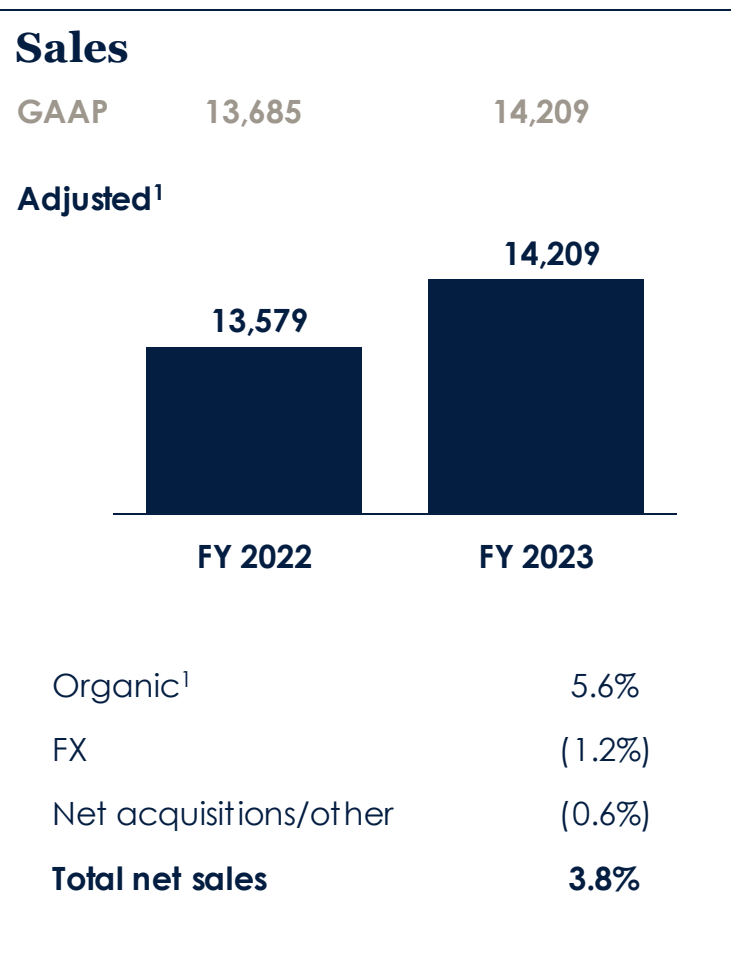


Adjusted operating profit margin¹ expanded 90 basis points to 15.6%

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

FY 2023 results

(\$ millions, except per share amounts)

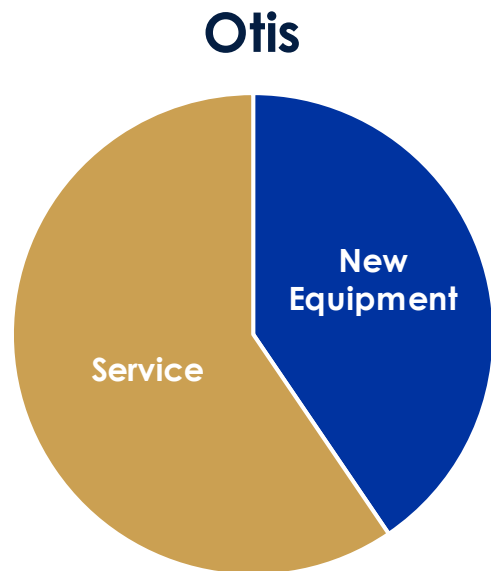


¹ See appendix for additional information regarding these non-GAAP financial measures

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

FY 2023 net sales results

(\$ millions)



| | New Equipment | | | Service | | |
|-----------------------|---------------|---------|------------------------------------|---------|---------|------------------------------------|
| GAAP | 5,864 | 5,812 | Y/Y (0.9%) | 7,821 | 8,397 | Y/Y 7.4% |
| Adjusted ¹ | | | 0.6% | | | 7.6% |
| | 5,778 | 5,812 | <u>Organic¹</u> 2.6% | 7,801 | 8,397 | <u>Organic¹</u> 7.7% |
| | FY 2022 | FY 2023 | | FY 2022 | FY 2023 | |

Organic¹ sales up 2.6%

- Americas up 3.3%
- EMEA up 6.0%
- Asia up 1.0%
 - Asia Pacific up high teens
 - China down mid single digits

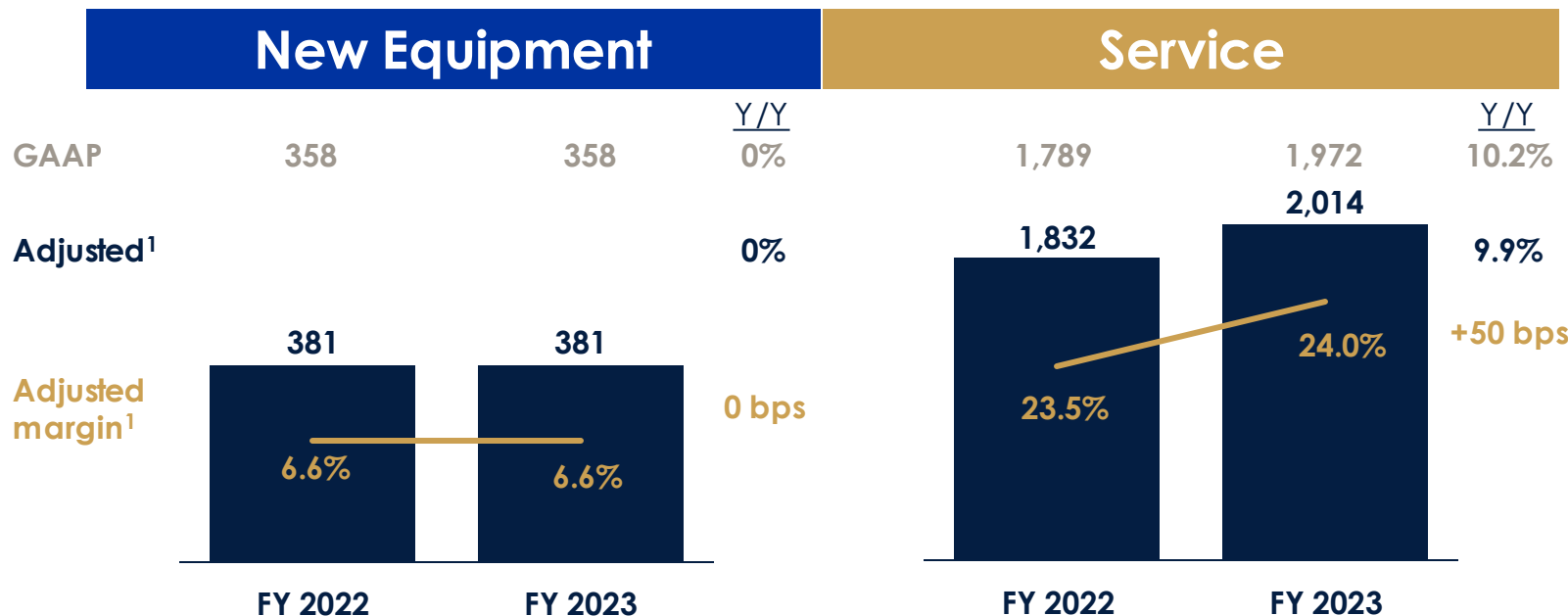
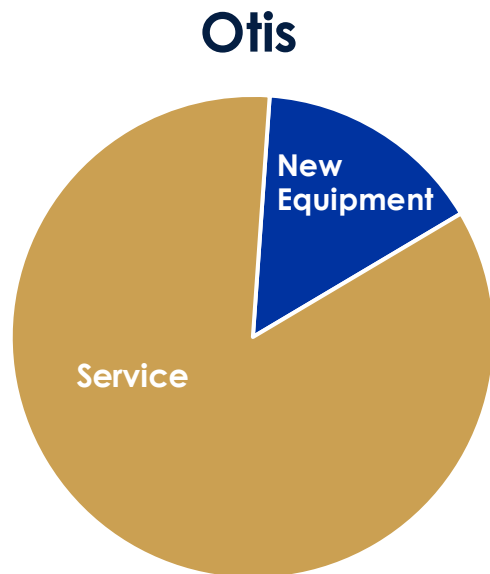
Organic¹ sales up 7.7%

- Maintenance & Repair up 7.8%
- Modernization up 7.3%

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

FY 2023 operating profit results

(\$ millions)



Adjusted operating profit¹ up \$26 million at constant currency¹

- + Volume
- + Productivity
- + Pricing
- + Commodities
- Regional and product mix
- SG&A expense

Adjusted operating profit¹ up \$178M at constant currency¹

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

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

2024 organic¹ sales outlook

| | 2023 actuals | 2024 Outlook |
|----------------------|----------------|-------------------|
| New Equipment | up 2.6% | ~flat |
| Americas | up low single | up low single |
| EMEA | up mid single | up low single |
| Asia | up low single | down low single |
| Service | up 7.7% | up 6 to 7% |
| Maintenance & repair | up 7.8% | up 5.5 to 6.5% |
| Modernization | up 7.3% | up ~8% |
| Otis | up 5.6% | up 3 to 5% |

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

Outlook drivers

- Strong maintenance portfolio growth, up 4.2% and Service pricing tailwinds
- Accelerating modernization and continued solid repair performance
- New Equipment and modernization backlog execution

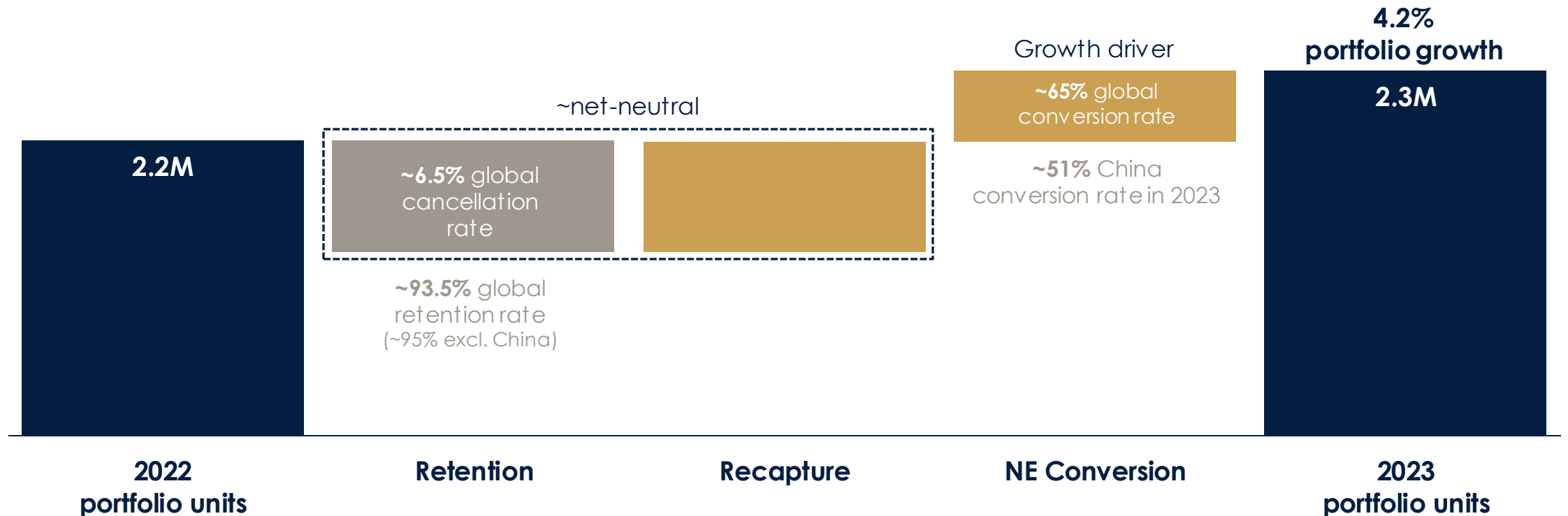
2024 financial outlook

| | 2023 actuals | 2024 outlook |
|--|---|--|
| Constant currency adj. operating profit¹ | up \$166M | up \$150 to \$190M |
| Adjusted operating profit¹ margin | Otis up 30 bps New Equipment ~flat Service up 50 bps | Otis up ~50 bps New Equipment flat to up 10 bps Service up 40 to 50 bps |
| Adjusted free cash flow^{1,2} | \$1.53B | ~\$1.6B |
| Share repurchases | \$800M | ~\$800M |

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

² Expected annual tax related toll charge payments are anticipated to conclude in 2026: 2024E \$45M, 2025E \$65M, 2026E \$50M.

Accelerating portfolio growth



Portfolio growth of >4% supports MSD+% organic Service sales growth

Retention rate = 1 - (canceled units / total portfolio units)

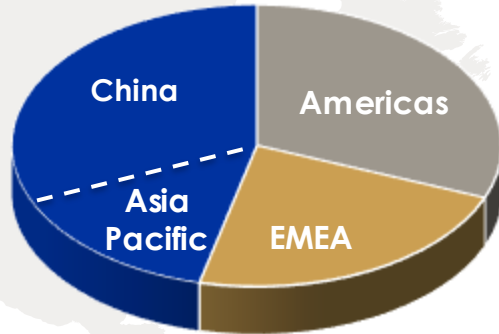
Conversion rate = units added to maintenance portfolio / total units eligible for conversion

Strong geographic diversification

FY23 metrics

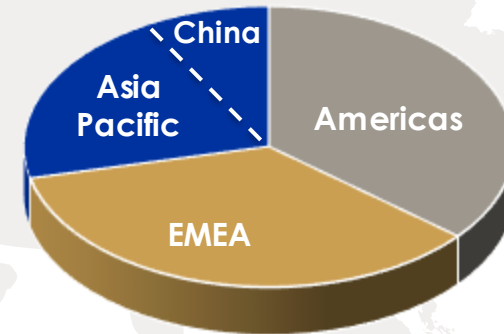
Adj. New Equipment sales¹

\$5.8B



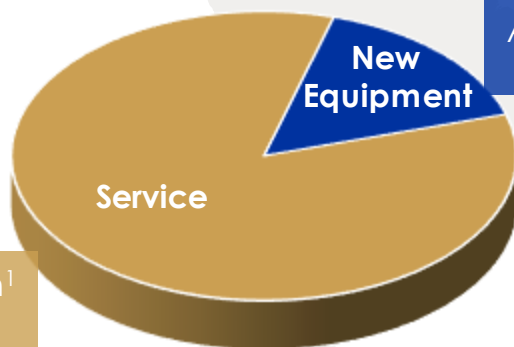
Adj. Service sales¹

\$8.4B



Adj. operating profit¹

\$2.3B

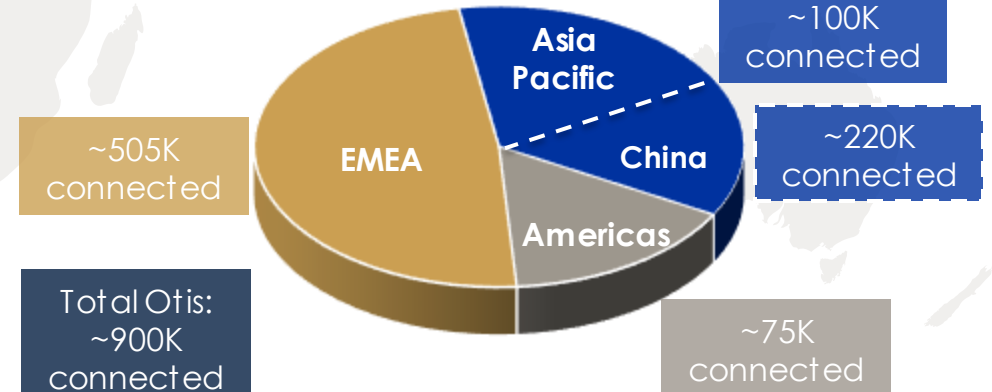


Adj. margin¹
6.6%

Adj. margin¹
24.0%

Maintenance units

~2.3M



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

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 interest expense, adjusted net income, adjusted diluted earnings per share ("EPS"), adjusted effective tax rate, constant currency, free cash flow and adjusted 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. Management believes that adjusted net sales, organic sales, adjusted SG&A, adjusted general corporate expenses and other, adjusted operating profit, adjusted net interest expense, 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. Free cash flow should not be considered an alternative to, or more meaningful than, net cash flows provided by operating activities, or any other measure of liquidity presented in accordance with GAAP. Adjusted free cash flow is a non-GAAP financial measure that represents cash flow from operations (a GAAP measure) less capital expenditures, adjusted to exclude certain items management believes affect the comparability of operating results. Management believes adjusted free cash flow is a useful measure of liquidity that provides investors additional information regarding the Company's ability to fund its activities, including the financing of acquisitions, debt service, repurchases of common stock and distribution of earnings to shareholders. Adjusted free cash flow should not be considered an alternative to, or more meaningful than, net cash flows provided by operating activities, or any other measure of liquidity presented in accordance with GAAP. When we provide our expectations for adjusted net sales, organic sales, adjusted operating profit, adjusted net interest expense, adjusted net income, adjusted effective tax rate, adjusted EPS, free cash flow and adjusted free cash flow on a forward-looking basis, a reconciliation of the differences between the non-GAAP expectations and the corresponding GAAP measures (expected diluted EPS from continuing operations, operating profit, the effective tax rate, net sales and expected cash flow from operations) generally is not available without unreasonable effort due to potentially high variability, complexity and low visibility as to the items that would be excluded from the GAAP measure in the relevant future period, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, the impact and timing of potential acquisitions and divestitures, and other structural changes or their probable significance. The variability of the excluded items may have a significant, and potentially unpredictable, impact on our future GAAP results.

Additional information

| | Actuals | | | | | FY24 outlook |
|-----------------------------------|---------|--------|--------|-------|--------|-----------------------|
| | 1Q23 | 2Q23 | 3Q23 | 4Q23 | FY23 | |
| UpLift restructuring expense | \$0M | \$0M | \$0M | \$25M | \$25M | \$75M to \$100M |
| Other restructuring expense | \$5M | \$10M | \$21M | \$6M | \$42M | |
| UpLift transformation costs | \$0M | \$0M | \$4M | \$12M | \$16M | |
| Non-service pension expense | \$0M | \$1M | \$0M | \$4M | \$5M | ~\$5M |
| Adjusted net interest expense (a) | \$33M | \$37M | \$39M | \$41M | \$150M | ~\$180M |
| Adjusted effective tax rate (b) | 26.6% | 25.0% | 25.5% | 27.6% | 26.1% | ~25.5% |
| Noncontrolling interest expense | \$21M | \$31M | \$19M | \$21M | \$92M | ~\$105M |
| Capital expenditures | \$25M | \$37M | \$34M | \$42M | \$138M | ~\$150M |
| Diluted shares outstanding | 417.8M | 416.0M | 413.7M | 410.9 | 414.6M | ~406M |

| Currency exposure | 2023 sales |
|-------------------|------------|
| USD | 29% |
| EUR | 22% |
| CNY | 17% |
| 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 and other significant non-recurring items.

2023 GAAP to adjusted financials reconciliation

| (\$millions) | Otis | | | | | New Equipment | | | | | Service | | | | | Corporate/other | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|-------------|-------------|-------------|--------------|
| | 1Q23 | 2Q23 | 3Q23 | 4Q23 | FY 2023 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | FY 2023 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | FY 2023 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | FY 2023 |
| Sales | | | | | | | | | | | | | | | | | | | | |
| Net sales | 3,346 | 3,720 | 3,523 | 3,620 | 14,209 | 1,307 | 1,604 | 1,435 | 1,466 | 5,812 | 2,039 | 2,116 | 2,088 | 2,154 | 8,397 | 0 | 0 | 0 | 0 | 0 |
| Income | | | | | | | | | | | | | | | | | | | | |
| Net income attributable to Otis | 331 | 376 | 376 | 323 | 1,406 | | | | | | | | | | | | | | | |
| Noncontrolling interest in subsidiaries' | 21 | 31 | 19 | 21 | 92 | | | | | | | | | | | | | | | |
| Income tax expense | 128 | 135 | 137 | 133 | 533 | | | | | | | | | | | | | | | |
| Net interest expense | 33 | 37 | 39 | 41 | 150 | | | | | | | | | | | | | | | |
| Non-service pension benefit (expense) | 0 | 1 | 0 | 4 | 5 | | | | | | | | | | | | | | | |
| GAAP operating profit | 513 | 580 | 571 | 522 | 2,186 | 67 | 116 | 94 | 81 | 358 | 476 | 492 | 507 | 497 | 1,972 | (30) | (28) | (30) | (56) | (144) |
| UpLift Restructuring | 0 | 0 | 0 | 25 | 25 | 0 | 0 | 0 | 7 | 7 | 0 | 0 | 0 | 16 | 16 | 0 | 0 | 0 | 2 | 2 |
| Other Restructuring | 5 | 10 | 21 | 6 | 42 | 2 | 3 | 10 | 1 | 16 | 3 | 7 | 11 | 5 | 26 | 0 | 0 | 0 | 0 | 0 |
| UpLift transformation costs | 0 | 0 | 4 | 12 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 12 | 16 |
| Other, net | 0 | 0 | (1) | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1) | 1 | 0 |
| Adjusted operating profit | 518 | 590 | 595 | 566 | 2,269 | 69 | 119 | 104 | 89 | 381 | 479 | 499 | 518 | 518 | 2,014 | (30) | (28) | (27) | (41) | (126) |
| <i>Adjusted operating profit margin</i> | 15.5% | 15.9% | 16.9% | 15.6% | 16.0% | 5.3% | 7.4% | 7.2% | 6.1% | 6.6% | 23.5% | 23.6% | 24.8% | 24.0% | 24.0% | | | | | |
| Non-service pension (expense) | 0 | (1) | 0 | (4) | (5) | | | | | | | | | | | | | | | |
| Adjusted net interest expense (a) | (33) | (37) | (39) | (41) | (150) | | | | | | | | | | | | | | | |
| Adjusted pre-tax profit | 485 | 552 | 556 | 521 | 2,114 | | | | | | | | | | | | | | | |
| Adjusted income tax expense | (129) | (138) | (142) | (144) | (553) | | | | | | | | | | | | | | | |
| <i>Adjusted effective tax rate (b)</i> | 26.6% | 25.0% | 25.5% | 27.6% | 26.1% | | | | | | | | | | | | | | | |
| Noncontrolling interest | (21) | (31) | (19) | (21) | (92) | | | | | | | | | | | | | | | |
| Adjusted net income | 335 | 383 | 395 | 356 | 1,469 | | | | | | | | | | | | | | | |
| Adjusted EPS | \$0.80 | \$0.92 | \$0.95 | \$0.87 | \$3.54 | | | | | | | | | | | | | | | |

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

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

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 | | | | | | | | | | | | | | | | | | | | |
| 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) |
| <i>Adjusted operating profit margin</i> | <i>16.0%</i> | <i>15.7%</i> | <i>16.3%</i> | <i>14.7%</i> | <i>15.7%</i> | <i>6.8%</i> | <i>7.5%</i> | <i>7.2%</i> | <i>4.9%</i> | <i>6.6%</i> | <i>23.1%</i> | <i>23.1%</i> | <i>23.9%</i> | <i>23.9%</i> | <i>23.5%</i> | | | | | |
| 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) | | | | | | | | | | | | | | | |
| <i>Adjusted effective tax rate (c)</i> | <i>27.4%</i> | <i>22.4%</i> | <i>28.2%</i> | <i>28.1%</i> | <i>26.5%</i> | | | | | | | | | | | | | | | |
| 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 and other significant items and includes rounding.

Organic sales reconciliation

| Q4 2023 | Total Otis | New Equipment | Service | Maintenance & Repair | Modernization |
|---------------------------------|-------------|---------------|-------------|----------------------|---------------|
| Organic | 3.8% | (0.2%) | 6.8% | 6.8% | 7.0% |
| FX | 1.4% | 0.4% | 1.9% | 2.0% | 1.4% |
| Net acquisitions / divestitures | 0.1% | 0.1% | 0.2% | 0.2% | 0.0% |
| Total net sales growth | 5.3% | 0.3% | 8.9% | 9.0% | 8.4% |

| FY 2023 | Total Otis | New Equipment | Service | Maintenance & Repair | Modernization |
|---------------------------------|-------------|---------------|-------------|----------------------|---------------|
| Organic | 5.6% | 2.6% | 7.7% | 7.8% | 7.3% |
| FX | (1.2%) | (2.1%) | (0.4%) | (0.3%) | (0.8%) |
| Net acquisitions / divestitures | (0.6%) | (1.4%) | 0.1% | 0.0% | 0.4% |
| Total net sales growth | 3.8% | (0.9%) | 7.4% | 7.5% | 6.9% |

Adjusted operating profit at constant currency reconciliation

| (\$millions) | Q4 2022 | Q4 2023 | Y/Y | FY 2022 | FY 2023 | Y/Y |
|--|---------|---------|------|---------|---------|-----|
| New Equipment | | | | | | |
| Adjusted operating profit | 72 | 89 | 17 | 381 | 381 | 0 |
| Impact of foreign exchange | - | 3 | 3 | - | 26 | 26 |
| Adjusted operating profit at constant currency | 72 | 92 | 20 | 381 | 407 | 26 |
| Service | | | | | | |
| Adjusted operating profit | 472 | 518 | 46 | 1,832 | 2,014 | 182 |
| Impact of foreign exchange | - | (13) | (13) | - | (4) | (4) |
| Adjusted operating profit at constant currency | 472 | 505 | 33 | 1,832 | 2,010 | 178 |
| Otis Consolidated | | | | | | |
| Adjusted operating profit | 505 | 566 | 61 | 2,126 | 2,269 | 143 |
| Impact of foreign exchange | - | (9) | (9) | - | 23 | 23 |
| Adjusted operating profit at constant currency | 505 | 557 | 52 | 2,126 | 2,292 | 166 |

SG&A reconciliation

| (\$millions) | Q4 2022 | Q4 2023 | FY 2022 | FY 2023 |
|--|--------------|--------------|--------------|--------------|
| Adjusted Sales | 3,439 | 3,620 | 13,579 | 14,209 |
| SG&A expense | 448 | 498 | 1,763 | 1,884 |
| UpLift Restructuring | 0 | (25) | 0 | (25) |
| Other Restructuring | (9) | (11) | (38) | (36) |
| Other | 2 | 1 | (3) | 0 |
| Russia | (1) | 0 | (11) | 0 |
| Adjusted SG&A | 440 | 463 | 1,711 | 1,823 |
| <i>Adjusted SG&A % of adjusted sales</i> | <i>12.8%</i> | <i>12.8%</i> | <i>12.6%</i> | <i>12.8%</i> |

Diluted EPS and Tax reconciliations

| | Q4 2022 | Q4 2023 | FY 2022 | FY 2023 |
|---|---------------|---------------|---------------|---------------|
| GAAP diluted earnings per share | \$0.71 | \$0.79 | \$2.96 | \$3.39 |
| Impact of non-recurring items on diluted earnings per share | \$0.04 | \$0.08 | \$0.21 | \$0.15 |
| Adjusted diluted earnings per share | \$0.75 | \$0.87 | \$3.17 | \$3.54 |

| | Q4 2022 | Q4 2023 | FY 2022 | FY 2023 |
|---|--------------|--------------|--------------|--------------|
| Effective tax rate | 30.1% | 27.9% | 27.5% | 26.2% |
| Impact of adjustments on effective tax rate | (2.0%) | (0.3%) | (1.0%) | (0.1%) |
| Adjusted effective tax rate | 28.1% | 27.6% | 26.5% | 26.1% |

Free cash flow reconciliation

| (\$millions) | Q4 2022 | Q4 2023 | FY 2022 | FY 2023 |
|--|------------|------------|--------------|--------------|
| Operating cash flow ¹ | 464 | 597 | 1,560 | 1,627 |
| Capital expenditures | (34) | (42) | (115) | (138) |
| Free cash flow | 430 | 555 | 1,445 | 1,489 |
| UpLift restructuring payments | 0 | 12 | 0 | 12 |
| UpLift transformation payments | 0 | 6 | 0 | 8 |
| Separation-related payments ² | 0 | 0 | 18 | 25 |
| Adjusted Free Cash Flow | 430 | 573 | 1,463 | 1,534 |

¹ Operating cash flow excludes dividends paid to noncontrolling interests.

² In April of 2022 and 2023, we made payments to RTX Corporation (our former parent) in accordance with the Separation tax agreement. These annual payments are anticipated to conclude in 2026.

Other reconciliations

Remaining performance obligation (RPO)

| (\$billions) | Q4 2022 | Q3 2023 | Q4 2023 |
|---------------------------------------|---------|---------|---------|
| RPO at actual currency (GAAP measure) | 17.2 | 17.8 | 18.0 |
| FX/other ¹ | (0.4) | (0.2) | (0.5) |
| RPO at constant currency | 16.8 | 17.6 | 17.5 |

New Equipment backlog

| Growth % | Q4 2023 |
|---------------------------------|---------|
| Actual currency (GAAP measure) | 2% |
| FX | 0% |
| NE backlog at constant currency | 2% |

Modernization backlog

| Growth % | Q4 2023 |
|----------------------------------|---------|
| Actual currency (GAAP measure) | 15% |
| FX | 0% |
| Mod backlog at constant currency | 15% |

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