



OTIS

**Q2 2023
Earnings Call
July 26, 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, 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 forwardlooking 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. and other countries in which Otis and its businesses operate, including the effects of the ongoing conflict between Russia and Ukraine and increased 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, including 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; (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 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 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.

Q2 2023 highlights

Strong second quarter in both segments

- Organic¹ sales growth of 9.5%... both segments up HSD
- Best Service organic growth since spin
- New Equipment share up slightly, up ~50 bps in 1H²
- Maintenance portfolio up 4.2%...growth in all regions
- Adjusted EPS¹ up 7%

Creating value for all stakeholders

- Repurchased \$175M of shares in Q2, \$350M year-to-date
- Introduced the Gen3 Core elevator in North America
- AENOR Zero Waste to Landfill (ZWTL) Certification of our 3 Spanish factories
- San Sebastian factory becomes first factory in Spain to be Platinum LEED certified

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

² Based on Otis internal estimates

Q2 Orders



Hôpital Vaudreuil-Soulanges
Montreal, Canada



Iconic Tower
El Alamein, Egypt



Tianjin Metro
China



Bhopal Metro
Madhya Pradesh, India

Q2 2023 update

Q2 2023 Results

- Organic¹ sales up 9.5%...New Equipment up 9.5% and Service up 9.4%
- New Equipment adjusted backlog up 5% at constant currency¹
- Mod orders up 16% at constant currency¹... Mod backlog up 14%
- Adjusted operating profit up \$60M with 20 basis points of margin¹ expansion
- Free cash flow¹ of \$409M... 109% conversion¹ of GAAP net income

Revised 2023 Outlook

- Adjusted net sales¹ of \$14.0 to \$14.3B, up 4.5 to 6.0% organically and up 3.5 to 5.5% at actual currency
- Adjusted operating profit¹ of \$2.25 to \$2.28B, up \$155 to \$175M at constant currency¹; up \$125M to \$155M at actual currency with ~30 basis points of margin expansion
- Adjusted EPS¹ of \$3.45 to \$3.50, up 9 to 10%
- Free cash flow¹ of \$1.5 to \$1.55B... 105 to 115% conversion¹ of GAAP net income
- Increasing share repurchase target to ~\$800M in 2023

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

UpLift raising Otis for sustainable long-term performance

Improving operating model to drive performance

Streamline and optimize processes

Accelerate innovation, digitalization, and differentiation

Leverage scale and efficiency in global supply chain

Unlock synergies of our global organization

2020 – 2022

- ~3% organic¹ growth CAGR
- ~140bp adj. operating profit margin¹ expansion
- >45% adj. EPS¹ growth
- ~\$2.7B cash returned through dividends and repurchases

2023+

- Accelerate growth through improved customer centricity
- Increase operating profit margins
- Create a more agile and resilient enterprise

Continuing to invest in core business while targeting ~\$150M in savings through the next two years

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

Q2 2023 results

(\$ millions, except per share amounts)

Sales

GAAP 3,488 3,720

Adjusted¹

3,720

3,454

Q2 2022

Q2 2023

Organic ¹	9.5%
FX	(2.1%)
Net acquisitions/other	(0.7%)
Total net sales	6.7%

Operating profit

GAAP 487 580

Adjusted¹

590

541

Adjusted margin¹

15.7%

15.9%

Q2 2022

Q2 2023

Adjusted operating profit¹ up \$60M at constant currency¹, excluding \$11M of FX headwinds

Adjusted operating profit margin¹ expanded 20 basis points to 15.9%, driven by Service

Diluted earnings per share

GAAP \$0.76 \$0.90

Adjusted¹

\$0.92

\$0.86

Q2 2022

Q2 2023

Adjusted EPS¹ drivers

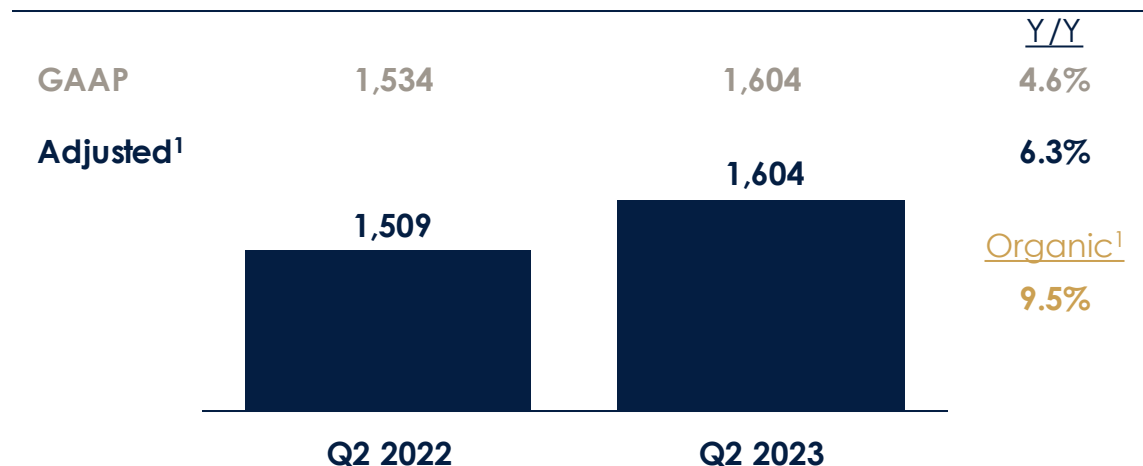
Operational	\$0.11
FX	(\$0.03)
Tax	(\$0.03)
Shares / other	\$0.01

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

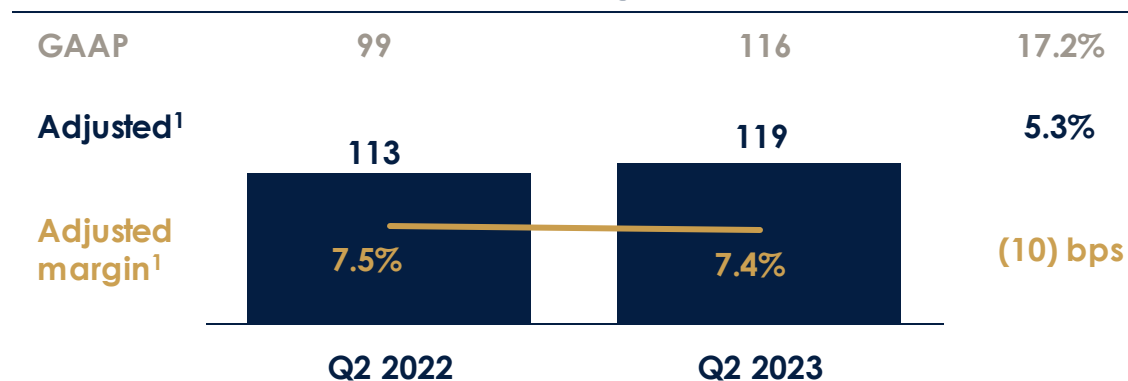
New Equipment

(\$ millions)

Net sales



Operating profit



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

² Based on Otis internal estimates.

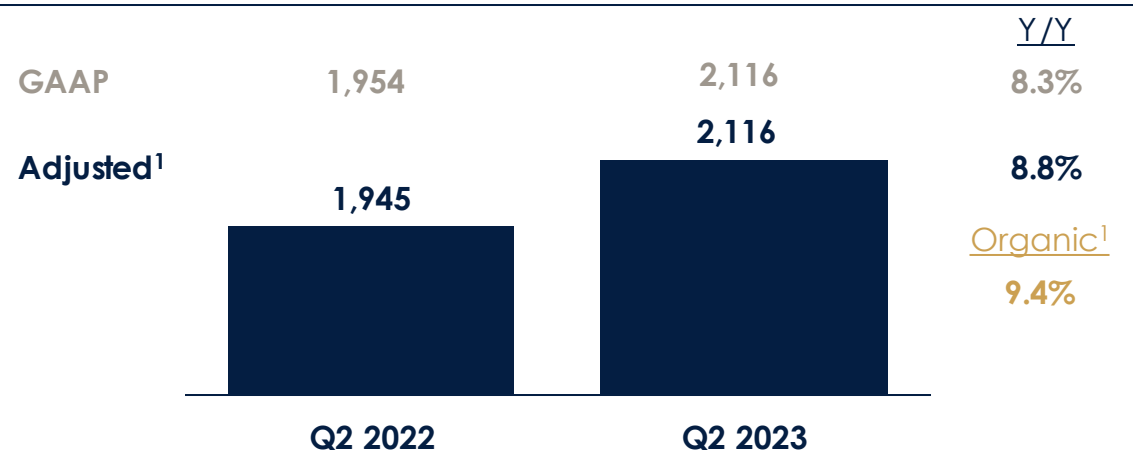
Q2 Results

- Orders down 12% at constant currency¹... strong growth in Asia Pacific more than offset by tough compares in the Americas and EMEA
- 2Q22 New Equipment share up slightly²
- New Equipment adjusted backlog up 5% at constant currency¹
- Organic¹ sales up 9.5%
 - Americas up 8.7%
 - EMEA up 8.1%
 - Asia up 10.8%
 - Asia Pacific up double digits
 - China up mid-single digits
- Adjusted operating profit¹ up \$15 million at constant currency¹... higher volume, strong productivity, favorable price, and commodity tailwinds were partially offset by unfavorable regional and product mix, transactional FX, and SG&A expense.

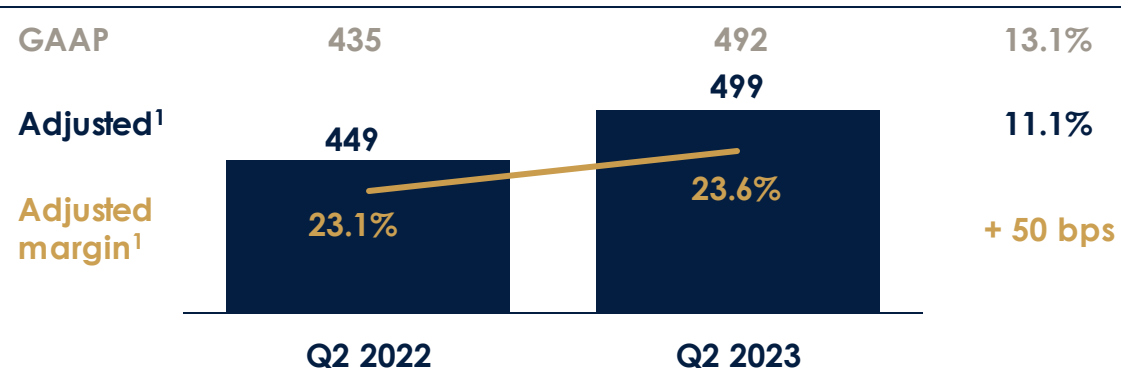
Service

(\$ millions)

Net sales



Operating profit



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

Q2 Results

- Maintenance units up 4.2% versus prior year...growth in all regions
- Modernization orders up 16% at constant currency¹...backlog up 14%
- Organic¹ sales up 9.4%
 - Maintenance & Repair up 9.1%
 - Modernization up 10.9%
- Adjusted operating profit¹ up \$52M at constant currency¹... higher volume, favorable pricing and productivity, partially offset by annual wage inflation and higher material costs

2023 financial outlook

	Prior outlook	Current outlook
Organic ¹ sales	<p>Otis up 4 to 6%</p> <p>New Equipment up 3 to 5%</p> <p>Service up 5 to 7%</p>	<p>Otis up 4.5 to 6%</p> <p>New Equipment up 3 to 5%</p> <p>Service up 6 to 7%</p>
Constant currency adj. operating profit ¹	up \$130 to \$175M	up \$155 to \$175M
Adjusted operating profit ¹ margin	<p>Otis up 20 to 30 bps</p> <p>New Equipment up 0 to 40 bps</p> <p>Service up ~50 bps</p>	<p>Otis up ~30 bps</p> <p>New Equipment up ~20 bps</p> <p>Service up ~50 bps</p>
Adjusted EPS ¹	\$3.40 to \$3.50, up 7 to 10%	\$3.45 to \$3.50, up 9 to 10%
Free cash flow ¹ & capital deployment	<p>Free cash flow \$1.5 to 1.55B, 105 to 115% conversion</p> <p>Share repurchases \$700 to \$800M</p>	<p>Free cash flow \$1.5 to 1.55B, 105 to 115% conversion</p> <p>Share repurchases ~\$800M</p>

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

2023 organic¹ sales outlook

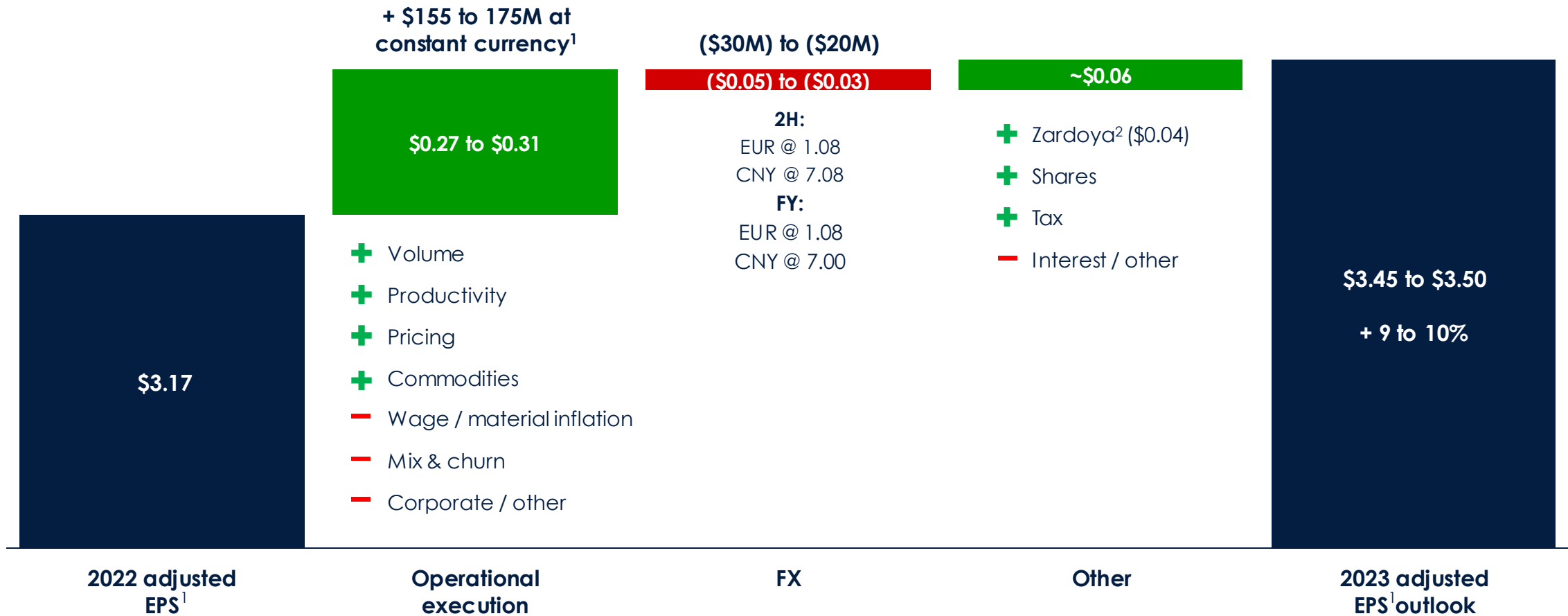
	Prior outlook (April 26, 2023)	Updated outlook
New Equipment	up 3 to 5%	up 3 to 5%
Americas	up mid single	up mid single
EMEA	up mid single	up mid single
Asia	up low single	up low single
Service	up 5 to 7%	up 6 to 7%
Maintenance & repair	up 4.5 to 6.5%	up 5.5 to 6.5%
Modernization	up 6 to 8%	up 7 to 9%
Ofis	up 4 to 6%	up 4.5 to 6%

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

Outlook drivers

- Q2 New Equipment backlog up 5% at constant currency¹
- Strong maintenance portfolio growth, up 4.2% in Q2, and Service pricing tailwinds
- Continued strength of discretionary repair
- Increased modernization demand and backlog conversion...backlog up 14%

2023 adjusted EPS¹ growth outlook 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.

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

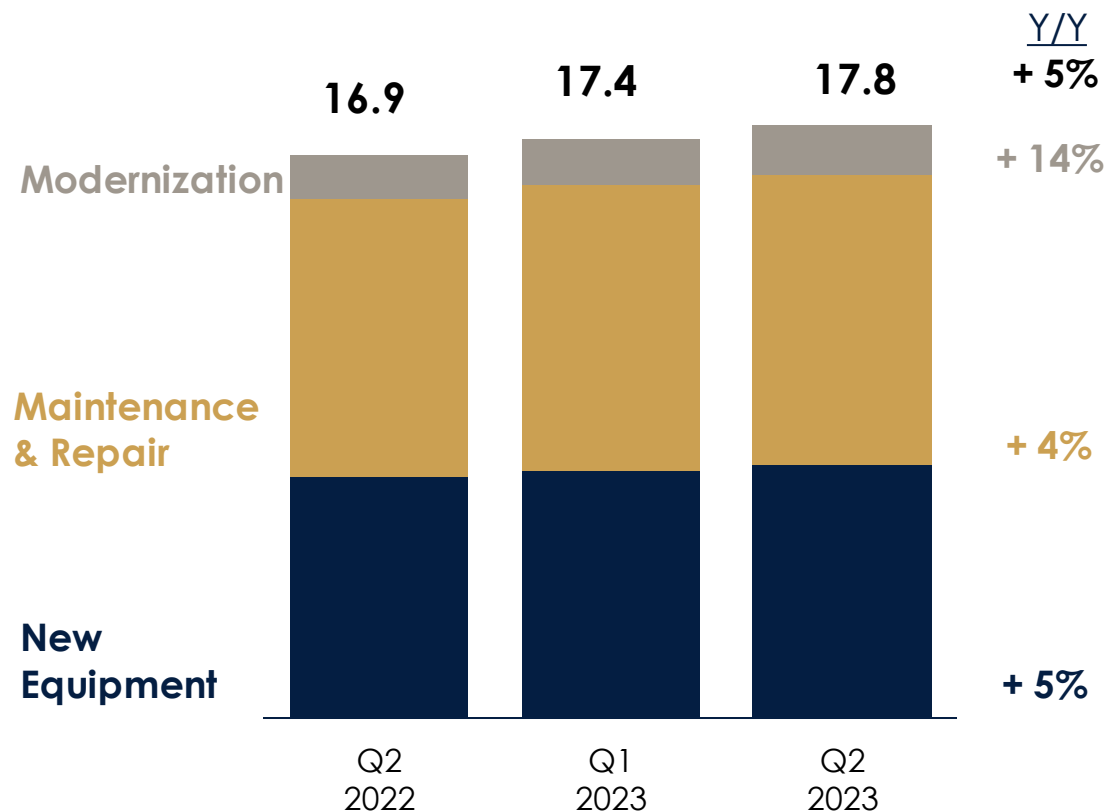
A photograph of the Chicago skyline at dusk, featuring the Willis Tower and other skyscrapers. A semi-transparent dark blue rectangle is centered over the image, serving as a background for the title.

Appendix

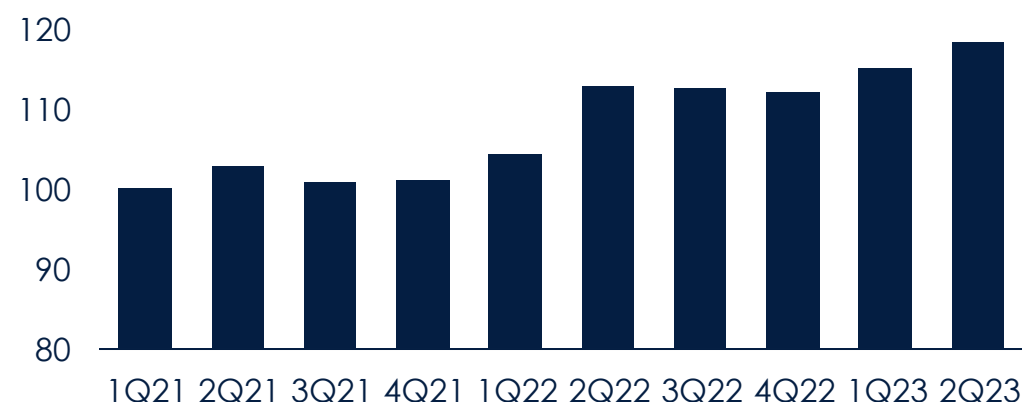
Backlog and orders

(\$billions, at constant currency¹)

Adjusted remaining performance obligation¹



New Equipment backlog at record levels² (Index, 1Q 2021 = 100)



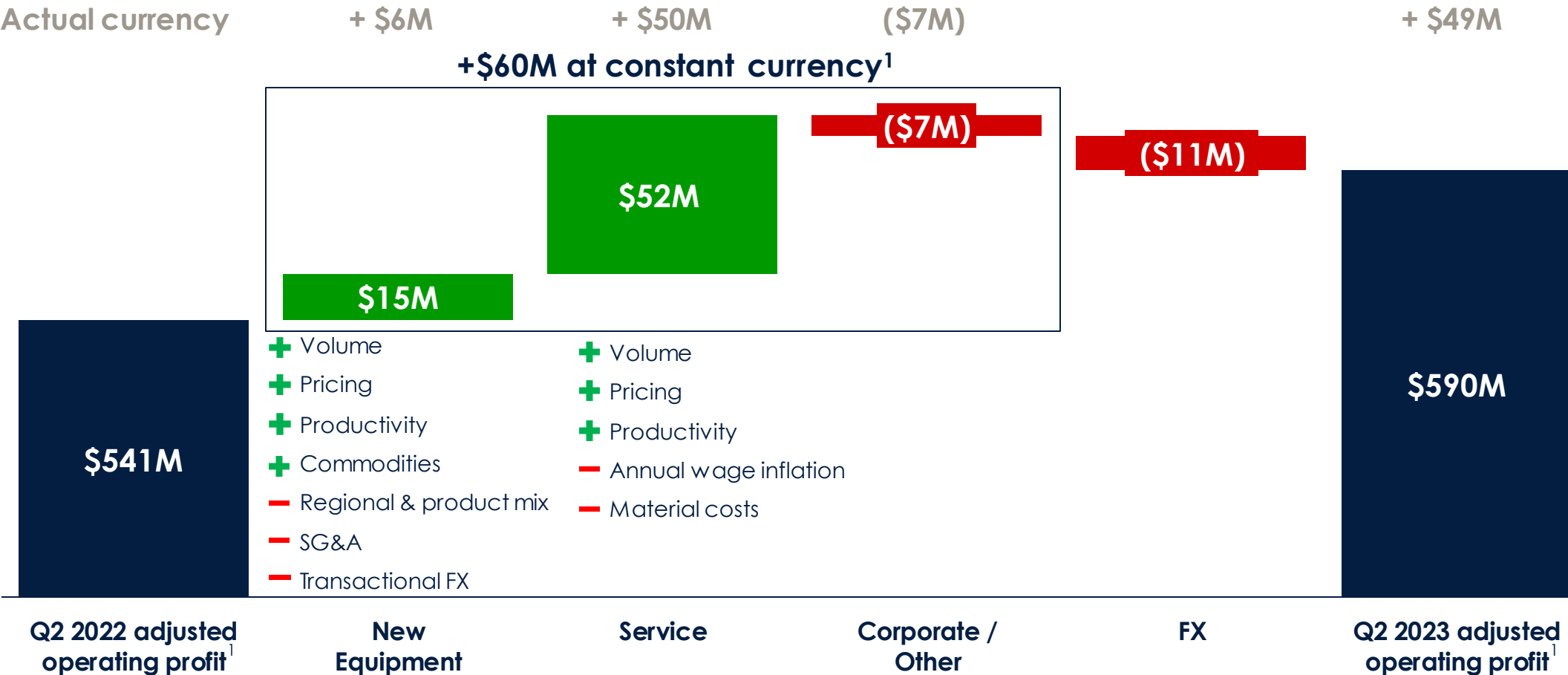
New Equipment orders

Region	Q2 2023 Y/Y	YTD 2023 Y/Y	12-month rolling
Total Otis	(12.4%)	(4.0%)	(1.6%)
Americas	(31.6%)	(13.4%)	(8.3%)
EMEA	(11.6%)	(6.0%)	1.8%
Asia	3.1%	3.7%	1.6%

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

² Based on internal financial data from 1999-2023

Q2 2023 adjusted operating profit¹ drivers

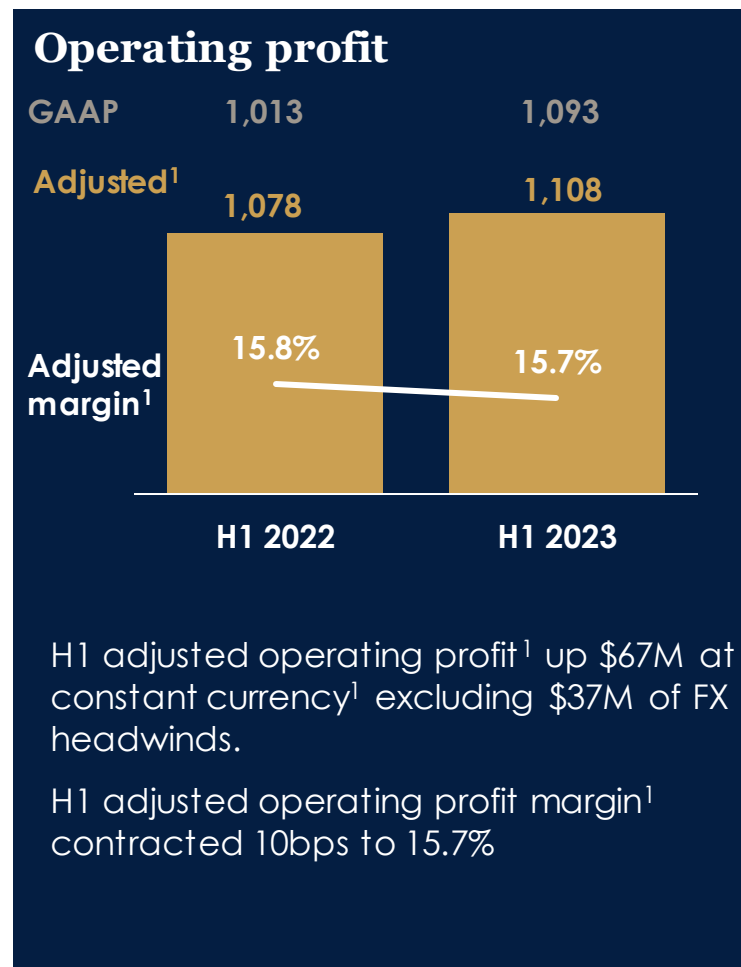
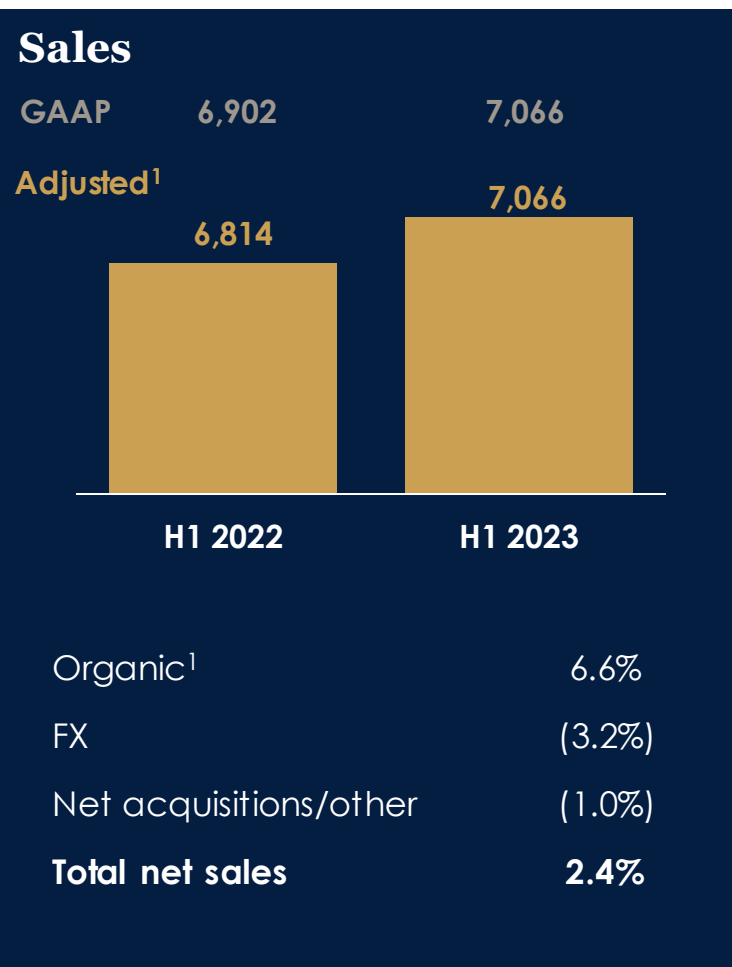


Adjusted operating profit margin¹ expanded 20 basis points to 15.9%

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

H1 2023 results

(\$ millions, except per share amounts)

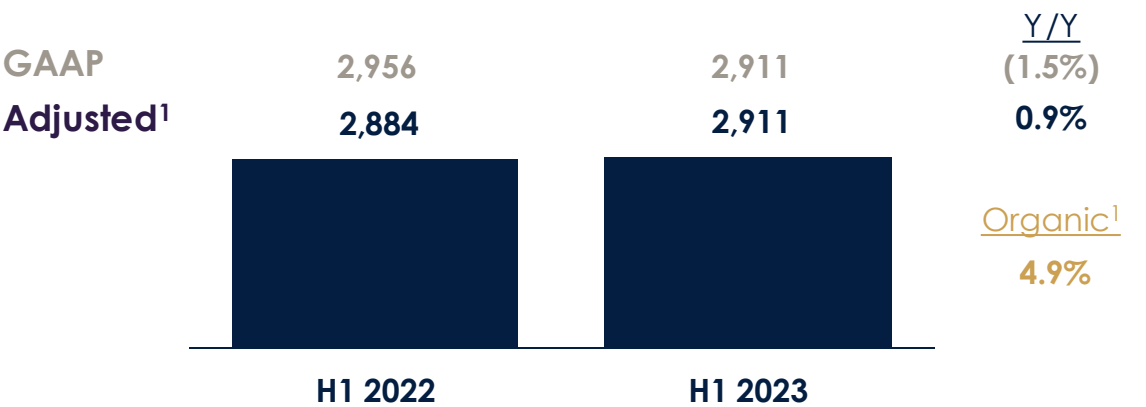


¹ See appendix for additional information regarding these non-GAAP financial measures

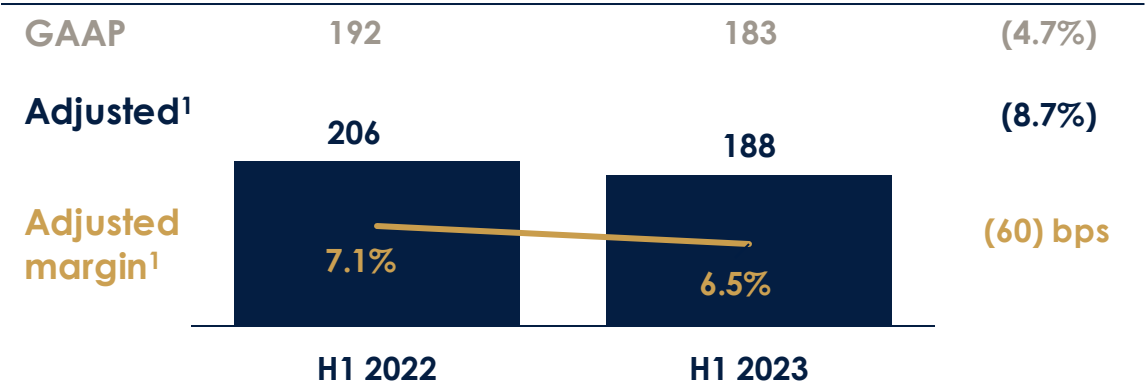
New Equipment

(\$ millions)

Net sales



Operating profit



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

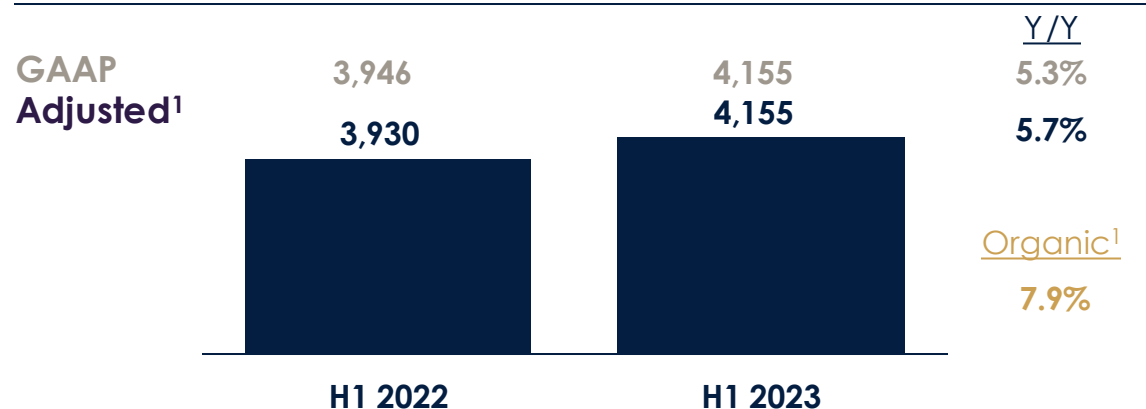
H1 Results

- Orders down 4% at constant currency¹
- New Equipment share up ~50 bps²
- Organic¹ sales up 4.9%
 - Americas up 1.4%
 - EMEA up 8.8%
 - Asia up 5.4%
 - Asia Pacific up double digits
 - China down low single digits
- Adjusted operating profit¹ down \$4M at constant currency¹

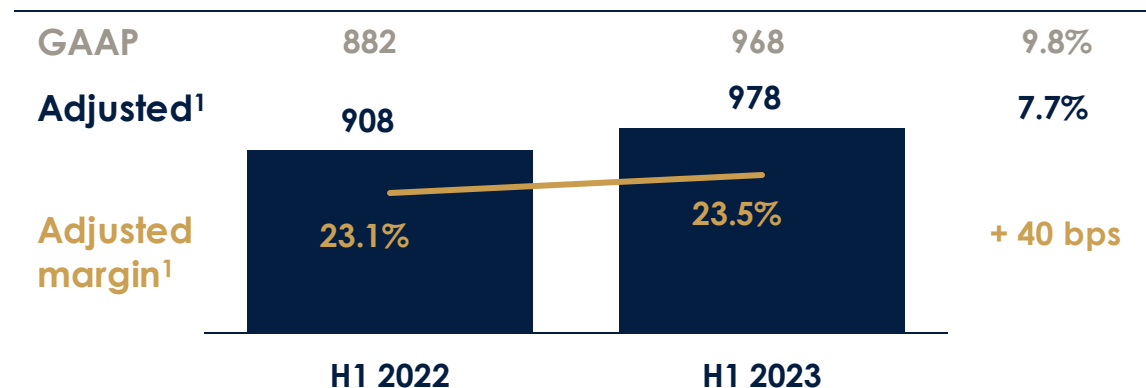
Service

(\$ millions)

Net sales



Operating profit

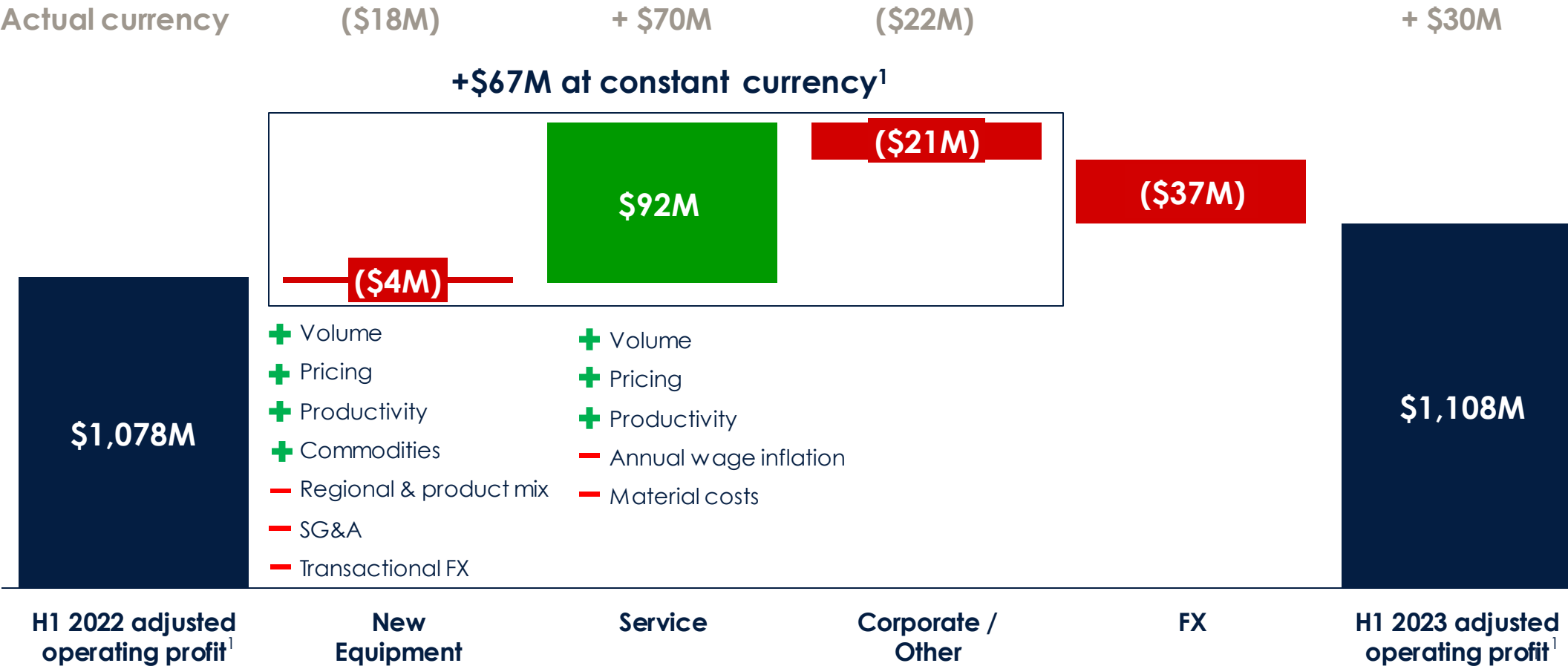


¹ See appendix for additional information regarding these non-GAAP financial measures.

H1 Results

- Modernization orders up 22% at constant currency¹
- Organic¹ sales up 7.9%
 - Maintenance & Repair up 8.0%
 - Modernization up 7.1%
- Adjusted operating profit¹ up \$92M at constant currency¹

H1 2023 adjusted operating profit¹ drivers



15.7% adjusted operating profit margin¹

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

Additional information

	Actuals			FY23 Outlook	
	1Q23	2Q23	1H23	Prior (April 26, 2023)	Updated
Restructuring expense	\$5M	\$10M	\$15M	~\$60M	~\$60M
Non-service pension expense	\$0M	\$1M	\$1M	<\$5M	<\$5M
Adjusted net interest expense (a)	\$33M	\$37M	\$70M	~\$150M	~\$150M
Adjusted effective tax rate (b)	26.6%	25.0%	25.7%	26.0 to 26.5%	26.0 to 26.5%
Noncontrolling interest expense	\$21M	\$31M	\$52M	~\$105 to \$115M	~\$110 to \$115M
Capital expenditures	\$25M	\$37M	\$62M	~\$140 to \$150M	~\$140 to \$150M
Diluted shares outstanding	417.8M	416.0M	416.9M	~415M	~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.

2023 GAAP to adjusted financials reconciliation

(\$millions)	Otis		New Equipment		Service		Corporate/other	
Sales	1Q23	2Q23	1Q23	2Q23	1Q23	2Q23	1Q23	2Q23
Net sales	3,346	3,720	1,307	1,604	2,039	2,116	0	0
Income	1Q23	2Q23						
Net income attributable to Otis	331	376						
Noncontrolling interest in subsidiaries'	21	31						
Income tax expense	128	135						
Net interest expense	33	37						
Non-service pension benefit (expense)	0	1						
GAAP operating profit	513	580	67	116	476	492	(30)	(28)
Restructuring	5	10	2	3	3	7	0	0
Adjusted operating profit	518	590	69	119	479	499	(30)	(28)
Adjusted operating profit margin	15.5%	15.9%	5.3%	7.4%	23.5%	23.6%		
Non-service pension (expense)	0	1						
Adjusted net interest expense (a)	(33)	(37)						
Adjusted pre-tax profit	485	552						
Adjusted income tax expense	(129)	(138)						
Adjusted effective tax rate (b)	26.6%	25.0%						
Noncontrolling interest	(21)	(31)						
Adjusted net income	335	383						
Adjusted EPS	\$0.80	\$0.92						

(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.

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.

Organic sales reconciliation

Q2 2023	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	9.5%	9.5%	9.4%	9.1%	10.9%
FX	(2.1%)	(3.4%)	(1.1%)	(1.0%)	(1.6%)
Net acquisitions / divestitures	(0.7%)	(1.5%)	0.0%	(0.2%)	0.8%
Total net sales growth	6.7%	4.6%	8.3%	7.9%	10.1%

H1 2023	Total Otis	New Equipment	Service	Maintenance & Repair	Modernization
Organic	6.6%	4.9%	7.9%	8.0%	7.1%
FX	(3.2%)	(4.1%)	(2.8%)	(2.7%)	(2.7%)
Net acquisitions / divestitures	(1.0%)	(2.3%)	0.2%	0.0%	0.8%
Total net sales growth	2.4%	(1.5%)	5.3%	5.3%	5.2%

Adjusted operating profit at constant currency reconciliation

(\$millions)	Q2 2022	Q2 2023	Y/Y	H1 2022	H1 2023	Y/Y
New Equipment						
Adjusted operating profit	113	119	6	206	188	(18)
Impact of foreign exchange	-	9	9	-	14	14
Adjusted operating profit at constant currency	113	128	15	206	202	(4)
				-		
Service						
Adjusted operating profit	449	499	50	908	978	70
Impact of foreign exchange	-	2	2	-	22	22
Adjusted operating profit at constant currency	449	501	52	908	1,000	92
				-		
Otis Consolidated						
Adjusted operating profit	541	590	49	1,078	1,108	30
Impact of foreign exchange	-	11	11	-	37	37
Adjusted operating profit at constant currency	541	601	60	1,078	1,145	67

SG&A reconciliation

(\$millions)	Q2 2022	Q2 2023	H1 2022	H1 2023
Adjusted Sales	3,454	3,720	6,814	7,066
SG&A expense	439	479	898	934
Restructuring	(14)	(10)	(25)	(13)
One-time separation costs	0	0	(3)	0
Russia	(2)	0	(7)	0
Adjusted SG&A	423	469	863	921
<i>Adjusted SG&A % of adjusted sales</i>	<i>12.2%</i>	<i>12.6%</i>	<i>12.7%</i>	<i>13.0%</i>

Diluted EPS and Tax reconciliations

	Q2 2022	Q2 2023	H1 2022	H1 2023
GAAP diluted earnings per share	\$0.76	\$0.90	\$1.48	\$1.70
Impact of non-recurring items on diluted earnings per share	\$0.10	\$0.02	\$0.14	\$0.02
Adjusted diluted earnings per share	\$0.86	\$0.92	\$1.62	\$1.72

	Q2 2022	Q2 2023	H1 2022	H1 2023
Effective tax rate	22.8%	24.9%	25.4%	25.7%
Impact of adjustments on effective tax rate	(0.4%)	0.1%	(0.5%)	0.0%
Adjusted effective tax rate	22.4%	25.0%	24.9%	25.7%

Free cash flow reconciliation

(\$millions)	Q2 2022	Q2 2023	H1 2022	H1 2023
Operating cash flow ¹	353	446	857	724
Capital expenditures	(27)	(37)	(57)	(62)
Free cash flow	326	409	800	662
GAAP net income	321	376	632	707
FCF conversion	102%	109%	127%	94%

¹ Operating cash flow excludes dividends paid to noncontrolling interests.

Other reconciliations

Remaining performance obligation (RPO)

(\$billions)	Q2 2022	Q1 2023	Q2 2023
RPO at actual currency (GAAP measure)	17.7	17.9	18.3
Russia	(0.2)	-	-
FX/other ¹	(0.6)	(0.5)	(0.5)
Adjusted RPO at constant currency	16.9	17.4	17.8

New Equipment backlog

Growth %	Q2 2023
Actual currency (GAAP measure)	0%
Russia	3%
FX	2%
Adjusted NE backlog at constant currency	5%

Modernization backlog

Growth %	Q2 2023
Actual currency (GAAP measure)	14%
Russia	0%
FX	0%
Adjusted mod backlog at constant currency	14%

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